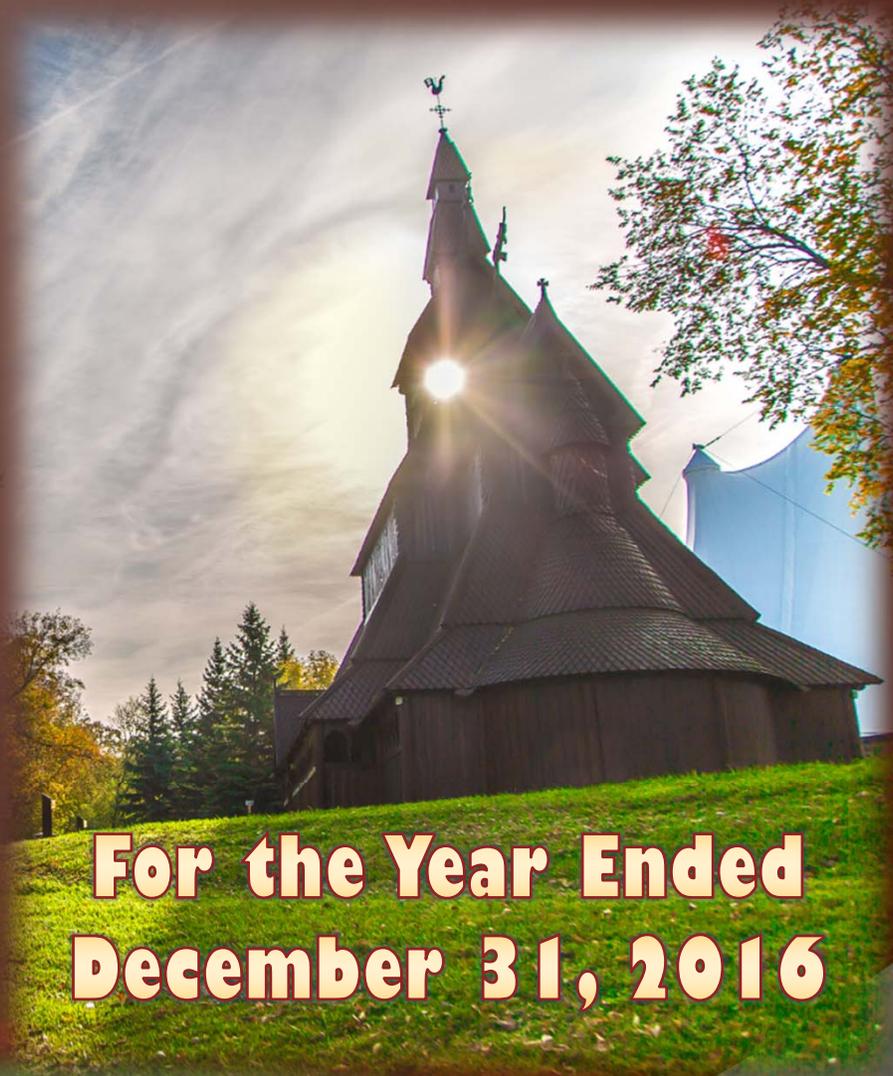


**City of Moorhead, Minnesota**

**Comprehensive Annual  
Financial Report**



**For the Year Ended  
December 31, 2016**

**[www.cityofmoorhead.com](http://www.cityofmoorhead.com)**





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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**PREPARED BY THE FINANCE DIVISION**

**WANDA WAGNER, FINANCE DIRECTOR**

**AMY WOHLWEND, ACCOUNTANT**

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



**INTRODUCTORY  
SECTION**



**CITY OF MOORHEAD, MINNESOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

Independent Auditor's Report .....	1
Management’s Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund.....	16
Statement of Net Position – Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	19
Statement of Cash Flows – Proprietary Funds .....	20
Notes to the Financial Statements .....	21
Required Supplementary Information	
Note to the Schedule of Funding Progress .....	49
Cost Sharing Pension Plan Schedules .....	50
Combining and Individual Fund Schedules and Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	54

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Park Fund .....	56
Library Fund.....	57
Community Development Fund .....	58
Rental Registration .....	59
Mass Transit Fund.....	60
Economic Development Fund .....	61
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	62
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds .....	64
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	65
Combining Statement of Net Position– Internal Service Funds .....	66
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds .....	67
Combining Statement of Cash Flows – Internal Service Funds .....	68

Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source .....	69
Schedule by Function and Activity.....	70
Schedule of Changes by Function and Activity .....	71

**STATISTICAL SECTION**

Net Position by Component .....	72
Changes in Net Position.....	73
Fund Balances of Governmental Funds .....	75
Changes in Fund Balances of Governmental Funds .....	76
Assessed Value and Estimated Actual Value of Taxable Property.....	77
Property Tax Rates.....	78
Principal Property Taxpayers.....	79
Property Tax Levies and Collections .....	80
Electric Transfers to Governmental Funds .....	81
Ratios of Outstanding Debt by Type .....	82
Ratios of General Bonded Debt Outstanding.....	83
Direct and Overlapping Governmental Activities Debt.....	84
Legal Debt Margin Information .....	85
Schedule of Electric Fund Pledged-Revenue Coverage.....	86
Schedule of Water Fund Pledged-Revenue Coverage .....	87
Schedule of Wastewater Fund Pledged-Revenue Coverage .....	88
Schedule of Sports Center Fund Pledged-Revenue Coverage .....	89
Schedule of Golf Course Fund Pledged-Revenue Coverage .....	90
Schedule of Municipal Improvement Fund Pledged-Revenue Coverage .....	91
Schedule of Special Assessment Fund Pledged-Revenue Coverage .....	92
Schedule of Tax Increment Fund Pledged-Revenue Coverage.....	93
Demographic and Economic Statistics .....	94
Principal Employers.....	95
Full-Time Equivalent City Employees by Function .....	96
Operating Indicators by Function .....	97
Capital Asset Statistics by Function .....	98



June 26, 2017

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, 2016.

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

The City of Moorhead's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## CITY OF MOORHEAD PROFILE

The City of Moorhead, incorporated in 1881, is situated in the heart of the Red River Valley, 250 miles northwest of Minneapolis. It is the county seat of Clay County and a community rich in history, tradition and diversity. While Moorhead is part of a growing metropolitan region, it is distinct because of its liberal arts based college atmosphere, quality educational system, plentiful parks and strong, diverse neighborhoods. The City covers approximately 22.2 square miles with a population of 38,065 as of the 2010 U.S. Census.



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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by July 1 of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review prior to September 15th. The council is required to hold a public meeting where the citizens are allowed to speak on the proposed budget and to adopt a final budget prior to December 28<sup>th</sup>. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate.

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

### Local Economy

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

passenger services are nearby. The metropolitan area serves as a regional center for surrounding agricultural communities in Minnesota with stable operations reported at the city's top two property taxpayers: American Crystal Sugar and the Anheuser Busch malt facility. While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 6,000 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 674 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 and Rasmussen College offering career focused degrees in business, design, education, health sciences, justice studies, nursing and technology.

### **Long-term Financial Planning**

The City Council has established a cash reserve policy retaining a minimum of 40% of the next year's General Fund and Park Fund operating budget for working capital to allow for cash flow until tax settlements are received and to allow for unforeseen contingencies. Over the 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**

The City's 2016 construction activity was the second highest seen in the past 10 years with a total of 487 housing units constructed. More than \$180 million of construction value was added through new and remodel residential, institutional and commercial building activity – double the 2015 activity. In 2016, 145 new single family attached and detached homes were built and 342 new duplex/multi-family residential units were constructed, an all-time record for multi-family construction. \$60.2 million in new residential value was constructed in 2016.

The City commissioned Maxfield Research & Consulting in 2016 to undertake an update to the City's Comprehensive Housing Needs Analysis. The City had met or surpassed housing production forecasts from the original study published in 2012. The update concludes that Moorhead continues to experience strong population and household growth as the economic recovery has ensued. The study indicates Moorhead has a demand for approximately 1,200 for-sale housing units in the next five years, and nearly 2,000 rental units are needed in the next 15 years. The study confirmed demand for niche markets, including workforce, senior, and student populations.

Independent School District No. 152 (Moorhead) expects an increase of 700 students within the next 5 years along with the addition of all-day kindergarten. Voters approved funds to construct a new elementary school and middle school addition. Construction of the new Dorothy Dodds elementary school and expansion to the middle school is underway and expected to be completed for the 2017 school year. New residential lots are planned in the areas adjacent to the new Dorothy Dodds Elementary School.

Strong commercial and industrial investment continues. Over \$15 million in new commercial building value was added in 2016. Thirty-one new commercial and institutional buildings permitted for construction including the new Muscatell Subaru dealership on Interstate-94 and the Concordia College Science Complex. The new Hornbacher's Grocery, a SuperValu company, is the anchor for a 50,000 square-foot, \$4.2 million retail shopping center with a variety of commercial spaces that are filling with new and expanding businesses. MPS Water Division also completed an \$11.7 million addition and upgrades to the water treatment plant in 2016.

Investment in Moorhead's downtown and central corridors continues, with the first two of three phases of The Grove apartment project anticipated to be complete in 2017, a preferred developer selected for the significant intersection of

8<sup>th</sup> Street and Main Avenue, and the 9Thirteen Main Avenue apartment project getting underway in 2017. Furthermore, with over 400 fire service delays due to blocked rail crossings in the past 2-1/2 years, the City was excited that the 2017 Minnesota Bonding Bill included \$43 million for the construction of a rail grade separation at 20/21<sup>st</sup> Street.

Numerous park and trails projects are underway in 2017, including new paved and natural trails, a new bike/pedestrian trail over Snakey Creek, restrooms and other projects at MB Johnson Regional Park. Grant funds have been secured for multiple trails – including the Bluegoose Trail connecting Gooseberry Park and Bluestem Center for the Arts, the Homestead Trail which will connect the downtown trail system with Homestead Park and the historic Bergquist Cabin, and reconstruction and partial relocation of the Downtown Link trail to move it out of low areas that frequently flood. A new/replacement bike/pedestrian bridge connecting two downtown Fargo-Moorhead parks is planned in 2017. Collaborations with Riverkeepers, FM Trailbuilders and Audubon Dakota on various initiatives – including the Urban Woods and Prairies Initiative, off-road trails, paddling excursions and community education – have continued.

### **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, 2015. This was the 33<sup>rd</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Wanda Wagner  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Moorhead  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO



CITY OF MOORHEAD  
LISTING OF CITY OFFICIALS  
AS OF DECEMBER 31, 2016

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

APPOINTED OFFICIALS

DAVID SCHMIDT                      INTERIM CITY MANAGER

DEPARTMENT DIRECTORS

SCOTT HUTCHINS                      PLANNING & NEIGHBORHOOD SERVICES

HOLLY HEITKAMP                      PARKS & RECREATION

ROBERT ZIMMERMAN                      ENGINEERING

DAVID EBINGER                      POLICE CHIEF

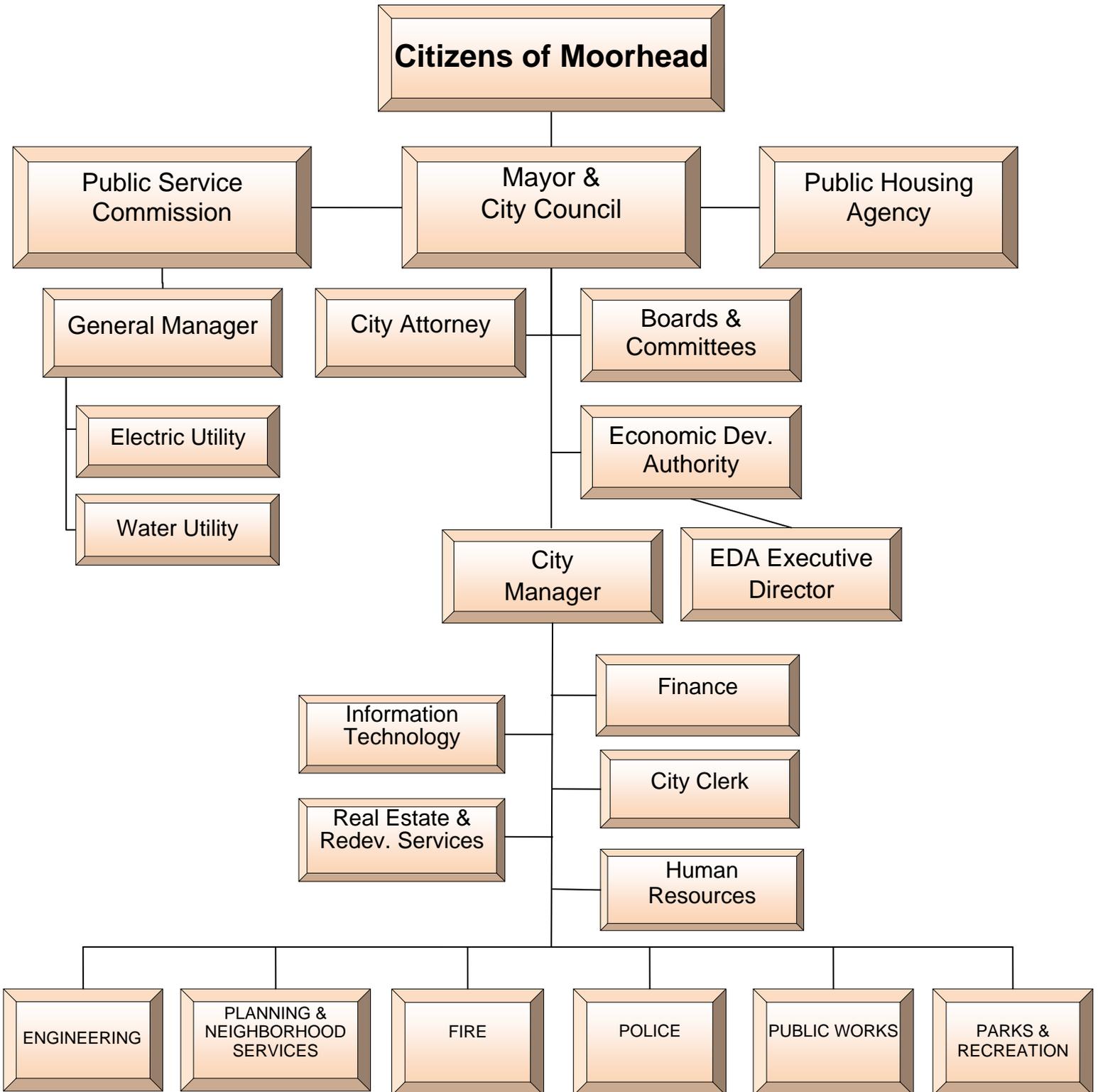
RICH DUYSSEN                      FIRE CHIEF

STEVE MOORE                      PUBLIC WORKS

# CITY OF MOORHEAD

## ORGANIZATION CHART

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**FINANCIAL**

**SECTION**





## Independent Auditor's Report

To the City Council  
City of Moorhead, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Other Information**

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017 on our consideration of the City of Moorhead, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Moorhead's internal control over financial reporting and compliance.

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

Fargo, North Dakota  
June 26, 2017



**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, 2016. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$468,798,241.
- The City's total net position increased by \$26,924,340.
- The City's governmental funds reported combined ending fund balances of \$77,010,252, a decrease of \$1,954,604 in comparison with the prior year. Of this total amount, \$11.4M is unassigned, \$6.2M assigned, \$1.1M committed, \$54.6M restricted and \$3.7M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$13,423,346 or 59% of total general fund expenditures of \$22,631,256.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Proprietary funds.** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry, municipal airport, and street light utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses 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, \$417,832 has been reflected within the business-type activities and \$4,315,799 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 required supplementary information concerning the City of Moorhead's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 49-51 of this report.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Moorhead, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$468,798,241 at the close of the most recent fiscal year.

The largest portion of the City's net position is the investment in capital assets of \$314,390,483 (67%) (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City of Moorhead uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Moorhead's net position, \$149,245,423 (32%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,162,335 (1%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal year ending December 31, 2016.

### CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total
	2016	2015	2016	2015	2016
Current and other assets	\$ 159,747,456	\$ 157,643,979	\$ 55,496,695	\$ 42,643,488	\$ 215,244,151
Capital assets	390,347,452	364,881,996	160,371,897	150,907,949	550,719,349
Total assets	550,094,908	522,525,975	215,868,592	193,551,437	765,963,500
Deferred outflows of resources	25,486,879	6,133,958	3,641,591	1,079,589	29,128,470
Long-term liabilities outstanding	221,392,772	195,177,025	83,847,426	68,456,709	305,240,198
Other liabilities	6,335,664	6,020,317	6,872,569	5,422,914	13,208,233
Total liabilities	227,728,436	201,197,342	90,719,995	73,879,623	318,448,431
Deferred inflows of resources	6,332,380	5,135,195	1,512,918	1,204,898	7,845,298
Net Position:					
Net investment in capital assets	223,160,997	188,292,907	91,229,486	91,710,240	314,390,483
Restricted	136,900,935	117,010,569	12,344,488	6,763,217	149,245,423
Unrestricted	(18,540,961)	17,023,920	23,703,296	21,073,048	5,162,335
Total net position	\$ 341,520,971	\$ 322,327,396	\$ 127,277,270	\$ 119,546,505	\$ 468,798,241

The \$34.9M increase in capital assets in governmental activities is the result of considerable investment in city infrastructure, as well as completion of a high service water pumping station and construction of a new electric transfer station. The increase in business-type activities current and other assets is primarily due to receipt of bonding proceeds that will be used through 2017 to finish the integration of former Oakport Township electric customers into the City of Moorhead service territory. There was also a significant increase in the deferred outflows of resources resulting from a combination of changes in actuarial assumption and the difference between projected and actual investment earnings relating to the reporting of the City's pension liability under GASB Statements 68 and 71. There was a corresponding increase in net pension liability under long-term liabilities.

At the end of the current fiscal year, the City of Moorhead is reporting positive balances in all reported categories of net position except unrestricted net assets in the governmental activities. This negative balance resulted from an increase in the net investment in capital assets of \$35M.

In addition, the City of Moorhead's overall net position increased by \$26,924,340 over the prior fiscal year. The components of this increase are discussed in the following sections for governmental activities and business-type activities.

## CITY OF MOORHEAD'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total 2016
	2016	2015	2016	2015	
Revenues:					
Program revenues:					
Charges for services	\$ 5,050,638	\$ 4,891,925	\$ 68,625,587	\$ 64,735,856	\$ 73,676,225
Operating grants and contributions	7,030,078	4,045,822	236,022	250,277	7,266,100
Capital grants and contributions	25,995,042	13,758,664	1,854,572	176,178	27,849,614
General Revenues:					
Taxes	8,825,641	7,886,873			8,825,641
Tax Increments	498,896	514,527			498,896
Franchise Fees	922,395	1,013,045			922,395
State aid	10,352,919	9,927,631	11,562	11,562	10,364,481
Grants and contributions not restricted to specific programs	101,072	171,160			101,072
Investment earnings	116,946	96,413	42,817	245,689	159,763
Miscellaneous	1,909,098	1,308,003	994,136	610,959	2,903,234
Total revenues	60,802,725	43,614,063	71,764,696	66,030,521	132,567,421
Expenses:					
General government	5,355,803	4,140,728			5,355,803
Public safety	15,536,547	12,699,743			15,536,547
Highways and streets	12,271,658	12,439,423			12,271,658
Parks and recreation	4,103,311	3,691,716			4,103,311
Library	864,267	857,013			864,267
Community development	596,676	482,152			596,676
Rental Registration	300,560	274,323			300,560
Mass transit	2,903,025	2,819,080			2,903,025
Economic development	863,944	871,623			863,944
Interest on long-term debt	7,785,669	6,876,730			7,785,669
Electric			31,817,993	29,476,309	31,817,993
Water			6,384,007	5,795,414	6,384,007
Wastewater treatment			6,420,340	6,058,003	6,420,340
Storm water			1,279,110	1,316,273	1,279,110
Sanitation			3,657,006	3,532,179	3,657,006
Golf Course			1,813,363	1,658,863	1,813,363
Sports Center			1,032,354	975,858	1,032,354
Pest Control			569,291	442,730	569,291
Forestry			853,299	696,965	853,299
Municipal airport			324,577	322,277	324,577
Street light utility			695,149	647,483	695,149
Total expenses	50,581,460	45,152,531	54,846,489	50,922,354	105,427,949
Increase/decrease in net position before transfers	10,221,265	(1,538,468)	16,918,207	15,108,167	27,139,472
Transfers	8,972,310	9,929,999	(8,972,310)	(9,929,999)	0
Change in net position	19,193,575	8,391,531	7,945,897	5,178,168	27,139,472
Special Item		15,812,220	(215,132)	(1,532,204)	(215,132)
Net position - beginning of year, as previously reported	322,327,396	311,852,655	119,546,505	121,507,367	441,873,901
Prior period adjustment		(13,729,010)		(5,606,826)	0
Net position – beginning of year, as restated		298,123,645		115,900,541	0
Net position - end of year	\$ 341,520,971	\$ 322,327,396	\$ 127,277,270	\$ 119,546,505	\$ 468,798,241

**Governmental activities.** The governmental activities' net position increased by \$19,193,575 during the current fiscal year. There are a few large components of this change. Revenues increased by \$17,188,662 in large part due to a \$5M capital grant relating to a large street project, nearly \$6.5M more in new special assessment projects an additional \$1.2M in mass transit operating grants and a \$1.2M economic development grant. Expenses increased \$5,428,929 (12%) over 2015 due primarily to a \$3.5M attributable to pension expense reported under GASB 68 and a \$1M increase in bond interest.

**Business-type activities.** Business-type activities increased the City's net position by \$7,730,765. Charges for services in the business-type activities increased nearly \$4M (6%) over the previous year. This resulted primarily from rate increases in the Electric Fund (2.5%), Water Fund (6.5%) and Wastewater Fund (4.0%) and increased customer sales volume in the Water Fund. Expenses in the business-type activities increased \$3,924,135 (7.7%). This increase is primarily due to increases of \$2.3M (8%) in the Electric Fund, \$589K (10%) in the Water Fund and \$362K (6%) in the Wastewater Fund.

## GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$77,010,252 a decrease of \$1,954,604 in comparison with the prior year. Approximately 14.8%, or \$11,412,660, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$6.2M, 8.1%), committed (\$1.1M, 1.5%), restricted (\$54.6M, 70.8%) or nonspendable (\$3.7M, 4.8%).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,423,346. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 59% of total general fund expenditures which is just slightly below the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was an increase of \$498,361 or 3.0% from 2015. Key factors of this increase are as follows:

- Total revenues including transfers were \$23,784,951 which was \$178,013 under budget. License and permit revenue exceeded budget by \$525,000, however, service charges were under budget by \$767,000. This service charges variance consists of bulk fuel sales and maintenance shop service charges to other city divisions.
- Expenditures including transfers totaling \$23,286,590 were under budget by \$1,829,741. Reductions in personal services of \$425,000 were achieved by not filling various vacant positions in addition to \$490,000 in lower than expected bulk fuel costs. There was also a transfer from the General Fund to the Permanent Improvement fund to write off a long-term receivable for land which won't be sold for reimbursement.

The special assessment debt service fund balance decrease of \$4,237,857 was due mainly to crossover-refunding bond issues from 2015 for which the proceeds held with a fiscal agent were used in 2016 to retire the refunded bonds. This is also reflected in a decrease in cash with fiscal agent of about \$19.5M. The special assessment capital projects fund balance increased by \$956,657 which is primarily due to a premium on the issuance of debt. The permanent improvement fund balance increased \$640,678 which is primarily attributable to unspent bond proceeds for a major street reconstruction project.

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

Unrestricted net position of the enterprise funds at the end of the year totaled \$23,285,464. The total change in net position in the enterprise funds was an increase of \$7,824,650 (6.2%).

The electric fund reported an increase of \$2,604,706 (6.2%) in net position primarily due to a 2.5% rate increase while the water fund reported an increase of \$2,597,259 (6.5%) resulting from both an increase in sales volume and a 6.5% rate increase. The wastewater treatment fund also reported an increase in net position of \$1,386,219 (7.3%) due to a 4.0% rate increase to fund capital projects and provide for debt service payments.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

Budgets were amended during the year to account for changes approved by the City Council during the year, for capital outlay and open encumbrance carryovers from the previous fiscal year, new grant awards and supplemental appropriations. The original expenditure budget of \$23,545,318 was amended as final totaling \$25,116,331 for an increase of \$1,571,013 during the year of which \$600K related to grant awards and another \$550K was transferred to the golf course to retire bonds.

The negative revenue variance of \$246,866 is attributed primarily to lower than expected service charge revenue relating to maintenance shop functions offset by excess license and permit revenue. The positive variance in expenditures of \$1,829,741 is primarily due to delays in filling vacant positions saving \$425,000, \$490,000 in lower than expected bulk fuel purchases and the writer-off of a long term receivable from the Permanent Improvement Fund in the amount of \$105,000.

**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, 2016, amounts to \$550,719,349 (net of accumulated depreciation), an increase of \$34.9M. 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 \$1.63M funded by a State grant and the remainder funded through issuance of bonds.
- \$6.7M in street projects with state funds
- \$21.7M in infrastructure other improvements
- \$6.6M in electric capital assets
- \$7.3 in water capital assets

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

	Governmental Activities 2016	Business-type Activities 2016	Total
Land	\$ 65,340,654	\$ 9,254,057	\$ 74,594,711
Construction in progress	71,934,333	11,378,853	83,313,186
Buildings	9,722,299	108,530,679	118,252,978
Improvements other than buildings	14,987,820	26,185,192	41,173,012
Machinery and equipment	14,349,281	5,023,116	19,372,397
Infrastructure	214,013,065		214,013,065
Total	\$ 390,347,452	\$ 160,371,897	\$ 550,719,349

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 \$258,031,511. Of this amount, \$184,175,000 of G.O. Special Assessment, Tax Increment and Municipal Improvement debt and \$42,146,511 of General Obligation Revenue debt are backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$31,710,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$406,455 General Obligation Notes Payable at year end and net pension liability totaling 43,414,981. See Note 5 for further information on the City's net pension liability.

The City had a net increase in long-term bonded debt of \$15,991,104 during the current fiscal year. This increase is due to the issuance of various bonds, which are listed below, debt service principal payments of \$14,458,117 and early retirement of G.O. Improvement Bonds of 2005A in the amount of \$9,260,000 and G.O. Improvement Bonds 2005B in the amount of \$10,015,000 which issues were both advance refunded in 2014. During the current fiscal year, the City issued:

\$12,730,000 Public Utility Revenue Bonds, Series 2016A to finance various electric and water improvements.

\$20,920,000 G.O. Improvement Bonds, Series 2016B to finance various city-wide infrastructure projects.

\$11,135,000 G.O. Improvement Refunding Bonds, Series 2016C to refund G.O. Improvement Bonds Series 2006B and 2006C

\$2,677,433 Addition to G.O. Water Revenue Note of 2014

\$2,261,788 G.O. Water Revenue Note of 2016

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of taxable property. The current debt limitation for the City of Moorhead is \$73,327,779. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$406,455 leaving a legal debt margin of \$72,921,324.

### CITY OF MOORHEAD'S OUTSTANDING DEBT

General Obligation Bonds, Revenue Bonds, Long-Term Notes, Compensated Absences and Other Post-Employment Benefits

Type of Issue	Governmental Activities	Business-type Activities	Total
Special assessment	\$ 180,455,000	\$	\$ 180,455,000
G.O. Tax Increment	3,585,000		3,585,000
G.O. Municipal Improvement Revenue	135,000		135,000
G.O. Revenue		42,146,511	42,146,511
Revenue Refunding		3,913,000	3,913,000
Revenue		27,797,000	27,797,000
Long-term notes	406,455	297,200	703,655
Compensated absences	1,713,437	1,025,823	2,739,260
Other Post-Employment Benefits	981,324	546,602	1,527,926
Net Pension Liability	35,190,951	8,224,030	43,414,981
Total	\$ 222,467,167	\$ 83,950,166	\$ 306,417,333

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

#### Economic Factors and Next Year's Budgets

The local economy has remained resilient and 2016 showed significant increases in both new commercial and residential construction, both in terms of value and number of residential units. There has been \$98 million of public investment for flood mitigation in Moorhead during the last decade. \$5.53 million will complete the City's flood protection to a river stage of 42.5 feet. Moorhead's revised FEMA map was adopted in April 2012 and sets the 100-year flood plain at a river stage of 39.3 feet. Moorhead's proactive approach to flood protection gives the City a market advantage and keeps our community in business regardless of when the FM Diversion project is completed. The City of Moorhead prides itself on its ability to maintain most services at a level the taxpayer has come to expect.

The City of Moorhead's 2016 Operating & Capital Budget totals \$80,778,031, an increase of \$3,020,594 (3.9%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2017 budget reflects a decrease of \$535,209 (1.6%) from 2016 levels. This reduction is mainly attributable to removing the central maintenance shop (\$1.5M) function from the General Fund and setting it up as an internal service fund. In addition, there was a significant decrease in the Mass Transit Fund (\$747K) from bus replacements in the 2016 budget. Along with these reductions, the 2017 budget provided for additional staffing of three (3) public safety positions, one (1) additional engineering tech and a .75 FTE aquatics coordinator position.

Based upon the results of the Classification and Compensation Study which was completed in April of 2013, Year 4 of implementation was included in the 2017 Operating and Capital Budget along with a 3% pay scale adjustment. The total cost for this stage of the implementation is slightly over \$840,000 citywide. Health insurance premiums were increased \$220,000 (10%). Operating budgets remained primarily at 2016 levels, with the exception of increases in general liability insurance (7%) and auto insurance (2%), which are essentially nondiscretionary in nature.

The State of Minnesota's Local Government Aid (LGA) program continues to be stressed and not a funding source which is forecast to increase. 2017 Local Government Aid is \$7,136,188, which is an increase of \$7,442 over the 2016 Local Government Aid allocation.

#### Requests for Information

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



**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 53,027,197	\$ 18,288,434	\$ 71,315,631	\$ 1,532,794
Cash with fiscal agent	13,810,000		13,810,000	
Receivables:				
Accounts and notes	295,110	7,996,596	8,291,706	9,262
Accrued interest		72,955	72,955	
Special assessments	6,648,813	166,003	6,814,816	
Internal balances	2,228,142	(2,228,142)		
Due from other governmental units	1,026,523	604,597	1,631,120	21,950
Inventories		1,358,871	1,358,871	
Prepaid items	1,923	35,534	37,457	26,604
Restricted assets:				
Cash and cash equivalents	13,810,000	9,499,674	23,309,674	15,907
Bond operation and maintenance reserve		5,607,000	5,607,000	
Long-term receivables:				
Special assessments	64,427,949	2,681,698	67,109,647	
Notes receivable, less current portion	4,471,799	653,547	5,125,346	
Other long-term investments		10,759,928	10,759,928	
Capital assets:				
Intangible plant		759,399	759,399	
Land	65,340,654	9,254,057	74,594,711	464,977
Buildings	23,152,347	189,873,760	213,026,107	11,661,242
Improvements other than buildings	27,598,853	41,922,220	69,521,073	
Machinery and equipment	36,035,222	19,564,498	55,599,720	899,271
Infrastructure	304,142,171		304,142,171	
Construction in progress	71,934,333	11,378,853	83,313,186	
Less accumulated depreciation	(137,856,128)	(112,380,890)	(250,237,018)	(7,472,509)
Total assets	<u>550,094,908</u>	<u>215,868,592</u>	<u>765,963,500</u>	<u>7,159,498</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plans	24,205,685	3,641,591	27,847,276	
Advance refundings of debt	1,281,194		1,281,194	
Total deferred outflows of resources	<u>25,486,879</u>	<u>3,641,591</u>	<u>29,128,470</u>	
<b>LIABILITIES</b>				
Accounts payable	1,371,501	5,072,970	6,444,471	52,990
Contracts payable - retainage	990,222		990,222	
Accrued wages payable	410,413	107,184	517,597	12,562
Accrued compensated absences	1,074,395	918,331	1,992,726	34,069
Due to other governmental units	500	35,434	35,934	
Customer deposits		205,440	205,440	71,027
Other liabilities	46,603	90,418	137,021	54,781
Accrued interest payable	2,442,030	442,792	2,884,822	
Long-term liabilities:				
Due within one year	22,997,639	4,588,414	27,586,053	
Accrued compensated absences	639,042	107,492	746,534	
Other post-employment benefits	981,324	546,602	1,527,926	
Net pension liability	35,190,951	8,224,030	43,414,981	
Notes payable	323,816	267,972	591,788	
Bonds payable	161,260,000	70,112,916	231,372,916	
Total liabilities	<u>227,728,436</u>	<u>90,719,995</u>	<u>318,448,431</u>	<u>225,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plans	6,332,380	1,512,918	7,845,298	
Total deferred inflows of resources	<u>6,332,380</u>	<u>1,512,918</u>	<u>7,845,298</u>	
<b>NET POSITION</b>				
Net investment in capital assets	223,160,997	91,229,486	314,390,483	5,531,031
Restricted for debt service	123,090,935	12,344,488	135,435,423	48,631
Unrestricted	(4,730,961)	23,703,296	18,972,335	1,354,407
Total net position	<u>\$ 341,520,971</u>	<u>\$ 127,277,270</u>	<u>\$ 468,798,241</u>	<u>\$ 6,934,069</u>

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
					Governmental Activities	Business-type Activities	Total	
<b>Functions/Programs</b>								
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 5,355,803	\$ 1,441,569	14,562	44,242	\$ (3,855,430)		\$ (3,855,430)	
Public safety	15,536,547	689,929	1,256,766		(13,589,852)		(13,589,852)	
Highways and streets	12,271,658	1,414,476	957,474	25,534,076	15,634,368		15,634,368	
Parks and recreation	4,103,311	416,231	56,558		(3,630,522)		(3,630,522)	
Library	864,267	20,200			(844,067)		(844,067)	
Community development	596,676	324,111	348,064		75,499		75,499	
Rental registration	300,560	218,757			(81,803)		(81,803)	
Mass transit	2,903,025	385,951	3,244,953	416,724	1,144,603		1,144,603	
Economic development	863,944	139,414	1,151,701		427,171		427,171	
Interest on long-term debt	7,785,669				(7,785,669)		(7,785,669)	
Total governmental activities	<u>50,581,460</u>	<u>5,050,638</u>	<u>7,030,078</u>	<u>25,995,042</u>	<u>(12,505,702)</u>		<u>(12,505,702)</u>	
Business-type activities:								
Electric	31,817,993	41,489,080		1,187,730		\$ 10,858,817	10,858,817	
Water	6,384,007	8,130,880				1,746,873	1,746,873	
Wastewater treatment	6,420,340	7,720,651		662,463		1,962,774	1,962,774	
Storm water	1,279,110	2,663,816				1,384,706	1,384,706	
Sanitation	3,657,006	4,160,055	200,000			703,049	703,049	
Golf Course	1,813,363	1,410,009				(403,354)	(403,354)	
Sports Center	1,032,354	614,650				(417,704)	(417,704)	
Pest Control	569,291	695,372				126,081	126,081	
Forestry	853,299	863,176				9,877	9,877	
Municipal airport	324,577	82,687	36,022	4,379		(201,489)	(201,489)	
Street light utility	695,149	795,211				100,062	100,062	
Total business-type activities	<u>54,846,489</u>	<u>68,625,587</u>	<u>236,022</u>	<u>1,854,572</u>		<u>15,869,692</u>	<u>15,869,692</u>	
Total primary government	<u>\$ 105,427,949</u>	<u>\$ 73,676,225</u>	<u>\$ 7,266,100</u>	<u>\$ 27,849,614</u>	<u>(12,505,702)</u>	<u>15,869,692</u>	<u>3,363,990</u>	
<b>Component Unit:</b>								
Public Housing Agency	<u>\$ 2,302,331</u>	<u>\$ 694,547</u>	<u>\$ 1,039,958</u>	<u>\$ 197,640</u>				<u>\$ (370,186)</u>
General revenues:								
Property taxes levied for general purposes					5,001,334		5,001,334	
Property taxes levied for debt service					3,824,307		3,824,307	
Tax increments					498,896		498,896	
Franchise fees					922,395		922,395	
State aid unrestricted					10,352,919	11,562	10,364,481	
Grants and contributions not restricted to specific programs					101,072		101,072	
Unrestricted investment earnings					116,946	42,817	159,763	458
Miscellaneous					1,909,098	994,136	2,903,234	264,797
Transfers					8,972,310	(8,972,310)		
Total general revenues and transfers					<u>31,699,277</u>	<u>(7,923,795)</u>	<u>23,775,482</u>	<u>265,255</u>
Special item						(215,132)	(215,132)	
Changes in net position					19,193,575	7,730,765	26,924,340	(104,931)
Net position - beginning, as previously reported					322,327,396	119,546,505	441,873,901	7,054,907
Prior period adjustment (Note 5.H.11)								(15,907)
Total net position -beginning, as restated					<u>322,327,396</u>	<u>119,546,505</u>	<u>441,873,901</u>	<u>7,039,000</u>
Net position - ending					<u>\$ 341,520,971</u>	<u>\$ 127,277,270</u>	<u>\$ 468,798,241</u>	<u>\$ 6,934,069</u>

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

**CITY OF MOORHEAD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 11,877,217	\$ 35,428,449	\$ 5,327,754	\$	\$ 9,446,354	\$ 62,079,774
Restricted Cash		13,810,000				13,810,000
Receivables:						
Accounts	272,808	71	4,715	759	16,224	294,577
Notes	2,211	301,402			4,168,186	4,471,799
Special assessments		85,898,831	3,063,412	627,003		89,589,246
Due from other funds	1,923,268					1,923,268
Due from other governmental units	181,054	106,148	1,135	350,801	386,954	1,026,092
Advances to other funds	3,711,139		280,080			3,991,219
Prepaid items	1,923					1,923
	<u>17,969,620</u>	<u>135,544,901</u>	<u>8,677,096</u>	<u>978,563</u>	<u>14,017,718</u>	<u>177,187,898</u>
<b>Total Assets</b>	<b>\$ 17,969,620</b>	<b>\$ 135,544,901</b>	<b>\$ 8,677,096</b>	<b>\$ 978,563</b>	<b>\$ 14,017,718</b>	<b>\$ 177,187,898</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 379,075	\$ 3,771	\$ 207,169	\$ 64,412	\$ 707,626	\$ 1,362,053
Contracts payable - retainage			744,361	245,861		990,222
Accrued wages payable	350,370				44,735	395,105
Due to other funds				340,166	2,976	343,142
Advances from other funds				104,000	2,821,371	2,925,371
Due to other governmental units					500	500
Other liabilities	2,893		4,500		39,210	46,603
Total Liabilities	<u>732,338</u>	<u>3,771</u>	<u>956,030</u>	<u>754,439</u>	<u>3,616,418</u>	<u>6,062,996</u>
Deferred inflows of resources:						
Long-term receivables	<u>60,018</u>	<u>86,196,031</u>	<u>3,063,412</u>	<u>627,003</u>	<u>4,168,186</u>	<u>94,114,650</u>
Total Deferred inflows of resources	<u>60,018</u>	<u>86,196,031</u>	<u>3,063,412</u>	<u>627,003</u>	<u>4,168,186</u>	<u>94,114,650</u>
Fund Balance:						
Nonspendable	3,715,273					3,715,273
Restricted		49,345,099	4,657,654		535,068	54,537,821
Committed	38,645				1,072,520	1,111,165
Assigned					6,233,333	6,233,333
Unassigned	<u>13,423,346</u>			<u>(402,879)</u>	<u>(1,607,807)</u>	<u>11,412,660</u>
Total Fund Balance	<u>17,177,264</u>	<u>49,345,099</u>	<u>4,657,654</u>	<u>(402,879)</u>	<u>6,233,114</u>	<u>77,010,252</u>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balance</b>	<b>\$ 17,969,620</b>	<b>\$ 135,544,901</b>	<b>\$ 8,677,096</b>	<b>\$ 978,563</b>	<b>\$ 14,017,718</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	390,347,452
Deferred outflows of resources resulting from pension obligations and debt refundings are not available resource and, therefore are not reported in governmental funds	25,486,879
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as receivable or are deferred in the funds.	75,602,166
Long-term liabilities, including bonds payable, net pension liability, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds	(224,909,197)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore are not reported in the governmental funds.	(6,332,380)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position	4,315,799
<b>Net position of governmental activities</b>	<b>\$ 341,520,971</b>

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, 2016**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 1,766,382	\$ 3,745,750	\$	\$	\$ 3,812,404	\$ 9,324,536
Franchise	922,395					922,395
Licenses and permits	1,174,852					1,174,852
Intergovernmental revenues:						
Federal	94,964	143,161	649,754	19,570	1,847,147	2,754,596
State	8,889,076	1,114,087	2,678,394	6,231,721	4,577,796	23,491,074
County	177,242	217,300		41,260	97,698	533,500
Other	104,315				3,374	107,689
Charges for services	1,714,282		1,360		783,343	2,498,985
Fines and forfeits	513,874					513,874
Facility rentals					165,001	165,001
Donations					32,336	32,336
Interest on investments	61,591	31,844	14,171		7,253	114,859
Special assessments		9,249,215	264,332			9,513,547
Sale of property	62,348				1,178,255	1,240,603
Miscellaneous	257,847	473,175	32,588	81,351	934,268	1,779,229
Total revenues	<u>15,739,168</u>	<u>14,974,532</u>	<u>3,640,599</u>	<u>6,373,902</u>	<u>13,438,875</u>	<u>54,167,076</u>
<b>EXPENDITURES</b>						
Current:						
General government	4,154,740	145,045	70,043	230,293	37,416	4,637,537
Public safety	13,144,272				176,564	13,320,836
Highways and streets	5,314,259			48,433	53,430	5,416,122
Parks and recreation					2,817,339	2,817,339
Library					858,478	858,478
Community development			6,947		589,729	596,676
Rental Registration					300,560	300,560
Mass transit					2,449,064	2,449,064
Economic development					583,355	583,355
Capital outlay	17,985		23,289,864	6,501,231	4,099,064	33,908,144
Debt Service:						
Bond and note principal		27,230,000			758,634	27,988,634
Bond and note Interest		5,742,517			655,716	6,398,233
Fiscal and other charges		339,056			1,143,738	1,482,794
Total expenditures	<u>22,631,256</u>	<u>33,456,618</u>	<u>23,366,854</u>	<u>6,779,957</u>	<u>14,523,087</u>	<u>100,757,772</u>
REVENUE UNDER EXPENDITURES	<u>(6,892,088)</u>	<u>(18,482,086)</u>	<u>(19,726,255)</u>	<u>(406,055)</u>	<u>(1,084,212)</u>	<u>(46,590,696)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt		11,352,050	19,768,861	934,089		32,055,000
Premium on Issuance of debt		1,920,716	960,286			2,881,002
Transfers from other funds	8,045,783	1,355,327		112,644	2,428,994	11,942,748
Transfers to other funds	(655,334)	(383,864)	(46,235)		(1,157,225)	(2,242,658)
Total other financing sources	<u>7,390,449</u>	<u>14,244,229</u>	<u>20,682,912</u>	<u>1,046,733</u>	<u>1,271,769</u>	<u>44,636,092</u>
NET CHANGE IN FUND BALANCE	498,361	(4,237,857)	956,657	640,678	187,557	(1,954,604)
FUND BALANCE - BEGINNING	<u>16,678,903</u>	<u>53,582,956</u>	<u>3,700,997</u>	<u>(1,043,557)</u>	<u>6,045,557</u>	<u>78,964,856</u>
FUND BALANCE - ENDING	<u>\$ 17,177,264</u>	<u>\$ 49,345,099</u>	<u>\$ 4,657,654</u>	<u>\$ (402,879)</u>	<u>\$ 6,233,114</u>	<u>\$ 77,010,252</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, 2016**

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

Net change in fund balances - total governmental funds (page 14) \$ (1,954,604)

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	\$ 33,908,144	
Transfer of assets to business-type activities	(1,085,069)	
Transfer of assets to internal service funds	(126,456)	
Depreciation expense	<u>(8,073,027)</u>	24,623,592

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (5)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,752,560

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	(32,055,000)	
Bond & note principal payments	<u>27,988,634</u>	(4,066,366)

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	149,626	
Other post-employment benefits	(106,610)	
Net pension liability	(22,070,514)	
Deferred outflows of resources	19,624,814	
Deferred inflows of resources	(1,185,309)	
Accrued interest	<u>95,358</u>	(3,492,635)

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. 331,033

Change in net position of governmental activities (page 12) \$ 19,193,575

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,765,209	\$ 1,765,209	\$ 1,766,382	\$ 1,173
Franchise	1,000,000	1,000,000	922,395	(77,605)
Licenses and permits	650,045	650,045	1,174,852	524,807
Intergovernmental:				
Federal	34,000	145,427	94,964	(50,463)
State	8,474,013	9,038,044	8,889,076	(148,968)
County	77,600	77,600	177,242	99,642
Other	87,930	87,930	104,315	16,385
Charges for services	2,479,595	2,481,845	1,714,282	(767,563)
Fines and forfeitures	480,800	480,800	513,874	33,074
Interest on investments	68,634	68,634	61,591	(7,043)
Miscellaneous	190,500	190,500	320,195	129,695
Total revenues	<u>15,308,326</u>	<u>15,986,034</u>	<u>15,739,168</u>	<u>(246,866)</u>
<b>EXPENDITURES</b>				
Administration department:				
Current:				
Personal services	1,217,390	1,289,600	1,228,509	61,091
Supplies	24,550	26,800	22,313	4,487
Other services & charges	1,348,399	1,417,962	1,301,522	116,440
	<u>2,590,339</u>	<u>2,734,362</u>	<u>2,552,344</u>	<u>182,018</u>
Police department:				
Current:				
Personal services	6,532,503	6,670,101	6,669,980	121
Supplies	307,420	426,886	301,491	125,395
Other services & charges	2,061,011	2,199,672	2,142,501	57,171
	<u>8,900,934</u>	<u>9,296,659</u>	<u>9,113,972</u>	<u>182,687</u>
Fire department:				
Current:				
Personal services	3,316,138	3,435,574	3,356,935	78,639
Supplies	65,389	121,906	89,206	32,700
Other services & charges	511,040	599,498	584,159	15,339
Capital outlay	8,487	8,487	8,487	
	<u>3,892,567</u>	<u>4,165,465</u>	<u>4,038,787</u>	<u>126,678</u>
Planning & Neighborhood Services department:				
Current:				
Personal services	1,278,021	1,278,021	1,218,938	59,083
Supplies	29,586	29,586	20,836	8,750
Other services & charges	474,763	495,120	362,622	132,498
	<u>1,782,370</u>	<u>1,802,727</u>	<u>1,602,396</u>	<u>200,331</u>
Engineering department:				
Current:				
Personal services	1,358,561	1,378,561	1,275,559	103,002
Supplies	29,597	36,897	22,454	14,443
Other services & charges	321,428	349,738	368,297	(18,559)
Capital outlay	30,000	30,000	1,999	28,001
	<u>1,709,586</u>	<u>1,795,196</u>	<u>1,668,309</u>	<u>126,887</u>
Public Works department:				
Current:				
Personal services	1,252,936	1,252,936	1,128,108	124,828
Supplies	2,241,714	2,241,714	1,477,443	764,271
Other services & charges	1,174,872	1,274,872	1,042,398	232,474
Capital outlay	7,499	7,499	7,499	(7,499)
	<u>4,669,522</u>	<u>4,769,522</u>	<u>3,655,448</u>	<u>1,114,074</u>
Total expenditures	<u>23,545,318</u>	<u>24,563,931</u>	<u>22,631,256</u>	<u>1,932,675</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUE UNDER EXPENDITURES	<u>(8,236,992)</u>	<u>(8,577,897)</u>	<u>(6,892,088)</u>	<u>1,685,809</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	7,976,930	7,976,930	8,045,783	68,853
Transfers to other funds	<u>(7,976,930)</u>	<u>(552,400)</u>	<u>(655,334)</u>	<u>(102,934)</u>
Total other financing sources	<u>7,976,930</u>	<u>7,424,530</u>	<u>7,390,449</u>	<u>(34,081)</u>
NET CHANGE IN FUND BALANCE	(260,062)	(1,153,367)	498,361	1,651,728
FUND BALANCE - BEGINNING	<u>16,678,903</u>	<u>16,678,903</u>	<u>16,678,903</u>	
FUND BALANCE - ENDING	<u>\$ 16,418,841</u>	<u>\$ 15,525,536</u>	<u>\$ 17,177,264</u>	<u>\$ 1,651,728</u>

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

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 2,500,492	2,792,876	\$ 6,077,142	\$ 6,917,924	\$ 18,288,434	\$ 4,757,423
Receivables:						
Accounts and notes	5,060,979	860,261	1,131,708	943,648	7,996,596	533
Accrued interest	61,282	11,673			72,955	
Special assessments		2,887	163,116		166,003	
Due from other city funds			686,173	747,064	1,433,237	
Due from other governmental units	327,425	10,338	5,798	261,036	604,597	431
Inventories	1,153,004	205,867			1,358,871	
Prepaid items	35,222	42		270	35,534	
Total current assets	<u>9,138,404</u>	<u>3,883,944</u>	<u>8,063,937</u>	<u>8,869,942</u>	<u>29,956,227</u>	<u>4,758,387</u>
<b>Long-term assets:</b>						
<b>Restricted assets:</b>						
Cash and cash equivalents	8,545,367	803,944		150,363	9,499,674	
Bond operation and maintenance reserve	4,831,000	776,000			5,607,000	
<b>Long-term receivables:</b>						
Special assessments			2,681,698		2,681,698	
Notes receivable, less current portion	15,260			638,287	653,547	
Other long-term investments	8,303,914	2,456,014			10,759,928	
<b>Capital assets:</b>						
Intangible plant	759,399				759,399	
Land	951,747	674,367	2,672,526	4,955,417	9,254,057	
Buildings	66,733,092	75,995,425	33,258,786	13,886,457	189,873,760	
Improvements other than buildings	3,463,405		28,017,420	10,441,395	41,922,220	
Machinery and equipment	5,676,662	2,471,373	10,513,113	903,350	19,564,498	26,473,196
Construction in progress	3,458,783	534,620	7,046,974	338,476	11,378,853	
Less accumulated depreciation	(31,090,894)	(23,020,478)	(42,147,858)	(16,121,660)	(112,380,890)	(16,196,864)
Total long-term assets	<u>71,647,735</u>	<u>60,691,265</u>	<u>42,042,659</u>	<u>15,192,085</u>	<u>189,573,744</u>	<u>10,276,332</u>
Total assets	<u>\$ 80,786,139</u>	<u>\$ 64,575,209</u>	<u>\$ 50,106,596</u>	<u>\$ 24,062,027</u>	<u>\$ 219,529,971</u>	<u>\$ 15,034,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension plans	1,507,835	1,005,224	321,140	807,392	3,641,591	156,028
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 4,631,898	250,849	\$ 35,432	\$ 154,791	\$ 5,072,970	\$ 9,448
Accrued wages payable			33,128	74,056	107,184	15,308
Accrued compensated absences	381,725	244,454	128,201	163,951	918,331	
Due to other city funds	1,433,237	51,140		1,528,986	3,013,363	
Due to other governmental units				35,434	35,434	
Customer deposits	205,440				205,440	
Other liabilities				90,418	90,418	
Accrued interest payable	174,357	68,495	199,940		442,792	
Current maturities of long-term debt	1,629,800	1,055,644	1,902,970		4,588,414	
Total current liabilities	<u>8,456,457</u>	<u>1,670,582</u>	<u>2,299,671</u>	<u>2,047,636</u>	<u>14,474,346</u>	<u>24,756</u>
<b>Long-term liabilities:</b>						
Accrued compensated absences			36,159	71,333	107,492	47,866
Other post-employment benefits	159,228	106,152	93,486	187,736	546,602	13,003
Net pension liability	3,439,421	2,292,949	709,038	1,782,622	8,224,030	344,491
Notes payable		267,972			267,972	
Bonds payable	25,059,919	18,135,705	26,917,292		70,112,916	
Advances from other funds		280,080		785,768	1,065,848	
Total long-term liabilities	<u>28,658,568</u>	<u>21,082,858</u>	<u>27,755,975</u>	<u>2,827,459</u>	<u>80,324,860</u>	<u>405,360</u>
Total liabilities	<u>37,115,025</u>	<u>22,753,440</u>	<u>30,055,646</u>	<u>4,875,095</u>	<u>94,799,206</u>	<u>430,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension plans	649,697	433,132	122,388	307,701	1,512,918	59,463
<b>NET POSITION</b>						
Net investment in capital assets	28,733,310	37,552,042	10,540,699	14,403,435	91,229,486	10,276,332
Restricted for debt service	8,545,367	803,944	2,844,814	150,363	12,344,488	
Unrestricted	7,250,575	4,037,875	6,864,189	5,132,825	23,285,464	4,424,836
Total net position	<u>\$ 44,529,252</u>	<u>\$ 42,393,861</u>	<u>\$ 20,249,702</u>	<u>\$ 19,686,623</u>	<u>126,859,438</u>	<u>\$ 14,701,168</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					417,832	
Net position of business-type activities					<u>\$ 127,277,270</u>	

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

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
<b>OPERATING REVENUES</b>						
Charges for services	\$ 38,953,270	8,075,252	\$ 7,642,712	\$ 10,929,839	\$ 65,601,073	\$ 2,956,428
Other	2,513,115	40,823	77,939	355,137	2,987,014	119,407
Total operating revenue	<u>41,466,385</u>	<u>8,116,075</u>	<u>7,720,651</u>	<u>11,284,976</u>	<u>68,588,087</u>	<u>3,075,835</u>
<b>OPERATING EXPENSES</b>						
Personal services	4,237,401	2,679,990	1,408,663	3,596,944	11,922,998	691,694
Purchased power	20,576,629				20,576,629	
Disposal fee				1,086,464	1,086,464	
Professional services	128,446	25,473	66,396	486,842	707,157	
Insurance	55,200	62,787	174,105	101,977	394,069	2,865
Repair and maintenance	1,147,267	670,102	495,768	557,867	2,871,004	304,211
Supplies	184,453	1,166,237	508,960	685,019	2,544,669	27,947
Utilities			669,174	1,145,038	1,814,212	
Equipment rental			131,794	632,522	764,316	
Depreciation	2,585,547	1,361,034	1,437,893	784,212	6,168,686	2,093,855
Miscellaneous	2,265,758	80,240	654,419	965,724	3,966,141	128,616
Total operating expenses	<u>31,180,701</u>	<u>6,045,863</u>	<u>5,547,172</u>	<u>10,042,609</u>	<u>52,816,345</u>	<u>3,249,188</u>
Operating income(loss)	<u>10,285,684</u>	<u>2,070,212</u>	<u>2,173,479</u>	<u>1,242,367</u>	<u>15,771,742</u>	<u>(173,353)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Interest on investments		7,353	3,763	31,701	42,817	2,087
Interest on indebtedness	(637,292)	(338,144)	(840,888)	(118,610)	(1,934,934)	
Fiscal and other charges			(900)	(425)	(1,325)	
Gain (loss) on disposal of equipment	22,695	14,805			37,500	(76,350)
Intergovernmental				236,022	236,022	
Miscellaneous	361,173	608,780	3,870	31,875	1,005,698	1,019
Total nonoperating revenue (expense)	<u>(253,424)</u>	<u>292,794</u>	<u>(834,155)</u>	<u>180,563</u>	<u>(614,222)</u>	<u>(73,244)</u>
Income (loss) before contributions and transfers	<u>10,032,260</u>	<u>2,363,006</u>	<u>1,339,324</u>	<u>1,422,930</u>	<u>15,157,520</u>	<u>(246,597)</u>
Capital contributions	1,187,730	765,394	662,463	19,122	2,634,709	431,388
Transfers from other funds				1,255,756	1,255,756	52,357
Transfers to other funds	(8,400,152)	(531,141)	(615,568)	(1,461,342)	(11,008,203)	
Total contributions and transfers	<u>(7,212,422)</u>	<u>234,253</u>	<u>46,895</u>	<u>(186,464)</u>	<u>(7,117,738)</u>	<u>483,745</u>
Special Item	(215,132)				(215,132)	
<b>CHANGE IN NET POSITION</b>	2,604,706	2,597,259	1,386,219	1,236,466	7,824,650	237,148
<b>TOTAL NET ASSETS - BEGINNING</b>	41,924,546	39,796,602	18,863,483	18,450,157		14,464,020
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 44,529,252</u>	<u>\$ 42,393,861</u>	<u>\$ 20,249,702</u>	<u>\$ 19,686,623</u>		<u>\$ 14,701,168</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(93,885)	
Change in net position of business-type activities					<u>\$ 7,730,765</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, 2016**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 41,696,154	8,393,100	\$ 7,460,688	\$ 10,901,823	\$ 68,451,765	\$ 2,966,474
Payments to suppliers	(23,651,698)	(3,104,976)	(2,086,228)	(5,049,640)	(33,892,542)	(790,114)
Payments to employees	(2,078,174)	(1,178,560)	(1,321,096)	(3,392,882)	(7,970,712)	(632,115)
Other receipts (payments)			(564,326)	(775,109)	(1,339,435)	(8,190)
Net cash provided by operating activities	<u>15,966,282</u>	<u>4,109,564</u>	<u>3,489,038</u>	<u>1,684,192</u>	<u>25,249,076</u>	<u>1,536,055</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Intergovernmental				236,022	236,022	
Transfers from other funds			662,463	1,255,756	1,918,219	
Transfers to other funds	(8,400,152)	(531,141)	(615,568)	(1,461,342)	(11,008,203)	
Payments received on notes	32,002				32,002	
Net cash provided by (used in) noncapital financing activities	<u>(8,368,150)</u>	<u>(541,479)</u>	<u>46,895</u>	<u>30,436</u>	<u>(8,832,298)</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of assets	(5,925,919)	(6,378,466)	(459,919)	(1,075,405)	(13,839,709)	(2,528,092)
Proceeds from sale of assets	22,695	14,805			37,500	(239)
Proceeds from issuance of long-term debt	11,330,000	6,339,222			17,669,222	
Principal payments - bonds and notes	(799,681)	(928,854)	(1,805,800)	(1,831,018)	(5,365,353)	
Interest payments - bonds and notes	(528,867)	(298,657)	(857,298)	(128,095)	(1,812,917)	
Fiscal and other charges						
Capital grants from other governments				1,266	1,266	
Special assessment collections			6,387		6,387	
Net cash provided by (used in) capital and related financing activities	<u>4,098,228</u>	<u>(1,251,950)</u>	<u>(3,116,630)</u>	<u>(3,033,252)</u>	<u>(3,303,604)</u>	<u>(2,528,331)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>						
Interest received	(76,955)	5,773	3,763	31,602	(35,817)	2,087
Purchase of investments	(4,608,611)	(1,177,397)			(5,786,008)	
Proceeds from the sale of investments						
Net cash provided by (used in) investing activities	<u>(4,685,566)</u>	<u>(1,171,624)</u>	<u>3,763</u>	<u>31,602</u>	<u>(5,821,825)</u>	<u>2,087</u>
Net increase (decrease) in cash and cash equivalents	7,010,794	1,144,511	423,066	(1,287,022)	7,291,349	(990,189)
Cash and cash equivalents at beginning of year	4,035,065	2,452,309	5,654,076	8,355,309	20,496,759	5,747,612
Cash and cash equivalents at end of year	<u>\$ 11,045,859</u>	<u>\$ 3,596,820</u>	<u>\$ 6,077,142</u>	<u>\$ 7,068,287</u>	<u>\$ 27,788,108</u>	<u>\$ 4,757,423</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 10,285,684	\$ 2,070,212	\$ 2,173,479	\$ 1,242,367	\$ 15,771,742	\$ (173,353)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation accruals	2,585,547	1,361,034	1,437,893	784,212	6,168,686	2,093,855
Depreciation expensed to vehicle expense	165,485	85,884			251,369	
Miscellaneous nonoperating income (expense)	414,814	317,218	3,870	9,113	745,015	1,019
Change in assets and liabilities:						
Accounts and notes receivable	142,380	(40,194)	(56,962)	(34,096)	11,128	10,296
Due from other funds			(99,597)	6,350	(93,247)	
Due from other governments	45,620		8,284	(16,686)	37,218	(250)
Special assessment receivable			(25,465)		(25,465)	
Inventories	275,153	11,201			286,354	
Prepaid items	49,750	18,662		(270)	68,142	
Accounts payable	1,427,498	81,708	(40,031)	(356,742)	1,112,433	(455,091)
Accrued wages payable			17,844	38,346	56,190	7,547
Compensated absences payable	71,725	(19,546)	15,776	20,301	88,256	8,758
Other post employment benefits	13,371	8,914	8,573	20,448	51,306	2,391
Net pension liability	390,675	260,451	45,374	126,631	823,131	40,883
Due to other funds	88,140	(74,350)		(173,510)	(159,720)	
Due to other governments				(66)	(66)	
Other current liabilities	10,440	28,370		17,794	56,604	
Net cash provided by operating activities	<u>\$ 15,966,282</u>	<u>\$ 4,109,564</u>	<u>\$ 3,489,038</u>	<u>\$ 1,684,192</u>	<u>\$ 25,249,076</u>	<u>\$ 1,536,055</u>
<b>Noncash capital financing activities:</b>						
Contributions of capital assets from government / customers	<u>\$ 1,187,730</u>	<u>\$ 765,394</u>	<u>\$</u>	<u>\$ 14,743</u>	<u>\$ 1,967,867</u>	<u>\$ 408,164</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 52,357</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$ 49,833</u>	<u>\$ 2,524</u>	<u>\$ 52,357</u>	<u>\$</u>
Changes in capital assets through special items	<u>\$ (215,132)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (215,132)</u>	<u>\$</u>

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

**CITY OF MOORHEAD**  
**Notes to the Financial Statements**  
**December 31, 2016**

**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 2<sup>nd</sup> 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, 2016. Separate audited financial statements for the year ended June 30, 2016 are available from the agency. The component unit is discretely presented to emphasize its legal separation from the city.

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

**B. Government-wide and fund financial statements**

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

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

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

**C. Measurement focus and basis of accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or

soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

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

1. Deposits and Investments

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

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

Minnesota state statutes authorize investments in the following instruments:

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

2. Receivables and payables

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

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

The City calculates its allowance for uncollectible accounts using historical collection data. Accounts receivables of the City are considered to be fully collectible and, therefore, there is no allowance for uncollectible accounts as of December 31, 2016.

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

Unpaid taxes at December 31 become liens 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.

At December 31, 2016, there was restricted cash in the Special Assessment Debt Service Fund from bond proceeds of the General Obligation Improvement Refunding Bonds, Series 2016C which will be used to retire General Obligation Improvement Bonds, Series 2006B and General Obligation Improvement Bonds, Series 2006C on February 1, 2017.

5. Capital assets

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

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

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

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

6. Deferred outflows /inflows of resources

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

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

7. Compensated absences

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

8. Long-term obligations

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

are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

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

## 9. Fund equity

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

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

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

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

## 10. Net Position

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

## 11. Pensions

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

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

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

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

The details of this \$75,602,166 difference are as follows:

Special assessments receivable	\$ 71,076,762
Escrowed special assessments	38,645
Notes receivable	4,471,799
Current notes receivable	(6,413)
Grants and prepayments	<u>21,373</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 75,602,166</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 \$224,909,197 difference are as follows:

Bonds payable	\$184,175,000
Notes payable	406,455
Accrued interest payable	2,442,030
Compensated absences payable	1,713,437
Other post-employment benefits	981,324
Net pension liability	<u>35,190,951</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 224,909,197</u>

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

The details of this \$4,315,799 difference are as follows:

Internal service fund net position	\$14,701,168
Net capital assets included in governmental activities	(10,276,332)
Deferred outflows included in governmental activities	(156,028)
Accrued compensated absences payable included in governmental activities	47,866
Other post-employment benefits included in governmental activities	13,003
Net pension liability included in governmental activities	344,491
Deferred inflows included in governmental activities	59,463
Internal service fund activity reflected in business-type activities	<u>(417,832)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$4,315,799</u>

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

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

The details of this \$417,832 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$511,717
Internal receivable representing charges in excess of cost to business-type activities - current year	(93,885)
	<hr/>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u>\$ 417,832</u>

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

A. Budgetary information

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

Before July 1, of each year, all department directors of the City submit their requests for appropriations to the City Manager so that a budget may be prepared. By September 1, the City Manager is required to submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Before September 30, the proposed budget is presented to the City Council for review and approval. By September 30, the proposed budget and tax levy must be submitted to the County Auditor. The City Council holds public meetings to obtain taxpayer comments and a final budget and tax levy must be prepared, adopted and submitted to the County Auditor no later than December 28.

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

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

The Community Block Grant Development, Rental Registration, and Economic Development Special Revenue Funds had expenditures in excess of budget of \$13,488, \$1,437, and \$18,000, respectively, at December 31, 2016. There was excess revenue to offset these costs (not budgeted).

B. Fund deficits

The Tax Increment Debt Service fund has a deficit fund balance of \$1,607,807 at December 31, 2016 which will be recovered by future tax increment collections.

The Permanent Improvement Fund has a deficit fund balance of \$402,879 at December 31, 2016 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

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

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits, including Moorhead Public Service were \$85,321,642. The bank balance is required to be covered by federal depository insurance or by collateral held by the City's agent in the City's name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance.

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, 2016, the City has the following recurring fair value measurements of their investments and maturities. The investments are valued using quoted market prices (Level 1 inputs).

Investment Type	Investment Maturities (in years)			
	<1	1 - 5	>5 - 10	>10
U.S. Treasuries	\$ 5,145,829	\$ 5,145,829	\$	\$
Government Bonds	19,657,129	1,151,025	10,154,260	7,385,666
Certificates of Deposits	7,412,605	7,412,605		
Money Markets	7,256,776	7,256,776		
Total Investments	\$ 39,472,339	\$ 20,966,235	\$ 10,154,260	\$ 7,385,666
			\$	\$ 966,178

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 \$6,059,110 and the City's remaining money market investments of \$1,197,666 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

Custodial Credit Risk

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

Concentration of Credit Risk

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

## B. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 63,823,696	\$ 1,516,958	\$ -	\$ 65,340,654
Construction in progress	64,988,752	23,020,092	(16,074,511)	71,934,333
Total capital assets, not being depreciated	<u>128,812,448</u>	<u>24,537,050</u>	<u>(16,074,511)</u>	<u>137,274,987</u>
Capital assets, being depreciated:				
Buildings	22,960,304	192,043		23,152,347
Improvements other than buildings	27,356,383	242,470		27,598,853
Machinery and equipment	32,883,618	5,126,842	(1,975,238)	36,035,222
Infrastructure	282,330,914	21,811,257		304,142,171
Total capital assets being depreciated	<u>365,531,219</u>	<u>27,372,612</u>	<u>(1,975,238)</u>	<u>390,928,593</u>
Less accumulated depreciation for:				
Buildings	(12,869,331)	(560,717)		(13,430,048)
Improvements other than buildings	(11,854,106)	(756,927)		(12,611,033)
Machinery and equipment	(20,800,676)	(2,657,691)	1,772,426	(21,685,941)
Infrastructure	(83,937,558)	(6,191,548)		(90,129,106)
Total accumulated depreciation	<u>(129,461,671)</u>	<u>(10,166,883)</u>	<u>1,772,426</u>	<u>(137,856,128)</u>
Total capital assets, being depreciated, net	<u>236,069,548</u>	<u>17,205,729</u>	<u>(202,812)</u>	<u>253,072,465</u>
Governmental activities capital assets, net	<u>\$ 364,881,996</u>	<u>\$ 41,742,779</u>	<u>\$ (16,277,323)</u>	<u>\$ 390,347,452</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 8,547,660	\$ 706,397		\$ 9,254,057
Construction in progress	19,377,376	14,818,664	(22,817,187)	11,378,853
Total capital assets, not being depreciated	<u>27,925,036</u>	<u>15,525,061</u>	<u>(22,817,187)</u>	<u>20,632,910</u>
Capital assets, being depreciated:				
Intangible plant	255,373	504,026		759,399
Buildings	170,035,723	20,029,730	(191,693)	189,873,760
Improvements other than buildings	40,456,517	1,465,703		41,922,220
Machinery and equipment	18,617,344	1,256,973	(309,819)	19,564,498
Total capital assets being depreciated	<u>229,364,957</u>	<u>23,256,432</u>	<u>(501,512)</u>	<u>252,119,877</u>
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(77,174,919)	(4,863,882)	191,694	(81,847,107)
Improvements other than buildings	(14,784,216)	(952,812)		(15,737,028)
Machinery and equipment	(14,167,536)	(603,363)	229,517	(14,541,382)
Total accumulated depreciation	<u>(106,382,044)</u>	<u>(6,420,057)</u>	<u>421,211</u>	<u>(112,380,890)</u>
Total capital assets, being depreciated, net	<u>122,982,913</u>	<u>16,836,375</u>	<u>(80,301)</u>	<u>139,738,987</u>
Business-type activities capital assets, net	<u>\$ 150,907,949</u>	<u>\$ 32,361,436</u>	<u>\$ (22,897,488)</u>	<u>\$ 160,371,897</u>

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

Governmental activities:	
General Government	\$ 88,239
Public Safety	136,220
Highways & Streets, including depreciation of general infrastructure assets	6,279,320
Parks & Recreation	936,032
Library	5,789
Economic Development	225,055
Mass Transit	<u>402,372</u>
Subtotal	8,073,027
Internal Service	<u>2,093,856</u>
Total depreciation expense – governmental activities	<u>\$ 10,166,883</u>
Business-type activities:	
Electric	\$ 2,751,032
Water	1,446,918
Wastewater	1,437,893
Storm water	99,036
Sanitation	42,031
Golf Course	95,491
Sports Center	337,845
Forestry	803
Airport	<u>209,008</u>
Total depreciation expense – business-type activities	<u>\$ 6,420,057</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net position is \$6,168,686. There is \$251,369 expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

C. Deferred outflows/inflows of resources

As noted in Note 1.D.6 above, the City has reported deferred outflows and deferred inflows of resources at December 31, 2016.

Deferred pension outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments. Deferred outflows for pension plans are \$27,847,276. A deferred outflow of resources is also recognized for the deferred charge on the advance refunding of G.O. Improvement Bonds, Series 2007A of \$1,281,194. This results from the difference in the carrying value of the refunded debt and its reacquisition price.

Deferred pension inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share. Deferred inflows for pensions are \$7,845,298.

The following shows a breakdown of the sources that make up the balance of the deferred inflows of resources on the governmental fund financial statements at December 31, 2016.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Prepayments	\$ 7,085	\$	\$	\$	\$	\$ 7,085
Transitional reinsurance fees	13,628					13,628
Letter of credit	38,645					38,645
Building rent	600					600
Permits	60					60
Special assessments		86,196,031	3,063,412	627,003		89,886,446
CDBG rehabilitation loans					4,018,186	4,018,186
First and new program					150,000	150,000
	<u>\$ 60,018</u>	<u>\$ 86,196,031</u>	<u>\$ 3,063,412</u>	<u>\$ 627,003</u>	<u>\$ 4,168,186</u>	<u>\$ 94,114,650</u>

D. Interfund receivables, payables, advances and transfers

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The composition of inter-fund balances as of December 31, 2016, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
<b>Governmental activities:</b>		
General Fund	\$ 1,923,268	
Permanent Improvement Fund		340,166
Transit Fund		2,976
	<u>1,923,268</u>	<u>343,142</u>
<b>Business-type activities:</b>		
Electric Fund		1,433,237
Water Fund		51,140
Storm Water Fund	217,549	
Waste Water Fund	686,173	
Sanitation Fund	336,047	
Forestry Fund	69,627	
Pest Control Fund	56,634	
Street Light Utility Fund	67,207	
Golf Course Fund		1,528,986
	<u>1,433,237</u>	<u>3,013,363</u>
	<u>\$ 3,356,505</u>	<u>\$ 3,356,505</u>

There are \$2,821,371 advances from the general fund to the tax increment debt service funds that 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. An advance from the general fund to the permanent improvement fund in the amount of \$104,000 for the purchase of park land will be repaid with future land sale proceeds. A \$280,080 advance from the special assessment capital projects fund to the water fund will be repaid by future service charges in the water fund.

	<u>Transfers In</u>						
	<u>Transfers</u>	<u>Major Funds:</u>			<u>Nonmajor Funds:</u>		
		<u>Out</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Special Assmt Debt</u>	<u>Governmental</u>	<u>Enterprise</u>
<b>Major Funds</b>							
General	\$ 655,334		\$ 105,000		\$ 334	\$ 550,000	
Special Assmt Capital Projects	46,235			36,666	9,569		
Special Assmt Debt	383,864				233,864	150,000	
Electric	8,400,152	6,475,000			1,925,152		
Water	531,141	405,141			126,000		
Waste Water	615,568	385,735		180,000			49,833
Totals	<u>10,632,294</u>	<u>7,265,876</u>	<u>105,000</u>	<u>216,666</u>	<u>2,294,919</u>	<u>700,000</u>	<u>49,833</u>
<b>Non-Major Funds</b>							
Governmental	1,157,225		7,644	526,000	126,075	497,506	
Enterprise	1,461,342	779,907		612,661	8,000	58,250	2,524
Totals	<u>2,618,567</u>	<u>779,907</u>	<u>7,644</u>	<u>1,138,661</u>	<u>134,075</u>	<u>555,756</u>	<u>2,524</u>
	<u>\$ 13,250,861</u>	<u>\$ 8,045,783</u>	<u>\$ 112,644</u>	<u>\$ 1,355,327</u>	<u>\$ 2,428,994</u>	<u>\$ 1,255,756</u>	<u>\$ 52,357</u>

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

E. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2016	Additions	Reductions	Balance at December 31, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable					
G.O. Special Assessment	\$ 175,630,000	\$ 32,055,000	\$ 27,230,000	\$ 180,455,000	\$ 22,500,000
G.O. Tax Increment	3,930,000		345,000	3,585,000	345,000
G.O. Municipal Improvement Revenue	470,000		335,000	135,000	70,000
Premium		2,881,002		2,881,002	
Total Bonds Payable	180,030,000	34,936,002	27,910,000	187,056,002	22,915,000
Notes Payable	485,089		78,634	406,455	82,639
Compensated Absences	1,854,305	1,021,857	1,162,725	1,713,437	1,074,395
Other Post-Employment Benefits	872,323	109,001		981,324	-
Net Pension Liability	13,120,897	22,070,054		35,190,951	-
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 196,362,614</b>	<b>\$ 58,136,914</b>	<b>\$ 29,151,359</b>	<b>\$ 225,348,169</b>	<b>\$ 24,072,034</b>
<b>Business-Type Activities:</b>					
Bonds Payable					
Electric Utility	\$ 16,159,400	\$ 11,330,000	\$ 1,230,200	\$ 26,259,200	\$ 1,629,800
Water Utility	13,723,383	6,339,221	953,693	19,108,911	1,026,416
Wastewater	30,277,624		1,789,224	28,488,400	1,902,970
Golf Course	1,850,000		1,850,000	-	-
Total Bonds Payable	62,010,407	17,669,221	5,823,117	73,856,511	4,559,186
Notes Payable	325,570		28,370	297,200	29,228
Compensated Absences	937,567	360,994	272,738	1,025,823	939,056
Other Post-Employment Benefits	495,296	51,306		546,602	-
Net Pension Liability	5,146,917	3,077,113		8,224,030	-
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 68,915,757</b>	<b>\$ 21,158,634</b>	<b>\$ 6,124,225</b>	<b>\$ 83,950,166</b>	<b>\$ 5,527,470</b>

The City's debt limit is \$73,327,779 and the legal debt margin is \$72,921,324. 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 and other post-employment benefits attributable to the governmental activities will be liquidated primarily by the General Fund. If special assessments are not adequate to retire the outstanding debt, the City's full faith and credit are pledged for their redemption.

There is \$47,896,424 available in the Debt Service Funds to service the special assessment, general obligation and municipal improvement bonds. These bonds are direct obligations and pledge the full faith and credit of the city. Certain Enterprise Funds (Electric, Water, Golf Course, and Wastewater Treatment) will be used to repay revenue bonds.

Unamortized bond premium of \$902,611 and unamortized bond discounts of \$87,020 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, 2016 consists of the following:

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

Business-type activities: Watermain loan issued January 1, 2011 in the amount of \$455,413 at 3.0% interest maturing on January 1, 2026.

The annual requirement to amortize notes outstanding as of December 31, 2016, follows:

Year	Governmental Activities		Year	Business-Type Activities	
	Principal	Interest		Principal	Interest
2017	\$ 82,639	\$ 19,418	2017	\$ 29,228	\$ 8,698
2018	86,848	15,209	2018	30,111	7,815
2019	91,271	10,786	2019	31,021	6,905
2020	95,920	6,137	2020	31,959	5,967
2021	49,777	1,253	2021	32,925	5,001
2022-2026	-	-	2022-2026	141,956	9,749
<b>Totals</b>	<b>\$ 406,455</b>	<b>\$ 52,803</b>	<b>Totals</b>	<b>\$ 297,200</b>	<b>\$ 44,135</b>

The requirement to amortize all bonded debt outstanding as of December 31, 2016, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 22,915,000	\$ 5,824,678	\$ 4,559,186	\$ 2,206,055	\$ 35,504,919
2018	9,760,000	5,548,454	4,899,331	2,009,602	22,217,387
2019	10,295,000	5,204,588	5,105,000	1,877,744	22,482,332
2020	10,375,000	4,836,508	5,240,000	1,733,704	22,185,212
2021	10,480,000	4,445,820	5,477,000	1,574,387	21,977,207
2022-2026	52,945,000	16,370,106	26,924,099	5,172,101	101,411,306
2027-2031	38,455,000	8,034,841	13,279,000	2,009,690	61,778,531
2032-2036	20,630,000	2,643,633	8,372,895	558,285	32,204,813
2037-2041	7,040,000	744,625	-	-	7,784,625
2042	1,280,000	20,716	-	-	1,300,716
	<u>\$ 184,175,000</u>	<u>\$ 53,673,969</u>	<u>\$ 73,856,511</u>	<u>\$ 17,141,568</u>	<u>\$ 328,847,048</u>

Bonds payable at December 31, 2016 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2016
<b>Governmental Activities</b>					
G.O. Special Assessment					
2004 Refunding Series B	12/01/04	08/01/18	3.00 - 4.30	\$ 1,085,000	\$ 40,000
2006 Series B	08/01/06	02/01/33	4.00 - 4.625	10,690,000	6,830,000
2006 Series C	12/15/06	02/01/28	3.50 - 4.25	12,625,000	8,190,000
2008 Refunding Series A	02/15/08	02/01/21	3.00 - 4.00	1,340,000	305,000
2008 Series B	09/15/08	02/01/29	3.00 - 4.50	9,500,000	7,055,000
2009 Series A	11/15/09	02/01/31	3.00 - 4.50	2,820,000	2,120,000
2009 Series B	11/15/09	02/01/29	2.25 - 4.50	8,110,000	4,710,000
2009 Refunding Series C	11/15/09	02/01/22	2.00 - 4.00	1,590,000	715,000
2010 Series A	09/09/10	02/01/32	1.25 - 5.50	12,135,000	9,610,000
2010 Refunding Series D	09/22/10	02/01/23	2.00 - 3.00	2,030,000	1,175,000
2011 Series A	09/01/11	02/01/33	2.00 - 3.625	4,855,000	4,020,000
2011 Refunding Series B	09/01/11	02/01/24	.50 - 2.90	900,000	540,000
2011 Series C	12/28/11	02/01/33	.65 - 3.60	4,200,000	3,645,000
2012 Series A	05/15/12	02/01/33	3.00 - 3.375	16,955,000	14,820,000
2012 Refunding Series C	05/15/12	02/01/33	3.00 - 3.375	10,430,000	9,765,000
2012 Refunding Series D	05/15/12	02/01/27	3.00 - 4.00	8,815,000	8,025,000
2012 Series F	09/01/12	02/01/39	3.00 - 3.50	10,320,000	9,525,000
2013 Series A	10/23/13	02/01/35	.80 - 4.30	2,165,000	2,050,000
2014 Refunding Series B	7/24/14	02/01/34	2.25 - 5.00	19,440,000	19,440,000
2014 Series C	12/29/14	02/01/36	2.00 - 4.00	6,170,000	6,105,000
2014 Refunding Series D	12/29/14	02/01/25	3.00 - 4.00	7,660,000	7,660,000
2014 Refunding Series E	12/29/14	02/01/27	3.00 - 4.00	9,785,000	9,785,000
2015 Series A	09/24/15	02/01/42	3.00 - 4.00	12,270,000	12,270,000
2016 Series B	11/10/16	02/01/42	2.00 - 5.00	20,920,000	20,920,000
2016 Refunding Series C	11/10/16	02/01/33	3.00 - 5.00	11,135,000	11,135,000
				<u>207,945,000</u>	<u>180,455,000</u>
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/09	02/01/28	2.00-4.50	2,910,000	2,225,000
2009 Regency/Holiday Mall Refunding Series D	11/15/09	02/01/18	2.00-4.00	965,000	260,000
2010 Regency/Holiday Mall Refunding Series B	09/09/10	02/01/28	2.00-3.70	1,390,000	1,100,000
				<u>5,265,000</u>	<u>3,585,000</u>
G.O Municipal Improvement Revenue					
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	135,000
				<u>720,000</u>	<u>135,000</u>
Total Governmental Activities				<u>\$ 213,210,000</u>	<u>\$ 184,175,000</u>

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2016
<b>Business-Type Activities</b>					
G.O. Sewer Revenue Note of 1997	06/29/97	02/20/18	3.49	\$ 426,290	\$ 42,301
G.O. Sewer Revenue Note of 2002	05/06/02	08/20/22	3.13	3,389,288	1,261,000
G.O. Sewer Revenue Note of 2004	06/21/04	08/20/23	1.98	6,598,073	2,753,099
G.O. Sewer Revenue Note of 2007	06/29/07	08/20/26	1.99	12,407,226	7,602,000
2012 G.O. Wastewater Refunding, Series B	05/15/12	11/01/29	3.00 – 3.125	10,790,000	9,630,000
2014 G.O. Wastewater Revenue Bonds, Series A	07/24/14	11/01/34	4.00 – 5.00	7,200,000	7,200,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	2,206,650
2009 Electric Utility Revenue Series A	5/15/09	11/1/17	3.00-4.75	1,721,000	142,000
2009 Electric Utility Refunding Series A	5/15/09	11/1/24	3.00-4.75	1,470,000	900,000
2012 Electric Utility Revenue & Refunding Series E	09/01/12	11/01/27	2.00 – 3.00	6,240,000	3,890,000
2016 Electric Utility Revenue Series A	08/25/16	11/01/36	2.00 – 4.00	11,330,000	11,330,000
2007 Water MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,838,850	2,488,350
2009 Water Utility Refunding Series A	5/15/09	11/1/17	3.00-4.75	4,339,000	23,000
2010 Electric Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	8,633,900	7,790,500
2010 Water Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	1,706,100	1,539,500
2016 Water Utility Revenue Series A	08/25/16	11/01/36	2.00 – 4.00	1,400,000	1,400,000
G.O. Water Revenue Note of 2014	8/26/14	8/20/34	1.02	12,736,089	11,482,216
G.O. Water Revenue Note of 2016	8/26/14	8/20/34	1.00	2,175,895	2,175,895
Total Business-Type Activities				\$ 99,806,861	\$ 73,856,511

In November 2016, the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2016C to be used for a current refunding of the G.O. Improvement Bonds 2006B dated August 1, 2006 and G.O. Improvement Bonds 2006C dated December 15, 2006. The net proceeds and the City's equity contribution of \$1,000,000 were deposited in the City's bank account to be used to retire the debt on February 1, 2016.

The difference in cash flows required to service the old debt and the new debt will be \$3,241,239. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$2,849,861. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			Balance to be Called
				Bond Issue	Average Interest	Call Date	
G.O. Improvement Refunding 2016C	\$ 5,505,000	2.27%	\$6,341,571	G.O. Improvement Bonds 2006B	4.35%	2/01/2016	\$6,285,000
G.O. Improvement Refunding 2016C	\$ 5,630,000	1.88%	\$6,585,477	G.O. Improvement Bonds 2006B	4.68%	2/01/2016	7,525,000

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2016, there were 10 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$120,076,338.

#### Other Post-Employment Benefits (OPEB) Obligations:

As of January 1, 2008, the City and the Public Service Utility adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Other Post Employment Benefits (OPEB). An actuarial firm was engaged to determine the liability for post-employment health care benefits other than pensions as of January 1, 2016. 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 December 31, 2016 there were 14 retirees and 4 retiree spouses participating in the City's group health plan. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

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

Annual OPEB cost and net OPEB obligation-

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 256,207
Interest on net OPEB obligations	39,358
Adjustment to ARC	<u>(60,099)</u>
Annual OPEB Cost	235,466
Contributions during the year	<u>(97,444)</u>
Increase in net OPEB obligation	138,022
Net OPEB beginning of year	<u>1,124,524</u>
Net OPEB end of year	<u>\$ 1,262,546</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 2016 and the preceding three fiscal years (2008 year of implementation) were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2013	\$ 226,103	\$ 95,990	42.5%	\$ 868,131
12/31/2014	\$ 247,589	\$ 114,155	46.1%	\$ 1,001,565
12/31/2015	\$ 247,908	\$ 124,949	50.4%	\$ 1,124,524
12/31/2016	\$ 235,466	\$ 97,444	41.4%	\$ 1,262,546

Funded Status and Funding Progress-

As of January 1, 2016, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,050,810, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,050,810. The covered payroll (annual payroll of active employees covered by the plan) was \$14,408,024, and the ratio of the UAAL to the covered payroll was 14.2 percent.

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

#### Actuarial Methods and Assumptions-

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

In the January 1, 2016 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	23 years
Inflation rate	2.50%
Investment return	3.50%
Projected salary increases	NA
Medical trend rate	6.75% in 2016 grading to 5.00% over 7 years

#### Public Service Utility - Electric and Water

##### Plan Description-

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

##### Funding Policy-

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

##### Annual OPEB cost and net OPEB obligation-

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

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

Annual required contribution (ARC)	\$ 55,766
Interest on net OPEB obligations	10,939
Annual OPEB Cost	66,705
Contributions during the year	(44,420)
Increase in net OPEB obligation	22,285
Net OPEB beginning of year	243,095
Net OPEB end of year	\$ 265,380

The Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	52,686	34,684	65.8%	164,025
12/31/2014	68,319	24,480	35.8%	207,864
12/31/2015	67,474	32,243	47.8%	243,095
12/31/2016	66,705	44,420	66.6%	265,380

## Funded Status and Funding Progress-

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

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

## Actuarial Methods and Assumptions-

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

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

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	23 years
Inflation rate	2.50%
Investment return	4.50%
Projected salary increases	NA
Medical trend rate	7.50% in 2014 grading to 5.00% over 10 years

## F. Fund Balances

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<b>Fund Balances:</b>						
Nonspendable:						
Notes Receivable	\$ 2,211	\$	\$	\$	\$	2,211
Advances	3,711,139					3,711,139
Prepaid items	1,923					1,923
Total Nonspendable	<u>3,715,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,715,273</u>
Restricted for:						
Debt Service		49,345,099			460,534	49,805,633
Capital Projects			4,657,654			4,657,654
Community Development					10,673	10,673
Police					48,533	48,533
Fire					656	656
Park					14,672	14,672
Total Restricted		<u>49,345,099</u>	<u>4,657,654</u>		<u>535,068</u>	<u>54,537,821</u>
Committed to:						
Debt Service	38,645					38,645
Capital Projects					1,072,520	1,072,520
Total Committed	<u>38,645</u>				<u>1,072,520</u>	<u>1,111,165</u>
Assigned to:						
Park					2,000,416	2,000,416
Library					344,952	344,952
Community Development					29,854	29,854
Rental Registration					377,671	377,671
Mass Transit					809,449	809,449
Economic Development					2,670,991	2,670,991
Total Assigned					<u>6,233,333</u>	<u>6,233,333</u>
Unassigned:	<u>13,423,346</u>			<u>(402,879)</u>	<u>(1,607,807)</u>	<u>11,412,660</u>
Total Fund Balances	\$ <u>17,177,264</u>	\$ <u>49,345,099</u>	\$ <u>4,657,654</u>	\$ <u>(402,879)</u>	\$ <u>6,233,114</u>	\$ <u>77,010,252</u>

**NOTE 5: - OTHER INFORMATION**

A. Employee retirement system pension plans - Statewide

1. Defined Benefit

a. Plan Description

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

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City of Moorhead are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

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

b. Benefits Provided

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following 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 on effect at the time they last terminated their public service.

1. GERF Benefits

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 the Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years of service up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average

salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

c. Contributions

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

1. GERP Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2016. The City of Moorhead was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2016. The City's contributions to the GERP for the year ended December 31, 2016 were \$645,126. Contributions made by Moorhead Public Service to the GERP for the year ended December 31, 2016 were \$335,637. The City's and Moorhead Public Service's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2016. The City's contributions to PEPFF for the year ended December 31, 2016 were \$1,103,942. The City's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

1. GERP Pension Costs

City:

At December 31, 2016, the City reported a liability of \$11,797,639 for its proportionate share of the GERP net pension liability. The State of Minnesota contributed \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$154,084. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contribution received by PERA during the measurement period for the employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion share was .1453% which was an increase of .0037% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$3,427,509 for its proportionate share of the GERP's pension expense. In addition, the City recognized an additional \$45,944 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2016, the City reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 34,917	\$ 958,383
Changes in actuarial assumptions	\$ 2,544,465	\$ -
Difference between projected and actual investment earnings	\$ 2,239,243	\$ 922,118
Changes in proportion	\$ 143,815	\$ 155,899
Contributions paid to PERA subsequent to the measurement date	\$ 380,991	\$ -
Total	\$ 5,343,431	\$ 2,036,400

\$380,991 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 805,039
2018	\$ 535,645
2019	\$ 1,123,253
2020	\$ 426,105
2021	\$ -
Thereafter	\$ -

Public Service Utility:

At December 31, 2016, MPS reported a liability of \$5,732,370 for its proportionate share of the GERF's net pension liability. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with MPS totaled \$74,844. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MPS' proportion of the net pension liability was based on the MPS' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, MPS' proportion share was 0.0706 % which was an increase of 0.0020 % from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the MPS recognized pension expense of \$651,126 for its proportionate share of the GERF's pension expense. In addition, MPS recognized an additional \$22,316 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2016, MPS reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 16,966	\$ 465,670
Changes in actuarial assumptions	\$ 1,236,334	\$ -
Difference between projected and actual investment earnings	\$ 1,088,028	\$ 448,049
Changes in proportion	\$ -	\$ 169,110
Contributions paid to PERA subsequent to the measurement date	\$ 171,731	\$ -
Total	\$ 2,513,059	\$ 1,082,829

The \$171,731 reported as deferred outflows of resources related to pensions resulting from MPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 342,571
2018	\$ 211,675
2019	\$ 497,189
2020	\$ 207,063
2021	\$ -
Thereafter	\$ -

2. PEPFF Pension Costs

At December 31, 2016, the City reported a liability of \$25,884,972 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contribution received

by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers.

For the year ended December 31, 2016, the City recognized pension expense of \$16,387,345 for its proportionate share of the PEPFF's pension expense. The City also recognized \$58,050 for the year ended December 31, 2016 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

At December 31, 2016, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,848	\$ 2,969,497
Changes in actuarial assumptions	\$ 15,290,353	\$ -
Difference between projected and actual investment earnings	\$ 3,950,228	\$ 1,718,697
Changes in proportion	\$ 162,007	\$ 37,875
Contributions paid to PERA subsequent to the measurement date	\$ 582,350	\$ -
Total	\$ 19,990,786	\$ 4,726,069

\$582,350 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 2,810,427
2018	\$ 2,810,427
2019	\$ 3,669,775
2020	\$ 2,946,356
2021	\$ 2,445,383
Thereafter	\$ -

e. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the General Employees Plan and RP-2000 tables for the Police and Fire Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% per year for all future years for the General Employees Plan and Police and Fire Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

GERF

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

PEPFF

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

f. Discount Rate

The discount rate used to measure the total pension liability in 2016 was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal years ended June 30, 2057, when projected payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.6% was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.5% applied to all years of projected benefits through the point of asset depletion and 2.85% thereafter.

g. Pension Liability Sensitivity

City:

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability:	\$16,756,144	\$11,797,639	\$7,713,181

	1% Decrease in Discount Rate (4.6%)	Discount Rate (5.6%)	1% Increase in Discount Rate (6.6%)
City's proportionate share of the PEPFF net pension liability:	\$36,235,521	\$25,884,972	\$17,427,784

Public Service Utility:

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
MPS' proportionate share of the GERP net pension liability:	\$8,141,664	\$5,732,370	\$3,747,767

h. Pension Plan Fiduciary Net Position

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

2. Defined Contribution Plan

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. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent (0.0025) of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2016 were:

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

B. Commitments

Under its wholesale power agreement, the municipality is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration until December 31, 2050.

The municipality is also committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 1, 2057, provides that the municipality purchase electric power in excess of that available from Western Area Power Administration, up to the level required in 2020. Beginning in 2027, and each 5th year thereafter, the municipality has the opportunity to continue receiving 100% of its supplemental power from Missouri River Energy Services or establish a maximum rate of delivery.

The City of Moorhead has a three-year contract through December 31, 2018, with options to renew for two additional one-year periods with First Transit Inc. to provide bus services and driver management. The annual costs for First Transit during 2016 were \$909,456. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building on a one-third basis of actual cost. Moorhead pays actual costs for their fleet maintenance, including vehicle parts, fuel and labor. Other maintenance costs for the MTG are shared pro rata based on a percentage of total vehicles stored and maintained in the facility.

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

<u>Term</u>	<u>Payment Due</u>	<u>Square Footage</u>	<u>Amount</u>
July 1, 2015 – June 30, 2016	December 2015	18,227	\$177,415
July 1, 2016 – June 30, 2017	December 2016	18,227	\$184,823

The City has active construction projects as of December 31, 2016, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$8,810,894.

### 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, substations and wind turbines, which is obtained through ACE American Insurance Company. The City continues to carry commercial insurance for employee health and life insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There has been no substantial change in coverage from the prior year.

### D. Joint Powers Agreements

#### 1. Regional Dispatch Center

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

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

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

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

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

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

Any governmental entity may elect to withdraw from participation upon giving a 1-year written notice. Additional financial information may be obtained from the Red River Regional Dispatch Center located at 300 NP Avenue, Suite 206, Fargo, ND 58102.

2. Metro Flood Diversion Project

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

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

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

The total estimated cost of the project in 2015\$ is \$2.2 Billion. The State of North Dakota has committed \$570M to date, leaving approximately \$1.2M in local share. The City of Moorhead and Clay County contributions to the project will not exceed \$100M which is to be requested from the State of Minnesota. Voters in both Fargo and Cass County have approved three half-cent sales taxes to be extended through 2018 to cover the North Dakota local share.

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

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

E. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,604,803 for local improvements where the affected property is unplatted and undeveloped. The City is therefore unable to assess the costs at this time, but may subsequently reimburse itself once the abutting property is developed. There is an additional \$21,278,221 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

F. Tax Abatements

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

Property Tax Exemption:

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

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

Make Moorhead Home Property Tax Rebate Program

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

The following is information relevant to the disclosure of these programs for the fiscal year ended December 31, 2016:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Property Tax Exemption	\$ 233,671
Make Moorhead Home Property Tax Rebate	255,134

G. Special Item

In 2014, the Electric Division started a project to demolish an old, inactive Elm Street power station on the west edge of town near the river. The entire project was completed in late 2015. Through calendar year 2015, demolition and remediation costs of \$2,245,985 were incurred. In 2015 action was taken to enter into an agreement to lease this property to a non-profit entity for a nominal fee. Therefore, since the probability of reselling the property to recover the costs was diminished, the demolition and remediation costs to date were expensed as a special item. In early 2016, a final retainage payment of \$215,132 was made. This final payment is reflected in the 2016 financial statements as a special item.

H. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

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

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

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

In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages authorized by the Agency, all of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). At June 30, 2016, the carrying amount of the Agency's deposits was \$1,548,701, and the bank balance was \$1,580,929. The Agency's deposits at one of its financial institutions were under collateralized by \$35,879 at June 30, 2016. All other deposits were fully collateralized.

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

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

2. Restricted Cash

Restricted assets consist of cash which is restricted to comply with HUD requirements for tenant security deposits, FSS escrow and net restricted position in the Section 8 Housing Choice Vouchers program.

3. Accounts Receivable and Due from HUD

Accounts receivable of \$9,262 consists of amounts due from tenants of the Public Housing program. Due from HUD of \$21,950 represents expenses incurred in excess of funds received at June 30, 2016 for the Public Housing Capital Fund and ROSS grant.

4. Capital assets are defined by the Agency as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at fair market value at the date of the donation. Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977			\$ 464,977
Construction in Progress	313,001	511,014	824,015	-
Total Capital assets not being depreciated	777,978	511,014		464,977
Capital assets, being depreciated:				
Buildings & Improvements	10,837,227	824,015		11,661,242
Furniture, equipment & machinery	811,642	87,629		899,271
Total Capital assets being depreciated	11,648,869	911,644		12,560,513
Less accumulated depreciation for:				
Buildings & Improvements	6,621,230	230,981		6,852,211
Furniture, equipment & machinery	558,268	62,030		620,298
Total accumulated depreciation	7,179,498	293,011		7,472,509
Total capital assets, being depreciated, net	4,469,371	618,633		5,088,004
Total Capital assets, net	\$ 5,247,349	\$ 1,129,647	\$	\$ 5,552,981

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

Business-type activities	
Low-Rent Public Housing	\$ 293,011

5. Annual Contributions Contract

The Agency has an annual contributions contract for Section 8 Housing Choice Vouchers HAP adjustments vary based on requirements. For calendar year 2016, the maximum contract was \$321,000.

6. Accounts Payable

Accounts payable of \$31,040 represents expenses incurred but not paid to vendors at June 30, 2016. Accounts payable – construction of \$21,950 represents expenses incurred but not paid to finance the construction of new rental properties.

7. Compensated Absences

Changes in compensated absences for the year ended June 30, 2016 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 32,208	\$ 8,081	\$ 4,220	\$ 34,069	\$ 34,269

8. Payments in Lieu of Taxes

The Agency is obligated to make annual payments in lieu of property taxes based on a predetermined percent of dwelling rents net of utilities expense. At June 30, 2016, the amount payable to local governments in lieu of taxes was \$54,781.

9. Retirement Plan

The Agency has a nonintegrated, discretionary contribution Money Purchase Plan covering substantially all employees. The plan is funded through payments to Security Benefit, Inc. where the contributions are allocated to the account of each participant in the same portion as the participant's compensation bears to all participants' compensation for the year. The Agency contributes 7% of employees' eligible salaries and employees must contribute up to 7% of salaries to the plan. In this master multiple-employee plan, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The approximated total cost of this plan for the years ended June 30, 2016, 2015, and 2014 was \$23,142, \$25,476, and \$23,510, respectively.

10. Restricted Net Position

As of June 30, 2016, restricted net position consisted of \$48,631 in housing assistance payments received from HUD but not yet paid to eligible individuals.

11. Prior Period Adjustment

An adjustment of \$15,907 was made to decrease unrestricted net position at July 1, 2015 to record the effect of unrecorded FSS escrow deposits.

12. Subsequent Events

No significant events occurred subsequent to the Agency's year end. Subsequent events have been evaluated through January 31, 2017, which is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Funding Progress

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

City:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2012	\$ 0	\$ 1,918,798	\$ 1,918,798	0.00%	\$ 11,815,155	16.2%
12/31/2014	\$ 0	\$ 2,170,782	\$ 2,170,782	0.00%	\$ 11,663,163	18.6%
12/31/2016	\$ 0	\$ 2,050,810	\$ 2,050,810	0.00%	\$ 14,408,024	14.2%

Since the last actuarial valuation as of January 1, 2014, the following actuarial assumptions have changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from RP 2000 Combined Healthy Table projected to 2014 with Scale BB (with Blue Collar adjustment for Police and Fire) to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel).
- The retirement tables for all employees were updated, as well as the withdrawal table for police and fire employees.
- The discount rate was changed from 4.50% to 3.50%.

Since the last actuarial valuation as of January 1, 2014, the following plan provisions have changed:

- Years of service required for benefit eligibility increased from three to five years.

Public Service Utility:

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 383,098	\$ 383,098	0.00%	\$ 3,589,313	10.7%
12/31/2011	\$ 0	\$ 436,164	\$ 436,164	0.00%	\$ 3,392,400	12.9%
12/31/2014	\$ 0	\$ 531,674	\$ 531,674	0.00%	\$ 3,783,000	14.1%

Schedule of Employer's Share of Net Pension Liability

City:

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	Employer's Covered Employee Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2016	.1453%	\$ 11,797,639	N/A	\$ 11,797,639	\$ 9,034,080	80.9%	68.9%
PEPFF	6/30/2016	.645%	\$ 25,884,972	N/A	\$ 25,884,972	\$ 6,450,180	28.0%	68.9%
GERF	6/30/2015	.1416%	\$ 7,338,447	N/A	\$ 7,338,447	\$ 8,503,085	86.3%	78.2%
PEPFF	6/30/2015	.649%	\$ 7,374,159	N/A	\$ 7,374,159	\$ 6,799,858	108.5%	78.2%

Public Service Utility:

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	Employer's Covered Employee Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2016	.0706%	\$ 5,732,370	N/A	\$ 5,732,370	\$ 6,664,177	116.3%	68.9%
GERF	6/30/2015	.0686%	\$ 3,555,208	N/A	\$ 3,555,208	\$ 6,393,326	179.8%	78.2%

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

Schedule of Employer's Contributions

City:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
GERF	12/31/2016	\$ 645,126	\$ 645,126	\$ -	\$ 9,546,541	6.8%
PEPFF	12/31/2016	\$ 1,103,542	\$ 1,103,542	\$ -	\$ 7,253,057	15.2%
GERF	12/31/2015	\$ 683,737	\$ 683,737	\$ -	\$ 8,923,750	7.7%
PEPFF	12/31/2015	\$ 1,023,130	\$ 1,023,130	\$ -	\$ 6,612,690	15.5%

Public Service Utility:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
GERF	12/31/2016	\$ 335,637	\$ 335,637	\$ -	\$ 4,567,832	7.3%
GERF	12/31/2015	\$ 311,115	\$ 311,115	\$ -	\$ 4,192,691	7.4%

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



## NONMAJOR GOVERNMENTAL FUNDS

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### 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, 2016**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 2,028,945	\$ 343,698	\$ 37,068	\$ 383,821	\$ 943,402	\$ 2,729,093
Receivables:						
Accounts	11,907			810	3,259	162
Notes			4,018,186			150,000
Due from other governmental units	18,186	5,114			89,623	2,313
<b>Total Assets</b>	<b><u>\$ 2,059,038</u></b>	<b><u>\$ 348,812</u></b>	<b><u>\$ 4,055,254</u></b>	<b><u>\$ 384,631</u></b>	<b><u>\$ 1,036,284</u></b>	<b><u>\$ 2,881,568</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 29,817	\$ 3,860	\$ 4,768	\$ 1,133	\$ 218,200	\$ 18,869
Accrued wages payable	26,297		2,244	5,827	5,159	5,208
Due to other funds					2,976	
Advances from other funds						
Due to other governmental units					500	
Other liabilities	2,508		202			36,500
<b>Total Liabilities</b>	<b><u>58,622</u></b>	<b><u>3,860</u></b>	<b><u>7,214</u></b>	<b><u>6,960</u></b>	<b><u>226,835</u></b>	<b><u>60,577</u></b>
Deferred inflows of resources:						
Long-term receivables			4,018,186			150,000
<b>Total Deferred inflows of resources</b>			<b><u>4,018,186</u></b>			<b><u>150,000</u></b>
Fund Balance:						
Restricted						
Committed						
Assigned	2,000,416	344,952	29,854	377,671	809,449	2,670,991
Unassigned						
<b>Total Fund Balance</b>	<b><u>2,000,416</u></b>	<b><u>344,952</u></b>	<b><u>29,854</u></b>	<b><u>377,671</u></b>	<b><u>809,449</u></b>	<b><u>2,670,991</u></b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balance</b>	<b><u>\$ 2,059,038</u></b>	<b><u>\$ 348,812</u></b>	<b><u>\$ 4,055,254</u></b>	<b><u>\$ 384,631</u></b>	<b><u>\$ 1,036,284</u></b>	<b><u>\$ 2,881,568</u></b>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2016**

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 75,180	\$ 6,541,207	\$ 120,355	1,302,508	\$ 340,792	\$ 1,763,655	\$ 1,141,492	\$ 9,446,354
	16,138			86	86		16,224
	4,168,186						4,168,186
	115,236	(528)	272,246		271,718		386,954
<u>\$ 75,180</u>	<u>\$ 10,840,767</u>	<u>\$ 119,827</u>	<u>\$ 1,574,754</u>	<u>\$ 340,878</u>	<u>\$ 2,035,459</u>	<u>\$ 1,141,492</u>	<u>\$ 14,017,718</u>
\$ 646	\$ 277,293	\$	\$ 361,190	\$ 171	\$ 361,361	\$ 68,972	\$ 707,626
	44,735						44,735
	2,976						2,976
	500		2,821,371		2,821,371		2,821,371
	39,210						500
	646		3,182,561	171	3,182,732	68,972	39,210
	<u>364,714</u>		<u>3,182,561</u>	<u>171</u>	<u>3,182,732</u>	<u>68,972</u>	<u>3,616,418</u>
	4,168,186						4,168,186
	<u>4,168,186</u>						<u>4,168,186</u>
74,534	74,534	119,827		340,707	460,534		535,068
	6,233,333					1,072,520	1,072,520
			(1,607,807)		(1,607,807)		6,233,333
			<u>(1,607,807)</u>		<u>(1,607,807)</u>		<u>(1,607,807)</u>
<u>74,534</u>	<u>6,307,867</u>	<u>119,827</u>	<u>(1,607,807)</u>	<u>340,707</u>	<u>(1,147,273)</u>	<u>1,072,520</u>	<u>6,233,114</u>
<u>\$ 75,180</u>	<u>\$ 10,840,767</u>	<u>\$ 119,827</u>	<u>\$ 1,574,754</u>	<u>\$ 340,878</u>	<u>\$ 2,035,459</u>	<u>\$ 1,141,492</u>	<u>\$ 14,017,718</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
<b>REVENUES</b>						
Property taxes	\$ 2,184,491	\$ 651,464	\$	\$	\$ 108,022	\$ 290,975
Intergovernmental revenues:						
Federal			348,064		1,499,083	
State	664,588	193,870	1,310		2,175,175	87,076
County						
Other						
Charges for services	166,401			210,957	402,310	3,675
Facility rentals	165,001					
Donations						
Interest on investments	1,919	710		438		
Sale of property					9,783	1,168,472
Miscellaneous	125,208	22,122	307,087	7,977	2,930	128,421
Total revenues	<u>3,307,608</u>	<u>868,166</u>	<u>656,461</u>	<u>219,372</u>	<u>4,197,303</u>	<u>1,678,619</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,677,785					
Library		858,478				
Community development			589,729			
Rental registration				300,560		
Mass transit					2,449,064	
Economic development						583,355
Capital outlay	135,195		59,590		1,773,027	
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>2,812,980</u>	<u>858,478</u>	<u>649,319</u>	<u>300,560</u>	<u>4,222,091</u>	<u>583,355</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>494,628</u>	<u>9,688</u>	<u>7,142</u>	<u>(81,188)</u>	<u>(24,788)</u>	<u>1,095,264</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	61,075				334	283,864
Transfers to other funds	(415,000)					
Total other financing sources (uses)	<u>(353,925)</u>				<u>334</u>	<u>283,864</u>
NET CHANGE IN FUND BALANCE	140,703	9,688	7,142	(81,188)	(24,454)	1,379,128
FUND BALANCE - BEGINNING	<u>1,859,713</u>	<u>335,264</u>	<u>22,712</u>	<u>458,859</u>	<u>833,903</u>	<u>1,291,863</u>
FUND BALANCE - ENDING	<u>\$ 2,000,416</u>	<u>\$ 344,952</u>	<u>\$ 29,854</u>	<u>\$ 377,671</u>	<u>\$ 809,449</u>	<u>\$ 2,670,991</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2016**

Contributions	Total	Debt Service			Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Capital Improvement	
\$	\$ 3,234,952	\$ 78,556	\$ 498,896	\$	\$ 577,452	\$ 3,812,404
	1,847,147					1,847,147
	3,122,019	23,323	1,432,454		1,455,777	4,577,796
				97,698	97,698	97,698
				3,374	3,374	3,374
	783,343					783,343
	165,001					165,001
32,336	32,336					32,336
	3,067	83	3,820	283	4,186	7,253
	1,178,255					1,178,255
	593,745		301,212		301,212	934,268
32,336	10,959,865	101,962	2,236,382	101,355	2,439,699	13,438,875
					37,416	37,416
29,012	29,012				147,552	176,564
					53,430	53,430
	2,677,785				139,554	2,817,339
	858,478					858,478
	589,729					589,729
	300,560					300,560
	2,449,064					2,449,064
	583,355					583,355
	1,967,812		1,337,101		1,337,101	4,099,064
		78,634	345,000	335,000	758,634	758,634
		23,423	614,878	17,415	655,716	655,716
			1,141,454	2,284	1,143,738	1,143,738
29,012	9,455,795	102,057	3,438,433	354,699	3,895,189	14,523,087
3,324	1,504,070	(95)	(1,202,051)	(253,344)	(1,455,490)	(1,084,212)
	345,273			65,000	65,000	2,018,721
(7,644)	(422,644)					(734,581)
(7,644)	(77,371)			65,000	65,000	1,284,140
(4,320)	1,426,699	(95)	(1,202,051)	(188,344)	(1,390,490)	187,557
78,854	4,881,168	119,922	(405,756)	529,051	243,217	6,045,557
\$ 74,534	\$ 6,307,867	\$ 119,827	\$ (1,607,807)	\$ 340,707	\$ (1,147,273)	\$ 1,072,520
						\$ 6,233,114

**CITY OF MOORHEAD, MINNESOTA  
PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 2,192,922	\$ 2,192,922	\$ 2,184,491	\$ (8,431)
Intergovernmental:				
State	688,192	695,590	664,588	(31,002)
Charges for services	160,451	162,673	166,401	3,728
Facility rentals	162,956	162,956	165,001	2,045
Interest on investments			1,919	1,919
Miscellaneous	68,800	68,800	125,208	56,408
Total revenues	<u>3,273,321</u>	<u>3,282,941</u>	<u>3,307,608</u>	<u>24,667</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	1,501,704	1,501,704	1,459,866	41,838
Supplies	234,964	236,586	218,032	18,554
Other services & charges	1,101,653	1,122,752	999,887	122,865
Capital outlay		135,826	135,195	631
Total expenditures	<u>2,838,321</u>	<u>2,996,868</u>	<u>2,812,980</u>	<u>183,888</u>
<b>REVENUE OVER EXPENDITURES</b>	<u>435,000</u>	<u>286,073</u>	<u>494,628</u>	<u>208,555</u>
<b>OTHER FINANCING USES:</b>				
Transfers from other funds		61,075	61,075	
Transfers to other funds	(415,000)	(415,000)	(415,000)	
Total other financing uses	<u>(415,000)</u>	<u>(353,925)</u>	<u>(353,925)</u>	
<b>NET CHANGE IN FUND BALANCE</b>	20,000	(67,852)	140,703	208,555
<b>FUND BALANCE - BEGINNING</b>	<u>1,859,713</u>	<u>1,859,713</u>	<u>1,859,713</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,879,713</u>	<u>\$ 1,791,861</u>	<u>\$ 2,000,416</u>	<u>\$ 208,555</u>

**CITY OF MOORHEAD, MINNESOTA  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 653,984	\$ 653,984	\$ 651,464	\$ (2,520)
Intergovernmental:				
State	193,856	193,856	193,870	14
Interest on investments			710	710
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>22,122</u>	<u>2,122</u>
Total revenues	<u>867,840</u>	<u>867,840</u>	<u>868,166</u>	<u>326</u>
<b>EXPENDITURES</b>				
Current:				
Supplies	3,500	3,500	4,903	(1,403)
Other services & charges	<u>864,340</u>	<u>864,340</u>	<u>853,575</u>	<u>10,765</u>
Total expenditures	<u>867,840</u>	<u>867,840</u>	<u>858,478</u>	<u>9,362</u>
<b>NET CHANGE IN FUND BALANCE</b>			9,688	9,688
<b>FUND BALANCE - BEGINNING</b>	<u>335,264</u>	<u>335,264</u>	<u>335,264</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 335,264</u>	<u>\$ 335,264</u>	<u>\$ 344,952</u>	<u>\$ 9,688</u>

**CITY OF MOORHEAD, MINNESOTA  
COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$ 421,065	421,065	\$ 348,064	\$ (73,001)
State	1,310	1,310	1,310	
Miscellaneous:				
Rehab loan payments	150,000	150,000	307,087	157,087
Total revenues	<u>572,375</u>	<u>572,375</u>	<u>656,461</u>	<u>84,086</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	98,929	98,929	113,586	(14,657)
Supplies	1,800	1,800	958	842
Other services & charges	535,102	535,102	475,185	59,917
Capital outlay			59,590	(59,590)
Total expenditures	<u>635,831</u>	<u>635,831</u>	<u>649,319</u>	<u>(13,488)</u>
NET CHANGE IN FUND BALANCE	(63,456)	(63,456)	7,142	70,598
FUND BALANCE - BEGINNING	<u>22,712</u>	<u>22,712</u>	<u>22,712</u>	
FUND BALANCE - ENDING	<u>\$ (40,744)</u>	<u>\$ (40,744)</u>	<u>\$ 29,854</u>	<u>\$ 70,598</u>

**CITY OF MOORHEAD, MINNESOTA  
RENTAL REGISTRATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest on investments	\$	\$	\$ 438	\$ 438
Miscellaneous:				
Rehabilitation inspection fees	4,225	4,225	12,943	8,718
Rental housing registration fees	210,000	210,000	198,014	(11,986)
Other	11,000	11,000	7,977	(3,023)
Total revenues	<u>225,225</u>	<u>225,225</u>	<u>219,372</u>	<u>(5,853)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	249,766	249,766	245,189	4,577
Supplies	10,700	10,700	2,842	7,858
Other services & charges	38,657	38,657	52,529	(13,872)
Total expenditures	<u>299,123</u>	<u>299,123</u>	<u>300,560</u>	<u>(1,437)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(73,898)	(73,898)	(81,188)	(7,290)
<b>FUND BALANCE - BEGINNING</b>	<u>458,859</u>	<u>458,859</u>	<u>458,859</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 384,961</u>	<u>\$ 384,961</u>	<u>\$ 377,671</u>	<u>\$ (7,290)</u>

**CITY OF MOORHEAD, MINNESOTA  
 MASS TRANSIT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 108,583	108,583	\$ 108,022	\$ (561)
Intergovernmental:				
Federal grants	456,855	459,355	1,499,083	1,039,728
State grants	3,211,140	3,211,140	2,145,928	(1,065,212)
State transit aid			29,247	29,247
Charges for services	400,928	400,928	402,310	1,382
Sale of property			9,783	9,783
Miscellaneous	3,000	3,000	2,930	(70)
Total revenues	<u>4,180,506</u>	<u>4,183,006</u>	<u>4,197,303</u>	<u>14,297</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	224,748	227,148	225,194	1,954
Supplies	6,000	6,000	4,928	1,072
Other services & charges	2,516,058	2,516,458	2,218,942	297,516
Capital outlay	1,801,000	1,801,000	1,773,027	27,973
Total expenditures	<u>4,547,806</u>	<u>4,550,606</u>	<u>4,222,091</u>	<u>328,515</u>
REVENUE UNDER EXPENDITURES	<u>(367,300)</u>	<u>(367,600)</u>	<u>(24,788)</u>	<u>342,812</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	70,950	73,350	334	(73,016)
NET CHANGE IN FUND BALANCE	(296,350)	(294,250)	(24,454)	269,796
FUND BALANCE - BEGINNING	833,903	833,903	833,903	
FUND BALANCE - ENDING	<u>\$ 537,553</u>	<u>\$ 539,653</u>	<u>\$ 809,449</u>	<u>\$ 269,796</u>

**CITY OF MOORHEAD, MINNESOTA  
ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 464,969	292,257	\$ 290,975	\$ (1,282)
Intergovernmental:				
Federal grants				
State grants	87,067	87,125	87,076	(49)
County aid				
Other intergovernmental				
Charges for services	5,000	5,000	3,675	(1,325)
Interest on investments				
Sale of property			1,168,472	1,168,472
Miscellaneous	110,825	110,825	128,421	17,596
Total revenues	<u>667,861</u>	<u>495,207</u>	<u>1,678,619</u>	<u>1,183,412</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	242,733	242,733	233,506	9,227
Supplies	3,800	3,800	16,631	(12,831)
Other services & charges	318,822	318,822	333,218	(14,396)
Total expenditures	<u>565,355</u>	<u>565,355</u>	<u>583,355</u>	<u>(18,000)</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>102,506</u>	<u>(70,148)</u>	<u>1,095,264</u>	<u>1,165,412</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	50,000	50,000	283,864	233,864
<b>NET CHANGE IN FUND BALANCE</b>	152,506	(20,148)	1,379,128	1,399,276
<b>FUND BALANCE - BEGINNING</b>	<u>1,291,863</u>	<u>1,291,863</u>	<u>1,291,863</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,444,369</u>	<u>\$ 1,271,715</u>	<u>\$ 2,670,991</u>	<u>\$ 1,399,276</u>



## NONMAJOR PROPRIETARY FUNDS

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

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.

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

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	<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>Street Light Utility</u>	<u>Total</u>
<b>ASSETS</b>									
Current assets:									
Cash and investments	\$ 2,080,074	\$ 2,022,346	\$	\$ 1,796,251	\$ 527,028	\$ 400,892	\$ 43,014	\$ 48,319	\$ 6,917,924
Receivables:									
Accounts	126,672	766,067	23	46,459	1,041	2,516	853	17	943,648
Due from other city funds	217,549	336,047			56,634	69,627		67,207	747,064
Due from other governmental units		217,680	100				43,256		261,036
Prepaid items				270					270
Total current assets	<u>2,424,295</u>	<u>3,342,140</u>	<u>123</u>	<u>1,842,980</u>	<u>584,703</u>	<u>473,035</u>	<u>87,123</u>	<u>115,543</u>	<u>8,869,942</u>
Long-term assets:									
Restricted Assets:									
Cash and cash equivalents			150,363						150,363
Long-Term Receivables:									
Notes receivable, less current portion			638,287						638,287
Capital Assets:									
Land		699,045	3,954,534				301,838		4,955,417
Buildings	2,305	599,560	1,845,243	9,816,748			1,622,601		13,886,457
Improvements other than buildings	2,287,599	521,486	3,302,641				4,329,669		10,441,395
Machinery and equipment	442,624	99,221	131,765	87,751		12,050	129,939		903,350
Construction in progress	338,476								338,476
Less accumulated depreciation	<u>(799,032)</u>	<u>(982,605)</u>	<u>(4,013,946)</u>	<u>(7,313,895)</u>		<u>(8,837)</u>	<u>(3,003,345)</u>		<u>(16,121,660)</u>
Total long-term assets	<u>2,271,972</u>	<u>936,707</u>	<u>6,008,887</u>	<u>2,590,604</u>		<u>3,213</u>	<u>3,380,702</u>		<u>15,192,085</u>
Total assets	<u>\$ 4,696,267</u>	<u>\$ 4,278,847</u>	<u>\$ 6,009,010</u>	<u>\$ 4,433,584</u>	<u>\$ 584,703</u>	<u>\$ 476,248</u>	<u>\$ 3,467,825</u>	<u>\$ 115,543</u>	<u>\$ 24,062,027</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Pension plans	42,213	331,827	187,020	74,808	48,091	123,433			807,392
<b>LIABILITIES</b>									
Current liabilities:									
Accounts payable	\$ 21,763	98,400	10,845	4,445	5,899	2,470	9,341	1,628	\$ 154,791
Accrued wages payable	3,743	37,794	12,422	7,692	1,907	10,498			74,056
Accrued compensated absences	3,963	79,533	23,740	17,438	6,065	33,212			163,951
Due to other city funds			1,528,986						1,528,986
Due to other governmental units		35,381	53						35,434
Other liabilities			45,825	22,500			22,093		90,418
Total current liabilities	<u>29,469</u>	<u>251,108</u>	<u>1,621,871</u>	<u>52,075</u>	<u>13,871</u>	<u>46,180</u>	<u>31,434</u>	<u>1,628</u>	<u>2,047,636</u>

**CITY OF MOORHEAD, MINNESOTA  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
 DECEMBER 31, 2016**

	<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>Street Light Utility</u>	<u>Total</u>
Long-term liabilities:									
Accrued compensated absences	1,118	22,433	31,785	4,919	1,711	9,367			71,333
Other post-employment benefits	10,417	85,239	32,166	16,162	5,039	38,713			187,736
Net pension liability	93,201	732,633	412,918	165,166	106,179	272,525			1,782,622
Advances from other funds			785,768						785,768
Total long-term liabilities	<u>104,736</u>	<u>840,305</u>	<u>1,262,637</u>	<u>186,247</u>	<u>112,929</u>	<u>320,605</u>			<u>2,827,459</u>
Total liabilities	<u>134,205</u>	<u>1,091,413</u>	<u>2,884,508</u>	<u>238,322</u>	<u>126,800</u>	<u>366,785</u>	<u>31,434</u>	<u>1,628</u>	<u>4,875,095</u>
DEFERRED INFLOWS OF RESOURCES									
Pension plans	<u>16,088</u>	<u>126,460</u>	<u>71,274</u>	<u>28,510</u>	<u>18,328</u>	<u>47,041</u>			<u>307,701</u>
NET POSITION									
Net investment in capital assets	2,271,972	936,707	5,220,237	2,590,604		3,213	3,380,702		14,403,435
Restricted for debt service			150,363						150,363
Unrestricted	<u>2,316,215</u>	<u>2,456,094</u>	<u>(2,130,352)</u>	<u>1,650,956</u>	<u>487,666</u>	<u>182,642</u>	<u>55,689</u>	<u>113,915</u>	<u>5,132,825</u>
Total net position	<u>\$ 4,588,187</u>	<u>\$ 3,392,801</u>	<u>\$ 3,240,248</u>	<u>\$ 4,241,560</u>	<u>\$ 487,666</u>	<u>\$ 185,855</u>	<u>\$ 3,436,391</u>	<u>\$ 113,915</u>	<u>\$ 19,686,623</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
<b>OPERATING REVENUES</b>									
Charges for services	\$ 2,660,010	\$ 4,053,671	\$ 1,288,674	\$ 527,192	\$ 693,958	\$ 859,906	\$ 64,607	\$ 781,821	\$ 10,929,839
Other	3,806	106,384	121,335	87,458	1,414	3,270	18,080	13,390	355,137
Total operating revenue	<u>2,663,816</u>	<u>4,160,055</u>	<u>1,410,009</u>	<u>614,650</u>	<u>695,372</u>	<u>863,176</u>	<u>82,687</u>	<u>795,211</u>	<u>11,284,976</u>
<b>OPERATING EXPENSES</b>									
Personal services	181,575	1,552,920	796,734	317,326	209,553	538,836			3,596,944
Disposal fee		1,086,464							1,086,464
Professional services	194,362	36,957	2,916		198,333	1,600	52,674		486,842
Insurance	21,437	32,768	13,115	9,964	3,315	6,406	14,559	413	101,977
Repair and maintenance	184,340	125,002	51,684	55,415	9,080	85,902	25,699	20,745	557,867
Supplies	8,426	262,911	189,193	63,037	50,107	107,604	3,741		685,019
Utilities	161,532	26,655	92,975	198,617			13,456	651,803	1,145,038
Equipment rental	46,252	309,298	161,356	12,967	29,898	69,096	3,655		632,522
Depreciation	99,035	42,031	95,491	337,844		803	209,008		784,212
Miscellaneous	376,333	158,070	269,952	33,725	66,646	37,025	1,785	22,188	965,724
Total operating expenses	<u>1,273,292</u>	<u>3,633,076</u>	<u>1,673,416</u>	<u>1,028,895</u>	<u>566,932</u>	<u>847,272</u>	<u>324,577</u>	<u>695,149</u>	<u>10,042,609</u>
Operating income (loss)	<u>1,390,524</u>	<u>526,979</u>	<u>(263,407)</u>	<u>(414,245)</u>	<u>128,440</u>	<u>15,904</u>	<u>(241,890)</u>	<u>100,062</u>	<u>1,242,367</u>
<b>NONOPERATING INCOME (EXPENSE)</b>									
Interest on investments		284	29,824	844	406	133	210		31,701
Interest on indebtedness			(118,610)						(118,610)
Fiscal and other charges			(425)						(425)
Intergovernmental		200,000					36,022		236,022
Miscellaneous	(1,088)	4,790	2,829	1,620	692	270	22,861	(99)	31,875
Total nonoperating income (expense)	<u>(1,088)</u>	<u>205,074</u>	<u>(86,382)</u>	<u>2,464</u>	<u>1,098</u>	<u>403</u>	<u>59,093</u>	<u>(99)</u>	<u>180,563</u>
Income (loss) before contributions and transfers	<u>1,389,436</u>	<u>732,053</u>	<u>(349,789)</u>	<u>(411,781)</u>	<u>129,538</u>	<u>16,307</u>	<u>(182,797)</u>	<u>99,963</u>	<u>1,422,930</u>
Capital contributions				14,743			4,379		19,122
Transfers from other funds			1,173,250				82,506		1,255,756
Transfers to other funds	(804,063)	(479,583)			(94,791)	(43,150)		(39,755)	(1,461,342)
Total contributions and transfers	<u>(804,063)</u>	<u>(479,583)</u>	<u>1,173,250</u>	<u>14,743</u>	<u>(94,791)</u>	<u>(43,150)</u>	<u>86,885</u>	<u>(39,755)</u>	<u>(186,464)</u>
<b>CHANGE IN NET POSITION</b>	585,373	252,470	823,461	(397,038)	34,747	(26,843)	(95,912)	60,208	1,236,466
<b>TOTAL NET POSITION - BEGINNING</b>	<u>4,002,814</u>	<u>3,140,331</u>	<u>2,416,787</u>	<u>4,638,598</u>	<u>452,919</u>	<u>212,698</u>	<u>3,532,303</u>	<u>53,707</u>	<u>18,450,157</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 4,588,187</u>	<u>\$ 3,392,801</u>	<u>\$ 3,240,248</u>	<u>\$ 4,241,560</u>	<u>\$ 487,666</u>	<u>\$ 185,855</u>	<u>\$ 3,436,391</u>	<u>\$ 113,915</u>	<u>\$ 19,686,623</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	<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>Street Light Utility</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Receipts from customers	\$ 2,655,794	\$ 4,061,370	\$ 1,289,361	\$ 510,678	\$ 691,016	\$ 857,528	\$ 64,694	\$ 771,382	\$ 10,901,823
Payments to suppliers	(972,475)	(1,889,706)	(507,532)	(338,597)	(296,088)	(270,774)	(101,721)	(672,747)	(5,049,640)
Payments to employees	(169,568)	(1,476,592)	(750,175)	(293,151)	(192,669)	(509,063)		(1,664)	(3,392,882)
Other receipts (payments)	(373,615)	(63,842)	(325,038)	77,853	(64,540)	(33,425)	16,296	(8,798)	(775,109)
Net cash provided by (used in) operating activities	<u>1,140,136</u>	<u>631,230</u>	<u>(293,384)</u>	<u>(43,217)</u>	<u>137,719</u>	<u>44,266</u>	<u>(20,731)</u>	<u>88,173</u>	<u>1,684,192</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Intergovernmental		200,000					36,022		236,022
Transfers from other funds			1,173,250				82,506		1,255,756
Transfers to other funds	(804,063)	(479,583)			(94,791)	(43,150)		(39,755)	(1,461,342)
Net cash provided by (used in) noncapital financing activities	<u>(804,063)</u>	<u>(279,583)</u>	<u>1,173,250</u>		<u>(94,791)</u>	<u>(43,150)</u>	<u>118,528</u>	<u>(39,755)</u>	<u>30,436</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Purchase of assets	(447,588)	(547,593)					(80,224)		(1,075,405)
Principal payments - bonds and notes			(1,831,018)						(1,831,018)
Interest payments - bonds and notes			(128,095)						(128,095)
Capital grants from other governments							1,266		1,266
Net cash used in capital and related financing activities	<u>(447,588)</u>	<u>(547,593)</u>	<u>(1,959,113)</u>				<u>(78,958)</u>		<u>(3,033,252)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>									
Interest received		284	29,824	844	406	133	210	(99)	31,602
Net increase (decrease) in cash and cash equivalents	(111,515)	(195,662)	(1,049,423)	(42,373)	43,334	1,249	19,049	48,319	(1,287,022)
Cash and cash equivalents at beginning of year	2,191,589	2,218,008	1,199,786	1,838,624	483,694	399,643	23,965		8,355,309
Cash and cash equivalents at end of year	<u>\$ 2,080,074</u>	<u>\$ 2,022,346</u>	<u>\$ 150,363</u>	<u>\$ 1,796,251</u>	<u>\$ 527,028</u>	<u>\$ 400,892</u>	<u>\$ 43,014</u>	<u>\$ 48,319</u>	<u>\$ 7,068,287</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>									
Operating income (loss)	\$ 1,390,524	\$ 526,979	\$ (263,407)	\$ (414,245)	\$ 128,440	\$ 15,904	\$ (241,890)	\$ 100,062	\$ 1,242,367
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation accruals	99,035.00	42,031	95,491	337,844		803	209,008	-	784,212
Miscellaneous nonoperating income	(1,088)	4,790	2,829	1,620	692	270			9,113
Change in assets and liabilities:									
Accounts receivable	553	(19,490)	687	(16,244)	1,388	(1,060)	87	(17)	(34,096)
Due from other city funds	(4,769)	27,189			(4,330)	(1,318)		(10,422)	6,350
Due from other governments		(16,946)	200			60			(16,686)
Prepaid items				(270)					(270)
Accounts payable	(356,126)	(10,313)	4,435	1,403	(5,355)	(166)	9,166	214	(356,742)
Accrued wages payable	1,743	19,667	7,872	3,883	721	4,460			38,346
Compensated absences payable	1,680	5,514	4,467	2,556	660	5,424			20,301
Other post-employment benefits	1,304	9,721	3,140	2,016	1,125	3,142			20,448
Net pension liability	7,280	41,426	31,080	15,720	14,378	16,747			126,631
Due to other funds			(171,846)					(1,664)	(173,510)
Due to other governments		662	(728)						(66)
Other current liabilities			(7,604)	22,500			2,898		17,794
Net cash provided by (used in) operating activities	<u>\$ 1,140,136</u>	<u>\$ 631,230</u>	<u>\$ (293,384)</u>	<u>\$ (43,217)</u>	<u>\$ 137,719</u>	<u>\$ 44,266</u>	<u>\$ (20,731)</u>	<u>\$ 88,173</u>	<u>\$ 1,684,192</u>
<b>Noncash capital financing activities:</b>									
Contributions of capital assets from government	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 14,743</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 14,743</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$ 2,524</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,524</u>



## **INTERNAL SERVICE FUNDS**

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2016**

	Vehicles & Equipment	Information Technology	Radio	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,103,814	\$ 339,759	\$ 1,313,850	\$ 4,757,423
Receivables:				
Accounts		151	382	533
Due from other governmental units	431			431
Total current assets	<u>3,104,245</u>	<u>339,910</u>	<u>1,314,232</u>	<u>4,758,387</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	21,436,695	3,143,848	1,892,653	26,473,196
Less accumulated depreciation	<u>(12,490,335)</u>	<u>(2,553,693)</u>	<u>(1,152,836)</u>	<u>(16,196,864)</u>
Net capital assets	<u>8,946,360</u>	<u>590,155</u>	<u>739,817</u>	<u>10,276,332</u>
Total assets	<u>12,050,605</u>	<u>930,065</u>	<u>2,054,049</u>	<u>15,034,719</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plans		156,028		156,028
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	5,643	2,843	962	9,448
Accrued wages payable		15,308		15,308
Total current liabilities	<u>5,643</u>	<u>18,151</u>	<u>962</u>	<u>24,756</u>
Long-term liabilities:				
Accrued compensated absences		47,866		47,866
Other post-employment benefits		13,003		13,003
Net pension liability		344,491		344,491
Total long-term liabilities		<u>405,360</u>		<u>405,360</u>
Total liabilities	<u>5,643</u>	<u>423,511</u>	<u>962</u>	<u>430,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plans		59,463		59,463
<b>NET POSITION</b>				
Net investment in capital assets	8,946,360	590,155	739,817	10,276,332
Unrestricted	<u>3,098,602</u>	<u>12,964</u>	<u>1,313,270</u>	<u>4,424,836</u>
Total net position	<u>\$ 12,044,962</u>	<u>\$ 603,119</u>	<u>\$ 2,053,087</u>	<u>\$ 14,701,168</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,515,686	\$ 1,129,926	\$ 310,816	\$ 2,956,428
Other	117,517	1,778	112	119,407
Total operating revenue	<u>1,633,203</u>	<u>1,131,704</u>	<u>310,928</u>	<u>3,075,835</u>
<b>OPERATING EXPENSES</b>				
Personal services		691,694		691,694
Supplies	420	20,728	6,799	27,947
Insurance		2,387	478	2,865
Repair and maintenance	6,967	280,361	16,883	304,211
Depreciation	1,632,914	280,565	180,376	2,093,855
Miscellaneous	34,760	84,612	9,244	128,616
Total operating expenses	<u>1,675,061</u>	<u>1,360,347</u>	<u>213,780</u>	<u>3,249,188</u>
Operating income (loss)	<u>(41,858)</u>	<u>(228,643)</u>	<u>97,148</u>	<u>(173,353)</u>
<b>NONOPERATING INCOME (EXPENSE)</b>				
Interest on investments	1,598		489	2,087
Loss on disposal of equipment	(76,111)	(239)		(76,350)
Miscellaneous		1,019		1,019
Total nonoperating income (expense)	<u>(74,513)</u>	<u>780</u>	<u>489</u>	<u>(73,244)</u>
Income (loss) before contributions and transfers	<u>(116,371)</u>	<u>(227,863)</u>	<u>97,637</u>	<u>(246,597)</u>
Capital contributions	115,682	292,482	23,224	431,388
Transfers from other funds	2,524	49,833		52,357
Total contributions and transfers	<u>118,206</u>	<u>342,315</u>	<u>23,224</u>	<u>483,745</u>
CHANGE IN NET POSITION	1,835	114,452	120,861	237,148
TOTAL NET POSITION - BEGINNING	<u>12,043,127</u>	<u>488,667</u>	<u>1,932,226</u>	<u>14,464,020</u>
TOTAL NET POSITION - ENDING	<u>\$ 12,044,962</u>	<u>\$ 603,119</u>	<u>\$ 2,053,087</u>	<u>\$ 14,701,168</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Vehicles & Equipment	Information Technology	Radio	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,526,265	\$ 1,129,775	\$ 310,434	\$ 2,966,474
Payments to suppliers	(438,254)	(312,101)	(39,759)	(790,114)
Payments to employees		(632,115)		(632,115)
Other receipts (payments)	82,757	(81,815)	(9,132)	(8,190)
Net cash provided by operating activities	<u>1,170,768</u>	<u>103,744</u>	<u>261,543</u>	<u>1,536,055</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of assets	<u>(1,865,512)</u>	<u>(59,907)</u>	<u>(602,912)</u>	<u>(2,528,331)</u>
Net cash used in capital and related financing activities	<u>(1,865,512)</u>	<u>(59,907)</u>	<u>(602,912)</u>	<u>(2,528,331)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>				
Interest received	<u>1,598</u>		<u>489</u>	<u>2,087</u>
Net cash provided by investing activities	<u>1,598</u>		<u>489</u>	<u>2,087</u>
Net increase in cash and cash equivalents	(693,146)	43,837	(340,880)	(990,189)
Cash and cash equivalents at beginning of year	<u>3,796,960</u>	<u>295,922</u>	<u>1,654,730</u>	<u>5,747,612</u>
Cash and cash equivalents at end of year	<u>\$ 3,103,814</u>	<u>\$ 339,759</u>	<u>\$ 1,313,850</u>	<u>\$ 4,757,423</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (41,858)	\$ (228,643)	\$ 97,148	\$ (173,353)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,632,914	280,565	180,376	2,093,855
Miscellaneous nonoperating income		1,019		1,019
Change in assets and liabilities:				
Accounts receivable	10,829	(151)	(382)	10,296
Due from other governments	(250)			(250)
Accounts payable	(430,867)	(8,625)	(15,599)	(455,091)
Accrued wages payable		7,547		7,547
Compensated absences payable		8,758		8,758
Other post-employment benefits		2,391		2,391
Net pension liability		40,883		40,883
Net cash provided by operating activities	<u>\$ 1,170,768</u>	<u>\$ 103,744</u>	<u>\$ 261,543</u>	<u>\$ 1,536,055</u>
<b>Noncash capital financing activities:</b>				
Contributions of capital assets from government	<u>\$ 115,682</u>	<u>\$ 292,482</u>	<u>\$ 23,224</u>	<u>\$ 431,388</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$ 52,357</u>	<u>\$</u>	<u>\$ 52,357</u>

**CAPITAL ASSETS**  
**USED IN THE OPERATION**  
**OF GOVERNMENTAL FUNDS**

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE <sup>1</sup>**  
**DECEMBER 31, 2016**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 65,340,654
Buildings	23,152,348
Improvements other than buildings	27,598,852
Machinery and equipment	9,562,026
Infrastructure	304,142,171
Construction in progress	<u>71,934,333</u>
Total governmental funds capital assets	<u><u>\$ 501,730,384</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 474,484,344
General Fund	828,310
Special Revenue Funds	13,032,546
Enterprise Funds	12,062
Gifts	<u>13,373,122</u>
Total governmental funds capital assets	<u><u>\$ 501,730,384</u></u>

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

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY<sup>1</sup>**  
**YEAR ENDED DECEMBER 31, 2016**

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/16</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/16</u>
<b>GENERAL GOVERNMENT:</b>				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	15,286	913		16,199
City Manager	23,784			23,784
Assessing	-			-
Accounting	34,373			34,373
Planning & Zoning	4,116	3,839		7,955
General Government Building	<u>57,113,291</u>	<u>303,756</u>		<u>57,417,047</u>
Total General Government	<u>57,198,586</u>	<u>308,508</u>	<u>-</u>	<u>57,507,094</u>
<b>PUBLIC SAFETY:</b>				
Police Protection	1,149,480	60,057	60,057	1,149,480
Fire Protection	<u>2,128,271</u>	<u>16,745</u>	<u>4,266</u>	<u>2,140,750</u>
Total Public Safety	<u>3,277,751</u>	<u>76,802</u>	<u>64,323</u>	<u>3,290,230</u>
HIGHWAYS & STREETS	288,196,249	23,086,862	62,134	311,220,977
PARKS & RECREATION	34,268,616	247,429		34,516,045
LIBRARY	2,313,104			2,313,104
COMMUNITY DEVELOPMENT	319,841	59,590		379,431
RENTAL REGISTRATION	-			-
MASS TRANSIT	7,088,821	1,773,027	996,624	7,865,224
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	11,888,260	325,277		12,213,537
CONSTRUCTION IN PROGRESS	<u>64,988,752</u>	<u>23,020,092</u>	<u>16,074,511</u>	<u>71,934,333</u>
Total governmental funds capital assets	<u>\$ 470,030,389</u>	<u>\$ 48,897,587</u>	<u>\$ 17,197,592</u>	<u>\$ 501,730,384</u>

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

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY<sup>1</sup>**  
**DECEMBER 31, 2016**

	TOTAL	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS
<b>FUNCTION AND ACTIVITY</b>							
<b>GENERAL GOVERNMENT:</b>							
Mayor & Council	\$ 7,736				\$ 7,736		\$
City Clerk	16,199				16,199		
City Manager	23,784				23,784		
Accounting	34,373				34,373		
Planning & Zoning	7,955				7,955		
General Government Building	57,417,047	53,998,165	3,200,003	95,078	123,801		
<b>Total General Government</b>	<b>57,507,094</b>	<b>53,998,165</b>	<b>3,200,003</b>	<b>95,078</b>	<b>213,848</b>	-	-
<b>PUBLIC SAFETY:</b>							
Police Protection	1,149,480		704,912	76,346	368,222		
Fire Protection	2,140,750	56,168	1,338,910	22,024	723,648		
<b>Total Public Safety</b>	<b>3,290,230</b>	<b>56,168</b>	<b>2,043,822</b>	<b>98,370</b>	<b>1,091,870</b>	-	-
HIGHWAYS & STREETS	383,155,310	3,846,258	2,636,017	226,592	369,939	304,142,171	71,934,333
PARKS & RECREATION	34,516,045	2,108,372	3,455,726	26,856,205	2,095,742		
LIBRARY	2,313,104	103,000	1,974,299	149,323	86,482		
COMMUNITY DEVELOPMENT	379,431	305,140		22,222	52,069		
MASS TRANSIT	7,865,224		2,223,973	1,600	5,639,651		
PLAINS ART MUSEUM	490,409		490,409				
ECONOMIC DEVELOPMENT	12,213,537	4,923,551	7,128,099	149,462	12,425		
<b>Total governmental funds capital assets</b>	<b>\$ 501,730,384</b>	<b>\$ 65,340,654</b>	<b>\$ 23,152,348</b>	<b>\$ 27,598,852</b>	<b>\$ 9,562,026</b>	<b>\$ 304,142,171</b>	<b>\$ 71,934,333</b>

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

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	72
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	77
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	82
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.	94
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.	96

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 65,245,816	\$ 77,354,222	\$ 90,988,687	\$ 113,540,183	\$ 141,530,526	\$ 149,982,137	\$ 160,410,701	\$ 177,714,707	\$ 188,292,907	\$ 223,160,997
Restricted	93,395,972	97,825,682	111,879,202	114,126,460	106,751,797	133,231,004	131,543,123	132,190,249	117,010,569	136,900,935
Unrestricted	(1,878,820)	4,010,580	1,696,689	4,016,296	11,732,377	2,810,390	3,454,937	1,947,699	17,023,920	(18,540,961)
<b>Total governmental activities net position</b>	<u>\$ 156,762,968</u>	<u>\$ 179,190,484</u>	<u>\$ 204,564,578</u>	<u>\$ 231,682,939</u>	<u>\$ 231,682,939</u>	<u>\$ 286,023,531</u>	<u>\$ 295,408,761</u>	<u>\$ 311,852,655</u>	<u>\$ 322,327,396</u>	<u>\$ 341,520,971</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 71,057,882	\$ 70,553,449	\$ 70,969,389	\$ 75,176,641	\$ 74,551,136	\$ 72,514,980	\$ 85,198,395	\$ 87,077,433	\$ 91,710,240	\$ 91,229,486
Restricted	5,891,812	5,339,425	4,314,753	5,007,451	5,315,762	7,577,380	8,230,771	13,496,942	6,763,217	12,344,488
Unrestricted	13,736,643	21,264,067	25,480,553	24,376,519	27,429,550	31,338,868	23,334,867	20,932,992	21,073,048	23,703,296
<b>Total business-type activities net position</b>	<u>\$ 90,686,337</u>	<u>\$ 97,156,941</u>	<u>\$ 100,764,695</u>	<u>\$ 104,560,611</u>	<u>\$ 104,560,611</u>	<u>\$ 111,431,228</u>	<u>\$ 116,764,033</u>	<u>\$ 121,507,367</u>	<u>\$ 119,546,505</u>	<u>\$ 127,277,270</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 136,303,698	\$ 147,907,671	\$ 161,958,076	\$ 188,716,824	\$ 216,081,662	\$ 222,497,117	\$ 245,609,096	\$ 264,792,140	\$ 280,003,147	\$ 314,390,483
Restricted	99,287,784	103,165,107	116,193,955	119,133,911	112,067,559	140,808,384	139,773,894	145,687,191	123,773,786	149,245,423
Unrestricted	11,857,823	25,274,647	27,177,242	28,392,815	39,161,927	34,149,258	26,789,804	22,880,691	38,096,968	5,162,335
<b>Total primary government net position</b>	<u>\$ 247,449,305</u>	<u>\$ 276,347,425</u>	<u>\$ 305,329,273</u>	<u>\$ 336,243,550</u>	<u>\$ 367,311,148</u>	<u>\$ 397,454,759</u>	<u>\$ 412,172,794</u>	<u>\$ 433,360,022</u>	<u>\$ 441,873,901</u>	<u>\$ 468,798,241</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,473,922	\$ 3,614,430	\$ 3,704,870	\$ 3,674,855	\$ 3,415,677	\$ 3,819,530	\$ 4,346,403	\$ 4,164,837	\$ 4,140,728	\$ 5,355,803
Public safety	10,006,060	9,984,826	10,518,141	10,270,338	10,819,856	10,675,009	11,398,174	12,060,174	12,699,743	15,536,547
Highways and streets	8,342,798	9,734,211	13,841,687	12,616,553	16,036,015	11,981,603	13,057,142	11,994,051	12,439,423	12,271,658
Parks and recreation	2,329,521	2,517,227	3,314,652	3,303,861	3,470,430	3,457,150	3,468,570	3,640,538	3,691,716	4,103,311
Library	814,816	839,115	864,977	918,671	830,901	780,583	824,609	825,921	857,013	864,267
Community development	775,711	570,862	602,633	337,303	445,914	561,105	618,093	443,355	482,152	596,676
Rental Registration	144,801	148,341	151,498	158,890	161,607	181,419	204,858	270,581	274,323	300,560
Mass transit	1,948,827	2,170,917	2,071,065	2,302,729	2,464,724	2,449,881	2,587,116	2,738,712	2,819,080	2,903,025
Economic development	834,708	1,007,312	999,430	801,869	496,620	880,549	825,762	921,006	871,623	863,944
Interest on long-term debt	6,651,205	6,310,623	8,218,418	7,046,767	7,496,641	7,172,878	7,688,510	7,122,193	6,876,729	7,785,669
Total governmental activities expenses	<u>35,322,369</u>	<u>36,897,864</u>	<u>44,287,371</u>	<u>41,431,836</u>	<u>45,638,385</u>	<u>41,959,707</u>	<u>45,019,237</u>	<u>44,181,368</u>	<u>45,152,530</u>	<u>50,581,460</u>
Business-type activities:										
Electric	18,487,724	20,408,558	23,221,675	24,714,209	26,097,474	26,205,959	27,173,001	27,910,422	29,476,309	31,817,993
Water	4,484,804	4,857,077	5,183,743	5,134,097	5,098,038	5,440,712	5,287,103	5,926,998	5,795,414	6,384,007
Wastewater treatment	4,962,560	5,677,381	5,817,997	5,960,063	5,882,910	6,024,275	6,656,290	5,903,395	6,058,003	6,420,340
Broadband	1,534,312	1,462,908	921,330	-	-	-	-	-	-	-
Storm water	881,669	830,846	1,039,503	1,051,434	987,457	878,183	1,003,482	1,156,391	1,316,273	1,279,110
Sanitation	3,007,471	3,163,142	2,973,724	3,080,561	3,196,151	3,173,585	3,166,870	3,429,526	3,532,179	3,657,006
Golf courses	1,706,043	1,724,894	1,682,538	1,686,166	1,676,855	1,717,851	2,187,145	2,212,073	1,658,863	1,813,363
Sports center	844,913	904,805	924,174	928,218	917,037	913,432	916,596	972,117	975,858	1,032,354
Pest control	267,505	239,570	183,137	266,451	335,831	363,547	341,457	355,922	442,730	569,291
Forestry	655,000	571,342	571,342	582,726	657,305	640,062	744,203	761,896	696,965	853,299
Municipal airport	397,094	325,079	290,901	317,316	345,878	258,975	274,881	302,208	322,277	324,577
Street light utility	-	-	-	-	-	-	-	-	647,483	695,149
Total business-type activities expenses	<u>37,229,095</u>	<u>40,254,531</u>	<u>42,810,064</u>	<u>43,721,241</u>	<u>45,194,936</u>	<u>45,616,581</u>	<u>47,751,028</u>	<u>48,930,948</u>	<u>50,922,354</u>	<u>54,846,489</u>
Total primary government expenses	<u>\$ 72,551,464</u>	<u>\$ 77,152,395</u>	<u>\$ 87,097,435</u>	<u>\$ 85,153,077</u>	<u>\$ 90,833,321</u>	<u>\$ 87,576,288</u>	<u>\$ 92,770,265</u>	<u>\$ 93,112,316</u>	<u>\$ 96,074,884</u>	<u>\$ 105,427,949</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 888,257	\$ 960,759	\$ 856,631	\$ 732,466	\$ 704,540	\$ 742,553	\$ 1,006,692	\$ 1,084,382	\$ 1,129,204	\$ 1,441,569
Public safety	1,058,423	984,678	844,615	1,010,460	863,715	652,812	756,848	753,180	657,825	689,929
Highways and streets	2,002,523	2,408,318	2,077,041	2,233,462	2,521,980	2,174,827	1,903,650	2,335,578	1,581,472	1,414,476
Other activities	1,418,593	1,686,963	1,299,982	1,410,658	1,498,158	1,370,654	2,082,671	1,285,311	1,523,424	1,504,664
Operating grants and contributions	2,923,330	2,586,091	2,902,189	2,857,481	2,882,446	2,902,750	3,718,296	3,585,983	4,045,822	7,030,078
Capital grants and contributions	41,306,965	26,832,098	38,412,544	36,845,046	40,565,422	34,238,609	16,927,933	21,508,080	13,758,664	25,995,042
Total governmental activities program revenues	<u>49,598,091</u>	<u>35,458,907</u>	<u>46,393,002</u>	<u>45,089,573</u>	<u>49,036,261</u>	<u>42,082,205</u>	<u>26,396,090</u>	<u>30,552,514</u>	<u>22,696,411</u>	<u>38,075,758</u>
Business-type activities:										
Charges for services:										
Electric	25,152,311	28,643,650	30,878,334	33,010,043	34,454,731	35,346,331	37,680,948	38,598,929	39,193,818	41,489,080
Water	5,583,065	6,091,578	6,328,933	6,224,451	6,104,064	6,975,437	6,849,951	6,824,014	7,421,973	8,130,880
Wastewater treatment	4,881,520	5,281,652	4,941,636	4,962,792	5,200,218	5,681,415	6,316,542	6,496,996	7,287,615	7,720,651
Storm water	889,779	968,223	1,228,235	2,060,843	2,075,431	2,382,526	2,381,232	2,443,219	2,603,250	2,663,816
Sanitation	3,180,040	3,417,710	3,625,720	3,623,225	3,636,937	3,668,782	3,694,612	3,820,293	4,052,656	4,160,055
Golf courses	1,083,083	1,025,408	1,250,458	1,177,839	1,122,931	1,139,109	1,143,019	1,131,968	1,273,297	1,410,009
Other activities	2,258,866	2,676,621	2,241,036	1,681,153	1,716,002	1,795,999	1,689,853	1,999,535	2,903,247	3,051,096
Operating grants and contributions	160,495	167,246	170,504	177,796	224,129	222,930	204,439	218,817	250,277	236,022
Capital grants and contributions	1,266,383	566,089	447,048	1,185,460	388,393	1,133,422	1,747,614	1,244,238	176,178	1,854,572
Total business-type activities program revenues	<u>44,455,542</u>	<u>48,838,177</u>	<u>51,111,904</u>	<u>54,103,602</u>	<u>54,922,836</u>	<u>58,345,951</u>	<u>61,708,210</u>	<u>62,778,009</u>	<u>65,162,311</u>	<u>70,716,181</u>
Total primary government program revenues	<u>\$ 94,053,633</u>	<u>\$ 84,297,084</u>	<u>\$ 97,504,906</u>	<u>\$ 99,193,175</u>	<u>\$ 103,959,097</u>	<u>\$ 100,428,156</u>	<u>\$ 88,104,300</u>	<u>\$ 93,330,523</u>	<u>\$ 87,858,722</u>	<u>\$ 108,791,939</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense) / revenue:										
Governmental activities	\$ 14,275,722	\$ (1,438,957)	\$ 2,105,631	\$ 3,657,737	\$ 3,397,876	\$ 122,498	\$ (18,623,147)	\$ (13,628,854)	\$ (22,456,119)	\$ (12,505,702)
Business-type activities	7,226,447	8,583,646	8,301,840	10,382,361	9,727,900	12,729,370	13,957,182	13,847,061	14,239,957	15,869,692
Total primary government net expense	<u>\$ 21,502,169</u>	<u>\$ 7,144,689</u>	<u>\$ 10,407,471</u>	<u>\$ 14,040,098</u>	<u>\$ 13,125,776</u>	<u>\$ 12,851,868</u>	<u>\$ (4,665,965)</u>	<u>\$ 218,207</u>	<u>\$ (8,216,162)</u>	<u>\$ 3,363,990</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 3,345,080	\$ 3,591,171	\$ 4,103,261	\$ 4,075,578	\$ 4,613,139	\$ 4,430,407	\$ 3,831,102	\$ 3,603,921	\$ 4,075,760	\$ 5,001,334
Property taxes levied for debt service	827	452,437	1,003,694	1,647,827	1,189,537	1,988,711	2,993,091	3,381,964	3,811,113	3,824,307
Tax increments	1,088,698	1,755,937	1,430,138	953,865	870,313	694,944	689,289	585,880	514,527	498,896
Franchise fees	736,880	1,016,038	857,066	865,522	943,926	831,067	971,057	1,137,769	1,013,045	922,395
State aid unrestricted	9,832,461	9,413,327	9,642,047	8,199,446	8,544,337	8,405,832	8,445,441	9,405,893	9,927,631	10,352,919
Unrestricted grants and contributions	177,165	172,949	170,158	176,748	171,947	171,957	177,045	171,232	171,160	101,072
Investment earnings	2,333,128	1,310,307	225,759	309,936	585,304	158,683	142,993	140,993	96,413	116,946
Miscellaneous	430,485	126,677	139,067	123,337	343,824	215,952	1,360,497	1,666,786	1,308,002	1,909,098
Gain on disposal / sale of assets	109,595	109,065	(90,224)	-	-	-	-	-	-	-
Transfers	2,930,387	5,918,565	5,787,497	7,108,365	7,671,558	8,988,780	9,397,862	9,978,310	9,929,999	8,972,310
Special Item	-	-	-	-	-	-	-	-	15,812,220	-
Total governmental activities	<u>20,984,706</u>	<u>23,866,473</u>	<u>23,268,463</u>	<u>23,460,624</u>	<u>24,933,885</u>	<u>25,886,333</u>	<u>28,008,377</u>	<u>30,072,748</u>	<u>46,659,870</u>	<u>31,699,277</u>
Business-type activities:										
State aid unrestricted	11,560	11,560	11,560	11,560	11,560	11,560	11,562	11,562	11,562	11,562
Investment earnings	1,140,246	968,178	295,055	484,828	588,834	205,476	74,074	361,204	245,689	42,817
Miscellaneous	51,308	586,510	184,733	25,532	79,102	177,154	617,849	571,818	610,959	994,136
Loss on disposal of equipment	353,783	22,275	602,063	-	-	-	-	-	-	-
Transfers	(2,930,387)	(5,918,565)	(5,787,497)	(7,108,365)	(7,671,558)	(8,988,780)	(9,327,862)	(10,048,310)	(9,929,999)	(8,972,310)
Special Item	-	-	-	-	-	-	-	-	(1,532,204)	(215,132)
Total business-type activities	<u>(1,373,490)</u>	<u>(4,330,042)</u>	<u>(4,694,086)</u>	<u>(6,586,445)</u>	<u>(6,992,062)</u>	<u>(8,594,590)</u>	<u>(8,624,377)</u>	<u>(9,103,726)</u>	<u>(10,593,993)</u>	<u>(8,138,927)</u>
Total primary government	<u>\$ 19,611,216</u>	<u>\$ 19,536,431</u>	<u>\$ 18,574,377</u>	<u>\$ 16,874,179</u>	<u>\$ 17,941,823</u>	<u>\$ 17,291,743</u>	<u>\$ 19,384,000</u>	<u>\$ 20,969,022</u>	<u>\$ 36,065,877</u>	<u>\$ 23,560,350</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 35,260,428	\$ 22,427,516	\$ 25,374,094	\$ 27,118,361	\$ 28,331,761	\$ 26,008,831	\$ 9,385,230	\$ 16,443,894	\$ 24,203,751	\$ 19,193,575
Business-type activities	5,852,957	4,253,604	3,607,754	3,795,916	2,735,838	4,134,780	5,332,805	4,743,335	3,645,964	7,730,765
Total primary government	<u>\$ 41,113,385</u>	<u>\$ 26,681,120</u>	<u>\$ 28,981,848</u>	<u>\$ 30,914,277</u>	<u>\$ 31,067,599</u>	<u>\$ 30,143,611</u>	<u>\$ 14,718,035</u>	<u>\$ 21,187,229</u>	<u>\$ 27,849,715</u>	<u>\$ 26,924,340</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Reserved	\$ 1,548,028	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870	\$	\$	\$	\$	\$	\$
Unreserved	12,905,175	13,399,448	13,003,740	12,231,585						
Committed						715,190	417,738	94,945	94,945	38,645
Nonspendable					1,302,696	1,446,526	1,333,328	1,193,488	1,193,488	3,715,273
Unassigned					11,868,324	13,268,124	13,373,191	15,041,820	15,041,820	13,423,346
Total General fund	<u>\$ 14,453,203</u>	<u>\$ 14,921,532</u>	<u>\$ 14,677,678</u>	<u>\$ 13,695,455</u>	<u>\$ 13,171,020</u>	<u>\$ 15,429,840</u>	<u>\$ 15,124,257</u>	<u>\$ 16,330,253</u>	<u>\$ 16,330,253</u>	<u>\$ 17,177,264</u>
All other governmental funds										
Reserved	\$ 33,098,047	\$ 28,326,859	\$ 37,721,305	\$ 35,783,811	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	3,547,842	3,500,710	3,599,434	3,549,584						
Capital projects funds	3,728,919	2,476,640	4,541,881	2,268,124						
Nonspendable					605,771	547,358	486,353	415,287	348,968	
Restricted					29,147,833	64,202,443	62,274,294	68,997,684	57,662,812	54,537,821
Committed					1,555,689	1,525,420	1,658,988	1,148,372	921,172	1,072,520
Assigned					4,126,188	3,659,190	3,721,697	4,192,144	4,802,314	6,233,333
Unassigned					(631,771)	(2,869,614)	(789,421)	(1,749,206)	(1,449,313)	(2,010,686)
Total all other governmental funds	<u>\$ 40,374,808</u>	<u>\$ 34,304,209</u>	<u>\$ 45,862,620</u>	<u>\$ 41,601,519</u>	<u>\$ 34,803,710</u>	<u>\$ 67,064,797</u>	<u>\$ 67,351,911</u>	<u>\$ 73,004,281</u>	<u>\$ 62,285,953</u>	<u>\$ 59,832,988</u>

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Taxes										
Property	\$ 4,434,605	\$ 5,799,544	\$ 6,537,093	\$ 6,677,262	\$ 6,672,981	\$ 7,114,062	\$ 7,513,482	\$ 7,571,766	\$ 8,401,400	\$ 9,324,536
Franchise	736,880	1,016,038	857,066	865,522	943,926	831,067	971,057	1,137,769	1,013,045	922,395
Licenses and permits	779,928	844,394	892,918	997,412	596,533	636,465	749,377	849,029	803,311	1,174,852
Intergovernmental	25,339,983	25,521,491	37,032,258	34,168,837	43,024,995	32,702,918	23,352,975	23,693,367	20,286,634	27,188,071
Charges for services	3,065,110	3,316,931	2,965,091	2,993,594	3,621,425	3,063,004	3,056,626	3,524,497	2,595,514	2,498,985
Fines and forfeits	598,451	491,224	411,580	507,611	485,095	477,988	497,843	515,349	488,692	513,874
Facility rentals	198,722	205,291	218,334	184,065	221,638	166,565	154,479	157,351	179,458	165,001
Donations	-	-	-	-	-	12,575	6,111	24,084	18,947	32,336
Special assessments	6,843,277	8,061,898	8,165,825	9,165,907	10,202,539	10,792,664	9,650,046	10,380,331	9,738,840	9,513,547
Sale of property				65,569	175,746	140,400		14,514	57,892	72,131
Interest on investments	2,213,428	1,203,148	212,032	260,596	502,615	145,539	139,294	134,609	92,660	114,859
Miscellaneous	1,957,154	1,657,429	1,728,338	821,977	1,101,582	845,479	2,328,519	2,154,445	2,239,411	2,646,489
<b>Total revenues</b>	<b>46,167,538</b>	<b>48,117,388</b>	<b>59,020,535</b>	<b>56,708,352</b>	<b>67,549,075</b>	<b>56,928,726</b>	<b>48,419,809</b>	<b>50,157,111</b>	<b>45,915,804</b>	<b>54,167,076</b>
<b>Expenditures</b>										
General government	3,369,561	3,522,838	3,601,740	3,560,682	3,338,022	3,536,645	3,595,773	3,912,568	4,037,972	4,637,537
Public safety	9,824,282	9,925,533	10,381,701	10,276,719	10,457,316	10,530,722	11,184,213	11,599,347	12,291,749	13,320,836
Highways and streets	5,372,859	5,859,816	9,585,251	7,766,439	10,834,588	6,557,673	7,345,670	6,072,511	5,167,384	5,416,122
Parks and recreation	2,219,864	2,286,005	2,512,951	2,419,891	2,610,640	2,584,935	2,560,153	2,709,763	2,753,592	2,817,339
Library	760,544	784,843	802,412	857,343	771,530	761,157	815,140	820,110	851,224	858,478
Community development	768,821	566,192	597,964	332,635	441,246	556,440	618,089	443,355	482,152	596,676
Rental registration	144,801	147,636	150,793	158,890	161,607	181,419	204,858	270,581	274,323	300,560
Mass transit	1,589,758	1,805,454	1,661,780	1,823,815	1,976,869	1,992,853	2,131,719	2,281,543	2,348,827	2,449,064
Economic development	652,141	823,771	814,252	601,381	297,762	680,304	625,915	721,271	662,843	583,355
Capital outlay	34,869,391	26,839,081	25,534,303	41,462,160	39,143,946	34,763,317	16,750,785	23,235,422	24,863,377	33,908,144
Debt service:										
Bond and note principal	3,838,972	13,929,985	6,438,492	9,071,970	15,316,339	11,499,463	7,867,746	19,281,197	18,469,823	27,988,634
Bond and note interest	5,099,167	5,761,607	7,267,649	6,321,324	6,976,779	6,429,319	7,707,198	6,970,392	6,559,789	6,398,233
Fiscal and other charges	665,390	499,996	1,000,739	652,023	506,902	439,249	37,732	511,352	305,028	1,482,794
<b>Total expenditures</b>	<b>69,175,551</b>	<b>72,752,757</b>	<b>70,350,027</b>	<b>85,305,272</b>	<b>92,833,546</b>	<b>80,513,496</b>	<b>61,444,991</b>	<b>78,829,412</b>	<b>79,068,083</b>	<b>100,757,772</b>
Revenues over (under) expenditures	(23,008,013)	(24,635,369)	(11,329,492)	(28,596,920)	(25,284,471)	(23,584,770)	(13,025,182)	(28,672,301)	(33,152,279)	(46,590,696)
<b>Other financing sources (uses)</b>										
Bond and note proceeds	22,400,000	12,050,000	16,395,000	15,555,000	9,955,000	46,520,000	2,165,000	43,055,000	12,270,000	32,055,000
Premium on issuance of debt						1,780,076	51,879	2,233,381	475,107	2,881,002
Transfers from other funds	8,116,150	11,873,106	133,226	105,844	81,405	11,951,492	11,423,664	11,689,322	12,717,331	11,906,083
Transfers to other funds	(1,623,809)	(4,999,072)	9,661,661	9,571,654	9,630,070	(2,835,809)	(1,720,136)	(2,054,155)	(2,679,836)	(2,205,993)
Sale of capital assets	126,445	109,065	(3,545,838)	(1,878,902)	(1,704,248)	688,918.00	1,086,306.00	66,626.00	-	-
<b>Total other financing sources (uses)</b>	<b>29,018,786</b>	<b>19,033,099</b>	<b>22,644,049</b>	<b>23,353,596</b>	<b>17,962,227</b>	<b>58,104,677</b>	<b>13,006,713</b>	<b>54,990,174</b>	<b>22,782,602</b>	<b>44,636,092</b>
<b>Net change in fund balances</b>	<b>\$ 6,010,773</b>	<b>\$ (5,602,270)</b>	<b>\$ 11,314,557</b>	<b>\$ (5,243,324)</b>	<b>\$ (7,322,244)</b>	<b>\$ 34,519,907</b>	<b>\$ (18,469)</b>	<b>\$ 26,317,873</b>	<b>\$ (10,369,677)</b>	<b>\$ (1,954,604)</b>
Debt service as a percentage of noncapital expenditures	26.05%	42.89%	30.58%	35.11%	41.52%	39.19%	34.85%	47.22%	46.18%	51.44%

**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 <sup>1</sup>
	Residential	Commercial	Personal Property						
2007	\$ 13,243,223	\$ 5,019,619	\$ 143,332	\$ (780,969)	\$ 17,625,205	23.169%	\$ 1,569,165,000	1.12%	\$ 474,251,000
2008	14,836,285	5,786,204	147,216	(1,119,322)	19,650,383	25.844%	1,762,247,300	1.12%	474,251,000
2009	15,664,218	6,279,064	149,271	(1,205,221)	20,887,332	29.808%	1,872,707,500	1.12%	474,251,000
2010	16,465,436	6,272,844	149,152	(786,828)	22,100,604	31.176%	1,955,815,700	1.13%	817,588,200
2011	16,900,730	6,954,186	164,212	(821,926)	23,197,202	30.752%	2,025,775,500	1.15%	817,588,200
2012	15,358,233	7,089,254	173,218	(889,882)	21,730,823	34.467%	1,865,413,600	1.16%	817,588,200
2013	15,764,267	7,293,733	170,577	(853,263)	22,375,314	35.139%	1,911,528,100	1.17%	817,588,200
2014	16,009,445	7,449,055	171,997	(890,951)	22,739,546	37.424%	1,943,602,400	1.17%	817,588,200
2015	17,985,731	7,889,876	172,656	(880,047)	25,168,216	38.662%	2,153,993,100	1.17%	817,588,200
2016	20,377,855	8,621,546	202,998	(894,861)	28,307,511	39.543%	2,444,259,300	1.16%	946,170,800

Source: Clay County Auditor

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

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

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

Fiscal Year	Direct Rates		Total Direct Rate	Overlapping Rates			Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority		County	School District	Buffalo Watershed		
2007	23.169%	1.333%	24.502%	61.321%	33.386%	2.803%	97.510%	122.012%
2008	25.844%	1.218%	27.062%	59.084%	32.273%	2.807%	94.164%	121.226%
2009	29.808%	1.389%	31.197%	57.391%	33.845%	2.795%	94.031%	125.228%
2010	31.176%	1.042%	32.218%	54.805%	30.262%	1.836%	86.903%	119.121%
2011	30.752%	1.063%	31.815%	55.080%	29.957%	2.125%	87.162%	118.977%
2012	34.467%	1.135%	35.601%	54.064%	33.268%	2.235%	89.567%	125.168%
2013	35.139%	1.102%	36.241%	52.793%	30.244%	2.215%	85.251%	121.492%
2014	37.424%	1.549%	38.973%	49.386%	29.219%	1.776%	80.381%	119.354%
2015	38.662%	1.398%	40.060%	45.286%	26.399%	1.733%	73.418%	113.478%
2016	39.543%	1.278%	40.821%	44.433%	34.097%	1.724%	80.254%	121.075%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA  
PRINCIPAL PROPERTY TAXPAYERS  
DECEMBER 31, 2016**

<b>Taxpayer</b>	2016			2007		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 466,301	1	1.65%	\$ 718,082	1	4.07%
Busch Agricultural Resources, Inc.	388,975	2	1.37%	425,774	2	2.42%
Menard's Inc	347,816	3	1.23%			
Sanford Medical Center	286,330	4	1.01%			
Proffutt Ltd Partnership	264,907	5	0.94%			
C-III Asset Management LLC	184,250	6	0.65%			
Moorhead Lodging Association	179,250	7	0.63%			
Sams Real Estate Business Trust	176,912	8	0.62%			
Eventide Lutheran Home	167,852	9	0.59%	133,048	6	0.75%
Moorhead Holiday Associates	163,894	10	0.58%	167,661	5	0.95%
Easten LLC				233,830	3	1.33%
Moorhead Hospitality				195,499	4	1.11%
Moorhead Center Mall LLP				129,708	7	0.74%
Xcel Energy				124,950	8	0.71%
Second Staff Apartments				118,064	9	0.67%
South Moorhead Associates				116,509	10	0.66%

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
2007	\$ 5,062,283	\$ (1,389,308)	\$ 3,672,975	\$ 3,611,732	98.33%	\$ 60,298	\$ 3,672,030	99.974%
2008	5,891,208	(1,364,883)	4,526,325	4,445,911	98.22%	78,393	4,524,304	99.955%
2009	6,918,986	(1,560,961)	5,358,025	5,233,382	97.67%	118,038	5,351,420	99.877%
2010	7,446,245	(1,524,556)	5,921,689	5,698,918	96.24%	214,643	5,913,561	99.863%
2011	7,558,522	(1,767,771)	5,790,751	5,664,239	97.82%	112,838	5,777,077	99.764%
2012	7,441,836	(1,200,228)	6,241,608	6,100,183	97.73%	124,480	6,224,663	99.729%
2013	7,813,500	(1,257,485)	6,556,015	6,439,657	98.23%	84,070	6,523,727	99.508%
2014	8,437,376	(1,767,533)	6,669,843	6,579,988	98.65%	72,622	6,652,610	99.742%
2015	9,652,974	(2,243,826)	7,409,148	7,340,891	99.08%		7,340,891	99.079%
2016	11,112,844	(2,540,915)	8,571,929	8,490,199	99.05%		8,490,199	99.047%

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		
2007	\$ 25,152,311	\$ 585,014	\$ 122,949	\$ 25,860,274	\$ 5,289,000	20.45%
2008	28,643,650	442,841	122,080	29,208,571	5,797,000	19.85%
2009	30,878,334	202,221	131,593	31,212,148	6,115,000	19.59%
2010	33,008,574	290,482	621,548	33,920,604	6,669,750	19.66%
2011	34,454,731	459,792		34,914,523	6,710,297	19.22%
2012	35,346,331	154,515	42,000	35,542,846	7,372,106	20.74%
2013	37,680,948	272,879	490,795	38,444,622	7,771,863	20.22%
2014	38,594,193	321,230	280,584	39,196,007	7,901,816	20.16%
2015	39,123,231	589,107	176,178	39,888,516	8,210,108	20.58%
2016	41,466,385	383,868	1,187,730	43,037,983	8,400,152	19.52%

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 <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	Notes Payable	G.O. Revenue Bonds	Revenue Bonds	Notes Payable			
2007	\$ 1,940,000	\$ 118,225,000	\$ 11,910,000	\$ 9,189,588	\$ 1,515,516	\$ 26,415,664	\$ 26,075,000	\$ 1,111,202	\$ 196,381,970	17.12%	\$ 5,477
2008	2,670,000	123,725,000	10,835,000	2,455,000	1,215,119	32,804,740	23,360,000	717,508	197,782,367	15.97%	5,460
2009	2,275,000	131,890,000	13,585,000	2,205,000	901,627	32,652,548	20,935,000	108,215	204,552,390	16.79%	5,563
2010	1,655,000	139,555,000	13,360,000	1,945,000	824,657	31,418,017	28,735,000	534,506	218,027,180	16.74%	5,728
2011	1,015,000	143,375,000	5,155,000	1,670,000	763,318	29,829,800	26,000,000	479,534	208,287,652	15.52%	5,472
2012	585,000	179,460,000	4,865,000	1,390,000	698,855	38,968,152	27,080,000	422,354	253,469,361	18.56%	6,581
2013	390,000	174,620,000	4,560,000	1,095,000	631,109	26,740,118	25,555,000	379,837	233,971,064	15.61%	6,016
2014	195,000	180,925,000	4,250,000	785,000	559,912	32,095,232	23,970,000	898,472	243,678,616	15.96%	6,234
2015	-	175,630,000	3,930,000	470,000	485,089	39,710,407	22,300,000	325,570	242,851,066	15.29%	5,897
2016	-	166,645,000	3,585,000	135,000	406,455	39,710,407	22,300,000	297,200	233,079,062	13.85%	5,563

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Market Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2007	\$ 1,940,000	\$ 390,922	\$ 1,549,078	0.10%	\$ 43
2008	2,670,000	250,935	2,419,065	0.14%	67
2009	2,275,000	249,631	2,025,369	0.11%	55
2010	1,655,000	173,009	1,481,991	0.08%	39
2011	1,015,000	22,263	992,737	0.05%	26
2012	585,000	-	585,000	0.03%	15
2013	390,000	87,080	302,920	0.02%	8
2014	195,000	95,843	99,157	0.01%	3
2015	-	-	-	0.00%	0
2016	-	-	-	0.00%	0

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

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

<sup>2</sup> See the Schedule of Demographic and Economic Statistics for population data.

**CITY OF MOORHEAD, MINNESOTA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 104,985,000	76.80%	\$ 80,628,480
Clay County	15,240,000	45.80%	6,979,920
independent School District #2164	10,291,111	0.40%	41,164
Total overlapping debt			<u>87,649,564</u>
City of Moorhead direct debt			<u>170,771,455</u>
Total direct and overlapping debt			<u><u>\$ 258,421,019</u></u>

Source: Clay County Auditor

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 31,383,300	\$ 52,867,419	\$ 56,181,225	\$ 58,674,471	\$ 60,773,265	\$ 63,446,625	\$ 64,527,651	\$ 65,400,048	\$ 71,964,231	\$ 73,327,779
Total net debt applicable to limit	<u>1,549,078</u>	<u>2,419,065</u>	<u>2,025,369</u>	<u>1,481,991</u>	<u>992,737</u>	<u>1,283,855</u>	<u>1,021,109</u>	<u>754,912</u>	<u>485,089</u>	<u>406,455</u>
Legal debt margin	<u>\$ 29,834,222</u>	<u>\$ 50,448,354</u>	<u>\$ 54,155,856</u>	<u>\$ 57,192,480</u>	<u>\$ 59,780,528</u>	<u>\$ 62,162,770</u>	<u>\$ 63,506,542</u>	<u>\$ 64,645,136</u>	<u>\$ 71,479,142</u>	<u>\$ 72,921,324</u>
Total net debt applicable to the limit as a percentage of debt limit	4.94%	4.58%	3.61%	2.53%	1.63%	2.02%	1.58%	1.15%	0.67%	0.55%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2016**

Estimated market value - taxable property	\$ 2,444,259,300
Debt limit 3% of estimated market value	73,327,779
Debt applicable to limit:	
General obligation notes	\$ 406,455
Total net debt applicable to limit	<u>406,455</u>
Legal debt margin	<u>\$ 72,921,324</u>

Minnesota Statutes: Effective June 30, 2008, state statutes increased the legal debt limit from 2% to 3% of the City's Taxable market value

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage <sup>2</sup>
				Principal	Interest	Total	
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 <sup>3</sup>	494,896	1,393,016	7.10
2010	33,299,056	22,639,022	10,660,034	805,960	419,744	1,225,704	8.70
2011	34,914,523	23,794,915	11,119,608	884,469	577,133	1,461,602	7.61
2012	35,542,846	23,597,395	11,945,451	732,971 <sup>4</sup>	592,559	1,325,530	9.01
2013	38,444,622	24,539,810	13,904,812	1,321,628	639,777	1,961,405	7.09
2014	39,696,006	25,141,835	14,554,171	1,132,225	586,434	1,718,659	8.47
2015	39,888,516	26,378,966	13,509,550	1,188,350	669,331	1,857,681	7.27
2016	43,037,983	28,595,154	14,442,829	1,230,200	635,356	1,865,556	7.74

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 <sup>2</sup>	520,869	2,120,932	1.39
2010	6,322,229	3,607,853	2,714,376	1,509,274	457,504	1,966,778	1.38
2011	6,413,006	3,697,937	2,715,069	1,634,474	396,284	2,030,758	1.34
2012	8,023,697	3,916,911	4,106,786	1,722,911 <sup>3</sup>	344,011	2,066,922	1.99
2013	8,396,383	3,851,472	4,544,911	178,079	246,504	424,583	10.70
2014	7,274,670	4,312,132	2,962,538	217,775	233,090	450,865	6.57
2015	8,558,796	4,196,836	4,361,960	231,650	215,257	446,907	9.76
2016	9,512,407	4,684,829	4,827,578	239,800	204,660	444,460	10.86

1 - Expenses exclude depreciation and amortization.

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 6,033,195	\$ 2,832,107	\$ 3,201,088	\$ 1,092,073	\$ 841,088	\$ 1,933,161	1.66
2008	5,807,432	3,473,684	2,333,748	841,395	803,422	1,644,817	1.42
2009	5,226,690	3,296,406	1,930,284	1,191,812	991,941	2,183,753	0.88
2010	5,440,267	3,388,622	2,051,645	1,536,196	980,989	2,517,185	0.82
2011	5,170,277	3,475,408	1,694,869	1,588,218	947,556	2,535,774	0.67
2012	5,718,882	3,933,832	1,785,050	1,651,647	906,311	2,557,958	0.70
2013	6,708,871	4,210,149	2,498,722	1,718,034	860,938 <sup>2</sup>	2,578,972	0.97
2014	7,050,070	4,238,411	2,811,659	1,844,886	752,542	2,597,428	1.08
2015	7,294,826	4,173,434	3,121,392	1,817,608	917,844	2,735,452	1.14
2016	7,728,284	4,675,014	3,053,270	1,789,223	872,975	2,662,198	1.15

1 - Expenses exclude depreciation and amortization.

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 565,761	\$ 496,990	\$ 68,771	\$ 45,000	\$ 15,270	\$ 60,270	1.14
2008	594,388	554,039	40,349	50,000	11,866	61,866	0.65
2009	524,030	573,691	(49,661)	50,000	9,441	59,441	(0.84)
2010	547,798	581,522	(33,724)	50,000	7,016	57,016	(0.59)
2011	553,746	576,559	(22,813)	50,000	3,919	53,919	(0.42)
2012	630,051	576,821	53,230	55,000	1,361	56,361	0.94

1 - Expenses exclude depreciation and amortization.

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 1,553,152 <sup>2</sup>	\$ 1,314,238	\$ 238,914	\$ 160,000	\$ 210,923	\$ 370,923	0.64
2008	1,582,653	1,324,658	257,995	170,000	206,444	376,444	0.69
2009	1,935,459	1,287,866	647,593	175,000	197,746	372,746	1.74
2010	1,745,647	1,302,556	443,091	185,000	185,371	370,371	1.20
2011	1,680,936	1,332,519	348,417	195,000	163,377	358,377	0.97
2012	1,731,968	1,367,738	364,230	210,000	162,444	372,444	0.98
2013	1,752,652	1,381,675	370,977	220,000	150,106	370,106	1.00
2014	1,714,874	1,357,239	357,635	235,000	137,181	372,181	0.96
2015	1,891,633	1,429,334	462,299	250,000	123,375	373,375	1.24
2016 <sup>3</sup>	2,065,912	1,577,925	487,987	260,000	128,095	388,095	1.26

1 - Expenses exclude depreciation and amortization.

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

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

**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	
2007	\$ 644,478	\$ 3,324	\$ 641,154	\$ 235,000	\$ 437,204	\$ 672,204	0.95
2008	414,523	68,301	346,222	245,000 <sup>2</sup>	185,795	430,795	0.80
2009	350,901	2,325	348,576	250,000	131,508	381,508	0.91
2010	359,649	2,694	356,955	260,000	88,675	348,675	1.02
2011	355,354	2,094	353,260	275,000	78,820	353,820	1.00
2012	356,087	1,294	354,793	280,000	68,273	348,273	1.02
2013	358,850	4,361	354,489	295,000	56,816	351,816	1.01
2014	355,522	1,350	354,172	310,000	44,535	354,535	1.00
2015	368,319	3,227	365,092	315,000	31,368	346,368	1.05
2016	166,355	2,284	164,071	335,000	17,415	352,415	0.47

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

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

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

Fiscal Year	Gross Revenue <sup>1</sup>	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 10,797,713	\$ 388,177	\$ 10,409,536	\$ 1,890,000	\$ 3,872,993	\$ 5,762,993	1.81
2008	10,461,710	210,177	10,251,533	3,565,000 <sup>2</sup>	4,871,596	8,436,596	1.22
2009	12,146,618	260,319	11,886,299	4,355,000	5,096,160	9,451,160	1.26
2010	12,185,726	228,350	11,957,376	5,000,000 <sup>3</sup>	5,233,232	10,233,232	1.17
2011	13,404,555	225,275	13,179,280	6,335,000	5,588,493	11,923,493	1.11
2012	15,436,841	435,630	15,001,211	6,495,000 <sup>4</sup>	5,525,149	12,020,149	1.25
2013	15,789,490	639,035	15,150,455	7,005,000	6,177,565	13,182,565	1.15
2014	16,607,617	508,202	16,099,415	8,350,000 <sup>5</sup>	5,822,983	14,172,983	1.14
2015	17,307,772	74,564	17,233,208	7,845,000 <sup>6</sup>	5,798,583	13,643,583	1.26
2016	18,213,910	145,045	18,068,865	7,955,000 <sup>7</sup>	5,742,517	13,697,517	1.32

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal Year	Population <sup>1</sup>	Estimated Personal Income <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	K-12 School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
2007	35,853	\$ 1,147,367,706	\$ 32,002	5,400	3.0%
2008	36,226	1,238,422,036	34,186	5,351	3.1%
2009	36,770 <sup>6</sup>	1,218,337,180	33,134	5,370	4.2%
2010	38,065 <sup>7</sup>	1,302,812,690	34,226	5,353	3.9%
2011	38,065	1,341,905,445	35,253	5,406	4.0%
2012	38,516	1,365,315,168	35,448	5,542	4.6%
2013	38,889	1,499,132,061	38,549	5,542	3.2%
2014	39,091	1,526,816,278	39,058	5,650	2.2%
2015	41,181	1,588,186,446	38,566	6,077	2.2%
2016	41,901	1,683,456,477	40,177	6,178	2.9%

Data Sources:

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

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

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

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

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

<sup>6</sup> Beginning in 2009, the Minnesota State Demographic Center does not have this information available until after publication of this report. Therefore, this figure is a projected estimate based on the the 10-year average change in population as calculated by the Moorhead City Planning Department.

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

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

Employer	2016			2007		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	903 (a)	1	2.50%	820 (a)	1	4.01%
Concordia College	774 (a)	2	2.14%	665 (a)	3	3.25%
Minnesota State University-Moorhead	674 (a)	3	1.87%	765	2	3.74%
Clay County	522 (a) (c)	4	1.45%	425	5	2.08%
Eventide Lutheran Home	450	6	1.25%	460	4	2.25%
American Crystal Sugar Company	400	7	1.11%	410	6	2.00%
Creative Care for Reaching Independence (CCRI)	299	8	0.83%			
Hornbacher's Food, Inc (2 locations)	285 (a)	9	0.79%	200	10	0.98%
City of Moorhead	261 (b)	5	0.72%	244	8	1.19%
Minnesota State Community & Technical College	245 (a)	10	0.68%			
Moorhead Electric				350	7	1.71%
CAMAS Inc.				200	9	0.98%

(a) Includes full and part-time employees.

(b) Excludes 132 temporary and seasonal employees

(c) Includes 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	37.00	38.17	40.22	40.22	40.22	39.42	39.42	38.00	38.00	38.00
Public Safety										
Police										
Officers	50.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	55.00	58.00
Civilians	14.88	14.88	14.88	14.00	14.00	15.00	15.00	15.00	16.00	17.00
Fire										
Firefighters & officers	33.00	33.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	1.00	1.00	-	-	-	-	-	-	-	-
Parks and Recreation	8.00	10.00	10.00	10.00	10.00	10.00	10.00	13.00	13.00	13.00
Planning & Neighborhood Services	-	-	-	-	-	-	-	17.85	17.85	19.00
Community Development	24.50	23.20	23.20	23.20	21.60	20.85	20.85	-	-	-
Mass Transit	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Economic Development	1.00	1.00	-	-	-	-	-	1.00	1.00	1.00
Electric	31.00	33.00	34.00	34.00	34.00	37.00	35.00	35.00	36.00	37.00
Water	21.00	23.00	25.00	25.00	25.00	21.00	22.00	22.00	20.00	22.00
Broadband	9.00	11.00	-	-	-	-	-	-	-	-
Wastewater Treatment	17.00	17.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00	17.00
Storm Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Highways and Streets	16.63	16.63	16.63	16.63	16.63	16.63	16.63	15.63	17.63	17.63
Sanitation	19.00	19.00	19.00	19.00	19.00	19.00	19.00	20.00	20.00	21.00
Golf Courses	7.58	7.58	7.58	7.58	7.58	7.58	7.58	8.00	8.00	8.00
Sports Center	6.00	6.00	6.00	6.00	6.00	6.00	6.00	3.00	3.00	3.00
Pest Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00	3.00	3.00	3.00	6.00	6.00	6.00
<b>Total FTE's</b>	<b>303.59</b>	<b>315.46</b>	<b>310.51</b>	<b>309.63</b>	<b>308.03</b>	<b>307.48</b>	<b>306.48</b>	<b>307.48</b>	<b>311.48</b>	<b>320.63</b>

Source: City Human Resources Department

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	878	920	970	1,006	872	945	891	904	1,056	1,041
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,393	2,076	2,288	2,353	2,251	1,971	1,849	1,974	2,264	2,029
<b>Fire</b>										
Medical responses	1,322	1,700	1,945	1,980	2,273	2,186	1,400	1,523	2,042	2,194
Fire & other responses	830	994	1,024	1,006	1,066	1,144	1,014	968	1,195	1,164
<b>Library</b>										
Visits	276,692	265,070	298,870	305,435	275,782	258,451	267,218	230,511	258,076	227,735
Circulation	360,864	386,938	398,685	409,133	378,340	344,025	302,291	273,498	227,745	249,330
<b>Mass Transit</b>										
Fixed Routes ridership	356,732	398,445	392,218	376,697	433,676	436,304	452,624	482,177	459,288	445,506
Paratransit ridership	14,498	19,206	13,083	13,220	12,771	10,604	10,771	10,038	9,490	10,696
Metro Senior Ride ridership		4,050	5,111	5,961	6,323	7,492	8,042	8,301	10,143	10,765
<b>Community Development</b>										
New Residential Permits	241	201	178	160	92	89	139	197	213	169
New Residential Valuation	40,152,822	43,243,429	33,243,985	24,091,532	24,075,213	17,514,700	44,149,300	56,708,439	64,431,779	60,222,748
New Commercial Permits	31	20	17	19	20	12	31	21	30	31
New Commercial Valuation	25,368,798	6,029,417	4,575,300	8,620,860	4,956,205	8,071,975	34,676,965	12,473,597	10,467,380	33,067,240
<b>Sanitation</b>										
Curbside Recycling (tons)	626	701	645	582	499	432	384	418	510	551
Refuse Collected (landfill tonnage)	21,587	20,168	20,688	19,737	22,276	21,568	23,163	22,722	30,303	31,764
Yard Waste (tons)	2,049	2,247	3,056	3,026	2,542	2,060	2,616	2,847	3,182	3,624
<b>Wastewater Treatment</b>										
Average daily sewage treatment (millions of gallons)	4.40	4.49	4.68	4.66	5.06	3.52	4.02	4.18	3.75	3.91
<b>Electric</b>										
Annual Sales (millions of kwh)	412.03	418.91	414.03	418.40	430.16	419.58	442.40	447.30	431.05	434.04
<b>Water</b>										
Water Sales (billions of gallons)	1.457	1.398	1.385	1.335	1.285	1.48	1.41	1.34	1.35	1.37

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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)	207.10	210.35	208.60	210.11	211.77	211.73	212.73	212.73	227.8	230.7
Culture and recreation										
Parks	42	42	42	42	42	43	43	44	47	47
Swimming/wading pools	8	8	8	8	8	9	9	9	9	9
Sanitation:										
Collection trucks	10	10	10	10	10	10	10	10	10	11
Wastewater										
Storm sewers (miles)	124.89	125.35	125.35	127.40	132.42	135.32	149	149	138.2	144
Sanitary sewers (miles)	145.54	154.54	154.54	155.19	157.81	156.36	157	157	157.7	160.5
Force mains (miles)	16.09	20.87	20.87	20.87	22	23.12	23.12	23.12	23.5	23.5

Source: Various city departments.