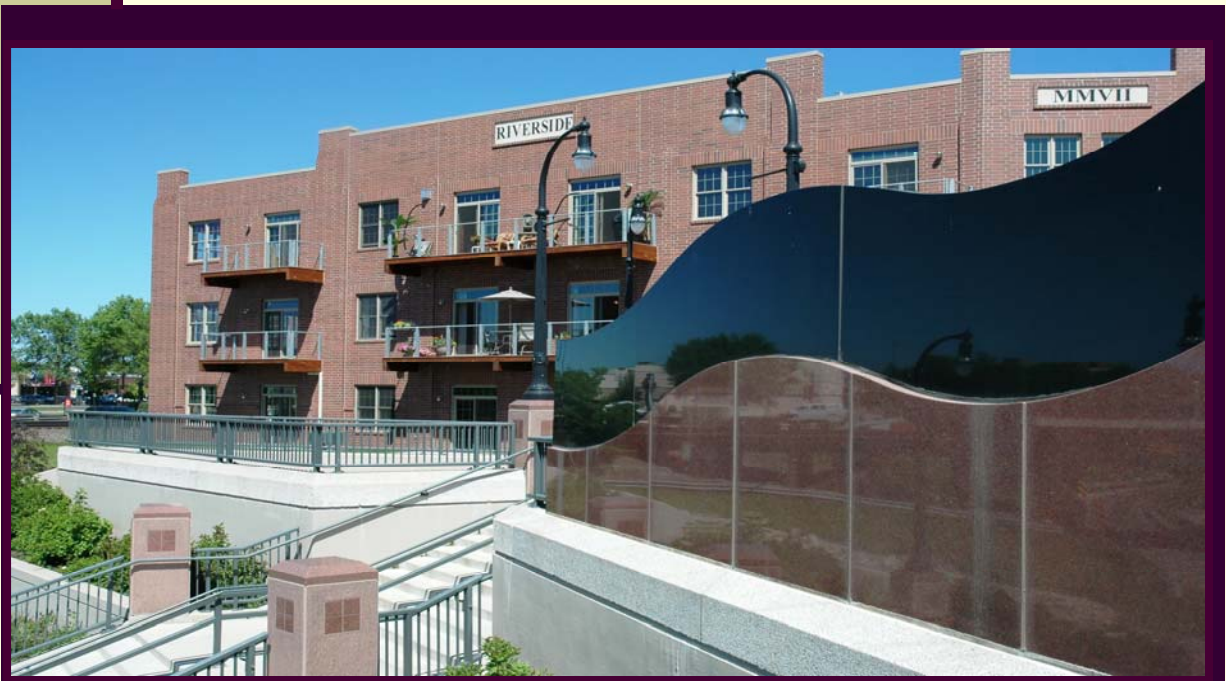


City of Moorhead, Minnesota

Comprehensive Annual Financial Report



For The Year Ended December 31, 2010
www.cityofmoorhead.com

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

FOR THE YEAR ENDED DECEMBER 31, 2010

PREPARED BY THE FINANCE DIVISION

**HARLYN AULT, FINANCE DIRECTOR
WANDA WAGNER, ASSISTANT FINANCE DIRECTOR**

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

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**INTRODUCTORY
SECTION**

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**CITY OF MOORHEAD, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2010**

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MOORHEAD MINNESOTA

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www.cityofmoorhead.com

June 13, 2011

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, 2010.

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.

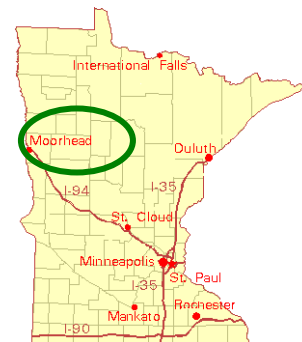
The City of Moorhead's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2010, are free of material 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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

CITY OF MOORHEAD PROFILE

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



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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by before July 1 of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review prior to September 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget prior to December 31, the close of the City's fiscal year. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate. The City maintains an encumbrance accounting system for major purchases in excess of \$500 as one technique of accomplishing budgetary control. Open encumbrances are reported as reservations of fund balance at December 31, 2010.

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

Local Economy

The City of Moorhead is located at a natural crossing point of the Red River of the North, a place where Minnesota and the Dakotas meet and where one enjoys easy access to business, markets and recreation. Moorhead has access to the major market areas of North America with the intersection of Interstates 94 and 29 lying just west of the city limits. Trucking with overnight delivery from Minneapolis/St. Paul, Duluth, Sioux Falls, Omaha, Bismarck and Winnipeg is also available. Hector International Airport is located nearby in Fargo, ND with multiple non-stop flights to Minneapolis, Chicago and Denver, and the Moorhead Municipal Airport is just 3 miles southeast of the city, which is staffed by Detroit Lakes Aviation, offering flight instruction, aircraft maintenance, fuel and onsite management. In addition, mainline rail services from Canada to Mexico and from west coast ports to the Great Lakes and daily Amtrak passenger services are nearby. The metropolitan area serves as a regional center for surrounding agricultural communities in Minnesota with stable operations reported at the city's top two property taxpayers: American Crystal Sugar and the Anheuser Busch malt facility. While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 5,000 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, a K-8 Catholic school, and Park Christian School, a K-12 interdenominational Christian school. The Metropolitan Area Transit serves all Moorhead residents and major shopping and educational facilities.

Minnesota State University Moorhead and Concordia College are both located in the city, which provides a measure of institutional stability to the economy. Minnesota State University Moorhead is a comprehensive liberal arts university with over 7,600 students and about 515 full- and part- time faculty and Concordia College is a four-year private liberal arts college with almost 3,000 students, known for its outstanding choral and instrumental music and world language instruction. Moorhead is also home to Minnesota State Community and Technical College which provides “hands-on” training to 2,300 students.

Long-term Financial Planning

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

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

Major Initiatives

In 2010 there were 160 permits issued for single family attached and detached units with a valuation of \$24,091,532 compared to 178 in 2009, below the five-year average of 247. The City had 160 total units permitted in 2010 compared to 299 in 2009, which is down from the five-year average of 407 units.

There were 19 commercial permits issued in 2010 with a valuation of \$8,620,860. This is up from the 17 commercial permits issued in 2009 with a valuation slightly over \$4.6 million. There were 1,087 building permits issued for all types of building activity in Moorhead with \$56.7 million in total valuation.

The fifth and final phase of the South Main Downtown Redevelopment Project was substantially completed. In total, this Redevelopment Project added 118 residential units (mix of apartments and condominium), 27,000 square feet of commercial space, and over 230 parking stalls. This area had environmental contamination from multiple sources, including a former dry cleaner business, gas station, auto repair establishment and underground heating tanks. The Project received numerous State and Federal grants to address the contamination. The pre-project market value of this area was about \$1,000,000. Today, that same area is valued at nearly \$20,000,000. The Downtown Redevelopment Project has transformed the area into a vibrant mixed-use area with businesses and residential opportunities complemented by significant public infrastructure investments in streetscape, parkway, bridgehead plaza and a new Main Ave bridge.

The 1st Avenue North Gateway Redevelopment is underway! The Moorhead Economic Development Authority and City Council approved the acquisition of Aggregate Industries and Hedgemasters properties in 2010. Together with two properties already owned by the City, assemblage accomplishes several goals, including blight removal, environmental remediation and the ultimate goal of redevelopment and job creation along a major commercial corridor in Moorhead. The City has received grant funding for environmental contamination cleanup. The primary public finance tool to be utilized in connection with the redevelopment will be a Pay Go Redevelopment Tax Increment Financing District.

Numerous parks projects occurred in 2010. The Miracle Field, an adaptive play surface, was completed in the Southside Regional Park; M.B. Johnson Regional Park Phase I improvements were completed; construction began on the Gooseberry shelter – which is expected to be completed in the spring of 2011; and the Historic Log Cabin was moved from Woodlawn Park to Memorial Park in an effort to protect it from future flood waters.

The 2010 Minnesota Property Tax Bill extended a two-year, state-paid property tax abatement on newly constructed homes and apartments. Buyers of newly constructed homes in Moorhead can take advantage of this property tax abatement on buildings valued up to \$200,000 or \$20,000 per apartment. This is available for twin homes, town homes, condos, in some cases manufactured housing or mobile homes and apartment complexes for which construction began after Jan. 2, 2009 and prior to Dec. 31, 2011. The abatement does not include valuation of the lot or value in excess of \$200,000 on homes or \$20,000 per apartment unit. In addition, the abatement does not apply to any special assessments that might be levied against the property.

The City of Moorhead purchased 49 properties in low-lying riverfront neighborhoods after the 2009 flood using \$9.3 million of combined federal, state and local funding for flood mitigation projects. The purchase of flood prone homes continued through a 2010 state appropriation, allowing for the acquisition of another 51 homes in 2010 and the first quarter of 2011. In total, 101 properties have been acquired (one property transferred from the State). These additional homes were acquired specifically for flood mitigation projects.

Awards and Acknowledgements

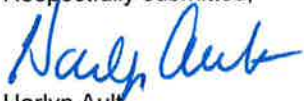
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moorhead, Minnesota, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was the 27th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget documents dated January 1, 2010. This was the 6th consecutive year the City has received this prestigious award. In order to qualify for this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only.

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

Respectfully submitted,



Harlyn Ault
Finance Director



Wanda Wagner
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moorhead
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2010

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

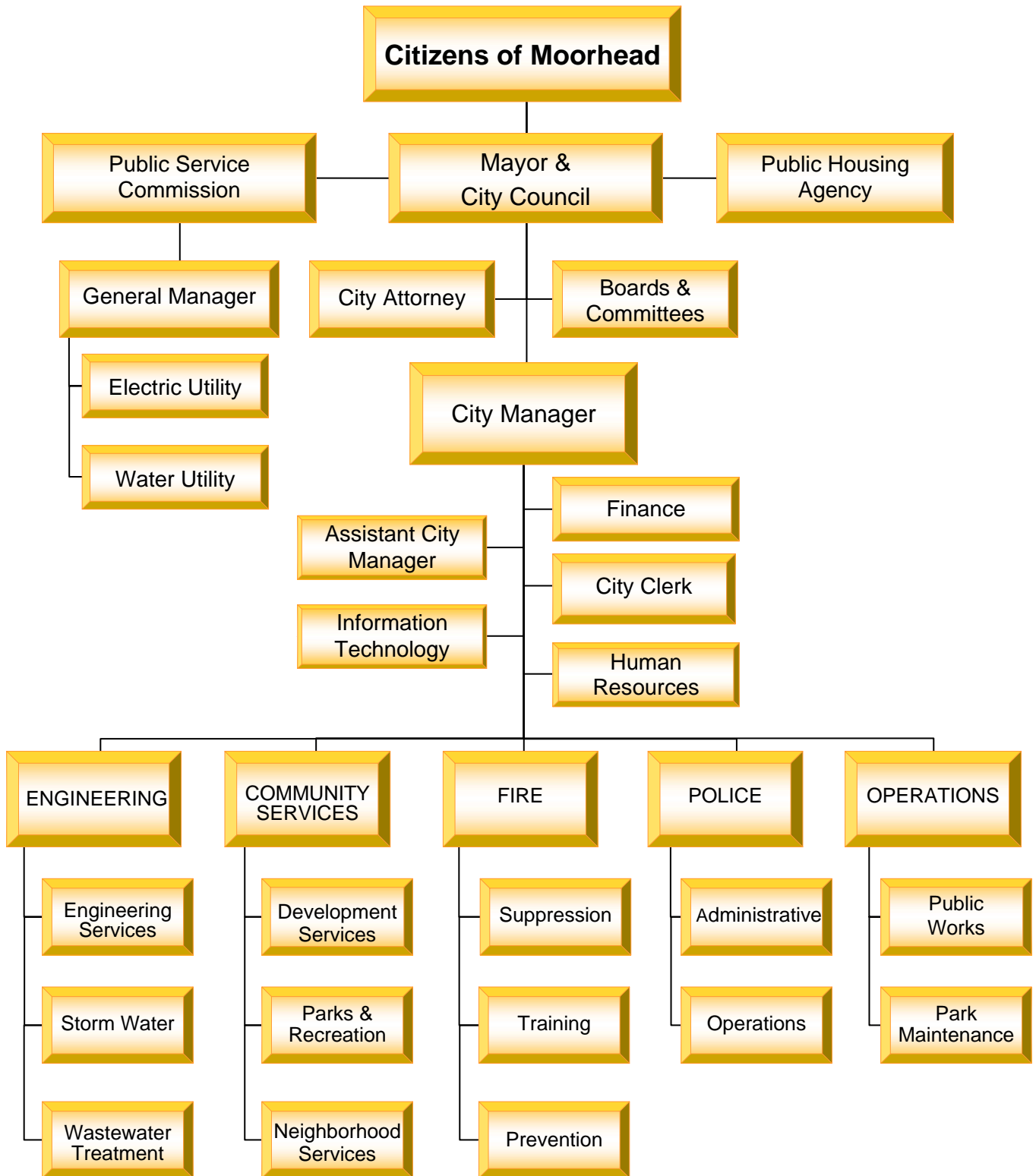
APPOINTED OFFICIALS

MICHAEL REDLINGER CITY MANAGER

DEPARTMENT DIRECTORS

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

CITY OF MOORHEAD ORGANIZATION CHART



FINANCIAL

SECTION

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moorhead, Minnesota's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2011, on our consideration of the City of Moorhead, Minnesota's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The schedule of funding progress and management's discussion and analysis are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moorhead, Minnesota's financial statements as a whole. The introductory section, combining and individual fund schedules, 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Fargo, North Dakota
June 6, 2011

**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, 2010. 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 \$336,243,550.
- The City's total net assets increased by \$30,914,277.
- The City's governmental funds reported combined ending fund balances of \$55,296,974, a decrease of \$5,243,324 in comparison with the prior year. Of this total amount, \$8,525,759 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 \$12,231,585 or 61.7% of total general fund expenditures of \$19,821,819.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry and municipal airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for vehicles & equipment, information technology and radios. Because the internal service funds benefit both the governmental and business-type functions, \$317,642 has been reflected within the business-type activities and \$4,131,261 within the governmental activities in the government-wide financial statements.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Moorhead, assets exceeded liabilities by \$336,243,550 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets is the investment in capital assets of \$188,716,824 (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, 2010.

CITY OF MOORHEAD'S NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2010	2009	2010	2009	2010
Current and other assets	\$ 142,684,821	\$142,604,129	\$45,875,846	\$ 34,620,113	\$ 188,560,667
Capital assets	252,446,781	218,628,282	126,999,423	124,454,852	379,446,204
Total assets	395,131,602	361,232,411	172,875,269	159,074,965	568,006,871
Long-term liabilities outstanding	158,889,059	152,420,379	59,005,164	54,475,229	217,894,223
Other liabilities	4,559,604	4,247,454	9,309,494	3,835,041	13,869,098
Total liabilities	163,448,663	156,667,833	68,314,658	58,310,270	231,763,321
Net assets:					
Invested in capital assets, net of related debt	113,540,183	90,988,687	75,176,641	70,969,389	188,716,824
Restricted	114,126,460	111,879,202	5,007,451	4,314,753	119,133,911
Unrestricted	4,016,296	1,696,689	24,376,519	25,480,553	28,392,815
Total net assets	\$ 231,682,939	\$ 204,564,578	\$ 104,560,611	\$ 100,764,695	\$ 336,243,550

The \$33.8 million increase in capital assets in governmental activities is the result of considerable investment in city infrastructure, flood mitigation and flood property acquisition.

Investment in capital assets, net of related debt increased \$22.6 million in the governmental activities, primarily resulting from land acquisition and flood mitigation projects funded with state and federal grants..

CITY OF MOORHEAD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total 2010
	2010	2009	2010	2009	
Revenues:					
Program revenues:					
Charges for services	\$ 5,387,046	\$ 5,078,269	\$ 52,730,833	\$ 50,494,352	\$ 58,117,879
Operating grants and contributions	2,857,481	2,902,189	177,796	170,504	3,035,277
Capital grants and contributions	36,845,046	38,412,544	1,185,460	447,048	38,030,506
General Revenues:					
Taxes	5,723,405	5,106,955			5,723,405
Tax Increments	953,865	1,430,138			953,865
Franchise Fees	865,522	857,066			865,522
State aid	8,199,446	9,642,047	11,560	11,560	8,211,006
Grants and contributions not restricted to specific programs	176,748	170,158			176,748
Investment earnings	309,936	225,759	484,828	295,055	794,764
Miscellaneous	123,337	139,067	25,532	184,733	148,869
Gain on disposal/sale of assets		(90,224)	9,513	602,063	9,513
Total revenues	61,441,832	63,873,968	54,625,522	52,205,315	116,067,354
Expenses:					
General government	3,674,855	3,704,870			3,674,855
Public safety	10,270,338	10,518,141			10,270,338
Highways and streets	12,616,553	13,841,687			12,616,553
Parks and recreation	3,303,861	3,314,652			3,303,861
Library	918,671	864,977			918,671
Community development	337,303	602,633			337,303
Rental Registration	158,890	151,498			158,890
Mass transit	2,302,729	2,071,065			2,302,729
Economic development	801,869	999,430			801,869
Interest on long-term debt	7,046,767	8,218,418			7,046,767
Electric			24,714,209	23,221,675	24,714,209
Water			5,134,097	5,183,743	5,134,097
Wastewater treatment			5,960,063	5,817,997	5,960,063
Broadband				921,330	
Storm water			1,051,434	1,039,503	1,051,434
Sanitation			3,080,561	2,973,724	3,080,561
Golf Course			1,686,166	1,682,538	1,686,166
Sports Center			928,218	924,174	928,218
Pest Control			266,451	183,137	266,451
Forestry			582,726	571,342	582,726
Municipal airport			317,316	290,901	317,316
Total expenses	41,431,836	44,287,371	43,721,241	42,810,064	85,153,077
Increase in net assets before transfers	20,009,996	19,586,597	10,904,281	9,395,251	30,914,277
Transfers	7,108,365	5,787,497	(7,108,365)	(5,787,497)	0
Change in net assets	27,118,361	25,374,094	3,795,916	3,607,754	30,914,277
Net assets - beginning of year	204,564,578	179,190,484	100,764,695	97,156,941	305,329,273
Net assets - end of year	\$ 231,682,939	\$ 204,564,578	\$ 104,560,611	\$ 100,764,695	\$ 336,243,550

Governmental activities. The governmental activities' net assets increased by \$27,118,361 during the current fiscal year, accounting for 87.7% of the total increase in the net assets of the City of Moorhead. Charges for services increased by \$308,777 (6.1%) and interest earnings increased \$84,177 (37.3%) while capital contributions decreased \$1,567,498 (4.0%) and property taxes increased \$616,450 (12.1%). Expenses decreased \$2.8M due primarily to a \$1.2M decrease in highways and streets along with a \$1.2M decrease in interest on long-term debt.

Business-type activities. Business-type activities increased the City's net assets by \$3,795,916 accounting for 12.3% of the total growth in the government's net assets. Charges for services in the business-type activities increased 4.4% over the previous year due mainly to a 4% rate increase in the Electric Fund. Expenses in the business-type activities increased \$911,177 (2.1%). The additional purchased power costs in the Electric Fund was \$1.4M (8.3%) over the previous year.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$55,296,974, a decrease of \$5,243,324 in comparison with the prior year. The decrease is the result of infrastructure improvements along with major flood mitigation and property acquisition. There is \$8.5M of unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1.3M), 2) to pay debt service (\$33.5M), 3) as an operating reserve requirement (\$9.5) or 4) for other restricted purposes (\$2.4M).

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 \$12,231,585. 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 61.7% percent of total general fund expenditures.

The change in fund balance of the general fund was a decreased \$982,223 or 6.7% from 2009. Key factors of this decrease are as follows:

- Revenues were .96% or \$128,029 under the final budget which was due mainly to an unallotment of state market value aid in the amount of \$537,387. The deficit was offset in part by an increase of \$255,812 in charges for services.
- Actual expenditures were under budget by \$792,881. However, budget adjustments during the year utilized reserves of \$550,000 for flood protection costs and \$400,000 for the Fargo Moorhead Metro Flood Study. This resulted in actual expenditures exceeding revenues by \$982,223.

The special assessment debt service fund balance increased by \$2,350,435 which is due to an increase in special assessment prepayment collections over 2009 of \$1.1M and bond proceeds of \$2.2M.

The special assessment capital projects fund balance decreased \$4,400,812 which is largely due to expenditures for flood property acquisition and mitigation projects .

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 \$24,058,877.

The storm water fund increased rates 84% to provide funding for annual debt service of the Flood Mitigation bonds of 2009B.

In the electric fund, the revenue increase was the result of a 4% rate increase in January 2010, while the water fund experienced a decrease in operating revenue of 1.8% due to reductions in customer sales. There was no water rate increase in 2010. The electric fund's largest expense increase was \$1.4 million (8.3%) in additional purchased power costs. In the water fund the largest expense increase was in distribution which increased \$44,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Budgets were amended during the year to account for changes approved by the City Council during the year, for capital outlay and open encumbrance carryovers from the previous fiscal year, new grant awards and supplemental appropriations. The original expenditures budget of \$19,488,898 was amended as final totaling \$21,330,835 for an increase of \$1,841,937 during the year.

Significant variances between final budget and actual are as follows:

Negative revenue variances are attributed to a reduction in charges for services in the amount of \$187,814 and an unallotment of state market value credit aid of \$536,387. These negative revenue variances were offset by a positive variance in licenses and permits of \$255,812. The positive variance in expenditures of \$792,881 is primarily due to not filling vacant positions \$244,775 and the reduction in bulk motor fuels of \$420,000.

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, 2010, amounts to \$379,446,204 (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 \$20.0 million funded by a State grant .
- \$4.9M spent on a major interchange project located on I-94 and 34th Street.
- Major new development in 2010 resulted in expenditures of \$11.5M for infrastructure improvements.
- Water fund capital expenditure of \$4.0 million for a flood mitigation project with \$2.7 million funded by a Federal Emergency Management Agency (FEMA) grant.
- Electric fund capital expenditures include \$1.9 million for 2008 master plan improvements, and \$1.8 million for distribution system extension and upgrades.

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

	Governmental Activities 2010	Business-type Activities 2010	Total
Land	\$ 24,920,156	\$ 8,195,609	\$ 33,115,765
Construction in progress	19,298,119	4,118,010	23,416,129
Buildings	11,451,420	84,380,642	95,832,062
Improvements other than buildings	18,001,677	25,847,589	43,849,266
Machinery and equipment	10,336,510	4,457,573	14,794,083
Infrastructure	168,438,899		168,438,899
Total	\$ 252,446,781	\$ 126,999,423	\$ 379,446,204

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 \$216,668,017. Of this amount, \$1,655,000 is comprised of General Obligation debt backed by the full faith and credit of the City, G.O. Special assessment debt of \$139,755,000 and General Obligation Revenue debt of \$46,523,017 which are also backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$28,735,000 of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$824,657 General Obligation Notes Payable at year end.

The City’s net increase in long-term bonded debt was \$13,125,469 during the current fiscal year.

During the current fiscal year, the City issued:

- \$12,135,000 G.O. Improvement Bonds 2010A (Build America Bonds) to finance various infrastructure improvements.
- \$1,390,000 G.O. Tax Increment Refunding Bonds 2010B to refund 2001B G.O. Tax Increment Bonds.
- \$2,030,000 G.O. Improvement Refunding Bonds 2010D to refund the 2002B G.O. Improvement Bonds.

During the current fiscal year the Public Service Utility issued:

\$10,340,000 Taxable Public Utility Revenue Bonds 2010C (Build America Bonds) to finance various utility improvements.

The City of Moorhead maintained an "Aa3" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$62,491,626. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$1,481,991 leaving a legal debt margin of \$61,009,635.

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	\$ 139,755,000	\$	\$ 139,755,000
General obligation debt	1,655,000		1,655,000
G.O. Tax Increment	13,160,000		13,160,000
G.O. Municipal Improvement Revenue	1,945,000		1,945,000
G.O. Revenue		11,230,000	11,230,000
Public Facilities Authority		20,188,017	20,188,017
Revenue Refunding		7,402,000	7,402,000
Revenue		21,333,000	21,333,000
Long-term notes	824,657	79,093	903,750
Compensated absences	1,206,516	828,185	2,034,701
Other Post-Employment Benefits	342,886	191,536	534,422
Total	\$ 158,889,059	\$ 61,251,831	\$ 220,140,890

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

Economic Factors and Next Year's Budgets

The local economy has remained resilient however at year end there has been softening growth in the residential and commercial sectors. Taxpayers also feel the effect of a weak economy, yet have become accustomed to the level of service provide by the City. The City of Moorhead prides itself on its ability to maintain most services at a level the taxpayer has come to expect. This has been accomplished by not filling vacant positions and reducing service levels in areas which impact the fewest citizens and incorporating cost saving measures in services provided.

The City of Moorhead's 2011 Operating & Capital Budget totals \$62,340,515, an increase of \$1,821,842 (3.01%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2011 budget reflects an increase of \$1,061,276 (4.05%) from 2010 levels.

Employee wages increased 1.0% City-wide, totaling \$183,000 along with the implementation of step adjustments totaling \$276,000. Health insurance premiums were increased \$167,000 (10%), as well as a \$34,000 increase in contributions to the Public Employees Retirement Association (PERA), as mandated by the State of Minnesota.

Operating budgets for the most part are at the same levels as the 2010 budget except for snow/street maintenance, dispatch services, lobbying, and legal fees which were adjusted to more closely reflect actual costs. There is \$192,160 in operating costs and \$419,000 for additional capital budgeted in order to increase the level of service for snow removal, mowing, and street maintenance operations (Snow/Grass/Street).

The Local Government Aid (LGA) program will continue to be stressed in the future, as State budget forecasts project limited revenues and additional shortfalls. 2011 Local Government Aid of \$7,618,290 is a \$827,662 (12.2%) increase over the previous year. City staff does not anticipate LGA allocations to return to levels observed in the past decade.

Requests for Information

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

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CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 44,524,676	\$ 14,671,983	\$ 59,196,659	\$ 2,137,676
Cash with fiscal agent	10,399,235		10,399,235	
Receivables:				
Accounts and notes	319,686	6,518,680	6,838,366	96,397
Accrued interest	780	52,761	53,541	
Special assessments	7,779,070	402,631	8,181,701	
Internal balances	2,945,128	(2,945,128)		
Due from other governmental units	3,305,697	316,692	3,622,389	
Inventories		774,189	774,189	
Prepaid items	3,609	76,676	80,285	
Restricted assets:				
Cash and cash equivalents		17,744,226	17,744,226	44,448
Long-term receivables:				
Special assessments	69,030,505	3,966,474	72,996,979	
Notes receivable, less current portion	4,376,435	1,465,020	5,841,455	
Other long-term investments		2,831,642	2,831,642	
Capital assets:				
Intangible plant		255,373	255,373	
Land	24,920,156	8,195,609	33,115,765	464,977
Buildings	21,645,534	145,884,954	167,530,488	9,654,260
Improvements other than buildings	26,259,716	35,449,114	61,708,830	
Machinery and equipment	27,508,324	17,286,873	44,795,197	493,953
Infrastructure	223,252,872		223,252,872	
Construction in progress	19,298,119	4,118,010	23,416,129	
Less accumulated depreciation	(90,437,940)	(84,190,510)	(174,628,450)	(5,995,956)
Total assets	395,131,602	172,875,269	568,006,871	6,895,755
LIABILITIES				
Accounts payable	1,168,495	5,836,702	7,005,197	94,964
Contracts payable - retainage	326,379		326,379	
Accrued wages payable	485,763	119,940	605,703	
Due to other governmental units	700	10,214	10,914	
Customer deposits		158,890	158,890	44,448
Other liabilities	130,777	270,204	400,981	45,755
Accrued interest payable	2,447,490	287,100	2,734,590	
Liabilities payable from restricted assets:				
Accrued interest payable		105,918	105,918	
Current maturities of long-term debt		2,520,526	2,520,526	
Long-term liabilities:				
Due within one year	16,000,179	2,037,775	18,037,954	
Accrued compensated absences	522,676	623,627	1,146,303	74,914
Other post-employment benefits	342,886	191,536	534,422	
Notes payable	763,318	455,413	1,218,731	
Bonds payable	141,260,000	55,696,813	196,956,813	
Total liabilities	163,448,663	68,314,658	231,763,321	260,081
NET ASSETS				
Invested in capital assets net of related debt	113,540,183	75,176,641	188,716,824	4,617,234
Restricted for debt service	110,313,401	5,007,451	115,320,852	18,762
Restricted for capital projects	3,813,059		3,813,059	1,999,678
Unrestricted	4,016,296	24,376,519	28,392,815	
Total net assets	\$ 231,682,939	\$ 104,560,611	\$ 336,243,550	\$ 6,635,674

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government					
				Governmental Activities	Business-type Activities	Total			
Functions/Programs									
Primary Government									
Governmental activities:									
General government	\$ 3,674,855	\$ 732,466	\$ 23,740	\$ (2,918,649)	\$	\$ (2,918,649)			
Public safety	10,270,338	1,010,460	1,057,778	(8,202,100)		(8,202,100)			
Highways and streets	12,616,553	2,233,462	188,775	17,659,971	27,854,287	17,659,971			
Parks and recreation	3,303,861	377,436	47,915	(2,840,967)	37,543	(2,840,967)			
Library	918,671			(918,671)		(918,671)			
Community development	337,303	221,313	170,168	8,339,060	8,284,882	8,339,060			
Rental registration	158,890	164,679		5,789		5,789			
Mass transit	2,302,729	319,332	1,369,105	43,302	657,594	43,302			
Economic development	801,869	327,898	10,740	(463,231)		(463,231)			
Interest on long-term debt	7,046,767			(7,046,767)		(7,046,767)			
Total governmental activities	<u>41,431,836</u>	<u>5,387,046</u>	<u>2,857,481</u>	<u>3,657,737</u>	<u>36,845,046</u>	<u>3,657,737</u>			
Business-type activities:									
Electric	24,714,209	33,010,043			621,548	8,917,382			8,917,382
Water	5,134,097	6,224,451				1,090,354			1,090,354
Wastewater treatment	5,960,063	4,962,792			513,020	(484,251)			(484,251)
Storm water	1,051,434	2,060,843				1,009,409			1,009,409
Sanitation	3,080,561	3,623,225	153,127			695,791			695,791
Golf Course	1,686,166	1,177,839				(508,327)			(508,327)
Sports Center	928,218	506,000			16,500	(405,718)			(405,718)
Pest Control	266,451	316,663				50,212			50,212
Forestry	582,726	807,635				224,909			224,909
Municipal airport	317,316	50,855			34,392	(207,400)			(207,400)
Total business-type activities	<u>43,721,241</u>	<u>52,740,346</u>	<u>177,796</u>		<u>1,185,460</u>	<u>10,382,361</u>			<u>10,382,361</u>
Total primary government	<u>\$ 85,153,077</u>	<u>\$ 58,127,392</u>	<u>\$ 3,035,277</u>	<u>\$ 3,657,737</u>	<u>\$ 38,030,506</u>	<u>\$ 14,040,098</u>			<u>\$ 746,920</u>
Component Unit:									
Public Housing Agency	\$ 1,631,417	\$ 444,706	\$ 1,161,874		\$ 771,757				\$ 746,920
General revenues:									
Property taxes levied for general purposes				4,075,578		4,075,578			4,075,578
Property taxes levied for debt service				1,647,827		1,647,827			1,647,827
Tax increments				953,865		953,865			953,865
Franchise fees				865,522		865,522			865,522
State aid unrestricted				8,199,446		8,211,006			8,211,006
Grants and contributions not restricted to specific programs				176,748		176,748			176,748
Unrestricted investment earnings				309,936		309,936			309,936
Miscellaneous				123,337		123,337			123,337
Transfers				7,108,365		7,108,365			7,108,365
Total general revenues and transfers				23,460,624		(6,586,445)			16,874,179
Changes in net assets				27,118,361		3,795,916			30,914,277
Net assets - beginning				204,564,578		100,764,695			305,329,273
Net assets - ending				<u>\$ 231,682,939</u>		<u>\$ 104,560,611</u>			<u>\$ 6,635,674</u>

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Special Assessment Debt Service</u>	<u>Special Assessment Capital Projects</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 9,612,207	\$ 22,901,871	\$ 1,037,817	\$	\$ 6,505,744	\$ 40,057,639
Cash with fiscal agent		2,637,482			7,761,753	10,399,235
Receivables:						
Accounts	203,706	516		77,169	38,169	319,560
Notes	148,535	468,921		173,168	3,585,811	4,376,435
Special assessments		89,081,370	3,011,906			92,093,276
Accrued interest	59	665			32	756
Due from other funds	3,361,107		81,522		134,000	3,576,629
Due from other governmental units	272,031	334,488		911,298	485,512	3,299,170
Advances to other funds	1,133,749		652,421			1,786,170
Prepaid items	3,609					3,609
Total Assets	<u>\$ 14,735,003</u>	<u>\$ 115,425,313</u>	<u>\$ 6,079,507</u>	<u>\$ 1,161,635</u>	<u>\$ 18,511,021</u>	<u>\$ 155,912,479</u>

LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 442,396	\$	\$ 481,082	\$ 48,146	\$ 187,274	\$ 1,158,898
Contracts payable - retainage			289,656	36,723		326,379
Accrued wages payable	415,529				55,020	470,549
Due to other funds			70,776	763,333	917,939	1,752,048
Advances from other funds					347,981	347,981
Due to other governmental units	700				700	700
Other liabilities	57,968		60,000	7,190	5,619	130,777
Deferred revenue	122,955	89,536,783	3,011,906	173,168	3,583,361	96,428,173
Total Liabilities	<u>1,039,548</u>	<u>89,536,783</u>	<u>3,913,420</u>	<u>1,028,560</u>	<u>5,097,194</u>	<u>100,615,505</u>
Fund Balance:						
Reserved for encumbrances	181,586		757,650		400,993	1,340,229
Reserved for notes receivable	148,535	468,921				617,456
Reserved for advances	1,133,749		652,421			1,786,170
Reserved for debt service		25,419,609			8,084,217	33,503,826
Unreserved, designated, reported in:						
General fund	7,998,427					7,998,427
Special revenue funds					1,525,107	1,525,107
Unreserved, undesignated, reported in:						
General fund	4,233,158					4,233,158
Special revenue funds					2,024,477	2,024,477
Capital projects funds			756,016	133,075	1,379,033	2,268,124
Total Fund Balance	<u>13,695,455</u>	<u>25,888,530</u>	<u>2,166,087</u>	<u>133,075</u>	<u>13,413,827</u>	<u>55,296,974</u>
Total Liabilities and Fund Balance	<u>\$ 14,735,003</u>	<u>\$ 115,425,313</u>	<u>\$ 6,079,507</u>	<u>\$ 1,161,635</u>	<u>\$ 18,511,021</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds.

Long-term liabilities, including bonds payable, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.

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

Net assets of governmental activities

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Special Assessment Debt Service</u>	<u>Special Assessment Capital Projects</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 3,889,771	\$ 1,647,734			\$ 1,139,757	\$ 6,677,262
Franchise	865,522					865,522
Licenses and permits	997,412					997,412
Intergovernmental revenues:						
Federal	274,769		914,617	6,769,576	1,402,477	9,361,439
State	3,545,519	757,405	13,610,859	532,999	5,549,794	23,996,576
Other	402,674	217,300		14,100	176,748	810,822
Charges for services	2,383,542		222		609,830	2,993,594
Fines and forfeits	507,611					507,611
Facility rentals			29,819		154,246	184,065
Interest on investments	135,690	14,284	29,787	12,682	68,153	260,596
Special assessments		8,971,604	194,303			9,165,907
Sale of property			152,618	65,569		65,569
Miscellaneous	191,477	109,212	10,533	821,977		821,977
Total revenues	<u>13,193,987</u>	<u>11,717,539</u>	<u>14,932,225</u>	<u>7,405,459</u>	<u>9,459,142</u>	<u>56,708,352</u>
EXPENDITURES						
Current:						
General government	3,452,726			43,251	64,705	3,560,682
Public safety	10,126,006			10,657	140,056	10,276,719
Highways and streets	6,202,044		85,435	1,468,915	10,045	7,766,439
Parks and recreation			18,182	58,440	2,343,269	2,419,891
Library					857,343	857,343
Community development			5,519	3,273	323,843	332,635
Rental Registration					158,890	158,890
Mass transit				13,656	1,823,815	1,823,815
Economic development				7,818,525	587,725	601,381
Capital outlay	41,043		31,576,798		2,025,794	41,462,160
Debt Service:						
Bond and note principal		6,570,000			2,501,970	9,071,970
Bond and note interest		5,233,232			1,088,092	6,321,324
Fiscal and other charges		228,350			423,673	652,023
Total expenditures	<u>19,821,819</u>	<u>12,031,582</u>	<u>31,685,934</u>	<u>9,416,717</u>	<u>12,349,220</u>	<u>85,305,272</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(6,627,832)</u>	<u>(314,043)</u>	<u>(16,753,709)</u>	<u>(2,011,258)</u>	<u>(2,890,078)</u>	<u>(28,596,920)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		2,199,103	11,965,897		1,390,000	15,555,000
Premium on issuance of debt		89,188			16,656	105,844
Transfers from other funds	6,342,995	468,187	387,000	571,158	1,802,314	9,571,654
Transfers to other funds	(697,386)	(92,000)			(1,089,516)	(1,878,902)
Total other financing sources	<u>5,645,609</u>	<u>2,664,478</u>	<u>12,352,897</u>	<u>571,158</u>	<u>2,119,454</u>	<u>23,353,596</u>
NET CHANGE IN FUND BALANCE	<u>(982,223)</u>	<u>2,350,435</u>	<u>(4,400,812)</u>	<u>(1,440,100)</u>	<u>(770,624)</u>	<u>(5,243,324)</u>
FUND BALANCE - BEGINNING	<u>14,677,678</u>	<u>23,538,095</u>	<u>6,566,899</u>	<u>1,573,175</u>	<u>14,184,451</u>	<u>60,540,298</u>
FUND BALANCE - ENDING	<u>\$ 13,695,455</u>	<u>\$ 25,888,530</u>	<u>\$ 2,166,087</u>	<u>\$ 133,075</u>	<u>\$ 13,413,827</u>	<u>\$ 55,296,974</u>

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, 2010**

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

Net change in fund balances - total governmental funds (page 13) \$ (5,243,324)

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	\$ 41,462,160	
Transfer of assets to business-type activities	(673,720)	
Depreciation expense	<u>(6,599,262)</u>	34,189,178

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (37,882)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,578,296

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	\$ (15,555,000)	
Bond & note principal payments	<u>9,071,970</u>	(6,483,030)

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	\$ 143,291	
Other post-employment benefits	(127,656)	
Accrued interest	<u>(73,420)</u>	(57,785)

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. 172,908

Change in net assets of governmental activities (page 11) \$ 27,118,361

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,919,669	\$ 3,919,669	\$ 3,889,771	\$ (29,898)
Franchise	875,000	875,000	865,522	(9,478)
Licenses and permits	548,100	741,600	997,412	255,812
Intergovernmental:				
Federal	113,190	183,190	274,769	91,579
State	3,856,161	3,856,161	3,545,519	(310,642)
County	70,000	232,500	263,874	31,374
Other	40,500	140,500	138,800	(1,700)
Charges for services	2,571,356	2,571,356	2,383,542	(187,814)
Fines and forfeitures	525,060	525,060	507,611	(17,449)
Interest on investments	154,289	154,289	135,690	(18,599)
Miscellaneous	122,690	122,690	191,476	68,786
Total revenues	<u>12,796,015</u>	<u>13,322,015</u>	<u>13,193,986</u>	<u>(128,029)</u>
EXPENDITURES				
Administration department:				
Current:				
Personal services	999,388	1,004,441	985,801	18,640
Supplies	27,955	27,955	25,413	2,542
Other services & charges	1,130,761	1,181,251	1,172,417	8,834
	<u>2,158,104</u>	<u>2,213,647</u>	<u>2,183,631</u>	<u>30,016</u>
Police department:				
Current:				
Personal services	5,020,629	5,020,629	4,988,155	32,474
Supplies	300,012	309,923	319,864	(9,941)
Other services & charges	1,585,861	1,614,293	1,704,878	(90,585)
Capital outlay	18,750	18,750	15,855	2,895
	<u>6,906,502</u>	<u>6,963,595</u>	<u>7,028,752</u>	<u>(65,157)</u>
Fire department:				
Current:				
Personal services	2,707,954	2,711,954	2,569,195	142,759
Supplies	77,798	135,746	72,987	62,759
Other services & charges	456,462	474,750	470,927	3,823
Capital outlay	22,934	22,934	22,934	(22,934)
	<u>3,242,214</u>	<u>3,322,450</u>	<u>3,136,043</u>	<u>186,407</u>
Community services department:				
Current:				
Personal services	941,295	918,795	816,779	102,016
Supplies	50,348	50,348	28,122	22,226
Other services & charges	481,462	631,462	424,194	207,268
	<u>1,473,105</u>	<u>1,600,605</u>	<u>1,269,095</u>	<u>331,510</u>
Engineering department:				
Current:				
Personal services	921,283	1,051,283	986,840	64,443
Supplies	40,355	40,855	33,464	7,391
Other services & charges	348,961	1,018,161	945,796	72,365
Capital outlay	2,254	2,254	2,254	(2,254)
	<u>1,310,599</u>	<u>2,110,299</u>	<u>1,968,354</u>	<u>141,945</u>
Operations department:				
Current:				
Personal services	987,192	987,192	944,993	42,199
Supplies	1,999,500	1,999,500	1,797,019	202,481
Other services & charges	1,357,412	1,417,412	1,493,932	(76,520)
	<u>4,344,104</u>	<u>4,404,104</u>	<u>4,235,944</u>	<u>168,160</u>
Total expenditures	<u>19,434,628</u>	<u>20,614,700</u>	<u>19,821,819</u>	<u>792,881</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUE UNDER EXPENDITURES	<u>(6,638,613)</u>	<u>(7,292,685)</u>	<u>(6,627,833)</u>	<u>664,852</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	6,306,250	6,352,990	6,342,995	(9,995)
Transfers to other funds	<u>(54,270)</u>	<u>(716,135)</u>	<u>(697,385)</u>	<u>18,750</u>
Total other financing sources	<u>6,251,980</u>	<u>5,636,855</u>	<u>5,645,610</u>	<u>8,755</u>
NET CHANGE IN FUND BALANCE	(386,633)	(1,655,830)	(982,223)	673,607
FUND BALANCE - BEGINNING	<u>14,677,678</u>	<u>14,677,678</u>	<u>14,677,678</u>	
FUND BALANCE - ENDING	<u>\$ 14,291,045</u>	<u>\$ 13,021,848</u>	<u>\$ 13,695,455</u>	<u>\$ 673,607</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

	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	\$ 2,983,053	\$ 1,152,464	\$ 5,234,093	\$ 5,302,373	\$ 14,671,983	\$ 4,467,037
Receivables:						
Accounts and notes	4,309,173	622,758	756,657	830,092	6,518,680	126
Accrued interest	37,702	15,000	30	29	52,761	24
Special assessments		7,996	394,635		402,631	
Due from other city funds	67,000	3,776	329,391	548,163	948,330	
Due from other governmental units	61,810		54,944	199,938	316,692	6,527
Inventories	632,960	141,229			774,189	
Prepaid items	24,748	51,928			76,676	
Total current assets	<u>8,116,446</u>	<u>1,995,151</u>	<u>6,769,750</u>	<u>6,880,595</u>	<u>23,761,942</u>	<u>4,473,714</u>
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	12,869,862	3,522,590	46,242	1,305,532	17,744,226	
Long-term receivables:						
Special assessments		15,729	3,950,745		3,966,474	
Notes receivable, less current portion	337,533			1,127,487	1,465,020	
Other long-term investments	1,951,992	879,650			2,831,642	
Capital assets:						
Intangible plant	255,373				255,373	
Land	541,882	574,942	2,666,766	4,412,019	8,195,609	
Buildings	48,059,742	51,051,557	33,258,786	13,514,869	145,884,954	
Improvements other than buildings			27,777,878	7,671,236	35,449,114	
Machinery and equipment	4,799,701	1,162,396	10,132,542	1,192,234	17,286,873	20,577,932
Construction in progress	4,066,933	51,077			4,118,010	
Less accumulated depreciation	<u>(23,302,025)</u>	<u>(16,350,203)</u>	<u>(32,850,236)</u>	<u>(11,688,046)</u>	<u>(84,190,510)</u>	<u>(13,503,537)</u>
Total long-term assets	<u>49,580,993</u>	<u>40,907,738</u>	<u>44,982,723</u>	<u>17,535,331</u>	<u>153,006,785</u>	<u>7,074,395</u>
Total assets	<u>57,697,439</u>	<u>42,902,889</u>	<u>51,752,473</u>	<u>24,415,926</u>	<u>176,768,727</u>	<u>11,548,109</u>
LIABILITIES						
Current liabilities:						
Accounts payable	5,386,122	144,891	78,851	226,838	5,836,702	9,597
Accrued wages payable			40,388	79,552	119,940	15,214
Due to other city funds	1,018,880	106,522		1,647,509	2,772,911	
Due to other governmental units				10,214	10,214	
Customer deposits	138,950			19,940	158,890	
Other liabilities	242,272			27,932	270,204	
Accrued interest payable			271,750	15,350	287,100	
Current maturities of long-term debt			1,588,218	245,000	1,833,218	
Current liabilities payable from restricted assets:						
Accrued interest payable	70,000	35,918			105,918	
Current maturities of long-term debt	882,850	1,637,676			2,520,526	
Total current liabilities	<u>7,739,074</u>	<u>1,925,007</u>	<u>1,979,207</u>	<u>2,272,335</u>	<u>13,915,623</u>	<u>24,811</u>
Long-term liabilities:						
Accrued compensated absences	304,000	203,000	128,523	192,661	828,184	20,024
Other post-employment benefits	60,000	31,000	34,570	65,966	191,536	5,138
Notes payable		455,413			455,413	
Bonds payable	16,161,168	7,047,838	29,702,609	2,785,198	55,696,813	
Advances from other funds		652,421		785,768	1,438,189	
Total long-term liabilities	<u>16,525,168</u>	<u>8,389,672</u>	<u>29,865,702</u>	<u>3,829,593</u>	<u>58,610,135</u>	<u>25,162</u>
Total liabilities	<u>24,264,242</u>	<u>10,314,679</u>	<u>31,844,909</u>	<u>6,101,928</u>	<u>72,525,758</u>	<u>49,973</u>
NET ASSETS						
Invested in capital assets, net of related debt	24,105,363	29,304,255	9,694,909	12,072,114	75,176,641	7,074,395
Restricted for debt service	2,239,087	1,416,590	46,242	1,305,532	5,007,451	
Unrestricted	7,088,747	1,867,365	10,166,413	4,936,352	24,058,877	4,423,741
Total net assets	<u>\$ 33,433,197</u>	<u>\$ 32,588,210</u>	<u>\$ 19,907,564</u>	<u>\$ 18,313,998</u>	<u>\$ 104,242,969</u>	<u>\$ 11,498,136</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					317,642	
Net assets of business-type activities					<u>\$ 104,560,611</u>	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 32,672,762	\$ 6,179,260	\$ 4,873,587	\$ 8,262,564	\$ 51,988,173	\$ 2,255,827
Other	<u>335,812</u>	<u>37,147</u>	<u>94,778</u>	<u>475,131</u>	<u>942,868</u>	<u>7,688</u>
Total operating revenue	<u>33,008,574</u>	<u>6,216,407</u>	<u>4,968,365</u>	<u>8,737,695</u>	<u>52,931,041</u>	<u>2,263,515</u>
OPERATING EXPENSES						
Personal services	3,030,007	1,988,856	1,083,882	2,684,283	8,787,028	459,589
Purchased power	18,373,763				18,373,763	
Disposal fee				834,787	834,787	
Professional services	214,748	24,149	129,821	394,245	762,963	2,053
Insurance	147,093	93,930	128,316	137,577	506,916	1,347
Repair and maintenance	398,093	427,861	633,030	707,101	2,166,085	161,314
Supplies	224,357	1,012,616	326,299	629,302	2,192,574	24,618
Utilities			612,160	410,535	1,022,695	
Equipment rental			122,929	463,333	586,262	
Depreciation	1,666,443	1,132,822	1,595,209	795,870	5,190,344	1,460,940
Miscellaneous	250,961	60,441	352,185	723,530	1,387,117	167,587
Total operating expenses	<u>24,305,465</u>	<u>4,740,675</u>	<u>4,983,831</u>	<u>7,780,563</u>	<u>41,810,534</u>	<u>2,277,448</u>
Operating income (loss)	<u>8,703,109</u>	<u>1,475,732</u>	<u>(15,466)</u>	<u>957,132</u>	<u>11,120,507</u>	<u>(13,933)</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	197,300	97,778	68,462	121,288	484,828	49,340
Interest on indebtedness	(408,744)	(393,422)	(973,344)	(194,231)	(1,969,741)	
Gain (loss) on disposal of equipment	1,469	8,044			9,513	(8,578)
Special assessments			426,219		426,219	
Miscellaneous	93,183	(90,062)	90,670	58,582	152,373	115,780
Total nonoperating revenue (expense)	<u>(116,792)</u>	<u>(377,662)</u>	<u>(387,993)</u>	<u>(14,361)</u>	<u>(896,808)</u>	<u>156,542</u>
Income (loss) before transfers	<u>8,586,317</u>	<u>1,098,070</u>	<u>(403,459)</u>	<u>942,771</u>	<u>10,223,699</u>	<u>142,609</u>
Capital contributions	621,548	200,520	186,331	213,940	1,222,339	72,929
Transfers from other funds			30,000	694,199	724,199	16,404
Transfers to other funds	(6,669,750)	(311,000)	(256,111)	(1,196,494)	(8,433,355)	
Total transfers	<u>(6,048,202)</u>	<u>(110,480)</u>	<u>(39,780)</u>	<u>(288,355)</u>	<u>(6,486,817)</u>	<u>89,333</u>
CHANGE IN NET ASSETS	2,538,115	987,590	(443,239)	654,416	3,736,882	231,942
TOTAL NET ASSETS - BEGINNING	<u>30,895,082</u>	<u>31,600,620</u>	<u>20,350,803</u>	<u>17,659,582</u>		<u>11,266,194</u>
TOTAL NET ASSETS - ENDING	<u>\$ 33,433,197</u>	<u>\$ 32,588,210</u>	<u>\$ 19,907,564</u>	<u>\$ 18,313,998</u>		<u>\$ 11,498,136</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:					<u>59,034</u>	
Change in net assets of business-type activities:					<u>\$ 3,795,916</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, 2010**

	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	\$ 32,586,867	\$ 6,255,041	\$ 5,017,093	\$ 8,493,757	\$ 52,352,758	\$ 2,249,675
Payments to suppliers	(17,567,491)	(2,716,503)	(1,988,533)	(3,516,500)	(25,789,027)	(183,047)
Payments to employees	(1,916,676)	(811,737)	(1,060,263)	(2,653,635)	(6,442,311)	(458,473)
Other receipts (payments)			(253,536)	(412,258)	(665,794)	(158,769)
Net cash provided by operating activities	<u>13,102,700</u>	<u>2,726,801</u>	<u>1,714,761</u>	<u>1,911,364</u>	<u>19,455,626</u>	<u>1,449,386</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds			30,000	694,199	724,199	16,404
Transfers to other funds	(6,669,750)	(311,000)	(256,111)	(1,196,494)	(8,433,355)	
(Issuance of) payments received on notes	119,081	8,393			127,474	
Increase in due from other funds	(67,000)	(3,776)			(70,776)	
Increase in due to other funds	67,855	486,663			554,518	
Net cash provided by (used in) noncapital financing activities	<u>(6,549,814)</u>	<u>180,280</u>	<u>(226,111)</u>	<u>(502,295)</u>	<u>(7,097,940)</u>	<u>16,404</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond and note proceeds	8,633,900	1,706,100	251,070		10,591,070	
Purchase of assets	(5,606,199)	(884,399)	(301,665)	(30,340)	(6,822,603)	(1,178,251)
Proceeds from sale of assets	1,469	8,044			9,513	41,475
Principal payments - bonds and notes	(805,960)	(1,509,274)	(1,536,196)	(235,000)	(4,086,430)	
Interest payments - bonds and notes	(419,744)	(457,504)	(980,989)	(192,387)	(2,050,624)	
Capital grants from other governments			86,800	7,903	94,703	114,650
Special assessment collections			417,408		417,408	
Net cash provided by (used in) capital and related financing activities	<u>1,803,466</u>	<u>(1,137,033)</u>	<u>(2,063,572)</u>	<u>(449,824)</u>	<u>(1,846,963)</u>	<u>(1,022,126)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	185,310	97,777	68,462	121,277	472,826	49,332
Proceeds from sales of investments	10,228,048				10,228,048	
Purchase of investments	(12,180,040)	(879,649)			(13,059,689)	
Net cash provided by (used in) investing activities	<u>(1,766,682)</u>	<u>(781,872)</u>	<u>68,462</u>	<u>121,277</u>	<u>(2,358,815)</u>	<u>49,332</u>
Net increase (decrease) in cash and cash equivalents	6,589,670	988,176	(506,460)	1,080,522	8,151,908	492,996
Cash and cash equivalents at beginning of year	<u>9,263,245</u>	<u>3,686,878</u>	<u>5,786,795</u>	<u>5,527,383</u>	<u>24,264,301</u>	<u>3,974,041</u>
Cash and cash equivalents at end of year	<u>\$ 15,852,915</u>	<u>\$ 4,675,054</u>	<u>\$ 5,280,335</u>	<u>\$ 6,607,905</u>	<u>\$ 32,416,209</u>	<u>\$ 4,467,037</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 8,703,109	\$ 1,475,732	\$ (15,466)	\$ 957,132	\$ 11,120,507	\$ (13,933)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,666,443	1,132,822	1,595,209	795,870	5,190,344	1,460,940
Depreciation expensed to vehicle expense	117,076	64,745			181,821	
Miscellaneous nonoperating income	93,183	35,430	3,871	24,190	156,674	1,130
Change in assets and liabilities:						
Accounts and notes receivable	(453,079)	3,204	(76,995)	(75,070)	(601,940)	19
Due from other funds			102,648	(36,435)	66,213	
Due from other governments	(61,810)		117,852	182,540	238,582	(6,171)
Inventories	44,735	35,577			80,312	
Prepaid items	9,955	(15,598)			(5,643)	
Accounts payable	2,989,088	(2,111)	(35,978)	105,332	3,056,331	6,285
Accrued wages payable	(26,000)	(16,000)	4,112	2,469	(35,419)	(169)
Compensated absences payable			6,552	(4,816)	1,736	(545)
Other post employment benefits	20,000	13,000	12,956	24,263	70,219	1,830
Due to other funds				(45,617)	(45,617)	
Due to other governments				(21,706)	(21,706)	
Customer deposits				4,055	4,055	
Other current liabilities				(843)	(843)	
Net cash provided by operating activities	<u>\$ 13,102,700</u>	<u>\$ 2,726,801</u>	<u>\$ 1,714,761</u>	<u>\$ 1,911,364</u>	<u>\$ 19,455,626</u>	<u>\$ 1,449,386</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 621,548</u>	<u>\$ 200,520</u>	<u>\$ 186,331</u>	<u>\$ 213,940</u>	<u>\$ 1,222,339</u>	<u>\$ 72,929</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2010

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, 2010. Separate audited financial statements for the year ended June 30, 2010 are available from the agency. The component unit is discretely presented to emphasize its legal separation from the city.

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

B. Government-wide and fund financial statements

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

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

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

C. Measurement focus and basis of accounting

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

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

D. Assets, liabilities and net assets or equity

1. Deposits and Investments

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

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

Minnesota state statutes authorize investments in the following instruments:

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

2. Receivables and payables

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

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

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

Capital assets, which include property, plant, equipment, and 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 is depreciated using the straight line method over the following estimated useful lives.

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

6. Compensated absences

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

7. Long-term obligations

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

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

8. Fund equity

Reserves represent those portions of fund equity not available for appropriation or are legally segregated for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

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

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

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

The details of this \$81,144,472 difference are as follows:

Special assessments receivable	\$76,809,575
Notes receivable	4,376,435
Current notes receivable	<u>(41,538)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 81,144,472</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 \$161,336,549 difference are as follows:

Bonds payable	\$156,515,000
Notes payable	824,657
Accrued interest payable	2,447,490
Compensated absences payable	1,206,516
Other post-employment benefits	<u>342,886</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 161,336,549</u>

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

The details of this \$4,131,261 difference are as follows:

Internal service fund net assets	\$12,936,200
Net capital assets included in governmental activities	(8,512,459)
Accrued compensated absences payable included in governmental activities	20,024
Other post-employment benefits included in governmental activities	5,138
Internal service fund activity reflected in business-type activities	<u>(317,642)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$4,131,261</u>

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

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

The details of this \$317,642 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$258,608
Internal receivable representing charges in excess of cost to business-type activities - current year	59,034
Net adjustment to increase net assets - total enterprise funds to arrive at net assets - business-type activities	<u>\$ 317,642</u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgetary information

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

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

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

- B. Fund deficits

The Community Development fund has a \$6,178 deficit fund balance at December 31, 2010. This deficit will be recovered by future collections of governmental aid.

- C. Excess of expenditures over appropriations

Police Department expenditures exceeded appropriations by \$65,157 at December 31, 2010. The excess amount in the Police Department budget was offset by reductions in Administration, Fire, Community Services, and Operations. Reductions were made in operating supplies and by not filling vacant positions.

NOTE 4: - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$5,529,664, which approximates the bank balance and \$10,399,235 held with fiscal agent for the crossover refunding of the G.O. Tax Increment Bonds 2001A and 2001B. 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, 2010, the City has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		<1	1 - 5	>5 - 10	>10
U.S. Agencies	\$ 566,918	\$	566,918		\$
U.S. Treasuries	23,258,310	3,489,520	17,827,541	1,023,670	917,579
Money Markets	47,585,993	47,585,993			
Total Investments	<u>\$ 71,411,221</u>	<u>\$ 51,075,513</u>	<u>\$ 18,394,459</u>	<u>\$ 1,023,670</u>	<u>\$ 917,579</u>

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 \$9,115,561 are not rated. The City's remaining money market investments of \$49,848,322 are rated Aaa by Moody's Investors Service and AAAM by Standard & Poor's. The City's investments in U.S. government agencies are rated AAA by Moody's Investors Service and AAA by Standard & Poor's. The City investments in U.S. Government Treasury Bonds are not rated.

Custodial Credit Risk

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

Concentration of Credit Risk

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 14,943,781	\$ 9,991,914	\$ (15,539)	\$ 24,920,156
Construction in progress	4,798,578	21,878,087	(7,378,546)	19,298,119
Total capital assets, not being depreciated	19,742,359	31,870,001	(7,394,085)	44,218,275
Capital assets, being depreciated:				
Buildings	20,904,536	740,998		21,645,534
Improvements other than buildings	25,945,881	343,283	(29,448)	26,259,716
Machinery and equipment	26,165,367	2,018,305	(675,348)	27,508,324
Infrastructure	208,857,976	14,394,896		223,252,872
Total capital assets being depreciated	281,873,760	17,497,482	(704,796)	298,666,446
Less accumulated depreciation for:				
Buildings	(9,653,801)	(540,313)		(10,194,114)
Improvements other than buildings	(7,580,230)	(696,981)	19,172	(8,258,039)
Machinery and equipment	(15,716,395)	(2,046,346)	590,927	(17,171,814)
Infrastructure	(50,037,411)	(4,776,562)		(54,813,973)
Total accumulated depreciation	(82,987,837)	(8,060,202)	610,099	(90,437,940)
Total capital assets, being depreciated, net	198,885,923	9,437,280	(94,697)	208,228,506
Governmental activities capital assets, net	\$ 218,628,282	\$ 41,307,281	\$ (7,488,782)	\$ 252,446,781
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 8,195,609			\$ 8,195,609
Construction in progress	219,821	4,199,854	(301,665)	4,118,010
Total capital assets, not being depreciated	8,415,430	4,199,854	(301,665)	12,313,619
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	143,879,010	3,341,141	(1,335,197)	145,884,954
Improvements other than buildings	35,323,001	126,113		35,449,114
Machinery and equipment	15,924,106	1,476,215	(113,448)	17,286,873
Total capital assets being depreciated	195,381,490	4,943,469	(1,448,645)	198,876,314
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(57,991,595)	(3,948,154)	435,437	(61,504,312)
Improvements other than buildings	(8,722,437)	(879,088)		(9,601,525)
Machinery and equipment	(12,372,663)	(544,922)	88,285	(12,829,300)
Total accumulated depreciation	(79,342,068)	(5,372,164)	991,914	(84,190,510)
Total capital assets, being depreciated, net	116,039,422	(428,695)	(456,731)	114,685,804
Business-type activities capital assets, net	\$ 124,454,852	\$ 3,771,159	\$ (758,396)	\$ 126,999,423

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

Governmental activities:		
General Government	\$	84,526
Public Safety		84,810
Highways & Streets, including depreciation of general infrastructure assets		4,841,000
Parks & Recreation		849,643
Library		61,328
Economic Development		196,120
Community Development		4,668
Mass Transit		477,167
Subtotal		6,599,262
Internal Service		1,460,940
Total depreciation expense – governmental activities	\$	<u>8,060,202</u>
Business-type activities:		
Electric	\$	1,783,519
Water		1,197,566
Wastewater		1,595,209
Storm water		38,046
Sanitation		32,949
Golf Course		211,404
Sports Center		339,804
Forestry		803
Airport		172,864
Total depreciation expense – business-type activities	\$	<u>5,372,164</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net assets is \$5,190,344. The difference of \$181,820 is expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

C. Interfund receivables, payables, advances and transfers

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The composition of inter-fund balances as of December 31, 2010, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 3,361,107	
Park Fund		
Special Assessment Capital Fund	81,522	70,776
Permanent Improvement Fund		763,333
Capital Improvement Fund	134,000	
Tax Increment Fund		907,545
Community Development Fund		10,394
	<u>3,576,629</u>	<u>1,752,048</u>
Business-type activities:		
Electric Fund	67,000	1,018,880
Water Fund	3,776	106,522
Storm Water Fund	164,583	
Waste Water Fund	329,391	
Sanitation Fund	293,469	
Forestry Fund	64,468	
Pest Control Fund	25,643	
Golf Course Fund		1,647,509
	<u>948,330</u>	<u>2,772,911</u>
	<u>\$ 4,524,959</u>	<u>\$ 4,524,959</u>

A \$347,981 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 \$652,421 advance from the special assessment capital projects fund to the water fund will be repaid by future service charges in the water fund.

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

	Transfers In								
	Transfers Out	Major Funds:					Nonmajor Funds:		
		General	Permanent Improvement	Waste Water	Special Assmt Capital	Special Assmt Debt	Governmental	Enterprise	Internal Service
Major Funds									
General	\$ 697,386	\$	\$ 571,158	\$ 30,000	\$	\$	\$ 11,958	\$ 84,270	\$
Special Assmt Debt	92,000							92,000	
Electric	6,669,750	5,088,750					1,581,000		
Water	311,000	311,000							
Waste Water	256,111	256,111							
Totals	8,026,247	5,655,861	571,158	30,000			1,592,958	176,270	
Non-Major Funds									
Governmental	1,089,516	5,490			387,000	11,587	209,356	459,679	16,404
Enterprise	1,196,494	681,644				456,600		58,250	
Totals	2,286,010	687,134			387,000	468,187	209,356	517,929	16,404
	\$10,312,257	\$6,342,995	\$ 571,158	\$30,000	\$ 387,000	\$ 468,187	\$ 1,802,314	\$ 694,199	\$16,404

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2010	Additions	Reductions	Balance at December 31, 2010	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 132,160,000	\$ 14,165,000	\$ 6,570,000	\$ 139,755,000	\$ 6,335,000
G.O. Debt	2,275,000		620,000	1,655,000	640,000
G.O. Tax Increment	13,315,000	1,390,000	1,545,000	13,160,000	8,005,000
G.O. Municipal Improvement Revenue	2,205,000		260,000	1,945,000	275,000
Total Bonds Payable	149,955,000	15,555,000	8,995,000	156,515,000	15,255,000
Notes Payable	901,627		76,970	824,657	61,339
Compensated Absences	1,350,352	621,529	765,365	1,206,516	683,840
Other Post-Employment Benefits	213,400	129,486		342,886	
Governmental Activity Long-Term Liabilities	\$ 152,420,379	\$ 16,306,015	\$ 9,837,335	\$ 158,889,059	\$ 16,000,179
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 9,222,651	\$ 8,633,900	\$ 885,501	\$ 16,971,050	864,850
Water Utility	8,412,349	1,706,100	1,419,499	8,698,950	1,625,150
Wastewater	32,652,548	301,665	1,536,196	31,418,017	1,588,218
Golf Course	3,145,000		185,000	2,960,000	195,000
Sports Center	155,000		50,000	105,000	50,000
Total Bonds Payable	53,587,548	10,641,665	4,076,196	60,153,017	4,323,218
Notes Payable	108,215		29,122	79,093	30,526
Compensated Absences	868,448	205,188	245,451	828,185	204,557
Other Post-Employment Benefits	121,318	70,218		191,536	
Business-Type Activity Long-Term Liabilities	\$ 54,685,529	\$ 10,917,071	\$ 4,350,769	\$ 61,251,831	\$ 4,558,301

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

The City's debt limit is \$62,491,626 and the legal debt margin is \$61,009,635. 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 \$33,503,826 available in the Debt Service Funds to service the special assessment, general obligation and municipal improvement bonds. These bonds are direct obligations and pledge the full faith and credit of the city. Certain Enterprise Funds (Electric, Water, Golf Course, Sports Center and Wastewater Treatment) will be used to repay revenue bonds.

Unamortized bond discounts of \$181,553 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, 2010 consists of the following:

Governmental Activities-

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

Business-Type Activities-

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

The annual requirement to amortize notes outstanding as of December 31, 2010, follows:

Year	Governmental Activities		Business –Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 61,339	\$ 40,719	\$ 30,526	\$ 3,456
2012	64,463	37,594	31,996	1,981
2013	67,746	34,311	16,571	395
2014	71,197	30,861	0	0
2015	74,823	27,234	0	0
2016	78,634	23,423	0	0
2017 - 2021	406,455	52,803	0	0
Totals	\$ 824,657	\$ 246,945	\$ 79,093	\$ 5,832

The requirement to amortize all bonded debt outstanding as of December 31, 2010, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2011	15,255,000	6,088,191	4,323,218	2,203,354	27,869,763
2012	10,070,000	5,624,797	4,536,647	2,057,612	22,289,056
2013	7,815,000	5,301,788	3,108,034	1,909,630	18,134,452
2014	7,965,000	5,032,943	3,229,886	1,805,604	18,033,433
2015	8,145,000	4,742,696	3,287,608	1,696,418	17,871,722
2016-2020	38,875,000	19,113,859	17,567,525	6,726,872	82,283,256
2021-2025	38,970,000	11,154,724	18,371,099	3,362,653	71,858,476
2026-2030	25,625,000	3,232,269	5,729,000	550,852	35,137,121
2031-2033	3,795,000	248,202			4,043,202
	\$ 156,515,000	\$ 60,539,469	\$ 60,153,017	\$ 20,312,995	\$ 297,520,481

Bonds payable at December 31, 2010 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2010
Governmental Activities					
G.O. Special Assessment					
1999 Downtown Refunding Series B	11/01/99	02/01/13	4.75-5.35	925,000	200,000
2002 Series B	07/01/02	02/01/23	4.20-5.81	\$ 4,985,000	\$ 3,085,000
2003 Series B	05/01/03	02/01/33	2.00-5.00	12,775,000	11,275,000
2003 Series C	09/01/03	02/01/24	2.50-4.75	2,465,000	1,615,000
2004 Series A	10/01/04	02/01/27	4.00-4.50	16,795,000	13,870,000
2004 Refunding Series B	12/01/04	08/01/18	3.00-4.30	1,085,000	355,000
2005 Series A	07/01/05	02/01/27	3.50-5.00	16,580,000	14,440,000
2005 Series B	12/15/05	02/01/27	4.00-4.75	16,445,000	14,745,000
2006 Series B	08/01/06	02/01/33	4.00-4.625	10,690,000	9,835,000
2006 Series C	12/15/06	02/01/28	3.50-4.25	12,625,000	11,640,000
2007 Series A	08/15/07	02/01/29	4.00-4.50	22,400,000	21,605,000
2008 Refunding Series A	02/15/08	02/01/21	3.00-4.00	1,340,000	905,000
2008 Series B	09/15/08	02/01/29	3.00-4.50	9,500,000	9,500,000
2009 Series A	11/15/09	02/01/31	3.00-4.50	2,820,000	2,820,000
2009 Series B	11/15/09	02/01/29	2.25-4.50	8,110,000	8,110,000
2009 Refunding Series C	11/15/09	02/01/22	2.00-4.00	1,590,000	1,590,000
2010 Series A	09/09/10	02/01/32	1.25-5.50	12,135,000	12,135,000
2010 Refunding Series D	09/22/10	02/01/23	2.00-3.00	2,030,000	2,030,000
				<u>155,295,000</u>	<u>139,755,000</u>
G.O. Debt					
2004 Facility Refunding Series C	12/15/04	02/01/12	3.00-4.00	1,500,000	460,000
2006 Capital Equipment Series A	03/15/06	02/01/11	4.00	705,000	195,000
2008 Refunding Bond Series A	02/15/08	02/01/15	2.80	1,210,000	1,000,000
				<u>3,415,000</u>	<u>1,655,000</u>
G.O Tax Increment					
2001 Regency/Holiday Mall Series A	05/15/01	02/01/28	4.25-5.25	7,000,000	6,500,000
2001 Regency/Holiday Mall Series B	05/15/01	02/01/28	4.25-5.30	1,590,000	1,395,000
2009 Regency/Holiday Mall Refunding Series A	11/15/09	02/01/28	2.00-4.50	2,910,000	2,910,000
2009 Regency/Holiday Mall Refunding Series D	11/15/09	02/01/18	2.00-4.00	965,000	965,000
2010 Regency/Holiday Mall Refunding Series B	09/09/10	02/01/28	2.00-3.70	1,390,000	1,390,000
				<u>13,855,000</u>	<u>13,160,000</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	930,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	480,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	535,000
				<u>3,530,000</u>	<u>1,945,000</u>
Total Governmental Activities				<u>\$ 176,095,000</u>	<u>\$ 156,515,000</u>

Business-Type Activities

G.O. Sewer Revenue Note of 1994	09/29/94	02/20/15	4.10	\$ 2,478,112	\$ 737,855
G.O. Sewer Revenue Note of 1995	06/29/95	08/20/16	4.11	1,601,443	620,309
G.O. Sewer Revenue Note of 1997	06/29/97	02/20/18	3.49	426,290	192,243
G.O. Sewer Revenue Note of 2002	05/06/02	08/20/22	3.13	3,389,288	2,308,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	11,230,000
G.O. Sewer Revenue Note of 2004	06/21/04	08/20/23	1.98	6,598,073	4,834,099
G.O. Sewer Revenue Note of 2007	06/29/07	08/20/26	1.99	12,407,226	11,495,511
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	2,960,000
2001 Gross Revenue Facility Series A	05/01/01	05/01/12	4.85-4.95	505,000	105,000
2002 Electric Utility Revenue Series C	08/01/02	11/01/17	2.50-4.25	4,570,000	2,500,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	3,029,150
2009 Electric Utility Revenue Series A	5/15/09	11/1/17	3.00-4.75	1,721,000	1,393,000
2009 Electric Utility Refunding Series A	5/15/09	11/1/24	3.00-4.75	1,470,000	1,415,000

Business-Type Activities (cont.)					Principal	
Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2010	
2002 Water Revenue Series C	08/01/02	11/01/17	2.50-4.25	1,005,000	550,000	
2007 Water MMJA Revenue Series A	07/12/07	06/01/27	5.17	3,838,850	3,415,850	
2009 Water Utility Refunding Series A	5/15/09	11/1/17	3.00-4.75	4,339,000	3,027,000	
2010 Electric Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	8,633,900	8,633,900	
2010 Water Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	1,706,100	1,706,100	
Total Business-Type Activities				\$ 74,929,432	\$ 60,153,017	

In November 2009 the Moorhead Economic Development Authority issued G.O. Tax Increment Refunding Bonds, Series 2009A to be used for a crossover refunding of the G.O. Tax Increment Bonds 2001A dated May 15, 2001. The net proceeds were used to purchase securities of the U.S. Government. Those securities and the City's equity contribution of \$3,600,000 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$5,953,797. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$3,937,708. 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. Tax Increment Refunding 2009A	\$ 2,910,000	4.074%	\$ 2,868,374	G.O. Tax Increment 2001A	5.162%	02/01/2011	\$ 6,365,000

In September 2010 the City of Moorhead issued G.O. Tax Increment Refunding Bonds, Series 2010B to be used for a crossover refunding of the G.O. Tax Increment Bonds 2001B dated May 15, 2001. 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 \$244,045. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$189,560. 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. Tax Increment Refunding 2010B	\$ 1,390,000	3.23%	\$ 1,354,139	G.O. Tax Increment 2001B	5.201%	02/01/2011	\$ 1,355,000

In September 2010 the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2010D to be used for a crossover refunding of the G.O. Improvement Bonds 2002B dated July 15, 2002. The net proceeds were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$959,277. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$829,590. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			
				Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Tax Increment Refunding 2010D	\$ 2,030,000	2.77%	\$ 2,062,481	G.O. Improvement 2002B	4.421%	02/01/2011	\$ 2,647,789

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. Neither 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, 2010, there were 7 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$44,199,531.

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 December 31, 2010. The actuary determined the only obligation for the City and Public Service Utility was to record the implicit rate subsidy portion as described in the standard. The City is a cost-sharing multiple employer plan while the alternative measurement method, a simplified method of calculating the liability for plans with fewer than 100 members was used by the Public Service Utility.

City:

Plan Description-

The plan is a single employer defined benefit healthcare plan administered by the City. The City provides health insurance benefits in accordance with various union contracts and as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and if they do not participate in any other health benefits program providing similar coverage. These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2010 there were 24 retirees and 5 retiree spouses participating in the City's group health plan. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

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

Annual OPEB cost and net OPEB obligation-

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2010, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 246,448
Interest on net OPEB obligations	12,452
Adjustment to ARC	<u>(16,756)</u>
Annual OPEB Cost	242,144
Contributions during the year	<u>(75,439)</u>
Increase in net OPEB obligation	166,705
Net OPEB beginning of year	<u>276,718</u>
Net OPEB end of year	<u>\$ 443,423</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 2010 and the preceding two fiscal years (2008 year of implementation) were as follows:

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

Funded Status and Funding Progress-

As of January 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,974,939, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,974,939. The covered payroll (annual payroll of active employees covered by the plan) was \$11,695,425, and the ratio of the UAAL to the covered payroll was 16.9 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents a single year's information, as the standard was implemented in fiscal year 2008, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

Actuarial Methods and Assumptions-

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

In the January 1, 2010 actuarial valuation, the project unit credit actuarial cost method was used. The economic assumptions included a 4.5% discount rate (net of investment expenses), no annual increase in covered payroll and a medical trend rate of 8.5% in 2010 grading to 5% over seven years. The unfunded actuarial accrued liability will be amortized as a level dollar amount over an open 30-year period beginning in 2008. The remaining amortization period at December 31, 2010, was 27 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 2010, the amount actually contributed to the plan, and changes in the Utility's net OPEB obligation:

Normal Cost	\$ 23,000
Amortization of UAAL over 30 years	22,000
Interest on OPEB Obligation	1,000
Total year-end ARC	46,000
Contributions during the year	(13,000)
Increase in OPEB Obligation	33,000
Net OPEB Obligation, Beginning of Year	58,000
Estimated Net OPEB Obligation, End of Year	<u>\$ 91,000</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 2010 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 46,000	\$ 18,000	39%	\$ 28,000
12/31/2009	\$ 46,000	\$ 16,000	35%	\$ 58,000
12/31/2010	\$ 46,000	\$ 13,000	35%	\$ 91,000

Funded Status and Funding Progress-

As of January 1, 2008, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$383,098, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$383,098. The covered payroll (annual payroll of active employees covered by the plan) was \$3,589,313, and the ratio of the UAAL to the covered payroll was 10.7 percent.

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, presents a single year's information, as the standard was implemented in fiscal year 2008, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

Actuarial Methods and Assumptions-

Projections of benefits for financial reporting purposes are based on the substantive plan (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, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after eight years. Both rates included an inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over 30 years. The remaining amortization period at December 31, 2010, was 27 years.

NOTE 5: - OTHER INFORMATION

A. Employee retirement system pension plans - Statewide

1. Defined Benefit

a. Plan Description

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

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

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

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

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

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

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

b. Funding Policy

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

In 2010, the City of Moorhead was required to contribute the following percentages of annual covered payroll:

Basic Plan GERF members- 11.78% PEPFF members- 14.10% Coordinated Plan GERF members- 7.00%

In 2010, City employees were required to contribute the following percentages of annual covered payroll:

Basic Plan GERF members- 9.1% PEPFF members- 9.4% Coordinated Plan GERF members- 6.0%

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009 and 2008 were \$766,747, \$804,935, and \$721,033, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2010, 2009, and 2008 were \$734,824, \$693,009 and \$648,980, 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 2010 were:

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

B. Commitments

Under its wholesale power agreement, the municipality is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration (WAPA) until December 31, 2020. The municipality is also committed to purchase its supplemental power from the Missouri River Energy Service. 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, 2010. The annual costs for First Transit during 2010 are \$551,972. 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, vehicle parts, fuel and maintenance of the transit fleet on a one-third basis of actual cost.

The City of Moorhead has a lease agreement through April 1, 2011 with Independent School District No. 152 whereby the school will lease a portion of the Sports Center facility at an annual rate of \$68,400. On December 31, 2010, the total of future payments under this lease is \$68,400.

The City has active construction projects as of December 31, 2010, which include street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$2,377,000.

The addition of 10 megawatts of generation is in progress at the end of 2010. The total cost of the generation project is estimated at \$5.2 million, and was finance through the issuance of long term debt in 2010. \$3.6 million in construction has been accomplished in 2011. The generators are expected to be in operation in mid-2011. Two-thirds of the cost of the generation will be offset by a lease to Missouri River Energy Services.

C. Risk Management

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

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

The general insurance plan with LMCIT provides the City's liability, property and auto coverage, except that a separate property policy is required to cover the wastewater facility and the public utility's power plant and substations, which is obtained through ACE American Insurance Company. The City continues to carry commercial insurance for employee health and life insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There has been no substantial change in coverage from the prior year.

D. Joint Powers Agreement – Regional Dispatch Center

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

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

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

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

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

E. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,170,600 for local improvements where the affected property is unplatted and undeveloped. The City is therefore unable to assess the costs at this time, but may subsequently reimburse itself once the abutting property is developed. There is an additional \$17,565,943 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

F. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

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

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

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

Minnesota statutes require that all Agency deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). Authorized collateral includes U.S. Government obligations, as well as certain first mortgage notes and certain other state and local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the Agency or financial institution other than that furnishing the collateral. The deposits of the Agency are entirely insured or collateralized with securities held by the Agency or its agent in the Agency's name at June 30, 2010.

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

Investments - Minnesota statutes authorize the Agency to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper record. The Agency had no such investments of this kind during the year or at year end.

2. Capital asset activity for the fiscal year ended June 30, 2010 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	8,891,740	792,520		9,654,260
Furniture, equipment & machinery	475,868	32,910	(14,825)	493,953
Total Capital assets being depreciated	9,367,608	795,430	(14,825)	10,148,213
Less accumulated depreciation for:				
Buildings & Improvements	5,393,463	172,473		5,565,936
Furniture, equipment & machinery	422,762	10,115	(2,857)	430,020
Total accumulated depreciation	5,816,225	182,588	(2,857)	5,995,956
Total capital assets, being depreciated, net	3,551,383	612,842	(11,968)	4,152,257
Total Capital assets, net	\$ 4,016,360	\$ 612,842	\$ (11,968)	\$ 4,617,234

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

Business-type activities	
Low-Rent Public Housing	\$182,588

G. Issued But Not-Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a statement not yet implemented by the City. The statement issued but not implemented that will significantly affect the City is statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

Statement No. 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. This statement will be implemented at the City in the year ending December 31, 2011.

The City is in the process of reviewing and evaluating the above statement and, therefore, the potential effect of this new accounting pronouncement on the financial statements cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Note to the Schedule of Funding Progress

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

As such there is only one valuation disclosed below for the Utility and there are no notes to describe factors that significantly affect the trends as those trends have not yet been established due to the recent adoption of the standard.

City:

There have been no changes in the Plan Provisions since the Prior valuation. Since the last actuarial valuation as of January 1, 2008, the following actuarial assumptions have changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases. The previous assumptions were 9.00% in 2008 grading to an ultimate rate of 5.00% after 8 years.

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

Public Service Utility:

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%

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

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

Capital Projects Funds

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS						
Cash and investments	\$ 1,567,473	\$ 303,874	\$	\$ 482,519	\$ 338,290	\$ 897,558
Cash with fiscal agent						
Receivables:						
Accounts	13,975			375	21,171	2,648
Notes			3,538,361			45,000
Accrued interest	8	1		2	2	4
Due from other funds						
Due from other governmental units	195		11,751		350,480	3,659
Total Assets	\$ 1,581,651	\$ 303,875	\$ 3,550,112	\$ 482,896	\$ 709,943	\$ 948,869
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 15,149	\$ 3,733	\$ 5,383	\$ 1,585	\$ 132,936	\$ 2,159
Accrued wages payable	35,776		2,152	4,430	5,380	7,282
Due to other funds			10,394			
Advances from other funds						
Other liabilities	5,619					
Deferred revenue			3,538,361			45,000
Total Liabilities	56,544	3,733	3,556,290	6,015	138,316	54,441
Fund Balance:						
Reserved for encumbrances	14,854			836	256,799	8,591
Reserved for debt service						
Unreserved:						
Designated for working capital	1,525,107					
Undesignated	(14,854)	300,142	(6,178)	476,045	314,828	885,837
Total Fund Balance	1,525,107	300,142	(6,178)	476,881	571,627	894,428
Total Liabilities and Fund Balance	\$ 1,581,651	\$ 303,875	\$ 3,550,112	\$ 482,896	\$ 709,943	\$ 948,869

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2010**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 69,725	\$ 3,659,439	\$ 173,006	\$ 908,745 7,761,753	\$ 400,207	\$ 1,481,958 7,761,753	\$ 1,364,347	\$ 6,505,744 7,761,753
	38,169						38,169
	3,583,361					2,450	3,585,811
	17		3	5	8	7	32
	366,085	3	3,349	102,275	105,627	134,000	134,000
						13,800	485,512
<u>\$ 69,725</u>	<u>\$ 7,647,071</u>	<u>\$ 173,009</u>	<u>\$ 8,673,850</u>	<u>\$ 502,487</u>	<u>\$ 9,349,346</u>	<u>\$ 1,514,604</u>	<u>\$ 18,511,021</u>
\$ 1,068	\$ 162,013 55,020 10,394		\$ 9,172 907,545 347,981	\$ 431	\$ 9,603 907,545 347,981	\$ 15,658	\$ 187,274 55,020 917,939 347,981 5,619 3,583,361
	5,619						5,619
	3,583,361						3,583,361
<u>1,068</u>	<u>3,816,407</u>		<u>1,264,698</u>	<u>431</u>	<u>1,265,129</u>	<u>15,658</u>	<u>5,097,194</u>
	281,080					119,913	400,993
		173,009	7,409,152	502,056	8,084,217		8,084,217
	1,525,107						1,525,107
68,657	2,024,477					1,379,033	3,403,510
<u>68,657</u>	<u>3,830,664</u>	<u>173,009</u>	<u>7,409,152</u>	<u>502,056</u>	<u>8,084,217</u>	<u>1,498,946</u>	<u>13,413,827</u>
<u>\$ 69,725</u>	<u>\$ 7,647,071</u>	<u>\$ 173,009</u>	<u>\$ 8,673,850</u>	<u>\$ 502,487</u>	<u>\$ 9,349,346</u>	<u>\$ 1,514,604</u>	<u>\$ 18,511,021</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$	\$	\$	\$	\$	\$ 185,798
Special assessments						
Intergovernmental revenues:						
Federal	42,700		165,439		1,027,138	
State	2,331,738	771,800	1,310		1,087,532	151,413
County						
Other						
Charges for services	132,996			151,915	324,919	
Facility rentals	154,246					
Donations						
Interest on investments	832	(1,382)	55	5,360	4,741	14,188
Miscellaneous	70,853	573	150,579	13,064	10,115	103,320
Total revenues	<u>2,733,365</u>	<u>770,991</u>	<u>317,383</u>	<u>170,339</u>	<u>2,454,445</u>	<u>454,719</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,248,308					
Library		767,350				
Community development			322,240			
Rental registration				158,890		
Mass transit					1,823,815	
Economic development						587,725
Capital outlay	89,626				611,750	301,879
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>2,337,934</u>	<u>767,350</u>	<u>322,240</u>	<u>158,890</u>	<u>2,435,565</u>	<u>889,604</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>395,431</u>	<u>3,641</u>	<u>(4,857)</u>	<u>11,449</u>	<u>18,880</u>	<u>(434,885)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt						
Premium on issuance of debt						
Transfers from other funds					7,293	50,000
Transfers to other funds	(459,679)					(30,256)
Sale of capital assets						
Total other financing sources (uses)	<u>(459,679)</u>				<u>7,293</u>	<u>19,744</u>
NET CHANGE IN FUND BALANCE	<u>(64,248)</u>	<u>3,641</u>	<u>(4,857)</u>	<u>11,449</u>	<u>26,173</u>	<u>(415,141)</u>
TOTAL NET ASSETS - BEGINNING, AS PREVIOUSLY REPORTED	1,589,355	296,501	(1,321)	465,432	545,454	1,309,569
PRIOR PERIOD ADJUSTMENT						
TOTAL NET ASSETS - BEGINNING, AS RESTATED	<u>1,589,355</u>	<u>296,501</u>	<u>(1,321)</u>	<u>465,432</u>	<u>545,454</u>	<u>1,309,569</u>
FUND BALANCE - ENDING	<u>\$ 1,525,107</u>	<u>\$ 300,142</u>	<u>\$ (6,178)</u>	<u>\$ 476,881</u>	<u>\$ 571,627</u>	<u>\$ 894,428</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

		Debt Service				Capital Projects	Total
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	Nonmajor Governmental Funds
\$	\$ 185,798	\$ 93	\$ 953,866	\$	\$ 953,959	\$	\$ 1,139,757
	1,235,277					167,200	1,402,477
	4,343,793	660,000	546,001		1,206,001		5,549,794
				102,275	102,275		102,275
				74,473	74,473		74,473
	609,830						609,830
	154,246						154,246
9,633	9,633						9,633
804	24,598		22,682	3,801	26,483	17,072	68,153
	348,504						348,504
10,437	6,911,679	660,093	1,522,549	180,549	2,363,191	184,272	9,459,142
						64,705	64,705
9,353	9,353					130,703	140,056
						10,045	10,045
2,190	2,250,498					92,771	2,343,269
	767,350					89,993	857,343
1,603	323,843						323,843
	158,890						158,890
	1,823,815						1,823,815
	587,725						587,725
	1,003,255					1,022,539	2,025,794
		678,366	1,563,604	260,000	2,501,970		2,501,970
		106,807	892,610	88,675	1,088,092		1,088,092
		8,878	412,102	2,693	423,673		423,673
13,146	6,924,729	794,051	2,868,316	351,368	4,013,735	1,410,756	12,349,220
(2,709)	(13,050)	(133,958)	(1,345,767)	(170,819)	(1,650,544)	(1,226,484)	(2,890,078)
			1,390,000		1,390,000		1,390,000
			16,656		16,656		16,656
	57,293		30,256	179,100	209,356	1,535,665	1,802,314
	(489,935)		(11,587)		(11,587)	(587,994)	(1,089,516)
	(432,642)		1,425,325	179,100	1,604,425	947,671	2,119,454
(2,709)	(445,692)	(133,958)	79,558	8,281	(46,119)	(278,813)	(770,624)
71,366	4,276,356	249,645	7,329,594	551,097	8,130,336	1,777,759	14,184,451
		57,322		(57,322)			
71,366	4,276,356	306,967	7,329,594	493,775	8,130,336	1,777,759	14,184,451
\$ 68,657	\$ 3,830,664	\$ 173,009	\$ 7,409,152	\$ 502,056	\$ 8,084,217	\$ 1,498,946	\$ 13,413,827

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$	\$
Intergovernmental:				
Federal	42,700	42,700	42,700	
State	2,331,738	2,331,738	2,331,738	
Charges for services	127,160	127,160	132,996	5,836
Facility rentals	138,676	138,676	154,246	15,570
Interest on investments	10,000	10,000	832	(9,168)
Miscellaneous	68,300	68,300	70,853	2,553
Total revenues	<u>2,718,574</u>	<u>2,718,574</u>	<u>2,733,365</u>	<u>14,791</u>
EXPENDITURES				
Current:				
Personal services	1,123,309	1,123,309	1,129,260	(5,951)
Supplies	194,762	194,762	180,168	14,594
Other services & charges	970,225	970,225	938,880	31,345
Capital outlay	130,000	130,000	89,626	40,374
Total expenditures	<u>2,418,296</u>	<u>2,418,296</u>	<u>2,337,934</u>	<u>80,362</u>
REVENUE OVER EXPENDITURES	<u>300,278</u>	<u>300,278</u>	<u>395,431</u>	<u>95,153</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(459,679)	(459,679)	(459,679)	
Total other financing uses	<u>(459,679)</u>	<u>(459,679)</u>	<u>(459,679)</u>	
NET CHANGE IN FUND BALANCE	(159,401)	(159,401)	(64,248)	95,153
FUND BALANCE - BEGINNING	<u>1,589,355</u>	<u>1,589,355</u>	<u>1,589,355</u>	
FUND BALANCE - ENDING	<u>\$ 1,429,954</u>	<u>\$ 1,429,954</u>	<u>\$ 1,525,107</u>	<u>\$ 95,153</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$	\$	\$	\$
Intergovernmental:				
State	771,800	771,800	771,800	
Interest on investments			(1,382)	(1,382)
Miscellaneous			573	573
Total revenues	<u>771,800</u>	<u>771,800</u>	<u>770,991</u>	<u>(809)</u>
EXPENDITURES				
Current:				
Supplies	4,905	4,905	2,524	2,381
Other services & charges	<u>766,895</u>	<u>766,895</u>	<u>764,826</u>	<u>2,069</u>
Total expenditures	<u>771,800</u>	<u>771,800</u>	<u>767,350</u>	<u>4,450</u>
NET CHANGE IN FUND BALANCE			3,641	3,641
FUND BALANCE - BEGINNING	<u>296,501</u>	<u>296,501</u>	<u>296,501</u>	
FUND BALANCE - ENDING	<u>\$ 296,501</u>	<u>\$ 296,501</u>	<u>\$ 300,142</u>	<u>\$ 3,641</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 523,216	\$ 523,216	\$ 165,439	\$ (357,777)
State			1,310	1,310
Interest on investments			55	55
Miscellaneous:				
Rehab loan payments	189,618	189,618	148,837	(40,781)
Other			1,742	1,742
Total revenues	<u>712,834</u>	<u>712,834</u>	<u>317,383</u>	<u>(395,451)</u>
EXPENDITURES				
Current:				
Personal services	130,917	130,917	88,275	42,642
Supplies	832	832	403	429
Other services & charges	607,409	607,409	233,562	373,847
Total expenditures	<u>739,158</u>	<u>739,158</u>	<u>322,240</u>	<u>416,918</u>
NET CHANGE IN FUND BALANCE	(26,324)	(26,324)	(4,857)	21,467
FUND BALANCE - BEGINNING	<u>(1,321)</u>	<u>(1,321)</u>	<u>(1,321)</u>	
FUND BALANCE - ENDING	<u>\$ (27,645)</u>	<u>\$ (27,645)</u>	<u>\$ (6,178)</u>	<u>\$ 21,467</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<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	\$ 5,360	\$ 1,360
Miscellaneous:				
Rehabilitation inspection fees	1,725	1,725	11,655	9,930
Rental housing registration fees	200,000	200,000	140,260	(59,740)
Other			13,064	13,064
Total revenues	<u>205,725</u>	<u>205,725</u>	<u>170,339</u>	<u>(35,386)</u>
EXPENDITURES				
Current:				
Personal services	165,960	165,960	134,545	31,415
Supplies	9,820	9,820	3,511	6,309
Other services & charges	43,345	43,345	20,834	22,511
Total expenditures	<u>219,125</u>	<u>219,125</u>	<u>158,890</u>	<u>60,235</u>
NET CHANGE IN FUND BALANCE	(13,400)	(13,400)	11,449	24,849
FUND BALANCE - BEGINNING	<u>465,432</u>	<u>465,432</u>	<u>465,432</u>	
FUND BALANCE - ENDING	<u>\$ 452,032</u>	<u>\$ 452,032</u>	<u>\$ 476,881</u>	<u>\$ 24,849</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal grants	\$ 1,334,038	\$ 1,345,757	\$ 1,027,138	\$ (318,619)
State grants	634,754	634,754	632,532	(2,222)
State transit aid	469,300	469,300	455,000	(14,300)
Charges for services	345,820	358,678	324,919	(33,759)
Interest on investments			4,741	4,741
Miscellaneous	6,500	6,500	10,115	3,615
Total revenues	<u>2,790,412</u>	<u>2,814,989</u>	<u>2,454,445</u>	<u>(360,544)</u>
EXPENDITURES				
Current:				
Personal services	135,511	135,511	135,066	445
Supplies	850	850	31,469	(30,619)
Other services & charges	1,894,087	1,923,587	1,657,280	266,307
Capital outlay	873,390	873,390	611,750	261,640
Total expenditures	<u>2,903,838</u>	<u>2,933,338</u>	<u>2,435,565</u>	<u>497,773</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(113,426)</u>	<u>(118,349)</u>	<u>18,880</u>	<u>137,229</u>
OTHER FINANCING SOURCES:				
Transfers from other funds		7,293	7,293	
Total other financing sources		<u>7,293</u>	<u>7,293</u>	
NET CHANGE IN FUND BALANCE	(113,426)	(111,056)	26,173	137,229
FUND BALANCE - BEGINNING	<u>545,454</u>	<u>545,454</u>	<u>545,454</u>	
FUND BALANCE - ENDING	<u>\$ 432,028</u>	<u>\$ 434,398</u>	<u>\$ 571,627</u>	<u>\$ 137,229</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 230,000	\$ 230,000	\$ 185,798	\$ (44,202)
Intergovernmental:				
State grants	107,610	107,610	151,413	43,803
Interest on investments	12,000	12,000	14,188	2,188
Miscellaneous	83,250	83,250	103,320	20,070
Total revenues	<u>432,860</u>	<u>432,860</u>	<u>454,719</u>	<u>21,859</u>
EXPENDITURES				
Current:				
Personal services	202,495	202,495	188,777	13,718
Supplies	4,798	4,798	3,577	1,221
Other services & charges	388,147	480,147	395,371	84,776
Capital outlay		300,000	301,879	(1,879)
Debt Service:				
Note principal	119,500	119,500		119,500
Note interest	7,170	7,170		7,170
Total expenditures	<u>722,110</u>	<u>1,114,110</u>	<u>889,604</u>	<u>224,506</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(289,250)</u>	<u>(681,250)</u>	<u>(434,885)</u>	<u>246,365</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	50,000	50,000	50,000	
Transfers to other funds			(30,256)	(30,256)
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>19,744</u>	<u>(30,256)</u>
NET CHANGE IN FUND BALANCE	(239,250)	(631,250)	(415,141)	216,109
FUND BALANCE - BEGINNING	<u>1,309,569</u>	<u>1,309,569</u>	<u>1,309,569</u>	
FUND BALANCE - ENDING	<u>\$ 1,070,319</u>	<u>\$ 678,319</u>	<u>\$ 894,428</u>	<u>\$ 216,109</u>

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NONMAJOR PROPRIETARY FUNDS

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

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

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

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

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2010**

	<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	\$ 972,750	\$ 1,745,892	\$	\$ 1,765,736	\$ 338,833	\$ 474,961	\$ 4,201	\$ 5,302,373
Receivables:								
Accounts	105,360	705,115	88	19,168		120	241	830,092
Accrued interest	5	9		11	2	2		29
Due from other city funds	164,583	293,469			25,643	64,468		548,163
Due from other governmental units		153,331	3,827				42,780	199,938
Total current assets	<u>1,242,698</u>	<u>2,897,816</u>	<u>3,915</u>	<u>1,784,915</u>	<u>364,478</u>	<u>539,551</u>	<u>47,222</u>	<u>6,880,595</u>
Long-term assets:								
Restricted Assets:								
Cash and cash equivalents			1,058,408	247,124				1,305,532
Long-Term Receivables:								
Notes receivable, less current portion			1,127,487					1,127,487
Capital Assets:								
Land		155,647	3,954,534				301,838	4,412,019
Buildings	2,305	599,560	1,826,815	9,828,158			1,258,031	13,514,869
Improvements other than buildings	271,264	450,676	3,288,970	86,391			3,573,935	7,671,236
Machinery and equipment	453,140	81,451	391,477	124,176		12,050	129,940	1,192,234
Less accumulated depreciation	<u>(392,335)</u>	<u>(804,204)</u>	<u>(3,243,441)</u>	<u>(5,407,012)</u>		<u>(4,016)</u>	<u>(1,837,038)</u>	<u>(11,688,046)</u>
Total long-term assets	<u>334,374</u>	<u>483,130</u>	<u>8,404,250</u>	<u>4,878,837</u>		<u>8,034</u>	<u>3,426,706</u>	<u>17,535,331</u>
Total assets	<u>1,577,072</u>	<u>3,380,946</u>	<u>8,408,165</u>	<u>6,663,752</u>	<u>364,478</u>	<u>547,585</u>	<u>3,473,928</u>	<u>24,415,926</u>
LIABILITIES								
Current liabilities:								
Accounts payable	69,992	118,703	19,698	3,686	116	4,820	9,823	226,838
Accrued wages payable	2,631	38,725	13,635	6,841	3,062	14,658		79,552
Due to other city funds			1,647,509					1,647,509
Due to other governmental units		10,214						10,214
Customer deposits				8,000			11,940	19,940
Other liabilities		100	27,832					27,932
Accrued interest payable			14,490	860				15,350
Current maturities of long-term debt			195,000	50,000				245,000
Total current liabilities	<u>72,623</u>	<u>167,742</u>	<u>1,918,164</u>	<u>69,387</u>	<u>3,178</u>	<u>19,478</u>	<u>21,763</u>	<u>2,272,335</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2010**

	<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	154	109,603	32,254	13,864	8,886	27,900		192,661
Other post-employment benefits	4,585	30,462	10,047	5,600	105	15,167		65,966
Bonds payable			2,730,198	55,000				2,785,198
Advances from other funds			785,768					785,768
Total long-term liabilities	<u>4,739</u>	<u>140,065</u>	<u>3,558,267</u>	<u>74,464</u>	<u>8,991</u>	<u>43,067</u>		<u>3,829,593</u>
Total liabilities	<u>77,362</u>	<u>307,807</u>	<u>5,476,431</u>	<u>143,851</u>	<u>12,169</u>	<u>62,545</u>	<u>21,763</u>	<u>6,101,928</u>
NET ASSETS								
Invested in capital assets, net of related debt	334,374	483,130	3,293,157	4,526,713		8,034	3,426,706	12,072,114
Restricted for debt service			1,058,408	247,124				1,305,532
Unrestricted	<u>1,165,336</u>	<u>2,590,009</u>	<u>(1,419,831)</u>	<u>1,746,064</u>	<u>352,309</u>	<u>477,006</u>	<u>25,459</u>	<u>4,936,352</u>
Total net assets	<u>\$ 1,499,710</u>	<u>\$ 3,073,139</u>	<u>\$ 2,931,734</u>	<u>\$ 6,519,901</u>	<u>\$ 352,309</u>	<u>\$ 485,040</u>	<u>\$ 3,452,165</u>	<u>\$ 18,313,998</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<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	\$ 2,060,823	\$ 3,547,096	\$ 1,079,618	\$ 427,051	\$ 314,655	\$ 789,227	\$ 44,094	\$ 8,262,564
Other	643	234,957	103,872	81,481	2,502	19,411	32,265	475,131
Total operating revenue	<u>2,061,466</u>	<u>3,782,053</u>	<u>1,183,490</u>	<u>508,532</u>	<u>317,157</u>	<u>808,638</u>	<u>76,359</u>	<u>8,737,695</u>
OPERATING EXPENSES								
Personal services	93,504	1,189,212	635,271	227,301	132,238	406,757		2,684,283
Disposal fee		834,787						834,787
Professional services	193,886	65,777	276	486	51,528		82,292	394,245
Insurance	9,893	36,489	47,611	16,716	3,343	7,767	15,758	137,577
Repair and maintenance	294,421	251,624	62,721	44,078	11,659	31,570	11,028	707,101
Supplies	11,289	286,819	159,735	63,466	36,129	66,187	5,677	629,302
Utilities	97,288	29,949	76,724	190,282		2,645	13,647	410,535
Equipment rental	23,495	246,201	129,376	10,887	20,307	29,378	3,689	463,333
Depreciation	38,046	32,949	211,404	339,804		803	172,864	795,870
Miscellaneous	291,173	146,423	190,842	28,306	16,158	38,267	12,361	723,530
Total operating expenses	<u>1,052,995</u>	<u>3,120,230</u>	<u>1,513,960</u>	<u>921,326</u>	<u>271,362</u>	<u>583,374</u>	<u>317,316</u>	<u>7,780,563</u>
Operating income (loss)	<u>1,008,471</u>	<u>661,823</u>	<u>(330,470)</u>	<u>(412,794)</u>	<u>45,795</u>	<u>225,264</u>	<u>(240,957)</u>	<u>957,132</u>
NONOPERATING INCOME (EXPENSE)								
Interest on investments	4,442	19,348	65,721	22,246	4,433	4,516	582	121,288
Interest on indebtedness			(187,625)	(6,606)				(194,231)
Miscellaneous		4,790	1,420	17,020	690	270	34,392	58,582
Total nonoperating income (expense)	<u>4,442</u>	<u>24,138</u>	<u>(120,484)</u>	<u>32,660</u>	<u>5,123</u>	<u>4,786</u>	<u>34,974</u>	<u>(14,361)</u>
Income (loss) before transfers	<u>1,012,913</u>	<u>685,961</u>	<u>(450,954)</u>	<u>(380,134)</u>	<u>50,918</u>	<u>230,050</u>	<u>(205,983)</u>	<u>942,771</u>
Capital contributions			6,487	31,453			176,000	213,940
Transfers from other funds	30,000		488,529	121,400			54,270	694,199
Transfers to other funds	(641,833)	(444,597)			(69,457)	(40,607)		(1,196,494)
Total transfers	<u>(611,833)</u>	<u>(444,597)</u>	<u>495,016</u>	<u>152,853</u>	<u>(69,457)</u>	<u>(40,607)</u>	<u>230,270</u>	<u>(288,355)</u>
CHANGE IN NET ASSETS	401,080	241,364	44,062	(227,281)	(18,539)	189,443	24,287	654,416
TOTAL NET ASSETS - BEGINNING	<u>1,098,630</u>	<u>2,831,775</u>	<u>2,887,672</u>	<u>6,747,182</u>	<u>370,848</u>	<u>295,597</u>	<u>3,427,878</u>	<u>17,659,582</u>
TOTAL NET ASSETS - ENDING	<u>\$ 1,499,710</u>	<u>\$ 3,073,139</u>	<u>\$ 2,931,734</u>	<u>\$ 6,519,901</u>	<u>\$ 352,309</u>	<u>\$ 485,040</u>	<u>\$ 3,452,165</u>	<u>\$ 18,313,998</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 2,058,846	\$ 3,660,452	\$ 1,084,010	\$ 541,866	\$ 315,352	\$ 788,994	\$ 44,237	\$ 8,493,757
Payments to suppliers	(562,054)	(1,749,859)	(474,454)	(326,252)	(122,850)	(134,687)	(146,344)	(3,516,500)
Payments to employees	(95,610)	(1,184,104)	(629,857)	(222,376)	(123,032)	(398,656)		(2,653,635)
Other receipts (payments)	(290,530)	(60,027)	(135,817)	70,195	(21,698)	(18,586)	44,205	(412,258)
Net cash provided by (used in) operating activities	<u>1,110,652</u>	<u>666,462</u>	<u>(156,118)</u>	<u>63,433</u>	<u>47,772</u>	<u>237,065</u>	<u>(57,902)</u>	<u>1,911,364</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from other funds	30,000		488,529	121,400			54,270	694,199
Transfers to other funds	(641,833)	(444,597)			(69,457)	(40,607)		(1,196,494)
Net cash provided by (used in) noncapital financing activities	<u>(611,833)</u>	<u>(444,597)</u>	<u>488,529</u>	<u>121,400</u>	<u>(69,457)</u>	<u>(40,607)</u>	<u>54,270</u>	<u>(502,295)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of assets	(16,396)						(13,944)	(30,340)
Principal payments - bonds and notes			(185,000)	(50,000)				(235,000)
Interest payments - bonds and notes			(185,371)	(7,016)				(192,387)
Capital grants from other governments							7,903	7,903
Net cash used in capital and related financing activities	<u>(16,396)</u>		<u>(370,371)</u>	<u>(57,016)</u>			<u>(6,041)</u>	<u>(449,824)</u>
CASH FLOWS FROM INVESTING ACTIVITY								
Interest received	4,439	19,345	65,721	22,243	4,432	4,515	582	121,277
Net increase (decrease) in cash and cash equivalents	486,862	241,210	27,761	150,060	(17,253)	200,973	(9,091)	1,080,522
Cash and cash equivalents at beginning of year	485,888	1,504,682	1,030,647	1,862,800	356,086	273,988	13,292	5,527,383
Cash and cash equivalents at end of year	<u>\$ 972,750</u>	<u>\$ 1,745,892</u>	<u>\$ 1,058,408</u>	<u>\$ 2,012,860</u>	<u>\$ 338,833</u>	<u>\$ 474,961</u>	<u>\$ 4,201</u>	<u>\$ 6,607,905</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 1,008,471	\$ 661,823	\$ (330,470)	\$ (412,794)	\$ 45,795	\$ 225,264	\$ (240,957)	\$ 957,132
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation accruals	38,046	32,949	211,404	339,804		803	172,864	795,870
Miscellaneous nonoperating income		4,790	1,420	17,020	690	270		24,190
Change in assets and liabilities:								
Accounts receivable	(4,415)	(73,909)	(67)	1,896	931	351	143	(75,070)
Due from other city funds	(77,047)	41,430			(234)	(584)		(36,435)
Due from other governments	79,485	(7,496)	632	109,919				182,540
Accounts payable	68,218	23,493	1,989	(337)	116	2,860	8,993	105,332
Accrued wages payable	(1,584)	312	1,307	869	215	1,350		2,469
Compensated absences payable	(2,201)	(5,983)	(524)	2,346	154	1,392		(4,816)
Other post-employment benefits	1,679	10,779	4,631	1,710	105	5,359		24,263
Due to other funds			(45,617)					(45,617)
Due to other governments		(21,706)						(21,706)
Customer deposits				3,000			1,055	4,055
Other current liabilities		(20)	(823)					(843)
Net cash provided by (used in) operating activities	<u>\$ 1,110,652</u>	<u>\$ 666,462</u>	<u>\$ (156,118)</u>	<u>\$ 63,433</u>	<u>\$ 47,772</u>	<u>\$ 237,065</u>	<u>\$ (57,902)</u>	<u>\$ 1,911,364</u>
Noncash capital financing activities:								
Contributions of capital assets from government	<u>\$</u>	<u>\$</u>	<u>\$ 6,487</u>	<u>\$ 31,453</u>	<u>\$</u>	<u>\$</u>	<u>\$ 176,000</u>	<u>\$ 213,940</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2010**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 2,775,917	\$ 633,896	\$ 1,057,224	\$ 4,467,037
Receivables:				
Accounts	126			126
Accrued interest	14	4	6	24
Due from other governmental units	411		6,116	6,527
Total current assets	<u>2,776,468</u>	<u>633,900</u>	<u>1,063,346</u>	<u>4,473,714</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	16,029,814	2,907,362	1,640,756	20,577,932
Less accumulated depreciation	<u>(9,888,355)</u>	<u>(2,485,991)</u>	<u>(1,129,191)</u>	<u>(13,503,537)</u>
Net capital assets	<u>6,141,459</u>	<u>421,371</u>	<u>511,565</u>	<u>7,074,395</u>
Total assets	<u>8,917,927</u>	<u>1,055,271</u>	<u>1,574,911</u>	<u>11,548,109</u>
LIABILITIES				
Current liabilities:				
Accounts payable		1,769	7,828	9,597
Accrued wages payable		<u>15,214</u>		<u>15,214</u>
Total current liabilities		<u>16,983</u>	<u>7,828</u>	<u>24,811</u>
Long-term liabilities:				
Accrued compensated absences		20,024		20,024
Other post-employment benefits		<u>5,138</u>		<u>5,138</u>
Total long-term liabilities		<u>25,162</u>		<u>25,162</u>
Total liabilities		<u>42,145</u>	<u>7,828</u>	<u>49,973</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,141,459	421,371	511,565	7,074,395
Unrestricted	<u>2,776,468</u>	<u>591,755</u>	<u>1,055,518</u>	<u>4,423,741</u>
Total net assets	<u>\$ 8,917,927</u>	<u>\$ 1,013,126</u>	<u>\$ 1,567,083</u>	<u>\$ 11,498,136</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,212,260	\$ 805,620	\$ 237,947	\$ 2,255,827
Other	3,548	4,101	39	7,688
Total operating revenue	<u>1,215,808</u>	<u>809,721</u>	<u>237,986</u>	<u>2,263,515</u>
OPERATING EXPENSES				
Personal services		459,589		459,589
Supplies	3,034	19,648	1,936	24,618
Professional services		2,053		2,053
Insurance		1,102	245	1,347
Repair and maintenance	574	136,270	24,470	161,314
Depreciation	1,039,631	261,800	159,509	1,460,940
Miscellaneous	7,638	140,599	19,350	167,587
Total operating expenses	<u>1,050,877</u>	<u>1,021,061</u>	<u>205,510</u>	<u>2,277,448</u>
Operating income (loss)	<u>164,931</u>	<u>(211,340)</u>	<u>32,476</u>	<u>(13,933)</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	28,877	9,073	11,390	49,340
Gain (loss) on disposal of equipment	19,713	(2,940)	(25,351)	(8,578)
Miscellaneous		1,130	114,650	115,780
Total nonoperating income	<u>48,590</u>	<u>7,263</u>	<u>100,689</u>	<u>156,542</u>
Income (loss) before transfers	<u>213,521</u>	<u>(204,077)</u>	<u>133,165</u>	<u>142,609</u>
Capital contributions	10,639	11,608	50,682	72,929
Transfers from other funds			16,404	16,404
Total transfers and contributions	<u>10,639</u>	<u>11,608</u>	<u>67,086</u>	<u>89,333</u>
CHANGE IN NET ASSETS	224,160	(192,469)	200,251	231,942
TOTAL NET ASSETS - BEGINNING	<u>8,693,767</u>	<u>1,205,595</u>	<u>1,366,832</u>	<u>11,266,194</u>
TOTAL NET ASSETS - ENDING	<u>\$ 8,917,927</u>	<u>\$ 1,013,126</u>	<u>\$ 1,567,083</u>	<u>\$ 11,498,136</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,212,213	\$ 805,631	\$ 231,831	\$ 2,249,675
Payments to suppliers	(3,608)	(159,487)	(19,952)	(183,047)
Payments to employees		(458,473)		(458,473)
Other receipts (payments)	(4,090)	(135,368)	(19,311)	(158,769)
Net cash provided by operating activities	<u>1,204,515</u>	<u>52,303</u>	<u>192,568</u>	<u>1,449,386</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY				
Transfers from other funds			16,404	16,404
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(882,408)	(144,482)	(151,361)	(1,178,251)
Proceeds from sale of assets	41,475			41,475
Capital grants from other governments			114,650	114,650
Net cash used in capital and related financing activities	<u>(840,933)</u>	<u>(144,482)</u>	<u>(36,711)</u>	<u>(1,022,126)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	<u>28,872</u>	<u>9,072</u>	<u>11,388</u>	<u>49,332</u>
Net increase (decrease) in cash and cash equivalents	392,454	(83,107)	183,649	492,996
Cash and cash equivalents at beginning of year	<u>2,383,463</u>	<u>717,003</u>	<u>873,575</u>	<u>3,974,041</u>
Cash and cash equivalents at end of year	<u>\$ 2,775,917</u>	<u>\$ 633,896</u>	<u>\$ 1,057,224</u>	<u>\$ 4,467,037</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 164,931	\$ (211,340)	\$ 32,476	\$ (13,933)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,039,631	261,800	159,509	1,460,940
Miscellaneous nonoperating income		1,130		1,130
Change in assets and liabilities:				
Accounts receivable	8	11		19
Due from other governments	(55)		(6,116)	(6,171)
Accounts payable		(414)	6,699	6,285
Accrued wages payable		(169)		(169)
Compensated absences payable		(545)		(545)
Other post-employment benefits		1,830		1,830
Net cash provided by operating activities	<u>\$ 1,204,515</u>	<u>\$ 52,303</u>	<u>\$ 192,568</u>	<u>\$ 1,449,386</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 10,639</u>	<u>\$ 11,608</u>	<u>\$ 50,682</u>	<u>\$ 72,929</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, 2010

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 24,920,156
Buildings	21,645,534
Improvements other than buildings	26,259,716
Machinery and equipment	6,930,392
Infrastructure	223,252,872
Construction in progress	<u>19,298,119</u>
 Total governmental funds capital assets	 <u><u>\$ 322,306,789</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 297,748,809
General Fund	641,230
Special Revenue Funds	10,542,676
Enterprise Funds	952
Gifts	<u>13,373,122</u>
 Total governmental funds capital assets	 <u><u>\$ 322,306,789</u></u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
DECEMBER 31, 1010

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>
<u>FUNCTION AND ACTIVITY</u>							
GENERAL GOVERNMENT:							
Mayor & Council	\$ 7,736	\$	\$	\$	\$ 7,736	\$	\$
City Clerk	74,595				74,595		
City Manager	23,784				23,784		
Accounting	30,841				30,841		
General Government Building	<u>19,252,860</u>	<u>15,884,996</u>	<u>3,188,101</u>	<u>79,106</u>	<u>100,657</u>		
Total General Government	<u>19,389,816</u>	<u>15,884,996</u>	<u>3,188,101</u>	<u>79,106</u>	<u>237,613</u>	-	-
PUBLIC SAFETY:							
Police Protection	977,309		672,951	39,814	264,544		
Fire Protection	<u>1,394,824</u>	<u>56,168</u>	<u>882,197</u>	<u>2,524</u>	<u>453,935</u>		
Total Public Safety	<u>2,372,133</u>	<u>56,168</u>	<u>1,555,148</u>	<u>42,338</u>	<u>718,479</u>	-	-
HIGHWAYS & STREETS	247,193,069	2,071,959	2,383,057	45,510	141,552	223,252,872	19,298,119
PARKS & RECREATION	32,656,215	2,100,372	3,125,233	25,921,217	1,509,393		
LIBRARY	2,378,867	103,000	1,974,299	149,323	152,245		
COMMUNITY DEVELOPMENT	158,399	84,108		22,222	52,069		
MASS TRANSIT	6,305,805		2,192,098		4,113,707		
PLAINS ART MUSEUM	424,143		424,143				
ECONOMIC DEVELOPMENT	<u>11,428,342</u>	<u>4,619,553</u>	<u>6,803,455</u>		<u>5,334</u>		
Total governmental funds capital assets	<u>\$ 322,306,789</u>	<u>\$ 24,920,156</u>	<u>\$ 21,645,534</u>	<u>\$ 26,259,716</u>	<u>\$ 6,930,392</u>	<u>\$ 223,252,872</u>	<u>\$ 19,298,119</u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
YEAR ENDED DECEMBER 31, 2010

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/09</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/09</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	74,595			74,595
City Manager	23,784			23,784
Accounting	30,841			30,841
General Government Building	<u>10,698,222</u>	<u>8,554,638</u>		<u>19,252,860</u>
Total General Government	<u>10,835,178</u>	<u>8,554,638</u>	<u>-</u>	<u>19,389,816</u>
PUBLIC SAFETY:				
Police Protection	932,731	60,433	15,855	977,309
Fire Protection	<u>1,394,916</u>	<u>22,934</u>	<u>23,026</u>	<u>1,394,824</u>
Total Public Safety	<u>2,327,647</u>	<u>83,367</u>	<u>38,881</u>	<u>2,372,133</u>
HIGHWAYS & STREETS	213,500,053	14,397,151	2,254	227,894,950
PARKS & RECREATION	30,768,291	1,940,273	52,349	32,656,215
LIBRARY	2,367,109	11,758		2,378,867
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	5,694,055	611,750		6,305,805
PLAINS ART MUSEUM	357,351	66,792		424,143
ECONOMIC DEVELOPMENT	10,782,869	645,473		11,428,342
CONSTRUCTION IN PROGRESS	<u>4,798,578</u>	<u>21,878,087</u>	<u>7,378,546</u>	<u>19,298,119</u>
Total governmental funds capital assets	<u>\$ 281,589,530</u>	<u>\$ 48,189,289</u>	<u>\$ 7,472,030</u>	<u>\$ 322,306,789</u>

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

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	61
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	66
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	71
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.	84
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.	86

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

CITY OF MOORHEAD, MINNESOTA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS¹
(accrual basis of accounting)

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

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

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

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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (expense) / revenue:								
Governmental activities	\$ (11,494,903)	\$ (4,480,569)	\$ (7,029,962)	\$ 12,144,083	\$ 14,275,722	\$ (1,438,957)	\$ 2,105,631	\$ 3,657,737
Business-type activities	8,659,585	4,882,140	5,086,760	9,936,450	7,226,447	8,583,646	8,301,840	10,382,361
Total primary government net expense	<u>\$ (2,835,318)</u>	<u>\$ 401,571</u>	<u>\$ (1,943,202)</u>	<u>\$ 22,080,533</u>	<u>\$ 21,502,169</u>	<u>\$ 7,144,689</u>	<u>\$ 10,407,471</u>	<u>\$ 14,040,098</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes levied for general purposes	\$ 1,634,835	\$ 2,179,709	\$ 2,662,256	\$ 3,160,500	\$ 3,345,080	\$ 3,591,171	\$ 4,103,261	\$ 4,075,578
Property taxes levied for debt service	384,376	336,110	5,954	1,238	827	452,437	1,003,694	1,647,827
Tax increments	1,534,608	982,184	1,143,203	1,063,458	1,088,698	1,755,937	1,430,138	953,865
Franchise fees	638,140	614,920	764,240	867,550	736,880	1,016,038	857,066	865,522
State aid unrestricted	8,711,749	9,223,467	9,923,838	10,230,844	9,832,461	9,413,327	9,642,047	8,199,446
Unrestricted grants and contributions	446,511	185,850	171,832	169,875	177,165	172,949	170,158	176,748
Investment earnings	327,987	262,534	981,612	1,888,601	2,333,128	1,310,307	225,759	309,936
Miscellaneous	849,207	868,016	803,712	436,279	430,485	126,677	139,067	123,337
Gain on disposal / sale of assets				5,432,927	109,595	109,065	(90,224)	-
Transfers	4,622,296	3,074,995	1,956,451	4,185,838	2,930,387	5,918,565	5,787,497	7,108,365
⊗ Total governmental activities	<u>19,149,709</u>	<u>17,727,785</u>	<u>18,413,098</u>	<u>27,437,110</u>	<u>20,984,706</u>	<u>23,866,473</u>	<u>23,268,463</u>	<u>23,460,624</u>
Business-type activities:								
State aid unrestricted	550,000	561,560	11,560	11,560	11,560	11,560	11,560	11,560
Investment earnings	370,965	317,664	558,412	826,631	1,140,246	968,178	295,055	484,828
Miscellaneous	150,401	132,819	345,731	401,766	51,308	586,510	184,733	25,532
Loss on disposal of equipment	(223,006)		221,442	10,717	353,783	22,275	602,063	-
Transfers	(4,622,296)	(3,074,995)	(1,956,451)	(4,185,838)	(2,930,387)	(5,918,565)	(5,787,497)	(7,108,365)
Total business-type activities	<u>(3,773,936)</u>	<u>(2,062,952)</u>	<u>(819,306)</u>	<u>(2,935,164)</u>	<u>(1,373,490)</u>	<u>(4,330,042)</u>	<u>(4,694,086)</u>	<u>(6,586,445)</u>
Total primary government	<u>\$ 15,375,773</u>	<u>\$ 15,664,833</u>	<u>\$ 17,593,792</u>	<u>\$ 24,501,946</u>	<u>\$ 19,611,216</u>	<u>\$ 19,536,431</u>	<u>\$ 18,574,377</u>	<u>\$ 16,874,179</u>
Change in Net Assets								
Governmental activities	\$ 7,654,806	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428	\$ 22,427,516	\$ 25,374,094	\$ 27,118,361
Business-type activities	4,885,649	2,819,188	4,267,454	7,001,286	5,852,957	4,253,604	3,607,754	3,795,916
Total primary government	<u>\$ 12,540,455</u>	<u>\$ 16,066,404</u>	<u>\$ 15,650,590</u>	<u>\$ 46,582,479</u>	<u>\$ 41,113,385</u>	<u>\$ 26,681,120</u>	<u>\$ 28,981,848</u>	<u>\$ 30,914,277</u>

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund										
Reserved	\$ 1,075,963	\$ 485,076	\$ 555,140	\$ 575,640	\$ 659,710	\$ 653,404	\$ 1,548,028	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870
Unreserved	5,088,024	6,753,767	7,771,203	9,367,360	10,797,671	12,155,461	12,905,175	13,399,448	13,003,740	12,231,585
Total general fund	<u>\$ 6,163,987</u>	<u>\$ 7,238,843</u>	<u>\$ 8,326,343</u>	<u>\$ 9,943,000</u>	<u>\$ 11,457,381</u>	<u>\$ 12,808,865</u>	<u>\$ 14,453,203</u>	<u>\$ 14,921,532</u>	<u>\$ 14,677,678</u>	<u>\$ 13,695,455</u>
All other governmental funds										
Reserved	\$ 9,109,163	\$ 21,021,030	\$ 19,139,320	\$ 27,816,117	\$ 25,969,324	\$ 22,323,376	\$ 33,098,047	\$ 28,326,859	\$ 37,721,305	\$ 35,783,811
Unreserved, reported in:										
Special revenue funds	1,711,889	1,881,660	1,598,597	2,056,414	2,391,473	2,926,902	3,547,842	3,500,710	3,599,434	3,549,584
Capital projects funds	(934,280)	(1,280,056)	1,416,529	(364,807)	5,149,040	10,758,095	3,728,919	2,476,640	4,541,881	2,268,124
Total all other governmental funds	<u>\$ 9,886,772</u>	<u>\$ 21,622,634</u>	<u>\$ 22,154,446</u>	<u>\$ 29,507,724</u>	<u>\$ 33,509,837</u>	<u>\$ 36,008,373</u>	<u>\$ 40,374,808</u>	<u>\$ 34,304,209</u>	<u>\$ 45,862,620</u>	<u>\$ 41,601,519</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Taxes										
Property	\$ 3,828,343	\$ 2,557,270	\$ 3,287,213	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605	\$ 5,799,544	\$ 6,537,093	\$ 6,677,262
Franchise	636,639	518,721	638,141	674,167	764,240	867,550	736,880	1,016,038	857,066	865,522
Licenses and permits	375,139	518,434	596,295	637,763	823,636	969,802	779,928	844,394	892,918	997,412
Intergovernmental	13,832,844	14,154,094	16,567,437	20,008,396	18,027,985	21,753,738	25,339,983	25,521,491	37,032,258	34,168,837
Charges for services	1,533,908	1,609,041	1,508,195	2,119,288	2,376,923	3,543,402	3,065,110	3,316,931	2,965,091	2,993,594
Fines and forfeits	478,509	460,517	513,018	527,158	573,335	558,300	598,451	491,224	411,580	507,611
Facility rentals	56,230	38,725	168,940	177,254	210,080	172,086	198,722	205,291	218,334	184,065
Special assessments	1,538,338	1,783,553	2,551,601	3,380,047	926,472	4,036,345	6,843,277	8,061,898	8,165,825	9,165,907
Sale of property	46,331	140,384				6,354,930				65,569
Interest on investments	1,108,152	731,288	286,181	236,490	3,381,892	1,780,606	2,213,428	1,203,148	212,032	260,596
Miscellaneous	1,733,823	10,047,637	1,567,160	2,500,075	3,010,195	1,852,018	1,957,154	1,657,429	1,728,338	821,977
Total revenues	<u>25,168,256</u>	<u>32,559,664</u>	<u>27,684,181</u>	<u>33,758,641</u>	<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>
Expenditures										
General government	2,463,427	2,625,642	3,798,292	2,700,074	3,004,868	3,364,016	3,369,561	3,522,838	3,601,740	3,560,682
Public safety	7,922,198	8,206,586	8,185,498	8,279,955	8,596,237	8,948,335	9,824,282	9,925,533	10,381,701	10,276,719
Highways and streets	2,971,482	2,991,588	3,048,879	3,426,796	6,243,839	4,773,390	5,372,859	5,859,816	9,585,251	7,766,439
Parks and recreation	1,918,639	1,984,846	1,675,120	1,804,906	2,134,200	2,149,204	2,219,864	2,286,005	2,512,951	2,419,891
Library	639,595	664,131	661,302	689,012	702,232	744,695	760,544	784,843	802,412	857,343
Community development	772,808	733,961	660,990	753,387	642,060	773,690	768,821	566,192	597,964	332,635
Rental registration						200,057	144,801	147,636	150,793	158,890
Mass transit	1,066,284	1,130,281	1,112,003	1,212,967	1,299,561	1,479,523	1,589,758	1,805,454	1,661,780	1,823,815
Economic development	783,469	282,186	798,613	722,288	287,747	1,636,251	652,141	823,771	814,252	601,381
Capital outlay	31,988,710	6,838,976	15,061,647	22,411,536	32,713,271	39,142,606	34,869,391	26,839,081	25,534,303	41,462,160
Debt service:										
Bond and note principal	2,271,733	5,681,007	8,523,670	3,426,185	8,420,208	3,686,294	3,838,972	13,929,985	6,438,492	9,071,970
Bond and note interest	2,017,964	2,600,755	2,527,692	2,718,750	3,027,011	4,174,750	5,099,167	5,761,607	7,267,649	6,321,324
Fiscal and other charges	98,383	184,141	139,594	482,991	1,098,099	682,087	665,390	499,996	1,000,739	652,023
Total expenditures	<u>54,914,692</u>	<u>33,924,100</u>	<u>46,193,300</u>	<u>48,628,847</u>	<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>
Revenues over (under) expenditures	(29,746,436)	(1,364,436)	(18,509,119)	(14,870,206)	(33,448,487)	(25,640,925)	(23,008,013)	(24,635,369)	(11,329,492)	(28,596,920)
Other financing sources (uses)										
Bond and note proceeds	14,930,000	9,730,000	15,240,000	21,010,000	34,032,500	24,020,000	22,400,000	12,050,000	16,395,000	15,555,000
Transfers from other funds	7,029,522	8,242,753	6,408,554	8,908,504	9,083,473	9,931,433	8,116,150	11,873,106	133,226	105,844
Transfers to other funds	(3,197,336)	(3,797,620)	(1,606,258)	(6,078,363)	(4,150,992)	(4,462,698)	(1,623,809)	(4,999,072)	9,661,661	9,571,654
Sale of capital assets						2,210	126,445	109,065	(3,545,838)	(1,878,902)
Total other financing sources (uses)	<u>18,762,186</u>	<u>14,175,133</u>	<u>20,042,296</u>	<u>23,840,141</u>	<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>
Net change in fund balances	<u>\$ (10,984,250)</u>	<u>\$ 12,810,697</u>	<u>\$ 1,533,177</u>	<u>\$ 8,969,935</u>	<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>
Debt service as a percentage of noncapital expenditures	19.14%	31.26%	35.95%	25.28%	35.38%	26.20%	27.99%	43.98%	32.82%	36.60%

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							
2001	\$ 8,636,396	\$ 4,444,555	\$ 196,245	\$ (731,348)	\$ 12,545,848	32.020%	\$ 865,155,200	1.45%	\$ 342,392,100
2002	7,951,465	2,847,058	120,293	(585,696)	10,333,120	27.554%	929,795,200	1.11%	342,392,100
2003	8,460,332	3,224,721	132,174	(671,170)	11,146,057	29.805%	998,508,100	1.12%	342,392,100
2004	9,103,013	3,557,377	127,355	(839,262)	11,948,483	28.731%	1,098,180,800	1.09%	342,392,100
2005	10,452,055	3,803,946	133,234	(846,763)	13,542,472	26.095%	1,234,867,700	1.10%	474,251,000
2006	11,931,872	4,193,676	138,687	(852,378)	15,411,857	24.944%	1,405,920,600	1.10%	474,251,000
2007	13,243,223	5,019,619	143,332	(780,969)	17,625,205	23.169%	1,569,165,000	1.12%	474,251,000
2008	14,836,285	5,786,204	147,216	(1,119,322)	19,650,383	25.844%	1,762,247,300	1.12%	474,251,000
2009	15,664,218	6,279,064	149,271	(1,205,221)	20,887,332	29.808%	1,872,707,500	1.12%	474,251,000
2010	16,465,436	6,272,844	149,152	(786,828)	22,100,604	31.176%	1,940,518,600	1.14%	817,588,200

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Source: Clay County Auditor

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

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

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

Fiscal Year	City	Overlapping Rates			Econ Devl Authority	Total Direct & Overlapping Rates
		County	School District	Buffalo Watershed		
2001	32.020%	63.443%	45.643%	3.472%		144.578%
2002	27.554%	81.769%	16.490%	5.345%		131.158%
2003	29.805%	80.326%	33.696%	0.923%		144.750%
2004	28.731%	76.458%	35.355%	1.157%		141.701%
2005	26.095%	67.769%	32.808%	1.383%		128.055%
2006	24.944%	63.504%	36.840%	1.574%	1.356%	128.218%
2007	23.169%	61.321%	33.386%	2.803%	1.333%	122.012%
2008	25.844%	59.084%	32.273%	2.807%	1.218%	121.226%
2009	29.808%	57.391%	33.845%	2.795%	1.389%	125.228%
2010	31.176%	54.805%	30.262%	1.836%	1.042%	119.121%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2010**

Taxpayer	2010			2001		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 623,600	1	2.83%	\$ 217,144	2	1.96%
Busch Agricultural Resources, Inc.	385,513	2	1.75%	339,810	1	3.07%
Menard's Inc	318,590	3	1.44%			0.00%
Easton LLC	217,730	4	0.99%			0.00%
Moorhead Hospitality	169,250	5	0.77%			0.00%
Moorhead Holiday Assoc.	154,858	6	0.70%	98,421	7	0.89%
Sterling Development Group	146,197	7	0.66%			0.00%
Moorhead Centr Mall LLP	134,894	8	0.61%			0.00%
Proffutt Ltd Partnership	134,437	9	0.61%			0.00%
Eventide	115,202	10	0.52%	131,008	3	1.19%
HMJ Partnership				116,317	4	1.05%
Sam Skaff Properties				114,330	5	1.03%
TRE Investments				111,262	6	1.01%
South Moorhead Associates				92,791	8	0.84%
Excel Energy				92,484	9	0.84%
Target Corporation				67,910	10	0.61%

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
2001	\$ 4,914,371	\$ (1,659,839)	\$ 3,254,532	\$ 3,207,528	98.56%	\$ 46,961	\$ 3,254,489	99.999%
2002	2,847,112	(726,186)	2,120,926	2,092,859	98.68%	27,947	2,120,806	99.994%
2003	4,524,017	(1,691,391)	2,832,626	2,792,755	98.59%	39,119	2,831,874	99.973%
2004	4,671,350	(1,722,522)	2,948,828	2,899,560	98.33%	48,531	2,948,091	99.975%
2005	4,741,933	(1,588,177)	3,153,756	3,097,699	98.22%	54,944	3,152,643	99.965%
2006	4,835,500	(1,356,848)	3,478,652	3,372,860	96.96%	50,670	3,423,530	98.415%
2007	5,062,283	(1,389,308)	3,672,975	3,611,732	98.33%	57,515	3,669,247	99.899%
2008	5,891,208	(1,364,883)	4,526,325	4,445,911	98.22%	57,919	4,503,830	99.503%
2009	6,918,986	(1,560,961)	5,358,025	5,237,599	97.75%	49,322	5,286,921	98.673%
2010	7,446,245	(1,524,556)	5,921,689	5,879,827	99.29%		5,879,827	99.293%

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		
2001	\$ 16,051,606	\$ 766,648	\$	\$ 16,818,254	\$ 3,730,000	22.18%
2002	16,934,343	412,127		17,346,470	3,892,000	22.44%
2003	18,360,341	159,896		18,520,237	4,075,000	22.00%
2004	19,440,958	170,427		19,611,385	4,294,000	21.90%
2005	20,655,002	552,571		21,207,573	4,568,000	21.54%
2006	22,117,913	470,154	222,802	22,810,869	4,853,000	21.27%
2007	25,152,311	585,014	122,949	25,860,274	5,289,000	20.45%
2008	28,643,650	442,841	122,080	29,208,571	5,797,000	19.85%
2009	30,878,334	202,221	131,593	31,212,148	6,115,000	19.59%
2010	33,008,574	290,482	621,548	33,920,604	6,669,750	19.66%

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			
2001	\$ 2,945,000	\$ 12,250,000	\$ 18,880,000	\$ 13,172,593	\$ 1,404,355	\$ 5,367,014	\$ 39,695,000	\$ 79,998	\$ 93,793,960	12.36%	2,897
2002	2,690,000	16,190,000	23,125,000	9,416,227	1,393,347	7,190,190	30,495,000	63,998	90,563,762	11.33%	2,780
2003	2,430,000	30,340,000	16,140,000	9,479,142	1,389,675	19,608,043	28,380,000	47,999	107,814,859	12.47%	3,295
2004	3,655,000	46,590,000	15,160,000	10,992,080	1,438,490	22,110,420	26,120,000	31,999	126,097,989	14.14%	3,766
2005	1,890,000	76,100,000	14,070,000	9,325,859	2,175,782	24,342,031	23,765,000	1,653,034	153,321,706	16.45%	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	16.75%	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	18.02%	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	17.44%	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	17.25%	5,563
2010	1,655,000	139,555,000	13,360,000	1,945,000	824,657	31,418,017	28,735,000	79,215	217,571,889	17.21%	5,716

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Availabe in Debt Service Funds	Total	Percentage of Estimated Market Value ¹ of Property	Per Capita ²
2001	\$ 2,945,000	\$ 357,092	\$ 2,587,908	0.30%	80
2002	2,690,000	412,769	2,277,231	0.24%	70
2003	2,430,000	490,882	1,939,118	0.19%	59
2004	3,655,000	1,993,034	1,661,966	0.15%	50
2005	1,890,000	535,976	1,354,024	0.11%	40
2006	2,270,000	551,937	1,718,063	0.12%	49
2007	1,940,000	390,922	1,549,078	0.10%	43
2008	2,670,000	250,935	2,419,065	0.14%	67
2009	2,275,000	249,631	2,025,369	0.11%	55
2010	1,655,000	173,009	1,481,991	0.08%	39

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, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 96,858,768	77.12%	\$ 74,697,482
Clay County	12,465,000	47.41%	5,909,657
Total overlapping debt			<u>80,607,139</u>
City of Moorhead direct debt			<u>216,668,017</u>
Total direct and overlapping debt			<u><u>\$ 297,275,156</u></u>

Source: Clay County Auditor

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 18,451,070	\$ 19,975,252	\$ 21,777,492	\$ 24,670,410	\$ 28,108,194	\$ 28,130,306	\$ 31,492,698	\$ 57,837,453	\$ 60,617,055	\$ 62,491,626
Total net debt applicable to limit	<u>2,587,907</u>	<u>2,277,332</u>	<u>1,939,118</u>	<u>1,661,966</u>	<u>1,354,024</u>	<u>1,718,063</u>	<u>1,549,078</u>	<u>2,419,065</u>	<u>2,025,369</u>	<u>1,481,991</u>
Legal debt margin	<u>\$ 15,863,163</u>	<u>\$ 17,697,920</u>	<u>\$ 19,838,374</u>	<u>\$ 23,008,444</u>	<u>\$ 26,754,170</u>	<u>\$ 26,412,243</u>	<u>\$ 29,943,620</u>	<u>\$ 55,418,388</u>	<u>\$ 58,591,686</u>	<u>61,009,635</u>
Total net debt applicable to the limit as a percentage of debt limit	14.03%	11.40%	8.90%	6.74%	4.82%	6.11%	4.92%	4.18%	3.34%	0.023715033

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2010

Estimated market value - real and personal property	\$ 2,083,054,200
Debt limit 3% of estimated market value	62,491,626
Debt applicable to limit:	
General obligation bonds	\$ 1,655,000
Less: Amount set aside for repayment of general obligation debt	<u>(173,009)</u>
Total net debt applicable to limit	<u>1,481,991</u>
Legal debt margin	<u>61,009,635</u>

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
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 ³	307,990	627,938	8.95
2003	18,520,237	12,164,361	6,355,876	550,173	457,079	1,007,252	6.31
2004	19,611,385	12,969,932	6,641,453	609,533	423,258	1,032,791	6.43
2005	21,207,573	13,871,827	7,335,746	637,633	398,919	1,036,552	7.08
2006	22,810,867	14,919,786	7,891,081	551,624	379,886	931,510	8.47
2007	25,737,325	16,672,796	9,064,529	746,750	444,439	1,191,189	7.61
2008	29,086,491	18,521,325	10,565,166	840,367	487,671	1,328,038	7.96
2009	31,080,555	21,190,625	9,889,930	898,120 ⁴	494,896	1,393,016	7.10
2010	33,299,056	22,639,022	10,660,034	805,960	419,744	1,225,704	8.70

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 ²	961,346	2,127,713	1.18
2003	4,573,788	2,071,466	2,502,322	1,359,766	786,343	2,146,109	1.17
2004	4,702,062	2,107,619	2,594,443	1,434,467	715,126	2,149,593	1.21
2005	5,217,254	2,352,119	2,865,135	1,496,367	647,700	2,144,067	1.34
2006	5,558,926	2,715,167	2,843,759	1,479,582	581,165	2,060,747	1.38
2007	5,799,590	2,983,542	2,816,048	1,519,751	603,113	2,122,864	1.33
2008	6,355,804	3,221,731	3,134,073	1,649,941	626,266	2,276,207	1.38
2009	6,475,089	3,525,737	2,949,352	1,600,063 ³	520,869	2,120,932	1.39
2010	6,322,229	3,607,853	2,714,376	1,509,274	457,504	1,966,778	1.38

1 - Expenses exclude depreciation and amortization.

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
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

1 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 477,312	\$ 466,685	\$ 10,627	\$ 35,000 ²	\$ 41,014	\$ 76,014	0.14
2002	374,752 ³	406,910	(32,158)	40,000	23,624	63,624	(0.51)
2003	402,548 ⁴	404,022	(1,474)	40,000	22,036	62,036	(0.02)
2004	432,828 ⁵	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)

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 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	
2001	\$ 1,435,505	\$ 972,417	\$ 463,088	\$ 305,000 ²	\$ 624,626	\$ 929,626	0.50
2002	1,061,780	1,022,337	39,443	125,000	247,878	372,878	0.11
2003	1,024,417 ³	992,796	31,621	130,000	241,724	371,724	0.09
2004	1,005,062 ³	1,039,083	(34,021)	140,000	235,866	375,866	(0.09)
2005	1,153,566	1,191,811	(38,245)	145,000	231,076	376,076	(0.10)
2006	1,167,592	1,298,948	(131,356)	150,000	220,901	370,901	(0.35)
2007	1,105,056 ⁴	1,314,238	(209,182)	160,000	210,923	370,923	(0.56)
2008	1,070,641	1,324,658	(254,017)	170,000	206,444	376,444	(0.67)
2009	1,326,927	1,287,866	39,061	175,000	197,746	372,746	0.10
2010	1,250,631	1,302,556	(51,925)	185,000	185,371	370,371	(0.14)

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

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

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF VEHICLE FUND PLEDGED-REVENUE COVERAGE¹
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	855,982	60,000	8,816	68,816	12.44
2004	865,856	11,583	854,273	60,000	6,215	66,215	12.90
2005	949,304	11,032	938,272	65,000	3,448	68,448	13.71

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

2 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001 ¹	\$ 1,355,593	\$ 31,135	\$ 1,324,458	\$ 520,000	\$ 741,953	\$ 1,261,953	1.05
2002	1,349,554 ²	40,624	1,308,930	630,000 ²	720,556	1,350,556	0.97
2003	339,415	3,052	336,363	185,000	495,308	680,308	0.49
2004	420,352 ³	50,719	369,633	190,000	487,406	677,406	0.55
2005	519,897	7,320	512,577	200,000 ⁴	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 ⁵	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

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.

5 - 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	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	\$ 2,084,017	\$ 290,677	\$ 1,793,340	\$ 900,000	\$ 459,066	\$ 1,359,066	1.32
2002	2,365,952	186,236	2,179,716	1,045,000	515,544	1,560,544	1.40
2003	3,636,022	427,227	3,208,795	1,090,000	712,351	1,802,351	1.78
2004	5,812,348	493,400	5,318,948	1,630,000	1,414,429	3,044,429	1.75
2005	7,668,122	503,934	7,164,188	3,515,000	1,775,965	5,290,965	1.35
2006	7,389,538	643,131	6,746,407	1,700,000	2,954,752	4,654,752	1.45
2007	10,797,713	388,177	10,409,536	1,890,000	3,872,993	5,762,993	1.81
2008	10,461,710 ¹	210,177	10,251,533	3,565,000 ¹	4,871,596	8,436,596	1.22
2009	12,146,618 ¹	260,319	11,886,299	4,355,000	5,096,160	9,451,160	1.26
2010	12,185,726 ¹	228,350	11,957,376	6,570,000	5,233,232	11,803,232	1.01

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

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	
2001	\$ 1,025,644	\$ 4,920	\$ 1,020,724	\$ 535,725	\$ 659,996	\$ 1,195,721	0.85
2002	599,461	43,020	556,441	500,000	1,220,765	1,720,765	0.32
2003	1,844,037	32,226	1,811,811	6,985,000	1,187,846	8,172,846	0.22
2004	1,881,825	172,139	1,709,686	1,227,516	690,078	1,917,594	0.89
2005	2,867,537	313,909	2,553,628	1,256,539	671,655	1,928,194	1.32
2006	2,679,873	208,503	2,471,370	1,332,625	708,099	2,040,724	1.21
2007	2,688,940	476,956	2,211,984	1,264,210	596,814	1,861,024	1.19
2008	3,413,940	220,655	3,193,285	1,322,551	592,211	1,914,762	1.67
2009	2,843,930 ¹	713,116	2,130,814	1,382,955	1,946,835	3,329,790	0.64
2010	1,552,805 ²	412,102	1,140,703	1,545,000	911,214	2,456,214	0.46

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 current refunding of the G.O. 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
2001	32,376	\$ 759,087,696	\$ 23,446	5,503	2.9%
2002	32,572	799,544,884	24,547	5,400	3.0%
2003	32,720	864,527,840	26,422	5,272	3.1%
2004	33,485	891,839,490	26,634	5,266	3.2%
2005	34,244	932,292,900	27,225	5,297	3.0%
2006	35,225	1,020,045,550	28,958	5,339	2.7%
2007	35,853	1,089,572,670	30,390	5,400	3.0%
2008	36,226	1,133,935,384	31,302	5,351	3.1%
2009	36,770 ⁶	1,185,492,414	32,241	5,370	4.2%
2010	38,065 ⁷	1,264,061,512	33,208	5,353	3.9%

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	2010			2001		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	1,000 (a)	1	4.79%	815	1	2.72%
Minnesota State University-Moorhead	825	2	3.96%	720	2	2.40%
Concordia College	812 (a)	3	3.89%	700	3	2.33%
Eventide Lutheran Home	500	4	2.40%	430	5	1.43%
Clay County	480	5	2.30%	420	6	1.40%
American Crystal Sugar Company	355	6	1.70%	444	4	1.48%
Moorhead Electric	260	7	1.25%	174	10	0.58%
City of Moorhead	251 (b)	8	1.20%	247	8	0.82%
American Security & Protection	200	9	0.96%			
Hornbacher's Foods, Inc.	180	10	0.86%	259	7	0.86%
CAMAS Inc.				200	9	0.67%

(a) Excludes part-time employees.

(b) Excludes 160 temporary and seasonal employees

Source: Telephone survey of individual employers

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	39.38	38.38	38.38	38.38	39.38	37.00	37.00	38.17	40.22	40.22
Public Safety										
Police										
Officers	50.00	50.00	50.00	50.00	50.00	50.00	50.00	53.00	53.00	53.00
Civilians	25.75	27.80	15.80	13.32	12.82	12.815	14.875	14.88	14.88	14.00
Fire										
Firefighters & officers	30.00	30.00	30.00	30.00	30.00	33.00	33.00	33.00	36.00	36.00
Civilians	9.00	9.50	9.50	3.00	3.00	3.00	1.00	1.00	1.00	1.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Parks and Recreation	16.75	22.33	10.755	8.00	8.00	8.00	8.00	10.00	10.00	10.00
Community Development	6.00	6.00	17.575	15.575	17.575	22.50	24.50	23.20	23.20	23.20
Mass Transit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Economic Development	2.50	3.00	3.00	1.00	1.00	1.00	1.00	1.00	-	-
Electric	30.00	30.00	30.00	30.00	30.00	31.00	31.00	33.00	34.00	34.00
Water	21.00	21.00	21.00	21.00	21.00	22.00	21.00	23.00	25.00	25.00
Broadband	0	0	0	0	0	3.00	9.00	11.00	-	-
Wastewater Treatment	15.00	15.00	15.00	16.00	16.00	17.00	17.00	17.00	17.00	17.00
Storm Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and Streets	15.00	16.00	16.00	16.00	16.25	16.63	16.63	16.63	16.63	16.63
Sanitation	23.00	23.00	23.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Golf Courses	3.50	3.50	3.50	3.50	3.50	7.58	7.58	7.58	7.58	7.58
Sports Center	2.00	2.00	2.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Pest Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTE's	295.88	304.51	292.51	277.78	280.53	296.53	303.59	315.46	310.51	309.63

Source: City Human Resources Department

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	1,191	1,272	1,126	1,024	926	945	878	920	970	1,006
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,458	2,905	2,619	2,407	2,350	2,462	2,393	2,076	2,288	2,353
Fire										
Medical responses	1,127	1,240	1,409	1,292	1,462	1,405	1,322	1,700	1,945	1,980
Fire & other responses	674	753	805	768	751	766	830	994	1,024	1,006
Library										
Visits	215,644	238,680	235,196	234,624	273,364	266,292	276,692	265,070	298,870	305,435
Circulation	263,097	280,889	277,448	287,433	294,417	296,652	360,864	386,938	398,685	409,133
Mass Transit										
Fixed Routes ridership	306,034	288,324	281,730	280,279	316,647	344,824	356,732	398,445	392,218	376,697
Paratransit ridership	11,365	9,519	8,828	9,950	10,958	13,014	14,498	19,206	13,083	13,220
Metro Senior Ride ridership								4,050	5,111	5,961
Community Development										
New Residential Permits	113	221	205	308	350	338	241	201	178	160
New Residential Valuation	21,790,500	33,628,128	32,307,000	49,697,640	57,788,265	58,147,643	40,152,822	43,243,429	33,243,985	24,091,532
New Commercial Permits	54	24	26	28	28	39	31	20	17	19
New Commercial Valuation	17,740,644	4,794,700	32,795,794	4,519,100	13,621,419	25,722,337	25,368,798	6,029,417	4,575,300	8,620,860
Sanitation										
Curbside Recycling (tons)	-	-	83	373	398	606	626	701	645	582
Refuse Collected (landfill tonnage)	-	-	18,574	16,390	18,048	18,744	21,587	20,168	20,688	19,737
Yard Waste (tons)	-	-	1,864	1,799	3,378	2,515	2,049	2,247	3,056	3,026
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	4.50	3.88	3.90	4.36	4.75	4.66	4.40	4.49	4.68	4.66
Electric										
Annual Sales (millions of kwh)	350.48	359.07	376.54	386.86	397.11	399.37	412.03	418.91	414.03	418.40
Water										
Water Sales (billions of gallons)	1.343	1.368	1.449	1.440	1.462	1.471	1.457	1.398	1.385	1.335

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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)	170.35	174.89	175.47	184.60	197.72	203.75	207.10	210.35	208.60	210.11
Culture and recreation										
Parks	32	32	32	34	36	41	42	42	42	42
Swimming/wading pools	8	8	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	7	7	7	7	10	10	10	10	10	10
Wastewater										
Storm sewers (miles)	96.47	97.01	100.91	104.82	113.80	113.80	124.89	125.35	125.35	127.40
Sanitary sewers (miles)	111.38	112.44	120.25	125.88	136.73	136.73	145.54	154.54	154.54	155.19
Force mains (miles)	10.93	10.93	14.12	14.12	14.29	14.29	16.09	20.87	20.87	20.87

Source: Various city departments.