Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Moses Lake

Grant County

For the period January 1, 2015 through December 31, 2015

Published March 27, 2017

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Office of the Washington State Auditor
Pat McCarthy

March 27, 2017

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

Report on Financial Statements

Please find attached our report on the City of Moses Lake's financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

2015-001 The City's internal controls over accounting and financial statement preparation were inadequate to ensure accurate and complete financial reporting.

Background

City Council, the Mayor, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions.

The City is responsible for designing, implementing and maintaining internal controls to ensure financial statements are prepared and fairly presented in accordance with Generally Accepted Accounting Principles (GAAP).

In the previous three audits, we identified and communicated deficiencies in controls that adversely affect the City's ability to produce reliable financial statements.

Description of Condition

During our audit, we identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a significant deficiency:

- Although City employees keep apprised of new Governmental Accounting Standards Board (GASB) requirements, the City did not perform a formal analysis to determine applicability of several GASB standards and their related financial statement effects.

- The City has not developed a supported cost allocation plan, which is required to demonstrate an equitable allocation of payroll-related expenses.

- The City does not have procedures in place, including the oversight of financial statement preparation, to ensure their financial statements and supporting schedules are prepared in accordance with the State Auditor's Office Budget, Accounting and Reporting Systems (BARS) Manual, and that financial information is consistent across financial statements and note disclosures.

Cause of Condition

The City prepares its financial statements in accordance with GAAP. These financial statements are complex, and the reporting requirements change frequently. The City experienced turnover in its accounting staff, and management did not dedicate the necessary staff time or resources, including a thorough review, to ensure accurate and complete financial reporting.

Effect of Condition

We identified the following reporting errors during our audit:

- The fund balance presentation did not meet the requirements of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, resulting in a misclassification of about $4.95 million from an improper designation of pension liabilities associated with the implementation of GASB 68.

- Without a sufficient allocation plan, we are not able to determine whether the expenses charged to proprietary funds are reasonable and supported. In fiscal year 2015, the City allocated $919,800 in administrative costs related to management. In addition, $196,470 in salaries and benefits for four utility clerks were charged to the Water/Sewer Fund, even though the clerks processed billing for three other utility funds.

- We identified 13 errors in the notes to the financial statements, including six balances that did not tie to the financial statements. The management's discussion and analysis had an additional five errors, including three instances of balances not tying to the financial statements.

We also identified dozens of less significant errors in the financial statements and notes to the financial statements, and management's discussion and analysis.

Recommendations

We recommend the City:

- Establish a formal process to evaluate the applicability of new GASB reporting standards, and obtain additional training and technical guidance as needed.

- Dedicate adequate resources to staff and establish a detailed review process of the financial statements by a person knowledgeable of GAAP and BARS reporting requirements to ensure accurate preparation of the City's financial statements.

- Develop and implement a supported cost-allocation plan to equitably distribute costs across funds.

City's Response

It was never the city's intent to be lacking in any areas of financial reporting as our prior history will attest. However, with limited resources and for reasons outside the city's control some shortcomings came to light. The City has experienced a loss of critical employees in the finance department that were very astute in the knowledge and presentation of GASB standards and effect on the financial statement. At the time of the financial statements we had two new team members that had a combined total of fourteen months experience in local government and limited exposure to financial statement preparation. Along with the loss of personnel the city was also converting to a new financial software for creating the financial statements that also put a hardship on staff and their ability to produce a timely and accurate set of financial statements. It is difficult enough to assemble a set of financials with experienced and knowledgeable staff let alone to do it with inexperienced employees and learning the nuances of new software.

The City is taking appropriate steps in addressing the auditors concerns in the applicability of GASB standards that effect financial statements including but not limited to having staff attend training courses specific to current GASB standards and pronouncements, participating in webinars and becoming more knowledgeable and experienced in governmental accounting. In addition, City staff will be implementing a formal analysis of GASB standards to determine the effect on financial statement. That analysis comes in the form of the SAO checklist for Accounting Standards changes.

A method of allocation is being formulated to support the allocation of payroll and other costs to the proprietary funds. The auditors insist that there be an allocation of our clerks to the three other utility funds. However for 2015 the only activity that clerks provided two of those funds is the scanning of the payment stub which is automatically applied to the various fund. There was no other interaction or time dedicated in servicing those other funds. We had one staff member that 100% of their time was dedicated to the third fund. Currently the City is reassigning duties and responsibilities which when completed will allow the City to charge time directly to those funds and no allocation will be necessary as we will have instituted a direct cost method.

To counter the auditor's claim of insufficient oversight in the financial statement preparation the city is expanding the training and education of the accounting staff to allow management adequate time to independently review and test the financial statement and note disclosures to ensure accuracy and consistency. Staff *has already participated in numerous training sessions related to GASB presentation and effect on financial statements. Staff will also have another year experience with the new financial software which should remove most if not all conflicts between the statements and management's discussion and analysis.*

Auditor's Remarks

We appreciate the City's dedication to fairly presenting its financial statements. We look forward to reviewing the City's improvements during our next audit.

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting—Uniform system of accounting, states in part:

> The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

RCW 43.09.210 Local government accounting—Separate accounts for each fund or activity – Exemption for agency surplus personal property states in part:

> All service rendered by one department, public improvement, undertaking, institution and public service industry to another, shall be paid for at its true and full value by the department receiving the same, and no department, public improvement, undertaking, institution or public service industry shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

RCW 35A.33.122 Administration, oversight, or supervision of utility – Reimbursement from utility budget authorized, states in part:

> Whenever any code city apportions a percentage of the city manager's, administrator's, or supervisor's time, or the time of other management or general government staff, for administration, oversight, or supervision of a utility operated by the city, or to provide services to the utility, the utility budget may identify such services and budget for reimbursement of the city's current expense fund for the value of such services.

Budgeting Accounting and Reporting System (BARS) Manual; Accounting, Accounting Principles and General Procedures, Internal Control, states:

> Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body. This management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations and policies.
>
> Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

Budgeting Accounting and Reporting System (BARS) Manual; Interfund Activities, Overhead Cost Allocation, states in part:

> Under state law, government officials may charge a portion of the costs for their central overhead services to restricted funds, like utility funds or special revenue funds, only to the extent that each fund benefits from those services. Utilities charge user fees based on the cost of operating the utilities, and deposit those fees into utility operating accounts. Other restricted funds have dedicated revenue streams that can only be used for specific purposes. Governments must not allocate general government service costs, such as public safety, parks, law enforcement, community and economic development, or worker apprenticeship programs to the utilities or to other funds with restricted revenue sources that cannot pay for such charges.
>
> RCW 43.09.210 indicates that when one fund is charging another, the fund being charged may only pay for the actual costs of the services it receives. Governments are expected to document those services and the costs of providing them to demonstrate these charges are fair, equitable and valid and reflect services provided.
>
> **Consistent with state law, local government is not allowed to charge general government costs that benefit the public at large to the utilities or to other funds with restricted revenues that cannot pay for such costs.** General government costs that benefit the public at large, such as police, parks and recreation, community and economic development, worker apprenticeship programs, and other similar costs should not be charged to the utilities or to other funds with restricted funding sources that

cannot be used for such expenditures. These costs do not benefit the utilities and may not benefit other funds with restricted revenue sources. In most instances, these costs must be charged to the general fund.

Methods of overhead allocation

Local governments must allocate overhead costs fairly and equitably to those funds that benefit from overhead services. Charges to the benefiting funds must not exceed the cost and level of service that each fund receives.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

When performing GAGAS financial audits auditors should communicate in the report on internal control over financial reporting and compliance based upon the work performed,

(1) significant deficiencies and material weaknesses in internal control;

(2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance;

(3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and

(4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accounts defines significant deficiencies and material weaknesses in its Codification of Statements on Audit Standards section 115 as follows: Significant deficiency:

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material weakness: A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

City of Moses Lake
Grant County
January 1, 2015 through December 31, 2015

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

We have audited, 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, the 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2017. As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2015-001 that we consider to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

March 8, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Moses Lake
Grant County
January 1, 2015 through December 31, 2015

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Street funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 29, schedule of funding progress on page 80, condition assessments and preservation of infrastructure eligible for modified approach information on pages 81 through 83, and pension plan information on pages 84 through 91 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 our 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2017 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. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pat McCarthy

State Auditor

Olympia, WA

March 8, 2017

FINANCIAL SECTION

City of Moses Lake
Grant County
January 1, 2015 through December 31, 2015

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability – PERS 2/3 – 2015
Schedule of Proportionate Share of the Net Pension Liability – LEOFF Plan 1 – 2015
Schedule of Proportionate Share of the Net Pension Liability – LEOFF Plan 2 – 2015
Schedule of Employer Contributions – PERS 1 – 2015
Schedule of Employer Contributions – PERS 2/3 – 2015
Schedule of Employer Contributions – LEOFF Plan 1 – 2015
Schedule of Employer Contributions – LEOFF Plan 2 – 2015

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, 2015. 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 $145,107 (net position). Of this amount, $8,401 (unrestricted net positions) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by $834.
- As of the close of the current fiscal year, the City of Moses Lake's governmental funds reported combined ending fund balances of $4,354, an increase of $814 from the prior year.
- At the end of the current fiscal year, unassigned fund balance available to spend at the City's discretion for the general fund was $579.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 position** presents information on all of the City of Moses Lake's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net positions 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, 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 ten 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 Position

As noted earlier, net position 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 $145,107 at December 31, 2015.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 4,305	$ 2,445	$ 18,531	$ 16,907	$ 22,836	$ 19,352
Capital assets	71,045	71,686	84,235	84,475	155,280	156,161
Total assets	75,350	74,131	102,766	101,382	178,116	175,513
Deferred outflows pension	637	-	254	-	891	-
Deferred loss on refunding	194	-	39	-	233	-
Total deferred outflows of resources	831	-	293	-	1,124	-
Long-term liabilities	10,205	10,813	12,443	13,934	22,648	24,747
Other liabilities	5,104	2,425	4,853	2,400	9,957	4,825
Total liabilities	15,309	13,238	17,296	16,334	32,605	29,572
Deferred inflows pension	1,136	-	392	-	1,528	-
Total deferred inflows of resources	1,136	-	392	-	1,528	-
Net position:						
Net investment in capital assets	62,233	61,620	72,276	73,679	134,509	135,299
Restricted	780	438	1,417	1,413	2,197	1,851
Unrestricted	(3,279)	(1,164)	11,680	9,955	8,401	8,791
Total net position	$ 59,734	$ 60,894	$ 85,373	$ 85,047	$ 145,107	$ 145,941

The largest portion of the City of Moses Lake's net position (93%) 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 position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net positions (3%) 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 position, 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 was less than anticipated due to an unexpected dispute with a major property owner over their assessment. However, future years are looking positive with business growth increasing slightly and local economy expected to continue improving.

Statement of Changes in Net Position

The changes in net position table indicates the increases or decreases in net position of the city resulting from its operations. The City's total net position increased by $4,663,383 in 2015. The increase after transfers was split among an increase in governmental $1,540 and an increase in business-type activities $3,123.

The following is a summarized version of the City's changes in net position. The table shows the revenues, expenses, and related changes in net position in table form for the governmental activities autonomous from the business-type activities for 2015.

City of Moses Lake Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenue						
Charges for service	$ 6,077	$ 5,964	$ 17,317	$ 16,676	$ 23,394	$ 22,640
Operating grants and contributions	127	151	-	-	127	151
Capital grants and contributions	680	161	663	1,016	1,343	1,177
General Revenue						
Property taxes	4,464	4,214	-	-	4,464	4,214
Sales taxes	6,128	6,195	-	-	6,128	6,195
Business taxes	4,206	3,813	-	-	4,206	3,813
Other taxes	-	-	-	-	-	-
Other	488	243	156	213	644	456
Total revenues	22,170	20,741	18,136	17,905	40,306	38,646
Expenses:						
General government	1,920	1,811	-	-	1,920	1,811
Public safety	8,476	8,272	-	-	8,476	8,272
Public works	1,705	1,842	-	-	1,705	1,842
Transportation	2,011	1,839	-	-	2,011	1,839
Culture & recreation	5,403	5,697	-	-	5,403	5,697
Economic environment	1,107	1,064	-	-	1,107	1,064
Interest on long-term debt	434	466	-	-	434	466
Water/server utility	-	-	8,027	8,877	8,027	8,877
Sanitation	-	-	3,544	3,264	3,544	3,264
Ambulance	-	-	2,395	2,593	2,395	2,593
Airport	-	-	52	28	52	28
Storm water	-	-	569	627	569	627
Total expenses	21,056	20,991	14,587	15,389	35,643	36,380
Increase in net position before transfers	1,114	(250)	3,549	2,516	4,663	2,266
Transfers	426	293	(426)	(293)	-	-
Change in net position	1,540	43	3,123	2,223	4,663	2,266
Net position 01/01	60,894	60,850	85,048	82,824	145,942	143,674
Net position 12/31	$ 59,735	$ 60,893	$ 85,373	$ 85,047	$ 145,108	$ 145,940

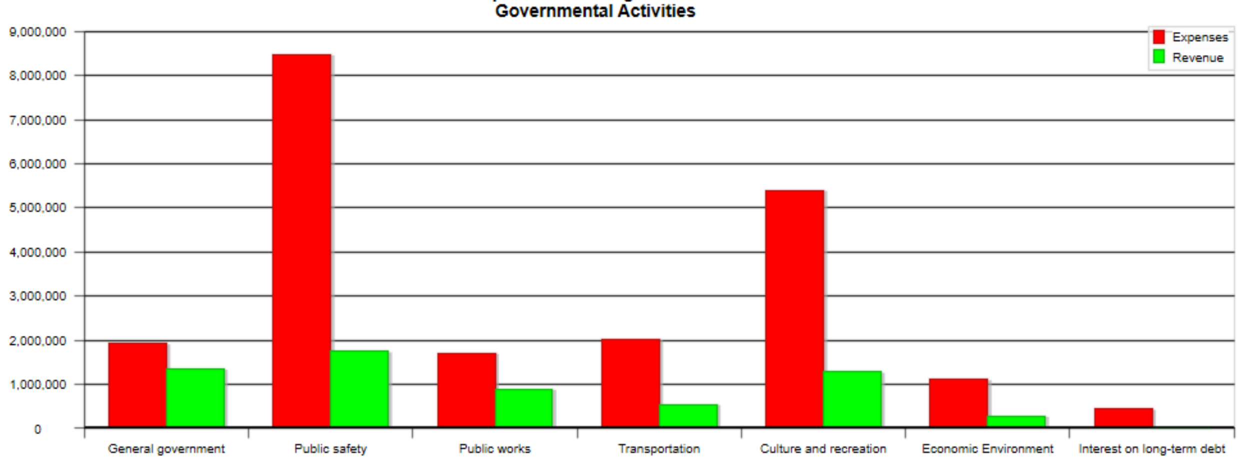
*The City had a change in accounting principal due to the implementation of GASB 68, please see note 7 for details.

**The City had prior period adjustments for the Fireman's Pension Trust Fund and Stormwater Fund, please see note 17 for details.

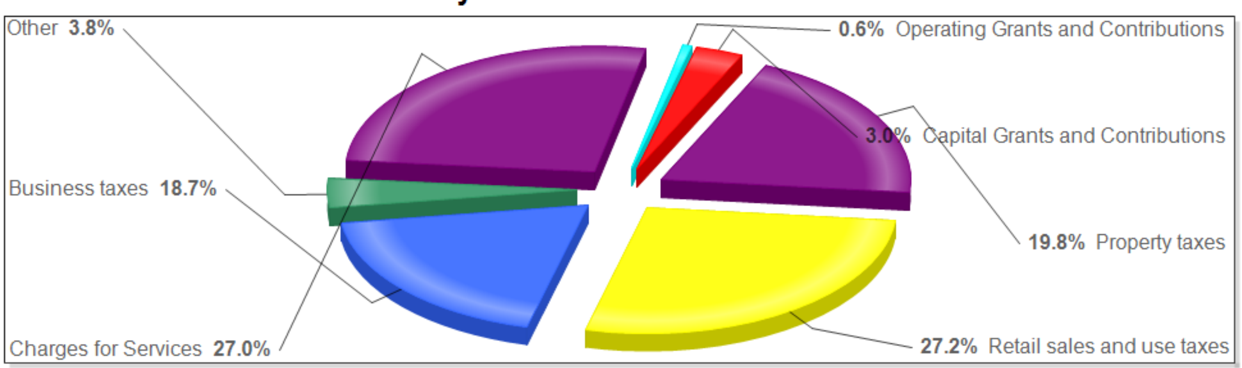
Governmental activities. Governmental activities increased the City of Moses Lake's net position by $1,540. As shown in the Statement of Activities, $6,077 of the total cost was paid for by either those directly benefitting from the programs or by governments and organizations that subsidized certain programs through grants and contributions. Key elements of this increase are as follows:

- The marginal increase ($250) in property taxes was due largely to new construction and annexation into the City.
- The increase in business taxes ($393) was attributable almost entirely to the collection of utility taxes ($368) due to usage increases for electricity, sanitation and water.
- An increase in transportation ($172) expenses came from multiple street/cross walk projects which were directly related to a similar increase ($519) in related capital grants.
- The increase in public safety expense ($204) is attributable to the return of full staffing for police and fire and related wages and medical benefits.
- Other increases ($130) are related to LEOFF Plan distributions contributed directly to the pension plan and a rise in the amount of transfers ($132).

Expenses and Program Revenues
Governmental Activities

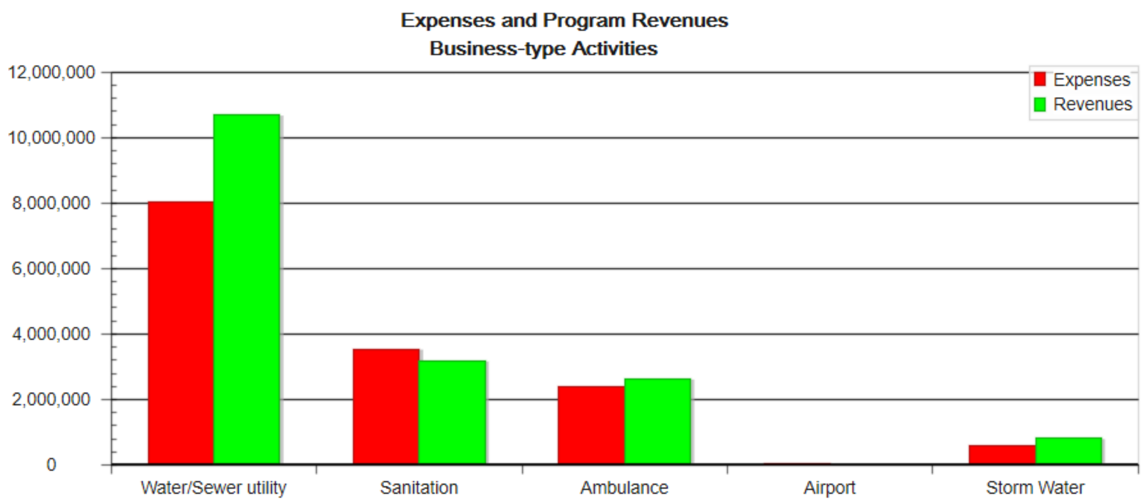


Revenues by Source - Governmental Activites

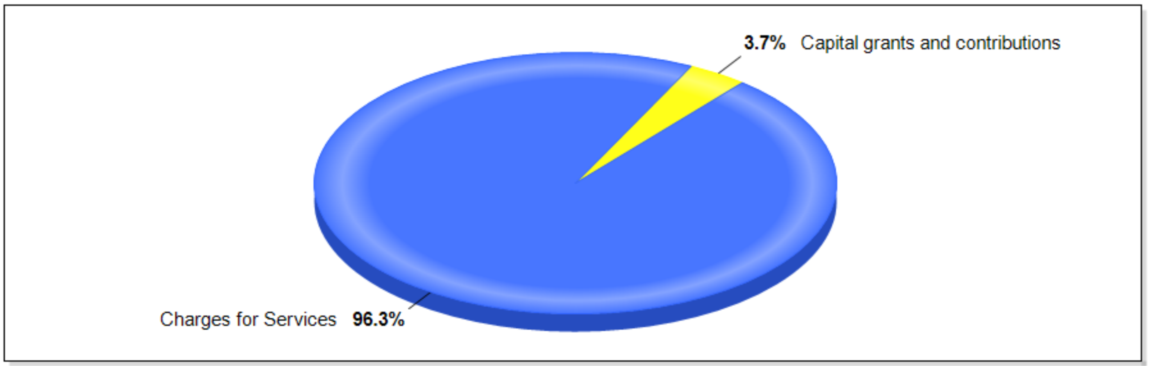


Business-type activities. Total net positions of business-type activities increased by $3,123 for the year. Other than ambulance when revenues decrease for a activity so did the related expenses and when revenues increased so did expenses. Key elements of the fluctuations are as follows.

- An decrease ($850) in Water/Sewer utility expenses is attributable to the decline in salaries from unexpected personnel changes ($483) and a reduction in repairs ($323) with a return to normal repairs which were excessive in the prior year when three wells went down. An offsetting increase in charges for services ($319) is due partially to increases in rates and an increase in usage due to warmer weather conditions and business industry usage.
- The ambulance fund expenditures decreased ($200) from the elimination of two positions. Revenues increases ($104) from the ability to charge patients for certain medical supplies and a slight better collection rate.
- The increase ($480) in charges for services for sanitation was mostly from a rise in residential rates. The increase in expenses ($125) can be attributable to inflation, modest residential growth and fuel surcharges paid to the contractor.
- The airport is a non self-supporting fund and has minimal revenue and expenses.



Revenues by Source - Business-type Activities



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.

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 balance of $4,354, an increase of $814 in comparison with the prior year. It is partly made up of unassigned fund balance ($579), which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period ($1,909), for debt service payments ($190) and a variety of other restricted purposes ($1,676).

The General Fund is the chief operating fund of the City of Moses Lake. At the end of the current fiscal year, unassigned fund balance of the general fund was $579 while the total fund balance was at $2,407. The street fund is a special revenue fund, who's purpose is for the maintenance of streets and alleys, traffic control, and electrical street lighting, had a total balance of $428.

The fund balance of the City of Moses Lake's General Fund increased by $542 during the current fiscal year and the Street Fund increased by $5. Key factors in the changes are as follows:

- The street fund revenue decreased ($151) due to a decrease in State entitlements. There was a slight increase in expenditures ($79) over the previous year.
- There was an increase in property taxes ($271), utility taxes ($365) and a newly instituted Real Estate Excise Tax ($429) over the year before in the General Fund.
- Increases in expenditures occurred in public safety ($588), through increases in salaries and benefits ($437) and a change in the responsibility of retiree medical premiums ($104).

- There was some sustainable growth in the construction industry and as a result an increase in building fees and permits ($265). Charges for services increased ($419) over the last year.

- Decreases in revenues in transportation ($170) was the result of a reduction in state entitlement.

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 fund balance of the Water and Sewer Utility at the end of the year amounted to $9,621, and that of the Storm Water Utility amounted to $292. The total of the two funds accounted for 97% of the total net positions 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 final revenue budget for the General Fund was $(684) higher than the original budget while expenditures remained relatively the same in total. The street fund final revenue budget was $40 lower than the original, and the expenditure budget had virtually no change from the original. This was the result of budget amendments approved by City Council during the year. The major budget changes are listed below.

- Changes in taxes accounted for most of the revenue increase. Reduction in property taxes ($373) was offset by increases in Real Estate Excise taxes ($345) and Sales tax ($465). the remainder was a correction in Plan Check service ($135), Criminal Justice funding ($107) and fire protection services ($104).

- The changes in expenditures, although insignificant, were made up of increases in public safety for salaries and benefits ($430) and general services for salaries and professional services ($85) along with decreases in culture and recreation through a reduction in wages and programs ($343) and public works salaries ($55).

Actual results compared to final budget

General fund revenues came in slightly over final amended budget by $174 (1%) and expenditures over by $499 (3%) respectively. Street fund had $19 less revenue (4%) and expenditures of $106 (6%) under budget. Factors contributing to this outcome were:

- The street fund expenditures were lower by $106 because of project bids came in under anticipated amounts.

- General fund charges for services of $100 and intergovernmental revenues of $61 were higher due to engineering charges on a greater number of projects than were expected and a greater amount of projects received from outside agencies.

- There was a decrease in public works expenditures ($124), public safety ($119), and culture and recreation ($213). These funds cut back on their spending through reduction of wages and benefits.

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 3.1% (a 1.0% increase for governmental activities and a 5.1% increase for business-type activities).

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

- New rolling stock was purchased ($428), which included a flush truck ($219), ambulance ($98), excavator ($62) and dump truck ($50).
- A walking trail ($299) and park ($5) were completed in 2015.
- Major work was completed on a reservoir ($414), well repair and renovation ($86) was completed. Water system improvements ($332), lift station improvements ($346), manhole lining project ($144) were finished in 2015.
- Stratford Road sidewalk project ($252) was finalized and Storm drain project ($222) continues to be in progress. .

City of Moses Lake's Capital Assets
(Net of depreciation)
(Actual Amounts)

	Governmental Activities	Business-type Activities	Total
Land and land improvements	$ 5,560,986	$ 1,273,031	$ 6,834,017
Buildings and other improvements	22,011,995	28,791,632	50,803,627
Machinery and equipment	4,605,709	2,497,417	7,103,126
Infrastructure	38,857,190	50,576,993	89,434,183
Construction in Progress	9,190	1,095,976	1,105,166
Total assets	$ 71,045,070	$ 84,235,049	$ 155,280,119

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

Infrastructure. The City of Moses Lake has elected to use the modified approach as defined by GASB statement 34 for reporting its streets, alleys, bike paths, parking lots, bridge, storm drains, catch basins, dry wells and piping. The City has made a commitment to preserve and maintain the street infrastructure at an acceptable condition rather than recording depreciation. The rating scales for paved streets, bridge 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 its 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 its superior rating. Projected costs to maintain the bridge are included in the budgeted cost of the streets.

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 its streets which are also reported in the City's annual Capital Improvement Program. For 2015 the City projected $210 for road maintenance. Coincidentally the actual amount expended was $183.

For the year there were no significant 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 for the City.

Long-term debt. At the end of the fiscal year, the City of Moses Lake had total bonded debt outstanding of $16,910. Of this amount, $8,320 comprises debt backed by the full faith and credit of the government and $8,590 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	$ 7,677,490	$ 642,510	$ 8,320,000
Revenue debt	-	8,590,000	8,590,000
Total long-term debt	$ 7,677,490	$ 9,232,510	$ 16,910,000

The City of Moses Lake's total bonded debt decreased by $1,707 due to payments and no new debt being issued. Currently, the city does not anticipate issuing any new debt in the foreseeable future and there is no bonded debt being retired or maturing until 2016.

The City of Moses Lake maintains favorable rating from Standard & Poor's by carrying Bond insurance. The Revenue Bonds are rated "AA-" and the General Obligation Bonds as of April 2014 were rated "A+", after previously given a rating of "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 2015 was $2,143,919,575 and the remaining debt capacity is as follows:

		(Actual amounts)
General	$	37,197
Open Space/Park Facilities		53,598
Utilities		53,598
Total	$	144,393

Additional information on the City's long-term debt can be found in Note 9 to the Financial Statements.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

While the area has sustained moderate growth through 2007 and remains positive, the rate of growth began to slow in 2008, and slowed further in 2009 through 2014. In 2015 growth in the economy picked up, albeit at a still relatively tempered pace. This renewed economic growth is expected to continue in 2016 with new businesses opening stores and existing ones expanding.

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. As the national economy grows again, the City anticipates sales taxes and permitting fees will rebound which will be extremely advantageous for the City. This growth has become apparent in 2015 where the City has realized a moderate growth in sales tax receipts and permitting fees.

With continued 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. The aforementioned factors were considered in the preparation of the City's 2015 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 2016 and perhaps for several years in the future, but at a moderate rate, which supports the assumption that current service levels can be maintained.

Several industrial concerns in and around the City have completed new projects or expansions in 2015. 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 because of annexations and new construction within the City.

The property owner with the largest real estate tax assessment within the City appealed their 2012 assessment. The County is seeking a $1.2 billion value and the property owner a $450 million value or less. Washington State Board of Tax Appeals (BTA) assessed a valuation of $900 million for the property owner. The property owner appealed the verdict to Superior Court. Superior Court has since remanded the case back to BTA for clarification. The BTA returned with a new valuation of $774 million for the 2012 assessment. The same property owner has disputed their 2013, 2014 and 2015 assessment. All years have been heard by the Board of Equalization and were appealed to the BTA. The County feels strongly that the board will more favorably view the County's determination of assessed value than that of the property owner. The City is not anticipating a decrease in services and will defer construction projects until such time as the dispute is resolved.

Although during the current fiscal year, the total fund balance increased for the General Fund, the unassigned fund balance decreased. This occurred because of a need to utilize those funds for general operations because of the previously mentioned tax issue. Except for a small allowed property tax increase, no other tax increases were included in preparing the 2015 budget. The City expects and intends to increase the fund balances in future years.

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 2015 fiscal year.

The projected outlook for the City of Moses Lake and surrounding area remains positive as more building permits are issued and 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 government's 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.

		Primary Government	
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 8,027,766	$ 6,440,122	$ 14,467,888
Receivables (net of allowances for uncollectibles)	1,729,256	2,262,234	3,991,490
Internal balances	(7,551,685)	7,551,685	-
Inventories and prepaid items	330,913	405,382	736,295
Restricted assets:			
Cash	-	1,457,367	1,457,367
Interest and other receivables	1,881	-	1,881
Capital assets			
Land and land improvements	5,560,986	1,273,031	6,834,017
Construction in Progress	9,190	1,095,976	1,105,166
Net of accumulated depreciation			
Buildings and other improvements	22,011,995	28,791,632	50,803,627
Machinery and equipment	4,605,709	2,497,417	7,103,126
Infrastructure	38,857,190	50,576,993	89,434,183
Net Pension Asset	1,766,507	414,269	2,180,776
Total assets	75,349,708	102,766,108	178,115,816
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	$ 194,184	$ 38,837	$ 233,021
Deferred outflows related to pensions	637,209	254,319	891,528
Total deferred outflows of resources	831,393	293,156	1,124,549
LIABILITIES			
Accounts payable and other current liabilities	349,327	747,690	1,097,017
Accrued interest	60,658	142,853	203,511
Unearned revenues	471	1,805	2,276
Noncurrent liabilities:			
Due within one year	1,444,013	1,542,059	2,986,072
Due in more than one year	10,205,162	12,442,804	22,647,966
Net pension liability	3,249,989	2,418,182	5,668,171
Total liabilities	15,309,620	17,295,393	32,605,013
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows	1,136,449	391,608	1,528,057
Total deferred inflows of resources	1,136,449	391,608	1,528,057
NET POSITION			
Net investment in capital assets	62,233,439	72,275,859	134,509,298
Restricted For:			
Debt service	190,273	1,416,600	1,606,873
Other purposes	589,968	-	589,968
Unrestricted	(3,278,648)	11,679,804	8,401,156
Total net position	$ 59,735,032	$ 85,372,263	$ 145,107,295

Function/Programs	Expenses	Program Revenues Charges for Services	Program Revenues Operating Grants and Contributions	Program Revenues Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	$ 1,919,942	$ 1,345,013	$ 1,000	$ -	$ (573,929)	$ -	$ (573,929)
Public safety	8,476,035	1,741,676	85,997	-	(6,648,362)	-	(6,648,362)
Public works	1,705,047	890,904	-	-	(814,143)	-	(814,143)
Transportation	2,011,189	545,861	-	676,345	(788,983)	-	(788,983)
Culture and recreation	5,402,719	1,275,793	40,385	4,000	(4,082,541)	-	(4,082,541)
Economic Environment	1,106,617	278,124	-	-	(828,493)	-	(828,493)
Interest on long-term debt	433,784	-	-	-	(433,784)	-	(433,784)
Total governmental activities	21,055,333	6,077,371	127,382	680,345	(14,170,235)	-	(14,170,235)
Business-type activities:							
Water/Sewer utility	8,026,945	10,692,572	-	630,996	-	3,296,623	3,296,623
Sanitation	3,544,496	3,182,534	-	-	-	(361,962)	(361,962)
Ambulance	2,394,802	2,632,671	-	-	-	237,869	237,869
Airport	51,733	(3,708)	-	-	-	(55,441)	(55,441)
Storm Water	569,393	812,510	-	32,420	-	275,537	275,537
Total business-type activities	14,587,369	17,316,579	-	663,416	-	3,392,626	3,392,626
Total primary government	$ 35,642,702	$ 23,393,950	$ 127,382	$ 1,343,761	(14,170,235)	3,392,626	(10,777,609)
General Revenues:							
Property taxes					4,463,541	-	4,463,541
Retail sales and use taxes					6,128,076	-	6,128,076
Business taxes					4,205,782	-	4,205,782
Investment earnings					297,594	155,982	453,576
Insurance recoveries					59,244	-	59,244
Miscellaneous					130,773	-	130,773
Transfers, internal activities					425,660	(425,660)	-
Total general revenues and transfers					15,710,670	(269,678)	15,440,992
Changes in net position					1,540,435	3,122,948	4,663,383
Net position - beginning					60,894,154	85,047,547	145,941,701
Prior Period Adjustments					(465,408)	(338,524)	(803,932)
Changes in Accounting Principles					(2,234,150)	(2,459,708)	(4,693,858)
Net position - ending					$ 59,735,031	$ 85,372,263	$ 145,107,294

Balance Sheet
Governmental Funds
December 31, 2015

	General	Street	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,127,034	$ 413,359	$ 1,519,608	$ 5,060,001
Receivables (net of allowance for uncollectibles):				
Taxes	330,123	-	-	330,123
Customer accounts	82,011	-	52,219	134,230
Unbilled services	288,479	-	1,664	290,143
Other receivables	968,528	-	1,404	969,932
Due from other funds	8,613	94	-	8,707
Due from other governments	3,303	-	1,525	4,828
Prepaid Expenses	159,334	76,309	-	235,643
Total assets	4,967,425	489,762	1,576,420	7,033,607
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	69,164	51,087	3,563	123,814
Salaries and benefits payable	158,684	8,087	1,728	168,499
Due to other funds	206	2,328	22	2,556
Unearned revenue	471	-	-	471
Interfund loans payable	1,032,881	-	-	1,032,881
Unearned revenue	61,664	-	52,431	114,095
Total liabilities	1,323,070	61,502	57,744	1,442,316
Deferred inflows of resources				
Deferred property tax	330,123	-	-	330,123
Deferred traffic citations	906,864	-	-	906,864
Total deferred inflows of resources	1,236,987	-	-	1,236,987
Fund Balances:				
Nonspendable:				
Inventories and noncurrent receivables	1,828,476	76,404	4,067	1,908,947
Restricted for:				
Public safety programs	-	-	194,270	194,270
Tourism	-	-	200,752	200,752
Debt service	-	-	190,273	190,273
Culture and recreation	-	-	194,946	194,946
Committed for:				
Culture and recreation	-	-	105,769	105,769
Transportation	-	-	622,445	622,445
Assigned to transportation	-	351,857	6,154	358,011
Unassigned	578,892	-	-	578,892
Total fund balances	2,407,368	428,261	1,518,676	4,354,305
Total liabilities, deferred inflows of resources and fund balances	$ 4,967,425	$ 489,763	$ 1,576,420	$ 7,033,608

Reconciliation of the Governmental Funds Balance Sheet to The Government-wide Statement of Net Position December 31, 2015

Total Governmental Fund Balances		$ 4,354,305
Amounts reported for governmental activities in the government government-wide statement of net position 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)		54,222,188
Other long-term assets are not available to be collected in current period revenues and therefore are deferred in the funds.		1,351,082
Internal service funds are used by management to change 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 position.		
Internal Service funds' net position	8,432,289	
Internal payable-charges under cost to business-type activities- prior years	(799,760)	
Internal receivable-charges over cost to business-type activities - current years	(225,195)	
Net adjustment to arrive at net position - governmental activities		7,407,334
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 position (exclusive of internal service funds' debt).		
Bonds payable	(3,018,316)	
Issuance discount	(231,326)	
Capital leases payable	(5,099)	
Accrued interest payable	(50,285)	
Compensated absences	(1,654,612)	
Pension obligations (net)	(1,723,810)	
Other postemployment benefits	(918,312)	
Net adjustment to arrive at net position - governmental activities		(7,601,760)
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 position.		
Interest receivables of governmental activities not reported in the funds.		1,881
Net position of governmental activities		$ 59,735,030

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Street	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 14,109,354	$ -	$ 718,240	$ 14,827,594
Licenses and Permits	549,242	48,087	-	597,329
Intergovernmental revenues	285,643	452,912	570,738	1,309,293
Charges for services	3,708,823	13,399	-	3,722,222
Fines and forfeits	504,504	-	330	504,834
Interest earnings	224,905	-	2,816	227,721
Rents and royalties	116,410	-	-	116,410
Contributions/donations	-	-	102,650	102,650
Assessments	-	-	21,629	21,629
Miscellaneous	4,373	7,705	4,475	16,553
Total revenues	19,503,254	522,103	1,420,878	21,446,235
EXPENDITURES				
Current:				
General Government	2,089,431	-	1,000	2,090,431
Public safety	8,593,185	-	164,869	8,758,054
Public works	1,752,157	-	-	1,752,157
Transportation	-	1,639,928	356,846	1,996,774
Economic environment	1,115,935	-	-	1,115,935
Culture and recreation	4,666,901	-	33,879	4,700,780
Capital outlay	5,315	-	257,175	262,490
Debt service:				
Principal	-	-	238,851	238,851
Interest and debt issue costs	6,961	-	168,692	175,653
Total expenditures	18,229,885	1,639,928	1,221,312	21,091,125
Excess (deficiency) of revenues over (under) expenditures	1,273,369	(1,117,825)	199,566	355,110
OTHER FINANCING SOURCES (USES)				
Transfers in	678,100	1,284,300	475,968	2,438,368
Transfers (out)	(1,417,908)	(161,400)	(433,400)	(2,012,708)
Proceeds from sale of capital assets	8,366	-	-	8,366
Proceeds of refunding bond	-	-	3,082,873	3,082,873
Deposit with Bond Escrow Agent	-	-	(3,058,333)	(3,058,333)
Total other financing sources (uses)	(731,442)	1,122,900	67,108	458,566
Net change in fund balances	541,927	5,075	266,674	813,676
Fund balances-beginning	1,865,441	423,186	1,252,003	3,540,630
Fund balances-ending	$ 2,407,368	$ 428,261	$ 1,518,677	$ 4,354,306

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities
For the Year Ended December 31, 2015

Net changes in fund balances - total governmental funds:		$	813,676
Amounts reported for governmental activities in the 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 exceed depreciation in the current period			
Capital outlay	262,490		
Depreciation expense	(692,251)		
Net increase in net position - governmental activities			(429,761)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.			90,536
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.			
Contributed assets	345,333		
Gain(loss) on sale/disposals of assets	(10,854)		
Net increase in net position - governmental activities			334,479
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 position. 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	23,849		
Discount on Bonds paid out	(289,591)		
Debt issue costs paid out	24,540		
Debt principal payments	238,851		
Net increase in net position - governmental activities			(2,351)
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.			
Pension	510,340		
Other post employment benefits	(40,080)		
Accrued debt interest	11,181		
Compensated absences	72,978		
Amoritization of deferred bond costs	10,255		
Net decrease in net position - governmental activities			564,674
Accrued interest revenue in the statement of net activities does not provide current financial resources and is not reported as revenue in governmental funds.			(236)
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 position	394,613		
Loss(gain) from charges to business-type activities	(225,195)		
Net increase in net position - governmental activities			169,418
Change in net position in governmental activities		$	1,540,435

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2015

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 13,896,300	$ 14,149,200	$ 14,109,354	$ (39,846)
Licenses and Permits	529,600	523,600	549,242	25,642
Intergovernmental revenues	121,500	224,500	285,643	61,143
Charges for services	3,316,500	3,608,400	3,708,823	100,423
Fines and forfeits	459,000	498,000	504,504	6,504
Interest earnings	175,000	220,000	224,905	4,905
Rents and royalties	147,500	105,300	116,410	11,110
Miscellaneous	-	-	4,373	4,373
Total revenues	18,645,400	19,329,000	19,503,254	174,254
EXPENDITURES				
Current:				
General Government	2,044,300	2,129,300	2,089,431	39,869
Public safety	8,282,300	8,712,600	8,593,185	119,415
Public works	1,931,000	1,876,500	1,752,157	124,343
Economic environment	1,133,200	1,123,200	1,115,935	7,265
Culture and recreation	5,223,100	4,880,100	4,666,901	213,199
Capital outlay	-	-	5,315	(5,315)
Debt service:				
Interest and debt issue costs	15,700	7,000	6,961	39
Total expenditures	18,629,600	18,728,700	18,229,885	498,815
Excess (deficiency) of revenues over (under) expenditures	15,800	600,300	1,273,369	673,069
OTHER FINANCING SOURCES (USES)				
Transfers in	678,100	678,100	678,100	-
Transfers (out)	(1,838,900)	(1,545,500)	(1,417,908)	127,592
Proceeds from sale of capital assets	-	-	8,366	8,366
Total other financing sources (uses)	(1,160,800)	(867,400)	(731,442)	135,958
Net change in fund balances	(1,145,000)	(267,100)	541,927	809,027
Fund balances-beginning	1,400,000	1,865,441	1,865,441	-
Fund balances-ending	$ 255,000	$ 1,598,341	$ 2,407,368	$ 809,027

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Licenses and Permits	$ 18,000	$ 18,000	$ 48,087	$ 30,087
Intergovernmental revenues	500,000	460,000	452,912	(7,088)
Charges for services	25,000	25,000	13,399	(11,601)
Miscellaneous	-	-	7,705	7,705
Total revenues	543,000	503,000	522,103	19,103
EXPENDITURES				
Current:				
Transportation	1,728,900	1,745,900	1,639,928	105,972
Total expenditures	1,728,900	1,745,900	1,639,928	105,972
Excess (deficiency) of revenues over (under) expenditures	(1,185,900)	(1,242,900)	(1,117,825)	125,075
OTHER FINANCING SOURCES (USES)				
Transfers in	1,284,300	1,284,300	1,284,300	-
Transfers (out)	(153,100)	(161,400)	(161,400)	-
Total other financing sources (uses)	1,131,200	1,122,900	1,122,900	-
Net change in fund balances	(54,700)	(120,000)	5,075	125,075
Fund balances-beginning	140,000	423,186	423,186	-
Fund balances-ending	$ 85,300	$ 303,186	$ 428,261	$ 125,075

Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	$ 5,728,066	$ 280,701	$ 69,345	$ 80,956	$ 281,054	$ 6,440,122	$ 2,967,765
Receivables (net of allowance for uncollectibles)	1,067,541	438,683	640,349	-	116,926	2,263,499	-
Interfund loans receivable	7,168,658	32,881	-	-	-	7,201,539	-
Inventory	325,820	52,333	18,420	-	8,809	405,382	95,269
Total assets	14,290,085	804,598	728,114	80,956	406,789	16,310,542	3,063,034
Noncurrent assets:							
Restricted assets:							
Revenue bond reserves/debt service:							
Cash and cash equivalents	1,457,367	-	-	-	-	1,457,367	-
Total restricted assets	1,457,367	-	-	-	-	1,457,367	-
Capital assets:							
Land and land rights	836,006	-	-	460	151,438	987,904	608,951
Construction in Progress	852,219	-	-	-	243,757	1,095,976	-
Net of accumulated depreciation:							
Buildings	28,445,693	-	-	31,248	314,691	28,791,632	11,919,854
Infrastructure	44,417,212	-	-	311,444	5,848,336	50,576,992	-
Machinery and equipment	2,376,903	-	106,698	-	13,816	2,497,417	4,294,076
Intangible assets	285,127	-	-	-	-	285,127	-
Total capital assets	77,213,160	-	106,698	343,152	6,572,038	84,235,048	16,822,881
Net pension asset	-	-	414,269	-	-	414,269	-
Total non current assets	78,670,527	-	520,967	343,152	6,572,038	86,106,684	16,822,881
Total assets	92,960,612	804,598	1,249,081	424,108	6,978,827	102,417,226	19,885,915
DEFERRED INFLOWS OF RESOURCES							
Deferred amount on refunding	38,837	-	-	-	-	38,837	41,302
Deferred Pension	174,528	-	66,024	-	13,767	254,319	41,302
Total deferred outflows of resources	$ 213,365	$ -	$ 66,024	$ -	$ 13,767	$ 293,156	$ -

Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts payable	$ 367,967	$ 239,306	$ 20,363	$ 993	$ 10,454	$ 639,083	$ 42,530
Salaries and benefits payable	37,847	1,283	21,344	-	4,508	64,982	14,484
Interfund loans payable	-	433,996	234,662	-	-	668,658	5,500,000
Unearned revenue	-	-	1,805	-	-	1,805	-
Interest payable	-	-	-	-	-	-	10,373
Capital leases payable	-	-	-	-	-	-	441,093
G.O. bonds payable	48,343	-	-	-	-	48,343	750,000
Compensated Absences	36,800	563	18,311	-	1,350	57,024	6,165
Accrued interest	142,853	-	-	-	-	142,853	-
Intergovernmental loans payable	561,692	-	-	-	-	561,692	-
Revenue bonds payable	875,000	-	-	-	-	875,000	-
Other short-term liabilities	5,526	45,514	-	-	-	51,040	-
Total current liabilities	2,076,028	720,662	296,485	993	16,312	3,110,480	6,764,645
Noncurrent liabilities:							
Revenue bonds payable (net discount/premium)	7,951,297	-	-	-	-	7,951,297	-
G.O. bonds payable (net discount/premium)	640,422	-	-	-	-	640,422	3,835,256
Intergovernmental loans payable	3,337,872	-	-	-	-	3,337,872	-
Compensated absences	331,198	5,069	164,797	-	12,148	513,212	55,479
Net pension liability	2,340,599	-	-	-	77,583	2,418,182	232,749
Lease payable	-	-	-	-	-	-	539,333
Total noncurrent liabilities	14,601,388	5,069	164,797	-	89,731	14,860,985	4,662,817
Total liabilities	16,677,416	725,731	461,282	993	106,043	17,971,465	11,427,462
DEFERRED INFLOWS OF RESOURCES							
Pension	243,599	-	125,521	-	22,488	391,608	67,464
Total deferred inflows of resources	243,599	-	125,521	-	22,488	391,608	67,464
NET POSITION							
Net investment in capital assets	65,215,135	-	106,698	343,152	6,572,038	72,237,023	11,260,892
Restricted for debt service	1,416,600	-	-	-	-	1,416,600	-
Restricted for pension benefits	-	-	354,771	-	-	354,771	-
Unrestricted	9,621,229	78,866	266,831	79,963	292,024	10,338,913	(2,828,603)
Total net position	$ 76,252,964	$ 78,866	$ 728,300	$ 423,115	$ 6,864,062	84,347,307	$ 8,432,289

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	1,024,955
Net position of business-type activities	$ 85,372,262

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds						Governmental Activities
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Totals	Internal Service Funds
OPERATING REVENUES							
Charges for services	$ 9,999,651	$ 3,182,314	$ 2,587,993	$ -	$ 812,510	$ 16,582,468	$ 4,390,260
Miscellaneous	598,303	220	44,678	(3,708)	-	639,493	-
Total operating revenues	10,597,954	3,182,534	2,632,671	(3,708)	812,510	17,221,961	4,390,260
OPERATING EXPENSES							
Salaries and benefits	2,049,045	105,539	1,553,552	-	318,154	4,026,290	1,057,956
Supplies and contractual services	2,639,650	3,439,372	843,615	8,978	236,466	7,168,081	927,928
Utilities	547,520	-	-	4,676	19,315	571,511	112,287
Repairs and maintenance	130,895	-	817	6,978	616	139,306	167,877
Insurance claims and expenses	-	-	-	-	3,133	3,133	560,473
Depreciation and amortization	2,360,114	-	22,760	31,339	5,205	2,419,418	1,000,528
Total operating expenses	7,727,224	3,544,911	2,420,744	51,971	582,889	14,327,739	3,827,049
Operating income (loss)	2,870,730	(362,377)	211,927	(55,679)	229,621	2,894,222	563,211
NONOPERATING REVENUES (EXPENSES)							
Interest and other earnings	148,103	7,879	-	-	-	155,982	21,719
Insurance recoveries	13,014	-	-	-	-	13,014	59,244
Intergovernmental payments	(50,000)	-	-	-	-	(50,000)	-
Interest expense	(428,615)	(2,000)	(4,006)	-	(204)	(434,825)	(269,311)
Miscellaneous revenues	81,605	-	-	-	-	81,605	-
Gain (Loss) on disposal of Assets	-	-	-	-	-	-	19,750
Total nonoperating revenues (expenses)	(235,893)	5,879	(4,006)	-	(204)	(234,224)	(168,598)
Income (loss) before contributions and transfers	2,634,837	(356,498)	207,921	(55,679)	229,417	2,659,998	394,613
Capital contributions	630,996	-	-	-	32,420	663,416	-
Transfers in	4,389,000	-	74,340	-	-	4,463,340	54
Transfers (out)	(4,889,000)	-	-	-	-	(4,889,000)	(54)
Changes in net position	2,765,833	(356,498)	282,261	(55,679)	261,837	2,897,754	394,613
Net position - beginning	76,140,655	435,364	164,086	478,794	7,028,888		8,292,092
Prior Period Adjustments	-	-	-	-	(338,524)		10,000
Change in Accounting Principle	(2,653,523)	-	281,954	-	(88,139)		(264,416)
Net position - ending	$ 76,252,965	$ 78,866	$ 728,301	$ 423,115	$ 6,864,062		$ 8,432,289

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	225,195
Changes in net position of business-type activities	$ 3,122,949

The accompanying notes are an integral part of this financial statement

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities- Enterprise Funds						Governmental Activities
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 9,993,089	$ 3,118,148	$ 2,564,919	$ 27,356	$ 808,086	$ 16,511,598	$ 4,390,260
Payment to Suppliers	(3,038,865)	(3,423,293)	(840,124)	(20,173)	(251,704)	(7,574,159)	(1,836,008)
Payments to employees	(2,358,760)	(106,811)	(1,685,094)	-	(329,193)	(4,479,858)	(1,101,478)
Miscellaneous revenues	771,804	8,099	1,805	-	-	781,708	-
Miscellaneous expenses	(350)	-	(5,829)	-	(165)	(6,344)	-
Net cash provided by (used for) operating activities	5,366,918	(403,857)	35,677	7,183	227,024	5,232,945	1,452,774
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments from (to) other funds	(9,067)	262,908	(153,646)	-	(14,983)	85,212	54
Advances from (to) other funds	(1,139,467)	-	-	-	-	(1,139,467)	(54)
Transfers from (to) other funds	(500,000)	233,996	74,340	-	-	(191,664)	-
Insurance recoveries	13,014	-	-	-	-	13,014	59,244
Other intergovernmental payments	(50,000)	-	-	748	-	(49,252)	18,693
Net cash provided by (used for) noncapital financing activities	(1,685,520)	496,904	(79,306)	748	(14,983)	(1,282,157)	77,937
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from capital debt	-	-	-	-	-	-	439,528
Principal paid on debt	(1,459,675)	-	-	-	-	(1,459,675)	(1,136,751)
Interest paid on debt	(413,719)	(2,000)	(4,006)	-	-	(419,725)	(270,521)
Capital contributions	249,493	-	-	-	-	249,493	-
Purchases of capital assets	(1,807,262)	-	(35,920)	-	(260,801)	(2,103,983)	(454,501)
Proceeds from sale of capital assets	-	-	-	-	-	-	19,750
Net cash provided by (used for) capital related financing activities	(3,431,163)	(2,000)	(39,926)	-	(260,801)	(3,733,890)	(1,402,495)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest Income	-	-	-	-	-	-	217
Net cash provided by (used in) investing activities	-	-	-	-	-	-	217
Net increase (decrease) in cash and cash equivalents	250,235	91,047	(83,555)	7,931	(48,760)	216,898	128,433
Cash and cash equivalents, January 1	6,935,198	189,654	152,901	73,025	329,815	7,680,595	2,829,332
Cash and cash equivalents - December 31	7,185,433	280,701	69,346	80,956	281,055	7,897,493	2,967,765

	Business-type Activities- Enterprise Funds						Governmental Activities Internal Service Funds
	Water/Sewer	Sanitation	Ambulance	Airport	Storm Water	Total	
Operating income (loss)	$ 2,870,729	$ (362,377)	$ 211,927	$ (55,679)	$ 229,621	$ 2,894,221	$ 563,212
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:							
Depreciation	2,360,114	-	22,760	31,339	5,205	2,419,418	1,000,528
Loss on refunding	38,837	-	-	-	-	38,837	-
Allowance for uncollectible accounts	-	-	(77,247)	-	-	(77,247)	-
Decrease (increase) in accounts receivable	12,811	(64,166)	9,495	31,064	(4,425)	(15,221)	-
Decrease (increase) in inventory	128,477	25,942	(2,882)	-	-	151,537	-
Decrease (increase) in prepaid expenses	-	-	-	-	39	39	5,668
Decrease (increase) in pension liability	(243,853)	-	(72,818)	-	(1,835)	(318,506)	(5,504)
(Decrease) increase in accounts payable	150,372	(9,863)	7,190	459	7,826	155,984	(73,113)
(Decrease) increase in salaries payable	(59,756)	(2,473)	(51,223)	-	(8,932)	(122,384)	(28,938)
(Decrease) increase in advances	-	-	(4,025)	-	-	(4,025)	-
(Decrease) increase in compensated absences	(6,105)	1,200	(7,501)	-	(272)	(12,678)	(9,080)
(Decrease) increase in miscellaneous revenues	115,292	7,879	-	-	(204)	122,967	-
Total adjustments	2,496,189	(41,481)	(176,251)	62,862	(2,598)	2,338,721	889,561
Net cash provided by (used for) operating activities	$ 5,366,918	$ (403,858)	$ 35,676	$ 7,183	$ 227,023	$ 5,232,942	$ 1,452,773
Noncash investing, capital, and financing activities:							
Contributions of capital assets	$ 381,503	$ -	$ -	$ -	$ 32,420	$ 413,923	$ -
Addition to capital leases	$ -	$ -	$ -	$ -	$ -	$ -	$ 330,000

Statement of Net Position
Fiduciary Funds
December 31, 2015

	Firemen's Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 318,517	$ 1,069,570
Total assets	318,517	1,069,570
LIABILITIES		
Custodial accounts payable	-	1,069,570
Total liabilities	-	1,069,570
NET POSITION		
Held in trust for pension benefits and other purposes	$ 318,517	$ -

Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2015

	Firemen's Pension Trust Fund
ADDITIONS	
Intergovernmental revenues	$ 29,272
Total additions	29,272
DEDUCTIONS	
Benefits	14,413
Total deductions	14,413
CHANGE IN NET POSITION	14,859
Net position - beginning	(161,750)
Prior Period Adjustments	465,408
Net position - ending	$ 318,517

CITY OF MOSES LAKE
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 noncharter 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; (2) the City is legally entitled to, or can otherwise access, the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) 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 position and the statement of activities) report information on all of the nonfiduciary 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 are the proprietary fund and 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 revenues 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 or elected to be accounted for in another fund.

The **Street Fund** is a special revenue fund that accounts for the operation and maintenance of City 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 and recycling.

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 fund is supported with rental charges.

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

Additionally, the City of Moses Lake reports the following fund 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 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 services and producing and delivering goods in connection with a proprietary fund's principal ongoing 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.

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 element, and object.

Annual appropriated budgets are adopted for the general and certain special revenue funds on the modified accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

Other budgets are adopted at the level of the fund, except in the general (current expense) fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level.

Appropriations for general and special revenue funds lapse at year-end (except for appropriations 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 or liabilities because the commitments will be re-appropriated 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, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment 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 after holding public hearing(s).

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, 2015, the treasurer was holding $14,467,888 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.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three 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, 2015, there were no special assessment 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. Unbilled service receivables are recorded at year end.

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. 14, Interfund Balances and Transfers.*

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditures 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 First in First Out method which approximates the market value.

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 $879,790.

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

Assets	Years
Buildings/Improvements	5 - 50
Other Improvements	5 - 25
Vehicles	5 - 15
Machinery & Equipment	5 - 20
Utility Infrastructure	20 - 50
Streets, Paths, Trails, Stormwater Infrastructure	N/A
Traffic Signals	40
Runways & 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 the bridge network. The City has elected to use the modified approach as defined in GASB Statement No. 34 for infrastructure reporting for storm water structures, the bridge, paved streets, bike paths, and alleys. Depreciation expenses are not 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 is 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 a payoff of exempt employees, and is payable upon voluntary termination with a minimum of 2 weeks notice or a reduction in work force in accordance with the following schedule:

Years of Service	Percent Payable Sick Leave
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.

Pensions

Pensions For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Deferred Outflows and Inflows of Resources

Deferred inflows of resources: A deferred inflow of resources is an acquisition of net position by the government, which is applicable to a future reporting period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property taxes (General Fund)	$ 330,123
Traffic Citations (General Fund)	906,864
Total governmental deferred inflow of resources	$1,236,987

At December 31, 2015, the city has reported deferred outflows of resources and deferred inflows of resources:

Deferred outflow on pensions Governmental	$ 637,209
Deferred outflow on pensions Business-Type	254,319
Total deferred outflow on pensions	$ 891,528

Deferred inflow on pensions Governmental	$1,136,449
Deferred inflow on pensions Business-Type	391,608
Total deferred outflow on pensions	$1,528,057

Deferred outflow loss on refunding Governmental	$194,184
Deferred outflow loss on refunding Business-Type	38,837
Total deferred outflow on pensions	$233,021

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 a 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, which is the City Council, and does not lapse at year-end. Fund balance commitments are established, modified or rescinded by City Council action through passage of an ordinance.

- *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 City Manager or the Finance Director.

- *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's 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."

F. Adoption of New GASB Pronouncements

The City implemented the following GASB Pronouncements that were applicable, for the fiscal year ended December 31, 2015.

- Statement No. 72
  Fair Value Measurement and Application
  Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged.
  (Issued 02/15)

- Statement No. 71
  Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68
  Effective Date: The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.
  (Issued11/13)

- Statement No. 68
  Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27
  Effective Date: The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.
  (Issued 06/12)

NOTE 2 - 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 is sent 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. The City Manager 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 requires this by 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 per 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 the preliminary budget and budget message, and files it with the legislative body and Finance Director per (RCW 35.33.055 & 35A.33.052, at least 60 days before ensuing fiscal year.)

November-The Finance Director publishes a notice of filing of Preliminary Budget and publishes notices of public hearings on the final budget once a week for two consecutive weeks per (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 the proposed budget are made available to the public, (RCW 35A.33.055 & 35A.33.052, no later than six weeks before January 1.)

Final hearing on the 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 statues. 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 position 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, 2015, the bank balance was $2,241,849. Of the bank balance $250,000 was covered by Federal Depository Insurance that are insured, registered or held by the City or its 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, 2015 the City had the following investments:

Investment Type	Fair Value	Rating	Weighted Average Maturity (days)
Grant County Invest Pool	$ 11,439,278	not rated	23
WA State Invest Pool	3,921,959	not rated	8
Total Fair Value	$ 15,361,237		
Portfolio Weighted Average Maturity			15.21

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 its investment policy, the City manages its 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 rating services in 2013. The same rating agency has rated the City's Revenue Bonds "AA-" affirming a stable outlook in 2014.

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

Outstanding property tax is recorded as a receivable and deferred inflow of resources with a 60 day accrual. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible.

The City may levy up to $3.6 per $1,000 of assessed valuation for general governmental services.

The City's regular levy for 2015 was $3.14772 per $1,000 on an assessed valuation of $1,948,580,248 for a total regular levy of $6,096,353.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital Assets

A summary of Governmental capital assets for the year ended December 31, 2015 were as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	$ 5,560,986	$ -	$ -	$ 5,560,986
Infrastructure*	37,382,117	763,194	-	38,145,311
CIP	297,993	463,690	752,493	9,190
Total Capital Assets not Depreciated	43,241,096	1,226,884	752,493	43,715,487
Capital Assets Depreciated:				
Buildings	34,559,940	133,432	21,035	34,672,337
Intangible	147,051	-	-	147,051
Machinery and Equipment	12,785,022	454,500	6,220	13,233,302
Infrastructure	1,681,182	-	-	1,681,182
Total	49,173,196	587,932	27,256	49,733,872
Less Accumulated Depreciation:				
Buildings	11,728,107	944,904	12,669	12,660,342
Intangible	147,051	-	-	147,051
Machinery and Equipment	7,926,771	704,555	3,732	8,627,594
Infrastructure	925,984	43,319	-	969,303
Total Accumulated Depreciation	20,727,913	1,692,778	16,401	22,404,290
Total Capital Assets Depreciated, Net	28,445,283	(1,104,846)	10,854	27,329,582
Governmental Activities Capital Assets, Net	$ 71,686,379	$ 122,038	$ 763,348	$ 71,045,069
		Less associated debt		(9,014,596)
		Capital assets net of debt		$62,030,473

* 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.

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

Governmental Activities	Depreciation
General Government	$ 38,935
Public Safety	17,633
Transportation	46,203
Public Works	6,792
Culture and Recreation	582,687
Capital Assets Held by the Government’s Internal Service Funds, charged to the various functions based on usage	1,000,528
Total Depreciation - Governmental Activities	$ 1,692,778

A summary of Business-type capital assets for the year ended December 31, 2015 were as follows:

Business-type Activities	Beginning Balance	Increase	Decreases	Ending Balance
Capital Assets Not Depreciated:				
Land	$ 987,904	$ $0	$ $0	$ 987,904
CIP	1,789,577	2,517,907	3,211,508	1,095,976
Intangible	285,127			285,127
Total Capital Assets not Depreciated	3,062,608	2,517,907	3,211,508	2,369,007
Capital Assets Depreciated:				
Buildings	40,217,995	401,160	-	40,619,155
Machinery and Equipment	3,333,162	382,716	-	3,715,878
Infrastructure	75,584,600	2,089,108	-	77,673,708
Total	119,135,757	2,872,984	-	122,008,741
Less Accumulated Depreciation:				
Buildings	10,997,281	830,242	-	11,827,523
Machinery and Equipment	1,064,653	153,808	-	1,218,460
Infrastructure	25,661,347	1,435,368	-	27,096,715
Total Accumulated Depreciation	37,723,280	2,419,418	-	40,142,698
Total Capital Assets Depreciated, Net	81,412,476	453,566	-	81,866,042
Business-type Activities Capital Assets, Net	$ 84,475,084	$ 2,971,473	$ 3,211,508	$ 84,235,049
		Less associated debt		(13,414,636)
		Add restricted for debt service		1,457,367
		Add restricted for capital purposes		-
		Less non capital lease obligation		
		Capital assets net of debt		$72,277,780

Depreciation expense charged to Business Type Activities were as follows:

Business-Type Activities	Depreciation
Water/Sewer	$ 2,360,114
Storm water	5,205
Ambulance	22,760
Airport	31,339
Total Depreciation - Business-Type Activities	$ 2,419,418

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 to be used to acquire other items for the collection.

Construction Commitments

The City has active construction projects as of December 31, 2015. Active projects are: Reservoir 7 Raising Project, 2014 Clover Drive Lift Station, 2014 Heron Bluff Trail Project and 2014 Well 23 Repair Project. At year-end the government's commitments with contractors are as follows:

Project	Total Contract Amount Awarded	Spent to Date	Remaining Commitment
Reservoir 7 Raising Project	$ 1,107,539	$ 718,363	$ 389,176
2014 Clover Drive Lift Station	281,567	263,282	18,285
2014 Heron Bluff Trail Project	252,130	252,130	0
2014 Well 23 Repair Project	80,082	1,171	78,911
Total	$ 1,721,318	$ 1,234,946	$ 486,372

NOTE 7 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$5,668,171
Pension assets	$2,180,776
Deferred outflows of resources	$891,528
Deferred inflows of resources	$1,528,057
Pension expense/expenditures	$664,513

State Sponsored Pension Plans

Substantially all of the City's 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 state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The City's actual contributions to the plan were $15,102 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 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 three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan

3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3	varies	varies

* For employees participating in JBM, the contribution rate was 15.30%

The City’s actual contributions to the plan were $671,782 for the year ended December 31, 2015.

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

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 ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.
LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as

two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	**Employer**	**Employee**
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The City's actual contributions to the plan were $272,168 for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed $58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases**: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.

- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.

- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.

- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	$3,752,421	$3,082,064	$2,505,618
PERS 2/3	$7,561.912	$2,586,107	$(1,223,680)
LEOFF 1	$(242,856)	$(379,608)	$(496,165)
LEOFF 2	$180,375	$(180,117)	$(451,401)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a total pension liability of $3,487,395 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$3,082,064
PERS 2/3	$2,586,107
LEOFF 1	$(379,608)
LEOFF 2	$(1,801,168)

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	Liability (or Asset)
LEOFF 2 – employer's proportionate share	$(1,801,168)
LEOFF 2 – State's proportionate share of the net pension liability/(asset) associated with the employer	$(169,835))
TOTAL	$(1,971,003)

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	.063%	.058%	.005%
PERS 2/3	.074%	.072%	.002%
LEOFF 1	.032%	.031%	.001%
LEOFF 2	.176%	.175%	.001%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the City recognized pension expense as follows:

	Pension Expense
PERS 1	$(387,057)
PERS 2/3	$(61,151)
LEOFF 1	$(69,542))
LEOFF 2	$(146,763)
TOTAL	$(664,513)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
Deferred outflows of resources	$	$	$	$
Differences between expected and actual experience	$	$274,904	$	$157,722
Changes of assumptions	$	$4,167	$	$4,751
Changes in proportion and differences between contributions and proportionate share of contributions	$	$	$	$10,166
Contributions subsequent to the measurement date	$145,559	$179,839		$116,060
Total deferred outflows of resources	$145,559	$458,910	$0	$288,699

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
Deferred inflows of resources				
Net difference between projected and actual investment earnings on pension plan investments	$168,623	$690,368	$64,085	$545,744
Changes in proportion and differences between contributions and proportionate share of contributions	$	$76,600	$	$
Total deferred inflows of resources	$168,623	$767,028	$64,085	$545,744

Deferred outflows of resources related to pensions resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows :

Year ended December 31:	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2016	$(33,725)	$ (92,071)	$(12,817)	$(81,304)
2017	$(33,725)	$ (92,071)	$(12,817)	$(81,304)
2018	$(33,725)	$ (92,071)	$(12,817)	$(81,304)
2019	$(33,725)	$ (92,,071)	$(12,817)	$(81,304)
2020	$(33,723	$(119,672)	$(12,817)	$(81,304)
Thereafter				$ 33,415

<u>Other Retirement Systems - Volunteer Firefighters' Relief And Pension Fund</u>

The Volunteer Firefighters' 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 monies 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. There were no payments for Volunteers in 2014. The City's VFT&P cost and the percentage of VFT&P cost contributed to the plan for 2014 and the two preceding years were as follows.

		Annual VFR&P Cost		*Contribution as a % of VFR&P Cost*
2014	*$*	*0*		*100%*
2012	*$*	*0*		*100%*
2011	*$*	*0*		*100%*

Local Governments Pension and Other Benefit 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 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, 2015
Retirees currently receiving full retirement benefits through LEOFF……	6
Retirees receiving benefits through both LEOFF and FPF……………….	2
Beneficiaries receiving benefits through FPF………………………………	1
Active plan members'…………………………………………………………	0

Current contributions to the plan are comprised of interest on investments and the state tax on fire insurance. Because all eligible fire fighters have retired, pension payments will only increase by Cost of Living Allowances (COLAs) from the Washington State Retirement system. Medical insurance premiums and service costs were paid from the general fund fire department in 2015, therefore 2015 forward, 100% of pension fund assets are available for pension payments. COLAs are capped at three percent 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
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
2012	$397,796	$21,190	$163,250	88.51%	$352,095
2013	$331,004	$19,565	$132,648	87.15%	$288,456
2014	$303,658	$16,670	$113,737	87.22%	$264,851
2015	$318,517	$14,413	$0	0.00%	N/A

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 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 162 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 $750,000, 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 agreement, 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, 2015 were as follows:

Unemployment Compensation	$112,953

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. The amount of unemployment claims paid for the last three years are:

2013	2014	2015
$22,679	$27,484	$58,455

NOTE 9 - LONG-TERM DEBT

A. Long Term Debt

The City of Moses Lake issues general obligation and revenue bonds to finance the purchase of land or upgrades 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 currently and 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
2006 LTGO Bond	Governmental Activities Refunded	06/05/2006	08/01/2026	$ 5,083,333	3.65-4.25%	$ 241,657
2006 LTGO Bond	Operations Complex	06/05/2006	08/01/2026	1,016,667	3.65-4.25%	48,343
2010 LTGO Bond	Civic Center	09/07/2010	12/01/2020	5,925,000	2.00-3.25%	3,140,000
2012 LTGO Bond	Govt'l - Internal Service Refunding	12/12/2012	09/01/2023	1,650,000	.75-3.00%	1,325,000
2015 LTGO Bond	Govt'l Activities Refunding	07/14/2015	08/01/2026	2,970,833	3.00-4.00%	2,970,833
2015 LTGO Bond	Operation Complex Refunding	07/14/2015	08/01/2026	594,167	3.00-4.00%	594,167
Total				$ 17,240,000		$ 8,320,000

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

	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Totals
2016	$ 991,657	$ 245,922	$ 48,343	$ 24,150	$ 1,310,072
2017	894,167	214,396	25,833	21,192	1,155,588
2018	1,060,000	190,646	55,000	20,417	1,326,063
2019	1,092,500	160,446	57,500	18,767	1,329,213
2020	1,125,833	127,671	59,167	17,042	1,329,713
2021-2025	2,146,667	301,450	323,333	53,900	2,825,350
2026	366,667	14,667	73,333	2,933	457,600
Total	$ 7,677,491	$ 1,255,198	$ 642,509	$ 158,401	$ 9,733,599

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%	$5,530,000
Revenue Bonds'11	08/23/2011	9/1/2021	4,905,000	2.24%	3,060,000
Total			$11,920,000		$8,590,000

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2016	$ 875,000	$ 357,225	$ 1,232,225
2017	905,000	330,625	1,235,625
2018	935,000	298,850	1,233,850
2019	975,000	263,350	1,238,350
2020	1,015,000	226,188	1,241,188
2021-2025	3,885,001	498,463	4,383,464
Total	$ 8,590,001	$ 1,974,701	$ 10,564,702

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, 2015 the City has no arbitrage rebate liability.

Government Loans

Government loans have been received to provide for construction of proprietary fund capital.

Government loans outstanding at year-end are as follows:

Loan	Interest Rate	Amount
PWTF WWTP-Design	0.50%	$ 193,682
PWTF WWTP-Construction	0.50%	3,705,882
Total		$ 3,899,564

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

Year	Principal		Interest		Total	
2016	$	561,692	$	19,498	$	581,190
2017		561,692		16,689		578,381
2018		561,692		13,881		575,573
2019		561,692		11,072		572,764
2020		561,692		8,264		569,956
2021-2022		1,091,104		8,103		1,099,207
Total	$	3,899,564	$	77,507	$	3,977,071

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, 2015, the City has $190,273 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain $1,457,367 in sinking funds and reserves as required by bond indentures.

B. Refunded Debt

The City of Moses Lake issued $3,565,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on $3,670,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by $230,171 and resulted in an economic gain of $217,925.

C. Conduit Debt

The City of Moses Lake entered into a SIP Loan from Grant County for the amount of $60,000 starting December 3, 2013, payable over five years. The City borrowed this amount for the express purpose of providing capital financing to a private corporation for utility infrastructure additions and the City has no obligation for the debt besides collecting the money from the company and paying it back to the County.

NOTE 10 - LEASES

Capital Leases

The City of Moses Lake has entered into lease agreements for financing machinery, 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, and 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
Machinery & Equipment	$ 2937095	$ 0
Less Accumulated Depreciation	704932	0
Total	$ 3642027	$ 0

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2015 are as follows:

Year	Governmental Activities	Business-Type Activities
2016	$ 467,305	$ -
2017	300,245	-
2018	184,896	-
2019	68,337	-
Total Minimum Lease Payments	1,020,784	-
Less: Interest	30,489	-
Present Value of Minimum Lease Payments	$ 990,294	$ -

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

Governmental activities	Beginning Balance 01/01/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year	Internal Service Funds	Long Ter Internal S
Bonds payable:							
General obligation bonds	$ 8,958,332	$ 2,970,833	$ 4,251,675	$ 7,677,490	$ 991,657	$ 4,465,000	
Less deferred amount							
Issuance premiums(discounts)	114,857	281,684	44,958	351,582	-	120,256	
Total bonds	9,073,189	3,252,517	4,296,633	8,029,072	991,657	4,585,256	
Capital leases	1,222,755	330,000	567,231	985,524	446,191	980,426	
Claims and judgements	-	-	-	-	-		
Compensated absences	1,798,314	1,465	83,523	1,716,256	6,164	61,644	
Pension/'OPEB	412,824	6,213,116	2,457,639	4,168,301	-	232,750	
Governmental liabilities	$ 12,507,082	$ 9,797,097	$ 7,405,026	$ 14,899,153	$ 1,444,013	$ 5,860,076	

Business-type activities	Beginning Balance 01/01/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Bonds payable:					
General obligation bonds	$ 751,668	$ 594,167	$ 703,325	$ 642,510	$ 48,343
Revenue bonds	9,365,000	-	775,000	8,590,000	875,000
Less deferred amounts	-				
Issuance premiums(discounts)	259,783	60,285	37,505	282,562	-
Total bonds	10,376,451	654,451	1,515,830	9,515,072	923,343
Capital leases	(0)	-	-	(0)	-
Government loans	4,537,573	-	638,009	3,899,564	561,692
Compensated absences	582,914	1,201	13,879	570,236	57,024
Pension/'OPEB	-	4,679,417	2,261,235	2,418,182	-
Business-type liabilities	$ 15,496,937	$ 5,335,069	$ 4,428,953	$ 16,403,054	$ 1,542,059

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 $5,860,076 of internal service funds debt and compensated absences are included in the above amounts. Also, for the governmental activities except internal service funds, 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, 2015, significant suits were:

Pending Litigation:

1. Trunkel-Smart v. City of Moses Lake: Suit for personal injury damages filed in Grant County Superior Court for injuries sustained at the City=s aquatic center. This matter was referred to the city=s insurance carrier for defense and the city=s exposure is limited to its $25,000 deductible. The case was dismissed on March 24, 2016 pursuant to a settlement wherein the City agreed to pay $65,000.00.

2. Donna Anderson and A Stronger Moses Lake v. City of Moses Lake and WinCo Foods, LLC: This is an appeal of City staff=s binding site plan approval and SEPA threshold determination for the WinCo Foods project. The administrative appeal to the Planning Commission was held on January 6-7, 2016, and plaintiff appealed to Grant County Superior Court. The Superior Court dismissed the case in the City's favor on April 13, 2016.

3. Daniel Trujillo v. City of Moses Lake: Suit for personal injury damages filed in Grant County Superior Court for injuries sustained on private property over which the City has a utility easement. This case was filed on May 3, 2016 and has been referred to the city's insurance carrier for defense and the city's exposure is limited to its $25,000 deductible. The city intends to vigorously defend this case.

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

NOTE 13 - RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports $589,968 of restricted for other purposes component of net position, of which $200,752 is restricted by enabling legislation.

NOTE 14 - INTERFUND BALANCES AND TRANSFERS

<u>Interfund Balances</u>

Loans between funds are classified as interfund loans receivable or payable on the statement of net position. The loans were for Operations Complex construction, Civic Center Construction, and operating expenses. Interfund balances at December 31, 2015 were as follows:

	DUE FROM					
DUE TO	GENERAL FUND	BUILDING MAINTENANCE	SANITATION FUND	STORMWATER FUND	AMBULANCE FUND	TOTALS
SANITATION	$ 32,881	$ 0	$ 0	$ 0	$ 0	$ 32,881
WATER/SEWER	1,000,000	5,500,000	433,996	0	$ 234,662	7,168,658
TOTALS	$ 1,032,881	$ 5,500,000	$ 433,996	$ 0	$ 234,662	$ 7,201,539

<u>Interfund Transfers</u>

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:

	TRANSFER FROM								
TRANSFER TO	000 GENERAL	116 STREETS	102 TOURISM	2XX DEBT SERVICE	410 WATER SEWER	495 **AIRPORT**	498 **AMBULANCE**	519 EQUIPMENT RENTAL	Totals
GENERAL	$ -	$ -	$ 178,100	$ -	$ 500,000	$ -	$ -	$ -	678,100
TOURISM	1,968								1,968
STREETS	1,284,300	-	-	-	-	-	-	-	1,284,300
DEBT SERVICE	57,300	161,400	190,300	65,000	-	-	-	-	474,000
WATER SEWER	-	-	-	-	4,389,000	-	-	-	4,389,000
AMBULANCE	74,340	-	-	-	-	-			74,340
BUILDING MAINTENANCE	-	-	-	-	-	-	-	54	54
Totals	$ 1,417,908	$ 161,400	$ 368,400	$ 65,000	$ 4,889,000	$ -	$ -	$ 54	6,901,762

NOTE 15 - 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 POSITION			
Assets:			
Current asset	$ 13,632,267	$ 657,817	$ 14,290,084
Restricted assets	730,426	726,941	1,457,367
Capital assets	35,123,249	42,089,912	77,213,161
TOTAL ASSETS	49,485,942	43,474,670	92,960,612
TOTAL DEFERRED OUTFLOWS OF RESOURCES	149,839	63,526	213,365
Liabilities:			
Current liabilities	352,711	47,635	400,346
Current liabilities payable from restricted assets	649,903	1,025,778	1,675,681
Noncurrent liabilities	6,793,106	7,808,282	14,601,388
TOTAL LIABILITIES	7,795,720	8,881,695	16,677,415
TOTAL DEFERRED INFLOWS OF RESOURCES	182,035	61,564	243,599
Net Position:			
Restricted for pension benefits			
Net investment in capital assets	53,065,261	12,149,874	65,215,135
Restricted	708,300	708,300	1,416,600
Unrestricted	6,824,091	2,797,138	9,621,229
TOTAL NET POSITION	$ 60,597,652	$ 15,655,312	$ 76,252,964
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating Revenues			
Total operating revenues	$ 6,425,074	$ 4,172,879	$ 10,597,953
Depreciation, amortization, depletion	(1,097,592)	(1,262,522)	(2,360,114)
Total operating expense	(3,256,840)	(2,110,270)	(5,367,110)
Operating income	2,070,642	800,086	2,870,729
Nonoperating revenue (expenses):			
Interest income	131,697	16,405	148,103
Miscellaneous revenues/expense	78,205	16,415	94,619
Intergovernmental payments	-	(50,000)	(50,000)
Interest expense	(206,990)	(221,625)	(428,615)
Disposal of assets	-	-	-
Total Non-Oper Rev.(Exp.)	2,912	(238,805)	(235,893)
Income Before Transfers & Contributions	2,073,554	561,281	2,634,836
Capital contributions	378,123	252,873	630,996
Transfers in (out)	(500,000)	-	(500,000)
Change in net position	1,951,677	814,154	2,765,831
Beginning net position	42,470,626	33,670,029	76,140,655
Prior period adjustments	(2,385,581)	(267,941)	(2,653,523)
Ending net position	$ 42,036,722	$ 34,216,242	$ 76,252,964
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	$ 4,055,092	$ 1,311,826	$ 5,366,918
Noncapital financing activities	(2,027,637)	351,184	(1,676,453)
Capital & related financing activities	(1,873,318)	(1,566,913)	(3,440,231)
Net increase (decrease)	154,137	96,097	250,234
Beginning cash & cash equivalents	7,098,973	(163,776)	6,935,197
Ending cash & cash equivalents	$ 7,253,110	$ (67,679)	$ 7,185,431

NOTE 16 - 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 16 individuals that meet the eligibility requirements.

Law Enforcement Officers' and Firefighters' 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 Firefighters' 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 department budget and law enforcement officers 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 2015 there are no active members, and currently 16 retired members. Health insurance premiums are paid monthly. Other medical services are paid bi-monthly 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. Fire fighter and police benefits are paid out of the general fund.

For 2015, the City paid medical insurance premiums of $99,098 for pre-age 65, and $72,662 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 ongoing 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	$	101,654	$	156,495	$	258,149
Interest on net OPEB obligation		8,314		9,374		17,689
Adjustment to annual required contribution		(23,820)		(26,856)		(50,675)
Annual OPEB cost (expense)		86,149		139,013		225,162
Contributions made		70,569		114,513		185,082
Change in net OPEB obligation		15,580		24,500		40,080
Net OPEB obligation-Beginning of year		412,770		465,378		878,148
Net OPEB obligation-End of year	$	428,350	$	489,878	$	918,227

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

Police Fund

Fiscal Year Ended	Annual Required Contribution	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	$87,846	$65,681	75%	$439,297
12/31/2014	$36,021	$62,548	174%	$412,770
12/31/2015	$86,149	$70,569	82%	$428,350

Fireman Fund

Fiscal Year Ended	Annual Required Contribution	Annual OPEB Costs Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	$115,507	$132,648	115%	$549,716
12/31/2014	$29,399	$113,737	387%	$465,378
12/31/2015	$139,013	$114,513	82%	$489,878

Funding Status and Funding Progress

As of December 2015, the actuarial accrued liability for benefits was $4,385,105 total of both departments.

Schedule of Funding Progress for the Leoff 1 Retiree Healthplan

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)
12/31/2013	-	$1,841,164	$1,841,164	0%	0	0%
12/31/2014	-	$901,415	$901,415	0%	0	0%
12/31/2015	-	$1,726,773	$1,726,773	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)
12/31/2013	$331,003	$2,762,954	$2,431,951	12%	0	0%
12/31/2014	$303,658	$1,157,068	$853,410	26%	0	0%
12/31/2015	$0	$2,658,332	$2,658,332	0%	0	0%

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 health care 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 was 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 health care 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 Projections 2014-2024 Tables, Table 16: National Health Expenditure Amounts, and Annual Percent Change by Type of Sponsor: Calendar Years 2008-2024 published 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 2.01%. 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 2.01 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, 2015 is twenty years.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

In 2015 the City determined OPEB obligations would no longer be paid from the Fireman's Pension Trust Fund but would be paid from the general fund, as are police. Therefore the previous years OPEB liability of $465,408 moved to the General Fund from the Fireman's Pension Trust Fund.

An error was made in 2014 recording of Stormwater fund capital contributions revenue and construction in progress asset resulting in overstatement of these by $338,524.

NOTE 18 – HEALTH & WELFARE

The City of Moses Lake is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.
As of December 31, 2015, 281 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of $1.5 million through Life Map, and Group Health ISL at $750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 19 – JOINT VENTURES

In 1995, the City of Moses Lake entered an Interlocal Cooperative Agreement under the authority of RCW Chapter 39.34 in order to provide for the joint exercise of powers, privileges and authorities to operate a consolidated 911 emergency dispatch facility named Multi Agency Communications Center (MACC). MACC serves as the Public Safety Answering Point for all of the law enforcement agencies in Grant County. The City paid a rate of $28.24 per call in 2015. Other participants of the 1995 Agreement include: the City of Electric City, the City of Ephrata, the City of Grand Coulee, the City of Quincy, the City of Royal City, the City of Soap Lake, the City of Warden, Emergency Telephone Tax District, Ephrata Telephone Tax District, Grant County, Grant County Emergency Services, Grant County Coroner, Grant County Fire District #3, Grant County Fire District #4, Grant County Fire District #5/15, Grant County Fire District #6, Grant County Fire District #7, Grant County Fire District #8, Grant County Fire District #10, Grant County Fire District #11, Grant County Fire District #12, Grant County Fire District #13, Grant County Fire District #14, Grant County Mental Health, Grant County Public Hospital District #2 dba Quincy Valley Hospital, Grant County Sherriff Office, Port of Moses Lake, the Town of Coulee City, and the Town of Mattawa. Grant County will account for MACC as an Agency fund and financial reports can be obtained for MACC at the Grant County Auditor's Office, 37 C ST NW Ephrata, Washington, 98823.

CITY OF MOSES LAKE
Required Supplementary Information

Pension Funds

Schedule of Funding Progress
LEOFF 1 Retiree Plan

Police Fund

Actuarial Valuation Date	Value of Assets (a)	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)
12/31/2010		$ 3,047,854	$ 3,047,854	0%	0	0%
12/31/2011		$ 3,049,063	$ 3,049,063	0%	0	0%
12/31/2012		$ 2,913,881	$ 2,913,881	0%	0	0%
12/31/2013		$ 1,841,164	$ 1,841,164	0%	0	0%
12/31/2014	-	$ 901,415	$ 901,415	0%	0	0%
12/31/2015	-	$ 1,726,773	$ 1,726,773	0%	0	0%

Fireman Fund

Actuarial Valuation Date	Value of Assets (a)	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)
12/31/2010	$ 529,343	$ 4,742,904	$ 4,213,561	11%	0	- %
12/31/2011	$ 471,756	$ 4,527,547	$ 4,055,791	10%	0	- %
12/31/2012	$ 383,571	$ 4,214,304	$ 3,830,733	9%	0	- %
12/31/2013	$ 331,003	$ 2,762,954	$ 2,431,951	12%	0	- %
12/31/2014	$ 303,658	$ 1,157,068	$ 853,410	26%	0	- %
12/31/2015	$ -	$ 2,658,332	$ 2,658,332	- %	0	- %

Streets

The City has taken a proactive approach with its maintenance practices associated with its 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 assessments of the City's streets are shown below.

	2015		2014 - 2012		2011 - 2009	
Condition rating	Feet	%	Feet	%	Feet	%
VERY POOR	19,892	2.65%	14,989	2.02%	16,247	2.31%
POOR	8,312	1.11%	8,818	1.19%	3,980	0.57%
FAIR	29,231	3.90%	18,746	2.53%	31,465	4.48%
GOOD	181,759	24.23%	153,206	20.69%	109,243	15.54%
VERY GOOD	510,792	68.12%	544,763	73.55%	542,054	77.11%
TOTAL	749,986	100.01%	740,522	99.98%	702,989	100.01%

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

	2015		2014 - 2012		2011 - 2009	
PCR score	Feet	%	Feet	%	Feet	%
PCR 0 to 39	28,204	3.76%	23,807	3.21%	20,227	2.88%
PCR 40 to 100	721,782	96.24%	716,715	96.79%	682,762	97.12%
Total	749,986	100.00%	740,522	100.00%	702,989	100.00%

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 to 40 are residential streets. 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 maintained 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 2007 to 2015

	Amounts in Thousands								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Budgeted	210	160	700	158	1,210	550	700	1,400	1,295
Expended	183	186	700	265	775	859	778	836	655

The budgeted amount is equivalent to the anticipated amount needed to maintain streets up to the recommended condition level. Under spending of budgeted amounts occurs when street 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 elements in determining the condition of the bridge is the Sufficiency Rating (SR), the numerical value which indicateds 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 SR, 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 traffic needs below accepted design standards.

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

	Sufficiency Rating
2015	73%
2011	70%
2006	69%

It is the policy of the City to maintain its bridge 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 defiency. The most common remedy is full replacement or rehabilitation of the bridge. As of September 30, 2015 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 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 (149 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 completed every three years starting in 2011 with one-third of the system inspected annually. The City has finished locating and documenting all storm water infrastructure with the exception of piping, allowing all inspections in 2015 to be entered into a comprehensive reporting system. The storm water system includes manholes, catch basins, drywells, outfalls, underground injection control structures and pipes.

The rating system is a numerical index from zero to 100 (0-100) that represents the storm water's functional condition based on the quality, severity, and type of problem, such as sedimentation, structure cracks, etc. At this time there is no rating system for manholes. The City is developing a system that would closely mimic the existing rating system but currently manholes being inspected are given either a pass or fail grade. 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% of the storm water structures and pipe at a condition of 41 or higher. Out of approximately 2500 structures 1920 were inspected the last two years. That is 77% 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. The last four years are as follows.

	Amounts in Thousands			
	2015	2014	2013	2012
Budgeted	$ 516	$ 546	$ 507	$ 543
Expended	$ 475	$ 523	$ 466	$ 462

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 1
As of June 30, 2015
Last 10 Fiscal Years*

		2015
Employer's proportion of the net pension liability (asset)	%	0.058920%
Employer's proportionate share of the net pension liability	$	3,082,064
State's proportionate share of the net pension liability (asset) associated with the employer	$	0
TOTAL	$	3,082,064
Employer's covered employee payroll	$	148,256
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	2078.9%
Plan fiduciary net position as a percentage of the total pension liability	%	59.10%

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 2/3
As of June 30, 2015
Last 10 Fiscal Years*

		2015
Employer's proportion of the net pension liability (asset)	%	0.072378%
Employer's proportionate share of the net pension liability	$	2,586,107
State's proportionate share of the net pension liability (asset) associated with the employer	$	0
TOTAL	$	2,586,107
Employer's covered employee payroll	$	6,633,123
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	39.0%
Plan fiduciary net position as a percentage of the total pension liability	%	89.20%

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
LEOFF Plan 1
As of June 30, 2015
Last 10 Fiscal Years*

		2015
Employer's proportion of the net pension liability asset	%	0.031497%
Employer's proportionate share of the net pension asset	$	(379,608)
State's proportionate share of the net pension asset associated with the employer	$	0
TOTAL	$	(379,608)
Employer's covered employee payroll	$	0
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	%	127.36%

City of Moses Lake
Schedule of Proportionate Share of the Net Pension Liability
LEOFF Plan 2
As of June 30, 2015
Last 10 Fiscal Years*

		2015
Employer's proportion of the net pension asset	%	0.175245%
Employer's proportionate share of the net pension asset	$	1,801,168
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	$	169,835
TOTAL	$	1,971,003
Employer's covered employee payroll	$	5,195,821
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	34.7%
Plan fiduciary net position as a percentage of the total pension liability	%	111.67%

City of Moses Lake
Schedule of Employer Contributions
PERS Plan 1
As of December 31, 2015
Last 10 Fiscal Years*

		2015
Statutorily or contractually required contributions	$	15,102
Contributions in relation to the statutorily or contractually required contributions	$	(15,102)
Contribution deficiency (excess)	$	0
Covered employer payroll	$	148,256
Contributions as a percentage of covered employee payroll	%	10.19%

City of Moses Lake
Schedule of Employer Contributions
PERS Plan 2/3
As of December 31, 2015
Last 10 Fiscal Years*

		2015
Statutorily or contractually required contributions	$	671,782
Contributions in relation to the statutorily or contractually required contributions	$	(671,782)
Contribution deficiency (excess)	$	(0)
Covered employer payroll	$	6,633,123
Contributions as a percentage of covered employee payroll	%	10.13%

City of Moses Lake
Schedule of Employer Contributions
LEOFF Plan 1
As of December 31, 2015
Last 10 Fiscal Years*

		2015
Statutorily or contractually required contributions	$	0
Contributions in relation to the statutorily or contractually required contributions	$	0
Contribution deficiency (excess)	$	0
Covered employer payroll	$	0
Contributions as a percentage of covered employee payroll	%	0.00%

City of Moses Lake
Schedule of Employer Contributions
LEOFF Plan 2
As of December 31, 2015
Last 10 Fiscal Years*

		2015
Statutorily or contractually required contributions	$	272,168
Contributions in relation to the statutorily or contractually required contributions	$	(272,168)
Contribution deficiency (excess)	$	0
Covered employer payroll	$	5,195,821
Contributions as a percentage of covered employee payroll	%	5.24%

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
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Toll-free Citizen Hotline	(866) 902-3900
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