

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2011

The City of **MOSES LAKE** *Washington*



*City of Moses Lake Washington
401 South Baker Street
Moses Lake, WA 98837*



**CITY OF MOSES LAKE,
WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Prepared by The Finance Department

Robert Taylor, CGFM
Acting Finance Director

Linda Beisel
Accountant

Jeanette Jones
Accountant



Adler Street Fill Then and Now



TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Certificate of Achievement	2
Letter of Transmittal	3
City Officials	8
Organizational Chart	9
FINANCIAL SECTION	
Auditors Report	12
Management's Discussion and Analysis	14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of the Governmental Funds Balance Sheet to	
The Government-wide Statement of Net assets	31
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - General Fund	34
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Street Fund	35
Statement of Net Assets - Proprietary Funds	36
Statement of Revenues, Expenditures, and Changes in	
Fund Net Assets - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	39
Statement of Fiduciary Net Assets - Fiduciary Funds	41
Statement of Changes in Fiduciary Net Assets - Firemen's Pension Trust Fund	42
Notes to the Financial Statements	43
Required Supplemental Information:	
Pension Fund - Schedule of Funding Progress	81
Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach	82
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	88
Special Revenue Funds	89
Debt Service Funds	90
Capital Projects Funds	91
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances - Nonmajor Governmental Funds	92
Special Revenue Funds	93

Debt Service Funds	94
Capital Projects Funds	95
Schedules of Revenues, Expenditures and Changes in Fund	
Balances- Budget and Actual:	
Tourism Special Revenue Fund	96
Grants and Donations Special Revenue Fund	97
Paths and Trials Special Revenue Fund	98
Street Repair and Reconstruction Special Revenue Fund	99
Parks Fees Special Revenue Fund	100
Basin Homes Block Grant Special Revenue Fund	101
Equipment Leases Debt Service Fund	102
1998 General Obligation Bond Refunding Debt Service Fund	103
2002 General Obligation Bond Refunding Debt Service Fund	104
2006 General Obligation Bond Redemption Debt Service Fund	105
Central Drive LID Debt Service Fund	106
Capital Nonmajor Capital Projects Fund	107
Park Mitigation Capital Projects Fund	108
Park and Recreation Capital Projects Fund	109
Combining Statement of Net Assets - Internal Service Funds	112
Combining Statement of Revenues, Expenditures and Changes	
in Fund Balance - Internal Service Funds	113
Combining Statement of Cash Flows - Internal Service Funds	114
Combining Statement of Net Assets - Fiduciary Funds	118
Combining Statement of Changes in Assets and Liabilities - Agency Funds	119

STATISTICAL SECTION

Net Assets by Component	122
Changes in Expenses by Function	123
Changes in Revenues by Function	124
Changes in Net Assets	125
Fund Balances of Governmental Funds	126
Changes in Fund Balances of Governmental Funds	127
Governmental Activities Tax Revenues by Source	128
Assessed and Estimated Actual Value of Taxable Property	129
Property Tax Rates - Direct and Overlapping Governments	130
Principal Property Taxpayers	131
Property Tax Levies and Collections	132
Ratios of Outstanding Debt by Type	133
Ratios of Net General Bonded Debt to Assessed	
Value and Net Bonded Debt per Capita	134
Direct and Overlapping Governmental Activities Debt	135
Legal Debt Margin Information	136
Water and Sewer Revenue Bond Coverage	137
Demographic and Economic Statistics	138
Principal Employers	139
Full Time Equivalent City Government Employees by Function	140
Operating Indicators by Function	141
Capital Asset Statistic by Function	142

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2011



INTRODUCTORY SECTION

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moses Lake
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandson

President

Jeffrey R. Egan

Executive Director



CITY OF MOSES LAKE
Finance Department

May 11, 2012

Honorable Mayor, Members of the City Council,
and Citizens of Moses Lake, Washington

The Comprehensive Annual Financial Report (CAFR) of the City of Moses Lake for the fiscal year ended December 31, 2011 is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) require management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A is presented in the financial section of the report. The letter of transmittal and the MD&A are written to complement one another and should be read in conjunction with one another.

PROFILE OF THE CITY

The City of Moses Lake was incorporated on September 19, 1938. The City is located along Interstate 90 approximately 176 miles east of Seattle and 105 miles west of Spokane. The City of Moses Lake serves over 20,000 citizens and encompasses 16.77 square miles of land. The City also has 24.6 miles of shoreline within its city limits. The City maintains a Council/Manager form of government. The non-partisan City Council is composed of seven members elected at large to four-year staggered terms and elects the Mayor and Deputy Mayor from among its members.

With 181 full time employees and an operating budget of \$75.3 million, the City of Moses Lake provides a full range of municipal services, including police and fire, planning and engineering, street maintenance and construction, parks and recreation, and general administrative services. The City also operates enterprise funds of sanitation, water and wastewater services, ambulance services, storm water, and a municipal airport. It also operates a museum and arts center and maintains the local library.

The City is quite proud of being a family oriented community with a total of 30 parks, of which 8 are partially or entirely undeveloped at this time. One of the City's major accomplishments is the

Surf n' Slide Water Park which boasts as one of the Northwest's premier facilities. With features as a zero depth beach, two 200-ft water slides, 1 & 3 meter diving boards, handicapped accessibility, sand volleyball courts, picnic shelter and children wet sand playground area. The facility had been awarded the Georgie Award. This award is presented for most outstanding tourism product or service to enhance travel and tourism in the state of Washington. The city enhanced the facility by adding a lazy river and flow rider.

Moses Lake is home to Grant County International Airport which has one of the longest runways in the United States. Formerly Larson Air Force Base, the airport is an alternate landing site for the NASA space shuttle. The airport has been used by over 350 foreign and domestic airlines for flight crew training and currently serves as the testing and training facility for Boeing aircraft. According to NASA, the airport has Visual Meteorological Conditions (VMC) 94% of the time. The facility is temporarily being used by the U.S. Air Force for a refueling base while the main air base in Spokane, Washington is undergoing renovations.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits require estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase amounts. Purchase orders which result in an overrun are not released until approved by the City Manager. The budget is adopted by the City Council at the fund level. All budget overruns at the fund level require additional appropriations by the City Council. Encumbrances are obligations for expenditures committed by bid or purchase order. They are not yet billed to the City and are therefore not accounts payable.

RELEVANT FINANCIAL POLICIES

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Moses Lake. Therefore, the establishment and maintenance of wise fiscal policies and procedures enable City officials to protect public interests and ensure public trust. These programs have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs. These programs include the operating of enterprise fund budgets, revenue and expenditures, cash management and investment, accounting, financial reporting and auditing, reserve and fund balance, debt management and capital improvements.

The City has operated for many years on the basis of having cash in hand before making major expenditures. This has allowed the City to maintain adequate fund balances and, at the same time, to provide excellent services to the citizens of Moses Lake.

MAJOR INITIATIVES

- Much of the focus for 2011 was responding to the impacts of the increase in property tax revenues. This has allowed the city to weather the loss of other operating revenues. The City has seen a doubling of assessed value in the last two years.
- The City has reached a desired milestone with a population increase to over 20,000. With this in mind, the City is looking for a growth in businesses moving here.
- The increase in property tax revenues has allowed the City to proceed with the construction of a much needed Civic Center to house Council, Administration, Finance and Museum and Art Center.
- In the next two years the City will be addressing the need for future Fire and Police stations.
- The City created a Fund Balance policy to “cushion” against potential shock of unanticipated circumstances or events creating revenue shortfalls or unanticipated expenditures. The policy established a minimum level of at least 10 percent of the total General Fund budgeted revenue, which the fund balance is to be maintained. The maximum allowable is 37.5 cents per thousand dollars of assessed value.
- With the settlement of a major federal law suit, in favor of the City, the City has and will be utilizing those monies to increase the capital projects in the Water and Sewer fund for 2012.

FACTORS AFFECTING FINANCIAL CONDITION

Information presented in the financial statements is best understood when considering the broader context of the economic environment of the City of Moses Lake and the surrounding area.

Local Economy

The City has a population in 2010 of 20,640 but serves a population close to twice that size. The City is a service center for the surrounding agricultural community which is a top producer of potatoes and mint. Additionally, growers produce wheat, onions, potatoes, apples, corn, and barley. Since the 1970's the area's economy has been diversified with a mix of manufacturing and high technology. The diverse mix of industries provides a stable balance and for the most part reduces significant impacts of adverse economic cycles, although the City is not immune from the effects of the state and national economies.

Although Moses Lake did not see a rapid acceleration in the valuation of real estate that most of the country had in prior years and the resulting slump in the housing industry that contributed to the economic down turn we did not avoid the domino affect that was created and stagnant construction and the drop in retail sales that followed . With a relatively stable economy with slow steady growth the local economic development activity continues to increase with the inclusion of new manufacturing job opportunities.

Business and industry will continue to locate in and around the City due to relatively inexpensive land and construction costs and one of the least expensive electrical rates in the nation. The City participates in an aggressive economic development program in cooperation with the Grant County

Economic Development Council, Grant County, and the Moses Lake Area Chamber of Commerce with the intention of retaining and recruiting business and industry to the City. A manufacturer of carbon fiber products for BMW automobiles completed construction on a new facility this year. The initial plan is for the owners to invest \$100 million into the first phase of development.. Favorable infrastructure conditions, existing utilities, a skilled labor force and ease of working with the local government were also contributing factors in selecting Moses Lake as the location. One other high profile business substantially enlarged their facility, contributing to the area's growth and in the past two years more than doubling the City's property tax base.

Long-term Financial Planning

In 2011 the City was in the progress of building a new City Civic Center using some external financing to help finance the construction. This expansion of office and cultural space is needed in order to meet the requirements of a growing work force and community population. The City has financed a portion of the expansion using grants and Councilmanic borrowing. The debt service will be paid using funds from a growing tax base.

The Water/Sewer fund issued bonds in 2011 to finance major improvements and betterments to its infrastructure.

Improvements are needed to meet the growing population in order to maintain the level of service that is expected by the citizens. Included are over due improvements to sewer installations in Longview Tracts, a new reservoir in the Larson area, and a detention reservoir at the Central Operations Facility.

Risk Management

It is the objective of the City to reduce costs when possible without reducing service, coverage or increasing the City's exposure to risk or liability. As a part of the goal the City elected to become self insured in the areas of Workmens' Compensation and general liability insurance. In 1981 the City elected to withdraw from the state-operated workers compensation insurance program and to self-insure for the same coverage. In 1987, the City also decided to self-insure it's fleet and general liability insurance which is described in greater detail in the notes to the financial statements.

The City belongs to the Washington Cities Insurance Authority (WCIA) pool. Over the last 29 years WCIA has evolved from the state's original, nine-member pool. As of December of 2010 the organization had grown to be a financially strong liability-property pool with over 146 members and over \$147 million in assets . Throughout its' evolution it has had one common goal: to aggressively manage members' financial risk.

WCIA is not just a one-dimensional alternative insurance provider. Rather, a member-driven, self-insured program in complete control of every operational aspect. As protection from hard market cycles, WCIA offers the largest self insurance layer of any pool, funded at a 98% actuarial level, to respond to the "working layer of losses", with limited reliance upon reinsurance for catastrophic losses.

WCIA's strong financial position allows them to offer generous pre-loss training and field-intensive risk management support. They have become each member's extended risk management department. Combined with aggressive claims and litigation support, WCIA members have a complete pre-loss and post-loss management program

Pensions and Other Post-employment Benefits

The majority of the City's employees participate in a mandatory state pension system through the Public Employees Retirement System (PERS) or the Law Enforcement Officer's and Fire Fighter (LEOFF) Retirement System. Both plans are administered by the Department of Retirement Systems (DRS). The only pension obligation the City has with these plans is its regular contribution based on a percentage of the employees wage as prescribed by DRS.

Besides the plans under DRS the City provides post-retirement health care benefits in accordance with statute for police and fire employees who are eligible under the Police Relief and Pension Fund and Firemen's Pension Fund. Currently there are 19 individuals meeting the eligibility requirements.

The City reimburses 100 percent of the amount of validated claims for medical costs incurred by these individuals. The City pays for the monthly insurance premium. The pension board performs an annual survey to determine the care to be covered.

Employer contributions are financed on a pay-as-you-go basis. Expenditures for health care benefits are recognized as report claims are received by the City. The City maintains a fund dedicated to providing resources for these benefits.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moses Lake for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the sixth consecutive year that the City of Moses Lake has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

This report has been prepared by myself, Ron Cone, CPA, past Finance Director, Linda Beisel and Jeanette Jones, Accountants. I express my appreciation to all members of the Finance Department who assisted and contributed to its preparation and to the other city departments that help in providing detailed information that is included in this report. Credit also must be given to the Mayor, City Council, and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted

A handwritten signature in blue ink, appearing to read "W Robert Taylor".

W Robert Taylor, CGFM
Acting Finance Director

CITY OF MOSES LAKE ELECTED OFFICIALS
with term expiration date



MAYOR
Bill Eckret
12/31/13



COUNCIL



Dick Deane
Deputy Mayor
12/31/15



Karen Liebrecht
12/31/13



Jason Avila
12/31/15



Brent Reese
12/31/13



David Curnel
12/31/13



Jon Lane
12/31/15

APPOINTED OFFICIALS:

City Manager	Joseph K. Gavinski
Finance Director	Ronald R. Cone/Robert Taylor
City Attorney	Katherine Kenison
Municipal Services Director	Gary Harer
Parks & Recreation Director	Spencer Grigg
Fire Chief	Tom Taylor
Police Chief	Dean Mitchell
Community Development Director	Gilbert Alvarado

ADDRESS:

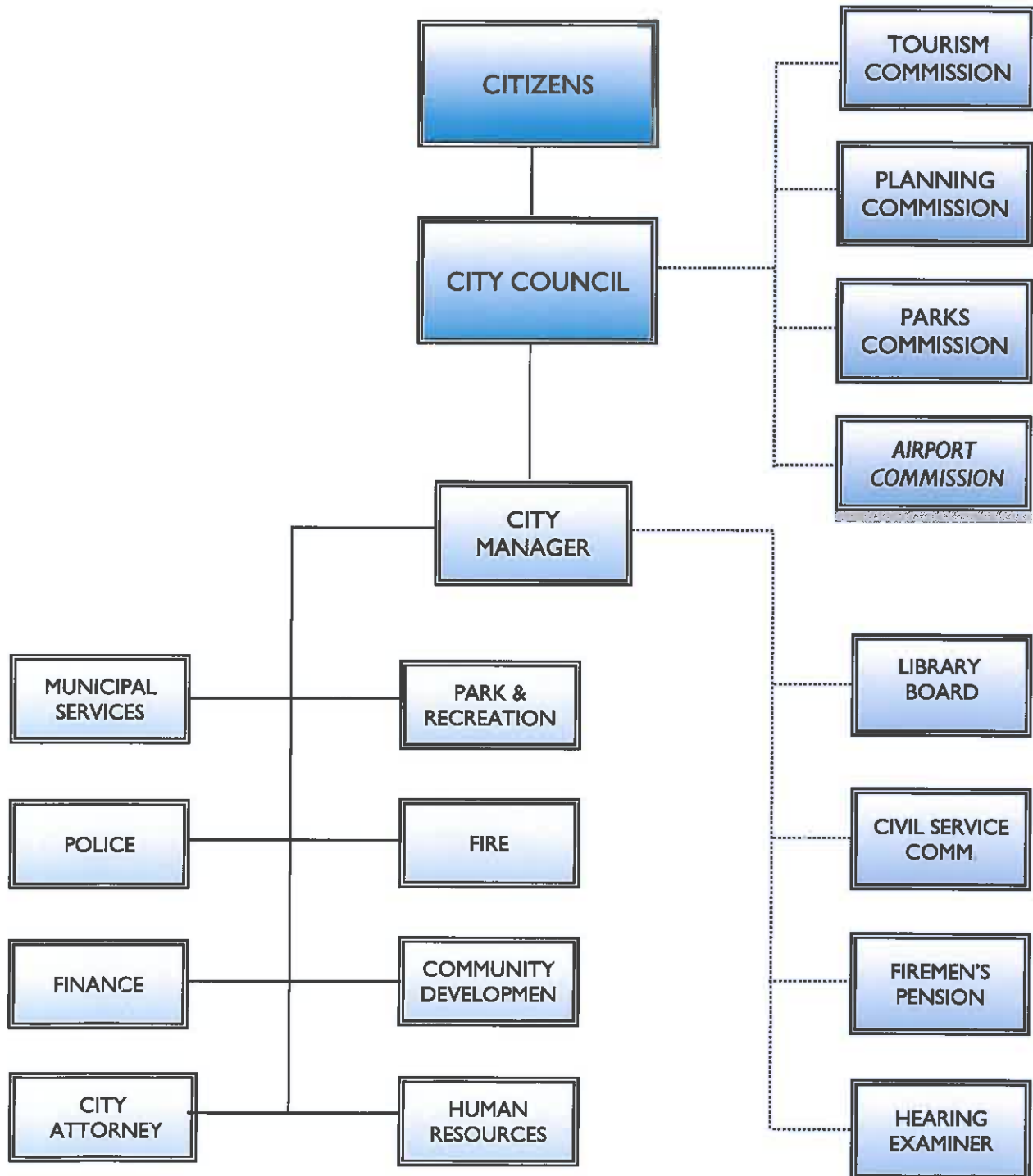
P.O. Box 1579
321 S. Balsam
Moses Lake, WA 98837

WEBSITE:

www.cityofml.com

City of Moses Lake

Organizational Chart



..... A dotted line indicates an indirect or advisory relationship
 _____ A solid line indicates a direct or formal relationship



Five Corners Looking Toward the City Buildings Then and Now.



City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2011



FINANCIAL SECTION



Washington State Auditor Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

June 19, 2012

Mayor and City Council
City of Moses Lake
Moses Lake, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moses Lake, Grant County, Washington, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Moses Lake, Grant County, Washington, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 19, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the


results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 27, pension fund's schedule of funding progress on page 81 and, condition assessments and preservation of infrastructure eligible for modified approach on pages 82 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules on pages 88 through 119 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized flourish at the end.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Moses Lake, we offer readers of the City of Moses Lake's financial statement this narrative overview and analysis of the financial activities of the City of Moses Lake for the fiscal year ended December 31, 2011. The information presented here should be read in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements and notes to the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are rounded to the nearest thousand.

FINANCIAL HIGHLIGHTS

- The assets of the City of Moses Lake exceeded its liabilities at the close of the most recent fiscal year by **\$138,964** (net assets). Of this amount, **\$19,333** (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by **\$11,414**.
- As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of **\$3,848**, an **increase** of \$846 from the prior year. **\$700** is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the general fund had a \$700 fund balance that had no limitations, or 3.8% of total general fund expenditures

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Moses Lake's basic financial statements. The City of Moses Lake's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Moses Lake's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City of Moses Lake's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Moses Lake is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Moses Lake that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Moses Lake include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Moses Lake include a water and sewer utility, sanitation, storm water, ambulance and airport.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Moses Lake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Moses Lake can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Moses Lake maintains fourteen individual governmental funds. The City's only major governmental fund as determined by GASB criteria is the general fund. For reporting purposes the city has elected to present the street fund as a major fund. The general fund and street fund are presented separately in the governmental funds balance sheet, and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Moses Lake adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City of Moses Lake maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Moses Lake uses enterprise funds to account for

its water and sewer utility, sanitation, storm water, ambulance, and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Moses Lake's various functions. The City of Moses Lake also uses internal systems to account for its fleet of vehicles, self insurance, unemployment programs, building services, and computer services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, sanitation, storm water, ambulance and airport as all are considered to be major funds of the City of Moses Lake. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Moses Lake's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information.

Required Supplemental Information. In addition to the basic financial statements and the accompanying notes this report also presents certain required supplementary information concerning infrastructure assets reported using the modified approach and pension plan funding.

The required supplementary information immediately follows the notes to the financial statements in the Basic Statements section of this report.

Combining Statements. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented in a separate section immediately following the required supplemental information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Moses Lake, assets exceeded liabilities by **\$138,964** at December 31, 2011.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$3,694	\$8,884	\$21,785	\$14,696	\$25,479	\$23,580
Capital assets	72,658	68,572	78,351	69,930	151,009	138,502
Total assets	<u>76,352</u>	<u>77,456</u>	<u>100,136</u>	<u>84,626</u>	<u>176,488</u>	<u>162,082</u>
Long-term liabilities	13,675	14,991	18,317	14,848	31,992	29,839
Other liabilities	2,904	3,015	2,628	1,679	5,531	4,694
Total liabilities	<u>16,579</u>	<u>18,006</u>	<u>20,945</u>	<u>16,527</u>	<u>37,524</u>	<u>34,533</u>
Net assets:						
Invested in capital assets, net of related debt	59,286	53,837	54,936	54,877	114,222	108,714
Restricted	0	294	5,409	811	5,409	1,105
Unrestricted	487	5,319	18,846	12,412	19,333	17,731
Total net assets	<u>\$59,773</u>	<u>\$59,450</u>	<u>\$79,191</u>	<u>\$68,100</u>	<u>\$138,964</u>	<u>\$127,550</u>

The largest portion of the City of Moses Lake's net assets (82.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Moses Lake uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Moses Lake's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Moses Lake's net assets (3.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$19,333) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Moses Lake is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.. The City's financial position for the year has improved and is expected to continue improving.

Statement of Changes in Net Assets

The changes in net assets table indicates the increases or decreases in net assets of the city resulting from its operations. The City's total net assets, before prior period adjustments, increased by \$5,488 in 2011. The increase after transfers was split among governmental (\$2,349) and business-type activities (\$3,139).

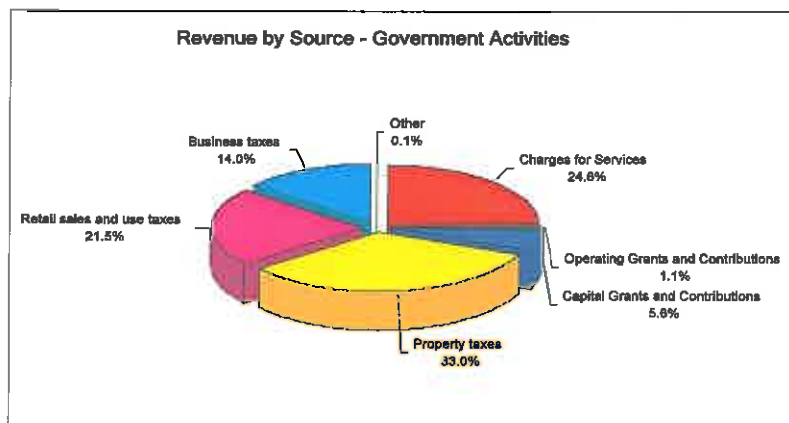
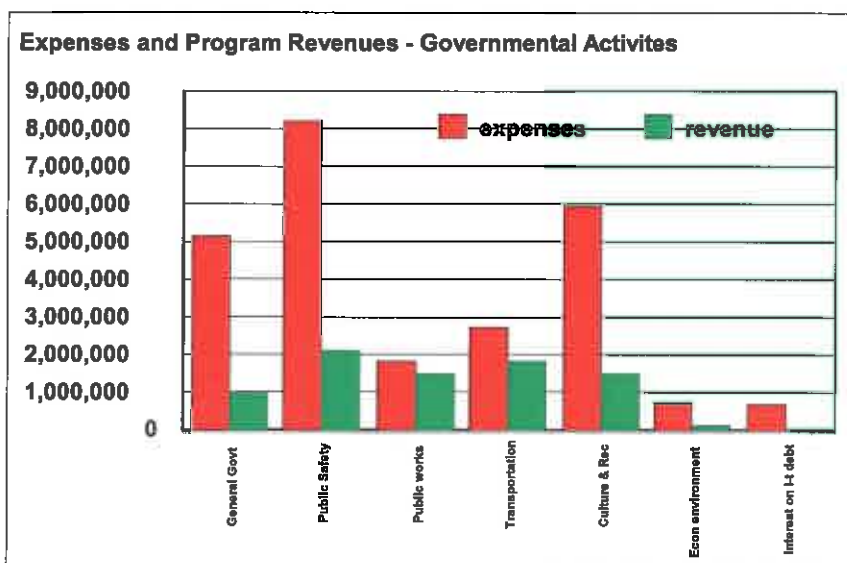
The following is a summarized version of the city's changes in net assets. The table shows the revenues, expenses, and related changes in net assets in table form for the governmental activities autonomous from the business-type activities for 2011.

City of Moses Lake Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenue:						
Charges for services	\$6,318	\$6,405	\$15,473	\$13,970	\$21,791	\$20,375
Operating grants and contributions	293	209	-	-	293	209
Capital grants and contributions	1,452	1,149	5,101	790	6,553	1,939
General revenue						
Property taxes	8,491	7,052	-	-	8,491	7,052
Sales taxes	5,540	5,288	-	-	5,540	5,288
business taxes	3,591	3,489	-	-	3,591	3,489
Other taxes	-	-	-	-	-	-
Other	288	188	3743	24	4,031	212
Total revenues	25,973	23,780	24,317	14,784	50,290	38,564
Expenses:						
General government	5,178	1,490	-	-	5,178	1,490
Public safety	8,209	8,250	-	-	8,209	8,250
Public works	1,849	1,787	-	-	1,849	1,787
Transportation	2,758	2,657	-	-	2,758	2,657
Culture & recreation	5,971	5,092	-	-	5,971	5,092
Economic environment	761	744	-	-	761	744
Interest on long-term debt	671	591	-	-	671	591
Water/sewer utility	-	-	7,599	7,192	7,599	7,192
Sanitation	-	-	2,962	2,952	2,962	2,952
Ambulance	-	-	2,409	2,306	2,409	2,306
Airport	-	-	29	35	29	35
Storm Water	-	-	478	336	478	336
Total expenses	25,397	20,611	13,477	12,821	38,874	33,432
Increase in net assets before transfers	576	3,169	10,840	1,963	11,416	5,132
Transfers	(253)	(73)	253	74	-	1
Increase in net assets	323	3,096	11,093	2,037	11,416	5,133
Net assets 01/01	59,450	55,999	68,100	66,063	127,550	122,062
Prior period adjustment	-	419	-	-	-	419
change in reserves	-	-	-	-	-	-
Net assets 12/31	\$59,773	\$59,514	\$79,193	\$68,100	\$138,966	\$127,614

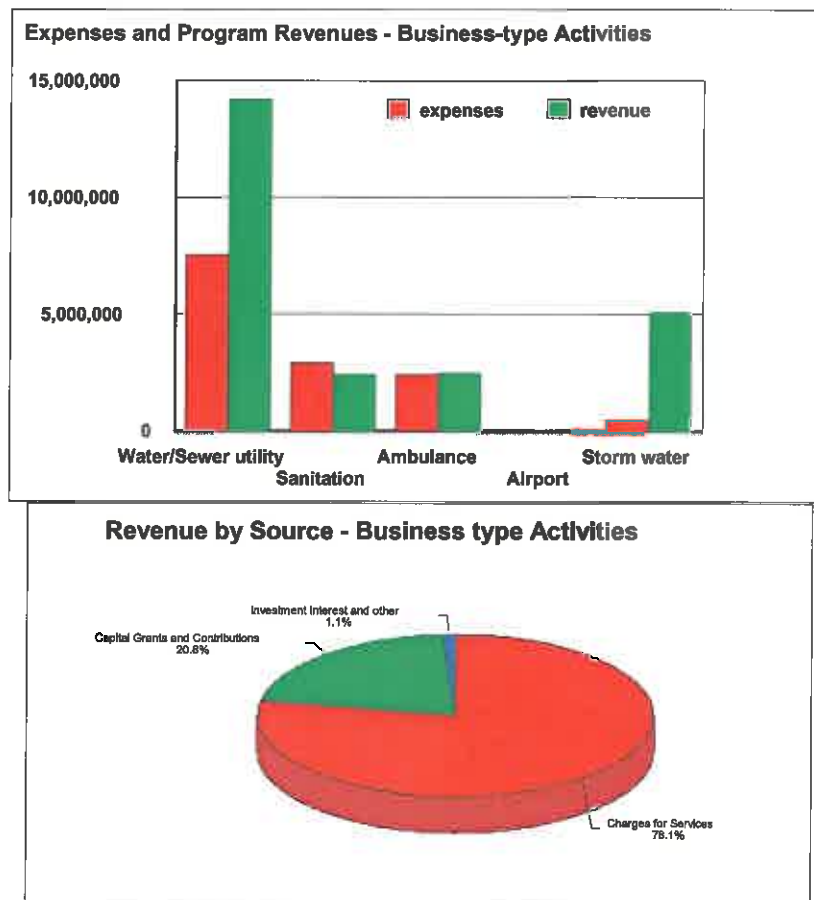
Governmental activities. Governmental activities increased the City of Moses Lake's net assets by \$323. As shown in the Statement of Activities \$8,063 of the total cost was paid for by either those directly benefitting from the programs or by governments and organizations that subsidized certain programs through grants and contributions. Key elements of this increase are as follows:

- The increase of \$1,439 in property taxes was due largely to continued construction of a manufacturing facility that alone increased the city tax roll by \$735. The remaining increase was due to annexations and improvement/expansion of existing structures.
- Sales tax revenue increased (\$252) for the year was a result of economic and population growth in and around the City.
- The increase in capital grants and contributions (\$303) was attributable to an increase of funds received for the construction of the City's Civic Center (\$238)..
- The increase in general government expense (\$3,688) is attributable almost exclusively to transfer of assets (\$3,016) to the storm water fund. The \$879 increase in culture expenses is due to increases in rental rates and wages related to increased park and recreation programs. The increase in transportation expense (\$101) was from an increase in street projects.



Business-type activities. Total net assets of Business-type activities increased by \$11,091 for the year. Other than Ambulance when revenues decrease for an activity so did the related expenses and when revenues increased so did expenses. Key elements of the fluctuations are as follows.

- Increase (\$1,503) in charges for services is attributed in large part to rate increases in the utility rates of sanitation (\$348) and water and sewer funds (\$423). The annual rate increase in water/sewer rates for 2011 mandated by municipal code matches the increase in the Consumer Price Index. The remainder of the increase in utilities can be linked to development charges, usage increase, and added customers from a sizeable annexation occurring in June 2011. Ambulance charges increased (\$574) due to nearly a 10% jump in transports and emergency response calls. Storm Water increased (\$157) due to a full year of activity when in 2010 it existed for only nine months.
- Capital contributions increased \$4,311 most entirely from the transfer of assets (\$4,198) to the Storm Water fund from the General fund.
- The jump in expenses (\$657) is entirely from attorney fees (\$755) paid to finalize the lawsuit between the City and federal EPA.
- The amount received from insurance recoveries (\$3,716) was a settlement of a lawsuit with the federal EPA and the Department of Defense for the contamination of city wells.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Moses Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Moses Lake's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Moses Lake's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Moses Lake's governmental funds, which includes debt service funds, capital projects funds, and special revenue funds had an ending fund balances of \$3,847, an increase of \$846 in comparison with the prior year. Of the total fund balance only \$700 is considered unreserved, which is available for spending at the government's discretion. Unreserved fund balance includes assigned and unassigned amounts. The remainder of the fund balance is restricted, indicating that it is not available for new spending because it is nonspendable, indicating it is not in spendable form, or restricted for a specific purpose.

The General Fund is the chief operating fund of the City of Moses Lake. At the end of the current fiscal year, the fund balance of the general fund that was not restricted by external parties or constrained by the City was \$700, while the total fund balance was at \$1,928. The street fund is a special revenue fund, whose purpose is for the maintenance of streets and alleys, traffic control, and electrical street lighting had a committed fund balance of \$162 and a total balance of \$211.

The fund balance of the City of Moses Lake's General Fund increased by \$1,126 during the current fiscal year at the same time the Street Fund increased \$67. Key factors in the changes are as follows:

- The street fund revenue from vehicle excise tax from the state increased by \$74. And while operating expenditures declined \$83 capital construction was up \$267.
- The net increase in property taxes (\$1,415), sales tax (\$211), and utility taxes for electric (\$82) and water (\$61) greatly offset the decline of gambling tax (\$12) and telephone utility tax (\$91).
- After some declining years civil parking fines increased \$179 from the previous year.
- Reimbursable charges (\$180) increased and activity and program income were up (\$35) in total.
- The major increases in expenditures occurred due to rental rates for the new Civic Center. The facility charge increased the general government (\$541) and culture and recreation (\$659). Recreation also had an excessive increase in wages and benefits (\$137).
- Public safety experienced increases in expenditures (\$349) from jumps in salary and benefits for both police services (\$273) and fire (\$103).
- Banking rates remain very low. However, the City's invested in instruments with longer maturity dates increasing its interest earnings (\$83).

Proprietary funds. The City of Moses Lake's proprietary funds provide the same type of

information found in the government-wide financial statements, but in more detail. The proprietary funds are those funds that account for government operations where the intent is for the costs to be paid primarily by user charges. Enterprise funds are those that provide services predominantly to external users and the internal service funds provide service principally to other governmental units or within the City. The funds consist of five enterprise funds, and five internal service funds.

Unrestricted net assets of the Water and Sewer Utility at the end of the year amounted to \$16,343, and those for the Sanitation Utility amounted to \$2,269. The total of the two funds accounted for 98% of the total net assets for all enterprise funds. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Moses Lake's business-type activities.

BUDGETARY HIGHLIGHTS

Original compared to final budget

The General Fund final revenue budget was \$10 higher and the expenditure \$24 higher than the original budget. The final revenue budget for the Street Fund was \$197 higher (46%) and the expenditure budget was \$464 higher (30%) than the original. This was the result of budget amendments approved by City council during the year. The major budget changes are listed below.

- Revenue for charges for services for the General Fund were higher by \$10 for law enforcement services which offset the \$10 increase in operating supplies incurred by the police department. The other \$14 increase in expenditures was for bi-annual election costs.
- The jump in the Street fund revenue was from increases in taxes of \$176 and \$21 for reimbursement of maintenance services. Major expenditure increases were for construction of a parking lot of \$267, reimbursable labor cost of \$141 and utility charges of \$30.

Actual results compared to final budget

General fund revenues came in over final amended budget by \$902 (4%) and expenditures under by \$ 696 (4%). Street fund had the same results with revenue of \$69 (11%) over and expenditures of \$353 (17%) under budget. Factors contributing to this outcome were:

- Sales taxes were \$208 higher due mainly to unanticipated recovery of the economy. This was countered by the drop in gambling tax and utility tax of \$55 and \$22 respectively.
- The largest variance was in charges for services that reflected increased revenue from reimbursable charges (\$526) for intergovernmental activities, retail sales (\$94), and activity fees (\$113). Intergovernmental revenues were up due to unexpected grants.
- The largest negative variance came from civil parking fines of \$260, and licenses of \$116, which include reductions in building permits (\$78) and business licenses (\$31).
- The street fund received \$72 more vehicle excise tax revenue from the state than was expected while project expenditures were lower by \$40 from lower than anticipated repair costs, \$28 less supplies purchased and \$12 less utilities used.
- The difference in economic development was a combination of lower wages (\$94) and

medical benefits (\$50) related to an unfilled staff position. Culture and recreation is a combination of lower wages (\$92), medical benefits (\$72) and operating supplies (\$35) which were projected to increase with added programs.

- Public safety had a decrease in costs related to traffic light and speed cameras (\$119) due to a period in which two cameras were out of operation and lower medical benefits (\$113) and reimbursable charges (\$125) paid by the fire department for work done by others. Conversely there was an increase in medical benefits (\$65) for the police department due to a switch in their coverage and (\$192) for first year charges of fire hydrant rent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, aquatic facilities, and streets . The total increase in the City of Moses Lake's investment in capital assets for the current fiscal year was 9% (a 6% increase for governmental activities and a 12% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Park improvements totaling \$342 were added in 2011.
- New equipment was purchased for \$892, which included a pavement patch truck (\$160).
- Two large street improvement projects totaling \$1,601 were completed during the year.
- Construction in Progress increased significantly from the building of the City Civic Center (\$6,611), Reservoir #9 (\$1,701), and improvements to operations facility (\$1,060).
- A sewer project of \$1,285 was complete and pump house was built for \$569.

Additional information on the capital assets of the City of Moses Lake can be found in Note 6 .

City of Moses Lake's Capital Assets

(net of depreciation)

actual amounts

	Government Activities	Business-type Activities	Total
Land and land improvements	\$5,336,510	\$1,157,773	\$6,494,283
Buildings	15,220,433	25,743,566	40,963,999
Machinery and equipment	4,000,073	1,563,557	5,563,630
Infrastructure	37,085,757	45,799,877	82,885,634
Construction in progress	11,014,986	4,086,145	15,101,131
Total assets	<u>\$72,657,759</u>	<u>\$78,350,918</u>	<u>\$151,008,677</u>

Infrastructure. The City of Moses Lake has elected to use the modified approach as defined by GASB statement 34 for reporting it's streets, alleys, bridges, and storm water system. The city has made a commitment to preserve and maintain the street and storm water infrastructure at an acceptable condition rather than recording depreciation. The rating scales for paved streets, bridges and storm water system are further explained in the required supplementary information, which follows the notes to the basic financial statements.

The City's engineering department evaluates the condition that paved streets are kept based on a formula established by a street assessment program. The formula is calculated using 8 different criteria applied to all paved streets from one intersection to another. Among the criteria is depths and lengths of cracks, sags and humps, and patching. From the inputting of the information the system evaluates all criteria and produces a rating. The condition assessment is taken at least once every three years. The City has no set policy as to the level the streets are to be maintained. However, the City has a program where the streets have a crack seal process applied every six years to bring the condition of the street substantially up.

By definition the City has one bridge that it maintains. The portion that is under water, is inspected every five years by the state Department of Transportation and documented in an inspection report given to and maintained by the City. The bridge is given a sufficiency rating, which is a numerical rating based on a 100 point scale. The rating is based on it's structural adequacy and safety, load capacity, essentiality for public use, and its serviceability and functional obsolescence. Currently the one bridge carries a sufficiency rating of between 65 and 70. The city inspects and evaluates the remainder of the bridge above the water line using the pavement management system that is used for rating paved streets. The bridge has no load limits which substantiates it's superior rating. Projected costs to maintain the bridge are included in the budgeted cost of the streets.

Storm water assets consist of both runoff treatment and control structures. Components of the storm water system are storm drains, catch basins, dry wells, piping and most recently the construction of a decant facility. The design of the system is to remove stormwater from areas such as streets and sidewalks for flood control and public safety reasons. Currently the City is in the process of documenting evaluating the condition of the entire system.

The City maintains an inventory of these infrastructure assets. With triennial assessments establishing the condition level of the assets, the City makes annual estimates of the cost to maintain it's streets which are also reported in the City's annual Capital Improvement Program. For 2011 the City projected \$1,210 for road maintenance. The actual amount expended was \$775.

For the year there were no drastic changes in the condition levels of the streets. With relatively mild weather patterns the condition level of the streets was maintained above the acceptable conditions.

Long-term debt. At the end of the fiscal year, the City of Moses Lake had total bonded debt outstanding of \$24,335. Of this amount, \$12,780 comprises debt backed by the full faith and credit of the government and \$11,555 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Moses Lake's Outstanding Debt
General Obligation and Revenue Debt
(Actual Amounts)

	Governmental Activities	Business-type Activities	Total
General obligation debt	\$ 11,943,332	\$ 836,668	\$ 12,780,000
Revenue debt	-	11,555,000	11,555,000
	<u>\$ 11,943,332</u>	<u>\$12,391,668</u>	<u>\$ 24,335,000</u>

The City of Moses Lake's total bonded debt increased by a net \$3,310 (16%) over the prior fiscal year. The increase was due to \$4,905 of new debt for the betterments and improvements of the City's combined system of water and sewage and paying down \$1,595 on previous debt.

The City of Moses Lake maintains a favorable rating from Standard & Poor's by carrying Bond insurance. The Revenue Bonds are rated "AA-" and the G.O. Bonds are rated "A".

Washington State statutes limit the amount of general obligation debt a governmental entity may issue to 7.5% of its total assessed valuation, subject to a 60% majority vote of qualified electors. Of the 7.5% limit, 2.5% is for general purposes, 2.5% for open space/park facilities and 2.5% for utilities. Non-voted (limited tax) general obligation indebtedness is limited to 1.5% of assessed valuation. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of assessed valuation. The City's assessed valuation for 2011 was \$2,735,224 and the remaining debt capacity is as follows:

	(Actual amounts)
General	\$ 53,272,663
Open Space/Park Facilities	68,380,595
Utilities	<u>68,380,595</u>
Total	<u>\$190,033,853</u>

Additional information on the City of Moses Lake's long-term debt can be found in Note 9 of the notes to the financial statements.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

After dealing with a sluggish local economy for several years subsequent to the September 11, 2001 terrorist attacks, the city finally realized in mid-2005 some moderate growth in the economy. While this growth was sustained and advanced through 2007 and remains positive, the rate of growth began to slow in 2008, slowed further in 2009 and 2010, and will remain restrained through 2012. The restricted growth in the local economy is due primarily due to the state of the nation's economy.

Growth generally translates into greater revenues attributable in part to increased sales taxes, property taxes, permit fees, and the like. The City finds itself in a somewhat unique and fortunate situation. While the effect of the past national "great recession", as it has been termed, is felt by the City in reduced sales taxes and permitting fees, the real property taxes from industrial growth has covered the loss of those reduced sales tax receipts and even caused an overall increase in general government revenues. When the national economy grows again, the City anticipates sales taxes and permitting fees will rebound which will be extremely advantageous for the City.

With continued but restrained growth of the local economy, which is providing governmental revenue, at a previously unrealized rate, the City can anticipate providing services at the level now provided and perhaps increase those services in some areas. However, caution will be necessary because of the uncertain effects of the national economies. The aforementioned factors were considered in the preparation of the City's 2012 budget.

In reviewing the building activity in the local economy currently in progress and anticipated for the future, it is anticipated that the local economy should continue to improve in 2012 and perhaps for several years in the future, but at a slower rate, which supports the assumption that current service levels can be maintained and increased with caution. While some sectors have slowed, the City of Moses Lake continues to experience some building activity, contrary to the situation in many parts of the state and country.

Several industrial concerns in and around the City have completed new projects or expansions in 2011. These expansions, additions, and new projects will result in added building activity, a short term influx of construction employment, and in the long term, add industrial jobs to the City's employment base. The expansion and/or new location of industry in and around the City will have a direct effect on the local economy and have an effect on building activity which will affect the City's property tax receipts. Eventually the added employment will result in additional population in and around the City which will affect retail sales and, therefore, the City's retail sales tax receipts.

Property tax increases have been limited by voter approved initiatives. However, gross property tax receipts have increased significantly because of annexations and new construction within the City. The City anticipates continued additional building activity in 2012. The building activity eventually will translate into a higher assessed valuation in the City which will generate additional property taxes up and above the statutory limitation on existing property taxation.

During the current fiscal year, the unreserved fund balance in the General Fund increased. This occurred because of an increase in revenues as previously mentioned. It is expected that the fund balances will be retained through 2012 and further increased. Except for a small allowed property tax increase, no other tax increases were included in preparing the 2012 budget.

While it is expected that future budgets may be limited by voter approved initiatives and legislation, which can reduce income to the City's General or Operating Fund, it is expected that some of the limitations experienced by the City will be tempered by continued economic development, primarily in the retail, industrial, and tourism sectors. All of the referenced factors were considered in preparing the City of Moses Lake's budget for the 2012 fiscal year.

The projected outlook for the City of Moses Lake and surrounding area remains positive as more building permits are issued and more larger industrial firms are moving into the area or expanding current facilities because of relatively inexpensive land and power costs.

Requests for Information

This financial report is designed to provide a general overview of the City of Moses Lake's finances for all those with an interest in the governments finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 401 S. Balsam, PO Box 1579, Moses Lake, WA 98837.

Chassis

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2011



BASIC FINANCIAL STATEMENTS

CITY OF MOSES LAKE

Statement of Net Assets

December 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,421,894	\$ 7,004,438	\$ 15,426,332
Receivables (net of allowances for uncollectibles)	1,560,297	1,930,700	3,490,998
Internal balances	(6,638,422)	6,638,422	-
Inventories and prepaid items	230,876	685,637	916,513
Deferred charges	112,390	101,786	214,176
Restricted assets:			
Cash	-	5,420,817	5,420,817
Interest and other receivables	7,224	3,080	10,305
Capital assets (net of accumulated depreciation):			
Land and land improvements	5,336,510	1,157,773	6,494,283
Buildings and other improvements	15,220,433	25,743,566	40,963,999
Machinery and equipment	4,000,073	1,563,557	5,563,630
Infrastructure	37,085,757	45,799,877	82,885,634
Construction in progress	11,014,986	4,086,145	15,101,131
Total assets	<u>76,352,018</u>	<u>100,135,799</u>	<u>176,487,817</u>
LIABILITIES			
Accounts payable and other current liabilities	814,404	924,162	1,738,566
Accrued interest	118,534	177,297	295,831
Unearned revenues	110	2,952	3,062
Noncurrent liabilities:			
Due within one year	1,970,698	1,523,289	3,493,988
Due in more than one year	13,674,951	18,317,421	31,992,373
Total liabilities	<u>16,578,698</u>	<u>20,945,122</u>	<u>37,523,820</u>
NET ASSETS			
Invested in capital assets, net of related debt	59,285,986	54,935,856	114,221,842
Restricted for:			
Debt service	-	1,423,884	1,423,884
Capital projects	-	3,984,857	3,984,857
Unrestricted	487,334	18,846,080	19,333,415
Total net assets	<u>\$ 59,773,320</u>	<u>\$ 79,190,677</u>	<u>\$ 138,963,997</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs Primary Government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Government activities:							
General government	\$ 5,177,801	\$ 987,186	\$ 500	\$ -	\$ (4,190,114)	\$ -	\$ (4,190,114)
Public safety	8,208,749	1,335,433	225,041	11,329	(6,636,944)	-	(6,636,944)
Public works	1,849,411	1,509,856	-	-	(339,555)	-	(339,555)
Transportation	2,757,678	904,680	24,587	884,648	(943,762)	-	(943,762)
Culture and recreation	5,970,761	1,457,901	42,768	555,548	(3,914,545)	-	(3,914,545)
Economic Environment	761,298	123,220	-	-	(638,078)	-	(638,078)
Interest on long-term debt	671,148	-	-	-	(671,148)	-	(671,148)
Total governmental activities	25,396,846	6,318,278	292,896	1,451,525	(17,334,147)	-	(17,334,147)
Business-type activities:							
Water/Sewer utility	7,599,119	9,776,867	-	722,385	-	2,900,134	2,900,134
Sanitation	2,962,499	2,420,533	-	-	-	(541,966)	(541,966)
Ambulance	2,409,424	2,476,305	-	-	-	66,880	66,880
Airport	28,960	36,191	-	-	-	7,231	7,231
Storm Water	477,990	762,632	-	4,378,181	-	4,662,822	4,662,822
Total business-type activities	13,477,992	15,472,528	-	5,100,566	-	7,095,102	7,095,102
Total primary government	\$ 38,874,838	\$ 21,790,806	\$ 292,896	\$ 6,552,091	(17,334,147)	7,095,102	(10,239,045)
General revenues:							
Property taxes					8,490,927	-	8,490,927
Retail sales and use taxes					5,539,605	-	5,539,605
Business taxes					3,591,144	-	3,591,144
Investment earnings					288,222	26,888	315,111
Insurance recoveries					-	3,716,344	3,716,344
Transfers, internal activities					(252,800)	252,800	-
Total general revenues and transfers					17,657,099	3,996,032	21,653,131
Changes in net assets					322,952	11,091,134	11,414,086
Net assets - beginning					59,450,368	68,099,543	127,549,911
Net assets - ending					\$ 59,773,320	\$ 79,190,677	\$ 138,963,997

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE**Balance Sheet****Governmental Funds****December 31, 2011**

	General	Street	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,076,222	\$ 221,547	\$ 1,694,771	\$ 4,992,540
Receivables (net of allowance for uncollectibles):				
Taxes	483,074	-	-	483,074
Customer accounts	57,862	-	123,334	181,195
Unbilled services	21,246	-	11,547	32,793
Other receivables	565,203	-	30	565,233
Interfund loans receivable	50,854	468	-	51,321
Due from other governments	14,841	-	11,329	26,170
Prepays	100,026	49,606	-	149,632
Total assets	4,369,327	271,621	1,841,011	6,481,959
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	97,793	44,326	21,566	163,684
Salaries and benefits payable	385,302	12,401	-	397,702
Due to other funds	3,102	3,256	11,085	17,444
Revenues collected in advance	110	-	-	110
Interfund loans payable	896,645	-	-	896,645
Deferred revenue	1,058,530	-	100,111	1,158,642
Total liabilities	2,441,482	59,983	132,762	2,634,227
Fund balances:				
Nonspendable:				
Inventories and noncurrent receivables	1,227,411	49,606	46,129	1,323,146
Restricted for:				
Tourism	-	-	268,044	268,044
Debt service	-	-	294,317	294,317
Committed for:				
Municipal facilities	-	-	257,449	257,449
Culture and recreation	-	-	470,104	470,104
Transportation	-	162,032	372,206	534,238
Assigned to contingencies	581,000	-	-	581,000
Unassigned	119,434	-	-	119,434
Total fund balances	1,927,845	211,638	1,708,250	3,847,733
Total liabilities and fund balances	\$ 4,369,327	\$ 271,621	\$ 1,841,011	\$ 6,481,959

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE

Reconciliation of the Governmental Funds Balance Sheet to The Government-wide Statement of Net Assets December 31, 2011

Total Governmental Fund Balances	\$ 3,847,733
----------------------------------	--------------

Amounts reported for governmental activities in the government-wide statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).	54,615,700
---	------------

Other long-term assets are not available to be collected in current period revenues and therefore are deferred in the funds.	1,158,642
--	-----------

Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, fleet management, and building maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities on the government-wide statement of net assets.

Internal Service funds' net assets	6,685,628
Internal payable-charges under cost to business-type activities - prior years	756,930
Internal receivable-charges over cost to business-type activities - current years	<u>(686,294)</u>
Net adjustment to arrive at net assets - governmental activities.	6,756,264

Liabilities, including bonds, loans, and compensated absences, not due and payable in the current period and therefore are not reported in the governmental fund balance sheets, but are reported on the government-wide statement of net assets (exclusive of internal service funds' debt).

Bonds payable	(4,543,831)
Issuance discount	33,902
Capital leases payable	(11,657)
Accrued interest payable	(78,055)
Compensated absences	(1,637,165)
Other postemployment benefits	<u>(400,752)</u>
Net adjustment to arrive at net assets - governmental activities	(6,637,557)

Bond premiums, discounts, refundings and issuance costs are reported as other financing sources and uses and expenditures in the governmental fund financial statements but capitalized on the government-wide statement of net assets.	25,315
---	--------

Interest receivables of governmental activities not reported in the funds.	<u>7,224</u>
--	--------------

Net assets of governmental activities	<u><u>\$ 59,773,320</u></u>
---------------------------------------	-----------------------------

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2011

	General	Streets	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 16,347,242	\$ -	\$ 1,178,744	\$ 17,525,987
Licenses and permits	457,993	12,677	-	470,670
Intergovernmental revenues	454,341	647,667	199,065	1,301,073
Charges for services	3,849,360	33,448	42,428	3,925,237
Fines and forfeits	392,663	-	30	392,693
Interest earnings	260,816	-	7,182	267,998
Rents and royalties	156,571	-	-	156,571
Contributions/donations	-	-	67,216	67,216
Assessments	-	-	92,901	92,901
Miscellaneous	2,676	792	2,611	6,078
Total revenues	21,921,661	694,584	1,590,178	24,206,423
EXPENDITURES				
Current:				
General government	2,079,022	-	500	2,079,522
Public safety	8,162,142	-	294,366	8,456,508
Public works	1,935,963	-	-	1,935,963
Transportation	-	1,674,578	1,136,854	2,811,431
Economic environment	788,012	-	-	788,012
Culture and recreation	5,366,558	-	238,259	5,604,817
Capital outlay	64,693	-	540,683	605,376
Debt service:				
Principal	-	-	561,090	561,090
Interest and debt issue costs	53,608	-	211,247	264,855
Total expenditures	18,449,999	1,674,578	2,982,997	23,107,574
Excess (deficiency) of revenues over (under) expenditures	3,471,663	(979,994)	(1,392,819)	1,098,850
OTHER FINANCING SOURCES (USES)				
Transfers in	49,223	1,200,000	1,753,240	3,002,462
Transfers (out)	(2,467,780)	(152,300)	(708,682)	(3,328,762)
Sales of capital assets	73,664	-	-	73,664
Total other financing sources (uses)	(2,344,894)	1,047,700	1,044,558	(252,636)
Net change in fund balances	1,126,769	67,706	(348,262)	846,214
Fund balances-beginning	801,076	143,932	2,056,512	3,001,519
Fund balances-ending	\$ 1,927,845	\$ 211,638	\$ 1,708,250	\$ 3,847,733

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE

Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2011

Net changes in fund balances - total governmental funds:	\$	846,214
--	----	---------

Amounts reported for governmental activities in the government-wide statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	605,376	
Depreciation expense	(731,420)	
Net increase in net assets - governmental activities		(126,044)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.

220,349

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.

Contributed assets	884,648	
Gain(loss) on sale/disposals of assets	(3,099,864)	
Net increase in net assets - governmental activities		(2,215,217)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease/Bond proceeds reported as debt	-	
Debt principal payments	561,090	
Net increase in net assets - governmental activities		561,090

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other post employment benefits	(43,281)	
Accrued debt interest	8,849	
Compensated absences	(98,157)	
Amortization of deferred bond costs	(4,084)	
Net decrease in net assets - governmental activities		(136,673)

Accrued interest revenue in the statement of activities does not provide current financial resources and is not reported as revenue in governmental funds.

4,148

Internal service funds are used by management to charge the costs of equipment, insurance, data processing, and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Internal service funds change in net assets	1,855,380	
Loss (gain) from charges to business-type activities	(686,294)	
Net increase in net assets - governmental activities		1,169,086

Change in net assets of governmental activities	\$	<u>322,952</u>
---	----	----------------

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 16,211,800	\$ 16,211,800	\$ 16,347,242	\$ 135,442
Licenses and permits	574,700	574,700	457,993	(116,707)
Intergovernmental revenues	290,000	290,000	454,341	164,341
Charges for services	2,969,100	2,979,100	3,849,360	870,260
Fines and forfeits	653,000	653,000	392,663	(260,337)
Interest earnings	160,000	160,000	260,816	100,816
Rents and royalties	148,900	148,900	156,571	7,671
Miscellaneous	2,000	2,000	2,676	676
Total revenues	<u>21,009,500</u>	<u>21,019,500</u>	<u>21,921,661</u>	<u>902,161</u>
EXPENDITURES				
Current:				
General government	2,109,100	2,123,100	2,079,022	44,078
Public safety	8,370,900	8,380,900	8,162,142	218,758
Public works	2,064,100	2,064,100	1,935,963	128,137
Economic environment	969,600	969,600	788,012	181,588
Culture and recreation	5,518,900	5,518,900	5,366,558	152,342
Capital outlay	35,800	35,800	64,693	(28,893)
Debt service:				
Interest and debt issue costs	53,700	53,700	53,608	92
Total expenditures	<u>19,122,100</u>	<u>19,146,100</u>	<u>18,449,999</u>	<u>696,101</u>
Excess of revenues over expenditures	<u>1,887,400</u>	<u>1,873,400</u>	<u>3,471,663</u>	<u>1,598,263</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,500	50,500	49,223	(1,277)
Transfers (out)	(2,365,000)	(2,544,300)	(2,467,780)	76,520
Sales of capital assets	-	73,700	73,664	(36)
Total other financing sources (uses)	<u>(2,336,500)</u>	<u>(2,420,100)</u>	<u>(2,344,894)</u>	<u>75,206</u>
Net change in fund balances	<u>(449,100)</u>	<u>(546,700)</u>	<u>1,126,769</u>	<u>1,673,469</u>
Fund balances-beginning	<u>1,835,400</u>	<u>1,835,400</u>	<u>801,076</u>	<u>(1,034,324)</u>
Fund balances-ending	<u>\$ 1,386,300</u>	<u>\$ 1,288,700</u>	<u>\$ 1,927,845</u>	<u>\$ 639,145</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****Street Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	20,000	20,000	\$ 12,677	\$ (7,323)
Intergovernmental revenues	400,000	575,600	647,667	72,067
Charges for services	8,600	29,800	33,448	3,648
Miscellaneous	-	-	792	792
Total revenues	<u>428,600</u>	<u>625,400</u>	<u>694,584</u>	<u>69,184</u>
EXPENDITURES				
Current:				
Transportation	1,546,600	1,743,400	1,674,578	68,822
Capital outlay	17,000	283,800	-	283,800
Total expenditures	<u>1,563,600</u>	<u>2,027,200</u>	<u>1,674,578</u>	<u>352,622</u>
Deficiency of revenues under expenditures	<u>(1,135,000)</u>	<u>(1,401,800)</u>	<u>(979,994)</u>	<u>421,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200,000	1,466,800	1,200,000	(266,800)
Transfers (out)	<u>(152,300)</u>	<u>(152,300)</u>	<u>(152,300)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,047,700</u>	<u>1,314,500</u>	<u>1,047,700</u>	<u>(266,800)</u>
Net change in fund balances	(87,300)	(87,300)	67,706	155,006
Fund balances-beginning	102,600	102,600	143,932	41,332
Fund balances-ending	<u>\$ 15,300</u>	<u>\$ 15,300</u>	<u>\$ 211,638</u>	<u>\$ 196,338</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE

Statement of Net Assets

Proprietary Funds

December 31, 2011

Page 1 of 2

	Business-type Activities-Enterprise Funds						Governmental
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Activities Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 5,938,599	\$ 485,543	\$ 230,035	\$ 71,352	\$ 278,909	\$ 7,004,438	\$ 3,429,353
Receivables (net of allowance for uncollectibles)	1,009,113	312,764	480,534	30,644	97,646	1,930,700	
Due from other funds			2,984		1,558	4,543	
Interfund loans receivable	5,741,188	1,594,839				7,336,027	
Intergovernmental receivable							271,832
Inventories and prepaid expenses	553,137	124,738	3,849	-	3,913	685,637	81,243
Total current assets	13,242,038	2,517,885	717,401	101,996	382,026	16,961,345	3,782,429
Noncurrent assets:							
Restricted assets:							
Revenue bond reserves/debt service:							
Cash and cash equivalents	1,435,960					1,435,960	-
Interest receivable	3,080					3,080	
Construction in progress:							
Cash and cash equivalents	3,984,857					3,984,857	-
Total restricted assets	5,423,897	-			-	5,423,897	-
Capital assets, net of accumulated depreciation:							
Land and land rights	836,006			460	36,180	872,646	608,951
Buildings	25,421,727			36,548	285,291	25,743,566	3,078,543
Infrastructure	41,036,328			54,741	4,708,808	45,799,877	
Machinery and equipment	1,453,517		110,039			1,563,557	3,616,320
Construction in progress	4,071,758			14,387		4,086,145	10,738,244
Intangible assets	285,127					285,127	
Total capital assets	73,104,464	-	110,039	106,136	5,030,279	78,350,918	18,042,059
Other noncurrent assets:							
Deferred charges	101,786					101,786	87,075
Total non current assets	78,630,147	-	110,039	106,136	5,030,279	83,876,601	18,129,134
Total assets	\$ 91,872,185	\$ 2,517,885	\$ 827,441	\$ 208,131	\$ 5,412,305	\$ 100,837,947	\$ 21,911,563

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Statement of Net Assets
Proprietary Funds
December 31, 2011

Page 2 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 526,225	\$ 219,742	\$ 14,344	\$ 1,490	\$ 2,577	\$ 764,378	\$ 219,357
Salaries payable	64,587	2,149	54,704	-	9,581	131,020	33,660
Interfund loans payable	-	-	522,574	-	80,396	602,970	5,836,412
Revenues collected in advance	-	-	2,952	-	-	2,952	-
Interest payable	-	-	-	-	-	-	40,480
Capital leases payable	36,964	-	28,754	-	-	65,718	580,469
G. O. bonds payable	41,667	-	-	-	-	41,667	809,502
Compensated absences	31,705	183	19,508	-	778	52,174	7,158
Accrued interest	177,297	-	-	-	-	177,297	-
Due to other funds	23,930	-	4,144	-	468	28,542	9,878
Intergovernmental loan payable	658,731	-	-	-	-	658,731	-
Revenue bonds payable	705,000	-	-	-	-	705,000	-
Other short-term liabilities	3,139	25,624	-	-	-	28,763	-
Total current liabilities	2,269,245	247,697	646,981	1,490	93,800	3,259,212	7,536,917
Noncurrent liabilities:							
Revenue bonds payable(net discount/premium)	11,201,750	-	-	-	-	11,201,750	-
G.O. bonds payable(net discount/premium)	788,220	-	-	-	-	788,220	6,714,325
Intergovernmental loans payable	5,813,591	-	-	-	-	5,813,591	-
Compensated absences	285,344	1,643	175,576	-	7,005	469,568	64,424
Lease payable	44,293	-	-	-	-	44,293	910,268
Total noncurrent liabilities	18,133,198	1,643	175,576	-	7,005	18,317,421	7,689,017
Total liabilities	20,402,443	249,340	822,556	1,490	100,805	21,576,634	15,225,934
NET ASSETS							
Invested in capital assets, net of related debt	49,718,156	-	81,286	106,136	5,030,279	54,935,856	9,166,557
Restricted for debt service	1,423,884	-	-	-	-	1,423,884	-
Restricted for capital purposes	3,984,857	-	-	-	-	3,984,857	-
Unrestricted	16,342,846	2,268,545	(76,401)	100,506	281,221	18,916,716	(2,480,928)
Total net assets	\$ 71,469,742	\$ 2,268,545	\$ 4,884	\$ 206,642	\$ 5,311,500	79,261,313	\$ 6,685,628
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(70,636)	
Net assets of business-type activities						\$ 79,190,677	

CITY OF MOSES LAKE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For Year Ended December 31, 2011

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	
OPERATING REVENUES							
Charges for services	\$ 9,125,077	\$ 2,342,268	\$ 2,476,206	\$ -	\$ 762,632	\$ 14,706,182	\$ 5,994,712
Intergovernmental revenues	-	-	-	-	-	-	6,282
Miscellaneous revenues	129,031	438	99	36,191	-	165,759	-
Total operating revenues	9,254,108	2,342,705	2,476,305	36,191	762,632	14,871,941	6,000,994
OPERATING EXPENSES							
Salaries and benefits	1,936,390	72,626	1,703,421	-	276,085	3,988,523	929,811
Supplies and contractual services	3,153,485	2,903,927	783,146	8,380	195,587	7,044,524	1,805,062
Utilities	408,877	-	-	4,859	-	413,737	92,062
Repairs and maintenance	110,095	-	4,333	5,325	-	119,753	156,687
Insurance claims and expenses	-	-	-	-	22,711	22,711	608,649
Depreciation and amortization	2,030,522	-	13,251	11,304	-	2,055,076	725,650
Total operating expenses	7,639,370	2,976,553	2,504,150	29,868	494,383	13,644,324	4,317,921
Operating income (loss)	1,614,738	(633,848)	(27,845)	6,324	268,249	1,227,618	1,683,073
NONOPERATING REVENUES (EXPENSES)							
Investment earnings	26,888	-	-	-	-	26,888	16,076
Insurance recoveries	3,716,344	-	-	-	-	3,716,344	-
Intergovernmental payments	(65,000)	-	-	-	-	(65,000)	-
Interest expense	(445,945)	-	(8,018)	-	(1,000)	(454,962)	(411,059)
Miscellaneous revenues	615,164	77,828	-	-	-	692,991	-
Gain (loss) on disposal of assets	(92,405)	-	-	-	-	(92,405)	(3,131)
Total nonoperating revenues (expenses)	3,755,046	77,828	(8,018)	-	(1,000)	3,823,857	(398,113)
Income (loss) before contributions and transfers	5,369,784	(556,020)	(35,863)	6,324	267,249	5,051,474	1,284,960
Capital contributions	722,385	-	-	-	4,378,181	5,100,566	570,420
Transfers in	-	-	252,800	-	-	252,800	-
Change in net assets	6,092,170	(556,020)	216,937	6,324	4,645,430	10,404,840	1,855,380
Total net assets - beginning	65,377,572	2,824,565	(212,053)	200,318	666,070		4,830,248
Total net assets - ending	\$ 71,469,742	\$ 2,268,545	\$ 4,884	\$ 206,642	\$ 5,311,500		\$ 6,685,628
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						686,294	
Change in net assets of business-type activities						\$ 11,091,134	

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

Page 1 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities Internal Service Funds
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 8,942,170	\$ 2,305,841	\$ 2,459,202	\$ 28,768	\$ 747,853	\$ 14,481,834	\$ 6,000,994
Payments to suppliers	(3,367,494)	(2,900,688)	(777,416)	(18,793)	(216,761)	(7,282,152)	(2,827,490)
Payments to employees	(1,941,661)	(77,056)	(1,675,876)	-	(267,243)	(3,961,836)	(935,651)
Miscellaneous revenues	689,174	78,262	2,952	-	-	770,389	-
Miscellaneous expenses	2,857	-	(1,214)	-	(1,350)	293	-
Net cash provided by (used for) operating activities	4,325,045	(593,641)	7,648	6,975	262,500	4,008,528	2,237,853
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments from (to) other funds	23,930	270,662	(126,266)	-	(13,344)	154,982	9,878
Advances from (to) other funds	(1,441,188)	-	-	-	-	(1,441,188)	-
Transfers from (to) other funds	-	-	252,800	-	-	252,800	-
Insurance recoveries	3,716,344	-	-	-	-	3,716,344	-
Other intergovernmental payments	15,000	-	-	-	-	15,000	-
Net cash used for noncapital financing activities	2,314,086	270,662	126,534	0	(13,344)	2,697,938	9,878
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from capital debt	4,450,000	-	-	-	-	4,450,000	2,204,812
Principal paid on debt	(514,728)	-	(27,778)	-	-	(542,506)	(1,570,925)
Interest paid on debt	(362,429)	-	(8,018)	-	-	(370,446)	(403,703)
Capital contributions	395,161	-	-	-	4,256,741	4,651,902	604,522
Purchases of capital assets	(5,585,600)	-	-	(14,387)	(4,587,588)	(10,187,575)	(7,165,997)
Proceeds of capital grants	-	-	-	-	121,440	121,440	-
Proceeds from sale of capital assets	-	-	-	-	-	-	10,065
Net cash provided by (used) for capital and related financing activities	(1,617,596)	-	(35,795)	(14,387)	(209,407)	(1,877,186)	(6,321,226)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest income	-	-	-	-	-	-	184
Net cash provided by investing activities	-	-	-	-	-	-	184
Net increase (decrease) in cash and cash equivalents	5,021,535	(322,978)	98,387	(7,412)	39,749	4,829,280	(4,073,311)
Cash and cash equivalents, January 1	6,337,881	808,521	131,648	78,765	239,160	7,595,975	7,502,665
Cash and cash equivalents, December 31	\$ 11,359,416	\$ 485,543	\$ 230,035	\$ 71,352	\$ 278,909	\$ 12,425,255	\$ 3,429,353

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

Page 2 of 2

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/ Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating income (loss)	\$ 1,614,738	\$ (633,848)	\$ (27,845)	\$ 6,324	\$ 268,249	\$ 1,227,618	\$ 1,883,073
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	2,030,522	-	13,251	11,304	-	2,055,076	725,650
Allowance for uncollectible accounts	-	-	30,875	-	-	30,875	-
Decrease (increase) in accounts receivable	293,927	(36,280)	(47,978)	(9,423)	(14,778)	185,467	-
Decrease (increase) in inventory	(100,413)	(2,668)	2,602	-	-	(100,478)	-
Decrease (increase) in prepaid expenses	-	-	-	-	(350)	(350)	10,316
(Decrease) increase in accounts payable	405,376	5,906	7,461	(1,229)	1,537	419,052	(175,346)
(Decrease) increase in salaries payable	2,762	(149)	7,502	-	4,648	14,763	3,856
(Decrease) increase in advances	-	-	1,738	-	-	1,738	-
(Decrease) increase in compensated absences	(8,033)	(4,430)	20,043	-	4,194	11,774	(9,696)
(Decrease) increase in miscellaneous revenues	86,165	77,828	-	-	(1,000)	162,993	-
Total adjustments	2,710,307	40,207	35,493	651	(5,749)	2,780,911	554,780
Net cash provided (used) by operating activities	\$ 4,325,045	\$ (593,641)	\$ 7,648	\$ 6,975	\$ 262,500	\$ 4,008,528	\$ 2,237,853
Noncash investing, capital, and financing activities:							
Contributions of capital assets	\$ 603,154	-	-	-	\$ 4,256,741	\$ 4,859,895	-
Addition to capital leases	-	-	-	-	-	-	\$ 815,205

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Statement of Net Assets
Fiduciary Funds
December 31, 2010

	Firemen's Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 472,192	\$ 902,288
Escrow accounts		372,789
Total assets	<u>472,192</u>	<u>1,275,077</u>
LIABILITIES		
Accounts payable	435	-
Custodial accounts payable		1,275,077
Long-term liabilities	546,233	-
Total liabilities	<u>546,668</u>	<u>1,275,077</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ (74,477)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE**Statement of Changes in Fiduciary Net Assets****Fiduciary Funds****For the year ended December 31, 2011**

	Firemen's Pension Trust Fund
ADDITIONS	
Intergovernmental revenues	\$ 24,784
Interest earnings	6,235
Transfers in	<u>73,500</u>
Total additions	<u>104,519</u>
DEDUCTIONS	
Benefits	19,634
Medical insurance and direct medical payments	142,472
OPEB expense	<u>60,252</u>
Total deductions	<u>222,357</u>
Change in net assets	(117,838)
Net assets - beginning	<u>43,362</u>
Net assets - ending	<u>\$ (74,477)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTES	INDEX	PAGE
1. Summary of Significant Accounting Policies		44
A. Reporting Entity		44
B. Government-Wide and Fund Financial Statements		44
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation ..		45
D. Budgetary Information		47
E. Assets, Liabilities and Equities		48
F. Adoption of New GASB Pronouncements		52
G. Future Adoption Of GASB Pronouncements		53
2. Reconciliation of Government-Wide and Fund Financial Statements		53
3. Stewardship, Compliance and Accountability		53
4. Deposits and Investments		55
5. Property Taxes		56
6. Capital Assets and Depreciation		57
7. Pension Plans		59
8. Risk Management		69
9. Long-Term Debt		70
10. Leases		72
11. Changes in Long-Term Liabilities		73
12. Contingencies and Litigations		74
13. Interfund Balances and Transfers		75
14. Segment Information		76
15. Other Postemployment Benefit (OPEB)		77

CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Moses Lake have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The City of Moses Lake was incorporated on September 19, 1938 and operates under the laws of the State of Washington applicable to a non charter code city with a Council/manager form of government. The reporting entity comprises the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

Based upon these criteria, the primary government consists solely of the legal entity of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is not to allocate indirect costs to a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes

and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource's measurement focus and the accrual basis of accounting, as is the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resource's measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the city.

The City of Moses Lake reports the following major governmental funds:

The **General Fund** is the city's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Street Fund** is a special revenue fund that accounts for the operation and maintenance of the City's streets and alleys, street lighting, and traffic control. Revenues are derived mostly from tax contributions and state shared gasoline tax.

The City of Moses Lake reports the following major proprietary funds:

The **Water/Sewer Fund** accounts for the activities of the City's utility. Revenues are received from water and sewer services provided to the general public. Expenses comprise maintenance and extensions of drainage, water and sewer service facilities, operating a water supply system, maintaining sewer treatment plants and operating a

water drainage system. This fund also reflects the operation of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

The **Sanitation Fund** accounts for the activities of providing contracted garbage services to its citizens. The fund is self-supporting through user charges.

The **Ambulance Fund** accounts for the activities of emergency services and transportation of patients. Revenues are generated by a utility fee for city residences and user charges for non residences.

The **Airport Fund** accounts for the operation and maintenance of a municipal airport located within the city limits.

The **Storm Water Fund** accounts for all activities of the storm water system in order to control flooding and protect surface and ground water.

Additionally, the City of Moses Lake reports the following funds types:

Special Revenue Funds account for revenue from specific taxes or other earmarked revenue sources that by law are designed to finance particular functions or activities of the city.

Capital Projects Funds account for financial resources used for the construction and acquisition of major capital facilities other than those financed by special assessments or proprietary funds.

Debt Service Funds finance and account for the payment of interest and principal on all tax-supported debt, serial and term, including those payable from special assessments.

Internal Service Funds account for information service, equipment rental, building maintenance, self-insurance, and unemployment compensation provided to other departments or agencies of the city or to other cities on a cost reimbursement basis.

Pension Trust Funds account for the activities of the Fireman's Pension fund, which accumulates resources for pension benefit payments and post employment health care benefits to qualified firefighters.

Agency Funds are custodial in nature, representing assets held by the City in a trustee or agency capacity for the State of Washington, Grant County and others. These funds do not involve the measurement of the results of operations, only assets and liabilities.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The city has elected not to follow subsequent private-sector guidance.

As a general rule the effect of the Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service, producing and delivering goods in connection with a proprietary fund's principal on going operations. The principal operating revenues of the Water/Sewer Enterprise fund, or the non major enterprise funds, and of the City's internal service funds are customer charges for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the city's policy to use unrestricted resources first, then restricted resources as needed.

D. Budgetary Information

Scope of Budget

Budgets serve as control mechanisms in the operations of governmental units. Legal budgetary (expenditure) control for the City is at the fund level; i.e., expenditures may not exceed budgeted appropriations at the fund level. However, budget and actual information is kept by department, account, and object.

Annual appropriated budgets are adopted for the general and certain special revenue funds on the modified accrual basis of accounting. Grant related special revenue funds and capital project funds adopt budgets on an individual project basis and for the fiscal periods that relate to the life of the project. The budget is based on generally accepted accounting principals (GAAP). There is no difference between budget basis and GAAP.

Any unexpended appropriation balances lapse at the end of the fiscal year (except for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned). Proprietary and fiduciary funds are budgeted for management purposes only. National Council on Governmental Accounting Statement No. 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary or fiduciary fund types.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as a reservation of fund balances and does not constitute expenditures of liabilities because the commitments will be reappropriated and honored during the subsequent year.

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

E. Assets, Liabilities and Equities

Cash and Cash Equivalents

It is the city's policy to invest all temporary cash surpluses. At December 31, 2011, the treasurer was holding \$17,673,809 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds that are statutorily to receive interest and the balance of the interest is credited to the General Fund according to the RCW and pursuant to city ordinances.

For purposes of the statement of cash flows, the city considers all highly liquid investments (including restricted assets) with a maturity of four months or less, when purchased, to be cash equivalents.

Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Property Taxes Note No. 5). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefitted. As of December 31, 2011, there was no special assessment's receivables delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

Amounts Due to and From Other Funds and Governmental Units, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." A separate schedule of Interfund loans receivable and payable is furnished in Note No. 13, Interfund Balances and Transfers.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary.

Inventories in proprietary funds are valued by the FIFO method which approximates the market value.

Restricted Assets and Liabilities

These accounts contain resources for construction and debt service, including current and delinquent special assessments receivable, in enterprise funds. The current portion of related liability is shown as *Payables from Restricted Assets*. Specific debt service reserve requirements are described in Notes No. 9 & 10, Long-Term Debt and Leases.

The restricted assets of the enterprise funds are composed of the following:

	\$	
Cash Investments - Debt Service		1,435,960
Cash Investments - Construction		3,984,857
Interest receivable		3,080
Total Restricted Assets	\$	<u>5,423,897</u>

Capital Assets - See Capital Assets and Depreciation Note No. 6

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the city as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the city during the current fiscal year is \$1,130,875.

Property, plant, and equipment of the primary government, as well as any component units, are depreciated using the straight-line method over the following estimated useful life:

Assets	Years
Buildings/Improvement's	5 - 50
Other Improvements	5 - 25
Vehicles'	5 - 15
Machinery & Equipment	5 - 20
Utility Infrastructure	20 - 50
Streets, Paths, Trails	N/A
Storm water Infrastructure	N/A
Traffic Signals	40
Runway's & Taxiways	12 - 20

Infrastructure capital assets, valued at \$50,000 or greater, are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Included in the City's infrastructure are the streets and bridges network. The City has elected to use the modified approach as defined in GASB Statement No. 34 for infrastructure reporting for storm water structures, bridges, paved streets, bike paths, and alleys. There are no depreciation expenses reported for such assets nor are amounts capitalized in connection with improvements that lengthen the lives of the assets unless the improvements also increase the service potential.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Vacation and sick pay are accrued at year end in the government-wide, proprietary, and fiduciary fund financial statements.

Vacation pay, which may be accumulated up to two years of earned annual leave, is payable upon separation of employment for any reason. Sick leave may be accumulated up to 480 hours for payoff of exempt employees, and is payable upon voluntary termination or a reduction in work force in accordance with the following schedule:

Years of Service	Percent Payable
0-4	10
5-9	25
10-19	50
20-29	75
30+	100

For members of the General Union bargaining unit who were city employees and members of the Public Employees Retirement System as of January 1, 1983 and who retire, 50% of accumulated sick leave (to a maximum of 480 hours) will be paid as severance pay.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion has not been met. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 483,074	\$ -
Revenues not applied	-	575,457
Special assessments not yet due	100,111	-
	<u>\$ 583,185</u>	<u>\$ 575,457</u>

Fund Balance Classification

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type definitions, the City classifies governmental fund balances as follows:

- Non-spendable-includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned- includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Finance Director/ City Manager.
- Unassigned- includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Minimum Fund Balance

The City has a formal policy on General Fund Balance as follows:

It will be the policy of the City to establish and maintain a General Fund Balance of at least ten percent (10%) of the total General Fund budgeted revenue, excluding the beginning fund balance and identified one-time revenues. Any and all expenditures from the General Fund Balance Reserve account shall require a majority vote of the entire City Council.

Stabilization Arrangements

Separate from, and in addition to the General Fund Balance it is recommended that the City establish and maintain a Contingency Reserve in accordance with RCW 35A.33.040. The reserve will be available for unforeseen urgent or emergency needs. The contingency reserve is intended to provide for unanticipated expenditures or revenue shortfalls of a non-recurring nature. The maximum allowable amount in the contingency reserve is 37.5 cents per thousand dollars of assessed valuation. Current Balance is \$581,000.

F. Adoption of New GASB Pronouncements

The City implemented the following GASB Pronouncements for the fiscal year ended December 31, 2011.

Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions

This Statement will improve financial reporting by providing fund balance categories and classification that will be more easily understood. These changes affect the City and are reflected on the Balance Sheet for Governmental Funds and an explanation of changes are in the notes.

Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

Effective date: The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. This Statement doesn't affect the City's OPEB reporting.

Statement No. 59 Financial Instruments Omnibus

The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This statement does not apply to the City.

G. Future Adoption of GASB Pronouncements

The following GASB pronouncements have been issued but are not effective as of December 2011:

- Statement No. 66 Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62
- Statement No. 65 Items Previously Reported as Assets and Liabilities
- Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53
- Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements
- Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34
- Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The governmental funds' balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net assets.

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

Budgetary Compliance Information

The City's annual budget process is similar each year. The calendar below outlines the general time frame followed to prepare, review and adopt the annual budget.

July- A request by the Finance Director to all Department Directors to prepare detailed estimates of revenues and expenditures for the next fiscal year (calendar year). (RCW35A.33.030 requires this by the second Monday in September.)

August- The estimates are to be filed with the Finance Director. (RCW 35A.33.030 requires this by the fourth Monday in September.)

September- The estimates are presented to the City Manager for modifications, revisions or additions. The Finance Director submits to the City Manager a proposed Preliminary Budget setting forth a complete financial program showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed. (RCW 35A.33.050 requires this by the first of October.)

The City Manager provides the legislative body with current information on estimates of revenues from all sources as proposed in the budget for the current year. He also provides the legislative body with the proposed Preliminary Budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each program is proposed to be financed. (RCW 35A.33.135 no later than the first Monday in October.)

October- The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues. RCW 84.55.120. After the hearing, a city may choose to pass an ordinance at the same meeting authorizing a property tax increase in terms of dollars and percent to comply with State statutes.

The City Manager prepares preliminary budget, budget message, and files it with the legislative body and Finance Director. (RCW 35.33.055 & 35A.33.052. At least 60 days before ensuing fiscal year.)

November- The Finance Director publishes notice of filing of Preliminary Budget and publishes notice of public hearing on the final budget once a week for two consecutive weeks. (RCW 35.33.061 & 35A.33.050, no later than the first two weeks in November.)

Setting property tax levies. (RCW 84.53.070, November 30 for all cities and towns.)

The legislative body must schedule hearings on the budget or parts of the budget and may require the presence of Department Directors. (RCW 35.33.057 & 35A.33.055, prior to the final hearing.)

Copies of Proposed Budget is made available to the public, (RCW 35A.33.055 & 35A.33.052, no later than six weeks before January 1.)

Final hearing on Proposed Budget. (RCW 35.33.071 & 35A.33.070, on or before first Monday of December.)

Adoption of the budget. (RCW 35.33.075 & 35A.33.075, following the public hearing and prior to the beginning of the ensuing fiscal year.)

Copies of final budget are transmitted to the State Auditor's Office and to Municipal Research and Services Center.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

The City of Moses Lake's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

As required by state law, all investments of the City of Moses Lake's funds (except as noted below) are obligations of the U. S. Government, U. S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool (LGIP), Grant County Investment Pool (GCIP), bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Regulatory oversight is performed by the CFO, the Treasurer, or the Treasury Accountant. As prescribed by RCW 43.09.050, the state auditor will "audit the accounts" and "inspect the books" of the State Treasurer to determine the compliance of investment activities with state statutes. Also in accordance with RCW 43.250.080, the State Treasurer will submit an annual summary of LGIP activity to the governor, the state auditor, and the Joint Legislative Audit and Review Committee. Investments of pension trust funds are not subject to the preceding limitations. All temporary investments are stated at cost. Other property and investments are shown on the statement of net assets at historical cost. (Other property consists of real estate held for future use). The fair value of the cities investment in the LGIP and the GCIP is the same as the value of the pool shares.

At December 31, 2011, the bank balance was \$4,637,110. Of the bank balance \$100,000 was covered by Federal Depository Insurance that are insured, registered or held by the City or it's agent in the City's name. The remainder of the bank balance was covered by the State of Washington Public Deposit Protection Commission which includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the City's name.

As of December 31,2011 the City had the following investments:

Investment Type	Fair Value	Rating	Weighted Average Maturity (days)
Grant County Invest Pool	\$ 9,120,609	not rated	16
WA State Invest Pool	8,553,200	not rated	15
Total Fair Value	<u>\$ 17,673,809</u>		
Portfolio Weighted Average Maturity			15

Interest rate risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment or a deposit. In accordance with it's investment policy, the City manages it's exposure to decreases in fair values by limiting the weighted average maturity of its investment portfolio to less than 9 months.

Credit Risk: Safety of principle is the foremost objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Washington State Investment Pool, is like a 2a-7 fund, managed by the State Treasurer's Office is limited to high quality obligations with limited maximum and average maturities which is to minimize both market and credit risk. The pool is unrated but the state of Washington's Legislature has

regulatory oversight. The City's general obligation bonds were rated "A" by Standards and Poor's in 2010. The same rating agency has upgraded the City's Revenue Bonds to "AA-" affirming a stable outlook in 2011.

Under the City's investment policy, all temporary cash surpluses are invested. The City's investment policy is more conservative to limit risk, investing the portfolio in treasury notes and bills, certificates of deposit with qualified public depositories, and bankers acceptances with a credit rating for A1 or P1 by nationally recognized rating organizations. The City's investments are in compliance with all state investment laws and City investment policies.

Concentration of credit risk: Concentration risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states, with the exception of US Treasury securities and authorized pools, no more than 50% of the portfolio can be invested in a single security type or institution.

Custodial credit risk - investments: Custodial risk is the risk the city will not be able to recover the value of its investments or collateral securities in the possession of an outside party, in the event of the failure of the counter party. The City has no custodial risk based on GASB 40 guidelines.

NOTE 5 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property established for next year's levy at 100 % of market value
October 31	Second installment is due

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as deferred revenue and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The city may levy up to \$3.6 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

1. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to one percent (1%) per year, unless approved by the voters. The levy shall be set so the regular property taxes payable in the following year shall not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied in the highest of the three most recent years in which such taxes were levied plus an additional dollar amount calculated by multiplying the increase in assessed value from new construction, improvements to property, and increases in the assessed value of state-assessed property by the regular property tax rate of the preceding year.

2. The Washington State Constitution limits the total regular property taxes to one percent (1%) of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent (1%) limit.

The city's regular levy for 2011 was \$3.20970 per \$1,000 on an assessed valuation of \$3,185,018,910 for a total regular levy of \$10,222,955.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets

A summary of capital assets for the year ended December 31, 2011 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 5,335,035	\$ 1,476	\$ -	\$ 5,336,510
Infrastructure*	36,509,098	1,200,243	1,275,457	36,433,884
CIP	4,937,488	7,968,225	1,890,727	11,014,986
Total Capital Assets not Depreciated	46,781,620	9,169,944	3,166,185	52,785,380
Capital Assets Depreciated:				
Buildings	26,422,281	120,579	2,100,195	24,442,666
Intangible	147,051	-	-	147,051
Machinery and Equipment	10,417,627	1,256,225	310,256	11,363,595
Infrastructure	1,448,608	-	-	1,448,608
Total	38,435,567	1,376,804	2,410,451	37,401,920
Less Accumulated Depreciation:				
Buildings	8,731,518	784,879	294,164	9,222,233
Intangible	147,051	-	-	147,051
Machinery and Equipment	7,006,231	635,976	278,685	7,363,522
Infrastructure	760,519	36,215	-	796,734
Total Accumulated Depreciation	16,645,319	1,457,070	572,848	17,529,541
Total Capital Assets Depreciated, Net	21,790,248	(80,266)	1,837,603	19,872,379
Governmental Activities Capital Assets, Net	\$ 68,571,868	\$ 9,089,678	\$ 5,003,787	\$ 72,657,759

* The city accounts for the city streets, alleys, parking lots, boat ramps/landings, bike/jogging paths, bridges and storm drains using the modified approach and reports them as non-depreciable Infrastructure. Under the modified approach, rather than recording depreciation, asset condition is reported. The city includes internal service fund assets as part of governmental totals above. Depreciation includes amortization of intangible assets.

Business-type Activities	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Depreciated:				
Land	\$ 795,687	\$ 76,959	\$	\$ 872,646
CIP	784,754	6,370,894	3,069,502	4,086,145
Intangible	285,127			285,127
Total Capital Assets not Depreciated	<u>1,865,567</u>	<u>6,447,853</u>	<u>3,069,502</u>	<u>5,243,918</u>
Capital Assets Depreciated:				
Buildings	33,722,946	927,810	146,761	34,503,995
Machinery and Equipment	2,275,793	59,668	10,715	2,324,746
Infrastructure	61,577,115	6,202,885	\$70,250	67,709,750
Total	<u>97,575,854</u>	<u>7,190,362</u>	<u>227,726</u>	<u>104,538,491</u>
Less Accumulated Depreciation:				
Buildings	8,145,140	735,187	119,899	8,760,428
Machinery and Equipment	694,517	77,387	10,715	761,189
Infrastructure	20,672,149	1,242,575	\$4,851	21,909,873
Total Accumulated Depreciation	<u>29,511,807</u>	<u>2,055,149</u>	<u>135,465</u>	<u>31,431,491</u>
Total Capital Assets Depreciated, Net	<u>68,064,047</u>	<u>5,135,214</u>	<u>92,261</u>	<u>73,107,000</u>
Business-type Activities Capital Assets, Net	<u>\$ 69,929,615</u>	<u>\$ 11,583,066</u>	<u>\$ 3,161,763</u>	<u>\$ 78,350,918</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	<u>Depreciation</u>
General Government	\$ 39,322
Public Safety	22,252
Transportation	37,781
Public Works	4,117
Culture and Recreation	627,948
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	725,650
Total Depreciation - Governmental Activities	<u>\$ 1,457,070</u>
 <u>Business-Type Activities</u>	 <u>Depreciation</u>
Water/Sewer	\$ 2,030,595
Ambulance	13,250
Airport	11,304
Total Depreciation - Business-Type Activities	<u>\$ 2,055,149</u>

Collections Not Capitalized

The city has a collection of Indian artifacts that have been acquired over the years, the "Adam East Collection." This collection is held at the Moses Lake Museum and Art Center and is determined to be exempt from capitalization. This collection meets all the exemption requirements as follows:

1. The collection is held for public exhibition, education or research in furtherance of public service rather than financial gain.
2. The collection is protected, kept unencumbered, cared for, and preserved.
3. The collection is subject to Moses Lake Museum & Art Center Collection Policy section VI:D which requires the proceeds from sales of collection items be used to acquire other items for the collection.

Construction Commitments

The city has active construction projects as of December 31, 2011. Active projects are: Civic Center, a well project and a sewer project. At year-end the government's commitments with contractors are as follows:

Project	Total Contract Amount Awarded	Spent to Date	Remaining Commitment
Central Operations Facility	\$ 1,236,264	\$ 1,060,121	\$ 176,143
2011 Sewer Lining	779,817	777,658	2,159
Civic Center Parking Lot	879,235	819,060	60,175
Well 11 & 24 Pump Houses	369,773	882	368,891
Reservoir #9	2,007,586	1,701,134	306,452
Total	<u>\$ 5,272,675</u>	<u>\$ 4,358,855</u>	<u>\$ 913,820</u>

NOTE 7 - PENSION PLANS

Substantially all City of Moses Lake full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P. O. Box 48380
Olympia, WA 98504-8380

or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials: state employees; employees of Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at age 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased 3 percent annually. This benefit was eliminated by the Legislature effective July 1, 2011. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability

retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer price Index), capped at 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned 10 years of service credit may request a refund of the member's accumulated contributions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible to retire with full benefits at age 65, others may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contributions retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit; required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 1, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
Total	<u>262,285</u>

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapter 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll as of December 31, 2011, were as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.25%**	7.25%**	7.25%***
Employee	6.00%****	4.64%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%

** The employer rate for state elected officials is 10.89% for Plan 1 and 7.25% for Plans 2 and 3.

***Plan 3 defined benefit portion only.

****The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.

***** Variable from 5% minimum to 15% maximum based on rate selected by the PERS 3 member.

Both, city and the employees made the required contributions. The city's required contributions for the years ending December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	\$ 26,768	\$ 299,621	\$ 68,912
2010	\$ 25,866	\$ 245,886	\$ 56,751
2009	\$ 35,068	\$ 320,408	\$ 68,994

Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 20, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at age 50.

The benefit per year of service calculated as a percent of final average salary is as follows:

Term of Service	Percent of Final Average
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If not eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at age 50 with 20 years of service, or at age 53 with five years of service, with an allowance of 2 percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months.) Plan 2 members who retire prior to age 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for worker's compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to Federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Nonvested	3,656
Total	<u>27,505</u>

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The Legislature by means of a special funding arrangement appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2011, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

* The employer rates include the employer administrative expense fee currently set at 0.16%.
 ** The employer rate for ports and universities is 8.62%.

Both city and the employees made the required contributions. The city's required contributions for the years ending December 31 were:

	LEOFF Plan 1	LEOFF Plan 2
2011	\$ 0	\$ 248,733
2010	\$ 0	\$ 236,588
2009	\$ 0	\$ 230,960

Other Retirement Systems - Volunteer Fire Fighters' Relief And Pension Fund

The Volunteer Fire Fighters' Relief and Pension Fund System is a cost-sharing multiple-employer retirement system which was created by the Legislature in 1945 under Chapter 41.24 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of \$30 per year; employer contributions of \$30 per year; 40 percent of the Fire Insurance Premium Tax; and earnings from the investment of moneys by the Washington State Investment Board. However, members may elect to withdraw their contributions upon termination. This pension fund is administered by the State of Washington Board for Volunteer Fire Fighters and Reserve Officers, and the only expense to the city is our contribution. The Actuarial Valuation is available on the Washington Office of State Actuary website. The City's VFT&P cost and the percentage of VFT&P cost contributed to the plan for 2011 and the two preceding years were as follows.

	Annual VFR&P Cost	Contribution as a % of VFR&P Cost
2011	\$ 300	\$ 100%
2010	\$ 360	\$ 100%
2009	\$ 360	\$ 100%

Local Governments Pension Trust Funds

The City of Moses Lake is also the administrator of a pension retirement system called Fireman's Pension Fund which is a closed, single-employer, defined benefit pension plan that was established in conformance with RCW Chapter 41.8. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries, these benefit provisions are established by the State Legislature. Membership is limited to firefighters employed prior to March 1, 1970, when the LEOFF retirement system

was established. The City's obligation under the Firemen's Pension fund consists of paying the difference between pension and medical benefits provided by LEOFF and those provided by the Firemen's Pension Fund for covered firefighters who retire after March 1, 1970. The system is shown as a trust fund in the financial reports of the city.

Membership of the Firemen's Pension Fund December 31, 2011

Retirees currently receiving full retirement benefits through LEOFF	8
Retirees receiving benefits through both LEOFF and FPF	2
Beneficiaries receiving benefits through FPF	3
Active plan members'	0

Assets available in the pension plan are as follows. Current contributions to the plan are comprised on interest on investments and the state tax on fire insurance. Plan assets are allocated as a percentage of Medical Costs to total costs. Because all eligible fire fighters have retired, pension payments will only increase by Cost of Living Allowances (COLAs) from the Washington State Retirement system. COLAs are capped at 3% and will remain below projected increases in Medical Insurance Premiums.

Assets, medical service costs, and premiums from the Firemen's Pension Fund are as follows:

Firemen's Pension Fund					
Year	Assets * EOY	Pension Payments	Medical Service Costs	Percent of Medical to Total	Assets Available for Medical Costs
2005	149,281	16,174	108,147	86.99%	129,860
2006	167,381	16,896	115,242	87.21%	145,979
2007	203,205	18,726	105,497	84.93%	172,573
2008	208,588	20,492	117,528	85.15%	177,619
2009	193,245	20,800	127,809	86.00%	166,197
2010	555,041	22,255	143,111	86.54%	480,343
2011	471,756	22,013	142,472	86.62%	408,620

* Assets do not include employee contributions to plan, which are considered a liability.

Deferred Compensation Plans

The City of Moses Lake offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. Employees are offered a choice of plans with Hartford Insurance, ICMA Retirement Corporation or the State of Washington Deferred Compensation Program. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The plan's funds, held in trust for the exclusive benefit of the participants and their beneficiaries, are not included in the presentation of the city's financial reports.

NOTE 8 - RISK MANAGEMENT

The city of Moses Lake is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 REW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 150 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the reinsured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machineries are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the Interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Moses Lake maintains insurance against most normal hazards except for unemployment compensation where the city has elected to become self-insured. The city also has set aside monies for possible future self-insurance for accident insurance and this self-insures the first \$50,000.

Claims are processed by independent claims managers. Based on the claims manager's estimates, the city's estimated liability for possible losses at December 31, 2011 were as follows:

Unemployment Compensation	\$262,467
---------------------------	-----------

Claims settlements and loss expenses are accrued in the unemployment compensation fund for the estimated settlement value of both reported and unreported claims. This fund is responsible for collecting Interfund premiums from insured funds and departments and for paying claim settlements. Interfund premiums are assessed on the basis of claims experience and are reported as revenues and expenses or expenditures.

NOTE 9 - LONG-TERM DEBT

The City of Moses Lake issues general obligation and revenue bonds to finance the purchase of land and the acquisition or construction of reservoirs, an aquatic center, water and sewer lines and upgrade of wastewater treatment plants. Bonded indebtedness has also been entered into in prior years to advance refund several general obligation and revenue bonds. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. The revenue bonds are being repaid by proprietary fund revenues.

General obligation bonds currently outstanding are as follows:

Name of Issuance	Purpose	Issuance Date	Maturity Date	Original Debt	Interest Rate	Amount Outstanding
1998 LTGO Bond	Governmental Activities - Refunding	01/06/1998	08/01/2009	\$ 1,539,725	4.0 - 4.8%	\$ 90,839
1998 LTGO Bond	Governmental - Internal Service	01/06/1998	08/01/2009	155,275	4.0 - 4.8%	9,161
2002 LTGO Bond	Governmental Activities - Refunding	09/10/2002	08/01/2012	2,315,694	1.5 - 3.95%	269,659
2002 LTGO Bond	Governmental - Internal Service	09/10/2002	08/01/2012	1,119,306	1.5 - 3.95%	130,341
2003 LTGO Bond	Governmental - Internal Service	12/30/2003	09/01/2023	2,725,000	1.2 - 4.6%	1,865,000
2006 LTGO Bond	Governmental Activities	06/05/2006	08/01/2026	5,083,333	3.65-4.25%	4,183,333
2006 LTGO Bond	Operations Complex	06/05/2006	08/01/2026	1,016,667	3.65-4.25%	836,667
2010 LTGO Bond	Civic Center	09/07/2010	12/01/2020	5,925,000	2.00-3.25%	5,395,000
Total				\$ 19,880,000		\$ 12,780,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,378,333	\$ 410,976	\$ 41,667	\$ 34,591
2013	906,667	366,893	43,333	32,987
2014	925,000	342,368	45,000	31,297
2015	953,333	317,010	46,667	29,520
2016	981,667	289,027	48,333	27,653
2017-2021	4,735,000	933,370	275,000	106,653
2021-2026	2,063,333	247,273	336,667	44,165
Total	\$ 11,943,333	\$ 2,906,917	\$ 836,667	\$ 306,866

Revenue bonds currently outstanding are as follows:

Bond	Issuance Date	Maturity Date	Original Debt	Interest Rate	Balance
Revenue Bonds '04	10/13/2004	9/01/2024	\$ 7,015,000	2.50-5.00%	\$ 6,650,000
Revenue Bonds '06	08/23/2011	8/23/2021	4,905,000	2.24%	4,905,000
Total			<u>\$ 11,920,000</u>		<u>\$ 11,555,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2012	\$ 705,000	427,277	1,132,277
2013	735,000	413,123	1,148,123
2014	750,000	398,900	1,148,900
2015	775,000	378,825	1,153,825
2016	875,000	357,225	1,232,225
2017-2021	4,890,000	1,303,726	6,193,726
2022-2024	2,825,000	313,750	3,138,750
Total	<u>\$ 11,555,000</u>	<u>\$ 3,592,826</u>	<u>\$ 15,147,826</u>

Per Internal Revenue Service Code Section 148, rebate arbitrage are earnings on investments purchased from gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebate arbitrage must be paid to the federal government. The City of Moses Lake carefully monitors investments to restrict earnings to a yield less than the bond issue, and therefore limit any arbitrage liability. As of December 31, 2011 the City has no arbitrage rebate liability.

Government Loans

Government loans have been received to provide for construction of proprietary fund capital projects. Government loans outstanding at year-end are as follows:

Loan	Interest Rate	Amount
PWTF Well #14	\$ 3.00%	20,722
PWTF Reservoir #8	2.00%	305,267
PWTF WWTP-Design	.50%	322,804
PWTF WWTP-Construction	.50%	5,823,529
Total		<u>\$ 6,472,322</u>

The annual debt service requirements to maturity for Government loans are as follows:

Year	Principal	Interest	Total
2012	658,731	37,459	696,190
2013	638,009	32,502	670,511
2014	638,009	28,167	666,176
2015	638,008	23,833	661,841
2016	561,692	19,498	581,190
2017-2021	2,808,461	55,362	2,863,823
2022-2022	529,412	2,647	532,059
Total	<u>\$ 6,472,322</u>	<u>\$ 199,468</u>	<u>\$ 6,671,790</u>

In proprietary funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

At December 31, 2011, restricted assets in proprietary funds contain \$1,435,960 in sinking funds and reserves as required by bond indentures.

NOTE 10 - LEASES

Capital Leases

The City of Moses Lake has entered into lease agreements for financing machinery and equipment and other improvements. An insignificant portion of these capital leases were used to purchase items below the capitalization threshold and therefore are non-capital items.

These lease agreements qualify as capital leases for accounting purposes, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Net Capital Lease Asset	Governmental Activities	Business-Type Activities
Other Improvements	\$ -	\$ 23,288
Machinery & Equipment	3,518,068	207,030
Less Accumulated Depreciation	1,127,015	73,457
Total	<u>\$ 2,391,052</u>	<u>\$ 156,861</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2011 were as follows:

	Governmental	Business-Type
2012	\$ 622,261	\$ 68,820
2013	454,566	42,844
2014	345,035	3,015
2015	137,872	-
2016	11,489	-
Total Minimum Lease Payments	1,571,223	114,679
Less: Interest	68,829	4,668
Present Value of Minimum Lease Payments	<u>\$ 1,502,394</u>	<u>\$ 110,011</u>

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Internal Service Funds
Governmental activities						
Bonds payable:						
General obligation bonds	\$ 13,273,332	\$ -	\$ 1,330,000	\$ 11,943,332	\$ 1,378,333	\$ 6,590,000
Less deferred amount						
Issuance premiums(discounts)	101,980	4,336	15,893	90,423	-	124,325
Total bonds	13,375,312	4,336	1,345,893	12,033,755	1,378,333	6,714,325
Capital leases	1,541,613	650,000	689,220	1,502,393	585,207	910,268
Claims and judgements	-	-	-	-	-	-
Compensated absences	1,620,287	102,983	14,522	1,708,748	7,158	64,424
OPEB	357,472	43,280	-	400,752	-	-
Governmental liabilities	<u>\$ 16,894,683</u>	<u>\$ 800,599</u>	<u>\$ 2,049,635</u>	<u>\$ 15,645,648</u>	<u>\$ 1,970,698</u>	<u>\$ 7,689,017</u>
Business-type activities						
Bonds payable:						
General Obligation Bonds	\$ 876,668	\$ -	\$ 40,000	\$ 836,668	\$ 41,667	
Revenue bonds	6,875,000	4,905,000	225,000	11,555,000	705,000	
Less deferred amounts						
Issuance premiums(discounts)	316,231	95,976	67,238	344,970	-	
Total bonds	8,067,899	5,000,976	332,238	12,736,638	746,667	
Capital leases	183,785	-	73,775	110,010	65,718	
Government loans	7,131,053	-	658,731	6,472,322	658,731	
Compensated absences	509,967	24,237	12,463	521,742	52,174	
Business-Type liabilities	<u>\$ 15,892,704</u>	<u>\$ 5,025,213</u>	<u>\$ 1,077,206</u>	<u>\$ 19,840,712</u>	<u>\$ 1,523,289</u>	

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year end \$ 8,575,217 of internal service funds and compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

NOTE 12 - CONTINGENCIES AND LITIGATIONS

The City of Moses Lake has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the city will have to make payment. In the opinion of management, the city's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

As discussed in Notes No. 9 and 10 Long-Term Debt and Leases, the city is contingently liable for repayment of refunded debt.

The city participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. (Other than the instances described above,) city management believes that such disallowance, if any, will be immaterial.

As of December 31, 2011, significant suits were:

Pending

1. RJL Construction, LLC v. Team Construction, City of Moses Lake, and Berkely Regional Insurance Co.: Civil suit filed in Grant County Superior Court for breach of contract and damages filed by subcontractor against contractor on City's Civic Center project. City is holding statutory retainage in the amount of \$371,768. A discovery schedule has been established but no trial date has been set. The City has filed an answer and will comply with any court direction as to the disbursement of the retainage.
2. Moses Lake v. Estes: Civil code enforcement appeal involving a constitutional challenge to the city's administrative code enforcement process filed in Grant County Superior Court. This matter is currently set for trial on March 21, 2013.
3. Sargent v. RSC Equipment Rental and Moses Lake: Suit for personal injury damages filed in Grant County Superior Court for injuries sustained while loading a non-self propelled personal lift. This matter was referred to the City's insurance carrier for defense and the City's exposure is limited to its \$25,000 deductible.
4. AT&T Mobility Claim for Refund of Tax Attributable to Internet Access Services: The city received a claim letter for refund of utility users tax in November, 2011. No lawsuit has been filed and the city will vigorously defend any lawsuit that may arise from this claim.

Of the litigation settled in the past three years, where the City was the defendant, none exceeded the insurance coverage.

NOTE 13 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Loans between funds are classified as interfund loans receivable or payable on the statement of net assets. The loans were for Operations Complex construction, Civic Center Construction, and operating expenses. Interfund balances at December 31, 2011 were as follows:

	PAYABLE FROM					
	GENERAL FUND	BUILDING MAINTENANCE	EQUIPMENT RENTAL	STORMWATER FUND	AMBULANCE FUND	TOTALS
PAY TO SANITATION	\$ 896,645	\$	\$ 336,412		\$ 361,782	\$ 1,594,839
WATER/SEWER		5,500,000		\$ 80,396	160,792	5,741,188
TOTALS	\$ 896,645	\$ 5,500,000	\$ 336,412	\$ 80,396	\$ 522,574	\$ 7,336,027

Interfund Transfers

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. The principle reason for the transfers is to move the resources from the fund collecting them to the fund using them as required by statute or budget and to account for operating subsidies between funds in accordance with budget authorization. The interfund transfer activity for the year is as follows:

	TRANSFERS FROM				
	GENERAL	STREETS	SPECIAL REVENUE	DEBT SERVICE	Totals
TRANSFERS TO GENERAL	\$ x	\$ -	\$ 3,045	\$ 46,178	\$ 49,223
STREETS	1,200,000	x	-	-	1,200,000
SPECIAL REVENUE	603,480	-	x		603,480
DEBT SERVICE	338,000	152,300	267,500	x	757,800
CAPITAL PROJECTS	-	-	391,959	-	391,959
WATER SEWER	-	-	-	-	-
AMBULANCE	252,800	-	-	-	252,800
CENTRAL SERVICES	-	-	-	-	-
FIREMEN'S PENSION	73,500	-	-	-	73,500
Totals	\$ 2,467,780	\$ 152,300	\$ 662,505	\$ 46,178	\$ 3,328,762

NOTE 14 - SEGMENT INFORMATION

The city operates three utilities which are primarily financed by user charges. The only required fund to display segment information is the water/sewer fund. Segment information for the year-end is provided below.

	Water	Sewer	Total
CONDENSED STATEMENT OF NET ASSETS			
Assets:			
Current asset	\$ 9,307,933	\$ 3,934,105	\$ 13,242,038
Restricted assets	3,504,333	1,919,564	5,423,897
Capital assets	33,958,480	39,145,984	73,104,464
Other assets	50,893	50,893	101,786
TOTAL ASSETS	46,821,639	45,050,546	91,872,185
Liabilities:			
Current liabilities	391,410	199,402	590,812
Current Liabilities payable from restricted assets	532,646	1,145,787	1,678,433
Noncurrent liabilities	6,534,007	11,599,191	18,133,198
TOTAL LIABILITIES	7,458,062	12,944,381	20,402,443
Net Assets:			
Invested in capital assets, net of related debt	25,214,030	24,504,126	49,718,156
Restricted	711,942	711,942	1,423,884
Unrestricted	13,437,605	6,890,098	16,342,846
TOTAL NET ASSETS	\$ 39,363,577	\$ 32,106,165	\$ 71,469,742

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Total operating Revenues	\$ 5,555,848	\$ 3,698,260	\$ 9,254,108
Depreciation, Amortization, Depletion	(956,171)	(1,074,351)	(2,030,522)
Total Operating Expense	(3,261,439)	(2,347,409)	(5,608,848)
Operating income	1,338,238	276,500	1,614,738
Nonoperating revenue (expenses):			
Interest income	13,625	13,263	26,888
Miscellaneous revenues/expense	2,603,252	1,713,256	4,316,507
Intergovernmental payments	(50,000)	-	(50,000)
Interest expense	(204,782)	(241,163)	(445,945)
Capital Contributions	488,144	234,241	722,385
Transfers in (out)	-	-	-
Change in net assets	4,140,570	1,951,600	6,092,170
Beginning net assets	35,223,007	30,154,565	65,377,572
Ending net assets	\$ 39,363,577	\$ 32,106,165	\$ 71,469,742

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:			
Operating activities	\$ 2,613,613	\$ 1,711,432	\$ 4,325,045
Noncapital financing activities	1,623,571	809,746	2,433,317
Capital & related financing activities	(1,016,016)	(720,811)	(1,736,827)
Net increase (decrease)	3,221,168	1,800,366	5,021,534
Beginning cash & cash equivalents	5,764,552	573,329	6,337,881
Ending cash & cash equivalents	\$ 8,985,720	\$ 2,373,695	\$ 11,359,415

NOTE 15- OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

In addition to the pension benefits described in Note No. 7, the city provides post-retirement health care benefits in accordance with statute for police and fire employees who are eligible under the Police Relief and Pension Fund and Firefighter's Pension Fund. Currently the city has 19 individuals that meet the eligibility requirements.

Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) plan 1

Summary of Significant Accounting Policies

The LEOFF's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable. Investments are reported at fair value. The city has elected to calculate information of an actuarial nature using the alternative measurement method permitted for plans with fewer than one hundred employees.

Plan Description

The "plan" is directed and defined by State of Washington Revised Code (RCW). Employers, such as municipalities, counties, and fire districts, are required by RCW 41.26.150 to pay the costs of necessary medical services for any active or retired members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan One (LEOFF I). Under subsection 4, the employer may provide for medical insurance through insurance carriers. The plan covers retirees who are retired on disability as well as those who are retired after reaching age requirements. To qualify for medical services, the employee need only be active or disability retired, or the employee's service retirement date is that day following separation from LEOFF employment with the city. To make this plainer, if the employee leaves the city and takes a job with another member of the Washington State Retirement System, regardless of the plan, then that member would then be liable for the employee's medical services. Employees may retire after 5 years of service after reaching age 50. Employees with 20 years of service who leave employment before retirement age are eligible for medical benefits upon reaching age 50. Insurance for retired individuals is provided through the employer's group plan, which covers both active and qualified retired members. The health insurance coverage and medical costs for retired firefighters are paid for out of the fire fighters' pension fund. For law enforcement officers, costs are paid out of the police department budget. The medical services cover active and retired members only. Spouses are not eligible.

Funding Status and Funding Policy

As of December 2011 there are no active members, and currently 19 retired members. Health insurance premiums are paid monthly. Other medical services are paid bimonthly as billings are presented for reimbursement. The city reimburses 100 percent of the amount of validated claims for medical costs incurred by these individuals. The pension board performs an annual survey to determine the care to be covered. Employer contributions are financed on a pay-as-you-go basis. The city maintains a fund dedicated to providing resources for fire fighter benefits and police benefits are paid out of the general fund.

For 2011, the city paid medical insurance premiums of \$155,881 for pre-age 65, and \$85,828 for post-age 65. Other medical payments paid by the city are for all eligible medical services not paid for by the insurance.

The city's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an on going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's OPEB obligation to the Retiree Health Plan:

	Police	Fire	Total
Annual required contribution	\$ 163,276	\$ 217,185	\$ 380,461
Interest on net OPEB obligation	7,507	10,206	17,713
Adjustment to annual required contribution	(18,144)	(24,667)	(42,812)
Annual OPEB cost (expense)	152,638	202,724	355,362
Contributions made	109,357	142,472	251,828
Increase in net OPEB obligation	43,281	60,252	103,533
Net OPEB obligation-Beginning of year	357,472	485,981	843,453
Net OPEB obligation-End of year	\$ 400,753	\$ 546,233	\$ 946,986

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and the two preceding fiscal years were as follows:

Police Fund Schedule of Employer Contributions				
Fiscal Year Ended	Annual Required Contributions	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	161,937	111,942	69%	319,763
12/31/2010	148,204	110,495	75%	357,472
12/31/2011	152,638	109,357	72%	400,753

Firemans Pension Schedule of Employer Contributions				
Fiscal Year Ended	Annual Required Contributions	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	218,446	131,423	60%	422,000
12/31/2010	207,092	143,111	69%	485,981
12/31/2011	202,724	142,472	70%	546,233

Funding Status and Funding Progress. As of December, 2011, the actuarial accrued liability for benefits was \$7,576,610 (total of both departments) which has a funded portion of \$471,756 from the Fireman Pension Fund.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

There are no active employees. The historical age of retirement for regular retirees is 55 years of age, the city's average is 51 years of age. Employees who retired on disability were excluded from this calculation.

Life expectancies are based on mortality tables at the Office of the State Actuary for Washington (osa.leg.wa.gov). Life expectancies that included partial years were rounded to the nearest whole year. The calculation of post employment health insurance coverage for each year in the worksheet is based on the assumption that all participants will live until their expected ages as displayed in the mortality tables.

The expected rate of increase in healthcare insurance premiums is based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services, as published in National Health Care Expenditures Projection Tables, Table 3: National Health Expenditures, Aggregate & Per Capita Amounts, Percent Distribution, and Average Annual Percent Change by Source of Funds: Selected Calendar Years 2003 to 2018, published March 2008 by the Health Care Financing Administration (www.cms.hhs.gov).

The assumed long term earnings rate on current and expected investments that are expected to be used in financing the payment of benefits is 3%.

Inflation rate- The expected long-term inflation assumption for 2011 of .6 percent was based on projected changes in the Consumer Price Index for Urban Wage earners and Clerical Workers (CPI-W) from the Office of the state Actuary for Washington (osa.leg.wa.gov).

Payroll growth rate- The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the city's short-term investment portfolio, a discount rate of 2.1 percent was used. In addition, the actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. The funded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 is twenty-five years.

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2011



**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MOSES LAKE
Required Supplementary Information

Pension Funds

Schedule of Funding Progress
for the LEOFF 1 Retiree Health Plan

Police Fund

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
12/31/2009	-	2,956,033	2,956,033	0%	0	0%
12/31/2010	-	3,047,854	3,047,854	0%	0	0%
12/31/2011	-	3,049,063	3,049,063	0%	0	0%

Fireman Fund

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
12/31/2009	194,387	4,240,690	4,046,303	5%	0	0%
12/31/2010	529,343	4,742,904	4,213,561	11%	0	0%
12/31/2011	471,756	4,527,547	4,055,791	10%	0	0%

CITY OF MOSES LAKE
Required Supplementary Information

Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach

Streets

The City has taken a proactive approach with it's maintenance practices associated with it's streets and roads. The City performs condition assessments on its system of streets through the City Pavement Management System. This program generates a pavement condition rating (PCR) for each segment of primary streets, secondary streets, tertiary collectors and residential streets. There is a numerical index from zero to 100 (0 - 100) that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as cracking. Based on the PCR valuation, condition ratings are assigned as follows: a PCR of less than 20 is considered to be in "very poor" condition; a PCR of greater than 20 but less than 40 is defined as having a "poor" status; a PCR of between 40 and 60 is regarded as being in "fair" condition; a PCR of 60 to 80 is evaluated as being in "good" status and a score from 80 to 100 is defined as being in "very good" condition. Condition assessments are undertaken at least once every three years. The three most recent complete condition assessments of the City's streets are shown below.

Condition rating	2011-2009		2008-2006		2005-2003	
	Feet	%	Feet	%	Feet	%
VERY POOR	16,247	2.31%	24,932	4.20%	8,090	1.49%
POOR	3,980	0.57%	30,790	5.19%	20,465	3.78%
FAIR	31,465	4.48%	62,906	10.60%	79,300	14.64%
GOOD	109,243	15.54%	154,468	26.03%	133,996	24.73%
VERY GOOD	542,054	77.11%	320,411	53.99%	299,955	55.36%
TOTAL	<u>702,989</u>	<u>100.00%</u>	<u>593,507</u>	<u>100.00%</u>	<u>541,806</u>	<u>100.00%</u>

It is the Policy of the City Engineering Department to maintain 70 percent of the streets at a PCR of 40 or higher. The table below shows the length and percentage of feet of streets that meet the 40 target level.

PCR score	2011-2009		2008-2006		2005-2003	
	Feet	%	Feet	%	Feet	%
PCR 0 to 39	20,227	2.88%	55,722	9.39%	28,555	5.27%
PCR 40 to 100	<u>682,762</u>	<u>97.12%</u>	<u>537,785</u>	<u>90.61%</u>	<u>513,251</u>	<u>94.73%</u>
Total	<u>702,989</u>	<u>100.00%</u>	<u>593,507</u>	<u>100.0%</u>	<u>541,806</u>	<u>100.0%</u>

The four classifications of streets that the City has are primary, secondary, tertiary collectors and residential. There is a state highway which is considered a primary street that bisects the City which is maintained and evaluated by the State of Washington, Department of Transportation. The majority of streets that fall below the PCR of 40 are residential streets. A portion of the streets that are under the target level of 40 is a primary street that was recently annexed into the City. The majority of the remaining streets under the PCR of 40 is a section of the city that has no sewer services at this time. Once funding is available to extend utilities to the particular area it is the city's plan to construct paved streets and maintain them at a level consistent with the remainder of the city.

Below is information on budgeted and actual expenditures incurred to maintain and preserve the street system at or above the minimum acceptable condition level from 2004 to 2011.

	Amounts in Thousands							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Budgeted	1,210	550	700	1,400	1,295	975	1,376	438
Expended	775	859	778	836	655	291	1,096	194

The budgeted amount is equivalent to the anticipated amount needed to maintain streets up to the recommended condition level. Underspensing of budgeted amounts occurs when streets projects are removed from the work schedule due to conflicts with other major construction work; lowering of priority due to cost considerations brought on by excessive bids over estimates or shortages of sufficient contractor bids; and through direction from Council.

Bridge

The City currently maintains one simple structure bridge. Physical inspections to determine the surface and underneath condition of the bridge and the degree of wear and deterioration are carried out every two years by City staff. Underwater inspections are contracted by the State Department of Transportation once every five years. Inspections reveal deficiencies in the bridge such as steel corrosion, damaged pillars, cracked concrete, deteriorated bridge decks and erosion. These are documented in an inspection report provided by the State Department of Transportation along with recommended repairs and needed services.

A key element in determining the condition of the bridge is the sufficiency rating (SR), the numerical value which indicates a bridge's relative ability to serve its intended purpose, measure considered by state and federal governments as the basis for establishing eligibility and priority for the bridge replacement and rehabilitation. The numerical rating is based on the summation of four calculated values: structural adequacy and safety, serviceability and functional obsolescence, essentiality for public use, and special reductions. The value ranges from 100 (newly constructed bridge) to 0 (bridge incapable of carrying traffic).

In general, the lower the sufficiency rating, the higher the priority. To qualify for replacement, a bridge must have a sufficiency rating of less than 50 and be structurally deficient or functionally obsolete. To be eligible for rehabilitation, a bridge must have a SR of 80 or less and be structurally deficient or functionally obsolete. A structurally deficient bridge is defined as one whole condition or design has impacted its ability to adequately carry intended traffic loads. A functionally obsolete bridge is one in which the deck geometry, load carrying capacity, clearance, or approach roadway alignment has reduced its ability to adequately meet the traffic needs below accepted design standards.

Below are the two most recent sufficiency ratings of the Alder St. causeway.

	<u>sufficiency rating</u>
2001	70 %
2006	69 %

It is the policy of the City to maintain bridges in such a manner that the sufficiency rating is 20 or higher. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement or rehabilitation of the bridge. As of December 31, 2006 the City's lone bridge was given a 'good' evaluation. With annual surface inspections and maintenance, as well as minimal water flow under the bridge it is anticipated that the bridge will continue to have a favorable evaluation well into the future. With little change in the last two ratings the results of the City's efforts to maintain the bridge in above standard condition are evident.

Because the City's bridge is relatively small (146 feet long) the budget and actual expended amounts to maintain and preserve the bridge are included in the budget and expended amounts for streets. Historically there has been no identifiable budget or expenditure for the maintenance of the lone bridge.

Budget amounts are the anticipated amount needed to maintain and preserve the bridge up to the required condition level. The traffic, weight loads, aging and weather extremes all have an effect on the condition and maintenance level of the bridge.

Storm Water

The City established a storm water fund in 2010, and in 2011 the city transferred assets worth \$4,197,819 held by the Street Department to that fund. Condition assessments will be made every three years starting in 2011. One third of the system was assessed in 2011 so by 2013 a full assessment will have been completed. The city has been working the last couple of years on locating and documenting all storm water infrastructure, and should have a comprehensive reporting system up and running by end of 2012.

The rating system is a numerical index from zero to 100 (0 - 100) that represents the storm water's functional condition based on the quantity, severity, and type of problem, such as sedimentation, structure cracks, etc. The measurement scale and basis for condition measurement is as follows:

Rating

70-100 Good Condition-serves the intended function and scores well in all areas

41-69 Fair Condition-serves the intended function, but scores less well and has other issues.

0-40 Poor condition- may or may not fulfill its design function, has other serious issues, and requires maintenance or rebuild.

It is the policy of the city engineering department to maintain 70 percent of the storm water structures and pipe at a condition of 40 or higher. Out of approximately 3000 structures 880 were inspected in 2011 and out of that amount 800 were considered to be in fair to good condition. That is 29% of structures inspected and 10% of those structures were in poor to fair condition with the remaining 90% in fair to good condition.

Budget amounts are the anticipated amount needed to maintain and preserve the storm water system up to the required condition level. In 2011 there was \$388,000 budgeted and \$394,048 expended for maintenance and preservation of the storm water system. Also there was \$385,000 budgeted for a decant facility of which \$285,291 was actually spent.

City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2011



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources that are legally restricted. The City of Moses Lake had the following non major special revenue funds:

*The **Tourism** fund was created to account for the 2% of revenues received from the Hotel Motel tax under RCW67.28. The monies distributed are to be used for the purpose of paying all or any part of the cost of tourism promotion and acquisition of tourism.*

*The **Grants and Donations** fund was established by Ordinance 2173 to account for monies received from federal, state, and local organizations or individuals, in the form of grants or donations. These monies are generally designated for specific projects.*

*The amount expended on **Paths and Trails** per RCW47.30.060 are to be no less than .42% of the total received from motor vehicle (RCW46.68.090). The city is authorized to expend the available monies as necessary for the planning accommodation, establishment, and maintenance of non motorized traffic facilities.*

*The **Street Repair and Reconstruction** fund was established to account for monies received from the business and occupation taxes on utilities in excess of 5%, which are General Fund revenues. The expenditures of these monies are for the overlay, repair and reconstruction of city streets.*

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bond principal and interest from governmental resources: special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment; and all other general long-term debt principal and interest. All general obligation bonds serviced by the City of Moses Lake are serial bonds issued on the full faith and credit of the city, councilmanic and financed by property tax levies or through interfund loans. The City of Moses Lake has the following non major Debt Service funds:

*The **Equipment leases** accounts for the debt service on assets purchased by lease.*

***1998 LTGO Refunding** proceeds were used to refinance 1992 bonds of \$1,015,000 and 1990 Refunding debt of \$530,000. The majority of the original debt was issued to finance the downtown paver project.*

***2002 LTGO Refunding** proceeds were used to refinance the \$1,330,000 of the Limited Tax General Obligation Refunding of the 1993 Aquatic Center debt and to purchase City Hall campus lots 1, 6, 9, and 18 along with the Larson Recreational Center and Penn St. property.*

***2006 LTGO** proceeds were issued by the authority of Ordinance 2256 to finance various downtown improvements, ice skating rink, flowrider/lazy river for the aquatic center and maintenance facility for the Parks and Recreation Department.*

CAPITAL PROJECTS FUNDS

Capital projects funds are established to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by special assessment and proprietary funds. Sources of revenue are typically grants, bonds and transfers from other funds. The city of Moses Lake has the following Capital Projects funds:

*The **Capital** fund was established to provide for municipal facilities construction.*

*The **Park Mitigation Capital Project** fund was created for the purpose of accounting for capital purchases of both future and existing parks from funds received from developers.*

*The **Park and Recreation Improvement** fund was established to provide for capital improvement for all city park and recreation facilities.*

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 706,782	\$ 294,317	\$ 693,673	\$ 1,694,771
Receivables (net of allowance for uncollectibles):				
Customer accounts	23,223	-	-	23,223
Unbilled services	11,547	-	-	11,547
Due from other governments	11,329	-	-	11,329
Assessments:				
Other receivables	30	-	-	30
	<u>100,111</u>	<u>-</u>	<u>-</u>	<u>100,111</u>
Total assets	<u>853,022</u>	<u>294,317</u>	<u>693,673</u>	<u>1,841,011</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	21,566	-	-	21,566
Due to other funds	11,085	-	-	11,085
Deferred revenue	<u>100,111</u>	<u>-</u>	<u>-</u>	<u>100,111</u>
Total liabilities	<u>132,762</u>	<u>-</u>	<u>-</u>	<u>132,762</u>
Fund balances:				
Nonspendable	46,129	-	-	46,129
Restricted	268,044	294,317	-	562,362
Committed	<u>406,087</u>	<u>-</u>	<u>693,673</u>	<u>1,099,759</u>
Total fund balances	<u>720,260</u>	<u>294,317</u>	<u>693,673</u>	<u>1,708,250</u>
Total liabilities and fund balances	<u>\$ 853,022</u>	<u>\$ 294,317</u>	<u>\$ 693,673</u>	<u>\$ 1,841,011</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

ASSETS	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$ 271,458	\$ 47,741	\$ 235,278	\$ 152,304	\$ -	\$ -	\$ 706,782
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	23,223	-	-	23,223
Unbilled receivables	-	-	-	11,547	-	-	11,547
Due from other governments	-	11,329	-	-	-	-	11,329
Other receivables	-	-	-	30	-	-	30
Notes/contracts receivable	-	-	-	100,111	-	-	100,111
Total assets	271,458	59,071	235,278	287,214	-	-	853,022

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	3,414	13,861	-	4,291	-	-	21,566
Due to other funds	-	-	-	11,085	-	-	11,085
Interfund loans payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	100,111	-	-	100,111
Total liabilities	3,414	13,861	-	115,487	-	-	132,762
Fund balances:							
Nonspendable	-	11,329	-	34,800	-	-	46,129
Restricted	268,044	0	-	-	-	-	268,044
Committed	-	33,881	235,278	136,928	-	-	406,087
Total fund balances	268,044	45,210	235,278	171,727	-	-	720,260
Total liabilities and fund balances	\$ 271,458	\$ 59,071	\$ 235,278	\$ 287,214	\$ -	\$ -	\$ 853,022

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011

	Equipment Leases	1998 LTGO Refunding	2002 LTGO Refunding	2006 GO Bond Redemption	Central Drive LID	Total Nonmajor Debt Service Funds
ASSETS						
Cash and cash equivalents	\$ 29,876	\$ 74,875	\$ 37,387	\$ 152,180	\$ -	\$ 294,317
Total assets	<u>29,876</u>	<u>74,875</u>	<u>37,387</u>	<u>152,180</u>		<u>294,317</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred revenue	-	-	-	-	-	-
Fund balances						
Restricted	29,876	74,875	37,387	152,180	-	294,317
Total liabilities and fund balances	<u>\$ 29,876</u>	<u>\$ 74,875</u>	<u>\$ 37,387</u>	<u>\$ 152,180</u>	<u>\$ -</u>	<u>\$ 294,317</u>

CITY OF MOSES LAKE
Combining Balance Sheet
Nonmajor Capital Projects funds
December 31, 2011

	Capital	Park Mitigation	Park Improvement	Totals
ASSETS				
Cash and cash equivalents	\$ 257,449	\$ 328,419	\$ 107,804	\$ 693,673
Total assets	<u>257,449</u>	<u>328,419</u>	<u>107,804</u>	<u>693,673</u>
 Fund balances				
Committed	257,449	328,419	107,804	693,673
Total fund balances	<u>257,449</u>	<u>328,419</u>	<u>107,804</u>	<u>693,673</u>
 Total liabilities and fund equity	<u>\$ 257,449</u>	<u>\$ 328,419</u>	<u>\$ 107,804</u>	<u>\$ 693,673</u>

CITY OF MOSES LAKE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,178,744	\$ -	\$ -	\$ 1,178,744
Intergovernmental revenues	199,065	-	-	199,065
Charges for services	1,774	-	40,655	42,428
Fines and forfeits	30	-	-	30
Interest earnings	3,842	3,340	-	7,182
Contributions/donations	67,216	-	-	67,216
Assessments	67,757	25,144	-	92,901
Miscellaneous	2,611	-	-	2,611
Total revenues	<u>1,521,039</u>	<u>28,484</u>	<u>40,655</u>	<u>1,590,178</u>
EXPENDITURES				
Current:				
General government	500	-	-	500
Public safety	294,366	-	-	294,366
Transportation	1,136,854	-	-	1,136,854
Culture and recreation	238,259	-	-	238,259
Capital	534,448	-	6,235	540,683
Debt service:				
Principal	-	561,090	-	561,090
Interest and other debt service costs	-	211,247	-	211,247
Total expenditures	<u>2,204,427</u>	<u>772,336</u>	<u>6,235</u>	<u>2,982,997</u>
Deficiency of revenues under expenditures	<u>(683,387)</u>	<u>(743,852)</u>	<u>34,420</u>	<u>(1,392,819)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	603,480	757,800	391,959	1,753,240
Transfers (out)	(662,505)	(46,178)	-	(708,682)
Total other financing sources	<u>(59,024)</u>	<u>711,622</u>	<u>391,959</u>	<u>1,044,558</u>
Net change in fund balances	<u>(742,412)</u>	<u>(32,229)</u>	<u>426,379</u>	<u>(348,262)</u>
Fund balances-beginning	1,462,672	326,546	267,293	2,056,512
Fund balances-ending	<u>\$ 720,260</u>	<u>\$ 294,317</u>	<u>\$ 693,673</u>	<u>\$ 1,708,250</u>

CITY OF MOSES LAKE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

REVENUES	Tourism	Grants and Donations	Paths and Trails	Street Repair and Reconstruction	Parks Fees	Basin Homes Block Grant	Total Nonmajor Special Revenue Funds
Taxes	\$ 531,880	\$ -	\$ -	\$ 646,865	\$ -	\$ -	\$ 1,178,744
Intergovernmental revenues	-	174,358	2,121	22,587	-	-	199,065
Charges for services	-	1,774	-	-	-	-	1,774
Fines and forfeits	-	-	-	30	-	-	30
Interest earnings	-	-	-	3,842	-	-	3,842
Contributions/donations	-	65,216	2,000	-	-	-	67,216
Assessments	-	-	-	67,757	-	-	67,757
Miscellaneous	-	2,611	-	-	-	-	2,611
Total revenues	531,880	243,958	4,121	741,080	-	-	1,521,039
EXPENDITURES							
Current:							
General government	-	500	-	-	-	-	500
Public safety	-	294,366	-	-	-	-	294,366
Transportation	-	-	19,463	1,117,390	-	-	1,136,854
Culture and recreation	198,317	39,943	-	-	-	-	238,259
Capital	-	11,329	-	523,119	-	-	534,448
Debt service:							
Total expenditures	198,317	346,138	19,463	1,640,509	-	-	2,204,427
Excess (deficiency) of revenues over (under) expenditures	333,563	(102,179)	(15,342)	(899,429)	-	-	(663,387)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	3,480	-	600,000	-	-	603,480
Transfers (out)	(180,000)	(3,045)	-	(87,500)	(293,999)	(97,960)	(662,505)
Total other financing sources (uses)	(180,000)	435	-	512,500	(293,999)	(97,960)	(59,024)
Net change in fund balances	153,563	(101,744)	(15,342)	(386,929)	(293,999)	(97,960)	(742,412)
Fund balances-beginning	114,481	146,954	250,621	558,656	293,999	97,960	1,462,672
Fund balances-ending	\$ 268,044	\$ 45,210	\$ 235,278	\$ 171,727	\$ -	\$ -	\$ 720,260

CITY OF MOSES LAKE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended December 31, 2011

	Equipment Leases	2006 GO Bond Redemption	1998 LTGO Refunding	2002 LTGO Refunding	Central Drive LID	Total Nonmajor Debt Service Funds
REVENUES						
Assessments	\$ -	\$ -	\$ -	\$ -	\$ 25,144	\$ 25,144
Interest earnings	-	-	-	-	3,340	3,340
Total revenues	-	-	-	-	28,484	28,484
EXPENDITURES						
Debt service:						
Principal	14,075	200,000	90,839	256,176	-	561,090
Interest & debt issue costs	641	180,758	8,826	21,021	-	211,247
Total expenditures	14,715	380,758	99,665	277,197	-	772,336
Excess (deficiency) of revenues over (under) expenditures	(14,715)	(380,758)	(99,665)	(277,197)	28,484	(743,852)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	380,900	99,900	277,000	-	757,800
Transfers (out)	-	-	-	-	(46,178)	(46,178)
Total other financing sources (uses)	-	380,900	99,900	277,000	(46,178)	711,622
Net change in fund balances	(14,715)	142	235	(197)	(17,693)	(32,229)
Fund balances-beginning	44,591	152,038	74,640	37,584	17,693	326,546
Fund balances-ending	\$ 29,876	\$ 152,180	\$ 74,875	\$ 37,387	\$ -	\$ 294,317

CITY OF MOSES LAKE
Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011

	Capital	Park Mitigation	Park Improvement	Totals
REVENUES				
Charges for services	\$ -	\$ 40,655	\$ -	\$ 40,655
Total revenues	-	40,655	-	40,655
EXPENDITURES				
Capital outlay	-	6,235	-	6,235
Total expenditures	-	6,235	-	6,235
Excess (deficiency) of revenues over (under) expenditures	-	34,420	-	34,420
OTHER FINANCING SOURCES				
Transfers in	-	293,999	97,960	391,959
Net change in fund balances	-	328,419	97,960	426,379
Fund balances - beginning	257,449		9,844	267,293
Fund balances - ending	<u>\$ 257,449</u>	<u>\$ 328,419</u>	<u>\$ 107,804</u>	<u>\$ 693,673</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Tourism Special Revenue Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 400,000	\$ 400,000	\$ 531,880	\$ 131,880
EXPENDITURES				
Culture and recreation	195,100	204,100	198,317	5,783
Total expenditures	195,100	204,100	198,317	5,783
Excess of revenues over expenditures	204,900	195,900	333,563	137,663
OTHER FINANCING USES				
Transfers (out)	(180,000)	(180,000)	(180,000)	-
Net change in fund balance	24,900	15,900	153,563	137,663
Fund balance - beginning	32,500	32,500	114,481	81,981
Fund balance - ending	\$ 57,400	\$ 48,400	\$ 268,044	\$ 219,644

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Grants and Donations Special Revenue Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 147,300	\$ 162,300	\$ 174,358	\$ 12,058
Charges for services	1,100	1,100	1,774	674
Donations and contributions	40,000	46,000	65,216	19,216
Interest and other earnings	4,000	4,000	2,611	(1,389)
Total revenues	192,400	213,400	243,958	30,558
EXPENDITURES				
General government	500	500	500	-
Public safety	220,800	306,300	294,366	11,934
Culture and recreation	40,000	44,000	39,943	4,057
Capital	-	13,000	11,329	1,671
Total expenditures	261,300	363,800	346,138	17,662
Excess (deficiency) of revenues over (under) expenditures	(68,900)	(150,400)	(102,179)	48,221
OTHER FINANCING SOURCES				
Transfers in	-	-	3,480	3,480
Transfers (out)	-	(4,000)	(3,045)	955
Total other financing sources (uses)	-	(4,000)	435	4,435
Net change in fund balance	(68,900)	(154,400)	(101,744)	52,656
Fund balance - beginning	180,000	180,000	146,954	(33,046)
Fund balance - ending	\$ 111,100	\$ 25,600	\$ 45,210	\$ 19,610

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Paths and Trails Special Revenue Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental revenues	-	-	\$ 2,121	\$ 2,121
Donations and contributions	-	-	2,000	2,000
Total revenues	-	-	4,121	4,121
EXPENDITURES				
Transportation	-	21,000	19,463	1,537
Total expenditures	-	21,000	19,463	1,537
Deficiency of revenues under expenditures	-	(21,000)	(15,342)	5,658
Fund balance - beginning	250,000	250,000	250,621	621
Fund balance - ending	\$ 250,000	\$ 229,000	\$ 235,278	\$ 6,278

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Street Repair and Reconstruction Special Revenue Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 613,500	\$ 613,500	\$ 646,865	\$ 33,365
Intergovernmental revenues	-	-	22,587	22,587
Fines & forfeits	-	-	30	30
Special assessments	-	-	67,757	67,757
Interest and other earnings	-	-	3,842	3,842
Total revenues	613,500	613,500	741,080	127,580
EXPENDITURES				
Transportation	1,210,000	1,210,000	1,117,390	92,610
Capital	655,000	655,000	523,119	131,881
Total expenditures	1,865,000	1,865,000	1,640,509	224,491
Deficiency of revenues under expenditures	(1,251,500)	(1,251,500)	(899,429)	352,071
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	600,000	-
Transfers (out)	(87,500)	(87,500)	(87,500)	-
Total other financing sources (uses)	512,500	512,500	512,500	-
Net change in fund balance	(739,000)	(739,000)	(386,929)	352,071
Fund balance - beginning	800,000	800,000	558,656	(241,344)
Fund balance - ending	\$ 61,000	\$ 61,000	\$ 171,727	\$ 110,727

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Parks Fees Special Revenue Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 20,000	-	\$ -	-
EXPENDITURES				
Capital	35,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(15,000)	-	-	-
OTHER FINANCING USES				
Transfers (out)	-	(294,000)	(293,999)	1
Net change in fund balance	(15,000)	(294,000)	(293,999)	1
Fund balance - beginning	314,800	294,000	293,999	(1)
Fund balance - ending	<u>\$ 299,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Basin Homes Block Grant Special Revenue Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest and other earnings	500	500	-	\$ (500)
Excess of revenues over expenditures	500	500	-	(500)
OTHER FINANCING USES				
Transfers (out)	-	(98,000)	(97,960)	40
Net change in fund balance	500	(97,500)	(97,960)	(460)
Fund balance - beginning	97,000	98,000	97,960	(40)
Fund balance - ending	<u>\$ 97,500</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (500)</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****Equipment Leases Debt Service Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Debt service:				
Principal	\$ 12,800	\$ 14,300	\$ 14,075	\$ 225
Interest & debt issue costs	500	800	641	159
Total expenditures	13,300	15,100	14,715	385
Deficiency of revenues under expenditures	(13,300)	(15,100)	(14,715)	385
Net change in fund balance	(13,300)	(15,100)	(14,715)	385
Fund balances-beginning	50,400	50,400	44,591	(5,809)
Fund balances-ending	\$ 37,100	\$ 35,300	\$ 29,876	\$ (5,424)

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
1998 General Obligation Bond Refunding Debt Service Fund
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES				
Debt service:				
Principal	\$ 90,900	\$ 90,900	\$ 90,839	\$ 61
Interest & debt issue costs	9,000	9,000	8,826	174
Total expenditures	<u>99,900</u>	<u>99,900</u>	<u>99,665</u>	<u>235</u>
Deficiency of revenues under expenditures	<u>(99,900)</u>	<u>(99,900)</u>	<u>(99,665)</u>	<u>235</u>
OTHER FINANCING SOURCES				
Transfers in	<u>99,900</u>	<u>99,900</u>	<u>99,900</u>	<u>-</u>
Net change in fund balance			235	235
Fund balances-beginning	74,700	74,700	74,640	(60)
Fund balances-ending	<u>\$ 74,700</u>	<u>\$ 74,700</u>	<u>\$ 74,875</u>	<u>\$ 175</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****2002 General Obligation Bond Refunding Debt Service Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 256,200	\$ 256,200	\$ 256,176	\$ 24
Interest & debt issue costs	20,800	21,200	21,021	179
Total expenditures	<u>277,000</u>	<u>277,400</u>	<u>277,197</u>	<u>203</u>
 Deficiency of revenues under expenditures	 <u>(277,000)</u>	 <u>(277,400)</u>	 <u>(277,197)</u>	 <u>203</u>
OTHER FINANCING SOURCES				
Transfers in	<u>277,000</u>	<u>277,000</u>	<u>277,000</u>	
 Net change in fund balance	 -	 (400)	 (197)	 203
 Fund balances-beginning	 38,000	 38,000	 37,584	 (417)
Fund balances-ending	<u>\$ 38,000</u>	<u>\$ 37,600</u>	<u>\$ 37,387</u>	<u>\$ (213)</u>

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****2006 General Obligation Bond Redemption Debt Service Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Debt service:				
Principal	\$ 200,000	\$ 200,000	\$ 200,000	-
Interest & debt issue costs	180,900	180,900	180,758	142
Total expenditures	380,900	380,900	380,758	142
 Deficiency of revenues under expenditures	 (380,900)	 (380,900)	 (380,758)	 142
OTHER FINANCING SOURCES				
Transfers in	380,900	380,900	380,900	-
 Net change in fund balance	 -	 -	 142	 142
 Fund balances-beginning	 152,200	 152,200	 152,038	 (162)
Fund balances-ending	\$ 152,200	\$ 152,200	\$ 152,180	\$ (21)

CITY OF MOSES LAKE**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****Central Drive L.I.D. Debt Service Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 25,000	\$ 43,000	\$ 25,144	\$ (17,856)
Interest and other earnings	3,500	3,500	3,340	(160)
Total revenues	28,500	46,500	28,484	(18,016)
Excess of revenues over expenditures	28,500	46,500	28,484	(18,016)
OTHER FINANCING USES				
Transfers (out)	(28,500)	(46,500)	(46,178)	322
Net change in fund balance	-	-	(17,693)	(17,693)
Fund balances-beginning	-	-	17,693	17,693
Fund balances-ending	\$ -	\$ -	\$ -	\$ -

CITY OF MOSES LAKE
Changes in Fund Balance
Budget and Actual
Capital Nonmajor Capital Projects Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Fund balance - beginning	257,400	257,400	\$ 257,449	\$ 49
Fund balance - ending	<u>\$ 257,400</u>	<u>\$ 257,400</u>	<u>\$ 257,449</u>	<u>\$ 49</u>

CITY OF MOSES LAKE
Changes in Fund Balance
Budget and Actual
Park Mitigation Nonmajor Capital Projects Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ 20,000	\$ 40,655	\$ 20,655
Total revenues	-	20,000	40,655	20,655
EXPENDITURES				
Capital	-	35,000	6,235	28,765
Total expenditures	-	35,000	6,235	28,765
OTHER FINANCING SOURCES (USES)				
Transfers in	-	294,000	293,999	(1)
Total other financing sources (uses)	-	294,000.00	293,999.27	(0.73)
Net change in fund balance	-	279,000	328,419	49,419
Fund balance - beginning	-	314,800		(314,800)
Fund balance - ending	\$ -	\$ 593,800	\$ 328,419	\$ (265,381)

CITY OF MOSES LAKE**Changes in Fund Balance****Budget and Actual****Park and Recreation Improvement Nonmajor Capital Projects Fund****For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Capital	\$ 80,000	\$ 80,000	\$ -	\$ 80,000
under expenditures	(80,000)	(80,000)	-	80,000
OTHER FINANCING SOURCES				
Transfers in	80,000	178,000	97,960	(80,040)
Total other financing sources (uses)	80,000	178,000	97,960	(80,040)
Net change in fund balance		98,000	97,960	(40)
Fund balance - beginning	9,800	9,800	9,844	44
Fund balance - ending	<u>\$ 9,800</u>	<u>\$ 107,800</u>	<u>\$ 107,804</u>	<u>\$ 4</u>

CIVIC CENTER



INTERNAL SERVICE FUNDS

Internal Service Funds are established to provide for goods and services provided by department or fund to another department or fund of the city. These services are provided on a cost reimbursement basis. The City of Moses Lake has the following Internal Service funds:

Unemployment Compensation Insurance Fund - This fund was established in 1978 and was given further establishment and definitions in 1991 by ordinance to account for the funds used to reimburse the Washington State Department of Employment for unemployment compensation insurance, to pay administrative charges and to maintain reserves for these purposes.

Self- Insurance Fund - This fund was established in 1986 with a budget ordinance and resolution. It was given further definitions in 1991 by ordinance to account for the funds used by the city to provide all partial self-insurance for accident claims against the city in future periods, to pay administrative charges, insurance premiums, and maintain reserves for these purposes.

Central Services Fund - This fund is an intra-government service fund created by resolution in 1983 and further defined by ordinance in 1991 to provide data processing: word processing services to all city funds and department; to acquire, service, repair, maintain, operate, and replace personal computers, computer software, copiers, telephone systems, office supplies, and other electronic equipment; to provide services for all city funds and departments as deemed necessary and appropriate.

Equipment Rental Fund - This fund is an intra-governmental service fund created by Ordinance Number 320 as authorized by state statute. The equipment Rental Fund provides and maintains equipment for other funds and departments of the city.

Building Maintenance Fund - This fund is an intra-government service fund created by resolution in 1983 and further defined by ordinance in 1991 to account for all general government real property and buildings except that property purchased prior to the effective date of the ordinance, which shall be accounted for in the individual fund. This fund shall be used to acquire, service, repair, maintain, operate, and replace all general governmental real property, including land and buildings.

CITY OF MOSES LAKE
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 262,467	\$ 581,105	\$ 91,281	\$ 1,615,788	\$ 878,713	\$ 3,429,353
Intergovernmental receivable	-	-	-	-	271,832	271,832
Inventories and prepaid expenses	-	-	21,621	39,400	20,222	81,243
Total current assets	<u>262,467</u>	<u>581,105</u>	<u>112,902</u>	<u>1,655,187</u>	<u>1,170,767</u>	<u>3,782,429</u>
Noncurrent assets:						
Capital assets net of depreciation	-	-	-	-	608,951	608,951
Land and land rights	-	-	-	-	3,078,543	3,078,543
Buildings	-	-	267,899	3,322,422	25,999	3,616,320
Machinery and equipment	-	-	-	-	10,738,244	10,738,244
Construction in progress	-	-	-	-	-	-
Total capital assets	<u>-</u>	<u>-</u>	<u>267,899</u>	<u>3,322,422</u>	<u>14,451,737</u>	<u>18,042,059</u>
Other noncurrent assets:	-	-	-	-	87,075	87,075
Deferred charges	-	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>267,899</u>	<u>3,322,422</u>	<u>14,538,812</u>	<u>18,129,134</u>
Total assets	<u>262,467</u>	<u>581,105</u>	<u>380,802</u>	<u>4,977,609</u>	<u>15,709,580</u>	<u>21,911,563</u>
LIABILITIES						
Current liabilities:						
Accounts payable	-	4,892	20,405	61,539	132,521	219,357
Salaries payable	-	-	5,351	9,854	18,455	33,660
Interfund loans payable	-	-	-	336,412	5,500,000	5,836,412
Interest payable	-	-	-	-	40,480	40,480
Capital leases payable	-	-	-	580,469	-	580,469
Due to other funds	-	-	-	-	9,878	9,878
G.O. bonds payable	-	-	-	-	809,502	809,502
Compensated absences	-	-	511	5,287	1,360	7,158
Total current liabilities	<u>-</u>	<u>4,892</u>	<u>26,267</u>	<u>993,561</u>	<u>6,512,196</u>	<u>7,536,917</u>
Noncurrent liabilities:						
G.O. bonds payable (net discount/premium)	-	-	-	-	6,714,325	6,714,325
Compensated absences	-	-	4,599	47,582	12,243	64,424
Lease payable	-	-	-	910,268	-	910,268
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>4,599</u>	<u>957,850</u>	<u>6,726,568</u>	<u>7,689,017</u>
Total liabilities	<u>-</u>	<u>4,892</u>	<u>30,867</u>	<u>1,951,411</u>	<u>13,238,764</u>	<u>15,225,934</u>
NET ASSETS						
Invested in capital assets, net of related debt	-	-	267,899	1,831,685	7,066,972	9,166,557
Unrestricted	262,467	576,213	82,036	1,194,513	(4,596,157)	(2,480,928)
Total net assets	<u>\$ 262,467</u>	<u>\$ 576,213</u>	<u>\$ 349,935</u>	<u>\$ 3,026,198</u>	<u>\$ 2,470,815</u>	<u>\$ 6,685,628</u>

CITY OF MOSES LAKE

Combining Statement of Revenues, Expenses, and Changes in Fund Balances

Internal Service Funds

For the Year Ended December 31, 2011

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
OPERATING REVENUES						
Charges for services	\$ -	\$ 614,400	\$ 619,558	\$ 2,170,454	\$ 2,590,300	\$ 5,994,712
Intergovernmental revenues	-	-	-	6,282	-	6,282
Total operating revenues	-	614,400	619,558	2,176,736	2,590,300	6,000,994
OPERATING EXPENSES						
Salaries and benefits	-	-	142,943	297,484	489,384	929,811
Supplies and contractual services	-	-	292,536	735,775	776,751	1,805,062
Utilities	-	-	-	-	92,062	92,062
Repairs and maintenance	-	-	45,310	105,892	5,485	156,687
Insurance claims and expenses	24,969	583,680	-	-	-	608,649
Depreciation and amortization	-	-	52,325	529,107	144,218	725,650
Total operating expenses	24,969	583,680	533,114	1,668,258	1,507,900	4,317,921
Operating income (loss)	(24,969)	30,720	86,444	508,478	1,082,400	1,683,073
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	-	-	-	184	15,893	16,076
Interest expense	-	-	(91)	(75,114)	(335,853)	(411,059)
Gain (loss) on disposal of fixed assets	-	-	(592)	10,065	(12,604)	(3,131)
Total nonoperating revenues (expenses)	-	-	(683)	(64,866)	(332,564)	(398,113)
Income (loss) before contributions and transfers	(24,969)	30,720	85,760	443,612	749,836	1,284,960
Capital contributions	-	14,872	-	-	555,548	570,420
Change in net assets	(24,969)	45,592	85,760	443,612	1,305,384	1,855,380
Total net assets - beginning	287,436	530,620	264,175	2,582,586	1,165,431	4,830,248
Total net assets - ending	\$ 262,467	\$ 576,213	\$ 349,935	\$ 3,026,198	\$ 2,470,815	\$ 6,685,628

CITY OF MOSES LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

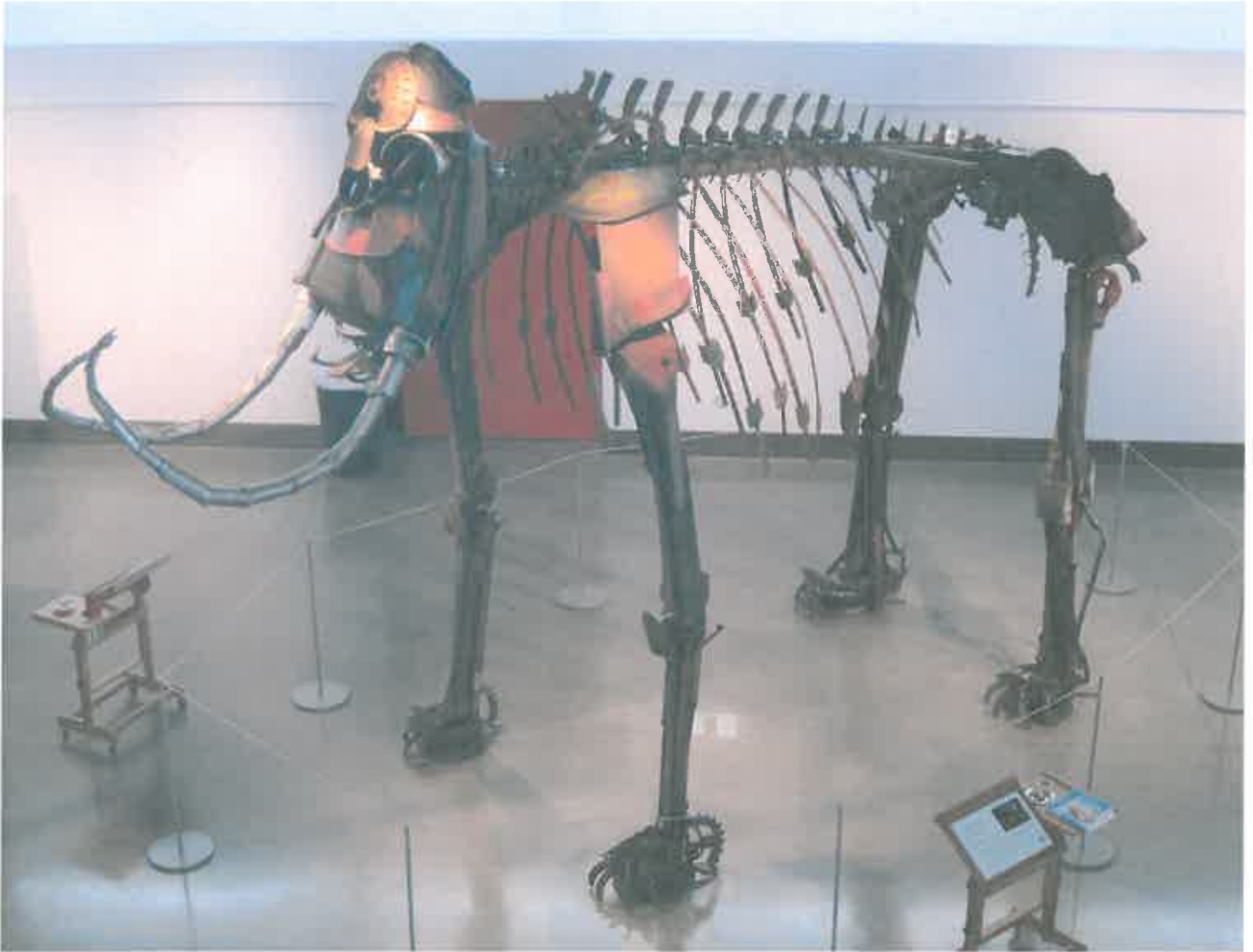
Page 1 of 2

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ -	\$ 614,400	\$ 619,558	\$ 2,176,736	\$ 2,590,300	\$ 6,000,994
Payments to suppliers	(39,983)	(578,787)	(311,188)	(866,911)	(1,030,621)	(2,827,490)
Payments to employees	-	-	(142,695)	(312,254)	(480,702)	(935,651)
Net cash provided (used) by operating activities	(39,983)	35,613	165,675	997,571	1,078,977	2,237,853
Payments from(to) other funds	-	-	-	-	9,878	9,878
noncapital financing activities	-	-	-	-	9,878	9,878
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	-	-	704,812	1,500,000	2,204,812
Principal paid on debt	-	-	(4,586)	(783,353)	(782,985)	(1,570,925)
Interest paid on debt	-	-	(91)	(75,114)	(328,498)	(403,703)
Capital contributions	-	14,872	-	-	589,650	604,522
Purchase of capital assets	-	-	(222,212)	(753,350)	(6,190,435)	(7,165,997)
Proceeds from sale of capital assets	-	-	-	10,065	-	10,065
Net cash provided (used) by capital and related financing activities	-	14,872	(226,890)	(896,940)	(5,212,268)	(6,321,226)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	-	-	-	184	-	184
Net cash provided by investing activities	-	-	-	184	-	184
Net increase (decrease) in cash and cash equivalents	(39,983)	50,485	(61,215)	100,814	(4,123,413)	(4,073,311)
Cash and cash equivalents - January 1	302,450	530,620	152,496	1,514,973	5,002,125	7,502,665
Cash and cash equivalents - December 31	\$ 262,467	\$ 581,105	\$ 91,281	\$ 1,615,788	\$ 878,713	\$ 3,429,353

CITY OF MOSES LAKE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

Page 2 of 2

	Unemployment Compensation	Self Insurance	Central Services	Equipment Rental	Building Maintenance	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (24,969)	\$ 30,720	\$ 86,444	\$ 508,478	\$ 1,082,400	\$ 1,683,073
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	-	52,325	529,107	144,218	725,650
Decrease (increase) in prepaid expenses	-	-	9,796	(670)	1,190	10,316
(Decrease) increase in accounts payable	(15,014)	4,892	16,862	(24,574)	(157,514)	(175,346)
(Decrease) increase in salaries payable	-	-	286	(286)	3,856	3,856
Increase in compensated absences payable	-	-	(38)	(14,484)	4,826	(9,696)
Total adjustments	(15,014)	4,892	79,232	489,092	(3,423)	554,780
Net cash provided (used) by operating activities	\$ (39,983)	\$ 35,613	\$ 165,675	\$ 997,571	\$ 1,078,977	\$ 2,237,853
 Noncash investing, capital and financing activities:						
Additions to capital lease			\$ -	\$ 815,205	\$ -	\$ 815,205



Something old made into something new.
The recycle program is alive and well in the City of Moses Lake.
So is this Mammoth which resides in the Museum
Located in the New Civic Center.

TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Such funds are classified as Pension Trust, Non-Expendable Trust, Expendable Trust, and Agency Funds. The city maintains one Pension Trust Fund (Firemen's) which is accounted for on the full accrual basis. The city maintains three Agency Funds (Deposit, State Deposit, and Treasurer Suspense) which are custodial in nature and do not involve the measurement of operations.

Firemen's Pension Fund - This fund was established in accordance with RCW 41.16 and provides for the payment of benefits for firemen. The Firemen's Pension Board, consisting of the Mayor or elected official, City Manager, Finance Director, and two employed or retired firemen, approve all disability for members of the paid Fire Department. State statute requires that any city with a paid Fire Department must budget for the Firemen's Pension Fund. Pension contributions are made from the General Fund and the fund is adequately funded.

Deposit and State Deposit Funds - These funds are established to receipt and disburse monies that are deposited with the city as custodial cash. The Deposit Fund handles monies for business license deposits, bid bond deposits, etc. that will be remitted to individuals or contractors. This fund also accounts for any pass through monies and any items whose ultimate disposition is not known. The State Deposit Fund handles monies for excise and use tax, leasehold excise tax, labor and industries, building code, etc that will be remitted to the state.

Treasurer's Suspense Fund - This fund was established to facilitate the investing of city monies. All interest earned is credited to the General Fund except as required by state or federal regulations or by bond covenant.

CITY OF MOSES LAKE
Combining Statement of Net Assets
Fiduciary Funds
December 31, 2011

	Agency Funds		
	Deposit	State Deposit	Totals
ASSETS			
Cash and cash equivalents	\$ 883,464	\$ 18,824	\$ 902,288
Escrow accounts	372,789		372,789
Total assets	<u>1,256,253</u>	<u>18,824</u>	<u>1,275,077</u>
LIABILITIES			
Custodial accounts payable	1,256,253	18,824	1,275,077
Total liabilities	<u>\$ 1,256,253</u>	<u>\$ 18,824</u>	<u>\$ 1,275,077</u>

CITY OF MOSES LAKE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Balance 01/01/2011	Additions	Deductions	Balance 12/31/2011
DEPOSIT FUND				
Assets				
Cash	\$ 700,247	\$ 3,883,249	\$ 3,700,032	\$ 883,464
Escrow accounts	119,743	376,473	123,428	372,789
Total assets	<u>819,990</u>	<u>4,259,722</u>	<u>3,823,460</u>	<u>1,256,253</u>
Liabilities				
Deposits	597,727	7,472,185	7,449,026	620,886
Retainage payable	222,263	660,928	247,825	635,367
Total liabilities	<u>\$ 819,990</u>	<u>\$ 8,133,113</u>	<u>\$ 7,696,851</u>	<u>\$ 1,256,253</u>
STATE DEPOSIT FUND				
Assets				
Cash	\$ 105,930	\$ 2,321,081	\$ 2,408,187	\$ 18,824
Total assets	<u>105,930</u>	<u>2,321,081</u>	<u>2,408,187</u>	<u>18,824</u>
Liabilities				
Due to state	105,930	6,096,715	6,183,821	18,824
Total liabilities	<u>\$ 105,930</u>	<u>\$ 6,096,715</u>	<u>\$ 6,183,821</u>	<u>\$ 18,824</u>
TOTALS- ALL AGENCY FUNDS				
Assets				
Cash	\$ 806,177	\$ 6,204,331	\$ 6,108,219	\$ 902,288
Escrow accounts	119,743	376,473	123,428	372,789
Total assets	<u>925,920</u>	<u>6,580,804</u>	<u>6,231,647</u>	<u>1,275,077</u>
Liabilities				
Deposits	597,727	7,472,185	7,449,026	620,886
Due to other governments	105,930	6,096,715	6,183,821	18,824
Retainage payable	222,263	660,928	247,825	635,367
Total liabilities	<u>\$ 925,920</u>	<u>\$ 14,229,829</u>	<u>\$ 13,880,672</u>	<u>\$ 1,275,077</u>



Above
Old Fire Station used to be by City Hall where the new Civic Center is now.

Below
Current Fire Station on 3rd Avenue



City of Moses Lake, Washington
Financial Report
Year Ended December 31, 2011

STATISTICAL SECTION

(Unaudited)

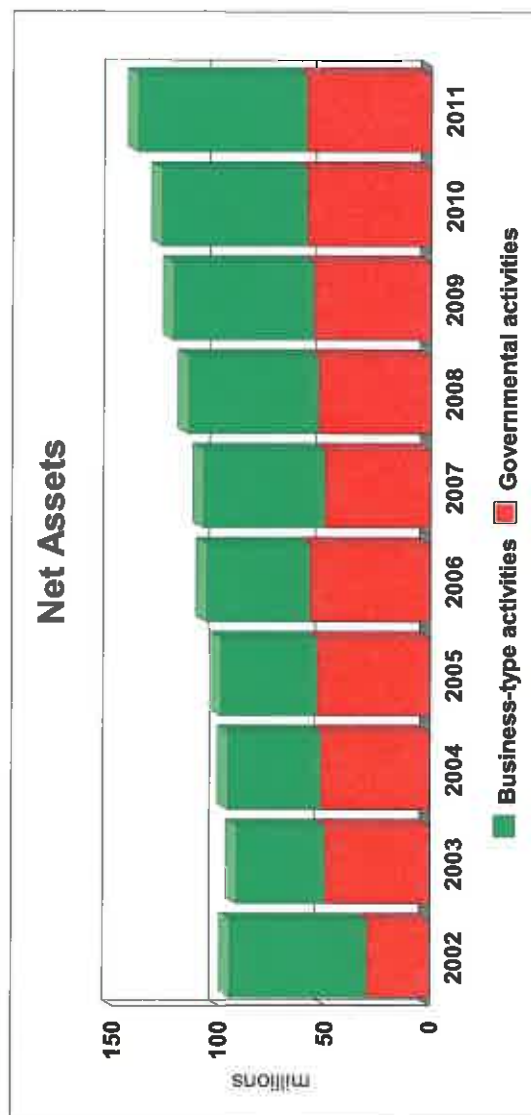
Contents	Page
Financial Trends	122
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well being have changed over time.	
Revenue Capacity	129
These schedules contain information to assist the reader in assessing the City's most significant local revenue source of property taxes.	
Debt Capacity	133
These schedules present information to assist the reader in assessing the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	138
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the government's financial activities take place.	
Operating Information	140
These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the city provides and activities it performs.	

Sources: Unless otherwise noted , the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

CITY OF MOSES LAKE
Net Assets by Component
Last Ten Fiscal Years
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

Table B-1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 27,933	\$ 44,103	\$ 45,971	\$ 47,432	\$ 49,249	\$ 46,373	\$ 50,482	\$ 54,497	\$ 53,837	\$ 59,286
Restricted	155	680	-	-	-	-	-	333	284	-
Unrestricted	1,838	5,586	6,402	6,732	8,297	4,174	3,168	1,169	5,319	487
Total governmental activities net assets	29,927	50,379	52,373	54,164	57,547	50,548	53,650	55,999	59,450	59,773
Business-type activities										
Invested in capital assets, net of related debt	39,094	22,809	26,713	31,720	40,642	46,611	49,930	53,586	54,878	54,936
Restricted	6,026	406	3,884	7,610	916	852	852	854	811	5,409
Unrestricted	19,767	18,405	13,017	5,927	6,949	9,707	10,466	11,624	12,412	18,846
Total business-type activities net assets	64,886	41,621	43,613	45,256	48,508	57,170	61,249	66,063	68,100	79,191
Primary government										
Invested in capital assets, net of related debt	67,027	66,912	72,683	79,152	89,892	92,984	100,413	108,082	108,713	114,222
Restricted	6,182	1,096	3,884	7,610	916	852	852	1,187	1,105	5,409
Unrestricted	21,605	23,992	19,419	12,659	15,247	13,881	13,634	12,793	17,732	19,333
Total primary government net assets	\$ 94,813	\$ 92,000	\$ 95,986	\$ 99,420	\$ 106,055	\$ 107,717	\$ 114,899	\$ 122,063	\$ 127,550	\$ 138,964

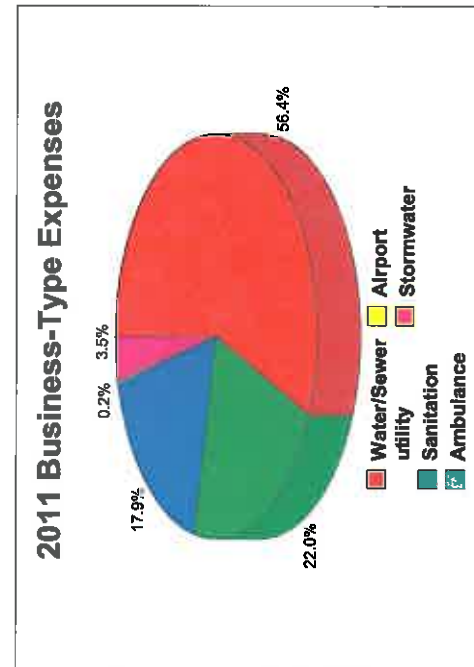
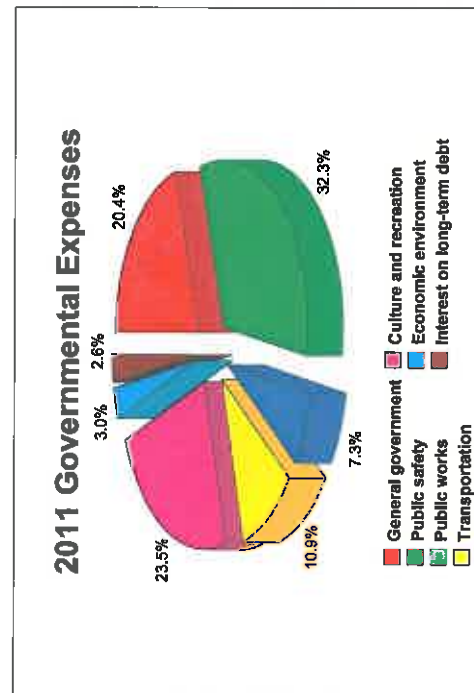


CITY OF MOSES LAKE
Changes in Expenses by Function
Last Ten Fiscal Years
(actual basis of accounting)

Table B-2
page 1 of 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
General government	\$ 1,270,047	\$ 1,251,949	\$ 1,199,034	\$ 1,285,520	\$ 1,467,300	\$ 1,322,682	\$ 1,558,972	\$ 1,495,042	\$ 1,490,050	\$ 5,177,801
Public safety	4,978,334	4,737,801	4,675,466	4,990,847	5,577,325	6,337,508	7,040,112	8,082,864	8,250,244	8,208,749
Public works	1,308,149	1,323,153	1,334,454	1,497,120	1,707,559	1,838,686	1,850,759	1,894,915	1,786,822	1,849,411
Transportation	1,595,282	2,053,507	1,594,196	2,534,268	2,391,900	2,376,341	2,818,394	2,717,746	2,857,304	2,757,678
Culture and recreation	2,827,288	2,980,947	2,873,910	3,286,631	3,441,019	3,919,872	4,863,157	4,911,237	5,155,333	5,970,781
Economic environment	540,609	525,166	564,976	624,841	770,981	829,664	796,501	768,252	743,863	781,298
Interest on long-term debt	1,150,753	433,402	346,444	311,284	389,505	533,602	588,542	533,057	591,488	671,148
Total governmental activities	13,670,440	13,306,125	12,588,480	14,530,501	15,745,629	17,181,335	19,116,437	20,403,112	20,875,104	25,396,846
Business-type activities:										
Water/Sewer utility	4,259,470	4,890,363	5,977,934	7,515,531	9,498,947	8,121,813	7,039,860	7,128,833	7,192,446	7,599,119
Sanitation	1,492,454	1,457,880	1,513,869	1,806,071	1,725,210	1,946,850	2,166,047	2,025,330	2,952,147	2,962,499
Ambulance	1,294,961	1,467,503	1,447,594	1,542,328	1,485,987	1,565,864	1,959,885	2,124,517	2,305,838	2,409,424
Airport	62,255	25,585	27,338	30,582	29,377	54,474	159,494	100,250	35,141	28,960
Stormwater	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	7,109,140	7,849,331	8,966,735	10,894,512	12,739,521	11,689,000	11,325,285	11,378,930	12,821,485	13,477,992
Total Primary Government expenses	\$ 20,779,580	\$ 21,155,456	\$ 21,555,215	\$ 25,425,013	\$ 28,485,149	\$ 28,850,335	\$ 30,441,723	\$ 31,782,042	\$ 33,496,589	\$ 38,874,838

*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003. The comparative totals before 2003 may not accurately reflect the reporting format required by GASB44. Stormwater business-type activities began in 2010.

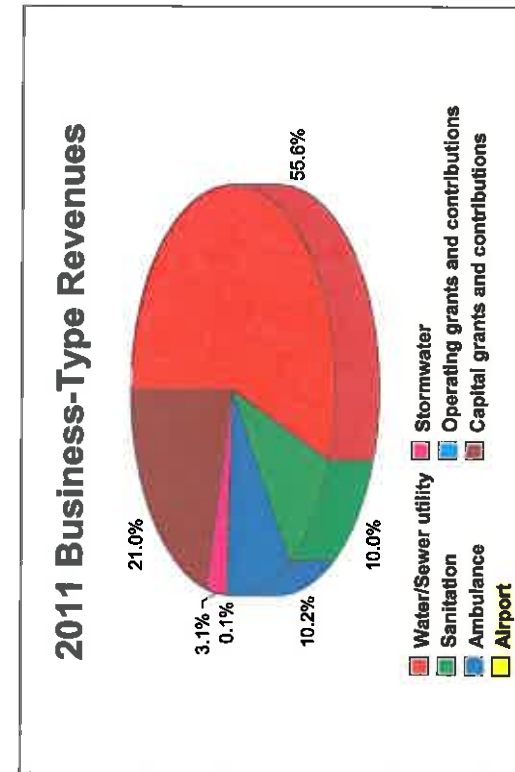
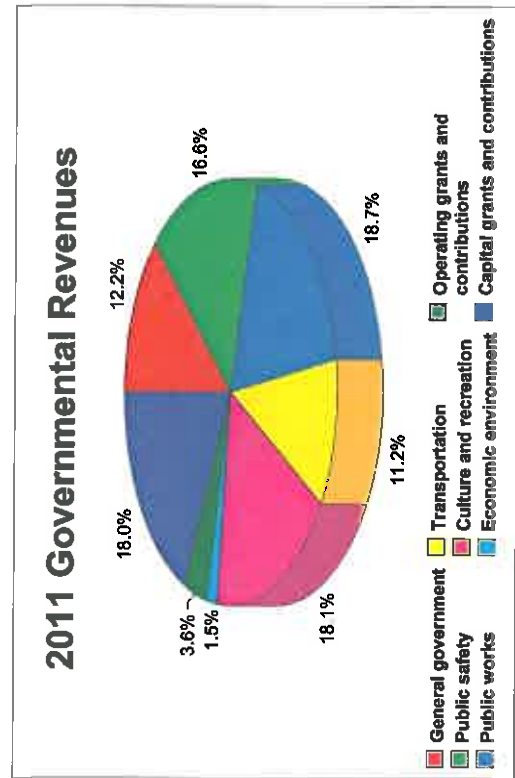


CITY OF MOSES LAKE
Changes in Revenues by Function
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-2
page 2 of 3

Program Revenues	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
Charges for services:										
General government	\$ -	\$ 785,235	\$ 803,532	\$ 1,147,343	\$ 898,920	\$ 909,143	\$ 1,061,752	\$ 959,474	\$ 883,157	\$ 987,186
Public safety	-	778,033	710,577	828,947	1,057,734	1,187,791	1,490,381	1,592,864	1,955,918	1,335,433
Public works	-	755,437	1,129,514	1,226,163	1,324,799	1,277,159	1,270,898	1,358,989	1,344,876	1,509,856
Transportation	-	1,036,385	1,502,840	900,669	872,818	844,321	1,006,085	501,464	671,262	904,680
Culture and recreation	-	897,563	862,557	970,644	1,007,845	1,265,278	1,551,558	1,677,145	1,409,773	1,457,901
Economic environment	-	98,451	117,065	150,533	231,363	200,244	274,564	141,282	139,878	123,220
Operating grants and contributions	-	269,764	181,558	184,575	248,467	403,746	170,019	236,741	208,603	292,896
Capital grants and contributions	-	327,541	30,650	667,726	2,447,667	2,379,995	1,983,980	2,701,529	1,149,290	1,451,525
Total governmental activities	12,972,920	4,948,409	5,338,253	6,077,800	8,089,612	8,487,677	8,709,037	9,169,497	7,762,758	8,062,699
Business-type activities:										
Charges for services:										
Water/Sewer utility	5,596,859	6,166,132	6,985,520	6,510,532	9,755,012	13,550,900	8,510,852	8,904,299	9,354,264	13,493,211
Sanitation	1,670,490	1,617,299	1,811,170	1,822,011	1,711,746	1,892,624	2,083,539	1,946,888	2,073,664	2,420,533
Ambulance	1,425,089	1,203,105	1,454,300	1,359,572	1,460,040	1,653,862	1,988,586	1,691,073	1,902,757	2,476,305
Airport	17,641	18,085	19,082	27,245	56,389	24,054	34,720	31,044	33,403	36,191
Stormwater	-	807,985	633,275	-	-	-	-	-	605,873	762,632
Capital grants and contributions	31,934	-	-	1,050,780	2,732,764	3,130,898	2,428,223	3,462,261	790,028	5,100,566
Total business-type activities revenues	8,742,013	9,812,606	10,883,347	10,770,140	15,715,951	20,252,336	15,045,720	16,035,564	14,760,098	24,289,438
Total Primary Government program revenues	\$ 21,714,933	\$ 14,761,015	\$ 16,021,640	\$ 16,847,740	\$ 23,805,563	\$ 28,720,015	\$ 23,754,757	\$ 25,205,061	\$ 22,522,767	\$ 32,352,137

*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003. Revenues before 2003 were not reported by activity therefore the detailed breakdown of revenue is unavailable. The comparative totals before 2003 may not accurately reflect the reporting format required by GASB44. Stormwater business-type activities began in 2010.

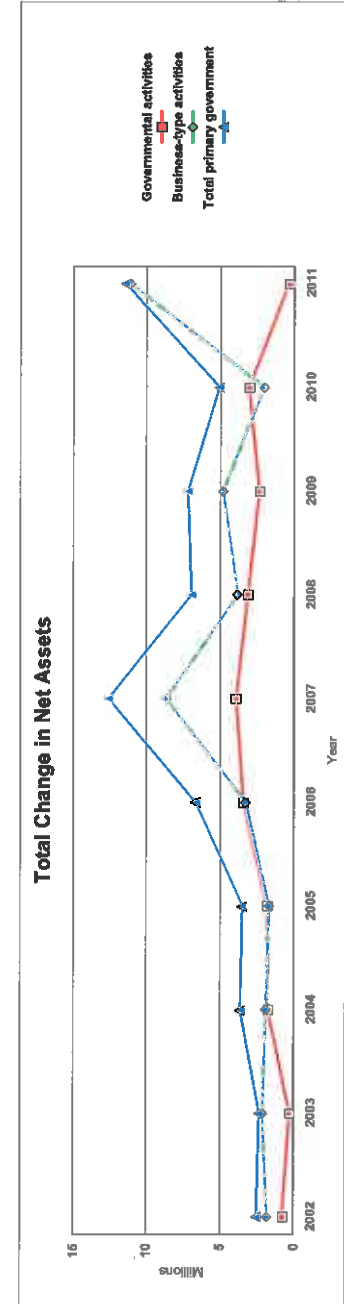


CITY OF MOSES LAKE
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-2
page 3 of 3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue										
Governmental activities	\$ (697,520)	\$ (8,357,716)	\$ (7,250,187)	\$ (8,452,901)	\$ (7,655,017)	\$ (8,893,658)	\$ (10,407,400)	\$ (11,233,616)	\$ (12,912,346)	\$ (17,334,147)
Business-type activities	1,632,873	1,963,275	1,716,612	(124,372)	2,976,430	8,563,338	3,720,434	4,656,635	1,938,524	10,811,446
Total primary government net expense	935,353	(6,394,441)	(5,533,575)	(8,577,273)	(4,679,587)	(130,320)	(6,686,966)	(6,576,981)	(10,973,822)	(6,522,701)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	-	2,377,734	2,540,922	2,571,621	2,780,139	2,940,325	3,270,650	4,321,219	7,052,123	8,490,927
Retail sales and use taxes	-	3,301,462	3,412,323	3,798,433	4,286,527	5,710,727	6,225,961	5,633,498	5,288,180	5,539,605
Business Taxes	-	2,711,803	2,827,959	2,961,145	3,149,254	3,117,827	3,570,860	3,490,995	3,489,277	3,591,144
Interest and investment earnings	-	240,474	206,705	402,843	727,869	708,676	206,425	270,648	186,950	288,222
Miscellaneous	-	-	-	-	-	1,211	3,275	437	1,054	-
Loss on sale of capital asset	-	(36,994)	-	-	-	-	-	-	-	-
Transfers, internal activities	-	(1,363)	8,084	510,328	93,332	112,797	232,565	(134,074)	(73,500)	(252,800)
Total governmental activities	1,430,498	8,593,096	8,995,993	10,244,370	11,037,122	12,591,563	13,509,735	13,582,724	15,944,085	17,657,099
Business-type activities:										
Interest and investment earnings	(27,908)	184,911	193,013	456,844	368,985	211,061	330,141	24,032	24,032	26,888
Insurance recoveries (misc before 2003)	391,227	-	-	1,866,322	-	-	-	-	-	-
Loss on sale of capital asset	(19,626)	(35,723)	(1,717)	(510,328)	(93,332)	(112,797)	(232,565)	134,074	73,500	252,800
Transfers, internal activities	(172,460)	1,363	(8,084)	1,812,839	275,653	98,264	97,576	158,105	97,532	279,698
Total business-type activities	171,235	150,571	183,212	1,812,839	275,653	98,264	97,576	158,105	97,532	279,698
Total primary government	1,601,733	8,743,667	9,179,205	12,057,209	11,312,776	12,689,827	13,607,311	13,740,829	16,041,616	17,936,797
Change In Net Assets										
Governmental activities	732,978	235,380	1,745,806	1,791,469	3,382,336	3,887,905	3,102,335	2,349,109	3,031,739	322,952
Business-type activities	1,904,108	2,113,846	1,899,824	1,688,467	3,252,083	8,661,601	3,818,011	4,814,740	2,036,056	11,091,134
Total primary government	\$ 2,537,086	\$ 2,349,226	\$ 3,645,630	\$ 3,479,936	\$ 6,634,420	\$ 12,559,507	\$ 6,920,345	\$ 7,163,849	\$ 5,067,795	\$ 11,414,086

*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003. Revenues before 2003 were not reported by activity therefore the detailed breakdown of revenue is unavailable. The comparative totals before 2003 may not accurately reflect the reporting format required by GASB44.

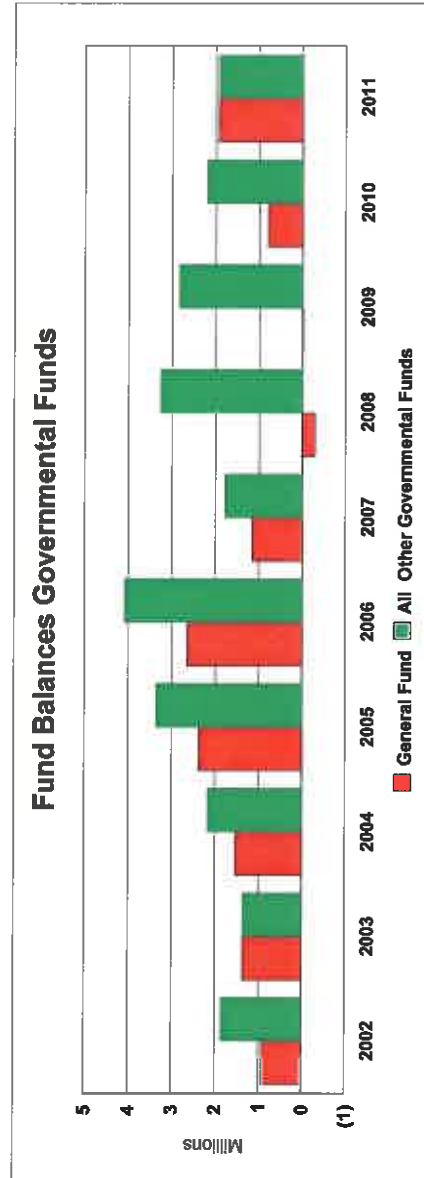


CITY OF MOSES LAKE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table B-3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 92,262	93,180	\$ 94,666	\$ 86,441	\$ 100,420	\$ 100,735	\$ 123,432	\$ 117,498	\$ 151,387	\$ -
Unreserved	823,575	1,272,064	1,445,517	2,294,807	2,551,883	1,059,952	(418,240)	(139,835)	649,889	1,227,411
Nonspendable										581,000
Assigned										119,434
Unassigned										1,927,845
Total General Fund	<u>915,837</u>	<u>1,365,244</u>	<u>1,542,183</u>	<u>2,381,248</u>	<u>2,652,303</u>	<u>1,160,686</u>	<u>(294,809)</u>	<u>(22,337)</u>	<u>801,076</u>	<u>1,927,845</u>
All other governmental funds										
Reserved	83,141	(121,408)	32,432	1,110,821	352,725	388,671	411,096	376,896	376,718	-
Unreserved, reported in:										
Special revenue funds						2,514,182	2,594,316	2,199,125	1,557,431	-
Capital projects fund 2006	1,794,450	1,483,425	2,136,798	2,251,936	3,732,815	(1,117,396)	262,588	267,293	267,293	-
Nonspendable										95,735
Restricted for:										
Public safety programs										-
Tourism										-
Debt service										268,044
Committed for:										284,317
Municipal facilities										-
Culture and recreation										257,449
Transportation										470,104
Unassigned										534,238
Total all other governmental funds	<u>\$ 1,857,591</u>	<u>1,362,017</u>	<u>\$ 2,169,230</u>	<u>\$ 3,362,757</u>	<u>\$ 4,085,540</u>	<u>\$ 1,785,457</u>	<u>\$ 3,268,000</u>	<u>\$ 2,843,115</u>	<u>\$ 2,200,443</u>	<u>\$ 1,919,888</u>

** GASB 54 fund balance reporting implemented in 2011

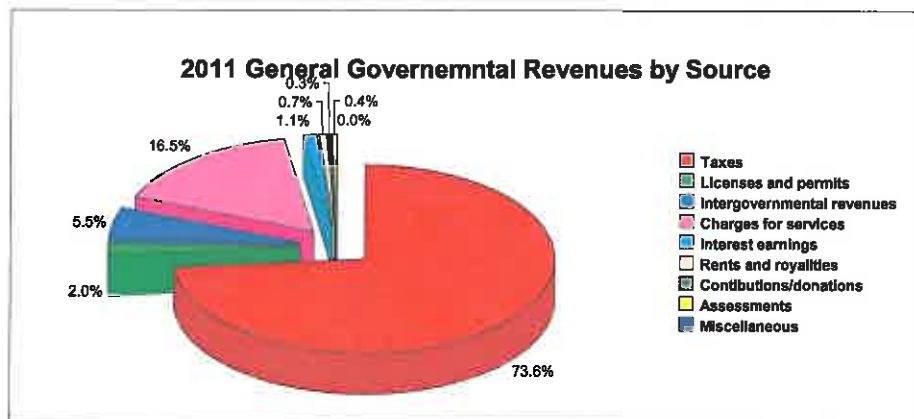


CITY OF MOSES LAKE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Amounts expressed in thousands)

Table B-4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenue										
Taxes	\$ 8,718	\$ 8,391	\$ 8,881	\$ 9,309	\$ 10,216	\$ 11,774	\$ 13,020	\$ 13,378	\$ 15,759	\$ 17,526
Licenses and permits	344	483	518	630	998	879	1,159	817	532	471
Intergovernmental revenues	909	895	961	996	975	1,296	1,587	2,389	1,713	1,301
Charges for services	2,218	2,252	2,639	2,846	3,048	3,140	3,447	3,490	3,632	3,925
Fines and forfeits	12	8	7	6	7	153	267	664	571	393
Interest earnings	-	236	215	428	728	689	199	269	182	268
Rents and royalties	-	261	265	272	278	352	417	430	160	157
Contributions/donations	-	331	336	52	112	57	71	64	79	67
Assessments	153	125	162	142	142	301	77	32	26	93
Miscellaneous	620	73	25	53	26	76	106	71	18	6
Total Revenues	12,973	13,055	14,009	14,732	16,529	18,717	20,350	21,385	22,673	24,206
Expenditures										
General government	1,273	1,186	1,175	1,194	1,223	1,279	1,378	1,481	1,510	2,080
Public safety	4,978	4,583	4,696	4,835	5,394	6,267	6,778	7,267	8,114	8,457
Public works	1,308	1,288	1,314	1,441	1,673	1,856	1,869	1,886	1,858	1,936
Transportation	1,595	1,968	1,563	2,428	2,390	2,399	2,549	2,707	2,722	2,811
Economic environment	538	505	558	609	758	865	798	777	776	788
Culture and recreation	2,827	2,612	2,587	2,910	3,184	3,668	3,943	4,408	4,881	5,605
Capital outlay	603	324	572	369	4,348	5,082	2,294	1,916	1,209	605
Debt service										
Principal	399	523	504	457	444	763	538	564	587	561
Interest	315	215	173	149	164	361	384	342	296	265
Total Expenditures	13,836	13,204	13,142	14,391	19,579	22,539	20,531	21,348	21,952	23,108
Excess (deficiency) of revenues over (under) expenditures	(863)	(149)	867	341	(3,049)	(3,822)	(181)	37	721	1,099
Other financing sources (uses)										
Transfers in	1,860	227	2,259	2,757	2,775	4,847	5,519	3,590	3,699	3,002
Transfers out	(1,738)	(2,334)	(2,132)	(2,458)	(2,806)	(4,859)	(5,411)	(3,797)	(4,246)	(3,329)
Sales of capital assets	-	4	-	383	17	-	101	-	-	74
Miscellaneous nonoperating	299	-	-	-	-	-	-	-	-	-
Proceeds of capital lease	-	43	11	14	-	43	-	18	6	-
Proceeds of long term debt	1,009	-	-	-	-	-	-	-	-	-
Proceeds from interfund debt	-	-	-	-	-	-	-	-	-	-
Proceeds of G.O. bonds	-	-	-	-	5,083	-	-	-	-	-
Discount on GO bonds issued	-	-	-	-	(47)	-	-	-	-	-
Total other financing sources (uses)	1,430	(2,061)	138	695	5,022	30	209	(189)	(541)	(253)
Net change in fund balances	\$ 587	\$ (2,210)	\$ 1,005	\$ 1,036	\$ 1,972	\$ (3,792)	\$ 27	\$ (152)	\$ 181	\$ 846
Debt service as a percentage of noncapital expenditures	5.39%	5.73%	5.38%	4.32%	4.00%	6.44%	5.06%	4.66%	4.25%	3.67%

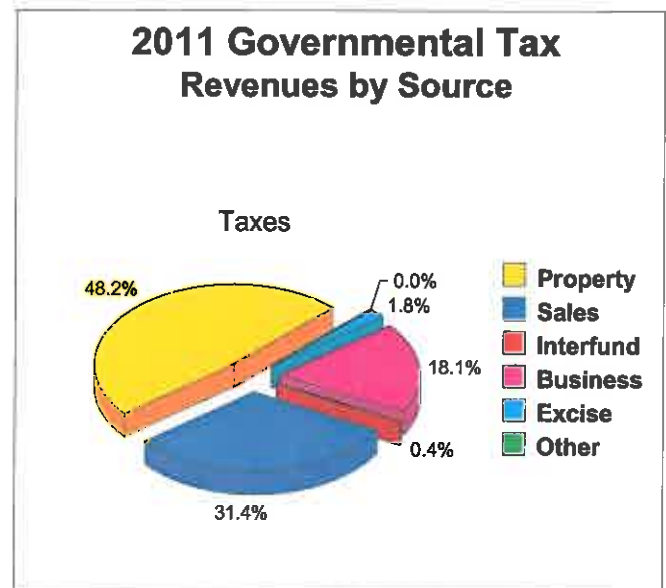
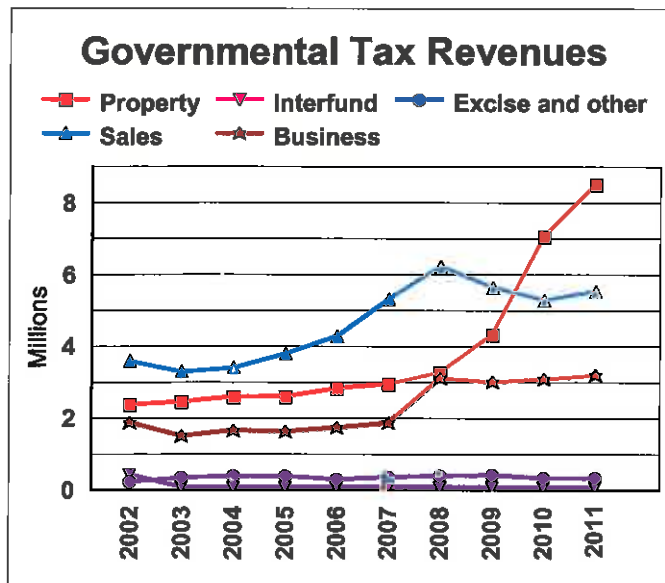
*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB 34 implementation in 2003



CITY OF MOSES LAKE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Table B-9

Fiscal Year	Property Taxes	Sales Taxes	Interfund Taxes	Business Taxes	Excise Taxes	Other Taxes	Total
2002	\$ 2,373,501	\$ 3,595,837	\$ 424,764	\$ 1,875,919	\$ 226,964	\$ 1,856	\$ 8,498,841
2003	2,446,747	3,301,462	75,016	1,500,060	339,557	1,492	7,664,334
2004	2,578,519	3,412,323	72,716	1,644,874	379,590	6,819	8,094,841
2005	2,585,838	3,798,433	74,500	1,618,206	377,767	6,520	8,461,265
2006	2,808,139	4,286,527	72,501	1,732,584	286,128	528	9,186,407
2007	2,945,713	5,310,180	74,500	1,859,952	355,445	2,321	10,548,111
2008	3,270,650	6,225,961	74,500	3,111,033	384,450	877	13,067,471
2009	4,321,219	5,633,499	74,500	3,005,386	410,639	470	13,445,713
2010	7,052,123	5,288,180	74,500	3,088,414	326,363	-	15,829,580
2011	8,490,927	5,539,605	74,500	3,192,837	323,114	693	17,621,676



CITY OF MOSES LAKE
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years*

Table C-1

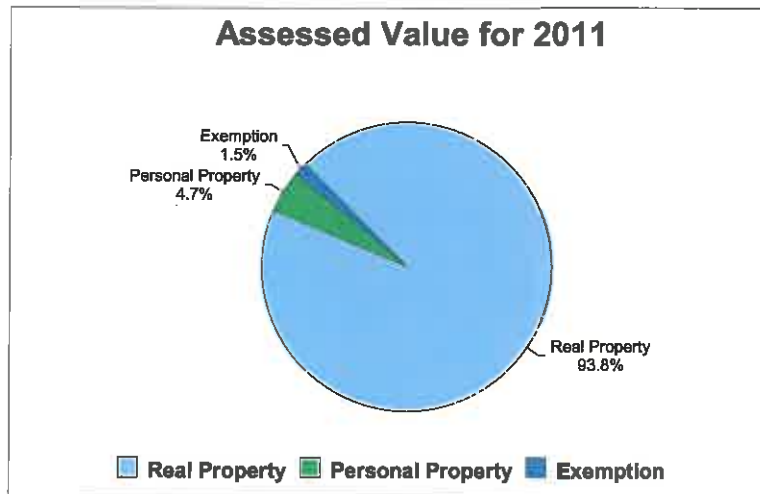
Fiscal Year	Real Property	Personal Property	Less Tax Exempt		Total Taxable Assessed Value	Direct Tax Rate per \$1000 of assessed value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
			Real Property	Personal Property				
2002	\$ -	\$ -	\$ -	\$ -	\$ 800,941,356	\$ 2.9945	\$ -	-
2003	-	-	-	-	846,090,551	2.9472	-	-
2004	821,899,691	60,080,121	14,687,605	169,360	867,122,847	2.9462	1,097,623,857	79%
2005	835,690,337	48,589,954	7,461,400	216,645	876,602,246	3.0255	984,946,344	89%
2006	864,306,203	50,834,016	9,911,280	176,490	905,052,449	3.0681	1,587,811,314	57%
2007	947,112,953	52,402,073	10,781,700	161,615	988,571,711	2.9732	2,995,671,852	33%
2008	1,035,482,663	57,047,725	11,738,025	423,250	1,080,369,113	2.9596	2,160,738,226	51%
2009	1,713,811,503	89,251,847	22,878,102	438,050	1,779,747,198	2.9198	2,966,245,330	61%
2010	2,726,368,399	106,246,985	22,891,372	433,775	2,809,290,237	3.2308	4,682,150,395	60%
2011	3,079,587,473	153,387,501	47,492,820	418,232	3,185,063,922	3.2097	5,308,439,870	61%

*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 Implementation in 2003.

Source is Grant County

Missing data was not available from Grant County

There are no components to the direct rate.



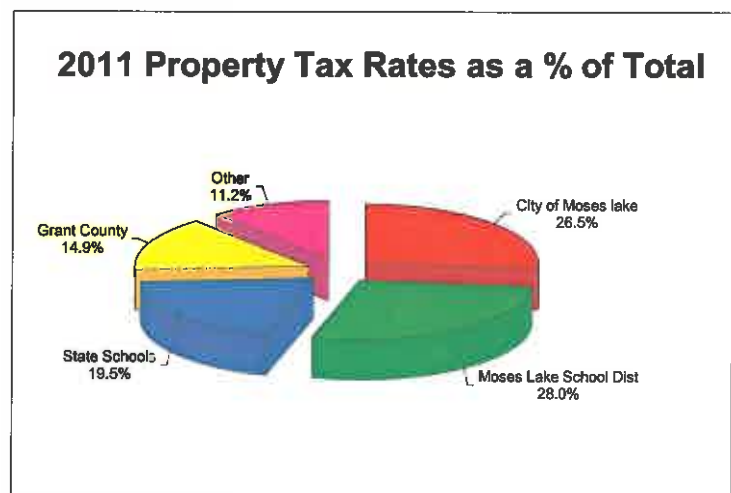
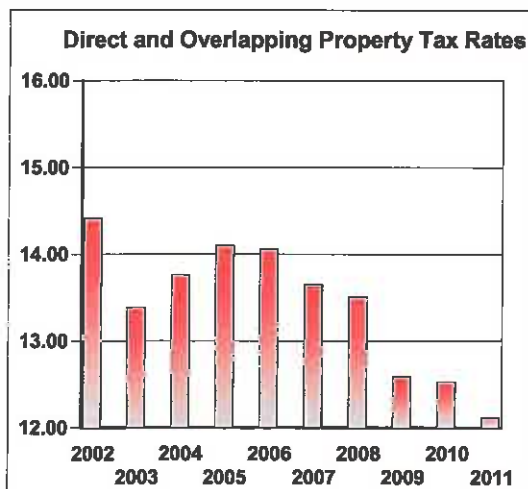
CITY OF MOSES LAKE
Property Tax Rates
Direct and Overlapping Governments
Per \$1,000 of Assessed Value
Last Ten Fiscal Years

Table C-2

Fiscal Year	City Tax Rate	Overlapping Rates						Total
	Moses Lake	Grant County	School District			Other		
	Direct Rate	Operating Rate	Operating Rate	Debt Service	Total School Rate	State School	Special Districts	
2002	2.995	1.779	3.197	1.426	4.623	3.127	1.899	14.422
2003	2.947	1.777	3.157	1.293	4.450	2.846	1.374	13.394
2004	2.946	1.800	3.363	1.471	4.834	2.759	1.430	13.769
2005	3.026	1.800	3.534	1.497	5.031	2.807	1.443	14.107
2006	3.068	1.799	3.560	1.222	4.781	2.550	1.867	14.066
2007	2.973	1.770	3.502	1.305	4.807	2.290	1.816	13.657
2008	2.960	1.719	3.215	1.672	4.887	2.207	1.740	13.513
2009	2.920	1.604	2.677	1.671	4.348	1.989	1.663	12.601
2010	3.231	1.617	2.296	1.267	3.564	2.186	1.942	12.539
2011	3.210	1.800	2.202	1.187	3.389	2.361	1.361	12.121

Overlapping rates are those of local and county governments that apply to property owners within the city of Moses Lake. Not all overlapping rates apply to all Moses Lake property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district). City of Moses Lake does not have any voted GO Debt levy rates.

Taxes are levied in the year prior to the year listed above.



CITY OF MOSES LAKE
Principal Property Taxpayers
Current year and six years ago

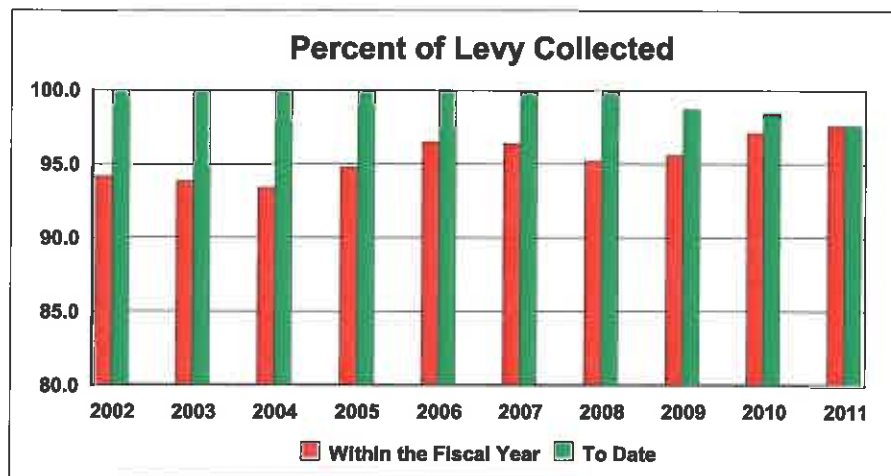
Table C-3

Taxpayer	Type of business	2011			2005		
		Assessed Valuation	Rank	Percent of total Assessed Value	Assessed Valuation	Rank	Percent of total Assessed Value
REC Solar Grade Silicon, LLC	Manufacturing	\$ 1,052,293,315	1	33.0	\$ -	-	-
Guardian Fiberglass Inc	Manufacturing	31,492,780	2	1.0	-	-	-
Moses Lake Industries, Inc	Manufacturing	30,131,700	3	0.9	-	-	-
EKA Chemicals	Chemicals	28,809,425	4	0.9	26,435,470	1	2.9
SGL Automotive Carbon Fibers LLC	Manufacturing	28,179,005	5	0.9	-	-	-
National Frozen Foods Corp	Food Processing	19,686,435	6	0.6	-	-	-
Vintage Apartments, LLC	Apartments	12,809,510	7	0.4	-	-	-
Wal-Mart Real Estate Business Trust	Grocery/retail	12,087,450	8	0.4	9,782,630	3	1.1
Air Liquide Electronics US LP	Manufacturing	11,638,240	9	0.4	-	-	-
IP Eat Five, LLC	General Merchandise	10,963,790	10	0.3	-	-	-
Weyerhaeuser Company	Corrugated board	-	-	-	12,003,530	2	1.3
Central Leasing of Wa., LLC	Leasing	-	-	-	8,173,325	4	0.9
D&L Foundry, Inc.	Manhole Manu	-	-	-	7,752,650	5	0.9
Learner Tr, Kathryn J	Mall Property	-	-	-	7,015,770	6	0.8
Grewal Hotels Inc.	Hotel	-	-	-	5,349,020	7	0.6
Weston Square	Apartments	-	-	-	4,518,690	8	0.5
Fidalgo Bay Investor, LLC	Mall Property	-	-	-	3,928,515	9	0.4
Sasco 1996-CFL Stratford Rd	Commercial Property	-	-	-	3,763,170	10	0.4
Totals		\$ 1,238,091,650		38.9	\$ 88,722,770		9.8

CITY OF MOSES LAKE
Property Tax Levies and Collections
Last Ten Fiscal Years

Table C-4

Year Ended December 31	Assessed Valuation	Total Tax Levy for Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Total Collections to Date		Current Outstanding
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2002	\$ 800,941,356	\$ 2,402,339	\$ 2,260,845	94.1	\$ 141,403	\$ 2,402,247	100.00	\$ 91
2003	846,090,551	2,495,442	2,340,925	93.8	154,372	2,495,297	99.99	145
2004	867,122,847	2,558,494	2,388,667	93.4	169,711	2,558,378	100.00	117
2005	876,602,246	2,655,271	2,515,994	94.8	138,550	2,654,543	99.97	728
2006	905,052,449	2,776,828	2,679,202	96.5	97,028	2,776,230	99.98	598
2007	988,571,711	2,951,194	2,843,950	96.4	103,694	2,947,644	99.88	3,549
2008	1,080,369,113	3,197,428	3,043,399	95.2	150,715	3,194,114	99.90	3,314
2009	1,779,747,198	5,196,411	4,965,645	95.6	162,307	5,127,952	98.68	68,459
2010	2,809,290,237	9,164,319	8,896,759	97.1	114,809	9,011,568	98.33	152,751
2011	3,185,018,910	10,224,175	9,973,994	97.6		9,973,994	97.55	250,181



City of Moses Lake
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*

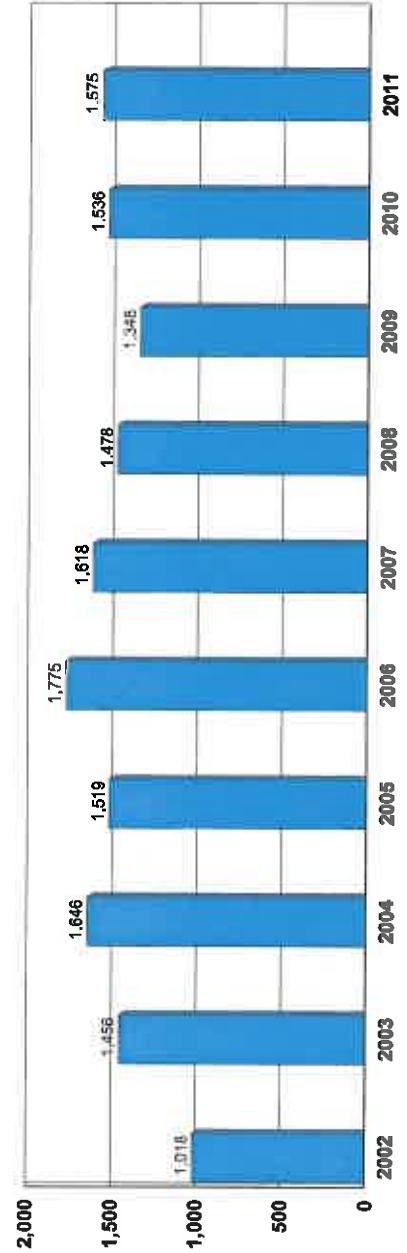
Table D-1

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income**	Per Capita **
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water/ Sewer Bonds	General Obligation Bonds	Governmental loans	Capital Leases				
2002	\$ 7,431,716	\$ 604,432	\$ 1,966,211	\$ 780,000	\$ -	\$ 4,749,618	\$ 167,016	\$ 15,698,993	4.76%	\$ 1,018	
2003	6,930,000	517,130	1,517,743	225,000	-	12,456,640	122,792	21,769,305	6.69%	1,456	
2004	6,420,000	426,633	915,231	7,140,000	-	11,538,502	80,087	26,520,453	7.42%	1,646	
2005	5,885,000	341,306	716,577	7,080,000	-	10,746,823	42,981	24,812,687	6.64%	1,519	
2006	10,423,333	255,980	728,642	7,015,000	1,016,667	10,422,560	15,543	29,877,725	7.85%	1,775	
2007	9,716,666	-	893,943	7,000,000	988,334	9,594,965	28,045	28,221,954	6.54%	1,618	
2008	8,957,500	-	1,279,821	6,980,000	952,500	8,763,868	129,598	27,063,286	N/A	1,478	
2009	8,170,000	-	1,427,952	6,950,000	915,000	7,929,092	126,522	25,518,566	4.64%	1,348	
2010	13,273,333	-	1,541,613	6,875,000	876,667	7,131,053	183,786	29,881,451	N/A	1,536	
2011	11,943,333	-	1,502,394	11,636,257	836,667	6,472,322	110,011	32,500,984	N/A	1,575	

*The City implemented GASB 44 in 2005 and has reported the information above retroactively from GASB #34 implementation in 2003.

** See the Schedule of Demographic and Economic Statistics (Table E1) for personal income and population data.

General Obligation Debt Per Capita

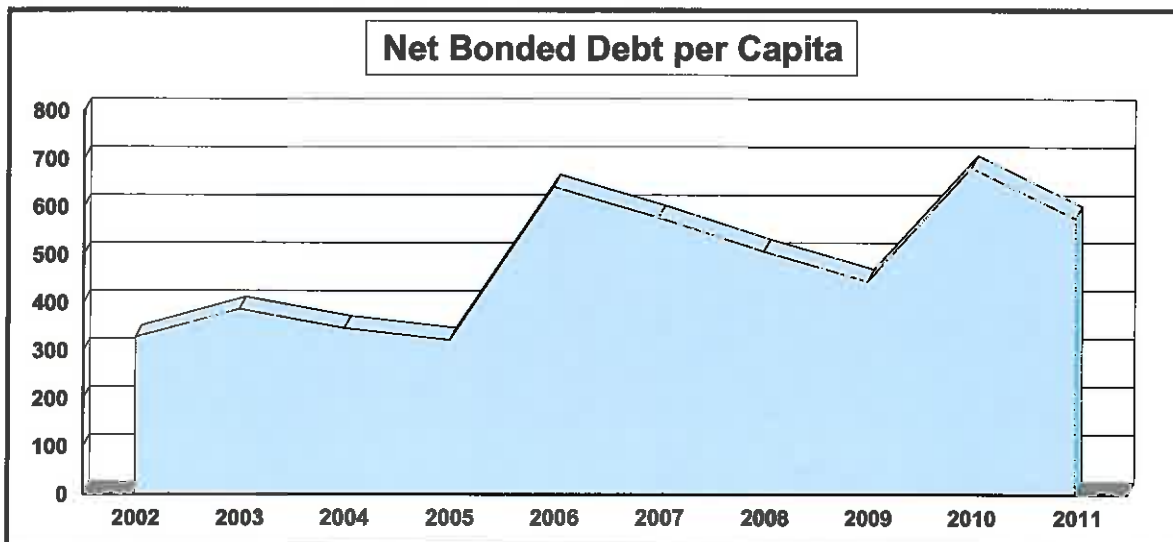


CITY OF MOSES LAKE
Ratios of Net General Bonded Debt
To Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Table D-2

Year	Population	Assessed Value*	G.O. Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002	15,420	\$ 800,941,356	\$ 5,224,432	\$ 171,988	\$ 5,052,444	0.63%	\$ 328
2003	15,730	846,090,551	6,930,000	838,119	6,091,881	0.72%	387
2004	16,110	867,122,847	6,420,000	823,392	5,596,608	0.65%	347
2005	16,340	876,602,246	5,885,000	617,520	5,267,480	0.60%	322
2006	16,830	905,052,449	11,440,000	630,470	10,809,530	1.19%	642
2007	17,440	988,571,711	10,705,000	615,528	10,089,472	1.02%	579
2008	18,310	1,080,369,113	9,910,000	609,986	9,300,014	0.86%	508
2009	18,930	1,779,747,198	9,085,000	665,727	8,419,273	0.47%	445
2010	19,460	2,809,290,237	14,150,000	861,667	13,288,333	0.47%	683
2011	20,640	3,185,063,922	12,780,000	876,051	11,903,949	0.37%	577

* Grant County Assessor: includes only taxable property



CITY OF MOSES LAKE
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

Table D-3

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Overlapping Debt:			
Moses Lake School Dist. # 161	\$ 38,800,000	67.08%	\$ 26,027,040
Samaritan Hospital Dist #1	10,381,063	64.07%	6,651,147
Subtotal overlapping debt	<u>49,181,063</u>		<u>32,678,187</u>
Moses Lake direct debt	<u>14,150,000</u>		<u>14,150,000</u>
Total governmental direct and overlapping debt \$	<u><u>63,331,063</u></u>		<u><u>\$ 46,828,187</u></u>

Sources: Assessed value data used to estimate applicable percentages was provided by Grant County Assessor's Office.
Debt outstanding provided by each government unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Moses Lake. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable ~~assessed~~ value.

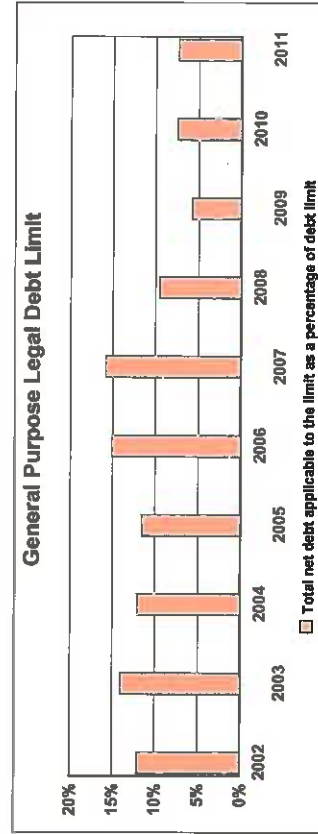
CITY OF MOSES LAKE
Legal Debt Margin Information
Last Ten Fiscal Years

Table D-4

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$ 2,735,223,789
Debt limit	205,141,784
Debt applicable to limit:	
General obligation debt	16,796,228
Less: amount set aside for repayment	(1,688,296)
of general obligation debt	15,107,932
Total net debt applicable to limit	\$ 190,033,852
Legal debt margin	

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 63,456,791	\$ 65,034,214	\$ 65,745,168	\$ 65,745,168	\$ 74,142,878	\$ 81,027,983	\$ 133,481,040	\$ 210,696,768	\$ 238,876,418	\$ 205,141,784
Total net debt applicable to limit	7,653,638	9,154,830	7,948,295	7,597,288	11,224,213	12,859,317	12,751,174	12,129,494	17,983,717	15,107,932
Legal debt margin	\$ 55,803,154	\$ 55,879,384	\$ 57,796,874	\$ 58,147,880	\$ 62,918,666	\$ 68,168,666	\$ 120,729,866	\$ 198,567,274	\$ 220,892,701	\$ 190,033,852
Total net debt applicable to the limit as a percentage of debt limit	12.06%	14.08%	12.09%	11.56%	15.14%	15.87%	9.55%	5.76%	7.53%	7.36%



CITY OF MOSES LAKE
Water and Sewer Revenue Bond Coverage
Last Ten Fiscal Years

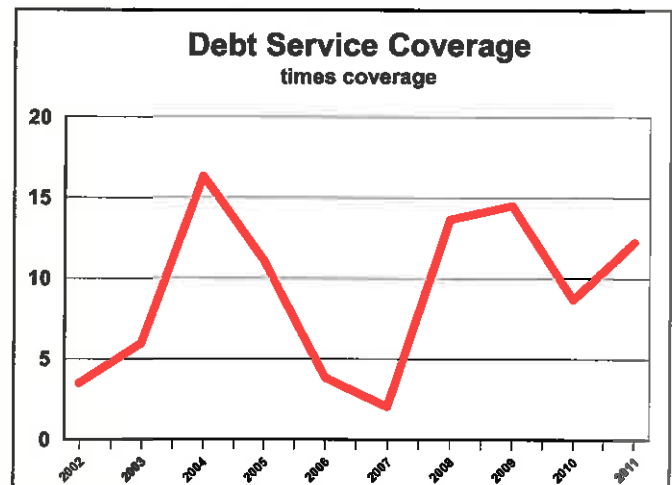
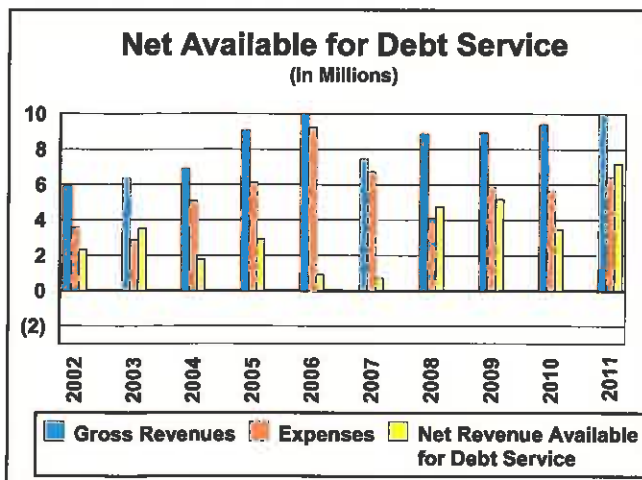
Table D-5

Year	Utility Revenues*	Operating Expenses**	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
2002	\$ 5,891,417	\$ 3,578,550	\$ 2,312,867	\$ 565,000	\$ 94,716	\$ 659,716	3.51
2003	6,351,043	2,857,616	3,493,427	555,000	29,508	584,508	5.98
2004	6,883,510	5,101,214	1,782,296	100,000	9,013	109,013	16.35
2005	9,042,897	6,126,345	2,916,552	60,000	202,045	262,045	11.13
2006	10,132,439	9,231,964	900,475	65,000	166,827	231,827	3.88
2007	7,441,521	6,732,473	709,049	15,000	326,700	341,700	2.08
2008	8,840,793	4,103,860	4,736,933	20,000	326,266	346,266	13.68
2009	8,928,330	5,878,286	5,168,212	30,000	325,599	355,599	14.53
2010	9,378,295	5,641,301	3,470,713	75,000	324,185	399,185	8.69
2011	13,612,504	6,439,490	7,173,014	225,000	360,031	585,031	12.26

* Utility Revenue includes both operating and nonoperating revenues of the Water/Sewer Fund.

** Total operating expenses excluding depreciation and amortization expenses.

Coverage is the percentage of total debt requirements to net revenue available for debt service



CITY OF MOSES LAKE
Demographic and Economic Statistics
Last Ten Fiscal Years

Table E-1

Year	City Population	Grant County Personal Income (Thousands of dollars)	Grant County Per Capita Income	Grant County Median Age	City K-12 School Enrollment	Grant County Percent Unemployment
2002	15,420	1,726,147	22,380	32	6,695	9.5
2003	15,730	1,828,312	23,396	32	6,812	9.3
2004	16,110	1,898,176	24,033	32	6,974	8.2
2005	16,340	1,919,739	24,043	32	7,063	7.3
2006	16,830	2,027,185	24,907	32	7,200	6.6
2007	17,440	2,267,736	27,286	32	7,680	5.8
2008	18,310	2,522,614	29,464	33	7,987	6.9
2009	18,930	2,557,014	29,025	33	7,962	9.4
2010	19,460	**	**	33	8,027	10.5
2011	20,640	**	**	32	8,006	12.0

Data Sources:

Population - State of Washington, Office of Financial Management; www.ofm.wa.gov/pop/april1/finalpop.pdf

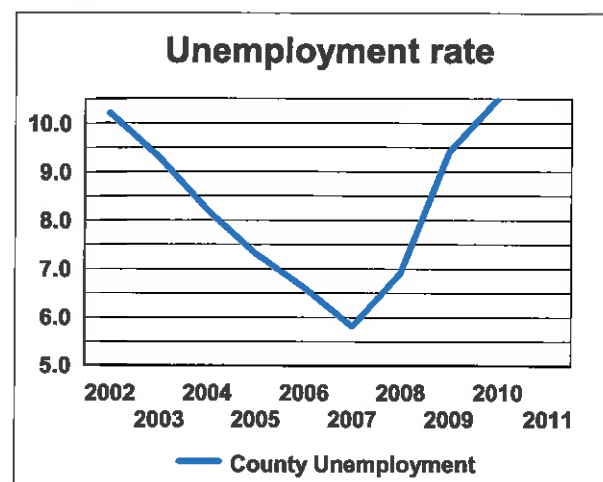
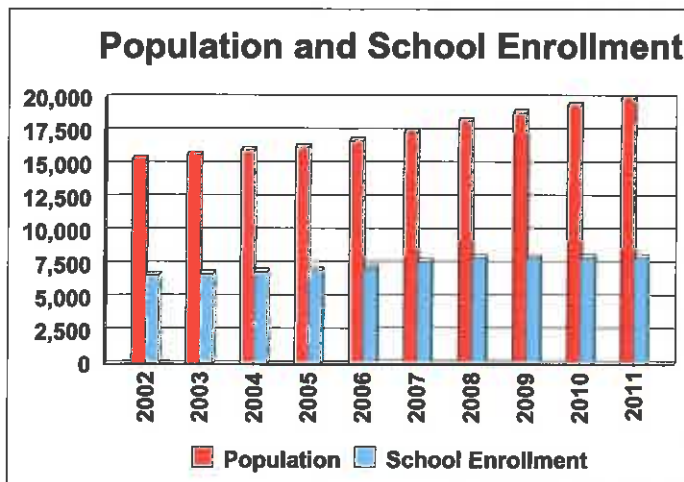
Per Capita Income - County figures (latest year available 2009) given due to unavailability of City percentages. 2009 information is found on the Regional Economics Accounts web site at www.bea.gov/bea/regional/bearfacts. No 2010 data available.

Median Age - Office of Financial Management; www.ofm.wa.gov/databook/pdf/local.pdf

School Enrollment - Office of Superintendent of Public Instruction; reportcard.ospi.k12.wa.us/summary

Percent Unemployment - County figures given due to the unavailability of City percentages. This information is from www.workforceexplorer.com/esd/employmentdata/eis-tools/labor-area-summaries

** These figures are not currently available.



CITY OF MOSES LAKE
Principal Employers
Current year and Nine years Ago

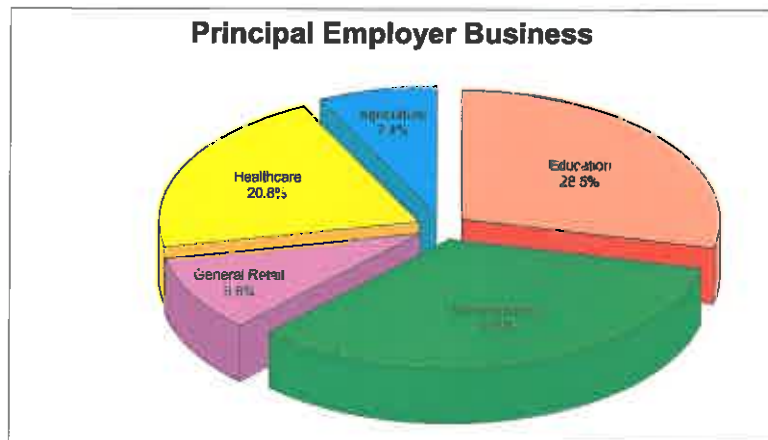
Table E-2

Employer	Business type	2011			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Moses Lake School District	Education	974	1	10%	861	1	12%
REC Silicon/Advanced Silicon Materials	Manufacturing	650	2	7%	150	9	2%
Genie Industries, Inc	Manufacturing	600	3	6%	-	-	0%
Wal-Mart	General Retail	430	4	5%	310	6	4%
Samaritan Hospital	Healthcare	400	5	4%	435	2	6%
J.R. Simplot Co./Nestle Brand	Agriculture	330	6	3%	400	4	6%
Big Bend Community College	Education	300	7	3%	325	5	5%
Moses Lake Clinic	Healthcare	266	8	3%	149	10	2%
Moses Lake Community Health	Healthcare	264	9	3%	-	-	0%
Inflation Systems, Inc	Manufacturing	250	10	3%	413	3	6%
City of Moses Lake	Government	-	-	0%	157	8	2%
Basic American Foods	Agriculture	-	-	0%	225	7	3%
Totals		4,464		47%	3,425		48%

Source: Grant County Economic Development Council

Note: Not all employers are located within the physical limits of the city.

Note: In order to figure percentage of total city employment we used county labor force divided by population equal to city labor force (unknown) over city population to give a ratio for the percentage for current year.



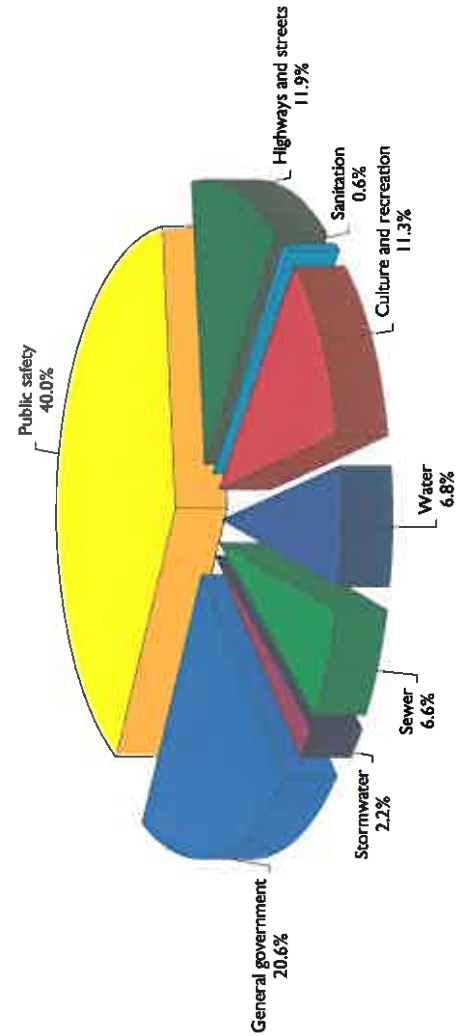
CITY OF MOSES LAKE
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table F-1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function:										
General government	28	28	28	28	28	29	38	38	38	38
Public safety										
Police	34	34	34	34	34	36	40	40	39	39
Fire	33	33	29	28	28	31	36	36	35	35
Highways and streets										
Engineering	17	17	16	16	16	19	19	18	17	17
Maintenance	6	6	6	6	6	6	6	5	5	5
Sanitation	1	1	1	1	1	1	2	2	1	1
Culture and recreation	18	18	17	17	17	20	21	21	21	21
Water	14	14	15	15	15	14	13	13	13	13
Sewer	9	10	11	11	11	11	12	12	12	12
Stormwater	-	-	-	-	-	-	-	-	4	4
Total	160	161	157	156	156	167	187	185	185	185

Source: City of Moses Lake Annual Budget.

2011 City Employees by Function



CITY OF MOSES LAKE
Operating Indicators by Function
Last Ten Fiscal Years

Table F-2

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building permits issued	431	457	476	568	616	532	522	385	385	343
Police										
DUI	212	73	113	139	132	120	82	76	52	83
Parking violations	55	129	362	100	201	452	201	336	304	211
Traffic violations	7,327	2,818	2,109	2,817	2,835	2,743	2,937	3,817	3,944	4,225
Fire										
Number of calls answered	3,646	3,525	3,569	2,869	3,010	3,397	3,711	3,396	3,388	3,681
Inspections			1,287	1,623	1,800	2,300	1,324	1,000	1,849	2,403
Culture and recreation										
Surf & slide water park	84,090	87,716	125,000	130,000	130,000+	100,000+	130,000+	120,000+	105,542	109,333
Museum	11,214	9,811	12,011	12,200	9,378	9,827	12,278	13,003	17,905	12,848
Water										
New connections		-	-	-	317	284	218	124	101	75
water mains breaks		-	-	-	10	11	12	12	0	8
Average daily consumption (millions of gallons)	2.700	2.770	2.850	2.870	7.700	8.500	8.700	8.700	8.250	8.300
Wastewater										
Average daily sewage treatment (mgpd)										
Sand Dunes	2.009	1.953	1.893	1.920	2.000	2.059	2.098	2.275	2.149	2.265
Larson	0.374	0.346	0.336	0.329	0.324	0.331	0.331	0.325	0.319	0.326

Years prior to 2006 without data are not available for review.

Sources: Various city departments

City of Moses Lake
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table F-3

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	14	14	15	15
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and Streets										
Streets (miles)	90	94	95	96	99	102	104	107	110	112
Traffic signals	35	35	35	35	35	35	35	35	35	35
Culture and Recreation										
Parks acreage	140	140	151	151	156	156	170	183	195	213
Parks	18	15	15	16	18	18	18	21	26	29
Swimming pools	1	1	1	1	1	1	1	1	1	1
Business-type Function										
Water										
Water main (miles)	137.5	139.8	142.1	143.1	147.6	152.2	155.1	158.9	159.2	159.8
Wells	15	17	17	18	18	18	18	19	19	19
Water storage	12	12	12	12	12	12	12	12	12	12
Sewer										
Sanitary sewer (miles)	111.1	112.2	113.2	114.2	128.6	143.0	146.2	149.5	149.7	150.3
Storm Water (miles)	10.0	10.0	10.1	10.2	10.7	11.2	11.8	12.2	12.5	12.6
Treatment plants	2	2	2	2	2	2	2	2	2	2
Airport										
Runway and taxiway (miles)	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Tie-downs	24	24	24	24	24	24	24	24	24	24

Sources: Various city departments