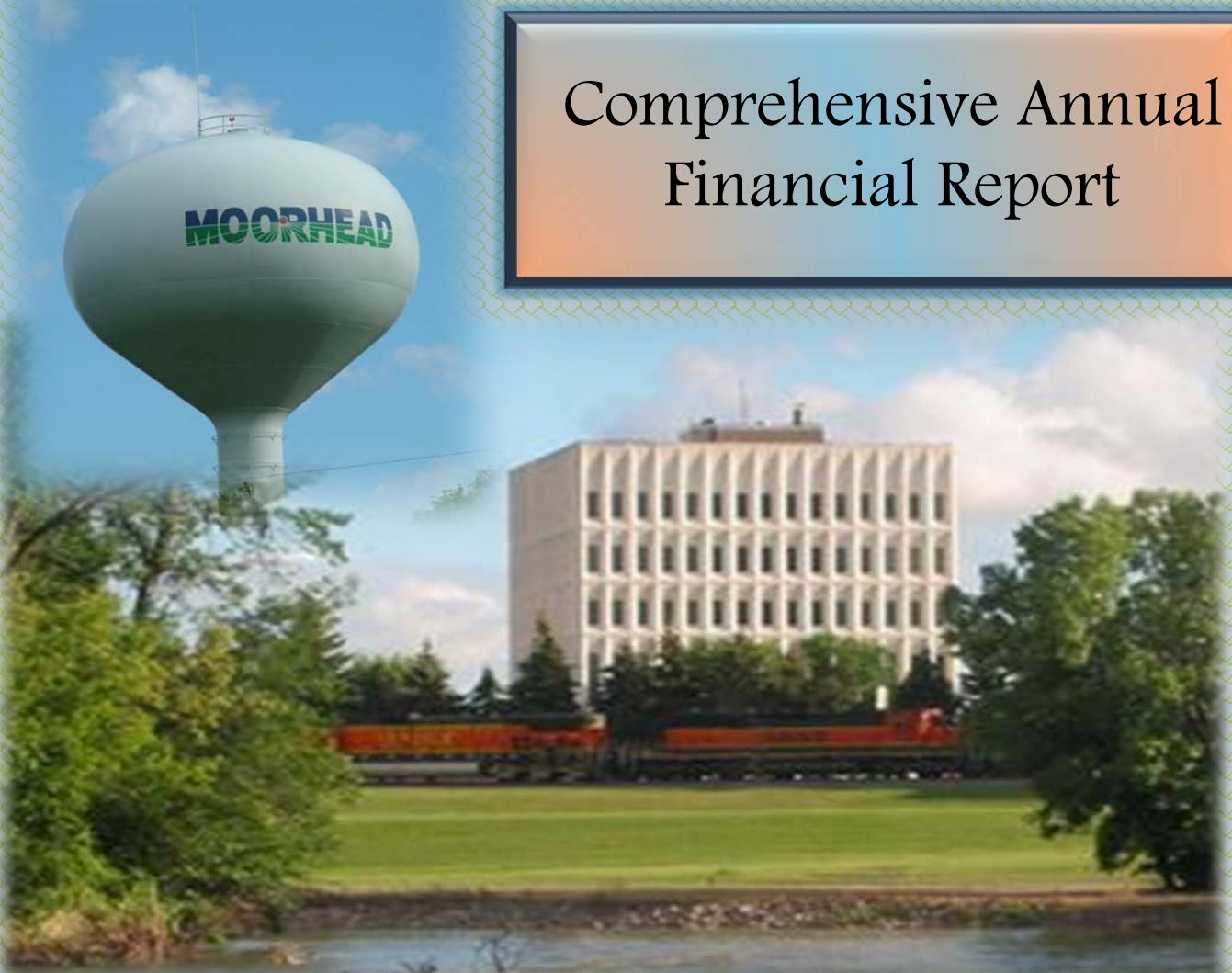


City of Moorhead, Minnesota

Comprehensive Annual Financial Report



For The Year Ended December 31, 2014

www.cityofmoorhead.com



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

FOR THE YEAR ENDED DECEMBER 31, 2014

PREPARED BY THE FINANCE DIVISION

WANDA WAGNER, FINANCE DIRECTOR

AMY WOHLWEND, ACCOUNTANT

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

**INTRODUCTORY
SECTION**

**CITY OF MOORHEAD, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2014**

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	16
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Notes to the Financial Statements	21
Required Supplementary Information	
Note to the Schedule of Funding Progress	46
Combining and Individual Fund Schedules and Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	49

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Park Fund	51
Library Fund.....	52
Community Development Fund	53
Rental Registration	54
Mass Transit Fund.....	55
Economic Development Fund	56
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	57
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds	59
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	60
Combining Statement of Net Position– Internal Service Funds	61
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	62
Combining Statement of Cash Flows – Internal Service Funds	63

Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	64
Schedule by Function and Activity.....	65
Schedule of Changes by Function and Activity	66

STATISTICAL SECTION

Net Position by Component	67
Changes in Net Position.....	68
Fund Balances of Governmental Funds	70
Changes in Fund Balances of Governmental Funds	71
Assessed Value and Estimated Actual Value of Taxable Property.....	72
Property Tax Rates.....	73
Principal Property Taxpayers.....	74
Property Tax Levies and Collections	75
Electric Transfers to Governmental Funds	76
Ratios of Outstanding Debt by Type	77
Ratios of General Bonded Debt Outstanding.....	78
Direct and Overlapping Governmental Activities Debt.....	79
Legal Debt Margin Information.....	80
Schedule of Electric Fund Pledged-Revenue Coverage.....	81
Schedule of Water Fund Pledged-Revenue Coverage	82
Schedule of Wastewater Fund Pledged-Revenue Coverage	83
Schedule of Sports Center Fund Pledged-Revenue Coverage	84
Schedule of Golf Course Fund Pledged-Revenue Coverage	85
Schedule of Vehicle Fund Pledged-Revenue Coverage	86
Schedule of Municipal Improvement Fund Pledged-Revenue Coverage	87
Schedule of Special Assessment Fund Pledged-Revenue Coverage	88
Schedule of Tax Increment Fund Pledged-Revenue Coverage.....	89
Demographic and Economic Statistics	90
Principal Employers.....	91
Full-Time Equivalent City Employees by Function	92
Operating Indicators by Function	93
Capital Asset Statistics by Function	94



June 8, 2015

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, 2014.

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

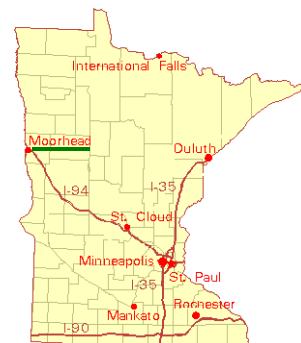
The City of Moorhead's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

CITY OF MOORHEAD PROFILE

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



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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by July 1 of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review prior to September 1. The council is required to hold a public meeting where the citizens are allowed to speak on the proposed budget and to adopt a final budget prior to December 29th. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate.

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

Local Economy

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

communities in Minnesota with stable operations reported at the city's top two property taxpayers: American Crystal Sugar and the Anheuser Busch malt facility. While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 5,600 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-8 Catholic school, and Park Christian School, a K-12 interdenominational Christian school. The Metropolitan Area Transit serves all Moorhead residents and major shopping and educational facilities.

Minnesota State University Moorhead and Concordia College are both located in the city, which provides a measure of institutional stability to the economy. Minnesota State University Moorhead is a comprehensive liberal arts university with over 7,600 students and about 825 full- and part- time faculty and Concordia College is a four-year private liberal arts college with almost 3,000 students, known for its outstanding choral and instrumental music and world language instruction. Moorhead is also home to Minnesota State Community and Technical College which provides "hands-on" training to 2,300 students. In addition, Globe University, a nationally accredited college, opened in Moorhead in 2008. Globe University offers over 40 college degree and diploma programs with the main fields of study being business, health science, technology, and legal science. It provides students with resources associated with a large university, while the campus provides a supportive small-college experience.

Long-term Financial Planning

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

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

Major Initiatives

In 2014, there were 197 permits issued for new residential construction with a valuation of \$56,708,439 compared to 139 in 2013, an increase of 42% and significantly higher than the five-year average of 135 permits. The City had 453 total units permitted in 2014, an 11% increase over new units in 2013 of 407 and significantly higher than the five-year average of 268 units. This figure represents the most residential units built within a calendar year in Moorhead in since 2006.

There were 21 commercial permits issued in 2014 with a valuation of \$12,473,597, compared to 31 commercial permits issued in 2013 with a valuation of \$34,676,965. There were 834 building permits issued in 2014 for all types of building activity in the City with \$104,258,333 in total valuation. Moorhead's 2014 construction has seen a significant increase in residential and commercial valuation, as well as, number of residential units.

Independent School District No. 152 (Moorhead) expects an increase of 700 students within the next 5 years along with the addition of all-day kindergarten. The district has expanded two elementary schools in 2014 with a total construction value of \$7,050,984. The district is currently studying its facilities to determine if, when and where they should build a new school to respond to growth in the City.

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

Hornbacher's Grocery, a SuperValu company, broke ground in October 2014 on a \$5.4 million grocery store located in the south area of the City. This new grocery store is the anchor for a 50,000 square foot, \$4.2 million retail shopping center with construction expected to be complete in early 2015. A Sam's Club valued at \$10.5 million and a 70-room Microtel Inn & Suites valued at \$2.4 million has also opened in the southern portion of the City.

In addition to these projects, several existing business expansions were commenced in 2014. New buildings were constructed by D & M Industries (industrial warehouse), Republic Properties (industrial warehouse-office for two businesses), Skatvold Family Dentistry, Subway restaurant, JT Lawn Service, and Aggressive Towing. Significant expansions broke ground in 2014 at Personal Touch Embroidery and Muscatell Collision Center and Farmstead Care Assisted Living & Memory Care.

During the last decade, nearly \$98 million of public dollars (\$65.5 million of state funds/\$32.2 million of City funds) were used to acquire over 225 acres of flood-prone land, including 240 acquisitions to support construction of flood mitigation structures along the river corridor as part of a city-wide flood protection initiative. This new conversion of riverfront property to public ownership has allowed the City the opportunity to initiate the Moorhead River Corridor Study, a long term community vision and comprehensive strategy to develop parks and a continuous trail along the Red River corridor in the City. The Moorhead River Corridor Master Plan was adopted in May 2014 and outlines a plan for connectivity, recreation, habitat enhancement and cultural, historical and environmental interpretation with implementation beginning in 2015.

Numerous park projects were implemented in 2014 and planned for 2015. A new park and trail was developed in Trails at Stonemill Estates which supports a new 316 unit multi-family, multi-phased residential development in south Moorhead. Other projects include trail reconstruction along Highways 10 and 52, new access road to Gooseberry Regional Park, Municipal Pool improvements; parking lot repairs at Village Green golf course, clubhouse upgrades at The Meadows golf course and improvements to the Stave Church at the Hjemkomst Center as well as new and expanded programs.

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, 2013. This was the 31st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Wanda Wagner
Finance Director



Government Finance Officers Association

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

Presented to

**City of Moorhead
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2014

	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
DEL RAE WILLIAMS	MAYOR	2018
NANCY OTTO	COUNCIL MEMBER, WARD 1	2016
MARI DAILEY	COUNCIL MEMBER, WARD 1	2018
HEIDI DURAND	COUNCIL MEMBER, WARD 2	2016
JIM HANEY	COUNCIL MEMBER, WARD 2	2018
MIKE HULETT	COUNCIL MEMBER, WARD 3	2016
BRENDA ELMER	COUNCIL MEMBER, WARD 3	2018
STEVE GEHRTZ	COUNCIL MEMBER, WARD 4	2016
CHUCK HENDRICKSON	COUNCIL MEMBER, WARD 4	2018

APPOINTED OFFICIALS

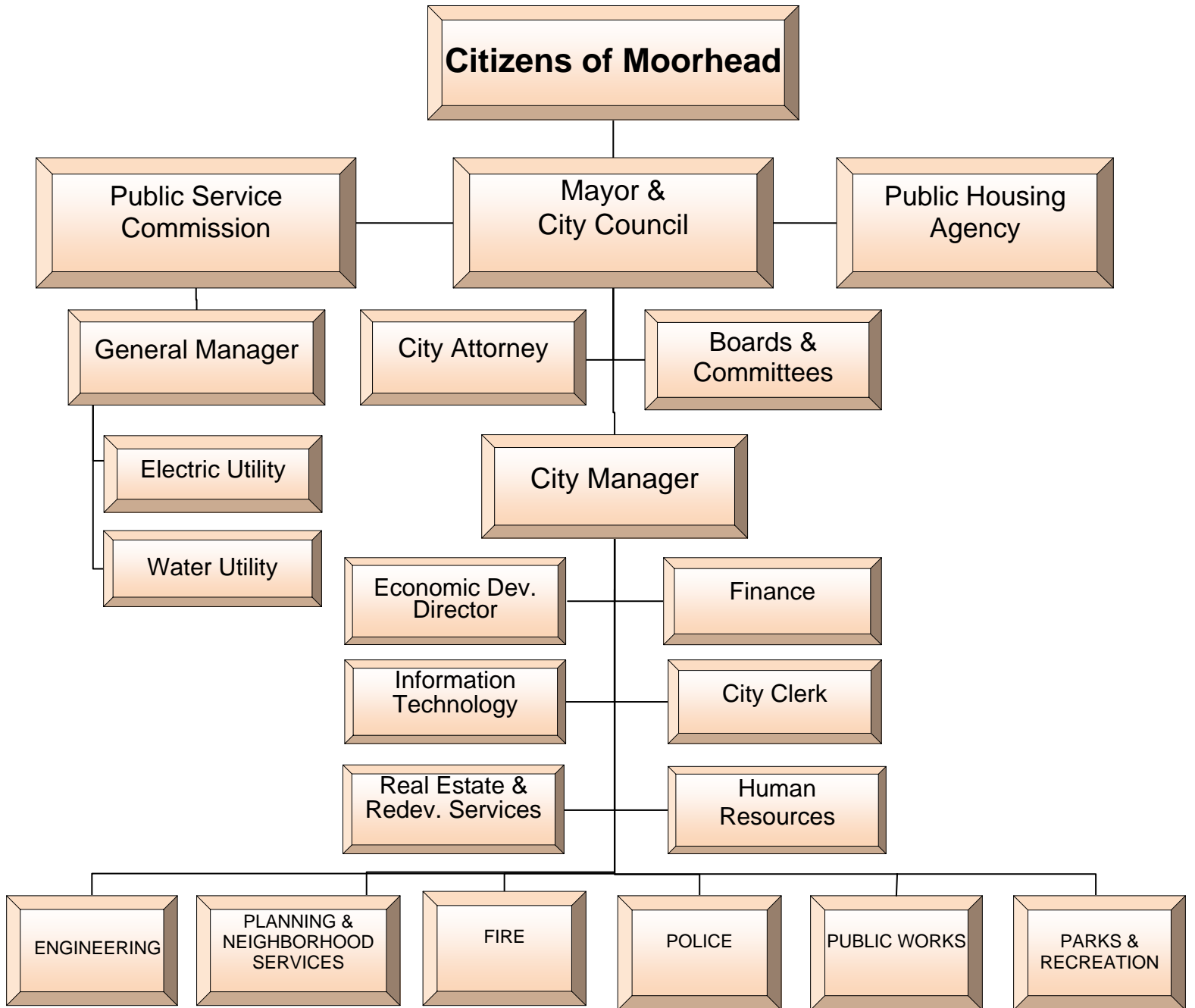
MICHAEL REDLINGER CITY MANAGER

DEPARTMENT DIRECTORS

SCOTT HUTCHINS PLANNING & NEIGHBORHOOD SERVICES
HOLLY HEITKAMP PARKS & RECREATION
ROBERT ZIMMERMAN ENGINEERING
DAVID EBINGER POLICE CHIEF
RICH DUYSSEN FIRE CHIEF
STEVE MOORE PUBLIC WORKS

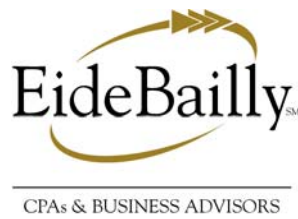
CITY OF MOORHEAD

ORGANIZATION CHART



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, 2014, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Fargo, North Dakota
June 3, 2015

**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, 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities at the close of the most recent fiscal year by \$433,360,022.
- The City's total net position increased by \$21,187,229.
- The City's governmental funds reported combined ending fund balances of \$89,334,534, an increase of \$6,858,366 in comparison with the prior year. Of this total amount, \$13.3M is unassigned, \$4.2M assigned, \$1.2M committed, \$69.0M restricted and \$1.6M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$15,021,820 or 71% of total general fund expenditures of \$21,069,895.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry and municipal airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for vehicles & equipment, information technology and radios. Because the internal service funds benefit both the governmental and business-type functions, \$561,238 has been reflected within the business-type activities and \$6,112,259 within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for electric, water and wastewater treatment, which are considered to be major funds of the City of Moorhead. Data from the other seven enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in this report. The three internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules elsewhere in this report.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Basic Financial Statements of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Moorhead's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 46 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. In the case of the City of Moorhead, assets and deferred outflows of resources exceeded liabilities by \$433,360,022 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 \$264,792,140 (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City of Moorhead uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal year ending December 31, 2014.

CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total
	2014	2013	2014	2013	2014
Current and other assets	\$ 173,339,631	\$ 166,735,286	\$ 44,734,456	\$ 41,986,255	\$ 218,074,087
Capital assets	332,069,619	316,991,810	140,313,330	133,113,356	472,382,949
Total assets	505,409,250	483,727,096	185,047,786	175,099,611	690,457,036
Deferred outflows of resources	2,240,901	581,343			2,240,901
Long-term liabilities outstanding	188,095,139	182,492,237	57,867,898	53,040,136	245,963,037
Other liabilities	7,702,357	6,407,441	5,672,521	5,295,442	13,374,878
Total liabilities	195,797,496	188,899,678	63,540,419	58,335,578	259,337,915
Net Position:					
Net investment in capital assets	177,714,707	160,410,701	87,077,433	85,198,395	264,792,140
Restricted	132,190,249	131,543,123	13,496,942	8,230,771	145,687,191
Unrestricted	1,947,699	3,454,937	20,932,992	23,334,867	22,880,691
Total net position	\$ 311,852,655	\$ 295,408,761	\$ 121,507,367	\$ 116,764,033	\$ 433,360,022

The \$15.1M increase in capital assets in governmental activities is the result of considerable investment in city infrastructure, flood mitigation and flood property acquisition. There was also a significant increase in the current assets, deferred outflows of resources, and long-term debt in the governmental activities which is attributable to crossover-refunding bond issues for which the proceeds are being held with a fiscal agent until the refunded bonds become called. This resulted in an increase in cash with fiscal agent of approximately \$9.2M. Decreases in the due from other governmental units and special assessments receivable of approximately \$2.4M offset the increases due to bond issuances.

CITY OF MOORHEAD'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total 2014
	2014	2013	2014	2013	
Revenues:					
Program revenues:					
Charges for services	\$ 5,458,451	\$ 5,749,861	\$ 61,314,954	\$ 59,756,157	\$ 66,773,405
Operating grants and contributions	3,585,983	3,718,296	218,817	204,439	3,804,800
Capital grants and contributions	21,508,080	16,927,933	1,244,238	1,747,614	22,752,318
General Revenues:					
Taxes	6,985,885	6,824,193			6,985,885
Tax Increments	585,880	689,289			585,880
Franchise Fees	1,137,769	971,057			1,137,769
State aid	9,405,893	8,445,441	11,562	11,562	9,417,455
Grants and contributions not restricted to specific programs	171,232	177,045			171,232
Investment earnings	140,993	142,993	361,204	74,074	502,197
Miscellaneous	1,666,786	1,360,497	571,818	617,849	2,238,604
Total revenues	50,646,952	45,006,605	63,722,593	62,411,695	114,369,545
Expenses:					
General government	4,164,837	4,346,403			4,164,836
Public safety	12,060,174	11,398,174			12,060,174
Highways and streets	11,994,051	13,057,142			11,994,051
Parks and recreation	3,640,538	3,468,570			3,640,538
Library	825,921	824,609			825,921
Community development	443,355	618,093			443,355
Rental Registration	270,581	204,858			270,581
Mass transit	2,738,712	2,587,116			2,738,712
Economic development	921,006	825,762			921,006
Interest on long-term debt	7,122,193	7,688,510			7,531,824
Electric			27,910,422	27,173,001	27,910,422
Water			5,926,998	5,287,103	5,926,998
Wastewater treatment			5,903,395	6,656,290	5,903,395
Storm water			1,156,391	1,003,482	1,156,391
Sanitation			3,429,526	3,166,870	3,429,526
Golf Course			2,212,073	2,187,145	2,212,073
Sports Center			972,117	916,596	972,117
Pest Control			355,922	341,457	355,922
Forestry			761,896	744,203	761,896
Municipal airport			302,208	274,881	302,208
Total expenses	44,181,368	45,019,237	48,930,948	47,751,028	93,112,316
Increase(decrease) in net position before transfers	6,465,584	(12,632)	14,791,645	14,660,667	21,257,229
Transfers	9,978,310	9,397,862	(10,048,310)	(9,327,862)	(70,000)
Change in net position	16,443,894	9,385,230	4,743,335	5,332,805	21,187,229
Net position - beginning of year	295,408,761	286,023,531	116,764,032	111,431,228	412,172,793
Net position - end of year	\$ 311,852,655	\$ 295,408,761	\$ 121,507,367	\$ 116,764,032	\$ 433,360,022

Governmental activities. The governmental activities' net position increased by \$16,443,894 during the current fiscal year, accounting for 77.6% of the total increase in the net position of the City of Moorhead. Revenues increased \$5,640,347 in large part due to over \$2M in premiums on bond issues and a \$2M increase in state grant funding for flood mitigation projects. Expenses decreased \$428,239 due primarily to a \$1.1M decrease in Highways and Streets and a \$662,000 increase in Public Safety.

Business-type activities. Business-type activities increased the City's net position by \$4,743,335 accounting for 22.8% of the total growth in the government's net position. Charges for services in the business-type activities increased \$1.6M (2.6%) over the previous year. This resulted from a rate increase in the Electric Fund (3.5%) effective January 1, 2014. Expenses in the business-type activities increased \$1.2M (2.5%). Components of this increase include \$737K in Electric, \$640K in Water and \$264K in the Sanitation fund. These increases are somewhat offset by a decrease of \$753K in the Wastewater Fund. The electric increase is primarily due to the demolition of an old, inactive power station in order to construct a new substation and supplemental transmission line and the water increase is primarily due to an increase in costs associated with the construction of a new high-speed pumping station. The increase in Sanitation is primarily due to the purchase of a new Sanitation truck and the decrease in the wastewater fund is due to less bond interest expense reflected as a result of a crossover refunding done in the prior year.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$89,334,534, an increase of \$6,858,366 in comparison with the prior year. Approximately 14.9%, or \$13,272,614, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$4.2M, 4.7%), committed (\$1.2M, 1.4%), restricted (\$69.0M, 77.2%) or nonspendable (\$1.6M, 1.8%).

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 \$15,021,820. 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 71% of total general fund expenditures which is above the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was an increase of \$1,205,996 or 7.4% from 2013. Key factors of this increase are as follows:

- Total revenues including net transfers were \$22,311,693 which was \$789,237 over budget. The additional revenues primarily resulted from more building permits and engineering fees than anticipated.
- Expenditures of \$21,034,093 were under budget by \$813,301. Reductions in personal services of \$394,753 were achieved by not filling various vacant positions in addition to \$240,872 in lower than expected bulk fuel costs.

The special assessment debt service fund balance increased \$10,718,802 due mainly to crossover-refunding bond issues for which the proceeds are being held with a fiscal agent until the refunded bonds become callable. This resulted in an increase in cash with fiscal agent of approximately \$9.2M. The special assessment capital projects fund balance decreased by \$4,085,838 which is primarily due to the spend down of prior year bond proceeds. The permanent improvement fund balance decreased \$1,092,505 due to capital expenditures which will be funded with a future bond issue.

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 \$17,277,668. The total change in net position in the enterprise funds was an increase of \$4,776,708. The electric fund grew by nearly \$3.4M, the water fund by \$880K and the wastewater fund by \$410K.

As noted earlier, the revenue increase in the electric fund of 2.4% was primarily the result of a 3.5% rate increase effective January 2014. The water fund experienced a decrease in operating revenue of -0.5% caused by a decline in customer sales volume in 2014; however, it still reported an increase in net position largely attributable to capital contributions of \$343,777. Reduced debt service payments in 2014 resulting from a crossover refunding bond issuance from the prior year is the primary cause for the increased net position in the wastewater fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. Budgets were amended throughout the year to account for changes approved by the City Council during the year, primarily for the award of public safety grants and also to authorize the expenditure of

federal and state seizure funds. The original expenditure budget of \$21,377,288 was amended to a final budget totaling \$21,883,196 for an increase of \$505,908 during the year.

Final budget compared to actual results. The positive revenue variance of \$758,558 is attributed primarily to excess building permit revenue and engineering fees. The positive variance in expenditures of \$813,301 is the result of not filling vacant positions saving \$394,753 and \$240,872 in lower than expected bulk fuel purchases. Overspending in the administration department was attributable to a lengthy lawsuit which resulted in higher than expected legal fees. The police department realized excessive overtime costs due to a high turnover in personnel.

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, 2014, amounts to \$472,382,949 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

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

- Flood acquisition and mitigation projects of \$10.2M with \$6.8M funded by a State grant and the remainder funded through issuance of bonds.
- \$2.5M in street projects with state funds
- \$9.5M in infrastructure other improvements

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

	Governmental Activities 2014	Business-type Activities 2014	Total
Land	\$ 62,529,071	\$ 8,545,234	\$ 71,074,305
Construction in progress	48,622,912	8,550,991	57,173,903
Buildings	10,235,092	92,630,473	102,865,565
Improvements other than buildings	16,062,681	26,184,904	42,247,585
Machinery and equipment	10,270,531	4,401,728	14,672,259
Infrastructure	184,349,332		184,349,332
Total	\$ 332,069,619	\$ 140,313,330	\$ 472,382,949

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

Long-Term Debt. At the end of the current fiscal year, the City of Moorhead had total bonded debt outstanding of \$242,220,232. Of this amount, \$195,000 is comprised of General Obligation debt backed by the full faith and credit of the City, G.O. Special assessment debt of \$180,925,000 and General Obligation Revenue debt of \$37,130,232 which are also backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$23,970,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$1,105,277 General Obligation Notes Payable at year end.

The City's net increase in long-term bonded debt was \$9,260,114 during the current fiscal year due to the issuance of various bonds as listed below which includes \$36,885,000 in advance refunding bonds. Debt service principal payments totaling \$12,594,886 were made, \$10,045,000 of G.O. Improvement Bonds 2003B were called as the result of a refunding in 2012 and \$18,355,000 of G.O. Improvement Bonds 2007A were defeased as the result of a refunding in 2014.

During the current fiscal year, the City issued:

\$7,200,000 G.O. Wastewater Revenue Bonds 2014A to finance improvements to the City's sanitary lift stations.

\$19,440,000 G.O. Improvement Refunding Bonds 2014B to provide for a full net advance refunding of the G.O. Improvement Bonds, Series 2007A, resulting in a reduction in debt service costs to the City.

\$6,170,000 G.O. Improvement Bonds 2014C to finance various city-wide infrastructure projects.

\$7,660,000 G.O. Improvement Refunding Bonds 2014D, an advance crossover refunding of the G.O. Improvement Bonds, Series 2005A.

\$9,785,000 G.O. Improvement Refunding Bonds 2014E, an advance crossover refunding of the G.O. Improvement Bonds, Series 2005B.

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 \$65,400,048. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$754,912 leaving a legal debt margin of \$64,645,136.

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	\$ 180,925,000	\$	\$ 180,925,000
General obligation debt	195,000		195,000
G.O. Tax Increment	4,250,000		4,250,000
G.O. Municipal Improvement Revenue	785,000		785,000
G.O. Revenue		14,465,232	14,465,232
Revenue Refunding		18,120,000	18,120,000
Revenue		23,480,000	23,480,000
Long-term notes	559,912	545,365	1,105,277
Compensated absences	1,698,338	839,374	2,537,712
Other Post-Employment Benefits	778,108	431,321	1,209,429
Total	\$ 189,191,138	\$ 57,881,292	\$ 247,072,650

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

Economic Factors and Next Year’s Budgets

The local economy has remained resilient and 2014 once again showed significant increases in both new commercial and residential construction, both in terms of value and number of residential units. There has been \$98 million of public investment for flood mitigation in Moorhead. \$7.2 million will complete the City’s flood protection to a river stage of 42.5 feet. Moorhead’s revised FEMA map was adopted in April 2012 and sets the 100-year flood plain at a river stage of 39.3 feet. Moorhead’s proactive approach to flood protection gives the City a market advantage and keeps our community in business regardless of whether or when the FM Diversion project is completed. The City of Moorhead prides itself on its ability to maintain most services at a level the taxpayer has come to expect. This has been accomplished by not filling vacant positions and incorporating cost saving measures in services provided.

The City of Moorhead’s 2015 Operating & Capital Budget totals \$74,317,712, an increase of \$6,349,713 (9.3%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2015 budget reflects an increase of \$2,184,363 (7.52%) from 2014 levels. When looking at these budget increases from the 2014 levels, one must take into consideration that included within the 2015 budget is a 27th pay period and a significant increase in both revenue collections and costs associated with the annexation of 500 additional homes in Oakport Tract 2. A new revenue source was included in the 2015 budget in the form of a street light utility to offset the cost of operating and maintaining street lights throughout the City. This revenue source is phased in over the next two years with \$650,000 included in the 2015 Operating and Capital Budget.

Based upon the results of the Classification and Compensation Study which was completed in April of 2013, Year 2 of implementation was included in the 2015 Operating and Capital Budget along with a 2% pay scale adjustment. The total cost for this stage of the implementation is slightly over \$700,000 citywide. Health insurance premiums were increased \$173,000 (8%).

Operating budgets remained primarily at 2014 levels, with the exception of increases resulting from the annexation of a significant tract of developed property (1,620 acres) north of the current city limits. This annexation necessitates the addition of five new staff, as well as, equipment and operational costs.

The Local Government Aid (LGA) program will continue to be stressed and not a funding source which is forecast to increase. 2015 Local Government Aid is \$7,114,504, which is an increase of \$36,151 over the 2014 Local Government Aid allocation.

Requests for Information

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 64,497,907	\$ 15,260,120	\$ 79,758,027	\$ 1,897,051
Cash with fiscal agent	28,995,001		28,995,001	
Receivables:				
Accounts and notes	399,569	7,481,530	7,881,099	8,628
Accrued interest		53,432	53,432	
Special assessments	6,773,763	299,586	7,073,349	
Internal balances	3,010,295	(3,010,295)		
Due from other governmental units	1,771,731	291,766	2,063,497	4,406
Inventories		1,336,507	1,336,507	
Prepaid items	8,474	121,230	129,704	56,938
Restricted assets:				
Cash and cash equivalents		7,389,220	7,389,220	
Bond operation and maintenance reserve		5,142,000	5,142,000	
Long-term receivables:				
Special assessments	63,020,533	2,719,555	65,740,088	
Notes receivable, less current portion	4,862,358	640,705	5,503,063	
Other long-term investments		7,009,100	7,009,100	
Capital assets:				
Intangible plant		255,373	255,373	
Land	62,529,071	8,545,234	71,074,305	464,977
Buildings	22,550,748	165,800,237	188,350,985	10,629,262
Improvements other than buildings	27,175,594	40,039,835	67,215,429	
Machinery and equipment	30,934,174	18,116,863	49,051,037	676,247
Infrastructure	261,130,484		261,130,484	
Construction in progress	48,622,912	8,550,991	57,173,903	
Less accumulated depreciation	(120,873,364)	(100,995,203)	(221,868,567)	(6,912,138)
Total assets	<u>505,409,250</u>	<u>185,047,786</u>	<u>690,457,036</u>	<u>6,825,371</u>
DEFERRED OUTFLOWS OF RESOURCES				
Advance refundings of debt	<u>2,240,901</u>		<u>2,240,901</u>	
LIABILITIES				
Accounts payable	2,795,948	4,097,897	6,893,845	68,808
Contracts payable - retainage	130,002		130,002	
Accrued wages payable	783,993	190,291	974,284	
Accrued compensated absences	1,096,219	709,371	1,805,590	27,985
Due to other governmental units	5,155	33,462	38,617	
Customer deposits		186,315	186,315	54,235
Other liabilities	132,620	49,589	182,209	53,066
Accrued interest payable	2,758,420	327,670	3,086,090	
Liabilities payable from restricted assets:				
Accrued interest payable		77,926	77,926	
Long-term liabilities:				
Due within one year	18,469,823	4,032,973	22,502,796	
Accrued compensated absences	602,119	130,003	732,122	
Other post-employment benefits	778,108	431,321	1,209,429	
Notes payable	485,089	353,108	838,197	
Bonds payable	167,760,000	52,920,493	220,680,493	
Total liabilities	<u>195,797,496</u>	<u>63,540,419</u>	<u>259,337,915</u>	<u>204,094</u>
NET POSITION				
Net investment in capital assets	177,714,707	87,077,433	264,792,140	4,858,348
Restricted for debt service	116,646,363	10,197,107	126,843,470	44,275
Restricted for capital projects	15,543,886	3,299,835	18,843,721	
Unrestricted	1,947,699	20,932,992	22,880,691	1,718,654
Total net position	<u>\$ 311,852,655</u>	<u>\$ 121,507,367</u>	<u>\$ 433,360,022</u>	<u>\$ 6,621,277</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, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary Government							
Governmental activities:							
General government	\$ 4,164,837	\$ 1,084,382	1,685		\$ (3,078,770)		\$ (3,078,770)
Public safety	12,060,174	753,180	1,086,892		(10,220,102)		(10,220,102)
Highways and streets	11,994,051	2,335,578	127,731	17,655,382	8,124,640		8,124,640
Parks and recreation	3,640,538	385,163	5,854		(3,249,521)		(3,249,521)
Library	825,921				(825,921)		(825,921)
Community development	443,355	211,184	367,066	3,639,193	3,774,088		3,774,088
Rental registration	270,581	240,127			(30,454)		(30,454)
Mass transit	2,738,712	406,940	1,996,755	213,505	(121,512)		(121,512)
Economic development	921,006	41,897			(879,109)		(879,109)
Interest on long-term debt	7,122,193				(7,122,193)		(7,122,193)
Total governmental activities	<u>44,181,368</u>	<u>5,458,451</u>	<u>3,585,983</u>	<u>21,508,080</u>	<u>(13,628,854)</u>		<u>(13,628,854)</u>
Business-type activities:							
Electric	27,910,422	38,598,929		280,584		\$ 10,969,091	10,969,091
Water	5,926,998	6,824,014		8,803		905,819	905,819
Wastewater treatment	5,903,395	6,496,996		553,074		1,146,675	1,146,675
Storm water	1,156,391	2,443,219				1,286,828	1,286,828
Sanitation	3,429,526	3,820,293	192,640			583,407	583,407
Golf Course	2,212,073	1,131,968			(1,080,105)		(1,080,105)
Sports Center	972,117	588,853			(383,264)		(383,264)
Pest Control	355,922	537,244				181,322	181,322
Forestry	761,896	772,945				11,049	11,049
Municipal airport	302,208	100,493	26,177	401,777		226,239	226,239
Total business-type activities	<u>48,930,948</u>	<u>61,314,954</u>	<u>218,817</u>	<u>1,244,238</u>		<u>13,847,061</u>	<u>13,847,061</u>
Total primary government	<u>\$ 93,112,316</u>	<u>\$ 66,773,405</u>	<u>\$ 3,804,800</u>	<u>\$ 22,752,318</u>	<u>(13,628,854)</u>	<u>13,847,061</u>	<u>218,207</u>
Component Unit:							
Public Housing Agency	<u>\$ 1,940,844</u>	<u>\$ 626,806</u>	<u>\$ 1,003,523</u>	<u>\$ 50,233</u>			<u>\$ (260,282)</u>
General revenues:							
Property taxes levied for general purposes					3,603,921		3,603,921
Property taxes levied for debt service					3,381,964		3,381,964
Tax increments					585,880		585,880
Franchise fees					1,137,769		1,137,769
State aid unrestricted					9,405,893	11,562	9,417,455
Grants and contributions not restricted to specific programs					171,232		171,232
Unrestricted investment earnings					140,993	361,204	502,197
Miscellaneous					1,666,786	571,818	2,238,604
Transfers					9,978,310	(10,048,310)	(70,000)
Total general revenues and transfers					<u>30,072,748</u>	<u>(9,103,726)</u>	<u>20,969,022</u>
Changes in net position					16,443,894	4,743,335	21,187,229
Net position - beginning as restated (Note 5.G.11)					295,408,761	116,764,032	412,172,793
Net position - ending					<u>\$ 311,852,655</u>	<u>\$ 121,507,367</u>	<u>\$ 433,360,022</u>

12

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Assets:						
Cash and investments	\$ 10,720,150	\$ 30,616,113	\$ 8,941,297	\$	\$ 7,510,465	\$ 57,788,025
Cash with fiscal agent		29,721,764				29,721,764
Receivables:						
Accounts	273,591	45	10,945		36,998	321,579
Notes	30,625	617,510			4,214,223	4,862,358
Special assessments		84,304,694	3,089,074	733,389		88,127,157
Due from other funds	5,228,533				87,916	5,316,449
Due from other governmental units	161,354	176,298	593,347	591,707	248,922	1,771,628
Advances to other funds	1,174,424		414,969			1,589,393
Prepaid items	8,439					8,439
Total Assets	\$ 17,597,116	\$ 145,436,424	\$ 13,049,632	\$ 1,325,096	\$ 12,098,524	\$ 189,506,792
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 448,137	\$ 121,587	\$ 1,522,465	\$ 76,024	\$ 540,916	\$ 2,709,129
Contracts payable - retainage			108,057	21,945		130,002
Accrued wages payable	661,392				94,907	756,299
Due to other funds				1,786,441	1,159,212	2,945,653
Advances from other funds					388,656	388,656
Due to other governmental units	5,155					5,155
Other liabilities	1,250				131,370	132,620
Total Liabilities	1,115,934	121,587	1,630,522	1,884,410	2,315,061	7,067,514
Deferred inflows of resources:						
Long-term receivables	150,929	84,917,129	3,089,074	733,389	4,214,223	93,104,744
Fund Balance:						
Nonspendable	1,213,488	318	414,969			1,628,775
Restricted		60,397,390	7,915,067		685,227	68,997,684
Committed	94,945				1,148,372	1,243,317
Assigned					4,192,144	4,192,144
Unassigned	15,021,820			(1,292,703)	(456,503)	13,272,614
Total Fund Balance	16,330,253	60,397,708	8,330,036	(1,292,703)	5,569,240	89,334,534
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 17,597,116	\$ 145,436,424	\$ 13,049,632	\$ 1,325,096	\$ 12,098,524	
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.						332,069,619
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.						74,771,883
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.						(190,435,640)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position.						6,112,259
						\$ 311,852,655
				Net position of governmental activities		\$ 311,852,655

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 352,670	\$ 3,300,734	\$	\$	\$ 3,918,362	\$ 7,571,766
Franchise	1,137,769					1,137,769
Licenses and permits	849,029					849,029
Intergovernmental revenues:						
Federal	117,634	151,131	894,700	402,111	879,916	2,445,492
State	8,144,340	883,068	8,287,180	205,002	3,048,815	20,568,405
Other	259,935	217,300		31,003	171,232	679,470
Charges for services	2,746,620		2,564		775,313	3,524,497
Fines and forfeits	515,349					515,349
Facility rentals					157,351	157,351
Donations					24,084	24,084
Interest on investments	54,958	51,788	19,828	1,278	6,757	134,609
Special assessments		10,106,101	274,230			10,380,331
Sale of property				14,514		14,514
Miscellaneous	246,590	560,543	25,009	438,130	884,173	2,154,445
Total revenues	<u>14,424,894</u>	<u>15,270,665</u>	<u>9,503,511</u>	<u>1,092,038</u>	<u>9,866,003</u>	<u>50,157,111</u>
EXPENDITURES						
Current:						
General government	3,486,743	243,164	81,495	2,374	98,792	3,912,568
Public safety	11,525,194				74,153	11,599,347
Highways and streets	5,945,067		16,248	1,781	109,415	6,072,511
Parks and recreation					2,709,763	2,709,763
Library					820,110	820,110
Community development			75,549		367,806	443,355
Rental Registration					270,581	270,581
Mass transit					2,281,543	2,281,543
Economic development					721,271	721,271
Capital outlay	112,891		19,122,108	2,466,190	1,534,233	23,235,422
Debt Service:						
Bond and note principal		18,395,000			886,197	19,281,197
Bond and note Interest		5,892,267			668,494	6,560,761
Fiscal and other charges		508,202			3,150	511,352
Total expenditures	<u>21,069,895</u>	<u>25,038,633</u>	<u>19,295,400</u>	<u>2,470,345</u>	<u>10,545,508</u>	<u>78,419,781</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(6,645,001)</u>	<u>(9,767,968)</u>	<u>(9,791,889)</u>	<u>(1,378,307)</u>	<u>(679,505)</u>	<u>(28,262,670)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		36,915,575	6,139,425			43,055,000
Premium on Issuance of debt		2,233,381				2,233,381
Transfers from other funds	7,886,799	1,336,952		285,802	2,179,769	11,689,322
Transfers to other funds	(35,802)	(130,000)	(500,000)		(1,388,353)	(2,054,155)
Payment to refunded bond escrow agent		(19,869,138)				(19,869,138)
Sale of capital assets			66,626			66,626
Total other financing sources	<u>7,850,997</u>	<u>20,486,770</u>	<u>5,706,051</u>	<u>285,802</u>	<u>791,416</u>	<u>35,121,036</u>
NET CHANGE IN FUND BALANCE	1,205,996	10,718,802	(4,085,838)	(1,092,505)	111,911	6,858,366
FUND BALANCE - BEGINNING	<u>15,124,257</u>	<u>49,678,906</u>	<u>12,415,874</u>	<u>(200,198)</u>	<u>5,457,329</u>	<u>82,476,168</u>
FUND BALANCE - ENDING	<u>\$ 16,330,253</u>	<u>\$ 60,397,708</u>	<u>\$ 8,330,036</u>	<u>\$ (1,292,703)</u>	<u>\$ 5,569,240</u>	<u>\$ 89,334,534</u>

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

**CITY OF MOORHEAD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

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

Net change in fund balances - total governmental funds (page 14) \$ 6,858,366

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	\$ 23,235,422	
Transfer of assets to business-type activities	(1,014,810)	
Depreciation expense	<u>(7,674,792)</u>	14,545,820

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (249,555)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,749,924)

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	(43,055,000)	
Bond & note principal payments	19,281,197	
Payment to escrow agent for refunding	<u>19,869,138</u>	(3,904,665)

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	(193,346)	
Other post-employment benefits	(99,620)	
Accrued interest	<u>(50,080)</u>	(343,046)

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. 1,286,898

Change in net position of governmental activities (page 12) \$ 16,443,894

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 332,512	\$ 332,512	\$ 352,670	\$ 20,158
Franchise	948,000	948,000	1,137,769	189,769
Licenses and permits	531,095	531,095	849,029	317,934
Intergovernmental:				
Federal	80,771	118,506	117,634	(872)
State	8,083,806	8,402,671	8,144,340	(258,331)
County	77,600	77,600	169,513	91,913
Other	85,798	87,722	90,422	2,700
Charges for services	2,336,280	2,337,630	2,746,620	408,990
Fines and forfeitures	555,800	556,175	515,349	(40,826)
Interest on investments	117,590	117,590	54,958	(62,632)
Miscellaneous	156,835	156,835	246,590	89,755
Total revenues	<u>13,306,087</u>	<u>13,666,336</u>	<u>14,424,894</u>	<u>758,558</u>
EXPENDITURES				
Administration department:				
Current:				
Personal services	1,090,179	1,090,179	1,054,268	35,911
Supplies	22,499	22,499	22,549	(50)
Other services & charges	1,044,561	1,044,561	1,184,531	(139,970)
	<u>2,157,239</u>	<u>2,157,239</u>	<u>2,261,348</u>	<u>(104,109)</u>
Police department:				
Current:				
Personal services	5,608,244	5,608,244	5,776,954	(168,710)
Supplies	351,542	382,304	305,982	76,322
Other services & charges	1,922,644	2,004,830	1,983,649	21,181
Capital outlay	37,600	37,600	43,883	(6,283)
	<u>7,882,430</u>	<u>8,032,978</u>	<u>8,110,468</u>	<u>(77,490)</u>
Fire department:				
Current:				
Personal services	2,945,567	3,072,662	2,883,916	188,746
Supplies	75,003	203,663	98,798	104,865
Other services & charges	470,325	549,930	475,895	74,035
Capital outlay	11,287	11,287	11,287	(11,287)
	<u>3,490,895</u>	<u>3,826,255</u>	<u>3,469,896</u>	<u>356,359</u>
Planning & Neighborhood Services department:				
Current:				
Personal services	1,012,046	1,012,046	954,091	57,955
Supplies	29,398	29,398	19,213	10,185
Other services & charges	210,485	230,485	252,091	(21,606)
Capital outlay	115,443	115,443	57,721	57,722
	<u>1,367,372</u>	<u>1,387,372</u>	<u>1,283,116</u>	<u>104,256</u>
Engineering department:				
Current:				
Personal services	1,158,049	1,158,049	1,022,295	135,754
Supplies	35,408	35,408	26,714	8,694
Other services & charges	350,275	350,275	296,470	53,805
	<u>1,543,732</u>	<u>1,543,732</u>	<u>1,345,479</u>	<u>198,253</u>
Public Works department:				
Current:				
Personal services	1,078,653	1,078,653	933,556	145,097
Supplies	2,235,235	2,235,235	2,019,213	216,022
Other services & charges	1,621,732	1,621,732	1,646,819	(25,087)
	<u>4,935,620</u>	<u>4,935,620</u>	<u>4,599,588</u>	<u>336,032</u>
Total expenditures	<u>21,377,288</u>	<u>21,883,196</u>	<u>21,069,895</u>	<u>813,301</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUE UNDER EXPENDITURES	<u>(8,071,201)</u>	<u>(8,216,860)</u>	<u>(6,645,001)</u>	<u>1,571,859</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	7,917,620	7,856,120	7,886,799	30,679
Transfers to other funds	<u>(25,000)</u>	<u>(35,802)</u>	<u>(35,802)</u>	
Total other financing sources	<u>7,892,620</u>	<u>7,820,318</u>	<u>7,850,997</u>	<u>30,679</u>
NET CHANGE IN FUND BALANCE	(178,581)	(396,542)	1,205,996	1,602,538
FUND BALANCE - BEGINNING	<u>15,124,257</u>	<u>15,124,257</u>	<u>15,124,257</u>	
FUND BALANCE - ENDING	<u>\$ 14,945,676</u>	<u>\$ 14,727,715</u>	<u>\$ 16,330,253</u>	<u>\$ 1,602,538</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, 2014**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,137,160	862,528	\$ 4,777,168	\$ 6,483,264	\$ 15,260,120	\$ 6,709,882
Receivables:						
Accounts and notes	4,998,445	692,820	964,426	825,839	7,481,530	77,990
Accrued interest	44,348	9,084			53,432	
Special assessments		5,505	294,081		299,586	
Due from other city funds			557,949	646,032	1,203,981	
Due from other governmental units			7,399	284,367	291,766	103
Inventories	1,142,787	193,720			1,336,507	
Prepaid items	58,057	63,173			121,230	35
Total current assets	<u>9,380,797</u>	<u>1,826,830</u>	<u>6,601,023</u>	<u>8,239,502</u>	<u>26,048,152</u>	<u>6,788,010</u>
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	2,342,207	596,272	3,378,555	1,072,186	7,389,220	
Bond operation and maintenance reserve	4,430,000	712,000			5,142,000	
Long-term receivables:						
Special assessments			2,719,555		2,719,555	
Notes receivable, less current portion	2,418			638,287	640,705	
Other long-term investments	6,001,007	1,008,093			7,009,100	
Capital assets:						
Intangible plant	255,373				255,373	
Land	885,747	574,942	2,672,526	4,412,019	8,545,234	
Buildings	62,107,090	56,547,904	33,258,786	13,886,457	165,800,237	
Improvements other than buildings	2,768,899		27,777,878	9,493,058	40,039,835	
Machinery and equipment	4,919,536	1,976,443	10,368,566	852,318	18,116,863	23,021,639
Construction in progress	1,107,183	2,764,329	4,476,992	202,487	8,550,991	
Less accumulated depreciation	<u>(26,859,627)</u>	<u>(20,397,519)</u>	<u>(39,158,498)</u>	<u>(14,579,559)</u>	<u>(100,995,203)</u>	<u>(15,213,048)</u>
Total long-term assets	<u>57,959,833</u>	<u>43,782,464</u>	<u>45,494,360</u>	<u>15,977,253</u>	<u>163,213,910</u>	<u>7,808,591</u>
Total assets	<u>\$ 67,340,630</u>	<u>\$ 45,609,294</u>	<u>\$ 52,095,383</u>	<u>\$ 24,216,755</u>	<u>\$ 189,262,062</u>	<u>\$ 14,596,601</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 3,203,918	304,004	\$ 431,164	\$ 158,811	\$ 4,097,897	\$ 86,819
Accrued wages payable			55,534	134,757	190,291	27,694
Accrued compensated absences	260,000	231,000	87,348	131,023	709,371	
Due to other city funds	1,835,797	48,568		1,690,412	3,574,777	
Due to other governmental units				33,462	33,462	
Customer deposits	175,035			11,280	186,315	
Deferred revenue						
Other liabilities				49,589	49,589	
Accrued interest payable			317,390	10,280	327,670	
Current maturities of long-term debt	1,188,325	777,040	1,817,608	250,000	4,032,973	
Current liabilities payable from restricted assets:						
Accrued interest payable	70,132	7,794			77,926	
Current maturities of long-term debt						
Total current liabilities	<u>6,733,207</u>	<u>1,368,406</u>	<u>2,709,044</u>	<u>2,469,614</u>	<u>13,280,271</u>	<u>114,513</u>
Long-term liabilities:						
Accrued compensated absences			52,634	77,369	130,003	30,733
Other post-employment benefits	124,718	83,146	77,015	146,442	431,321	10,033
Notes payable		353,108			353,108	
Bonds payable	16,159,400	4,290,600	30,642,639	1,827,854	52,920,493	
Advances from other funds		414,969		785,768	1,200,737	
Total long-term liabilities	<u>16,284,118</u>	<u>5,141,823</u>	<u>30,772,288</u>	<u>2,837,433</u>	<u>55,035,662</u>	<u>40,766</u>
Total liabilities	<u>23,017,325</u>	<u>6,510,229</u>	<u>33,481,332</u>	<u>5,307,047</u>	<u>68,315,933</u>	<u>155,279</u>
NET POSITION						
Net investment in capital assets	27,836,476	36,460,320	6,936,003	15,844,634	87,077,433	7,808,591
Restricted for debt service	2,136,458	596,272	6,392,191	1,072,186	10,197,107	
Restricted for capital projects	3,299,835		3,094,086		6,393,921	
Unrestricted	11,050,536	2,042,473	2,191,771	1,992,888	17,277,668	6,632,731
Total net position	<u>\$ 44,323,305</u>	<u>\$ 39,099,065</u>	<u>\$ 18,614,051</u>	<u>\$ 18,909,708</u>	<u>120,946,129</u>	<u>\$ 14,441,322</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					561,238	
Net position of business-type activities					<u>\$ 121,507,367</u>	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 38,005,257	6,783,579	\$ 6,392,330	\$ 9,084,637	\$ 60,265,803	\$ 2,469,151
Other	588,936	30,435	104,666	310,378	1,034,415	640
Total operating revenue	<u>38,594,193</u>	<u>6,814,014</u>	<u>6,496,996</u>	<u>9,395,015</u>	<u>61,300,218</u>	<u>2,469,791</u>
OPERATING EXPENSES						
Personal services	3,373,749	2,234,867	1,158,782	3,052,867	9,820,265	495,495
Purchased power	19,076,764				19,076,764	
Disposal fee				995,716	995,716	
Professional services	120,738	29,608	182,706	282,839	615,891	2,481
Insurance	73,329	49,239	161,707	100,621	384,896	1,524
Repair and maintenance	2,356,624	968,649	456,299	701,822	4,483,394	235,504
Supplies	127,274	1,007,221	368,849	807,763	2,311,107	22,951
Utilities			647,700	468,482	1,116,182	
Equipment rental			121,059	524,579	645,638	
Depreciation	2,185,620	1,381,982	1,586,976	803,391	5,957,969	1,730,402
Miscellaneous	13,358	22,548	409,219	733,886	1,179,011	105,335
Total operating expenses	<u>27,327,456</u>	<u>5,694,114</u>	<u>5,093,297</u>	<u>8,471,966</u>	<u>46,586,833</u>	<u>2,593,692</u>
Operating income(loss)	<u>11,266,737</u>	<u>1,119,900</u>	<u>1,403,699</u>	<u>923,049</u>	<u>14,713,385</u>	<u>(123,901)</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	257,406	60,853		42,945	361,204	6,384
Interest on indebtedness	(582,966)	(232,884)	(795,257)	(139,195)	(1,750,302)	
Gain (loss) on disposal of equipment	4,736	10,000		(71,240)	(56,504)	11,959
Intergovernmental				218,817	218,817	
Miscellaneous	59,088	46,026	(18,446)	7,512	94,180	1,130
Total nonoperating revenue (expense)	<u>(261,736)</u>	<u>(116,005)</u>	<u>(813,703)</u>	<u>58,839</u>	<u>(1,132,605)</u>	<u>19,473</u>
Income (loss) before contributions and transfers	<u>11,005,001</u>	<u>1,003,895</u>	<u>589,996</u>	<u>981,888</u>	<u>13,580,780</u>	<u>(104,428)</u>
Capital contributions	280,584	343,777	553,074	422,660	1,600,095	658,953
Transfers from other funds	500,000			548,250	1,048,250	699,000
Transfers to other funds	(8,401,816)	(466,068)	(732,090)	(1,852,443)	(11,452,417)	
Total contributions and transfers	<u>(7,621,232)</u>	<u>(122,291)</u>	<u>(179,016)</u>	<u>(881,533)</u>	<u>(8,804,072)</u>	<u>1,357,953</u>
CHANGE IN NET POSITION	3,383,769	881,604	410,980	100,355	4,776,708	1,253,525
TOTAL NET POSITION - BEGINNING	<u>40,939,536</u>	<u>38,217,461</u>	<u>18,203,071</u>	<u>18,809,353</u>		<u>13,187,797</u>
TOTAL NET POSITION - ENDING	<u>\$ 44,323,305</u>	<u>\$ 39,099,065</u>	<u>\$ 18,614,051</u>	<u>\$ 18,909,708</u>		<u>\$ 14,441,322</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(33,373)	
Change in net position of business-type activities					<u>\$ 4,743,335</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, 2014**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 38,780,720	6,873,093	\$ 6,301,474	\$ 9,109,435	\$ 61,064,722	\$ 2,462,905
Payments to suppliers	(23,408,512)	(3,414,142)	(1,551,299)	(3,878,306)	(32,252,259)	(196,605)
Payments to employees	(1,760,796)	(940,387)	(1,131,740)	(2,997,948)	(6,830,871)	(489,673)
Other receipts (payments)			(324,000)	(408,325)	(732,325)	(103,565)
Net cash provided by operating activities	<u>13,611,412</u>	<u>2,518,564</u>	<u>3,294,435</u>	<u>1,824,856</u>	<u>21,249,267</u>	<u>1,673,062</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental			553,074	218,817	771,891	
Transfers from other funds	500,000			548,250	1,048,250	472,000
Transfers to other funds	(8,401,816)	(466,068)	(732,090)	(1,852,443)	(11,452,417)	
Payments received on notes	73,350	49,860			123,210	
Net cash provided by (used in) noncapital financing activities	<u>(7,828,466)</u>	<u>(416,208)</u>	<u>(179,016)</u>	<u>(1,085,376)</u>	<u>(9,509,066)</u>	<u>472,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of assets	(4,127,800)	(3,875,431)	(4,482,753)	(644,685)	(13,130,669)	(1,652,157)
Proceeds from sale of assets	4,736	10,000			14,736	38,125
Proceeds from issuance of long-term debt		545,365	7,665,426		8,210,791	
Principal payments - bonds and notes	(1,132,225)	(217,775)	(1,844,886)	(235,000)	(3,429,886)	
Interest payments - bonds and notes	(586,434)	(233,090)	(752,542)	(137,181)	(1,709,247)	
Capital grants from other governments				342,729	342,729	
Special assessment collections			30,186		30,186	
Net cash provided by (used in) capital and related financing activities	<u>(5,841,723)</u>	<u>(3,770,931)</u>	<u>615,431</u>	<u>(674,137)</u>	<u>(9,671,360)</u>	<u>(1,614,032)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	251,508	60,210		42,765	354,483	6,384
Purchase of investments	(1,140,166)	(9,571)			(1,149,737)	
Net cash provided by (used in) investing activities	<u>(888,658)</u>	<u>50,639</u>		<u>42,765</u>	<u>(795,254)</u>	<u>6,384</u>
Net increase (decrease) in cash and cash equivalents	(947,435)	(1,617,936)	3,730,850	108,108	1,273,587	537,414
Cash and cash equivalents at beginning of year	6,426,802	3,076,736	4,424,873	7,447,342	21,375,753	6,172,468
Cash and cash equivalents at end of year	<u>\$ 5,479,367</u>	<u>\$ 1,458,800</u>	<u>\$ 8,155,723</u>	<u>\$ 7,555,450</u>	<u>\$ 22,649,340</u>	<u>\$ 6,709,882</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 11,266,737	\$ 1,119,900	\$ 1,403,699	\$ 923,049	\$ 14,713,385	\$ (123,901)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation accruals	2,185,620	1,381,982	1,586,976	803,391	5,957,969	1,730,402
Depreciation expensed to vehicle expense	144,418	87,312			231,730	
Miscellaneous nonoperating income (expense)	59,088	46,026	(18,446)	7,692	94,360	1,130
Change in assets and liabilities:						
Accounts and notes receivable	127,439	13,051	(62,748)	52,419	130,161	(6,238)
Due from other funds			(11,982)	(27,916)	(39,898)	
Due from other governments			(1,001)	(27,137)	(28,138)	27
Special assessment receivable			(19,494)		(19,494)	
Inventories	(356,868)	(10,056)			(366,924)	
Prepaid items	(19,604)	(9,037)	3,369	295	(24,977)	(35)
Accounts payable	216,366	(57,055)	387,020	(3,192)	543,139	65,888
Accrued wages payable	60	38,058	3,530	14,727	56,375	3,651
Compensated absences payable			15,088	16,064	31,152	908
Other post employment benefits	26,303	17,536	8,424	24,128	76,391	1,263
Due to other funds	(38,147)	(109,153)		23,780	(123,520)	
Due to other governments				1,835	1,835	(33)
Customer deposits				40	40	
Deferred revenue				4,833	4,833	
Other current liabilities				10,848	10,848	
Net cash provided by operating activities	<u>\$ 13,611,412</u>	<u>\$ 2,518,564</u>	<u>\$ 3,294,435</u>	<u>\$ 1,824,856</u>	<u>\$ 21,249,267</u>	<u>\$ 1,673,062</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 280,584</u>	<u>\$ 343,777</u>	<u>\$</u>	<u>\$ 20,883</u>	<u>\$ 645,244</u>	<u>\$ 658,953</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 227,000</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$ (227,000)</u>	<u>\$</u>	<u>\$ (227,000)</u>	<u>\$</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2014

NOTE 1: - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

The financial statements include the discrete presentation of the Moorhead Public Housing Agency located at 800 2nd Avenue North, Moorhead, MN 56560 as a component unit of the reporting entity because the City Council appoints the governing body and is able to impose its will on the Agency. The financial information reported for this component unit is for their fiscal year ending June 30, 2014. Separate audited financial statements for the year ended June 30, 2014 are available from the agency. The component unit is discretely presented to emphasize its legal separation from the city.

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus and basis of accounting

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Deposits and Investments

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

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

Minnesota state statutes authorize investments in the following instruments:

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

2. Receivables and payables

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

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

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

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

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

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

6. Deferred outflows /inflows of resources

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

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

7. Compensated absences

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

8. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums 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.

9. Fund equity

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

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

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

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

10. Net Position

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

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

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

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

The details of this \$74,771,883 difference are as follows:

Special assessments receivable	\$ 69,794,296
Escrowed special assessments	94,945
Notes receivable	4,862,358
Current notes receivable	(15,701)
Grants and prepayments	<u>35,985</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 74,771,883</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 \$190,435,640 difference are as follows:

Bonds payable	\$186,155,000
Deferred charge on refunding	(1,514,138)
Notes payable	559,912
Accrued interest payable	2,758,420
Compensated absences payable	1,698,338
Other post-employment benefits	<u>778,108</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 190,435,640</u>

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

The details of this \$6,112,259 difference are as follows:

Internal service fund net position	\$14,441,322
Net capital assets included in governmental activities	(7,808,591)
Accrued compensated absences payable included in governmental activities	30,733
Other post-employment benefits included in governmental activities	10,033
Internal service fund activity reflected in business-type activities	<u>(561,238)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$6,112,259</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 \$561,238 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$594,611
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>(33,373)</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u>\$ 561,238</u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

Before July 1, of each year, all department directors of the City submit their requests for appropriations to the City Manager so that a budget may be prepared. By September 1, the City Manager is required to submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Before September 30, the proposed budget is presented to the City Council for review and approval. By September 15, the proposed budget and tax levy must be submitted to the County Auditor. The City Council holds public 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.

The Economic Development Special Revenue Fund had expenditures in excess of budget of 95,600 at December 31, 2014. These are costs associated with the sale of tax-forfeit properties acquired by the City. There is excess revenue to offset these costs (not budgeted).

B. Fund deficits

The Tax Increment Debt Service fund has a deficit fund balance of \$456,503 at December 31, 2014 which will be recovered by future tax increment collections.

The Permanent Improvement Fund has a deficit fund balance of \$1,292,703 at December 31, 2014 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

NOTE 4:- DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits, including Moorhead Public Service were \$75,290,641, which approximates the bank balance and \$29,721,764 held with fiscal agent for the crossover refunding of the G.O. Improvement Bonds 2012D, 2014D, and 2014E. The bank balance is covered by federal depository insurance or by collateral held by the City's agent in the City's name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance

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

As of December 31, 2014, the City has the following investments and maturities:

Investment Type	Investment Maturities (in years)				
	<1	1 - 5	>5 - 10	>10	
U.S. Treasuries	\$ 14,444,232	\$ 1,640,232	\$ 6,259,534	\$ 4,234,365	\$ 2,310,101
Money Markets	9,563,474	9,563,474			
Total Investments	\$ 24,007,706	\$ 11,203,706	\$ 6,259,534	\$ 4,234,365	\$ 2,310,101

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy which follows the Minnesota Statutes with respect to the instruments allowed. The Statutes authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, banker's acceptances of United States banks, repurchase agreements, certificates of deposit and money market funds whose portfolios consist of United States Treasury obligations and Federal Agency issues. The City minimizes its credit risk by investing primarily in U.S. government backed securities. The Electric and Water Fund money market investments of \$645,347 and the City's remaining money market investments of \$8,918,127 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

Custodial Credit Risk

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

Concentration of Credit Risk

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 58,783,780	\$ 3,985,440	\$ (240,149)	\$ 62,529,071
Construction in progress	42,300,515	15,295,722	(8,973,325)	48,622,912
Total capital assets, not being depreciated	101,084,295	19,281,162	(9,213,474)	111,151,983
Capital assets, being depreciated:				
Buildings	22,548,255	31,875	(29,382)	22,550,748
Improvements other than buildings	26,887,520	288,074		27,175,594
Machinery and equipment	28,715,094	3,220,023	(1,000,943)	30,934,174
Infrastructure	250,025,944	11,104,540		261,130,484
Total capital assets being depreciated	328,176,813	14,644,512	(1,030,325)	341,791,000
Less accumulated depreciation for:				
Buildings	(11,801,231)	(534,402)	19,977	(12,315,656)
Improvements other than buildings	(10,378,017)	(734,896)		(11,112,913)
Machinery and equipment	(19,110,212)	(2,334,582)	781,151	(20,663,643)
Infrastructure	(70,979,838)	(5,801,314)		(76,781,152)
Total accumulated depreciation	(112,269,298)	(9,405,194)	801,128	(120,873,364)
Total capital assets, being depreciated, net	215,907,515	5,239,318	(229,197)	220,917,636
Governmental activities capital assets, net	\$ 316,991,810	\$ 24,520,480	\$ (9,442,671)	\$ 332,069,619
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 8,458,847	\$ 86,387		\$ 8,545,234
Construction in progress	5,566,654	13,047,705	(10,063,368)	8,550,991
Total capital assets, not being depreciated	14,025,501	13,134,092	(10,063,368)	17,096,225
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	161,168,302	9,207,580	(4,575,645)	165,800,237
Improvements other than buildings	36,820,981	3,237,064	(18,210)	40,039,835
Machinery and equipment	17,941,862	740,490	(565,489)	18,116,863
Total capital assets being depreciated	216,186,518	13,185,134	(5,159,344)	224,212,308
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(71,207,014)	(4,647,001)	2,684,251	(73,169,764)
Improvements other than buildings	(12,279,753)	(1,593,387)	18,209	(13,854,931)
Machinery and equipment	(13,356,523)	(585,704)	227,092	(13,715,135)
Total accumulated depreciation	(97,098,663)	(6,826,092)	2,929,552	(100,995,203)
Total capital assets, being depreciated, net	119,087,855	6,359,042	(2,229,792)	123,217,105
Business-type activities capital assets, net	\$ 133,113,356	\$ 19,493,134	\$ (12,293,160)	\$ 140,313,330

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

Governmental activities:	
General Government	\$ 85,648
Public Safety	132,672
Highways & Streets, including depreciation of general infrastructure assets	5,883,403
Parks & Recreation	915,419
Library	5,812
Economic Development	197,015
Mass Transit	<u>454,823</u>
Subtotal	7,674,792
Internal Service	<u>1,730,402</u>
Total depreciation expense – governmental activities	<u>\$ 9,405,194</u>
Business-type activities:	
Electric	\$ 2,330,036
Water	1,469,296
Wastewater	1,586,976
Storm water	73,797
Sanitation	37,414
Golf Course	149,518
Sports Center	336,862
Forestry	803
Airport	<u>204,997</u>
Total depreciation expense – business-type activities	<u>\$ 6,189,699</u>

Depreciation expense for business type activities above does not match the increase in accumulated depreciation in the capital asset table on page 29. This is due to transferring some assets from buildings and machinery and equipment to improvements in the Electric Fund. The additional increase in accumulated depreciation is for this transfer of assets into improvements. Depreciation expense reflected in the statement of revenues, expenses and changes in net position is \$5,957,969. There is \$231,730 expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

C. Deferred outflows/inflows of resources

As noted in Note 1.D.6 above, the City has reported deferred outflows and deferred inflows of resources at December 31, 2014.

The only item that qualifies for reporting as a deferred outflow of resources is the deferred charge on the advance refunding of G.O. Improvement Bonds, Series 2004A, G.O. Improvement Bonds, Series 2007A, G.O. Improvement Bonds, Series 2005A, and G.O. Improvement Bonds, Series 2005B. A deferred charge of \$144,235, \$1,514,138, \$257,168, and \$325,360 on the refunding of Series 2004A, Series 2007A, Series 2005A, and Series 2005B, respectively, results from the difference in the carrying value of the refunded debt and its reacquisition price.

The following shows a breakdown of the sources that make up the balance of the deferred inflows of resources at December 31, 2014.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Moorhead rotary miracle field loan	\$ 20,000					\$ 20,000
Prepayments	15,148					15,148
Transitional reinsurance fees	20,836					20,836
Letter of credit	94,945					94,945
Moorhead Public Service loan		353,107				353,107
Oakport		259,328				259,328
Special assessments		84,304,694	3,089,074	733,389		88,127,157
CDBG rehabilitation loans					4,109,223	4,109,223
Notes					45,000	45,000
First and new program					60,000	60,000
	<u>\$ 150,929</u>	<u>\$ 84,917,129</u>	<u>\$ 3,089,074</u>	<u>\$ 733,389</u>	<u>\$ 4,214,223</u>	<u>\$ 93,104,744</u>

D. Interfund receivables, payables, advances and transfers

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The composition of inter-fund balances as of December 31, 2014, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 5,228,533	\$
Permanent Improvement Fund		1,786,441
Capital Improvement Fund	87,916	
Tax Increment Fund		1,159,212
	<u>5,316,449</u>	<u>2,945,653</u>
Business-type activities:		
Electric Fund		1,835,797
Water Fund		48,568
Storm Water Fund	201,863	
Waste Water Fund	557,949	
Sanitation Fund	336,976	
Forestry Fund	65,123	
Pest Control Fund	42,070	
Golf Course Fund		1,652,496
Municipal Airport Fund		37,916
	<u>1,203,981</u>	<u>3,574,777</u>
	<u>\$ 6,520,430</u>	<u>\$ 6,520,430</u>

A \$306,236 advance from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. A \$785,768 advance from the general fund to the golf course fund will be repaid with future land sale proceeds. A \$414,969 advance from the special assessment capital projects fund to the water fund will be repaid by future service charges in the water fund. An \$82,420 advance from the general fund to the economic development fund will be repaid from tax forfeit lot sales proceeds.

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		
		General	Permanent Improvement	Special Assmt Debt	Governmental	Enterprise	Internal Service
Major Funds							
General	\$ 35,802	\$	\$ 10,802	\$	\$ 25,000	\$	\$
Special Assmt Debt	130,000					130,000	
Special Assmt Capital Projects	500,000					500,000	
Electric	8,401,816	6,591,900			1,809,916		
Water	466,068	340,068			126,000		
Waste Water	505,090	325,090		180,000			
Totals	<u>10,038,776</u>	<u>7,257,058</u>	<u>10,802</u>	<u>180,000</u>	<u>1,960,916</u>	<u>630,000</u>	<u>0</u>
Non-Major Funds							
Governmental	1,388,353	8,500	275,000	526,000	218,853	360,000	
Enterprise	1,852,443	691,241		630,952		58,250	472,000
Totals	<u>3,240,796</u>	<u>699,741</u>	<u>275,000</u>	<u>1,156,952</u>	<u>218,853</u>	<u>418,250</u>	<u>472,000</u>
	<u>\$ 13,279,572</u>	<u>\$ 7,956,799</u>	<u>\$ 285,802</u>	<u>\$ 1,336,952</u>	<u>\$ 2,179,769</u>	<u>\$ 1,048,250</u>	<u>\$ 472,000</u>

Enterprise fund transfers to the general fund are authorized by City charter. All other transfers are recurring subsidies for specific programs. There is a difference of \$70,000 between the General Fund Transfers In on the Statement of Revenues, Expenditures and Changes in Fund Balances and the note above. This is due to the City recognizing a \$70,000 transfer from the Electric Fund as of December 31, 2013 and Moorhead Public Service recognizing the transfer as of December 31, 2014.

E. Long-term debt

Changes in long-term liabilities

<u>Type of Bonds</u>	<u>Balance at January 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2014</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 174,620,000	\$ 43,055,000	\$ 36,750,000	\$ 180,925,000	\$ 17,565,000
G.O. Debt	390,000		195,000	195,000	195,000
G.O. Tax Increment	4,560,000		310,000	4,250,000	320,000
G.O. Municipal Improvement Revenue	1,095,000		310,000	785,000	315,000
Total Bonds Payable	180,665,000	43,055,000	37,565,000	186,155,000	18,395,000
Notes Payable	631,109		71,197	559,912	74,823
Compensated Absences	1,504,083	1,165,089	970,834	1,698,338	1,096,219
Other Post-Employment Benefits	677,225	100,883		778,108	
Governmental Activity Long-Term Liabilities	\$ 183,477,417	\$ 44,320,972	\$ 38,607,031	\$ 189,191,358	\$ 19,566,042
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 18,479,950		\$ 1,132,225	\$ 17,347,725	\$ 1,188,325
Water Utility	4,740,050		217,775	4,522,275	231,675
Wastewater	26,740,118	7,200,000	1,844,886	32,095,232	1,817,608
Golf Course	2,335,000		235,000	2,100,000	250,000
Total Bonds Payable	52,295,118	7,200,000	3,429,886	56,065,232	3,487,608
Notes Payable	-	545,365		545,365	545,365
Compensated Absences	770,105	268,114	198,845	839,374	709,371
Other Post-Employment Benefits	354,931	76,390		431,321	
Business-Type Activity Long-Term Liabilities	\$ 53,420,154	\$ 8,089,869	\$ 3,628,731	\$ 57,881,292	\$ 4,742,344

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

The City's debt limit is \$65,400,048 and the legal debt margin is \$64,645,136. There are a number of limitations and restrictions contained in the various bond indentures.

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

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

There is \$79,393,511 available in the Debt Service Funds to service the special assessment, general obligation and municipal improvement bonds. These bonds are direct obligations and pledge the full faith and credit of the city. Certain Enterprise Funds (Electric, Water, Golf Course, and Wastewater Treatment) will be used to repay revenue bonds.

Unamortized bond premium of \$465,425 and unamortized bond discounts of \$122,556 related to revenue bonds in the Enterprise Funds have been netted against revenue bonds payable on the accompanying balance sheet.

General obligation notes payable at December 31, 2014 consists of the following:

Governmental Activities-

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

The annual requirement to amortize notes outstanding as of December 31, 2014, follows:

Year	Governmental Activities	
	Principal	Interest
2015	\$ 74,823	\$ 27,234
2016	78,634	23,423
2017	82,639	19,418
2018	86,848	15,209
2019	91,271	10,786
2020 - 2021	145,697	7,390
Totals	\$ 559,912	\$ 103,460

The requirement to amortize all bonded debt outstanding as of December 31, 2014, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 18,395,000	\$ 5,984,805	\$ 3,487,609	\$ 1,925,804	\$ 29,793,218
2016	27,910,000	5,525,783	3,519,223	1,821,679	38,776,685
2017	9,105,000	4,810,598	3,697,970	1,716,141	19,329,709
2018	9,140,000	4,511,720	3,976,331	1,602,297	19,230,348
2019	9,230,000	4,198,966	4,185,000	1,470,066	19,084,032
2020-2024	47,400,000	15,942,035	21,847,099	5,072,426	90,261,560
2025-2029	40,325,000	7,861,817	11,627,000	1,660,719	61,474,536
2030-2034	22,840,000	2,211,978	3,725,000	449,800	29,226,778
2035-2039	1,810,000	113,979	-	-	1,923,979
	<u>\$ 186,155,000</u>	<u>\$ 51,161,681</u>	<u>\$ 56,065,232</u>	<u>\$ 15,718,932</u>	<u>\$ 309,100,845</u>

Bonds payable at December 31, 2014 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2014
<u>Governmental Activities</u>					
G.O. Special Assessment					
2004 Series A	10/01/04	02/01/27	4.00 - 4.50	\$ 16,795,000	\$ 10,555,000
2004 Refunding Series B	12/01/04	08/01/18	3.00 - 4.30	1,085,000	130,000
2005 Series A	07/01/05	02/01/27	3.50 - 5.00	16,580,000	11,005,000
2005 Series B	12/15/05	02/01/27	4.00 - 4.75	16,445,000	11,685,000
2006 Series B	08/01/06	02/01/33	4.00 - 4.625	10,690,000	7,910,000
2006 Series C	12/15/06	02/01/28	3.50 - 4.25	12,625,000	9,515,000
2008 Refunding Series A	02/15/08	02/01/21	3.00 - 4.00	1,340,000	480,000
2008 Series B	09/15/08	02/01/29	3.00 - 4.50	9,500,000	7,940,000
2009 Series A	11/15/09	02/01/31	3.00 - 4.50	2,820,000	2,395,000
2009 Series B	11/15/09	02/01/29	2.25 - 4.50	8,110,000	5,610,000
2009 Refunding Series C	11/15/09	02/01/22	2.00 - 4.00	1,590,000	990,000
2010 Series A	09/09/10	02/01/32	1.25 - 5.50	12,135,000	10,855,000
2010 Refunding Series D	09/22/10	02/01/23	2.00 - 3.00	2,030,000	1,580,000
2011 Series A	09/01/11	02/01/33	2.00 - 3.625	4,855,000	4,570,000
2011 Refunding Series B	09/01/11	02/01/24	.50 - 2.90	900,000	690,000
2011 Series C	12/28/11	02/01/33	.65 - 3.60	4,200,000	4,015,000
2012 Series A	05/15/12	02/01/33	3.00 - 3.375	16,955,000	16,260,000
2012 Refunding Series C	05/15/12	02/01/33	3.00 - 3.375	10,430,000	10,430,000
2012 Refunding Series D	05/15/12	02/01/27	3.00 - 4.00	8,815,000	8,815,000
2012 Series F	09/01/12	02/01/39	3.00 - 3.50	10,320,000	10,275,000
2013 Series A	10/23/13	02/01/35	.80 - 4.30	2,165,000	2,165,000
2014 Refunding Series B	7/24/14	02/01/34	2.25 - 5.00	19,440,000	19,440,000
2014 Series C	12/29/14	02/01/36	2.00 - 4.00	6,170,000	6,170,000
2014 Refunding Series D	12/29/14	02/01/25	3.00 - 4.00	7,660,000	7,660,000
2014 Refunding Series E	12/29/14	02/01/27	3.00 - 4.00	9,785,000	9,785,000
				<u>213,440,000</u>	<u>180,925,000</u>
G.O. Debt					
2008 Refunding Bond Series A	02/15/08	02/01/15	2.80	<u>1,210,000</u>	<u>195,000</u>
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/09	02/01/28	2.00-4.50	2,910,000	2,520,000
2009 Regency/Holiday Mall Refunding Series D	11/15/09	02/01/18	2.00-4.00	965,000	500,000
2010 Regency/Holiday Mall Refunding Series B	09/09/10	02/01/28	2.00-3.70	1,390,000	1,230,000
				<u>5,265,000</u>	<u>4,250,000</u>
G.O Municipal Improvement Revenue					
2001 Municipal Improvement Revenue Series D	09/01/01	12/01/16	3.75-4.80	1,900,000	340,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	260,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	185,000
				<u>3,530,000</u>	<u>785,000</u>
Total Governmental Activities				<u>\$ 223,445,000</u>	<u>\$ 186,155,000</u>

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2014
Business-Type Activities					
G.O. Sewer Revenue Note of 1994	09/29/94	02/20/15	4.10	\$ 2,478,112	\$ 88,794
G.O. Sewer Revenue Note of 1995	06/29/95	08/20/16	4.11	1,601,443	223,762
G.O. Sewer Revenue Note of 1997	06/29/97	02/20/18	3.49	426,290	95,577
G.O. Sewer Revenue Note of 2002	05/06/02	08/20/22	3.13	3,389,288	1,632,000
G.O. Sewer Revenue Note of 2004	06/21/04	08/20/23	1.98	6,598,073	3,474,099
G.O. Sewer Revenue Note of 2007	06/29/07	08/20/26	1.99	12,407,226	8,951,000
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	2,100,000
2012 G.O. Wastewater Refunding, Series B	05/15/12	11/01/29	3.00 – 3.125	10,790,000	10,430,000
2014 G.O. Wastewater Revenue Bonds, Series A	07/24/14	11/01/34	4.00 – 5.00	7,200,000	7,200,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	2,509,800
2009 Electric Utility Revenue Series A	5/15/09	11/1/17	3.00-4.75	1,721,000	409,000
2009 Electric Utility Refunding Series A	5/15/09	11/1/24	3.00-4.75	1,470,000	1,085,000
2012 Electric Utility Revenue & Refunding Series E	09/01/212	11/01/27	2.00 – 3.00	6,240,000	5,115,000
2007 Water MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,838,850	2,830,200
2009 Water Utility Refunding Series A	5/15/09	11/1/17	3.00-4.75	4,339,000	66,000
2010 Electric Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	8,633,900	8,228,900
2010 Water Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	1,706,100	1,626,100
Total Business-Type Activities				<u>\$ 81,029,432</u>	<u>\$ 56,065,232</u>

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

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

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			Balance to be Called
				Bond Issue	Average Interest	Call Date	
G.O. Improvement Refunding 2012D	\$8,815,000	3.58%	\$9,606,566	G.O. Improvement Bonds 2004A	4.33%	2/01/2015	\$9,720,000

In July 2014, the City of Moorhead issued \$19,440,000 in G.O. Improvement Refunding Bonds with interest rates ranging from 2.25% to 5.0%. The proceeds were used to advance refund \$18,355,000 of outstanding 2007 Series A Improvement Bonds which had interest rates ranging from 4.0% to 5.0%. The net proceeds of \$19,869,138 (including a \$779,960 premium and after payment of \$350,823 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2007 Series A improvement bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,514,138. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the 2007 Series A improvement bonds to extend its total debt service payments by 5 years. This refunding results in a net future value additional cost of \$2,794,560 and an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$64,220.

In December 2014, the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2014D to be used for a crossover refunding of the G.O. Improvement Bonds 2005A dated July 1, 2005. The net proceeds and the City's equity contribution of \$1,330,000 were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$1,241,264. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$878,659. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			
				Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Improvement Refunding 2014D	\$ 7,660,000	3.33%	\$8,296,835	G.O. Improvement Bonds 2005A	4.01%	2/01/2016	\$9,260,000

In December 2014, the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2014E to be used for a crossover refunding of the G.O. Improvement Bonds 2005B dated December 15, 2005. The net proceeds were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$1,084,156. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$943,381. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			
				Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Improvement Refunding 2014E	\$ 9,785,000	3.27%	\$10,496,601	G.O. Improvement Bonds 2005B	4.24%	2/01/2016	\$10,015,000

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2014, there were 7 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$60,867,180.

Other Post-Employment Benefits (OPEB) Obligations:

As of January 1, 2008, the City and the Public Service Utility adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Other Post Employment Benefits (OPEB). An actuarial firm was engaged to determine the liability for post-employment health care benefits other than pensions as of January 1, 2014. The actuary determined the only obligation for the City and Public Service Utility was to record the implicit rate subsidy portion as described in the standard. The City is a cost-sharing multiple employer plan while the alternative measurement method, a simplified method of calculating the liability for plans with fewer than 100 members was used by the Public Service Utility.

City:

Plan Description-

The plan is a single employer defined benefit healthcare plan administered by the City. The City provides health insurance benefits in accordance with various union contracts and as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and if they do not participate in any other health benefits program providing similar coverage. These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2014 there were 16 retirees and 4 retiree spouses participating in the City's group health plan. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

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

Annual OPEB cost and net OPEB obligation-

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2014, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 262,987
Interest on net OPEB obligations	37,880
Adjustment to ARC	(53,278)
Annual OPEB Cost	<u>247,589</u>
Contributions during the year	<u>(114,155)</u>
Increase in net OPEB obligation	133,434
Net OPEB beginning of year	<u>868,131</u>
Net OPEB end of year	<u>\$ 1,001,565</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 and the preceding three fiscal years (2008 year of implementation) were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2012	\$ 229,065	\$ 74,024	32.3%	\$ 738,018
12/31/2013	\$ 226,103	\$ 95,990	42.5%	\$ 868,131
12/31/2014	\$ 247,589	\$ 114,155	46.1%	\$ 1,001,565

Funded Status and Funding Progress-

As of January 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,170,782, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,170,782. The covered payroll (annual payroll of active employees covered by the plan) was \$11,663,163, and the ratio of the UAAL to the covered payroll was 18.6 percent.

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

Actuarial Methods and Assumptions-

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

In the January 1, 2014 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	24 years
Inflation rate	2.50%
Investment return	4.50%
Projected salary increases	NA
Medical trend rate	7.50% in 2014 grading to 5.00% over 10 years

Public Service Utility - Electric and Water

Plan Description-

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

Funding Policy-

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

Annual OPEB cost and net OPEB obligation-

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

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

Annual required contribution (ARC)	\$ 71,160
Interest on net OPEB obligations	7,381
Adjustment to ARC	<u>(10,222)</u>
Annual OPEB Cost	68,319
Contributions during the year	<u>(24,480)</u>
Increase in net OPEB obligation	43,839
Net OPEB beginning of year	<u>164,025</u>
Net OPEB end of year	<u>\$ 207,864</u>

The Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	53,178	28,882	54%	146,023
12/31/2013	52,686	34,684	66%	164,025
12/31/2014	68,319	24,480	36%	207,864

Funded Status and Funding Progress-

As of January 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$531,674, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$531,674. The covered payroll (annual payroll of active employees covered by the plan) was \$3,783,000, and the ratio of the UAAL to the covered payroll was 14.1 percent (14.1%).

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

Actuarial Methods and Assumptions-

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan

members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	24 years
Inflation rate	2.50%
Investment return	4.50%
Projected salary increases	NA
Medical trend rate	7.50% in 2014 grading to 5.00% over 10 years

F. Fund Balances

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Notes Receivable	\$ 30,625	\$ 318				\$ 30,943
Advances	1,174,424		414,969			1,589,393
Prepaid items	8,439					8,439
Total Nonspendable	<u>1,213,488</u>	<u>318</u>	<u>414,969</u>	<u>-</u>	<u>-</u>	<u>1,628,775</u>
Restricted for:						
Debt Service		60,397,390			610,309	61,007,699
Capital Projects			7,915,067			7,915,067
Community Development					4,515	4,515
Police					56,019	56,019
Fire					757	757
Park					13,627	13,627
Total Restricted		<u>60,397,390</u>	<u>7,915,067</u>		<u>685,227</u>	<u>68,997,684</u>
Committed to:						
Debt Service	94,945					94,945
Capital Projects					1,148,372	1,148,372
Total Committed	<u>94,945</u>				<u>1,148,372</u>	<u>1,243,317</u>
Assigned to:						
Park					1,592,984	1,592,984
Library					315,024	315,024
Community Development					85,211	85,211
Rental Registration					492,847	492,847
Mass Transit					668,257	668,257
Economic Development					1,037,821	1,037,821
Total Assigned					<u>4,192,144</u>	<u>4,192,144</u>
Unassigned:	<u>15,021,820</u>			<u>(1,292,703)</u>	<u>(456,503)</u>	<u>13,272,614</u>
Total Fund Balances	<u>\$ 16,330,253</u>	<u>\$ 60,397,708</u>	<u>\$ 8,330,036</u>	<u>\$ (1,292,703)</u>	<u>\$ 5,569,240</u>	<u>\$ 89,334,534</u>

NOTE 5: - OTHER INFORMATION

A. Employee retirement system pension plans - Statewide

1. Defined Benefit

a. Plan Description

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

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

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

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

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

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

b. Funding Policy

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

The required percentages of annual covered payroll contributions in 2014 for the City and employee are as follows:

PLAN	CITY	EMPLOYEES
GERF Basic	11.78%	9.10%
GERF Coordinated	7.25%	6.25%
PEPFF	15.30%	10.20%
PECF	8.75%	5.83%

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013 and 2012 were \$581,438, \$546,430, and \$528,510, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2014, 2013, and 2012 were \$874,912, \$791,128, and \$760,845, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

2. Defined Contribution Plan

a. Plan Description

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

b. Funding Policy

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

Total contributions made by the City of Moorhead during fiscal year 2014 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$2,042	\$2,042	5.0%	5.0%	5.0%

B. Commitments

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

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

The City of Moorhead has a three-year contract with options to renew for two additional one-year periods with First Transit Inc. to provide bus services and driver management through December 31, 2013. The option was approved to continue the contract through 2014. The annual costs for First Transit during 2014 are \$729,441. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building on a one-third basis of actual cost. Moorhead pays actual costs for their fleet maintenance, including vehicle parts, fuel and labor. Other maintenance costs for the MTG are shared pro rata based on a percentage of total vehicles stored and maintained in the facility.

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

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

The City has active construction projects as of December 31, 2014, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$372,900.

In 2014, the Electric Division completed construction on the new Opportunity Substation and 115kV transmission line in the McCara Industrial Park that was started in 2012. Both projects expect to serve the current and future electrical needs for the southeast portion of Moorhead. In late 2013, the Electric Division began to demolish an old, inactive power station on the west edge of town near the river. It is anticipated that completion of the project will occur in the first half of 2015. As of December 31, 2014, demolition costs incurred totaled \$891,700. At the time of this report, the projected total cost of the demolition will be \$1,719,500.

During 2013, the Water Division began the planning and design portion of a project to construct a new high-speed pumping station next to the current water treatment plant. Construction of the station was expected to begin in the spring of 2014 but delays in the procurement of qualifying materials delayed the start until fall of 2014. The station was initially expected to be completed in 2015 but the delay has extended the expected completion until the spring of 2016. The initial estimated cost of the project at the end of 2013 was \$6.9 million. At the time of this report, the total expected cost of the project will be \$12.0 million.

C. Risk Management

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

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

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

D. Subsequent Event

Effective January 1, 2015, the City will annex Oakport Township – Tract 2 consisting of 1,630 acres north of the current city limits. Pursuant to the Oakport Joint Powers Agreement dated March 27, 1990, the annexation will provide Tract 2 all municipal services that are enjoyed by current Moorhead residents. The area is comprised of primarily single family lots with 97.4% of the housing units being owner-occupied. A few commercial uses exist within the annexation area. The area's total population is 1,387 made up of 479 households. It is anticipated that the Oakport Tract 2 parcels will generate approximately \$345,000 in General Gross Tax upon annexation at the current property valuations utilizing to Moorhead's pay 2014 tax rate.

E. Joint Powers Agreements

1. Regional Dispatch Center

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

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

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

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

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

2. Metro Flood Diversion Project

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

The planning, design and development of the Project will be partially funded with Federal monies and partially funded with local monies. The Minnesota share of the local cost will be 10% and the North Dakota share of the local cost will be 90%. The members to the agreement authorized a budget for federal fiscal year 2011 and federal fiscal year 2012 which ended September 30, 2012 of \$15,000,000 for the planning, design and development of the Project and \$1,500,000 for the hiring of a project manager and a lobbyist. In September 2012, all parties to the Limited Joint Powers Agreement approved the First Amendment to the Limited Joint Powers Agreement, which authorized an additional \$29,000,000 for federal fiscal year 2013 utilizing the same 10% / 90% cost share between Minnesota and North Dakota, respectively. Likewise, in August 2013, a Second Amendment of the Limited Joint Powers Agreement was approved authorizing an additional budget of \$70,000,000 for federal fiscal year 2014 with the same 10% / 90% cost share. A budget appropriation for federal fiscal year 2015 has not yet been approved by all governing bodies.

This agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members. It is the intent of the members that this agreement will terminate on or before the execution of the PPA. As of 12/31/14, there was not a PPA in effect. Financial information may be obtained from the City of Fargo located at 200 3rd Street North, Fargo, ND 58102.

F. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,652,340 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 \$21,198,311 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

G. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

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

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

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

In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages authorized by the Agency, all of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). Authorized collateral includes U.S. Government obligations, as well as certain first mortgage notes and certain other state and local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the Agency or financial institution other than that furnishing the collateral. The deposits of the Agency are entirely insured or collateralized with securities held by the Agency or its agent in the Agency's name at June 30, 2014.

Investments - The Agency is authorized by Minnesota statutes to invest in: a.) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress, b.) Securities sold under agreements to repurchase written by the financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c.) Certificates of Deposits fully insured by the Federal Depository Insurance Agency or the state, d.) Obligations of the state. The investments are held at Bremer Investment Management and Trust as of June 30, 2014 and consist of the following:

Investment in Maturities (in Years)

Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10	Credit Rating	Rating Agency
Massachusetts State G.O. Bond	\$ 25,331	\$ 25,331	\$ -	\$ -	\$ -	Aa1	Moody's
Cleveland County Oklahoma Independent G.O. Bond	25,351	25,351	-	-	-	Aa2	Moody's
Richland County South Carolina G.O. Bond	26,119	-	26,119	-	-	Aa1	Moody's
Minnesota State HSG FIN AGY Housing Revenue	25,169	-	25,169	-	-	Aa1	Moody's
Waukesha County Wisconsin G.O. Bond	25,970	-	25,970	-	-	Aaa	Moody's
United States Treasury Notes	25,000	25,000	-	-	-	Aaa	Moody's
New York New York G.O. Bond	25,165	25,165	-	-	-	Aa2	Moody's
Cedar Rapids Iowa G.O. Bond	25,627	25,627	-	-	-	Aa1	Moody's
Federal National Mortgage Assn	10,008	-	10,008	-	-	Aaa	Moody's
United States Treasury Notes	20,003	-	20,003	-	-	Aaa	Moody's
Lac Qui Parle Valley Independent Minnesota School District Revenue	26,272	-	26,272	-	-	AA+	S & P
United States Treasury Notes	13,122	-	13,122	-	-	Aaa	Moody's
University of Massachusetts Bldg Higher Education	25,193	-	25,193	-	-	Aa2	Moody's
Federal Farm Credit Bank	19,803	-	19,803	-	-	Aaa	Moody's
Federal Farm Credit Bank	20,093	-	20,093	-	-	Aaa	Moody's
Saint Francis Minnesota Independent School G.O. Bond	26,938	-	26,938	-	-	Aa2	Moody's
United States Treasury Notes	15,416	-	15,416	-	-	Aaa	Moody's
Federal National Mortgage Assn	19,974	-	19,974	-	-	Aaa	Moody's
Federal National Mortgage Assn Pool #785246	22,509	-	22,509	-	-	Aaa	Moody's
Federal National Mortgage Assn	30,069	-	30,069	-	-	Aaa	Moody's
Federal National Mortgage Assn Pool #Ma0741	24,704	-	-	24,704	-	Aaa	Moody's
Federal National Mortgage Assn Pool #745416	17,823	-	-	17,823	-	Aaa	Moody's
Total	\$ 495,659	\$ 126,474	\$ 326,658	\$ 42,527	\$ -		

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 and net restricted position in the Section 8 Housing Choice Vouchers program.

3. Accounts Receivable and Due from HUD

Accounts receivable of \$8,628 consists of amounts due from tenants of the Public Housing program. Due from HUD of \$4,406 represents expenses incurred in excess of funds received at June 30, 2014 for the Public Housing Capital Fund and ROSS grant.

4. Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Capital assets, being depreciated:				
Buildings & Improvements	10,560,693	68,569		10,629,262
Furniture, equipment & machinery	556,675	119,572		676,247
Total Capital assets being depreciated	11,117,368	188,141		11,305,509
Less accumulated depreciation for:				
Buildings & Improvements	6,178,744	219,093		6,397,837
Furniture, equipment & machinery	479,445	34,856		514,301
Total accumulated depreciation	6,658,189	253,949		6,912,138
Total capital assets, being depreciated, net	4,459,179	(65,808)		4,393,371
Total Capital assets, net	\$ 4,924,156	\$ (65,808)	\$	\$ 4,858,348

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

Business-type activities	
Low-Rent Public Housing	\$ 253,949

5. Annual Contributions Contract

The Agency has an annual contributions contract for Section 8 Housing Choice Vouchers HAP adjustments vary based on requirements. For calendar year 2014, the maximum contract was \$321,492.

6. Accounts Payable

Accounts payable of \$68,808 represents expenses incurred but not paid to vendors at June 30, 2014.

7. Compensated Absences

Changes in compensated absences for the year ended June 30, 2014 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 40,090	\$ 27,840	\$ 39,945	\$ 27,985	\$ 27,985

8. 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, 2014, the amount payable to local governments in lieu of taxes was \$43,870.

9. 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, 2014, 2013, and 2012 was \$23,510, \$19,501, and \$13,729, respectively,

10. Restricted Net Position

As of June 30, 2014, restricted net position consisted of \$44,275 in housing assistance payments received from HUD but not yet paid to eligible individuals.

11. Prior Period Adjustment

A prior period adjustment of \$32,699 has been made to the June 30, 2013 net position, to reflect a prepaid HAP payment previously not recorded as such.

H. New Pronouncements

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

GASB Statement No. 72, *Fair Value Measurement and Application*, will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement will be implemented at the City in the year ended December 31, 2016.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

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

City:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2010	\$ 0	\$ 1,974,939	\$ 1,974,939	0.00%	\$ 11,695,425	16.9%
12/31/2012	\$ 0	\$ 1,918,798	\$ 1,918,798	0.00%	\$ 11,815,155	16.2%
12/31/2014	\$ 0	\$ 2,170,782	\$ 2,170,782	0.00%	\$ 11,663,163	18.6%

Since the last actuarial valuation as of January 1, 2012, the following actuarial assumptions have changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated to reflect the projection of 2000 rates to 2014 based on Scale BB.

Since the last actuarial valuation as of January 1, 2012, the following plan provisions have changed:

- The City of Moorhead is currently paying the same contribution while an employee is an LTD as they do active employees (either single or family). As of the January 1, 2012 valuation, the State reimbursed the City approximately 75% of this cost so the actuary study valued the remaining 25% of the contributions a GASB 45 subsidized benefit, assuming employees on LTD remain disabled until age 65. As of the January 1, 2014 valuation, the study assumed the State paid portion of this benefit will be noted elsewhere in the City's financial statement, so the full amount of the medical subsidy has been valued under GASB 45.

Public Service Utility:

The Accrued Liability as of January 1, 2014 was expected to be \$494,652. The actual Accrued Liability is \$531,674. The difference between the actual and expected liability are due to changes in the claims cost methodology, claims and premium experience, retirement experience as well as the following actuarial assumption changes since the last actuarial valuation as of January 1, 2011:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated to reflect the projection of 2000 rates to 2014 based on Scale BB.

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 383,098	\$ 383,098	0.00%	\$ 3,589,313	10.7%
12/31/2011	\$ 0	\$ 436,164	\$ 436,164	0.00%	\$ 3,392,400	12.9%
12/31/2014	\$ 0	\$ 531,674	\$ 631,674	0.00%	\$ 3,783,000	16.7%

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, 2014**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS						
Assets:						
Cash and investments	\$ 1,623,523	\$ 306,383	\$ 91,757	\$ 506,024	\$ 857,926	\$ 1,251,785
Receivables:						
Accounts	22,990		1,155	825	7,465	4,563
Notes			4,109,223			105,000
Due from other funds						
Due from other governmental units	33,059	10,613			193,957	5,471
Total Assets	\$ 1,679,572	\$ 316,996	\$ 4,202,135	\$ 506,849	\$ 1,059,348	\$ 1,366,819
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 23,800	\$ 1,972	\$ 3,776	\$ 3,078	\$ 380,710	\$ 3,319
Accrued wages payable	56,120		3,723	10,924	10,381	13,759
Due to other funds						
Advances from other funds						82,420
Other liabilities	6,668		202			124,500
Total Liabilities	86,588	1,972	7,701	14,002	391,091	223,998
Deferred inflows of resources:						
Long-term receivables			4,109,223			105,000
Fund Balance:						
Restricted						
Committed						
Assigned	1,592,984	315,024	85,211	492,847	668,257	1,037,821
Unassigned						
Total Fund Balance	1,592,984	315,024	85,211	492,847	668,257	1,037,821
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 1,679,572	\$ 316,996	\$ 4,202,135	\$ 506,849	\$ 1,059,348	\$ 1,366,819

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2014**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 74,988	\$ 4,712,386	\$ 95,843	1,118,936	\$ 510,777	\$ 1,725,556	\$ 1,072,523	\$ 7,510,465
	36,998						36,998
	4,214,223						4,214,223
	243,100	4,139	1,683		5,822	87,916	87,916
<u>\$ 74,988</u>	<u>\$ 9,206,707</u>	<u>\$ 99,982</u>	<u>\$ 1,120,619</u>	<u>\$ 510,777</u>	<u>\$ 1,731,378</u>	<u>\$ 1,160,439</u>	<u>\$ 12,098,524</u>
\$ 70	\$ 416,725	\$	\$ 111,674	\$ 450	\$ 112,124	\$ 12,067	\$ 540,916
	94,907						94,907
			1,159,212		1,159,212		1,159,212
	82,420		306,236		306,236		388,656
	131,370						131,370
<u>70</u>	<u>725,422</u>		<u>1,577,122</u>	<u>450</u>	<u>1,577,572</u>	<u>12,067</u>	<u>2,315,061</u>
	4,214,223						4,214,223
74,918	74,918	99,982		510,327	610,309		685,227
	4,192,144					1,148,372	1,148,372
			(456,503)		(456,503)		4,192,144
<u>74,918</u>	<u>4,267,062</u>	<u>99,982</u>	<u>(456,503)</u>	<u>510,327</u>	<u>153,806</u>	<u>1,148,372</u>	<u>5,569,240</u>
<u>\$ 74,988</u>	<u>\$ 9,206,707</u>	<u>\$ 99,982</u>	<u>\$ 1,120,619</u>	<u>\$ 510,777</u>	<u>\$ 1,731,378</u>	<u>\$ 1,160,439</u>	<u>\$ 12,098,524</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$ 2,000,275	\$ 649,562	\$	\$	\$ 93,538	\$ 340,638
Intergovernmental revenues:						
Federal			367,066		512,850	
State	576,812	174,156	1,310		1,695,970	89,972
County						
Other						
Charges for services	131,217			222,877	421,219	
Facility rentals	157,351					
Donations						
Interest on investments				376	754	3,459
Miscellaneous	77,596	347	91,785	17,301	16,031	681,113
Total revenues	<u>2,943,251</u>	<u>824,065</u>	<u>460,161</u>	<u>240,554</u>	<u>2,740,362</u>	<u>1,115,182</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,524,043					
Library		820,110				
Community development			367,806			
Rental registration				270,581		
Mass transit					2,281,543	
Economic development						721,271
Capital outlay	5,492			39,496	294,309	101,333
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>2,529,535</u>	<u>820,110</u>	<u>367,806</u>	<u>310,077</u>	<u>2,575,852</u>	<u>822,604</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>413,716</u>	<u>3,955</u>	<u>92,355</u>	<u>(69,523)</u>	<u>164,510</u>	<u>292,578</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds					35,000	50,000
Transfers to other funds	(505,000)					
Total other financing sources (uses)	<u>(505,000)</u>				<u>35,000</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	(91,284)	3,955	92,355	(69,523)	199,510	342,578
FUND BALANCE - BEGINNING	<u>1,684,268</u>	<u>311,069</u>	<u>(7,144)</u>	<u>562,370</u>	<u>468,747</u>	<u>695,243</u>
FUND BALANCE - ENDING	<u>\$ 1,592,984</u>	<u>\$ 315,024</u>	<u>\$ 85,211</u>	<u>\$ 492,847</u>	<u>\$ 668,257</u>	<u>\$ 1,037,821</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$	\$ 3,084,013	\$ 248,469	\$ 585,880	\$	\$ 834,349	\$	\$ 3,918,362
	879,916						879,916
	2,538,220	66,104	444,491		510,595		3,048,815
				99,978	99,978		99,978
				71,254	71,254		71,254
	775,313						775,313
	157,351						157,351
24,084	24,084						24,084
61	4,650	53	393	437	883	1,224	6,757
	884,173						884,173
<u>24,145</u>	<u>8,347,720</u>	<u>314,626</u>	<u>1,030,764</u>	<u>171,669</u>	<u>1,517,059</u>	<u>1,224</u>	<u>9,866,003</u>
			8,930		8,930	89,862	98,792
13,350	13,350					60,803	74,153
						109,415	109,415
	2,524,043					185,720	2,709,763
	820,110						820,110
	367,806						367,806
	270,581						270,581
	2,281,543						2,281,543
	721,271						721,271
	440,630					1,093,603	1,534,233
		266,197	310,000	310,000	886,197		886,197
		39,051	584,908	44,535	668,494		668,494
		450	1,350	1,350	3,150		3,150
<u>13,350</u>	<u>7,439,334</u>	<u>305,698</u>	<u>905,188</u>	<u>355,885</u>	<u>1,566,771</u>	<u>1,539,403</u>	<u>10,545,508</u>
<u>10,795</u>	<u>908,386</u>	<u>8,928</u>	<u>125,576</u>	<u>(184,216)</u>	<u>(49,712)</u>	<u>(1,538,179)</u>	<u>(679,505)</u>
	85,000			183,853	183,853	1,910,916	2,179,769
	(505,000)					(883,353)	(1,388,353)
	(420,000)			183,853	183,853	1,027,563	791,416
10,795	488,386	8,928	125,576	(363)	134,141	(510,616)	111,911
64,123	3,778,676	91,054	(582,079)	510,690	19,665	1,658,988	5,457,329
<u>\$ 74,918</u>	<u>\$ 4,267,062</u>	<u>\$ 99,982</u>	<u>\$ (456,503)</u>	<u>\$ 510,327</u>	<u>\$ 153,806</u>	<u>\$ 1,148,372</u>	<u>\$ 5,569,240</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
General property taxes	\$ 1,996,056	\$ 1,996,056	\$ 2,000,275	\$ 4,219
Intergovernmental:				
State	574,699	576,139	576,812	673
Charges for services	135,600	135,600	131,217	(4,383)
Facility rentals	157,847	157,847	157,351	(496)
Interest on investments	3,065	3,065		(3,065)
Miscellaneous	55,950	55,950	77,596	21,646
Total revenues	<u>2,923,217</u>	<u>2,924,657</u>	<u>2,943,251</u>	<u>18,594</u>
EXPENDITURES				
Current:				
Personal services	1,349,191	1,349,191	1,315,879	33,312
Supplies	227,944	227,944	200,543	27,401
Other services & charges	979,076	980,516	1,007,621	(27,105)
Capital outlay			5,492	(5,492)
Total expenditures	<u>2,556,211</u>	<u>2,557,651</u>	<u>2,529,535</u>	<u>28,116</u>
REVENUE OVER EXPENDITURES	<u>367,006</u>	<u>367,006</u>	<u>413,716</u>	<u>46,710</u>
OTHER FINANCING USES:				
Transfers to other funds	<u>(350,000)</u>	<u>(505,000)</u>	<u>(505,000)</u>	
NET CHANGE IN FUND BALANCE	17,006	(137,994)	(91,284)	46,710
FUND BALANCE - BEGINNING	<u>1,684,268</u>	<u>1,684,268</u>	<u>1,684,268</u>	
FUND BALANCE - ENDING	<u>\$ 1,701,274</u>	<u>\$ 1,546,274</u>	<u>\$ 1,592,984</u>	<u>\$ 46,710</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014**

	<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	\$ 647,855	\$ 647,855	\$ 649,562	\$ 1,707
Intergovernmental:				
State	174,145	174,145	174,156	11
Miscellaneous			347	347
Total revenues	<u>822,000</u>	<u>822,000</u>	<u>824,065</u>	<u>2,065</u>
EXPENDITURES				
Current:				
Supplies	4,071	4,071	3,011	1,060
Other services & charges	817,929	817,929	817,099	830
Total expenditures	<u>822,000</u>	<u>822,000</u>	<u>820,110</u>	<u>1,890</u>
NET CHANGE IN FUND BALANCE			3,955	3,955
FUND BALANCE - BEGINNING	<u>311,069</u>	<u>311,069</u>	<u>311,069</u>	
FUND BALANCE - ENDING	<u>\$ 311,069</u>	<u>\$ 311,069</u>	<u>\$ 315,024</u>	<u>\$ 3,955</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 317,029	\$ 317,029	\$ 367,066	\$ 50,037
State	1,310	1,310	1,310	
Miscellaneous:				
Rehab loan payments	135,053	135,053	91,785	(43,268)
Total revenues	<u>453,392</u>	<u>453,392</u>	<u>460,161</u>	<u>6,769</u>
EXPENDITURES				
Current:				
Personal services	108,302	108,302	95,671	12,631
Supplies	1,300	1,300	456	844
Other services & charges	<u>362,979</u>	<u>362,979</u>	<u>271,679</u>	<u>91,300</u>
Total expenditures	<u>472,581</u>	<u>472,581</u>	<u>367,806</u>	<u>104,775</u>
NET CHANGE IN FUND BALANCE	(19,189)	(19,189)	92,355	111,544
FUND BALANCE - BEGINNING	<u>(7,144)</u>	<u>(7,144)</u>	<u>(7,144)</u>	
FUND BALANCE - ENDING	<u>\$ (26,333)</u>	<u>\$ (26,333)</u>	<u>\$ 85,211</u>	<u>\$ 111,544</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 4,000	\$ 4,000	\$ 376	\$ (3,624)
Miscellaneous:				
Rehabilitation inspection fees	4,225	4,225	6,742	2,517
Rental housing registration fees	186,000	186,000	216,135	30,135
Other	2,000	2,000	17,301	15,301
Total revenues	<u>196,225</u>	<u>196,225</u>	<u>240,554</u>	<u>44,329</u>
EXPENDITURES				
Current:				
Personal services	240,475	240,475	239,488	987
Supplies	38,650	38,650	5,618	33,032
Other services & charges	66,008	66,008	25,475	40,533
Capital outlay	<u>35,963</u>	<u>35,963</u>	<u>39,496</u>	<u>(3,533)</u>
Total expenditures	<u>381,096</u>	<u>381,096</u>	<u>310,077</u>	<u>71,019</u>
NET CHANGE IN FUND BALANCE	(184,871)	(184,871)	(69,523)	115,348
FUND BALANCE - BEGINNING	<u>562,370</u>	<u>562,370</u>	<u>562,370</u>	<u> </u>
FUND BALANCE - ENDING	<u>\$ 377,499</u>	<u>\$ 377,499</u>	<u>\$ 492,847</u>	<u>\$ 115,348</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 86,670	\$ 86,670	\$ 93,538	\$ 6,868
Intergovernmental:				
Federal grants	535,837	439,837	512,850	73,013
State grants	471,369	1,438,720	1,695,970	257,250
State transit aid	975,749	164,398		(164,398)
Charges for services	386,245	391,845	421,219	29,374
Interest on investments			754	754
Miscellaneous	3,205	3,205	16,031	12,826
Total revenues	<u>2,459,075</u>	<u>2,524,675</u>	<u>2,740,362</u>	<u>215,687</u>
EXPENDITURES				
Current:				
Personal services	213,215	213,215	193,524	19,691
Supplies	6,138	6,138	1,794	4,344
Other services & charges	2,119,722	2,194,722	2,086,225	108,497
Capital outlay	219,002	219,002	294,309	(75,307)
Total expenditures	<u>2,558,077</u>	<u>2,633,077</u>	<u>2,575,852</u>	<u>57,225</u>
REVENUE UNDER EXPENDITURES	<u>(99,002)</u>	<u>(108,402)</u>	<u>164,510</u>	<u>272,912</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>30,000</u>	<u>30,000</u>	<u>35,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	(69,002)	(78,402)	199,510	277,912
FUND BALANCE - BEGINNING	<u>468,747</u>	<u>468,747</u>	<u>468,747</u>	
FUND BALANCE - ENDING	<u>\$ 399,745</u>	<u>\$ 390,345</u>	<u>\$ 668,257</u>	<u>\$ 277,912</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014**

	<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	\$ 331,884	\$ 331,884	\$ 340,638	\$ 8,754
Intergovernmental:				
State grants	89,937	89,937	89,972	35
Interest on investments	2,000	2,000	3,459	1,459
Miscellaneous	104,350	104,350	681,113	576,763
Total revenues	<u>528,171</u>	<u>528,171</u>	<u>1,115,182</u>	<u>587,011</u>
EXPENDITURES				
Current:				
Personal services	268,947	268,947	273,337	(4,390)
Supplies	3,804	3,804	14,742	(10,938)
Other services & charges	352,920	352,920	433,192	(80,272)
Capital outlay	101,333	101,333	101,333	
Total expenditures	<u>727,004</u>	<u>727,004</u>	<u>822,604</u>	<u>(95,600)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(198,833)</u>	<u>(198,833)</u>	<u>292,578</u>	<u>491,411</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	
NET CHANGE IN FUND BALANCE	(148,833)	(148,833)	342,578	491,411
FUND BALANCE - BEGINNING	<u>695,243</u>	<u>695,243</u>	<u>695,243</u>	
FUND BALANCE - ENDING	<u>\$ 546,410</u>	<u>\$ 546,410</u>	<u>\$ 1,037,821</u>	<u>\$ 491,411</u>

NONMAJOR PROPRIETARY FUNDS

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

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

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

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

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2014**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
ASSETS								
Current assets:								
Cash and investments	\$ 1,806,152	\$ 2,120,966	\$	\$ 1,889,885	\$ 318,112	\$ 348,149	\$	\$ 6,483,264
Receivables:								
Accounts	122,844	678,105	138	19,537	1,463	2,175	1,577	825,839
Due from other city funds	201,863	336,976			42,070	65,123		646,032
Due from other governmental units		207,367					77,000	284,367
Total current assets	<u>2,130,859</u>	<u>3,343,414</u>	<u>138</u>	<u>1,909,422</u>	<u>361,645</u>	<u>415,447</u>	<u>78,577</u>	<u>8,239,502</u>
Long-term assets:								
Restricted Assets:								
Cash and cash equivalents			1,072,186					1,072,186
Long-Term Receivables:								
Notes receivable, less current portion			638,287					638,287
Capital Assets:								
Land		155,647	3,954,534				301,838	4,412,019
Buildings	2,305	599,560	1,845,243	9,816,748			1,622,601	13,886,457
Improvements other than buildings	1,462,876	478,094	3,302,641				4,249,447	9,493,058
Machinery and equipment	451,817	53,739	131,765	73,008		12,050	129,939	852,318
Construction in progress	202,487							202,487
Less accumulated depreciation	<u>(625,511)</u>	<u>(898,682)</u>	<u>(3,819,606)</u>	<u>(6,639,189)</u>		<u>(7,230)</u>	<u>(2,589,341)</u>	<u>(14,579,559)</u>
Total long-term assets	<u>1,493,974</u>	<u>388,358</u>	<u>7,125,050</u>	<u>3,250,567</u>		<u>4,820</u>	<u>3,714,484</u>	<u>15,977,253</u>
Total assets	<u><u>\$ 3,624,833</u></u>	<u><u>\$ 3,731,772</u></u>	<u><u>\$ 7,125,188</u></u>	<u><u>\$ 5,159,989</u></u>	<u><u>\$ 361,645</u></u>	<u><u>\$ 420,267</u></u>	<u><u>\$ 3,793,061</u></u>	<u><u>\$ 24,216,755</u></u>
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 15,384	\$ 109,573	\$ 10,011	\$ 5,650	\$ 183	\$ 1,793	\$ 16,217	\$ 158,811
Accrued wages payable	7,855	64,618	21,554	12,779	5,696	22,255		134,757
Accrued compensated absences	2,184	58,960	30,572	10,919	4,367	24,021		131,023
Due to other city funds			1,652,496				37,916	1,690,412
Due to other governmental units		33,462						33,462
Customer deposits							11,280	11,280
Other liabilities			44,746				4,843	49,589
Accrued interest payable			10,280					10,280
Current maturities of long-term debt			250,000					250,000
Total current liabilities	<u>25,423</u>	<u>266,613</u>	<u>2,019,659</u>	<u>29,348</u>	<u>10,246</u>	<u>48,069</u>	<u>70,256</u>	<u>2,469,614</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2014**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
Long-term liabilities:								
Accrued compensated absences	2,026	35,246	17,036	7,184	2,672	13,205		77,369
Other post-employment benefits	7,929	67,288	24,993	12,347	2,062	31,823		146,442
Bonds payable			1,827,854					1,827,854
Advances from other funds			785,768					785,768
Total long-term liabilities	<u>9,955</u>	<u>102,534</u>	<u>2,655,651</u>	<u>19,531</u>	<u>4,734</u>	<u>45,028</u>		<u>2,837,433</u>
Total liabilities	<u>35,378</u>	<u>369,147</u>	<u>4,675,310</u>	<u>48,879</u>	<u>14,980</u>	<u>93,097</u>	<u>70,256</u>	<u>5,307,047</u>
NET POSITION								
Net investment in capital assets	1,493,974	388,358	6,992,431	3,250,567		4,820	3,714,484	15,844,634
Restricted for debt service			1,072,186					1,072,186
Unrestricted	<u>2,095,481</u>	<u>2,974,267</u>	<u>(5,614,739)</u>	<u>1,860,543</u>	<u>346,665</u>	<u>322,350</u>	<u>8,321</u>	<u>1,992,888</u>
Total net position	<u>\$ 3,589,455</u>	<u>\$ 3,362,625</u>	<u>\$ 2,449,878</u>	<u>\$ 5,111,110</u>	<u>\$ 346,665</u>	<u>\$ 327,170</u>	<u>\$ 3,722,805</u>	<u>\$ 18,909,708</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2014**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
OPERATING REVENUES								
Charges for services	\$ 2,442,169	\$ 3,726,929	\$ 1,036,072	\$ 517,799	\$ 532,323	\$ 770,949	\$ 58,396	\$ 9,084,637
Other	1,050	93,364	95,896	71,054	4,921	1,996	42,097	310,378
Total operating revenue	<u>2,443,219</u>	<u>3,820,293</u>	<u>1,131,968</u>	<u>588,853</u>	<u>537,244</u>	<u>772,945</u>	<u>100,493</u>	<u>9,395,015</u>
OPERATING EXPENSES								
Personal services	188,650	1,304,947	670,862	243,018	166,442	478,948		3,052,867
Disposal fee		995,716						995,716
Professional services	144,146	33,497	3,869		68,618	494	32,215	282,839
Insurance	21,153	28,627	13,552	11,271	3,122	5,982	16,914	100,621
Repair and maintenance	226,853	273,891	66,376	60,775	24,165	35,604	14,158	701,822
Supplies	22,206	351,248	183,875	75,896	46,743	120,544	7,251	807,763
Utilities	134,538	34,193	84,346	199,773			15,632	468,482
Equipment rental	40,640	236,116	138,078	11,132	29,075	66,113	3,425	524,579
Depreciation	73,797	37,414	149,518	336,862		803	204,997	803,391
Miscellaneous	302,125	129,261	196,281	31,665	17,199	49,739	7,616	733,886
Total operating expenses	<u>1,154,108</u>	<u>3,424,910</u>	<u>1,506,757</u>	<u>970,392</u>	<u>355,364</u>	<u>758,227</u>	<u>302,208</u>	<u>8,471,966</u>
Operating income (loss)	<u>1,289,111</u>	<u>395,383</u>	<u>(374,789)</u>	<u>(381,539)</u>	<u>181,880</u>	<u>14,718</u>	<u>(201,715)</u>	<u>923,049</u>
NONOPERATING INCOME (EXPENSE)								
Interest on investments	1,808	2,127	36,725	1,684	282	319		42,945
Interest on indebtedness			(139,195)					(139,195)
Loss on disposal of assets			(71,240)					(71,240)
Intergovernmental		192,640					26,177	218,817
Miscellaneous		4,790	1,420	520	692	270	(180)	7,512
Total nonoperating income (expense)	<u>1,808</u>	<u>199,557</u>	<u>(172,290)</u>	<u>2,204</u>	<u>974</u>	<u>589</u>	<u>25,997</u>	<u>58,839</u>
Income (loss) before contributions and transfers	<u>1,290,919</u>	<u>594,940</u>	<u>(547,079)</u>	<u>(379,335)</u>	<u>182,854</u>	<u>15,307</u>	<u>(175,718)</u>	<u>981,888</u>
Capital contributions		14,372	6,511				401,777	422,660
Transfers from other funds			538,250				10,000	548,250
Transfers to other funds	(811,453)	(926,071)			(76,256)	(38,663)		(1,852,443)
Total contributions and transfers	<u>(811,453)</u>	<u>(911,699)</u>	<u>544,761</u>		<u>(76,256)</u>	<u>(38,663)</u>	<u>411,777</u>	<u>(881,533)</u>
CHANGE IN NET POSITION	479,466	(316,759)	(2,318)	(379,335)	106,598	(23,356)	236,059	100,355
TOTAL NET POSITION - BEGINNING	<u>3,109,989</u>	<u>3,679,384</u>	<u>2,452,196</u>	<u>5,490,445</u>	<u>240,067</u>	<u>350,526</u>	<u>3,486,746</u>	<u>18,809,353</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,589,455</u>	<u>\$ 3,362,625</u>	<u>\$ 2,449,878</u>	<u>\$ 5,111,110</u>	<u>\$ 346,665</u>	<u>\$ 327,170</u>	<u>\$ 3,722,805</u>	<u>\$ 18,909,708</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 2,456,725	\$ 3,743,776	\$ 1,036,033	\$ 528,141	\$ 518,778	\$ 761,638	\$ 64,344	\$ 9,109,435
Payments to suppliers	(586,694)	(1,971,093)	(490,311)	(357,701)	(172,726)	(228,887)	(70,894)	(3,878,306)
Payments to employees	(185,794)	(1,287,980)	(655,666)	(238,710)	(162,367)	(467,431)		(2,997,948)
Other receipts (payments)	(301,075)	(58,494)	(93,013)	39,909	(11,586)	(47,473)	63,407	(408,325)
Net cash provided by (used in) operating activities	<u>1,383,162</u>	<u>426,209</u>	<u>(202,957)</u>	<u>(28,361)</u>	<u>172,099</u>	<u>17,847</u>	<u>56,857</u>	<u>1,824,856</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Intergovernmental		192,640					26,177	218,817
Transfers from other funds			538,250				10,000	548,250
Transfers to other funds	(811,453)	(926,071)			(76,256)	(38,663)		(1,852,443)
Net cash provided by (used in) noncapital financing activities	<u>(811,453)</u>	<u>(733,431)</u>	<u>538,250</u>		<u>(76,256)</u>	<u>(38,663)</u>	<u>36,177</u>	<u>(1,085,376)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of assets	(202,488)	(6,614)					(435,583)	(644,685)
Principal payments - bonds and notes			(235,000)					(235,000)
Interest payments - bonds and notes			(137,181)					(137,181)
Capital grants from other governments							342,729	342,729
Net cash used in capital and related financing activities	<u>(202,488)</u>	<u>(6,614)</u>	<u>(372,181)</u>				<u>(92,854)</u>	<u>(674,137)</u>
CASH FLOWS FROM INVESTING ACTIVITY								
Interest received	1,808	2,127	36,725	1,684	282	319	(180)	42,765
Net increase (decrease) in cash and cash equivalents	371,029	(311,709)	(163)	(26,677)	96,125	(20,497)		108,108
Cash and cash equivalents at beginning of year	1,435,123	2,432,675	1,072,349	1,916,562	221,987	368,646		7,447,342
Cash and cash equivalents at end of year	<u>\$ 1,806,152</u>	<u>\$ 2,120,966</u>	<u>\$ 1,072,186</u>	<u>\$ 1,889,885</u>	<u>\$ 318,112</u>	<u>\$ 348,149</u>	<u>\$ -</u>	<u>\$ 7,555,450</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 1,289,111	\$ 395,383	\$ (374,789)	\$ (381,539)	\$ 181,880	\$ 14,718	\$ (201,715)	\$ 923,049
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation accruals	73,797.00	37,414	149,518	336,862		803	204,997	803,391
Miscellaneous nonoperating income		4,790	1,420	520	692	270		7,692
Change in assets and liabilities:								
Accounts receivable	21,685	14,468	(39)	10,072	242	43	5,948	52,419
Due from other city funds	(7,129)	2,379			(13,787)	(9,379)		(27,916)
Due from other governments		(27,387)	250					(27,137)
Prepaid items				270		25		295
Accounts payable	2,842	(19,640)	(215)	1,146	(1,003)	(150)	13,828	(3,192)
Accrued wages payable	1,140	6,054	2,378	2,432	1,273	1,450		14,727
Compensated absences payable	532	285	8,173	77	950	6,047		16,064
Other post-employment benefits	1,184	10,628	4,645	1,799	1,852	4,020		24,128
Due to other funds			(5,146)				28,926	23,780
Due to other governments		1,835						1,835
Customer deposits							40	40
Deferred revenue							4,833	4,833
Other current liabilities			10,848					10,848
Net cash provided by (used in) operating activities	<u>\$ 1,383,162</u>	<u>\$ 426,209</u>	<u>\$ (202,957)</u>	<u>\$ (28,361)</u>	<u>\$ 172,099</u>	<u>\$ 17,847</u>	<u>\$ 56,857</u>	<u>\$ 1,824,856</u>
Noncash capital financing activities:								
Contributions of capital assets from government	<u>\$</u>	<u>\$ 14,372</u>	<u>\$ 6,511</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 20,883</u>

INTERNAL SERVICE FUNDS

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 4,989,011	\$ 217,482	\$ 1,503,389	\$ 6,709,882
Receivables:				
Accounts	50	77,940		77,990
Due from other governmental units	103			103
Prepaid items		35		35
Total current assets	<u>4,989,164</u>	<u>295,457</u>	<u>1,503,389</u>	<u>6,788,010</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	19,035,804	2,608,478	1,377,357	23,021,639
Less accumulated depreciation	<u>(12,132,719)</u>	<u>(2,083,149)</u>	<u>(997,180)</u>	<u>(15,213,048)</u>
Net capital assets	<u>6,903,085</u>	<u>525,329</u>	<u>380,177</u>	<u>7,808,591</u>
Total assets	<u>11,892,249</u>	<u>820,786</u>	<u>1,883,566</u>	<u>14,596,601</u>
LIABILITIES				
Current liabilities:				
Accounts payable	52,754	2,879	31,186	86,819
Accrued wages payable		<u>27,694</u>		<u>27,694</u>
Total current liabilities	<u>52,754</u>	<u>30,573</u>	<u>31,186</u>	<u>114,513</u>
Long-term liabilities:				
Accrued compensated absences		30,733		30,733
Other post-employment benefits		<u>10,033</u>		<u>10,033</u>
Total long-term liabilities		<u>40,766</u>		<u>40,766</u>
Total liabilities	<u>52,754</u>	<u>71,339</u>	<u>31,186</u>	<u>155,279</u>
NET POSITION				
Net investment in capital assets	6,903,085	525,329	380,177	7,808,591
Unrestricted	<u>4,936,410</u>	<u>224,118</u>	<u>1,472,203</u>	<u>6,632,731</u>
Total net position	<u>\$ 11,839,495</u>	<u>\$ 749,447</u>	<u>\$ 1,852,380</u>	<u>\$ 14,441,322</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2014

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,313,647	\$ 870,527	\$ 284,977	\$ 2,469,151
Other		559	81	640
Total operating revenue	<u>1,313,647</u>	<u>871,086</u>	<u>285,058</u>	<u>2,469,791</u>
OPERATING EXPENSES				
Personal services		495,495		495,495
Supplies	3,611	19,340		22,951
Professional services		2,481		2,481
Insurance		1,161	363	1,524
Repair and maintenance	2,932	206,958	25,614	235,504
Depreciation	1,341,310	228,331	160,761	1,730,402
Miscellaneous	7,887	60,905	36,543	105,335
Total operating expenses	<u>1,355,740</u>	<u>1,014,671</u>	<u>223,281</u>	<u>2,593,692</u>
Operating income (loss)	<u>(42,093)</u>	<u>(143,585)</u>	<u>61,777</u>	<u>(123,901)</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	4,810	203	1,371	6,384
Gain on disposal of equipment	14,204			14,204
Loss on disposal of equipment		(2,145)	(100)	(2,245)
Miscellaneous		1,130		1,130
Total nonoperating income (expense)	<u>19,014</u>	<u>(812)</u>	<u>1,271</u>	<u>19,473</u>
Income (loss) before contributions and transfers	<u>(23,079)</u>	<u>(144,397)</u>	<u>63,048</u>	<u>(104,428)</u>
Capital contributions	514,489	144,464		658,953
Transfers from other funds	699,000			699,000
Total contributions and transfers	<u>1,213,489</u>	<u>144,464</u>		<u>1,357,953</u>
CHANGE IN NET POSITION	1,190,410	67	63,048	1,253,525
TOTAL NET POSITION - BEGINNING	<u>10,649,085</u>	<u>749,380</u>	<u>1,789,332</u>	<u>13,187,797</u>
TOTAL NET POSITION - ENDING	<u>\$ 11,839,495</u>	<u>\$ 749,447</u>	<u>\$ 1,852,380</u>	<u>\$ 14,441,322</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2014**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,313,624	\$ 864,304	\$ 284,977	\$ 2,462,905
Payments to suppliers	37,919	(237,751)	3,227	(196,605)
Payments to employees		(489,673)		(489,673)
Other receipts (payments)	(7,887)	(59,216)	(36,462)	(103,565)
Net cash provided by operating activities	<u>1,343,656</u>	<u>77,664</u>	<u>251,742</u>	<u>1,673,062</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY				
Transfers from other funds	<u>472,000</u>			<u>472,000</u>
Net cash provided by noncapital financing activities	<u>472,000</u>			<u>472,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(1,404,264)	(121,849)	(126,044)	(1,652,157)
Proceeds from sale of assets	<u>38,125</u>			<u>38,125</u>
Net cash used in capital and related financing activities	<u>(1,366,139)</u>	<u>(121,849)</u>	<u>(126,044)</u>	<u>(1,614,032)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	<u>4,810</u>	<u>203</u>	<u>1,371</u>	<u>6,384</u>
Net cash provided by investing activities	<u>4,810</u>	<u>203</u>	<u>1,371</u>	<u>6,384</u>
Net increase in cash and cash equivalents	454,327	(43,982)	127,069	537,414
Cash and cash equivalents at beginning of year	<u>4,534,684</u>	<u>261,464</u>	<u>1,376,320</u>	<u>6,172,468</u>
Cash and cash equivalents at end of year	<u>\$ 4,989,011</u>	<u>\$ 217,482</u>	<u>\$ 1,503,389</u>	<u>\$ 6,709,882</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (42,093)	\$ (143,585)	\$ 61,777	\$ (123,901)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,341,310	228,331	160,761	1,730,402
Miscellaneous nonoperating income		1,130		1,130
Change in assets and liabilities:				
Accounts receivable	(50)	(6,188)		(6,238)
Due from other governments	27			27
Prepaid items		(35)		(35)
Accounts payable	44,462	(7,811)	29,237	65,888
Accrued wages payable		3,651		3,651
Compensated absences payable		908		908
Other post-employment benefits		1,263		1,263
Due to other governments			(33)	(33)
Net cash provided by operating activities	<u>\$ 1,343,656</u>	<u>\$ 77,664</u>	<u>\$ 251,742</u>	<u>\$ 1,673,062</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 514,489</u>	<u>\$ 144,464</u>	<u>\$</u>	<u>\$ 658,953</u>
Contributions of capital assets from proprietary funds	<u>\$ 227,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 227,000</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE ¹
DECEMBER 31, 2014

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 62,529,071
Buildings	22,550,748
Improvements other than buildings	27,175,594
Machinery and equipment	7,912,535
Infrastructure	261,130,484
Construction in progress	<u>48,622,912</u>
 Total governmental funds capital assets	 <u><u>\$ 429,921,344</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 404,374,704
General Fund	747,839
Special Revenue Funds	11,413,616
Enterprise Funds	12,062
Gifts	<u>13,373,123</u>
 Total governmental funds capital assets	 <u><u>\$ 429,921,344</u></u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
DECEMBER 31, 2014

	TOTAL	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS
FUNCTION AND ACTIVITY							
GENERAL GOVERNMENT:							
Mayor & Council	\$ 7,736				\$ 7,736		
City Clerk	15,286				15,286		
City Manager	23,784				23,784		
Accounting	34,373				34,373		
General Government Building	56,157,275	52,772,377	3,200,003	79,106	105,789		
Total General Government	56,238,454	52,772,377	3,200,003	79,106	186,968	-	-
PUBLIC SAFETY:							
Police Protection	1,127,709		704,912	76,346	346,451		
Fire Protection	1,986,890	56,168	1,338,910	22,024	569,788		
Total Public Safety	3,114,599	56,168	2,043,822	98,370	916,239	-	-
HIGHWAYS & STREETS	315,121,880	2,212,611	2,636,017	226,592	293,264	261,130,484	48,622,912
PARKS & RECREATION	33,762,141	2,100,372	3,169,440	26,598,381	1,893,948		
LIBRARY	2,313,104	103,000	1,974,299	149,323	86,482		
COMMUNITY DEVELOPMENT	435,284	360,992		22,222	52,070		
MASS TRANSIT	6,696,712		2,223,973	1,600	4,471,139		
PLAINS ART MUSEUM	490,409		490,409				
ECONOMIC DEVELOPMENT	11,748,761	4,923,551	6,812,785		12,425		
Total governmental funds capital assets	\$ 429,921,344	\$ 62,529,071	\$ 22,550,748	\$ 27,175,594	\$ 7,912,535	\$ 261,130,484	\$ 48,622,912

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
YEAR ENDED DECEMBER 31, 2014

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/14</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/14</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	15,286			15,286
City Manager	23,784			23,784
Assessing		66,475	66,475	
Accounting	34,373			34,373
General Government Building	<u>52,330,889</u>	<u>3,826,386</u>		<u>56,157,275</u>
Total General Government	<u>52,412,068</u>	<u>3,892,861</u>	<u>66,475</u>	<u>56,238,454</u>
PUBLIC SAFETY:				
Police Protection	1,065,476	99,766	37,533	1,127,709
Fire Protection	<u>1,914,536</u>	<u>74,055</u>	<u>1,701</u>	<u>1,986,890</u>
Total Public Safety	<u>2,980,012</u>	<u>173,821</u>	<u>39,234</u>	<u>3,114,599</u>
HIGHWAYS & STREETS	255,392,428	11,190,692	84,152	266,498,968
PARKS & RECREATION	33,466,810	341,606	46,275	33,762,141
LIBRARY	2,313,104			2,313,104
COMMUNITY DEVELOPMENT	377,563	57,721		435,284
RENTAL REGISTRATION		39,496	39,496	-
MASS TRANSIT	6,426,606	294,309	24,203	6,696,712
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	11,887,577	101,333	240,149	11,748,761
CONSTRUCTION IN PROGRESS	<u>42,300,515</u>	<u>15,295,721</u>	<u>8,973,324</u>	<u>48,622,912</u>
Total governmental funds capital assets	<u>\$ 408,047,092</u>	<u>\$ 31,387,560</u>	<u>\$ 9,513,308</u>	<u>\$ 429,921,344</u>

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

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	67
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	72
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	77
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.	90
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.	92

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 37,143,826	\$ 57,370,416	\$ 65,245,816	\$ 77,354,222	\$ 90,988,687	\$ 113,540,183	\$ 141,530,526	\$ 149,982,137	\$ 160,410,701	\$ 177,714,707
Restricted	56,195,491	77,974,490	93,395,972	97,825,682	111,879,202	114,126,460	106,751,797	133,231,004	131,543,123	132,190,249
Unrestricted	(11,417,970)	(13,842,366)	(1,878,820)	4,010,580	1,696,689	4,016,296	11,732,377	2,810,390	3,454,937	1,947,699
Total governmental activities net position	\$ 81,921,347	\$ 121,502,540	\$ 156,762,968	\$ 179,190,484	\$ 204,564,578	\$ 231,682,939	\$ 260,014,700	\$ 286,023,531	\$ 295,408,761	\$ 311,852,655
Business-type activities										
Net investment in capital assets	\$ 58,250,974	\$ 69,139,443	\$ 71,057,882	\$ 70,553,449	\$ 70,969,389	\$ 75,176,641	\$ 74,551,136	\$ 72,514,980	\$ 85,198,395	\$ 87,077,433
Restricted	4,683,585	5,867,993	5,891,812	5,339,425	4,314,753	5,007,451	5,315,762	7,577,380	8,230,771	13,496,942
Unrestricted	14,897,535	9,825,944	13,736,643	21,264,067	25,480,553	24,376,519	27,429,550	31,338,868	23,334,867	20,932,992
Total business-type activities net position	\$ 77,832,094	\$ 84,833,380	\$ 90,686,337	\$ 97,156,941	\$ 100,764,695	\$ 104,560,611	\$ 107,296,448	\$ 111,431,228	\$ 116,764,033	\$ 121,507,367
Primary government										
Net investment in capital assets	\$ 95,394,800	\$ 126,509,859	\$ 136,303,698	\$ 147,907,671	\$ 161,958,076	\$ 188,716,824	\$ 216,081,662	\$ 222,497,117	\$ 245,609,096	\$ 264,792,140
Restricted	60,879,076	83,842,483	99,287,784	103,165,107	116,193,955	119,133,911	112,067,559	140,808,384	139,773,894	145,687,191
Unrestricted	3,479,565	(4,016,422)	11,857,823	25,274,647	27,177,242	28,392,815	39,161,927	34,149,258	26,789,804	22,880,691
Total primary government net position	\$ 159,753,441	\$ 206,335,920	\$ 247,449,305	\$ 276,347,425	\$ 305,329,273	\$ 336,243,550	\$ 367,311,148	\$ 397,454,759	\$ 412,172,794	\$ 433,360,022

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses										
Governmental activities:										
General government	\$ 3,068,861	\$ 3,483,664	\$ 3,473,922	\$ 3,614,430	\$ 3,704,870	\$ 3,674,855	\$ 3,415,677	\$ 3,819,530	\$ 4,346,403	\$ 4,164,837
Public safety	8,500,960	9,024,756	10,006,060	9,984,826	10,518,141	10,270,338	10,819,856	10,675,009	11,398,174	12,060,174
Highways and streets	8,289,232	6,988,144	8,342,798	9,734,211	13,841,687	12,616,553	16,036,015	11,981,603	13,057,142	11,994,051
Parks and recreation	2,307,467	2,246,170	2,329,521	2,517,227	3,314,652	3,303,861	3,470,430	3,457,150	3,468,570	3,640,538
Library	756,504	798,967	814,816	839,115	864,977	918,671	830,901	780,583	824,609	825,921
Community development	648,950	780,580	775,711	570,862	602,633	337,303	445,914	561,105	618,093	443,355
Rental Registration		200,057	144,801	148,341	151,498	158,890	161,607	181,419	204,858	270,581
Mass transit	1,578,325	1,805,771	1,948,827	2,170,917	2,071,065	2,302,729	2,464,724	2,449,881	2,587,116	2,738,712
Economic development	364,786	1,792,973	834,708	1,007,312	999,430	801,869	496,620	880,549	825,762	921,006
Interest on long-term debt	4,639,084	5,222,919	6,651,205	6,310,623	8,218,418	7,046,767	7,496,641	7,172,878	7,688,510	7,122,193
Total governmental activities expenses	<u>30,154,169</u>	<u>32,344,001</u>	<u>35,322,369</u>	<u>36,897,864</u>	<u>44,287,371</u>	<u>41,431,836</u>	<u>45,638,385</u>	<u>41,959,707</u>	<u>45,019,237</u>	<u>44,181,368</u>
Business-type activities:										
Electric	15,518,350	16,578,725	18,487,724	20,408,558	23,221,675	24,714,209	26,097,474	26,205,959	27,173,001	27,910,422
Water	3,800,261	4,149,820	4,484,804	4,857,077	5,183,743	5,134,097	5,098,038	5,440,712	5,287,103	5,926,998
Wastewater treatment	4,375,795	4,637,030	4,962,560	5,677,381	5,817,997	5,960,063	5,882,910	6,024,275	6,656,290	5,903,395
Broadband	964,255	1,600,791	1,534,312	1,462,908	921,330	-	-	-	-	-
Storm water	714,622	693,830	881,669	830,846	1,039,503	1,051,434	987,457	878,183	1,003,482	1,156,391
Sanitation	2,639,545	2,789,143	3,007,471	3,163,142	2,973,724	3,080,561	3,196,151	3,173,585	3,166,870	3,429,526
Golf courses	1,632,361	1,724,377	1,706,043	1,724,894	1,682,538	1,686,166	1,676,855	1,717,851	2,187,145	2,212,073
Sports center	736,355	730,905	844,913	904,805	924,174	928,218	917,037	913,432	916,596	972,117
Pest control	245,941	234,874	267,505	239,570	183,137	266,451	335,831	363,547	341,457	355,922
Forestry	380,369	488,220	655,000	660,271	571,342	582,726	657,305	640,062	744,203	761,896
Municipal airport	284,251	467,647	397,094	325,079	290,901	317,316	345,878	258,975	274,881	302,208
Total business-type activities expenses	<u>31,292,105</u>	<u>34,095,362</u>	<u>37,229,095</u>	<u>40,254,531</u>	<u>42,810,064</u>	<u>43,721,241</u>	<u>45,194,936</u>	<u>45,616,581</u>	<u>47,751,028</u>	<u>48,930,948</u>
Total primary government expenses	<u>\$ 61,446,274</u>	<u>\$ 66,439,363</u>	<u>\$ 72,551,464</u>	<u>\$ 77,152,395</u>	<u>\$ 87,097,435</u>	<u>\$ 85,153,077</u>	<u>\$ 90,833,321</u>	<u>\$ 87,576,288</u>	<u>\$ 92,770,265</u>	<u>\$ 93,112,316</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 979,078	\$ 1,081,611	\$ 888,257	\$ 960,759	\$ 856,631	\$ 732,466	\$ 704,540	\$ 742,553	\$ 1,006,692	\$ 1,084,382
Public safety	924,696	1,032,270	1,058,423	984,678	844,615	1,010,460	863,715	652,812	756,848	753,180
Highways and streets	1,707,573	2,250,883	2,002,523	2,408,318	2,077,041	2,233,462	2,521,980	2,174,827	1,903,650	2,335,578
Other activities	1,500,487	1,703,060	1,418,593	1,686,963	1,299,982	1,410,658	1,498,158	1,370,654	2,082,671	1,285,311
Operating grants and contributions	2,458,483	2,762,963	2,923,330	2,586,091	2,902,189	2,857,481	2,882,446	2,902,750	3,718,296	3,585,983
Capital grants and contributions	15,553,890	35,657,297	41,306,965	26,832,098	38,412,544	36,845,046	40,565,422	34,238,609	16,927,933	21,508,080
Total governmental activities program revenues	<u>23,124,207</u>	<u>44,488,084</u>	<u>49,598,091</u>	<u>35,458,907</u>	<u>46,393,002</u>	<u>45,089,573</u>	<u>49,036,261</u>	<u>42,082,205</u>	<u>26,396,090</u>	<u>30,552,514</u>
Business-type activities:										
Charges for services:										
Electric	20,655,002	22,117,913	25,152,311	28,643,650	30,878,334	33,010,043	34,454,731	35,346,331	37,680,948	38,598,929
Water	4,956,975	5,383,727	5,583,065	6,091,578	6,328,933	6,224,451	6,104,064	6,975,437	6,849,951	6,824,014
Wastewater treatment	4,373,641	4,462,639	4,881,520	5,281,652	4,941,636	4,962,792	5,200,218	5,681,415	6,316,542	6,496,996
Storm water	216,746	864,719	889,779	968,223	1,228,235	2,060,843	2,075,431	2,382,526	2,381,232	2,443,219
Sanitation	840,347	3,008,479	3,180,040	3,417,710	3,625,720	3,623,225	3,636,937	3,668,782	3,694,612	3,820,293
Golf courses	2,691,426	1,150,626	1,083,083	1,025,408	1,250,458	1,177,839	1,122,931	1,139,109	1,143,019	1,131,968
Other activities	2,421,221	2,122,861	2,258,866	2,676,621	2,241,036	1,681,153	1,716,002	1,795,999	1,689,853	1,999,535
Operating grants and contributions	159,919	286,659	160,495	167,246	170,504	177,796	224,129	222,930	204,439	218,817
Capital grants and contributions	63,588	4,634,189	1,266,383	566,089	447,048	1,185,460	388,393	1,133,422	1,747,614	1,244,238
Total business-type activities program revenues	<u>36,378,865</u>	<u>44,031,812</u>	<u>44,455,542</u>	<u>48,838,177</u>	<u>51,111,904</u>	<u>54,103,602</u>	<u>54,922,836</u>	<u>58,345,951</u>	<u>61,708,210</u>	<u>62,778,009</u>
Total primary government program revenues	<u>\$ 59,503,072</u>	<u>\$ 88,519,896</u>	<u>\$ 94,053,633</u>	<u>\$ 84,297,084</u>	<u>\$ 97,504,906</u>	<u>\$ 99,193,175</u>	<u>\$ 103,959,097</u>	<u>\$ 100,428,156</u>	<u>\$ 88,104,300</u>	<u>\$ 93,330,523</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (expense) / revenue:										
Governmental activities	\$ (7,029,962)	\$ 12,144,083	\$ 14,275,722	\$ (1,438,957)	\$ 2,105,631	\$ 3,657,737	\$ 3,397,876	\$ 122,498	\$ (18,623,147)	\$ (13,628,854)
Business-type activities	5,086,760	9,936,450	7,226,447	8,583,646	8,301,840	10,382,361	9,727,900	12,729,370	13,957,182	13,847,061
Total primary government net expense	<u>\$ (1,943,202)</u>	<u>\$ 22,080,533</u>	<u>\$ 21,502,169</u>	<u>\$ 7,144,689</u>	<u>\$ 10,407,471</u>	<u>\$ 14,040,098</u>	<u>\$ 13,125,776</u>	<u>\$ 12,851,868</u>	<u>\$ (4,665,965)</u>	<u>\$ 218,207</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 2,662,256	\$ 3,160,500	\$ 3,345,080	\$ 3,591,171	\$ 4,103,261	\$ 4,075,578	\$ 4,613,139	\$ 4,430,407	\$ 3,831,102	\$ 3,603,921
Property taxes levied for debt service	5,954	1,238	827	452,437	1,003,694	1,647,827	1,189,537	1,988,711	2,993,091	3,381,964
Tax increments	1,143,203	1,063,458	1,088,698	1,755,937	1,430,138	953,865	870,313	694,944	689,289	585,880
Franchise fees	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	831,067	971,057	1,137,769
State aid unrestricted	9,923,838	10,230,844	9,832,461	9,413,327	9,642,047	8,199,446	8,544,337	8,405,832	8,445,441	9,405,893
Unrestricted grants and contributions	171,832	169,875	177,165	172,949	170,158	176,748	171,947	171,957	177,045	171,232
Investment earnings	981,612	1,888,601	2,333,128	1,310,307	225,759	309,936	585,304	158,683	142,993	140,993
Miscellaneous	803,712	436,279	430,485	126,677	139,067	123,337	343,824	215,952	1,360,497	1,666,786
Gain on disposal / sale of assets		5,432,927	109,595	109,065	(90,224)	-	-	-	-	-
Transfers	1,956,451	4,185,838	2,930,387	5,918,565	5,787,497	7,108,365	7,671,558	8,988,780	9,397,862	9,978,310
Total governmental activities	<u>18,413,098</u>	<u>27,437,110</u>	<u>20,984,706</u>	<u>23,866,473</u>	<u>23,268,463</u>	<u>23,460,624</u>	<u>24,933,885</u>	<u>25,886,333</u>	<u>28,008,377</u>	<u>30,072,748</u>
Business-type activities:										
State aid unrestricted	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,562	11,562
Investment earnings	558,412	826,631	1,140,246	968,178	295,055	484,828	588,834	205,476	74,074	361,204
Miscellaneous	345,731	401,766	51,308	586,510	184,733	25,532	79,102	177,154	617,849	571,818
Loss on disposal of equipment	221,442	10,717	353,783	22,275	602,063	-	-	-	-	-
Transfers	(1,956,451)	(4,185,838)	(2,930,387)	(5,918,565)	(5,787,497)	(7,108,365)	(7,671,558)	(8,988,780)	(9,327,862)	(10,048,310)
Total business-type activities	<u>(819,306)</u>	<u>(2,935,164)</u>	<u>(1,373,490)</u>	<u>(4,330,042)</u>	<u>(4,694,086)</u>	<u>(6,586,445)</u>	<u>(6,992,062)</u>	<u>(8,594,590)</u>	<u>(8,624,377)</u>	<u>(9,103,726)</u>
Total primary government	<u>\$ 17,593,792</u>	<u>\$ 24,501,946</u>	<u>\$ 19,611,216</u>	<u>\$ 19,536,431</u>	<u>\$ 18,574,377</u>	<u>\$ 16,874,179</u>	<u>\$ 17,941,823</u>	<u>\$ 17,291,743</u>	<u>\$ 19,384,000</u>	<u>\$ 20,969,022</u>
Change in Net Position										
Governmental activities	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428	\$ 22,427,516	\$ 25,374,094	\$ 27,118,361	\$ 28,331,761	\$ 26,008,831	\$ 9,385,230	\$ 16,443,894
Business-type activities	4,267,454	7,001,286	5,852,957	4,253,604	3,607,754	3,795,916	2,735,838	4,134,780	5,332,805	4,743,335
Total primary government	<u>\$ 15,650,590</u>	<u>\$ 46,582,479</u>	<u>\$ 41,113,385</u>	<u>\$ 26,681,120</u>	<u>\$ 28,981,848</u>	<u>\$ 30,914,277</u>	<u>\$ 31,067,599</u>	<u>\$ 30,143,611</u>	<u>\$ 14,718,035</u>	<u>\$ 21,187,229</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund										
Reserved	\$ 659,710	\$ 653,404	\$ 1,548,028	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870	\$	\$	\$	\$
Unreserved	10,797,671	12,155,461	12,905,175	13,399,448	13,003,740	12,231,585				
Committed								715,190	417,738	94,945
Nonspendable							1,302,696	1,446,526	1,333,328	1,213,488
Unassigned							11,868,324	13,268,124	13,373,191	15,021,820
Total General fund	<u>\$ 11,457,381</u>	<u>\$ 12,808,865</u>	<u>\$ 14,453,203</u>	<u>\$ 14,921,532</u>	<u>\$ 14,677,678</u>	<u>\$ 13,695,455</u>	<u>\$ 13,171,020</u>	<u>\$ 15,429,840</u>	<u>\$ 15,124,257</u>	<u>\$ 16,330,253</u>
All other governmental funds										
Reserved	\$ 25,969,324	\$ 22,323,376	\$ 33,098,047	\$ 28,326,859	\$ 37,721,305	\$ 35,783,811	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	2,391,473	2,926,902	3,547,842	3,500,710	3,599,434	3,549,584				
Capital projects funds	5,149,040	10,758,095	3,728,919	2,476,640	4,541,881	2,268,124				
Nonspendable							605,771	547,358	486,353	415,287
Restricted							29,147,833	64,202,443	62,274,294	68,997,684
Committed							1,555,689	1,525,420	1,658,988	1,148,372
Assigned							4,126,188	3,659,190	3,721,697	4,192,144
Unassigned							(631,771)	(2,869,614)	(789,421)	(1,749,206)
Total all other governmental funds	<u>\$ 33,509,837</u>	<u>\$ 36,008,373</u>	<u>\$ 40,374,808</u>	<u>\$ 34,304,209</u>	<u>\$ 45,862,620</u>	<u>\$ 41,601,519</u>	<u>\$ 34,803,710</u>	<u>\$ 67,064,797</u>	<u>\$ 67,351,911</u>	<u>\$ 73,004,281</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes										
Property	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605	\$ 5,799,544	\$ 6,537,093	\$ 6,677,262	\$ 6,672,981	\$ 7,114,062	\$ 7,513,482	\$ 7,571,766
Franchise	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	831,067	971,057	1,137,769
Licenses and permits	823,636	969,802	779,928	844,394	892,918	997,412	596,533	636,465	749,377	849,029
Intergovernmental	18,027,985	21,753,738	25,339,983	25,521,491	37,032,258	34,168,837	43,024,995	32,702,918	23,352,975	23,693,367
Charges for services	2,376,923	3,543,402	3,065,110	3,316,931	2,965,091	2,993,594	3,621,425	3,063,004	3,056,626	3,524,497
Fines and forfeits	573,335	558,300	598,451	491,224	411,580	507,611	485,095	477,988	497,843	515,349
Facility rentals	210,080	172,086	198,722	205,291	218,334	184,065	221,638	166,565	154,479	157,351
Donations	-	-	-	-	-	-	-	12,575	6,111	24,084
Special assessments	926,472	4,036,345	6,843,277	8,061,898	8,165,825	9,165,907	10,202,539	10,792,664	9,650,046	10,380,331
Sale of property		6,354,930				65,569	175,746	140,400		14,514
Interest on investments	3,381,892	1,780,606	2,213,428	1,203,148	212,032	260,596	502,615	145,539	139,294	134,609
Miscellaneous	3,010,195	1,852,018	1,957,154	1,657,429	1,728,338	821,977	1,101,582	845,479	2,328,519	2,154,445
Total revenues	<u>34,720,846</u>	<u>46,113,973</u>	<u>46,167,538</u>	<u>48,117,388</u>	<u>59,020,535</u>	<u>56,708,352</u>	<u>67,549,075</u>	<u>56,928,726</u>	<u>48,419,809</u>	<u>50,157,111</u>
Expenditures										
General government	3,004,868	3,364,016	3,369,561	3,522,838	3,601,740	3,560,682	3,338,022	3,536,645	3,595,773	3,912,568
Public safety	8,596,237	8,948,335	9,824,282	9,925,533	10,381,701	10,276,719	10,457,316	10,530,722	11,184,213	11,599,347
Highways and streets	6,243,839	4,773,390	5,372,859	5,859,816	9,585,251	7,766,439	10,834,588	6,557,673	7,345,670	6,072,511
Parks and recreation	2,134,200	2,149,204	2,219,864	2,286,005	2,512,951	2,419,891	2,610,640	2,584,935	2,560,153	2,709,763
Library	702,232	744,695	760,544	784,843	802,412	857,343	771,530	761,157	815,140	820,110
Community development	642,060	773,690	768,821	566,192	597,964	332,635	441,246	556,440	618,089	443,355
Rental registration		200,057	144,801	147,636	150,793	158,890	161,607	181,419	204,858	270,581
Mass transit	1,299,561	1,479,523	1,589,758	1,805,454	1,661,780	1,823,815	1,976,869	1,992,853	2,131,719	2,281,543
Economic development	287,747	1,636,251	652,141	823,771	814,252	601,381	297,762	680,304	625,915	721,271
Capital outlay	32,713,271	39,142,606	34,869,391	26,839,081	25,534,303	41,462,160	39,143,946	34,763,317	16,750,785	23,235,422
Debt service:										
Bond and note principal	8,420,208	3,686,294	3,838,972	13,929,985	6,438,492	9,071,970	15,316,339	11,499,463	7,867,746	19,281,197
Bond and note interest	3,027,011	4,174,750	5,099,167	5,761,607	7,267,649	6,321,324	6,976,779	6,429,319	7,707,198	6,560,761
Fiscal and other charges	1,098,099	682,087	665,390	499,996	1,000,739	652,023	506,902	439,249	37,732	511,352
Total expenditures	<u>68,169,333</u>	<u>71,754,898</u>	<u>69,175,551</u>	<u>72,752,757</u>	<u>70,350,027</u>	<u>85,305,272</u>	<u>92,833,546</u>	<u>80,513,496</u>	<u>61,444,991</u>	<u>78,419,781</u>
Revenues over (under) expenditures	(33,448,487)	(25,640,925)	(23,008,013)	(24,635,369)	(11,329,492)	(28,596,920)	(25,284,471)	(23,584,770)	(13,025,182)	(28,262,670)
Other financing sources (uses)										
Bond and note proceeds	34,032,500	24,020,000	22,400,000	12,050,000	16,395,000	15,555,000	9,955,000	46,520,000	2,165,000	43,055,000
Premium on issuance of debt								1,780,076	51,879	2,233,381
Transfers from other funds	9,083,473	9,931,433	8,116,150	11,873,106	133,226	105,844	81,405	11,951,492	11,423,664	11,689,322
Transfers to other funds	(4,150,992)	(4,462,698)	(1,623,809)	(4,999,072)	9,661,661	9,571,654	9,630,070	(2,835,809)	(1,720,136)	(2,054,155)
Sale of capital assets		2,210	126,445	109,065	(3,545,838)	(1,878,902)	(1,704,248)	688,918.00	1,086,306.00	66,626.00
Total other financing sources (uses)	<u>38,964,981</u>	<u>29,490,945</u>	<u>29,018,786</u>	<u>19,033,099</u>	<u>22,644,049</u>	<u>23,353,596</u>	<u>17,962,227</u>	<u>58,104,677</u>	<u>13,006,713</u>	<u>54,990,174</u>
Net change in fund balances	<u>\$ 5,516,494</u>	<u>\$ 3,850,020</u>	<u>\$ 6,010,773</u>	<u>\$ (5,602,270)</u>	<u>\$ 11,314,557</u>	<u>\$ (5,243,324)</u>	<u>\$ (7,322,244)</u>	<u>\$ 34,519,907</u>	<u>\$ (18,469)</u>	<u>\$ 26,727,504</u>
Debt service as a percentage of noncapital expenditures	32.29%	24.10%	26.05%	42.89%	30.58%	35.11%	41.52%	39.19%	34.85%	46.83%

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

Fiscal Year	Net Tax Capacity			Less: Captured Tax Increment Tax Capacity	Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Market Value Tax Exempt Real Property ¹
	Real Property		Personal Property						
	Residential	Commercial							
2005	\$ 10,452,055	\$ 3,803,946	\$ 133,234	\$ (846,763)	\$ 13,542,472	26.095%	\$ 1,234,867,700	1.10%	\$ 474,251,000
2006	11,931,872	4,193,676	138,687	(852,378)	15,411,857	24.944%	1,405,920,600	1.10%	474,251,000
2007	13,243,223	5,019,619	143,332	(780,969)	17,625,205	23.169%	1,569,165,000	1.12%	474,251,000
2008	14,836,285	5,786,204	147,216	(1,119,322)	19,650,383	25.844%	1,762,247,300	1.12%	474,251,000
2009	15,664,218	6,279,064	149,271	(1,205,221)	20,887,332	29.808%	1,872,707,500	1.12%	474,251,000
2010	16,465,436	6,272,844	149,152	(786,828)	22,100,604	31.176%	1,955,815,700	1.13%	817,588,200
2011	16,900,730	6,954,186	164,212	(821,926)	23,197,202	30.752%	2,025,775,500	1.15%	817,588,200
2012	15,358,233	7,089,254	173,218	(889,882)	21,730,823	34.467%	1,865,413,600	1.16%	817,588,200
2013	15,764,267	7,293,733	170,577	(853,263)	22,375,314	35.139%	1,911,528,100	1.17%	817,588,200
2014	16,009,445	7,449,055	171,997	(890,951)	22,739,546	37.424%	1,943,602,400	1.17%	817,588,200

Source: Clay County Auditor

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

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

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

Fiscal Year	Direct Rates		Total Direct Rate	Overlapping Rates			Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority		County	School District	Buffalo Watershed		
2005	26.095%		26.095%	67.769%	32.808%	1.383%	101.960%	128.055%
2006	24.944%	1.356%	26.300%	63.504%	36.840%	1.574%	101.918%	128.218%
2007	23.169%	1.333%	24.502%	61.321%	33.386%	2.803%	97.510%	122.012%
2008	25.844%	1.218%	27.062%	59.084%	32.273%	2.807%	94.164%	121.226%
2009	29.808%	1.389%	31.197%	57.391%	33.845%	2.795%	94.031%	125.228%
2010	31.176%	1.042%	32.218%	54.805%	30.262%	1.836%	86.903%	119.121%
2011	30.752%	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%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2014**

Taxpayer	2014			2005		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 466,411	1	2.08%	\$ 254,761	2	1.6%
Busch Agricultural Resources, Inc.	389,037	2	1.74%	363,575	1	2.2%
Menard's Inc	311,016	3	1.39%			
C-III Asset Management LLC	210,404	4	0.94%			
Moorhead Lodging Association	179,250	5	0.80%			
Eventide Lutheran Home	156,278	6	0.70%	101,874	8	0.6%
Proffutt Ltd Partnership	146,964	7	0.66%			
Sterling Development Group	145,334	8	0.65%			
Skaff Apartments	128,003	9	0.57%	89,688	10	0.6%
Courtyard by Belsley Boulevard	108,250	10	0.48%			
Moorhead Hospitality				179,250	3	1.1%
Xcel Energy				105,832	7	0.7%
South Moorhead Associates				98,990	9	0.6%
Moorhead Holiday Associates				168,633	4	1.0%
Easten LLC				143,922	5	0.9%
TRE Investments				121,529	6	0.7%

Source: Clay County Auditor

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

Fiscal Year	Total Tax Levy for Fiscal Year	Less: State Credits	Net Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 4,741,933	\$ (1,588,177)	\$ 3,153,756	\$ 3,097,699	98.22%	\$ 55,541	\$ 3,153,240	99.984%
2006	4,835,500	(1,356,848)	3,478,652	3,372,860	96.96%	105,568	3,478,428	99.994%
2007	5,062,283	(1,389,308)	3,672,975	3,611,732	98.33%	60,298	3,672,030	99.974%
2008	5,891,208	(1,364,883)	4,526,325	4,445,911	98.22%	78,393	4,524,304	99.955%
2009	6,918,986	(1,560,961)	5,358,025	5,233,382	97.67%	118,038	5,351,420	99.877%
2010	7,446,245	(1,524,556)	5,921,689	5,698,918	96.24%	214,643	5,913,561	99.863%
2011	7,558,522	(1,767,771)	5,790,751	5,664,239	97.82%	112,838	5,777,077	99.764%
2012	7,441,836	(1,200,228)	6,241,608	6,100,183	97.73%	124,480	6,224,663	99.729%
2013	7,813,500	(1,257,485)	6,556,015	6,439,657	98.23%	84,070	6,523,727	99.508%
2014	8,437,376	(1,767,533)	6,669,843	6,579,988	98.65%		6,579,988	98.653%

75

Source: Clay County Auditor

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

Fiscal Year	ELECTRIC FUND				Transfer	Transfer as Percentage of Gross Revenues
	Operating Revenues	Non-operating Revenues	Capital Contributions	Gross Revenues		
2005	\$ 20,655,002	\$ 552,571	\$	\$ 21,207,573	\$ 4,568,000	21.54%
2006	22,117,913	470,154	222,802	22,810,869	4,853,000	21.27%
2007	25,152,311	585,014	122,949	25,860,274	5,289,000	20.45%
2008	28,643,650	442,841	122,080	29,208,571	5,797,000	19.85%
2009	30,878,334	202,221	131,593	31,212,148	6,115,000	19.59%
2010	33,008,574	290,482	621,548	33,920,604	6,669,750	19.66%
2011	34,454,731	459,792		34,914,523	6,710,297	19.22%
2012	35,346,331	154,515	42,000	35,542,846	7,372,106	20.74%
2013	37,680,948	272,879	490,795	38,444,622	7,771,863	20.22%
2014	38,594,193	321,230	280,584	39,196,007	7,901,816	20.16%

Note: City Charter

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

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

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

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

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	Notes Payable	G.O. Revenue Bonds	Revenue Bonds	Notes Payable			
2005	\$ 1,890,000	\$ 76,100,000	\$ 14,070,000	\$ 9,325,859	\$ 2,175,782	\$ 24,342,031	\$ 23,765,000	\$ 1,653,034	\$ 153,321,706	15.92%	\$ 4,477
2006	2,270,000	97,715,000	12,940,000	9,256,380	1,869,488	23,651,753	21,315,000	1,869,488	170,887,109	16.21%	4,851
2007	1,940,000	118,225,000	11,910,000	9,189,588	1,515,516	26,415,664	26,075,000	1,111,202	196,381,970	17.12%	5,477
2008	2,670,000	123,725,000	10,835,000	2,455,000	1,215,119	32,804,740	23,360,000	717,508	197,782,367	15.97%	5,460
2009	2,275,000	131,890,000	13,585,000	2,205,000	901,627	32,652,548	20,935,000	108,215	204,552,390	16.79%	5,563
2010	1,655,000	139,555,000	13,360,000	1,945,000	824,657	31,418,017	28,735,000	79,093	217,571,767	16.70%	5,716
2011	1,015,000	143,375,000	5,155,000	1,670,000	763,318	29,829,800	26,000,000	48,567	207,856,685	15.49%	5,461
2012	585,000	179,460,000	4,865,000	1,390,000	698,855	38,968,152	27,080,000	16,571	253,063,578	18.54%	6,570
2013	390,000	174,620,000	4,560,000	1,095,000	631,109	26,740,118	25,555,000	-	233,591,227	15.58%	6,007
2014	195,000	180,625,000	4,250,000	785,000	559,912	34,195,232	18,099,886	545,365	239,255,395	15.67%	6,120

77

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Market Value ¹ of Property	Per Capita ²
2005	\$ 1,890,000	\$ 535,976	\$ 1,354,024	0.11%	\$ 40
2006	2,270,000	551,937	1,718,063	0.12%	49
2007	1,940,000	390,922	1,549,078	0.10%	43
2008	2,670,000	250,935	2,419,065	0.14%	67
2009	2,275,000	249,631	2,025,369	0.11%	55
2010	1,655,000	173,009	1,481,991	0.08%	39
2011	1,015,000	22,263	992,737	0.05%	26
2012	585,000	-	585,000	0.03%	15
2013	390,000	87,080	302,920	0.02%	8
2014	195,000	95,843	99,157	0.01%	3

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

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

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

**CITY OF MOORHEAD, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014**

<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	\$ 43,520,000	74.55%	\$ 32,444,160
Clay County	19,220,000	44.95%	<u>8,639,390</u>
Total overlapping debt			<u>41,083,550</u>
City of Moorhead direct debt			<u>186,714,912</u>
Total direct and overlapping debt			<u><u>\$ 227,798,462</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 24,697,354	\$ 28,118,412	\$ 31,383,300	\$ 52,867,419	\$ 56,181,225	\$ 58,674,471	\$ 60,773,265	\$ 63,446,625	\$ 64,527,651	\$ 65,400,048
Total net debt applicable to limit	<u>1,354,024</u>	<u>1,718,063</u>	<u>1,549,078</u>	<u>2,419,065</u>	<u>2,025,369</u>	<u>1,481,991</u>	<u>992,737</u>	<u>1,283,855</u>	<u>1,021,109</u>	<u>1,021,109</u>
Legal debt margin	<u>\$ 23,343,330</u>	<u>\$ 26,400,349</u>	<u>\$ 29,834,222</u>	<u>\$ 50,448,354</u>	<u>\$ 54,155,856</u>	<u>\$ 57,192,480</u>	<u>\$ 59,780,528</u>	<u>\$ 62,162,770</u>	<u>\$ 63,506,542</u>	<u>\$ 64,378,939</u>
Total net debt applicable to the limit as a percentage of debt limit	5.48%	6.11%	4.94%	4.58%	3.61%	2.53%	1.63%	2.02%	1.58%	1.56%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2014

Estimated market value - taxable property	\$ 2,180,001,600
Debt limit 3% of estimated market value	65,400,048
Debt applicable to limit:	
General obligation bonds	\$ 195,000
General obligation notes	<u>559,912</u>
Total net debt applicable to limit	<u>754,912</u>
Legal debt margin	<u>\$ 64,645,136</u>

08

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 in excess of 3 percent of the estimated market value of taxable property.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
2005	\$ 21,207,573	\$ 13,871,827	\$ 7,335,746	\$ 637,633	\$ 398,919	\$ 1,036,552	7.08
2006	22,810,867	14,919,786	7,891,081	551,624	379,886	931,510	8.47
2007	25,737,325	16,672,796	9,064,529	746,750	444,439	1,191,189	7.61
2008	29,086,491	18,521,325	10,565,166	840,367	487,671	1,328,038	7.96
2009	31,080,555	21,190,625	9,889,930	898,120 ³	494,896	1,393,016	7.10
2010	33,299,056	22,639,022	10,660,034	805,960	419,744	1,225,704	8.70
2011	34,914,523	23,794,915	11,119,608	884,469	577,133	1,461,602	7.61
2012	35,542,846	23,597,395	11,945,451	732,971 ⁴	592,559	1,325,530	9.01
2013	38,444,622	24,539,810	13,904,812	1,321,628	639,777	1,961,405	7.09
2014	39,696,006	25,141,835	14,554,171	1,132,225	586,434	1,718,659	8.47

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 5,217,254	\$ 2,352,119	\$ 2,865,135	\$ 1,496,367	\$ 647,700	\$ 2,144,067	1.34
2006	5,558,926	2,715,167	2,843,759	1,479,582	581,165	2,060,747	1.38
2007	5,799,590	2,983,542	2,816,048	1,519,751	603,113	2,122,864	1.33
2008	6,355,804	3,221,731	3,134,073	1,649,941	626,266	2,276,207	1.38
2009	6,475,089	3,525,737	2,949,352	1,600,063 ²	520,869	2,120,932	1.39
2010	6,322,229	3,607,853	2,714,376	1,509,274	457,504	1,966,778	1.38
2011	6,413,006	3,697,937	2,715,069	1,634,474	396,284	2,030,758	1.34
2012	8,023,697	3,916,911	4,106,786	1,722,911 ³	344,011	2,066,922	1.99
2013	8,396,383	3,851,472	4,544,911	178,079	246,504	424,583	10.70
2014	7,274,670	4,312,132	2,962,538	217,775	233,090	450,865	6.57

1 - Expenses exclude depreciation and amortization.

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 4,638,006	\$ 2,521,855	\$ 2,116,151	\$ 903,486	\$ 815,480	\$ 1,718,966	1.23
2006	9,202,997	2,813,006	6,389,991	1,037,117	860,015	1,897,132	3.37
2007	6,033,195	2,832,107	3,201,088	1,092,073	841,088	1,933,161	1.66
2008	5,807,432	3,473,684	2,333,748	841,395	803,422	1,644,817	1.42
2009	5,226,690	3,296,406	1,930,284	1,191,812	991,941	2,183,753	0.88
2010	5,440,267	3,388,622	2,051,645	1,536,196	980,989	2,517,185	0.82
2011	5,170,277	3,475,408	1,694,869	1,588,218	947,556	2,535,774	0.67
2012	5,718,882	3,933,832	1,785,050	1,651,647	906,311	2,557,958	0.70
2013	6,708,871	4,210,149	2,498,722	1,718,034	860,938 ²	2,578,972	0.97
2014	7,050,070	4,238,411	2,811,659	1,844,886	752,542	2,597,428	1.08

1 - Expenses exclude depreciation and amortization.

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

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

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

1 - Expenses exclude depreciation and amortization.

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 1,365,250	\$ 1,191,811	\$ 173,439	\$ 145,000	\$ 231,076	\$ 376,076	0.46
2006	1,444,413	1,298,948	145,465	150,000	220,901	370,901	0.39
2007	1,553,152 ²	1,314,238	238,914	160,000	210,923	370,923	0.64
2008	1,582,653	1,324,658	257,995	170,000	206,444	376,444	0.69
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

1 - Expenses exclude depreciation and amortization.

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	949,304	11,032	938,272	65,000	3,448	68,448	13.71

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

2 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 519,897	\$ 7,320	\$ 512,577	\$ 200,000 ¹	\$ 473,567	\$ 673,567	0.76
2006	625,611	6,516	619,095	225,000	444,338	669,338	0.92
2007	644,478	3,324	641,154	235,000	437,204	672,204	0.95
2008	414,523	68,301	346,222	245,000 ²	185,795	430,795	0.80
2009	350,901	2,325	348,576	250,000	131,508	381,508	0.91
2010	359,649	2,694	356,955	260,000	88,675	348,675	1.02
2011	355,354	2,094	353,260	275,000	78,820	353,820	1.00
2012	356,087	1,294	354,793	280,000	68,273	348,273	1.02
2013	358,850	2,938	355,912	295,000	56,816	351,816	1.01
2014	355,522	-	355,522	310,000	44,535	354,535	1.00

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

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

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

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$ 7,668,122	\$ 503,934	\$ 7,164,188	\$ 3,515,000	\$ 1,775,965	\$ 5,290,965	1.35
2006	7,389,538	643,131	6,746,407	1,700,000	2,954,752	4,654,752	1.45
2007	10,797,713	388,177	10,409,536	1,890,000	3,872,993	5,762,993	1.81
2008	10,461,710	210,177	10,251,533	3,565,000 ²	4,871,596	8,436,596	1.22
2009	12,146,618	260,319	11,886,299	4,355,000	5,096,160	9,451,160	1.26
2010	12,185,726	228,350	11,957,376	5,000,000 ³	5,233,232	10,233,232	1.17
2011	13,404,555	225,275	13,179,280	6,335,000	5,588,493	11,923,493	1.11
2012	15,436,841	435,630	15,001,211	10,435,000	5,525,149	15,960,149	0.94
2013	15,789,490	639,035	15,150,455	7,005,000	6,177,565	13,182,565	1.15
2014	16,607,617	508,202	16,099,415	8,350,000 ⁴	5,822,983	14,172,983	1.14

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

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

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

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

**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	
2005	\$ 2,867,537	\$ 313,909	\$ 2,553,628	\$ 1,256,539	\$ 671,655	\$ 1,928,194	1.32
2006	2,679,873	208,503	2,471,370	1,332,625	708,099	2,040,724	1.21
2007	2,688,940	476,956	2,211,984	1,264,210	596,814	1,861,024	1.19
2008	3,413,940	220,655	3,193,285	1,322,551	592,211	1,914,762	1.67
2009	2,843,930 ¹	713,116	2,130,814	1,382,955	1,946,835	3,329,790	0.64
2010	1,552,805 ²	412,102	1,140,703	600,000 ³	911,214	1,511,214	0.75
2011	1,486,573	275,920	1,210,653	285,000 ⁴	380,290	665,290	1.82
2012	1,050,651	1,275	1,049,376	290,000	175,576	465,576	2.25
2013	1,036,994	23,448	1,013,546	305,000	169,000	474,000	2.14
2014	1,030,764	10,280	1,020,484	310,000	584,908	894,908	1.14

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

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

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

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

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

Fiscal Year	Population ¹	Estimated Personal Income ²	Per Capita Personal Income ³	K-12 School Enrollment ⁴	Unemployment Rate ⁵
2005	34,244	\$ 963,352,208	\$ 28,132	5,297	3.0%
2006	35,225	1,054,389,925	29,933	5,339	2.7%
2007	35,853	1,147,367,706	32,002	5,400	3.0%
2008	36,226	1,238,422,036	34,186	5,351	3.1%
2009	36,770 ⁶	1,218,337,180	33,134	5,370	4.2%
2010	38,065 ⁷	1,302,812,690	34,226	5,353	3.9%
2011	38,065	1,341,905,445	35,253	5,406	4.0%
2012	38,516	1,365,315,168	35,448	5,542	4.6%
2013	38,889	1,499,132,061	38,549	5,542	3.2%
2014	39,091	1,526,816,278	39,058	5,650	2.2%

Data Sources:

¹ Minnesota State Demographic Center.

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

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

⁴ Minnesota Department of Education

⁵ Minnesota Department of Employment and Economic Development

⁶

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

⁷ 2010 U.S. Census

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

Employer	2014			2005		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	826	(a) 1	2.39%	775	1	2.39%
Minnesota State University-Moorhead	825	(a) 2	2.39%	770	2	2.38%
Concordia College	609	(a) 3	1.76%	700	3	2.16%
Clay County	470	4	1.36%	490	4	1.51%
Eventide Lutheran Home	467	5	1.35%	458	5	1.41%
Advance Security	450	6	1.30%			
Creative Care for Reaching Independence (CCRI)	409	7	1.18%			
American Crystal Sugar Company	368	8	1.06%	413	6	1.28%
Minnesota State Community & Technical College	280	(a) 9	0.81%	185	10	0.57%
City of Moorhead	250	(b) 10	0.72%	222	7	0.69%
Moorhead Electric				210	8	0.65%
CAMAS Inc.				200	9	0.62%

(a) Includes full and part-time employees.

(b) Excludes 160 temporary and seasonal employees

Source: Telephone survey of individual employers

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	39.38	37.00	37.00	38.17	40.22	40.22	40.22	39.42	39.42	38.00
Public Safety										
Police										
Officers	50.00	50.00	50.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00
Civilians	12.82	12.82	14.88	14.88	14.88	14.00	14.00	15.00	15.00	15.00
Fire										
Firefighters & officers	30.00	33.00	33.00	33.00	36.00	36.00	36.00	36.00	36.00	36.00
Civilians	3.00	3.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Parks and Recreation	8.00	8.00	8.00	10.00	10.00	10.00	10.00	10.00	10.00	13.00
Planning & Neighborhood Services	-	-	-	-	-	-	-	-	-	17.85
Community Development	17.58	22.50	24.50	23.20	23.20	23.20	21.60	20.85	20.85	-
Mass Transit	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Economic Development	1.00	1.00	1.00	1.00	-	-	-	-	-	1.00
Electric	30.00	31.00	31.00	33.00	34.00	34.00	34.00	37.00	35.00	35.00
Water	21.00	22.00	21.00	23.00	25.00	25.00	25.00	21.00	22.00	22.00
Broadband	-	3.00	9.00	11.00	-	-	-	-	-	-
Wastewater Treatment	16.00	17.00	17.00	17.00	17.00	17.00	17.00	18.00	18.00	18.00
Storm Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and Streets	16.25	16.63	16.63	16.63	16.63	16.63	16.63	16.63	16.63	15.63
Sanitation	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	20.00
Golf Courses	3.50	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	8.00
Sports Center	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	3.00
Pest Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	6.00
Total FTE's	<u>280.53</u>	<u>296.53</u>	<u>303.59</u>	<u>315.46</u>	<u>310.51</u>	<u>309.63</u>	<u>308.03</u>	<u>307.48</u>	<u>306.48</u>	<u>307.48</u>

Source: City Human Resources Department

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	926	945	878	920	970	1,006	872	945	891	904
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,350	2,462	2,393	2,076	2,288	2,353	2,251	1,971	1,849	1,974
Fire										
Medical responses	1,462	1,405	1,322	1,700	1,945	1,980	2,273	2,186	1,400	1,523
Fire & other responses	751	766	830	994	1,024	1,006	1,066	1,144	1,014	968
Library										
Visits	273,364	266,292	276,692	265,070	298,870	305,435	275,782	258,451	267,218	230,511
Circulation	294,417	296,652	360,864	386,938	398,685	409,133	378,340	344,025	302,291	273,498
Mass Transit										
Fixed Routes ridership	316,647	344,824	356,732	398,445	392,218	376,697	433,676	436,304	452,624	482,177
Paratransit ridership	10,958	13,014	14,498	19,206	13,083	13,220	12,771	10,604	10,771	10,038
Metro Senior Ride ridership				4,050	5,111	5,961	6,323	7,492	8,042	8,301
Community Development										
New Residential Permits	350	338	241	201	178	160	92	89	139	197
New Residential Valuation	57,788,265	58,147,643	40,152,822	43,243,429	33,243,985	24,091,532	24,075,213	17,514,700	44,149,300	56,708,439
New Commercial Permits	28	39	31	20	17	19	20	12	31	21
New Commercial Valuation	13,621,419	25,722,337	25,368,798	6,029,417	4,575,300	8,620,860	4,956,205	8,071,975	34,676,965	12,473,597
Sanitation										
Curbside Recycling (tons)	398	606	626	701	645	582	499	432	384	418
Refuse Collected (landfill tonnage)	18,048	18,744	21,587	20,168	20,688	19,737	22,276	21,568	23,163	22,722
Yard Waste (tons)	3,378	2,515	2,049	2,247	3,056	3,026	2,542	2,060	2,616	2,847
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	4.75	4.66	4.40	4.49	4.68	4.66	5.06	3.52	4.02	4.18
Electric										
Annual Sales (millions of kwh)	397.11	399.37	412.03	418.91	414.03	418.40	430.16	419.58	442.40	447.30
Water										
Water Sales (billions of gallons)	1.462	1.471	1.457	1.398	1.385	1.335	1.285	1.48	1.41	1.34

Source: Various city departments.

Note: Indicators are not available for general government functions.

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Highways & Streets:										
Street (miles)	197.72	203.75	207.10	210.35	208.60	210.11	211.77	211.73	212.73	212.73
Culture and recreation										
Parks	36	41	42	42	42	42	42	43	43	44
Swimming/wading pools	8	8	8	8	8	8	8	9	9	9
Sanitation:										
Collection trucks	10	10	10	10	10	10	10	10	10	10
Wastewater										
Storm sewers (miles)	113.80	113.80	124.89	125.35	125.35	127.40	132.42	135.32	149	149
Sanitary sewers (miles)	136.73	136.73	145.54	154.54	154.54	155.19	157.81	156.36	157	157
Force mains (miles)	14.29	14.29	16.09	20.87	20.87	20.87	22	23.12	23.12	23.12

Source: Various city departments.