

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2005**

**PREPARED BY:  
FINANCE DIVISION**

**HARLYN AULT, FINANCE DIRECTOR**

**CITY OF MOORHEAD, MINNESOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Assets – Fiduciary Funds	19
Notes to the Financial Statements	20
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	38

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Park Fund	40
Library Fund	41
Community Development Fund	42
Mass Transit Fund	43
Economic Development Fund	44
Combining Statement of Net Assets – Nonmajor Proprietary Funds	45
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds	47
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	48
Combining Statement of Net Assets – Internal Service Funds	49
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	50
Combining Statement of Cash Flows – Internal Service Funds	51
Combining Statement of Changes in Assets and Liabilities – Agency Funds	52
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	53
Schedule by Function and Activity	54
Schedule of Changes by Function and Activity	55

## STATISTICAL SECTION

Government-wide Information:	
Government-wide Expenses by Function	56
Government-wide Revenues	57
Fund Information:	
General, Special Revenue, Debt Service and Capital Projects Fund Expenditures by Function - Last Ten Fiscal Years	58
General, Special Revenue, Debt Service and Capital Projects Fund Revenue by Source - Last Ten Fiscal Years	59
Special Assessments Collections - Last Ten Fiscal Years	60
Property Tax Levies and Collections - Last Ten Fiscal Years	61
Assessed Value and Estimated Market Value of Taxable Property - Last Ten Fiscal Years	62
Property Tax Rates and Tax Levies - Direct and Overlapping Governments - Last Ten Fiscal Years	63
Comparative Ratio of General Bonded Debt to Assessed Value and General Bonded Debt Per Capita - Last Ten Fiscal Years	64
Computation of Direct and Overlapping Debt	65
Computation of Legal Debt Margin	66
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	67
Schedule of Electric Fund Bond Coverage - Last Ten Fiscal Years	68
Schedule of Water Fund Bond Coverage - Last Ten Fiscal Years	69
Schedule of Wastewater Fund Bond Coverage - Last Ten Fiscal Years	70
Schedule of Sports Center Fund Bond Coverage - Last Ten Fiscal Years	71

Schedule of Golf Course Fund Bond Coverage - Last Ten Fiscal Years	72
Schedule of Vehicle Fund Bond Coverage	73
Schedule of Municipal Improvement Fund Bond Coverage - Last Ten Fiscal Years	74
Demographic Statistics - Last Ten Fiscal Years	75
Property Value, Construction and Bank Deposits - Last Ten Fiscal Years	76
Principal Taxpayers	77
Miscellaneous Statistical Data	78
Principal City Officials and Surety Bonds	79

June 19, 2006

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, 2005.

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, 2005, 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, 2005, 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 require 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.

## **PROFILE OF THE CITY OF MOORHEAD**

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 is approximately 16.887 square miles and has a population of 32,177 per the 2000 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, transit, parks and recreation, economic and community development and general legislative and administrative services. The City also operates as enterprise funds the following services: electric, water, wastewater treatment, broadband, storm water collection, sanitation, sports center, golf course, pest control, forestry and airport. Vehicles and equipment, radio and computer 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 the end of June of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review prior to September 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget prior to December 31, the close of the City's fiscal year. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate. The City maintains an encumbrance accounting system for major purchases in excess of \$500 as one technique of accomplishing budgetary control. Open encumbrances are reported as reservations of fund balance at December 31, 2005.

The appropriated budget is prepared by fund, department and activity. Department heads may make adjustments of appropriations within a 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 on page 15 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 40.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Moorhead operates.

**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 sunrise to sunset by HFI Aviation Services, offering flight instruction, aircraft maintenance, fuel and onsite management. In addition, mainline rail services from Canada to Mexico and from west coast ports to the Great Lakes and daily Amtrak passenger services are nearby. The Metropolitan Area Transit serves all Moorhead residents and major shopping and educational facilities.

While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 6,000 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, an elementary Catholic school, and Park Christian School, a K-12 interdenominational Christian school. Moorhead is also home to Minnesota State University Moorhead, a comprehensive liberal arts university with 7,600 students and over 470 full- and part-time faculty; Concordia College, a four-year private liberal arts college with approximately 3,000 students, known for its outstanding choral and instrumental music and world language instruction; and Minnesota State Community and Technical College providing "hands-on" training to 2,300 students.

**Long - term Financial Planning.** The City of Moorhead has seen record-breaking growth in housing construction in recent years, with 320 single family homes constructed in 2005, following 293 units in 2004. Including multi-family projects, Moorhead has gained a total of 989 housing units in the past two years.

Engineering work is continuing on the 34<sup>th</sup> Street South interchange at Interstate-94. The \$11 million project is scheduled to be bid late in 2006, with construction completed by 2008. This interchange will greatly enhance commercial development in this area and complement the Horizon Shores development that will ultimately accommodate 1000 housing units around a 30-acre lake. The first phase of the lake was constructed in 2005, including streets and utilities for the project's first addition.

Redevelopment continues in Downtown Moorhead west of Fourth Street, near the Main Avenue Bridge. A parking structure and new retail and loft apartments were constructed in 2005. Phases in 2006 will include construction of additional housing and mixed use facilities both north and south of Main Avenue.

In addition, downtown redevelopment is occurring at 900 East Main Avenue with a new \$2.3 million Walgreen's under construction. The project included the demolition of several aged structures and the landscaping of the site will be enhanced.

The Moorhead Industrial Park experienced considerable new construction in 2005. RDO Equipment completed a \$5 million headquarters facility and Midwest Concrete Pumping, Drywall Supply, and Elliott Transport Systems expanded their facilities. Land has been sold to accommodate new construction in 2006 by D & M Industries and Unishippers.

Orderly annexation began in 2005 and was completed in February, 2006 for a 23-acre former truck stop site at Moorhead's east entrance on Interstate-94 at Clay County 11. Titan Machinery will be clearing the site and constructing a \$2 million farm implement dealership in 2006.

The cities of Moorhead and Fargo broke ground in September, 2005 at 650 23<sup>rd</sup> Street North in Fargo, for construction of a new joint maintenance and vehicle storage facility for the Metro Area Transit (MAT). The estimated cost for the facility is \$7 million. Federal grant funds will cover 80% of the cost and Fargo will pay 2/3 and Moorhead 1/3 of the remainder. The new facility will hold 37 buses and the Fargo-Moorhead MAT administrative offices. There will also be room for expansion to hold up to 50 buses. The new garage is expected to be completed in November, 2006.

The Moorhead Public Service Commission unanimously approved the addition of GoMoorhead!, a new broadband services division to the existing utility. GoMoorhead! incorporates wireless fidelity (or Wi-Fi) technologies, which uses a spectrum of radio waves to transmit signals similar to many remote control devices, including cell phones. In the spring of 2005 nearly 300 radio transceivers were installed on utility poles and streetlights and the installation of the network was completed in July. Moorhead Public Service (MPS) worked with nearly 200 beta testers to ensure the network's reliability and security. Almost 2,000 customers pre-registered for the high-speed Internet service. GoMoorhead! is also the Internet Service Provider for the nearly 2,000 students who reside in Minnesota State University Moorhead's residence halls, making its debut in August, 2005.

**Cash Management Policies and Practices.** The City maintains deposits in a demand deposit account in the form of an investment pool through which the City's investments are handled. The exceptions to this are those funds that are invested separately to take advantage of favorable interest rates. This concept provides for an efficient and profitable use of the City's cash resources. Interest income is allocated to various funds based on their month end cash balances.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, most deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City or its agent in the City's name. Remaining investments were held in the City's name by the counterparty's trust department or agent.

**Risk Management.** The City of Moorhead is committed to providing a safe and healthy environment for all of its employees and has instituted several measures to accomplish this goal. The Human Resource Director appoints a Safety Committee who creates and maintains a safety program in compliance with all applicable federal, state and local laws.

The Safety Committee, which includes members from management and all employee groups, conducts work site inspections, ensures the correction of hazards, and coordinates safety training. It also investigates every injury and every incident resulting in damage to property. The Safety Committee designs safety handbooks, which provide specific safety requirements for each employee group and guidelines to follow to prevent accidents.

Additional information on the City's risk management activity can be found in Note 5c of the notes to the financial statements.

## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards.** 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, 2004. This was the 22<sup>nd</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2005. In order to qualify for this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only.

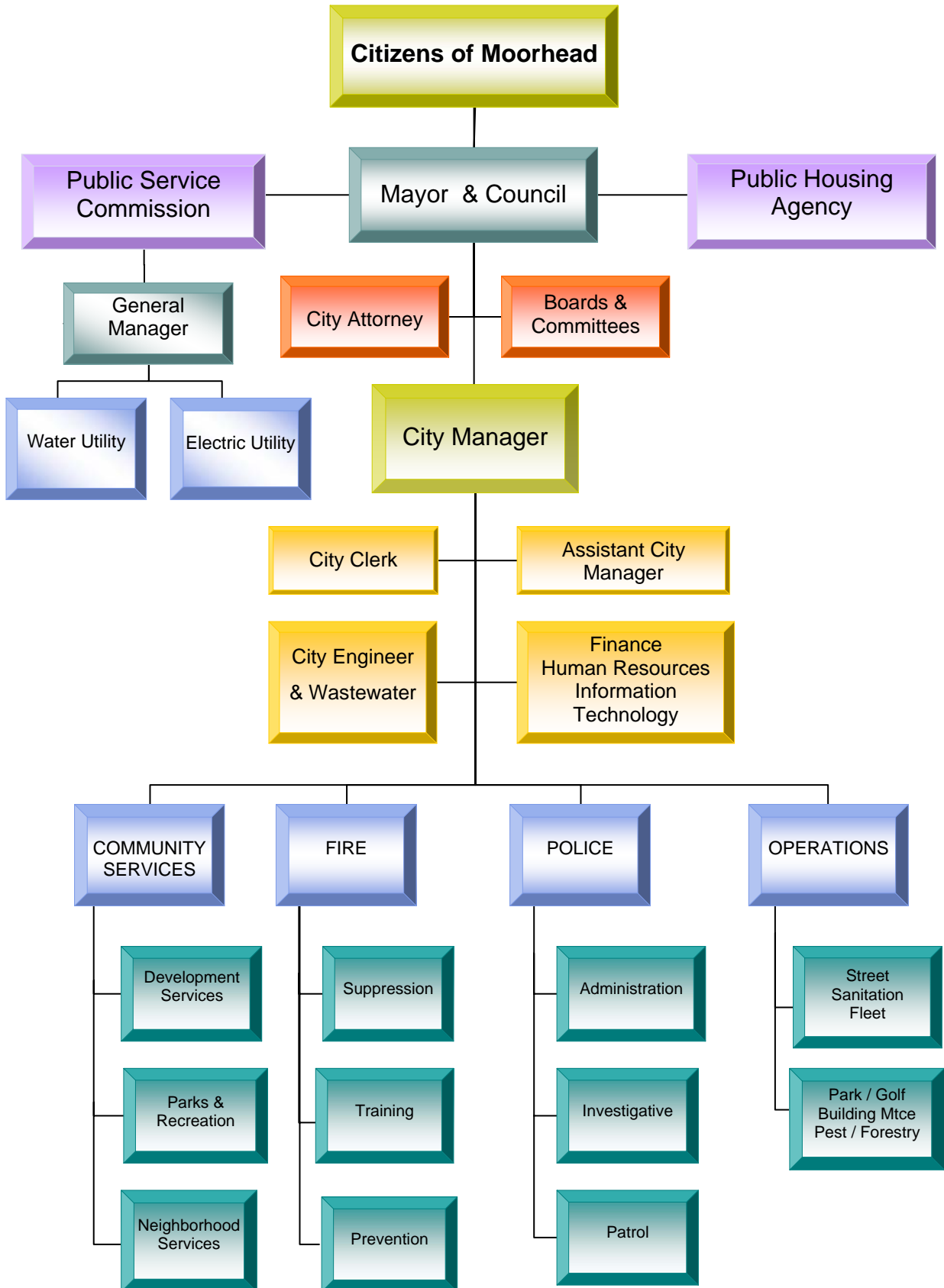
**Acknowledgements.** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the finance and administrative departments. Members of these departments have my sincere appreciation for their contributions made in the preparation of this report. I would also like to express my appreciation to members of the City Council and the City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Harlyn Ault  
Finance Director



## ORGANIZATION CHART



**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, 2005. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$159,753,441.
- The City's total net assets increased by \$12,245,367.
- The City's governmental funds reported combined ending fund balances of \$44,967,218, an increase of \$5,516,494 in comparison with the prior year. Of this total amount, \$24,938,559 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$10,797,691 or 71.2% of total general fund expenditures of \$15,175,443.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Moorhead that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police and fire protection, emergency medical services, street maintenance, engineering, planning and zoning, neighborhood services, transit, library, parks and recreation, economic and community development and general legislative and administrative services. The business-type activities of the City include Electric, Water, Wastewater, Broadband, Storm Water, Sanitation, Sports Center, Golf Course, Pest Control, Forestry and Airport.

The government-wide financial statements include not only the City of Moorhead itself, but also a legally separate Public Housing Agency for which the City Council appoints the governing body and on which 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 on pages 10 & 11 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing 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 ten 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 statements elsewhere in this report.

The City of Moorhead adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with the approved budget.

The basic governmental fund financial statements can be found on pages 12 - 15 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, Broadband, 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, Computers and Radios. Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 16 -18 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 19 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 on pages 20 - 35 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 36 - 55 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Moorhead, assets exceeded liabilities by \$159,753,441 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (60%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City of Moorhead uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City's Net Assets and Changes in Net Assets for the fiscal year ending December 31, 2005.

### CITY OF MOORHEAD'S NET ASSETS

	Governmental Activities		Business-type Activities		Total 2005
	2005	2004	2005	2004	
Current and other assets	\$72,054,060	\$ 65,733,418	\$24,161,653	\$ 29,053,276	\$ 96,215,713
Capital assets	117,028,826	90,052,658	106,456,711	96,013,033	223,485,537
Total assets	189,082,886	155,786,076	130,618,364	125,066,309	319,701,250
Long-term liabilities outstanding	104,722,124	78,466,947	50,098,942	47,876,861	154,821,066
Other liabilities	2,439,415	3,375,696	2,687,328	3,624,807	5,126,743
Total liabilities	107,161,539	81,842,643	52,786,270	51,501,668	159,947,809
Net assets:					
Invested in capital assets, net of related debt	37,143,826	38,357,658	58,250,974	53,727,430	95,394,800
Restricted	56,195,491	46,024,002	4,683,585	9,464,867	60,879,076
Unrestricted	(11,417,970)	(10,438,227)	14,897,535	10,372,344	3,479,565
Total net assets	\$ 81,921,347	\$ 73,943,433	\$ 77,832,094	\$ 73,564,641	\$ 159,753,441

A portion of the City's net assets (29%) represents resources that are subject to external restrictions on how they may be used.

Current and other assets in governmental activities increased by over \$6 million mainly due to unspent bond proceeds in special assessment capital projects and an increase of \$1.7 million in the special assessments receivable.

The increase in capital assets in governmental activities reflects considerable investment in infrastructure and construction in progress. This investment was mainly financed by bonds, which accounts for the increase in long-term liabilities and in restricted net assets.

The decrease in restricted net assets in business-type activities resulted from removal of restrictions on certain assets for capital projects in the wastewater treatment fund. Investment in capital assets, net of related debt, increased by almost \$6 million in the major proprietary funds, with \$4.8 million of the increase attributed to the water fund.

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

	Governmental Activities		Business-type Activities		Total
	2005	2004	2005	2004	2005
Revenues:					
Program revenues:					
Charges for services	\$ 5,111,834	\$ 4,616,897	\$ 36,155,358	\$ 33,689,955	\$ 41,267,192
Operating grants and contributions	2,458,483	2,449,551	159,919	160,800	2,618,402
Capital grants and contributions	15,553,890	15,732,505	63,588	83,979	15,617,478
General Revenues:					
Taxes	2,668,210	2,515,819			2,668,210
Tax Increments	1,143,203	982,184			1,143,203
Franchise Fees	764,240	614,920			764,240
State aid	9,923,838	9,223,467	11,560	561,560	9,935,398
Grants and contributions not					
restricted to specific programs	171,832	185,850			171,832
Investment earnings	981,612	262,534	558,412	317,664	1,540,024
Miscellaneous	803,712	868,016	345,731	132,819	1,149,443
Gain on disposal of equipment			221,442		221,442
<b>Total revenues</b>	<b>39,580,854</b>	<b>37,451,743</b>	<b>37,516,010</b>	<b>34,946,777</b>	<b>77,096,864</b>
Expenses:					
General government	3,068,861	3,066,155			3,068,861
Public safety	8,500,960	8,345,480			8,500,960
Highways and streets	8,289,232	5,525,656			8,289,232
Parks and recreation	2,307,467	1,968,787			2,307,467
Library	756,504	743,284			756,504
Community development	648,950	762,062			648,950
Mass transit	1,578,325	1,530,756			1,578,325
Economic development	364,786	474,216			364,786
Interest on long-term debt	4,639,084	3,394,926			4,639,084
Electric			15,518,350	14,583,939	15,518,350
Water			3,800,261	3,566,389	3,800,261
Wastewater treatment			4,375,795	4,180,626	4,375,795
Broadband			964,255		964,255
Storm water			714,622	807,234	714,622
Sanitation			2,639,545	2,909,471	2,639,545
Golf Course			1,632,361	1,489,146	1,632,361
Sports Center			736,355	713,564	736,355
Pest Control			245,941	182,626	245,941
Forestry			380,369	372,130	380,369
Municipal airport			284,251	247,469	284,251
<b>Total expenses</b>	<b>30,154,169</b>	<b>25,811,322</b>	<b>31,292,105</b>	<b>29,052,594</b>	<b>61,446,274</b>
Increase in net assets before transfers	9,426,685	11,640,421	6,223,905	5,894,183	15,650,590
Transfers	1,956,451	3,074,995	(1,956,451)	(3,074,995)	
<b>Change in net assets</b>	<b>11,383,136</b>	<b>14,715,416</b>	<b>4,267,454</b>	<b>2,819,188</b>	<b>15,650,590</b>
Net assets - 1/1/05 as restated	73,943,433	59,228,017	73,564,640	70,745,453	147,508,073
Prior period adjustment	(3,405,222)				
<b>Net assets - 12/31/05</b>	<b>\$ 81,921,347</b>	<b>\$ 73,943,433</b>	<b>\$ 77,832,094</b>	<b>\$ 73,564,641</b>	<b>\$ 159,753,441</b>

**Governmental activities.** The governmental activities' net assets increased by \$7,977,914 during the current fiscal year, accounting for 65% of the total increase in the net assets of the City of Moorhead. Charges for services increased by a moderate 10.7% in comparison to 2004. Increases in expenses were due mainly to increased engineering, maintenance, and fuel costs in highway and streets and the increase of interest on long-term debt.

**Business-type activities.** Business-type activities increased the City's net assets by \$4,267,453 accounting for 35% of the total growth in the government's net assets. Charges for services for business-type activities increased by 7.3%. Expenses for business-type activities increased by 7.7%.

The \$550,000 decrease in state aid was due to discontinuing the allocation of local government aid to the sports center and golf course funds. In 2005, \$3,492,246 of water mains financed in the special assessment capital projects fund was recognized as a transfer in the water fund.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,967,218, an increase of \$5,516,494 in comparison with the prior year. Fund balance has been reserved to indicate those funds not available for new spending because it has already been reserved to liquidate contracts and purchase orders of the prior period (\$6,600,375).

The General Fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10,797,691. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 71.2% percent of total General Fund expenditures.

The General Fund balance increased by \$1,514,381 during the current fiscal year. The key factor in this growth was that overall revenues were over approved budget by 12.3%.

The Special Assessment Debt Service and Special Assessment Capital Projects fund balances increased by \$1,873,223 and \$4,908,844, respectively. The primary reason for the increase in debt service was a combination of capitalized interest and an increase in special assessment collections, and the increase in capital projects was primarily due to unspent bond proceeds. The increase in the Permanent Improvement fund balance of \$431,600 was due primarily to transfers from other funds for reimbursement of construction expenditures.

The debt service funds have a total fund balance of \$19,580,146 all of which is reserved for the payment of future debt service. The net decrease in fund balance during the current year in the debt service funds was \$1,510,669 due to increased bond principal payments.

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$14,897,535. All major enterprise funds reported increases in net assets.

The Public Service Utility's combined net assets increased over \$5 million or 12.3%. This included an increase in the net assets of the electric division of \$1,121,223 and the water division of \$4,656,239. However, total liabilities of the newly created broadband division exceeded total assets by \$743,718 for the year.

The electric division increased rates by 3.0% and the water division increased rates by 3.5% in 2005.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget amendments between the original budget and the final budget for the general fund decreased the positive budgeted net change in fund balance by \$1,311,999. Actual budget variances were both positive in revenues and other financing sources (uses) and negative in expenditures resulting in an increase to fund balance of \$2,286,380. This was mainly the result of positive variances of \$348,640 in franchise fees, \$280,543 in licenses and permits, \$387,111 in charges for services and \$923,436 in transfers from other funds.

**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, 2005, amounts to \$223,485,537 (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:

- In conjunction with the Main Avenue Bridge project, buildings along the west side of Fourth Street immediately north of Main Avenue were demolished and the land was prepared for development to begin in 2006.
- Capital assets increased \$1,429,500 and \$4,029,450 in the electric and water divisions respectively from 2004 to 2005.
- The Moorhead Public Service Utility's newly created broadband service accounted for an increase in total assets of \$1,610,642. Capital investment dollars for the broadband service were provided by a public finance company and a loan from the electric fund. The broadband utility was created in order to provide high speed wireless internet service to the residents of Moorhead.
- The \$4 million MCCARA Industrial Park expansion was completed in 2005, which provides lots from ten to twenty acres each for manufacturing and distribution facilities.

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

	Governmental Activities 2005	Business-type Activities 2005	Total
Land	\$ 6,855,091	\$ 7,265,713	\$ 14,120,804
Construction in progress	30,643,879	16,055,860	46,699,739
Buildings	8,035,717	67,347,435	75,383,152
Improvements other than buildings	251,959	12,756,087	13,008,046
Machinery and equipment	8,704,677	3,031,616	11,736,293
Infrastructure	62,537,503		62,537,503
<b>Total</b>	<b>\$ 117,028,826</b>	<b>\$ 106,456,711</b>	<b>\$ 223,485,537</b>

Additional information on the City's capital assets can be found in Note 4.B. on pages 27 & 28 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City of Moorhead had total bonded debt and notes outstanding of \$151,684,671. Of this amount, \$49,627,890 comprises debt backed by the full faith and credit of the government and \$76,100,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's net increase in bonded debt was \$24,830,390 (19.9%) during the current fiscal year.

During the current fiscal year, the City sold \$16,580,000 of general obligation improvement bonds series A dated July 1, 2005 and \$16,445,000 of general obligation improvement bonds series B dated December 15, 2005 to finance the construction of various infrastructure improvements.

The City of Moorhead maintained an "A2" 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 2% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$28,108,194, which is significantly in excess of our outstanding general obligation debt.

**CITY OF MOORHEAD'S OUTSTANDING DEBT**  
 General Obligation Bonds, Revenue Bonds, Long-Term Notes and Compensated Absences

Type of Issue	Governmental Activities	Business- type Activities	Total
Special assessment	\$ 76,100,000	\$	\$ 76,100,000
General obligation debt	1,890,000		1,890,000
G.O. Tax Increment	14,070,000		14,070,000
G.O. Municipal Improvement Revenue	9,325,859		9,325,859
G.O. Revenue		11,965,000	11,965,000
G.O. Revenue Refunding		565,000	565,000
Public Facilities Authority		11,812,031	11,812,031
Revenue Refunding		18,680,000	18,680,000
Revenue		5,085,000	5,085,000
Long-term notes	2,175,782	1,653,034	3,828,816
Compensated absences	1,160,483	826,612	1,987,095
Total	\$ 104,722,124	\$ 50,586,677	\$ 155,308,801

Additional information on the City's long-term debt can be found in Note 4.D. on pages 29 - 32 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The 2006 City Budget totals \$51,605,170 and represents a \$7,424,176 increase over the Adopted 2005 Budget. Major justification for the increase in revenues includes anticipated receipt of major state and federal grants for both capital and operating activities of the City, including Fire, Transit, and Engineering/Transportation; a projected \$474,200 increase in Local Government Aid allocation from the State of Minnesota; a proposed increase of \$233,567 in the City's property tax levy, estimated to result in little or no increase in the effective tax rate for taxes payable in 2006; modest fee increases in the Sanitation Fund (to cover higher County tipping fees), Forestry Fund (for additional work crews), and Golf Course Fund (for higher operating costs); and adoption of the third of a four-year rate increase in the Wastewater Treatment Fund, pursuant to council action taken in 2003.

Major justification for the increase in expenditures includes \$2,299,333 in capital spending in the Mass Transit Fund for the City's share of a Joint Transit Facility in Fargo; \$1,809,018 in scheduled capital replacements in the Vehicles & Equipment, Computer, and Radio Internal Service Funds; increased operating expenditures of 3%, plus supplemental support for fuel and consumable costs, as well as a citywide 2% Cost of Living Adjustment (COLA) for employee wages; proposed staffing increase of 11 full-time equivalent (FTE) employees, as well as resulting capital expenditures, to address new community growth and development; \$1,321,054 in increased debt service for G.O. Special Assessment Bonds used to provide funding for expanding infrastructure needs (and repaid via special assessment collections).

**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 Director of Finance, 500 Center Avenue, Moorhead, MN 56560 or visit the City's web site at [www.cityofmoorhead.com](http://www.cityofmoorhead.com).



**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 45,340,647	\$ 12,228,554	\$ 57,569,201	\$ 1,574,455
Receivables (net of allowance for uncollectibles):				
Accounts and notes	259,497	1,939,562	2,199,059	142,332
Accrued interest	83,010	62,573	145,583	
Internal balances	1,337,111	(1,337,111)		
Due from other governmental units	1,962,811	133,434	2,096,245	
Inventories		892,713	892,713	
Prepaid items		26,116	26,116	
Restricted Assets:				
Cash and cash equivalents		9,905,102	9,905,102	
Long-Term Receivables:				
Special assessments	19,888,080	299,720	20,187,800	
Notes receivable, less current portion	3,182,904	10,990	3,193,894	
Capital Assets:				
Intangible plant		255,373	255,373	
Land	6,855,091	7,265,713	14,120,804	464,977
Buildings	14,548,026	113,166,795	127,714,821	8,172,761
Improvements other than buildings	6,906,860	18,425,915	25,332,775	
Machinery and equipment	20,479,260	14,232,682	34,711,942	438,269
Infrastructure	99,447,731		99,447,731	
Construction in progress	30,643,879	16,055,860	46,699,739	
Less accumulated depreciation	(61,852,021)	(62,945,627)	(124,797,648)	(5,007,682)
Total assets	<u>189,082,886</u>	<u>130,618,364</u>	<u>319,701,250</u>	<u>5,785,112</u>
<b>LIABILITIES</b>				
Accounts payable	778,513	1,835,242	2,613,755	619
Due to other governmental units	8,837	24,500	33,337	
Customer deposits		95,512	95,512	48,133
Deferred revenue	4,800	241,987	246,787	
Other liabilities	201,247	85,402	286,649	25,100
Accrued interest payable	1,446,018	404,686	1,850,704	
Long-term liabilities:				
Due within one year	4,216,397	3,966,755	8,183,152	125,000
Accrued compensated absences	592,676	699,688	1,292,364	39,189
Notes payable	1,907,192	1,300,320	3,207,512	
Bonds payable	98,005,859	44,132,178	142,138,037	255,000
Total liabilities	<u>107,161,539</u>	<u>52,786,270</u>	<u>159,947,809</u>	<u>493,041</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	37,143,826	58,250,974	95,394,800	3,688,325
Restricted for debt service	41,726,936	4,683,585	46,410,521	
Restricted for capital projects	14,468,555		14,468,555	
Unrestricted	(11,417,970)	14,897,535	3,479,565	1,603,746
Total net assets	<u>\$ 81,921,347</u>	<u>\$ 77,832,094</u>	<u>\$ 159,753,441</u>	<u>\$ 5,292,071</u>

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

**CITY OF MOORHEAD, MINNESOTA  
GOVERNMENT-WIDE EXPENSES BY FUNCTION  
(Unaudited)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
GENERAL GOVERNMENT	\$ 3,854,182	2,739,259	3,068,861
PUBLIC SAFETY	8,275,403	8,345,480	8,500,960
HIGHWAYS AND STREETS	4,848,743	5,525,656	8,289,232
PARKS AND RECREATION	1,833,295	1,968,787	2,307,467
LIBRARY	714,973	743,284	756,504
COMMUNITY DEVELOPMENT	667,880	762,062	648,950
MASS TRANSIT	1,220,122	1,530,756	1,578,325
ECONOMIC DEVELOPMENT	875,652	801,112	364,786
INTEREST ON LONG-TERM DEBT	2,982,298	3,394,926	4,639,084
ELECTRIC	13,683,907	14,583,939	15,518,350
WATER	3,568,788	3,566,389	3,800,261
WASTEWATER TREATMENT	4,098,377	4,180,626	4,375,795
BROADBAND			964,255
STORM WATER	539,198	807,234	714,622
SANITATION	2,459,090	2,909,471	2,639,545
GOLF COURSE	1,409,675	1,489,146	1,632,361
SPORTS CENTER	638,733	713,564	736,355
PEST CONTROL	152,884	182,626	245,941
FORESTRY	336,682	372,130	380,369
MUNICIPAL AIRPORT	<u>242,272</u>	<u>247,469</u>	<u>284,251</u>
TOTAL	<u>\$ 52,402,154</u>	<u>\$ 54,863,916</u>	<u>\$ 61,446,274</u>

Due to the implementation of GASB #34, information prior to 2003 is not available.

**CITY OF MOORHEAD, MINNESOTA  
GOVERNMENT-WIDE REVENUES  
(Unaudited)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
PROGRAM REVENUES:			
CHARGES FOR SERVICES	\$ 35,494,621	\$ 38,306,852	\$ 41,267,192
OPERATING GRANTS AND CONTRIBUTIONS	2,616,690	2,610,351	2,618,402
CAPITAL GRANTS AND CONTRIBUTIONS	11,455,525	15,816,484	15,617,478
GENERAL REVENUES:			
PROPERTY TAXES	2,019,211	2,515,819	2,668,210
TAX INCREMENTS	1,534,608	982,184	1,143,203
FRANCHISE FEES	638,140	614,920	764,240
STATE AID – UNRESTRICTED	9,261,749	9,785,027	9,935,398
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	446,511	185,850	171,832
UNRESTRICTED INVESTMENT EARNINGS	698,952	580,198	1,540,024
MISCELLANEOUS	776,602	1,000,835	1,149,443
GAIN ON DISPOSAL OF EQUIPMENT	<u>0</u>	<u>0</u>	<u>221,442</u>
 TOTAL	 <u>\$ 64,942,609</u>	 <u>\$72,398,520</u>	 <u>\$ 77,096,864</u>

Due to the implementation of GASB #34, information prior to 2003 is not available.

**CITY OF MOORHEAD, MINNESOTA**  
**GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECTS FUND EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>FISCAL YEAR</u>	<u>GENERAL GOV'T</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAYS AND STREETS</u>	<u>PARKS &amp; RECREATION</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>LIBRARY</u>
1996	\$ 2,389,706	\$ 6,067,208	\$ 2,649,068	\$ 1,372,756	\$ 3,364,787	\$ 525,852
1997	2,535,135	6,481,281	2,713,081	1,166,224	567,543	569,034
1998	2,686,242	6,846,705	2,545,654	1,267,844	331,946	558,557
1999	2,477,252	7,074,434	2,586,900	1,331,132	405,912	586,009
2000	2,613,238	7,728,203	2,796,998	1,495,934	280,084	608,718
2001	2,463,427	7,922,198	2,971,482	1,918,639	783,469	639,595
2002	2,625,642	8,206,586	2,991,588	1,984,846	282,186	664,131
2003	3,798,292	8,185,498	3,048,879	1,675,120	798,613	661,302
2004	2,700,074	8,279,955	3,426,796	1,804,906	722,288	689,012
2005	3,004,868	8,596,237	6,243,839	2,134,200	287,747	702,232

<u>FISCAL YEAR</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>MASS TRANSIT</u>	<u>CULTURAL</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1996	\$ 1,103,292	\$ 875,693	\$ 7,700	\$ 4,451,268	\$ 4,941,986	\$ 27,749,316
1997	1,020,260	840,792	32,841	6,409,089	4,376,942	26,712,222
1998	715,084	887,506	14	11,857,202	5,776,722	33,473,476
1999	573,544	977,732		6,978,181	5,303,055	28,294,151
2000	636,363	978,885		6,729,606	8,414,527	32,282,556
2001	772,808	1,066,284		31,988,710	4,388,080	54,914,692
2002	733,961	1,130,281		6,838,976	8,465,903	33,924,100
2003	660,990	1,112,003		15,061,647	11,190,956	46,193,300
2004	753,387	1,212,967		22,411,536	6,627,926	48,628,847
2005	642,060	1,299,561		32,713,271	12,545,318	68,169,333

**CITY OF MOORHEAD, MINNESOTA**  
**GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECTS FUND REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>LICENSES &amp; PERMITS</u>	<u>INTER GOVERNMENTAL REVENUE</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITS</u>	<u>INTEREST</u>	<u>OTHER</u>	<u>TOTAL</u>
1996	\$ 3,059,308	\$ 1,540,515	\$ 237,793	\$ 9,847,649	\$1,150,120	\$ 320,301	\$ 1,618,303	\$ 2,514,438	\$ 20,288,427
1997	3,146,033	1,325,560	216,350	14,644,386	1,487,004	280,938	1,856,613	2,469,012	25,425,896
1998	3,439,217	1,663,679	244,475	13,865,196	1,216,265	313,713	1,806,679	2,315,678	24,864,902
1999	3,363,447	1,681,212	281,803	13,164,617	1,397,841	376,243	707,426	2,292,220	23,264,809
2000	3,508,571	1,626,441	264,685	10,139,095	1,559,581	448,144	1,848,608	2,176,234	21,571,359
2001	3,828,343	1,538,338	375,139	13,832,844	1,705,715	478,509	1,108,152	2,301,216	25,168,256
2002	2,557,270	1,783,553	518,434	14,154,094	1,782,010	460,517	731,288	10,572,498	32,559,664
2003	3,287,213	2,551,601	596,295	16,567,437	1,508,195	513,018	286,181	2,374,241	27,684,181
2004	3,498,003	3,380,047	637,763	20,008,396	2,119,288	527,158	236,490	3,351,496	33,758,641
2005	3,811,413	3,381,892	823,636	18,842,660	2,376,923	573,335	926,472	3,984,515	34,720,846

**CITY OF MOORHEAD, MINNESOTA  
SPECIAL ASSESSMENTS COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>YEAR</u>	<u>CURRENT ASSESSMENTS DUE</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING ASSESSMENTS</u>
1996	\$ 1,100,830	\$ 1,035,582	94.1%	\$ 7,969,043
1997	980,192	911,697	93.0%	9,625,220
1998	1,133,767	1,065,114	93.9%	9,270,707
1999	1,077,908	1,061,304	98.4%	9,757,119
2000	924,903	918,525	99.3%	9,513,267
2001	1,119,317	1,097,396	98.0%	8,646,370
2002	1,070,270	1,047,721	97.8%	13,329,432
2003	1,288,774	1,277,001	99.0%	14,631,411
2004	1,462,264	1,433,127	98.0%	18,375,485
2005	1,918,903	1,761,138	91.8%	20,248,701

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

<u>COLLECTION YEAR</u>	<u>TOTAL TAX LEVY <sup>1</sup></u>	<u>TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAXES RECEIVABLE</u>
1996	\$ 2,129,133	\$ 2,092,625	98.2%	\$ 66,395
1997	2,262,835	2,221,204	98.1%	106,076
1998	2,588,844	2,557,347	98.7%	60,925
1999	2,698,172	2,660,816	98.6%	77,310
2000	2,920,301	2,885,497	98.8%	53,932
2001	3,254,556	3,233,074	99.3%	64,345
2002	2,120,941	2,115,940	99.7%	78,436
2003	2,832,626	2,781,723	98.2%	109,200
2004	2,948,945	2,902,601	98.4%	116,753
2005	3,153,816	3,097,700	98.2%	77,690

1 - Net levy after reduction for Market Value Homestead Credit and Disparity Reduction Aid.

**CITY OF MOORHEAD, MINNESOTA**  
**ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		RATIO OF TOTAL TAX CAPACITY TO TOTAL ESTIMATED MARKET VALUE
	TAX CAPACITY	ESTIMATED MARKET VALUE	TAX CAPACITY	ESTIMATED MARKET VALUE	TAX CAPACITY	ESTIMATED MARKET VALUE	
1996	\$ 13,330,738	\$ 706,116,000	\$ 278,515	\$ 6,426,500	\$ 13,609,253	\$ 712,542,500	1.91%
1997	12,615,135	742,887,500	238,548	6,370,600	12,853,683	749,258,100	1.71%
1998	11,883,374	760,849,200	217,848	6,606,000	12,101,222	767,455,200	1.56%
1999	12,374,334	809,763,600	221,635	6,893,100	12,595,169	816,656,700	1.54%
2000	13,070,226	850,734,300	218,901	6,768,600	13,289,127	857,502,900	1.55%
2001	10,930,529	916,288,300	120,430	6,265,200	11,050,959	922,553,500	1.20%
2002	11,691,431	991,922,000	132,174	6,840,600	11,823,605	998,762,600	1.18%
2003	12,660,403	1,082,312,500	127,804	6,562,100	12,788,207	1,088,874,600	1.17%
2004	14,245,641	1,226,704,800	133,236	6,815,700	14,378,877	1,233,520,500	1.17%
2005	16,180,464	1,398,305,000	138,687	7,104,700	16,319,151	1,405,409,700	1.16%

Data Source: County Assessor



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

TAX RATES

<u>FISCAL YEAR</u>	<u>CITY</u>	<u>SCHOOL</u>	<u>COUNTY</u>	<u>BUFFALO WATERSHED DISTRICT</u>	<u>ECONOMIC DEVELOPMENT AUTHORITY</u>	<u>TOTAL</u>
1996	23.032%	57.069%	52.319%	1.801%		134.221%
1997	26.219%	55.239%	57.880%	2.219%		141.557%
1998	29.782%	46.006%	61.389%	2.427%		139.604%
1999	29.921%	45.391%	61.439%	2.474%		139.225%
2000	32.020%	45.643%	63.443%	3.472%		144.578%
2001	27.554%	16.490%	81.769%	5.345%		131.158%
2002	29.805%	33.696%	80.326%	.923%		144.750%
2003	28.731%	35.355%	76.458%	1.157%		141.701%
2004	26.095%	32.808%	67.769%	1.383%		128.055%
2005	24.980%	36.840%	63.504%	1.574%	1.356%	128.254%

TAX LEVIES

1996	2,868,391	8,728,439	12,063,473	441,557		24,101,860
1997	3,103,645	8,034,561	12,714,225	522,258		24,374,689
1998	3,350,075	7,180,282	13,172,119	559,606		24,262,082
1999	3,579,365	7,551,750	13,763,086	598,163		25,492,364
2000	4,017,157	7,123,057	14,916,170	884,294		26,940,678
2001 <sup>1</sup>	2,847,112	2,128,407	15,917,864	1,161,308	22,054,691	
2002 <sup>2</sup>	3,266,768	4,683,034	16,900,284	211,977		25,061,982
2003	3,373,230	5,180,514	17,285,455	242,332		26,081,531
2004	3,464,243	5,424,413	17,230,252	326,587		26,445,495
2005	3,776,800	6,962,104	18,447,500	424,092	205,000	29,815,496

1 – In 2001, the Minnesota legislature provided for the assumption by the state of the general education property tax. The tax bill also imposed levy limits on cities with populations over 2,500 and increased their appropriation for local government aid.

2 – For comparative purposes, beginning in 2002 the city levy excludes a special levy to be used for tax increment debt service imposed only on properties with classifications of 3A or 3B. This levy is the result of special legislation passed by the Minnesota legislature in 2001.

Data Source: County Auditor

**CITY OF MOORHEAD  
COMPARATIVE RATIO OF GENERAL BONDED DEBT TO  
ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>FISCAL YEAR</u>	<u>POPULATION</u>	<u>TAX CAPACITY OF REAL ESTATE</u>	<u>BONDED DEBT</u>	<u>RATIO OF BONDED DEBT TO TAX CAPACITY</u>	<u>BONDED DEBT PER CAPITA</u>
1996	32,295	\$ 13,609,253	\$ 30,990,783	227.77%	\$ 959.62
1997	32,295	12,853,683	31,907,547	248.23%	988.00
1998	32,295	12,101,222	29,515,582	243.91%	913.94
1999	32,295	12,595,969	28,885,390	229.32%	894.42
2000	32,177	13,289,127	24,132,527	181.60%	749.99
2001	32,177	11,050,959	34,997,593	316.70%	1,087.66
2002	32,177	11,823,605	35,231,277	297.97%	1,094.92
2003	32,177	12,788,207	28,049,142	219.34%	871.71
2004	32,177	14,378,877	29,807,080	207.30%	926.35
2005	32,177	16,319,151	25,285,859	154.95%	785.84

**CITY OF MOORHEAD, MINNESOTA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2005  
(Unaudited)**

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO CITY</u>	<u>CITY'S SHARE OF DEBT</u>
<u>Direct and Overlapping Debt</u>			
<u>Direct Debt:</u>			
City of Moorhead	<u>\$ 149,492,890</u>	100%	<u>\$ 149,492,890</u>
<u>Overlapping Debt:</u>			
Moorhead Public Housing Agency	380,000	100%	380,000
Independent School District #152	112,353,768	80%	89,883,014
Clay County	4,095,000	53%	2,170,350
Clay County HRA	<u>14,020,000</u>	53%	<u>7,430,600</u>
Total Overlapping Debt	<u>130,848,768</u>		<u>99,863,964</u>
Total Direct and Overlapping Debt	<u><u>\$ 280,341,658</u></u>		<u><u>\$ 249,356,854</u></u>

NOTE: If any debt is for assessments, this portion must be borne in total by jurisdiction making assessment.

**CITY OF MOORHEAD, MINNESOTA  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2005  
(Unaudited)**

Estimated Market Value - Real and Personal Property		<u>\$ 1,405,409,700</u>
Debt Limit 2% of Estimated Market Value		28,108,194
Amount of Debt Applicable to Debt Limit		
Total Bonded Debt		\$ 149,492,890
Less:		
Debt Redemption (General		
Obligation Bonds) Fund Assets	\$ 535,976	
Special Assessment Bonds	76,100,000	
Sewage Disposal Plant Bonds	24,342,031	
Sports Center Facility Bond	345,000	
Golf Course Bond	3,800,000	
Taxable Industrial Development Bond	6,165,859	
Electric Utility Bond	8,007,608	
Water Utility Bonds	11,612,392	
Municipal Improvement Revenue Bonds	3,160,000	
Tax Increment Bonds	<u>14,070,000</u>	<u>148,138,866</u>
Total Debt Applicable to Debt Limit		<u>1,354,024</u>
Legal Debt Margin		<u><u>\$ 26,754,170</u></u>

Minnesota Statutes:

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 a net debt in excess of 2 percent of the estimated market value of real and personal property.

**CITY OF MOORHEAD, MINNESOTA  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(Unaudited)**

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT <sup>1</sup> SERVICE	TOTAL GENERAL <sup>2</sup> EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1996	\$ 2,195,000 <sup>3</sup>	\$ 2,069,651	\$ 4,264,651	\$ 26,775,318 <sup>3</sup>	15.928%
1997	2,085,000	2,291,942	4,376,942	26,712,222	16.385%
1998	2,406,000 <sup>4</sup>	2,277,678	4,683,678	32,393,476 <sup>4</sup>	13.992%
1999	2,775,000	2,483,238	5,258,238	28,294,151	18.584%
2000	2,540,000 <sup>5</sup>	2,537,474	5,077,474	29,052,556 <sup>5</sup>	15.728%
2001	2,230,000	2,114,935	4,344,935	54,914,692	7.912%
2002	2,430,000 <sup>6</sup>	2,783,685	5,213,685	30,384,100 <sup>6</sup>	15.368%
2003	2,240,000 <sup>7</sup>	2,666,278	4,906,278	39,913,300 <sup>7</sup>	10.621%
2004	2,800,000	3,192,168	5,992,168	48,628,847	12.322%
2005	3,250,000 <sup>8</sup>	4,098,862	7,348,862	63,273,580 <sup>8</sup>	11.614%

- 1 - For general obligation bonds payable from ad valorem taxes. Does not include Revenue Bonds which are paid from Enterprise Fund Revenues.
- 2 - Includes General, Special Revenue, Debt Service and Capital Projects Funds.
- 3 - For comparative purposes, these figures excludes a \$1,140,000 principal payment made by a fiscal agent to retire General Obligation Tax Increment Bond of 1988, Series C resulting from the General Obligation Tax Increment Refunding Bond of 1993, Series D, a cross-over refunding issue. Also excluded is a \$200,000 principal payment to call General Obligation Improvement Bond 1980, Series A.
- 4 - For comparative purposes, these figures exclude a \$1,080,000 principal payment made by a fiscal agent to retire General Obligation Library Bond of 1987, Series A resulting from the General Obligation Library Refunding Bond of 1993, Series E, a cross-over refunding issue.
- 5 - For comparative purposes, these figures exclude a \$2,195,000 principal payment made by a fiscal agent to retire General Obligation Recreation Facility Bond of 1991, Series A resulting from the General Obligation Recreation Facility Refunding Bond of 1995, Series C, a cross-over refunding issue. Also excluded are \$120,000 and \$915,000 principal payments to call General Obligation Tax Increment Bonds of 1985, Series E, and General Obligation Tax Increment Bonds of 1991, Series B.
- 6 - For comparative purposes, these figures exclude a \$3,240,000 principal payment to call Taxable Industrial Development Bonds of 1993, Series A.
- 7 - For comparative purposes, these figures exclude a \$6,280,000 principal payment to retire General Obligation Tax Increment Bonds of 1994, Series A resulting from the General Obligation Tax Increment Refunding Bonds of 2002, Series D, a current refunding.
- 8 - For comparative purposes, these figures exclude principal payments totaling \$4,900,000 to retire General Obligation Improvement Bonds of 1995, Series A (\$615,000); General Obligation Improvement Bonds of 1997, Series B (\$1,225,000); General Obligation Recreation Facility Refunding Bonds of 1995, Series C (\$1,480,000); General Obligation Ice Arena Bonds of 1997, Series C (\$695,000); and General Obligation Tax Increment Bonds of 1997, Series C (\$885,000) all resulting from the following current refundings: General Obligation Improvement Refunding Bonds of 2004, Series B; General Obligation Recreation Facility Refunding Bonds of 2004, Series C; General Obligation Ice Arena Refunding Bonds of 2004, Series D; and General Obligation Refunding Bonds of 2004, Series E.

**CITY OF MOORHEAD, MINNESOTA  
SCHEDULE OF ELECTRIC FUND BOND COVERAGE  
LAST TEN FISCAL YEARS  
(Unaudited)**

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES <sup>1</sup>	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT			COVERAGE <sup>2</sup>
				PRINCIPAL	INTEREST	TOTAL	
1996	\$ 15,590,292	\$ 11,285,044	4,305,248	\$ 358,883 <sup>3</sup>	\$ 208,514	\$ 567,397	7.59
1997	15,396,507	10,297,633	5,098,874	145,500	169,265	314,765	16.20
1998	15,346,104	10,052,045	5,294,059	151,833	222,138	373,971	14.16
1999	15,605,260	10,097,716	5,507,544	288,667	342,606	631,273	8.72
2000	16,552,182	10,603,243	5,984,939	304,600	329,815	632,415	9.46
2001	16,818,254	11,240,364	5,577,890	308,996	321,787	630,783	8.84
2002	17,346,470	11,726,600	5,619,870	319,948 <sup>4</sup>	307,990	627,938	8.95
2003	18,520,237	12,164,361	6,355,876	550,173	457,079	1,007,252	6.31
2004	19,611,385	12,969,932	6,641,453	609,533	423,258	1,032,791	6.43
2005	21,207,573	13,871,827	7,335,746	637,633	398,919	1,036,552	7.08

1 - Expenses exclude depreciation and amortization.

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

3 - For comparative purposes, this figure excludes a \$1,335,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1989, Series A resulting from the Public Utility Revenue Refunding Bond of 1995, Series B, a cross-over refunding issue.

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

City Charter Section 12.11. City use of utilities: transfer of funds . Subdivision 1. The council and the commission may agree on reasonable rates and charges to the city for utility products and services, but the rates and charges may not be higher than those imposed upon similar classes of customers.

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.

**CITY OF MOORHEAD, MINNESOTA  
SCHEDULE OF WATER FUND BOND COVERAGE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES<sup>1</sup></u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1996	\$ 4,171,796	\$ 1,688,015	\$ 2,483,781	\$ 606,117 <sup>2</sup>	\$ 1,275,890	\$ 1,882,007	1.32
1997	3,944,332	1,677,977	2,266,355	919,500	1,148,876	2,068,376	1.10
1998	4,088,883	1,778,806	2,310,077	963,167	1,134,712	2,097,879	1.10
1999	4,055,463	1,710,425	2,345,038	1,031,333	1,085,632	2,116,965	1.11
2000	4,283,631	1,846,859	2,436,772	1,080,400	1,035,879	2,116,279	1.15
2001	4,422,315	1,859,713	2,562,602	1,106,371	1,008,826	2,115,197	1.21
2002	4,435,526	1,933,646	2,501,880	1,166,367 <sup>3</sup>	961,346	2,127,713	1.18
2003	4,573,788	2,071,466	2,502,322	1,359,766	786,343	2,146,109	1.17
2004	4,702,062	2,107,619	2,594,443	1,434,467	715,126	2,149,593	1.21
2005	5,217,254	2,352,119	2,865,135	1,496,367	647,700	2,144,067	1.34

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$1,595,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1986, Series C resulting from the Public Utility Revenue Refunding Bond of 1993, Series C, a cross-over refunding issue. Also excluded is a \$2,670,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1989, Series A resulting from the Public Utility Revenue Refunding Bond of 1995, Series B, a cross-over refunding issue.

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

**CITY OF MOORHEAD, MINNESOTA  
SCHEDULE OF WASTEWATER FUND BOND COVERAGE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES<sup>1</sup></u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1996	\$ 2,876,992	\$ 2,010,866	\$ 866,126	\$ 291,616	\$ 218,700	\$ 510,316	1.69
1997	3,304,445	2,074,692	1,229,753	345,158	260,939	606,097	2.03
1998	3,371,168	2,140,247	1,230,921	358,998	256,814	615,812	2.00
1999	3,203,698	2,153,757	1,049,941	376,937	251,064	628,001	1.67
2000	3,680,636	2,596,245	1,084,391	393,825	236,431	630,256	1.72
2001	4,023,734	2,853,406	1,170,328	415,337	221,264	636,601	1.84
2002	4,107,691	2,938,020	1,169,671	427,670	204,491	632,161	1.85
2003	4,104,726	2,475,070	1,629,656	530,590	496,222	1,026,812	1.59
2004	4,074,498	2,427,653	1,646,845	593,245	790,895	1,384,140	1.19
2005	4,638,006	2,521,855	2,116,151	903,486	815,480	1,718,966	1.23

1 - Expenses exclude depreciation and amortization.



**CITY OF MOORHEAD, MINNESOTA**  
**SCHEDULE OF SPORTS CENTER FUND BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES <sup>1</sup>	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1996	\$ 383,701	\$ 400,320	\$ (16,619)	\$ 25,000	\$ 49,358	\$ 74,358	(.22)
1997	390,453	424,327	(33,874)	25,000	47,984	72,984	(.46)
1998	452,151	401,024	51,127	25,000	46,655	71,655	.71
1999	355,901	406,106	(50,205)	30,000	44,617	74,617	(.67)
2000	403,316	459,015	(55,699)	30,000	42,784	72,784	(.77)
2001	477,312	466,685	10,627	35,000 <sup>2</sup>	41,014	76,014	.14
2002	374,752 <sup>3</sup>	406,910	(32,158)	40,000	23,624	63,624	(.50)
2003	402,548 <sup>4</sup>	404,022	(1,474)	40,000	22,036	62,036	(.02)
2004	432,828 <sup>5</sup>	461,835	(29,007)	40,000	20,183	60,183	(.48)
2005	463,447	482,346	(18,899)	40,000	20,257	60,257	(.31)

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$565,000 principal payment to retire Gross Revenue Recreation Facility Bond of 1991, Series C resulting from the Gross Revenue Recreation Facility Refunding Bonds of 2001, Series A, a current refunding issue.

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

4 - For comparative purposes, this figure excludes \$370,700 in state Local Government Aid allocated to reduce the retained earnings deficit in the Sports Center fund and \$78,404 advance from the General Fund, which was forgiven in 2003.

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

**CITY OF MOORHEAD, MINNESOTA  
SCHEDULE OF GOLF COURSE FUND BOND COVERAGE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES<sup>1</sup></u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1996	\$ 887,692	\$ 756,052	\$ 131,640	\$ 130,000	\$ 430,425	\$ 560,425	.23
1997	1,105,706	818,219	287,487	145,000	415,615	560,615	.51
1998	1,387,870	960,607	426,963	255,000	539,118	792,118	.54
1999	1,391,342	930,494	460,848	275,000	658,503	933,503	.49
2000	1,423,779	1,019,902	403,877	290,000	642,060	932,060	.43
2001	1,435,505	972,417	463,088	305,000 <sup>2</sup>	624,626	929,626	.50
2002	1,061,780	1,022,337	39,443	125,000	247,878	372,878	.11
2003	1,024,417 <sup>2</sup>	992,796	31,621	130,000	241,724	371,724	.08
2004	1,005,062 <sup>3</sup>	1,039,083	(34,021)	140,000	235,866	375,866	(.10)
2005	1,153,566	1,191,811	(38,245)	145,000	231,076	376,076	(.10)

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$4,675,000 principal payment made by a fiscal agent to retire Golf Course Gross Revenue Bond of 1992, Series A resulting from the Golf Course Gross Revenue Refunding Bonds of 1998, Series B, a cross-over refunding issue.

3 - For comparative purposes, this figure excludes \$179,300 in state Local Government Aid allocated to reduce the retained earnings deficit in the Golf Course fund.

**CITY OF MOORHEAD, MINNESOTA**  
**SCHEDULE OF VEHICLE FUND BOND COVERAGE<sup>1</sup>**  
**(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES<sup>2</sup></u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
2000	\$ 804,054	\$ 17,671	\$ 786,383	\$	\$	\$	
2001	918,259	8,311	909,948	50,000	14,056	64,056	14.21
2002	1,000,394	12,241	988,153	55,000	11,103	66,103	14.95
2003	871,052	15,070	855,952	60,000	8,816	68,816	12.44
2004	865,856	11,583	854,273	60,000	6,215	66,215	12.90
2005	949,304	11,032	938,272	65,000	3,448	68,448	13.71

1 - Equipment Certificates issued November 15, 2000.

2 - Expenses exclude depreciation and amortization.

**CITY OF MOORHEAD, MINNESOTA**  
**SCHEDULE OF MUNICIPAL IMPROVEMENT FUND BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>EXPENSES</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1996	\$ 328,627	\$ 358	\$ 328,269	\$ 215,000	\$ 79,305	\$ 294,305	1.12
1997	340,725	552	340,173	230,000	64,060	294,060	1.16
1998	394,401	552	393,849	245,000	144,820	389,820	1.01
1999	134,954	1,875	133,079	315,000	138,810	453,810	.29
2000 <sup>1</sup>	1,255,204	4,127	1,251,077	775,000	754,236	1,529,236	.82
2001	1,355,593	31,135	1,324,458	520,000	741,953	1,261,953	1.05
2002	1,349,554 <sup>2</sup>	40,624	1,308,930	630,000 <sup>2</sup>	720,556	1,350,556	.97
2003	339,415	3,052	336,363	185,000	495,308	680,308	.49
2004	420,352 <sup>3</sup>	50,719	369,633	190,000	487,406	677,406	.55
2005	519,897	7,320	512,577	200,000 <sup>4</sup>	473,567	673,567	.76

1 – Effective 2000 the General Obligation Taxable Industrial Development Bonds Series 1993A is accounted for within the municipal improvement fund.

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

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

4 – 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.

**CITY OF MOORHEAD  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>FISCAL YEAR</u>	<u>POPULATION</u> <sup>1</sup>	<u>PER HOUSEHOLD INCOME</u> <sup>2</sup>	<u>RETAIL SALES</u> <sup>2</sup>	<u>MEDIAN AGE</u> <sup>2</sup>	<u>SCHOOL ENROLLMENT</u> <sup>3</sup>	
					<u>K-12</u>	<u>POST SECONDARY</u>
1995	32,295	\$ 26,662	\$ 291,246,000	31.0	6,035	10,703
1996	32,295	28,316	276,170,000	31.3	5,906	10,579
1997	32,295	29,526	283,761,000	31.2	5,841	10,610
1998	32,295	30,813	293,959,000	31.8	5,832	10,968
1999	32,295	32,083	340,233,000	32.0	5,761	11,433
2000	32,177	32,629	391,728,000	32.2	5,622	11,765
2001	32,177	31,660	452,724,000	31.9	5,503	11,777
2002	32,177	31,829	505,449,000	32.6	5,400	11,734
2003	32,177	30,886	526,858,000	N/A	5,272	12,025
2004	32,177	32,280	524,968,000	N/A	5,266	15,702

Data Sources:

- 1 - Official US Census
- 2 - Sales and Marketing Management Survey of Buying Power (2005 statistics not available until September 2006).
- 3 - School Board Census

**CITY OF MOORHEAD, MINNESOTA  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS  
(Unaudited)**

FISCAL YEAR	NEW COMMERCIAL CONSTRUCTION		NEW RESIDENTIAL CONSTRUCTION		ESTIMATED MARKET VALUE			BANK DEPOSITS <sup>1</sup> (000)
	PERMITS	VALUE	PERMITS	VALUE	COMMERCIAL & OTHER	RESIDENTIAL	NONTAXABLE	
1996	23	\$ 2,327,304	62	\$ 6,511,300	\$ 143,281,500	\$ 438,556,400	\$ 339,792,600	\$ 337,654
1997	22	5,111,900	47	6,009,000	184,580,500	524,782,500	342,392,100	348,255
1998	18	2,060,022	94	10,182,600	192,989,800	567,859,400	401,003,000	339,412
1999	30	6,606,054	92	15,796,000	196,601,800	613,161,800	401,003,000	318,600
2000	36	6,041,590	108	13,012,097	204,474,500	646,259,800	401,003,000	288,725
2001	54	17,740,644	113	21,790,500	216,420,000	699,868,300	401,003,000	392,420
2002	24	4,794,700	221	33,628,128	238,961,900	752,960,100	401,003,000	408,945
2003	26	32,495,794	205	32,307,000	260,982,700	821,329,800	401,003,000	429,461
2004	28	4,519,100	308	49,697,640	287,480,400	939,224,400	401,003,000	472,115
2005	28	13,621,419	350	57,788,265	327,046,000	1,071,259,000	401,003,000	462,946

1 - Data obtained from the FDIC and NCUA websites reflects bank deposits on 06/30/05.

**CITY OF MOORHEAD, MINNESOTA  
PRINCIPAL TAXPAYERS  
December 31, 2005  
(Unaudited)**

<u>TAXPAYER</u>	<u>TYPE OF PROPERTY</u>	<u>TAX CAPACITY</u>	<u>PERCENTAGE OF TOTAL TAX CAPACITY OF \$16,319,151</u>
Anheuser-Busch	Malting Plant	\$ 363,575	2.2%
American Crystal Sugar	Sugar Processing	254,761	1.6%
Moorhead Hospitality	Hotel & Conference Center	179,250	1.1%
Moorhead Holiday Associates	Strip Mall	168,633	1.0%
Easten LLC	Shopping Mall	143,922	0.9%
TRE Investments	Shopping Mall	121,529	0.7%
Xcel Energy	Electric Utility	105,832	0.6%
Eventide	Nursing/Retirement Home	101,874	0.6%
South Moorhead Associates	Retail - Grocery & Mall	98,990	0.6%
Second Skaff Apts	Apartments	<u>89,688</u>	<u>0.5%</u>
Total Tax Capacity of Principal Taxpayers		<u>\$ 1,628,054</u>	<u>9.80%</u>

Source: Clay County GIS Department

**CITY OF MOORHEAD, MINNESOTA  
 MISCELLANEOUS STATISTICAL DATA  
 December 31, 2005  
 (Unaudited)**

Date of Incorporation	February 24, 1881
First Charter Adopted	1900
Date Present Charter Adopted	September 14, 1983
Form of Government	Council-Manager

Area in Square Miles:

1996	11.83
1997	11.93
1998	11.93
1999	12.19
2000	12.19
2001	13.85
2002	14.06
2003	14.41
2004	16.89
2005	16.89

Miles of City Streets:

1996	159.13
1997	159.13
1998	160.36
1999	161.43
2000	161.43
2001	170.35
2002	174.89
2003	175.47
2004	184.60
2005	197.72

Miles of Sewers:

Storm	113.80
Sanitary	136.73
Force Mains	14.29

Fire Protection:

Number of Stations	2
Number of Firefighters	30

Police Protection:

Number of Stations	1
Number of Sworn Officers	49

Permanent Employees (Full-Time Equivalents)	233.525
---	---------

Source: Above information provided by City of Moorhead Administration, Engineering and Human Resource Departments



**CITY OF MOORHEAD, MINNESOTA  
 PRINCIPAL CITY OFFICIALS  
 AND SURETY BONDS  
 December 31, 2005  
 (Unaudited)**

<u>NAME</u>	<u>OFFICIAL TITLE</u>
Mayor and Council:	
Mark Voxland	Mayor
Nancy Otto	Council Member
Jim Danielson	Council Member
Lauri Winterfeldt-Shanks	Council Member
Diane Wray Williams	Council Member
Morris Kelsven	Council Member
John Rowell	Council Member
Greg Lemke	Council Member
Dan Hunt	Council Member
Public Service Commissioners:	
Kenneth Norman	President
Robert Swenson	Secretary
Brenda Elmer	Commissioner
Kelli Poehls	Commissioner
Corinne Stefanson	Commissioner
Public Housing Agency Board of Commissioners:	
Michael Pehler	Chair
Donald Dale	Vice Chair
Patricia Frazee	Secretary
Abner Arauza	Commissioner
John Keating	Resident Commissioner
Economic Development Authority Board of Commissioners:	
Kay Parries	Chair
Corey Elmer	Vice-Chair
Rev. Ernest Mancini	Secretary
Gane' Skatvold	Member
Morris Kelsven	Member
Neil Qualey	Member
Lauri Winterfeldt-Shanks	Member
Kelli Poehls	Member
James Welch	Member
John Rogalla	Member
John Riewer	Member
Administration:	
Bruce Messelt	City Manager
Chad Martin	Director of Operations
Scott Hutchins	Director of Community Services
Grant Weyland	Chief of Police
Joel Hewitt	Fire Chief
William E. Schwandt	General Manager of Public Utilities
Byron Brink	PHA Executive Director

SURETY BOND

All employees and board members are covered by a \$700,000 Faithful Performance Blanket and Public Employee Dishonesty Bond.