



# Comprehensive Annual Financial Report

**For the Year Ended  
December 31, 2018**





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

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**PREPARED BY THE FINANCE DIVISION**

**KARLA MCCALL, FINANCE DIRECTOR**

**JOEL HERR, ACCOUNTANT**

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

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**INTRODUCTORY  
SECTION**

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**CITY OF MOORHEAD, MINNESOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

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June 24, 2019

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, 2018.

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 Eide Bailly 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, 2018, 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 unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2018, 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 Uniform Guidance. 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 22.2 square miles with a population of 38,065 as of the 2010 U.S. Census.



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

The City of Moorhead provides a full range of services. The general governmental functions include police and fire protection, emergency medical services, street maintenance, engineering, planning and zoning, neighborhood services, rental registration, transit, parks and recreation, economic and community development and general legislative and administrative services. The City also operates as enterprise funds the following services: electric, water, wastewater treatment, storm water collection, sanitation, sports center, golf course, pest control, forestry, airport and street light utility. Vehicles and equipment, radio, information technology and maintenance shop 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.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by July 1 of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review and approval prior to September 30<sup>th</sup>. The council is required to hold a public meeting where the citizens are allowed to speak on the proposed budget and to adopt a final budget prior to December 28<sup>th</sup>. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate.

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

### Local Economy

The City of Moorhead is located at a natural crossing point of the Red River of the North, a place where Minnesota and the Dakotas meet and where one enjoys easy access to business, markets and recreation. Moorhead has access to the major market areas of North America with the intersection of Interstates 94 and 29 lying just west of the city limits. Trucking with overnight delivery from Minneapolis/St. Paul, Duluth, Sioux Falls, Omaha, Bismarck and Winnipeg is also available. Hector International Airport is located nearby in Fargo, ND with multiple non-stop flights to Minneapolis, Chicago and Denver, and the Moorhead Municipal Airport is just 3 miles southeast of the city, which is staffed by Moorhead Aviation Services, LLC, offering 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 6,600 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-12 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 nearly 6,000 students and about 750 full- and part-time faculty and Concordia College is a four-year private liberal arts college with over 2,100 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 and Rasmussen College offering career focused degrees in business, design, education, health sciences, justice studies, nursing and technology.

### **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 past several years, Engineering staff has worked on the 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.

Under the direction of the City Manager, a strategic planning initiative was implemented in 2018 to define the City's mission, vision and values along with identifying the City's main strategic initiatives to guide City staff in setting both short-term and long-term goals. The Strategic Plan will guide directors in developing departmental operations plans.

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**

Over \$10 million in new commercial and institutional building value was added in Moorhead in 2018, including 16 new commercial and institutional buildings. Downtown is a major focus. The City set a goal in 2018 to add 500 housing units downtown within 5 years; 2018 was Year 1, and more than 160 units were permitted within the near downtown area, so we're off to a good start. Moorhead's downtown was designated by the US Treasury as an "Opportunity Zone" in 2018, which is intended to foster long-term investment into redevelopment of our downtown. The new flagship mixed use building on the corner of 8<sup>th</sup> & Main known as "Block E" was one of the buildings completed, and includes 4 stories, headquarters to Eventide, restaurant, retail, and housing.

Median single family home sales prices rose from \$184,900 to \$195,000, a healthy level of appreciation. There were 134 single family homes permitted in 2018 and 195 multifamily units. Multiple assisted living projects are nearing completion, including an expansion of Farmstead Care (assisted living/memory care and apartment), expansion of Arbor Park Assisting Living Center and Bee Hive Homes, a new assisting living/memory care facility.

Major remodels in 2018 include projects at Target and McDonalds along Highway 10. 197 acres in the MCCARA Industrial Park received the State of Minnesota's "Shovel Ready" certification. Shovel-ready sites provide a competitive edge in attracting business startups, expansions, or relocations because the most time-consuming technical and regulatory aspects of development are already complete. The MCCARA Industrial Park is located south of I-94 at the 34th Street Exit, making it a premiere location within the FM Metro.

Construction began on the SE Main|20|21st Street Grade Separation/railroad underpass. At a total cost of \$72.9 million project, it is the largest construction project in Moorhead's history, which is scheduled to be completed in 2020.

Moorhead recently attained the Minnesota GreenStep 2 designation for its sustainability efforts, and is working to achieve GreenStep 3. The City also established the Moorhead Community Fund, a component fund of the Fargo Moorhead Area Foundation to accept private support for a variety of community, park, and art projects, which include Community & Aquatics Center, South Moorhead Dog Park, Inclusive Playground, City Center Plaza, Bluestem Bike and Pedestrian Bridge, and other community amenities.

## **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, 2017. This was the 35<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Karla G. McCall  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Moorhead**  
**Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

CITY OF MOORHEAD  
LISTING OF CITY OFFICIALS  
AS OF DECEMBER 31, 2018

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	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
DEL RAE WILLIAMS*	MAYOR	2018
SARA WATSON CURRY	COUNCIL MEMBER, WARD 1	2020
MARI DAILEY**	COUNCIL MEMBER, WARD 1	2018
HEIDI DURAND	COUNCIL MEMBER, WARD 2	2020
SHELLY CARLSON	COUNCIL MEMBER, WARD 2	2022
JOEL PAULSEN	COUNCIL MEMBER, WARD 3	2020
BRENDA ELMER***	COUNCIL MEMBER, WARD 3	2018
STEVE GEHRTZ	COUNCIL MEMBER, WARD 4	2020
CHUCK HENDRICKSON	COUNCIL MEMBER, WARD 4	2022

APPOINTED OFFICIALS

CHRISTINA VOLKERS                      CITY MANAGER

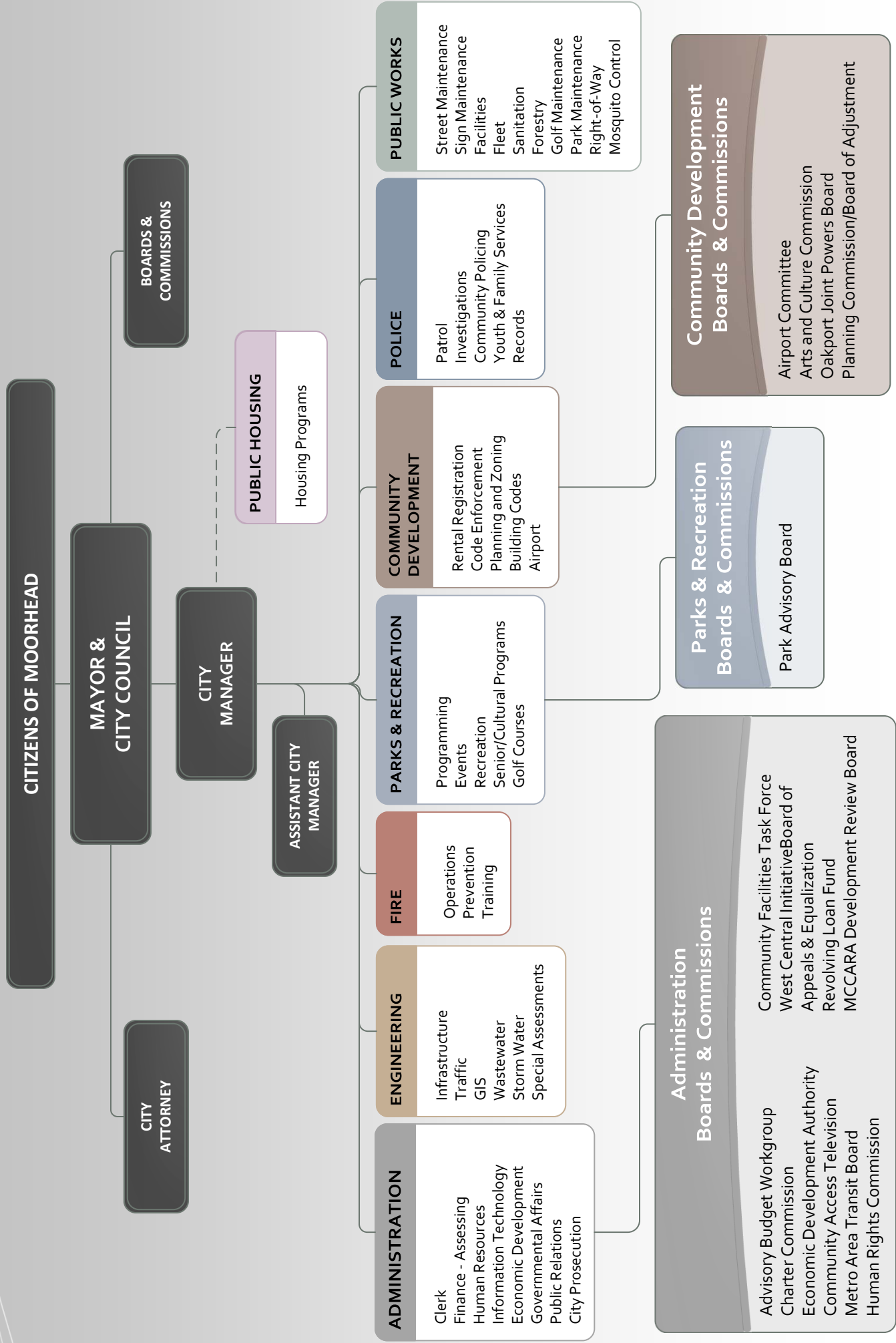
DEPARTMENT DIRECTORS

KRISTIE LESHOVSKY	COMMUNITY DEVELOPMENT
HOLLY HEITKAMP	PARKS & RECREATION
ROBERT ZIMMERMAN	ENGINEERING
SHANNON MONROE	POLICE CHIEF
RICH DUYSEN	FIRE CHIEF
STEVE MOORE	PUBLIC WORKS

\* Replaced by Johnathan Judd effective January 1, 2019  
 \*\* Replaced by Shelly Dahlquist effective January 1, 2019  
 \*\*\* Replaced by Deb White effective January 1, 2019

# City of Moorhead

## Functional Organizational Chart



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**FINANCIAL**

**SECTION**



## Independent Auditor's Report

To the City Council  
City of Moorhead, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Moorhead Public Housing Agency, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Moorhead Public Housing Agency, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

[www.eidebailly.com](http://www.eidebailly.com)

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

### *Restatement*

As discussed in Note 5E to the financial statements, the City determined that the governmental activities inaccurately included wastewater treatment and storm water capital assets. This has resulted in a restatement of the net position of the wastewater treatment fund, storm water fund and governmental type activities as of January 1, 2018. Our opinions are not modified with respect to this matter.

### *Adoption of a New Standard*

As discussed in Notes 1 and 5E to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of January 1, 2018. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's share of net pension liability, schedule of employer's contributions and schedule of changes to total OPEB and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual fund statements and 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 statements and schedules and capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019 on our consideration of the City of Moorhead, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Moorhead's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
June 19, 2019

**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, 2018. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$521,649,379.
- The City's total net position increased by \$22,297,388.
- The City's governmental funds reported combined ending fund balances of \$70,682,921, a decrease of \$1,457,533 in comparison with the prior year. Of this total amount, \$9.0M is unassigned, \$6.8M assigned, \$0.5M committed, \$50.8M restricted and \$3.6M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$15,030,435 or 59% of total general fund expenditures of \$25,326,559.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Moorhead that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police and fire protection, emergency medical services, street maintenance, engineering, planning and zoning, neighborhood services, rental registration, transit, library, parks and recreation, economic and community development and general legislative and administrative services. The business-type activities of the City include electric, water, wastewater, storm water, sanitation, sports center, golf course, pest control, forestry, airport and street light.

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, municipal airport, and street light utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses four internal service funds to account for vehicles & equipment, information technology, maintenance shop, and radios. Because the internal service funds benefit both the governmental and business-type functions, \$62,706 has been reflected within the business-type activities and \$4,052,438 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, wastewater treatment, and storm water which are considered to be major funds of the City of Moorhead. Data from the other seven enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in this report. The four 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 required supplementary information concerning the City of Moorhead's progress in funding its obligation to provide pension and OPEB benefits to its employees. This information can be found in the required supplementary information section of this report.

The combining schedules referred to earlier in connection with non-major governmental funds, non-major proprietary funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund schedules can be found in the Combining and Individual Fund Schedules and statements portion of the Financial Section of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Due to the implementation of GASB Statement No. 75 in the current year, figures may not be comparable for some areas of the financial statements. In the case of the City of Moorhead, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$521,649,379 at the close of the most recent fiscal year.

The largest portion of the City's net position is the investment in capital assets of \$342,536,943 (66%) (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.

An additional portion of the City of Moorhead's net position, \$144,372,897 (28%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$34,739,539 (6%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal years ending December 31, 2018 and 2017.

### CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total 2018	Total 2017 As Restated
	2018	2017 As Restated	2018	2017 As Restated		
Current and other assets	\$ 166,041,340	\$ 166,686,673	\$ 60,059,116	\$ 58,016,175	\$ 226,100,456	\$ 224,702,848
Capital assets	365,413,865	347,420,065	217,745,841	214,927,440	583,159,706	562,347,505
Total assets	531,455,205	514,106,738	277,804,957	272,943,615	809,260,162	787,050,353
Deferred outflows of resources	9,596,337	17,056,056	1,290,564	1,821,039	10,886,901	18,877,095
Long-term liabilities outstanding	198,103,667	197,131,941	73,207,891	77,886,575	271,311,558	275,018,516
Other liabilities	8,119,101	6,756,219	5,028,905	6,699,445	13,148,006	13,455,664
Total liabilities	206,222,768	203,888,160	78,236,796	84,586,020	284,459,564	288,474,180
Deferred inflows of resources	12,657,054	16,873,351	1,381,066	1,227,926	14,038,120	18,101,277
Net Position:						
Net investment in capital assets	190,131,897	172,295,247	152,405,046	147,989,859	342,536,943	320,285,106
Restricted	137,882,638	137,019,387	6,490,259	9,912,659	144,372,897	146,932,046
Unrestricted	(5,842,815)	1,086,649	40,582,354	31,048,190	34,739,539	32,134,839
Total net position	\$ 322,171,720	\$ 310,401,283	\$ 199,477,659	\$ 188,950,708	\$ 521,649,379	\$ 499,351,991

Governmental activities current and other assets decreased \$645,333 due to a major street project reimbursement outstanding and transit funding. The increase in business-type activities capital assets is primarily due to work performed at the electric and water distribution plants. In both the governmental activities and business-type activities, fluctuations in deferred outflows of resources, long-term liabilities outstanding, and deferred inflows of resources are attributable to changes in actuarial assumptions and the difference between projected and actual investment earnings relating to the reporting of the City's pension liability under GASB Statements 68 and 71.

At the end of the current fiscal year, the City of Moorhead is able to report positive balances in all reported categories of net position except unrestricted net position in the governmental activities. This will be addressed in the next budget cycle.

In addition, the City of Moorhead's overall net position increased by \$22,297,388 over the prior fiscal year. The components of this increase are discussed in the following sections for governmental activities and business-type activities.

**CITY OF MOORHEAD'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total 2018	Total 2017 As Restated
	2018	2017 As Restated	2018	2017 As Restated		
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,057,771	\$ 5,386,965	\$ 73,640,216	\$ 73,352,062	\$ 77,697,987	\$ 78,739,027
Operating grants and contributions	6,543,764	5,770,187	205,573	625,699	6,749,337	6,395,886
Capital grants and contributions	20,137,228	25,592,385	3,516,441	1,658,727	23,653,669	27,251,112
<b>General Revenues:</b>						
Taxes	10,786,200	10,694,979			10,786,200	10,694,979
Tax Increments	546,662	518,118			546,662	518,118
Franchise Fees	1,040,015	993,555			1,040,015	993,555
State aid	10,519,127	10,169,504	6,185	4,960	10,525,312	10,174,464
Grants and contributions not restricted to specific programs		141,104				141,104
Investment earnings	892,127	372,095	553,607	429,624	1,445,734	801,719
Miscellaneous	117,662	631,340	911,461	893,456	1,029,123	1,524,796
<b>Total revenues</b>	<b>54,640,556</b>	<b>60,270,232</b>	<b>78,833,483</b>	<b>76,964,528</b>	<b>133,474,039</b>	<b>137,234,760</b>
<b>Expenses:</b>						
General government	5,128,445	4,977,547			5,128,445	4,977,547
Public safety	15,398,739	15,256,052			15,398,739	15,256,052
Highways and streets	14,704,535	11,869,012			14,704,535	11,869,012
Parks and recreation	4,722,590	4,023,868			4,722,590	4,023,868
Library	916,909	884,342			916,909	884,342
Community development	562,076	774,589			562,076	774,589
Rental registration	329,216	309,793			329,216	309,793
Mass transit	3,409,312	3,179,629			3,409,312	3,179,629
Economic development	832,219	883,676			832,219	883,676
Interest on long-term debt	6,679,837	6,749,582			6,679,837	6,749,582
Electric			31,146,001	30,922,240	31,146,001	30,922,240
Water			7,568,515	7,242,254	7,568,515	7,242,254
Wastewater treatment			7,184,981	6,760,728	7,184,981	6,760,728
Storm water			2,254,089	2,293,153	2,254,089	2,293,153
Sanitation			4,310,799	5,043,175	4,310,799	5,043,175
Golf course			1,614,758	1,711,988	1,614,758	1,711,988
Sports center			917,379	1,079,640	917,379	1,079,640
Pest control			561,178	639,495	561,178	639,495
Forestry			825,002	848,802	825,002	848,802
Municipal airport			613,016	482,636	613,016	482,636
Street light utility			732,172	748,809	732,172	748,809
<b>Total expenses</b>	<b>52,683,878</b>	<b>48,908,090</b>	<b>57,727,890</b>	<b>57,772,920</b>	<b>110,411,768</b>	<b>106,681,010</b>
Increase/decrease in net position before transfers	1,956,678	11,362,142	21,105,593	19,191,608	23,062,271	30,553,750
Transfers	10,251,796	9,741,636	(10,251,796)	(9,741,636)	-	-
<b>Change in net position</b>	<b>12,208,474</b>	<b>21,103,778</b>	<b>10,853,797</b>	<b>9,449,972</b>	<b>23,062,271</b>	<b>30,553,750</b>
Net position - beginning of year, as restated on January 1, 2018	309,963,246	289,297,505	188,623,862	179,500,736	498,587,108	468,798,241
<b>Net position - end of year</b>	<b>\$ 322,171,720</b>	<b>\$ 310,401,283</b>	<b>\$ 199,477,659</b>	<b>\$ 188,950,708</b>	<b>\$ 521,649,379</b>	<b>\$ 499,351,991</b>

**Governmental activities.** The governmental activities' net position increased by \$12,208,474 during the current fiscal year. Revenues declined nearly \$5.6M with lower grants and contributions. Expenses increased 7.7%, or \$3,775,788 from 2017, primarily due to an increase in highway and street projects and increased spending in parks and recreation.

**Business-type activities.** Business-type activities increased the City's net position by \$10,853,797. Charges for services in the business-type activities remained stable with an increase of \$288,154 (0.4%) over the previous year. Expenses in the business-type activities decreased \$45,030 (0.0%).



## GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance serves as a useful measure of a government's net resources available for spending during the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70,682,921 a decrease of \$1,457,533 in comparison with the prior year. Approximately 12.81%, or \$9,051,343, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$6,753,152, 9.55%), committed (\$533,264, 0.75%), restricted (\$50,782,147, 71.85%) or nonspendable (\$3,563,015, 5.04%).

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 \$15,030,435. 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 59.3% of total general fund expenditures which is just below the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was an increase of \$254,516 or 1.3% from 2017. Property tax revenue increased \$934,798 with an increase in the Payable 2018 levy. State revenues increased \$323,265 with an increase in disparity aid and a reallocation of state maintenance aid between funds. Charges for Services decreased \$1,358,334 due to a decrease in internal engineering charges due to higher than normal activity in 2017 and normal activity in 2018. Total expenditures increased \$2,001,144 from an increase in personnel costs due to the implementation of a compensation study and employee benefits along with an increase in operating costs for Public Works. Net transfers totaled \$8,451,246 and were completed as authorized by City charter and as reoccurring subsidies of specific programs. The 2018 adopted budget anticipated a \$43,000 increase to fund balance, while the revised budget anticipated a \$612,392 draw on fund balance; however changes in expected revenues, along with less than budgeted expenditures resulted in an increase in the fund balance.

The special assessment debt service fund balance increase of \$2,487,213 was due mainly to transfers of about \$1.8M of excess bond proceeds to other similar projects. The special assessment capital projects fund balance decreased by \$428,941 which is primarily due to transfers to debt service funds. The permanent improvement fund balance decreased \$2,234,159 which is primarily attributable to a major street reconstruction project for which bonds will be issued in 2019.

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

Unrestricted net position of the enterprise funds at the end of the year totaled \$40,519,648. The total change in net position in the enterprise funds from operations was an increase of \$10,989,157 which is \$182,006 (1.6%) lower than the 2017 increase. An increase in depreciation expense resulting from a restatement of capital assets to the proprietary funds caused the current year increase to be lower than the increase presented in 2017.

The electric fund reported an increase of \$5,183,314 (10.2%) in net position primarily due to the decrease in long term debt with no rate increase while the water fund reported an increase of \$1,811,421 (4.0%) resulting from both an decrease in the long term debt and a 5.3% rate increase. The wastewater treatment fund reported an increase in net position from operations of \$1,423,469 (3.2%) and the storm water fund also reported an increase in net position of \$2,027,205 (6.0%) primarily due to capital contributions recognized from completion of various infrastructure projects throughout the city.

## 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 revenue budget including transfers of \$25,053,556 was amended as final totaling \$25,542,132 for an increase of \$488,576. The original expenditure budget including transfers of \$25,010,556 was amended as final totaling \$26,154,524 for an increase of \$1,143,968.

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

Total actual revenues including transfers were \$25,594,675 which was \$52,543 over budget. Revenue projections for the 2018 budget were within 0.2% of actual.

Actual expenditures including transfers totaling \$25,340,159 were under budget by \$814,365. Personnel services were under budget \$540,296 by not filling various vacant positions in addition to lower than expected capital outlay.

**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, 2018, amounts to \$583,159,706 (net of accumulated depreciation), an increase of \$20.8M. 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:

- \$1.3M in Park Trails
- \$1.5M in flood mitigation properties
- \$13.4M in infrastructure improvements
- \$3.1M in Moorhead Youth Hockey arena improvements
- \$1.5M in water capital assets

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

	Governmental Activities 2018	Business-type Activities 2018	Total
Land	\$ 67,821,315	\$ 9,679,465	\$ 77,500,780
Construction in progress	64,913,536	2,541,762	67,455,298
Buildings	12,448,581	112,917,749	125,366,330
Improvements other than buildings	15,230,972	33,858,196	49,089,168
Machinery and equipment	16,426,805	5,908,576	22,335,381
Infrastructure	188,572,656	52,840,093	241,412,749
Total	\$ 365,413,865	\$ 217,745,841	\$ 583,159,706

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

**Long-Term Debt.** At the end of the current fiscal year, the City of Moorhead had total bonded debt outstanding of \$242,532,099. Of this amount, \$177,915,000 of G.O. Special Assessment, Tax Increment and Municipal Improvement debt and \$34,087,099 of General Obligation Revenue debt are backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$30,530,000 of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$236,968 General Obligation Notes Payable at year end and net pension liability totaling \$19,580,442. See Note 4 (F) for further information on the City’s net pension liability.

The City had a net decrease in long-term bonded debt of \$4,112,583 during the current fiscal year. This decrease is due to the issuance of various bonds, which are listed below, debt service principal payments of \$14,649,796 and early retirement of G.O. Improvement Bonds of 2008B in the amount of \$6,050,000 which was advance refunded in 2017. During the current fiscal year, the City issued:

\$11,690,000 G.O. Improvement Bonds, Series 2018A to finance various city-wide infrastructure projects.

\$4,870,000 G.O. Improvement Refunding Bonds, Series 2018B to refund G.O. Improvement Bonds Series 2009A and 2009B.

\$27,213 Addition to G.O. Water Revenue Note of 2016

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 taxable property. The current debt limitation for the City of Moorhead is \$84,908,574. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$236,968 leaving a legal debt margin of \$84,671,606.

## 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	\$ 175,045,000	\$	\$ 175,045,000
G.O. Tax Increment	2,870,000		2,870,000
G.O. Revenue		34,087,099	34,087,099
Revenue Refunding		2,970,000	2,970,000
Revenue		27,560,000	27,560,000
Premiums/Discounts	2,146,510	695,514	2,842,024
Long-term notes	236,968	237,861	474,829
Compensated absences	2,110,526	1,245,667	3,356,193
Other Post-Employment Benefits	1,810,748	715,223	2,525,971
Net Pension Liability	13,883,915	5,696,527	19,580,442
Total	\$ 198,103,667	\$ 73,207,891	\$ 271,311,558

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

### Economic Factors and Next Year's Budgets

The local economy continues to be strong in 2018 with the addition of over \$10 million in new commercial and institutional building value. Major work continues on the flood mitigation project in Moorhead with the purchase of property and planning for the diversion of flood water to the river level of 42.5 feet. Moorhead's proactive approach to flood protection gives the City a market advantage and keeps the community in business regardless of when the complete Fargo/Moorhead Diversion project is completed.

The City of Moorhead's 2019 Operating & Capital Budget totals \$84,143,970, an increase of \$1,535,570 (1.86%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2019 budget reflects an increase of \$1,826,615 (4.96%) from 2018 levels. The majority of this increase is attributable to the increase in construction and market value growth in new and existing properties. Along with an increase in market value, the 2019 budget provided for additional staffing of one (1) city planner position to replace the Director of Planning and Neighborhood Services which was unfunded and one (1) facilities and fleet manager position in the public works department.

The second year of a new classification and compensation study was included in the 2019 budget, along with a wage adjustment of 2.5%. The City Manager included a reorganization plan for the Administration and Planning and Neighborhood Services Departments to produce a savings of approximately \$20,000. Health insurance premiums were increased by 10%, along with increases to general liability insurance (5%), auto insurance (5%) and workers' compensation (5%), which are essentially nondiscretionary in nature.

To avoid fluctuations in the City Clerk budget every year for elections expenditures, an amount of \$25,000 was budgeted in 2019 and will continue to be budgeted annually to be available on the even years for election operating costs.

The State of Minnesota's Local Government Aid (LGA) program continues to be stressed and not a funding source which is forecast to increase. The 2019 Local Government Aid is budgeted at \$7,181,027 which is an increase of \$1,150 over the 2018 Local Government Aid allocation.

### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 500 Center Avenue, Moorhead, MN 56560 or visit the City's web site at [www.cityofmoorhead.com](http://www.cityofmoorhead.com).

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**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 66,296,768	\$ 20,784,615	\$ 87,081,383	\$ 990,932
Receivables:				
Accounts and notes	377,404	8,705,290	9,082,694	9,795
Accrued interest		124,156	124,156	
Special assessments	7,475,619	155,164	7,630,783	
Internal balances	2,067,638	(2,067,638)		
Due from other governmental units	6,733,400	770,255	7,503,655	11,515
Inventories		1,350,070	1,350,070	
Prepaid items	10,687	50,748	61,435	38,916
Restricted assets:				
Cash and cash equivalents	5,510,000	3,787,116	9,297,116	
Bond operation and maintenance reserve		5,556,000	5,556,000	
Long-term receivables:				
Special assessments	72,854,297	2,547,979	75,402,276	
Notes receivable, less current portion	4,715,527	731,379	5,446,906	
Other long-term investments		17,563,982	17,563,982	
Capital assets:				
Intangible plant		1,288,813	1,288,813	
Land	67,821,315	9,679,465	77,500,780	464,977
Buildings	27,173,733	203,603,285	230,777,018	11,921,306
Improvements other than buildings	29,576,552	51,807,573	81,384,125	
Machinery and equipment	40,259,222	21,189,353	61,448,575	960,770
Infrastructure	266,482,848	78,150,862	344,633,710	
Construction in progress	64,913,536	2,541,762	67,455,298	
Less accumulated depreciation	(130,813,341)	(150,515,272)	(281,328,613)	(8,072,643)
Total assets	<u>531,455,205</u>	<u>277,804,957</u>	<u>809,260,162</u>	<u>6,325,568</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plans	8,460,597	1,278,802	9,739,399	
Other post-employment benefits	87,490	11,762	99,252	
Advance refundings of debt	1,048,250		1,048,250	
Total deferred outflows of resources	<u>9,596,337</u>	<u>1,290,564</u>	<u>10,886,901</u>	
<b>LIABILITIES</b>				
Accounts payable	4,303,822	4,248,928	8,552,750	17,305
Contracts payable - retainage	721,333		721,333	
Accrued wages payable	573,168	131,240	704,408	7,303
Due to other governmental units	50,622	37,072	87,694	
Customer deposits		222,557	222,557	57,185
Other liabilities	37,480	73,416	110,896	100,549
Accrued interest payable	2,432,676	315,692	2,748,368	
Long-term liabilities:				
Due within one year	17,436,429	6,193,199	23,629,628	23,519
Accrued compensated absences	675,368	178,489	853,857	
Other post-employment benefits	1,810,748	715,223	2,525,971	
Net pension liability	13,883,915	5,696,527	19,580,442	
Notes payable	145,697	206,840	352,537	
Bonds payable	164,151,510	60,217,613	224,369,123	
Total liabilities	<u>206,222,768</u>	<u>78,236,796</u>	<u>284,459,564</u>	<u>205,861</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plans	12,657,054	1,381,066	14,038,120	
<b>NET POSITION</b>				
Net investment in capital assets	190,131,897	152,405,046	342,536,943	5,274,410
Restricted for debt service	137,882,638	6,490,259	144,372,897	
Unrestricted	(5,842,815)	40,582,354	34,739,539	845,297
Total net position	<u>\$ 322,171,720</u>	<u>\$ 199,477,659</u>	<u>\$ 521,649,379</u>	<u>\$ 6,119,707</u>

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
<b>Functions/Programs</b>			
<b>Primary Government</b>			
Governmental activities:			
General government	\$ 5,128,445	\$ 990,975	\$ 1,373,224
Public safety	15,398,739	720,682	1,499,938
Highways and streets	14,704,535	612,589	1,100,575
Parks and recreation	4,722,590	437,448	
Library	916,909	20,606	
Community development	562,076	469,420	325,717
Rental registration	329,216	222,555	
Mass transit	3,409,312	430,168	2,191,163
Economic development	832,219	153,328	53,147
Interest on long-term debt	6,679,837		
Total governmental activities	52,683,878	4,057,771	6,543,764
Business-type activities:			
Electric	31,146,001	44,230,894	
Water	7,568,515	9,299,474	
Wastewater treatment	7,184,981	8,164,057	
Storm water	2,254,089	2,857,390	
Sanitation	4,310,799	4,500,422	179,190
Golf Course	1,614,758	1,251,522	
Sports Center	917,379	643,211	
Pest Control	561,178	804,371	
Forestry	825,002	941,911	
Municipal airport	613,016	79,905	26,383
Street light utility	732,172	867,059	
Total business-type activities	57,727,890	73,640,216	205,573
Total primary government	\$ 110,411,768	\$ 77,697,987	\$ 6,749,337
<b>Component Unit:</b>			
Public Housing Agency	\$ 1,516,091	\$ 628,117	\$ 553,889

General revenues:

- Property taxes levied for general purposes
- Property taxes levied for debt service
- Tax increments
- Franchise fees
- State aid unrestricted
- Unrestricted investment earnings
- Miscellaneous

Transfers

- Total general revenues and transfers
- Changes in net position

Net position -beginning, as restated (Note 5.E.)

Net position - ending

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ 42,528	\$ (4,094,942)		\$ (4,094,942)	
18,035,770	(13,304,833)		(13,304,833)	
	5,443,762		5,443,762	
	(3,184,567)		(3,184,567)	
	(896,303)		(896,303)	
700,622	933,683		933,683	
	(106,661)		(106,661)	
1,358,308	570,327		570,327	
	(625,744)		(625,744)	
	(6,679,837)		(6,679,837)	
<u>20,137,228</u>	<u>(21,945,115)</u>		<u>(21,945,115)</u>	
69,867		\$ 13,154,760	13,154,760	
		1,730,959	1,730,959	
945,212		1,924,288	1,924,288	
2,199,153		2,802,454	2,802,454	
		368,813	368,813	
68,100		(295,136)	(295,136)	
		(274,168)	(274,168)	
		243,193	243,193	
		116,909	116,909	
234,109		(272,619)	(272,619)	
		134,887	134,887	
<u>3,516,441</u>		<u>19,634,340</u>	<u>19,634,340</u>	
<u>\$ 23,653,669</u>	<u>(21,945,115)</u>	<u>19,634,340</u>	<u>(2,310,775)</u>	
<u>\$ (162,816)</u>				<u>\$ (496,901)</u>
	7,152,264		7,152,264	
	3,633,936		3,633,936	
	546,662		546,662	
	1,040,015		1,040,015	
	10,519,127	6,185	10,525,312	
	892,127	553,607	1,445,734	1,372
	117,662	911,461	1,029,123	57,943
	10,251,796	(10,251,796)		
	<u>34,153,589</u>	<u>(8,780,543)</u>	<u>25,373,046</u>	<u>59,315</u>
	12,208,474	10,853,797	23,062,271	(437,586)
	309,963,246	188,623,862	498,587,108	6,557,293
	<u>\$ 322,171,720</u>	<u>\$ 199,477,659</u>	<u>\$ 521,649,379</u>	<u>\$ 6,119,707</u>

**CITY OF MOORHEAD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Special Assessment Debt Service
<b>ASSETS</b>		
Assets:		
Cash and investments	\$ 11,397,871	\$ 40,723,587
Restricted cash		5,510,000
Receivables:		
Accounts	184,893	50
Notes	18,750	241,362
Special assessments		95,784,750
Due from other funds	5,021,481	
Due from other governmental units	281,443	605,692
Advances to other funds	3,533,578	
Prepaid items	10,687	
	<u>20,448,703</u>	<u>142,865,441</u>
<b>Total Assets</b>	<b>\$ 20,448,703</b>	<b>\$ 142,865,441</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 305,647	\$ 2,750
Contracts payable - retainage		
Accrued wages payable	489,221	
Due to other funds		
Advances from other funds		
Due to other governmental units	50,622	
Other liabilities	10,006	
<b>Total Liabilities</b>	<b>855,496</b>	<b>2,750</b>
Deferred inflows of resources:		
Unavailable revenue	62,539	96,478,995
<b>Total Deferred inflows of resources</b>	<b>62,539</b>	<b>96,478,995</b>
Fund Balance:		
Nonspendable	3,563,015	
Restricted	533,289	46,383,696
Committed		
Assigned	403,929	
Unassigned	15,030,435	
<b>Total Fund Balance</b>	<b>19,530,668</b>	<b>46,383,696</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balance</b>	<b>\$ 20,448,703</b>	<b>\$ 142,865,441</b>

Amounts reported for governmental activities in the statement of net position are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Deferred outflows of resources resulting from pension obligations, OPEB, and debt refundings are not available resource and, therefore are not reported in governmental funds
- 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.
- Long-term liabilities, including bonds payable, net pension liability, OPEB, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.
- Deferred inflows resulting from pension obligations and OPEB are not due and payable in the current period and, therefore are not reported in the governmental funds.
- Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services, maintenance shop and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position.

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



**CITY OF MOORHEAD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2018**

Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$ 3,305,062	\$	\$ 6,446,933	\$ 61,873,453 5,510,000
210		64,143	249,296
3,032,972	72,343 575,224	4,383,072	4,715,527 99,392,946
622,015 179,405	2,637,811	187,765 2,544,699	5,209,246 6,691,660 3,712,983 10,687
<u>\$ 7,139,664</u>	<u>\$ 3,285,378</u>	<u>\$ 13,626,612</u>	<u>\$ 187,365,798</u>
\$ 403,707 230,288	\$ 2,760,323 491,045	\$ 694,551	\$ 4,166,978 721,333 547,412 3,738,643 2,747,810 50,622 33,691
633,995	3,611,158 104,000	127,485 2,643,810 23,685	12,006,489
<u>3,032,972</u>	<u>6,966,526</u>	<u>3,547,722</u>	<u>104,676,388</u>
<u>3,032,972</u>	<u>647,705</u>	<u>4,454,177</u>	<u>104,676,388</u>
3,472,697	(4,328,853)	392,465 533,264 6,349,223 (1,650,239)	3,563,015 50,782,147 533,264 6,753,152 9,051,343 70,682,921
<u>3,472,697</u>	<u>(4,328,853)</u>	<u>5,624,713</u>	<u>70,682,921</u>
<u>\$ 7,139,664</u>	<u>\$ 3,285,378</u>	<u>\$ 13,626,612</u>	<u>365,413,865</u>
			9,596,337
			85,619,556
			(200,536,343)
			(12,657,054)
			<u>4,052,438</u>
	Net position of governmental activities		<u>\$ 322,171,720</u>

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	General	Special Assessment Debt Service
<b>REVENUES</b>		
Taxes:		
Property	\$ 3,632,602	\$ 4,052,065
Franchise	1,040,015	
Licenses and permits	770,467	
Intergovernmental revenues:		
Federal	120,799	131,663
State	9,611,830	983,451
County	152,144	217,300
Other	116,763	
Charges for services	821,571	
Fines and forfeits	504,021	
Facility rentals		
Donations		
Interest on investments	138,789	629,237
Special assessments		9,027,687
Sale of property	59,951	
Miscellaneous	160,877	81,870
Total revenues	17,129,829	15,123,273
<b>EXPENDITURES</b>		
Current:		
General government	4,686,818	107,375
Public safety	14,927,622	
Highways and streets	5,473,916	
Parks and recreation		
Library		
Community development		
Rental registration		
Mass transit		
Economic development		
Capital outlay	238,203	
Debt Service:		
Bond and note principal		9,325,000
Bond and note interest		5,642,577
Fiscal and other charges		132,065
Total expenditures	25,326,559	15,207,017
<b>REVENUE UNDER EXPENDITURES</b>	(8,196,730)	(83,744)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt		154,379
Refunding bonds issued		4,870,000
Payment to bond refunding agent		(6,050,000)
Premium on issuance of debt		601,681
Transfers from other funds	8,464,846	3,094,897
Transfers to other funds	(13,600)	(100,000)
Total other financing sources	8,451,246	2,570,957
<b>NET CHANGE IN FUND BALANCE</b>	254,516	2,487,213
<b>FUND BALANCE - BEGINNING</b>	19,276,152	43,896,483
<b>FUND BALANCE - ENDING</b>	\$ 19,530,668	\$ 46,383,696

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 (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**

Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$	\$	\$ 4,148,195	\$ 11,832,862
			1,040,015
			770,467
1,014,653		822,222	2,089,337
759,076	10,573,949	5,547,614	27,475,920
130,353	147,420		647,217
	81,226	975	198,964
18,684		851,528	1,691,783
		167,490	504,021
		9,765	167,490
9,305	4,553	65,399	9,765
227,369			847,283
		6,512	9,255,056
16,307	10,835	552,191	66,463
<u>2,175,747</u>	<u>10,817,983</u>	<u>12,171,891</u>	<u>57,418,723</u>
32,574		92,069	4,918,836
		76,542	15,004,164
		19,294	5,493,210
		3,400,151	3,400,151
		906,123	906,123
		559,576	559,576
		328,176	328,176
		2,858,630	2,858,630
		598,413	598,413
11,021,538	13,211,112	6,207,587	30,678,440
		521,848	9,846,848
		724,576	6,367,153
		102,766	234,831
<u>11,054,112</u>	<u>13,211,112</u>	<u>16,395,751</u>	<u>81,194,551</u>
<u>(8,878,365)</u>	<u>(2,393,129)</u>	<u>(4,223,860)</u>	<u>(23,775,828)</u>
9,535,621		2,000,000	11,690,000
			4,870,000
			(6,050,000)
748,180			1,349,861
	158,970	2,508,473	14,227,186
<u>(1,834,377)</u>		<u>(1,820,775)</u>	<u>(3,768,752)</u>
<u>8,449,424</u>	<u>158,970</u>	<u>2,687,698</u>	<u>22,318,295</u>
(428,941)	(2,234,159)	(1,536,162)	(1,457,533)
<u>3,901,638</u>	<u>(2,094,694)</u>	<u>7,160,875</u>	<u>72,140,454</u>
<u>\$ 3,472,697</u>	<u>\$ (4,328,853)</u>	<u>\$ 5,624,713</u>	<u>\$ 70,682,921</u>

**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, 2018**

Amounts reported for governmental activities in the statement of activities (page 12-13) are different from the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds (page 16-17) \$ (1,457,533)

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	\$ 30,777,252	
Transfer of assets to business-type activities	(3,666,812)	
Transfer of assets to internal service funds	(37,834)	
Depreciation expense	<u>(8,072,774)</u>	18,999,832

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (2,816,813)

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	(16,560,000)	
Premium on bonded debt	(1,349,861)	
Bond & note principal payments	<u>15,896,848</u>	(2,013,013)

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	(128,287)	
Other post-employment benefits	(194,915)	
Net pension liability	3,104,602	
Deferred outflows of resources	(7,412,179)	
Deferred inflows of resources	4,210,886	
Accrued interest	<u>(77,853)</u>	(497,746)

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. (6,253)

Change in net position of governmental activities (page 12-13) \$ 12,208,474

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

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**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 3,655,269	\$ 3,655,269	\$ 3,632,602	\$ (22,667)
Franchise	1,025,000	1,025,000	1,040,015	15,015
Licenses and permits	729,970	729,970	770,467	40,497
Intergovernmental:				
Federal	36,084	268,200	120,799	(147,401)
State	9,349,618	9,568,276	9,611,830	43,554
County	152,000	152,000	152,144	144
Other	114,095	114,095	116,763	2,668
Charges for services	831,670	845,270	821,571	(23,699)
Fines and forfeitures	449,600	449,600	504,021	54,421
Interest on investments	85,000	85,000	138,789	53,789
Miscellaneous	280,050	283,265	220,828	(62,437)
Total revenues	<u>16,708,356</u>	<u>17,175,945</u>	<u>17,129,829</u>	<u>(46,116)</u>
<b>EXPENDITURES</b>				
Administration department:				
Current:				
Personnel	1,549,460	1,625,350	1,464,619	160,731
Supplies	28,325	28,325	26,513	1,812
Other services & charges	1,513,356	1,663,316	1,536,931	126,385
Capital outlay	1,600	1,600		1,600
	<u>3,092,741</u>	<u>3,318,591</u>	<u>3,028,063</u>	<u>290,528</u>
Police department:				
Current:				
Personnel	7,550,412	7,550,412	7,628,198	(77,786)
Supplies	276,315	284,832	345,438	(60,606)
Other services & charges	2,443,717	2,440,068	2,408,568	31,500
Capital outlay		183,560	115,617	67,943
	<u>10,270,444</u>	<u>10,458,872</u>	<u>10,497,821</u>	<u>(38,949)</u>
Fire department:				
Current:				
Personnel	3,779,636	3,843,620	3,828,130	15,490
Supplies	59,139	85,323	79,209	6,114
Other services & charges	584,842	655,662	638,079	17,583
Capital outlay		317,766	40,297	277,469
	<u>4,423,617</u>	<u>4,902,371</u>	<u>4,585,715</u>	<u>316,656</u>
Planning & Neighborhood Services department:				
Current:				
Personnel	1,402,946	1,438,946	1,355,734	83,212
Supplies	27,126	27,126	15,278	11,848
Other services & charges	236,272	318,421	287,743	30,678
	<u>1,666,344</u>	<u>1,784,493</u>	<u>1,658,755</u>	<u>125,738</u>
Engineering department:				
Current:				
Personnel	1,582,645	1,552,645	1,409,438	143,207
Supplies	33,500	33,500	28,560	4,940
Other services & charges	628,538	640,172	622,357	17,815
Capital outlay		12,950	81,368	(68,418)
	<u>2,244,683</u>	<u>2,239,267</u>	<u>2,141,723</u>	<u>97,544</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works department:				
Current:				
Personnel	1,329,618	1,329,618	1,114,176	215,442
Supplies	757,109	835,993	834,291	1,702
Other services & charges	1,226,000	1,271,719	1,465,094	(193,375)
Capital outlay			921	(921)
	<u>3,312,727</u>	<u>3,437,330</u>	<u>3,414,482</u>	<u>22,848</u>
Total expenditures	<u>25,010,556</u>	<u>26,140,924</u>	<u>25,326,559</u>	<u>814,365</u>
REVENUE UNDER EXPENDITURES	<u>(8,302,200)</u>	<u>(8,964,979)</u>	<u>(8,196,730)</u>	<u>768,249</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	8,345,200	8,366,187	8,464,846	98,659
Transfers to other funds		(13,600)	(13,600)	
Total other financing sources	<u>8,345,200</u>	<u>8,352,587</u>	<u>8,451,246</u>	<u>98,659</u>
NET CHANGE IN FUND BALANCE	43,000	(612,392)	254,516	866,908
FUND BALANCE - BEGINNING	<u>19,276,152</u>	<u>19,276,152</u>	<u>19,276,152</u>	
FUND BALANCE - ENDING	<u>\$ 19,319,152</u>	<u>\$ 18,663,760</u>	<u>\$ 19,530,668</u>	<u>\$ 866,908</u>

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2018**

	Electric	Water
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,382,112	\$ 1,508,663
Receivables:		
Accounts and notes	5,310,607	1,034,466
Accrued interest	104,291	19,865
Special assessments		
Due from other city funds		
Due from other governmental units	288,660	
Inventories	1,101,227	248,843
Prepaid items	50,406	47
Total current assets	13,237,303	2,811,884
Long-term assets:		
Restricted assets:		
Cash and cash equivalents	3,044,231	742,885
Bond operation and maintenance reserve	4,686,000	870,000
Long-term receivables:		
Special assessments		
Notes receivable, less current portion	93,092	
Other long-term investments	15,005,510	2,558,472
Capital assets:		
Intangible plant	1,288,813	
Land	1,071,555	979,967
Buildings	73,787,707	82,670,335
Improvements other than buildings	4,047,533	
Machinery and equipment	6,356,615	3,294,213
Infrastructure		
Construction in progress	1,177,538	185,858
Less accumulated depreciation	(35,651,888)	(26,667,946)
Total long-term assets	74,906,706	64,633,784
Total assets	88,144,009	67,445,668
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plans	455,474	303,649
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	3,547,297	238,831
Accrued wages payable		
Accrued compensated absences	473,000	315,000
Due to other city funds	1,636,061	67,531
Due to other governmental units		
Customer deposits	222,557	
Other liabilities		
Accrued interest payable	102,540	54,636
Current maturities of long-term debt	1,864,300	1,186,721
Total current liabilities	7,845,755	1,862,719



**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONTINUED)  
DECEMBER 31, 2018**

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
\$ 6,848,432	\$ 2,685,829	\$ 3,359,579	\$ 20,784,615	\$ 4,423,315
1,062,177	337,979	960,061	8,705,290	128,108
155,164			124,156	
674,006	225,079	549,211	1,448,296	
4,387		477,208	770,255	41,740
			1,350,070	
		295	50,748	
<u>8,744,166</u>	<u>3,248,887</u>	<u>5,346,354</u>	<u>33,388,594</u>	<u>4,593,163</u>
			3,787,116	
			5,556,000	
2,547,979			2,547,979	
		638,287	731,379	
			17,563,982	
			1,288,813	
2,672,526		4,955,417	9,679,465	
33,258,786	2,305	13,884,152	203,603,285	
35,330,479	3,020,553	9,409,008	51,807,573	
10,593,793	442,624	502,108	21,189,353	29,244,549
32,181,746	45,969,116		78,150,862	
764,386	413,980		2,541,762	
(54,619,037)	(16,988,553)	(16,587,848)	(150,515,272)	(17,947,999)
<u>62,730,658</u>	<u>32,860,025</u>	<u>12,801,124</u>	<u>247,932,297</u>	<u>11,296,550</u>
<u>71,474,824</u>	<u>36,108,912</u>	<u>18,147,478</u>	<u>281,320,891</u>	<u>15,889,713</u>
<u>151,179</u>	<u>20,752</u>	<u>359,510</u>	<u>1,290,564</u>	<u>91,486</u>
304,171	5,108	153,521	4,248,928	136,844
41,628	4,438	85,174	131,240	25,756
111,802	2,497	164,879	1,067,178	
		909,875	2,613,467	305,432
		37,072	37,072	
			222,557	
		73,416	73,416	9,987
158,516			315,692	
2,075,000			5,126,021	
<u>2,691,117</u>	<u>12,043</u>	<u>1,423,937</u>	<u>13,835,571</u>	<u>478,019</u>

(Continued)

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2018**

	Electric	Water
Long-term liabilities:		
Accrued compensated absences		188,722
Other post-employment benefits	283,082	
Net pension liability	2,369,929	1,579,955
Notes payable		206,840
Bonds payable	21,328,493	16,050,735
Advances from other funds		179,405
Total long-term liabilities	<u>23,981,504</u>	<u>18,205,657</u>
Total liabilities	<u>31,827,259</u>	<u>20,068,376</u>
DEFERRED INFLOWS OF RESOURCES		
Pension plans	<u>625,691</u>	<u>417,128</u>
NET POSITION		
Net investment in capital assets	28,856,898	43,255,992
Restricted for debt service	3,044,231	742,885
Unrestricted	<u>24,245,404</u>	<u>3,264,936</u>
Total net position	<u>\$ 56,146,533</u>	<u>\$ 47,263,813</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net position of business-type activities

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2018**

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
71,480	1,596	105,413	178,489	74,639
78,880	8,628	155,911	715,223	25,266
495,304	68,347	1,182,992	5,696,527	302,919
22,838,385			206,840	
			60,217,613	
		785,768	965,173	
23,484,049	78,571	2,230,084	67,979,865	402,824
26,175,166	90,614	3,654,021	81,815,436	880,843
95,918	13,236	229,093	1,381,066	58,800
35,269,294	32,860,025	12,162,837	152,405,046	11,296,550
2,703,143			6,490,259	
7,382,482	3,165,789	2,461,037	40,519,648	3,745,006
\$ 45,354,919	\$ 36,025,814	\$ 14,623,874	199,414,953	\$ 15,041,556
			62,706	
			\$ 199,477,659	

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	Electric	Water
<b>OPERATING REVENUES</b>		
Charges for services	\$ 41,840,882	\$ 9,240,766
Other	2,789,316	53,720
Total operating revenue	<u>44,630,198</u>	<u>9,294,486</u>
<b>OPERATING EXPENSES</b>		
Personnel	4,308,106	2,741,094
Purchased power	19,377,887	
Disposal fee		
Professional services	185,277	53,289
Insurance	91,182	93,484
Repair and maintenance	1,059,409	936,849
Supplies	241,317	1,337,355
Utilities		
Equipment rental		
Depreciation	2,793,083	1,895,994
Miscellaneous	2,639,243	156,926
Total operating expenses	<u>30,695,504</u>	<u>7,214,991</u>
Operating income(loss)	<u>13,934,694</u>	<u>2,079,495</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Interest on investments	326,175	65,505
Interest on indebtedness	(776,672)	(353,524)
Fiscal and other charges		
Gain (loss) on disposal of equipment	(73,129)	4,988
Intergovernmental		
Miscellaneous	525,144	384,250
Total nonoperating revenue (expense)	<u>1,518</u>	<u>101,219</u>
Income (loss) before contributions and transfers	<u>13,936,212</u>	<u>2,180,714</u>
Capital contributions	69,867	220,238
Transfers from other funds		
Transfers to other funds	(8,822,765)	(589,531)
Total contributions and transfers	<u>(8,752,898)</u>	<u>(369,293)</u>
<b>CHANGE IN NET POSITION</b>	5,183,314	1,811,421
<b>TOTAL NET POSITION - BEGINNING, AS RESTATED (Note 5.E.)</b>	<u>50,963,219</u>	<u>45,452,392</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 56,146,533</u>	<u>\$ 47,263,813</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
\$ 8,123,867	\$ 2,857,274	\$ 8,829,356	\$ 70,892,145	\$ 5,007,925
40,190	116	362,350	3,245,692	55,121
<u>8,164,057</u>	<u>2,857,390</u>	<u>9,191,706</u>	<u>74,137,837</u>	<u>5,063,046</u>
1,342,227	180,926	3,310,261	11,882,614	877,210
			19,377,887	
		1,467,712	1,467,712	
91,989	113,824	485,426	929,805	466
164,101	24,237	76,241	449,245	3,041
758,130	221,949	466,592	3,442,929	322,385
632,043	26,685	777,294	3,014,694	1,307,532
696,595	123,368	1,055,526	1,875,489	12,897
155,383	39,001	750,523	944,907	
1,853,062	1,083,268	537,248	8,162,655	2,360,082
719,135	434,656	538,132	4,488,092	135,487
<u>6,412,665</u>	<u>2,247,914</u>	<u>9,464,955</u>	<u>56,036,029</u>	<u>5,019,100</u>
<u>1,751,392</u>	<u>609,476</u>	<u>(273,249)</u>	<u>18,101,808</u>	<u>43,946</u>
76,802	26,460	58,665	553,607	44,844
(751,480)			(1,881,676)	
(1,000)			(1,000)	
2,645	210	105,598	(68,141)	(282,667)
		2,067	108,453	830
<u>(673,033)</u>	<u>26,670</u>	<u>166,330</u>	<u>(377,296)</u>	<u>(236,993)</u>
<u>1,078,359</u>	<u>636,146</u>	<u>(106,919)</u>	<u>17,724,512</u>	<u>(193,047)</u>
945,212	2,199,153	302,209	3,736,679	37,834
		1,025,317	1,025,317	13,600
(600,102)	(808,094)	(676,859)	(11,497,351)	
<u>345,110</u>	<u>1,391,059</u>	<u>650,667</u>	<u>(6,735,355)</u>	<u>51,434</u>
1,423,469	2,027,205	543,748	10,989,157	(141,613)
<u>43,931,450</u>	<u>33,998,609</u>	<u>14,080,126</u>		<u>15,183,169</u>
<u>\$ 45,354,919</u>	<u>\$ 36,025,814</u>	<u>\$ 14,623,874</u>		<u>\$ 15,041,556</u>
			(135,360)	
			<u>\$ 10,853,797</u>	

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	Electric	Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 45,120,268	\$ 9,558,015
Payments to suppliers	(25,719,405)	(4,256,922)
Payments to employees	(2,213,800)	(1,166,762)
Other receipts (payments)		
Net cash provided by (used in) operating activities	<u>17,187,063</u>	<u>4,134,331</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental		
Transfers from other funds		
Transfers to other funds	(8,822,765)	(589,531)
Payments received on notes		2,887
Issuance of notes receivable	(2,079)	
Net cash provided by (used in) noncapital financing activities	<u>(8,824,844)</u>	<u>(586,644)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of assets	(3,482,880)	(3,298,318)
Proceeds from sale of assets		4,988
Proceeds from issuance of long-term debt		27,213
Principal payments - bonds and notes	(1,789,250)	(1,159,326)
Interest payments - bonds and notes	(850,403)	(364,934)
Capital grants from other governments		
Special assessment collections		
Net cash (used in) capital and related financing activities	<u>(6,122,533)</u>	<u>(4,790,377)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Interest received	318,800	64,100
Purchase of investments	(6,959,630)	
Proceeds from the sale of investments	3,289,136	3,428
Net cash provided by (used in) investing activities	<u>(3,351,694)</u>	<u>67,528</u>
Net increase (decrease) in cash and cash equivalents	(1,112,008)	(1,175,162)
Cash and cash equivalents at beginning of year	<u>10,538,351</u>	<u>3,426,710</u>
Cash and cash equivalents at end of year	<u>\$ 9,426,343</u>	<u>\$ 2,251,548</u>

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
\$ 8,247,946	\$ 2,656,966	\$ 8,742,714	\$ 74,325,909	\$ 5,037,501
(2,255,559)	(565,911)	(5,112,152)	(37,909,949)	(1,661,828)
(1,463,259)	(196,917)	(3,575,971)	(8,616,709)	(896,733)
(672,024)	(434,539)	(1,584,697)	(2,691,260)	(39,788)
3,857,104	1,459,599	(1,530,106)	25,107,991	2,439,152
2,645	210	105,598	108,453	830
(600,102)	(808,094)	1,025,317	1,025,317	13,600
		(676,859)	(11,497,351)	
			2,887	
			(2,079)	
(597,457)	(807,884)	454,056	(10,362,773)	14,430
(497,442)	(538,173)		(7,816,813)	(1,598,882)
			4,988	
			27,213	
(1,971,331)			(4,919,907)	
(782,585)			(1,997,922)	
		785,470	785,470	
127,450			127,450	
(3,123,908)	(538,173)	785,470	(13,789,521)	(1,598,882)
76,802	26,460	58,665	544,827	44,844
			(6,959,630)	
			3,292,564	
76,802	26,460	58,665	(3,122,239)	44,844
212,541	140,002	(231,915)	(2,166,542)	899,544
6,635,891	2,545,827	3,591,494	26,738,273	3,523,771
\$ 6,848,432	\$ 2,685,829	\$ 3,359,579	\$ 24,571,731	\$ 4,423,315

(Continued)

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	Electric	Water
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 13,934,694	\$ 2,079,495
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation accruals	2,793,083	1,895,994
Depreciation expensed to vehicle expense	209,571	103,129
Miscellaneous nonoperating income (expense)	432,093	201,066
Change in assets and liabilities:		
Accounts and notes receivable	253,586	(73,216)
Due from other funds		
Due from other governments	421,282	
Special assessment receivable		2,887
Inventories	362,608	(26,806)
Prepaid items	14,703	30,515
Accounts payable	(868,287)	(65,357)
Accrued wages payable		
Compensated absences payable	74,000	49,000
Other post employment benefits	121,360	80,908
Net pension liability	2,991	1,995
Due to other funds	(571,362)	(145,279)
Due to other governments		
Other current liabilities	6,741	
Net cash provided by (used in) operating activities	<u>\$ 17,187,063</u>	<u>\$ 4,134,331</u>
Noncash capital financing activities:		
Contributions of capital assets from government / customers	<u>\$ 69,867</u>	<u>\$ 220,238</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, 2018**

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
\$ 1,751,392	\$ 609,476	\$ (273,249)	\$ 18,101,808	\$ 43,946
1,853,062	1,083,268	537,248	8,162,655	2,360,082
		2,067	312,700	
			635,226	
167,903	(197,275)	(65,521)	85,477	52,261
(53,066)	(3,033)	(25,370)	(81,469)	
6,919		24,092	452,293	(22,685)
9,242			12,129	
			335,802	
			45,218	
242,684	(16,846)	(31,291)	(739,097)	18,647
10,635	542	15,715	26,892	6,741
9,972	(2,549)	31,851	162,274	12,113
(63,060)	(7,812)	(115,415)	15,981	9,872
(78,579)	(6,172)	(197,861)	(277,626)	(48,249)
		(1,427,148)	(2,143,789)	(3,562)
		(1,545)	(1,545)	
		(3,679)	3,062	
<u>\$ 3,857,104</u>	<u>\$ 1,459,599</u>	<u>\$ (1,530,106)</u>	<u>\$ 25,107,991</u>	<u>\$ 2,439,152</u>
<u>\$ 945,212</u>	<u>\$ 2,199,153</u>	<u>\$ 68,100</u>	<u>\$ 3,502,570</u>	<u>\$ 37,834</u>

**CITY OF MOORHEAD**  
**Notes to the Financial Statements**  
**December 31, 2018**

**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.

**Change in Accounting Principle**

As of January 1, 2018, The City of Moorhead adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Total OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 5.E. and the additional disclosures required by this standard is included in Note 4.G.

**A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from its *component unit* for which the City is considered financially accountable.

**B. 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 comprised of an elected mayor and an eight-member council. The accompanying financial statements present the government and its component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component unit.** The Moorhead Public Housing Agency is reported as a component of the City 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, 2018. Separate audited financial statements for the year ended June 30, 2018 are available from the agency. These financial statements may be obtained by contacting the Agency at 800 2<sup>nd</sup> Avenue North, Moorhead, MN 56560.

**C. Basis of presentation - government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has one discretely presented component unit. The Moorhead Public Housing Agency is shown in a separate column in the government-wide financial statements.

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.

#### **D. Basis of presentation – fund financial statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

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

Additionally, the City reports the following fund type:

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included as business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 collected 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 judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and *accrual basis of accounting*.

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.

## **F. Budgetary information**

### ***Budgetary basis of accounting***

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 30, the proposed budget is presented to the City Council for review and approval. By September 30, the proposed budget and tax levy must be submitted to the County Auditor. The City Council holds public meetings 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services (i.e. purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

## **G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

### **1. Deposits and Investments**

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

Investments are reported at fair value (generally based on quoted market prices). 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.

### **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, there is no allowance for uncollectible accounts as of December 31, 2018.

### **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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **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.

At December 31, 2018, there was restricted cash in the amount of \$5,510,000 in the Special Assessment Debt Service Fund from bond proceeds of the General Obligation Improvement Refunding Bonds, Series 2018B which will be used to retire General Obligation Improvement Bonds, Series 2009A and General Obligation Flood Mitigation Bonds, Series 2009B on February 1, 2019.

### **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. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives.

Capital asset classes	Lives
Buildings	20 – 50
Improvements other than buildings	10 – 20
Infrastructure	20 – 50
Vehicles	2 – 30
Equipment	3 – 20
Office Equipment	5 – 15
Computer Equipment	3 – 5

#### **6. *Deferred outflows /inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on advance refunding of debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second are the contributions made to pension plans after the measurement date and prior to the fiscal year-end and changes in the net pension liability not included in pension expense reported in the statement of net position. These outflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue relating to long-term receivables in the governmental funds. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, there is a deferred inflow of resources reported on the statement of net position to recognize differences between expected and actual pension plan economic experience and pension plan changes in proportionate share. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

#### **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 position. Bond premiums and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

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. *Net position flow assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## **9. Fund balance flow assumptions**

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

## **10. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Manager and Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balances to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The unassigned fund balance for the General Fund includes all spendable amounts not contained in other fund balance classifications. In other governmental funds, the unassigned fund balance classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

## **11. Net Position**

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

## **12. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## H. Revenues and expenditures/expenses

### 1. Program revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other items, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### 2. Property taxes

Property taxes are submitted to the County Auditor by December 28<sup>th</sup> 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 with penalties and interest assessed on the respective property and are reflected in the financial statements as delinquent taxes receivable net of allowance for uncollectible taxes.

### 3. 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 accumulation 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.

### 4. Proprietary funds operating and nonoperating revenues and expenses

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.

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

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

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

The details of this \$85,619,556 difference are as follows:

Special assessments receivable	\$ 80,329,916
Escrowed special assessments	28,990
Notes receivable	4,715,527
Current notes receivable	(3,501)
Grants and prepayments	548,624
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 85,619,556</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 \$200,536,343 difference are as follows:

Bonds payable	\$180,061,510
Notes payable	236,968
Accrued interest payable	2,432,676
Compensated absences payable	2,110,526
Other post-employment benefits	1,810,748
Net pension liability	<u>13,883,915</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 200,536,343</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, maintenance shop and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

The details of this \$4,052,438 difference are as follows:

Internal service fund net position	\$15,041,556
Net capital assets included in governmental activities	(11,296,550)
Deferred outflows included in governmental activities	(91,486)
Accrued compensated absences payable included in governmental activities	74,639
Other post-employment benefits included in governmental activities	25,266
Net pension liability included in governmental activities	302,919
Deferred inflows included in governmental activities	58,800
Internal service fund activity reflected in business-type activities	<u>(62,706)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$4,052,438</u>

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

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

The details of this \$62,706 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$198,066
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>(135,360)</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u>\$ 62,706</u>

**NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Violations of legal or contractual provisions**

The Park Fund had expenditures in excess of budget of \$1,405,415 at December 31, 2018. There was excess revenue to offset some of these costs (not budgeted). The remainder will be address through additional fees and levies.

The Community Development Fund had expenditures in excess of budget of \$84,905 at December 31, 2018. There was excess revenue to offset these costs (not budgeted).

**B. Deficit fund equity**

The Permanent Improvement Fund has a deficit fund balance of \$4,328,853 at December 31, 2018 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

The Community Development Special Revenue Fund has a deficit fund balance of \$49,091 at December 31, 2018 which will be recovered by future grant proceeds.

The Tax Increment Debt Service fund has a deficit fund balance of \$1,601,148 at December 31, 2018 which will be recovered by future tax increment collections.

The Maintenance Shop Internal Service Fund has a deficit fund balance of \$317,901 at December 31, 2018 which will be recovered by future charges to departments using the shop's services.

**NOTE 4:- DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash deposits with financial institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of the City's deposits, including Moorhead Public Service was \$49,548,128. The bank balance is required to be 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.

**B. Investments**

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.

As of December 31, 2018, the City has the following recurring fair value measurements of their investments and maturities. The investments are valued using quoted market prices (Level 1 inputs).

Investment Type	Investment Maturities (in years)				
	<1	1 - 5	>5 - 10	>10	
U.S. Treasuries	\$ 249,551	\$ 249,551	\$	\$	
U.S. Agencies	2,189,893	247,165	1,469,445	473,283	
Government Bonds	28,380,153	4,770,316	19,308,923	4,093,304	207,610
Certificates of Deposits	7,481,789	1,709,584	5,772,205		
Money Markets	31,648,967	31,648,967			
Total Investments	\$ 69,950,353	\$ 38,625,583	\$ 26,550,573	\$ 4,566,587	\$ 207,610

*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 CD's and U.S. government backed securities. The Electric and Water Fund money market investments of \$1,148,618 and the City's remaining money market investments of \$30,500,349 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

*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.

*Custodial credit risk-investments.* This 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.

### C. Receivables

Amounts are aggregated into a single accounts receivable line for certain funds and aggregated columns. Below is the detail of receivables for the General Fund, Special Assessment Debt Service, Special Assessment Capital Projects, Permanent Improvement, and the nonmajor governmental funds in the aggregate:

Receivables	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Accounts	\$ 184,893	\$ 50	\$ 210	\$	\$ 64,143	\$ 249,296
Notes	18,750	241,362		72,343	4,383,072	4,715,527
Special Assessments		95,784,750	3,032,972	575,224		99,392,946
Due from other						
Governmental units	281,443	605,692	622,015	2,637,811	2,544,699	6,691,660
Total Receivables	<u>\$ 485,086</u>	<u>\$ 96,631,854</u>	<u>\$ 3,655,197</u>	<u>\$ 3,285,378</u>	<u>\$ 6,991,914</u>	<u>\$ 111,049,429</u>

### D. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 65,133,305	\$ 2,688,010	\$	\$ 67,821,315
Construction in progress	55,886,732	22,074,065	(13,047,261)	64,913,536
Total capital assets, not being depreciated	<u>121,020,037</u>	<u>24,762,075</u>	<u>(13,047,261)</u>	<u>132,734,851</u>
Capital assets, being depreciated:				
Buildings	23,583,834	3,589,899		27,173,733
Improvements other than buildings	28,159,227	1,417,325		29,576,552
Machinery and equipment	38,873,695	2,956,934	(1,571,407)	40,259,222
Infrastructure	257,452,500	9,030,348		266,482,848
Total capital assets being depreciated	<u>348,069,256</u>	<u>16,994,506</u>	<u>(1,571,407)</u>	<u>363,492,355</u>
Less accumulated depreciation for:				
Buildings	(14,008,459)	(716,693)		(14,725,152)
Improvements other than buildings	(13,401,112)	(944,468)		(14,345,580)
Machinery and equipment	(22,058,112)	(3,063,047)	(1,288,742)	(23,832,417)
Infrastructure	(72,201,545)	(5,708,647)		(77,910,192)
Total accumulated depreciation	<u>(121,669,228)</u>	<u>(10,432,855)</u>	<u>(1,288,742)</u>	<u>(130,813,341)</u>
Total capital assets, being depreciated, net	<u>226,400,028</u>	<u>6,561,651</u>	<u>(282,665)</u>	<u>232,679,014</u>
Governmental activities capital assets, net	<u>\$ 347,420,065</u>	<u>\$ 31,323,726</u>	<u>\$ (13,329,926)</u>	<u>\$ 365,413,865</u>

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 9,559,657	\$ 119,808	\$	\$ 9,679,465
Construction in progress	7,903,377	8,510,315	(13,871,930)	2,541,762
Total capital assets, not being depreciated	<u>17,463,034</u>	<u>8,630,123</u>	<u>(13,871,930)</u>	<u>12,221,227</u>
Capital assets, being depreciated:				
Intangible plant	1,288,813			1,288,813
Buildings	199,768,923	4,441,747	(607,385)	203,603,285
Improvements other than buildings	43,725,521	8,096,232	(14,180)	51,807,573
Machinery and equipment	20,515,636	1,282,242	(608,525)	21,189,353
Infrastructure	75,290,269	2,860,593		78,150,862
Total capital assets being depreciated	<u>340,589,162</u>	<u>16,680,814</u>	<u>(1,230,090)</u>	<u>356,039,886</u>
Less accumulated depreciation for:				
Intangible plant	(305,776)	(103,344)		(409,120)
Buildings	(86,466,131)	(4,826,790)	607,385	(90,685,536)
Improvements other than buildings	(16,772,858)	(1,190,699)	14,180	(17,949,377)
Machinery and equipment	(15,011,763)	(732,288)	463,274	(15,280,777)
Infrastructure	(24,568,228)	(1,622,234)		(26,190,462)
Total accumulated depreciation	<u>(143,124,756)</u>	<u>(8,475,355)</u>	<u>1,084,839</u>	<u>(150,515,272)</u>
Total capital assets, being depreciated, net	<u>197,464,406</u>	<u>8,205,459</u>	<u>(145,251)</u>	<u>205,524,614</u>
Business-type activities capital assets, net	<u>\$ 214,927,440</u>	<u>\$ 16,835,582</u>	<u>\$ (14,017,181)</u>	<u>\$ 217,745,841</u>

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

Governmental activities:	
General Government	\$ 96,829
Public Safety	113,217
Highways & Streets, including depreciation of general infrastructure assets	5,799,472
Parks & Recreation	1,281,076
Community Development	1,238
Library	10,786
Economic Development	226,788
Mass Transit	543,367
Subtotal	<u>8,072,773</u>
Internal Service	2,360,082
Total depreciation expense – governmental activities	<u>\$ 10,432,855</u>
Business-type activities:	
Electric	\$ 3,002,654
Water	1,999,123
Wastewater	1,853,062
Storm water	1,083,268
Sanitation	33,813
Golf Course	92,303
Sports Center	143,867
Forestry	803
Airport	266,462
Total depreciation expense – business-type activities	<u>\$ 8,475,355</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net position is \$8,162,655. There is \$312,700 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.

**E. Deferred outflows / Deferred inflows of resources**

As noted in Note 1.G.6 above, the City has reported outflows and deferred inflows of resources at December 31, 2018.

Deferred pension outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments. Deferred outflows for pension plans are \$9,838,651. A deferred outflow of resources is also recognized for the deferred charge on the advance refunding of G.O. Improvement Bonds, Series 2007A of \$1,048,250. This results from the difference in the carrying value of the refunded debt and its reacquisition price.

Deferred pension inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share. Deferred inflows for pensions are \$14,038,120.

The following shows a breakdown of the sources that make up the balance of the deferred inflows of resources on the governmental fund financial statements at December 31, 2018.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Prepayments	\$ 12,646	\$	\$	\$	\$	\$ 12,646
Letter of credit	28,990					28,990
Tower lease	1,653					1,653
Equipment loan	19,250					19,250
Special assessments		95,784,750	3,032,972	575,224		99,392,946
MPS note		237,861				237,861
County road turnback		456,384				456,384
Development loan				72,343		72,343
Parking lot lease				138		138
Registration fees					300	300
Transit grant proceeds					70,805	70,805
CDBG rehabilitation loans					4,228,072	4,228,072
First and new program					155,000	155,000
	<u>\$ 62,539</u>	<u>\$ 96,478,995</u>	<u>\$ 3,032,972</u>	<u>\$ 647,705</u>	<u>\$ 4,454,177</u>	<u>\$ 104,676,388</u>

**F. Pension obligations – Employee retirement system pension plans - Statewide**

1. Defined Benefit

a. Plan Description

The City of Moorhead participates in the following cost-sharing multiple employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan

All full-time and certain part-time employees of the City of Moorhead are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

## 2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief associations that elected to merge with and transfer assets and administration to PERA.

### b. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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.

#### 1. General Employees Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

#### 2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years of service up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

### c. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018 and the City of Moorhead was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2018 were \$777,774. Contributions made by Moorhead Public Service to the General Employees Fund for the year ended December 31, 2018 were \$358,722. The City's and Moorhead Public Service's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary and the City of Moorhead was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$1,196,569. The City's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

1. General Employees Fund Pension Costs

City:

At December 31, 2018, the City reported a liability of \$8,437,884 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$276,797. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for the employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion share was .1521 percent which was a decrease of .0033 percent from its proportionate share measured as of June 30, 2017.

City of Moorhead's proportionate share of the net pension liability	\$	8,437,884
State of Minnesota's proportionate share of the net pension liability Associated with the City of Moorhead		276,797
Total	\$	8,714,681

For the year ended December 31, 2018, the City recognized pension expense of \$3,916,343 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$64,548 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 227,965	\$ 235,094
Changes in actuarial assumptions	\$ 1,433,025	\$ 299,137
Net collective difference between projected and actual investment earnings	\$ -	\$ 941,811
Changes in proportion	\$ 457,973	\$ 158,002
Contributions paid to PERA subsequent to the measurement date	\$ 391,562	\$ -
Total	\$ 2,510,525	\$ 1,634,044

\$391,562 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ 1,081,910
2020	\$ 325,396
2021	\$ (746,273)
2022	\$ (176,113)

Public Service Utility:

At December 31, 2018, MPS reported a liability of \$3,949,884 for its proportionate share of the GERF's net pension liability. MPS' net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with MPS totaled \$129,501. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MPS' proportion of the net pension liability was based on the MPS' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, MPS' proportion share was 0.0712% which was a decrease of 0.0003% from its proportion measured as of June 30, 2017.

MPS' proportionate share of the net pension liability	\$ 3,949,884
State of Minnesota's proportionate share of the net pension liability Associated with MPS	129,501
Total	\$ 4,079,385

For the year ended December 31, 2018, the MPS recognized pension expense of \$224,280 for its proportionate share of the GERF's pension expense. In addition, MPS recognized an additional \$30,199 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, MPS reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 104,968	\$ 114,230
Changes in actuarial assumptions	\$ 374,134	\$ 445,092
Difference between projected and actual investment earnings	\$ -	\$ 412,763
Changes in proportion	\$ 79,974	\$ 70,734
Contributions paid to PERA subsequent to the measurement date	\$ 200,047	\$ -
Total	\$ 759,123	\$ 1,042,819

\$200,047 reported as deferred outflows of resources related to pensions resulting from MPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ 164,338
2020	\$ (203,998)
2021	\$ (325,802)
2022	\$ (82,441)



## 2. Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of \$7,192,673 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contribution received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportionate share was .6748% which was a decrease of .0082% from its proportionate share measured as of June 30, 2017. The City also recognized \$60,732 for the year ended December 31, 2018, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of \$(933,829) for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 263,643	\$ 672,905
Changes in actuarial assumptions	\$ 4,748,544	\$ 8,968,699
Net collective difference between projected and actual investment earnings	\$ -	\$ 1,614,771
Changes in proportion	\$ 847,225	\$ 104,883
Contributions paid to PERA subsequent to the measurement date	\$ 610,338	\$ -
Total	\$ 6,469,750	\$ 11,361,258

\$610,338 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ 151,510
2020	\$ (4,232,710)
2021	\$ (1,111,220)
2022	\$ (309,426)

The total pension expense for all plans recognized by the City for the year ended December 31, 2018, was \$3,206,794.

### e. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for all males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be: 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighing the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
Total	100%	

f. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Pension Liability Sensitivity

City:

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability:	\$13,712,642	\$8,437,884	\$4,083,722
	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the Police and Fire Fund net pension liability:	\$15,421,542	\$7,192,673	\$387,740

Public Service Utility:

The following presents MPS' proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what MPS' proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
MPS' proportionate share of the General Employees Fund net pension liability:	\$6,419,067	\$3,949,884	\$1,911,644

h. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. This report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

2. Defined Contribution Plan

Four council members of the City of Moorhead are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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.

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. 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 (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2018 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		Required Rates
Employee	Employer	Employee	Employer	
\$1,957	\$1,957	5.0%	5.0%	5.0%

**G. Other postemployment benefit (OPEB) obligations**

City:

1. Plan Description

All employees are allowed upon meeting the eligibility requirements under Minn. Stat. 471.61 subd, 2b, to participate in the City's health insurance plan after retirement. The plan covers active and retired employees. Benefit provisions are established through negotiations between the City 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.

2. Benefits Provided

The City allows access to the contract groups other post-retirement benefits of the blended medical premiums of \$686 for single and \$1,491 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

### 3. Employees Covered by Benefit Terms

At the valuation date of January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>252</u>
	<u>266</u>

### 4. Total OPEB Liability

The City's total OPEB liability of \$2,054,167 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

### 5. Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	3.00 percent
Discount Rate	3.30 percent
Healthcare Cost Trend Rates	6.50 percent as of January 1, 2018 grading to 5.00 percent over 6 years
Retiree Plan Participation	Future Retirees Electing Coverage: Pre-65 subsidy available: NA Pre-65 subsidy not available: 45 percent
Percent of Married Retirees Electing Spouse Coverage	Percent of Future Retirees Electing Pre-65 Spouse Coverage: Spouse subsidy available: NA Spouse subsidy not available: 25 percent

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates were based on the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study as of January 1, 2018.

### 6. Changes in the Total OPEB Liability

Balance at January 1, 2018	\$ 1,955,732
Changes from the prior year:	
Service cost	132,300
Interest cost	67,250
Benefit payments	<u>(101,115)</u>
Total Changes	<u>98,435</u>
Balance at December 31, 2018	<u>\$ 2,054,167</u>

## 7. Sensitivity to the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	2.30%	3.30 %	4.30%
Total OPEB Liability	\$2,223,875	\$2,054,167	\$1,896,930

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare trend rate:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB Liability	\$1,837,618	\$2,054,167	\$2,310,411
Medical Trent Rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years

## 8. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$199,550. At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources
Employer contributions made after the measurement date	\$ 99,252

\$99,252 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

## Public Service Utility - Electric and Water

### 1. Plan Description

All employees are allowed to, upon meeting the eligibility requirements under Minn. Stat. 471.61 subd, 2b, participate in Moorhead Public Service's health insurance plan after retirement. The plan covers active and retired employees who have reached age 55 with at least 5 years of service. Benefit provisions are established through negotiations between Moorhead Public Service and the unions representing employees and are renegotiated at the end of each contract period. A separately issued report is not available.

### 2. Benefits Provided

Moorhead Public Service allows access to the contract groups other post-retirement benefits of the blended medical premiums of \$617 for single and \$1,267 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

### 3. Employees Covered by Benefit Terms

At the valuation date of January 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	57
	<u>61</u>

4. Total OPEB Liability

Moorhead Public Service's total OPEB liability of \$471,804 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2017.

5. Actuarial Assumptions

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	3.00 percent
Discount Rate	3.30 percent
Healthcare Cost Trend Rates	6.25 percent as of January 1, 2018 grading to 5.00 percent over 5 years
Retiree Plan Participation	Future Retirees Electing Coverage: Pre-65 subsidy available: NA Pre-65 subsidy not available: 40 percent
Percent of Married Retirees Electing Spouse Coverage	Percent of Future Retirees Electing Pre-65 Spouse Coverage: Spouse subsidy available: NA Spouse subsidy not available: 25 percent

Since the plan is not funded (has no assets), the discount rate was developed by estimating the long term investment yield on the employer funds that will be used to pay benefits as they come due.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale as developed and recommended by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study as of January 1, 2017.

6. Changes in the Total OPEB Liability

Balance at January 1, 2017	\$ 473,038
Changes from the prior year:	
Service cost	31,306
Interest cost	15,851
Benefit payments	<u>(48,391)</u>
Total Changes	<u>(1,234)</u>
Balance at December 31, 2018	<u>\$ 471,804</u>

7. Sensitivity to the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of Moorhead Public Service, as well as what Moorhead Public Service's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	2.30%	3.30 %	4.30%
Total OPEB Liability	\$501,858	\$471,804	\$443,612

The following presents the total OPEB liability of Moorhead Public Service, as well as what Moorhead Public Service's total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare trend rate:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB Liability	\$426,807	\$471,804	\$525,782
Medical Trend Rate	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years

#### 8. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2018, Moorhead Public Service recognized OPEB expense of \$47,157. At December 31, 2018, Moorhead Public Service had no deferred outflows of resources related to OPEB to report.

#### H. Construction and other significant 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, 2050.

The municipality is also committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 1, 2057, 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 2027, 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.

The City of Moorhead has a one-year contract through December 31, 2019, with an option to renew for one additional one-year period with First Transit Inc. to provide bus services and driver management. The annual costs for First Transit during 2018 were \$1,028,782. 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 has active construction projects as of December 31, 2018, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$44,697,480.

#### I. 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, substations and wind turbines, 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.

## J. Long-term liabilities

### General obligation notes

General obligation notes payable at December 31, 2018 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: Watermain loan issued January 1, 2011 in the amount of \$455,413 at 3.0% interest maturing on January 1, 2026.

### Bonds

The City issues G.O. bonds to provide for financing construction, tax increment projects and to refinance (refund) previous bond issues. Debt service is covered respectively by tax increments, revenue generated from projects and special assessments against benefited properties with any shortfalls being paid from general taxes. G.O. bonds are direct obligations and pledge the full faith and credit of the City.

Bonds payable at December 31, 2018 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2018
<u>Governmental Activities</u>					
G.O. Special Assessment					
2008 Refunding Series A	2/15/2008	2/1/2021	3.00 - 4.00	\$ 1,340,000	\$ 165,000
2009 Series A	11/15/2009	2/1/1931	3.00 - 4.50	2,820,000	1,850,000
2009 Series B	11/15/2009	2/1/2029	2.25 - 4.50	8,110,000	4,110,000
2009 Refunding Series C	11/15/2009	2/1/2022	2.00 - 4.00	1,590,000	465,000
2010 Series A	9/9/2010	2/1/1932	1.25 - 5.50	12,135,000	8,385,000
2010 Refunding Series D	9/22/2010	2/1/2023	2.00 - 3.00	2,030,000	795,000
2011 Series A	9/1/2011	2/1/1933	2.00 - 3.625	4,855,000	3,475,000
2011 Refunding Series B	9/1/2011	2/1/2024	.50 - 2.90	900,000	400,000
2011 Series C	12/28/2011	2/1/1933	.65 - 3.60	4,200,000	3,275,000
2012 Series A	5/15/2012	2/1/1933	3.00 - 3.375	16,955,000	13,290,000
2012 Refunding Series C	5/15/2012	2/1/1933	3.00 - 3.375	10,430,000	9,135,000
2012 Refunding Series D	5/15/2012	2/1/2027	3.00 - 4.00	8,815,000	6,485,000
2012 Series F	9/1/2012	2/1/1939	3.00 - 3.50	10,320,000	8,775,000
2013 Series A	10/23/2013	2/1/1935	.80 - 4.30	2,165,000	1,830,000
2014 Refunding Series B	7/24/2014	2/1/1934	2.25 - 5.00	19,440,000	18,040,000
2014 Series C	12/29/2014	2/1/1936	2.00 - 4.00	6,170,000	5,560,000
2014 Refunding Series D	12/29/2014	2/1/2025	3.00 - 4.00	7,660,000	6,145,000
2014 Refunding Series E	12/29/2014	2/1/2027	3.00 - 4.00	9,785,000	7,905,000
2015 Series A	9/24/2015	2/1/1942	3.00 - 4.00	12,270,000	11,840,000
2016 Series B	11/10/2016	2/1/1942	2.00 - 5.00	20,920,000	20,420,000
2016 Refunding Series C	11/10/2016	2/1/1933	3.00 - 5.00	11,135,000	10,235,000
2017 Series A	12/14/2017	2/1/1943	2.00 - 3.25	10,905,000	10,905,000
2017 Refunding Series B	12/14/2017	2/1/2029	2.50 - 5.00	5,000,000	5,000,000
2018 Series A	11/20/2018	2/1/2044	4.00 - 5.00	11,690,000	11,690,000
2018 Refunding Series B	11/20/2018	2/1/2031	5.00	4,870,000	4,870,000
				<u>206,510,000</u>	<u>175,045,000</u>
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/2009	2/1/2028	2.00-4.50	2,910,000	1,910,000
2010 Regency/Holiday Mall Refunding Series B	9/9/2010	2/1/2028	2.00-3.70	1,390,000	960,000
				<u>4,300,000</u>	<u>2,870,000</u>
Total Governmental Activities				<u>\$ 210,810,000</u>	<u>\$ 177,915,000</u>



Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2017
<b>Business-Type Activities</b>					
<b>G.O Revenue Bonds</b>					
G.O. Sewer Revenue Note of 2002	5/6/2002	8/20/2022	3.13	\$ 3,389,288	\$ 867,000
G.O. Sewer Revenue Note of 2004	6/21/2004	8/20/2023	1.98	6,598,073	2,003,099
G.O. Sewer Revenue Note of 2007	6/29/2007	8/20/2026	1.99	12,407,226	6,199,000
2012 G.O. Wastewater Refunding, Series B	5/15/2012	11/1/2029	3.00 – 3.125	10,790,000	8,620,000
2007 Electric MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,405,150	1,872,950
2007 Water MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,838,850	2,112,050
G.O. Water Revenue Note of 2014	8/26/2014	8/20/1934	1.02	12,736,089	10,270,000
G.O. Water Revenue Note of 2016	3/14/2016	8/20/1935	1.00	2,471,358	2,143,000
				<b>55,636,034</b>	<b>34,087,099</b>
<b>Revenue Bonds</b>					
2009 Electric Utility Refunding Series A	5/15/2009	11/1/2024	3.00-4.75	1,470,000	705,000
2010 Electric Utility Revenue Series C	10/26/2010	11/1/2025	2.00-4.875	8,633,900	6,763,500
2010 Water Utility Revenue Series C	10/26/2010	11/1/2025	2.00-4.875	1,706,100	1,336,500
2012 Electric Utility Revenue & Refunding Series E	9/1/2012	11/1/2027	2.00 – 3.00	6,240,000	2,970,000
2014 G.O. Wastewater Revenue Bonds, Series A	7/24/2014	11/1/1934	4.00 – 5.00	7,200,000	6,925,000
2016 Electric Utility Revenue Series A	8/25/2016	11/1/1936	2.00 – 4.00	11,330,000	10,528,700
2016 Water Utility Revenue Series A	8/25/2016	11/1/1936	2.00 – 4.00	1,400,000	1,301,300
				<b>37,980,000</b>	<b>30,530,000</b>
<b>Total Business-Type Activities</b>				<b>\$ 93,616,034</b>	<b>\$ 64,617,099</b>

In December 2017, the City issued \$5,000,000 G.O. Improvement Refunding Bonds, Series 2017B for the current refunding of \$6,050,000 of the G.O. Improvement Bonds, Series 2008B. The net proceeds and the City's equity contribution of \$500,000 were deposited in the City's bank account and used to retire the debt on its call date of February 1, 2018. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of \$1,363,500. The net present value cash flow savings from the transaction was \$1,207,009.

In November 2018, the City issued \$4,870,000 G.O. Improvement Refund Bonds, Series 2018B for the current refunding of \$1,715,000 of the G.O. Improvement Bonds, Series 2009A and for the current refunding of \$3,795,000 of the G.O. Flood Mitigation Bonds, Series 2009B. The net proceeds and the City's cash contribution of \$100,000 were deposited in the City's bank account and will be used to retire the debt on its call date of February 1, 2019. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of \$527,069. The net present value cash flow savings from the transaction was \$452,627.

### **Conduit Debt**

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, 2018, there were 11 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$103,288,940.

**Changes in long-term liabilities**

Special assessment bonds and general obligation bonds together comprise the governmental activity bonds payable. General Obligation includes tax increment bonds. The compensated absences liability and other post-employment benefits 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. The liability for pension-related debt and OPEB has typically has been fully liquidated by the general fund for governmental activities.

<u>Type of Bonds</u>	Balance at			Balance at		
	January 1, 2018	As Restated	Additions	Reductions	December 31, 2018	Due Within One Year
<b>Governmental Activities:</b>						
<b>Bonds Payable</b>						
G.O. Special Assessment	\$ 173,860,000	\$ 16,560,000	\$ 15,375,000	\$ 175,045,000	\$ 15,675,000	
G.O. Tax Increment	3,240,000	-	370,000	2,870,000	235,000	
G.O. Municipal Improvement Revenue	65,000	-	65,000	-	-	
Premiums	876,002	1,349,861	79,353	2,146,510	145,257	
<b>Total Bonds Payable</b>	<b>178,041,002</b>	<b>17,909,861</b>	<b>15,889,353</b>	<b>180,061,510</b>	<b>16,055,257</b>	
Notes Payable	323,816	-	86,848	236,968	91,271	
Compensated Absences	1,970,126	1,473,574	1,333,174	2,110,526	1,435,158	
Other Post-Employment Benefits	1,504,435	306,313	-	1,810,748	-	
Net Pension Liability	17,048,693	-	3,164,778	13,883,915	-	
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 198,888,072</b>	<b>\$ 19,689,748</b>	<b>\$ 20,474,153</b>	<b>\$ 198,103,667</b>	<b>\$ 17,581,686</b>	
<b>Business-Type Activities:</b>						
<b>Bonds Payable</b>						
Electric Utility	\$ 24,629,400	\$ -	\$ 1,789,250	\$ 22,840,150	\$ 1,864,300	
Water Utility	18,264,852	27,213	1,129,215	17,162,850	1,155,700	
Wastewater	26,585,430	-	1,971,331	24,614,099	2,075,000	
Discount	(80,325)	-	(6,695)	(73,630)	(6,695)	
Premiums	834,960	-	65,816	769,144	22,968	
<b>Total Bonds Payable</b>	<b>70,234,317</b>	<b>27,213</b>	<b>4,948,917</b>	<b>65,312,613</b>	<b>5,111,273</b>	
Notes Payable	267,972	-	30,111	237,861	31,021	
Compensated Absences	1,083,393	416,212	253,938	1,245,667	1,067,178	
Other Post-Employment Benefits	575,897	139,326	-	715,223	-	
Net Pension Liability	6,657,768	-	961,241	5,696,527	-	
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 78,819,347</b>	<b>\$ 582,751</b>	<b>\$ 6,194,207</b>	<b>\$ 73,207,891</b>	<b>\$ 6,209,472</b>	

The annual requirement to amortize notes outstanding as of December 31, 2018, follows:

Year	Governmental Activities		Year	Business-Type Activities	
	Principal	Interest		Principal	Interest
2019	\$ 91,271	\$ 10,786	2019	\$ 31,021	\$ 6,905
2020	95,920	6,137	2020	31,959	5,967
2021	49,777	1,252	2021	32,925	5,001
2022	-	-	2022	33,920	4,006
2023	-	-	2023	34,945	2,981
2024-2025	-	-	2024-2025	73,091	2,762
	<b>\$ 236,968</b>	<b>\$ 18,175</b>		<b>\$ 237,861</b>	<b>\$ 27,622</b>

The requirement to amortize all bonded debt outstanding as of December 31, 2018, follows:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 15,910,000	\$ 5,903,800	\$ 5,095,000	\$ 1,876,144	28,784,944
2020	10,680,000	5,642,794	5,229,000	1,732,204	23,283,998
2021	11,205,000	5,229,935	5,468,000	1,572,997	23,475,932
2022	11,320,000	4,789,772	5,625,000	1,401,272	23,136,044
2023	11,330,000	4,356,048	5,752,099	1,222,243	22,660,390
2024-2028	53,560,000	15,756,598	21,424,000	3,544,832	94,285,430
2029-2033	37,595,000	7,765,423	11,925,000	1,388,448	58,673,871
2034-2038	16,040,000	2,947,247	4,099,000	173,553	23,259,800
2039-2043	9,790,000	834,928	-	-	10,624,928
2044	485,000	9,700	-	-	494,700
<b>Total</b>	<b>\$ 177,915,000</b>	<b>\$ 53,236,245</b>	<b>\$ 64,617,099</b>	<b>\$ 12,911,693</b>	<b>\$ 308,680,037</b>

#### K. Fund balance

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<b>Fund Balances:</b>						
Nonspendable:						
Notes Receivable	\$ 18,750	\$	\$	\$	\$	\$ 18,750
Advances	3,533,578					3,533,578
Prepaid items	10,687					10,687
Total Nonspendable	<u>3,563,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,563,015</u>
Restricted for:						
Debt Service		46,383,696			323,166	46,706,862
Capital Projects			3,472,697			3,472,697
Community Development					10,673	10,673
Police	533,289				44,360	577,649
Fire					175	175
Park					14,091	14,091
Total Restricted	<u>533,289</u>	<u>46,383,696</u>	<u>3,472,697</u>	<u>-</u>	<u>392,465</u>	<u>50,782,147</u>
Committed to:						
Capital Projects					533,264	533,264
Assigned to:						
General Government	403,929					403,929
Park					1,655,262	1,655,262
Library					338,584	338,584
Rental Registration					183,455	183,455
Mass Transit					1,645,898	1,645,898
Economic Development					2,526,024	2,526,024
Total Assigned	<u>403,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,349,223</u>	<u>6,753,152</u>
Unassigned:						
	15,030,435			(4,328,853)	(1,650,239)	9,051,343
Total Fund Balances	\$ <u>19,530,668</u>	\$ <u>46,383,696</u>	\$ <u>3,472,697</u>	\$ <u>(4,328,853)</u>	\$ <u>5,624,713</u>	\$ <u>70,682,921</u>

#### L. Interfund receivables and payables

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, 2018, is as follows:

##### **Due to/from other funds:**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 5,021,481	\$
Permanent Improvement Fund		3,611,158
Community Development Fund		127,485
Capital Improvement Fund	187,765	
Maintenance Shop Fund		305,432
	<u>5,209,246</u>	<u>4,044,075</u>
Business-type activities:		
Electric Fund		1,636,061
Water Fund		67,531
Waste Water Fund	674,006	
Storm Water Fund	225,079	
Sanitation Fund	350,902	
Golf Course Fund		705,946
Pest Control Fund	58,052	
Forestry Fund	71,375	
Municipal Airport Fund		203,929
Street Light Utility Fund	68,882	
	<u>1,448,296</u>	<u>2,613,467</u>
	<u>\$ 6,657,542</u>	<u>\$ 6,657,542</u>

**Advances to/from other funds:**

Advances in the amount of \$2,643,810 from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. The advance from the general fund to the golf course fund in the amount of \$785,768 will be repaid with future land sale proceeds. The advance from the general fund to the permanent improvement fund in the amount of \$104,000 will be repaid with future land sale proceeds. The advance from the special assessment capital projects fund to the water fund will be repaid with future service charges.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 3,533,578	
Special Assessment Capital Projects	179,405	
Permanent Improvement Fund		104,000
Tax Increment Debt Service Fund		2,643,810
	<u>3,712,983</u>	<u>2,747,810</u>
Business-type activities:		
Water Fund		179,405
Golf Course Fund		785,768
	<u>-</u>	<u>965,173</u>
	<u>\$ 3,712,983</u>	<u>\$ 3,712,983</u>

**M. Interfund transfers**

The composition of interfund transfers for the year ended December 31, 2018 is as follows:

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
<u>Major Funds</u>							
General	\$ 13,600	\$	\$	\$	\$	\$	\$ 13,600
Special Assmt Debt	100,000					100,000	
Special Assmt Capital Projects	1,834,377		58,970	1,775,407			
Electric	8,822,765	6,725,000			2,097,765		
Water	589,531	463,531			126,000		
Wastewater	600,102	420,102		180,000			
Storm Water	136,354	136,354					
Totals	12,096,729	7,744,987	58,970	1,955,407	2,223,765	100,000	13,600
<u>Non-Major Funds</u>							
Governmental	1,820,775	43,000	100,000	526,000	34,000	1,117,775	
Enterprise	1,348,599	676,859		613,490		58,250	
Totals	3,169,374	719,859	100,000	1,139,490	34,000	1,176,025	0
	\$ 15,266,103	\$ 8,464,846	\$ 158,970	\$ 3,094,897	\$ 2,257,765	\$ 1,276,025	\$ 13,600

**NOTE 5: - OTHER INFORMATION**

**A. 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.

Prior to 2015, each governmental entity contributed to the joint operations in the following percentages:

- City of Fargo – 50.6%
- City of Moorhead – 18.2%
- Cass County – 8.8%
- Clay County – 10.0%
- City of West Fargo – 12.4%

Effective January 1, 2015 the joint powers agreement was amended as a result of a Cass County vote in November 2014, which ended the City of West Fargo and City of Fargo collections of emergency communication system fees on an individual city-wide basis. Cass County emergency fee collection, which is collected per user by the county, is expected to be sufficient to cover the contribution for the City of Fargo, West Fargo and Cass County. Cass County has agreed to pay all valid billings from vendors of emergency service communication system funds for all users in Cass County.

Effective January 1, 2015, the cost share formula was amended as follows:

- City of Fargo – 0%
- City of Moorhead – 18.2%
- Cass County – 71.8%
- Clay County – 10.0%
- City of West Fargo – 0%

Any governmental entity may elect to withdraw from participation upon giving a 1-year written notice. Additional 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”).

On June 1, 2016 a Joint Powers Agreement was executed by the City of Moorhead, City of Fargo, Clay County, Cass County and the Cass County Joint Water Resource District which terminated the Limited Joint Powers Agreement and established a permanent joint powers entity called the Metro Flood Diversion Authority to provide the Fargo-Moorhead Metropolitan Area with permanent and comprehensive flood protection.

In addition, on July 11, 2016 a Project Partnership Agreement was entered into between the United States Department of the Army and the City of Fargo, City of Moorhead and Metro Flood Diversion Authority for the construction of the Fargo-Moorhead Metropolitan Area flood risk management project. This agreement provides for federal funding in the amount of \$450,000,000 in October 2015 dollars, with future annual adjustments for inflation, with the non-federal sponsors responsible for all costs in excess of the federal participation amount.

The total estimated cost of the project in 2015 is \$2.2 Billion. The State of North Dakota has committed \$570M to date, leaving approximately \$1.2M in local share. The City of Moorhead and Clay County contributions to the project will not exceed \$100M which is to be requested from the State of Minnesota. Voters in both Fargo and Cass County have approved three half-cent sales taxes to be extended through 2084 to cover the North Dakota local share.

A Split Delivery model is being pursued and would deliver the majority of the Diversion Project’s features through a Public-Private Partnership (P3) project, while the U.S. Army Corps of Engineers intends to use traditional design-bid-build method. The P3 model will deliver the best value for the public’s money, provide performance guarantees and long-term warranties that otherwise would not be available, promote delivery innovation, and shorten the schedule to achieve flood risk reduction sooner than could be achieved otherwise.

Additional information regarding the authority and project may be obtained by contacting: Flood Diversion Board of Authority, Box 2806, 211 Ninth Street South, Fargo, ND 58108 or on their website at [www.fmdiversion.com](http://www.fmdiversion.com).

### B. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,772,628 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 \$21,480,046 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

### C. Tax Abatements

The City of Moorhead offers tax abatements through two programs – a Property Tax Exemption Program and a Make Moorhead Home Property Tax Rebate Program.

#### **Property Tax Exemption:**

The property tax exemption is authorized under Minnesota Statute 469.1734 subd. 3, and is available for new construction or substantial expansion/rehabilitation of an existing building classified as commercial, industrial, multi-family residential or mixed use or for the conversion of an existing facility from a commercial or industrial use to a multi-family and/or mixed-use facility. The project must meet minimum project requirements for new building value and/or jobs. Only building improvements are eligible for the exemption. Land and existing improvements (unless demolished) remain taxable. The term of exemption for commercial and industrial properties ranges from two years to 20 years dependent upon FTE jobs created or retained and the increased taxable value of the new construction. The term of the exemption for multi-family residential or mixed-use properties is either two or four years depending on the new building value per unit.

The City also offers a variation of this program targeting urban development, infill, and redevelopment of commercial or residential properties within the zone to concentrate reinvestment in Moorhead's downtown, near downtown, and transitional areas which is referred to as Urban Progress (UP) Zone Property Tax Exemption. This variation offers an additional four years of phase out dependent upon FTE jobs created or retained and the increased taxable value of the new construction.

**Make Moorhead Home Property Tax Rebate Program**

The City of Moorhead offers a property tax abatement (rebate) program to individuals constructing new residential homes in Moorhead pursuant to Minnesota Statutes 469.1813 – 469.1816. The property taxes are paid when due and subsequently rebated to the homeowner in December. This rebate is available for the first two years of property taxes.

The following is information relevant to the disclosure of these programs for the fiscal year ended December 31, 2018:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Property Tax Exemption	\$ 344,048
Make Moorhead Home Property Tax Rebate	324,844

**D. Component Unit - Moorhead Public Housing Agency**

1. Deposits and Investments

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

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

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

In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages authorized by the Agency, all of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance. At June 30, 2018, the carrying amount of the Agency's deposits was \$990,932, and the bank balance was \$1,060,710. The Agency's deposits at its financial institutions were fully collateralized at June 30, 2018.

Interest Rate Risk – The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk – The Agency may invest idle funds in deposits that are properly secured by FDIC insurance coverage and are with designated depositories, which meet or exceed the Governmental National Mortgage Association Ratings.

2. Restricted Cash

Restricted assets consist of cash which is restricted to comply with HUD requirements for tenant security deposits.

3. Accounts Receivable and Due from Other Governments

Accounts receivable of \$9,795 consists of amounts due from tenants of the Public Housing program, which includes an allowance of \$2,766. Due from other governments of \$11,515 consists of reimbursements of vouchers owed by Minnesota Housing Finance Agency.

4. Capital assets are defined by the Agency as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of the donation. Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Total Capital assets not being depreciated	464,977			464,977
Capital assets, being depreciated:				
Buildings & Improvements	11,765,094	156,212		11,921,306
Furniture, equipment & machinery	933,717	48,199	21,146	960,770
Total Capital assets being depreciated	12,698,811	204,411	21,146	12,882,076
Less accumulated depreciation for:				
Buildings & Improvements	7,095,291	254,692		7,349,983
Furniture, equipment & machinery	687,017	56,789	21,146	722,660
Total accumulated depreciation	7,782,308	311,481	21,146	8,072,643
Total capital assets, being depreciated, net	4,916,503	(107,070)		4,809,433
Total Capital assets, net	\$ 5,381,480	\$ (107,070)	\$	\$ 5,274,410

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

Business-type activities	
Low-Rent Public Housing	\$ 311,481

5. Accounts Payable

Accounts payable of \$17,305 represents expenses incurred but not paid to vendors at June 30, 2018.

6. Compensated Absences

Changes in compensated absences for the year ended June 30, 2018 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 17,766	\$ 20,056	\$ 14,303	\$ 23,519	\$ 23,519

7. Payments in Lieu of Taxes

The Agency is obligated to make annual payments in lieu of property taxes based on a predetermined percent of dwelling rents net of utilities expense. At June 30, 2018, the amount payable to local governments in lieu of taxes was \$46,415.

8. Unearned Revenue

Unearned revenue at June 30, 2018, includes \$54,134 of funds received from Otter Tail County for future supportive service costs.

9. Prior Period Adjustment

In a prior year, the Agency made a duplicate entry to capital assets, and therefore, had an overstated carrying value on the general ledger. A prior period adjustment has been made to the financial statements for the year ended June 30, 2017, to decrease capital assets and net position by \$123,400.

10. Retirement Plan

The Agency has a nonintegrated, discretionary contribution Money Purchase Plan covering substantially all employees. The plan is funded through payments to Security Benefit, Inc. where the contributions are allocated to the account of each participant in the same portion as the participant's compensation bears to all participants' compensation for the year. The Agency contributes 7% of employees' eligible salaries and employees must contribute up to 7% of salaries to the plan. In this master multiple-employee plan, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The approximated total cost of this plan for the years ended June 30, 2018, 2017, and 2016 was \$16,859, \$17,892, and \$23,142, respectively.



## 11. Subsequent Events

No significant events occurred subsequent to the Agency's year end. Subsequent events have been evaluated through December 28, 2018, which is the date the financial statements were available to be issued.

### E. Restatement of Net Position

#### 1. Change in Accounting Principle

As of January 1, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning OPEB liability and deferred outflows of resources related to contributions made after the measurement date as described in Note 5.E.3.

#### 2. Restatement of Infrastructure and Net Position

The January 1, 2018, governmental activities infrastructure capital assets and net position were decreased by \$50,722,041. The Wastewater Treatment and Storm Water Enterprise Funds had their infrastructure capital assets and net positions increased \$21,948,434 and \$28,773,607 respectively. This is due to a correction of an error from previous years where infrastructure additions had been included in governmental activities and should have been reported as additions in the appropriate enterprise funds.

#### 3. Restatements of Net Position

	Governmental Activities	Business-Type Activities
Net Position, January 1, 2018 as previously reported	\$ 361,123,324	\$ 138,228,667
Change in Accounting Principle		
Remove previously reported OPEB liability reported under GASB Statement No. 45	1,087,990	575,897
Add OPEB liability reported under GASB Statement No. 75	(1,526,027)	(902,743)
Correction of an error		
Adjust for infrastructure	(50,722,041)	50,722,041
Net Position, January 1, 2018 as restated	<u>\$ 309,963,246</u>	<u>\$ 188,623,862</u>

	Enterprise Funds				
	Electric	Water	Wastewater Treatment	Storm Water	Non-major
Net Position, January 1, 2018 as previously reported	\$ 51,085,320	\$ 45,533,793	\$ 22,023,759	\$ 5,229,721	\$ 14,158,008
Change in Accounting Principle					
Remove previously reported OPEB liability reported under GASB Statement No. 45	161,722	107,814	101,197	11,721	193,443
Add OPEB liability reported under GASB Statement No. 75	(283,823)	(189,215)	(141,940)	(16,440)	(271,325)
Correction of an error					
Adjust for infrastructure			21,948,434	28,773,607	
Net Position, January 1, 2018 as restated	<u>\$ 50,963,219</u>	<u>\$ 45,452,392</u>	<u>\$ 43,931,450</u>	<u>\$ 33,998,609</u>	<u>\$ 14,080,126</u>

## **F. Future Implementation of Approved GASB Standards**

As of December 31, 2018, there are a number of GASB Standards that have been issued by the Governmental Accounting Standards Board (GASB) that are not effective as of December 31, 2018 but will be implemented in future years.

The first statement issued but not yet implemented that will affect governmental entities is statement No. 83, Certain Asset Retirement Obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. This statement will be implemented by governmental entities in the year ended December 31, 2019.

The second statement issued but not yet implemented that will affect governmental entities is statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity which meets the criteria outlined in this statement should be reported in a fiduciary fund in the basic financial statements. This statement also outlines and describes the types of fiduciary funds that should be reported. This statement will be implemented by governmental entities in the year ended December 31, 2019.

The third statement issued but not yet implemented that will affect governmental entities is statement No. 87, Leases. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will be implemented by governmental entities in the year ended December 31, 2020.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes to Total OPEB Liability and Related Ratios, Last 10 Fiscal Years**

City:

	<u>12/31/2018</u>
Service cost	132,300
Interest	67,250
Changes in assumptions	-
Benefit payments	<u>(101,115)</u>
Net change in total OPEB liability	98,435
Total OPEB Liability - beginning	1,955,732
Total OPEB Liability - ending	2,054,167
Covered employee payroll	16,125,297
Total OPEB liability as a percentage of covered employee payroll	12.7%

Public Service Utility:

	<u>12/31/2018</u>
Service cost	31,306
Interest	15,851
Changes in assumptions	-
Benefit payments	<u>(48,391)</u>
Net change in total OPEB liability	(1,234)
Total OPEB Liability - beginning	473,038
Total OPEB Liability - ending	471,804
Covered employee payroll	4,375,925
Total OPEB liability as a percentage of covered employee payroll	10.8%

- GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Moorhead will present information for those years for which information is available.

**Notes to the Schedule of Changes in Total OPEB Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Schedule of Employer's Share of Net Pension Liability**

City:

Pension Plan	Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2018	.1521%	\$ 8,437,884	\$ 276,797	\$ 8,714,681	\$ 11,429,880	73.8%	79.5%
PEPFF	6/30/2018	.6748%	\$ 7,192,673	N/A	\$ 7,192,673	\$ 7,207,246	99.8%	79.5%
GERF	6/30/2017	.1544%	\$ 9,920,633	\$ 124,766	\$ 10,045,399	\$ 10,310,813	96.2%	75.9%
PEPFF	6/30/2017	.683%	\$ 9,221,313	N/A	\$ 9,221,313	\$ 8,075,441	114.2%	75.9%
GERF	6/30/2016	.1453%	\$ 11,797,639	\$ 154,084	\$ 11,951,723	\$ 9,034,080	130.6%	68.9%
PEPFF	6/30/2016	.645%	\$ 25,884,972	N/A	\$ 25,884,972	\$ 6,450,180	401.3%	68.9%
GERF	6/30/2015	.1416%	\$ 7,338,447	N/A	\$ 7,338,447	\$ 8,503,085	86.3%	78.2%
PEPFF	6/30/2015	.649%	\$ 7,374,159	N/A	\$ 7,374,159	\$ 6,799,858	108.5%	78.2%

Public Service Utility:

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2018	.0712%	\$ 3,949,884	\$ 129,501	\$ 4,079,385	\$ 4,484,756	113.5%	79.5%
GERF	6/30/2017	.0715%	\$ 4,564,514	\$ 57,367	\$ 4,621,881	\$ 7,092,367	155.4%	75.9%
GERF	6/30/2016	.0706%	\$ 5,732,370	\$ 74,844	\$ 5,807,214	\$ 6,664,177	116.3%	68.9%
GERF	6/30/2015	.0686%	\$ 3,555,208	N/A	\$ 3,555,208	\$ 6,393,326	179.8%	78.2%

- GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Moorhead will present information for those years for which information is available.

Schedule of Employer's Contributions

City:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
GERF	12/31/2018	\$ 777,774	\$ 777,774	\$ -	\$10,737,644	7.2%
PEPFF	12/31/2018	\$ 1,196,569	\$ 1,196,569	\$ -	\$ 8,402,666	14.2%
GERF	12/31/2017	\$ 700,910	\$ 700,910	\$ -	\$10,140,633	6.9%
PEPFF	12/31/2017	\$ 1,167,768	\$ 1,167,768	\$ -	\$ 7,777,052	15.0%
GERF	12/31/2016	\$ 645,126	\$ 645,126	\$ -	\$ 9,546,541	6.8%
PEPFF	12/31/2016	\$ 1,103,542	\$ 1,103,542	\$ -	\$ 7,253,057	15.2%
GERF	12/31/2015	\$ 683,737	\$ 683,737	\$ -	\$ 8,923,750	7.7%
PEPFF	12/31/2015	\$ 1,023,130	\$ 1,023,130	\$ -	\$ 6,612,690	15.5%

Public Service Utility:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
GERF	12/31/2018	\$ 358,722	\$ 358,722	\$ -	\$ 5,038,230	7.1%
GERF	12/31/2017	\$ 345,294	\$ 345,294	\$ -	\$ 4,808,451	7.2%
GERF	12/31/2016	\$ 335,637	\$ 335,637	\$ -	\$ 4,567,832	7.3%
GERF	12/31/2015	\$ 311,115	\$ 311,115	\$ -	\$ 4,192,691	7.4%

- GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Moorhead will present information for those years for which information is available.

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# SUPPLEMENTARY INFORMATION

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## 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, 2018**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 1,093,995	\$ 336,260	\$	\$ 189,565	\$ 422,332	\$ 2,533,986
Receivables:						
Accounts	54,024		558	1,736	7,590	235
Notes			4,228,072			155,000
Due from other funds						
Due from other governmental units	665,451	7,826	129,471		1,729,465	3,724
<b>Total Assets</b>	<u>\$ 1,813,470</u>	<u>\$ 344,086</u>	<u>\$ 4,358,101</u>	<u>\$ 191,301</u>	<u>\$ 2,159,387</u>	<u>\$ 2,692,945</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 115,730	\$ 5,502	\$ 44,466	\$ 905	\$ 435,488	\$ 4,323
Accrued wages payable	37,277		3,179	6,941	7,196	3,598
Due to other funds			127,485			
Advances from other funds						
Other liabilities	4,901		3,990			4,000
<b>Total Liabilities</b>	<u>157,908</u>	<u>5,502</u>	<u>179,120</u>	<u>7,846</u>	<u>442,684</u>	<u>11,921</u>
Deferred inflows of resources:						
Long-term receivables	300		4,228,072		70,805	155,000
<b>Total Deferred inflows of resources</b>	<u>300</u>		<u>4,228,072</u>		<u>70,805</u>	<u>155,000</u>
Fund Balance:						
Restricted						
Committed						
Assigned	1,655,262	338,584		183,455	1,645,898	2,526,024
Unassigned			(49,091)			
<b>Total Fund Balance</b>	<u>1,655,262</u>	<u>338,584</u>	<u>(49,091)</u>	<u>183,455</u>	<u>1,645,898</u>	<u>2,526,024</u>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balance</b>	<u>\$ 1,813,470</u>	<u>\$ 344,086</u>	<u>\$ 4,358,101</u>	<u>\$ 191,301</u>	<u>\$ 2,159,387</u>	<u>\$ 2,692,945</u>



**CITY OF MOORHEAD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2018**

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 69,574	\$ 4,645,712	\$ 119,312	\$ 1,052,106	\$ 202,883	\$ 1,374,301	\$ 426,920	\$ 6,446,933
	64,143						64,143
	4,383,072					187,765	4,383,072
	2,535,937	971	1,350		2,321	6,441	2,544,699
<u>\$ 69,574</u>	<u>\$ 11,628,864</u>	<u>\$ 120,283</u>	<u>\$ 1,053,456</u>	<u>\$ 202,883</u>	<u>\$ 1,376,622</u>	<u>\$ 621,126</u>	<u>\$ 13,626,612</u>
\$ 275	\$ 606,689	\$	\$	\$	\$	\$ 87,862	\$ 694,551
	58,191						58,191
	127,485						127,485
	12,891		2,643,810		2,643,810		2,643,810
	275		10,794		10,794		23,685
	805,256		2,654,604		2,654,604	87,862	3,547,722
	4,454,177						4,454,177
	4,454,177						4,454,177
69,299	69,299	120,283		202,883	323,166	533,264	392,465
	6,349,223						533,264
	(49,091)		(1,601,148)		(1,601,148)		6,349,223
69,299	6,369,431	120,283	(1,601,148)	202,883	(1,277,982)	533,264	(1,650,239)
<u>\$ 69,574</u>	<u>\$ 11,628,864</u>	<u>\$ 120,283</u>	<u>\$ 1,053,456</u>	<u>\$ 202,883</u>	<u>\$ 1,376,622</u>	<u>\$ 621,126</u>	<u>\$ 13,626,612</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
<b>REVENUES</b>						
Property taxes	\$ 2,372,705	\$ 696,670	\$	\$	\$ 119,437	\$ 330,850
Intergovernmental revenues:						
Federal			325,717		496,505	
State	1,625,604	169,092		360	3,026,218	80,366
County						
Other						
Charges for services	182,734			220,230	443,314	5,250
Facility rentals	167,490					
Donations						
Interest on investments	7,813	1,524		1,670	11,341	26,217
Sale of property					2,762	3,750
Miscellaneous	137,775	20,658	241,545	2,331	3,662	134,970
Total revenues	<u>4,494,121</u>	<u>887,944</u>	<u>567,262</u>	<u>224,591</u>	<u>4,103,239</u>	<u>581,403</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	3,259,000					
Library		888,629				
Community development			559,576			
Rental registration				328,176		
Mass transit					2,858,630	
Economic development						598,413
Capital outlay	1,291,120		24,769		1,080,232	14,445
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>4,550,120</u>	<u>888,629</u>	<u>584,345</u>	<u>328,176</u>	<u>3,938,862</u>	<u>612,858</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(55,999)</u>	<u>(685)</u>	<u>(17,083)</u>	<u>(103,585)</u>	<u>164,377</u>	<u>(31,455)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt						
Transfers from other funds	34,000				250,708	50,000
Transfers to other funds	(415,000)					(269,033)
Total other financing sources (uses)	<u>(381,000)</u>				<u>250,708</u>	<u>(219,033)</u>
NET CHANGE IN FUND BALANCE	(436,999)	(685)	(17,083)	(103,585)	415,085	(250,488)
FUND BALANCE - BEGINNING	<u>2,092,261</u>	<u>339,269</u>	<u>(32,008)</u>	<u>287,040</u>	<u>1,230,813</u>	<u>2,776,512</u>
FUND BALANCE - ENDING	<u>\$ 1,655,262</u>	<u>\$ 338,584</u>	<u>\$ (49,091)</u>	<u>\$ 183,455</u>	<u>\$ 1,645,898</u>	<u>\$ 2,526,024</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$	\$ 3,519,662	\$ 81,871	\$ 546,662	\$	\$ 628,533	\$	\$ 4,148,195
	822,222						822,222
	4,901,640	19,830	626,144		645,974		5,547,614
	851,528			975	975		975
	167,490						167,490
9,765	9,765						9,765
	48,565	1,018	5,240	6,813	13,071	3,763	65,399
	6,512						6,512
	540,941					11,250	552,191
<u>9,765</u>	<u>10,868,325</u>	<u>102,719</u>	<u>1,178,046</u>	<u>7,788</u>	<u>1,288,553</u>	<u>15,013</u>	<u>12,171,891</u>
						92,069	92,069
16,630	16,630					59,912	76,542
	3,259,000					19,294	19,294
	888,629					141,151	3,400,151
	559,576					17,494	906,123
	328,176						559,576
	2,858,630						328,176
	598,413						2,858,630
	2,410,566					3,797,021	598,413
		86,848	370,000	65,000	521,848		521,848
		15,209	707,969	1,398	724,576		724,576
			101,916	850	102,766		102,766
<u>16,630</u>	<u>10,919,620</u>	<u>102,057</u>	<u>1,179,885</u>	<u>67,248</u>	<u>1,349,190</u>	<u>4,126,941</u>	<u>16,395,751</u>
<u>(6,865)</u>	<u>(51,295)</u>	<u>662</u>	<u>(1,839)</u>	<u>(59,460)</u>	<u>(60,637)</u>	<u>(4,111,928)</u>	<u>(4,223,860)</u>
	334,708					2,000,000	2,000,000
	(684,033)					2,173,765	2,508,473
	(349,325)					(1,136,742)	(1,820,775)
						3,037,023	2,687,698
(6,865)	(400,620)	662	(1,839)	(59,460)	(60,637)	(1,074,905)	(1,536,162)
76,164	6,770,051	119,621	(1,599,309)	262,343	(1,217,345)	1,608,169	7,160,875
<u>\$ 69,299</u>	<u>\$ 6,369,431</u>	<u>\$ 120,283</u>	<u>\$ (1,601,148)</u>	<u>\$ 202,883</u>	<u>\$ (1,277,982)</u>	<u>\$ 533,264</u>	<u>\$ 5,624,713</u>

**CITY OF MOORHEAD, MINNESOTA  
PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 2,386,880	\$ 2,386,880	\$ 2,372,705	\$ (14,175)
Intergovernmental:				
State	577,178	577,178	1,625,604	1,048,426
Charges for services	184,350	187,350	182,734	(4,616)
Facility rentals	163,656	163,656	167,490	3,834
Interest on investments	4,000	4,000	7,813	3,813
Miscellaneous	99,000	99,000	137,775	38,775
Total revenues	<u>3,415,064</u>	<u>3,418,064</u>	<u>4,494,121</u>	<u>1,076,057</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	1,676,007	1,684,607	1,659,154	25,453
Supplies	236,909	246,909	284,373	(37,464)
Other services & charges	1,067,148	1,162,598	1,315,473	(152,875)
Capital outlay		50,591	1,291,120	(1,240,529)
Total expenditures	<u>2,980,064</u>	<u>3,144,705</u>	<u>4,550,120</u>	<u>(1,405,415)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>435,000</u>	<u>273,359</u>	<u>(55,999)</u>	<u>(329,358)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds		200,785	34,000	(166,785)
Transfers to other funds	<u>(415,000)</u>	<u>(415,000)</u>	<u>(415,000)</u>	
Total other financing uses	<u>(415,000)</u>	<u>(214,215)</u>	<u>(381,000)</u>	<u>(166,785)</u>
NET CHANGE IN FUND BALANCE	20,000	59,144	(436,999)	(496,143)
FUND BALANCE - BEGINNING	<u>2,092,261</u>	<u>2,092,261</u>	<u>2,092,261</u>	
FUND BALANCE - ENDING	<u>\$ 2,112,261</u>	<u>\$ 2,151,405</u>	<u>\$ 1,655,262</u>	<u>\$ (496,143)</u>

**CITY OF MOORHEAD, MINNESOTA  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 700,642	\$ 700,642	\$ 696,670	\$ (3,972)
Intergovernmental:				
State	169,081	169,081	169,092	11
Interest on investments			1,524	1,524
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>20,658</u>	<u>658</u>
Total revenues	<u>889,723</u>	<u>889,723</u>	<u>887,944</u>	<u>(1,779)</u>
EXPENDITURES				
Current:				
Supplies	3,500	3,500	6,344	(2,844)
Other services & charges	<u>886,223</u>	<u>886,223</u>	<u>882,285</u>	<u>3,938</u>
Total expenditures	<u>889,723</u>	<u>889,723</u>	<u>888,629</u>	<u>1,094</u>
NET CHANGE IN FUND BALANCE			(685)	(685)
FUND BALANCE - BEGINNING	<u>339,269</u>	<u>339,269</u>	<u>339,269</u>	
FUND BALANCE - ENDING	<u>\$ 339,269</u>	<u>\$ 339,269</u>	<u>\$ 338,584</u>	<u>\$ (685)</u>

**CITY OF MOORHEAD, MINNESOTA  
COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 222,292	\$ 222,292	\$ 325,717	\$ 103,425
Miscellaneous:				
Rehab loan payments	206,618	206,618	184,103	(22,515)
Miscellaneous			57,442	57,442
Total revenues	<u>428,910</u>	<u>428,910</u>	<u>567,262</u>	<u>138,352</u>
EXPENDITURES				
Current:				
Personnel	113,505	113,505	98,010	15,495
Supplies	1,325	1,325	542	783
Other services & charges	314,080	384,610	461,024	(76,414)
Capital outlay			24,769	(24,769)
Total expenditures	<u>428,910</u>	<u>499,440</u>	<u>584,345</u>	<u>(84,905)</u>
NET CHANGE IN FUND BALANCE		(70,530)	(17,083)	53,447
FUND BALANCE - BEGINNING	<u>(32,008)</u>	<u>(32,008)</u>	<u>(32,008)</u>	
FUND BALANCE - ENDING	<u>\$ (32,008)</u>	<u>\$ (102,538)</u>	<u>\$ (49,091)</u>	<u>\$ 53,447</u>

**CITY OF MOORHEAD, MINNESOTA  
RENTAL REGISTRATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 360	\$ 360	\$ 360	\$ 1,670
Interest on investments			1,670	
Miscellaneous:				
Rehabilitation inspection fees	5,000	5,000	15,535	10,535
Rental housing registration fees	246,000	246,000	204,695	(41,305)
Other	5,500	5,500	2,331	(3,169)
Total revenues	<u>256,860</u>	<u>256,860</u>	<u>224,591</u>	<u>(32,269)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	313,393	313,393	276,568	36,825
Supplies	5,250	5,250	2,827	2,423
Other services & charges	63,526	63,526	48,781	14,745
Total expenditures	<u>382,169</u>	<u>382,169</u>	<u>328,176</u>	<u>53,993</u>
NET CHANGE IN FUND BALANCE	(125,309)	(125,309)	(103,585)	21,724
FUND BALANCE - BEGINNING	<u>287,040</u>	<u>287,040</u>	<u>287,040</u>	
FUND BALANCE - ENDING	<u>\$ 161,731</u>	<u>\$ 161,731</u>	<u>\$ 183,455</u>	<u>\$ 21,724</u>

**CITY OF MOORHEAD, MINNESOTA  
 MASS TRANSIT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 120,244	\$ 120,244	\$ 119,437	\$ (807)
Intergovernmental:				
Federal grants	437,400	437,400	496,505	59,105
State grants	2,572,742	2,572,742	3,026,218	453,476
Charges for services	382,637	382,637	443,314	60,677
Interest on investments			11,341	11,341
Sale of property			2,762	2,762
Miscellaneous	3,700	3,700	3,662	(38)
Total revenues	<u>3,516,723</u>	<u>3,516,723</u>	<u>4,103,239</u>	<u>586,516</u>
EXPENDITURES				
Current:				
Personnel	304,286	304,286	272,341	31,945
Supplies	4,291	4,291	1,014	3,277
Other services & charges	2,800,146	2,780,146	2,585,275	194,871
Capital outlay	510,000	1,592,811	1,080,232	512,579
Total expenditures	<u>3,618,723</u>	<u>4,681,534</u>	<u>3,938,862</u>	<u>742,672</u>
REVENUE OVER (UNDER) EXPENDITURES	(102,000)	(1,164,811)	164,377	1,329,188
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>102,000</u>	<u>102,000</u>	<u>250,708</u>	<u>148,708</u>
NET CHANGE IN FUND BALANCE		(1,062,811)	415,085	1,477,896
FUND BALANCE - BEGINNING	<u>1,230,813</u>	<u>1,230,813</u>	<u>1,230,813</u>	
FUND BALANCE - ENDING	<u>\$ 1,230,813</u>	<u>\$ 168,002</u>	<u>\$ 1,645,898</u>	<u>\$ 1,477,896</u>



**CITY OF MOORHEAD, MINNESOTA  
ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 333,172	333,172	\$ 330,850	\$ (2,322)
Intergovernmental:				
State grants	80,360	80,360	80,366	6
Charges for services	5,590	5,590	5,250	(340)
Interest on investments			26,217	26,217
Sale of property			3,750	3,750
Miscellaneous	121,485	121,485	134,970	13,485
Total revenues	<u>540,607</u>	<u>540,607</u>	<u>581,403</u>	<u>40,796</u>
EXPENDITURES				
Current:				
Personnel	281,620	305,435	273,489	31,946
Supplies	3,800	3,800	3,894	(94)
Other services & charges	317,256	396,868	321,030	75,838
Capital outlay		14,445	14,445	
Total expenditures	<u>602,676</u>	<u>720,548</u>	<u>612,858</u>	<u>107,690</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(62,069)</u>	<u>(179,941)</u>	<u>(31,455)</u>	<u>148,486</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	50,000	50,000	50,000	
Transfers to other funds	<u>(43,000)</u>	<u>(477,035)</u>	<u>(269,033)</u>	<u>208,002</u>
Total other financing sources	<u>7,000</u>	<u>(427,035)</u>	<u>(219,033)</u>	<u>208,002</u>
NET CHANGE IN FUND BALANCE	(55,069)	(606,976)	(250,488)	356,488
FUND BALANCE - BEGINNING	<u>2,776,512</u>	<u>2,776,512</u>	<u>2,776,512</u>	
FUND BALANCE - ENDING	<u>\$ 2,721,443</u>	<u>\$ 2,169,536</u>	<u>\$ 2,526,024</u>	<u>\$ 356,488</u>

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## NONMAJOR PROPRIETARY FUNDS

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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.

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.

Street Light Utility - account for the operation and maintenance of the City's street light utility.

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2018**

	Sanitation	Golf Course
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 931,051	\$
Receivables:		
Accounts	697,690	140
Due from other city funds	350,902	
Due from other governmental units	200,419	60
Prepaid items		
Total current assets	<u>2,180,062</u>	<u>200</u>
Long-term assets:		
Long-Term Receivables:		
Notes receivable		638,287
Capital Assets:		
Land	699,045	3,954,534
Buildings	599,560	1,845,243
Improvements other than buildings	521,486	3,362,950
Machinery and equipment	132,812	139,556
Infrastructure		
Construction in progress		
Less accumulated depreciation	<u>(1,064,455)</u>	<u>(4,195,254)</u>
Total long-term assets	<u>888,448</u>	<u>5,745,316</u>
Total assets	<u>3,068,510</u>	<u>5,745,516</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plans	<u>155,432</u>	<u>88,167</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	131,869	6,688
Accrued wages payable	41,587	16,285
Accrued compensated absences	78,164	36,215
Due to other city funds		705,946
Due to other governmental units	37,072	
Other liabilities		58,598
Total current liabilities	<u>288,692</u>	<u>823,732</u>
Long-term liabilities:		
Accrued compensated absences	49,974	23,154
Other post-employment benefits	88,945	21,774
Net pension liability	507,961	292,796
Advances from other funds		785,768
Total long-term liabilities	<u>646,880</u>	<u>1,123,492</u>
Total liabilities	<u>935,572</u>	<u>1,947,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plans	<u>98,369</u>	<u>56,701</u>
<b>NET POSITION</b>		
Net investment in capital assets	888,448	5,107,029
Unrestricted	<u>1,301,553</u>	<u>(1,277,271)</u>
Total net position	<u>\$ 2,190,001</u>	<u>\$ 3,829,758</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
DECEMBER 31, 2018**

Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
\$ 1,394,032	\$ 578,057	\$ 350,895	\$	\$ 105,544	\$ 3,359,579
29,970	77,244	96,001	140	58,876	960,061
50,439	58,052	71,375		68,882	549,211
295			226,290		477,208
<u>1,474,736</u>	<u>713,353</u>	<u>518,271</u>	<u>226,430</u>	<u>233,302</u>	<u>5,346,354</u>
					638,287
9,816,748			301,838		4,955,417
			1,622,601		13,884,152
87,751		12,050	5,524,572		9,409,008
			129,939		502,108
(7,795,606)		(10,444)	(3,522,089)		(16,587,848)
<u>2,108,893</u>		<u>1,606</u>	<u>4,056,861</u>		<u>12,801,124</u>
<u>3,583,629</u>	<u>713,353</u>	<u>519,877</u>	<u>4,283,291</u>	<u>233,302</u>	<u>18,147,478</u>
<u>38,402</u>	<u>18,516</u>	<u>58,993</u>			<u>359,510</u>
4,832	6,235	2,648	1,249		153,521
10,449	1,797	15,056			85,174
16,857	4,925	28,718			164,879
			203,929		909,875
			14,818		37,072
<u>32,138</u>	<u>12,957</u>	<u>46,422</u>	<u>219,996</u>		<u>1,423,937</u>
10,777	3,147	18,361			105,413
15,406	3,903	25,883			155,911
126,567	61,597	194,071			1,182,992
<u>152,750</u>	<u>68,647</u>	<u>238,315</u>			<u>785,768</u>
<u>184,888</u>	<u>81,604</u>	<u>284,737</u>	<u>219,996</u>		<u>2,230,084</u>
<u>24,511</u>	<u>11,929</u>	<u>37,583</u>			<u>229,093</u>
2,108,893		1,606	4,056,861		12,162,837
<u>1,303,739</u>	<u>638,336</u>	<u>254,944</u>	<u>6,434</u>	<u>233,302</u>	<u>2,461,037</u>
<u>\$ 3,412,632</u>	<u>\$ 638,336</u>	<u>\$ 256,550</u>	<u>\$ 4,063,295</u>	<u>\$ 233,302</u>	<u>\$ 14,623,874</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	Sanitation	Golf Course
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,471,812	\$ 1,166,043
Other	182,800	85,479
Total operating revenue	4,654,612	1,251,522
<b>OPERATING EXPENSES</b>		
Personnel	1,531,917	751,124
Disposal fee	1,467,712	
Professional services	22,838	1,798
Insurance	29,250	13,633
Repair and maintenance	226,246	56,705
Supplies	355,182	176,372
Utilities	34,916	94,497
Equipment rental	386,601	196,128
Depreciation	33,813	92,303
Miscellaneous	167,714	201,166
Total operating expenses	4,256,189	1,583,726
Operating income (loss)	398,423	(332,204)
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest on investments	9,497	22,647
Intergovernmental	26,440	840
Miscellaneous		1,088
Total nonoperating income (expense)	35,937	24,575
Income (loss) before contributions and transfers	434,360	(307,629)
Capital contributions		68,100
Transfers from other funds		573,250
Transfers to other funds	(493,254)	
Total contributions and transfers	(493,254)	641,350
<b>CHANGE IN NET POSITION</b>	(58,894)	333,721
<b>TOTAL NET POSITION - BEGINNING, AS RESTATED (Note 5.E.)</b>	2,248,895	3,496,037
<b>TOTAL NET POSITION - ENDING</b>	\$ 2,190,001	\$ 3,829,758

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**

Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
\$ 562,404	\$ 753,447	\$ 941,819	\$ 66,773	\$ 867,058	\$ 8,829,356
80,807	39	92	13,132	1	362,350
<u>643,211</u>	<u>753,486</u>	<u>941,911</u>	<u>79,905</u>	<u>867,059</u>	<u>9,191,706</u>
339,496	149,241	538,483			3,310,261
	189,238		271,552		1,467,712
9,511	3,329	5,467	14,579	472	485,426
89,748	32,991	36,168	23,705	1,029	76,241
65,758	58,060	116,825	5,097		466,592
206,378			16,820	702,915	777,294
21,276	57,081	79,153	10,284		1,055,526
143,867		803	266,462		750,523
39,188	63,022	37,508	1,778	27,756	537,248
<u>915,222</u>	<u>552,962</u>	<u>814,407</u>	<u>610,277</u>	<u>732,172</u>	<u>9,464,955</u>
(272,011)	200,524	127,504	(530,372)	134,887	(273,249)
15,239	5,981	4,136		1,165	58,665
330	51,065	540	26,383		105,598
979					2,067
<u>16,548</u>	<u>57,046</u>	<u>4,676</u>	<u>26,383</u>	<u>1,165</u>	<u>166,330</u>
(255,463)	257,570	132,180	(503,989)	136,052	(106,919)
			234,109		302,209
			452,067		1,025,317
	(98,082)	(44,375)		(41,148)	(676,859)
	(98,082)	(44,375)	686,176	(41,148)	650,667
(255,463)	159,488	87,805	182,187	94,904	543,748
3,668,095	478,848	168,745	3,881,108	138,398	14,080,126
<u>\$ 3,412,632</u>	<u>\$ 638,336</u>	<u>\$ 256,550</u>	<u>\$ 4,063,295</u>	<u>\$ 233,302</u>	<u>\$ 14,623,874</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	Sanitation	Golf Course
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 4,615,384	\$ 1,171,178
Payments to suppliers	(2,513,225)	(545,364)
Payments to employees	(1,624,695)	(830,058)
Other receipts (payments)	60,509	(563,859)
Net cash provided by (used in) operating activities	537,973	(768,103)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental	26,440	840
Transfers from other funds		573,250
Transfers to other funds	(493,254)	
Net cash provided by (used in) noncapital financing activities	(466,814)	574,090
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of assets		
Capital grants from other governments		
Net cash provided by capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Interest received	9,497	22,647
Net increase (decrease) in cash and cash equivalents	80,656	(171,366)
Cash and cash equivalents at beginning of year	850,395	171,366
Cash and cash equivalents at end of year	\$ 931,051	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 398,423	\$ (332,204)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation accruals	33,813	92,303
Miscellaneous nonoperating income		1,088
Change in assets and liabilities:		
Accounts receivable	166,878	5,135
Due from other city funds	(23,306)	
Due from other governments	45,421	301
Accounts payable	11,067	(6,231)
Accrued wages payable	5,036	4,696
Compensated absences payable	10,220	4,269
Other post-employment benefits	(42,050)	(26,395)
Net pension liability	(65,984)	(61,504)
Due to other funds		(449,805)
Due to other governments	(1,545)	-
Other current liabilities		244
Net cash provided by (used in) operating activities	\$ 537,973	\$ (768,103)
<b>Noncash capital financing activities:</b>		
Contributions of capital assets from government / customers	\$	\$ 68,100



**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
\$ 553,330	\$ 675,688	\$ 846,538	\$ 73,149	\$ 807,447	\$ 8,742,714
(392,273)	(349,378)	(239,403)	(367,933)	(704,576)	(5,112,152)
(353,625)	(186,692)	(580,901)			(3,575,971)
15,943	(62,983)	(37,416)	(969,136)	(27,755)	(1,584,697)
<u>(176,625)</u>	<u>76,635</u>	<u>(11,182)</u>	<u>(1,263,920)</u>	<u>75,116</u>	<u>(1,530,106)</u>
330	51,065	540	26,383		105,598
			452,067		1,025,317
	(98,082)	(44,375)		(41,148)	(676,859)
<u>330</u>	<u>(47,017)</u>	<u>(43,835)</u>	<u>478,450</u>	<u>(41,148)</u>	<u>454,056</u>
			785,470		785,470
			<u>785,470</u>		<u>785,470</u>
15,239	5,981	4,136		1,165	58,665
(161,056)	35,599	(50,881)		35,133	(231,915)
<u>1,555,088</u>	<u>542,458</u>	<u>401,776</u>	<u>-</u>	<u>70,411</u>	<u>3,591,494</u>
<u>\$ 1,394,032</u>	<u>\$ 578,057</u>	<u>\$ 350,895</u>	<u>\$ -</u>	<u>\$ 105,544</u>	<u>\$ 3,359,579</u>
\$ (272,011)	\$ 200,524	\$ 127,504	\$ (530,372)	\$ 134,887	\$ (273,249)
143,867		803	266,462		537,248
979					2,067
(9,074)	(77,165)	(94,546)	2,127	(58,876)	(65,521)
(25,879)	(594)	(735)	4,249	(735)	(25,370)
398	(8,679)	(1,790)	(25,896)	(160)	(31,291)
2,275	(667)	4,375			15,715
1,964	6,058	9,340			31,851
(10,091)	(4,743)	(32,136)			(115,415)
(8,277)	(38,099)	(23,997)			(197,861)
			(977,343)		(1,427,148)
(776)			(3,147)		(1,545)
<u>(176,625)</u>	<u>76,635</u>	<u>(11,182)</u>	<u>(1,263,920)</u>	<u>75,116</u>	<u>(1,530,106)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 68,100</u>

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## INTERNAL SERVICE FUNDS

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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.

Maintenance Shop-account for the accumulation and allocation of costs associated with maintaining the City's equipment and general shop expenses.

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

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2018**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Maintenance Shop</u>	<u>Radio</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 2,597,127	\$ 396,336	\$	\$ 1,429,852	\$ 4,423,315
Receivables:					
Accounts	1,592	19,762	106,466	288	128,108
Due from other governmental units	888		24,664	16,188	41,740
Total current assets	<u>2,599,607</u>	<u>416,098</u>	<u>131,130</u>	<u>1,446,328</u>	<u>4,593,163</u>
Long-term assets:					
Capital assets:					
Machinery and equipment	24,325,458	3,061,871		1,857,220	29,244,549
Less accumulated depreciation	<u>(14,337,902)</u>	<u>(2,566,059)</u>		<u>(1,044,038)</u>	<u>(17,947,999)</u>
Net capital assets	<u>9,987,556</u>	<u>495,812</u>		<u>813,182</u>	<u>11,296,550</u>
Total assets	<u>12,587,163</u>	<u>911,910</u>	<u>131,130</u>	<u>2,259,510</u>	<u>15,889,713</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plans	<u>891</u>	<u>69,130</u>	<u>21,465</u>		<u>91,486</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	45,180	32,680	53,920	5,064	136,844
Accrued wages payable	656	18,502	6,598		25,756
Due to other city funds			305,432		305,432
Other liabilities	9,987				9,987
Total current liabilities	<u>55,823</u>	<u>51,182</u>	<u>365,950</u>	<u>5,064</u>	<u>478,019</u>
Long-term liabilities:					
Accrued compensated absences	315	62,188	12,136		74,639
Other post-employment benefits		17,460	7,806		25,266
Net pension liability	<u>2,531</u>	<u>229,510</u>	<u>70,878</u>		<u>302,919</u>
Total long-term liabilities	<u>2,846</u>	<u>309,158</u>	<u>90,820</u>		<u>402,824</u>
Total liabilities	<u>58,669</u>	<u>360,340</u>	<u>456,770</u>	<u>5,064</u>	<u>880,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension plans	<u>628</u>	<u>44,446</u>	<u>13,726</u>		<u>58,800</u>
<b>NET POSITION</b>					
Net investment in capital assets	9,987,556	495,812		813,182	11,296,550
Unrestricted	<u>2,541,201</u>	<u>80,442</u>	<u>(317,901)</u>	<u>1,441,264</u>	<u>3,745,006</u>
Total net position	<u>\$ 12,528,757</u>	<u>\$ 576,254</u>	<u>\$ (317,901)</u>	<u>\$ 2,254,446</u>	<u>\$ 15,041,556</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Maintenance Shop</u>	<u>Radio</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,799,788	\$ 1,266,383	\$ 1,584,492	\$ 357,262	\$ 5,007,925
Other	40,550	2,902	413	11,256	55,121
Total operating revenue	<u>1,840,338</u>	<u>1,269,285</u>	<u>1,584,905</u>	<u>368,518</u>	<u>5,063,046</u>
<b>OPERATING EXPENSES</b>					
Personnel	10,007	644,570	222,633		877,210
Supplies	66	20,450	1,285,259	1,757	1,307,532
Utilities			12,897		12,897
Professional services		466			466
Insurance		1,870	812	359	3,041
Repair and maintenance	1,544	279,177	3,246	38,418	322,385
Depreciation	1,870,448	244,430		245,204	2,360,082
Miscellaneous	10,392	104,677	17,572	2,846	135,487
Total operating expenses	<u>1,892,457</u>	<u>1,295,640</u>	<u>1,542,419</u>	<u>288,584</u>	<u>5,019,100</u>
Operating income (loss)	<u>(52,119)</u>	<u>(26,355)</u>	<u>42,486</u>	<u>79,934</u>	<u>43,946</u>
<b>NONOPERATING INCOME (EXPENSE)</b>					
Interest on investments	26,799	3,323		14,722	44,844
Loss on disposal of equipment	(264,387)	(1,472)		(16,808)	(282,667)
Intergovernmental		680	150		830
Total nonoperating income (expense)	<u>(237,588)</u>	<u>2,531</u>	<u>150</u>	<u>(2,086)</u>	<u>(236,993)</u>
Income (loss) before contributions and transfers	<u>(289,707)</u>	<u>(23,824)</u>	<u>42,636</u>	<u>77,848</u>	<u>(193,047)</u>
Capital contributions		37,834			37,834
Transfers from other funds		13,600			13,600
Total contributions and transfers		<u>51,434</u>			<u>51,434</u>
CHANGE IN NET POSITION	(289,707)	27,610	42,636	77,848	(141,613)
TOTAL NET POSITION - BEGINNING	<u>12,818,464</u>	<u>548,644</u>	<u>(360,537)</u>	<u>2,176,598</u>	<u>15,183,169</u>
TOTAL NET POSITION - ENDING	<u>\$ 12,528,757</u>	<u>\$ 576,254</u>	<u>\$ (317,901)</u>	<u>\$ 2,254,446</u>	<u>\$ 15,041,556</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,799,371	\$ 1,347,309	\$ 1,550,035	\$ 340,786	\$ 5,037,501
Payments to suppliers	(1,610)	(301,275)	(1,313,122)	(45,821)	(1,661,828)
Payments to employees	(6,768)	(670,061)	(219,904)		(896,733)
Other receipts (payments)	70,736	(101,775)	(17,159)	8,410	(39,788)
Net cash provided by (used in) operating activities	<u>1,861,729</u>	<u>274,198</u>	<u>(150)</u>	<u>303,375</u>	<u>2,439,152</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental		680	150		830
Transfers from other funds		13,600			13,600
Net cash provided by (used in) noncapital financing activities		<u>14,280</u>	<u>150</u>		<u>14,430</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of assets	<u>(1,364,566)</u>	<u>(194,735)</u>		<u>(39,581)</u>	<u>(1,598,882)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Interest received	<u>26,799</u>	<u>3,323</u>		<u>14,722</u>	<u>44,844</u>
Net increase in cash and cash equivalents	523,962	97,066		278,516	899,544
Cash and cash equivalents at beginning of year	<u>2,073,165</u>	<u>299,270</u>		<u>1,151,336</u>	<u>3,523,771</u>
Cash and cash equivalents at end of year	<u>\$ 2,597,127</u>	<u>\$ 396,336</u>	<u>\$</u>	<u>\$ 1,429,852</u>	<u>\$ 4,423,315</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (52,119)	\$ (26,355)	\$ 42,486	\$ 79,934	\$ 43,946
Adjustments to reconcile operating income to provided by operating activities:					
Depreciation accruals	1,870,448	244,430		245,204	2,360,082
Change in assets and liabilities:					
Accounts receivable	(191)	80,926	(28,186)	(288)	52,261
Due from other governments	(226)		(6,271)	(16,188)	(22,685)
Accounts payable	30,592	688	(7,346)	(5,287)	18,647
Accrued wages payable	656	3,817	2,268		6,741
Compensated absences payable	315	9,188	2,610		12,113
Due to other funds			(3,562)		(3,562)
Other post-employment benefits		2,066	7,806		9,872
Net pension liability	2,268	(40,562)	(9,955)		(48,249)
Other liabilities	9,986				9,986
Net cash provided by (used in) operating activities	<u>\$ 1,861,729</u>	<u>\$ 274,198</u>	<u>\$ (150)</u>	<u>\$ 303,375</u>	<u>\$ 2,439,152</u>
<b>Noncash capital financing activities:</b>					
Contributions of capital assets from government	<u>\$</u>	<u>\$ 37,834</u>	<u>\$</u>	<u>\$</u>	<u>\$ 37,834</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 <sup>1</sup>**  
**DECEMBER 31, 2018**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 67,821,315
Buildings	27,173,733
Improvements other than buildings	29,576,552
Machinery and equipment	11,014,673
Infrastructure	266,482,848
Construction in progress	<u>64,913,536</u>
 Total governmental funds capital assets	 <u><u>\$ 466,982,657</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 436,376,299
General Fund	1,082,037
Special Revenue Funds	16,139,137
Enterprise Funds	12,062
Gifts	<u>13,373,122</u>
 Total governmental funds capital assets	 <u><u>\$ 466,982,657</u></u>

<sup>1</sup> 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 position.



**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY <sup>1</sup>**  
**YEAR ENDED DECEMBER 31, 2018**

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/18 AS RESTATED</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/18</u>
<b>GENERAL GOVERNMENT:</b>				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	18,042			18,042
City Manager	23,784	7,459		31,243
Accounting	34,373			34,373
Planning & Zoning	7,955			7,955
General Government Building	<u>58,202,020</u>	<u>1,525,474</u>		<u>59,727,494</u>
Total General Government	<u>58,293,910</u>	<u>1,532,933</u>	<u>-</u>	<u>59,826,843</u>
<b>PUBLIC SAFETY:</b>				
Police Protection	1,154,605	147,668		1,302,273
Fire Protection	<u>2,160,266</u>	<u>90,838</u>		<u>2,251,104</u>
Total Public Safety	<u>3,314,871</u>	<u>238,506</u>	<u>-</u>	<u>3,553,377</u>
HIGHWAYS & STREETS	263,771,065	10,268,961		274,040,026
PARKS & RECREATION	35,351,518	4,811,006		40,162,524
LIBRARY	2,313,104	74,950	921	2,387,133
COMMUNITY DEVELOPMENT	379,431	24,769		404,200
MASS TRANSIT	7,894,436	1,080,232	3,808	8,970,860
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	12,219,304	14,445		12,233,749
CONSTRUCTION IN PROGRESS	<u>55,886,732</u>	<u>22,074,065</u>	<u>13,047,261</u>	<u>64,913,536</u>
Total governmental funds capital assets	<u>\$ 439,914,780</u>	<u>\$ 40,119,867</u>	<u>\$ 13,051,990</u>	<u>\$ 466,982,657</u>

<sup>1</sup> 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 position.

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY <sup>1</sup>**  
**DECEMBER 31, 2018**

<u>FUNCTION AND ACTIVITY</u>	<u>TOTAL</u>	<u>LAND</u>
<b>GENERAL GOVERNMENT:</b>		
Mayor & Council	\$ 7,736	\$
City Clerk	18,042	
City Manager	31,243	
Accounting	34,373	
Planning & Zoning	7,955	
General Government Building	<u>59,727,494</u>	<u>56,154,556</u>
Total General Government	<u>59,826,843</u>	<u>56,154,556</u>
<b>PUBLIC SAFETY:</b>		
Police Protection	1,302,273	
Fire Protection	<u>2,251,104</u>	<u>56,168</u>
Total Public Safety	<u>3,553,377</u>	<u>56,168</u>
HIGHWAYS & STREETS	338,953,562	4,164,315
PARKS & RECREATION	40,162,524	2,114,585
LIBRARY	2,387,133	103,000
COMMUNITY DEVELOPMENT	404,200	305,140
MASS TRANSIT	8,970,860	
PLAINS ART MUSEUM	490,409	
ECONOMIC DEVELOPMENT	<u>12,233,749</u>	<u>4,923,551</u>
Total governmental funds capital assets	<u>\$ 466,982,657</u>	<u>\$ 67,821,315</u>

<sup>1</sup> 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 position.

**CITY OF MOORHEAD, MINNESOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED) <sup>1</sup>  
DECEMBER 31, 2018**

BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS
\$	\$	\$	\$	\$
		7,736		
		18,042		
		31,243		
		34,373		
		7,955		
3,337,963	95,078	139,897		
3,337,963	95,078	239,246	-	-
704,912	76,346	521,015		
1,338,910	22,023	834,003		
2,043,822	98,369	1,355,018	-	-
2,636,018	294,010	462,835	266,482,848	64,913,536
7,210,479	28,741,717	2,095,743		
2,049,248	149,325	85,560		
	46,991	52,069		
2,271,928	1,600	6,697,332		
490,409				
7,133,866	149,462	26,870		
<u>\$ 27,173,733</u>	<u>\$ 29,576,552</u>	<u>\$ 11,014,673</u>	<u>\$ 266,482,848</u>	<u>\$ 64,913,536</u>

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# 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.

<b>Contents</b>	<b>Page</b>
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.	90
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	100
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	107
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.	121
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.	123

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

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

	2009	2010	2011
Governmental activities			
Net investment in capital assets	\$ 90,988,687	\$ 113,540,183	\$ 141,530,526
Restricted	111,879,202	114,126,460	106,751,797
Unrestricted	1,696,689	4,016,296	11,732,377
Total governmental activities net position	<u>\$ 204,564,578</u>	<u>\$ 231,682,939</u>	<u>\$ 260,014,700</u>
Business-type activities			
Net investment in capital assets	\$ 70,969,389	\$ 75,176,641	\$ 74,551,136
Restricted	4,314,753	5,007,451	5,315,762
Unrestricted	25,480,553	24,376,519	27,429,550
Total business-type activities net position	<u>\$ 100,764,695</u>	<u>\$ 104,560,611</u>	<u>\$ 107,296,448</u>
Primary government			
Net investment in capital assets	\$ 161,958,076	\$ 188,716,824	\$ 216,081,662
Restricted	116,193,955	119,133,911	112,067,559
Unrestricted	27,177,242	28,392,815	39,161,927
Total primary government net position	<u>\$ 305,329,273</u>	<u>\$ 336,243,550</u>	<u>\$ 367,311,148</u>

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

	2012	2013	2014	2015	2016	2017	2018
\$	149,982,137	\$ 160,410,701	\$ 177,714,707	\$ 188,292,907	\$ 223,160,997	\$ 223,017,288	\$ 190,131,897
	133,231,004	131,543,123	132,190,249	117,010,569	136,900,935	137,019,387	137,882,638
	2,810,390	3,454,937	1,947,699	17,023,920	(18,540,961)	1,086,649	(5,842,815)
<b>\$</b>	<b>286,023,531</b>	<b>\$ 295,408,761</b>	<b>\$ 311,852,655</b>	<b>\$ 322,327,396</b>	<b>\$ 341,520,971</b>	<b>\$ 361,123,324</b>	<b>\$ 322,171,720</b>
\$	72,514,980	\$ 85,198,395	\$ 87,077,433	\$ 91,710,240	\$ 91,229,486	\$ 97,267,818	\$ 152,405,046
	7,577,380	8,230,771	13,496,942	6,763,217	12,344,488	9,912,659	6,490,259
	31,338,868	23,334,867	20,932,992	21,073,048	23,703,296	31,048,190	40,582,354
<b>\$</b>	<b>111,431,228</b>	<b>\$ 116,764,033</b>	<b>\$ 121,507,367</b>	<b>\$ 119,546,505</b>	<b>\$ 127,277,270</b>	<b>\$ 138,228,667</b>	<b>\$ 199,477,659</b>
\$	222,497,117	\$ 245,609,096	\$ 264,792,140	\$ 280,003,147	\$ 314,390,483	\$ 320,285,106	\$ 342,536,943
	140,808,384	139,773,894	145,687,191	123,773,786	149,245,423	146,932,046	144,372,897
	34,149,258	26,789,804	22,880,691	38,096,968	5,162,335	32,134,839	34,739,539
<b>\$</b>	<b>397,454,759</b>	<b>\$ 412,172,794</b>	<b>\$ 433,360,022</b>	<b>\$ 441,873,901</b>	<b>\$ 468,798,241</b>	<b>\$ 499,351,991</b>	<b>\$ 521,649,379</b>

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

	2009	2010	2011
<b>Expenses</b>			
Governmental activities:			
General government	\$ 3,704,870	\$ 3,674,855	\$ 3,415,677
Public safety	10,518,141	10,270,338	10,819,856
Highways and streets	13,841,687	12,616,553	16,036,015
Parks and recreation	3,314,652	3,303,861	3,470,430
Library	864,977	918,671	830,901
Community development	602,633	337,303	445,914
Rental Registration	151,498	158,890	161,607
Mass transit	2,071,065	2,302,729	2,464,724
Economic development	999,430	801,869	496,620
Interest on long-term debt	8,218,418	7,046,767	7,496,641
Total governmental activities expenses	<u>44,287,371</u>	<u>41,431,836</u>	<u>45,638,385</u>
Business-type activities:			
Electric	23,221,675	24,714,209	26,097,474
Water	5,183,743	5,134,097	5,098,038
Wastewater treatment	5,817,997	5,960,063	5,882,910
Broadband	921,330	-	-
Storm water	1,039,503	1,051,434	987,457
Sanitation	2,973,724	3,080,561	3,196,151
Golf courses	1,682,538	1,686,166	1,676,855
Sports center	924,174	928,218	917,037
Pest control	183,137	266,451	335,831
Forestry	571,342	582,726	657,305
Municipal airport	290,901	317,316	345,878
Street light utility	-	-	-
Total business-type activities expenses	<u>42,810,064</u>	<u>43,721,241</u>	<u>45,194,936</u>
Total primary government expenses	<u>\$ 87,097,435</u>	<u>\$ 85,153,077</u>	<u>\$ 90,833,321</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 856,631	\$ 732,466	\$ 704,540
Public safety	844,615	1,010,460	863,715
Highways and streets	2,077,041	2,233,462	2,521,980
Other activities	1,299,982	1,410,658	1,498,158
Operating grants and contributions	2,902,189	2,857,481	2,882,446
Capital grants and contributions	38,412,544	36,845,046	40,565,422
Total governmental activities program revenues	<u>46,393,002</u>	<u>45,089,573</u>	<u>49,036,261</u>
Business-type activities:			
Charges for services:			
Electric	30,878,334	33,010,043	34,454,731
Water	6,328,933	6,224,451	6,104,064
Wastewater treatment	4,941,636	4,962,792	5,200,218
Storm water	1,228,235	2,060,843	2,075,431
Sanitation	3,625,720	3,623,225	3,636,937
Golf courses	1,250,458	1,177,839	1,122,931
Other activities	2,241,036	1,681,153	1,716,002
Operating grants and contributions	170,504	177,796	224,129
Capital grants and contributions	447,048	1,185,460	388,393
Total business-type activities program revenues	<u>51,111,904</u>	<u>54,103,602</u>	<u>54,922,836</u>
Total primary government program revenues	<u>\$ 97,504,906</u>	<u>\$ 99,193,175</u>	<u>\$ 103,959,097</u>



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

2012	2013	2014	2015	2016	2017	2018
\$ 3,819,530	\$ 4,346,403	\$ 4,164,837	\$ 4,140,728	\$ 5,355,803	\$ 4,977,547	\$ 5,128,445
10,675,009	11,398,174	12,060,174	12,699,743	15,536,547	15,256,052	15,398,739
11,981,603	13,057,142	11,994,051	12,439,423	12,271,658	13,370,437	14,704,535
3,457,150	3,468,570	3,640,538	3,691,716	4,103,311	4,023,868	4,722,590
780,583	824,609	825,921	857,013	864,267	884,342	916,909
561,105	618,093	443,355	482,152	596,676	774,589	562,076
181,419	204,858	270,581	274,323	300,560	309,793	329,216
2,449,881	2,587,116	2,738,712	2,819,080	2,903,025	3,179,629	3,409,312
880,549	825,762	921,006	871,623	863,944	883,676	832,219
7,172,878	7,688,510	7,122,193	6,876,729	7,785,669	6,749,582	6,679,837
41,959,707	45,019,237	44,181,368	45,152,530	50,581,460	50,409,515	52,683,878
26,205,959	27,173,001	27,910,422	29,476,309	31,817,993	30,922,240	31,146,001
5,440,712	5,287,103	5,926,998	5,795,414	6,384,007	7,242,254	7,568,515
6,024,275	6,656,290	5,903,395	6,058,003	6,420,340	6,137,591	7,184,981
-	-	-	-	-	-	-
878,183	1,003,482	1,156,391	1,316,273	1,279,110	1,414,865	2,254,089
3,173,585	3,166,870	3,429,526	3,532,179	3,657,006	5,043,175	4,310,799
1,717,851	2,187,145	2,212,073	1,658,863	1,813,363	1,711,988	1,614,758
913,432	916,596	972,117	975,858	1,032,354	1,079,640	917,379
363,547	341,457	355,922	442,730	569,291	639,495	561,178
640,062	744,203	761,896	696,965	853,299	848,802	825,002
258,975	274,881	302,208	322,277	324,577	482,636	613,016
-	-	-	647,483	695,149	748,809	732,172
45,616,581	47,751,028	48,930,948	50,922,354	54,846,489	56,271,495	57,727,890
\$ 87,576,288	\$ 92,770,265	\$ 93,112,316	\$ 96,074,884	\$ 105,427,949	\$ 106,681,010	\$ 110,411,768
\$ 742,553	\$ 1,006,692	\$ 1,084,382	\$ 1,129,204	\$ 1,441,569	\$ 1,113,817	\$ 990,975
652,812	756,848	753,180	657,825	689,929	721,893	720,682
2,174,827	1,903,650	2,335,578	1,581,472	1,414,476	1,980,995	612,589
1,370,654	2,082,671	1,285,311	1,523,424	1,504,664	1,570,260	1,733,525
2,902,750	3,718,296	3,585,983	4,045,822	7,030,078	5,770,187	6,543,764
34,238,609	16,927,933	21,508,080	13,758,664	25,995,042	25,592,385	20,137,228
42,082,205	26,396,090	30,552,514	22,696,411	38,075,758	36,749,537	30,738,763
35,346,331	37,680,948	38,598,929	39,193,818	41,489,080	44,791,531	44,230,894
6,975,437	6,849,951	6,824,014	7,421,973	8,130,880	9,042,967	9,299,474
5,681,415	6,316,542	6,496,996	7,287,615	7,720,651	8,066,664	8,164,057
2,382,526	2,381,232	2,443,219	2,603,250	2,663,816	2,725,287	2,857,390
3,668,782	3,694,612	3,820,293	4,052,656	4,160,055	4,455,041	4,500,422
1,139,109	1,143,019	1,131,968	1,273,297	1,410,009	1,311,686	1,251,522
1,795,999	1,689,853	1,999,535	2,903,247	3,051,096	2,958,886	3,336,457
222,930	204,439	218,817	250,277	236,022	625,699	205,573
1,133,422	1,747,614	1,244,238	176,178	1,854,572	1,658,727	3,516,441
58,345,951	61,708,210	62,778,009	65,162,311	70,716,181	75,636,488	77,362,230
\$ 100,428,156	\$ 88,104,300	\$ 93,330,523	\$ 87,858,722	\$ 108,791,939	\$ 112,386,025	\$ 108,100,993

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

	2009	2010	2011
Net (expense) / revenue:			
Governmental activities	\$ 2,105,631	\$ 3,657,737	\$ 3,397,876
Business-type activities	8,301,840	10,382,361	9,727,900
Total primary government net expense	<u>\$ 10,407,471</u>	<u>\$ 14,040,098</u>	<u>\$ 13,125,776</u>

**General Revenues and Other Changes in Net Position**

Governmental activities:

Taxes			
Property taxes levied for general purposes	\$ 4,103,261	\$ 4,075,578	\$ 4,613,139
Property taxes levied for debt service	1,003,694	1,647,827	1,189,537
Tax increments	1,430,138	953,865	870,313
Franchise fees	857,066	865,522	943,926
State aid unrestricted	9,642,047	8,199,446	8,544,337
Unrestricted grants and contributions	170,158	176,748	171,947
Investment earnings	225,759	309,936	585,304
Miscellaneous	139,067	123,337	343,824
Gain on disposal / sale of assets	(90,224)	-	-
Transfers	5,787,497	7,108,365	7,671,558
Special Item	-	-	-
Total governmental activities	<u>23,268,463</u>	<u>23,460,624</u>	<u>24,933,885</u>

Business-type activities:

State aid unrestricted	11,560	11,560	11,560
Investment earnings	295,055	484,828	588,834
Miscellaneous	184,733	25,532	79,102
Loss on disposal of equipment	602,063	-	-
Transfers	(5,787,497)	(7,108,365)	(7,671,558)
Special Item	-	-	-
Total business-type activities	<u>(4,694,086)</u>	<u>(6,586,445)</u>	<u>(6,992,062)</u>
Total primary government	<u>\$ 18,574,377</u>	<u>\$ 16,874,179</u>	<u>\$ 17,941,823</u>

**Change in Net Position**

Governmental activities	\$ 25,374,094	\$ 27,118,361	\$ 28,331,761
Business-type activities	3,607,754	3,795,916	2,735,838
Total primary government	<u>\$ 28,981,848</u>	<u>\$ 30,914,277</u>	<u>\$ 31,067,599</u>

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

2012	2013	2014	2015	2016	2017	2018
\$ 122,498	\$ (18,623,147)	\$ (13,628,854)	\$ (22,456,119)	\$ (12,505,702)	\$ (13,659,978)	\$ (21,945,115)
12,729,370	13,957,182	13,847,061	14,239,957	15,869,692	19,364,993	19,634,340
<u>\$ 12,851,868</u>	<u>\$ (4,665,965)</u>	<u>\$ 218,207</u>	<u>\$ (8,216,162)</u>	<u>\$ 3,363,990</u>	<u>\$ 5,705,015</u>	<u>\$ (2,310,775)</u>
\$ 4,430,407	\$ 3,831,102	\$ 3,603,921	\$ 4,075,760	\$ 5,001,334	\$ 6,070,868	\$ 7,152,264
1,988,711	2,993,091	3,381,964	3,811,113	3,824,307	4,624,111	3,633,936
694,944	689,289	585,880	514,527	498,896	518,118	546,662
831,067	971,057	1,137,769	1,013,045	922,395	993,555	1,040,015
8,405,832	8,445,441	9,405,893	9,927,631	10,352,919	10,169,504	10,519,127
171,957	177,045	171,232	171,160	101,072	141,104	-
158,683	142,993	140,993	96,413	116,946	372,095	892,127
215,952	1,360,497	1,666,786	1,308,002	1,909,098	631,340	117,662
-	-	-	-	-	-	-
8,988,780	9,397,862	9,978,310	9,929,999	8,972,310	9,741,636	10,251,796
-	-	-	15,812,220	-	-	-
<u>25,886,333</u>	<u>28,008,377</u>	<u>30,072,748</u>	<u>46,659,870</u>	<u>31,699,277</u>	<u>33,262,331</u>	<u>34,153,589</u>
11,560	11,562	11,562	11,562	11,562	4,960	6,185
205,476	74,074	361,204	245,689	42,817	429,624	553,607
177,154	617,849	571,818	610,959	994,136	893,456	911,461
-	-	-	-	-	-	-
(8,988,780)	(9,327,862)	(10,048,310)	(9,929,999)	(8,972,310)	(9,741,636)	(10,251,796)
-	-	-	(1,532,204)	(215,132)	-	-
<u>(8,594,590)</u>	<u>(8,624,377)</u>	<u>(9,103,726)</u>	<u>(10,593,993)</u>	<u>(8,138,927)</u>	<u>(8,413,596)</u>	<u>(8,780,543)</u>
<u>\$ 17,291,743</u>	<u>\$ 19,384,000</u>	<u>\$ 20,969,022</u>	<u>\$ 36,065,877</u>	<u>\$ 23,560,350</u>	<u>\$ 24,848,735</u>	<u>\$ 25,373,046</u>
\$ 26,008,831	\$ 9,385,230	\$ 16,443,894	\$ 24,203,751	\$ 19,193,575	\$ 19,602,353	\$ 12,208,474
4,134,780	5,332,805	4,743,335	3,645,964	7,730,765	10,951,397	10,853,797
<u>\$ 30,143,611</u>	<u>\$ 14,718,035</u>	<u>\$ 21,187,229</u>	<u>\$ 27,849,715</u>	<u>\$ 26,924,340</u>	<u>\$ 30,553,750</u>	<u>\$ 23,062,271</u>

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

	2009	2010	2011
General fund			
Reserved	\$ 1,673,938	\$ 1,463,870	\$ -
Unreserved	13,003,740	12,231,585	-
Nonspendable	-	-	1,302,696
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	11,868,324
Total General fund	<u>\$ 14,677,678</u>	<u>\$ 13,695,455</u>	<u>\$ 13,171,020</u>
All other governmental funds			
Reserved	\$ 37,721,305	\$ 35,783,811	\$ -
Unreserved, reported in:			
Special revenue funds	3,599,434	3,549,584	-
Capital projects funds	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>\$ 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**  
**FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

2012	2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,446,526	1,333,328	1,193,488	1,132,614	3,715,273	3,653,737	3,563,015
-	-	-	-	-	448,443	533,289
715,190	417,738	94,945	79,534	38,645	-	-
-	-	-	-	-	379,417	403,929
<u>13,268,124</u>	<u>13,373,191</u>	<u>15,041,820</u>	<u>15,466,755</u>	<u>13,423,346</u>	<u>14,794,555</u>	<u>15,030,435</u>
<u>\$ 15,429,840</u>	<u>\$ 15,124,257</u>	<u>\$ 16,330,253</u>	<u>\$ 16,678,903</u>	<u>\$ 17,177,264</u>	<u>\$ 19,276,152</u>	<u>\$ 19,530,668</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
547,358	486,353	415,287	348,968	-	-	-
64,202,443	62,274,294	68,997,684	57,662,812	54,537,821	48,256,249	50,248,858
1,525,420	1,658,988	1,148,372	921,172	1,072,520	1,608,169	533,264
3,659,190	3,721,697	4,192,144	4,802,314	6,233,333	6,725,895	6,349,223
<u>(2,869,614)</u>	<u>(789,421)</u>	<u>(1,749,206)</u>	<u>(1,449,313)</u>	<u>(2,010,686)</u>	<u>(3,726,011)</u>	<u>(5,979,092)</u>
<u>\$ 67,064,797</u>	<u>\$ 67,351,911</u>	<u>\$ 73,004,281</u>	<u>\$ 62,285,953</u>	<u>\$ 59,832,988</u>	<u>\$ 52,864,302</u>	<u>\$ 51,152,253</u>

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

	2009	2010	2011
<b>Revenues</b>			
Taxes			
Property	\$ 6,537,093	\$ 6,677,262	\$ 6,672,981
Franchise	857,066	865,522	943,926
Licenses and permits	892,918	997,412	596,533
Intergovernmental	37,032,258	34,168,837	43,024,995
Charges for services	2,965,091	2,993,594	3,621,425
Fines and forfeits	411,580	507,611	485,095
Facility rentals	218,334	184,065	221,638
Donations	-	-	-
Special assessments	8,165,825	9,165,907	10,202,539
Sale of property		65,569	175,746
Interest on investments	212,032	260,596	502,615
Miscellaneous	1,728,338	821,977	1,101,582
<b>Total revenues</b>	<b>59,020,535</b>	<b>56,708,352</b>	<b>67,549,075</b>
<b>Expenditures</b>			
General government	3,601,740	3,560,682	3,338,022
Public safety	10,381,701	10,276,719	10,457,316
Highways and streets	9,585,251	7,766,439	10,834,588
Parks and recreation	2,512,951	2,419,891	2,610,640
Library	802,412	857,343	771,530
Community development	597,964	332,635	441,246
Rental registration	150,793	158,890	161,607
Mass transit	1,661,780	1,823,815	1,976,869
Economic development	814,252	601,381	297,762
Capital outlay	25,534,303	41,462,160	39,143,946
Debt service:			
Bond and note principal	6,438,492	9,071,970	15,316,339
Bond and note interest	7,267,649	6,321,324	6,976,779
Fiscal and other charges	1,000,739	652,023	506,902
<b>Total expenditures</b>	<b>70,350,027</b>	<b>85,305,272</b>	<b>92,833,546</b>
Revenues over (under) expenditures	(11,329,492)	(28,596,920)	(25,284,471)
<b>Other financing sources (uses)</b>			
Bond and note proceeds	16,395,000	15,555,000	9,955,000
Payment to refunding agent			
Premium on issuance of debt			
Transfers from other funds	133,226	105,844	81,405
Transfers to other funds	9,661,661	9,571,654	9,630,070
Sale of capital assets	(3,545,838)	(1,878,902)	(1,704,248)
<b>Total other financing sources     (uses)</b>	<b>22,644,049</b>	<b>23,353,596</b>	<b>17,962,227</b>
<b>Net change in fund balances</b>	<b>\$ 11,314,557</b>	<b>\$ (5,243,324)</b>	<b>\$ (7,322,244)</b>
Debt service as a percentage of noncapital expenditures	30.58%	35.11%	41.52%

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

	2012	2013	2014	2015	2016	2017	2018
\$	7,114,062	\$ 7,513,482	\$ 7,571,766	\$ 8,401,400	\$ 9,324,536	\$ 10,713,097	\$ 11,832,862
	831,067	971,057	1,137,769	1,013,045	922,395	993,555	1,040,015
	636,465	749,377	849,029	803,311	1,174,852	882,095	770,467
	32,702,918	23,352,975	23,693,367	20,286,634	27,188,071	18,790,647	30,411,438
	3,063,004	3,056,626	3,524,497	2,595,514	2,498,985	2,973,730	1,691,783
	477,988	497,843	515,349	488,692	513,874	517,771	504,021
	166,565	154,479	157,351	179,458	165,001	171,689	167,490
	12,575	6,111	24,084	18,947	32,336	25,620	9,765
	10,792,664	9,650,046	10,380,331	9,738,840	9,513,547	10,480,746	9,255,056
	140,400		14,514	57,892	72,131	266,872	66,463
	145,539	139,294	134,609	92,660	114,859	351,280	847,283
	845,479	2,328,519	2,154,445	2,239,411	2,646,489	1,236,261	822,080
	<u>56,928,726</u>	<u>48,419,809</u>	<u>50,157,111</u>	<u>45,915,804</u>	<u>54,167,076</u>	<u>47,403,363</u>	<u>57,418,723</u>
	3,536,645	3,595,773	3,912,568	4,037,972	4,637,537	4,784,554	4,918,836
	10,530,722	11,184,213	11,599,347	12,291,749	13,320,836	14,185,429	15,004,164
	6,557,673	7,345,670	6,072,511	5,167,384	5,416,122	4,763,995	5,493,210
	2,584,935	2,560,153	2,709,763	2,753,592	2,817,339	2,919,752	3,400,151
	761,157	815,140	820,110	851,224	858,478	878,553	906,123
	556,440	618,089	443,355	482,152	596,676	781,676	559,576
	181,419	204,858	270,581	274,323	300,560	312,250	328,176
	1,992,853	2,131,719	2,281,543	2,348,827	2,449,064	2,707,346	2,858,630
	680,304	625,915	721,271	662,843	583,355	649,127	598,413
	34,763,317	16,750,785	23,235,422	24,863,377	33,908,144	17,987,366	30,678,440
	11,499,463	7,867,746	19,281,197	18,469,823	27,988,634	9,187,639	11,026,848
	6,429,319	7,707,198	6,970,392	6,559,789	6,398,233	6,273,804	6,367,153
	439,249	37,732	511,352	305,028	1,482,794	409,394	234,831
	<u>80,513,496</u>	<u>61,444,991</u>	<u>78,829,412</u>	<u>79,068,083</u>	<u>100,757,772</u>	<u>65,840,885</u>	<u>82,374,551</u>
	(23,584,770)	(13,025,182)	(28,672,301)	(33,152,279)	(46,590,696)	(18,437,522)	(24,955,828)
	46,520,000	2,165,000	43,055,000	12,270,000	32,055,000	15,905,000	16,560,000
						(13,810,000)	(4,870,000)
	1,780,076	51,879	2,233,381	475,107	2,881,002	881,517	1,349,861
	11,951,492	11,423,664	11,689,322	12,717,331	11,906,083	12,171,988	14,227,186
	(2,835,809)	(1,720,136)	(2,054,155)	(2,679,836)	(2,205,993)	(1,580,781)	(3,768,752)
	688,918.00	1,086,306.00	66,626.00	-	-	-	-
	<u>58,104,677</u>	<u>13,006,713</u>	<u>54,990,174</u>	<u>22,782,602</u>	<u>44,636,092</u>	<u>13,567,724</u>	<u>23,498,295</u>
\$	<u>34,519,907</u>	<u>(18,469)</u>	<u>26,317,873</u>	<u>(10,369,677)</u>	<u>(1,954,604)</u>	<u>(4,869,798)</u>	<u>(1,457,533)</u>
	39.19%	34.85%	47.22%	46.18%	51.44%	23.47%	21.11%

**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
	Real Property		Personal Property	
	Residential	Commercial		
2009	\$ 15,664,218	\$ 6,279,064	\$ 149,271	\$ (1,205,221)
2010	16,465,436	6,272,844	149,152	(786,828)
2011	16,900,730	6,954,186	164,212	(821,926)
2012	15,358,233	7,089,254	173,218	(889,882)
2013	15,764,267	7,293,733	170,577	(853,263)
2014	16,009,445	7,449,055	171,997	(890,951)
2015	17,985,731	7,889,876	172,656	(880,047)
2016	20,377,855	8,621,546	202,998	(894,861)
2017	22,787,981	8,822,272	243,566	(867,303)
2018	24,315,198	8,845,295	229,935	(905,613)

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

<sup>1</sup> 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**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (CONTINUED)**  
**LAST TEN FISCAL YEARS**

Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Market Value Tax Exempt Real Property <sup>1</sup>
\$ 20,887,332	29.808%	\$ 1,872,707,500	1.12%	\$ 474,251,000
22,100,604	31.176%	1,955,815,700	1.13%	817,588,200
23,197,202	30.752%	2,025,775,500	1.15%	817,588,200
21,730,823	34.467%	1,865,413,600	1.16%	817,588,200
22,375,314	35.139%	1,911,528,100	1.17%	817,588,200
22,739,546	37.424%	1,943,602,400	1.17%	817,588,200
25,168,216	38.662%	2,153,993,100	1.17%	817,588,200
28,307,511	39.543%	2,444,259,300	1.16%	946,170,800
30,986,516	40.235%	2,683,132,200	1.15%	946,170,800
32,484,815	42.226%	2,830,285,800	1.15%	946,170,800

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

Fiscal Year	Direct Rates		Total Direct Rate	Overlapping Rates			Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority		County	School District	Buffalo Watershed		
2009	29.808%	1.389%	31.197%	57.391%	33.845%	2.795%	94.031%	125.228%
2010	31.176%	1.042%	32.218%	54.805%	30.262%	1.836%	86.903%	119.121%
2011	30.752%	1.063%	31.815%	55.080%	29.957%	2.125%	87.162%	118.977%
2012	34.467%	1.135%	35.601%	54.064%	33.268%	2.235%	89.567%	125.168%
2013	35.139%	1.102%	36.241%	52.793%	30.244%	2.215%	85.251%	121.492%
2014	37.424%	1.549%	38.973%	49.386%	29.219%	1.776%	80.381%	119.354%
2015	38.662%	1.398%	40.060%	45.286%	26.399%	1.733%	73.418%	113.478%
2016	39.543%	1.278%	40.821%	44.433%	34.097%	1.724%	80.254%	121.075%
2017	40.235%	1.268%	41.503%	45.703%	30.439%	1.698%	77.840%	119.343%
2018	42.226%	1.231%	43.457%	47.102%	31.741%	1.706%	80.549%	124.006%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA  
PRINCIPAL PROPERTY TAXPAYERS  
DECEMBER 31, 2018**

<b>Taxpayer</b>	2018			2009		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 466,301	1	1.44%	\$ 622,805	1	2.98%
Proffutt Ltd Partnership	392,485	2	1.21%	234,821	3	1.12%
Busch Agricultural Resources, Inc.	388,975	3	1.20%	375,828	2	1.80%
Sanford Medical Center	283,804	4	0.87%			
Menard, Inc.	265,522	5	0.82%	149,232	6	0.71%
Kassenborg Partners	221,833	6	0.68%			
Meridian Mortgage LLC	207,165	7	0.64%			
Skaff Apartments	206,838	8	0.64%			
Moorhead Lodging Association	179,250	9	0.55%			
Eventide Lutheran Home	170,975	10	0.53%			
Easten LLC				217,730	4	1.04%
Moorhead Hospitality				169,250	5	0.81%
Moorhead Holiday Assoc.				145,648	7	0.70%
Moorhead Center Mall LLP				131,580	8	0.63%
Sterling Development Group				117,842	9	0.56%
Xcel Energy				124,950	10	0.60%

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
2009	\$ 6,918,986	\$ (1,560,961)	\$ 5,358,025
2010	7,446,245	(1,524,556)	5,921,689
2011	7,558,522	(1,767,771)	5,790,751
2012	7,441,836	(1,200,228)	6,241,608
2013	7,813,500	(1,257,485)	6,556,015
2014	8,437,376	(1,767,533)	6,669,843
2015	9,652,974	(2,243,826)	7,409,148
2016	11,112,844	(2,540,915)	8,571,929
2017	12,423,387	(2,542,330)	9,881,057
2018	13,693,015	(2,661,848)	11,031,167

Source: Clay County Auditor

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

Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
Amount	Percent of Levy		Amount	Percent of Levy
\$ 5,233,382	97.67%	\$ 118,516	\$ 5,351,898	99.886%
5,698,918	96.24%	220,572	5,919,490	99.963%
5,664,239	97.82%	124,098	5,788,337	99.958%
6,100,183	97.73%	138,734	6,238,917	99.957%
6,439,657	98.23%	113,033	6,552,690	99.949%
6,534,420	97.97%	131,924	6,666,344	99.948%
7,354,140	99.26%	50,596	7,404,736	99.940%
8,490,199	99.05%	64,759	8,554,958	99.802%
9,770,161	98.88%	58,047	9,828,208	99.465%
10,846,450	98.33%		10,846,450	98.325%

**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			
2009	\$ 30,878,334	\$ 202,221	\$ 131,593	\$ 31,212,148	\$ 6,115,000	19.59%	
2010	33,008,574	290,482	621,548	33,920,604	6,669,750	19.66%	
2011	34,454,731	459,792		34,914,523	6,710,297	19.22%	
2012	35,346,331	154,515	42,000	35,542,846	7,372,106	20.74%	
2013	37,680,948	272,879	490,795	38,444,622	7,771,863	20.22%	
2014	38,594,193	321,230	280,584	39,196,007	7,901,816	20.16%	
2015	39,123,231	589,107	176,178	39,888,516	8,210,108	20.58%	
2016	41,466,385	383,868	1,187,730	43,037,983	8,400,152	19.52%	
2017	45,049,837	837,401	489,767	46,377,005	8,618,696	18.58%	
2018	44,630,198	851,319	69,867	45,551,384	8,822,765	19.37%	

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.

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

Fiscal Year	Governmental Activities				Notes Payable
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	
2009	\$ 2,275,000	\$ 131,890,000	\$ 13,585,000	\$ 2,205,000	\$ 901,627
2010	1,655,000	139,555,000	13,360,000	1,945,000	824,657
2011	1,015,000	143,375,000	5,155,000	1,670,000	763,318
2012	585,000	179,460,000	4,865,000	1,390,000	698,855
2013	390,000	174,620,000	4,560,000	1,095,000	631,109
2014	195,000	180,925,000	4,250,000	785,000	559,912
2015	-	175,630,000	3,930,000	470,000	485,089
2016	-	180,455,000	3,585,000	135,000	406,455
2017	-	173,860,000	3,240,000	65,000	323,816
2018	-	177,191,510	2,870,000	-	236,968

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.



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

Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
G.O. Revenue Bonds	Revenue Bonds	Notes Payable			
\$ 32,652,548	\$ 20,935,000	\$ 108,215	\$ 204,552,390	16.79%	\$ 5,563
31,418,017	28,735,000	534,506	218,027,180	16.74%	5,728
29,829,800	26,000,000	479,534	208,287,652	15.52%	5,472
38,968,152	27,080,000	422,354	253,469,361	18.56%	6,581
26,740,118	25,555,000	379,837	233,971,064	15.61%	6,016
32,095,232	23,970,000	898,472	243,678,616	15.96%	6,234
39,710,407	22,300,000	325,570	242,851,066	15.29%	5,897
39,806,511	34,050,000	297,200	258,735,166	15.37%	6,175
36,969,682	32,510,000	267,972	247,236,470	14.10%	5,806
34,013,469	31,299,144	237,861	245,848,952	13.80%	5,660

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Market Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2009	\$ 2,275,000	\$ 249,631	\$ 2,025,369	0.11%	\$ 55
2010	1,655,000	173,009	1,481,991	0.08%	39
2011	1,015,000	22,263	992,737	0.05%	26
2012	585,000	-	585,000	0.03%	15
2013	390,000	87,080	302,920	0.02%	8
2014	195,000	95,843	99,157	0.01%	3
2015	-	-	-	0.00%	0
2016	-	-	-	0.00%	0
2017	-	-	-	0.00%	0
2018	-	-	-	0.00%	0

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

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

<sup>2</sup> 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, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 95,375,000	80.80%	\$ 77,063,000
Clay County	61,075,000	49.60%	<u>30,293,200</u>
Total overlapping debt			<u>107,356,200</u>
City of Moorhead direct debt			<u>180,298,478</u>
Total direct and overlapping debt			<u><u>\$ 287,654,678</u></u>

Source: Clay County Auditor

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 52,867,419	\$ 56,181,225	\$ 58,674,471	\$ 60,773,265
Total net debt applicable to limit	<u>2,419,065</u>	<u>2,025,369</u>	<u>1,481,991</u>	<u>992,737</u>
Legal debt margin	<u>\$ 50,448,354</u>	<u>\$ 54,155,856</u>	<u>\$ 57,192,480</u>	<u>\$ 59,780,528</u>
Total net debt applicable to the limit as a percentage of debt limit	4.58%	3.61%	2.53%	1.63%

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 I. Generally. Except as otherwise provided in section 475.51 to 475.75, no municipality except a school district or a city of the first class, shall incur or be subject to net debt excess of 3 percent of the estimated market value of taxable property.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	63,446,625	\$ 64,527,651	\$ 65,400,048	\$ 71,964,231	\$ 73,327,779	\$ 80,493,966	\$ 84,908,574
	<u>1,283,855</u>	<u>1,021,109</u>	<u>754,912</u>	<u>485,089</u>	<u>406,455</u>	<u>323,816</u>	<u>236,968</u>
\$	<u><u>62,162,770</u></u>	\$ <u><u>63,506,542</u></u>	\$ <u><u>64,645,136</u></u>	\$ <u><u>71,479,142</u></u>	\$ <u><u>72,921,324</u></u>	\$ <u><u>80,170,150</u></u>	\$ <u><u>84,671,606</u></u>
	2.02%	1.58%	1.15%	0.67%	0.55%	0.40%	0.28%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2018**

Estimated market value - taxable property	\$ 2,830,285,800
Debt limit 3% of estimated market value	84,908,574
Debt applicable to limit:	
General obligation notes	<u>\$ 236,968</u>
Total net debt applicable to limit	<u>236,968</u>
Legal debt margin	<u><u>\$ 84,671,606</u></u>

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage <sup>2</sup>
				Principal	Interest	Total	
2009	\$ 31,080,555	\$ 21,190,625	\$ 9,889,930	\$ 898,120 <sup>3</sup>	\$ 494,896	\$ 1,393,016	7.10
2010	33,299,056	22,639,022	10,660,034	805,960	419,744	1,225,704	8.70
2011	34,914,523	23,794,915	11,119,608	884,469	577,133	1,461,602	7.61
2012	35,542,846	23,597,395	11,945,451	732,971 <sup>4</sup>	592,559	1,325,530	9.01
2013	38,444,622	24,539,810	13,904,812	1,321,628	639,777	1,961,405	7.09
2014	39,696,006	25,141,835	14,554,171	1,132,225	586,434	1,718,659	8.47
2015	39,888,516	26,378,966	13,509,550	1,188,350	669,331	1,857,681	7.27
2016	43,037,983	28,595,154	14,442,829	1,230,200	635,356	1,865,556	7.74
2017	46,377,005	27,816,757	18,560,248	1,629,750	980,230	2,609,980	7.11
2018	45,551,384	27,902,421	17,648,963	1,789,250	872,600	2,661,850	6.63

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 6,475,089	\$ 3,525,737	\$ 2,949,352	\$ 1,600,063 <sup>2</sup>	\$ 520,869	\$ 2,120,932	1.39
2010	6,322,229	3,607,853	2,714,376	1,509,274	457,504	1,966,778	1.38
2011	6,413,006	3,697,937	2,715,069	1,634,474	396,284	2,030,758	1.34
2012	8,023,697	3,916,911	4,106,786	1,722,911 <sup>3</sup>	344,011	2,066,922	1.99
2013	8,396,383	3,851,472	4,544,911	178,079	246,504	424,583	10.70
2014	7,274,670	4,312,132	2,962,538	217,775	233,090	450,865	6.57
2015	8,558,796	4,196,836	4,361,960	231,650	215,257	446,907	9.76
2016	9,512,407	4,684,829	4,827,578	239,800	204,660	444,460	10.86
2017	10,956,493	5,107,268	5,849,225	1,026,466	376,811	1,403,277	4.17
2018	9,969,467	5,318,997	4,650,470	1,138,750	353,387	1,492,137	3.12

1 - Expenses exclude depreciation and amortization.

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 5,226,690	\$ 3,296,406	\$ 1,930,284	\$ 1,191,812	\$ 991,941	\$ 2,183,753	0.88
2010	5,440,267	3,388,622	2,051,645	1,536,196	980,989	2,517,185	0.82
2011	5,170,277	3,475,408	1,694,869	1,588,218	947,556	2,535,774	0.67
2012	5,718,882	3,933,832	1,785,050	1,651,647	906,311	2,557,958	0.70
2013	6,708,871	4,210,149	2,498,722	1,718,034	860,938 <sup>2</sup>	2,578,972	0.97
2014	7,050,070	4,238,411	2,811,659	1,844,886	752,542	2,597,428	1.08
2015	7,294,826	4,173,434	3,121,392	1,817,608	917,844	2,735,452	1.14
2016	7,728,284	4,675,014	3,053,270	1,789,223	872,975	2,662,198	1.15
2017	8,466,858	4,271,566	4,195,292	1,902,970	829,461	2,732,431	1.54
2018	9,188,716	4,559,603	4,629,113	1,971,331	781,586	2,752,917	1.68

1 - Expenses exclude depreciation and amortization.

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



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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 524,030	\$ 573,691	\$ (49,661)	\$ 50,000	\$ 9,441	\$ 59,441	(0.84)
2010	547,798	581,522	(33,724)	50,000	7,016	57,016	(0.59)
2011	553,746	576,559	(22,813)	50,000	3,919	53,919	(0.42)
2012	630,051	576,821	53,230	55,000	1,361	56,361	0.94

1 - Expenses exclude depreciation and amortization.

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 1,935,459	\$ 1,287,866	\$ 647,593	\$ 175,000	\$ 197,746	\$ 372,746	1.74
2010	1,745,647	1,302,556	443,091	185,000	185,371	370,371	1.20
2011	1,680,936	1,332,519	348,417	195,000	163,377	358,377	0.97
2012	1,731,968	1,367,738	364,230	210,000	162,444	372,444	0.98
2013	1,752,652	1,381,675	370,977	220,000	150,106	370,106	1.00
2014	1,714,874	1,357,239	357,635	235,000	137,181	372,181	0.96
2015	1,891,633	1,429,334	462,299	250,000	123,375	373,375	1.24
2016 <sup>2</sup>	2,065,912	1,577,925	487,987	260,000	128,095	388,095	1.26

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, a transfer of \$550,000 from the General Fund and bond principal of \$1,590,000 to retire Golf Course Gross Revenue Refunding Bonds of 1998B have been excluded from this schedule.

NOTE: Final payment was made on these bonds in 2016.

**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	
2009	\$ 350,901	\$ 2,325	\$ 348,576	\$ 250,000	\$ 131,508	\$ 381,508	0.91
2010	359,649	2,694	356,955	260,000	88,675	348,675	1.02
2011	355,354	2,094	353,260	275,000	78,820	353,820	1.00
2012	356,087	1,294	354,793	280,000	68,273	348,273	1.02
2013	358,850	4,361	354,489	295,000	56,816	351,816	1.01
2014	355,522	1,350	354,172	310,000	44,535	354,535	1.00
2015	368,319	3,227	365,092	315,000	31,368	346,368	1.05
2016	166,355	2,284	164,071	335,000	17,415	352,415	0.47
2017	144,392	3,641	140,751	70,000	4,265	74,265	1.90
2018	7,788	850	6,938	65,000	1,398	66,398	0.10

1 - 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.

NOTE: Final payment was made on these bonds in 2018.

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

Fiscal Year	Gross Revenue <sup>1</sup>	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 <sup>2</sup>	5,233,232	10,233,232	1.17
2011	13,404,555	225,275	13,179,280	6,335,000	5,588,493	11,923,493	1.11
2012	15,436,841	435,630	15,001,211	6,495,000 <sup>3</sup>	5,525,149	12,020,149	1.25
2013	15,789,490	639,035	15,150,455	7,005,000	6,177,565	13,182,565	1.15
2014	16,607,617	508,202	16,099,415	8,350,000 <sup>4</sup>	5,822,983	14,172,983	1.14
2015	17,307,772	74,564	17,233,208	7,845,000 <sup>5</sup>	5,798,583	13,643,583	1.26
2016	18,213,910	145,045	18,068,865	7,955,000 <sup>6</sup>	5,742,517	13,697,517	1.32
2017	17,992,088	273,312	17,718,776	8,690,000 <sup>7</sup>	5,688,988	14,378,988	1.23
2018	18,819,851	239,440	18,580,411	9,325,000 <sup>8</sup>	5,642,577	14,967,577	1.24

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

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

3 - For comparative purposes this amount excludes \$2,575,000 to retire General Obligation Obligation Improvement Bonds of 2002B and \$1,365,000 used to retire General Obligation Obligation Improvement Bonds of 2003C.

4 - For comparative purposes this amount excludes \$10,045,000 used to retire General Obligation Obligation Improvement Bonds of 2003B.

5 - For comparative purposes this amount excludes \$9,720,000 used to retire General Obligation Obligation Improvement Bonds of 2004A.

6 - For comparative purposes this amount excludes \$9,260,000 used to retire General Obligation Obligation Improvement Bonds of 2005A and \$10,015,000 to retire General Obligation Obligation Improvement Bonds of 2005B.

7 - For comparative purposes this amount excludes \$6,285,000 used to retire General Obligation Obligation Improvement Bonds of 2006B and \$7,525,000 to retire General Obligation Obligation Improvement Bonds of 2006C.

8 - For comparative purposes this amount excludes \$6,050,000 used to retire General Obligation Obligation Improvement Bonds of 2008B

**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	
2009	\$ 2,843,930 <sup>1</sup>	\$ 713,116	\$ 2,130,814	\$ 1,382,955	\$ 1,946,835	\$ 3,329,790	0.64
2010	1,552,805 <sup>2</sup>	412,102	1,140,703	600,000 <sup>3</sup>	911,214	1,511,214	0.75
2011	1,486,573	275,920	1,210,653	285,000 <sup>4</sup>	1,171,318	1,456,318	0.83
2012	1,050,651	14,755	1,035,896	290,000	774,525	1,064,525	0.97
2013	1,036,994	20,235	1,016,759	305,000	651,221	956,221	1.06
2014	1,030,764	10,280	1,020,484	310,000	584,908	894,908	1.14
2015	1,021,632	110,537	911,095	320,000	540,349	860,349	1.06
2016	1,084,682 <sup>5</sup>	7,469 <sup>6</sup>	1,077,213	345,000	614,878	959,878	1.12
2017	1,243,445	328,814	914,631	345,000	131,425	476,425	1.92
2018	1,178,046	101,916	1,076,130	370,000	118,775	488,775	2.20

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

5 - For comparative purposes this amount excludes \$1,151,700 relating to a State of Minnesota DEED cleanup grant.

6 - For comparative purposes this amount excludes \$1,133,985 spent from clean-up grant and \$1,337,101 land purchase

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

Fiscal Year	Population <sup>1</sup>	Estimated Personal Income <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	K-12 School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
2009	36,770 <sup>6</sup>	\$ 1,218,337,180	\$ 33,134	5,370	4.2%
2010	38,065 <sup>7</sup>	1,302,812,690	34,226	5,353	3.9%
2011	38,065	1,341,905,445	35,253	5,406	4.0%
2012	38,516	1,365,315,168	35,448	5,542	4.6%
2013	38,889	1,499,132,061	38,549	5,542	3.2%
2014	39,091	1,526,816,278	39,058	5,650	2.2%
2015	41,181	1,588,186,446	38,566	6,077	2.2%
2016	41,901	1,683,456,477	40,177	6,178	2.9%
2017	42,581	1,753,187,513	41,173	6,661	2.3%
2018	43,440	1,781,821,920	41,018	6,799	2.9%

Data Sources:

<sup>1</sup> Minnesota State Demographic Center.

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

<sup>3</sup>

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.

<sup>4</sup> Minnesota Department of Education

<sup>5</sup> Minnesota Department of Employment and Economic Development

<sup>6</sup> 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.

<sup>7</sup> 2010 U.S. Census

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

Employer	2018			2009		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	998 (a)	1	2.81%	1000 (a)	1	4.79%
Concordia College	811 (a)	2	2.29%	812 (a)	3	3.89%
Minnesota State University-Moorhead	749 (a)	3	2.11%	825	2	3.96%
Eventide Lutheran Home	698 (a)	4	1.97%	500	4	2.40%
Creative Care for Reaching Independence (CCRI)	570 (a)	5	1.61%			
Clay County	530 (a)	6	1.49%	480	5	2.30%
City of Moorhead	270 (b)	7	0.76%	251 (b)	8	1.20%
American Crystal Sugar Company	437	8	1.23%	355	6	1.70%
Minnesota State Community & Technical College	229 (a)	9	0.65%			
Hornbacher's Food, Inc (2 locations)	205 (a)	10	0.58%	180	10	0.86%
Moorhead Electric				260	7	1.25%
American Security & Protection				200	9	0.96%

(a) Includes full and part-time employees.

(b) Excludes 230 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	2009	2010	2011	2012
General Government	40.22	40.22	40.22	39.42
Public Safety				
Police				
Officers	53.00	53.00	53.00	53.00
Civilians	14.88	14.00	14.00	15.00
Fire				
Firefighters & officers	36.00	36.00	36.00	36.00
Civilians	1.00	1.00	1.00	1.00
Parks and Recreation	10.00	10.00	10.00	10.00
Planning & Neighborhood Services	-	-	-	-
Community Development	23.20	23.20	21.60	20.85
Mass Transit	2.00	2.00	2.00	2.00
Economic Development	-	-	-	-
Electric	34.00	34.00	34.00	37.00
Water	25.00	25.00	25.00	21.00
Wastewater Treatment	17.00	17.00	17.00	18.00
Storm Water	1.00	1.00	1.00	1.00
Highways and Streets	16.63	16.63	16.63	16.63
Sanitation	19.00	19.00	19.00	19.00
Golf Courses	7.58	7.58	7.58	7.58
Sports Center	6.00	6.00	6.00	6.00
Pest Control	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00
Total FTE's	310.51	309.63	308.03	307.48

Source: City Human Resources Department



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

2013	2014	2015	2016	2017	2018
39.42	38.00	38.00	38.00	38.00	49.00
53.00	53.00	55.00	58.00	60.00	60.00
15.00	15.00	16.00	17.00	17.00	17.00
36.00	36.00	36.00	36.00	37.00	37.00
1.00	1.00	1.00	1.00	1.00	1.00
10.00	13.00	13.00	13.00	15.75	15.75
-	17.85	17.85	19.00	18.00	-
20.85	-	-	-	-	11.00
2.00	3.00	3.00	3.00	3.50	3.50
-	1.00	1.00	1.00	1.00	1.00
35.00	35.00	36.00	37.00	37.00	34.00
22.00	22.00	20.00	22.00	22.00	24.00
18.00	18.00	18.00	17.00	17.00	17.00
1.00	1.00	1.00	2.00	1.00	1.00
16.63	15.63	17.63	17.63	18.63	18.63
19.00	20.00	20.00	21.00	20.00	19.00
7.58	8.00	8.00	8.00	8.00	8.00
6.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
3.00	6.00	6.00	6.00	6.00	7.00
306.48	307.48	311.48	320.63	324.88	327.88

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

Function	2009	2010	2011	2012
<b>Police</b>				
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	970	1,006	872	945
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,288	2,353	2,251	1,971
<b>Fire</b>				
Medical responses	1,945	1,980	2,273	2,186
Fire & other responses	1,024	1,006	1,066	1,144
<b>Library</b>				
Visits	298,870	305,435	275,782	258,451
Circulation	398,685	409,133	378,340	344,025
<b>Mass Transit</b>				
Fixed Routes ridership	392,218	376,697	433,676	436,304
Paratransit ridership	13,083	13,220	12,771	10,604
Metro Senior Ride ridership	5,111	5,961	6,323	7,492
<b>Community Development</b>				
New Residential Permits	178	160	92	89
New Residential Valuation	33,243,985	24,091,532	24,075,213	17,514,700
New Commercial Permits	17	19	20	12
New Commercial Valuation	4,575,300	8,620,860	4,956,205	8,071,975
<b>Sanitation</b>				
Curbside Recycling (tons)	645	582	499	432
Refuse Collected (landfill tonnage)	20,688	19,737	22,276	21,568
Yard Waste (tons)	3,056	3,026	2,542	2,060
<b>Wastewater Treatment</b>				
Average daily sewage treatment (millions of gallons)	4.68	4.66	5.06	3.52
<b>Electric</b>				
Annual Sales (millions of kwh)	414.03	418.40	430.16	419.58
<b>Water</b>				
Water Sales (billions of gallons)	1.385	1.335	1.285	1.48

Source: Various city departments.

Note: Indicators are not available for general government functions.

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

2013	2014	2015	2016	2017	2018
891	904	1,056	1,041	979	1,087
1,849	1,974	2,264	2,029	1,820	2,077
1,400	1,523	2,042	2,194	2,305	2,469
1,014	968	1,195	1,164	1,240	1,341
267,218	230,511	258,076	227,735	192,771	195,086
302,291	273,498	227,745	249,330	248,844	246,915
452,624	482,177	459,288	445,506	451,854	521,444
10,771	10,038	9,490	10,696	10,673	9,593
8,042	8,301	10,143	10,765	10,907	10,454
139	197	213	169	84	141
44,149,300	56,708,439	64,431,779	60,222,748	20,981,400	45,660,287
31	21	30	31	27	16
34,676,965	12,473,597	10,467,380	33,067,240	55,698,017	10,151,660
384	418	510	551	1,464	2,498
23,163	22,722	30,303	31,764	26,573	34,269
2,616	2,847	3,182	3,624	2,944	3,276
4.02	4.18	3.75	3.91	3.81	3.78
442.40	447.30	431.05	434.04	414.06	450.00
1.41	1.34	1.35	1.37	1.44	1.43

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

Function	2009	2010	2011	2012
Public Safety:				
Police Stations	1	1	1	1
Fire Stations	2	2	2	2
Highways & Streets:				
Street (miles)	208.60	210.11	211.77	211.73
Culture and recreation				
Parks	42	42	42	43
Swimming/wading pools	8	8	8	9
Sanitation:				
Collection trucks	10	10	10	10
Wastewater				
Storm sewers (miles)	125.35	127.40	132.42	135.32
Sanitary sewers (miles)	154.54	155.19	157.81	156.36
Force mains (miles)	20.87	20.87	22.00	23.12

Source: Various city departments.

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

2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
2	2	2	2	2	2
212.73	212.73	227.80	230.70	233.00	234.60
43	44	47	47	47	48
9	9	9	9	9	9
10	10	10	11	11	11
149.00	149.00	138.20	144.00	146.10	146.75
157.00	157.00	157.70	160.50	165.30	162.10
23.12	23.12	23.50	23.50	23.50	23.50