

City of Moorhead, Minnesota

Comprehensive Annual
Financial Report



For The Year Ended December 31, 2013

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF MOORHEAD
MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2013

**PREPARED BY THE FINANCE DIVISION
WANDA WAGNER, FINANCE DIRECTOR
AMY WOHLWEND, ACCOUNTANT**

**Members of the Government Finance Officers Association
of the United States and Canada**

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**INTRODUCTORY
SECTION**

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**CITY OF MOORHEAD, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2013**

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June 9, 2014

To the Honorable Mayor, City Council, City Manager and Citizens of the City of Moorhead:

Minnesota statutes require that all cities issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the state auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Moorhead for the fiscal year ended December 31, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Moorhead has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Moorhead's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Moorhead's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Moorhead is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, are provided under separate cover.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Moorhead's MD&A can be found immediately following the report of the independent auditors.

CITY OF MOORHEAD PROFILE

The City of Moorhead, incorporated in 1881, is situated in the heart of the Red River Valley, 250 miles northwest of Minneapolis. It is the county seat of Clay County and a community rich in history, tradition and diversity. While Moorhead is part of a growing metropolitan region, it is distinct because of its liberal arts based college atmosphere, quality educational system, plentiful parks and strong, diverse neighborhoods. The City covers approximately 17.74 square miles with a population of 38,065 as of the 2010 U.S. Census.



The City of Moorhead has operated under the council-manager form of government since 1985. Policy-making and legislative authority are vested in a city council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the city government and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with four council members elected every four years and the mayor and four council members elected in staggered four-year terms. The mayor is elected at large and the council members are elected by ward.

The City of Moorhead provides a full range of services. The general governmental functions include police and fire protection, emergency medical services, street maintenance, engineering, planning and zoning, neighborhood services, rental registration, transit, parks and recreation, economic and community development and general legislative and administrative services. The City also operates as enterprise funds the following services: electric, water, wastewater treatment, storm water collection, sanitation, sports center, golf course, pest control, forestry and airport. Vehicles and equipment, radio and information technology services are provided through internal service funds. The Moorhead Public Housing Agency is included as a component unit of the reporting entity because the City Council appoints the governing body and is able to impose its will on the agency. Independent School District No. 152, which is located in Moorhead and operates elementary and secondary education, has not met the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by July 1 of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review prior to September 1. The council is required to hold a public meeting where the citizens are allowed to speak on the proposed budget and to adopt a final budget prior to December 31, the close of the City's fiscal year. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate.

The appropriated budget is prepared by fund, department and activity. Department heads may make adjustments of appropriations within their respective department. Adjustments of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the Fund Financial Statements within the Basic Financial Statements section of this report. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual section of this report.

Local Economy

The City of Moorhead is located at a natural crossing point of the Red River of the North, a place where Minnesota and the Dakotas meet and where one enjoys easy access to business, markets and recreation. Moorhead has access to the major market areas of North America with the intersection of Interstates 94 and 29 lying just west of the city limits. Trucking with overnight delivery from Minneapolis/St. Paul, Duluth, Sioux Falls, Omaha, Bismarck and Winnipeg is also available. Hector International Airport is located nearby in Fargo, ND with multiple non-stop flights to Minneapolis, Chicago and Denver, and the Moorhead Municipal Airport is just 3 miles southeast of the city, which is staffed by Flight Development LLC, offering flight instruction, aircraft maintenance, fuel and onsite management. In addition, mainline rail services from Canada to Mexico and from west coast ports to the Great Lakes and daily Amtrak passenger services are nearby. The metropolitan area serves as a regional center for surrounding agricultural

communities in Minnesota with stable operations reported at the city's top two property taxpayers: American Crystal Sugar and the Anheuser Busch malt facility. While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 5,500 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, a K-8 Catholic school, and Park Christian School, a K-12 interdenominational Christian school. The Metropolitan Area Transit serves all Moorhead residents and major shopping and educational facilities.

Minnesota State University Moorhead and Concordia College are both located in the city, which provides a measure of institutional stability to the economy. Minnesota State University Moorhead is a comprehensive liberal arts university with over 7,600 students and about 750 full- and part-time faculty and Concordia College is a four-year private liberal arts college with almost 3,000 students, known for its outstanding choral and instrumental music and world language instruction. Moorhead is also home to Minnesota State Community and Technical College which provides "hands-on" training to 2,300 students. In addition, Globe University, a nationally accredited college, opened in Moorhead in 2008. Globe University offers over 40 college degree and diploma programs with the main fields of study being business, health science, technology, and legal science. It provides students with resources associated with a large university, while the campus provides a supportive small-college experience.

Long-term Financial Planning

The City Council has established a cash reserve policy retaining a minimum of 40% of the next year's General Fund and Park Fund operating budget for working capital to allow for cash flow until tax settlements are received and to allow for unforeseen contingencies. Over the next year, Engineering staff will continue development of the City's Pavement Management System (PMS). The objective of a formal PMS is to establish a uniform definition of pavement condition and procedures for the timely application of various maintenance strategies to extend the overall life of City streets in the most economical and efficient manner. Utility rates are monitored with long term projects and operational costs as guides to assure positive cash flow.

The City's bond rating of Aa3 from Moody's Investors Service was affirmed. The Aa3 rating reflects the City's healthy financial operations supported by adequate General Fund reserves.

Major Initiatives

In 2013, there were 139 permits issued for new residential construction with a valuation of \$44,149,300 compared to 89 in 2012, an increase of 56% and slightly up from the five-year average of 133 permits. The City had 407 total units permitted in 2013, nearly three times the number of new units in 2012 of 150 and significantly higher than the five-year average of 237 units.

There were 31 commercial permits issued in 2013 with a valuation of \$34,676,965, compared to 12 commercial permits issued in 2012 with a valuation of \$8,071,975. There were 699 building permits issued in 2013 for all types of building activity in the City with \$95,214,162 in total valuation. Moorhead's 2013 construction has seen a significant increase in both residential and commercial valuation as well as number of residential units.

The 1st Avenue North Gateway Redevelopment continues. Two City-owned properties (former grain elevator sites) are currently being listed by a local commercial real estate agent and a request for proposals was sent out to the local development community for the five-acre site acquired by the City, formerly owned by Aggregate Industries. The 1st Avenue North – Central Corridors – Redevelopment Tax Increment Financing District was established on July 25, 2011. This pay as you go Tax Increment Financing District was established to assist in redevelopment of Moorhead central corridors, including 1st Avenue North, Center Avenue, Main Avenue, and certain properties on 8th Street. These efforts accomplish several goals, including multimodal transportation improvements, blight removal, environmental remediation and the ultimate goal of redevelopment and job creation along a major commercial corridor in the City.

Numerous parks projects are planned for 2013/2014. An irrigation system is being installed at Centennial ball fields; there are fencing projects as well as furnace replacements proposed at several neighborhood parks; a lift bridge over the Red River, connecting the Gooseberry (Moorhead) and Lindenwood (Fargo) parks was constructed and put into operation in October 2012; and numerous maintenance projects are planned, including a bike path and sidewalk replacement and resurfacing. In addition, the Fargo Moorhead Metropolitan Council of Governments (FM Metro COG), on behalf of the City of Moorhead, initiated a Moorhead River Corridor Study in November of 2012 with the purpose being to present a long term (25+ years) community vision and comprehensive strategy to guide sustainable

purpose being to present a long term (25+ years) community vision and comprehensive strategy to guide sustainable management and maintenance of the Red River corridor in Moorhead. During the last decade, over 225 acres of land has been acquired along the river corridor as part of a citywide flood protection initiative. The Moorhead River Corridor Master Plan was adopted in May 2014 which outlines a plan for connectivity, recreation, habitat enhancement and cultural, historical and environmental interpretation.

Sanford Health has completed construction of a new 49,000 square foot \$20M facility at Interstate 94 and 34th Street. The first phase of this multi-phased health care facility includes services such as internal medicine, family medicine, orthopedics, women's services, occupational medicine, and pediatrics. The clinic houses over 20 physicians and other clinicians and opened for business in May 2014.

There was a recent announcement from Hornbachers (SuperValu) Grocery for construction of their 2nd largest grocery store in the metro area to be located in south Moorhead along with a retail shopping center with construction to begin in 2014. This follows an already successful 2013, with the construction of a new Microtel Inn & Suites 70 room facility scheduled to open July of 2014 and a planned new 216 unit residential development with park facilities and bike paths to be constructed in three phases beginning in 2014. All of these projects are in the same general area of south Moorhead. In addition to these projects, a Casey's General Store was constructed in 2013, along with a 145,000 square foot Sam's Club and a new full service restaurant which both opened in the spring of 2014.

The City purchased 217 homes between 2009 and 2013 using \$98 million of combined federal, state and local funding for flood mitigation. Acquisitions and flood mitigation projects continued in 2013. Once complete, the acquisitions and infrastructure projects will, with minimum temporary measures, reduce the City's flood risk to 42.5 feet. Moorhead's revised FEMA map was adopted in April 2012 and sets the 100-year flood plain at a river stage of 39.3 feet. Moorhead's proactive approach to flood protection gives the City a market advantage and keeps our community in business. All buyout participation has been voluntary and will continue to remain so.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moorhead, Minnesota, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the 30th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all the members of the City departments who assisted and contributed to the preparation of this report. Credit must also be given to the City Council Members and the City Manager for their support in planning and conducting the financial operations of the City in a responsible, professional and progressive manner.

Respectfully submitted,



Wanda Wagner
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Moorhead
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2013

	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
MARK VOXLAND	MAYOR	2013
NANCY OTTO	COUNCIL MEMBER, WARD 1	2015
LUTHER STUELAND	COUNCIL MEMBER, WARD 1	2013
HEIDI DURAND	COUNCIL MEMBER, WARD 2	2015
MARK ALTENBURG	COUNCIL MEMBER, WARD 2	2013
MIKE HULETT	COUNCIL MEMBER, WARD 3	2015
BRENDA ELMER	COUNCIL MEMBER, WARD 3	2013
STEVE GEHRTZ	COUNCIL MEMBER, WARD 4	2015
MARK HINTERMEYER	COUNCIL MEMBER, WARD 4	2013

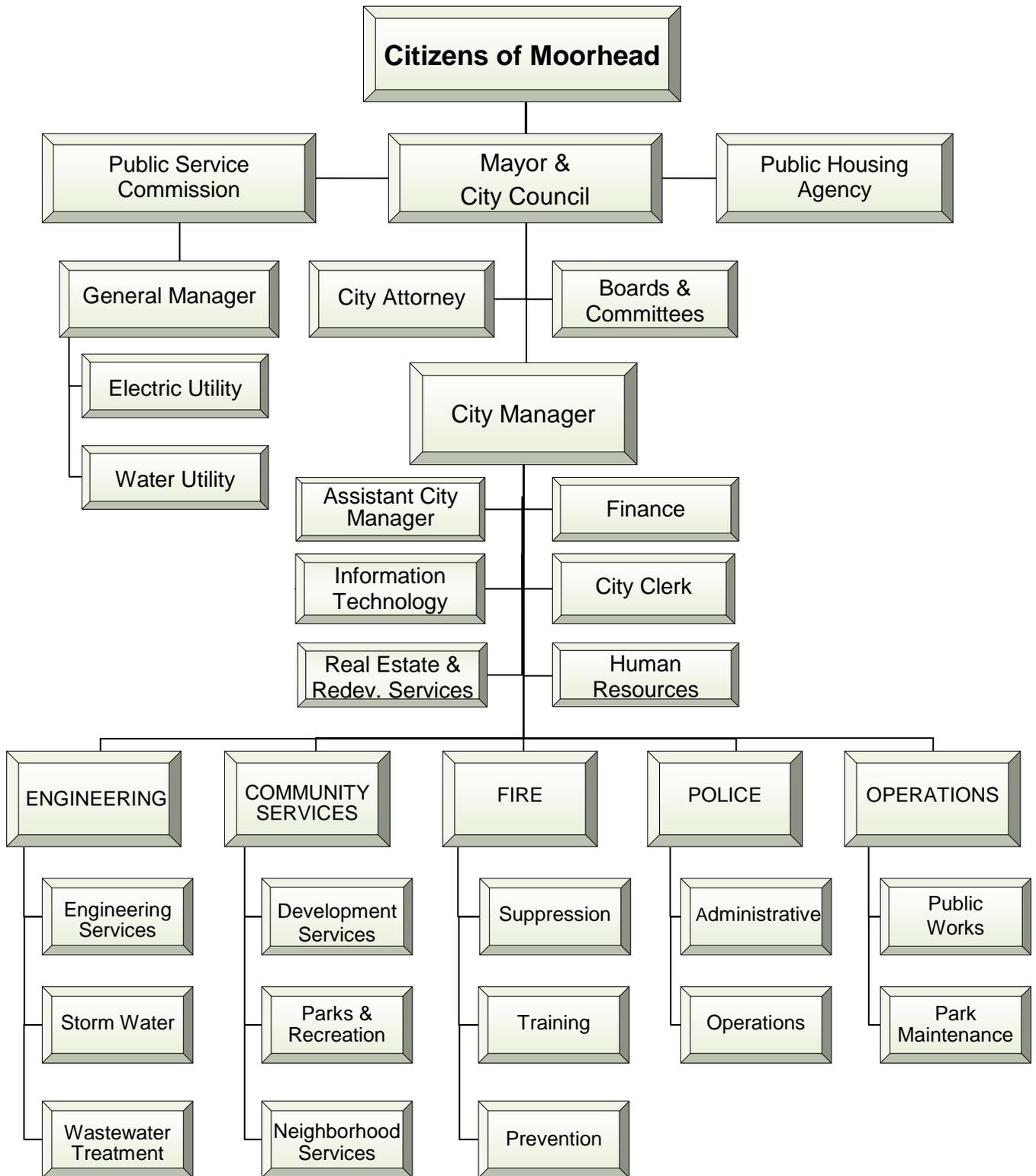
APPOINTED OFFICIALS

MICHAEL REDLINGER CITY MANAGER

DEPARTMENT DIRECTORS

SCOTT HUTCHINS	COMMUNITY SERVICES
ROBERT ZIMMERMAN	ENGINEERING
DAVID EBINGER	POLICE CHIEF
RICH DUYSSEN	FIRE CHIEF
LARRY ANDERSON (INTERIM)	OPERATIONS

CITY OF MOORHEAD ORGANIZATION CHART



FINANCIAL

SECTION

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Independent Auditor's Report

To the Honorable Mayor
and Members of City Council
City of Moorhead, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 did not audit the financial statements of the Moorhead Public Housing Agency, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Moorhead Public Housing Agency, is based solely on the report of the other auditors. 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 Audit 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 entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and schedule of funding progress 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual fund schedules, capital assets used in the operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section, capital assets used in the operation of governmental funds, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2014 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
June 6, 2014

**CITY OF MOORHEAD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

This section of the comprehensive annual financial report of the City of Moorhead (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities at the close of the most recent fiscal year by \$412,172,794.
- The City's total net position increased by \$14,718,035.
- The City's governmental funds reported combined ending fund balances of \$82,476,168, a decrease of \$18,469 in comparison with the prior year. Of this total amount, \$12.6 is unassigned, \$3.7M assigned, \$2.1M committed, \$62.3M restricted and \$1.8M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$13,373,191 or 64% of total general fund expenditures of \$21,052,144.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources along with liabilities and deferred inflows of resources, 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 Moorhead 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 position 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 Moorhead 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 include police and fire protection, emergency medical services, street maintenance, engineering, planning and zoning, neighborhood services, rental registration, transit, library, parks and recreation, economic and community development and general legislative and administrative services. The business-type activities of the City include electric, water, wastewater, storm water, sanitation, sports center, golf course, pest control, forestry and airport.

The government-wide financial statements include not only the City of Moorhead itself, but also a legally separate Public Housing Agency for which the City Council appoints the governing body and on which it is able to impose its will. Financial information for the Public Housing Agency is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found in the basic financial statements of this report.

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 Moorhead, 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 can be divided into two categories: governmental funds and proprietary 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 decisions. 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 Moorhead maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, special assessment debt service, special assessment capital projects and permanent improvement funds, which are all considered major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

The City of Moorhead adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparisons have been provided for all of these funds to demonstrate compliance with the approved budget.

The basic governmental fund financial statements can be found in the Basic Financial Statements of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry and municipal airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for vehicles & equipment, information technology and radios. Because the internal service funds benefit both the governmental and business-type functions, \$594,611 has been reflected within the business-type activities and \$5,604,733 within the 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 electric, water and wastewater treatment, which are considered to be major funds of the City of Moorhead. Data from the other seven enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in this report. The three internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules elsewhere in this report.

The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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 in the basic financial statements of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents the combining schedules referred to earlier in connection with non-major governmental funds, non-major proprietary funds and internal service funds. Combining and individual fund schedules can be found in the Combining and Individual Statements and Schedules portion of the Financial Section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 Moorhead, assets and deferred outflows of resources exceeded liabilities by \$412,172,794 at the close of the most recent fiscal year.

The largest portion of the City's net position is the investment in capital assets of \$245,609,096 (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City of Moorhead uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal year ending December 31, 2013.

CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total
	2013	2012	2013	2012	2013
Current and other assets	\$ 166,735,286	\$ 169,595,779	\$ 41,986,255	\$ 52,772,150	\$ 208,721,541
Capital assets	316,991,810	310,473,943	133,113,356	132,270,088	450,105,166
Total assets	483,727,096	480,069,722	175,099,611	185,042,238	658,826,707
Deferred outflows of resources	581,343				581,343
Long-term liabilities outstanding	182,492,237	188,155,958	53,040,136	67,222,534	235,532,373
Other liabilities	6,407,441	5,890,233	5,295,442	6,388,476	11,702,883
Total liabilities	188,899,678	188,846,158	58,335,578	73,611,010	247,235,256
Net Position:					
Net investment in capital assets	160,410,701	149,982,137	85,198,395	72,514,980	245,609,096
Restricted	131,543,123	133,231,004	8,230,771	7,577,380	139,773,894
Unrestricted	3,454,937	2,810,390	23,334,867	31,338,868	26,789,804
Total net position	\$ 295,408,761	\$ 286,023,531	\$ 116,764,033	\$ 111,431,228	\$ 412,172,794

The \$6.5M increase in capital assets in governmental activities is the result of considerable investment in city infrastructure, flood mitigation and flood property acquisition.

There was also a significant decrease in the current assets and long-term debt in the business-type activities which is attributable to a crossover-refunding bond issue for which proceeds were being held with a fiscal agent in 2012 and were called in 2013, therefore reducing the cash with fiscal agent by approximately \$11M.

CITY OF MOORHEAD'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total 2013
	2013	2012	2013	2012	
Revenues:					
Program revenues:					
Charges for services	\$ 5,749,861	\$ 4,940,846	\$ 59,756,157	\$ 56,989,599	\$ 65,506,018
Operating grants and contributions	3,718,296	2,902,750	204,439	222,930	3,922,735
Capital grants and contributions	16,927,933	34,238,609	1,747,614	211,977	18,675,547
General Revenues:					
Taxes	6,824,193	6,419,118			6,824,193
Tax Increments	689,289	694,944			689,289
Franchise Fees	971,057	831,067			971,057
State aid	8,445,441	8,405,832	11,562	11,560	8,457,003
Grants and contributions not restricted to specific programs	177,045	171,957			177,045
Investment earnings	142,993	158,683	74,074	205,476	217,067
Miscellaneous	1,360,497	215,952	617,849	1,098,599	1,687,551
Total revenues	45,006,605	58,979,758	62,411,695	58,740,141	107,418,300
Expenses:					
General government	4,346,403	3,819,530			4,346,403
Public safety	11,398,174	10,675,009			11,398,174
Highways and streets	13,057,142	11,981,603			13,057,142
Parks and recreation	3,468,570	3,457,150			3,468,570
Library	824,609	780,583			824,609
Community development	618,093	561,105			618,093
Rental Registration	204,858	181,419			204,858
Mass transit	2,587,116	2,449,881			2,587,116
Economic development	825,762	880,549			825,762
Interest on long-term debt	7,688,510	7,172,878			7,688,510
Electric			27,173,001	26,205,959	27,173,001
Water			5,287,103	5,440,712	5,287,103
Wastewater treatment			6,656,290	6,024,275	6,656,290
Storm water			1,003,482	878,183	1,003,482
Sanitation			3,166,870	3,173,585	3,166,870
Golf Course			2,187,145	1,717,851	2,187,145
Sports Center			916,596	913,432	916,596
Pest Control			341,457	363,547	341,457
Forestry			744,203	640,062	744,203
Municipal airport			274,881	258,975	274,881
Total expenses	45,019,237	41,959,707	47,751,028	45,616,581	92,770,265
Increase in net position before transfers	(12,632)	17,020,051	14,660,667	13,123,560	14,648,035
Transfers	9,397,862	8,988,780	(9,327,862)	(8,988,780)	70,000
Change in net position	9,385,230	26,008,831	5,332,805	4,134,780	14,718,035
Net position - beginning of year	286,023,531	260,014,700	111,431,228	107,296,448	397,454,759
Net position - end of year	\$ 295,408,761	\$ 286,023,531	\$ 116,764,033	\$ 111,431,228	\$ 412,172,794

Governmental activities. The governmental activities' net position increased by \$9,385,230 during the current fiscal year, accounting for 63.8% of the total increase in the net position of the City of Moorhead. Charges for services increased by \$809,015 (16.4%) and operating grants and contributions increased \$815,546 (28.1%) while capital grants and contributions decreased \$17,310,676 (50.6%) and property taxes increased \$405,075 (6.3%). The \$1M increase in miscellaneous revenue resulted from the sale of a large tract of tax-forfeit land acquired by the City in 2012 and sold in 2013. Expenses increased \$3.1M due primarily to a \$1.1M increase in Highways and Streets, a \$723,165 increase in Public Safety, and a \$515,632 increase in interest on long-term debt.

Business-type activities. Business-type activities increased the City's net position by \$5,332,805 accounting for 36.2% of the total growth in the government's net position. Charges for services in the business-type activities increased \$2.8M (4.9%) over the previous year. This resulted from a rate increases in the Electric Fund (2.0%) and an unusually cold November and December. Expenses in the business-type activities increased \$2.1M (4.7%). Components of this increase include \$1M in

Electric, \$632K in Wastewater treatment and \$469K in the Golf Course fund. The electric increase is primarily due to the increased cost for purchased power related to the unusually cold seasonal temperatures; additional bond interest expense reflected as a result of a crossover refunding is the cause of increased expenses in the wastewater fund; and the golf course increase is due to writing off an uncollectible contract for deed receivable.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

Governmental funds. The focus of the City'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's financing requirements. In particular, unrestricted fund balance serves as a useful measure of a government's net resources available for spending during the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,476,168, a decrease of \$18,469 in comparison with the prior year. Approximately 15.3%, or \$12,583,770, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$3.7M, 4.5%), committed (\$2.1M, 2.5%), restricted (\$62.3M, 75.5%) or nonspendable (\$1.8M, 2.2%).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,373,191. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 64% of total general fund expenditures which is above the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was a decrease of \$305,583 or 2.0% from 2012. Key factors of this decrease are as follows:

- Total revenues including net transfers were \$21,260,449 which was \$409,984 over budget. The additional revenues primarily resulted from building permits.
- Expenditures of \$21,566,032 were under budget by \$721,639. Reductions in personal services of \$409,151 were achieved by not filling various vacant positions in addition to \$203,577 in lower than expected bulk fuel costs. However there were several budget adjustments throughout the year authorizing the use of general fund reserves for various expenditures including \$516,000 for 2013 flood fight costs, \$173,164 to refund CDBG entitlement funds for a project that did not materialize and additional appropriation for the Metro Flood Diversion Project in the amount of \$95,000.

The special assessment debt service fund balance increased \$1,764,104 due mainly to the sale of a large parcel of tax forfeit land in 2013 which recovered prior unpaid special assessments in the amount of \$1M. The special assessment capital projects fund balance decreased by \$3,842,593 which is primarily due to the spend down of prior year bond proceeds. The permanent improvement fund balance increased \$2,024,754 which includes transfers from the general fund and storm water fund totaling \$561,021 to accommodate 2013 flood preparation expenditures and construction state aid received in 2013 for expenditures made in previous years.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year totaled \$22,740,256. The change in net position in the enterprise funds increased \$5,230,485. The water fund increased by \$2.6M and electric fund by \$3.5M, whereas wastewater fund decreased by \$314,020.

In the electric fund, the revenue increase of 6.6% was primarily the result of a 2.0% rate increase effective January 2013 and an unusually cold November and December. The water fund experienced a decrease in operating revenue of -1.8% caused by a decline in customer sales volume in 2013, however, still reported an increase in net position largely attributable to capital contributions of in excess of \$1.5M. The reduction in the wastewater fund net position is a reflection of debt service payments being made on a crossover refunding bond issue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant variances between original and final budget are noted as follows:

Budgets were amended during the year to account for changes approved by the City Council during the year, for capital outlay and open encumbrance carryovers from the previous fiscal year, new grant awards and supplemental appropriations. The

original expenditure budget of \$21,196,819 was amended as final totaling \$21,771,671 for an increase of \$574,852 during the year.

The positive revenue variance of \$333,820 is attributed primarily to excess license and permit revenue. This negative revenue variance was partially offset by a positive variance in licenses and permits of \$143,065. The positive variance in expenditures of \$719,527 is primarily due to not filling vacant positions saving \$409,151 and \$203,577 in lower than expected bulk fuel purchases.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$450,105,166 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

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

- Flood acquisition and mitigation projects of \$11.1M with \$7.5M funded by a State grant and the remainder funded through issuance of bonds.
- \$2.6M in street projects with state funds
- \$3.8M in infrastructure other improvements

CITY OF MOORHEAD’S CAPITAL ASSETS
(net of depreciation)

	Governmental Activities 2013	Business-type Activities 2013	Total
Land	\$ 58,783,780	\$ 8,458,847	\$ 67,242,627
Construction in progress	42,300,515	5,566,654	47,867,169
Buildings	10,747,024	89,961,288	100,708,312
Improvements other than buildings	16,509,503	24,541,228	41,050,731
Machinery and equipment	9,604,882	4,585,339	14,190,221
Infrastructure	179,046,106		179,046,106
Total	\$ 316,991,810	\$ 133,113,356	\$ 450,105,166

Additional information on the City’s capital assets can be found in the notes to the financial statements Note 4(B) of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Moorhead had total bonded debt outstanding of \$232,960,118. Of this amount, \$390,000 is comprised of General Obligation debt backed by the full faith and credit of the City, G.O. Special assessment debt of \$174,620,000 and General Obligation Revenue debt of \$32,395,118 which are also backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$25,555,000 of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$631,109 General Obligation Notes Payable at year end.

The City’s net decrease in long-term bonded debt was \$19,388,034 during the current fiscal year, of which \$10,510,000 was attributable to the optional redemption of G.O. Wastewater Revenue Bonds 2003A which were advance refunded in 2012.

During the current fiscal year, the City issued:

\$2,165,000 G.O. Improvement Bonds 2013A to finance various city-wide infrastructure projects.

The City of Moorhead maintained an “Aa3” rating from Moody’s Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$57,345,843. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$1,021,109 leaving a legal debt margin of \$56,324,734.

CITY OF MOORHEAD'S OUTSTANDING DEBT

General Obligation Bonds, Revenue Bonds, Long-Term Notes, Compensated Absences and Other Post-Employment Benefits

Type of Issue	Governmental Activities	Business-type Activities	Total
Special assessment	\$ 174,620,000	\$	\$ 174,620,000
General obligation debt	390,000		390,000
G.O. Tax Increment	4,560,000		4,560,000
G.O. Municipal Improvement Revenue	1,095,000		1,095,000
G.O. Revenue		15,950,118	15,950,118
Revenue Refunding		19,440,000	19,440,000
Revenue		16,905,000	16,905,000
Long-term notes	631,109		631,109
Compensated absences	1,504,083	770,105	2,274,188
Other Post-Employment Benefits	677,225	354,931	1,032,156
Total	\$ 183,477,417	\$ 53,420,154	\$ 236,897,571

Additional information on the City's long-term debt can be found in Note 4(E) of the notes to the financial statements.

Economic Factors and Next Year's Budgets

The local economy has remained resilient and 2013 showed significant increases in both new commercial and residential construction, both in terms of value and number of residential units. There has been \$98 million of public investment for flood mitigation in Moorhead. \$7.2 million will complete the City's flood protection to a river stage of 42.5 feet. Moorhead's revised FEMA map was adopted in April 2012 and sets the 100-year flood plain at a river stage of 39.3 feet. Moorhead's proactive approach to flood protection gives the City a market advantage and keeps our community in business regardless of whether or when the FM Diversion project is completed. The City of Moorhead prides itself on its ability to maintain most services at a level the taxpayer has come to expect. This has been accomplished by not filling vacant positions and reducing service levels in areas which impact the fewest citizens and incorporating cost saving measures in services provided.

The City of Moorhead's 2014 Operating & Capital Budget totals \$67,967,459, an increase of \$2,547,699 (3.89%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2014 budget reflects an increase of \$1,108,987 (3.97%) from 2013 levels.

A general wage adjustment of 2.00% was applied to all employee wages which totaled \$287,000. A classification & compensation study was performed and implemented in the 2014 budget as well. All city employees received a 2% wage adjustment applied to their 2013 salary at January 1, 2014. Then, on their anniversary date in 2014, they move onto the next highest step of the new wage schedule provided by Springsted in the City's classification & compensation study. These scale adjustments totaled \$254,000. Health insurance premiums were increased \$119,000 (5%).

Operating budgets were reduced by 5% from the 2013 budget to help accommodate these increased costs rather than funding them entirely through property tax increases.

The Local Government Aid (LGA) program will continue to be stressed and not a funding source which is forecast to increase. 2014 Local Government Aid is \$7,078,353, which is an increase of \$287,725 over the 2013 Local Government Aid allocation.

Requests for Information

This financial report is designed to provide a general overview of the City'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 Office of the Finance Director, 500 Center Avenue, Moorhead, MN 56560 or visit the City's web site at www.cityofmoorhead.com.

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 64,019,672	\$ 16,169,310	\$ 80,188,982	\$ 1,995,553
Cash with fiscal agent	19,765,000		19,765,000	
Receivables:				
Accounts and notes	418,304	7,681,694	8,099,998	4,652
Accrued interest		46,890	46,890	
Special assessments	6,833,704	281,812	7,115,516	
Internal balances	3,183,611	(3,113,611)	70,000	
Due from other governmental units	3,149,470	252,720	3,402,190	29,021
Inventories		969,583	969,583	
Prepaid items	79,326	96,254	175,580	30,121
Restricted assets:				
Cash and cash equivalents		5,206,443	5,206,443	
Long-term receivables:				
Special assessments	64,289,437	2,749,741	67,039,178	
Notes receivable, less current portion	4,996,762	644,056	5,640,818	
Other long-term investments		6,060,363	6,060,363	
Bond operation and maintenance reserve		4,941,000	4,941,000	
Capital assets:				
Intangible plant		255,373	255,373	
Land	58,783,780	8,458,847	67,242,627	464,977
Buildings	22,548,255	161,168,302	183,716,557	10,560,694
Improvements other than buildings	26,887,520	36,820,981	63,708,501	
Machinery and equipment	28,715,094	17,941,862	46,656,956	556,675
Infrastructure	250,025,944		250,025,944	
Construction in progress	42,300,515	5,566,654	47,867,169	
Less accumulated depreciation	(112,269,298)	(97,098,663)	(209,367,961)	(6,658,189)
Total assets	483,727,096	175,099,611	658,826,707	6,983,504
DEFERRED OUTFLOWS OF RESOURCES				
Advance refundings of debt	581,343		581,343	
LIABILITIES				
Accounts payable	1,760,471	3,890,407	5,650,878	106,207
Contracts payable - retainage	85,173		85,173	
Accrued wages payable	675,913	172,034	847,947	40,090
Accrued compensated absences	985,180	627,441	1,612,621	
Due to other governmental units	160,802	31,627	192,429	
Customer deposits		165,635	165,635	52,227
Other liabilities	31,562	33,898	65,460	50,205
Accrued interest payable	2,708,340	292,800	3,001,140	
Liabilities payable from restricted assets:				
Accrued interest payable		81,600	81,600	
Long-term liabilities:				
Due within one year	19,281,197	3,429,886	22,711,083	
Accrued compensated absences	518,903	142,664	661,567	
Other post-employment benefits	677,225	354,931	1,032,156	
Notes payable	559,912	379,838	939,750	
Bonds payable	161,455,000	48,732,817	210,187,817	
Total liabilities	188,899,678	58,335,578	247,235,256	248,729
NET POSITION				
Net investment in capital assets	160,410,701	85,198,395	245,609,096	4,924,157
Restricted for debt service	115,828,984	7,295,203	123,124,187	24,069
Restricted for capital projects	15,714,139	935,568	16,649,707	
Unrestricted	3,454,937	23,334,867	26,789,804	1,786,549
Total net position	\$ 295,408,761	\$ 116,764,033	\$ 412,172,794	\$ 6,734,775

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary Government							
Governmental activities:							
General government	\$ 4,346,403	\$ 1,006,692	\$ 6,283	\$	\$ (3,333,428)		\$ (3,333,428)
Public safety	11,398,174	756,848	1,133,243		(9,508,083)		(9,508,083)
Highways and streets	13,057,142	1,903,650	256,913	15,341,031	4,444,452		4,444,452
Parks and recreation	3,468,570	459,355	11,015		(2,998,200)		(2,998,200)
Library	824,609				(824,609)		(824,609)
Community development	618,093	592,644	533,927	1,425,863	1,934,341		1,934,341
Rental registration	204,858	203,145			(1,713)		(1,713)
Mass transit	2,587,116	385,972	1,676,915	161,039	(363,190)		(363,190)
Economic development	825,762	441,555	100,000		(284,207)		(284,207)
Interest on long-term debt	7,688,510				(7,688,510)		(7,688,510)
Total governmental activities	<u>45,019,237</u>	<u>5,749,861</u>	<u>3,718,296</u>	<u>16,927,933</u>	<u>(18,623,147)</u>		<u>(18,623,147)</u>
Business-type activities:							
Electric	27,173,001	37,680,948		490,795		\$ 10,998,742	10,998,742
Water	5,287,103	6,849,951		1,041,953		2,604,801	2,604,801
Wastewater treatment	6,656,290	6,316,542		157,426		(182,322)	(182,322)
Storm water	1,003,482	2,381,232				1,377,750	1,377,750
Sanitation	3,166,870	3,694,612	179,770		707,512		707,512
Golf Course	2,187,145	1,143,019			(1,044,126)		(1,044,126)
Sports Center	916,596	572,798			(343,798)		(343,798)
Pest Control	341,457	346,985			5,528		5,528
Forestry	744,203	680,416			(63,787)		(63,787)
Municipal airport	274,881	89,654	24,669	57,440	(103,118)		(103,118)
Total business-type activities	<u>47,751,028</u>	<u>59,756,157</u>	<u>204,439</u>	<u>1,747,614</u>		<u>13,957,182</u>	<u>13,957,182</u>
Total primary government	<u>\$ 92,770,265</u>	<u>\$ 65,506,018</u>	<u>\$ 3,922,735</u>	<u>\$ 18,675,547</u>	<u>(18,623,147)</u>	<u>13,957,182</u>	<u>(4,665,965)</u>
Component Unit:							
Public Housing Agency	<u>\$ 1,770,052</u>	<u>\$ 570,211</u>	<u>\$ 913,368</u>	<u>\$ 167,208</u>			<u>\$ (119,265)</u>
General revenues:							
Property taxes levied for general purposes					3,831,102		3,831,102
Property taxes levied for debt service					2,993,091		2,993,091
Tax increments					689,289		689,289
Franchise fees					971,057		971,057
State aid unrestricted					8,445,441	11,562	8,457,003
Grants and contributions not restricted to specific programs					177,045		177,045
Unrestricted investment earnings					142,993	74,074	217,067
Miscellaneous					1,360,497	617,849	1,978,346
Transfers					9,397,862	(9,327,862)	70,000
Total general revenues and transfers					<u>28,008,377</u>	<u>(8,624,377)</u>	<u>19,384,000</u>
Changes in net position					9,385,230	5,332,805	14,718,035
Net position - beginning					286,023,531	111,431,228	397,454,759
Net position - ending					<u>\$ 295,408,761</u>	<u>\$ 116,764,033</u>	<u>\$ 412,172,794</u>

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS & DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	\$ 8,801,743	\$ 29,150,998	\$ 12,793,569	\$	\$ 7,100,894	\$ 57,847,204
Cash with fiscal agent		19,765,000				19,765,000
Receivables:						
Accounts	304,696	43	1,201		40,612	346,552
Notes	60,324	691,189			4,245,249	4,996,762
Special assessments		85,132,616	3,088,253	733,389		88,954,258
Due from other funds	5,763,707				222,963	5,986,670
Due from other governmental units	420,730	177,920	20,868	2,226,463	303,359	3,149,340
Advances to other funds	1,240,320		478,200			1,718,520
Prepaid items	79,326					79,326
Total Assets	16,670,846	134,917,766	16,382,091	2,959,852	11,913,077	182,843,632
Deferred outflows of resources:						
Advance refundings of debt		581,343				581,343
Total Assets & Deferred Outflows of Resources	\$ 16,670,846	\$ 135,499,109	\$ 16,382,091	\$ 2,959,852	\$ 11,913,077	\$ 183,424,975
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 335,634	\$ 4,550	\$ 806,362	\$ 93,886	\$ 499,109	\$ 1,739,541
Contracts payable - retainage			65,602	19,571		85,173
Accrued wages payable	572,464				79,406	651,870
Due to other funds				2,313,204	1,159,212	3,472,416
Advances from other funds					454,552	454,552
Due to other governmental units	155,688				5,081	160,769
Other liabilities	18,423				13,139	31,562
Total Liabilities	1,082,209	4,550	871,964	2,426,661	2,210,499	6,595,883
Deferred inflows of resources:						
Long-term receivables	464,380	85,815,653	3,094,253	733,389	4,245,249	94,352,924
Fund Balance:						
Nonspendable	1,333,328	8,153	478,200			1,819,681
Restricted		49,670,753	11,937,674		665,867	62,274,294
Committed	417,738				1,658,988	2,076,726
Assigned					3,721,697	3,721,697
Unassigned	13,373,191			(200,198)	(589,223)	12,583,770
Total Fund Balance	15,124,257	49,678,906	12,415,874	(200,198)	5,457,329	82,476,168
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 16,670,846	\$ 135,499,109	\$ 16,382,091	\$ 2,959,852	\$ 11,913,077	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						316,991,810
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds.						76,521,807
Long-term liabilities, including bonds payable, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.						(186,185,757)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position.						5,604,733
						\$ 295,408,761
				Net position of governmental activities		

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 550,771	\$ 2,824,736	\$	\$	\$ 4,137,975	\$ 7,513,482
Franchise	971,057					971,057
Licenses and permits	749,377					749,377
Intergovernmental revenues:						
Federal	159,705	159,044	5,806	549,544	1,200,991	2,075,090
State	7,856,747	540,222	7,539,994	2,321,203	2,202,474	20,460,640
Other	399,132	217,300		23,768	177,045	817,245
Charges for services	2,331,589		11,168		713,869	3,056,626
Fines and forfeits	497,843					497,843
Facility rentals					154,479	154,479
Donations					6,111	6,111
Interest on investments	28,238	77,949	22,480	272	10,355	139,294
Special assessments		9,409,124	240,922			9,650,046
Miscellaneous	307,285	1,209,915	10,508	1,075	799,736	2,328,519
Total revenues	<u>13,851,744</u>	<u>14,438,290</u>	<u>7,830,878</u>	<u>2,895,862</u>	<u>9,403,035</u>	<u>48,419,809</u>
EXPENDITURES						
Current:						
General government	3,263,846	66,721	147,686	3,356	114,164	3,595,773
Public safety	11,117,400			1,199	65,614	11,184,213
Highways and streets	6,555,327		152,291	563,602	74,450	7,345,670
Parks and recreation				8,159	2,551,994	2,560,153
Library					815,140	815,140
Community development			37,874	699	579,516	618,089
Rental Registration					204,858	204,858
Mass transit					2,131,719	2,131,719
Economic development				2,064	623,851	625,915
Capital outlay	115,571		14,476,926	853,050	1,305,238	16,750,785
Debt Service:						
Bond and note principal		7,005,000			862,746	7,867,746
Bond and note Interest		6,951,200			755,998	7,707,198
Fiscal and other charges		34,344			3,388	37,732
Total expenditures	<u>21,052,144</u>	<u>14,057,265</u>	<u>14,814,777</u>	<u>1,432,129</u>	<u>10,088,676</u>	<u>61,444,991</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(7,200,400)</u>	<u>381,025</u>	<u>(6,983,899)</u>	<u>1,463,733</u>	<u>(685,641)</u>	<u>(13,025,182)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		110,000	2,055,000			2,165,000
Premium on Issuance of debt		51,879				51,879
Transfers from other funds	7,408,705	1,351,200		561,021	2,102,738	11,423,664
Transfers to other funds	(513,888)	(130,000)			(1,076,248)	(1,720,136)
Sale of capital assets			1,086,306			1,086,306
Total other financing sources	<u>6,894,817</u>	<u>1,383,079</u>	<u>3,141,306</u>	<u>561,021</u>	<u>1,026,490</u>	<u>13,006,713</u>
NET CHANGE IN FUND BALANCE	(305,583)	1,764,104	(3,842,593)	2,024,754	340,849	(18,469)
FUND BALANCE - BEGINNING	<u>15,429,840</u>	<u>47,914,802</u>	<u>16,258,467</u>	<u>(2,224,952)</u>	<u>5,116,480</u>	<u>82,494,637</u>
FUND BALANCE - ENDING	<u>\$ 15,124,257</u>	<u>\$ 49,678,906</u>	<u>\$ 12,415,874</u>	<u>\$ (200,198)</u>	<u>\$ 5,457,329</u>	<u>\$ 82,476,168</u>

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

**CITY OF MOORHEAD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

Amounts reported for governmental activities in the statement of activities (page 12) are different from the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds (page 14)	\$	(18,469)
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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.

Capital outlay	\$ 16,750,785		
Transfer of assets to business-type activities	(703,463)		
Depreciation expense	<u>(7,523,401)</u>		8,523,921

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		(1,751,328)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,468,782)
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonded debt issued	\$ (2,165,000)		
Bond & note principal payments	<u>7,867,746</u>		5,702,746

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.

Compensated absences	\$ (75,734)		
Other post-employment benefits	(101,748)		
Accrued interest	<u>56,420</u>		(121,062)

Internal service funds are used by management to charge the costs of radio, vehicle and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

518,204

Change in net position of governmental activities (page 12)		<u><u>\$ 9,385,230</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 494,536	\$ 494,536	\$ 550,771	\$ 56,235
Franchise	948,000	948,000	971,057	23,057
Licenses and permits	494,470	494,470	749,377	254,907
Intergovernmental:				
Federal	34,000	56,522	185,623	129,101
State	7,848,346	7,911,146	7,856,747	(54,399)
County	75,590	170,590	297,998	127,408
Other	85,798	99,185	101,134	1,949
Charges for services	2,508,745	2,508,745	2,331,589	(177,156)
Fines and forfeitures	555,800	555,800	497,843	(57,957)
Interest on investments	117,590	117,590	28,238	(89,352)
Miscellaneous	160,790	161,340	281,367	120,027
Total revenues	<u>13,323,665</u>	<u>13,517,924</u>	<u>13,851,744</u>	<u>333,820</u>
EXPENDITURES				
Administration department:				
Current:				
Personal services	1,145,660	1,145,660	1,052,391	93,269
Supplies	25,050	25,050	33,435	(8,385)
Other services & charges	1,051,926	1,058,926	1,044,487	14,439
Capital outlay			166	(166)
	<u>2,222,636</u>	<u>2,229,636</u>	<u>2,130,479</u>	<u>99,157</u>
Police department:				
Current:				
Personal services	5,469,546	5,501,946	5,503,782	(1,836)
Supplies	343,571	366,721	339,702	27,019
Other services & charges	1,839,564	1,908,532	1,889,577	18,955
Capital outlay		20,450	33,284	(12,834)
	<u>7,652,681</u>	<u>7,797,649</u>	<u>7,766,345</u>	<u>31,304</u>
Fire department:				
Current:				
Personal services	2,771,490	2,786,448	2,808,568	(22,120)
Supplies	108,696	131,958	114,870	17,088
Other services & charges	453,524	453,524	460,901	(7,377)
Capital outlay	23,448	23,448	24,400	(952)
	<u>3,357,158</u>	<u>3,395,378</u>	<u>3,408,739</u>	<u>(13,361)</u>
Community services department:				
Current:				
Personal services	912,996	912,996	898,398	14,598
Supplies	35,650	37,650	20,433	17,217
Other services & charges	211,151	222,651	214,702	7,949
Capital outlay		173,164	57,721	115,443
	<u>1,159,797</u>	<u>1,346,461</u>	<u>1,191,254</u>	<u>155,207</u>
Engineering department:				
Current:				
Personal services	1,089,617	1,014,687	820,308	194,379
Supplies	37,820	37,820	26,189	11,631
Other services & charges	708,391	981,321	1,060,988	(79,667)
Capital outlay				
	<u>1,835,828</u>	<u>2,033,828</u>	<u>1,907,485</u>	<u>126,343</u>
Operations department:				
Current:				
Personal services	1,060,134	1,060,134	938,631	121,503
Supplies	2,254,950	2,254,950	2,008,157	246,793
Other services & charges	1,653,635	1,653,635	1,701,054	(47,419)
Capital outlay				
Debt Service:				
Note principal				
Note Interest				
	<u>4,968,719</u>	<u>4,968,719</u>	<u>4,647,842</u>	<u>320,877</u>
Total expenditures	<u>21,196,819</u>	<u>21,771,671</u>	<u>21,052,144</u>	<u>719,527</u>

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUE UNDER EXPENDITURES	<u>(7,873,154)</u>	<u>(8,253,747)</u>	<u>(7,200,400)</u>	<u>1,053,347</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	7,330,230	7,332,541	7,408,705	76,164
Transfers to other funds	<u> </u>	<u>(516,000)</u>	<u>(513,888)</u>	<u>2,112</u>
Total other financing sources	<u>7,330,230</u>	<u>6,816,541</u>	<u>6,894,817</u>	<u>78,276</u>
NET CHANGE IN FUND BALANCE	(542,924)	(1,437,206)	(305,583)	1,131,623
FUND BALANCE - BEGINNING	<u>15,429,840</u>	<u>15,429,840</u>	<u>15,429,840</u>	
FUND BALANCE - ENDING	<u>\$ 14,886,916</u>	<u>\$ 13,992,634</u>	<u>\$ 15,124,257</u>	<u>\$ 1,131,623</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,291,028	\$ 2,495,993	\$ 4,007,296	\$ 6,374,993	\$ 16,169,310	\$ 6,172,468
Receivables:						
Accounts and notes	5,195,884	705,872	901,679	878,259	7,681,694	71,752
Accrued interest	38,450	8,440			46,890	
Special assessments		7,225	274,587		281,812	
Due from other city funds			545,966	618,116	1,164,082	
Due from other governmental units		48,140	6,398	198,182	252,720	130
Inventories	785,919	183,664			969,583	
Prepaid items	38,454	54,136	3,369	295	96,254	
Total current assets	9,349,735	3,503,470	5,739,295	8,069,845	26,662,345	6,244,350
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	3,135,774	580,743	417,577	1,072,349	5,206,443	
Long-term receivables:						
Special assessments			2,749,741		2,749,741	
Notes receivable, less current portion	5,769			638,287	644,056	
Other long-term investments	5,020,841	1,039,522			6,060,363	
Bond operation and maintenance reserve	4,270,000	671,000			4,941,000	
Capital assets:						
Intangible plant	255,373				255,373	
Land	805,120	574,942	2,666,766	4,412,019	8,458,847	
Buildings	58,624,350	55,398,709	33,258,786	13,886,457	161,168,302	
Improvements other than buildings			27,777,878	9,043,103	36,820,981	
Machinery and equipment	4,673,961	1,814,676	10,368,566	1,084,659	17,941,862	21,214,018
Construction in progress	5,381,920	184,734			5,566,654	
Less accumulated depreciation	(26,634,871)	(18,941,875)	(37,571,523)	(13,950,394)	(97,098,663)	(14,186,970)
Total long-term assets	55,538,237	41,322,451	39,667,791	16,186,480	152,714,959	7,027,048
Total assets	\$ 64,887,972	\$ 44,825,921	\$ 45,407,086	\$ 24,256,325	\$ 179,377,304	\$ 13,271,398
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 3,008,192	\$ 676,059	\$ 44,143	\$ 162,013	\$ 3,890,407	\$ 20,930
Accrued wages payable			52,004	120,030	172,034	24,043
Accrued compensated absences	259,940	192,942	68,725	105,834	627,441	
Due to other city funds	1,873,944	67,760		1,666,632	3,608,336	
Due to other governmental units				31,627	31,627	33
Customer deposits	154,395			11,240	165,635	
Other liabilities				33,898	33,898	
Accrued interest payable			281,370	11,430	292,800	
Current maturities of long-term debt	1,132,225	217,775	1,844,886	235,000	3,429,886	
Current liabilities payable from restricted assets:						
Accrued interest payable	73,600	8,000			81,600	
Total current liabilities	6,502,296	1,162,536	2,291,128	2,377,704	12,333,664	45,006
Long-term liabilities:						
Accrued compensated absences			56,169	86,495	142,664	29,825
Other post-employment benefits	98,415	65,610	68,591	122,315	354,931	8,770
Notes payable		379,838			379,838	
Bonds payable	17,347,725	4,522,275	24,788,127	2,074,690	48,732,817	
Advances from other funds		478,200		785,768	1,263,968	
Total long-term liabilities	17,446,140	5,445,923	24,912,887	3,069,268	50,874,218	38,595
Total liabilities	23,948,436	6,608,459	27,204,015	5,446,972	63,207,882	83,601
NET POSITION						
Net investment in capital assets	24,625,903	34,389,498	9,867,460	16,315,534	85,198,395	7,027,048
Restricted for debt service	2,200,206	580,743	3,441,905	1,072,349	7,295,203	
Restricted for capital projects	935,568				935,568	
Unrestricted	13,177,859	3,247,221	4,893,706	1,421,470	22,740,256	6,160,749
Total net position	\$ 40,939,536	\$ 38,217,462	\$ 18,203,071	\$ 18,809,353	116,169,422	\$ 13,187,797
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					594,611	
Net position of business-type activities					<u>\$ 116,764,033</u>	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 37,119,526	6,807,762	\$ 6,194,532	\$ 8,624,648	\$ 58,746,468	\$ 2,474,227
Other	<u>561,422</u>	<u>42,189</u>	<u>188,840</u>	<u>313,548</u>	<u>1,105,999</u>	<u>2,445</u>
Total operating revenue	<u>37,680,948</u>	<u>6,849,951</u>	<u>6,383,372</u>	<u>8,938,196</u>	<u>59,852,467</u>	<u>2,476,672</u>
OPERATING EXPENSES						
Personal services	3,296,893	1,974,498	1,146,366	2,906,076	9,323,833	442,157
Purchased power	20,156,014				20,156,014	
Disposal fee				973,803	973,803	
Professional services	140,947	32,472	412,408	168,939	754,766	4,336
Insurance	85,851	34,434	148,707	94,140	363,132	1,410
Repair and maintenance	747,853	621,220	455,672	560,672	2,385,417	274,380
Supplies	109,962	1,155,059	413,955	889,559	2,568,535	21,229
Utilities			624,748	421,791	1,046,539	
Equipment rental			126,367	524,038	650,405	
Depreciation	2,001,094	1,115,461	1,587,572	848,777	5,552,904	1,417,025
Miscellaneous	2,290	33,789	368,001	697,487	1,101,567	107,466
Total operating expenses	<u>26,540,904</u>	<u>4,966,933</u>	<u>5,283,796</u>	<u>8,085,282</u>	<u>44,876,915</u>	<u>2,268,003</u>
Operating income	<u>11,140,044</u>	<u>1,883,018</u>	<u>1,099,576</u>	<u>852,914</u>	<u>14,975,552</u>	<u>208,669</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments			30,834	43,240	74,074	3,699
Interest on indebtedness	(632,097)	(246,324)	(1,382,776)	(152,190)	(2,413,387)	
Gain (loss) on disposal of equipment	35,219	(109,065)			(73,846)	2,079
Intergovernmental				204,439	204,439	
Miscellaneous	237,661	(6,917)	294,665	(481,508)	43,901	8,280
Total nonoperating revenue (expense)	<u>(359,217)</u>	<u>(362,306)</u>	<u>(1,057,277)</u>	<u>(386,019)</u>	<u>(2,164,819)</u>	<u>14,058</u>
Income (loss) before contributions and transfers	<u>10,780,827</u>	<u>1,520,712</u>	<u>42,299</u>	<u>466,895</u>	<u>12,810,733</u>	<u>222,727</u>
Capital contributions	490,795	1,546,432	157,426	81,276	2,275,929	175,148
Transfers from other funds				538,250	538,250	222,649
Transfers to other funds	(7,771,863)	(463,761)	(513,925)	(1,644,878)	(10,394,427)	
Total contributions and transfers	<u>(7,281,068)</u>	<u>1,082,671</u>	<u>(356,499)</u>	<u>(1,025,352)</u>	<u>(7,580,248)</u>	<u>397,797</u>
CHANGE IN NET POSITION	3,499,759	2,603,383	(314,200)	(558,457)	5,230,485	620,524
TOTAL NET POSITION - BEGINNING	<u>37,439,777</u>	<u>35,614,079</u>	<u>18,517,271</u>	<u>19,367,810</u>		<u>12,567,273</u>
TOTAL NET POSITION - ENDING	<u>\$ 40,939,536</u>	<u>\$ 38,217,462</u>	<u>\$ 18,203,071</u>	<u>\$ 18,809,353</u>		<u>\$ 13,187,797</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>102,320</u>	
Change in net position of business-type activities					<u>\$ 5,332,805</u>	

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 37,095,699	6,823,646	\$ 6,170,923	\$ 8,598,755	\$ 58,689,023	\$ 2,415,528
Payments to suppliers	(23,548,312)	(3,158,466)	(2,208,376)	(3,584,007)	(32,499,161)	(312,571)
Payments to employees	(1,712,467)	(891,751)	(1,151,957)	(2,891,001)	(6,647,176)	(429,476)
Other receipts (payments)			122,270	(729,502)	(607,232)	(67,008)
Net cash provided by operating activities	<u>11,834,920</u>	<u>2,773,429</u>	<u>2,932,860</u>	<u>1,394,245</u>	<u>18,935,454</u>	<u>1,606,473</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental				204,439	204,439	
Transfers from other funds				538,250	538,250	
Transfers to other funds	(7,771,863)	(463,761)	(513,925)	(1,644,878)	(10,394,427)	
Payments received on notes	125,586	655,878			781,464	
Decrease in due from other funds	25,550				25,550	
Increase (decrease) in due to other funds	155,436	(90,414)			65,022	
Net cash used in noncapital financing activities	<u>(7,465,291)</u>	<u>101,703</u>	<u>(513,925)</u>	<u>(902,189)</u>	<u>(8,779,702)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of assets	(2,671,327)	(1,439,684)	(28,215)	(530,396)	(4,669,622)	(773,409)
Proceeds from sale of assets	35,219				35,219	10,985
Principal payments - bonds and notes	(1,321,628)	(178,079)	(12,228,034)	(220,000)	(13,947,741)	
Interest payments - bonds and notes	(639,777)	(246,504)	(1,335,781)	(150,106)	(2,372,168)	
Capital grants from other governments				117,570	117,570	
Special assessment collections			388,303		388,303	
Net cash used in capital and related financing activities	<u>(4,597,513)</u>	<u>(1,864,267)</u>	<u>(13,203,727)</u>	<u>(782,932)</u>	<u>(20,448,439)</u>	<u>(762,424)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	(67,084)	(12,172)	30,834	43,240	(5,182)	3,699
Proceeds from sales of investments	2,491,755	85,445			2,577,200	
Purchase of investments	(4,133,711)	(680,696)			(4,814,407)	
(Increase)/decrease in notes receivable				489,200	489,200	
Net cash provided by investing activities	<u>(1,709,040)</u>	<u>(607,423)</u>	<u>30,834</u>	<u>532,440</u>	<u>(1,753,189)</u>	<u>3,699</u>
Net increase (decrease) in cash and cash equivalents	(1,936,924)	403,442	(10,753,958)	241,564	(12,045,876)	847,748
Cash and cash equivalents at beginning of year	8,363,726	2,673,294	15,469,626	7,205,778	33,712,424	5,324,720
Cash and cash equivalents at end of year	<u>\$ 6,426,802</u>	<u>\$ 3,076,736</u>	<u>\$ Not Balanced</u>	<u>\$ 7,447,342</u>	<u>\$ Not Balanced</u>	<u>\$ 6,172,468</u>
			290,795			
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 11,140,044	\$ 1,883,018	\$ 1,099,576	\$ 852,914	\$ 14,975,552	\$ 208,669
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	2,001,094	1,115,461	1,587,572	848,777	5,552,904	1,417,025
Depreciation expensed to vehicle expense	144,313	81,136			225,449	
Miscellaneous nonoperating income (expense)	296,136	2,472	294,665	(481,508)	111,765	8,280
Change in assets and liabilities:						
Accounts and notes receivable	(881,385)	(28,777)	(3,244)	7,657	(905,749)	(70,433)
Due from other funds			(25,825)	(33,255)	(59,080)	
Due from other governments			6,766	222,463	229,229	4,097
Special assessment receivable			8,829		8,829	
Inventories	(39,918)	(20,925)			(60,843)	
Prepaid items	596	(450)	(3,369)	(295)	(3,518)	7,637
Accounts payable	(836,731)	(227,649)	(9,194)	47,349	(1,026,225)	18,484
Accrued wages payable	(30)	(38,058)	2,130	18,433	(17,525)	8,805
Compensated absences payable			(18,696)	(18,965)	(37,661)	3,069
Other post employment benefits	10,801	7,201	10,975	16,582	45,559	807
Due to other funds				(88,997)	(88,997)	
Due to other governments			(17,325)	1,586	(15,739)	33
Other current liabilities				1,504	1,504	
Net cash provided by operating activities	<u>\$ 11,834,920</u>	<u>\$ 2,773,429</u>	<u>\$ 2,932,860</u>	<u>\$ 1,394,245</u>	<u>\$ 18,935,454</u>	<u>\$ 1,606,473</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 490,795</u>	<u>\$ 504,479</u>	<u>\$</u>	<u>\$ 23,836</u>	<u>\$ 1,019,110</u>	<u>\$ 175,148</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 210,487</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2013

NOTE 1: - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Moorhead, Minnesota (the City) 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 City's significant accounting policies are described below.

A. Reporting entity

The City of Moorhead was incorporated February 24, 1881, and is a home rule charter city under Minnesota Statutes. The City operates under a Council/Manager form of government.

For financial reporting purposes, the City's financial statements include all funds of the city as well as component units, entities for which the City is considered financially accountable.

The financial statements include the discrete presentation of the Moorhead Public Housing Agency located at 800 2nd Avenue North, Moorhead, MN 56560 as a component unit of the reporting entity because the City Council appoints the governing body and is able to impose its will on the Agency. The financial information reported for this component unit is for their fiscal year ending June 30, 2013. Separate audited financial statements for the year ended June 30, 2013 are available from the agency. The component unit is discretely presented to emphasize its legal separation from the city.

Services provided by the City under general governmental functions include police and fire protection, emergency medical services, street maintenance, planning and zoning, neighborhood services, recreation and parks and general administrative services. The City also operates as enterprise funds the following services: electric, water, wastewater treatment, storm water, pest control, forestry, sports center, golf course, airport and sanitation services. Vehicles and equipment, radio and information technology services are provided through internal service funds.

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 City and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with 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 financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 resources 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. 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, franchise taxes, licenses, and interest associated with the current fiscal 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 assessments 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 reports the following major governmental funds:

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

Special Assessment Debt Service funds - Account for resources accumulated and payments for principal and interest on long term general obligation special assessment debt.

Permanent Improvement and Special Assessment Capital Projects funds - Account for the construction of public improvements or services deemed to benefit the properties against which special assessments are levied or in the case of permanent improvement projects, funded by municipal state aid and other city funds.

The City reports the following major proprietary funds:

Electric and Water funds - Account for the activities related to the operation and maintenance of the City's electric and water utilities.

Wastewater Treatment fund - Accounts for the operation and maintenance of the City's wastewater treatment facility, sewage pumping stations, sewer lines and sanitary sewer system.

Additionally, the City reports the following fund type:

Internal Service funds - Account for data processing, mobile communications and fleet management services provided to other departments of the City on a cost reimbursement basis.

With respect to both the government-wide and proprietary fund financial statements the City has adopted GASB statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments in-lieu of taxes and other charges between the City's electric, water and sewer utilities and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 revenue of the City's enterprise funds and internal service funds are charges to customers 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 nonoperating revenues and expenses.

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and Investments

The City maintains a cash and investment pool that is used by all funds. Each fund's portion of the pool is displayed on the statements as "Cash and Investments". Interest income on such investments is allocated to certain funds on the basis of the participating funds balance in the cash and investments pool. In addition, investments are separately held by various funds.

Investments are reported at fair value. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with an original maturity of less than three months.

Minnesota state statutes authorize investments in the following instruments:

- any security which is a direct obligation of or guaranteed by the United States or any of its agencies
- shares of registered investment companies whose investments consist only of those type described above
- any security which is a general obligation of the state or its municipalities
- bankers acceptances
- commercial paper issued by United States corporations of the highest quality.

2. Receivables and payables

All outstanding balances between funds are reported as "due to/from other funds" (current portion) or "advances to/from other funds" (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

The City calculates its allowance for uncollectible accounts using historical collection data. Accounts receivables of the City are considered to be fully collectible and, therefore, an allowance for uncollectible accounts is not provided.

Property taxes are submitted to the County Auditor by December 31st of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15. The County remits taxes collected to the City in July and December of each year.

Unpaid taxes at December 31 become liens on the respective property and are reflected in the financial statements as delinquent taxes receivable net of allowance for uncollectible taxes.

3. Inventories and prepaid items

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in proprietary funds when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "operating reserve account" may be used to pay operating deficits whereas monies in the "reserve account" are to be used only when other sources are insufficient to pay the principal and interest on the bonds.

5. Capital assets

Capital assets which include property, plant and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000, except for infrastructure networks which are capitalized in their entirety. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives.

<u>Asset</u>	<u>Years</u>
Buildings	20 – 50
Improvements other than buildings	10 – 20
Infrastructure	20 – 50
Vehicles	2 – 30
Equipment	3 – 20
Office Equipment	5 – 15
Computer Equipment	3 – 5

6. Deferred outflows /inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on advance refunding of debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees vest in sick leave accumulated to a maximum of 960 hours, which is paid out at 50% upon death or retirement. All vacation pay and vested sick pay is accrued when incurred in the government-wide and proprietary funds financial statements. In the governmental funds, a liability would be reported only if they have matured, for example, as a result of employee retirements or resignations.

8. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

9. Fund equity

The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance - amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). The City Council must adopt an ordinance prior to the end of the fiscal year to commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (i.e., the adopting of another ordinance) to remove or revise the limitation.
- Assigned fund balance – amounts constrained by the City's intent to be used for a specific purpose, but are not restricted or committed. Pursuant to the City's Fund Balance Policy, the City Council has delegated authority to assign amounts to the City Manager and Finance Director. Assigned amounts or changes to Assigned amounts will be presented to the City Council for review.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

To ensure the financial strength and stability of the City, the Council will endeavor to maintain at least 60% of the City's General Fund operating budget, excluding those accounts associated within the Restricted category, in the combined total of the General Fund Committed, Assigned and Unassigned fund balances. When the Unrestricted General Fund balance is projected to drop below 40%, the City shall initiate measures to either generate additional revenue or to reduce expenditures through a budget reduction, or a combination of both.

10. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government – wide statement of net position. One element of that reconciliation explains that “other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds.”

The details of this \$76,521,807 difference are as follows:

Special assessments receivable	\$71,123,141
Escrowed special assessments	417,738
Notes receivable	4,996,762
Current notes receivable	(22,741)
Security deposits and prepayments	<u>6,907</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$76,521,807</u></u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds”.

The details of this \$186,185,757 difference are as follows:

Bonds payable	\$80,665,000
Notes payable	631,109
Accrued interest payable	2,708,340
Compensated absences payable	1,504,083
Other post-employment benefits	<u>677,225</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$186,185,757</u></u>

Another element of that reconciliation explains that “internal service funds are used by management to charge costs of vehicle and equipment replacement, information technology services and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

The details of this \$5,604,733 difference are as follows:

Internal service fund net position	\$13,187,797
Net capital assets included in governmental activities	(7,027,048)
Accrued compensated absences payable included in governmental activities	29,825
Other post-employment benefits included in governmental activities	8,770
Internal service fund activity reflected in business-type activities	<u>(594,611)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$5,604,733</u></u>

- B. Explanation of certain differences between the proprietary fund statement of net position and the government-wide statement of net position.

The proprietary fund statement of net position includes reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide statement of net position. The description of the sole element of that reconciliation is “Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.”

The details of this \$594,611 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$492,291
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>102,320</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u><u>\$ 594,611</u></u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the contribution, debt service and capital projects funds. For those funds without budgets, effective control is alternatively achieved through general obligation bond indenture provisions and capital project contracts. All annual appropriations lapse at fiscal year-end.

Before July 1, of each year, all department directors of the City submit their requests for appropriations to the City Manager so that a budget may be prepared. By September 1, the City Manager is required to submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Before September 15, the proposed budget is presented to the City Council for review and approval. By September 15, the proposed budget and tax levy must be submitted to the County Auditor. The City Council holds public hearings to obtain taxpayer comments and a final budget and tax levy must be prepared, adopted and submitted to the County Auditor no later than December 28.

Once the budget resolution has been adopted, the City Council shall not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Generally, department heads can make amendments from one expenditure line item to another line item within their departmental budgets without City Council approval. All other budget amendments for adjustments from one fund to another, capital outlay, personal services, and all unbudgeted expenditures must have approval of the City Council. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to original appropriations.

The Community Development Special Revenue Fund had expenditures in excess of budget of 292,050 at December 31, 2013.

B. Fund deficits

The Community Development Special Revenue fund has a \$7,144 deficit fund balance at December 31, 2013. This deficit will be recovered by future collections of revenue.

The Tax Increment Debt Service fund has a deficit fund balance of \$582,079 at December 31, 2013 which will be recovered by future tax increment collections.

The Permanent Improvement Fund has a deficit fund balance of \$200,198 at December 31, 2013 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

NOTE 4:- DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$66,996,938 which approximates the bank balance and \$20,346,343 held with fiscal agent for the crossover refunding of the G.O. Improvement Bonds 2012C and 2012D. The bank balance is covered by federal depository insurance or by collateral held by the City's agent in the City's name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance

Investments - The City is allowed to invest in those obligations permitted by Minnesota Statute Chapter 118A.04. Permissible investments include U.S. government obligations, federal agencies, and mutual funds investing exclusively in U.S. government and agency issues, State of Minnesota or Minnesota municipalities, bankers acceptances of U.S. banks, highest quality commercial paper, insured interest-bearing deposits and repurchase agreements.

As of December 31, 2013, the City has the following investments and maturities:

Investment Type	Investment Maturities (in years)			
	<1	1 - 5	>5 - 10	>10
U.S. Treasuries	\$ 13,342,768	\$ 2,118,993	\$ 6,295,377	\$ 2,837,119
Money Markets	11,603,360	11,603,360		
Total Investments	\$ 24,946,128	\$ 13,722,353	\$ 6,295,377	\$ 2,837,119

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City's investment procedures provide guidelines for maximum maturities. The investments in U.S. Agencies are mortgage-backed securities. Due to interest rate changes, how quickly homeowners pay off their mortgages can fluctuate, resulting in varying repayment streams and uncertain final maturities.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy which follows the Minnesota Statutes with respect to the instruments allowed. The Statutes authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, banker's acceptances of United States banks, repurchase agreements, certificates of deposit and money market funds whose portfolios consist of United States Treasury obligations and Federal Agency issues. The City minimizes its credit risk by investing primarily in U.S. government backed securities. The Electric and Water Fund money market investments of \$2,708,412 and the City's remaining money market investments of \$8,894,948 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City does not have a formal policy to limit exposure to investment custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has no limits on securities backed by the full faith and credit of the U.S. government or any of its instrumentalities.

B. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 56,426,310	\$ 4,108,798	\$ (1,751,328)	\$ 58,783,780
Construction in progress	37,903,404	10,747,981	(6,350,870)	42,300,515
Total capital assets, not being depreciated	94,329,714	14,856,779	(8,102,198)	101,084,295
Capital assets, being depreciated:				
Buildings	22,141,290	410,019	(3,054)	22,548,255
Improvements other than buildings	26,431,738	455,782		26,887,520
Machinery and equipment	27,668,341	1,640,336	(593,583)	28,715,094
Infrastructure	243,666,153	6,359,791		250,025,944
Total capital assets being depreciated	319,907,522	8,865,928	(596,637)	328,176,813
Less accumulated depreciation for:				
Buildings	(11,251,173)	(553,112)	3,054	(11,801,231)
Improvements other than buildings	(9,651,690)	(726,327)		(10,378,017)
Machinery and equipment	(17,532,622)	(2,008,957)	431,367	(19,110,212)
Infrastructure	(65,327,808)	(5,652,030)		(70,979,838)
Total accumulated depreciation	(103,763,293)	(8,940,426)	434,421	(112,269,298)
Total capital assets, being depreciated, net	216,144,229	(74,498)	(162,216)	215,907,515
Governmental activities capital assets, net	\$ 310,473,943	\$ 14,782,281	\$ (8,264,414)	\$ 316,991,810
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 8,204,461	\$ 254,386	\$	\$ 8,458,847
Construction in progress	7,670,050	6,173,621	(8,277,017)	5,566,654
Total capital assets, not being depreciated	15,874,511	6,428,007	(8,277,017)	14,025,501
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	154,141,548	7,510,929	(484,175)	161,168,302
Improvements other than buildings	36,304,436	516,545		36,820,981
Machinery and equipment	17,958,221	777,927	(794,286)	17,941,862
Total capital assets being depreciated	208,659,578	8,805,401	(1,278,461)	216,186,518
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(67,344,414)	(4,222,455)	359,855	(71,207,014)
Improvements other than buildings	(11,353,153)	(926,600)		(12,279,753)
Machinery and equipment	(13,311,061)	(629,298)	583,836	(13,356,523)
Total accumulated depreciation	(92,264,001)	(5,778,353)	943,691	(97,098,663)
Total capital assets, being depreciated, net	116,395,577	3,027,048	(334,770)	119,087,855
Business-type activities capital assets, net	\$ 132,270,088	\$ 9,455,055	\$ (8,611,787)	\$ 133,113,356

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

Governmental activities:	
General Government	\$ 85,648
Public Safety	121,978
Highways & Streets, including depreciation of general infrastructure assets	5,735,246
Parks & Recreation	920,593
Library	9,469
Economic Development	197,015
Community Development	4
Mass Transit	<u>453,448</u>
Subtotal	7,523,401
Internal Service	<u>1,417,025</u>
Total depreciation expense – governmental activities	\$ <u>8,940,426</u>
Business-type activities:	
Electric	\$ 2,145,405
Water	1,196,599
Wastewater	1,587,572
Storm water	73,797
Sanitation	35,372
Golf Course	210,676
Sports Center	337,652
Forestry	803
Airport	<u>190,477</u>
Total depreciation expense – business-type activities	\$ <u>5,778,353</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net position is \$5,778,353. There is \$225,450 expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

C. Deferred outflows/inflows of resources

As noted in Note 1.D.6 above, the City has reported deferred outflows and deferred inflows of resources at December 31, 2013.

The only item that qualifies for reporting as a deferred outflow of resources is the deferred charge on the advance refunding of G.O. Improvement Bonds, Series 2003B and G.O. Improvement Bonds, Series 2004A. A deferred charge of \$149,162 and \$432,181 on the refunding of Series 2003B and Series 2004A, respectively, results from the difference in the carrying value of the refunded debt and its reacquisition price.

The following shows a breakdown of the sources that make up the balance of the deferred inflows of resources at December 31, 2013.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Moorhead rotary miracle field loan	\$ 40,000	\$	\$	\$	\$	\$ 40,000
MCAT equipment loan	5,735					5,735
Insurance prepayments	907					907
Letter of credit	417,738					417,738
Moorhead Public Service loan		379,838				379,838
Oakport		303,199				303,199
Special assessments		85,132,616	3,088,253	733,389		88,954,258
Security deposits			6,000			6,000
CDBG rehabilitation loans					4,054,249	4,054,249
Contract for deed					126,000	126,000
Notes					45,000	45,000
First and new program					20,000	20,000
	<u>\$ 464,380</u>	<u>\$ 85,815,653</u>	<u>\$ 3,094,253</u>	<u>\$ 733,389</u>	<u>\$ 4,245,249</u>	<u>\$ 94,352,924</u>

D. Interfund receivables, payables, advances and transfers

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The receivable and payable balances do not match due to the City's General fund recognizing a receivable for \$70,000 from the Electric fund and this not being reflected as a payable in the Electric fund. The composition of inter-fund balances as of December 31, 2013, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 5,763,707	\$
Economic Development	6,000	
Permanent Improvement Fund		2,313,204
Capital Improvement Fund	216,963	
Tax Increment Fund		1,159,212
	<u>5,986,670</u>	<u>3,472,416</u>
Business-type activities:		
Electric Fund		1,873,944
Water Fund		67,760
Storm Water Fund	194,734	
Waste Water Fund	545,966	
Sanitation Fund	339,355	
Forestry Fund	55,744	
Pest Control Fund	28,283	
Golf Course Fund		1,657,642
Municipal Airport Fund		8,990
	<u>1,164,082</u>	<u>3,608,336</u>
	<u>\$ 7,150,752</u>	<u>\$ 7,080,752</u>

A \$372,132 advance from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. A \$785,768 advance from the general fund to the golf course fund will be repaid with future land sale proceeds. A \$478,200 advance from the special assessment capital projects fund to the water fund will be repaid by future service charges in the water fund. An \$83,420 advance from the general fund to the economic development fund will be repaid from tax forfeit lot sales proceeds.

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		Internal Service
		General	Permanent Improvement	Special Assmt Debt	Governmental	Enterprise	
<u>Major Funds</u>							
General	\$ 513,888	\$	\$ 513,888	\$	\$	\$	\$
Special Assmt Debt	130,000					130,000	
Electric	7,841,863	6,050,900			1,790,963		
Water	463,761	337,761			126,000		
Waste Water	513,050	333,050		180,000			
Totals	<u>9,462,562</u>	<u>6,721,711</u>	<u>513,888</u>	<u>180,000</u>	<u>1,916,963</u>	<u>130,000</u>	<u>0</u>
<u>Non-Major Funds</u>							
Governmental	1,076,248	2,311		526,000	185,775	350,000	12,162
Enterprise	1,435,266	684,683	47,133	645,200		58,250	
Totals	<u>2,511,514</u>	<u>686,994</u>	<u>47,133</u>	<u>1,171,200</u>	<u>185,775</u>	<u>408,250</u>	<u>12,162</u>
	<u>\$ 11,974,076</u>	<u>\$ 7,408,705</u>	<u>\$ 561,021</u>	<u>\$ 1,351,200</u>	<u>\$ 2,102,738</u>	<u>\$ 538,250</u>	<u>\$ 12,162</u>

Enterprise fund transfers to the general fund are authorized by City charter. All other transfers are recurring subsidies for specific programs.

E. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2013	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 179,460,000	\$ 2,165,000	\$ 7,005,000	\$ 174,620,000	\$ 18,395,000
G.O. Debt	585,000		195,000	390,000	195,000
G.O. Tax Increment	4,865,000		305,000	4,560,000	310,000
G.O. Municipal Improvement Revenue	1,390,000		295,000	1,095,000	310,000
Total Bonds Payable	<u>186,300,000</u>	<u>2,165,000</u>	<u>7,800,000</u>	<u>180,665,000</u>	<u>19,210,000</u>
Notes Payable	698,855		67,746	631,109	71,197
Compensated Absences	1,425,280	1,012,367	933,564	1,504,083	985,180
Other Post-Employment Benefits	574,670	102,555		677,225	
Governmental Activity Long-Term Liabilities	<u>\$ 188,998,805</u>	<u>\$ 3,279,922</u>	<u>\$ 8,801,310</u>	<u>\$ 183,477,417</u>	<u>\$ 20,266,377</u>
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 19,574,300		\$ 1,094,350	\$ 18,479,950	\$ 1,132,225
Water Utility	4,950,700		210,650	4,740,050	217,775
Wastewater	38,968,152		12,228,034	26,740,118	1,844,886
Golf Course	2,555,000		220,000	2,335,000	235,000
Total Bonds Payable	<u>66,048,152</u>	<u>-</u>	<u>13,753,034</u>	<u>52,295,118</u>	<u>3,429,886</u>
Notes Payable	16,571		16,571	-	
Compensated Absences	846,828	152,577	229,300	770,105	627,441
Other Post-Employment Benefits	309,371	45,560		354,931	
Business-Type Activity Long-Term Liabilities	<u>\$ 67,220,922</u>	<u>\$ 198,137</u>	<u>\$ 13,998,905</u>	<u>\$ 53,420,154</u>	<u>\$ 4,057,327</u>

Compensated Absences and Other Post-Employment Benefits are primarily liquidated by the General Fund.

The City's debt limit is \$57,345,843 and the legal debt margin is \$56,324,734. There are a number of limitations and restrictions contained in the various bond indentures.

The City is in compliance with all significant limitations and restrictions. Special assessment bonds, municipal improvement bonds and general obligation bonds together comprise the governmental activity bonds payable. General Obligation includes tax increment bonds. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

If special assessments are not adequate to retire the outstanding debt, the City's full faith and credit are pledged for their redemption.

There is \$49,006,215 available in the Debt Service Funds to service the special assessment, general obligation and municipal improvement bonds. These bonds are direct obligations and pledge the full faith and credit of the city. Certain Enterprise Funds (Electric, Water, Golf Course, and Wastewater Treatment) will be used to repay revenue bonds.

Unamortized bond premium of \$132,415 related to revenue bonds in the Enterprise Funds have been netted against revenue bonds payable on the accompanying balance sheet.

General obligation notes payable at December 31, 2013 consists of the following:

Governmental Activities-

- Lease and Purchase Option Agreement of \$1,007,500 issued November 22, 2005, at 5.03% maturing February 1, 2021.

The annual requirement to amortize notes outstanding as of December 31, 2013, follows:

Year	Governmental Activities	
	Principal	Interest
2014	\$ 71,197	\$ 30,861
2015	74,823	27,234
2016	78,634	23,423
2017	82,639	19,418
2018	86,848	15,209
2019 - 2021	<u>236,968</u>	<u>18,176</u>
Totals	<u>\$ 631,109</u>	<u>\$ 134,321</u>

The requirement to amortize all bonded debt outstanding as of December 31, 2013, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2014	19,210,000	6,036,683	3,429,887	1,734,496	30,411,066
2015	19,475,000	5,612,138	3,487,608	1,632,954	30,207,700
2016	9,670,000	5,219,371	3,519,223	1,528,829	19,937,423
2017	9,390,000	4,872,379	3,572,970	1,423,291	19,258,640
2018	9,400,000	4,534,014	3,826,331	1,314,447	19,074,792
2019-2023	47,320,000	17,414,132	20,580,099	4,521,269	89,835,500
2024-2028	44,770,000	8,287,973	12,849,000	1,184,054	67,091,027
2029-2033	19,625,000	1,897,357	1,030,000	32,188	22,584,545
2034-2038	1,590,000	136,382	-	-	1,726,382
2039	215,000	3,763	-	-	218,763
	<u>\$ 180,665,000</u>	<u>\$ 54,014,192</u>	<u>\$ 52,295,118</u>	<u>\$ 13,371,528</u>	<u>\$ 300,345,838</u>

Bonds payable at December 31, 2013 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2013
Governmental Activities					
G.O. Special Assessment					
2003 Series B	05/01/03	02/01/33	2.00 - 5.00	\$ 12,775,000	\$ 10,330,000
2004 Series A	10/01/04	02/01/27	4.00 - 4.50	16,795,000	11,385,000
2004 Refunding Series B	12/01/04	08/01/18	3.00 - 4.30	1,085,000	180,000
2005 Series A	07/01/05	02/01/27	3.50 - 5.00	16,580,000	11,845,000
2005 Series B	12/15/05	02/01/27	4.00 - 4.75	16,445,000	12,435,000
2006 Series B	08/01/06	02/01/33	4.00 - 4.625	10,690,000	8,455,000
2006 Series C	12/15/06	02/01/28	3.50 - 4.25	12,625,000	10,175,000
2007 Series A	08/15/07	02/01/29	4.00 - 4.50	22,400,000	19,180,000
2008 Refunding Series A	02/15/08	02/01/21	3.00 - 4.00	1,340,000	570,000
2008 Series B	09/15/08	02/01/29	3.00 - 4.50	9,500,000	8,330,000
2009 Series A	11/15/09	02/01/31	3.00 - 4.50	2,820,000	2,535,000
2009 Series B	11/15/09	02/01/29	2.25 - 4.50	8,110,000	6,240,000
2009 Refunding Series C	11/15/09	02/01/22	2.00 - 4.00	1,590,000	1,130,000
2010 Series A	09/09/10	02/01/32	1.25 - 5.50	12,135,000	11,490,000
2010 Refunding Series D	09/22/10	02/01/23	2.00 - 3.00	2,030,000	1,800,000
2011 Series A	09/01/11	02/01/33	2.00 - 3.625	4,855,000	4,855,000
2011 Refunding Series B	09/01/11	02/01/24	.50 - 2.90	900,000	800,000
2011 Series C	12/28/11	02/01/33	.65 - 3.60	4,200,000	4,200,000
2012 Series A	05/15/12	02/01/33	3.00 - 3.375	16,955,000	16,955,000
2012 Refunding Series C	05/15/12	02/01/33	3.00 - 3.375	10,430,000	10,430,000
2012 Refunding Series D	05/15/12	02/01/27	3.00 - 4.00	8,815,000	8,815,000
2012 Series F	09/01/12	02/01/39	3.00 - 3.50	10,320,000	10,320,000
2013 Series A	10/23/13	02/01/35	.80 - 4.30	2,165,000	2,165,000
				<u>205,560,000</u>	<u>174,620,000</u>
G.O. Debt					
2008 Refunding Bond Series A	02/15/08	02/01/15	2.80	1,210,000	390,000
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/09	02/01/28	2.00-4.50	2,910,000	2,655,000
2009 Regency/Holiday Mall Refunding Series D	11/15/09	02/01/18	2.00-4.00	965,000	615,000
2010 Regency/Holiday Mall Refunding Series B	09/09/10	02/01/28	2.00-3.70	1,390,000	1,290,000
				<u>5,265,000</u>	<u>4,560,000</u>
G.O Municipal Improvement Revenue					
2001 Municipal Improvement Revenue Series D	09/01/01	12/01/16	3.75-4.80	1,900,000	500,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	320,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	275,000
				<u>3,530,000</u>	<u>1,095,000</u>
Total Governmental Activities				<u>\$ 215,565,000</u>	<u>\$ 180,665,000</u>

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2013
<u>Business-Type Activities</u>					
G.O. Sewer Revenue Note of 1994	09/29/94	02/20/15	4.10	\$ 2,478,112	\$ 261,067
G.O. Sewer Revenue Note of 1995	06/29/95	08/20/16	4.11	1,601,443	329,013
G.O. Sewer Revenue Note of 1997	06/29/97	02/20/18	3.49	426,290	120,939
G.O. Sewer Revenue Note of 2002	05/06/02	08/20/22	3.13	3,389,288	1,809,000
G.O. Sewer Revenue Note of 2004	06/21/04	08/20/23	1.98	6,598,073	3,824,099
G.O. Sewer Revenue Note of 2007	06/29/07	08/20/26	1.99	12,407,226	9,606,000
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	2,335,000
2012 G.O. Wastewater Refunding, Series B	05/15/12	11/01/29	3.00 – 3.125	10,790,000	10,790,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	2,648,450
2009 Electric Utility Revenue Series A	5/15/09	11/1/17	3.00-4.75	1,721,000	538,000
2009 Electric Utility Refunding Series A	5/15/09	11/1/24	3.00-4.75	1,470,000	1,170,000
2012 Electric Utility Revenue & Refunding Series E	09/01/12	11/01/27	2.00 – 3.00	6,240,000	5,690,000
2007 Water MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,838,850	2,986,550
2009 Water Utility Refunding Series A	5/15/09	11/1/17	3.00-4.75	4,339,000	87,000
2010 Electric Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	8,633,900	8,433,500
2010 Water Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	1,706,100	1,666,500
Total Business-Type Activities				\$ 73,829,432	\$ 52,295,118

In May 2012 the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2012C to be used for a crossover refunding of the G.O. Improvement Bonds 2003B dated May 1, 2003. The net proceeds were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$1,502,702. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$1,119,703. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			Balance to be Called
				Bond Issue	Average Interest	Call Date	
G.O. Improvement Refunding 2012C	\$10,430,000	3.11%	\$10,688,489	G.O. Improvement Bonds 2003B	4.76%	2/01/2014	\$10,045,000

In May 2012 the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2012D to be used for a crossover refunding of the G.O. Improvement Bonds 2004A dated October 1, 2004. The net proceeds and the City's equity contribution of \$1,000,000 were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$726,792. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$366,715. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			Balance to be Called
				Bond Issue	Average Interest	Call Date	
G.O. Improvement Refunding 2012D	\$8,815,000	3.48%	\$9,606,566	G.O. Improvement Bonds 2004A	4.33%	2/01/2015	\$9,720,000

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2013, there were 7 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$61,160,000.

Other Post-Employment Benefits (OPEB) Obligations:

As of January 1, 2008, the City and the Public Service Utility adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Other Post Employment Benefits (OPEB). An actuarial firm was engaged to determine the liability for post-employment health care benefits other than pensions as of January 1, 2010. The actuary determined the only obligation for the City and Public Service Utility was to record the implicit rate subsidy portion as described in the standard. The City is a cost-sharing multiple employer plan while the alternative measurement method, a simplified method of calculating the liability for plans with fewer than 100 members was used by the Public Service Utility.

City:

Plan Description-

The plan is a single employer defined benefit healthcare plan administered by the City. The City provides health insurance benefits in accordance with various union contracts and as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and if they do not participate in any other health benefits program providing similar coverage. These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2013 there were 18 retirees and 4 retiree spouses participating in the City's group health plan. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

The City has elected to fund the plan on a pay-as-you-go method.

Annual OPEB cost and net OPEB obligation-

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 238,723
Interest on net OPEB obligations	33,211
Adjustment to ARC	<u>(45,831)</u>
Annual OPEB Cost	226,103
Contributions during the year	<u>(95,990)</u>
Increase in net OPEB obligation	130,113
Net OPEB beginning of year	<u>738,018</u>
Net OPEB end of year	<u>\$ 868,131</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2013 and the preceding three fiscal years (2008 year of implementation) were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2011	\$ 239,354	\$ 99,800	41.7%	\$ 582,977
12/31/2012	\$ 229,065	\$ 74,024	32.3%	\$ 738,018
12/31/2013	\$ 226,103	\$ 95,990	42.5%	\$ 868,131

Funded Status and Funding Progress-

As of January 1, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,918,798, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,918,798. The covered payroll (annual payroll of active employees covered by the plan) was \$11,815,155, and the ratio of the UAAL to the covered payroll was 16.2 percent.

Actuarial valuations involve 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 healthcare cost trends. 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 is presented as required supplementary information following the notes to the financial statements

Actuarial Methods and Assumptions-

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

In the January 1, 2012 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	25 years
Inflation rate	2.50%
Investment return	4.50%
Projected salary increases	NA
Medical trend rate	8.00% in 2012 grading to 5.00% over 6 years

Public Service Utility - Electric and Water

Plan Description-

All employees are allowed upon meeting the eligibility requirements under state statutes to participate in Public service's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions are established through negotiations between Public Service and the unions representing employees and are renegotiated at the end of each contract period. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

Public Service has elected to fund the plan on a pay-as-you-go method.

Annual OPEB cost and net OPEB obligation-

Moorhead Public Service's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years.

The following table shows the components of the Utility's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Utility's net OPEB obligation:

Annual required contribution (ARC)	\$ 55,100
Interest on net OPEB obligations	6,571
Adjustment to ARC	<u>(8,985)</u>
Annual OPEB Cost	52,686
Contributions during the year	<u>(34,684)</u>
Increase in net OPEB obligation	18,002
Net OPEB beginning of year	<u>146,023</u>
Net OPEB end of year	<u>\$ 164,025</u>

The Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	53,730	23,003	43%	121,727
12/31/2012	53,178	28,882	54%	146,023
12/31/2013	52,686	34,684	66%	164,025

Funded Status and Funding Progress-

As of January 1, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$436,164, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$436,164. The covered payroll (annual payroll of active employees covered by the plan) was \$3,392,400, and the ratio of the UAAL to the covered payroll was 12.9 percent (12.9%).

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, begins with fiscal year 2008, and is updated annually to present 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 the 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 actuarial 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.

In the January 1, 2012 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	25 years
Inflation rate	2.50%
Investment return	4.50%
Projected salary increases	NA
Medical trend rate	8.00% in 2011 grading to 5.00% over 6 years

F. Fund Balances

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Notes Receivable	\$ 14,589	\$ 8,153			\$	\$ 22,742
Advances	1,240,320		478,200			1,718,520
Prepaid items	78,419					78,419
Total Nonspendable	<u>1,333,328</u>	<u>8,153</u>	<u>478,200</u>	<u>-</u>	<u>-</u>	<u>1,819,681</u>
Restricted for:						
Debt Service		49,670,753			601,744	50,272,497
Capital Projects			11,937,674			11,937,674
Community Development					4,511	4,511
Police					45,663	45,663
Fire					493	493
Park					13,456	13,456
Total Restricted		<u>49,670,753</u>	<u>11,937,674</u>		<u>665,867</u>	<u>62,274,294</u>
Committed to:						
Debt Service	417,738					417,738
Capital Projects					1,658,988	1,658,988
Total Committed	<u>417,738</u>				<u>1,658,988</u>	<u>2,076,726</u>
Assigned to:						
Park					1,684,268	1,684,268
Library					311,069	311,069
Rental Registration					562,370	562,370
Mass Transit					468,747	468,747
Economic Development					695,243	695,243
Total Assigned					<u>3,721,697</u>	<u>3,721,697</u>
Unassigned:						
	<u>13,373,191</u>			<u>(200,198)</u>	<u>(589,223)</u>	<u>12,583,770</u>
Total Fund Balances	\$ <u>15,124,257</u>	\$ <u>49,678,906</u>	\$ <u>12,415,874</u>	\$ <u>(200,198)</u>	\$ <u>5,457,329</u>	\$ <u>82,476,168</u>

NOTE 5: - OTHER INFORMATION

A. Employee retirement system pension plans - Statewide

1. Defined Benefit

a. Plan Description

All full-time and certain part-time employees of the City of Moorhead are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF, PEPFF, and PECF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

b. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes.

The required percentages of annual covered payroll contributions in 2013 for the City and employee are as follows:

PLAN	CITY	EMPLOYEES
GERF Basic	11.78%	9.10%
GERF Coordinated	7.25%	6.25%
PEPFF	14.40%	9.60%
PECF	8.75%	5.83%

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2013, 2012 and 2011 were \$546,430, \$528,510, and \$805,478, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2013, 2012, and 2011 were \$791,128, \$760,845, and \$746,301, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

2. Defined Contribution Plan

a. Plan Description

Four council members of the City of Moorhead are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

b. Funding Policy

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2013 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Rates</u>
\$2,505	\$2,505	5.0%	5.0%	5.0%

B. Commitments

Under its wholesale power agreement, the municipality is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration until December 31, 2020.

The municipality is also committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 1, 2046, provides that the municipality purchase electric power in excess of that available from Western Area Power Administration, up to the level required in 2020. Beginning in 2017, and each 5th year thereafter, the municipality has the opportunity to continue receiving 100% of its supplemental power from Missouri River Energy Services or establish a maximum rate of delivery in 2020, or each 5th year thereafter.

The City of Moorhead has a three-year contract with options to renew for two additional one-year periods with First Transit Inc. to provide bus services and driver management through December 31, 2013. The annual costs for First Transit during 2013 are \$627,195. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building on a one-third basis of actual cost. Moorhead pays actual costs for their fleet maintenance, including vehicle parts, fuel and labor. Other maintenance costs for the MTG are shared pro rata based on a percentage of total vehicles stored and maintained in the facility.

The City of Moorhead has a lease agreement through June 30, 2017 with Independent School District No. 152 whereby the school will lease a portion of the Sports Center facility. The lease payment schedule follows:

<u>Term</u>	<u>Payment Due</u>	<u>Square Footage</u>	<u>Amount</u>
July 1, 2012 – June 30, 2013	December 2012	18,227	\$155,191
July 1, 2013 – June 30, 2014	December 2013	18,227	\$162,599
July 1, 2014 – June 30, 2015	December 2014	18,227	\$170,007
July 1, 2015 – June 30, 2016	December 2015	18,227	\$177,415
July 1, 2016 – June 30, 2017	December 2016	18,227	\$184,823

The City has active construction projects as of December 31, 2013, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$1,417,594.

In 2012, the Electric Division started construction on the new Opportunity Substation and 115kV transmission line in the McCara Industrial Park. Both projects expect to serve the current and future electrical needs for the southeast portion of Moorhead. The projects were expected to be completed in 2013. However, due to delays in obtaining easements, the projects are expected to be completed in 2014. The \$6.5 million estimated cost of the project has been funded through the issuance of bonds in 2010 and 2012. Through the end of 2013, \$5.2 million has been expended on the project.

During 2013, the Water Division began the planning and design portion of a project to construct a new high-speed pumping station next to the current water treatment plant. Construction of the station is expected to begin in the spring of 2014. The station is expected to be completed in 2015. The estimated cost of the project at the end of 2013 was \$6.9 million. At the time of this report, the engineer's total estimated cost for the project is \$10.4 million which includes an estimated construction cost of \$7,188,000, contingencies of \$1,079,000 engineering fees of \$800,000, and various other costs.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and disasters. The City participates in a group workers' compensation plan with the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota cities. The plan is administered by Berkley Administrators.

The workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. The City has entered into a regular premium plan with LMCIT. The City pays its premium in quarterly installments based on current year budgeted salaries with a premium adjustment after annual actual salaries are determined. All charges are distributed to each City department based upon salary and workers' compensation class code. LMCIT is responsible for Worker's Compensation Reinsurance Association premiums and for general administrative and claims expenses.

The general insurance plan with LMCIT provides the City's liability, property and auto coverage, except that a separate property policy is required to cover the wastewater facility and the public utility's power plant and substations, which is obtained through ACE American Insurance Company. The City continues to carry commercial insurance for employee health and life insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There has been no substantial change in coverage from the prior year.

D. Joint Powers Agreements

1. Regional Dispatch Center

In December of 2002, the City of Moorhead, Minnesota, City of Fargo, North Dakota, Clay County of Minnesota and Cass County of North Dakota entered into a joint powers agreement to establish a framework that allows for the joint operation of dispatch functions by the two aforementioned cities and the two aforementioned counties. Additionally, the City of West Fargo, ND entered into the joint powers agreement in 2008. Combining the communications and dispatch of these five agencies benefits each one by reducing and/or eliminating duplication of equipment and staff time. The goal is to reduce the financial burden to the respective governments' taxpayers through the sharing of one communications center, as well as to improve communications services.

Based on 2010 U.S. Census data each governmental entity contributes to the joint operations in the following percentages:

City of Fargo	-	50.5534%	Cass County	-	8.8171%
City of Moorhead	-	18.2315%	Clay County	-	10.0265%
City of West Fargo	-	12.3715%			

The equity of the Red River Regional Dispatch Center would be shared in the same percentages above, should the organization be dissolved. For the past two years, budgeted contributions from the participating entities have been adequate to fund the operations of the center. There is no outstanding debt for which the city is obligated.

This joint powers agreement remains in effect unless terminated by action of all of its members during the first five years. Thereafter, any governmental entity may elect to withdraw from participation upon giving a 6-month written notice. Financial information may be obtained from the Red River Regional Dispatch Center located at 300 NP Avenue, Suite 206, Fargo, ND 58102.

2. Metro Flood Diversion Project

In June of 2011, the City of Fargo, Cass County and Cass County Joint Water Resource District, all located in North Dakota along with the City of Moorhead, Clay County and Buffalo Red River Watershed District, all located in Minnesota entered into a limited joint powers agreement to establish a framework that allows for the joint development of the planning, design and management of a Fargo-Moorhead Metropolitan Area Flood Risk Management Project prior to execution of a Project Partnership Agreement (PPA) with the U.S. Army Corps of Engineers for the construction of the Project. This agreement established a joint board to be known as the Diversion Board of Authority (“Diversion Authority”).

The planning, design and development of the Project will be partially funded with Federal monies and partially funded with local monies. The Minnesota share of the local cost will be 10% and the North Dakota share of the local cost will be 90%. The members to the agreement authorized a budget for federal fiscal year 2011 and federal fiscal year 2012 which ended September 30, 2012 of \$15,000,000 for the planning, design and development of the Project and \$1,500,000 for the hiring of a project manager and a lobbyist. In September 2012, all parties to the Limited Joint Powers Agreement approved the First Amendment to the Limited Joint Powers Agreement, which authorized an additional \$29,000,000 for federal fiscal year 2013 utilizing the same 10% / 90% cost share between Minnesota and North Dakota, respectively. Likewise, in August 2013, a Second Amendment of the Limited Joint Powers Agreement was approved authorizing an additional budget of \$70,000,000 for federal fiscal year 2014 with the same 10% / 90% cost share. Any additional budget appropriations proposed by the Diversion Authority must be approved by all of the members through a vote of their governing bodies.

This agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members. It is the intent of the members that this agreement will terminate on or before the execution of the PPA. As of 12/31/13, there was not a PPA in effect. Financial information may be obtained from the City of Fargo located at 200 3rd Street North, Fargo, ND 58102.

E. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,978,949 for local improvements where the affected property is unplatted and undeveloped. The City is therefore unable to assess the costs at this time, but may subsequently reimburse itself once the abutting property is developed. There is an additional \$20,816,975 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

F. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

Deposits - In accordance with Minnesota statutes, the Agency maintains deposits at those depositories authorized by the Agency board. All such depositories are members of the Federal Reserve System.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may be lost.

In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages authorized by the Agency, all of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). Authorized collateral includes U.S. Government obligations, as well as certain first mortgage notes and certain other state and local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the Agency or financial institution other than that furnishing the collateral. The deposits of the Agency are entirely insured or collateralized with securities held by the Agency or its agent in the Agency's name at June 30, 2013.

Investments – The Agency is authorized by Minnesota statutes to invest in: a.) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress, b.) Securities sold under agreements to repurchase written by the financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c.) Certificates of Deposits fully insured by the Federal Depository Insurance Agency or the state, d.) Obligations of the state. The Agency had no such investments of this kind during the year or at year end.

2. Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Capital assets, being depreciated:				
Buildings & Improvements	10,310,777	249,917		10,560,694
Furniture, equipment & machinery	527,165	29,510		556,675
Total Capital assets being depreciated	10,837,942	279,427		11,117,369
Less accumulated depreciation for:				
Buildings & Improvements	5,967,861	210,883		6,178,744
Furniture, equipment & machinery	452,458	26,987		479,445
Total accumulated depreciation	6,420,319	237,870		6,658,189
Total capital assets, being depreciated, net	4,417,623	41,557		4,459,180
Total Capital assets, net	\$ 4,882,600	\$ 41,557	\$	\$ 4,924,157

Depreciation expense was charged to functions of the Agency as follows:

Business-type activities	
Low-Rent Public Housing	\$ 237,870

G. New Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes accounting and financial reporting requirements related to pension for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – Determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. GASB 68 is effective for periods beginning after June 15, 2014. This Statement will be implemented by the City in the year ending December 31, 2015.

Management has not yet determined the effect these pronouncements will have on the Agency's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Note to the Schedule of Funding Progress

The standard requires a schedule of funding progress for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported. The City and the Utility implemented the standard as of January 1, 2008, there has been two valuations performed for the Utility and three valuations for the City.

City:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 1,521,273	\$ 1,521,273	0.00%	\$ 11,251,531	13.5%
12/31/2010	\$ 0	\$ 1,974,939	\$ 1,974,939	0.00%	\$ 11,695,425	16.9%
12/31/2012	\$ 0	\$ 1,918,798	\$ 1,918,798	0.00%	\$ 11,815,155	16.2%

Since the last actuarial valuation as of January 1, 2010, the following actuarial assumptions have changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.

Since the last actuarial valuation as of January 1, 2010, the following plan provisions have changed:

- A post-employment insurance subsidy was added to reflect the portion of the premium not reimbursed by State for police officers and firefighters injured in the line of duty.

Public Service Utility:

The Accrued Liability as of January 1, 2011 was expected to be \$461,652. The actual Accrued Liability is \$436,164. The difference between the actual and expected liability are due to changes in the claims cost methodology, claims and premium experience, retirement experience as well as the following actuarial assumption changes since the last actuarial valuation as of January 1, 2008:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The percentage of future retirees electing coverage at retirement decreased from 50% to 40% to more closely reflect experience in the last five years and expected retirements in the future.

Effective January 1, 2013, differing health insurance plans were offered to the three employee groups. Employees within one bargaining unit and all non-union employees are covered under a new health insurance plan while employees within the other bargaining unit remained on the existing health insurance plan.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 383,098	\$ 383,098	0.00%	\$ 3,589,313	10.7%
12/31/2011	\$ 0	\$ 436,164	\$ 436,164	0.00%	\$ 3,392,400	12.9%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for particular purposes.

Park - account for recreational programs offered to the citizens of Moorhead.

Library - account for City aid to the Lake Agassiz Regional Library.

Community Development - account for Federal Community Development Block Grant entitlements.

Rental Registration - account for the registration and inspection of rental property.

Mass Transit - account for the operation of the City bus system.

Economic Development - account for the preparation of recreational, commercial and cultural activities.

Contributions - account for the collection and distribution of donations made to the City.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

G.O. Bond - account for the accumulation of resources for payment of general obligation bond principal and interest. Provisions are made annually within the City's general property tax levy to provide sufficient money to meet these requirements.

Tax Increment - account for the accumulation of resources for payment of tax increment general obligation bond principal and interest. Tax increments are received by the City to meet these requirements.

Municipal Improvement - account for the accumulation of resources for payment of municipal improvement bond principal and interest. Transfers are made annually from the Capital Improvement Fund to provide sufficient money to meet these requirements.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by Proprietary Funds).

Capital Improvement - account for capital outlay related to City buildings, improvements and equipment.

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS & DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	\$ 1,735,338	\$ 305,816	\$ 50,404	\$ 572,871	\$ 598,073	\$ 731,506
Receivables:						
Accounts	19,646		291	1,270	14,785	4,620
Notes			4,054,249			191,000
Due from other funds						6,000
Due from other governmental units	23,614	7,955			203,328	61,955
Total Assets and Deferred Outflows of Resources	<u>\$ 1,778,598</u>	<u>\$ 313,771</u>	<u>\$ 4,104,944</u>	<u>\$ 574,141</u>	<u>\$ 816,186</u>	<u>\$ 995,081</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 44,188	\$ 2,702	\$ 53,159	\$ 2,886	\$ 335,337	\$ 4,601
Accrued wages payable	49,003		4,680	8,885	7,021	9,817
Due to other funds						
Advances from other funds						82,420
Due to other governmental units					5,081	
Other liabilities	1,139					12,000
Total Liabilities	<u>94,330</u>	<u>2,702</u>	<u>57,839</u>	<u>11,771</u>	<u>347,439</u>	<u>108,838</u>
Deferred inflows of resources:						
Long-term receivables			4,054,249			191,000
Fund Balance:						
Restricted						
Committed						
Assigned	1,684,268	311,069		562,370	468,747	695,243
Unassigned			(7,144)			
Total Fund Balance	<u>1,684,268</u>	<u>311,069</u>	<u>(7,144)</u>	<u>562,370</u>	<u>468,747</u>	<u>695,243</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balance	<u>\$ 1,778,598</u>	<u>\$ 313,771</u>	<u>\$ 4,104,944</u>	<u>\$ 574,141</u>	<u>\$ 816,186</u>	<u>\$ 995,081</u>

CITY OF MOORHEAD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 DECEMBER 31, 2013

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 64,123	\$ 4,058,131	\$ 87,080	946,981	\$ 511,309	\$ 1,545,370	\$ 1,497,393	\$ 7,100,894
	40,612						40,612
	4,245,249						4,245,249
	6,000					216,963	222,963
	296,852	4,036	2,471		6,507		303,359
<u>\$ 64,123</u>	<u>\$ 8,646,844</u>	<u>\$ 91,116</u>	<u>\$ 949,452</u>	<u>\$ 511,309</u>	<u>\$ 1,551,877</u>	<u>\$ 1,714,356</u>	<u>\$ 11,913,077</u>
\$	\$ 442,873	\$ 62	\$ 187	\$ 619	\$ 868	\$ 55,368	\$ 499,109
	79,406						79,406
			1,159,212		1,159,212		1,159,212
	82,420		372,132		372,132		454,552
	5,081						5,081
	13,139						13,139
	622,919	62	1,531,531	619	1,532,212	55,368	2,210,499
	4,245,249						4,245,249
64,123	64,123	91,054		510,690	601,744	1,658,988	665,867
	3,721,697						1,658,988
	(7,144)		(582,079)		(582,079)		3,721,697
<u>64,123</u>	<u>3,778,676</u>	<u>91,054</u>	<u>(582,079)</u>	<u>510,690</u>	<u>19,665</u>	<u>1,658,988</u>	<u>(589,223)</u>
<u>\$ 64,123</u>	<u>\$ 8,646,844</u>	<u>\$ 91,116</u>	<u>\$ 949,452</u>	<u>\$ 511,309</u>	<u>\$ 1,551,877</u>	<u>\$ 1,714,356</u>	<u>\$ 11,913,077</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$ 2,038,315	\$ 688,175	\$	\$	\$ 91,459	\$ 285,612
Intergovernmental revenues:						
Federal			530,859		670,132	
State	435,577	132,290	1,310		1,174,845	55,337
County						
Other						
Charges for services	130,337			186,395	397,137	
Facility rentals	154,479					
Donations						
Interest on investments	3			185	444	7,530
Miscellaneous	158,618	432	194,986	16,911	3,832	414,957
Total revenues	<u>2,917,329</u>	<u>820,897</u>	<u>727,155</u>	<u>203,491</u>	<u>2,337,849</u>	<u>763,436</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,477,586					
Library		815,140				
Community development			579,516			
Rental registration				204,858		
Mass transit					2,131,719	
Economic development						623,851
Capital outlay	25,433		161,442	63,124	175,680	160,690
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>2,503,019</u>	<u>815,140</u>	<u>740,958</u>	<u>267,982</u>	<u>2,307,399</u>	<u>784,541</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>414,310</u>	<u>5,757</u>	<u>(13,803)</u>	<u>(64,491)</u>	<u>30,450</u>	<u>(21,105)</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds					4,245	50,000
Transfers to other funds	(350,000)					
Total other financing sources (uses)	<u>(350,000)</u>				<u>4,245</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	64,310	5,757	(13,803)	(64,491)	34,695	28,895
FUND BALANCE - BEGINNING	<u>1,619,958</u>	<u>305,312</u>	<u>6,659</u>	<u>626,861</u>	<u>434,052</u>	<u>666,348</u>
FUND BALANCE - ENDING	<u>\$ 1,684,268</u>	<u>\$ 311,069</u>	<u>\$ (7,144)</u>	<u>\$ 562,370</u>	<u>\$ 468,747</u>	<u>\$ 695,243</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$	\$ 3,103,561	\$ 345,125	\$ 689,289	\$	\$ 1,034,414	\$	\$ 4,137,975
	1,200,991						1,200,991
	1,799,359	65,985	337,130		403,115		2,202,474
				103,397	103,397		103,397
				73,648	73,648		73,648
	713,869						713,869
	154,479						154,479
6,111	6,111						6,111
28	8,190	51	575	275	901	1,264	10,355
	789,736		10,000		10,000		799,736
<u>6,139</u>	<u>7,776,296</u>	<u>411,161</u>	<u>1,036,994</u>	<u>177,320</u>	<u>1,625,475</u>	<u>1,264</u>	<u>9,403,035</u>
		4,813	20,812	2,938	28,563	85,601	114,164
7,913	7,913					57,701	65,614
						74,450	74,450
2,618	2,480,204					71,790	2,551,994
	815,140						815,140
	579,516						579,516
	204,858						204,858
	2,131,719						2,131,719
	623,851						623,851
	586,369					718,869	1,305,238
		262,746	305,000	295,000	862,746		862,746
		47,961	651,221	56,816	755,998		755,998
		496	1,469	1,423	3,388		3,388
<u>10,531</u>	<u>7,429,570</u>	<u>316,016</u>	<u>978,502</u>	<u>356,177</u>	<u>1,650,695</u>	<u>1,008,411</u>	<u>10,088,676</u>
<u>(4,392)</u>	<u>346,726</u>	<u>95,145</u>	<u>58,492</u>	<u>(178,857)</u>	<u>(25,220)</u>	<u>(1,007,147)</u>	<u>(685,641)</u>
	54,245			181,530	181,530	1,866,963	2,102,738
	(350,000)					(726,248)	(1,076,248)
	(295,755)			181,530	181,530	1,140,715	1,026,490
(4,392)	50,971	95,145	58,492	2,673	156,310	133,568	340,849
<u>68,515</u>	<u>3,727,705</u>	<u>(4,091)</u>	<u>(640,571)</u>	<u>508,017</u>	<u>(136,645)</u>	<u>1,525,420</u>	<u>5,116,480</u>
<u>\$ 64,123</u>	<u>\$ 3,778,676</u>	<u>\$ 91,054</u>	<u>\$ (582,079)</u>	<u>\$ 510,690</u>	<u>\$ 19,665</u>	<u>\$ 1,658,988</u>	<u>\$ 5,457,329</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 2,040,021	\$ 2,040,021	\$ 2,038,315	\$ (1,706)
Intergovernmental:				
State	429,374	429,374	435,577	6,203
Charges for services	131,800	131,800	130,337	(1,463)
Facility rentals	156,347	156,347	154,479	(1,868)
Interest on investments	3,065	3,065	3	(3,062)
Miscellaneous	55,950	55,950	158,618	102,668
Total revenues	<u>2,816,557</u>	<u>2,816,557</u>	<u>2,917,329</u>	<u>100,772</u>
EXPENDITURES				
Current:				
Personal services	1,309,172	1,309,172	1,266,157	43,015
Supplies	237,231	237,231	191,824	45,407
Other services & charges	1,000,154	1,000,154	1,019,605	(19,451)
Capital outlay	24,885	24,885	25,433	(548)
Total expenditures	<u>2,571,442</u>	<u>2,571,442</u>	<u>2,503,019</u>	<u>68,423</u>
REVENUE OVER EXPENDITURES	<u>245,115</u>	<u>245,115</u>	<u>414,310</u>	<u>169,195</u>
OTHER FINANCING USES:				
Transfers to other funds	(350,000)	(350,000)	(350,000)	
Total other financing uses	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	
NET CHANGE IN FUND BALANCE	(104,885)	(104,885)	64,310	169,195
FUND BALANCE - BEGINNING	<u>1,619,958</u>	<u>1,619,958</u>	<u>1,619,958</u>	
FUND BALANCE - ENDING	<u>\$ 1,515,073</u>	<u>\$ 1,515,073</u>	<u>\$ 1,684,268</u>	<u>\$ 169,195</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 689,731	\$ 689,731	\$ 688,175	\$ (1,556)
Intergovernmental:				
State	132,269	132,269	132,290	21
Miscellaneous			432	432
Total revenues	<u>822,000</u>	<u>822,000</u>	<u>820,897</u>	<u>(1,103)</u>
EXPENDITURES				
Current:				
Supplies	4,344	4,344	3,435	909
Other services & charges	817,656	817,656	811,705	5,951
Total expenditures	<u>822,000</u>	<u>822,000</u>	<u>815,140</u>	<u>6,860</u>
NET CHANGE IN FUND BALANCE			5,757	5,757
FUND BALANCE - BEGINNING	<u>305,312</u>	<u>305,312</u>	<u>305,312</u>	
FUND BALANCE - ENDING	<u>\$ 305,312</u>	<u>\$ 305,312</u>	<u>\$ 311,069</u>	<u>\$ 5,757</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Federal	\$ 317,029	\$ 317,029	\$ 530,859	\$ 213,830
State			1,310	1,310
Miscellaneous:				
Rehab loan payments	128,535	128,535	194,838	66,303
Other			148	148
Total revenues	<u>445,564</u>	<u>445,564</u>	<u>727,155</u>	<u>281,591</u>
EXPENDITURES				
Current:				
Personal services	115,017	94,076	90,009	4,067
Supplies	2,880	4,380	1,778	2,602
Other services & charges	331,011	350,452	487,729	(137,277)
Capital outlay			161,442	(161,442)
Total expenditures	<u>448,908</u>	<u>448,908</u>	<u>740,958</u>	<u>(292,050)</u>
NET CHANGE IN FUND BALANCE	(3,344)	(3,344)	(13,803)	(10,459)
FUND BALANCE - BEGINNING	<u>6,659</u>	<u>6,659</u>	<u>6,659</u>	
FUND BALANCE - ENDING	<u>\$ 3,315</u>	<u>\$ 3,315</u>	<u>\$ (7,144)</u>	<u>\$ (10,459)</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 4,000	\$ 4,000	\$ 185	\$ (3,815)
Miscellaneous:				
Rehabilitation inspection fees	4,225	4,225	6,445	2,220
Rental housing registration fees	186,000	186,000	179,950	(6,050)
Other	2,000	2,000	16,911	14,911
Total revenues	<u>196,225</u>	<u>196,225</u>	<u>203,491</u>	<u>7,266</u>
EXPENDITURES				
Current:				
Personal services	175,728	175,728	177,392	(1,664)
Supplies	10,300	10,300	3,636	6,664
Other services & charges	64,455	64,455	23,830	40,625
Capital outlay	<u>129,675</u>	<u>129,675</u>	<u>63,124</u>	<u>66,551</u>
Total expenditures	<u>380,158</u>	<u>380,158</u>	<u>267,982</u>	<u>112,176</u>
NET CHANGE IN FUND BALANCE	(183,933)	(183,933)	(64,491)	119,442
FUND BALANCE - BEGINNING	<u>626,861</u>	<u>626,861</u>	<u>626,861</u>	
FUND BALANCE - ENDING	<u>\$ 442,928</u>	<u>\$ 442,928</u>	<u>\$ 562,370</u>	<u>\$ 119,442</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 92,272	\$ 92,272	\$ 91,459	\$ (813)
Intergovernmental:				
Federal grants	661,153	749,003	670,132	(78,871)
State grants	525,685	525,685	458,900	(66,785)
State transit aid	550,500	550,500	715,945	165,445
Charges for services	362,522	362,522	397,137	34,615
Interest on investments			444	444
Miscellaneous	3,480	3,480	3,832	352
Total revenues	<u>2,195,612</u>	<u>2,283,462</u>	<u>2,337,849</u>	<u>54,387</u>
EXPENDITURES				
Current:				
Personal services	144,318	144,318	141,865	2,453
Supplies	2,900	2,900	4,272	(1,372)
Other services & charges	1,968,482	1,977,332	1,985,582	(8,250)
Capital outlay	177,396	256,396	175,680	80,716
Total expenditures	<u>2,293,096</u>	<u>2,380,946</u>	<u>2,307,399</u>	<u>73,547</u>
REVENUE UNDER EXPENDITURES	<u>(97,484)</u>	<u>(97,484)</u>	<u>30,450</u>	<u>127,934</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	20,000	20,000	4,245	(15,755)
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>4,245</u>	<u>(15,755)</u>
NET CHANGE IN FUND BALANCE	(77,484)	(77,484)	34,695	112,179
FUND BALANCE - BEGINNING	<u>434,052</u>	<u>434,052</u>	<u>434,052</u>	
FUND BALANCE - ENDING	<u>\$ 356,568</u>	<u>\$ 356,568</u>	<u>\$ 468,747</u>	<u>\$ 112,179</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 284,612	\$ 284,612	\$ 285,612	\$ 1,000
Intergovernmental:				
State grants	55,328	55,328	55,337	9
Interest on investments	7,355	7,355	7,530	175
Miscellaneous	104,350	104,350	414,957	310,607
Total revenues	<u>451,645</u>	<u>451,645</u>	<u>763,436</u>	<u>311,791</u>
EXPENDITURES				
Current:				
Personal services	260,853	260,853	223,646	37,207
Supplies	4,160	6,160	14,254	(8,094)
Other services & charges	362,038	395,038	385,951	9,087
Capital outlay	<u>202,665</u>	<u>260,085</u>	<u>160,690</u>	<u>99,395</u>
Total expenditures	<u>829,716</u>	<u>922,136</u>	<u>784,541</u>	<u>137,595</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(378,071)</u>	<u>(470,491)</u>	<u>(21,105)</u>	<u>449,386</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	
NET CHANGE IN FUND BALANCE	(328,071)	(420,491)	28,895	449,386
FUND BALANCE - BEGINNING	<u>666,348</u>	<u>666,348</u>	<u>666,348</u>	
FUND BALANCE - ENDING	<u>\$ 338,277</u>	<u>\$ 245,857</u>	<u>\$ 695,243</u>	<u>\$ 449,386</u>

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NONMAJOR PROPRIETARY FUNDS

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Storm Water - account for the operation and maintenance of the City's storm water pumping stations, ditches and water retention system.

Sanitation - account for the operation and maintenance of the City's solid waste collection system.

Golf Course - account for the operation and maintenance of the City's Golf Courses.

Sports Center - account for the operation and maintenance of the City's recreation and indoor hockey facility.

Pest Control - account for the operation and maintenance of the City's animal control system.

Forestry - account for the operation and maintenance of the City's Shade Tree and Disease Control Program.

Municipal Airport - account for the operation and maintenance of the City's airport facility.

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2013**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
ASSETS								
Current assets:								
Cash and investments	\$ 1,435,123	\$ 2,432,675	\$	\$ 1,916,562	\$ 221,987	\$ 368,646	\$	\$ 6,374,993
Receivables:								
Accounts	144,529	692,573	100	29,609	1,705	2,218	7,525	878,259
Due from other city funds	194,734	339,355			28,283	55,744		618,116
Due from other governmental units		179,980	250				17,952	198,182
Prepaid items				270		25		295
Total current assets	<u>1,774,386</u>	<u>3,644,583</u>	<u>350</u>	<u>1,946,441</u>	<u>251,975</u>	<u>426,633</u>	<u>25,477</u>	<u>8,069,845</u>
Long-term assets:								
Restricted Assets:								
Cash and cash equivalents			1,072,349					1,072,349
Long-Term Receivables:								
Notes receivable, less current portion			638,287					638,287
Capital Assets:								
Land		155,647	3,954,534				301,838	4,412,019
Buildings	2,305	599,560	1,845,243	9,816,748			1,622,601	13,886,457
Improvements other than buildings	1,462,876	463,722	3,302,641				3,813,864	9,043,103
Machinery and equipment	451,817	47,124	370,721	73,008		12,050	129,939	1,084,659
Less accumulated depreciation	<u>(551,714)</u>	<u>(861,267)</u>	<u>(3,844,315)</u>	<u>(6,302,327)</u>		<u>(6,427)</u>	<u>(2,384,344)</u>	<u>(13,950,394)</u>
Total long-term assets	<u>1,365,284</u>	<u>404,786</u>	<u>7,339,460</u>	<u>3,587,429</u>		<u>5,623</u>	<u>3,483,898</u>	<u>16,186,480</u>
Total assets	<u>\$ 3,139,670</u>	<u>\$ 4,049,369</u>	<u>\$ 7,339,810</u>	<u>\$ 5,533,870</u>	<u>\$ 251,975</u>	<u>\$ 432,256</u>	<u>\$ 3,509,375</u>	<u>\$ 24,256,325</u>
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 12,542	\$ 129,213	\$ 10,226	\$ 4,504	\$ 1,186	\$ 1,943	\$ 2,399	\$ 162,013
Accrued wages payable	6,715	58,564	19,176	10,347	4,423	20,805		120,030
Accrued compensated absences	2,024	51,684	21,700	9,919	3,350	17,157		105,834
Due to other city funds			1,657,642				8,990	1,666,632
Due to other governmental units		31,627						31,627
Customer deposits							11,240	11,240
Other liabilities			33,898					33,898
Accrued interest payable			11,430					11,430
Current maturities of long-term debt			235,000					235,000
Total current liabilities	<u>21,281</u>	<u>271,088</u>	<u>1,989,072</u>	<u>24,770</u>	<u>8,959</u>	<u>39,905</u>	<u>22,629</u>	<u>2,377,704</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2013**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
Long-term liabilities:								
Accrued compensated absences	1,655	42,237	17,735	8,107	2,739	14,022		86,495
Other post-employment benefits	6,745	56,660	20,349	10,548	210	27,803		122,315
Bonds payable			2,074,690					2,074,690
Advances from other funds			785,768					785,768
Total long-term liabilities	<u>8,400</u>	<u>98,897</u>	<u>2,898,542</u>	<u>18,655</u>	<u>2,949</u>	<u>41,825</u>		<u>3,069,268</u>
Total liabilities	<u>29,681</u>	<u>369,985</u>	<u>4,887,614</u>	<u>43,425</u>	<u>11,908</u>	<u>81,730</u>	<u>22,629</u>	<u>5,446,972</u>
NET POSITION								
Net investment in capital assets	1,365,284	404,786	7,468,514	3,587,429		5,623	3,483,898	16,315,534
Restricted for debt service			1,072,349					1,072,349
Unrestricted	<u>1,744,705</u>	<u>3,274,598</u>	<u>(6,088,667)</u>	<u>1,903,016</u>	<u>240,067</u>	<u>344,903</u>	<u>2,848</u>	<u>1,421,470</u>
Total net position	<u>\$ 3,109,989</u>	<u>\$ 3,679,384</u>	<u>\$ 2,452,196</u>	<u>\$ 5,490,445</u>	<u>\$ 240,067</u>	<u>\$ 350,526</u>	<u>\$ 3,486,746</u>	<u>\$ 18,809,353</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
OPERATING REVENUES								
Charges for services	\$ 2,380,967	\$ 3,609,929	\$ 1,054,422	\$ 493,465	\$ 335,724	\$ 680,416	\$ 69,725	\$ 8,624,648
Other	1,558	98,202	96,135	82,534	12,123	1,994	21,002	313,548
Total operating revenue	<u>2,382,525</u>	<u>3,708,131</u>	<u>1,150,557</u>	<u>575,999</u>	<u>347,847</u>	<u>682,410</u>	<u>90,727</u>	<u>8,938,196</u>
OPERATING EXPENSES								
Personal services	171,139	1,239,779	667,157	241,759	138,597	447,645		2,906,076
Disposal fee		973,803						973,803
Professional services	70,814	24,682	1,044	1,300	60,989	3,560	6,550	168,939
Insurance	20,255	24,721	13,028	11,111	3,439	5,053	16,533	94,140
Repair and maintenance	200,663	191,042	56,300	32,450	20,516	31,018	28,683	560,672
Supplies	20,767	335,944	212,637	78,478	79,529	152,699	9,505	889,559
Utilities	118,553	31,235	80,963	172,534			18,506	421,791
Equipment rental	40,326	235,878	139,870	12,105	25,992	66,744	3,123	524,038
Depreciation	73,797	35,372	210,676	337,652		803	190,477	848,777
Miscellaneous	293,380	120,768	186,450	30,447	17,367	47,571	1,504	697,487
Total operating expenses	<u>1,009,694</u>	<u>3,213,224</u>	<u>1,568,125</u>	<u>917,836</u>	<u>346,429</u>	<u>755,093</u>	<u>274,881</u>	<u>8,085,282</u>
Operating income (loss)	<u>1,372,831</u>	<u>494,907</u>	<u>(417,568)</u>	<u>(341,837)</u>	<u>1,418</u>	<u>(72,683)</u>	<u>(184,154)</u>	<u>852,914</u>
NONOPERATING INCOME (EXPENSE)								
Interest on investments	794	1,512	40,009	732	86	41	66	43,240
Interest on indebtedness			(152,190)					(152,190)
Intergovernmental		179,770					24,669	204,439
Miscellaneous		4,790	(487,780)	520	692	270		(481,508)
Total nonoperating income (expense)	<u>794</u>	<u>186,072</u>	<u>(599,961)</u>	<u>1,252</u>	<u>778</u>	<u>311</u>	<u>24,735</u>	<u>(386,019)</u>
Income (loss) before contributions and transfers	<u>1,373,625</u>	<u>680,979</u>	<u>(1,017,529)</u>	<u>(340,585)</u>	<u>2,196</u>	<u>(72,372)</u>	<u>(159,419)</u>	<u>466,895</u>
Capital contributions			23,836				57,440	81,276
Transfers from other funds			538,250					538,250
Transfers to other funds	(935,444)	(457,988)			(66,776)	(184,670)		(1,644,878)
Total contributions and transfers	<u>(935,444)</u>	<u>(457,988)</u>	<u>562,086</u>		<u>(66,776)</u>	<u>(184,670)</u>	<u>57,440</u>	<u>(1,025,352)</u>
CHANGE IN NET POSITION	438,181	222,991	(455,443)	(340,585)	(64,580)	(257,042)	(101,979)	(558,457)
TOTAL NET POSITION - BEGINNING	<u>2,671,808</u>	<u>3,456,393</u>	<u>2,907,639</u>	<u>5,831,030</u>	<u>304,647</u>	<u>607,568</u>	<u>3,588,725</u>	<u>19,367,810</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,109,989</u>	<u>\$ 3,679,384</u>	<u>\$ 2,452,196</u>	<u>\$ 5,490,445</u>	<u>\$ 240,067</u>	<u>\$ 350,526</u>	<u>\$ 3,486,746</u>	<u>\$ 18,809,353</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 2,391,496	\$ 3,579,003	\$ 1,057,470	\$ 484,312	\$ 341,342	\$ 682,765	\$ 62,367	\$ 8,598,755
Payments to suppliers	(497,047)	(1,759,502)	(498,238)	(305,117)	(184,310)	(257,689)	(82,104)	(3,584,007)
Payments to employees	(167,877)	(1,236,663)	(654,493)	(240,065)	(149,104)	(442,799)		(2,891,001)
Other receipts (payments)	(291,822)	2,432	(599,049)	253,646	(4,552)	(45,307)	(44,850)	(729,502)
Net cash provided by (used in) operating activities	<u>1,434,750</u>	<u>585,270</u>	<u>(694,310)</u>	<u>192,776</u>	<u>3,376</u>	<u>(63,030)</u>	<u>(64,587)</u>	<u>1,394,245</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Intergovernmental		179,770					24,669	204,439
Transfers from other funds			538,250					538,250
Transfers to other funds	(935,444)	(457,988)			(66,776)	(184,670)		(1,644,878)
Net cash provided by (used in) noncapital financing activities	<u>(935,444)</u>	<u>(278,218)</u>	<u>538,250</u>		<u>(66,776)</u>	<u>(184,670)</u>	<u>24,669</u>	<u>(902,189)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Bond and note proceeds								
Purchase of assets	(434,127)	(11,185)		(7,366)			(77,718)	(530,396)
Principal payments - bonds and notes			(220,000)					(220,000)
Interest payments - bonds and notes			(150,106)					(150,106)
Capital grants from other governments							117,570	117,570
Net cash used in capital and related financing activities	<u>(434,127)</u>	<u>(11,185)</u>	<u>(370,106)</u>	<u>(7,366)</u>			<u>39,852</u>	<u>(782,932)</u>
CASH FLOWS FROM INVESTING ACTIVITY								
Interest received	794	1,512	40,009	732	86	41	66	43,240
(Increase)/decrease in notes receivable			489,200					489,200
Net cash provided by investing activities	<u>794</u>	<u>1,512</u>	<u>529,209</u>	<u>732</u>	<u>86</u>	<u>41</u>	<u>66</u>	<u>532,440</u>
Net increase (decrease) in cash and cash equivalents	65,973	297,379	3,043	186,142	(63,314)	(247,659)		241,564
Cash and cash equivalents at beginning of year	<u>1,369,150</u>	<u>2,135,296</u>	<u>1,069,306</u>	<u>1,730,420</u>	<u>285,301</u>	<u>616,305</u>	<u>-</u>	<u>7,205,778</u>
Cash and cash equivalents at end of year	<u>\$ 1,435,123</u>	<u>\$ 2,432,675</u>	<u>\$ 1,072,349</u>	<u>\$ 1,916,562</u>	<u>\$ 221,987</u>	<u>\$ 368,646</u>	<u>\$ -</u>	<u>\$ 7,447,342</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 1,372,831	\$ 494,907	\$ (417,568)	\$ (341,837)	\$ 1,418	\$ (72,683)	\$ (184,154)	\$ 852,914
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation accruals	73,797.00	35,372	210,676	337,652		803	190,477	848,777
Miscellaneous nonoperating income		4,790	(487,780)	520	692	270		(481,508)
Change in assets and liabilities:								
Accounts receivable	15,267	7,431	3,048	(8,883)	(1,389)	(459)	(7,358)	7,657
Due from other city funds	(4,738)	(38,357)			7,007	2,833		(33,255)
Due from other governments		20,208	1,216	201,039				222,463
Prepaid items				(270)		(25)		(295)
Accounts payable	(25,669)	56,217	5,604	2,861	6,155	1,385	796	47,349
Accrued wages payable	956	10,639	2,139	1,050	169	3,480		18,433
Compensated absences payable	2,029	(15,670)	7,696		(10,676)	(2,344)		(18,965)
Other post-employment benefits	277	8,147	2,829	1,619		3,710		16,582
Due to other funds			(23,674)	(975)			(64,348)	(88,997)
Due to other governments		1,586						1,586
Other current liabilities			1,504					1,504
Net cash provided by (used in) operating activities	<u>\$ 1,434,750</u>	<u>\$ 585,270</u>	<u>\$ (694,310)</u>	<u>\$ 192,776</u>	<u>\$ 3,376</u>	<u>\$ (63,030)</u>	<u>\$ (64,587)</u>	<u>\$ 1,394,245</u>
Noncash capital financing activities:								
Contributions of capital assets from government	<u>\$</u>	<u>\$</u>	<u>\$ 23,836</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 23,836</u>

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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of services provided to other departments or agencies of the City, on a cost-reimbursement basis.

Vehicles and Equipment - account for the rental of motor vehicles and maintenance equipment to other departments.

Information Technology - account for the accumulation and allocation of costs associated with electronic data processing.

Radio - account for the accumulation and allocation of costs associated with mobile communications.

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 4,534,684	\$ 261,464	\$ 1,376,320	\$ 6,172,468
Receivables:				
Accounts		71,752		71,752
Due from other governmental units	130			130
Total current assets	<u>4,534,814</u>	<u>333,216</u>	<u>1,376,320</u>	<u>6,244,350</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	17,492,898	2,459,236	1,261,884	21,214,018
Less accumulated depreciation	<u>(11,370,335)</u>	<u>(1,969,744)</u>	<u>(846,891)</u>	<u>(14,186,970)</u>
Net capital assets	<u>6,122,563</u>	<u>489,492</u>	<u>414,993</u>	<u>7,027,048</u>
 Total assets	 <u>10,657,377</u>	 <u>822,708</u>	 <u>1,791,313</u>	 <u>13,271,398</u>
LIABILITIES				
Current liabilities:				
Accounts payable	8,292	10,690	1,948	20,930
Accrued wages payable		24,043		24,043
Due to other governmental units			33	33
Total current liabilities	<u>8,292</u>	<u>34,733</u>	<u>1,981</u>	<u>45,006</u>
Long-term liabilities:				
Accrued compensated absences		29,825		29,825
Other post-employment benefits		8,770		8,770
Total long-term liabilities		<u>38,595</u>		<u>38,595</u>
 Total liabilities	 <u>8,292</u>	 <u>73,328</u>	 <u>1,981</u>	 <u>83,601</u>
NET POSITION				
Net investment in capital assets	6,122,563	489,492	414,993	7,027,048
Unrestricted	<u>4,526,522</u>	<u>259,888</u>	<u>1,374,339</u>	<u>6,160,749</u>
 Total net position	 <u>\$ 10,649,085</u>	 <u>\$ 749,380</u>	 <u>\$ 1,789,332</u>	 <u>\$ 13,187,797</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,311,463	\$ 873,466	\$ 289,298	\$ 2,474,227
Other	849	1,560	36	2,445
Total operating revenue	<u>1,312,312</u>	<u>875,026</u>	<u>289,334</u>	<u>2,476,672</u>
OPERATING EXPENSES				
Personal services		442,157		442,157
Supplies	642	19,843	744	21,229
Professional services		4,336		4,336
Insurance		1,023	387	1,410
Repair and maintenance	825	248,580	24,975	274,380
Depreciation	1,036,535	226,400	154,090	1,417,025
Miscellaneous	36,683	49,522	21,261	107,466
Total operating expenses	<u>1,074,685</u>	<u>991,861</u>	<u>201,457</u>	<u>2,268,003</u>
Operating income (loss)	<u>237,627</u>	<u>(116,835)</u>	<u>87,877</u>	<u>208,669</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	2,831	68	800	3,699
Gain on disposal of equipment	10,985			10,985
Loss on disposal of equipment		(8,863)	(43)	(8,906)
Miscellaneous		1,130	7,150	8,280
Total nonoperating income (expense)	<u>13,816</u>	<u>(7,665)</u>	<u>7,907</u>	<u>14,058</u>
Income (loss) before contributions and transfers	<u>251,443</u>	<u>(124,500)</u>	<u>95,784</u>	<u>222,727</u>
Capital contributions	94,869	75,109	5,170	175,148
Transfers from other funds	221,478	1,171		222,649
Total contributions and transfers	<u>316,347</u>	<u>76,280</u>	<u>5,170</u>	<u>397,797</u>
CHANGE IN NET POSITION	567,790	(48,220)	100,954	620,524
TOTAL NET POSITION - BEGINNING	<u>10,081,295</u>	<u>797,600</u>	<u>1,688,378</u>	<u>12,567,273</u>
TOTAL NET POSITION - ENDING	<u>\$ 10,649,085</u>	<u>\$ 749,380</u>	<u>\$ 1,789,332</u>	<u>\$ 13,187,797</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Vehicles & Equipment	Information Technology	Radio	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,311,732	\$ 810,598	\$ 293,198	\$ 2,415,528
Payments to suppliers	(23,374)	(265,065)	(24,132)	(312,571)
Payments to employees		(429,476)		(429,476)
Other receipts (payments)	(6,101)	(46,832)	(14,075)	(67,008)
Net cash provided by operating activities	1,282,257	69,225	254,991	1,606,473
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(511,459)	(227,068)	(34,882)	(773,409)
Proceeds from sale of assets	10,985			10,985
Net cash used in capital and related financing activities	(500,474)	(227,068)	(34,882)	(762,424)
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	2,831	68	800	3,699
Net increase in cash and cash equivalents	784,614	(157,775)	220,909	847,748
Cash and cash equivalents at beginning of year	3,750,070	419,239	1,155,411	5,324,720
Cash and cash equivalents at end of year	\$ 4,534,684	\$ 261,464	\$ 1,376,320	\$ 6,172,468
 Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 237,627	\$ (116,835)	\$ 87,877	\$ 208,669
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,036,535	226,400	154,090	1,417,025
Miscellaneous nonoperating income		1,130	7,150	8,280
Change in assets and liabilities:				
Accounts receivable	72	(70,505)		(70,433)
Due from other governments	197		3,900	4,097
Prepaid items		7,637		7,637
Accounts payable	7,826	8,717	1,941	18,484
Accrued wages payable		8,805		8,805
Compensated absences payable		3,069		3,069
Other post-employment benefits		807		807
Due to other governments			33	33
Net cash provided by operating activities	\$ 1,282,257	\$ 69,225	\$ 254,991	\$ 1,606,473
 Noncash capital financing activities:				
Contributions of capital assets from government	\$ 94,869	\$ 75,109	\$ 5,170	\$ 175,148
Contributions of capital assets from proprietary funds	\$ 209,316	\$ 1,171	\$	\$ 210,487

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE ¹
DECEMBER 31, 2013

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 58,783,780
Buildings	22,548,255
Improvements other than buildings	26,887,520
Machinery and equipment	7,501,078
Infrastructure	250,025,944
Construction in progress	<u>42,300,515</u>
 Total governmental funds capital assets	 <u><u>\$ 408,047,092</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 382,676,427
General Fund	708,646
Special Revenue Funds	11,276,834
Enterprise Funds	12,062
Gifts	<u>13,373,123</u>
 Total governmental funds capital assets	 <u><u>\$ 408,047,092</u></u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY ¹
DECEMBER 31, 2013

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>
FUNCTION AND ACTIVITY							
GENERAL GOVERNMENT:							
Mayor & Council	\$ 7,736	\$	\$	\$	\$ 7,736	\$	\$
City Clerk	15,286				15,286		
City Manager	23,784				23,784		
Accounting	34,373				34,373		
General Government Building	<u>52,330,889</u>	<u>48,945,991</u>	<u>3,200,003</u>	<u>79,106</u>	<u>105,789</u>		
Total General Government	<u>52,412,068</u>	<u>48,945,991</u>	<u>3,200,003</u>	<u>79,106</u>	<u>186,968</u>	-	-
PUBLIC SAFETY:							
Police Protection	1,065,476		704,912	76,346	284,218		
Fire Protection	<u>1,914,536</u>	<u>56,168</u>	<u>1,338,910</u>	<u>22,024</u>	<u>497,434</u>		
Total Public Safety	<u>2,980,012</u>	<u>56,168</u>	<u>2,043,822</u>	<u>98,370</u>	<u>781,652</u>	-	-
HIGHWAYS & STREETS	297,692,943	2,212,611	2,636,017	226,592	291,264	250,025,944	42,300,515
PARKS & RECREATION	33,466,810	2,100,372	3,198,822	26,310,307	1,857,309		
LIBRARY	2,313,104	103,000	1,974,299	149,323	86,482		
COMMUNITY DEVELOPMENT	377,563	303,271		22,222	52,070		
MASS TRANSIT	6,426,606		2,192,098	1,600	4,232,908		
PLAINS ART MUSEUM	490,409		490,409				
ECONOMIC DEVELOPMENT	<u>11,887,577</u>	<u>5,062,367</u>	<u>6,812,785</u>		<u>12,425</u>		
Total governmental funds capital assets	<u>\$ 408,047,092</u>	<u>\$ 58,783,780</u>	<u>\$ 22,548,255</u>	<u>\$ 26,887,520</u>	<u>\$ 7,501,078</u>	<u>\$ 250,025,944</u>	<u>\$ 42,300,515</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY ¹
YEAR ENDED DECEMBER 31, 2013

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/13</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/13</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	15,286			15,286
City Manager	23,784			23,784
Accounting	34,373			34,373
General Government Building	<u>50,348,140</u>	<u>3,734,076</u>	<u>1,751,327</u>	<u>52,330,889</u>
Total General Government	<u>50,429,319</u>	<u>3,734,076</u>	<u>1,751,327</u>	<u>52,412,068</u>
PUBLIC SAFETY:				
Police Protection	1,013,034	68,299	15,857	1,065,476
Fire Protection	<u>1,533,941</u>	<u>403,959</u>	<u>23,364</u>	<u>1,914,536</u>
Total Public Safety	<u>2,546,975</u>	<u>472,258</u>	<u>39,221</u>	<u>2,980,012</u>
HIGHWAYS & STREETS	248,804,544	6,635,765	47,881	255,392,428
PARKS & RECREATION	33,130,183	336,627		33,466,810
LIBRARY	2,313,104			2,313,104
COMMUNITY DEVELOPMENT	158,399	219,164		377,563
MASS TRANSIT	6,250,926	175,680		6,426,606
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	11,726,887	160,690		11,887,577
CONSTRUCTION IN PROGRESS	<u>37,903,404</u>	<u>10,747,981</u>	<u>6,350,870</u>	<u>42,300,515</u>
Total governmental funds capital assets	<u>\$ 393,754,150</u>	<u>\$ 22,482,241</u>	<u>\$ 8,189,299</u>	<u>\$ 408,047,092</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

This part of the City of Moorhead's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	65
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	70
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future	75
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	88
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	90

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

CITY OF MOORHEAD, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 38,357,658	\$ 37,143,826	\$ 57,370,416	\$ 65,245,816	\$ 77,354,222	\$ 90,988,687	\$ 113,540,183	\$ 141,530,526	\$ 149,982,137	\$ 160,410,701
Restricted	46,024,002	56,195,491	77,974,490	93,395,972	97,825,682	111,879,202	114,126,460	106,751,797	133,231,004	131,543,123
Unrestricted	(10,438,227)	(11,417,970)	(13,842,366)	(1,878,820)	4,010,580	1,696,689	4,016,296	11,732,377	2,810,390	3,454,937
Total governmental activities net position	<u>\$ 73,943,433</u>	<u>\$ 81,921,347</u>	<u>\$ 121,502,540</u>	<u>\$ 156,762,968</u>	<u>\$ 179,190,484</u>	<u>\$ 204,564,578</u>	<u>\$ 231,682,939</u>	<u>\$ 260,014,700</u>	<u>\$ 286,023,531</u>	<u>\$ 295,408,761</u>
Business-type activities										
Net investment in capital assets	\$ 53,727,430	\$ 58,250,974	\$ 69,139,443	\$ 71,057,882	\$ 70,553,449	\$ 70,969,389	\$ 75,176,641	\$ 74,551,136	\$ 72,514,980	\$ 85,198,395
Restricted	9,464,867	4,683,585	5,867,993	5,891,812	5,339,425	4,314,753	5,007,451	5,315,762	7,577,380	8,230,771
Unrestricted	10,372,344	14,897,535	9,825,944	13,736,643	21,264,067	25,480,553	24,376,519	27,429,550	31,338,868	23,334,867
Total business-type activities net position	<u>\$ 73,564,641</u>	<u>\$ 77,832,094</u>	<u>\$ 84,833,380</u>	<u>\$ 90,686,337</u>	<u>\$ 97,156,941</u>	<u>\$ 100,764,695</u>	<u>\$ 104,560,611</u>	<u>\$ 107,296,448</u>	<u>\$ 111,431,228</u>	<u>\$ 116,764,033</u>
Primary government										
Net investment in capital assets	\$ 92,085,088	\$ 95,394,800	\$ 126,509,859	\$ 136,303,698	\$ 147,907,671	\$ 161,958,076	\$ 188,716,824	\$ 216,081,662	\$ 222,497,117	\$ 245,609,096
Restricted	55,488,869	60,879,076	83,842,483	99,287,784	103,165,107	116,193,955	119,133,911	112,067,559	140,808,384	139,773,894
Unrestricted	(65,883)	3,479,565	(4,016,422)	11,857,823	25,274,647	27,177,242	28,392,815	39,161,927	34,149,258	26,789,804
Total primary government net position	<u>\$ 147,508,074</u>	<u>\$ 159,753,441</u>	<u>\$ 206,335,920</u>	<u>\$ 247,449,305</u>	<u>\$ 276,347,425</u>	<u>\$ 305,329,273</u>	<u>\$ 336,243,550</u>	<u>\$ 367,311,148</u>	<u>\$ 397,454,759</u>	<u>\$ 412,172,794</u>

CITY OF MOORHEAD, MINNESOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 2,739,259	\$ 3,068,861	\$ 3,483,664	\$ 3,473,922	\$ 3,614,430	\$ 3,704,870	\$ 3,674,855	\$ 3,415,677	\$ 3,819,530	\$ 4,346,403
Public safety	8,345,480	8,500,960	9,024,756	10,006,060	9,984,826	10,518,141	10,270,338	10,819,856	10,675,009	11,398,174
Highways and streets	5,525,656	8,289,232	6,988,144	8,342,798	9,734,211	13,841,687	12,616,553	16,036,015	11,981,603	13,057,142
Parks and recreation	1,968,787	2,307,467	2,246,170	2,329,521	2,517,227	3,314,652	3,303,861	3,470,430	3,457,150	3,468,570
Library	743,284	756,504	798,967	814,816	839,115	864,977	918,671	830,901	780,583	824,609
Community development	762,062	648,950	780,580	775,711	570,862	602,633	337,303	445,914	561,105	618,093
Rental Registration			200,057	144,801	148,341	151,498	158,890	161,607	181,419	204,858
Mass transit	1,530,756	1,578,325	1,805,771	1,948,827	2,170,917	2,071,065	2,302,729	2,464,724	2,449,881	2,587,116
Economic development	801,112	364,786	1,792,973	834,708	1,007,312	999,430	801,869	496,620	880,549	825,762
Interest on long-term debt	3,394,926	4,639,084	5,222,919	6,651,205	6,310,623	8,218,418	7,046,767	7,496,641	7,172,878	7,688,510
Total governmental activities expenses	25,811,322	30,154,169	32,344,001	35,322,369	36,897,864	44,287,371	41,431,836	45,638,385	41,959,707	45,019,237
Business-type activities:										
Electric	14,583,939	15,518,350	16,578,725	18,487,724	20,408,558	23,221,675	24,714,209	26,097,474	26,205,959	27,173,001
Water	3,566,389	3,800,261	4,149,820	4,484,804	4,857,077	5,183,743	5,134,097	5,098,038	5,440,712	5,287,103
Wastewater treatment	4,180,626	4,375,795	4,637,030	4,962,560	5,677,381	5,817,997	5,960,063	5,882,910	6,024,275	6,656,290
Broadband		964,255	1,600,791	1,534,312	1,462,908	921,330	-	-	-	-
Storm water	807,234	714,622	693,830	881,669	830,846	1,039,503	1,051,434	987,457	878,183	1,003,482
Sanitation	2,909,471	2,639,545	2,789,143	3,007,471	3,163,142	2,973,724	3,080,561	3,196,151	3,173,585	3,166,870
Golf courses	1,489,146	1,632,361	1,724,377	1,706,043	1,724,894	1,682,538	1,686,166	1,676,855	1,717,851	2,187,145
Sports center	713,564	736,355	730,905	844,913	904,805	924,174	928,218	917,037	913,432	916,596
Pest control	182,626	245,941	234,874	267,505	239,570	183,137	266,451	335,831	363,547	341,457
Forestry	372,130	380,369	488,220	655,000	660,271	571,342	582,726	657,305	640,062	744,203
Municipal airport	247,469	284,251	467,647	397,094	325,079	290,901	317,316	345,878	258,975	274,881
Total business-type activities expenses	29,052,594	31,292,105	34,095,362	37,229,095	40,254,531	42,810,064	43,721,241	45,194,936	45,616,581	47,751,028
Total primary government expenses	\$ 54,863,916	\$ 61,446,274	\$ 66,439,363	\$ 72,551,464	\$ 77,152,395	\$ 87,097,435	\$ 85,153,077	\$ 90,833,321	\$ 87,576,288	\$ 92,770,265
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 689,274	\$ 979,078	\$ 1,081,611	\$ 888,257	\$ 960,759	\$ 856,631	\$ 732,466	\$ 704,540	\$ 742,553	\$ 1,006,692
Public safety	872,446	924,696	1,032,270	1,058,423	984,678	844,615	1,010,460	863,715	652,812	756,848
Highways and streets	1,406,883	1,707,573	2,250,883	2,002,523	2,408,318	2,077,041	2,233,462	2,521,980	2,174,827	1,903,650
Other activities	180,094	1,500,487	1,703,060	1,418,593	1,686,963	1,299,982	1,410,658	1,498,158	1,370,654	2,082,671
Operating grants and contributions	2,449,551	2,458,483	2,762,963	2,923,330	2,586,091	2,902,189	2,857,481	2,882,446	2,902,750	3,718,296
Capital grants and contributions	15,732,505	15,553,890	35,657,297	41,306,965	26,832,098	38,412,544	36,845,046	40,565,422	34,238,609	16,927,933
Total governmental activities program revenues	21,330,753	23,124,207	44,488,084	49,598,091	35,458,907	46,393,002	45,089,573	49,036,261	42,082,205	26,396,090
Business-type activities:										
Charges for services:										
Electric	19,440,958	20,655,002	22,117,913	25,152,311	28,643,650	30,878,334	33,010,043	34,454,731	35,346,331	37,680,948
Water	4,627,512	4,956,975	5,383,727	5,583,065	6,091,578	6,328,933	6,224,451	6,104,064	6,975,437	6,849,951
Wastewater treatment	3,945,582	4,373,641	4,462,639	4,881,520	5,281,652	4,941,636	4,962,792	5,200,218	5,681,415	6,316,542
Storm water	778,446	216,746	889,779	889,779	968,223	1,228,235	2,060,843	2,075,431	2,382,526	2,381,232
Sanitation	2,684,778	840,347	3,008,479	3,180,040	3,417,710	3,625,720	3,623,225	3,636,937	3,668,782	3,694,612
Golf courses	965,821	2,691,426	1,150,626	1,083,083	1,025,408	1,250,458	1,177,839	1,122,931	1,139,109	1,143,019
Other activities	1,246,858	2,421,221	2,122,861	2,258,866	2,676,621	2,241,036	1,681,153	1,716,002	1,795,999	1,689,853
Operating grants and contributions	160,800	159,919	286,659	160,495	167,246	170,504	177,796	224,129	222,930	204,439
Capital grants and contributions	83,979	63,588	4,634,189	1,266,383	566,089	447,048	1,185,460	388,393	1,133,422	1,747,614
Total business-type activities program revenues	33,934,734	36,378,865	44,031,812	44,455,542	48,838,177	51,111,904	54,103,602	54,922,836	58,345,951	61,708,210
Total primary government program revenues	\$ 55,265,487	\$ 59,503,072	\$ 88,519,896	\$ 94,053,633	\$ 84,297,084	\$ 97,504,906	\$ 99,193,175	\$ 103,959,097	\$ 100,428,156	\$ 88,104,300

CITY OF MOORHEAD, MINNESOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (expense) / revenue:										
Governmental activities	\$ (4,480,569)	\$ (7,029,962)	\$ 12,144,083	\$ 14,275,722	\$ (1,438,957)	\$ 2,105,631	\$ 3,657,737	\$ 3,397,876	\$ 122,498	\$ (18,623,147)
Business-type activities	4,882,140	5,086,760	9,936,450	7,226,447	8,583,646	8,301,840	10,382,361	9,727,900	12,729,370	13,957,182
Total primary government net expense	<u>\$ 401,571</u>	<u>\$ (1,943,202)</u>	<u>\$ 22,080,533</u>	<u>\$ 21,502,169</u>	<u>\$ 7,144,689</u>	<u>\$ 10,407,471</u>	<u>\$ 14,040,098</u>	<u>\$ 13,125,776</u>	<u>\$ 12,851,868</u>	<u>\$ (4,665,965)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 2,179,709	\$ 2,662,256	\$ 3,160,500	\$ 3,345,080	\$ 3,591,171	\$ 4,103,261	\$ 4,075,578	\$ 4,613,139	\$ 4,430,407	\$ 3,831,102
Property taxes levied for debt service	336,110	5,954	1,238	827	452,437	1,003,694	1,647,827	1,189,537	1,988,711	2,993,091
Tax increments	982,184	1,143,203	1,063,458	1,088,698	1,755,937	1,430,138	953,865	870,313	694,944	689,289
Franchise fees	614,920	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	831,067	971,057
State aid unrestricted	9,223,467	9,923,838	10,230,844	9,832,461	9,413,327	9,642,047	8,199,446	8,544,337	8,405,832	8,445,441
Unrestricted grants and contributions	185,850	171,832	169,875	177,165	172,949	170,158	176,748	171,947	171,957	177,045
Investment earnings	262,534	981,612	1,888,601	2,333,128	1,310,307	225,759	309,936	585,304	158,683	142,993
Miscellaneous	868,016	803,712	436,279	430,485	126,677	139,067	123,337	343,824	215,952	1,360,497
Gain on disposal / sale of assets			5,432,927	109,595	109,065	(90,224)	-	-	-	-
Transfers	3,074,995	1,956,451	4,185,838	2,930,387	5,918,565	5,787,497	7,108,365	7,671,558	8,988,780	9,397,862
Total governmental activities	<u>17,727,785</u>	<u>18,413,098</u>	<u>27,437,110</u>	<u>20,984,706</u>	<u>23,866,473</u>	<u>23,268,463</u>	<u>23,460,624</u>	<u>24,933,885</u>	<u>25,886,333</u>	<u>28,008,377</u>
Business-type activities:										
State aid unrestricted	561,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,562
Investment earnings	317,664	558,412	826,631	1,140,246	968,178	295,055	484,828	588,834	205,476	74,074
Miscellaneous	132,819	345,731	401,766	51,308	586,510	184,733	25,532	79,102	177,154	617,849
Loss on disposal of equipment		221,442	10,717	353,783	22,275	602,063	-	-	-	-
Transfers	(3,074,995)	(1,956,451)	(4,185,838)	(2,930,387)	(5,918,565)	(5,787,497)	(7,108,365)	(7,671,558)	(8,988,780)	(9,327,862)
Total business-type activities	<u>(2,062,952)</u>	<u>(819,306)</u>	<u>(2,935,164)</u>	<u>(1,373,490)</u>	<u>(4,330,042)</u>	<u>(4,694,086)</u>	<u>(6,586,445)</u>	<u>(6,992,062)</u>	<u>(8,594,590)</u>	<u>(8,624,377)</u>
Total primary government	<u>\$ 15,664,833</u>	<u>\$ 17,593,792</u>	<u>\$ 24,501,946</u>	<u>\$ 19,611,216</u>	<u>\$ 19,536,431</u>	<u>\$ 18,574,377</u>	<u>\$ 16,874,179</u>	<u>\$ 17,941,823</u>	<u>\$ 17,291,743</u>	<u>\$ 19,384,000</u>
Change in Net Position										
Governmental activities	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428	\$ 22,427,516	\$ 25,374,094	\$ 27,118,361	\$ 28,331,761	\$ 26,008,831	\$ 9,385,230
Business-type activities	2,819,188	4,267,454	7,001,286	5,852,957	4,253,604	3,607,754	3,795,916	2,735,838	4,134,780	5,332,805
Total primary government	<u>\$ 16,066,404</u>	<u>\$ 15,650,590</u>	<u>\$ 46,582,479</u>	<u>\$ 41,113,385</u>	<u>\$ 26,681,120</u>	<u>\$ 28,981,848</u>	<u>\$ 30,914,277</u>	<u>\$ 31,067,599</u>	<u>\$ 30,143,611</u>	<u>\$ 14,718,035</u>

CITY OF MOORHEAD, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund										
Reserved	\$ 575,640	\$ 659,710	\$ 653,404	\$ 1,548,028	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870	\$	\$	\$
Unreserved	9,367,360	10,797,671	12,155,461	12,905,175	13,399,448	13,003,740	12,231,585			
Committed									715,190	417,738
Nonspendable								1,302,696	1,446,526	1,333,328
Unassigned								11,868,324	13,268,124	13,373,191
Total General fund	<u>\$ 9,943,000</u>	<u>\$ 11,457,381</u>	<u>\$ 12,808,865</u>	<u>\$ 14,453,203</u>	<u>\$ 14,921,532</u>	<u>\$ 14,677,678</u>	<u>\$ 13,695,455</u>	<u>\$ 13,171,020</u>	<u>\$ 15,429,840</u>	<u>\$ 15,124,257</u>
All other governmental funds										
Reserved	\$ 27,816,117	\$ 25,969,324	\$ 22,323,376	\$ 33,098,047	\$ 28,326,859	\$ 37,721,305	\$ 35,783,811	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	2,056,414	2,391,473	2,926,902	3,547,842	3,500,710	3,599,434	3,549,584			
Capital projects funds	(364,807)	5,149,040	10,758,095	3,728,919	2,476,640	4,541,881	2,268,124			
Nonspendable								605,771	547,358	486,353
Restricted								29,147,833	64,202,443	62,274,294
Committed								1,555,689	1,525,420	1,658,988
Assigned								4,126,188	3,659,190	3,721,697
Unassigned								(631,771)	(2,869,614)	(789,421)
Total all other governmental funds	<u>\$ 29,507,724</u>	<u>\$ 33,509,837</u>	<u>\$ 36,008,373</u>	<u>\$ 40,374,808</u>	<u>\$ 34,304,209</u>	<u>\$ 45,862,620</u>	<u>\$ 41,601,519</u>	<u>\$ 34,803,710</u>	<u>\$ 67,064,797</u>	<u>\$ 67,351,911</u>

Note: Beginning in 2011 the fund balance classifications were modified to comply with GASB 54

CITY OF MOORHEAD, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes										
Property	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605	\$ 5,799,544	\$ 6,537,093	\$ 6,677,262	\$ 6,672,981	\$ 7,114,062	\$ 7,513,482
Franchise	674,167	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	831,067	971,057
Licenses and permits	637,763	823,636	969,802	779,928	844,394	892,918	997,412	596,533	636,465	749,377
Intergovernmental	20,008,396	18,027,985	21,753,738	25,339,983	25,521,491	37,032,258	34,168,837	43,024,995	32,702,918	23,352,975
Charges for services	2,119,288	2,376,923	3,543,402	3,065,110	3,316,931	2,965,091	2,993,594	3,621,425	3,063,004	3,056,626
Fines and forfeits	527,158	573,335	558,300	598,451	491,224	411,580	507,611	485,095	477,988	497,843
Facility rentals	177,254	210,080	172,086	198,722	205,291	218,334	184,065	221,638	166,565	154,479
Donations	-	-	-	-	-	-	-	-	12,575	6,111
Special assessments	3,380,047	926,472	4,036,345	6,843,277	8,061,898	8,165,825	9,165,907	10,202,539	10,792,664	9,650,046
Sale of property			6,354,930				65,569	175,746	140,400	
Interest on investments	236,490	3,381,892	1,780,606	2,213,428	1,203,148	212,032	260,596	502,615	145,539	139,294
Miscellaneous	2,500,075	3,010,195	1,852,018	1,957,154	1,657,429	1,728,338	821,977	1,101,582	845,479	2,328,519
Total revenues	33,758,641	34,720,846	46,113,973	46,167,538	48,117,388	59,020,535	56,708,352	67,549,075	56,928,726	48,419,809
Expenditures										
General government	2,700,074	3,004,868	3,364,016	3,369,561	3,522,838	3,601,740	3,560,682	3,338,022	3,536,645	3,595,773
Public safety	8,279,955	8,596,237	8,948,335	9,824,282	9,925,533	10,381,701	10,276,719	10,457,316	10,530,722	11,184,213
Highways and streets	3,426,796	6,243,839	4,773,390	5,372,859	5,859,816	9,585,251	7,766,439	10,834,588	6,557,673	7,345,670
Parks and recreation	1,804,906	2,134,200	2,149,204	2,219,864	2,286,005	2,512,951	2,419,891	2,610,640	2,584,935	2,560,153
Library	689,012	702,232	744,695	760,544	784,843	802,412	857,343	771,530	761,157	815,140
Community development	753,387	642,060	773,690	768,821	566,192	597,964	332,635	441,246	556,440	618,089
Rental registration			200,057	144,801	147,636	150,793	158,890	161,607	181,419	204,858
Mass transit	1,212,967	1,299,561	1,479,523	1,589,758	1,805,454	1,661,780	1,823,815	1,976,869	1,992,853	2,131,719
Economic development	722,288	287,747	1,636,251	652,141	823,771	814,252	601,381	297,762	680,304	625,915
Capital outlay	22,411,536	32,713,271	39,142,606	34,869,391	26,839,081	25,534,303	41,462,160	39,143,946	34,763,317	16,750,785
Debt service:										
Bond and note principal	3,426,185	8,420,208	3,686,294	3,838,972	13,929,985	6,438,492	9,071,970	15,316,339	11,499,463	7,867,746
Bond and note interest	2,718,750	3,027,011	4,174,750	5,099,167	5,761,607	7,267,649	6,321,324	6,976,779	6,429,319	7,707,198
Fiscal and other charges	482,991	1,098,099	682,087	665,390	499,996	1,000,739	652,023	506,902	439,249	37,732
Total expenditures	48,628,847	68,169,333	71,754,898	69,175,551	72,752,757	70,350,027	85,305,272	92,833,546	80,513,496	61,444,991
Revenues over (under) expenditures	(14,870,206)	(33,448,487)	(25,640,925)	(23,008,013)	(24,635,369)	(11,329,492)	(28,596,920)	(25,284,471)	(23,584,770)	(13,025,182)
Other financing sources (uses)										
Bond and note proceeds	21,010,000	34,032,500	24,020,000	22,400,000	12,050,000	16,395,000	15,555,000	9,955,000	46,520,000	2,165,000
Premium on issuance of debt									1,780,076	51,879
Transfers from other funds	8,908,504	9,083,473	9,931,433	8,116,150	11,873,106	133,226	105,844	81,405	11,951,492	11,423,664
Transfers to other funds	(6,078,363)	(4,150,992)	(4,462,698)	(1,623,809)	(4,999,072)	9,661,661	9,571,654	9,630,070	(2,835,809)	(1,720,136)
Sale of capital assets			2,210	126,445	109,065	(3,545,838)	(1,878,902)	(1,704,248)	688,918.00	1,086,306.00
Total other financing sources (uses)	23,840,141	38,964,981	29,490,945	29,018,786	19,033,099	22,644,049	23,353,596	17,962,227	58,104,677	13,006,713
Net change in fund balances	\$ 8,969,935	\$ 5,516,494	\$ 3,850,020	\$ 6,010,773	\$ (5,602,270)	\$ 11,314,557	\$ (5,243,324)	\$ (7,322,244)	\$ 34,519,907	\$ (18,469)
Debt service as a percentage of noncapital expenditures	23.44%	32.29%	24.10%	26.05%	42.89%	30.58%	35.11%	41.52%	39.19%	34.85%

CITY OF MOORHEAD, MINNESOTA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Capacity			Less: Captured Tax Increment Tax Capacity	Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Market Value Tax Exempt Real Property ¹
	Real Property		Personal Property						
	Residential	Commercial							
2004	\$ 9,103,013	\$ 3,557,377	\$ 127,355	\$ (839,262)	\$ 11,948,483	28.731%	\$ 1,098,180,800	1.09%	\$ 342,392,100
2005	10,452,055	3,803,946	133,234	(846,763)	13,542,472	26.095%	1,234,867,700	1.10%	474,251,000
2006	11,931,872	4,193,676	138,687	(852,378)	15,411,857	24.944%	1,405,920,600	1.10%	474,251,000
2007	13,243,223	5,019,619	143,332	(780,969)	17,625,205	23.169%	1,569,165,000	1.12%	474,251,000
2008	14,836,285	5,786,204	147,216	(1,119,322)	19,650,383	25.844%	1,762,247,300	1.12%	474,251,000
2009	15,664,218	6,279,064	149,271	(1,205,221)	20,887,332	29.808%	1,872,707,500	1.12%	474,251,000
2010	16,465,436	6,272,844	149,152	(786,828)	22,100,604	31.176%	1,955,815,700	1.13%	817,588,200
2011	16,900,730	6,954,186	164,212	(821,926)	23,197,202	30.751%	2,025,775,500	1.15%	817,588,200
2012	15,358,233	7,089,254	173,218	(889,882)	21,730,823	33.827%	1,865,413,600	1.16%	817,588,200
2013	15,764,267	7,293,733	170,577	(853,263)	22,375,314	35.388%	1,911,528,100	1.17%	817,588,200

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Source: Clay County Auditor

Note: Tax Capacity is the value used to determine property taxes. The assessor determines the estimated market value of property; which is then converted to tax capacity by a formula specified in state law

¹ Tax Exempt property is reassessed every six years. Tax Capacities are not calculated since the state doesn't have a classification rate assigned for exempt property.

**CITY OF MOORHEAD, MINNESOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Direct Rates		Total Direct Rate	Overlapping Rates			Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority		County	School District	Buffalo Watershed		
2004	28.731%		28.731%	76.458%	35.355%	1.157%	112.970%	141.701%
2005	26.095%		26.095%	67.769%	32.808%	1.383%	101.960%	128.055%
2006	24.944%	1.356%	26.300%	63.504%	36.840%	1.574%	101.918%	128.218%
2007	23.169%	1.333%	24.502%	61.321%	33.386%	2.803%	97.510%	122.012%
2008	25.844%	1.218%	27.062%	59.084%	32.273%	2.807%	94.164%	121.226%
2009	29.808%	1.389%	31.197%	57.391%	33.845%	2.795%	94.031%	125.228%
2010	31.176%	1.042%	32.218%	54.805%	30.262%	1.836%	86.903%	119.121%
2011	30.751%	1.063%	31.814%	55.080%	29.957%	2.125%	87.162%	118.976%
2012	33.827%	1.114%	34.940%	54.063%	32.838%	2.207%	89.108%	124.048%
2013	35.388%	1.110%	36.498%	52.955%	30.419%	2.222%	85.595%	122.093%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2013**

Taxpayer	2013			2004		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 466,411	1	2.08%	\$ 241,108	2	2.02%
Busch Agricultural Resources, Inc.	389,037	2	1.74%	352,732	1	2.95%
Menard's Inc	348,614	3	1.56%			
Easton LLC	184,250	4	0.82%	137,396	5	1.15%
Moorhead Lodging Association	179,250	5	0.80%			
Proffutt Ltd Partnership	156,476	6	0.70%			
Sterling Development Group	154,780	7	0.69%			
Eventide Lutheran Home	145,966	8	0.65%	93,201	9	0.78%
Moorhead Holiday Associates	137,835	9	0.62%	163,498	4	1.37%
Moorhead Center Mall LLP	127,847	10	0.57%	118,142	6	0.99%
Moorhead Hospitality				179,250	3	1.50%
Xcel Energy				100,760	7	0.84%
South Moorhead Associates				96,038	8	0.80%
Target Corporation				79,874	10	0.67%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy for Fiscal Year	Less: State Credits	Net Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy		Amount	Percent of Levy
2004	\$ 4,671,350	\$ (1,722,522)	\$ 2,948,828	\$ 2,899,560	98.33%	\$ 48,531	\$ 2,948,091	99.975%
2005	4,741,933	(1,588,177)	3,153,756	3,097,699	98.22%	55,503	3,153,202	99.982%
2006	4,835,500	(1,356,848)	3,478,652	3,372,860	96.96%	104,744	3,477,604	99.970%
2007	5,062,283	(1,389,308)	3,672,975	3,611,732	98.33%	58,528	3,670,260	99.926%
2008	5,891,208	(1,364,883)	4,526,325	4,445,911	98.22%	72,139	4,518,050	99.817%
2009	6,918,986	(1,560,961)	5,358,025	5,233,382	97.67%	87,217	5,320,599	99.301%
2010	7,446,245	(1,524,556)	5,921,689	5,698,918	96.24%	164,383	5,863,301	99.014%
2011	7,558,522	(1,767,771)	5,790,751	5,664,239	97.82%	41,955	5,706,194	98.540%
2012	7,441,836	(1,200,228)	6,241,608	6,130,010	98.21%		6,130,010	98.212%
2013	7,813,500	(1,257,485)	6,556,015	6,542,105	99.79%		6,542,105	99.788%

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Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
ELECTRIC TRANSFERS TO GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Fiscal Year	ELECTRIC FUND				Transfer	Transfer as Percentage of Gross Revenues
	Operating Revenues	Non-operating Revenues	Capital Contributions	Gross Revenues		
2004	\$ 19,440,958	\$ 170,427	\$	\$ 19,611,385	\$ 4,294,000	21.90%
2005	20,655,002	552,571		21,207,573	4,568,000	21.54%
2006	22,117,913	470,154	222,802	22,810,869	4,853,000	21.27%
2007	25,152,311	585,014	122,949	25,860,274	5,289,000	20.45%
2008	28,643,650	442,841	122,080	29,208,571	5,797,000	19.85%
2009	30,878,334	202,221	131,593	31,212,148	6,115,000	19.59%
2010	33,008,574	290,482	621,548	33,920,604	6,669,750	19.66%
2011	34,454,731	459,792		34,914,523	6,710,297	19.22%
2012	35,346,331	154,515	42,000	35,542,846	7,372,106	20.74%
2013	37,680,948	272,879	490,795	38,444,622	7,771,863	20.22%

Note: City Charter

Section 12.11; Subd. 4. The council may by a vote of six members transfer in any fiscal year to the capital improvement fund of the city from the net revenues of a utility or service under the control of the commission and from the net revenues of any city owned utility 5 percent of gross revenues..

Section 12.11; Subd. 4. The council may by a vote of six members transfer in any fiscal year to the general revenue fund of the city from the net revenues of a utility or service under the control of the commission and from the net revenues of any city owned utility the following amounts:

- (a) from the electric utility, an amount not to exceed 20 percent of gross revenues,
- (b) from the district heating utility, an amount not to exceed 10 percent of gross revenues,
- (c) from any other city owned utility, an amount not to exceed 5 percent of gross revenues, and
- (d) any amount authorized by law to be so transferred.

Section 12.11 Subd. 5. In this chapter the term "gross revenues" means all operating and non-operating revenues of a utility from whatever source derived; the term "net revenues" means gross revenues less current expenses of the operation of the utilities. The amounts of gross revenues and net revenues must be determined by the commission in accordance with generally accepted accounting principles. Transfers made pursuant to this section must be consistent with covenants with bondholders in city resolutions authorizing the issuance of obligations payable from revenues of the utilities.

**CITY OF MOORHEAD, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	Notes Payable	G.O. Revenue Bonds	Revenue Bonds	Notes Payable			
2004	\$ 3,655,000	\$ 46,590,000	\$ 15,160,000	\$ 10,992,080	\$ 1,438,490	\$ 22,110,420	\$ 26,120,000	\$ 31,999	\$ 126,097,989	13.61%	\$ 3,766
2005	1,890,000	76,100,000	14,070,000	9,325,859	2,175,782	24,342,031	23,765,000	1,653,034	153,321,706	15.92%	4,477
2006	2,270,000	97,715,000	12,940,000	9,256,380	1,869,488	23,651,753	21,315,000	1,869,488	170,887,109	16.21%	4,851
2007	1,940,000	118,225,000	11,910,000	9,189,588	1,515,516	26,415,664	26,075,000	1,111,202	196,381,970	17.12%	5,477
2008	2,670,000	123,725,000	10,835,000	2,455,000	1,215,119	32,804,740	23,360,000	717,508	197,782,367	15.97%	5,460
2009	2,275,000	131,890,000	13,585,000	2,205,000	901,627	32,652,548	20,935,000	108,215	204,552,390	16.79%	5,563
2010	1,655,000	139,555,000	13,360,000	1,945,000	824,657	31,418,017	28,735,000	79,093	217,571,767	16.70%	5,716
2011	1,015,000	143,375,000	5,155,000	1,670,000	763,318	29,829,800	26,000,000	48,567	207,856,685	15.49%	5,461
2012	585,000	179,460,000	4,865,000	1,390,000	698,855	38,968,152	27,080,000	16,571	253,063,578	18.54%	6,570
2013	390,000	174,620,000	4,560,000	1,095,000	631,109	26,740,118	25,555,000	-	233,591,227	15.58%	6,007

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Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF MOORHEAD, MN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Less: Amounts Availabe in Debt Service Funds	Total	Percentage of Estimated Market Value ¹ of Property	Per Capita ²
2004	\$ 3,655,000	\$ 1,993,034	\$ 1,661,966	0.15%	\$ 50
2005	1,890,000	535,976	1,354,024	0.11%	40
2006	2,270,000	551,937	1,718,063	0.12%	49
2007	1,940,000	390,922	1,549,078	0.10%	43
2008	2,670,000	250,935	2,419,065	0.14%	67
2009	2,275,000	249,631	2,025,369	0.11%	55
2010	1,655,000	173,009	1,481,991	0.08%	39
2011	1,015,000	22,263	992,737	0.05%	26
2012	585,000	-	585,000	0.00%	0
2013	390,000	87,080	302,920	0.00%	0

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² See the Schedule of Demographic and Economic Statistics for population data.

**CITY OF MOORHEAD, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 48,175,000	77.30%	\$ 37,239,275
Clay County	12,515,000	48.90%	6,119,835
Total overlapping debt			<u>43,359,110</u>
City of Moorhead direct debt			<u>180,665,000</u>
Total direct and overlapping debt			<u><u>\$ 224,024,110</u></u>

Source: Clay County Auditor

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Moorhead. The rates are calculated by taking the City's tax capacity divided by the overlapping governments' tax capacity.

**CITY OF MOORHEAD, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 24,670,410	\$ 28,108,194	\$ 28,130,306	\$ 31,492,698	\$ 57,837,453	\$ 60,617,055	\$ 62,491,626	\$ 63,619,863	\$ 55,962,408	\$ 57,345,843
Total net debt applicable to limit	<u>1,661,966</u>	<u>1,354,024</u>	<u>1,718,063</u>	<u>1,549,078</u>	<u>2,419,065</u>	<u>2,025,369</u>	<u>1,481,991</u>	<u>992,737</u>	<u>1,283,855</u>	<u>1,021,109</u>
Legal debt margin	<u>\$ 23,008,444</u>	<u>\$ 26,754,170</u>	<u>\$ 26,412,243</u>	<u>\$ 29,943,620</u>	<u>\$ 55,418,388</u>	<u>\$ 58,591,686</u>	<u>\$ 61,009,635</u>	<u>\$ 62,627,126</u>	<u>\$ 54,678,553</u>	<u>\$ 56,324,734</u>
Total net debt applicable to the limit as a percentage of debt limit	6.74%	4.82%	6.11%	4.92%	4.18%	3.34%	2.37%	1.56%	2.29%	1.78%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2013

Estimated market value - real and personal property	\$ 1,911,528,100
Debt limit 3% of estimated market value	57,345,843
Debt applicable to limit:	
General obligation bonds	\$ 390,000
General obligation notes	631,109
Total net debt applicable to limit	<u>1,021,109</u>
Legal debt margin	<u>\$ 56,324,734</u>

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Minnesota Statutes: Effective June30, 2008, state statutes increased the legal debt limit from 2% to 3% of the City's Taxable market value

475.53 LIMIT ON NET DEBT. Subdivision I. Generally. Except as otherwise provided in section 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to net debt in excess of 3 percent of the estimated market value of real and personal property.

**CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF ELECTRIC FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
2004	\$ 19,611,385	\$ 12,969,932	\$ 6,641,453	\$ 609,533	\$ 423,258	\$ 1,032,791	6.43
2005	21,207,573	13,871,827	7,335,746	637,633	398,919	1,036,552	7.08
2006	22,810,867	14,919,786	7,891,081	551,624	379,886	931,510	8.47
2007	25,737,325	16,672,796	9,064,529	746,750	444,439	1,191,189	7.61
2008	29,086,491	18,521,325	10,565,166	840,367	487,671	1,328,038	7.96
2009	31,080,555	21,190,625	9,889,930	898,120 ³	494,896	1,393,016	7.10
2010	33,299,056	22,639,022	10,660,034	805,960	419,744	1,225,704	8.70
2011	34,914,523	23,794,915	11,119,608	884,469	577,133	1,461,602	7.61
2012	35,542,846	23,597,395	11,945,451	732,971 ⁴	592,559	1,325,530	9.01
2013	38,444,622	24,539,810	13,904,812	1,321,628	639,777	1,961,405	7.09

1 - Expenses exclude depreciation and amortization.

2 - High coverage is due to City Charter Section 12.11.

Subd. 2. The commission's charge to the city for the use and availability of fire hydrants for municipal fire protection may not exceed \$40.00 for each hydrant in the city unless otherwise provided by written agreement between the city and the commission.

Subd. 3. The city may not levy taxes of any nature on utilities under the control of the commission or on the revenues of the commission.

Subd. 4. The council may by a vote of six members transfer in any fiscal year to the general revenue fund of the city from the net revenues of a utility or service under the control of the commission and from the net revenues of any city owned utility the following amounts:

- (a) from the electric utility, an amount not to exceed 20 percent of gross revenues,
- (b) from the district heating utility, an amount not to exceed 10 percent of gross revenues,
- (c) from any other city owned utility, an amount not to exceed 5 percent of gross revenues, and
- (d) any amount authorized by law to be so transferred.

Subd. 5. In this chapter the term "gross revenues" means all operating and non-operating revenues of a utility from whatever source derived; the term "net revenues" means gross revenues less current expenses of the operation of the utilities. The amounts of gross revenues and net revenues must be determined by the commission in accordance with generally accepted accounting principles. Transfers made pursuant to this section must be consistent with covenants with bondholders in city resolutions authorizing the issuance of obligations payable from revenues of the utilities.

3 - For comparative purposes, this figure excludes a \$2,426,561 additional principal payment made to retire Public Utility Revenue Bond of 1998, Series A resulting from the Public Utility Revenue Refunding Bonds of 2009, Series A.

4 - For comparative purposes, this figure excludes a \$1,865,000 additional principal payment made to retire Public Utility Revenue Bond of 2002, Series C resulting from the Public Utility Revenue Refunding Bonds of 2012, Series E.

**CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF WATER FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 4,702,062	\$ 2,107,619	\$ 2,594,443	\$ 1,434,467	\$ 715,126	\$ 2,149,593	1.21
2005	5,217,254	2,352,119	2,865,135	1,496,367	647,700	2,144,067	1.34
2006	5,558,926	2,715,167	2,843,759	1,479,582	581,165	2,060,747	1.38
2007	5,799,590	2,983,542	2,816,048	1,519,751	603,113	2,122,864	1.33
2008	6,355,804	3,221,731	3,134,073	1,649,941	626,266	2,276,207	1.38
2009	6,475,089	3,525,737	2,949,352	1,600,063 ²	520,869	2,120,932	1.39
2010	6,322,229	3,607,853	2,714,376	1,509,274	457,504	1,966,778	1.38
2011	6,413,006	3,697,937	2,715,069	1,634,474	396,284	2,030,758	1.34
2012	8,023,697	3,916,911	4,106,786	1,722,911 ³	344,011	2,066,922	1.99
2013	8,396,383	3,851,472	4,544,911	178,079	246,504	424,583	10.70

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$4,693,439 additional principal payment made to retire Public Utility Revenue Bond of 1998, Series A resulting from the Public Utility Revenue Refunding Bonds of 2009, Series A.

3 - For comparative purposes, this figure excludes a \$410,000 additional principal payment made to retire Public Utility Revenue Bond of 2002, Series C resulting from the Public Utility Revenue Refunding Bonds of 2012, Series E.

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF WASTEWATER FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 4,074,498	\$ 2,427,653	\$ 1,646,845	\$ 593,245	\$ 790,895	\$ 1,384,140	1.19
2005	4,638,006	2,521,855	2,116,151	903,486	815,480	1,718,966	1.23
2006	9,202,997	2,813,006	6,389,991	1,037,117	860,015	1,897,132	3.37
2007	6,033,195	2,832,107	3,201,088	1,092,073	841,088	1,933,161	1.66
2008	5,807,432	3,473,684	2,333,748	841,395	803,422	1,644,817	1.42
2009	5,226,690	3,296,406	1,930,284	1,191,812	991,941	2,183,753	0.88
2010	5,440,267	3,388,622	2,051,645	1,536,196	980,989	2,517,185	0.82
2011	5,170,277	3,475,408	1,694,869	1,588,218	947,556	2,535,774	0.67
2012	5,718,882	3,933,832	1,785,050	1,651,647	906,311	2,557,958	0.70
2013	6,708,871	4,210,149	2,498,722	1,718,034	860,938 ²	2,578,972	0.97

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$10,510,000 additional principal payment made to retire G.O. Wastewater Revenue Bonds of 2003, Series A resulting from the G.O. Wastewater Revenue Crossover Refunding Bonds of 2012, Series B.

**CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF SPORTS CENTER FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 432,828 ²	\$ 461,835	\$ (29,007)	\$ 40,000	\$ 20,183	\$ 60,183	(0.48)
2005	463,447	482,346	(18,899)	40,000	20,257	60,257	(0.31)
2006	509,661	481,736	27,925	45,000	16,152	61,152	0.46
2007	565,761	496,990	68,771	45,000	15,270	60,270	1.14
2008	594,388	554,039	40,349	50,000	11,866	61,866	0.65
2009	524,030	573,691	(49,661)	50,000	9,441	59,441	(0.84)
2010	547,798	581,522	(33,724)	50,000	7,016	57,016	(0.59)
2011	553,746	576,559	(22,813)	50,000	3,919	53,919	(0.42)
2012	630,051	576,821	53,230	55,000	1,361	56,361	0.94

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes \$370,700 in state Local Government Aid allocated to reduce the retained earnings deficit in the Sports Center fund.

NOTE: Final payment was made on these bonds in 2012.

**CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF GOLF COURSE FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 1,005,062 ²	\$ 1,039,083	\$ (34,021)	\$ 140,000	\$ 235,866	\$ 375,866	(0.09)
2005	1,153,566	1,191,811	(38,245)	145,000	231,076	376,076	(0.10)
2006	1,167,592	1,298,948	(131,356)	150,000	220,901	370,901	(0.35)
2007	1,105,056 ³	1,314,238	(209,182)	160,000	210,923	370,923	(0.56)
2008	1,070,641	1,324,658	(254,017)	170,000	206,444	376,444	(0.67)
2009	1,326,927	1,287,866	39,061	175,000	197,746	372,746	0.10
2010	1,250,631	1,302,556	(51,925)	185,000	185,371	370,371	(0.14)
2011	1,170,716	1,332,519	(161,803)	195,000	163,377	358,377	(0.45)
2012	1,205,290	1,367,738	(162,448)	210,000	162,444	372,444	(0.44)
2013	1,190,566	1,381,675	(191,109)	220,000	150,106	370,106	(0.52)

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, these figures exclude \$179,300 in state Local Government Aid allocated to reduce the retained earnings deficit in the Golf Course fund.

3 - For comparative purposes, these figures exclude \$295,296 from gain on the disposal of assets.

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF VEHICLE FUND PLEDGED-REVENUE COVERAGE ¹
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 865,856	\$ 11,583	\$ 854,273	\$ 60,000	\$ 6,215	\$ 66,215	12.90
2005	949,304	11,032	938,272	65,000	3,448	68,448	13.71

1 - Equipment Certificates were issued November 15, 2000 and retired December 1, 2005.

2 - Expenses exclude depreciation and amortization.

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF MUNICIPAL IMPROVEMENT FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 420,352 ¹	\$ 50,719	\$ 369,633	\$ 190,000	\$ 487,406	\$ 677,406	0.55
2005	519,897	7,320	512,577	200,000 ²	473,567	673,567	0.76
2006	625,611	6,516	619,095	225,000	444,338	669,338	0.92
2007	644,478	3,324	641,154	235,000	437,204	672,204	0.95
2008	414,523	68,301	346,222	245,000 ³	185,795	430,795	0.80
2009	350,901	2,325	348,576	250,000	131,508	381,508	0.91
2010	359,649	2,694	356,955	260,000	88,675	348,675	1.02
2011	355,354	2,094	353,260	275,000	78,820	353,820	1.00
2012	356,087	1,294	354,793	280,000	68,273	348,273	1.02
2013	358,850	2,938	355,912	295,000	56,816	351,816	1.01

1 - For comparative purposes this revenue figure excludes bond proceeds from General Obligation Ice Arena Refunding Bonds of 2004, Series D (\$720,000) and General Obligation Refunding Bonds of 2004, Series E (\$910,000) to be used in 2006 to retire General Obligation Ice Arena Bonds of 1997 Series A and General Obligation Tax Increment Bonds of 1997, Series C, both current refundings.

2 - For comparative purposes this figure excludes principal payments to retire General Obligation Ice Arena Bonds of 1997 Series A (\$695,000) and General Obligation Tax Increment Bonds of 1997, Series C (\$885,000) resulting from General Obligation Ice Arena Refunding Bonds of 2004, Series D and General Obligation Refunding Bonds of 2004, Series E, both current refundings.

3 - For comparative purposes this figure excludes principal payments to retire Taxable Industrial Development Bonds of 1996 Series A (\$4,260,000) and Taxable Industrial Development Bonds of 1996, Series B (\$2,229,587) resulting from General Obligation Refunding Bonds of 2008, Series A, a current refunding.

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF SPECIAL ASSESSMENT FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 5,812,348	\$ 493,400	\$ 5,318,948	\$ 1,630,000	\$ 1,414,429	\$ 3,044,429	1.75
2005	7,668,122	503,934	7,164,188	3,515,000	1,775,965	5,290,965	1.35
2006	7,389,538	643,131	6,746,407	1,700,000	2,954,752	4,654,752	1.45
2007	10,797,713	388,177	10,409,536	1,890,000	3,872,993	5,762,993	1.81
2008	10,461,710	210,177	10,251,533	3,565,000 ²	4,871,596	8,436,596	1.22
2009	12,146,618	260,319	11,886,299	4,355,000	5,096,160	9,451,160	1.26
2010	12,185,726	228,350	11,957,376	5,000,000 ³	5,233,232	10,233,232	1.17
2011	13,404,555	225,275	13,179,280	6,335,000	5,588,493	11,923,493	1.11
2012	15,436,841	435,630	15,001,211	10,435,000	5,525,149	15,960,149	0.94
2013	15,789,490	639,035	15,150,455	7,005,000	6,177,565	13,182,565	1.15

1 - For comparative purposes these amounts exclude proceeds from issuance of new bonds.

2 - For comparative purposes this amount excludes \$1,775,000 used to retire General Obligation Obligation Improvement Bonds of 1999A (\$855,000) and 2000A (\$920,000)

3 - For comparative purposes this amount excludes \$1,570,000 used to retire General Obligation Obligation Improvement Bonds of 2001E

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF TAX INCREMENT FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 1,881,825	\$ 172,139	\$ 1,709,686	\$ 1,227,516	\$ 690,078	\$ 1,917,594	0.89
2005	2,867,537	313,909	2,553,628	1,256,539	671,655	1,928,194	1.32
2006	2,679,873	208,503	2,471,370	1,332,625	708,099	2,040,724	1.21
2007	2,688,940	476,956	2,211,984	1,264,210	596,814	1,861,024	1.19
2008	3,413,940	220,655	3,193,285	1,322,551	592,211	1,914,762	1.67
2009	2,843,930 ¹	713,116	2,130,814	1,382,955	1,946,835	3,329,790	0.64
2010	1,552,805 ²	412,102	1,140,703	600,000 ³	911,214	1,511,214	0.75
2011	1,486,573	275,920	1,210,653	285,000 ⁴	380,290	665,290	1.82
2012	1,050,651	1,275	1,049,376	290,000	175,576	465,576	2.25
2013	1,036,994	23,448	1,013,546	305,000	169,000	474,000	2.14

1 - For comparative purposes this figure excludes bond proceeds from the G.O. Tax Increment Refunding Bonds 2009D in the amount of \$981,797 used for the current refunding of the G.O. Tax Increment Bonds 2001C and the G.O. Tax Increment Refunding Bonds 2009A in the amount of \$2,938,516 Crossover Refunding EDA Bonds 2001A .

2 - For comparative purposes this figure excludes bond proceeds from the G.O. Tax Increment Refunding Bonds 2010B in the amount of \$1,406,656 used for the crossover refunding of the G.O. Tax Increment Bonds 2001B.

3 - For comparative purposes this amount excludes \$945,000 used to retire General Obligation Tax Increment Bonds of 2001C

4 - For comparative purposes this amount excludes \$6,365 000 used to retire General Obligation Tax Increment Bonds 2001A and \$1,355,000 for General Obligation Tax Increment Bonds 2001B

**CITY OF MOORHEAD, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ¹	Estimated Personal Income ²	Per Capita Personal Income ³	K-12 School Enrollment ⁴	Unemployment Rate ⁵
2004	33,485	\$ 926,697,375	\$ 27,675	5,266	3.2%
2005	34,244	963,352,208	28,132	5,297	3.0%
2006	35,225	1,054,389,925	29,933	5,339	2.7%
2007	35,853	1,147,367,706	32,002	5,400	3.0%
2008	36,226	1,238,422,036	34,186	5,351	3.1%
2009	36,770 ⁶	1,218,337,180	33,134	5,370	4.2%
2010	38,065 ⁷	1,302,812,690	34,226	5,353	3.9%
2011	38,065	1,341,905,445	35,253	5,406	4.0%
2012	38,516	1,365,315,168	35,448	5,542	4.6%
2013	38,889	1,499,132,061	38,549	5,717	3.2%

Data Sources:

¹ Minnesota State Demographic Center.

² This estimated personal income number is calculated by taking the per capita personal income of Clay County and multiplying it by the City population.

³ U.S. Department of Commerce Bureau of Economic Analysis. The per capita personal income used is for that of Clay County, in which the city resides, the smallest applicable region for which this information is available.

⁴ Minnesota Department of Education

⁵ Minnesota Department of Employment and Economic Development

⁶

Beginning in 2009, the Minnesota State Demographic Center does not have this information available until after publication of this report. Therefore, this figure is a projected estimate based on the the 10-year average change in population as calculated by the Moorhead City Planning Department

⁷ 2010 U.S. Census

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2013			2004		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	826 (a)	1	2.39%	830	1	2.77%
Minnesota State University-Moorhead	825 (a)	2	2.39%	750	2	2.50%
Concordia College	609 (a)	3	1.76%	725	3	2.42%
Clay County	470	4	1.36%	487	4	1.62%
Eventide Lutheran Home	467	5	1.35%	440	5	1.47%
Advance Security	450	6	1.30%			
Creative Care for Reaching Independence (CCRI)	409	7	1.18%			
American Crystal Sugar Company	368	8	1.06%	410	6	1.37%
Minnesota State Community & Technical College	280 (a)	9	0.81%	200	9	0.67%
City of Moorhead	249 (b)	10	0.72%	226	7	0.75%
Moorhead Electric			0.00%	216	8	0.72%
CAMAS, Inc.			0.00%	195	10	0.65%

(a) Includes full and part-time employees.

(b) Excludes 160 temporary and seasonal employees

Source: Telephone survey of individual employers

**CITY OF MOORHEAD, MINNESOTA
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	38.38	39.38	37.00	37.00	38.17	40.22	40.22	40.22	39.42	39.42
Public Safety										
Police										
Officers	50.00	50.00	50.00	50.00	53.00	53.00	53.00	53.00	53.00	53.00
Civilians	13.32	12.82	12.82	14.88	14.88	14.88	14.00	14.00	15.00	15.00
Fire										
Firefighters & officers	30.00	30.00	33.00	33.00	33.00	36.00	36.00	36.00	36.00	36.00
Civilians	3.00	3.00	3.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Parks and Recreation	8.00	8.00	8.00	8.00	10.00	10.00	10.00	10.00	10.00	10.00
Community Development	15.58	17.58	22.50	24.50	23.20	23.20	23.20	21.60	20.85	20.85
Mass Transit	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Economic Development	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Electric	30.00	30.00	31.00	31.00	33.00	34.00	34.00	34.00	37.00	35.00
Water	21.00	21.00	22.00	21.00	23.00	25.00	25.00	25.00	21.00	22.00
Broadband	-	-	3.00	9.00	11.00	-	-	-	-	-
Wastewater Treatment	16.00	16.00	17.00	17.00	17.00	17.00	17.00	17.00	18.00	18.00
Storm Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and Streets	16.00	16.25	16.63	16.63	16.63	16.63	16.63	16.63	16.63	16.63
Sanitation	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Golf Courses	3.50	3.50	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58
Sports Center	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Pest Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTE's	277.78	280.53	296.53	303.59	315.46	310.51	309.63	308.03	307.48	306.48

Source: City Human Resources Department

**CITY OF MOORHEAD, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	1,024	926	945	878	920	970	1,006	872	945	891
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,407	2,350	2,462	2,393	2,076	2,288	2,353	2,251	1,971	1,849
Fire										
Medical responses	1,292	1,462	1,405	1,322	1,700	1,945	1,980	2,273	2,186	1,400
Fire & other responses	768	751	766	830	994	1,024	1,006	1,066	1,144	1,014
Library										
Visits	234,624	273,364	266,292	276,692	265,070	298,870	305,435	275,782	258,451	267,218
Circulation	287,433	294,417	296,652	360,864	386,938	398,685	409,133	378,340	344,025	302,291
Mass Transit										
Fixed Routes ridership	280,279	316,647	344,824	356,732	398,445	392,218	376,697	433,676	436,304	452,624
Paratransit ridership	9,950	10,958	13,014	14,498	19,206	13,083	13,220	12,771	10,604	10,771
Metro Senior Ride ridership					4,050	5,111	5,961	6,323	7,492	8,042
Community Development										
New Residential Permits	308	350	338	241	201	178	160	92	89	139
New Residential Valuation	49,697,640	57,788,265	58,147,643	40,152,822	43,243,429	33,243,985	24,091,532	24,075,213	17,514,700	44,149,300
New Commercial Permits	28	28	39	31	20	17	19	20	12	31
New Commercial Valuation	4,519,100	13,621,419	25,722,337	25,368,798	6,029,417	4,575,300	8,620,860	4,956,205	8,071,975	34,676,965
Sanitation										
Curbside Recycling (tons)	373	398	606	626	701	645	582	499	432	384
Refuse Collected (landfill tonnage)	16,390	18,048	18,744	21,587	20,168	20,688	19,737	22,276	21,568	23,163
Yard Waste (tons)	1,799	3,378	2,515	2,049	2,247	3,056	3,026	2,542	2,060	2,616
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	4.36	4.75	4.66	4.40	4.49	4.68	4.66	5.06	3.52	4.02
Electric										
Annual Sales (millions of kwh)	386.86	397.11	399.37	412.03	418.91	414.03	418.40	430.16	419.58	442.40
Water										
Water Sales (billions of gallons)	1.440	1.462	1.471	1.457	1.398	1.385	1.335	1.285	1.48	1.41

Source: Various city departments.

Note: Indicators are not available for general government functions.

**CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Highways & Streets:										
Street (miles)	184.60	197.72	203.75	207.10	210.35	208.60	210.11	211.77	211.73	212.73
Culture and recreation										
Parks	34	36	41	42	42	42	42	42	43	43
Swimming/wading pools	8	8	8	8	8	8	8	8	9	9
Sanitation:										
Collection trucks	7	10	10	10	10	10	10	10	10	10
Wastewater										
Storm sewers (miles)	104.82	113.80	113.80	124.89	125.35	125.35	127.40	132.42	135.32	149
Sanitary sewers (miles)	125.88	136.73	136.73	145.54	154.54	154.54	155.19	157.81	156.36	157
Force mains (miles)	14.12	14.29	14.29	16.09	20.87	20.87	20.87	22	23.12	23.12

Source: Various city departments.