

City of Moorhead, Minnesota

Comprehensive Annual Financial Report



For The Year Ended December 31, 2011
www.cityofmoorhead.com

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

FOR THE YEAR ENDED DECEMBER 31, 2011

PREPARED BY THE FINANCE DIVISION

WANDA WAGNER, FINANCE DIRECTOR

**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, 2011**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Table of Contents	I
Letter of Transmittal	III
Certificate of Achievement for Excellence in Financial Reporting.....	VII
Listing of City Officials	VIII
Organizational Chart	IX

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	15
Statement of Net Assets – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	18
Statement of Cash Flows – Proprietary Funds	19
Notes to the Financial Statements	20
Required Supplementary Information	
Note to the Schedule of Funding Progress	41
Combining and Individual Fund Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	44

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Park Fund	46
Library Fund.....	47
Community Development Fund	48
Rental Registration	49
Mass Transit Fund.....	50
Economic Development Fund	51
Combining Statement of Net Assets – Nonmajor Proprietary Funds	52
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds	54
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	55
Combining Statement of Net Assets – Internal Service Funds	56
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	57
Combining Statement of Cash Flows – Internal Service Funds	58

Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	59
Schedule by Function and Activity.....	60
Schedule of Changes by Function and Activity.....	61

STATISTICAL SECTION

Net Assets by Component.....	62
Changes in Net Assets	63
Fund Balances of Governmental Funds	64
Changes in Fund Balances of Governmental Funds	66
Assessed Value and Estimated Actual Value of Taxable Property.....	67
Property Tax Rates.....	68
Principal Property Taxpayers.....	69
Property Tax Levies and Collections	70
Electric Transfers to Governmental Funds	71
Ratios of Outstanding Debt by Type	72
Ratios of General Bonded Debt Outstanding.....	73
Direct and Overlapping Governmental Activities Debt.....	74
Legal Debt Margin Information.....	75
Schedule of Electric Fund Pledged-Revenue Coverage.....	76
Schedule of Water Fund Pledged-Revenue Coverage	77
Schedule of Wastewater Fund Pledged-Revenue Coverage	78
Schedule of Sports Center Fund Pledged-Revenue Coverage	79
Schedule of Golf Course Fund Pledged-Revenue Coverage	80
Schedule of Vehicle Fund Pledged-Revenue Coverage	81
Schedule of Municipal Improvement Fund Pledged-Revenue Coverage	82
Schedule of Special Assessment Fund Pledged-Revenue Coverage	83
Schedule of Tax Increment Fund Pledged-Revenue Coverage.....	84
Demographic and Economic Statistics	85
Principal Employers.....	86
Full-Time Equivalent City Employees by Function	87
Operating Indicators by Function	88
Capital Asset Statistics by Function	89

MOORHEAD MINNESOTA

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June 12, 2012

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, 2011.

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.

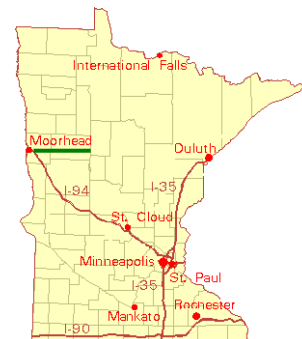
The City of Moorhead's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2011, are free of material 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, 2011, 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, broadband, 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 before 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 public hearings 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 City maintains an encumbrance accounting system for major purchases in excess of \$500 as one technique of accomplishing budgetary control. Open encumbrances are reported as reservations of fund balance at December 31, 2011.

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 Combining 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 Detroit Lakes Aviation, 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 5,000 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 515 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.

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 2011, there were 92 permits issued for new residential construction with a valuation of \$ 23,075,213 compared to 165 in 2010, which is down from the five-year average of 228 permits. The City had 165 total units permitted in 2011 compared to 165 in 2010, which is down from the five-year average of 347 units.

There were 20 commercial permits issued in 2011 with a valuation of \$4,956,206. This is up from the 19 commercial permits issued in 2010 with a valuation of \$8,620,860. There were 782 building permits issued for all types of building activity in the City with \$53,885,833 in total valuation.

The 1st Avenue North Gateway Redevelopment continues. The final phase of the 1st Avenue North Street and right of way improvements project was completed. This \$2.3 million project included a street mill and overlay of 1st Avenue North, partial water main replacement, new and reconstructed sidewalks, new street lighting, segments of decorative fencing, burying overhead power lines, boulevard improvements and new tree planting. The City acquired Aggregate Industries and Hedgemasters properties and demolished the structures to facilitate redevelopment on the sites. The *1st Avenue North – Central Corridors – Redevelopment Tax Increment Financing District* was established on July 25, 2011. This Pay Go TIF 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 Moorhead.

Numerous parks projects occurred in 2011. The renovation of the Gooseberry Park shelter was completed and included a higher roof and handicap-accessible bathroom facilities; a new picnic shelter was constructed in Woodlawn Park; new park equipment was installed in Voll, Angelas and Woodlawn Parks; and the tennis court was replaced at Riverview Estates.

The City purchased 176 homes between 2009 and 2011 using \$50.7 million of combined federal, state and local funding for flood mitigation. These homes have been acquired for flood mitigation projects. Acquisitions and flood mitigation projects will continue in 2012. The acquisitions and infrastructure projects, once complete, will, with minimum temporary measures, reduce Moorhead's flood risk to 42.5 feet. All buyout participation has been voluntary and will continue to remain so.

The City leased land to the Minnesota Department of Transportation to accommodate the construction of a 330 foot communications tower that will provide radio coverage for the Allied Radio Matrix Emergency Response System (ARMER) and other radio communications services. The new tower, activated in November of 2011, will substantially enhance interoperable communications with state agencies, including the MN Department of Transportation, Department of Natural Resources, Department of Public Safety, and the State Patrol.

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, 2010. This was the 28th 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.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget documents dated January 1, 2011. This was the 7th consecutive year the City has received this prestigious award. In order to qualify for this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only.

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

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, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2011

	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
MARK VOXLAND	MAYOR	2013
NANCY OTTO	COUNCIL MEMBER, WARD 1	2011
LUTHER STUELAND	COUNCIL MEMBER, WARD 1	2013
DIANE WRAY WILLIAMS	COUNCIL MEMBER, WARD 2	2011
MARK ALTENBURG	COUNCIL MEMBER, WARD 2	2013
DAN HUNT	COUNCIL MEMBER, WARD 3	2011
BRENDA ELMER	COUNCIL MEMBER, WARD 3	2013
GREG LEMKE	COUNCIL MEMBER, WARD 4	2011
MARK HINTERMEYER	COUNCIL MEMBER, WARD 4	2013

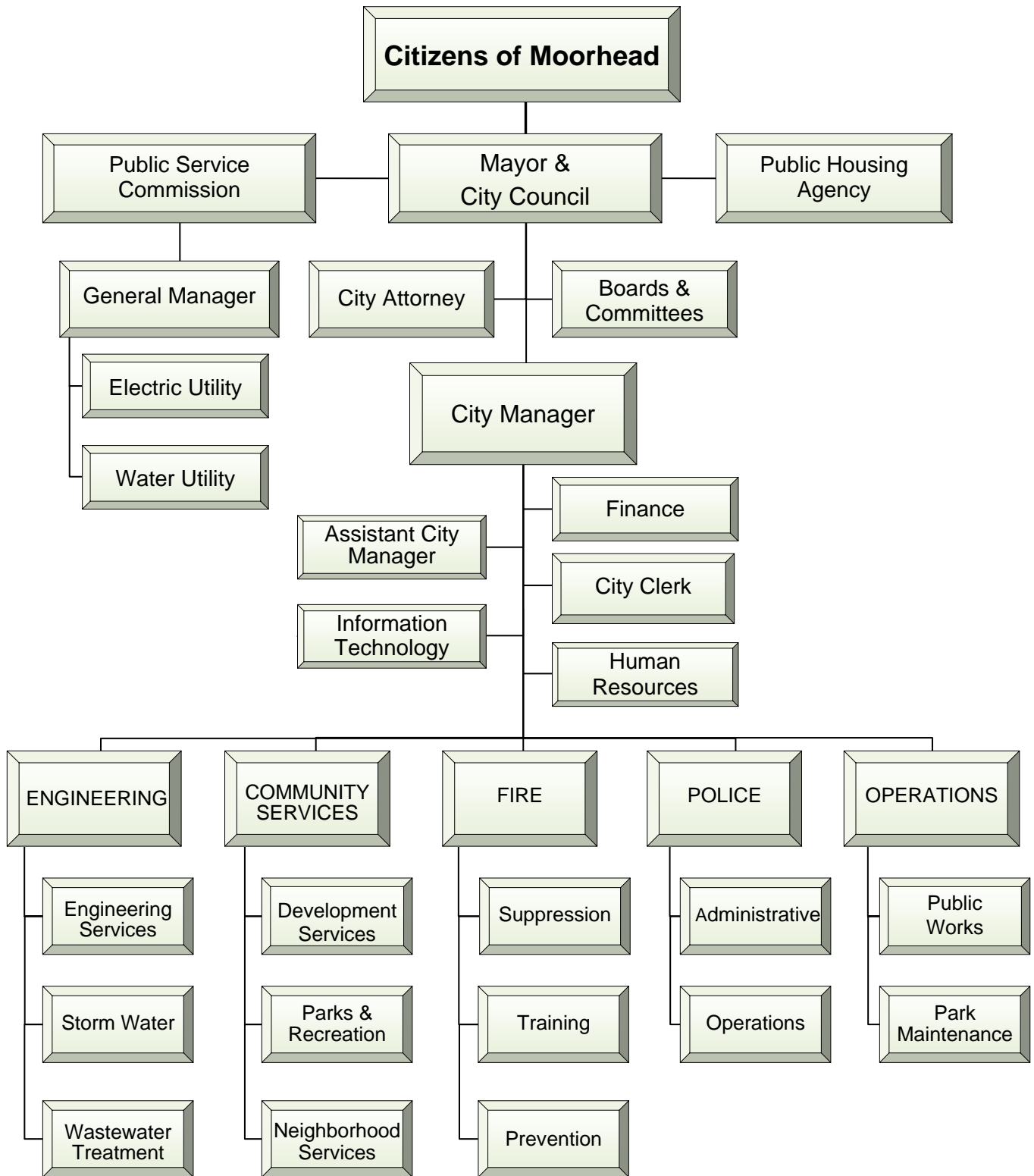
APPOINTED OFFICIALS

MICHAEL REDLINGER CITY MANAGER

DEPARTMENT DIRECTORS

SCOTT HUTCHINS COMMUNITY SERVICES
ROBERT ZIMMERMAN ENGINEERING
DAVID EBINGER POLICE CHIEF
RICH DUYSSEN INTERIM FIRE CHIEF
CHAD MARTIN OPERATIONS

CITY OF MOORHEAD ORGANIZATION CHART



FINANCIAL

SECTION

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Independent Auditor's Report

The Honorable Mayor
and Members of City Council
City of Moorhead, Minnesota
Moorhead, Minnesota

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, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government 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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1.C to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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. The information has been subjected to the auditing procedures applied by us 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the 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 in the audit of the basic financial statements and, accordingly, we express no opinion on or provide assurance on them.

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

Fargo, North Dakota
June 5, 2012

**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, 2011. 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 of the City exceeded liabilities at the close of the most recent fiscal year by \$367,311,148.
- The City's total net assets increased by \$31,067,599.
- The City's governmental funds reported combined ending fund balances of \$47,974,730, a decrease of \$7,322,244 in comparison with the prior year. Of this total amount, \$11.2M is unassigned, \$4.1M assigned, \$1.6M committed, \$29.1M restricted and \$1.9M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$11,868,324 or 59% of total general fund expenditures of \$20,250,376.

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

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

Both of the government-wide financial statements distinguish functions of the City of 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, broadband, 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, \$388,278 has been reflected within the business-type activities and \$4,665,328 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 eight 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 assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Moorhead, assets exceeded liabilities by \$367,311,148 at the close of the most recent fiscal year.

By far the largest portion of the City’s net assets is the investment in capital assets of \$216,081,662 (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 Assets and Changes in Net Assets for the fiscal year ending December 31, 2011.

CITY OF MOORHEAD’S NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2011	2010	2011	2010	2011
Current and other assets	135,280,815	\$ 142,684,821	41,411,448	\$ 45,875,846	\$ 176,692,263
Capital assets	283,973,899	252,446,781	126,865,528	126,999,423	410,839,427
Total assets	419,254,714	395,131,602	168,276,976	172,875,269	587,531,690
Long-term liabilities outstanding	153,871,585	158,889,059	54,500,058	59,005,164	208,371,643
Other liabilities	5,368,429	4,559,604	6,480,470	9,309,494	11,848,899
Total liabilities	159,240,014	163,448,663	60,980,528	68,314,658	220,220,542
Net assets:					
Invested in capital assets, net of related debt	141,530,526	113,540,183	74,551,136	75,176,641	216,081,662
Restricted	106,751,797	114,126,460	5,315,762	5,007,451	112,067,559
Unrestricted	11,732,377	4,016,296	27,429,550	24,376,519	39,161,927
Total net assets	\$ 260,014,700	\$ 231,682,939	\$ 107,296,448	\$ 104,560,611	\$ 367,311,148

The \$31.5M increase in capital assets in governmental activities is the result of considerable investment in city infrastructure, flood mitigation and flood property acquisition.

Investment in capital assets, net of related debt increased \$28M in the governmental activities, primarily resulting from land acquisition and flood mitigation projects funded with state and federal grants..

CITY OF MOORHEAD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total 2011
	2011	2010	2011	2010	
Revenues:					
Program revenues:					
Charges for services	\$ 5,588,393	\$ 5,387,046	\$ 54,310,314	\$ 52,730,833	\$ 59,898,707
Operating grants and contributions	2,882,446	2,857,481	224,129	177,796	3,106,575
Capital grants and contributions	40,565,422	36,845,046	388,393	1,185,460	40,953,815
General Revenues:					
Taxes	5,802,676	5,723,405			5,802,676
Tax Increments	870,313	953,865			870,313
Franchise Fees	943,926	865,522			943,926
State aid	8,544,337	8,199,446	11,560	11,560	8,555,897
Grants and contributions not restricted to specific programs	171,947	176,748			171,947
Investment earnings	585,304	309,936	588,834	484,828	1,174,138
Miscellaneous	343,824	123,337	79,102	25,532	422,926
Gain on disposal/sale of assets				9,513	0
Total revenues	66,298,588	61,441,832	55,602,332	54,625,522	121,900,920
Expenses:					
General government	3,415,677	3,674,855			3,415,677
Public safety	10,819,856	10,270,338			10,819,856
Highways and streets	16,036,015	12,616,553			16,036,015
Parks and recreation	3,470,430	3,303,861			3,470,430
Library	830,901	918,671			830,901
Community development	445,914	337,303			445,914
Rental Registration	161,607	158,890			161,607
Mass transit	2,464,724	2,302,729			2,464,724
Economic development	496,620	801,869			496,620
Interest on long-term debt	7,496,641	7,046,767			7,496,641
Electric			26,097,474	24,714,209	26,097,474
Water			5,098,038	5,134,097	5,098,038
Wastewater treatment			5,882,910	5,960,063	5,882,910
Storm water			987,457	1,051,434	987,457
Sanitation			3,196,151	3,080,561	3,196,151
Golf Course			1,676,855	1,686,166	1,676,855
Sports Center			917,037	928,218	917,037
Pest Control			335,831	266,451	335,831
Forestry			657,305	582,726	657,305
Municipal airport			345,878	317,316	345,878
Total expenses	45,638,385	41,431,836	45,194,936	43,721,241	90,833,321
Increase in net assets before transfers	20,660,203	20,009,996	10,407,396	10,904,281	31,067,599
Transfers	7,671,558	7,108,365	(7,671,558)	(7,108,365)	0
Change in net assets	28,331,761	27,118,361	2,735,838	3,795,916	31,067,599
Net assets - beginning of year	231,682,939	204,564,578	104,560,610	100,764,695	336,243,549
Net assets - end of year	\$ 260,014,700	\$ 231,682,939	\$ 107,296,448	\$ 104,560,611	\$ 367,311,148

Governmental activities. The governmental activities' net assets increased by \$28,331,761 during the current fiscal year, accounting for 91.2% of the total increase in the net assets of the City of Moorhead. Charges for services increased by \$201,347 (3.7%) and interest earnings increased \$275,368 (88.8%) while capital contributions increased \$3,720,376 (10.0%) and property taxes increased \$79,271 (1.3%). Expenses increased \$4.2M due primarily to a \$3.4M increase in Highways and Streets, \$.5M increase in Public Safety and a \$.5M increase in interest on long-term debt.

Business-type activities. Business-type activities increased the City's net assets by \$2,735,838 accounting for 8.8% of the total growth in the government's net assets. Charges for services in the business-type activities increased 2.9% over the previous year due mainly to a 3% rate increase in the Electric Fund. Expenses in the business-type activities increased \$1,473,695 (3.4%). The additional purchased power costs in the Electric Fund were \$1.0M (5.7%) over the previous year.

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, unreserved 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 \$47,974,730, a decrease of \$7,322,244 in comparison with the prior year. The decrease is the result of the calling of tax increment bond issues 2001A and 2001B, which were crossover refundings 2009A and 2010B. Approximately 23.4%, or \$11,236,553, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$4.1M, 8.6%), committed (\$1.6M, 3.2%), restricted (\$29.1M, 60.8%) or nonspendable (\$1.9M, 4.0%).

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 \$11,868,324. 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 59% percent of total general fund expenditures which is slightly below the reserve policy target of 60% for total unrestricted general fund balance but well above the minimum of 40%.

The net change in fund balance of the general fund was a decrease of \$524,435 or 3.8% from 2010. Key factors of this decrease are as follows:

- Operating revenues of \$14,454,003 were \$60,156 over the final budget. A decrease in State Aid funds of \$453,166 was offset by increases in charges for service, interest on investments and miscellaneous revenues of \$113,095, \$284,271 and \$115,228 respectively. Net transfers in of \$5,271,938 were \$4,089 over budget. Total revenues including net transfers were \$19,725,941.
- Expenditures of \$20,250,376 were under budget by \$1,499,638. Reductions in personal services of \$632,026 were achieved by not filling vacant positions in all departments. There were savings of \$479,057 in flood protection and a total of \$260,110 throughout the other services and charges accounts in the Administration Department.

The special assessment debt service fund balance increased \$2,230,602 due mainly to special assessment collections being \$1.0M over 2011 and bond proceeds of \$1.0M. The special assessment capital projects fund balance decreased \$1,121,621 which is largely due to expenditures for flood property acquisition and mitigation projects. This deficit will be covered by future reimbursements from the State of Minnesota. The Permanent Improvement fund balance increased \$70,405 which is unspent funds which were transferred from the General Fund to finance 2011 flood preparation expenditures.

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 assets of the enterprise funds at the end of the year totaled \$27,041,272. The change in net assets in the enterprise funds increased \$2,665,202. The electric and water funds increased \$2.1M and \$0.9M respectively while the wastewater fund decreased by \$0.6M.

In the electric fund, the revenue increase was the result of a 3% rate increase in February 2011, while the water fund experienced a decrease in operating revenue of 1.8% due to reductions in customer sales. There was no water rate increase in 2011. The electric fund's largest expense increase was \$1.0 million (5.7%) in additional purchased power costs. In the water fund the largest expense increase was in water treatment expenses which increased \$123,700 (7.8%). The reduction in the wastewater fund net assets is a reflection of debt service payments being made from special assessment revenues previously recognized.

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 \$19,996,068 was amended as final totaling \$22,790,588 for an increase of \$2,794,520 during the year.

Significant variances between final budget and actual are as follows:

Negative revenue variances are attributed to a reduction of intergovernmental revenues in the amount of \$97,915 and an unallotment of state market value credit aid of \$546,753. These negative revenue variances were partially offset by a positive variance in licenses and permits, charges for services and interest of \$48,423, \$113,095 and \$284,271 respectively. The positive variance in expenditures of \$1,490,592 is primarily due to not filling vacant positions \$632,036 and \$479,057 reduction in flood protection costs.

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, 2011, amounts to \$410,839,427 (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 \$13.0 million funded by a State grant.
- \$4.2M spent on flood acquisition and mitigation projects
- Major new development in 2011 resulted in expenditures of \$4.8M for infrastructure improvements.

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

	Governmental Activities 2011	Business-type Activities 2011	Total
Land	\$ 46,393,496	\$ 8,195,609	\$ 54,589,105
Construction in progress	26,187,100	653,487	26,840,587
Buildings	11,247,553	87,941,248	99,188,801
Improvements other than buildings	17,399,693	25,569,670	42,969,363
Machinery and equipment	10,294,840	4,505,514	14,800,354
Infrastructure	172,451,217		172,451,217
Total	\$ 283,973,899	\$ 126,865,528	\$ 410,839,427

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 \$207,044,800. Of this amount, \$1,015,000 is comprised of General Obligation debt backed by the full faith and credit of the City, G.O. Special assessment debt of \$143,375,000 and General Obligation Revenue debt of \$36,654,800 which are also backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$26,000,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$763,318 General Obligation Notes Payable at year end.

The City's net decrease in long-term bonded debt was \$9,623,217 during the current fiscal year.

During the current fiscal year, the City issued:

- \$4,855,000 G.O. Improvement Bonds 2011A to finance various infrastructure improvements.
- \$ 900,000 G.O. Improvement Refunding Bonds 2011B to refund 2003C G.O. Improvement Bonds.
- \$4,200,000 G.O. Improvement Bonds 2011C to finance various flood acquisitions and mitigation 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 \$63,619,863. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$992,737 leaving a legal debt margin of \$62,627,126.

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	\$ 143,375,000	\$	\$ 143,375,000
General obligation debt	1,015,000		1,015,000
G.O. Tax Increment	5,155,000		5,155,000
G.O. Municipal Improvement Revenue	1,670,000		1,670,000
G.O. Revenue		29,829,800	29,829,800
Revenue Refunding		5,707,000	5,707,000
Revenue		20,293,000	20,293,000
Long-term notes	763,318	48,567	811,885
Compensated absences	1,442,179	759,216	2,201,395
Other Post-Employment Benefits	451,088	253,615	704,703
Total	\$ 153,871,585	\$ 56,891,198	\$ 210,762,783

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

Economic Factors and Next Year's Budgets

The local economy has remained resilient, however, at year end there has been softening growth in the residential and commercial sectors. Taxpayers also feel the effect of a weak economy, yet have become accustomed to the level of service provide by the City. 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 2012 Operating & Capital Budget totals \$63,436,113, an increase of \$1,095,598 (1.76%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2012 budget reflects a decrease of \$104,643 (0.38%) from 2011 levels.

Employee wages were held at 2011 levels, however, step adjustments were implemented which totaled \$245,000. Health insurance premiums were increased \$183,000 (10%).

Operating budgets for the most part are at the same levels as the 2011 budget.

The Local Government Aid (LGA) program will continue to be stressed in the future as State budget forecasts project limited revenues and additional shortfalls. 2012 Local Government Aid of \$7,618,290 is at the same level 2011. City staff does not anticipate LGA allocations to return to levels observed in the past decade.

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.

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**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 39,270,305	\$ 15,766,168	\$ 55,036,473	\$ 2,026,859
Cash with fiscal agent	3,963,027		3,963,027	
Receivables:				
Accounts and notes	213,646	6,450,507	6,664,153	8,587
Accrued interest		47,150	47,150	
Special assessments	7,311,849	378,535	7,690,384	
Internal balances	3,765,972	(3,765,972)		
Due from other governmental units	8,301,991	625,164	8,927,155	
Inventories		765,832	765,832	
Prepaid items	2,074	58,853	60,927	
Restricted assets:				
Cash and cash equivalents		13,335,625	13,335,625	57,071
Long-term receivables:				
Special assessments	68,044,054	3,415,761	71,459,815	
Notes receivable, less current portion	4,407,897	1,338,016	5,745,913	
Other long-term investments		2,995,809	2,995,809	
Capital assets:				
Intangible plant		255,373	255,373	
Land	46,393,496	8,195,609	54,589,105	464,977
Buildings	21,991,959	152,424,574	174,416,533	10,109,356
Improvements other than buildings	26,359,902	36,015,321	62,375,223	497,247
Machinery and equipment	27,279,919	17,242,564	44,522,483	
Infrastructure	232,411,720		232,411,720	
Construction in progress	26,187,100	653,487	26,840,587	
Less accumulated depreciation	(96,650,197)	(87,921,400)	(184,571,597)	(6,197,233)
Total assets	419,254,714	168,276,976	587,531,690	6,966,864
LIABILITIES				
Accounts payable	1,887,394	3,131,169	5,018,563	9,699
Contracts payable - retainage	223,307		223,307	
Accrued wages payable	531,368	134,186	665,554	26,014
Due to other governmental units		10,664	10,664	
Customer deposits		163,384	163,384	44,795
Other liabilities	265,910	62,385	328,295	29,442
Accrued interest payable	2,460,450	271,520	2,731,970	
Liabilities payable from restricted assets:				
Accrued interest payable		87,162	87,162	
Current maturities of long-term debt		2,620,000	2,620,000	
Long-term liabilities:				
Due within one year	12,495,315	2,535,394	15,030,709	
Accrued compensated absences	446,327	140,469	586,796	17,189
Other post-employment benefits	451,088	253,615	704,703	
Notes payable	698,855	430,968	1,129,823	
Bonds payable	139,780,000	51,139,612	190,919,612	
Total liabilities	159,240,014	60,980,528	220,220,542	127,139
NET ASSETS				
Invested in capital assets net of related debt	141,530,526	74,551,136	216,081,662	4,874,347
Restricted for debt service	103,386,852	5,315,762	108,702,614	12,276
Restricted for capital projects	3,364,945		3,364,945	
Unrestricted	11,732,377	27,429,550	39,161,927	1,953,102
Total net assets	\$ 260,014,700	\$ 107,296,448	\$ 367,311,148	\$ 6,839,725

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs								
Primary Government								
Governmental activities:								
General government	\$ 3,415,677	\$ 704,540	\$ 25,079	\$ 52,968	\$ (2,633,090)		\$ (2,633,090)	
Public safety	10,819,856	863,715	1,081,691	15,234	(8,859,216)		(8,859,216)	
Highways and streets	16,036,015	2,521,980	119,300	22,922,087	9,527,352		9,527,352	
Parks and recreation	3,470,430	382,377	1,993		(3,086,060)		(3,086,060)	
Library	830,901				(830,901)		(830,901)	
Community development	445,914	320,794	272,488	17,388,272	17,535,640		17,535,640	
Rental registration	161,607	253,980			92,373		92,373	
Mass transit	2,464,724	333,049	1,381,895	186,861	(562,919)		(562,919)	
Economic development	496,620	207,958			(288,662)		(288,662)	
Interest on long-term debt	7,496,641				(7,496,641)		(7,496,641)	
Total governmental activities	<u>45,638,385</u>	<u>5,588,393</u>	<u>2,882,446</u>	<u>40,565,422</u>	<u>3,397,876</u>		<u>3,397,876</u>	
Business-type activities:								
Electric	26,097,474	34,454,731				\$ 8,357,257	8,357,257	
Water	5,098,038	6,104,064				1,006,026	1,006,026	
Wastewater treatment	5,882,910	5,200,218				(682,692)	(682,692)	
Storm water	987,457	2,075,431				1,087,974	1,087,974	
Sanitation	3,196,151	3,636,937	199,460			640,246	640,246	
Golf Course	1,676,855	1,122,931				(553,924)	(553,924)	
Sports Center	917,037	518,873				(398,164)	(398,164)	
Pest Control	335,831	339,526				3,695	3,695	
Forestry	657,305	799,786				142,481	142,481	
Municipal airport	345,878	57,817	24,669	388,393		125,001	125,001	
Total business-type activities	<u>45,194,936</u>	<u>54,310,314</u>	<u>224,129</u>	<u>388,393</u>		<u>9,727,900</u>	<u>9,727,900</u>	
Total primary government	<u>\$ 90,833,321</u>	<u>\$ 59,898,707</u>	<u>\$ 3,106,575</u>	<u>\$ 40,953,815</u>	3,397,876	9,727,900	13,125,776	
Component Unit:								
Public Housing Agency	<u>\$ 1,705,970</u>	<u>\$ 383,150</u>	<u>\$ 1,085,538</u>	<u>\$ 441,083</u>				<u>\$ 203,801</u>
General revenues:								
Property taxes levied for general purposes					4,613,139		4,613,139	
Property taxes levied for debt service					1,189,537		1,189,537	
Tax increments					870,313		870,313	
Franchise fees					943,926		943,926	
State aid unrestricted					8,544,337	11,560	8,555,897	
Grants and contributions not restricted to specific programs					171,947		171,947	
Unrestricted investment earnings					585,304	588,834	1,174,138	250
Miscellaneous					343,824	79,102	422,926	
Transfers					7,671,558	(7,671,558)		
Total general revenues and transfers					<u>24,933,885</u>	<u>(6,992,062)</u>	<u>17,941,823</u>	<u>250</u>
Changes in net assets					28,331,761	2,735,838	31,067,599	204,051
Net assets - beginning					231,682,939	104,560,610	336,243,549	6,635,674
Net assets - ending					<u>\$ 260,014,700</u>	<u>\$ 107,296,448</u>	<u>\$ 367,311,148</u>	<u>\$ 6,839,725</u>

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 2,786,287	\$ 24,005,352	\$ 623,356	\$	\$ 6,736,749	\$ 34,151,744
Cash with fiscal agent		3,963,027				3,963,027
Receivables:						
Accounts	159,263	604	1,647	23,758	28,310	213,582
Notes	119,276	439,928		129,876	3,718,817	4,407,897
Special assessments		88,422,360	3,108,872			91,531,232
Due from other funds	8,954,649		71,429		197,047	9,223,125
Due from other governmental units	937,806	152,238	1,148,573	5,725,879	318,181	8,282,677
Advances to other funds	1,278,561		596,810			1,875,371
Prepaid items	2,074					2,074
Total Assets	\$ 14,237,916	\$ 116,983,509	\$ 5,550,687	\$ 5,879,513	\$ 10,999,104	\$ 153,650,729
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 315,288	\$ 11,050	\$ 1,120,195	\$	\$ 373,117	\$ 1,819,650
Contracts payable - retainage			218,844	4,463		223,307
Accrued wages payable	452,797				61,982	514,779
Due to other funds			2,310	5,534,481	914,662	6,451,453
Advances from other funds					492,793	492,793
Other liabilities	201,596		56,000	7,213	1,101	265,910
Deferred revenue	97,215	88,853,327	3,108,872	129,876	3,718,817	95,908,107
Total Liabilities	1,066,896	88,864,377	4,506,221	5,676,033	5,562,472	105,675,999
Fund Balance:						
Nonspendable	1,302,696	8,961	596,810			1,908,467
Restricted		28,110,171	447,656		590,006	29,147,833
Committed					1,555,689	1,555,689
Assigned				203,480	3,922,708	4,126,188
Unassigned	11,868,324				(631,771)	11,236,553
Total Fund Balance	13,171,020	28,119,132	1,044,466	203,480	5,436,632	47,974,730
Total Liabilities and Fund Balance	\$ 14,237,916	\$ 116,983,509	\$ 5,550,687	\$ 5,879,513	\$ 10,999,104	

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.	283,973,899
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.	79,732,778
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.	(156,332,035)
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 net assets.	4,665,328
Net assets of governmental activities	\$ 260,014,700

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, 2011

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 4,006,127	\$ 1,606,245	\$	\$	\$ 1,060,609	\$ 6,672,981
Franchise	943,926					943,926
Licenses and permits	596,533					596,533
Intergovernmental revenues:						
Federal	219,968	149,930	197,672	4,954,836	790,745	6,313,151
State	4,143,778	668,262	22,946,558	2,346,308	5,636,039	35,740,945
Other	551,142	217,300		15,276	187,181	970,899
Charges for services	2,910,245		1,017		710,163	3,621,425
Fines and forfeits	485,095					485,095
Facility rentals			51,625	1,200	168,813	221,638
Interest on investments	359,271	25,604	27,448		90,292	502,615
Special assessments		9,992,794	209,745			10,202,539
Sale of property				175,746		175,746
Miscellaneous	237,918	298,514	88,488	136,084	340,578	1,101,582
Total revenues	<u>14,454,003</u>	<u>12,958,649</u>	<u>23,522,553</u>	<u>7,629,450</u>	<u>8,984,420</u>	<u>67,549,075</u>
EXPENDITURES						
Current:						
General government	3,281,518				56,504	3,338,022
Public safety	10,422,286			402	34,628	10,457,316
Highways and streets	6,546,572		268,371	3,977,990	41,655	10,834,588
Parks and recreation			16,566	111,122	2,482,952	2,610,640
Library					771,530	771,530
Community development			30,095		411,151	441,246
Rental Registration					161,607	161,607
Mass transit					1,976,869	1,976,869
Economic development				1,225	296,537	297,762
Capital outlay			33,260,092	4,490,130	1,393,724	39,143,946
Debt Service:						
Bond and note principal		6,335,000			1,261,339	7,596,339
Bond and note Interest		5,542,497			1,332,857	6,875,354
Fiscal and other charges		225,275			281,627	506,902
Total expenditures	<u>20,250,376</u>	<u>12,102,772</u>	<u>33,575,124</u>	<u>8,580,869</u>	<u>10,502,980</u>	<u>85,012,121</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(5,796,373)</u>	<u>855,877</u>	<u>(10,052,571)</u>	<u>(951,419)</u>	<u>(1,518,560)</u>	<u>(17,463,046)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		1,024,050	8,930,950			9,955,000
Premium on Issuance of debt		81,405				81,405
Transfers from other funds	6,312,512	445,906		1,021,824	1,849,828	9,630,070
Transfers to other funds	(1,040,574)	(130,640)			(533,034)	(1,704,248)
Bond principal paid by fiscal agent					(7,720,000)	(7,720,000)
Bond interest paid by fiscal agent		(45,996)			(55,429)	(101,425)
Total other financing sources	<u>5,271,938</u>	<u>1,374,725</u>	<u>8,930,950</u>	<u>1,021,824</u>	<u>(6,458,635)</u>	<u>10,140,802</u>
NET CHANGE IN FUND BALANCE	(524,435)	2,230,602	(1,121,621)	70,405	(7,977,195)	(7,322,244)
FUND BALANCE - BEGINNING	<u>13,695,455</u>	<u>25,888,530</u>	<u>2,166,087</u>	<u>133,075</u>	<u>13,413,827</u>	<u>55,296,974</u>
FUND BALANCE - ENDING	<u>\$ 13,171,020</u>	<u>\$ 28,119,132</u>	<u>\$ 1,044,466</u>	<u>\$ 203,480</u>	<u>\$ 5,436,632</u>	<u>\$ 47,974,730</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, 2011**

Amounts reported for governmental activities in the statement of activities (page 11) are different from the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds (page 13) \$ (7,322,244)

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	\$ 39,143,946	
Transfer of assets to business-type activities	(789,843)	
Depreciation expense	<u>(6,991,051)</u>	31,363,052

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (665)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,411,694)

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	\$ (9,955,000)	
Bond & note principal payments	<u>15,316,339</u>	5,361,339

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	\$ (230,556)	
Other post-employment benefits	(106,372)	
Accrued interest	<u>(12,960)</u>	(349,888)

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. 691,861

Change in net assets of governmental activities (page 11) \$ 28,331,761

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,958,524	\$ 3,958,524	\$ 4,006,127	\$ 47,603
Franchise	875,000	875,000	943,926	68,926
Licenses and permits	548,110	548,110	596,533	48,423
Intergovernmental:				
Federal	75,240	261,769	219,968	(41,801)
State	4,596,944	4,596,944	4,143,778	(453,166)
County	75,600	243,100	186,986	(56,114)
Other	40,500	390,500	364,156	(26,344)
Charges for services	2,797,150	2,797,150	2,910,245	113,095
Fines and forfeitures	525,060	525,060	485,095	(39,965)
Interest on investments	75,000	75,000	359,271	284,271
Miscellaneous	122,690	122,690	237,918	115,228
Total revenues	<u>13,689,818</u>	<u>14,393,847</u>	<u>14,454,003</u>	<u>60,156</u>
EXPENDITURES				
Administration department:				
Current:				
Personal services	1,040,095	1,044,715	995,464	49,251
Supplies	25,770	25,770	31,652	(5,882)
Other services & charges	1,421,893	1,426,893	1,166,783	260,110
	<u>2,487,758</u>	<u>2,497,378</u>	<u>2,193,899</u>	<u>303,479</u>
Police department:				
Current:				
Personal services	5,159,155	5,169,366	5,125,058	44,308
Supplies	324,113	342,213	325,056	17,157
Other services & charges	1,722,877	1,726,997	1,764,164	(37,167)
	<u>7,206,145</u>	<u>7,238,576</u>	<u>7,214,278</u>	<u>24,298</u>
Fire department:				
Current:				
Personal services	2,773,870	2,783,290	2,570,230	213,060
Supplies	76,790	234,610	165,336	69,274
Other services & charges	479,640	481,102	472,442	8,660
	<u>3,330,300</u>	<u>3,499,002</u>	<u>3,208,008</u>	<u>290,994</u>
Community services department:				
Current:				
Personal services	987,385	972,712	825,204	147,508
Supplies	50,390	50,390	23,387	27,003
Other services & charges	358,736	379,069	239,028	140,041
	<u>1,396,511</u>	<u>1,402,171</u>	<u>1,087,619</u>	<u>314,552</u>
Engineering department:				
Current:				
Personal services	953,490	957,250	931,097	26,153
Supplies	40,360	40,360	31,105	9,255
Other services & charges	335,362	1,381,342	782,837	598,505
	<u>1,329,212</u>	<u>2,378,952</u>	<u>1,745,039</u>	<u>633,913</u>
Operations department:				
Current:				
Personal services	1,079,775	1,080,445	928,699	151,746
Supplies	2,002,010	2,002,010	2,147,816	(145,806)
Other services & charges	1,530,175	1,651,480	1,725,018	(73,538)
	<u>4,611,960</u>	<u>4,733,935</u>	<u>4,801,533</u>	<u>(67,598)</u>
Total expenditures	<u>20,361,886</u>	<u>21,750,014</u>	<u>20,250,376</u>	<u>1,499,638</u>

(Continued)

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUE UNDER EXPENDITURES	<u>(6,672,068)</u>	<u>(7,356,167)</u>	<u>(5,796,373)</u>	<u>1,559,794</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	6,306,250	6,308,423	6,312,512	4,089
Transfers to other funds	<u>6,306,250</u>	<u>(1,040,574)</u>	<u>(1,040,574)</u>	<u>4,089</u>
Total other financing sources	<u>6,306,250</u>	<u>5,267,849</u>	<u>5,271,938</u>	<u>4,089</u>
NET CHANGE IN FUND BALANCE	(365,818)	(2,088,318)	(524,435)	1,563,883
FUND BALANCE - BEGINNING	<u>13,695,455</u>	<u>13,695,455</u>	<u>13,695,455</u>	
FUND BALANCE - ENDING	<u>\$ 13,329,637</u>	<u>\$ 11,607,137</u>	<u>\$ 13,171,020</u>	<u>\$ 1,563,883</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	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	\$ 5,138,605	\$ 884,997	\$ 4,468,503	\$ 5,274,063	\$ 15,766,168	\$ 5,118,561
Receivables:						
Accounts and notes	4,098,087	669,804	807,255	875,361	6,450,507	64
Accrued interest	34,077	13,073			47,150	
Special assessments		7,907	370,628		378,535	
Due from other city funds		2,310	450,739	590,947	1,043,996	
Due from other governmental units	55,200		9,388	560,576	625,164	19,314
Inventories	580,482	185,350			765,832	
Prepaid items	21,743	37,110			58,853	
Total current assets	<u>9,928,194</u>	<u>1,800,551</u>	<u>6,106,513</u>	<u>7,300,947</u>	<u>25,136,205</u>	<u>5,137,939</u>
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	8,236,799	3,409,768	358,000	1,331,058	13,335,625	
Long-term receivables:						
Special assessments		10,443	3,405,318		3,415,761	
Notes receivable, less current portion	210,529			1,127,487	1,338,016	
Other long-term investments	2,170,820	824,989			2,995,809	
Capital assets:						
Intangible plant	255,373				255,373	
Land	541,882	574,942	2,666,766	4,412,019	8,195,609	
Buildings	54,207,907	51,221,815	33,258,786	13,736,066	152,424,574	
Improvements other than buildings			27,777,878	8,237,443	36,015,321	
Machinery and equipment	4,666,499	1,243,992	10,296,507	1,035,566	17,242,564	20,479,923
Construction in progress	482,598	170,889			653,487	
Less accumulated depreciation	<u>(24,072,743)</u>	<u>(17,179,494)</u>	<u>(34,393,818)</u>	<u>(12,275,345)</u>	<u>(87,921,400)</u>	<u>(13,240,797)</u>
Total long-term assets	<u>46,699,664</u>	<u>40,277,344</u>	<u>43,369,437</u>	<u>17,604,294</u>	<u>147,950,739</u>	<u>7,239,126</u>
Total assets	<u>56,627,858</u>	<u>42,077,895</u>	<u>49,475,950</u>	<u>24,905,241</u>	<u>173,086,944</u>	<u>12,377,065</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,789,521	162,392	38,164	141,092	3,131,169	67,744
Accrued wages payable			45,997	88,189	134,186	16,589
Due to other city funds	1,662,680	88,678		2,064,310	3,815,668	
Due to other governmental units				10,664	10,664	
Customer deposits	142,984			20,400	163,384	
Other liabilities	18,709	13,287		30,389	62,385	
Accrued interest payable			257,530	13,990	271,520	
Current maturities of long-term debt			1,651,647	265,000	1,916,647	
Current liabilities payable from restricted assets:						
Accrued interest payable	65,090	22,072			87,162	
Current maturities of long-term debt	906,900	1,713,100			2,620,000	
Total current liabilities	<u>5,585,884</u>	<u>1,999,529</u>	<u>1,993,338</u>	<u>2,634,034</u>	<u>12,212,785</u>	<u>84,333</u>
Long-term liabilities:						
Accrued compensated absences	260,000	173,000	129,040	197,176	759,216	25,131
Other post-employment benefits	73,036	48,691	45,770	86,118	253,615	6,968
Notes payable		430,968			430,968	
Bonds payable	15,233,940	5,324,653	28,057,657	2,523,362	51,139,612	
Advances from other funds		596,810		785,768	1,382,578	
Total long-term liabilities	<u>15,566,976</u>	<u>6,574,122</u>	<u>28,232,467</u>	<u>3,592,424</u>	<u>53,965,989</u>	<u>32,099</u>
Total liabilities	<u>21,152,860</u>	<u>8,573,651</u>	<u>30,225,805</u>	<u>6,226,458</u>	<u>66,178,774</u>	<u>116,432</u>
NET ASSETS						
Invested in capital assets, net of related debt	21,922,062	30,374,872	9,896,815	12,357,387	74,551,136	7,239,126
Restricted for debt service	2,226,705	1,399,999	358,000	1,331,058	5,315,762	
Unrestricted	<u>11,326,231</u>	<u>1,729,373</u>	<u>8,995,330</u>	<u>4,990,338</u>	<u>27,041,272</u>	<u>5,021,507</u>
Total net assets	<u>\$ 35,474,998</u>	<u>\$ 33,504,244</u>	<u>\$ 19,250,145</u>	<u>\$ 18,678,783</u>	<u>\$ 106,908,170</u>	<u>\$ 12,260,633</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>388,278</u>	
Net assets of business-type activities					<u>\$ 107,296,448</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 ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 34,035,787	\$ 6,067,815	\$ 5,123,556	\$ 8,276,080	\$ 53,503,238	\$ 2,426,010
Other	418,944	36,249	83,450	531,793	1,070,436	8,353
Total operating revenue	<u>34,454,731</u>	<u>6,104,064</u>	<u>5,207,006</u>	<u>8,807,873</u>	<u>54,573,674</u>	<u>2,434,363</u>
OPERATING EXPENSES						
Personal services	3,049,131	1,990,454	1,123,116	2,701,941	8,864,642	419,766
Purchased power	19,422,581				19,422,581	
Disposal fee				919,324	919,324	
Professional services	248,438	6,922	57,828	270,250	583,438	500
Insurance	88,563	82,617	125,316	142,274	438,770	583
Repair and maintenance	749,368	569,538	485,795	724,393	2,529,094	204,937
Supplies	117,331	1,048,131	322,888	831,049	2,319,399	27,617
Utilities			655,669	403,185	1,058,854	
Equipment rental			105,858	515,155	621,013	
Depreciation	1,732,763	1,060,005	1,598,402	790,192	5,181,362	1,343,662
Miscellaneous	119,501	276	340,164	701,655	1,161,596	188,680
Total operating expenses	<u>25,527,676</u>	<u>4,757,943</u>	<u>4,815,036</u>	<u>7,999,418</u>	<u>43,100,073</u>	<u>2,185,745</u>
Operating income	<u>8,927,055</u>	<u>1,346,121</u>	<u>391,970</u>	<u>808,455</u>	<u>11,473,601</u>	<u>248,618</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	206,670	161,078	92,855	128,231	588,834	82,689
Interest on indebtedness	(569,798)	(340,095)	(940,865)	(181,286)	(2,032,044)	
Loss on disposal of equipment	(64,950)			(54,046)	(118,996)	(169,226)
Miscellaneous	253,122	(94,256)	(129,584)	396,083	425,365	67,059
Total nonoperating revenue (expense)	<u>(174,956)</u>	<u>(273,273)</u>	<u>(977,594)</u>	<u>288,982</u>	<u>(1,136,841)</u>	<u>(19,478)</u>
Income (loss) before contributions and transfers	<u>8,752,099</u>	<u>1,072,848</u>	<u>(585,624)</u>	<u>1,097,437</u>	<u>10,336,760</u>	<u>229,140</u>
Capital contributions		148,364	186,979	4,697	340,040	449,803
Transfers from other funds				510,220	510,220	83,554
Transfers to other funds	(6,710,297)	(305,178)	(258,774)	(1,247,569)	(8,521,818)	
Total contributions and transfers	<u>(6,710,297)</u>	<u>(156,814)</u>	<u>(71,795)</u>	<u>(732,652)</u>	<u>(7,671,558)</u>	<u>533,357</u>
CHANGE IN NET ASSETS	2,041,802	916,034	(657,419)	364,785	2,665,202	762,497
TOTAL NET ASSETS - BEGINNING	<u>33,433,196</u>	<u>32,588,210</u>	<u>19,907,564</u>	<u>18,313,998</u>		<u>11,498,136</u>
TOTAL NET ASSETS - ENDING	<u>\$ 35,474,998</u>	<u>\$ 33,504,244</u>	<u>\$ 19,250,145</u>	<u>\$ 18,678,783</u>		<u>\$ 12,260,633</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>70,636</u>	
Change in net assets of business-type activities					<u>\$ 2,735,838</u>	

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 34,691,722	\$ 6,093,781	\$ 4,997,166	\$ 8,199,854	\$ 53,982,523	\$ 2,413,285
Payments to suppliers	(24,623,825)	(2,641,146)	(1,794,041)	(3,894,722)	(32,953,734)	(175,490)
Payments to employees	(1,825,924)	(817,160)	(1,105,790)	(2,668,637)	(6,417,511)	(411,454)
Other receipts (payments)			(386,298)	201,573	(184,725)	(179,197)
Net cash provided by operating activities	<u>8,241,973</u>	<u>2,635,475</u>	<u>1,711,037</u>	<u>1,838,068</u>	<u>14,426,553</u>	<u>1,647,144</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds				510,220	510,220	
Transfers to other funds	(6,710,297)	(305,178)	(257,913)	(1,162,654)	(8,436,042)	
Payments received on notes	127,004	5,375			132,379	
Increase in due from other funds	128,810	1,466			130,276	
Increase (decrease) in due to other funds	643,800	(97,900)			545,900	
Net cash used in noncapital financing activities	<u>(5,810,683)</u>	<u>(396,237)</u>	<u>(257,913)</u>	<u>(652,434)</u>	<u>(7,117,267)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of assets	(3,420,259)	(806,435)	(32,667)	(967,896)	(5,227,257)	(1,147,261)
Proceeds from sale of assets	(64,950)				(64,950)	2,999
Principal payments - bonds and notes	(884,469)	(1,634,474)	(1,588,218)	(245,000)	(4,352,161)	
Interest payments - bonds and notes	(577,133)	(396,284)	(948,390)	(179,480)	(2,101,287)	
Capital grants from other governments				75,697	75,697	65,929
Special assessment collections			569,434		569,434	
Net cash used in capital and related financing activities	<u>(4,946,811)</u>	<u>(2,837,193)</u>	<u>(1,999,841)</u>	<u>(1,316,679)</u>	<u>(11,100,524)</u>	<u>(1,078,333)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	256,838	163,005	92,885	128,261	640,989	82,713
Proceeds from sales of investments	4,633,063	112,822			4,745,885	
Purchase of investments	(4,851,891)	(58,161)			(4,910,052)	
Net cash provided by investing activities	<u>38,010</u>	<u>217,666</u>	<u>92,885</u>	<u>128,261</u>	<u>476,822</u>	<u>82,713</u>
Net increase (decrease) in cash and cash equivalents	(2,477,511)	(380,289)	(453,832)	(2,784)	(3,314,416)	651,524
Cash and cash equivalents at beginning of year	<u>15,852,915</u>	<u>4,675,054</u>	<u>5,280,335</u>	<u>6,607,905</u>	<u>32,416,209</u>	<u>4,467,037</u>
Cash and cash equivalents at end of year	<u>\$ 13,375,404</u>	<u>\$ 4,294,765</u>	<u>\$ 4,826,503</u>	<u>\$ 6,605,121</u>	<u>\$ 29,101,793</u>	<u>\$ 5,118,561</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 8,927,055	\$ 1,346,121	\$ 391,970	\$ 808,455	\$ 11,473,601	\$ 248,618
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,732,763	1,060,005	1,598,402	790,192	5,181,362	1,343,662
Depreciation expensed to vehicle expense	155,487	263,742			419,229	
Miscellaneous nonoperating income (expense)	81,103	36,764	(129,584)	7,690	(4,027)	1,130
Change in assets and liabilities:						
Accounts and notes receivable	211,086	(47,046)	(50,598)	(45,269)	68,173	62
Due from other funds			(121,348)	(42,784)	(164,132)	
Due from other governments			45,556	(47,942)	(2,386)	(12,787)
Special assessment receivable						
Inventories	52,478	(44,121)			8,357	
Prepaid items	3,005	14,818			17,823	
Accounts payable	(2,834,840)	17,501	(40,687)	(85,746)	(2,943,772)	58,147
Accrued wages payable	(44,000)	(30,000)	5,609	8,637	(59,754)	1,375
Compensated absences payable			517	4,515	5,032	5,107
Other post employment benefits	13,036	17,691	11,200	20,152	62,079	1,830
Due to other funds				416,801	416,801	
Due to other governments	(55,200)			450	(54,750)	
Customer deposits				460	460	
Other current liabilities				2,457	2,457	
Net cash provided by operating activities	<u>\$ 8,241,973</u>	<u>\$ 2,635,475</u>	<u>\$ 1,711,037</u>	<u>\$ 1,838,068</u>	<u>\$ 14,426,553</u>	<u>\$ 1,647,144</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$</u>	<u>\$ 148,364</u>	<u>\$</u>	<u>\$</u>	<u>\$ 148,364</u>	<u>\$ 449,803</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,554</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$ 861</u>	<u>\$ 82,693</u>	<u>\$ 83,554</u>	<u>\$</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2011

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, 2011. Separate audited financial statements for the year ended June 30, 2011 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, broadband, 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 assets and the statement of changes in net assets) 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 City has changed accounting policies due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

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 and net assets or equity

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. 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.

7. 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 assets. 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.

8. Fund equity

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. 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). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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.

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 assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government – wide statement of net assets. 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 \$79,732,778 difference are as follows:

Special assessments receivable	\$75,355,903
Notes receivable	4,407,897
Current notes receivable	<u>(31,022)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 79,732,778</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 \$156,332,035 difference are as follows:

Bonds payable	\$151,215,000
Notes payable	763,318
Accrued interest payable	2,460,450
Compensated absences payable	1,442,179
Other post-employment benefits	<u>451,088</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 156,332,035</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 assets”.

The details of this \$4,665,328 difference are as follows:

Internal service fund net assets	\$12,260,633
Net capital assets included in governmental activities	(7,239,126)
Accrued compensated absences payable included in governmental activities	25,131
Other post-employment benefits included in governmental activities	6,968
Internal service fund activity reflected in business-type activities	<u>(388,278)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u><u>\$4,665,328</u></u>

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

The proprietary fund statement of net assets includes reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. 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 \$388,278 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$317,642
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>70,636</u>
Net adjustment to increase net assets - total enterprise funds to arrive at net assets - business-type activities	<u><u>\$ 388,278</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.

B. Fund deficits

The Community Development fund has a \$19,829 deficit fund balance at December 31, 2011. This deficit will be recovered by future collections of governmental aid.

The Tax Increment Debt Service fund has a deficit fund balance of \$611,942 at December 31, 2011 which will be recovered by future tax increment collections.

C. Excess of expenditures over appropriations

Operations Department expenditures exceeded appropriations by \$67,448 at December 31, 2011. The excess amount in the Operations Department budget was offset by reductions in Administration, Fire, Community Services and Engineering. Reductions were made in operating supplies and by not filling vacant positions.

NOTE 4: - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$14,588,761 which approximates the bank balance and \$3,963,027 held with fiscal agent for the crossover refunding of the G.O. Improvement Bonds 2002B and 2003C. 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, 2011, the City has the following investments and maturities:

Investment Type	Investment Maturities (in years)			
	<1	1 - 5	>5 - 10	>10
U.S. Agencies	\$ 808,708	\$ 263,288	\$ 545,420	\$
U.S. Treasuries	18,318,705	2,840,565	14,084,650	1,393,490
Money Markets	34,655,924	34,655,924		
Total Investments	\$ 53,783,337	\$ 37,759,777	\$ 14,630,070	\$ 0

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 \$3,833,871 and the City's remaining money market investments of \$30,822,053 are not rated. The City's investments in U.S. government agencies are rated AAA by Moody's Investors Service and AAA by Standard & Poor's. 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, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 24,920,156	\$ 21,473,340		\$ 46,393,496
Construction in progress	19,298,119	11,893,042	(5,004,061)	26,187,100
Total capital assets, not being depreciated	44,218,275	33,366,382	(5,004,061)	72,580,596
Capital assets, being depreciated:				
Buildings	21,645,534	346,425		21,991,959
Improvements other than buildings	26,259,716	100,186		26,359,902
Machinery and equipment	27,508,324	2,078,050	(2,306,455)	27,279,919
Infrastructure	223,252,872	9,158,848		232,411,720
Total capital assets being depreciated	298,666,446	11,683,509	(2,306,455)	308,043,500
Less accumulated depreciation for:				
Buildings	(10,194,114)	(550,292)		(10,744,406)
Improvements other than buildings	(8,258,039)	(702,170)		(8,960,209)
Machinery and equipment	(17,171,814)	(1,944,608)	2,131,343	(16,985,079)
Infrastructure	(54,813,973)	(5,146,530)		(59,960,503)
Total accumulated depreciation	(90,437,940)	(8,343,600)	2,131,343	(96,650,197)
Total capital assets, being depreciated, net	208,228,506	3,339,909	(175,112)	211,393,303
Governmental activities capital assets, net	\$ 252,446,781	\$ 36,706,291	\$ (5,179,173)	\$ 283,973,899
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 8,195,609			\$ 8,195,609
Construction in progress	4,118,010	5,603,005	(9,067,528)	653,487
Total capital assets, not being depreciated	12,313,619	5,603,005	(9,067,528)	8,849,096
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	145,884,954	13,733,259	(7,193,639)	152,424,574
Improvements other than buildings	35,449,114	652,598	(86,391)	36,015,321
Machinery and equipment	17,286,873	892,705	(937,014)	17,242,564
Total capital assets being depreciated	198,876,314	15,278,562	(8,217,044)	205,937,832
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(61,504,312)	(3,936,467)	957,453	(64,483,326)
Improvements other than buildings	(9,601,525)	(876,471)	32,345	(10,445,651)
Machinery and equipment	(12,829,300)	(787,655)	879,905	(12,737,050)
Total accumulated depreciation	(84,190,510)	(5,600,593)	1,869,703	(87,921,400)
Total capital assets, being depreciated, net	114,685,804	9,677,969	(6,347,341)	118,016,432
Business-type activities capital assets, net	\$ 126,999,423	\$ 15,280,974	\$ (15,414,869)	\$ 126,865,528

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

Governmental activities:		
General Government	\$	83,729
Public Safety		87,487
Highways & Streets, including depreciation of general infrastructure assets		5,207,971
Parks & Recreation		865,597
Library		59,371
Economic Development		196,120
Community Development		4,668
Mass Transit		486,108
Subtotal		6,991,051
Internal Service		1,343,662
Total depreciation expense – governmental activities	\$	<u>8,334,713</u>
Business-type activities:		
Electric	\$	1,732,763
Water		1,060,005
Wastewater		1,598,402
Storm water		38,046
Sanitation		32,949
Golf Course		209,945
Sports Center		336,916
Forestry		803
Airport		171,533
Total depreciation expense – business-type activities	\$	<u>5,181,362</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net assets is \$5,181,362. There is \$419,858 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. 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 composition of inter-fund balances as of December 31, 2011, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 8,954,649	
Economic Development	6,000	
Special Assessment Capital Fund	71,429	2,310
Permanent Improvement Fund		5,534,481
Capital Improvement Fund	191,047	
Tax Increment Fund		864,212
Community Development Fund		50,450
	<u>9,223,125</u>	<u>6,451,453</u>
Business-type activities:		
Electric Fund		1,662,680
Water Fund	2,310	88,678
Storm Water Fund	168,281	
Waste Water Fund	450,739	
Sanitation Fund	329,577	
Forestry Fund	65,535	
Pest Control Fund	27,554	
Golf Course Fund		1,666,641
Municipal Airport Fund		397,669
	<u>1,043,996</u>	<u>3,815,668</u>
	<u>\$ 10,267,121</u>	<u>\$ 10,267,121</u>

A \$492,793 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 \$596,810 advance from the special assessment capital projects fund to the water fund will be repaid by future service charges in the water fund.

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

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		
		General	Permanent Improvement	Special Assmt Debt	Governmental	Enterprise	Internal Service
Major Funds							
General	\$ 1,040,574	\$	\$ 1,021,824	\$	\$ 18,750	\$	
Special Assmt Debt	130,640					130,640	
Electric	6,710,297	5,088,750			1,621,547		
Water	305,178	305,178					
Waste Water	258,774	257,913					861
Totals	8,445,463	5,651,841	1,021,824		1,640,297	130,640	861
Non-Major Funds							
Governmental	533,034	2,173			209,531	321,330	
Enterprise	1,247,569	658,498		445,906	2,222	58,250	82,693
Totals	1,780,603	660,671		445,906	211,753	379,580	82,693
	\$ 10,226,066	\$ 6,312,512	\$ 1,021,824	\$ 445,906	\$ 1,852,050	\$ 510,220	\$ 83,554

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2011	Additions	Reductions	Balance at December 31, 2011	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 139,755,000	\$ 9,955,000	\$ 6,335,000	\$ 143,375,000	\$ 10,435,000
G.O. Debt	1,655,000		640,000	1,015,000	430,000
G.O. Tax Increment	13,160,000		8,005,000	5,155,000	290,000
G.O. Municipal Improvement Revenue	1,945,000		275,000	1,670,000	280,000
Total Bonds Payable	156,515,000	9,955,000	15,255,000	151,215,000	11,435,000
Notes Payable	824,657		61,339	763,318	64,463
Compensated Absences	1,206,516	1,068,785	833,122	1,442,179	995,852
Other Post-Employment Benefits	342,886	108,202		451,088	
Governmental Activity Long-Term Liabilities	\$ 158,889,059	\$ 11,131,987	\$ 16,149,461	\$ 153,871,585	\$ 12,495,315
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 16,971,050	\$	\$ 864,850	\$ 16,106,200	\$ 906,900
Water Utility	8,698,950		1,625,150	7,073,800	1,713,100
Wastewater	31,418,017		1,588,217	29,829,800	1,651,648
Golf Course	2,960,000		195,000	2,765,000	210,000
Sports Center	105,000		50,000	55,000	55,000
Total Bonds Payable	60,153,017	-	4,323,217	55,829,800	4,536,648
Notes Payable	79,093		30,526	48,567	31,996
Compensated Absences	828,185	187,915	256,884	759,216	618,747
Other Post-Employment Benefits	191,536	62,079		253,615	
Business-Type Activity Long-Term Liabilities	\$ 61,251,831	\$ 249,994	\$ 4,610,627	\$ 56,891,198	\$ 5,187,391

Compensated Absences and Other Post-Employment Benefits are liquidated by the governmental fund in which an employee is assigned.

The City's debt limit is \$63,619,863 and the legal debt margin is \$62,627,126. 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 \$27,591,021 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, Sports Center and Wastewater Treatment) will be used to repay revenue bonds.

Unamortized bond discounts of \$170,112 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, 2011 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.

Business-Type Activities-

- Electric Equipment note at 4.76% interest rate maturing April 10, 2013.
- Water Equipment note at 4.76% interest rate maturing April 10, 2013.

The annual requirement to amortize notes outstanding as of December 31, 2011, follows:

Year	Governmental Activities		Business –Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 64,463	\$ 37,594	\$ 31,996	\$ 1,981
2013	67,746	34,311	16,571	395
2014	71,197	30,861	0	0
2015	74,823	27,234	0	0
2016	78,634	23,423	0	0
2017 - 2021	406,455	52,803	0	0
Totals	<u>\$ 763,318</u>	<u>\$ 206,226</u>	<u>\$ 48,567</u>	<u>\$ 2,376</u>

The requirement to amortize all bonded debt outstanding as of December 31, 2011, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2012	11,435,000	5,792,776	4,536,647	2,057,612	23,822,035
2013	7,800,000	5,496,086	3,108,034	1,909,630	18,313,750
2014	8,425,000	5,227,855	3,229,886	1,805,604	18,688,345
2015	8,565,000	4,934,524	3,287,608	1,696,418	18,483,550
2016	8,465,000	4,621,982	3,324,225	1,583,881	17,995,088
2017-2021	40,690,000	18,442,543	18,202,301	6,099,757	83,434,601
2022-2026	40,955,000	10,133,110	16,691,099	2,649,227	70,428,436
2027-2033	24,880,000	2,673,237	3,450,000	307,512	31,310,749
	<u>\$ 151,215,000</u>	<u>\$ 57,322,113</u>	<u>\$ 55,829,800</u>	<u>\$ 18,109,641</u>	<u>\$ 282,476,554</u>

Bonds payable at December 31, 2011 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2011
Governmental Activities					
G.O. Special Assessment					
1999 Refunding Series B	11/01/99	02/01/13	4.75 - 5.35	\$ 925,000	\$ 125,000
2002 Series B	07/01/02	02/01/23	4.20 - 5.81	4,985,000	2,830,000
2003 Series B	05/01/03	02/01/33	2.00 - 5.00	12,775,000	10,945,000
2003 Series C	09/01/03	02/01/24	2.50 - 4.75	2,465,000	1,485,000
2004 Series A	10/01/04	02/01/27	4.00 - 4.50	16,795,000	13,040,000
2004 Refunding Series B	12/01/04	08/01/18	3.00 - 4.30	1,085,000	290,000
2005 Series A	07/01/05	02/01/27	3.50 - 5.00	16,580,000	13,560,000
2005 Series B	12/15/05	02/01/27	4.00 - 4.75	16,445,000	13,965,000
2006 Series B	08/01/06	02/01/33	4.00 - 4.625	10,690,000	9,415,000
2006 Series C	12/15/06	02/01/28	3.50 - 4.25	12,625,000	11,150,000
2007 Series A	08/15/07	02/01/29	4.00 - 4.50	22,400,000	20,805,000
2008 Refunding Series A	02/15/08	02/01/21	3.00 - 4.00	1,340,000	775,000
2008 Series B	09/15/08	02/01/29	3.00 - 4.50	9,500,000	9,110,000
2009 Series A	11/15/09	02/01/31	3.00 - 4.50	2,820,000	2,820,000
2009 Series B	11/15/09	02/01/29	2.25 - 4.50	8,110,000	7,505,000
2009 Refunding Series C	11/15/09	02/01/22	2.00 - 4.00	1,590,000	1,435,000
2010 Series A	09/09/10	02/01/32	1.25 - 5.50	12,135,000	12,135,000
2010 Refunding Series D	09/22/10	02/01/23	2.00 - 3.00	2,030,000	2,030,000
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	900,000
2011 Series C	12/28/11	02/01/33	.65 - 3.60	4,200,000	4,200,000
				<u>165,250,000</u>	<u>143,375,000</u>
G.O. Debt					
2004 Facility Refunding Series C	12/15/04	02/01/12	3.00-4.00	1,500,000	230,000
2008 Refunding Bond Series A	02/15/08	02/01/15	2.80	1,210,000	785,000
				<u>2,710,000</u>	<u>1,015,000</u>
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/09	02/01/28	2.00-4.50	2,910,000	2,910,000
2009 Regency/Holiday Mall Refunding Series D	11/15/09	02/01/18	2.00-4.00	965,000	855,000
2010 Regency/Holiday Mall Refunding Series B	09/09/10	02/01/28	2.00-3.70	1,390,000	1,390,000
				<u>5,265,000</u>	<u>5,155,000</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	795,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	425,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	450,000
				<u>3,530,000</u>	<u>1,670,000</u>
Total Governmental Activities				<u>\$ 176,755,000</u>	<u>\$ 151,215,000</u>
Business-Type Activities					
G.O. Sewer Revenue Note of 1994	09/29/94	02/20/15	4.10	\$ 2,478,112	\$ 585,330
G.O. Sewer Revenue Note of 1995	06/29/95	08/20/16	4.11	1,601,443	527,124
G.O. Sewer Revenue Note of 1997	06/29/97	02/20/18	3.49	426,290	169,246
G.O. Sewer Revenue Note of 2002	05/06/02	08/20/22	3.13	3,389,288	2,147,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	11,020,000
G.O. Sewer Revenue Note of 2004	06/21/04	08/20/23	1.98	6,598,073	4,504,100
G.O. Sewer Revenue Note of 2007	06/29/07	08/20/26	1.99	12,407,226	10,877,000
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	2,765,000
2001 Gross Revenue Facility Series A	05/01/01	05/01/12	4.85-4.95	505,000	55,000
2002 Electric Utility Revenue Series C	08/01/02	11/01/17	2.50-4.25	4,570,000	2,190,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	2,909,300
2009 Electric Utility Revenue Series A	5/15/09	11/1/17	3.00-4.75	1,721,000	1,038,000
2009 Electric Utility Refunding Series A	5/15/09	11/1/24	3.00-4.75	1,470,000	1,335,000

Business-Type Activities (cont.)					Principal	
Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2011	
2002 Water Revenue Series C	08/01/02	11/01/17	2.50-4.25	1,005,000	480,000	
2007 Water MMJA Revenue Series A	07/12/07	06/01/27	5.17	3,838,850	3,280,700	
2009 Water Utility Refunding Series A	5/15/09	11/1/17	3.00-4.75	4,339,000	1,607,000	
2010 Electric Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	8,633,900	8,633,900	
2010 Water Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	1,706,100	1,706,100	
Total Business-Type Activities				\$ 74,929,432	\$ 55,829,800	

In August 2011 the City issued G.O. Improvement Refunding Bonds, Series 2011B to be used for a crossover refunding of the G.O. Improvement Bonds 2003C dated September 1, 2003. The net proceeds were used to purchase securities of the U.S. Government. Those securities and the City's equity contribution of \$500,000 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 \$735,809. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$641,347. 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 2011B	\$900,000	2.17%	\$894,058	G.O. Improvement Bonds 2003C	4.49%	2/01/2012	\$1,365,000

In September 2010 the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2010D to be used for a crossover refunding of the G.O. Improvement Bonds 2002B dated July 15, 2002. 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 \$959,277. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$829,590. 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 2010D	\$2,030,000	2.77%	\$2,062,481	G.O. Improvement Bonds 2002B	4.421%	2/01/2012	\$2,575,000

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, 2011, there were 7 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$42,804,087.

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, 2011 there were 24 retirees and 5 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 2010, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 246,448
Interest on net OPEB obligations	19,954
Adjustment to ARC	(27,048)
Annual OPEB Cost	239,354
Contributions during the year	(99,800)
Increase in net OPEB obligation	139,554
Net OPEB beginning of year	443,423
Net OPEB end of year	\$ 582,977

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2011 and the preceding three fiscal years (2008 year of implementation) were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2008	\$ 193,802	\$ 53,930	27.8%	\$ 139,872
12/31/2009	\$ 191,696	\$ 54,850	28.6%	\$ 276,718
12/31/2010	\$ 242,144	\$ 75,440	31.1%	\$ 443,423
12/31/2011	\$ 239,354	\$ 99,800	41.7%	\$ 582,977

Funded Status and Funding Progress-

As of January 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,974,939, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,974,939. The covered payroll (annual payroll of active employees covered by the plan) was \$11,695,425, and the ratio of the UAAL to the covered payroll was 16.9 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, presented as required supplementary information following the notes to the financial statements, presents a single year's information, as the standard was implemented in fiscal year 2008, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

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, 2010 actuarial valuation, the project unit credit actuarial cost method was used. The economic assumptions included a 4.5% discount rate (net of investment expenses), no annual increase in covered payroll and a medical trend rate of 8.5% in 2010 grading to 5% over seven years. The unfunded actuarial accrued liability will be amortized as a level dollar amount over an open 30-year period beginning in 2008. The remaining amortization period at December 31, 2011, was 26 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)	\$ 27,120
Amortization of UAAL over 30 years	30,705
Interest on OPEB Obligation	(4,095)
Annual OPEB Cost	<u>53,730</u>
Contributions during the year	<u>(23,003)</u>
Increase in OPEB Obligation	30,727
Net OPEB Obligation, Beginning of Year	91,000
Estimated Net OPEB Obligation, End of Year	<u>\$ 121,727</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 2011 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 46,000	\$ 18,000	39%	\$ 28,000
12/31/2009	46,000	16,000	35%	58,000
12/31/2010	46,000	13,000	28%	91,000
12/31/2011	53,730	23,003	43%	121,727

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The economic assumptions included a 4.5% discount rate (net of investment expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over 30 years. The remaining amortization period at December 31, 2010, was 26 years.

E. Fund Balances

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Notes Receivable	\$ 22,061	\$ 8,961	\$	\$	\$	\$ 31,022
Advances	1,278,561		596,810			1,875,371
Prepaid items	2,074					2,074
Total Nonspendable	1,302,696	8,961	596,810	-	-	1,908,467
Restricted for:						
Debt Service		28,110,171			523,759	28,633,930
Capital Projects			447,656			447,656
Community Development					4,498	4,498
Police					49,377	49,377
Fire					440	440
Park					11,932	11,932
Total Restricted		28,110,171	447,656		590,006	29,147,833
Committed to:						
Capital Projects					1,555,689	1,555,689
Total Committed					1,555,689	1,555,689
Assigned to:						
Park					1,553,855	1,553,855
Library					307,807	307,807
Community Development					578,151	578,151
Mass Transit					496,386	496,386
Economic Development					986,509	986,509
Highway & Streets				203,480		203,480
Total Assigned				203,480	3,922,708	4,126,188
Unassigned:	11,868,324				(631,771)	11,236,553
Total Fund Balances	\$ 13,171,020	\$ 28,119,132	\$ 1,044,466	\$ 203,480	\$ 5,436,632	\$ 47,974,730

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 three 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 2011 for the City and employee are as follows:

PLAN	CITY	EMPLOYEES
GERF Basic	11.78%	9.10%
GERF Coordinated	7.25%	6.25%
PEPFF	14.4%	9.60%

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2011, 2010 and 2009 were \$805,478, \$766,747, and \$804,935, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2011, 2010, and 2009 were \$746,301, \$734,824, and \$693,009, 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 2011 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</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 2011 are \$514,872. 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 April 1, 2011 with Independent School District No. 152 whereby the school will lease a portion of the Sports Center facility at an annual rate of \$68,400. As of December 31, 2011, there were no outstanding payments due.

The City has active construction projects as of December 31, 2011, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$1,218,800.

During 2012 and 2013, the Water Division will be making enhancements to its existing river pump house to alleviate future flood concerns. The total estimated cost of the project is \$4 million. At this time, Moorhead Public Service has been awarded a \$2.7 million grant by the Federal Emergency Management Agency (FEMA) to help cover the cost of construction. During 2011, Moorhead Public Service expended \$180,000 for preliminary plans and consulting fees.

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 ends 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. When the amounts initially approved by all members have been expended, the Diversion Authority shall propose a new budget, which 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. 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 \$8,170,600 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 \$17,565,943 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.

Minnesota statutes require that all Agency deposits be protected by insurance, surety bond 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, 2011.

Deposits include checking and saving accounts and money market accounts. All deposits are collateralized by the institutions.

Investments - Minnesota statutes authorize the Agency to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper record. 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, 2011 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	9,654,260	455,096		10,109,356
Furniture, equipment & machinery	493,953	17,258	(13,853)	497,247
Total Capital assets being depreciated	10,147,213	472,354	(13,853)	10,606,603
Less accumulated depreciation for:				
Buildings & Improvements	5,565,936	191,887		5,757,823
Furniture, equipment & machinery	430,020	12,160	(2,770)	439,410
Total accumulated depreciation	5,995,956	204,047	(2,770)	6,197,233
Total capital assets, being depreciated, net	4,152,257	268,196	(11,083)	4,409,370
Total Capital assets, net	\$ 4,617,234	\$ 268,196	\$ (11,083)	\$ 4,874,347

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

Business-type activities	
Low-Rent Public Housing	<u>\$ 204,047</u>

G. Issued But Not-Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statement issued but not implemented that will significantly affect the City is statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This statement will be implemented at the City in the year ending December 31, 2012.

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 valuation performed for the Utility and the City.

City:

There have been no changes in the Plan Provisions since the 2010 valuation.

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%

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.

Since the last actuarial valuation as of July 1, 2008, no changes were made in the plan provisions.

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, 2011**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS						
Cash and investments	\$ 1,594,749	\$ 312,419	\$	\$ 584,374	\$ 552,240	\$ 989,458
Receivables:						
Accounts	24,901			275	3,134	
Notes			3,673,817			45,000
Due from other funds						6,000
Due from other governmental units			51,808		235,480	2,822
Total Assets	<u>\$ 1,619,650</u>	<u>\$ 312,419</u>	<u>\$ 3,725,625</u>	<u>\$ 584,649</u>	<u>\$ 790,854</u>	<u>\$ 1,043,280</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 22,763	\$ 4,612	\$ 17,729	\$ 1,134	\$ 288,764	\$ 6,246
Accrued wages payable	41,931		3,458	5,364	5,704	5,525
Due to other funds			50,450			
Advances from other funds						
Other liabilities	1,101					
Deferred revenue			3,673,817			45,000
Total Liabilities	<u>65,795</u>	<u>4,612</u>	<u>3,745,454</u>	<u>6,498</u>	<u>294,468</u>	<u>56,771</u>
Fund Balance:						
Nonspendable						
Restricted						
Committed						
Assigned	1,553,855	307,807		578,151	496,386	986,509
Unassigned			(19,829)			
Total Fund Balance	<u>1,553,855</u>	<u>307,807</u>	<u>(19,829)</u>	<u>578,151</u>	<u>496,386</u>	<u>986,509</u>
Total Liabilities and Fund Balance	<u>\$ 1,619,650</u>	<u>\$ 312,419</u>	<u>\$ 3,725,625</u>	<u>\$ 584,649</u>	<u>\$ 790,854</u>	<u>\$ 1,043,280</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2011**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 66,247	\$ 4,099,487	\$ 22,263	\$ 733,417	\$ 502,327	\$ 1,258,007	\$ 1,379,255	\$ 6,736,749
	28,310						28,310
	3,718,817						3,718,817
	6,000					191,047	197,047
	290,110		12,837		12,837	15,234	318,181
<u>\$ 66,247</u>	<u>\$ 8,142,724</u>	<u>\$ 22,263</u>	<u>\$ 746,254</u>	<u>\$ 502,327</u>	<u>\$ 1,270,844</u>	<u>\$ 1,585,536</u>	<u>\$ 10,999,104</u>
\$	\$ 341,248	\$	\$ 1,191	\$ 831	\$ 2,022	\$ 29,847	\$ 373,117
	61,982						61,982
	50,450		864,212		864,212		914,662
	1,101		492,793		492,793		492,793
	3,718,817						3,718,817
	4,173,598		1,358,196	831	1,359,027	29,847	5,562,472
66,247	66,247	22,263		501,496	523,759	1,555,689	590,006
	3,922,708						1,555,689
	(19,829)		(611,942)		(611,942)		3,922,708
<u>66,247</u>	<u>3,969,126</u>	<u>22,263</u>	<u>(611,942)</u>	<u>501,496</u>	<u>(88,183)</u>	<u>1,555,689</u>	<u>(631,771)</u>
<u>\$ 66,247</u>	<u>\$ 8,142,724</u>	<u>\$ 22,263</u>	<u>\$ 746,254</u>	<u>\$ 502,327</u>	<u>\$ 1,270,844</u>	<u>\$ 1,585,536</u>	<u>\$ 10,999,104</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$	\$	\$	\$	\$	\$ 190,244
Intergovernmental revenues:						
Federal			271,363		519,382	
State	2,331,738	771,800	1,310		1,144,816	163,982
County						
Other						
Charges for services	136,554			235,839	337,770	
Facility rentals	168,813					
Donations						
Interest on investments	12,362			8,828	7,883	15,940
Miscellaneous	59,647	728	124,827	18,210	3,513	74,742
Total revenues	<u>2,709,114</u>	<u>772,528</u>	<u>397,500</u>	<u>262,877</u>	<u>2,013,364</u>	<u>444,908</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,359,036					
Library		764,863				
Community development			411,151			
Rental registration				161,607		
Mass transit					1,976,869	
Economic development						296,537
Capital outlay					125,155	106,290
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>2,359,036</u>	<u>764,863</u>	<u>411,151</u>	<u>161,607</u>	<u>2,102,024</u>	<u>402,827</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>350,078</u>	<u>7,665</u>	<u>(13,651)</u>	<u>101,270</u>	<u>(88,660)</u>	<u>42,081</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds					13,419	50,000
Transfers to other funds	(321,330)					
Bond principal paid by fiscal agent						
Bond interest paid by fiscal agent						
Total other financing sources (uses)	<u>(321,330)</u>				<u>13,419</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	28,748	7,665	(13,651)	101,270	(75,241)	92,081
FUND BALANCE - BEGINNING	<u>1,525,107</u>	<u>300,142</u>	<u>(6,178)</u>	<u>476,881</u>	<u>571,627</u>	<u>894,428</u>
FUND BALANCE - ENDING	<u>\$ 1,553,855</u>	<u>\$ 307,807</u>	<u>\$ (19,829)</u>	<u>\$ 578,151</u>	<u>\$ 496,386</u>	<u>\$ 986,509</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$	\$ 190,244	\$ 52	\$ 870,313	\$	\$ 870,365	\$	\$ 1,060,609
	790,745						790,745
	4,413,646	625,000	597,393		1,222,393		5,636,039
				104,590	104,590		104,590
				67,357	67,357	15,234	82,591
	710,163						710,163
	168,813						168,813
5,943	5,943						5,943
1,156	46,169	(5,639)	18,867	4,807	18,035	26,088	90,292
	281,667					52,968	334,635
<u>7,099</u>	<u>6,607,390</u>	<u>619,413</u>	<u>1,486,573</u>	<u>176,754</u>	<u>2,282,740</u>	<u>94,290</u>	<u>8,984,420</u>
						56,504	56,504
9,215	9,215					25,413	34,628
						41,655	41,655
294	2,359,330					123,622	2,482,952
	764,863					6,667	771,530
	411,151						411,151
	161,607						161,607
	1,976,869						1,976,869
	296,537						296,537
	231,445					1,162,279	1,393,724
		701,339	285,000	275,000	1,261,339		1,261,339
		82,719	1,171,318	78,820	1,332,857		1,332,857
		3,613	275,920	2,094	281,627		281,627
<u>9,509</u>	<u>6,211,017</u>	<u>787,671</u>	<u>1,732,238</u>	<u>355,914</u>	<u>2,875,823</u>	<u>1,416,140</u>	<u>10,502,980</u>
(2,410)	396,373	(168,258)	(245,665)	(179,160)	(593,083)	(1,321,850)	(1,518,560)
	63,419	17,512		178,600	196,112	1,590,297	1,849,828
	(321,330)					(211,704)	(533,034)
			(7,720,000)		(7,720,000)		(7,720,000)
			(55,429)		(55,429)		(55,429)
	<u>(257,911)</u>	<u>17,512</u>	<u>(7,775,429)</u>	<u>178,600</u>	<u>(7,579,317)</u>	<u>1,378,593</u>	<u>(6,458,635)</u>
(2,410)	138,462	(150,746)	(8,021,094)	(560)	(8,172,400)	56,743	(7,977,195)
68,657	3,830,664	173,009	7,409,152	502,056	8,084,217	1,498,946	13,413,827
<u>\$ 66,247</u>	<u>\$ 3,969,126</u>	<u>\$ 22,263</u>	<u>\$ (611,942)</u>	<u>\$ 501,496</u>	<u>\$ (88,183)</u>	<u>\$ 1,555,689</u>	<u>\$ 5,436,632</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 2,379,916	\$ 2,379,916	\$ 2,331,738	\$ (48,178)
Charges for services	132,160	132,160	136,554	4,394
Facility rentals	148,680	148,680	168,813	20,133
Interest on investments	10,000	10,000	12,362	2,362
Miscellaneous	46,300	47,800	59,647	11,847
Total revenues	<u>2,717,056</u>	<u>2,718,556</u>	<u>2,709,114</u>	<u>(9,442)</u>
EXPENDITURES				
Current:				
Personal services	1,226,250	1,228,690	1,215,990	12,700
Supplies	219,290	218,630	210,899	7,731
Other services & charges	930,186	933,901	932,147	1,754
Capital outlay	25,220	25,220		25,220
Total expenditures	<u>2,400,946</u>	<u>2,406,441</u>	<u>2,359,036</u>	<u>47,405</u>
REVENUE OVER EXPENDITURES	<u>316,110</u>	<u>312,115</u>	<u>350,078</u>	<u>37,963</u>
OTHER FINANCING USES:				
Transfers to other funds	<u>(321,330)</u>	<u>(321,330)</u>	<u>(321,330)</u>	
Total other financing uses	<u>(321,330)</u>	<u>(321,330)</u>	<u>(321,330)</u>	
NET CHANGE IN FUND BALANCE	(5,220)	(9,215)	28,748	37,963
FUND BALANCE - BEGINNING	<u>1,525,107</u>	<u>1,525,107</u>	<u>1,525,107</u>	
FUND BALANCE - ENDING	<u>\$ 1,519,887</u>	<u>\$ 1,515,892</u>	<u>\$ 1,553,855</u>	<u>\$ 37,963</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
State	\$ 771,800	\$ 771,800	\$ 771,800	\$
Miscellaneous			728	728
Total revenues	<u>771,800</u>	<u>771,800</u>	<u>772,528</u>	<u>728</u>
EXPENDITURES				
Current:				
Personal services				
Supplies	4,900	4,900	1,097	3,803
Other services & charges	770,375	770,375	763,766	6,609
Total expenditures	<u>775,275</u>	<u>775,275</u>	<u>764,863</u>	<u>10,412</u>
NET CHANGE IN FUND BALANCE	(3,475)	(3,475)	7,665	11,140
FUND BALANCE - BEGINNING	<u>300,142</u>	<u>300,142</u>	<u>300,142</u>	
FUND BALANCE - ENDING	<u>\$ 296,667</u>	<u>\$ 296,667</u>	<u>\$ 307,807</u>	<u>\$ 11,140</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 522,380	\$ 522,380	\$ 271,363	\$ (251,017)
State	1,310	1,310	1,310	
Miscellaneous:				
Rehab loan payments	189,620	189,620	124,827	(64,793)
Total revenues	<u>713,310</u>	<u>713,310</u>	<u>397,500</u>	<u>(315,810)</u>
EXPENDITURES				
Current:				
Personal services	137,755	138,295	70,359	67,936
Supplies	3,240	3,240	1,405	1,835
Other services & charges	618,024	618,024	339,387	278,637
Total expenditures	<u>759,019</u>	<u>759,559</u>	<u>411,151</u>	<u>348,408</u>
NET CHANGE IN FUND BALANCE	(45,709)	(46,249)	(13,651)	32,598
FUND BALANCE - BEGINNING	<u>(6,178)</u>	<u>(6,178)</u>	<u>(6,178)</u>	
FUND BALANCE - ENDING	<u>\$ (51,887)</u>	<u>\$ (52,427)</u>	<u>\$ (19,829)</u>	<u>\$ 32,598</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011**

	<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	\$ 8,828	\$ 4,828
Miscellaneous:				
Rehabilitation inspection fees	1,730	1,730	11,875	10,145
Rental housing registration fees	200,000	200,000	223,964	23,964
Other			18,210	18,210
Total revenues	<u>205,730</u>	<u>205,730</u>	<u>262,877</u>	<u>57,147</u>
EXPENDITURES				
Current:				
Personal services	161,765	162,395	139,489	22,906
Supplies	9,830	9,830	3,522	6,308
Other services & charges	34,135	34,135	18,596	15,539
Total expenditures	<u>205,730</u>	<u>206,360</u>	<u>161,607</u>	<u>44,753</u>
NET CHANGE IN FUND BALANCE		(630)	101,270	101,900
FUND BALANCE - BEGINNING	<u>476,881</u>	<u>476,881</u>	<u>476,881</u>	
FUND BALANCE - ENDING	<u>\$ 476,881</u>	<u>\$ 476,251</u>	<u>\$ 578,151</u>	<u>\$ 101,900</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 585,543	\$ 585,543	\$ 519,382	\$ (66,161)
State grants	637,870	637,870	445,546	(192,324)
State transit aid	455,000	455,000	699,270	244,270
Charges for services	323,221	325,721	337,770	12,049
Interest on investments			7,883	7,883
Miscellaneous	6,500	6,500	3,513	(2,987)
Total revenues	<u>2,008,134</u>	<u>2,010,634</u>	<u>2,013,364</u>	<u>2,730</u>
EXPENDITURES				
Current:				
Personal services	140,290	141,075	138,976	2,099
Supplies	1,980	1,980	9,608	(7,628)
Other services & charges	1,920,305	1,922,805	1,828,285	94,520
Capital outlay	75,654	75,654	125,155	(49,501)
Total expenditures	<u>2,138,229</u>	<u>2,141,514</u>	<u>2,102,024</u>	<u>39,490</u>
REVENUE UNDER EXPENDITURES	<u>(130,095)</u>	<u>(130,880)</u>	<u>(88,660)</u>	<u>42,220</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	14,560	14,560	13,419	(1,141)
Total other financing sources	<u>14,560</u>	<u>14,560</u>	<u>13,419</u>	<u>(1,141)</u>
NET CHANGE IN FUND BALANCE	(115,535)	(116,320)	(75,241)	41,079
FUND BALANCE - BEGINNING	<u>571,627</u>	<u>571,627</u>	<u>571,627</u>	
FUND BALANCE - ENDING	<u>\$ 456,092</u>	<u>\$ 455,307</u>	<u>\$ 496,386</u>	<u>\$ 41,079</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2011**

	<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	\$ 245,000	\$ 245,000	\$ 190,244	\$ (54,756)
Intergovernmental:				
State grants	121,050	121,050	163,982	42,932
Interest on investments	6,000	6,000	15,940	9,940
Miscellaneous	70,250	70,250	74,742	4,492
Total revenues	<u>442,300</u>	<u>442,300</u>	<u>444,908</u>	<u>2,608</u>
EXPENDITURES				
Current:				
Personal services	210,540	212,200	172,769	39,431
Supplies	4,800	19,800	17,855	1,945
Other services & charges	70,475	130,380	105,913	24,467
Capital outlay	<u>215,000</u>	<u>215,000</u>	<u>106,290</u>	<u>108,710</u>
Total expenditures	<u>500,815</u>	<u>577,380</u>	<u>402,827</u>	<u>174,553</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(58,515)</u>	<u>(135,080)</u>	<u>42,081</u>	<u>177,161</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	(8,515)	(85,080)	92,081	177,161
FUND BALANCE - BEGINNING	<u>894,428</u>	<u>894,428</u>	<u>894,428</u>	
FUND BALANCE - ENDING	<u>\$ 885,913</u>	<u>\$ 809,348</u>	<u>\$ 986,509</u>	<u>\$ 177,161</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 ASSETS
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2011**

	<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	\$ 964,266	\$ 1,800,940	\$	\$ 1,672,846	\$ 282,424	\$ 553,587	\$	\$ 5,274,063
Receivables:								
Accounts	121,477	735,446	1,604	15,507	472	534	321	875,361
Due from other city funds	168,281	329,577			27,554	65,535		590,947
Due from other governmental units		199,895	1,466	3,739			355,476	560,576
Total current assets	<u>1,254,024</u>	<u>3,065,858</u>	<u>3,070</u>	<u>1,692,092</u>	<u>310,450</u>	<u>619,656</u>	<u>355,797</u>	<u>7,300,947</u>
Long-term assets:								
Restricted Assets:								
Cash and cash equivalents			1,067,493	263,565				1,331,058
Long-Term Receivables:								
Notes receivable, less current portion			1,127,487					1,127,487
Capital Assets:								
Land		155,647	3,954,534				301,838	4,412,019
Buildings	2,305	599,560	1,826,815	9,816,749			1,490,637	13,736,066
Improvements other than buildings	748,454	450,676	3,288,970				3,749,343	8,237,443
Machinery and equipment	442,845	35,939	360,555	54,237		12,050	129,940	1,035,566
Less accumulated depreciation	(420,087)	(791,641)	(3,422,465)	(5,627,761)		(4,820)	(2,008,571)	(12,275,345)
Total long-term assets	<u>773,517</u>	<u>450,181</u>	<u>8,203,389</u>	<u>4,506,790</u>	<u></u>	<u>7,230</u>	<u>3,663,187</u>	<u>17,604,294</u>
Total assets	<u>2,027,541</u>	<u>3,516,039</u>	<u>8,206,459</u>	<u>6,198,882</u>	<u>310,450</u>	<u>626,886</u>	<u>4,018,984</u>	<u>24,905,241</u>
LIABILITIES								
Current liabilities:								
Accounts payable	29,392	76,007				4,841	30,852	141,092
Accrued wages payable	1,916	45,238	15,124	7,957	1,280	16,674		88,189
Due to other city funds			1,666,641				397,669	2,064,310
Due to other governmental units		10,664						10,664
Customer deposits				8,000			12,400	20,400
Other liabilities		100	30,289					30,389
Accrued interest payable			13,540	450				13,990
Current maturities of long-term debt			210,000	55,000				265,000
Total current liabilities	<u>31,308</u>	<u>132,009</u>	<u>1,935,594</u>	<u>71,407</u>	<u>1,280</u>	<u>21,515</u>	<u>440,921</u>	<u>2,634,034</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2011**

	<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	2,501	111,532	28,812	15,933	8,371	30,027		197,176
Other post-employment benefits	6,191	38,343	13,762	7,310	210	20,302		86,118
Bonds payable			2,523,362					2,523,362
Advances from other funds			785,768					785,768
Total long-term liabilities	<u>8,692</u>	<u>149,875</u>	<u>3,351,704</u>	<u>23,243</u>	<u>8,581</u>	<u>50,329</u>		<u>3,592,424</u>
Total liabilities	<u>40,000</u>	<u>281,884</u>	<u>5,287,298</u>	<u>94,650</u>	<u>9,861</u>	<u>71,844</u>	<u>440,921</u>	<u>6,226,458</u>
NET ASSETS								
Invested in capital assets, net of related debt	773,517	450,181	3,275,047	4,188,225		7,230	3,663,187	12,357,387
Restricted for debt service			1,067,493	263,565				1,331,058
Unrestricted	<u>1,214,024</u>	<u>2,783,974</u>	<u>(1,423,379)</u>	<u>1,652,442</u>	<u>300,589</u>	<u>547,812</u>	<u>(85,124)</u>	<u>4,990,338</u>
Total net assets	<u>\$ 1,987,541</u>	<u>\$ 3,234,155</u>	<u>\$ 2,919,161</u>	<u>\$ 6,104,232</u>	<u>\$ 300,589</u>	<u>\$ 555,042</u>	<u>\$ 3,578,063</u>	<u>\$ 18,678,783</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	<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	\$ 2,075,161	\$ 3,542,826	\$ 1,030,422	\$ 439,531	\$ 337,332	\$ 799,758	\$ 51,050	\$ 8,276,080
Other	1,196	303,364	99,296	82,442	11,667	1,265	32,563	531,793
Total operating revenue	<u>2,076,357</u>	<u>3,846,190</u>	<u>1,129,718</u>	<u>521,973</u>	<u>348,999</u>	<u>801,023</u>	<u>83,613</u>	<u>8,807,873</u>
OPERATING EXPENSES								
Personal services	101,349	1,175,699	630,748	240,023	114,269	439,853		2,701,941
Disposal fee		919,324						919,324
Professional services	83,945	89,465	673	2,750	19,975		73,442	270,250
Insurance	20,159	34,652	44,109	15,859	2,870	8,985	15,640	142,274
Repair and maintenance	276,871	239,723	64,279	21,034	54,208	17,400	50,878	724,393
Supplies	22,680	337,688	180,640	72,627	113,676	93,854	9,884	831,049
Utilities	100,245	32,713	68,303	183,141		1,999	16,784	403,185
Equipment rental	39,851	255,131	133,822	11,713	19,699	51,018	3,921	515,155
Depreciation	38,046	32,949	209,945	336,916		803	171,533	790,192
Miscellaneous	306,916	116,406	184,073	29,412	15,388	45,664	3,796	701,655
Total operating expenses	<u>990,062</u>	<u>3,233,750</u>	<u>1,516,592</u>	<u>913,475</u>	<u>340,085</u>	<u>659,576</u>	<u>345,878</u>	<u>7,999,418</u>
Operating income (loss)	<u>1,086,295</u>	<u>612,440</u>	<u>(386,874)</u>	<u>(391,502)</u>	<u>8,914</u>	<u>141,447</u>	<u>(262,265)</u>	<u>808,455</u>
NONOPERATING INCOME (EXPENSE)								
Interest on investments	10,092	32,558	39,578	31,253	5,796	9,184	(230)	128,231
Interest on indebtedness			(176,917)	(4,369)				(181,286)
Loss on disposal of assets				(54,046)				(54,046)
Miscellaneous		4,790	1,420	520	690	270	388,393	396,083
Total nonoperating income (expense)	<u>10,092</u>	<u>37,348</u>	<u>(135,919)</u>	<u>(26,642)</u>	<u>6,486</u>	<u>9,454</u>	<u>388,163</u>	<u>288,982</u>
Income (loss) before contributions and transfers	<u>1,096,387</u>	<u>649,788</u>	<u>(522,793)</u>	<u>(418,144)</u>	<u>15,400</u>	<u>150,901</u>	<u>125,898</u>	<u>1,097,437</u>
Capital contributions				4,697				4,697
Transfers from other funds			510,220					510,220
Transfers to other funds	(608,556)	(488,772)		(2,222)	(67,120)	(80,899)		(1,247,569)
Total contributions and transfers	<u>(608,556)</u>	<u>(488,772)</u>	<u>510,220</u>	<u>2,475</u>	<u>(67,120)</u>	<u>(80,899)</u>		<u>(732,652)</u>
CHANGE IN NET ASSETS	487,831	161,016	(12,573)	(415,669)	(51,720)	70,002	125,898	364,785
TOTAL NET ASSETS - BEGINNING	<u>1,499,710</u>	<u>3,073,139</u>	<u>2,931,734</u>	<u>6,519,901</u>	<u>352,309</u>	<u>485,040</u>	<u>3,452,165</u>	<u>18,313,998</u>
TOTAL NET ASSETS - ENDING	<u>\$ 1,987,541</u>	<u>\$ 3,234,155</u>	<u>\$ 2,919,161</u>	<u>\$ 6,104,232</u>	<u>\$ 300,589</u>	<u>\$ 555,042</u>	<u>\$ 3,578,063</u>	<u>\$ 18,678,783</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 2,055,346	\$ 3,476,387	\$ 1,032,733	\$ 451,192	\$ 334,949	\$ 798,277	\$ 50,970	\$ 8,199,854
Payments to suppliers	(584,351)	(1,950,942)	(511,524)	(310,810)	(210,544)	(173,235)	(153,316)	(3,894,722)
Payments to employees	(98,111)	(1,159,376)	(628,986)	(235,128)	(116,461)	(430,575)		(2,668,637)
Other receipts (payments)	(305,720)	145,184	(63,234)	41,811	(3,031)	(44,129)	430,692	201,573
Net cash provided by (used in) operating activities	<u>1,067,164</u>	<u>511,253</u>	<u>(171,011)</u>	<u>(52,935)</u>	<u>4,913</u>	<u>150,338</u>	<u>328,346</u>	<u>1,838,068</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from other funds			510,220					510,220
Transfers to other funds	(607,678)	(447,350)			(67,120)	(40,506)		(1,162,654)
Net cash provided by (used in) noncapital financing activities	<u>(607,678)</u>	<u>(447,350)</u>	<u>510,220</u>		<u>(67,120)</u>	<u>(40,506)</u>		<u>(652,434)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of assets	(478,068)	(41,422)				(40,392)	(408,014)	(967,896)
Principal payments - bonds and notes			(195,000)	(50,000)				(245,000)
Interest payments - bonds and notes			(174,702)	(4,778)				(179,480)
Capital grants from other governments							75,697	75,697
Net cash used in capital and related financing activities	<u>(478,068)</u>	<u>(41,422)</u>	<u>(369,702)</u>	<u>(54,778)</u>		<u>(40,392)</u>	<u>(332,317)</u>	<u>(1,316,679)</u>
CASH FLOWS FROM INVESTING ACTIVITY								
Interest received	10,098	32,567	39,578	31,264	5,798	9,186	(230)	128,261
Net increase (decrease) in cash and cash equivalents	(8,484)	55,048	9,085	(76,449)	(56,409)	78,626	(4,201)	(2,784)
Cash and cash equivalents at beginning of year	972,750	1,745,892	1,058,408	2,012,860	338,833	474,961	4,201	6,607,905
Cash and cash equivalents at end of year	<u>\$ 964,266</u>	<u>\$ 1,800,940</u>	<u>\$ 1,067,493</u>	<u>\$ 1,936,411</u>	<u>\$ 282,424</u>	<u>\$ 553,587</u>	<u>\$ -</u>	<u>\$ 6,605,121</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 1,086,295	\$ 612,440	\$ (386,874)	\$ (391,502)	\$ 8,914	\$ 141,447	\$ (262,265)	\$ 808,455
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation accruals	38,046	32,949	209,945	336,916		803	171,533	790,192
Miscellaneous nonoperating income		4,790	1,420	520	690	270		7,690
Change in assets and liabilities:								
Accounts receivable	(16,117)	(30,331)	(1,516)	3,661	(472)	(414)	(80)	(45,269)
Due from other city funds	(3,698)	(36,108)			(1,911)	(1,067)		(42,784)
Due from other governments		(46,564)	2,361	(3,739)				(47,942)
Accounts payable	(40,600)	(42,696)	(19,698)	(3,686)	(116)	21	21,029	(85,746)
Accrued wages payable	(715)	6,513	1,489	1,116	(1,782)	2,016		8,637
Compensated absences payable	2,347	1,929	(3,442)	2,069	(515)	2,127		4,515
Other post-employment benefits	1,606	7,881	3,715	1,710	105	5,135		20,152
Due to other funds			19,132				397,669	416,801
Due to other governments		450						450
Customer deposits							460	460
Other current liabilities			2,457					2,457
Net cash provided by (used in) operating activities	<u>\$ 1,067,164</u>	<u>\$ 511,253</u>	<u>\$ (171,011)</u>	<u>\$ (52,935)</u>	<u>\$ 4,913</u>	<u>\$ 150,338</u>	<u>\$ 328,346</u>	<u>\$ 1,838,068</u>
Noncash capital financing activities:								
Contributions of capital assets to internal service funds	\$ 878	\$ 41,422				\$ 40,393		\$ 82,693
Contributions of capital assets to governmental funds	\$	\$	\$	\$ 2,222	\$	\$	\$	\$ 2,222

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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 ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 3,383,318	\$ 638,021	\$ 1,097,222	\$ 5,118,561
Receivables:				
Accounts	64			64
Due from other governmental units	772		18,542	19,314
Total current assets	<u>3,384,154</u>	<u>638,021</u>	<u>1,115,764</u>	<u>5,137,939</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	16,827,220	2,210,661	1,442,042	20,479,923
Less accumulated depreciation	<u>(10,537,839)</u>	<u>(1,830,112)</u>	<u>(872,846)</u>	<u>(13,240,797)</u>
Net capital assets	<u>6,289,381</u>	<u>380,549</u>	<u>569,196</u>	<u>7,239,126</u>
 Total assets	 <u>9,673,535</u>	 <u>1,018,570</u>	 <u>1,684,960</u>	 <u>12,377,065</u>
LIABILITIES				
Current liabilities:				
Accounts payable	15,221	20,824	31,699	67,744
Accrued wages payable		<u>16,589</u>		<u>16,589</u>
Total current liabilities	<u>15,221</u>	<u>37,413</u>	<u>31,699</u>	<u>84,333</u>
Long-term liabilities:				
Accrued compensated absences		25,131		25,131
Other post-employment benefits		<u>6,968</u>		<u>6,968</u>
Total long-term liabilities		<u>32,099</u>		<u>32,099</u>
 Total liabilities	 <u>15,221</u>	 <u>69,512</u>	 <u>31,699</u>	 <u>116,432</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,289,381	380,549	569,196	7,239,126
Unrestricted	<u>3,368,933</u>	<u>568,509</u>	<u>1,084,065</u>	<u>5,021,507</u>
 Total net assets	 <u>\$ 9,658,314</u>	 <u>\$ 949,058</u>	 <u>\$ 1,653,261</u>	 <u>\$ 12,260,633</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,279,647	\$ 870,127	\$ 276,236	\$ 2,426,010
Other	7,397	864	92	8,353
Total operating revenue	<u>1,287,044</u>	<u>870,991</u>	<u>276,328</u>	<u>2,434,363</u>
OPERATING EXPENSES				
Personal services		419,766		419,766
Supplies	4,369	22,389	859	27,617
Professional services		500		500
Insurance		343	240	583
Repair and maintenance	2,406	176,629	25,902	204,937
Depreciation	1,001,121	201,261	141,280	1,343,662
Miscellaneous	6,624	148,151	33,905	188,680
Total operating expenses	<u>1,014,520</u>	<u>969,039</u>	<u>202,186</u>	<u>2,185,745</u>
Operating income (loss)	<u>272,524</u>	<u>(98,048)</u>	<u>74,142</u>	<u>248,618</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	50,798	11,498	20,393	82,689
Loss on disposal of equipment	(92,732)	(2,208)	(74,286)	(169,226)
Miscellaneous		1,130	65,929	67,059
Total nonoperating income (expense)	<u>(41,934)</u>	<u>10,420</u>	<u>12,036</u>	<u>(19,478)</u>
Income (loss) before contributions and transfers	<u>230,590</u>	<u>(87,628)</u>	<u>86,178</u>	<u>229,140</u>
Capital contributions	427,982	21,821		449,803
Transfers from other funds	81,815	1,739		83,554
Total contributions and transfers	<u>509,797</u>	<u>23,560</u>		<u>533,357</u>
CHANGE IN NET ASSETS	740,387	(64,068)	86,178	762,497
TOTAL NET ASSETS - BEGINNING	<u>8,917,927</u>	<u>1,013,126</u>	<u>1,567,083</u>	<u>11,498,136</u>
TOTAL NET ASSETS - ENDING	<u>\$ 9,658,314</u>	<u>\$ 949,058</u>	<u>\$ 1,653,261</u>	<u>\$ 12,260,633</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,279,348	\$ 870,127	\$ 263,810	\$ 2,413,285
Payments to suppliers	8,446	(180,806)	(3,130)	(175,490)
Payments to employees		(411,454)		(411,454)
Other receipts (payments)	773	(146,157)	(33,813)	(179,197)
Net cash provided by operating activities	<u>1,288,567</u>	<u>131,710</u>	<u>226,867</u>	<u>1,647,144</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(734,977)	(139,088)	(273,196)	(1,147,261)
Proceeds from sale of assets	2,999			2,999
Capital grants from other governments			65,929	65,929
Net cash used in capital and related financing activities	<u>(731,978)</u>	<u>(139,088)</u>	<u>(207,267)</u>	<u>(1,078,333)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	50,812	11,503	20,398	82,713
Net increase in cash and cash equivalents	607,401	4,125	39,998	651,524
Cash and cash equivalents at beginning of year	<u>2,775,917</u>	<u>633,896</u>	<u>1,057,224</u>	<u>4,467,037</u>
Cash and cash equivalents at end of year	<u>\$ 3,383,318</u>	<u>\$ 638,021</u>	<u>\$ 1,097,222</u>	<u>\$ 5,118,561</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 272,524	\$ (98,048)	\$ 74,142	\$ 248,618
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,001,121	201,261	141,280	1,343,662
Miscellaneous nonoperating income		1,130		1,130
Change in assets and liabilities:				
Accounts receivable	62			62
Due from other governments	(361)		(12,426)	(12,787)
Accounts payable	15,221	19,055	23,871	58,147
Accrued wages payable		1,375		1,375
Compensated absences payable		5,107		5,107
Other post-employment benefits		1,830		1,830
Net cash provided by operating activities	<u>\$ 1,288,567</u>	<u>\$ 131,710</u>	<u>\$ 226,867</u>	<u>\$ 1,647,144</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 427,982</u>	<u>\$ 21,821</u>	<u>\$</u>	<u>\$ 449,803</u>
Contributions of capital assets from proprietary funds	<u>\$ 81,815</u>	<u>\$ 1,739</u>	<u>\$</u>	<u>\$ 83,554</u>

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, 2011

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 46,393,496
Buildings	21,991,959
Improvements other than buildings	26,359,902
Machinery and equipment	6,799,996
Infrastructure	232,411,720
Construction in progress	<u>26,187,100</u>
 Total governmental funds capital assets	 <u><u>\$ 360,144,173</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 335,727,414
General Fund	542,849
Special Revenue Funds	10,488,725
Enterprise Funds	12,062
Gifts	<u>13,373,123</u>
 Total governmental funds capital assets	 <u><u>\$ 360,144,173</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 ACTIVITY¹
DECEMBER 31, 2011

	<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>
<u>FUNCTION AND ACTIVITY</u>							
GENERAL GOVERNMENT:							
Mayor & Council	\$ 7,736	\$	\$	\$	\$ 7,736	\$	\$
City Clerk	4,203				4,203		
City Manager	23,784				23,784		
Accounting	30,841				30,841		
General Government Building	40,619,911	37,252,047	3,188,101	79,106	100,657		
Total General Government	40,686,475	37,252,047	3,188,101	79,106	167,221	-	-
PUBLIC SAFETY:							
Police Protection	972,498		672,951	48,346	251,201		
Fire Protection	1,394,824	56,168	882,197	2,524	453,935		
Total Public Safety	2,367,322	56,168	1,555,148	50,870	705,136	-	-
HIGHWAYS & STREETS	263,508,654	2,071,959	2,628,881	45,510	163,484	232,411,720	26,187,100
PARKS & RECREATION	32,917,782	2,100,372	3,159,568	26,011,271	1,646,571		
LIBRARY	2,313,104	103,000	1,974,299	149,323	86,482		
COMMUNITY DEVELOPMENT	158,399	84,108		22,222	52,069		
MASS TRANSIT	6,167,397		2,192,098	1,600	3,973,699		
PLAINS ART MUSEUM	490,409		490,409				
ECONOMIC DEVELOPMENT	11,534,631	4,725,842	6,803,455		5,334		
Total governmental funds capital assets	\$ 360,144,173	\$ 46,393,496	\$ 21,991,959	\$ 26,359,902	\$ 6,799,996	\$ 232,411,720	\$ 26,187,100

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 ACTIVITY¹
YEAR ENDED DECEMBER 31, 2011

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/11</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/11</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	74,595	4,203	74,595	4,203
City Manager	23,784			23,784
Accounting	30,841			30,841
General Government Building	<u>19,252,860</u>	<u>21,367,051</u>		<u>40,619,911</u>
Total General Government	<u>19,389,816</u>	<u>21,371,254</u>	<u>74,595</u>	<u>40,686,475</u>
PUBLIC SAFETY:				
Police Protection	977,309	80,259	85,070	972,498
Fire Protection	<u>1,394,824</u>			<u>1,394,824</u>
Total Public Safety	<u>2,372,133</u>	<u>80,259</u>	<u>85,070</u>	<u>2,367,322</u>
HIGHWAYS & STREETS	227,894,950	9,426,604		237,321,554
PARKS & RECREATION	32,656,215	300,404	38,837	32,917,782
LIBRARY	2,378,867		65,763	2,313,104
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	6,305,805	125,155	263,563	6,167,397
PLAINS ART MUSEUM	424,143	66,266		490,409
ECONOMIC DEVELOPMENT	11,428,342	106,289		11,534,631
CONSTRUCTION IN PROGRESS	<u>19,298,119</u>	<u>11,893,042</u>	<u>5,004,061</u>	<u>26,187,100</u>
Total governmental funds capital assets	<u>\$ 322,306,789</u>	<u>\$ 43,369,273</u>	<u>\$ 5,531,889</u>	<u>\$ 360,144,173</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.	62
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	67
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	72
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.	85
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.	87

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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS¹
(accrual basis of accounting)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
Governmental activities										
Invested in capital assets, net of related debt	\$ 39,571,739	\$ 38,357,658	\$ 37,143,826	\$ 57,370,416	\$ 65,245,816	\$ 77,354,222	\$ 90,988,687	\$ 113,540,183	\$ 141,530,526	
Restricted	35,882,536	46,024,002	56,195,491	77,974,490	93,395,972	97,825,682	111,879,202	114,126,460	106,751,797	
Unrestricted	(16,226,258)	(10,438,227)	(11,417,970)	(13,842,366)	(1,878,820)	4,010,580	1,696,689	4,016,296	11,732,377	
Total governmental activities net assets	\$ 59,228,017	\$ 73,943,433	\$ 81,921,347	\$ 121,502,540	\$ 156,762,968	\$ 179,190,484	\$ 204,564,578	\$ 231,682,939	\$ 260,014,700	
Business-type activities										
Invested in capital assets, net of related debt	\$ 38,885,166	\$ 53,727,430	\$ 58,250,974	\$ 69,139,443	\$ 71,057,882	\$ 70,553,449	\$ 70,969,389	\$ 75,176,641	\$ 74,551,136	
Restricted	14,742,032	9,464,867	4,683,585	5,867,993	5,891,812	5,339,425	4,314,753	5,007,451	5,315,762	
Unrestricted	17,118,255	10,372,344	14,897,535	9,825,944	13,736,643	21,264,067	25,480,553	24,376,519	27,429,550	
Total business-type activities net assets	\$ 70,745,453	\$ 73,564,641	\$ 77,832,094	\$ 84,833,380	\$ 90,686,337	\$ 97,156,941	\$ 100,764,695	\$ 104,560,611	\$ 107,296,448	
Primary government										
Invested in capital assets, net of related debt	\$ 78,456,905	\$ 92,085,088	\$ 95,394,800	\$ 126,509,859	\$ 136,303,698	\$ 147,907,671	\$ 161,958,076	\$ 188,716,824	\$ 216,081,662	
Restricted	50,624,568	55,488,869	60,879,076	83,842,483	99,287,784	103,165,107	116,193,955	119,133,911	112,067,559	
Unrestricted	891,997	(65,883)	3,479,565	(4,016,422)	11,857,823	25,274,647	27,177,242	28,392,815	39,161,927	
Total primary government net assets	\$ 129,973,470	\$ 147,508,074	\$ 159,753,441	\$ 206,335,920	\$ 247,449,305	\$ 276,347,425	\$ 305,329,273	\$ 336,243,550	\$ 367,311,148	

¹ Due to implementation of GASB Statement No. 34 in the year ended December 31, 2003, information prior to 2003 is not available.

**CITY OF MOORHEAD, MINNESOTA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS¹
(accrual basis of accounting)**

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
Expenses										
Governmental activities:										
General government	\$ 3,854,182	\$ 2,739,259	\$ 3,068,861	\$ 3,483,664	\$ 3,473,922	\$ 3,614,430	\$ 3,704,870	\$ 3,674,855	\$ 3,415,677	
Public safety	8,275,403	8,345,480	8,500,960	9,024,756	10,006,060	9,984,826	10,518,141	10,270,338	10,819,856	
Highways and streets	4,848,743	5,525,656	8,289,232	6,988,144	8,342,798	9,734,211	13,841,687	12,616,553	16,036,015	
Parks and recreation	1,833,295	1,968,787	2,307,467	2,246,170	2,329,521	2,517,227	3,314,652	3,303,861	3,470,430	
Library	714,973	743,284	756,504	798,967	814,816	839,115	864,977	918,671	830,901	
Community development	667,880	762,062	648,950	780,580	775,711	570,862	602,633	337,303	445,914	
Rental Registration				200,057	144,801	148,341	151,498	158,890	161,607	
Mass transit	1,220,122	1,530,756	1,578,325	1,805,771	1,948,827	2,170,917	2,071,065	2,302,729	2,464,724	
Economic development	875,652	801,112	364,786	1,792,973	834,708	1,007,312	999,430	801,869	496,620	
Interest on long-term debt	2,982,298	3,394,926	4,639,084	5,222,919	6,651,205	6,310,623	8,218,418	7,046,767	7,496,641	
Total governmental activities expenses	<u>25,272,548</u>	<u>25,811,322</u>	<u>30,154,169</u>	<u>32,344,001</u>	<u>35,322,369</u>	<u>36,897,864</u>	<u>44,287,371</u>	<u>41,431,836</u>	<u>45,638,385</u>	
Business-type activities:										
Electric	13,683,907	14,583,939	15,518,350	16,578,725	18,487,724	20,408,558	23,221,675	24,714,209	26,097,474	
Water	3,568,788	3,566,389	3,800,261	4,149,820	4,484,804	4,857,077	5,183,743	5,134,097	5,098,038	
Wastewater treatment	4,098,377	4,180,626	4,375,795	4,637,030	4,962,560	5,677,381	5,817,997	5,960,063	5,882,910	
Broadband			964,255	1,600,791	1,534,312	1,462,908	921,330	-	-	
Storm water	539,198	807,234	714,622	693,830	881,669	830,846	1,039,503	1,051,434	987,457	
Sanitation	2,459,090	2,909,471	2,639,545	2,789,143	3,007,471	3,163,142	2,973,724	3,080,561	3,196,151	
Golf courses	1,409,675	1,489,146	1,632,361	1,724,377	1,724,894	1,724,894	1,682,538	1,686,166	1,676,855	
Sports center	638,733	713,564	736,355	730,905	844,913	904,805	924,174	928,218	917,037	
Pest control	152,884	182,626	245,941	234,874	267,505	239,570	183,137	266,451	335,831	
Forestry	336,682	372,130	380,369	488,220	655,000	660,271	571,342	582,726	657,305	
Municipal airport	242,272	247,469	284,251	467,647	397,094	325,079	290,901	317,316	345,878	
Total business-type activities expenses	<u>27,129,606</u>	<u>29,052,594</u>	<u>31,292,105</u>	<u>34,095,362</u>	<u>37,229,095</u>	<u>40,254,531</u>	<u>42,810,064</u>	<u>43,721,241</u>	<u>45,194,936</u>	
Total primary government expenses	<u>\$ 52,402,154</u>	<u>\$ 54,863,916</u>	<u>\$ 61,446,274</u>	<u>\$ 66,439,363</u>	<u>\$ 72,551,464</u>	<u>\$ 77,152,395</u>	<u>\$ 87,097,435</u>	<u>\$ 85,153,077</u>	<u>\$ 90,833,321</u>	
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 612,649	\$ 689,274	\$ 979,078	\$ 1,081,611	\$ 888,257	\$ 960,759	\$ 856,631	\$ 732,466	\$ 704,540	
Public safety	706,291	872,446	924,696	1,032,270	1,058,423	984,678	844,615	1,010,460	863,715	
Highways and streets	994,178	1,406,883	1,707,573	2,250,883	2,002,523	2,408,318	2,077,041	2,233,462	2,521,980	
Other activities	946,536	180,094	1,500,487	1,703,060	1,418,593	1,686,963	1,299,982	1,410,658	1,498,158	
Operating grants and contributions	2,442,589	2,449,551	2,458,483	2,762,963	2,923,330	2,586,091	2,902,189	2,857,481	2,882,446	
Capital grants and contributions	8,075,402	15,732,505	15,553,890	35,657,297	41,306,965	26,832,098	38,412,544	36,845,046	40,565,422	
Total governmental activities program revenues	<u>13,777,645</u>	<u>21,330,753</u>	<u>23,124,207</u>	<u>44,488,084</u>	<u>49,598,091</u>	<u>35,458,907</u>	<u>46,393,002</u>	<u>45,089,573</u>	<u>49,036,261</u>	
Business-type activities:										
Charges for services:										
Electric	18,360,341	19,440,958	20,655,002	22,117,913	25,152,311	28,643,650	30,878,334	33,010,043	34,454,731	
Water	4,481,516	4,627,512	4,956,975	5,383,727	5,583,065	6,091,578	6,328,933	6,224,451	6,104,064	
Wastewater treatment	3,979,362	3,945,582	4,373,641	4,462,639	4,881,520	5,281,652	4,941,636	4,962,792	5,200,218	
Storm water	734,622	778,446	216,746	864,719	889,779	968,223	1,228,235	2,060,843	2,075,431	
Sanitation	2,603,355	2,684,778	840,347	3,008,479	3,180,040	3,417,710	3,625,720	3,623,225	3,636,937	
Golf courses	1,007,881	965,821	2,691,426	1,150,626	1,083,083	1,025,408	1,250,458	1,177,839	1,122,931	
Other activities	1,067,890	1,246,858	2,421,221	2,122,861	2,258,866	2,676,621	2,241,036	1,681,153	1,716,002	
Operating grants and contributions	174,101	160,800	159,919	286,659	160,495	167,246	170,504	177,796	224,129	
Capital grants and contributions	3,380,123	83,979	63,588	4,634,189	1,266,383	566,089	447,048	1,185,460	388,393	
Total business-type activities program revenues	<u>35,789,191</u>	<u>33,934,734</u>	<u>36,378,865</u>	<u>44,031,812</u>	<u>44,455,542</u>	<u>48,838,177</u>	<u>51,111,904</u>	<u>54,103,602</u>	<u>54,922,836</u>	
Total primary government program revenues	<u>\$ 49,566,836</u>	<u>\$ 55,265,487</u>	<u>\$ 59,503,072</u>	<u>\$ 88,519,896</u>	<u>\$ 94,053,633</u>	<u>\$ 84,297,084</u>	<u>\$ 97,504,906</u>	<u>\$ 99,193,175</u>	<u>\$ 103,959,097</u>	

**CITY OF MOORHEAD, MINNESOTA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS¹
(accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Net (expense) / revenue:										
Governmental activities	\$ (11,494,903)	\$ (4,480,569)	\$ (7,029,962)	\$ 12,144,083	\$ 14,275,722	\$ (1,438,957)	\$ 2,105,631	\$ 3,657,737	\$ 3,397,876	
Business-type activities	8,659,585	4,882,140	5,086,760	9,936,450	7,226,447	8,583,646	8,301,840	10,382,361	9,727,900	
Total primary government net expense	<u>\$ (2,835,318)</u>	<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>	
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 1,634,835	\$ 2,179,709	\$ 2,662,256	\$ 3,160,500	\$ 3,345,080	\$ 3,591,171	\$ 4,103,261	\$ 4,075,578	\$ 4,613,139	
Property taxes levied for debt service	384,376	336,110	5,954	1,238	827	452,437	1,003,694	1,647,827	1,189,537	
Tax increments	1,534,608	982,184	1,143,203	1,063,458	1,088,698	1,755,937	1,430,138	953,865	870,313	
Franchise fees	638,140	614,920	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	
State aid unrestricted	8,711,749	9,223,467	9,923,838	10,230,844	9,832,461	9,413,327	9,642,047	8,199,446	8,544,337	
Unrestricted grants and contributions	446,511	185,850	171,832	169,875	177,165	172,949	170,158	176,748	171,947	
Investment earnings	327,987	262,534	981,612	1,888,601	2,333,128	1,310,307	225,759	309,936	585,304	
Miscellaneous	849,207	868,016	803,712	436,279	430,485	126,677	139,067	123,337	343,824	
Gain on disposal / sale of assets				5,432,927	109,595	109,065	(90,224)	-	-	
Transfers	4,622,296	3,074,995	1,956,451	4,185,838	2,930,387	5,918,565	5,787,497	7,108,365	7,671,558	
⌘ Total governmental activities	<u>19,149,709</u>	<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>	
Business-type activities:										
State aid unrestricted	550,000	561,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	
Investment earnings	370,965	317,664	558,412	826,631	1,140,246	968,178	295,055	484,828	588,834	
Miscellaneous	150,401	132,819	345,731	401,766	51,308	586,510	184,733	25,532	79,102	
Loss on disposal of equipment	(223,006)		221,442	10,717	353,783	22,275	602,063	-	-	
Transfers	(4,622,296)	(3,074,995)	(1,956,451)	(4,185,838)	(2,930,387)	(5,918,565)	(5,787,497)	(7,108,365)	(7,671,558)	
Total business-type activities	<u>(3,773,936)</u>	<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>	
Total primary government	<u>\$ 15,375,773</u>	<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>	
Change in Net Assets										
Governmental activities	\$ 7,654,806	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428	\$ 22,427,516	\$ 25,374,094	\$ 27,118,361	\$ 28,331,761	
Business-type activities	4,885,649	2,819,188	4,267,454	7,001,286	5,852,957	4,253,604	3,607,754	3,795,916	2,735,838	
Total primary government	<u>\$ 12,540,455</u>	<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>	

¹ Due to implementation of GASB Statement No. 34 in the year ended December 31, 2003, information prior to 2003 is not available.

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

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund										
Reserved	\$ 485,076	\$ 555,140	\$ 575,640	\$ 659,710	\$ 653,404	\$ 1,548,028	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870	\$
Unreserved	6,753,767	7,771,203	9,367,360	10,797,671	12,155,461	12,905,175	13,399,448	13,003,740	12,231,585	
Nonspendable										1,302,696
Unassigned										11,868,324
Total General fund	<u>\$ 7,238,843</u>	<u>\$ 8,326,343</u>	<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>
All other governmental funds										
Reserved	\$ 21,021,030	\$ 19,139,320	\$ 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	1,881,660	1,598,597	2,056,414	2,391,473	2,926,902	3,547,842	3,500,710	3,599,434	3,549,584	
Capital projects funds	(1,280,056)	1,416,529	(364,807)	5,149,040	10,758,095	3,728,919	2,476,640	4,541,881	2,268,124	
Nonspendable										605,771
Restricted										29,147,833
Committed										1,555,689
Assigned										4,126,188
Unassigned										(631,771)
Total all other governmental funds	<u>\$ 21,622,634</u>	<u>\$ 22,154,446</u>	<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>

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)

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Taxes										
Property	\$ 2,557,270	\$ 3,287,213	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605	\$ 5,799,544	\$ 6,537,093	\$ 6,677,262	\$ 6,672,981
Franchise	518,721	638,141	674,167	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926
Licenses and permits	518,434	596,295	637,763	823,636	969,802	779,928	844,394	892,918	997,412	596,533
Intergovernmental	14,154,094	16,567,437	20,008,396	18,027,985	21,753,738	25,339,983	25,521,491	37,032,258	34,168,837	43,024,995
Charges for services	1,609,042	1,508,195	2,119,288	2,376,923	3,543,402	3,065,110	3,316,931	2,965,091	2,993,594	3,621,425
Fines and forfeits	460,517	513,018	527,158	573,335	558,300	598,451	491,224	411,580	507,611	485,095
Facility rentals	38,725	168,940	177,254	210,080	172,086	198,722	205,291	218,334	184,065	221,638
Special assessments	1,783,553	2,551,601	3,380,047	926,472	4,036,345	6,843,277	8,061,898	8,165,825	9,165,907	10,202,539
Sale of property	140,384				6,354,930				65,569	175,746
Interest on investments	731,288	286,181	236,490	3,381,892	1,780,606	2,213,428	1,203,148	212,032	260,596	502,615
Miscellaneous	10,047,637	1,567,160	2,500,075	3,010,195	1,852,018	1,957,154	1,657,429	1,728,338	821,977	1,101,582
Total revenues	32,559,665	27,684,181	33,758,641	34,720,846	46,113,973	46,167,538	48,117,388	59,020,535	56,708,352	67,549,075
Expenditures										
General government	2,625,642	3,798,292	2,700,074	3,004,868	3,364,016	3,369,561	3,522,838	3,601,740	3,560,682	3,338,022
Public safety	8,206,586	8,185,498	8,279,955	8,596,237	8,948,335	9,824,282	9,925,533	10,381,701	10,276,719	10,457,316
Highways and streets	2,991,588	3,048,879	3,426,796	6,243,839	4,773,390	5,372,859	5,859,816	9,585,251	7,766,439	10,834,588
Parks and recreation	1,984,846	1,675,120	1,804,906	2,134,200	2,149,204	2,219,864	2,286,005	2,512,951	2,419,891	2,610,640
Library	664,131	661,302	689,012	702,232	744,695	760,544	784,843	802,412	857,343	771,530
Community development	733,961	660,990	753,387	642,060	773,690	768,821	566,192	597,964	332,635	441,246
Rental registration					200,057	144,801	147,636	150,793	158,890	161,607
Mass transit	1,130,281	1,112,003	1,212,967	1,299,561	1,479,523	1,589,758	1,805,454	1,661,780	1,823,815	1,976,869
Economic development	282,186	798,613	722,288	287,747	1,636,251	652,141	823,771	814,252	601,381	297,762
Capital outlay	6,838,976	15,061,647	22,411,536	32,713,271	39,142,606	34,869,391	26,839,081	25,534,303	41,462,160	39,143,946
Debt service:										
Bond and note principal	5,681,007	8,523,670	3,426,185	8,420,208	3,686,294	3,838,972	13,929,985	6,438,492	9,071,970	15,316,339
Bond and note interest	2,600,755	2,527,692	2,718,750	3,027,011	4,174,750	5,099,167	5,761,607	7,267,649	6,321,324	6,976,779
Fiscal and other charges	184,141	139,594	482,991	1,098,099	682,087	665,390	499,996	1,000,739	652,023	506,902
Total expenditures	33,924,100	46,193,300	48,628,847	68,169,333	71,754,898	69,175,551	72,752,757	70,350,027	85,305,272	92,833,546
Revenues over (under) expenditures	(1,364,435)	(18,509,119)	(14,870,206)	(33,448,487)	(25,640,925)	(23,008,013)	(24,635,369)	(11,329,492)	(28,596,920)	(25,284,471)
Other financing sources (uses)										
Bond and note proceeds	9,730,000	15,240,000	21,010,000	34,032,500	24,020,000	22,400,000	12,050,000	16,395,000	15,555,000	9,955,000
Transfers from other funds	8,242,753	6,408,554	8,908,504	9,083,473	9,931,433	8,116,150	11,873,106	133,226	105,844	81,405
Transfers to other funds	(3,797,620)	(1,606,258)	(6,078,363)	(4,150,992)	(4,462,698)	(1,623,809)	(4,999,072)	9,661,661	9,571,654	9,630,070
Sale of capital assets					2,210	126,445	109,065	(3,545,838)	(1,878,902)	(1,704,248)
Total other financing sources (uses)	14,175,133	20,042,296	23,840,141	38,964,981	29,490,945	29,018,786	19,033,099	22,644,049	23,353,596	17,962,227
Net change in fund balances	\$ 12,810,698	\$ 1,533,177	\$ 8,969,935	\$ 5,516,494	\$ 3,850,020	\$ 6,010,773	\$ (5,602,270)	\$ 11,314,557	\$ (5,243,324)	\$ (7,322,244)
Debt service as a percentage of noncapital expenditures	30.58%	35.50%	23.44%	32.29%	24.10%	26.05%	42.89%	30.58%	35.11%	41.52%

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
	Residential	Commercial	Personal Property						
2002	\$ 7,951,465	\$ 2,847,058	\$ 120,293	\$ (585,696)	\$ 10,333,120	27.554%	\$ 929,795,200	1.11%	\$ 342,392,100
2003	8,460,332	3,224,721	132,174	(671,170)	11,146,057	29.805%	998,508,100	1.12%	342,392,100
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

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	City	Overlapping Rates			Econ Devl Authority	Total Direct & Overlapping Rates
		County	School District	Buffalo Watershed		
2002	27.554%	81.769%	16.490%	5.345%		131.158%
2003	29.805%	80.326%	33.696%	0.923%		144.750%
2004	28.731%	76.458%	35.355%	1.157%		141.701%
2005	26.095%	67.769%	32.808%	1.383%		128.055%
2006	24.944%	63.504%	36.840%	1.574%	1.356%	128.218%
2007	23.169%	61.321%	33.386%	2.803%	1.333%	122.012%
2008	25.844%	59.084%	32.273%	2.807%	1.218%	121.226%
2009	29.808%	57.391%	33.845%	2.795%	1.389%	125.228%
2010	31.176%	54.805%	30.262%	1.836%	1.042%	119.121%
2011	30.751%	55.080%	29.957%	2.125%	1.063%	118.976%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2011**

Taxpayer	2011			2002		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 623,600	1	2.69%	\$ 218,756	2	1.96%
Busch Agricultural Resources, Inc.	382,665	2	1.65%	341,810	1	3.07%
Menard's Inc	328,598	3	1.42%			0.00%
Easton LLC	221,856	4	0.96%			0.00%
Moorhead Lodging Association	179,250	5	0.77%			0.00%
Sterling Development Group	168,733	6	0.73%			0.00%
Moorhead Holiday Associates	155,059	7	0.67%	122,969	4	1.10%
Proffutt Ltd Partnership	140,206	8	0.60%			0.00%
Moorhead Centr Mall LLP	136,681	9	0.59%			0.00%
Eventide Lutheran Home	122,815	10	0.53%	116,378	5	1.04%
HMJ Partnership				131,863	3	1.18%
TRE Investments				115,113	6	1.03%
Excel Energy				96,076	7	0.86%
South Moorhead Associates				93,362	8	0.84%
Sam Skaff Properties				78,965	9	0.71%
Target Corporation				77,746	10	0.70%

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
2002	\$ 2,847,112	\$ (726,186)	\$ 2,120,926	\$ 2,092,859	98.68%	\$ 27,947	\$ 2,120,806	99.994%
2003	4,524,017	(1,691,391)	2,832,626	2,792,755	98.59%	39,119	2,831,874	99.973%
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%	62,831	4,508,742	99.612%
2009	6,918,986	(1,560,961)	5,358,025	5,254,393	98.07%	49,322	5,303,715	98.986%
2010	7,446,245	(1,524,556)	5,921,689	5,682,494	95.96%	154,399	5,836,893	98.568%
2011	7,558,522	(1,767,771)	5,790,751	5,572,294	96.23%		5,572,294	96.227%

70

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		
2002	\$ 16,934,343	\$ 412,127	\$	\$ 17,346,470	\$ 3,892,000	22.44%
2003	18,360,341	159,896		18,520,237	4,075,000	22.00%
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%

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			
2002	\$ 2,690,000	\$ 16,190,000	\$ 23,125,000	\$ 9,416,227	\$ 1,393,347	\$ 7,190,190	\$ 30,495,000	\$ 63,998	\$ 90,563,762	11.00%	2,780
2003	2,430,000	30,340,000	16,140,000	9,479,142	1,389,675	19,608,043	28,380,000	47,999	107,814,859	11.93%	3,295
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

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
2002	\$ 2,690,000	\$ 412,769	\$ 2,277,231	0.24%	70
2003	2,430,000	490,882	1,939,118	0.19%	59
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	0.07%	39
2011	1,015,000	22,263	992,737	0.05%	26

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, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 93,358,768	77.08%	\$ 71,960,938
Clay County	12,630,000	47.25%	5,967,675
Total overlapping debt			<u>77,928,613</u>
City of Moorhead direct debt			<u>207,044,800</u>
Total direct and overlapping debt			<u><u>\$ 284,973,413</u></u>

Source: Clay County Auditor

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

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 19,975,252	\$ 21,777,492	\$ 24,670,410	\$ 28,108,194	\$ 28,130,306	\$ 31,492,698	\$ 57,837,453	\$ 60,617,055	\$ 62,491,626	\$ 63,619,863
Total net debt applicable to limit	<u>2,277,332</u>	<u>1,939,118</u>	<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>
Legal debt margin	<u>\$ 17,697,920</u>	<u>\$ 19,838,374</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	11.40%	8.90%	6.74%	4.82%	6.11%	4.92%	4.18%	3.34%	2.37%	1.56%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2011

Estimated market value - real and personal property	\$ 2,120,662,100
Debt limit 3% of estimated market value	63,619,863
Debt applicable to limit:	
General obligation bonds	\$ 1,015,000
Less: Amount set aside for repayment of general obligation debt	<u>22,263</u>
Total net debt applicable to limit	<u>992,737</u>
Legal debt margin	<u>62,627,126</u>

Minnesota Statutes: Effective June 30, 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 1. 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	
2002	\$ 17,346,470	\$ 11,726,600	\$ 5,619,870	\$ 319,948 ³	\$ 307,990	\$ 627,938	8.95
2003	18,520,237	12,164,361	6,355,876	550,173	457,079	1,007,252	6.31
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 ⁴	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

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 \$1,309,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1992, Series A resulting from the Public Utility Revenue Refunding Bond of 1998, Series A, a cross-over refunding issue.

4 - 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 Bond of 2009, Series A.

**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	
2002	\$ 4,435,526	\$ 1,933,646	\$ 2,501,880	\$ 1,166,367 ²	\$ 961,346	\$ 2,127,713	1.18
2003	4,573,788	2,071,466	2,502,322	1,359,766	786,343	2,146,109	1.17
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 ³	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

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$11,781,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1992, Series A resulting from the Public Utility Revenue Refunding Bond of 1998, Series A, a cross-over refunding issue.

3 - 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 Bond of 2009, Series A.

**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 Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 4,107,691	\$ 2,938,020	\$ 1,169,671	\$ 427,670	\$ 204,491	\$ 632,161	1.85
2003	4,104,726	2,475,070	1,629,656	530,590	496,222	1,026,812	1.59
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	1,588,217	683,335	2,271,552	0.75

1 - Expenses exclude depreciation and amortization.

**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	
2002	\$ 374,752 ²	\$ 406,910	\$ (32,158)	\$ 40,000	\$ 23,624	\$ 63,624	(0.51)
2003	402,548 ³	404,022	(1,474)	40,000	22,036	62,036	(0.02)
2004	432,828 ⁴	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)

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes \$850,000 in state Local Government Aid allocated to reduce the retained earnings deficit.

3 - 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 and \$78,404 advance from the General Fund, which was forgiven in 2003.

4 - 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.

**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 Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 1,061,780	\$ 1,022,337	\$ 39,443	\$ 125,000	\$ 247,878	\$ 372,878	0.11
2003	1,024,417 ²	992,796	31,621	130,000	241,724	371,724	0.09
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	1,680,936	1,306,647	374,289	195,000	163,377	358,377	1.04

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 COVERAGE¹
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	
2002	\$ 1,000,394	\$ 12,241	\$ 988,153	\$ 55,000	\$ 11,103	\$ 66,103	14.95
2003	871,052	15,070	855,982	60,000	8,816	68,816	12.44
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	
2002	\$ 1,349,554 ¹	\$ 40,624	\$ 1,308,930	\$ 630,000 ¹	\$ 720,556	\$ 1,350,556	0.97
2003	339,415	3,052	336,363	185,000	495,308	680,308	0.49
2004	420,352 ²	50,719	369,633	190,000	487,406	677,406	0.55
2005	519,897	7,320	512,577	200,000 ³	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 ⁴	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

1 - For comparative purposes this revenue figure excludes payoff of a long-term note in the amount of \$8,093,213 and a principal payment in the amount of \$3,240,000 to retire Taxable Industrial Development Bonds of 1993, Series A, debt associated with this note.

2 - 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.

3 - 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.

4 - 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	
2002	\$ 2,365,952	\$ 186,236	\$ 2,179,716	\$ 1,045,000	\$ 515,544	\$ 1,560,544	1.40
2003	3,636,022	427,227	3,208,795	1,090,000	712,351	1,802,351	1.78
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

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	
2002	\$ 599,461	\$ 43,020	\$ 556,441	\$ 500,000	\$ 1,220,765	\$ 1,720,765	0.32
2003	1,844,037	32,226	1,811,811	6,985,000	1,187,846	8,172,846	0.22
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

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
2002	32,572	\$ 823,355,016	\$ 25,278	5,400	3.0%
2003	32,720	904,020,880	27,629	5,272	3.1%
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	1,341,897,071	35,253	5,406	4.0%

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	2011			2002		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	1,000 (a)	1	4.79%	815	1	2.72%
Minnesota State University-Moorhead	825	2	3.96%	720	2	2.40%
Concordia College	812 (a)	3	3.89%	700	3	2.33%
Eventide Lutheran Home	500	4	2.40%	430	5	1.43%
Clay County	480	5	2.30%	420	6	1.40%
American Crystal Sugar Company	355	6	1.70%	444	4	1.48%
Moorhead Electric	260	7	1.25%	174	10	0.58%
City of Moorhead	251 (b)	8	1.20%	247	8	0.82%
American Security & Protection	200	9	0.96%			
Hornbacher's Foods, Inc.	180	10	0.86%	259	7	0.86%
CAMAS Inc.				200	9	0.67%

(a) Excludes 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	Full-time Equivalent Employees as of December 31									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	38.38	38.38	38.38	39.38	37.00	37.00	38.17	40.22	40.22	40.22
Public Safety										
Police										
Officers	50.00	50.00	50.00	50.00	50.00	50.00	53.00	53.00	53.00	53.00
Civilians	27.80	15.80	13.32	12.82	12.815	14.875	14.88	14.88	14.00	14.00
Fire										
Firefighters & officers	30.00	30.00	30.00	30.00	33.00	33.00	33.00	36.00	36.00	36.00
Civilians	9.50	9.50	3.00	3.00	3.00	1.00	1.00	1.00	1.00	1.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Parks and Recreation	22.33	10.755	8.00	8.00	8.00	8.00	10.00	10.00	10.00	10.00
Community Development	6.00	17.575	15.575	17.575	22.50	24.50	23.20	23.20	23.20	21.60
Mass Transit	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Economic Development	3.00	3.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Electric	30.00	30.00	30.00	30.00	31.00	31.00	33.00	34.00	34.00	34.00
Water	21.00	21.00	21.00	21.00	22.00	21.00	23.00	25.00	25.00	25.00
Broadband	-	-	-	-	3.00	9.00	11.00	-	-	-
Wastewater Treatment	15.00	15.00	16.00	16.00	17.00	17.00	17.00	17.00	17.00	17.00
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	16.00	16.00	16.25	16.63	16.63	16.63	16.63	16.63	16.63
Sanitation	23.00	23.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Golf Courses	3.50	3.50	3.50	3.50	7.58	7.58	7.58	7.58	7.58	7.58
Sports Center	2.00	2.00	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	304.51	292.51	277.78	280.53	296.53	303.59	315.46	310.51	309.63	308.03

Source: City Human Resources Department

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

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	1,272	1,126	1,024	926	945	878	920	970	1,006	872
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,905	2,619	2,407	2,350	2,462	2,393	2,076	2,288	2,353	2,251
Fire										
Medical responses	1,240	1,409	1,292	1,462	1,405	1,322	1,700	1,945	1,980	2,273
Fire & other responses	753	805	768	751	766	830	994	1,024	1,006	1,066
Library										
Visits	238,680	235,196	234,624	273,364	266,292	276,692	265,070	298,870	305,435	275,782
Circulation	280,889	277,448	287,433	294,417	296,652	360,864	386,938	398,685	409,133	378,340
Mass Transit										
Fixed Routes ridership	288,324	281,730	280,279	316,647	344,824	356,732	398,445	392,218	376,697	433,676
Paratransit ridership	9,519	8,828	9,950	10,958	13,014	14,498	19,206	13,083	13,220	12,771
Metro Senior Ride ridership							4,050	5,111	5,961	6,323
Community Development										
New Residential Permits	221	205	308	350	338	241	201	178	160	92
New Residential Valuation	33,628,128	32,307,000	49,697,640	57,788,265	58,147,643	40,152,822	43,243,429	33,243,985	24,091,532	24,075,213
New Commercial Permits	24	26	28	28	39	31	20	17	19	20
New Commercial Valuation	4,794,700	32,795,794	4,519,100	13,621,419	25,722,337	25,368,798	6,029,417	4,575,300	8,620,860	4,956,205
Sanitation										
Curbside Recycling (tons)	-	83	373	398	606	626	701	645	582	499
Refuse Collected (landfill tonnage)	-	18,574	16,390	18,048	18,744	21,587	20,168	20,688	19,737	22,276
Yard Waste (tons)	-	1,864	1,799	3,378	2,515	2,049	2,247	3,056	3,026	2,542
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	3.88	3.90	4.36	4.75	4.66	4.40	4.49	4.68	4.66	5.06
Electric										
Annual Sales (millions of kwh)	359.07	376.54	386.86	397.11	399.37	412.03	418.91	414.03	418.40	430.16
Water										
Water Sales (billions of gallons)	1.368	1.449	1.440	1.462	1.471	1.457	1.398	1.385	1.335	1.285

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	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	174.89	175.47	184.60	197.72	203.75	207.10	210.35	208.60	210.11	211.77
Culture and recreation										
Parks	32	32	34	36	41	42	42	42	42	42
Swimming/wading pools	8	8	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	7	7	7	10	10	10	10	10	10	10
Wastewater										
Storm sewers (miles)	97.01	100.91	104.82	113.80	113.80	124.89	125.35	125.35	127.40	132.42
Sanitary sewers (miles)	112.44	120.25	125.88	136.73	136.73	145.54	154.54	154.54	155.19	157.81
Force mains (miles)	10.93	14.12	14.12	14.29	14.29	16.09	20.87	20.87	20.87	22

Source: Various city departments.