

City of Moorhead, Minnesota

# Comprehensive Annual Financial Report



For the Year Ended  
December 31, 2017

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

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**PREPARED BY THE FINANCE DIVISION**

**WANDA WAGNER, FINANCE DIRECTOR**

**JOEL HERR, 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, 2017**

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June 26, 2018

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, 2017.

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, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## CITY OF MOORHEAD PROFILE

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



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

The City of Moorhead provides a full range of services. The general governmental functions include police and fire protection, emergency medical services, street maintenance, engineering, planning and zoning, neighborhood services, rental registration, transit, parks and recreation, economic and community development and general legislative and administrative services. The City also operates as enterprise funds the following services: electric, water, wastewater treatment, storm water collection, sanitation, sports center, golf course, pest control, forestry, airport and street light utility. Vehicles and equipment, radio, information technology and maintenance shop services are provided through internal service funds. The Moorhead Public Housing Agency is included as a component unit of the reporting entity because the City Council appoints the governing body and is able to impose its will on the agency. 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 and approval prior to September 30<sup>th</sup>. The council is required to hold a public meeting where the citizens are allowed to speak on the proposed budget and to adopt a final budget prior to December 28<sup>th</sup>. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate.

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

### Local Economy

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

passenger services are nearby. The metropolitan area serves as a regional center for surrounding agricultural communities in Minnesota with stable operations reported at the city's top two property taxpayers: American Crystal Sugar and the Anheuser Busch malt facility. While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 6,600 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, a K-12 Catholic school, and Park Christian School, a K-12 interdenominational Christian school. The Metropolitan Area Transit serves all Moorhead residents and major shopping and educational facilities.

Minnesota State University Moorhead and Concordia College are both located in the city, which provides a measure of institutional stability to the economy. Minnesota State University Moorhead is a comprehensive liberal arts university with nearly 6,000 students and about 750 full- and part- time faculty and Concordia College is a four-year private liberal arts college with over 2,100 students, known for its outstanding choral and instrumental music and world language instruction. Moorhead is also home to Minnesota State Community and Technical College which provides "hands-on" training to 2,300 students and Rasmussen College offering career focused degrees in business, design, education, health sciences, justice studies, nursing and technology.

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

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

Under the direction of a new City Manager, a strategic planning initiative is being implemented in 2018 by first defining the City's mission, vision and values which will be followed by identifying the City's main strategic initiatives to guide City staff in setting both short-term and long-term goals. This final Strategic Plan will guide directors in developing their departmental operations plans.

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

### **Major Initiatives**

In 2017, Moorhead celebrated as school kids arrived at brand new schools including Dorothy Dodds Elementary (K-4) and the 5<sup>th</sup> and 6<sup>th</sup> grade wing at Horizon West Middle School. New schools and projected growth have resulted in continued residential and commercial development in Moorhead throughout the year and into 2018. Moorhead's residential construction activity in 2017 saw 163 new single and multi-family housing units and more than \$118 million of construction value was added through new and remodel residential, institutional and commercial building activity.

Maxfield Research & Consulting published the Update of Comprehensive Housing Needs for the City of Moorhead Minnesota in May 2017. 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. A 2015 state building code that required sprinkler systems in twin homes was modified through the 2017 state legislature, which makes this popular housing style affordable again. For our existing homes and neighborhoods, a local lending partner, Gate City Bank, invested \$2 million in the Neighborhood Impact Program, a low-interest loan pool for home rehabilitation of homes built before 1990. Fifty Moorhead homes were improved under this initiative in 2017, and Gate City Bank is renewing the program in 2018 with another \$2 million commitment.

Strong commercial and industrial investment continues. Over \$58 million in new commercial building value was added in 2017. Thirty-five new commercial and institutional buildings were permitted for construction with multiple new projects in downtown including the new Block E (8<sup>th</sup> and Main) mixed use development and 9Thirteen, a 4-story building with underground parking. Both projects will support the recently adopted Downtown Moorhead Housing Goal: 500 housing units in 5 years.

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. Clay County and the City of Moorhead continued a strong intergovernmental partnership with the construction of a new Joint Law Enforcement Center at 911 11<sup>th</sup> St N. City and County law enforcement personnel will be co-located in the new Law Enforcement Center and Clay County Jail campus. This replaces Minnesota's oldest jail.

Numerous park and trails projects were completed in 2017 and more are underway in 2018, 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 currently under construction. 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, 2016. This was the 34<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



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, 2016**

*Christopher P. Morill*

Executive Director/CEO

CITY OF MOORHEAD  
LISTING OF CITY OFFICIALS  
AS OF DECEMBER 31, 2017

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

APPOINTED OFFICIALS

CHRISTINA VOLKERS

CITY MANAGER

DEPARTMENT DIRECTORS

LISA BODE & KRISTIE LESHOVSKY (CO-DIRECTORS)

PLANNING & NEIGHBORHOOD  
SERVICES

HOLLY HEITKAMP

PARKS & RECREATION

ROBERT ZIMMERMAN

ENGINEERING

DAVID EBINGER

POLICE CHIEF

RICH DUYSEN

FIRE CHIEF

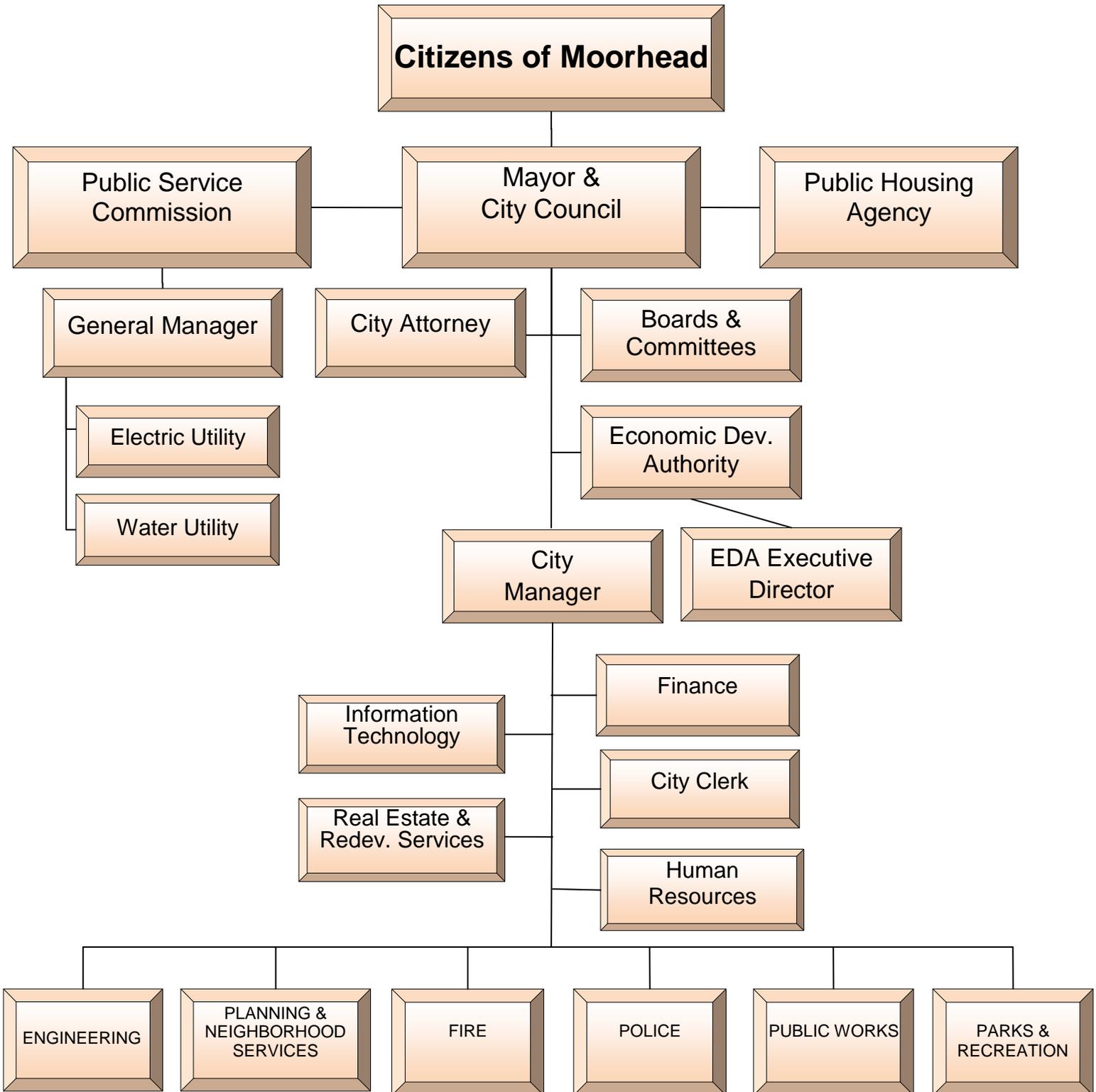
STEVE MOORE

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, 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, 2017, 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 20, 2018 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 20, 2018



**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, 2017. 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 \$499,351,991.
- The City's total net position increased by \$30,553,750.
- The City's governmental funds reported combined ending fund balances of \$72,140,454, a decrease of \$4,869,798 in comparison with the prior year. Of this total amount, \$11.1M is unassigned, \$7.1M assigned, \$1.6M committed, \$48.7M restricted and \$3.7M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$14,794,555 or 63% of total general fund expenditures of \$23,325,415.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Proprietary funds.** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry, municipal airport, and street light utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses four internal service funds to account for vehicles & equipment, information technology, maintenance shop, and radios. Because the internal service funds benefit both the governmental and business-type functions, \$198,066 has been reflected within the business-type activities and \$3,078,923 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 four internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules elsewhere in this report.

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Moorhead's progress in funding its obligation to provide pension and OPEB benefits to its employees. This information can be found in the required supplementary information section of this report.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Moorhead, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$499,351,991 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 \$320,285,106 (64%) (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, \$146,932,046 (29%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$32,134,839 (7%) 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, 2017.

### CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total 2017
	2017	2016	2017	2016	
Current and other assets	\$ 166,686,673	\$ 159,747,456	\$ 58,016,175	\$ 55,496,695	\$ 224,702,848
Capital assets	398,142,106	390,347,452	164,205,399	160,371,897	562,347,505
Total assets	564,828,779	550,094,908	222,221,574	215,868,592	787,050,353
Deferred outflows of resources	17,056,056	25,486,879	1,821,039	3,641,591	18,877,095
Long-term liabilities outstanding	197,131,941	221,392,772	77,886,575	83,847,426	275,018,516
Other liabilities	6,756,219	6,335,664	6,699,445	6,872,569	13,455,664
Total liabilities	203,888,160	227,728,436	84,586,020	90,719,995	288,474,180
Deferred inflows of resources	16,873,351	6,332,380	1,227,926	1,512,918	18,101,277
Net Position:					
Net investment in capital assets	223,017,288	223,160,997	97,267,818	91,229,486	320,285,106
Restricted	137,019,387	123,090,935	9,912,659	12,344,488	146,932,046
Unrestricted	1,086,649	(4,730,961)	31,048,190	23,703,296	32,134,839
Total net position	\$ 361,123,324	\$ 341,520,971	\$ 138,228,667	\$ 127,277,270	\$ 499,351,991

Governmental activities current and other assets increased \$6.9M with new special assessments for various projects throughout the City. The \$7.8M increase in capital assets in governmental activities is the result of considerable investment in city infrastructure. The increase in business-type activities capital assets is primarily due to work at the electric and water distribution plants. In both the governmental activities and business-type activities, fluctuations in deferred outflows of resources, long-term liabilities outstanding, and deferred inflows of resources are attributable to changes in actuarial assumptions and the difference between projected and actual investment earnings relating to the reporting of the City's pension liability under GASB Statements 68 and 71.

At the end of the current fiscal year, the City of Moorhead is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

In addition, the City of Moorhead's overall net position increased by \$30,553,750 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 2017
	2017	2016	2017	2016	
Revenues:					
Program revenues:					
Charges for services	\$ 5,386,965	\$ 5,050,638	\$ 73,352,062	\$ 68,625,587	\$ 78,739,027
Operating grants and contributions	5,770,187	7,030,078	625,699	236,022	6,395,886
Capital grants and contributions	25,592,385	25,995,042	1,658,727	1,854,572	27,251,112
General Revenues:					
Taxes	10,694,979	8,825,641			10,694,979
Tax Increments	518,118	498,896			518,118
Franchise Fees	993,555	922,395			993,555
State aid	10,169,504	10,352,919	4,960	11,562	10,174,464
Grants and contributions not restricted to specific programs	141,104	101,072			141,104
Investment earnings	372,095	116,946	429,624	42,817	801,719
Miscellaneous	631,340	1,909,098	893,456	994,136	1,524,796
Total revenues	60,270,232	60,802,725	76,964,528	71,764,696	137,234,760
Expenses:					
General government	4,977,547	5,355,803			4,977,547
Public safety	15,256,052	15,536,547			15,256,052
Highways and streets	13,370,437	12,271,658			13,370,437
Parks and recreation	4,023,868	4,103,311			4,023,868
Library	884,342	864,267			884,342
Community development	774,589	596,676			774,589
Rental Registration	309,793	300,560			309,793
Mass transit	3,179,629	2,903,025			3,179,629
Economic development	883,676	863,944			883,676
Interest on long-term debt	6,749,582	7,785,669			6,749,582
Electric			30,922,240	31,817,993	30,922,240
Water			7,242,254	6,384,007	7,242,254
Wastewater treatment			6,137,591	6,420,340	6,137,591
Storm water			1,414,865	1,279,110	1,414,865
Sanitation			5,043,175	3,657,006	5,043,175
Golf Course			1,711,988	1,813,363	1,711,988
Sports Center			1,079,640	1,032,354	1,079,640
Pest Control			639,495	569,291	639,495
Forestry			848,802	853,299	848,802
Municipal airport			482,636	324,577	482,636
Street light utility			748,809	695,149	748,809
Total expenses	50,409,515	50,581,460	56,271,495	54,846,489	106,681,010
Increase/decrease in net position before transfers	9,860,717	10,221,265	20,693,033	16,918,207	30,553,750
Transfers	9,741,636	8,972,310	(9,741,636)	(8,972,310)	0
Special Item				(215,132)	
Change in net position	19,602,353	19,193,575	10,951,397	7,730,765	30,553,750
Net position - beginning of year	341,520,971	322,327,396	127,277,270	119,546,505	468,798,241
Net position - end of year	\$ 361,123,324	\$ 341,520,971	\$ 138,228,667	\$ 127,277,270	\$ 499,351,991

**Governmental activities.** The governmental activities' net position increased by \$19,602,353 during the current fiscal year. Revenues included nearly \$18.9M more in new special assessment projects. Expenses remained stable, decreasing .3%, or \$171,945 from 2016, due to a decrease in bond interest.

**Business-type activities.** Business-type activities increased the City's net position by \$10,951,397. Charges for services in the business-type activities increased \$4.7M (6.4%) over the previous year. This resulted primarily from rate increases in the Electric Fund (3.5%), Water Fund (6.5%) and increased customer sales volume in the Water Fund. Expenses in the business-type activities increased \$1,425,006 (2.5%). This increase is primarily due to increases of \$1.4M (38%) in the Other Enterprise Funds due to the purchase of new recycling totes for residents.

## 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 \$72,140,454 a decrease of \$4,869,798 in comparison with the prior year. Approximately 15.3%, or \$11,068,544, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$7.1M, 9.9%), committed (\$1.6M, 2.2%), restricted (\$48.7M, 67.5%) or nonspendable (\$3.7M, 5.1%).

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 \$14,794,555. 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 63.4% of total general fund expenditures which is just above the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was an increase of \$2,098,888 or 12.2% from 2016. Property tax revenue increased \$931,000 with an increase in the Payable 2017 levy. State revenues increased \$400,000 with an increase in disparity aid and a reallocation of state maintenance aid between funds. Charges for Services increased \$465,000 due to an increase in internal engineering charges of \$1.7M offset by a decrease in charges for the Maintenance Shop which was moved to an internal service fund in 2017. Total expenditures increased \$694,000 from an increase in personnel costs of \$941,000 with contract and benefit increases, offset by a decrease in expenditures for the Maintenance Shop which was moved to an internal service fund in 2017. Net transfers totaled \$8,159,611 and were completed as authorized by City charter and as reoccurring subsidies of specific programs. The 2017 adopted budget anticipated a \$271,000 draw on fund balance, while the revised budget anticipated a \$994,000 draw on fund balance; however higher than expected revenues, along with less than budgeted expenditures resulted in an increase in the fund balance.

The special assessment debt service fund balance decrease of \$5,448,616 was due mainly to advance refunding bond issues from 2016 for which the proceeds were used in 2017 to retire the refunded bonds. The special assessment capital projects fund balance decreased by \$756,016 which is primarily due to nearly \$4M or 2016 bond proceeds spent in 2017. The permanent improvement fund balance decreased \$1,691,815 which is primarily attributable to a major street reconstruction project for which bonds will be issued in 2018.

**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 \$30,850,124. The total change in net position in the enterprise funds was an increase of \$11,171,163 (8.8%).

The electric fund reported an increase of \$6,556,068 (14.7%) in net position primarily due to a 3.5% rate increase while the water fund reported an increase of \$3,139,932 (7.4%) 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 \$1,774,057 (8.8%) 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 revenue budget including transfers of \$23,239,882 was amended as final totaling \$23,619,774 for an increase of \$379,892. The original expenditure budget including transfers of \$23,510,885 was amended as final totaling \$24,614,246 for an increase of \$1,103,361.

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

Total revenues including transfers were \$25,681,934 which was \$2,062,160 over budget. License and permit revenue exceeded budget by \$228,250 due to conservative budgeting for new developments. Charges for services were over budget by \$1,359,605; this service charges variance consists of engineering service charges for specially assessed projects.

Expenditures including transfers totaling \$23,583,046 were under budget by \$1,031,200. Personal services were under budget \$668,000 by not filling various vacant positions in addition to \$256,000 in lower than expected professional services due to timing of planned projects.

**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, 2017, amounts to \$562,347,505 (net of accumulated depreciation), an increase of \$11.6M. 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:

- Nearly \$1.0M in Park Improvements
- \$2.2M in new fleet vehicles
- \$13.3M in infrastructure improvements
- \$4.2M in electric capital assets
- \$3.9M in water capital assets
- \$1.2M in airport improvements

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

	Governmental Activities 2017	Business-type Activities 2017	Total
Land	\$ 65,133,305	\$ 9,559,657	\$ 74,692,962
Construction in progress	55,886,732	7,903,377	63,790,109
Buildings	9,575,375	114,285,829	123,861,204
Improvements other than buildings	14,758,115	26,952,663	41,710,778
Machinery and equipment	16,815,583	5,503,873	22,319,456
Infrastructure	235,972,996		235,972,996
Total	\$ 398,142,106	\$ 164,205,399	\$ 562,347,505

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

**Long-Term Debt.** At the end of the current fiscal year, the City of Moorhead had total bonded debt outstanding of \$246,644,682. Of this amount, \$177,165,000 of G.O. Special Assessment, Tax Increment and Municipal Improvement debt and \$36,969,682 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 \$32,510,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$323,816 General Obligation Notes Payable at year end and net pension liability totaling \$23,706,461. See Note 4 (F) for further information on the City's net pension liability.

The City had a net decrease in long-term bonded debt of \$11,386,830 during the current fiscal year. This decrease is due to the issuance of various bonds, which are listed below, debt service principal payments of \$13,664,186 and early retirement of G.O. Improvement Bonds of 2006B in the amount of \$6,285,000 and G.O. Improvement Bonds 2006C in the amount of \$7,525,000 which issues were both advance refunded in 2016. During the current fiscal year, the City issued:

- \$10,905,000 G.O. Improvement Bonds, Series 2017A to finance various city-wide infrastructure projects.
- \$5,000,000 G.O. Improvement Refunding Bonds, Series 2017B to refund G.O. Improvement Bonds Series 2008B.
- \$182,357 Addition to G.O. Water Revenue Note of 2016

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of taxable property. The current debt limitation for the City of Moorhead is \$80,493,966. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$323,816 leaving a legal debt margin of \$80,170,150.

## 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	\$ 173,860,000	\$	\$ 173,860,000
G.O. Tax Increment	3,240,000		3,240,000
G.O. Municipal Improvement Revenue	65,000		65,000
G.O. Revenue		36,969,682	36,969,682
Revenue Refunding		3,250,000	3,250,000
Revenue		29,260,000	29,260,000
Long-term notes	323,816	267,972	591,788
Compensated absences	1,970,126	1,083,393	3,053,519
Other Post-Employment Benefits	1,087,990	575,897	1,663,887
Net Pension Liability	17,048,693	6,657,768	23,706,461
Total	\$ 197,595,625	\$ 78,064,712	\$ 275,660,337

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

### Economic Factors and Next Year's Budgets

The local economy has remained resilient and 2017 was another strong year 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 2018 Operating & Capital Budget totals \$82,608,400, an increase of \$1,830,369 (2.27%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2018 budget reflects an increase of \$1,308,365 (3.94%) from 2017 levels. This increase is attributable to increased costs associated with the new joint law enforcement center, increased insurance costs, and elections. Along with these increases, the 2018 budget provided for additional staffing of one (1) truck driver – forestry, one (1) technical office specialist – public works, one (1) park technician, and one half (0.5) accountant mass transit. Additionally there is one (1) position that is authorized but unfunded in the 2018 budget, director of planning and neighborhood services.

A new Classification and Compensation Study was completed in 2017 and was implemented on December 31, 2017. Year 1 of implementation is included in the 2018 Operating and Capital Budget along with a 2.5% pay scale adjustment. The total cost for this stage of the implementation is slightly over \$940,000 citywide. Health insurance premiums were increased \$215,000 (10%). The primary impact to operating budgets was additions to the authorized staffing level of 3.5 FTE's and an additional \$125,000 for street maintenance materials for road repairs. In addition, there were increases to general liability insurance (6%), auto insurance (5%) and workers' compensation (5%), 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. 2018 Local Government Aid is \$7,179,877 which is an increase of \$43,689 over the 2017 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, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 65,508,055	\$ 19,494,083	\$ 85,002,138	\$ 1,320,223
Receivables:				
Accounts and notes	504,897	8,790,767	9,295,664	5,589
Accrued interest		115,376	115,376	
Special assessments	7,469,079	167,293	7,636,372	
Internal balances	4,208,926	(4,208,926)		
Due from other governmental units	2,531,291	1,773,909	4,305,200	47,170
Inventories		1,685,872	1,685,872	
Prepaid items	3,832	95,966	99,798	31,302
Restricted assets:				
Cash and cash equivalents	6,050,000	7,244,190	13,294,190	36,522
Bond operation and maintenance reserve		5,380,000	5,380,000	
Long-term receivables:				
Special assessments	75,849,348	2,675,429	78,524,777	
Notes receivable, less current portion	4,561,245	729,300	5,290,545	
Other long-term investments		14,072,916	14,072,916	
Capital assets:				
Intangible plant		1,288,813	1,288,813	
Land	65,133,305	9,559,657	74,692,962	464,977
Buildings	23,583,834	199,768,923	223,352,757	11,888,494
Improvements other than buildings	28,159,227	43,725,521	71,884,748	
Machinery and equipment	38,873,695	20,515,636	59,389,331	933,717
Infrastructure	332,742,769		332,742,769	
Construction in progress	55,886,732	7,903,377	63,790,109	
Less accumulated depreciation	(146,237,456)	(118,556,528)	(264,793,984)	(7,782,308)
Total assets	<u>564,828,779</u>	<u>222,221,574</u>	<u>787,050,353</u>	<u>6,945,686</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plans	15,891,334	1,821,039	17,712,373	
Advance refundings of debt	1,164,722		1,164,722	
Total deferred outflows of resources	<u>17,056,056</u>	<u>1,821,039</u>	<u>18,877,095</u>	
<b>LIABILITIES</b>				
Accounts payable	2,285,756	4,988,028	7,273,784	91,982
Contracts payable - retainage	303,486		303,486	
Accrued wages payable	410,525	104,348	514,873	7,374
Accrued compensated absences	1,339,686	932,772	2,272,458	17,766
Due to other governmental units		38,619	38,619	
Customer deposits		215,816	215,816	91,949
Other liabilities	24,824	77,095	101,919	55,922
Accrued interest payable	2,391,942	342,767	2,734,709	
Long-term liabilities:				
Due within one year	15,896,848	4,929,442	20,826,290	
Accrued compensated absences	630,440	150,621	781,061	
Other post-employment benefits	1,087,990	575,897	1,663,887	
Net pension liability	17,048,693	6,657,768	23,706,461	
Notes payable	236,968	237,861	474,829	
Bonds payable	162,231,002	65,334,986	227,565,988	
Total liabilities	<u>203,888,160</u>	<u>84,586,020</u>	<u>288,474,180</u>	<u>264,993</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plans	16,873,351	1,227,926	18,101,277	
<b>NET POSITION</b>				
Net investment in capital assets	223,017,288	97,267,818	320,285,106	5,504,880
Restricted for debt service	137,019,387	9,912,659	146,932,046	17,919
Unrestricted	1,086,649	31,048,190	32,134,839	1,157,894
Total net position	<u>\$ 361,123,324</u>	<u>\$ 138,228,667</u>	<u>\$ 499,351,991</u>	<u>\$ 6,680,693</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, 2017**

	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	Primary Government		Total
					Activities	Business-type Activities		
<b>Functions/Programs</b>								
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 4,977,547	\$ 1,113,817		43,608	\$ (3,820,122)	\$ (3,820,122)		
Public safety	15,256,052	721,893	1,318,721		(13,215,438)	(13,215,438)		
Highways and streets	13,370,437	1,980,995	580,454	24,532,936	13,723,948	13,723,948		
Parks and recreation	4,023,868	427,017	657,209		(2,939,642)	(2,939,642)		
Library	884,342	20,402			(863,940)	(863,940)		
Community development	774,589	363,576	246,748	227,656	63,391	63,391		
Rental registration	309,793	216,186			(93,607)	(93,607)		
Mass transit	3,179,629	404,114	2,774,486	788,185	787,156	787,156		
Economic development	883,676	138,965	192,569		(552,142)	(552,142)		
Interest on long-term debt	6,749,582				(6,749,582)	(6,749,582)		
Total governmental activities	<u>50,409,515</u>	<u>5,386,965</u>	<u>5,770,187</u>	<u>25,592,385</u>	<u>(13,659,978)</u>	<u>(13,659,978)</u>		
Business-type activities:								
Electric	30,922,240	44,791,531		489,767	\$ 14,359,058	\$ 14,359,058		
Water	7,242,254	9,042,967			1,800,713	1,800,713		
Wastewater treatment	6,137,591	8,066,664		349,650	2,278,723	2,278,723		
Storm water	1,414,865	2,725,287	122,686		1,433,108	1,433,108		
Sanitation	5,043,175	4,455,041	470,810		(117,324)	(117,324)		
Golf Course	1,711,988	1,311,686			(400,302)	(400,302)		
Sports Center	1,079,640	499,747			(579,893)	(579,893)		
Pest Control	639,495	701,285			61,790	61,790		
Forestry	848,802	873,072			24,270	24,270		
Municipal airport	482,636	71,154	32,203	819,310	440,031	440,031		
Street light utility	748,809	813,628			64,819	64,819		
Total business-type activities	<u>56,271,495</u>	<u>73,352,062</u>	<u>625,699</u>	<u>1,658,727</u>	<u>19,364,993</u>	<u>19,364,993</u>		
Total primary government	<u>\$ 106,681,010</u>	<u>\$ 78,739,027</u>	<u>\$ 6,395,886</u>	<u>\$ 27,251,112</u>	<u>(13,659,978)</u>	<u>5,705,015</u>		
<b>Component Unit:</b>								
Public Housing Agency	\$ 2,478,682	\$ 728,772	\$ 1,017,870	\$ 221,136		\$ (510,904)		
General revenues:								
Property taxes levied for general purposes					6,070,868	6,070,868		
Property taxes levied for debt service					4,624,111	4,624,111		
Tax increments					518,118	518,118		
Franchise fees					993,555	993,555		
State aid unrestricted					10,169,504	10,174,464		
Grants and contributions not restricted to specific programs					141,104	141,104		
Unrestricted investment earnings					372,095	801,719	1,219	
Miscellaneous					631,340	1,524,796	256,309	
Transfers					9,741,636			
Total general revenues and transfers					<u>33,262,331</u>	<u>24,848,735</u>	<u>257,528</u>	
Changes in net position					19,602,353	30,553,750	(253,376)	
Net position - beginning					341,520,971	468,798,241	6,934,069	
Net position - ending					<u>\$ 361,123,324</u>	<u>\$ 499,351,991</u>	<u>\$ 6,680,693</u>	

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

**CITY OF MOORHEAD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 10,940,253	\$ 37,591,472	\$ 4,138,944	\$	\$ 9,313,615	\$ 61,984,284
Restricted cash		6,050,000				6,050,000
Receivables:						
Accounts	281,431	50		1,315	41,732	324,528
Notes	25,000	271,735		78,830	4,185,680	4,561,245
Special assessments		97,842,050	2,923,924	575,224		101,341,198
Due from other funds	5,067,548	95,003		324,760	301,096	5,463,647
Due from other governmental units	177,821	5,674			1,248,892	2,512,236
Advances to other funds	3,624,905		230,795			3,855,700
Prepaid items	3,832					3,832
<b>Total Assets</b>	<u>\$ 20,120,790</u>	<u>\$ 142,510,396</u>	<u>\$ 7,394,340</u>	<u>\$ 980,129</u>	<u>\$ 15,091,015</u>	<u>\$ 186,096,670</u>

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 435,088	\$ 3,891	\$ 343,464	\$ 484,839	\$ 900,277	\$ 2,167,559
Contracts payable - retainage			225,314	78,172		303,486
Accrued wages payable	343,457			1,753,758	48,053	391,510
Due to other funds				104,000	10,466	1,764,224
Advances from other funds					2,735,137	2,839,137
Other liabilities	5,934				18,890	24,824
<b>Total Liabilities</b>	<u>784,479</u>	<u>3,891</u>	<u>568,778</u>	<u>2,420,769</u>	<u>3,712,823</u>	<u>7,490,740</u>
Deferred inflows of resources:						
Unavailable revenue	60,159	98,610,022	2,923,924	654,054	4,217,317	106,465,476
<b>Total Deferred inflows of resources</b>	<u>60,159</u>	<u>98,610,022</u>	<u>2,923,924</u>	<u>654,054</u>	<u>4,217,317</u>	<u>106,465,476</u>
<b>Fund Balance:</b>						
Nonspendable	3,653,737				458,128	3,653,737
Restricted	448,443	43,896,483	3,901,638		1,608,169	48,704,692
Committed					6,725,895	1,608,169
Assigned	379,417				(1,631,317)	7,105,312
Unassigned	14,794,555			(2,094,694)		11,068,544
<b>Total Fund Balance</b>	<u>19,276,152</u>	<u>43,896,483</u>	<u>3,901,638</u>	<u>(2,094,694)</u>	<u>7,160,875</u>	<u>72,140,454</u>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balance</b>	<u>\$ 20,120,790</u>	<u>\$ 142,510,396</u>	<u>\$ 7,394,340</u>	<u>\$ 980,129</u>	<u>\$ 15,091,015</u>	<u>\$ 186,096,670</u>

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.	398,142,106
Deferred outflows of resources resulting from pension obligations and debt refundings are not available resource and, therefore are not reported in governmental funds	17,056,056
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.	88,442,705
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.	(200,863,569)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore are not reported in the governmental funds.	(16,873,351)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services, maintenance shop and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position.	3,078,923
<b>Net position of governmental activities</b>	<u>\$ 361,123,324</u>

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, 2017**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 2,697,804	\$ 4,042,445	\$	\$	\$ 3,972,848	\$ 10,713,097
Franchise	993,555					993,555
Licenses and permits	882,095					882,095
Intergovernmental revenues:						
Federal	122,098	137,476		85,649	1,407,758	1,752,981
State	9,288,565	986,471	279,181	1,221,967	4,493,050	16,269,234
County	151,473	217,300		143,126		511,899
Other	115,429		6,588		141,104	256,533
Charges for services	2,179,905			135	787,237	2,973,730
Fines and forfeits	517,636					517,771
Facility rentals					171,689	171,689
Donations	66,285	233,886			25,620	25,620
Interest on investments		10,194,017	11,411	2,419	351,280	351,280
Special assessments	61,874		286,729			10,480,746
Sale of property	187,973				204,998	266,872
Miscellaneous	17,264,692	235,733	97,073	105,422	610,060	1,236,261
Total revenues	<u>17,264,692</u>	<u>16,047,328</u>	<u>680,982</u>	<u>1,558,718</u>	<u>11,851,643</u>	<u>47,403,363</u>
<b>EXPENDITURES</b>						
Current:						
General government	4,491,732	110,746	75,717		106,359	4,784,554
Public safety	14,046,648			425	138,781	14,185,429
Highways and streets	4,756,466				7,104	4,763,995
Parks and recreation					2,919,752	2,919,752
Library					878,553	878,553
Community development			189,199		592,477	781,676
Rental registration					312,250	312,250
Mass transit					2,707,346	2,707,346
Economic development	30,569		12,161,801	750	648,377	649,127
Capital outlay				3,423,997	2,370,999	17,987,366
Debt Service:						
Bond and note principal	8,690,000				497,639	9,187,639
Bond and note interest	5,688,988				584,816	6,273,804
Fiscal and other charges	162,566				246,828	409,394
Total expenditures	<u>23,325,415</u>	<u>14,652,300</u>	<u>12,426,717</u>	<u>3,425,172</u>	<u>12,011,281</u>	<u>65,840,885</u>
	<u>(6,060,723)</u>	<u>1,395,028</u>	<u>(11,745,735)</u>	<u>(1,866,454)</u>	<u>(159,638)</u>	<u>(18,437,522)</u>
<b>REVENUE UNDER EXPENDITURES</b>						
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of debt		171,596	10,733,404			10,905,000
Refunding bonds issued		5,000,000				5,000,000
Payment to bond refunding agent		(13,810,000)				(13,810,000)
Premium on issuance of debt		625,202	256,315	174,639	2,260,549	881,517
Transfers from other funds	8,417,242	1,319,558			(1,173,150)	12,171,988
Transfers to other funds	(257,631)	(150,000)				(1,580,781)
Total other financing sources	<u>8,159,611</u>	<u>(6,843,644)</u>	<u>10,989,719</u>	<u>174,639</u>	<u>1,087,399</u>	<u>13,567,724</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,098,888	(5,448,616)	(756,016)	(1,691,815)	927,761	(4,869,798)
<b>FUND BALANCE - BEGINNING</b>	<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>FUND BALANCE - ENDING</b>	<u>\$ 19,276,152</u>	<u>\$ 43,896,483</u>	<u>\$ 3,901,638</u>	<u>\$ (2,094,694)</u>	<u>\$ 7,160,875</u>	<u>\$ 72,140,454</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, 2017**

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) \$ (4,869,798)

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	\$ 17,558,524	
Transfer of assets to business-type activities	(1,497,793)	
Transfer of assets to internal service funds	(239,964)	
Depreciation expense	<u>(8,621,762)</u>	7,199,005

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (1,430,601)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 12,846,054

The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonded debt issued	(15,905,000)	
Premium on bonded debt	(881,517)	
Bond & note principal payments	<u>22,997,639</u>	6,211,122

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	(242,029)	
Other post-employment benefits	(104,275)	
Net pension liability	18,160,862	
Deferred outflows of resources	(8,267,009)	
Deferred inflows of resources	(10,536,361)	
Accrued interest	<u>(66,384)</u>	(1,055,196)

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. 701,767

Change in net position of governmental activities (page 12) \$ 19,602,353

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,733,984	\$ 2,733,984	\$ 2,697,804	\$ (36,180)
Franchise	1,000,000	1,000,000	993,555	(6,445)
Licenses and permits	653,845	653,845	882,095	228,250
Intergovernmental:				
Federal	34,000	49,600	122,098	72,498
State	8,879,715	9,047,688	9,288,565	240,877
County	152,000	152,000	151,473	(527)
Other	104,750	104,750	115,429	10,679
Charges for services	820,300	820,300	2,179,905	1,359,605
Fines and forfeitures	464,600	464,600	517,636	53,036
Interest on investments	54,688	54,688	66,285	11,597
Miscellaneous	215,250	245,275	249,847	4,572
Total revenues	<u>15,113,132</u>	<u>15,326,730</u>	<u>17,264,692</u>	<u>1,937,962</u>
<b>EXPENDITURES</b>				
Administration department:				
Current:				
Personal services	1,282,385	1,338,639	1,268,921	69,718
Supplies	24,325	24,325	28,254	(3,929)
Other services & charges	1,414,314	1,623,414	1,442,583	180,831
Capital outlay		1,600	1,538	62
	<u>2,721,024</u>	<u>2,987,978</u>	<u>2,741,296</u>	<u>246,682</u>
Police department:				
Current:				
Personal services	7,161,356	7,214,956	7,071,013	143,943
Supplies	293,175	363,500	355,035	8,465
Other services & charges	2,201,763	2,207,263	2,219,206	(11,943)
Capital outlay			13,969	(13,969)
	<u>9,656,294</u>	<u>9,785,719</u>	<u>9,659,223</u>	<u>126,496</u>
Fire department:				
Current:				
Personal services	3,632,560	3,772,515	3,645,061	127,454
Supplies	56,089	91,315	116,954	(25,639)
Other services & charges	557,725	596,747	639,379	(42,632)
Capital outlay			10,400	(10,400)
	<u>4,246,374</u>	<u>4,460,577</u>	<u>4,411,794</u>	<u>48,783</u>
Planning & Neighborhood Services department:				
Current:				
Personal services	1,360,383	1,390,289	1,339,258	51,031
Supplies	30,114	29,304	20,473	8,831
Other services & charges	397,789	487,939	392,243	95,696
	<u>1,788,286</u>	<u>1,907,532</u>	<u>1,751,974</u>	<u>155,558</u>
Engineering department:				
Current:				
Personal services	1,503,770	1,515,890	1,373,737	142,153
Supplies	23,500	23,500	30,375	(6,875)
Other services & charges	530,407	605,407	556,952	48,455
Capital outlay			4,662	(4,662)
	<u>2,057,677</u>	<u>2,144,797</u>	<u>1,965,726</u>	<u>179,071</u>
Public Works department:				
Current:				
Personal services	1,243,038	1,255,158	1,121,575	133,583
Supplies	584,709	584,709	535,799	48,910
Other services & charges	1,213,483	1,230,143	1,138,028	92,115
	<u>3,041,230</u>	<u>3,070,010</u>	<u>2,795,402</u>	<u>274,608</u>
Total expenditures	<u>23,510,885</u>	<u>24,356,613</u>	<u>23,325,415</u>	<u>1,031,198</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE UNDER EXPENDITURES	(8,397,753)	(9,029,883)	(6,060,723)	2,969,160
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	8,126,750	8,293,044	8,417,242	124,198
Transfers to other funds		(257,633)	(257,631)	2
Total other financing sources	8,126,750	8,035,411	8,159,611	124,200
NET CHANGE IN FUND BALANCE	(271,003)	(994,472)	2,098,888	3,093,360
FUND BALANCE - BEGINNING	17,177,264	17,177,264	17,177,264	
FUND BALANCE - ENDING	<u>\$ 16,906,261</u>	<u>\$ 16,182,792</u>	<u>\$ 19,276,152</u>	<u>\$ 3,093,360</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, 2017**

	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	\$ 4,204,984	2,687,253	\$ 6,635,891	\$ 5,965,955	\$ 19,494,083	\$ 3,523,771
Receivables:						
Accounts and notes	5,564,193	961,250	1,230,080	1,035,244	8,790,767	180,369
Accrued interest	96,916	18,460			115,376	
Special assessments		2,887	164,406		167,293	
Due from other city funds			620,940	745,887	1,366,827	
Due from other governmental units	709,942		11,306	1,052,661	1,773,909	19,055
Inventories	1,463,835	222,037			1,685,872	
Prepaid items	65,109	30,562		295	95,966	
Total current assets	<u>12,104,979</u>	<u>3,922,449</u>	<u>8,662,623</u>	<u>8,800,042</u>	<u>33,490,093</u>	<u>3,723,195</u>
<b>Long-term assets:</b>						
<b>Restricted assets:</b>						
Cash and cash equivalents	6,333,367	739,457		171,366	7,244,190	
Bond operation and maintenance reserve	4,588,000	792,000			5,380,000	
<b>Long-term receivables:</b>						
Special assessments			2,675,429		2,675,429	
Notes receivable, less current portion	91,013			638,287	729,300	
Other long-term investments	11,433,016	2,639,900			14,072,916	
<b>Capital assets:</b>						
Intangible plant	1,288,813				1,288,813	
Land	951,747	979,967	2,672,526	4,955,417	9,559,657	
Buildings	72,752,834	79,870,846	33,258,786	13,886,457	199,768,923	
Improvements other than buildings	3,683,007		28,017,420	12,025,094	43,725,521	
Machinery and equipment	6,289,531	2,695,371	10,593,793	936,941	20,515,636	29,174,513
Construction in progress	321,289	51,711	7,296,232	234,145	7,903,377	
Less accumulated depreciation	<u>(33,686,312)</u>	<u>(24,702,407)</u>	<u>(43,194,102)</u>	<u>(16,973,707)</u>	<u>(118,556,528)</u>	<u>(16,871,931)</u>
Total long-term assets	<u>74,046,305</u>	<u>63,066,845</u>	<u>41,320,084</u>	<u>15,874,000</u>	<u>194,307,234</u>	<u>12,302,582</u>
Total assets	<u>86,151,284</u>	<u>66,989,294</u>	<u>49,982,707</u>	<u>24,674,042</u>	<u>227,797,327</u>	<u>16,025,777</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension plans	<u>716,677</u>	<u>477,784</u>	<u>176,986</u>	<u>449,592</u>	<u>1,821,039</u>	<u>108,686</u>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	4,415,584	304,188	61,489	206,767	4,988,028	118,197
Accrued wages payable			30,993	73,355	104,348	19,015
Accrued compensated absences	399,000	266,000	110,918	156,854	932,772	
Due to other city funds	2,207,423	212,810		2,337,023	4,757,256	308,994
Due to other governmental units				38,619	38,619	
Customer deposits	215,816				215,816	
Other liabilities				77,095	77,095	
Accrued interest payable	109,100	61,334	172,333		342,767	
Current maturities of long-term debt	1,789,250	1,168,861	1,971,331		4,929,442	
Total current liabilities	<u>9,136,173</u>	<u>2,013,193</u>	<u>2,347,064</u>	<u>2,889,713</u>	<u>16,386,143</u>	<u>446,206</u>
<b>Long-term liabilities:</b>						
Accrued compensated absences			62,392	88,229	150,621	62,526
Other post-employment benefits	161,722	107,814	101,197	205,164	575,897	15,394
Net pension liability	2,738,707	1,825,807	591,270	1,501,984	6,657,768	363,095
Notes payable		237,861			237,861	
Bonds payable	23,230,914	17,174,399	24,929,673		65,334,986	
Advances from other funds		230,795		785,768	1,016,563	
Total long-term liabilities	<u>26,131,343</u>	<u>19,576,676</u>	<u>25,684,532</u>	<u>2,581,145</u>	<u>73,973,696</u>	<u>441,015</u>
Total liabilities	<u>35,267,516</u>	<u>21,589,869</u>	<u>28,031,596</u>	<u>5,470,858</u>	<u>90,359,839</u>	<u>887,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension plans	<u>515,125</u>	<u>343,416</u>	<u>104,338</u>	<u>265,047</u>	<u>1,227,926</u>	<u>64,073</u>
<b>NET POSITION</b>						
Net investment in capital assets	29,877,481	40,582,339	11,743,651	15,064,347	97,267,818	12,302,582
Restricted for debt service	6,333,367	739,457	2,839,835		9,912,659	
Unrestricted	14,874,472	4,211,997	7,440,273	4,323,382	30,850,124	2,880,587
Total net position	<u>\$ 51,085,320</u>	<u>\$ 45,533,793</u>	<u>\$ 22,023,759</u>	<u>\$ 19,387,729</u>	<u>138,030,601</u>	<u>\$ 15,183,169</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					198,066	
Net position of business-type activities					<u>\$ 138,228,667</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, 2017**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 41,332,127	\$ 8,929,350	\$ 8,012,910	\$ 11,204,682	\$ 69,479,069	\$ 4,376,370
Other	3,717,710	51,770	53,754	614,714	4,437,948	223,566
Total operating revenue	<u>45,049,837</u>	<u>8,981,120</u>	<u>8,066,664</u>	<u>11,819,396</u>	<u>73,917,017</u>	<u>4,599,936</u>
<b>OPERATING EXPENSES</b>						
Personal services	3,880,547	2,533,519	1,447,882	3,703,328	11,565,276	972,682
Purchased power	19,586,149				19,586,149	
Disposal fee				1,377,514	1,377,514	
Professional services	219,814	34,071	59,060	506,959	819,904	3,357
Insurance	75,504	79,893	163,238	99,878	418,513	2,846
Repair and maintenance	775,932	873,334	567,015	854,376	3,070,657	302,737
Supplies	239,528	1,493,947	539,635	1,474,309	3,747,419	1,142,032
Utilities			661,706	1,193,963	1,855,669	13,593
Equipment rental			143,826	753,230	897,056	
Depreciation	2,597,465	1,766,368	1,052,102	852,048	6,267,983	2,472,218
Miscellaneous	3,039,283	92,504	689,204	961,072	4,782,063	113,819
Total operating expenses	<u>30,414,222</u>	<u>6,873,636</u>	<u>5,323,668</u>	<u>11,776,677</u>	<u>54,388,203</u>	<u>5,023,284</u>
Operating income(loss)	<u>14,635,615</u>	<u>2,107,484</u>	<u>2,742,996</u>	<u>42,719</u>	<u>19,528,814</u>	<u>(423,348)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Interest on investments	280,001	60,288	32,964	56,371	429,624	20,815
Interest on indebtedness	(788,019)	(368,618)	(785,565)		(1,942,202)	
Fiscal and other charges			(900)	(425)	(1,325)	
Gain (loss) on disposal of equipment	21,695	61,847			83,542	(72,482)
Intergovernmental			1,420	260,743	262,163	68,830
Miscellaneous	535,705	355,446		2,305	893,456	
Total nonoperating revenue (expense)	<u>49,382</u>	<u>108,963</u>	<u>(752,081)</u>	<u>318,994</u>	<u>(274,742)</u>	<u>17,163</u>
Income (loss) before contributions and transfers	<u>14,684,997</u>	<u>2,216,447</u>	<u>1,990,915</u>	<u>361,713</u>	<u>19,254,072</u>	<u>(406,185)</u>
Capital contributions	489,767	1,497,792	349,650	819,310	3,156,519	239,964
Transfers from other funds			16,160	653,450	669,610	669,666
Transfers to other funds	(8,618,696)	(574,307)	(582,668)	(2,133,367)	(11,909,038)	(21,444)
Total contributions and transfers	<u>(8,128,929)</u>	<u>923,485</u>	<u>(216,858)</u>	<u>(660,607)</u>	<u>(8,082,909)</u>	<u>888,186</u>
<b>CHANGE IN NET POSITION</b>	6,556,068	3,139,932	1,774,057	(298,894)	11,171,163	482,001
<b>TOTAL NET ASSETS - BEGINNING</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>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 51,085,320</u>	<u>\$ 45,533,793</u>	<u>\$ 22,023,759</u>	<u>\$ 19,387,729</u>		<u>\$ 15,183,169</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(219,766)</u>	
Change in net position of business-type activities					<u>\$ 10,951,397</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, 2017**

	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	\$ 44,372,386	\$ 9,234,757	\$ 7,978,481	\$ 11,139,902	\$ 72,725,526	\$ 4,177,911
Payments to suppliers	(24,839,275)	(3,810,781)	(2,108,423)	(6,205,068)	(36,963,547)	(1,055,896)
Payments to employees	(2,259,366)	(1,095,298)	(1,425,020)	(3,642,295)	(8,421,979)	(881,368)
Other receipts (payments)			(640,958)	397,680	(243,278)	118,821
Net cash provided by (used in) operating activities	<u>17,273,745</u>	<u>4,328,678</u>	<u>3,804,080</u>	<u>1,690,219</u>	<u>27,096,722</u>	<u>2,359,468</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Intergovernmental			1,420	260,743	262,163	68,830
Transfers from other funds			365,810	653,450	1,019,260	668,080
Transfers to other funds	(8,618,696)	(574,307)	(582,668)	(2,131,781)	(11,907,452)	(21,444)
Payments received on notes		10,338			10,338	
Issuance of notes receivable	(75,753)				(75,753)	
Net cash provided by (used in) noncapital financing activities	<u>(8,694,449)</u>	<u>(563,969)</u>	<u>(215,438)</u>	<u>(1,217,588)</u>	<u>(10,691,444)</u>	<u>715,466</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of assets	(3,943,933)	(2,596,301)	(335,796)	(1,514,543)	(8,390,573)	(4,329,401)
Proceeds from sale of assets	21,695	61,847			83,542	
Proceeds from issuance of long-term debt		182,357			182,357	
Principal payments - bonds and notes	(1,669,555)	(1,060,558)	(1,919,258)		(4,649,371)	
Interest payments - bonds and notes	(853,276)	(375,779)	(814,072)	(425)	(2,043,552)	
Capital grants from other governments				54,999	54,999	
Special assessment collections			6,269		6,269	
Net cash (used in) capital and related financing activities	<u>(6,445,069)</u>	<u>(3,788,434)</u>	<u>(3,062,857)</u>	<u>(1,459,969)</u>	<u>(14,756,329)</u>	<u>(4,329,401)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>						
Interest received	244,367	53,501	32,964	56,372	387,204	20,815
Purchase of investments	(5,098,102)	(264,373)			(5,362,475)	
Proceeds from the sale of investments	2,212,000	64,487			2,276,487	
Net cash provided by (used in) investing activities	<u>(2,641,735)</u>	<u>(146,385)</u>	<u>32,964</u>	<u>56,372</u>	<u>(2,698,784)</u>	<u>20,815</u>
Net increase (decrease) in cash and cash equivalents	(507,508)	(170,110)	558,749	(930,966)	(1,049,835)	(1,233,652)
Cash and cash equivalents at beginning 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>
Cash and cash equivalents at end of year	<u>\$ 10,538,351</u>	<u>\$ 3,426,710</u>	<u>\$ 6,635,891</u>	<u>\$ 6,137,321</u>	<u>\$ 26,738,273</u>	<u>\$ 3,523,771</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 14,635,615	\$ 2,107,484	\$ 2,742,996	\$ 42,719	\$ 19,528,814	\$ (423,348)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation accruals	2,597,465	1,766,368	1,052,102	852,048	6,267,983	2,472,218
Depreciation expensed to vehicle expense	187,520	88,365			275,885	
Miscellaneous nonoperating income (expense)	535,705	354,626		2,305	892,636	
Change in assets and liabilities:						
Accounts and notes receivable	(503,214)	(100,989)	(98,372)	(91,598)	(794,173)	(179,836)
Due from other funds			65,233	1,177	66,410	
Due from other governments	(382,517)		(5,508)	(27,314)	(415,339)	(18,624)
Special assessment receivable			(1,290)		(1,290)	
Inventories	(310,831)	(16,170)			(327,001)	
Prepaid items	(29,887)	(30,520)		(25)	(60,432)	
Accounts payable	(216,314)	(25,174)	26,057	51,976	(163,455)	108,750
Accrued wages payable			(2,135)	(701)	(2,836)	3,707
Compensated absences payable	17,275	21,546	8,950	9,799	57,570	14,660
Other post employment benefits	2,494	1,662	7,711	17,428	29,295	2,391
Net pension liability	(44,128)	(29,418)	8,336	34,507	(30,703)	70,556
Due to other funds	774,186	161,670		808,037	1,743,893	308,994
Due to other governments				3,184	3,184	
Other current liabilities	10,376	29,228		(13,323)	26,281	
Net cash provided by (used in) operating activities	<u>\$ 17,273,745</u>	<u>\$ 4,328,678</u>	<u>\$ 3,804,080</u>	<u>\$ 1,690,219</u>	<u>\$ 27,096,722</u>	<u>\$ 2,359,468</u>
<b>Noncash capital financing activities:</b>						
Contributions of capital assets from government / customers	<u>\$ 489,767</u>	<u>\$ 1,497,792</u>	<u>\$ 349,650</u>	<u>\$</u>	<u>\$ 2,337,209</u>	<u>\$ 239,964</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,586</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,586</u>	<u>\$ 1,586</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, 2017**

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

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

**B. Reporting entity**

The City of Moorhead was incorporated February 24, 1881, and is a home rule charter city under Minnesota Statutes. The City operates under a Council/Manager form of government comprised of an elected mayor and an eight-member council. The accompanying financial statements present the government and its component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component unit.** The Moorhead Public Housing Agency is reported as a component of the City because the City Council appoints the governing body and is able to impose its will on the Agency. The financial information reported for this component unit is for their fiscal year ending June 30, 2017. Separate audited financial statements for the year ended June 30, 2017 are available from the agency. These financial statements may be obtained by contacting the Agency at 800 2<sup>nd</sup> Avenue North, Moorhead, MN 56560.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the City.

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

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

## **F. Budgetary information**

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

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

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

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

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

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

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

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

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

### **2. *Receivables and payables***

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

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

The City calculates its allowance for uncollectible accounts using historical collection data. Accounts receivables of the City are considered to be fully collectible and, therefore, there is no allowance for uncollectible accounts as of December 31, 2017.

**3. Inventories and prepaid items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Restricted assets**

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

At December 31, 2017, there was restricted cash in the amount of \$6,050,000 in the Special Assessment Debt Service Fund from bond proceeds of the General Obligation Improvement Refunding Bonds, Series 2017B which will be used to retire General Obligation Improvement Bonds, Series 2008B on February 1, 2018.

**5. Capital assets**

Capital assets which include property, plant and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000, except for infrastructure networks which are capitalized in their entirety. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as

an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on advance refunding of debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second are the contributions made to pension plans after the measurement date and prior to the fiscal year-end and changes in the net pension liability not included in pension expense reported in the statement of net position. These outflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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

#### **7. Long-term obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

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

#### **8. Net position flow assumptions**

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

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

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

#### **10. Fund balance policies**

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

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

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

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

#### **11. Net Position**

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

#### **12. Pensions**

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

### **H. Revenues and expenditures/expenses**

#### **1. Program revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other items, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### **2. Property taxes**

Property taxes are submitted to the County Auditor by December 28<sup>th</sup> of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15. The County remits taxes collected to the City in July and December of each year.

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

### 3. **Compensated absences**

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

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

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

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

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

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

The details of this \$88,442,705 difference are as follows:

Special assessments receivable	\$ 83,318,427
Escrowed special assessments	28,981
Notes receivable	4,561,245
Current notes receivable	(3,763)
Grants and prepayments	537,815
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 88,442,705</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds”.

The details of this \$200,863,569 difference are as follows:

Bonds payable	\$178,041,002
Notes payable	323,816
Accrued interest payable	2,391,942
Compensated absences payable	1,970,126
Other post-employment benefits	1,087,990
Net pension liability	17,048,693
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 200,863,569</u>

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

The details of this \$3,078,923 difference are as follows:

Internal service fund net position	\$15,183,169
Net capital assets included in governmental activities	(12,302,582)
Deferred outflows included in governmental activities	(108,686)
Accrued compensated absences payable included in governmental activities	62,526
Other post-employment benefits included in governmental activities	15,394
Net pension liability included in governmental activities	363,095
Deferred inflows included in governmental activities	64,073
Internal service fund activity reflected in business-type activities	<u>(198,066)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$3,078,923</u></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 \$198,066 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$417,832
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>(219,766)</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u><u>\$ 198,066</u></u>

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

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

The Community Development Fund had expenditures in excess of budget of \$125,194 at December 31, 2017. There was excess revenue to offset these costs (not budgeted).

**B. Deficit fund equity**

The Permanent Improvement Fund has a deficit fund balance of \$2,094,694 at December 31, 2017 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

The Community Development Block Grant Special Revenue Fund has a deficit fund balance of \$32,008 at December 31, 2017 which will be recovered by future grant proceeds.

The Tax Increment Debt Service fund has a deficit fund balance of \$1,599,309 at December 31, 2017 which will be recovered by future tax increment collections.

The Maintenance Shop Internal Service Fund has a deficit fund balance of \$360,537 at December 31, 2017 which will be recovered by future charges to departments using the shop’s services.

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

**A. Cash deposits with financial institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of the City’s deposits, including Moorhead Public Service was \$71,390,480. The bank balance is required to be covered by federal depository insurance or by collateral held by the City’s agent in the City’s name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance.

## B. Investments

Minnesota state statutes authorize investments in the following instruments:

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

As of December 31, 2017, 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	\$ 248,643	\$ 248,643	\$	\$
U.S. Agencies	2,957,890	1,008,005	1,472,765	477,120
Government Bonds	26,339,641	2,049,385	15,729,026	7,851,505
Certificates of Deposits	6,930,711	1,318,833	5,611,878	
Money Markets	11,763,161	11,763,161		
Total Investments	\$ 48,240,046	\$ 16,139,384	\$ 23,062,312	\$ 8,328,625
				\$ 709,725

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

*Credit risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy which follows the Minnesota Statutes with respect to the instruments allowed. The Statutes authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, banker's acceptances of United States banks, repurchase agreements, certificates of deposit and money market funds whose portfolios consist of United States Treasury obligations and Federal Agency issues. The City minimizes its credit risk by investing primarily in CD's and U.S. government backed securities. The Electric and Water Fund money market investments of \$3,736,241 and the City's remaining money market investments of \$8,026,920 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

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

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

## C. Receivables

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

Receivables	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Accounts	\$ 281,431	\$ 50	\$	\$ 1,315	\$ 41,732	\$ 324,528
Notes	25,000	271,735		78,830	4,185,680	4,561,245
Special Assessments		97,842,050	2,923,924	575,224		101,341,198
Due from other Governmental units	177,821	755,089	5,674	324,760	1,248,892	2,512,236
Total Receivables	\$ 484,252	\$ 98,868,924	\$ 2,929,598	\$ 980,129	\$ 5,476,304	\$ 108,739,207

## D. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 65,340,654	\$ 1,222,848	\$ (1,430,197)	\$ 65,133,305
Construction in progress	71,934,333	11,703,959	(27,751,560)	55,886,732
Total capital assets, not being depreciated	<u>137,274,987</u>	<u>12,926,807</u>	<u>(29,181,757)</u>	<u>121,020,037</u>
Capital assets, being depreciated:				
Buildings	23,152,347	431,487		23,583,834
Improvements other than buildings	27,598,853	560,374		28,159,227
Machinery and equipment	36,035,222	5,821,598	(2,983,125)	38,873,695
Infrastructure	303,403,665	29,339,104		332,742,769
Total capital assets being depreciated	<u>390,190,087</u>	<u>36,152,563</u>	<u>(2,983,125)</u>	<u>423,359,525</u>
Less accumulated depreciation for:				
Buildings	(13,430,048)	(578,411)		(14,008,459)
Improvements other than buildings	(12,611,033)	(790,079)		(13,401,112)
Machinery and equipment	(21,685,941)	(3,084,823)	(2,712,652)	(22,058,112)
Infrastructure	(90,129,106)	(6,640,667)		(96,769,773)
Total accumulated depreciation	<u>(137,856,128)</u>	<u>(11,093,980)</u>	<u>(2,712,652)</u>	<u>(146,237,456)</u>
Total capital assets, being depreciated, net	<u>252,333,959</u>	<u>25,058,583</u>	<u>(270,473)</u>	<u>277,122,069</u>
Governmental activities capital assets, net	<u>\$ 389,608,946</u>	<u>\$ 37,985,390</u>	<u>\$ (29,452,230)</u>	<u>\$ 398,142,106</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 9,254,057	\$ 305,600	\$	\$ 9,559,657
Construction in progress	11,378,853	9,018,931	(12,494,407)	7,903,377
Total capital assets, not being depreciated	<u>20,632,910</u>	<u>9,324,531</u>	<u>(12,494,407)</u>	<u>17,463,034</u>
Capital assets, being depreciated:				
Intangible plant	759,399	529,414		1,288,813
Buildings	189,873,760	10,066,050	(170,887)	199,768,923
Improvements other than buildings	41,922,220	1,803,301		43,725,521
Machinery and equipment	19,564,498	1,156,981	(205,843)	20,515,636
Total capital assets being depreciated	<u>252,119,877</u>	<u>13,555,746</u>	<u>(376,730)</u>	<u>265,298,893</u>
Less accumulated depreciation for:				
Intangible plant	(255,373)	(50,403)		(305,776)
Buildings	(81,847,107)	(4,789,911)	170,887	(86,466,131)
Improvements other than buildings	(15,737,028)	(1,035,830)		(16,772,858)
Machinery and equipment	(14,541,382)	(667,723)	197,342	(15,011,763)
Total accumulated depreciation	<u>(112,380,890)</u>	<u>(6,543,867)</u>	<u>368,229</u>	<u>(118,556,528)</u>
Total capital assets, being depreciated, net	<u>139,738,987</u>	<u>7,011,879</u>	<u>(8,501)</u>	<u>146,742,365</u>
Business-type activities capital assets, net	<u>\$ 160,371,897</u>	<u>\$ 16,336,410</u>	<u>\$ (12,502,908)</u>	<u>\$ 164,205,399</u>

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

Governmental activities:	
General Government	\$ 96,334
Public Safety	129,520
Highways & Streets, including depreciation of general infrastructure assets	6,731,361
Parks & Recreation	976,144
Library	5,789
Economic Development	225,343
Mass Transit	457,271
Subtotal	<u>8,621,762</u>
Internal Service	2,472,218
Total depreciation expense – governmental activities	<u>\$ 11,093,980</u>
Business-type activities:	
Electric	\$ 2,784,984
Water	1,854,733
Wastewater	1,052,102
Storm water	109,896
Sanitation	48,037
Golf Course	89,006
Sports Center	337,844
Forestry	803
Airport	266,462
Total depreciation expense – business-type activities	<u>\$ 6,543,867</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net position is \$6,267,982. There is \$275,885 expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

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

As noted in Note 1.G.6 above, the City has reported outflows and deferred inflows of resources at December 31, 2017.

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 \$17,712,373. A deferred outflow of resources is also recognized for the deferred charge on the advance refunding of G.O. Improvement Bonds, Series 2007A of \$1,164,722. 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 \$18,101,277.

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, 2017.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Prepayments	\$ 2,535					\$ 2,535
Transitional reinsurance fees	3,028					3,028
Letter of credit	28,981					28,981
Building rent	600					600
Permits	15					15
Equipment loan	25,000					25,000
Special assessments		97,842,050	2,923,924	575,224		101,341,198
MPS note		267,972				267,972
County road turnback		500,000				500,000
Development loan				78,830		78,830
Registration fees					150	150
Transit grant proceeds					31,487	31,487
CDBG rehabilitation loans					4,035,680	4,035,680
First and new program					150,000	150,000
	<u>\$ 60,159</u>	<u>\$ 98,610,022</u>	<u>\$ 2,923,924</u>	<u>\$ 654,054</u>	<u>\$ 4,217,317</u>	<u>\$ 106,465,476</u>

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

### 1. Defined Benefit

#### a. Plan Description

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

#### 1. General Employees Retirement Plan

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

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

#### b. Benefits Provided

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

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 in effect at the time they last terminated their public service.

## 1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated 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. Police and Fire Plan Benefits

Benefits for the Police and Fire Plan 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 Police and Fire Plan 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 Police and Fire Plan members 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. General Employees Fund 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 2017. 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 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017 were \$700,910. Contributions made by Moorhead Public Service to the General Employees Fund for the year ended December 31, 2017 were \$345,294. The City's and Moorhead Public Service's contributions were equal to the required contributions as set by state statute.

### 2. Police and Fire Plan Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.20% of pay for members in calendar year 2017. The City's contributions to the Police and Fire Fund for the year ended December 31, 2017 were \$1,167,768. The City's contributions were equal to the required contributions as set by state statute.

## d. Pension Costs

### 1. General Employees Fund Pension Costs

City:

At December 31, 2017, the City reported a liability of \$9,920,633 for its proportionate share of the General Employee's Fund net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. 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 \$124,766. The net pension liability was measured as of June 30, 2017 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion share was .1554% which was an increase of .0101% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$1,649,747 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$3,603 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, 2017, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 326,954	\$ 593,516
Changes in actuarial assumptions	\$ 1,539,992	\$ 994,544
Difference between projected and actual investment earnings	\$ -	\$ 58,643
Changes in proportion	\$ 722,913	\$ 103,932
Contributions paid to PERA subsequent to the measurement date	\$ 378,689	\$ -
Total	\$ 4,594,352	\$ 3,376,439

\$378,689 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2017	\$ 505,509
2018	\$ 505,509
2019	\$ 628,836
2020	\$ (27,774)
2021	\$ (421,112)
Thereafter	\$ -

Public Service Utility:

At December 31, 2017, MPS reported a liability of \$4,564,513 for its proportionate share of the GERF's net pension liability. MPS' net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. 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 \$57,367. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, MPS' proportion share was 0.0715 % which was an increase of 0.0009 % from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the MPS recognized pension expense of \$205,496 for its proportionate share of the GERF's pension expense. In addition, MPS recognized an additional \$1,657 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, 2017, 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	\$ 150,431	\$ 288,208
Changes in actuarial assumptions	\$ 748,269	\$ 457,593
Difference between projected and actual investment earnings	\$ 14,448	\$ -
Changes in proportion	\$ 113,111	\$ 112,740
Contributions paid to PERA subsequent to the measurement date	\$ 168,202	\$ -
Total	\$ 1,194,461	\$ 858,541

The \$168,202 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
2018	\$ 171,983
2019	\$ 231,731
2020	\$ (55,942)
2021	\$ (180,053)
Thereafter	\$ -

## 2. Police and Fire Fund Pension Costs

At December 31, 2017, the City reported a liability of \$9,221,313 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the City's proportionate share was .683% which was an increase of .038% from its proportion measured as of June 30, 2016. The City also recognized \$61,470 for the year ended December 31, 2017 as revenue and an offsetting reduction on net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City recognized pension expense of \$(529,241) for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2017, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 212,256	\$ 2,332,480
Changes in actuarial assumptions	\$ 11,396,505	\$ 13,091,976
Difference between projected and actual investment earnings	\$ -	\$ 39,237
Changes in proportion	\$ 1,378,842	\$ 28,406
Contributions paid to PERA subsequent to the measurement date	\$ 560,741	\$ -
Total	\$ 16,435,168	\$ 18,378,923

\$560,741 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, 2018. 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
2018	\$ 330,341
2019	\$ 330,341
2020	\$ (44,867)
2021	\$ (544,367)
2022	\$ (2,575,944)
Thereafter	\$ -

### e. Actuarial Assumptions

The total pension liability in the June 30, 2017, 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 all plans for males and females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1% per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5% thereafter for both plans.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

#### General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

#### Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four year older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

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 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	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%

f. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%. 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 General Employees Fund and Police and Fire Fund 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.

g. Pension Liability Sensitivity

City:

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability:	\$15,387,640	\$9,920,633	\$5,444,896

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the Police and Fire Fund net pension liability:	\$17,366,422	\$9,221,313	\$2,497,075

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 GERF net pension liability:	\$7,079,899	\$4,564,513	\$2,505,213

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 Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

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 2017 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%

**G. Other postemployment benefit (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, 2017 there were 13 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 2017, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 256,204
Interest on net OPEB obligations	44,189
Adjustment to ARC	(67,476)
Annual OPEB Cost	232,917
Contributions during the year	(101,112)
Increase in net OPEB obligation	131,805
Net OPEB beginning of year	1,262,546
Net OPEB end of year	<u>\$ 1,394,351</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 2017 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2015	\$ 247,908	\$ 124,949	50.4%	\$ 1,124,524
12/31/2016	\$ 235,466	\$ 97,444	41.4%	\$ 1,262,546
12/31/2017	\$ 232,917	\$ 101,112	43.4%	\$ 1,394,351

#### 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 Moorhead 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 MPS' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the MPS' net OPEB obligation:

Annual required contribution (ARC)	\$ 43,259
Interest on net OPEB obligations	9,288
Annual OPEB Cost	52,547
Contributions during the year	(48,391)
Increase in net OPEB obligation	4,156
Net OPEB beginning of year	265,380
Net OPEB end of year	<u>\$ 269,536</u>

MPS' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
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
12/31/2017	52,547	48,391	92.1%	269,536

## Funded Status and Funding Progress-

As of January 1, 2017, the date of the most recent actuarial valuation, the plan was unfunded. The actuarial accrued liability for benefits was \$441,999, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$441,999. The covered payroll (annual payroll of active employees covered by the plan) was \$4,428,000, and the ratio of the UAAL to the covered payroll was 10.4 percent (10.4%).

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, 2017 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	20 years
Inflation rate	2.50%
Investment return	3.50%
Projected salary increases	NA
Medical trend rate	6.50% in 2017 grading to 5.00% over 6 years

#### H. Construction and other significant commitments

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

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

The City of Moorhead has a 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 2017 were \$922,647. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building on a one-third basis of actual cost. Moorhead pays actual costs for their fleet maintenance, including vehicle parts, fuel and labor. Other maintenance costs for the MTG are shared pro rata based on a percentage of total vehicles stored and maintained in the facility.

The City has active construction projects as of December 31, 2017, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$1,987,905.

#### I. Risk management

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

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

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

#### J. Long-term liabilities

##### General obligation notes

General obligation notes payable at December 31, 2017 consists of the following:

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

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

## **Bonds**

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

Bonds payable at December 31, 2017 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2017
<b><u>Governmental Activities</u></b>					
G.O. Special Assessment					
2004 Refunding Series B	12/1/2004	8/1/2018	3.00 - 4.30	\$ 1,085,000	\$ 20,000
2008 Refunding Series A	2/15/2008	2/1/2021	3.00 - 4.00	1,340,000	235,000
2008 Series B	9/15/2008	2/1/2029	3.00 - 4.50	9,500,000	6,555,000
2009 Series A	11/15/2009	2/1/1931	3.00 - 4.50	2,820,000	1,985,000
2009 Series B	11/15/2009	2/1/2029	2.25 - 4.50	8,110,000	4,415,000
2009 Refunding Series C	11/15/2009	2/1/2022	2.00 - 4.00	1,590,000	585,000
2010 Series A	9/9/2010	2/1/1932	1.25 - 5.50	12,135,000	8,995,000
2010 Refunding Series D	9/22/2010	2/1/2023	2.00 - 3.00	2,030,000	980,000
2011 Series A	9/1/2011	2/1/1933	2.00 - 3.625	4,855,000	3,745,000
2011 Refunding Series B	9/1/2011	2/1/2024	.50 - 2.90	900,000	470,000
2011 Series C	12/28/2011	2/1/1933	.65 - 3.60	4,200,000	3,460,000
2012 Series A	5/15/2012	2/1/1933	3.00 - 3.375	16,955,000	14,060,000
2012 Refunding Series C	5/15/2012	2/1/1933	3.00 - 3.375	10,430,000	9,450,000
2012 Refunding Series D	5/15/2012	2/1/2027	3.00 - 4.00	8,815,000	7,255,000
2012 Series F	9/1/2012	2/1/1939	3.00 - 3.50	10,320,000	9,150,000
2013 Series A	10/23/2013	2/1/1935	.80 - 4.30	2,165,000	1,940,000
2014 Refunding Series B	7/24/2014	2/1/1934	2.25 - 5.00	19,440,000	18,740,000
2014 Series C	12/29/2014	2/1/1936	2.00 - 4.00	6,170,000	5,835,000
2014 Refunding Series D	12/29/2014	2/1/2025	3.00 - 4.00	7,660,000	6,915,000
2014 Refunding Series E	12/29/2014	2/1/2027	3.00 - 4.00	9,785,000	8,840,000
2015 Series A	9/24/2015	2/1/1942	3.00 - 4.00	12,270,000	12,270,000
2016 Series B	11/10/2016	2/1/1942	2.00 - 5.00	20,920,000	20,920,000
2016 Refunding Series C	11/10/2016	2/1/1933	3.00 - 5.00	11,135,000	11,135,000
2017 Series A	12/14/2017	2/1/1943	2.00 - 3.25	10,905,000	10,905,000
2017 Refunding Series B	12/14/2017	2/1/2029	2.50 - 5.00	5,000,000	5,000,000
				<u>200,535,000</u>	<u>173,860,000</u>
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/2009	2/1/2028	2.00-4.50	2,910,000	2,075,000
2009 Regency/Holiday Mall Refunding Series D	11/15/2009	2/1/2018	2.00-4.00	965,000	135,000
2010 Regency/Holiday Mall Refunding Series B	9/9/2010	2/1/2028	2.00-3.70	1,390,000	1,030,000
				<u>5,265,000</u>	<u>3,240,000</u>
G.O Municipal Improvement Revenue					
2004 G.O. Ice Arena Refunding Series D	12/15/2004	1/1/2018	2.25-4.30	720,000	65,000
				<u>720,000</u>	<u>65,000</u>
Total Governmental Activities				<u>\$ 206,520,000</u>	<u>\$ 177,165,000</u>

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2017
<b>Business-Type Activities</b>					
<b>G.O Revenue Bonds</b>					
G.O. Sewer Revenue Note of 1997	6/29/1997	2/20/2018	3.49	\$ 426,290	\$ 14,331
G.O. Sewer Revenue Note of 2002	5/6/2002	8/20/2022	3.13	3,389,288	1,067,000
G.O. Sewer Revenue Note of 2004	6/21/2004	8/20/2023	1.98	6,598,073	2,382,099
G.O. Sewer Revenue Note of 2007	6/29/2007	8/20/2026	1.99	12,407,226	6,907,000
2012 G.O. Wastewater Refunding, Series B	5/15/2012	11/1/2029	3.00 – 3.125	10,790,000	9,140,000
2007 Electric MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,405,150	2,044,500
2007 Water MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,838,850	2,305,500
G.O. Water Revenue Note of 2014	8/26/2014	8/20/1934	1.02	12,736,089	10,879,000
G.O. Water Revenue Note of 2016	3/14/2016	8/20/1935	1.00	2,175,895	2,230,252
				<b>55,766,861</b>	<b>36,969,682</b>
<b>Revenue Bonds</b>					
2009 Electric Utility Refunding Series A	5/15/2009	11/1/2024	3.00-4.75	1,470,000	805,000
2010 Electric Utility Revenue Series C	10/26/2010	11/1/2025	2.00-4.875	8,633,900	7,565,100
2010 Water Utility Revenue Series C	10/26/2010	11/1/2025	2.00-4.875	1,706,100	1,494,900
2012 Electric Utility Revenue & Refunding Series E	9/1/2012	11/1/2027	2.00 – 3.00	6,240,000	3,250,000
2014 G.O. Wastewater Revenue Bonds, Series A	7/24/2014	11/1/1934	4.00 – 5.00	7,200,000	7,075,000
2016 Electric Utility Revenue Series A	8/25/2016	11/1/1936	2.00 – 4.00	11,330,000	10,964,800
2016 Water Utility Revenue Series A	8/25/2016	11/1/1936	2.00 – 4.00	1,400,000	1,355,200
				<b>37,980,000</b>	<b>32,510,000</b>
<b>Total Business-Type Activities</b>				<b>\$ 93,746,861</b>	<b>\$ 69,479,682</b>

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 refunding was done to take advantage of lower interest rates. The net proceeds and the City's equity contribution of \$1,000,000 were deposited in the City's bank account and used to retire the debt on its call date of February 1, 2017. The difference in cash flows required to service the old debt and the new debt is \$3,241,239. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements is \$2,849,861.

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

### **Conduit Debt**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2017, there were 11 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$106,768,607.

### Changes in long-term liabilities

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.

<u>Type of Bonds</u>	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable					
G.O. Special Assessment	\$ 180,455,000	\$ 15,905,000	\$ 22,500,000	\$ 173,860,000	\$ 15,375,000
G.O. Tax Increment	3,585,000	-	345,000	3,240,000	370,000
G.O. Municipal Improvement Revenue	135,000	-	70,000	65,000	65,000
Premiums	-	881,517	5,515	876,002	66,173
Total Bonds Payable	184,175,000	16,786,517	22,920,515	178,041,002	15,876,173
Notes Payable	406,455	-	82,639	323,816	86,848
Compensated Absences	1,713,437	1,422,321	1,165,632	1,970,126	1,339,686
Other Post-Employment Benefits	981,324	106,666	-	1,087,990	-
Net Pension Liability	35,190,951	-	18,142,258	17,048,693	-
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 222,467,167</b>	<b>\$ 18,315,504</b>	<b>\$ 42,311,044</b>	<b>\$ 198,471,627</b>	<b>\$ 17,302,707</b>
<b>Business-Type Activities:</b>					
Bonds Payable					
Electric Utility	\$ 26,259,150	\$ -	\$ 1,629,750	\$ 24,629,400	\$ 1,789,250
Water Utility	19,108,961	182,357	1,026,466	18,264,852	1,138,750
Wastewater	28,488,400	-	1,902,970	26,585,430	1,971,331
Discount	(87,020)	-	(6,695)	(80,325)	(6,695)
Premiums	902,611	-	67,651	834,960	26,553
Total Bonds Payable	74,672,102	182,357	4,620,142	70,234,317	4,919,189
Notes Payable	297,200	-	29,228	267,972	30,111
Compensated Absences	1,025,823	313,440	255,870	1,083,393	932,772
Other Post-Employment Benefits	546,602	29,295	-	575,897	-
Net Pension Liability	8,224,030	-	1,566,262	6,657,768	-
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 84,765,757</b>	<b>\$ 525,092</b>	<b>\$ 6,471,502</b>	<b>\$ 78,819,347</b>	<b>\$ 5,882,072</b>

The annual requirement to amortize notes outstanding as of December 31, 2017, follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
2018	\$ 86,848	\$ 15,210	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	1,252	2021	32,925	5,002
2022	-	-	2022	33,920	4,006
2023-2025	-	-	2023-2025	108,036	5,742
	<b>\$ 323,816</b>	<b>\$ 33,385</b>		<b>\$ 267,972</b>	<b>\$ 35,437</b>

The requirement to amortize all bonded debt outstanding as of December 31, 2017, follows:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ 15,810,000	\$ 5,762,749	\$ 4,901,331	\$ 2,007,573	28,481,653
2019	10,400,000	5,488,988	5,105,000	1,877,724	22,871,712
2020	10,765,000	5,113,983	5,240,000	1,733,684	22,852,667
2021	10,870,000	4,713,020	5,477,000	1,574,367	22,634,387
2022	10,980,000	4,295,025	5,634,000	1,402,552	22,311,577
2023-2027	53,820,000	15,577,058	24,474,099	4,309,158	98,180,315
2028-2032	37,415,000	7,608,749	12,400,000	1,690,474	59,114,223
2033-2037	17,845,000	2,592,318	6,445,000	337,613	27,219,931
2038-2042	8,835,000	762,284	-	-	9,597,284
2043	425,000	6,906	-	-	431,906
Total	177,165,000	51,921,080	69,676,430	14,933,145	313,695,655
Less (1)	-	-	(196,748)	-	(196,748)
Total	\$ 177,165,000	\$ 51,921,080	\$ 69,479,682	\$ 14,933,145	\$ 313,498,907

(1) = PFA Loan to be withdrawn in the future.

#### K. Fund balance

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<b>Fund Balances:</b>						
Nonspendable:						
Notes Receivable	\$ 25,000	\$	\$	\$	\$	\$ 25,000
Advances	3,624,905					3,624,905
Prepaid items	3,832					3,832
Total Nonspendable	3,653,737	-	-	-	-	3,653,737
Restricted for:						
Debt Service		43,896,483			381,964	44,278,447
Capital Projects			3,901,638			3,901,638
Community Development					10,673	10,673
Police	448,443				49,637	498,080
Fire					583	583
Park					15,271	15,271
Total Restricted	448,443	43,896,483	3,901,638		458,128	48,704,692
Committed to:						
Capital Projects					1,608,169	1,608,169
Assigned to:						
General Government	379,417					379,417
Park					2,092,261	2,092,261
Library					339,269	339,269
Rental Registration					287,040	287,040
Mass Transit					1,230,813	1,230,813
Economic Development					2,776,512	2,776,512
Total Assigned	379,417				6,725,895	7,105,312
Unassigned:						
	14,794,555			(2,094,694)	(1,631,317)	11,068,544
Total Fund Balances	\$ 19,276,152	\$ 43,896,483	\$ 3,901,638	\$ (2,094,694)	\$ 7,160,875	\$ 72,140,454

#### L. Interfund receivables and payables

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The composition of inter-fund balances as of December 31, 2017, is as follows:

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

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 5,067,548	\$
Special Assessment Capital Project Fund	95,003	
Permanent Improvement Fund		1,753,758
Community Development Fund		10,466
Economic Development Fund	4,900	
Capital Improvement Fund	296,196	
Maintenance Shop Fund		308,994
	<u>5,463,647</u>	<u>2,073,218</u>
Business-type activities:		
Electric Fund		2,207,423
Water Fund		212,810
Waste Water Fund	620,940	
Storm Water Fund	222,046	
Sanitation Fund	327,596	
Golf Course Fund		1,155,751
Pest Control Fund	57,458	
Forestry Fund	70,640	
Municipal Airport Fund		1,181,272
Street Light Utility Fund	68,147	
	<u>1,366,827</u>	<u>4,757,256</u>
	<u>\$ 6,830,474</u>	<u>\$ 6,830,474</u>

**Advances to/from other funds:**

Advances in the amount of \$2,735,137 from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. The advance from the general fund to the golf course fund in the amount of \$785,768 will be repaid with future land sale proceeds. The advance from the general fund to the permanent improvement fund in the amount of \$104,000 will be repaid with future land sale proceeds. The advance from the special assessment capital projects fund to the water fund will be repaid with future service charges.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental activities:		
General Fund	\$ 3,624,905	
Special Assessment Capital Projects	230,795	
Permanent Improvement Fund		104,000
Tax Increment Debt Service Fund		2,735,137
	<u>3,855,700</u>	<u>2,839,137</u>
Business-type activities:		
Water Fund		230,795
Golf Course Fund		785,768
	<u>-</u>	<u>1,016,563</u>
	<u>\$ 3,855,700</u>	<u>\$ 3,855,700</u>

**M. Interfund transfers**

The composition of interfund transfers for the year ended December 31, 2017 is as follows:

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

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		
		General	Permanent Improvement	Special Assmt Debt	Governmental	Enterprise	Internal Service
<u>Major Funds</u>							
General	\$ 257,631	\$	\$ 174,639	\$	\$ 28,553	\$	\$8,080
Special Assmt Debt	150,000						150,000
Electric	8,618,696	6,600,000			2,018,696		
Water	574,307	448,307			126,000		
Waste Water	582,668	402,668		180,000			
Totals	<u>10,183,302</u>	<u>7,450,975</u>	<u>174,639</u>	<u>180,000</u>	<u>2,173,249</u>	<u>196,359</u>	<u>8,080</u>
<u>Non-Major Funds</u>							
Governmental	1,173,150	144,850		526,000	87,300	415,000	
Enterprise	2,133,367	799,973		613,558		58,250	661,586
Internal Service	21,444	21,444					
Totals	<u>3,327,961</u>	<u>966,267</u>	<u>0</u>	<u>1,139,558</u>	<u>87,300</u>	<u>473,250</u>	<u>661,586</u>
	<u>\$ 13,511,263</u>	<u>\$ 8,417,242</u>	<u>\$ 174,639</u>	<u>\$ 1,319,558</u>	<u>\$ 2,260,549</u>	<u>\$ 669,609</u>	<u>\$ 669,666</u>

## **NOTE 5: - OTHER INFORMATION**

### **A. Joint Powers Agreements**

#### **1. Regional Dispatch Center**

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

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

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

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

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

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

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

#### **2. Metro Flood Diversion Project**

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

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

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

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

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

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

**B. Postponed Special Assessments**

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,671,741 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 \$21,116,240 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

**C. Tax Abatements**

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

**Property Tax Exemption:**

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

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

**Make Moorhead Home Property Tax Rebate Program**

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

The following is information relevant to the disclosure of these programs for the fiscal year ended December 31, 2017:

Tax Abatement Program	Amount of Taxes Abated
Property Tax Exemption	\$ 235,550
Make Moorhead Home Property Tax Rebate	332,092

## D. Component Unit - Moorhead Public Housing Agency

### 1. Deposits and Investments

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

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

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

In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages authorized by the Agency, all of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). At June 30, 2017, the carrying amount of the Agency's deposits was \$1,356,745, and the bank balance was \$1,401,622. The Agency's deposits at its financial institutions were fully collateralized at June 30, 2017.

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 \$5,589 consists of amounts due from tenants of the Public Housing program, which includes an allowance of \$7,559. Due from HUD of \$47,170 represents expenses incurred in excess of funds received at June 30, 2017 for the Public Housing Capital Fund.

### 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, 2017 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Total Capital assets not being depreciated	464,977			464,977
Capital assets, being depreciated:				
Buildings & Improvements	11,661,242	227,252		11,888,494
Furniture, equipment & machinery	899,271	34,446		933,717
Total Capital assets being depreciated	12,560,513	261,698		12,822,211
Less accumulated depreciation for:				
Buildings & Improvements	6,852,211	243,080		7,095,291
Furniture, equipment & machinery	620,298	66,719		687,017
Total accumulated depreciation	7,472,509	309,799		7,782,308
Total capital assets, being depreciated, net	5,088,004	(48,101)		5,039,903
Total Capital assets, net	\$ 5,552,981	\$ (48,101)	\$	\$ 5,504,880

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

Business-type activities	
Low-Rent Public Housing	\$ 309,799

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 2017, the maximum contract was \$404,196.

6. Accounts Payable

Accounts payable of \$44,812 represents expenses incurred but not paid to vendors at June 30, 2017. Accounts payable – construction of \$47,170 represents expenses incurred but not paid to finance the construction of a canopy foundation project.

7. Compensated Absences

Changes in compensated absences for the year ended June 30, 2017 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 34,069	\$ 7,994	\$ 24,297	\$ 17,766	\$ 17,766

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, 2017, the amount payable to local governments in lieu of taxes was \$55,922.

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, 2017, 2016, and 2015 was \$17,892, \$23,142, and \$25,476, respectively.

10. Restricted Net Position

As of June 30, 2017, restricted net position consisted of \$17,919 in housing assistance payments received from HUD but not yet paid to eligible individuals.

11. Subsequent Events

The Agency received approval from HUD to transfer the Section 8 program to Clay County Housing & Redevelopment Authority subsequent to the Agency's year end. Subsequent events have been evaluated through October 20, 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, 2017 was expected to be \$616,511. The actual Accrued Liability is \$441,999. 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, 2014:

- 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 to the RP-2014 adjusted to 2006 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The withdrawal and retirement tables for all employees were updated.
- The discount rate was changed from 4.50% to 3.50%.

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. Since the last actuarial valuation as of January 1, 2014, the following plan provisions have changes.

- The years of service required to be eligible for a benefit (implicit rate subsidy) was increased from three years to five years.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 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%
12/31/2017	\$ 0	\$ 441,999	\$ 441,999	0.00%	\$ 4,248,471	10.4%

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	6/30/2017	.1544%	\$ 9,920,633	N/A	\$ 9,920,633	\$ 10,310,813	96.2%	75.9%
PEPFF	6/30/2017	.683%	\$ 9,221,313	N/A	\$ 9,221,313	\$ 8,075,441	114.2%	75.9%
GERF	6/30/2016	.1453%	\$ 11,797,639	N/A	\$ 11,797,639	\$ 9,034,080	130.6%	68.9%
PEPFF	6/30/2016	.645%	\$ 25,884,972	N/A	\$ 25,884,972	\$ 6,450,180	401.3%	68.9%
GERF	6/30/2015	.1416%	\$ 7,338,447	N/A	\$ 7,338,447	\$ 8,503,085	86.3%	78.2%
PEPFF	6/30/2015	.649%	\$ 7,374,159	N/A	\$ 7,374,159	\$ 6,799,858	108.5%	78.2%

Public Service Utility:

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	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	6/30/2017	.0715%	\$ 4,564,513	N/A	\$ 4,564,513	\$ 7,092,367	155.4%	75.9%
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	12/31/2017	\$ 700,910	\$ 700,910	\$ -	\$10,140,633	6.9%
PEPFF	12/31/2017	\$ 1,167,768	\$ 1,167,768	\$ -	\$ 7,777,052	15.0%
GERF	12/31/2016	\$ 645,126	\$ 645,126	\$ -	\$ 9,546,541	6.8%
PEPFF	12/31/2016	\$ 1,103,542	\$ 1,103,542	\$ -	\$ 7,253,057	15.2%
GERF	12/31/2015	\$ 683,737	\$ 683,737	\$ -	\$ 8,923,750	7.7%
PEPFF	12/31/2015	\$ 1,023,130	\$ 1,023,130	\$ -	\$ 6,612,690	15.5%

Public Service Utility:

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

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



## 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, 2017**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
<b>ASSETS</b>						
Assets:						
Cash and investments	\$ 1,467,347	\$ 342,088	\$	\$ 296,943	\$ 1,236,366	\$ 2,779,594
Receivables:						
Accounts	19,257			1,845	5,286	4,594
Notes			4,035,680			150,000
Due from other funds						4,900
Due from other governmental units	<u>661,517</u>	<u>9,242</u>	<u>13,088</u>		<u>414,486</u>	<u>4,431</u>
Total Assets	<u>\$ 2,148,121</u>	<u>\$ 351,330</u>	<u>\$ 4,048,768</u>	<u>\$ 298,788</u>	<u>\$ 1,656,138</u>	<u>\$ 2,943,519</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 28,513	\$ 12,061	\$ 29,208	\$ 5,714	\$ 387,570	\$ 5,779
Accrued wages payable	26,521		2,002	6,034	6,268	7,228
Due to other funds			10,466			
Advances from other funds						
Other liabilities	676		3,420			4,000
Total Liabilities	<u>55,710</u>	<u>12,061</u>	<u>45,096</u>	<u>11,748</u>	<u>393,838</u>	<u>17,007</u>
Deferred inflows of resources:						
Long-term receivables	150		4,035,680		31,487	150,000
Total Deferred inflows of resources	<u>150</u>		<u>4,035,680</u>		<u>31,487</u>	<u>150,000</u>
Fund Balance:						
Restricted						
Committed						
Assigned	2,092,261	339,269		287,040	1,230,813	2,776,512
Unassigned			(32,008)			
Total Fund Balance	<u>2,092,261</u>	<u>339,269</u>	<u>(32,008)</u>	<u>287,040</u>	<u>1,230,813</u>	<u>2,776,512</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balance	<u>\$ 2,148,121</u>	<u>\$ 351,330</u>	<u>\$ 4,048,768</u>	<u>\$ 298,788</u>	<u>\$ 1,656,138</u>	<u>\$ 2,943,519</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2017**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 76,164	\$ 6,198,502	\$ 118,479	\$ 1,204,952	\$ 262,434	\$ 1,585,865	\$ 1,529,248	\$ 9,313,615
	30,982		10,750		10,750		41,732
	4,185,680						4,185,680
	4,900					296,196	301,096
	<u>1,102,764</u>	<u>1,142</u>	<u>144,986</u>		<u>146,128</u>		<u>1,248,892</u>
<u>\$ 76,164</u>	<u>\$ 11,522,828</u>	<u>\$ 119,621</u>	<u>\$ 1,360,688</u>	<u>\$ 262,434</u>	<u>\$ 1,742,743</u>	<u>\$ 1,825,444</u>	<u>\$ 15,091,015</u>
\$	\$ 468,845	\$	\$ 214,066	\$ 91	\$ 214,157	\$ 217,275	\$ 900,277
	48,053						48,053
	10,466						10,466
	8,096		2,735,137		2,735,137		2,735,137
	<u>535,460</u>		<u>10,794</u>		<u>10,794</u>		<u>18,890</u>
			<u>2,959,997</u>	<u>91</u>	<u>2,960,088</u>	<u>217,275</u>	<u>3,712,823</u>
	4,217,317						4,217,317
	<u>4,217,317</u>						<u>4,217,317</u>
	76,164	119,621		262,343	381,964	1,608,169	458,128
	6,725,895						1,608,169
	(32,008)		(1,599,309)		(1,599,309)		6,725,895
<u>76,164</u>	<u>6,770,051</u>	<u>119,621</u>	<u>(1,599,309)</u>	<u>262,343</u>	<u>(1,217,345)</u>	<u>1,608,169</u>	<u>(1,631,317)</u>
<u>\$ 76,164</u>	<u>\$ 11,522,828</u>	<u>\$ 119,621</u>	<u>\$ 1,360,688</u>	<u>\$ 262,434</u>	<u>\$ 1,742,743</u>	<u>\$ 1,825,444</u>	<u>\$ 15,091,015</u>

**CITY OF MOORHEAD, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2017**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
<b>REVENUES</b>						
Property taxes	\$ 2,258,612	\$ 684,290	\$	\$	\$ 104,187	\$ 325,975
Intergovernmental revenues:						
Federal			246,749		1,161,009	
State	1,182,781	166,914		360	2,380,962	80,085
County						
Other						
Charges for services	169,325			200,371	409,666	7,875
Facility rentals	171,689					
Donations						
Interest on investments	6,765	941		1,635	4,167	12,905
Sale of property					8,375	183,944
Miscellaneous	93,998	20,725	282,810	15,846	3,442	125,096
Total revenues	<u>3,883,170</u>	<u>872,870</u>	<u>529,559</u>	<u>218,212</u>	<u>4,071,808</u>	<u>735,880</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,794,985					
Library		878,553				
Community development			592,477			
Rental registration				312,250		
Mass transit					2,707,346	
Economic development						609,877
Capital outlay	673,892				945,118	
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>3,468,877</u>	<u>878,553</u>	<u>592,477</u>	<u>312,250</u>	<u>3,652,464</u>	<u>609,877</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>414,293</u>	<u>(5,683)</u>	<u>(62,918)</u>	<u>(94,038)</u>	<u>419,344</u>	<u>126,003</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers from other funds	92,552		1,056	3,407	2,020	66,818
Transfers to other funds	(415,000)					(87,300)
Total other financing sources (uses)	<u>(322,448)</u>		<u>1,056</u>	<u>3,407</u>	<u>2,020</u>	<u>(20,482)</u>
NET CHANGE IN FUND BALANCE	91,845	(5,683)	(61,862)	(90,631)	421,364	105,521
FUND BALANCE - BEGINNING	<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>
FUND BALANCE - ENDING	<u>\$ 2,092,261</u>	<u>\$ 339,269</u>	<u>\$ (32,008)</u>	<u>\$ 287,040</u>	<u>\$ 1,230,813</u>	<u>\$ 2,776,512</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$	\$ 3,373,064	\$ 81,666	\$ 518,118	\$	\$ 599,784	\$	\$ 3,972,848
	1,407,758						1,407,758
	3,811,102	19,799	662,149		681,948		4,493,050
				141,104	141,104		141,104
	787,237						787,237
	171,689						171,689
25,620	25,620						25,620
	26,413	386	2,356	3,288	6,030	4,836	37,279
	192,319		12,679		12,679		204,998
	541,917		48,143		48,143	20,000	610,060
<u>25,620</u>	<u>10,337,119</u>	<u>101,851</u>	<u>1,243,445</u>	<u>144,392</u>	<u>1,489,688</u>	<u>24,836</u>	<u>11,851,643</u>
						106,359	106,359
23,990	23,990					114,791	138,781
	2,794,985					7,104	7,104
	878,553					124,767	2,919,752
	592,477						878,553
	312,250						592,477
	2,707,346						312,250
	609,877					38,500	2,707,346
	1,619,010		85,627		85,627	666,362	648,377
		82,639	345,000	70,000	497,639		2,370,999
		19,418	561,133	4,265	584,816		497,639
			243,187	3,641	246,828		584,816
<u>23,990</u>	<u>9,538,488</u>	<u>102,057</u>	<u>1,234,947</u>	<u>77,906</u>	<u>1,414,910</u>	<u>1,057,883</u>	<u>12,011,281</u>
<u>1,630</u>	<u>798,631</u>	<u>(206)</u>	<u>8,498</u>	<u>66,486</u>	<u>74,778</u>	<u>(1,033,047)</u>	<u>(159,638)</u>
	165,853					2,094,696	2,260,549
	(502,300)			(144,850)	(144,850)	(526,000)	(1,173,150)
	(336,447)			(144,850)	(144,850)	1,568,696	1,087,399
1,630	462,184	(206)	8,498	(78,364)	(70,072)	535,649	927,761
<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>\$ 76,164</u>	<u>\$ 6,770,051</u>	<u>\$ 119,621</u>	<u>\$ (1,599,309)</u>	<u>\$ 262,343</u>	<u>\$ (1,217,345)</u>	<u>\$ 1,608,169</u>	<u>\$ 7,160,875</u>

**CITY OF MOORHEAD, MINNESOTA  
PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 2,287,350	\$ 2,287,350	\$ 2,258,612	\$ (28,738)
Intergovernmental:				
State	552,042	1,851,042	1,182,781	(668,261)
Charges for services	175,570	175,570	169,325	(6,245)
Facility rentals	162,756	162,756	171,689	8,933
Interest on investments	4,889	4,889	6,765	1,876
Miscellaneous	76,650	76,650	93,998	17,348
Total revenues	<u>3,259,257</u>	<u>4,558,257</u>	<u>3,883,170</u>	<u>(675,087)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	1,516,366	1,521,618	1,472,757	48,861
Supplies	237,717	247,967	204,662	43,305
Other services & charges	1,080,552	1,279,387	1,117,566	161,821
Capital outlay		1,344,000	673,892	670,108
Total expenditures	<u>2,834,635</u>	<u>4,392,972</u>	<u>3,468,877</u>	<u>924,095</u>
<b>REVENUE OVER EXPENDITURES</b>	<u>424,622</u>	<u>165,285</u>	<u>414,293</u>	<u>249,008</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds		259,337	92,552	(166,785)
Transfers to other funds	(415,000)	(415,000)	(415,000)	
Total other financing uses	<u>(415,000)</u>	<u>(155,663)</u>	<u>(322,448)</u>	<u>(166,785)</u>
<b>NET CHANGE IN FUND BALANCE</b>	9,622	9,622	91,845	82,223
<b>FUND BALANCE - BEGINNING</b>	<u>2,000,416</u>	<u>2,000,416</u>	<u>2,000,416</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,010,038</u>	<u>\$ 2,010,038</u>	<u>\$ 2,092,261</u>	<u>\$ 82,223</u>

**CITY OF MOORHEAD, MINNESOTA  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 693,015	\$ 693,015	\$ 684,290	\$ (8,725)
Intergovernmental:				
State	166,902	166,902	166,914	12
Interest on investments			941	941
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>20,725</u>	<u>725</u>
Total revenues	<u>879,917</u>	<u>879,917</u>	<u>872,870</u>	<u>(7,047)</u>
<b>EXPENDITURES</b>				
Current:				
Supplies	3,500	3,500	4,162	(662)
Other services & charges	<u>876,417</u>	<u>876,417</u>	<u>874,391</u>	<u>2,026</u>
Total expenditures	<u>879,917</u>	<u>879,917</u>	<u>878,553</u>	<u>1,364</u>
<b>NET CHANGE IN FUND BALANCE</b>			(5,683)	(5,683)
<b>FUND BALANCE - BEGINNING</b>	<u>344,952</u>	<u>344,952</u>	<u>344,952</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 344,952</u>	<u>\$ 344,952</u>	<u>\$ 339,269</u>	<u>\$ (5,683)</u>

**CITY OF MOORHEAD, MINNESOTA  
COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$ 248,615	248,615	\$ 246,749	\$ (1,866)
Miscellaneous:				
Rehab loan payments	150,000	150,000	282,810	132,810
Total revenues	<u>398,615</u>	<u>398,615</u>	<u>529,559</u>	<u>130,944</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	98,114	99,170	113,289	(14,119)
Supplies	1,800	1,800	701	1,099
Other services & charges	366,313	366,313	478,487	(112,174)
Total expenditures	<u>466,227</u>	<u>467,283</u>	<u>592,477</u>	<u>(125,194)</u>
REVENUE OVER (UNDER) EXPENDITURES	(67,612)	(68,668)	(62,918)	5,750
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	<u>                    </u>	<u>1,056</u>	<u>1,056</u>	<u>                    </u>
NET CHANGE IN FUND BALANCE	(67,612)	(67,612)	(61,862)	5,750
FUND BALANCE - BEGINNING	<u>29,854</u>	<u>29,854</u>	<u>29,854</u>	<u>                    </u>
FUND BALANCE - ENDING	<u>\$ (37,758)</u>	<u>\$ (37,758)</u>	<u>\$ (32,008)</u>	<u>\$ 5,750</u>

**CITY OF MOORHEAD, MINNESOTA  
RENTAL REGISTRATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 360	\$ 360	\$ 360	\$
Interest on investments			1,635	1,635
Miscellaneous:				
Rehabilitation inspection fees	4,225	4,225	11,710	7,485
Rental housing registration fees	210,000	210,000	188,661	(21,339)
Other	11,000	11,000	15,846	4,846
Total revenues	<u>225,585</u>	<u>225,585</u>	<u>218,212</u>	<u>(7,373)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	291,855	295,262	255,962	39,300
Supplies	5,950	5,950	2,888	3,062
Other services & charges	70,297	70,297	53,400	16,897
Total expenditures	<u>368,102</u>	<u>371,509</u>	<u>312,250</u>	<u>59,259</u>
REVENUE OVER (UNDER) EXPENDITURES	(142,517)	(145,924)	(94,038)	51,886
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds		3,407	3,407	
NET CHANGE IN FUND BALANCE	(142,517)	(142,517)	(90,631)	51,886
FUND BALANCE - BEGINNING	<u>377,671</u>	<u>377,671</u>	<u>377,671</u>	
FUND BALANCE - ENDING	<u>\$ 235,154</u>	<u>\$ 235,154</u>	<u>\$ 287,040</u>	<u>\$ 51,886</u>

**CITY OF MOORHEAD, MINNESOTA  
 MASS TRANSIT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 105,523	\$ 105,523	\$ 104,187	\$ (1,336)
Intergovernmental:				
Federal grants	1,258,814	1,258,814	1,161,009	(97,805)
State grants	1,832,800	2,557,586	2,380,962	(176,624)
Charges for services	395,140	424,840	409,666	(15,174)
Interest on investments	260	260	4,167	3,907
Sale of property			8,375	8,375
Miscellaneous	3,600	3,600	3,442	(158)
Total revenues	<u>3,596,137</u>	<u>4,350,623</u>	<u>4,071,808</u>	<u>(278,815)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	237,344	263,383	255,481	7,902
Supplies	6,989	7,489	4,985	2,504
Other services & charges	2,511,500	2,733,467	2,446,880	286,587
Capital outlay	1,053,833	1,561,833	945,118	616,715
Total expenditures	<u>3,809,666</u>	<u>4,566,172</u>	<u>3,652,464</u>	<u>913,708</u>
REVENUE OVER (UNDER) EXPENDITURES	(213,529)	(215,549)	419,344	634,893
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	209,800	211,820	2,020	(209,800)
NET CHANGE IN FUND BALANCE	(3,729)	(3,729)	421,364	425,093
FUND BALANCE - BEGINNING	809,449	809,449	809,449	
FUND BALANCE - ENDING	<u>\$ 805,720</u>	<u>\$ 805,720</u>	<u>\$ 1,230,813</u>	<u>\$ 425,093</u>

**CITY OF MOORHEAD, MINNESOTA  
ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 330,811	330,811	\$ 325,975	\$ (4,836)
Intergovernmental:				
State grants	80,078	80,078	80,085	7
Charges for services	5,590	5,590	7,875	2,285
Interest on investments			12,905	12,905
Sale of property			183,944	183,944
Miscellaneous	121,485	121,485	125,096	3,611
Total revenues	<u>537,964</u>	<u>537,964</u>	<u>735,880</u>	<u>197,916</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	262,213	290,031	274,033	15,998
Supplies	3,800	3,800	8,563	(4,763)
Other services & charges	341,998	341,998	327,281	14,717
Total expenditures	<u>608,011</u>	<u>635,829</u>	<u>609,877</u>	<u>25,952</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(70,047)</u>	<u>(97,865)</u>	<u>126,003</u>	<u>223,868</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	50,000	66,818	66,818	
Transfers to other funds	(267,250)	(521,335)	(87,300)	434,035
Total other financing sources	<u>(217,250)</u>	<u>(454,517)</u>	<u>(20,482)</u>	<u>434,035</u>
NET CHANGE IN FUND BALANCE	(287,297)	(552,382)	105,521	657,903
FUND BALANCE - BEGINNING	<u>2,670,991</u>	<u>2,670,991</u>	<u>2,670,991</u>	
FUND BALANCE - ENDING	<u>\$ 2,383,694</u>	<u>\$ 2,118,609</u>	<u>\$ 2,776,512</u>	<u>\$ 657,903</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, 2017**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
<b>ASSETS</b>									
Current assets:									
Cash and investments	\$ 2,545,827	\$ 850,395	\$	\$ 1,555,088	\$ 542,458	\$ 401,776	\$	\$ 70,411	\$ 5,965,955
Receivables:									
Accounts	140,704	864,568	5,275	20,896	79	1,455	2,267	68,147	1,035,244
Due from other city funds	222,046	327,596			57,458	70,640			745,887
Due from other governmental units		245,840	361	24,560			781,900		1,052,661
Prepaid items				295					295
Total current assets	<u>2,908,577</u>	<u>2,288,399</u>	<u>5,636</u>	<u>1,600,839</u>	<u>599,995</u>	<u>473,871</u>	<u>784,167</u>	<u>138,558</u>	<u>8,800,042</u>
Long-term assets:									
Restricted Assets:									
Cash and cash equivalents			171,366						171,366
Long-Term Receivables:									
Notes receivable			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	2,662,215	521,486	3,302,641				5,538,752		12,025,094
Machinery and equipment	442,624	132,812	131,765	87,751		12,050	129,939		936,941
Construction in progress	234,145								234,145
Less accumulated depreciation	(908,928)	(1,030,641)	(4,102,952)	(7,651,739)		(9,640)	(3,269,807)		(16,973,707)
Total long-term assets	<u>2,432,361</u>	<u>922,262</u>	<u>5,940,884</u>	<u>2,252,760</u>		<u>2,410</u>	<u>4,323,323</u>		<u>15,874,000</u>
Total assets	<u>5,340,938</u>	<u>3,210,661</u>	<u>5,946,520</u>	<u>3,853,599</u>	<u>599,995</u>	<u>476,281</u>	<u>5,107,490</u>	<u>138,558</u>	<u>24,674,042</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Pension plans	<u>22,866</u>	<u>176,392</u>	<u>110,171</u>	<u>41,277</u>	<u>31,774</u>	<u>67,112</u>			<u>449,592</u>
<b>LIABILITIES</b>									
Current liabilities:									
Accounts payable	21,955	120,802	12,919	4,434	14,914	4,438	27,145	160	206,767
Accrued wages payable	3,896	36,551	11,589	8,174	2,464	10,681			73,355
Accrued compensated absences	4,251	75,468	35,264	16,429	1,289	24,153			156,854
Due to other city funds			1,155,751				1,181,272		2,337,023
Due to other governmental units		38,619							38,619
Other liabilities			58,354	776			17,965		77,095
Total current liabilities	<u>30,102</u>	<u>271,440</u>	<u>1,273,877</u>	<u>29,813</u>	<u>18,667</u>	<u>39,272</u>	<u>1,226,382</u>	<u>160</u>	<u>2,889,713</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
DECEMBER 31, 2017**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
Long-term liabilities:									
Accrued compensated absences	2,391	42,450	19,836	9,241	725	13,586			88,229
Other post-employment benefits	11,721	93,393	34,342	18,178	6,164	41,366			205,164
Net pension liability	76,389	589,286	368,056	137,896	106,151	224,206			1,501,984
Advances from other funds			785,768						785,768
Total long-term liabilities	<u>90,501</u>	<u>725,129</u>	<u>1,208,002</u>	<u>165,315</u>	<u>113,040</u>	<u>279,158</u>			<u>2,581,145</u>
Total liabilities	120,603	996,569	2,481,879	195,128	131,707	318,430	1,226,382	160	5,470,858
DEFERRED INFLOWS OF RESOURCES									
Pension plans	13,480	103,988	64,949	24,334	18,732	39,564			265,047
NET POSITION									
Net investment in capital assets	2,432,361	922,262	5,131,231	2,252,760		2,410	4,323,323		15,064,347
Restricted for debt service	2,797,360	1,364,234	(1,621,368)	1,422,654	481,330	182,989	(442,215)	138,398	4,323,382
Unrestricted	<u>\$ 5,229,721</u>	<u>\$ 2,286,496</u>	<u>\$ 3,509,863</u>	<u>\$ 3,675,414</u>	<u>\$ 481,330</u>	<u>\$ 185,399</u>	<u>\$ 3,881,108</u>	<u>\$ 138,398</u>	<u>\$ 19,387,729</u>
Total net position									

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
<b>OPERATING REVENUES</b>									
Charges for services	\$ 2,724,538	\$ 4,406,998	\$ 1,223,683	\$ 410,346	\$ 701,051	\$ 870,318	\$ 54,122	\$ 813,626	\$ 11,204,682
Other	123,435	293,853	88,003	89,401	234	2,754	17,032	2	614,714
Total operating revenue	<u>2,847,973</u>	<u>4,700,851</u>	<u>1,311,686</u>	<u>499,747</u>	<u>701,285</u>	<u>873,072</u>	<u>71,154</u>	<u>813,628</u>	<u>11,819,396</u>
<b>OPERATING EXPENSES</b>									
Personal services	181,420	1,537,717	877,263	320,675	252,145	534,108			3,703,328
Disposal fee		1,377,514							1,377,514
Professional services	137,783	114,472	4,006	1,450	149,032		100,216		506,959
Insurance	23,501	30,198	12,790	9,370	2,876	6,464	14,232	447	99,878
Repair and maintenance	361,857	182,350	46,116	71,777	41,772	68,066	66,057	16,381	854,376
Supplies	13,849	1,069,743	175,679	66,923	46,682	96,607	4,826		1,474,309
Utilities	130,529	31,329	94,150	213,315			14,847	709,793	1,193,963
Equipment rental	39,001	347,248	191,883	18,167	54,336	92,661	9,934		753,230
Depreciation	109,896	48,037	89,006	337,844	803		266,462		852,048
Miscellaneous	411,291	174,214	207,541	38,798	68,524	36,872	1,644	22,188	961,072
Total operating expenses	<u>1,409,127</u>	<u>4,912,822</u>	<u>1,698,434</u>	<u>1,078,319</u>	<u>615,367</u>	<u>835,581</u>	<u>478,218</u>	<u>748,809</u>	<u>11,776,677</u>
Operating income (loss)	<u>1,438,846</u>	<u>(211,971)</u>	<u>(386,748)</u>	<u>(578,572)</u>	<u>85,918</u>	<u>37,491</u>	<u>(407,064)</u>	<u>64,819</u>	<u>42,719</u>
<b>NONOPERATING INCOME (EXPENSE)</b>									
Interest on investments	9,283	8,252	25,291	8,107	2,663	2,143	268	364	56,371
Fiscal and other charges			(425)						(425)
Intergovernmental	210	226,440	840	330	180	540	32,203		260,743
Miscellaneous			1,094	1,211					2,305
Total nonoperating income (expense)	<u>9,493</u>	<u>234,692</u>	<u>26,800</u>	<u>9,648</u>	<u>2,843</u>	<u>2,683</u>	<u>32,471</u>	<u>364</u>	<u>318,994</u>
Income (loss) before contributions and transfers	<u>1,448,339</u>	<u>22,721</u>	<u>(359,948)</u>	<u>(568,924)</u>	<u>88,761</u>	<u>40,174</u>	<u>(374,593)</u>	<u>65,183</u>	<u>361,713</u>
Capital contributions							819,310		819,310
Transfers from other funds	1,010	16,867	629,563	2,778	101	3,131			653,450
Transfers to other funds	(807,815)	(1,145,893)			(95,198)	(43,761)		(40,700)	(2,133,367)
Total contributions and transfers	<u>(806,805)</u>	<u>(1,129,026)</u>	<u>629,563</u>	<u>2,778</u>	<u>(95,097)</u>	<u>(40,630)</u>	<u>819,310</u>	<u>(40,700)</u>	<u>(660,607)</u>
CHANGE IN NET POSITION	641,534	(1,106,305)	269,615	(566,146)	(6,336)	(456)	444,717	24,483	(298,894)
TOTAL NET POSITION - BEGINNING	4,588,187	3,392,801	3,240,248	4,241,560	487,666	185,855	3,436,391	113,915	19,686,623
TOTAL NET POSITION - ENDING	<u>\$ 5,229,721</u>	<u>\$ 2,286,496</u>	<u>\$ 3,509,863</u>	<u>\$ 3,675,414</u>	<u>\$ 481,330</u>	<u>\$ 185,399</u>	<u>\$ 3,881,108</u>	<u>\$ 138,398</u>	<u>\$ 19,387,729</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Receipts from customers	\$ 2,706,008	\$ 4,316,946	\$ 1,218,431	\$ 435,884	\$ 701,189	\$ 870,366	\$ 78,375	\$ 812,703	\$ 11,139,902
Payments to suppliers	(706,328)	(3,127,214)	(522,603)	(381,013)	(285,683)	(261,830)	(192,308)	(728,089)	(6,205,068)
Payments to employees	(178,475)	(1,525,238)	(850,683)	(312,779)	(239,532)	(535,588)			(3,642,295)
Other receipts (payments)	(287,856)	91,479	(479,411)	5,530	(68,290)	(34,118)	1,192,532	(22,186)	387,680
Net cash provided by (used in) operating activities	<u>1,533,349</u>	<u>(244,027)</u>	<u>(634,266)</u>	<u>(252,378)</u>	<u>107,684</u>	<u>38,830</u>	<u>1,078,599</u>	<u>62,428</u>	<u>1,690,219</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Intergovernmental	210	226,440	840	330	180	540	32,203		260,743
Transfers from other funds	1,010	16,867	629,563	2,778	101	3,131			653,450
Transfers to other funds	(807,815)	(1,144,307)			(95,198)	(43,761)		(40,700)	(2,131,781)
Net cash provided by (used in) noncapital financing activities	<u>(806,595)</u>	<u>(901,000)</u>	<u>630,403</u>	<u>3,108</u>	<u>(94,917)</u>	<u>(40,090)</u>	<u>32,203</u>	<u>(40,700)</u>	<u>(1,217,588)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Purchase of assets	(270,284)	(35,176)	(425)				(1,209,083)		(1,514,543)
Interest payments - bonds and notes			(425)						(425)
Capital grants from other governments			(425)				54,999		54,999
Net cash used in capital and related financing activities	<u>(270,284)</u>	<u>(35,176)</u>	<u>(425)</u>				<u>(1,154,084)</u>		<u>(1,459,969)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>									
Interest received	9,283	8,252	25,291	8,107	2,663	2,144	268	364	56,372
Net increase (decrease) in cash and cash equivalents	465,753	(1,171,951)	21,003	(241,163)	15,430	884	(43,014)	22,092	(930,966)
Cash and cash equivalents at beginning of year	2,080,074	2,022,346	150,363	1,796,251	527,028	400,892	43,014	48,319	7,068,287
Cash and cash equivalents at end of year	<u>2,545,827</u>	<u>850,395</u>	<u>171,366</u>	<u>1,555,088</u>	<u>542,458</u>	<u>401,776</u>	<u>-</u>	<u>70,411</u>	<u>6,137,321</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>									
Operating income (loss)	\$ 1,438,846	\$ (211,971)	\$ (386,748)	\$ (578,572)	\$ 85,918	\$ 37,491	\$ (407,064)	\$ 64,819	\$ 42,719
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation accruals	109,896	48,037	89,006	337,844		803	266,462		852,048
Miscellaneous nonoperating income			1,094	1,211					2,305
Change in assets and liabilities:									
Accounts receivable	(14,033)	(98,502)	(5,252)	25,563	962	1,061	(1,414)	17	(91,598)
Due from other city funds	(4,497)	8,451	(261)	(24,560)	(824)	(1,013)	25,667	(940)	1,177
Due from other governments				(25)					(25)
Prepaid items				(11)					51,976
Accounts payable	192	22,402	2,074	(11)	9,015	1,968	17,804	(1,468)	17,011
Accrued wages payable	153	(1,243)	(833)	482	557	183			9,799
Compensated absences payable	1,561	15,952	(425)	3,313	(5,762)	(4,840)			17,428
Other post-employment benefits	1,304	8,154	2,176	2,016	1,125	2,653			34,507
Net pension liability	(73)	(10,384)	25,662	2,085	16,693	524	1,181,272		808,037
Due to other funds			(373,235)						3,184
Due to other governments		3,237	(53)						(4,128)
Other current liabilities			12,529						(13,323)
Net cash provided by (used in) operating activities	<u>\$ 1,533,349</u>	<u>\$ (244,027)</u>	<u>\$ (634,266)</u>	<u>\$ (252,378)</u>	<u>\$ 107,684</u>	<u>\$ 38,830</u>	<u>\$ 1,078,599</u>	<u>\$ 62,428</u>	<u>\$ 1,690,219</u>
<b>Noncash capital financing activities:</b>									
Contributions of capital assets to internal service funds	\$ -	\$ 1,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,586



## INTERNAL SERVICE FUNDS

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

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2017**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 2,073,165	\$ 299,270	\$	\$ 1,151,336	\$ 3,523,771
Receivables:					
Accounts	1,401	100,688	78,280		180,369
Due from other governmental units	662		18,393		19,055
Total current assets	<u>2,075,228</u>	<u>399,958</u>	<u>96,673</u>	<u>1,151,336</u>	<u>3,723,195</u>
Long-term assets:					
Capital assets:					
Machinery and equipment	23,873,924	3,053,819		2,246,770	29,174,513
Less accumulated depreciation	<u>(13,116,100)</u>	<u>(2,544,674)</u>		<u>(1,211,157)</u>	<u>(16,871,931)</u>
Net capital assets	<u>10,757,824</u>	<u>509,145</u>		<u>1,035,613</u>	<u>12,302,582</u>
Total assets	<u>12,833,052</u>	<u>909,103</u>	<u>96,673</u>	<u>2,186,949</u>	<u>16,025,777</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plans		<u>83,742</u>	<u>24,944</u>		<u>108,686</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	14,588	31,992	61,266	10,351	118,197
Accrued wages payable		14,685	4,330		19,015
Due to other city funds			308,994		308,994
Total current liabilities	<u>14,588</u>	<u>46,677</u>	<u>374,590</u>	<u>10,351</u>	<u>446,206</u>
Long-term liabilities:					
Accrued compensated absences		53,000	9,526		62,526
Other post-employment benefits		15,394			15,394
Net pension liability		<u>279,762</u>	<u>83,333</u>		<u>363,095</u>
Total long-term liabilities		<u>348,156</u>	<u>92,859</u>		<u>441,015</u>
Total liabilities	<u>14,588</u>	<u>394,833</u>	<u>467,449</u>	<u>10,351</u>	<u>887,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension plans		<u>49,368</u>	<u>14,705</u>		<u>64,073</u>
<b>NET POSITION</b>					
Net investment in capital assets	10,757,824	509,145		1,035,613	12,302,582
Unrestricted	<u>2,060,640</u>	<u>39,499</u>	<u>(360,537)</u>	<u>1,140,985</u>	<u>2,880,587</u>
Total net position	<u>\$ 12,818,464</u>	<u>\$ 548,644</u>	<u>\$ (360,537)</u>	<u>\$ 2,176,598</u>	<u>\$ 15,183,169</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,689,739	\$ 1,267,234	\$ 1,089,593	\$ 329,804	\$ 4,376,370
Other	202,544	1,333	393	19,296	223,566
Total operating revenue	<u>1,892,283</u>	<u>1,268,567</u>	<u>1,089,986</u>	<u>349,100</u>	<u>4,599,936</u>
<b>OPERATING EXPENSES</b>					
Personal services		670,751	301,931		972,682
Supplies	1,743	14,690	1,125,163	436	1,142,032
Utilities			13,593		13,593
Professional services		3,357			3,357
Insurance		1,688	907	251	2,846
Repair and maintenance	1,076	279,195	152	22,314	302,737
Depreciation	1,938,044	280,448		253,726	2,472,218
Miscellaneous	28,659	71,375	10,947	2,838	113,819
Total operating expenses	<u>1,969,522</u>	<u>1,321,504</u>	<u>1,452,693</u>	<u>279,565</u>	<u>5,023,284</u>
Operating income (loss)	<u>(77,239)</u>	<u>(52,937)</u>	<u>(362,707)</u>	<u>69,535</u>	<u>(423,348)</u>
<b>NONOPERATING INCOME (EXPENSE)</b>					
Interest on investments	12,538	1,288		6,989	20,815
Loss on disposal of equipment	(69,931)	(615)		(1,936)	(72,482)
Intergovernmental	68,000	680	150		68,830
Total nonoperating income (expense)	<u>10,607</u>	<u>1,353</u>	<u>150</u>	<u>5,053</u>	<u>17,163</u>
Income (loss) before contributions and transfers	<u>(66,632)</u>	<u>(51,584)</u>	<u>(362,557)</u>	<u>74,588</u>	<u>(406,185)</u>
Capital contributions	180,134	12,493		47,337	239,964
Transfers from other funds	660,000	6,060	2,020	1,586	669,666
Transfers to other funds		(21,444)			(21,444)
Total contributions and transfers	<u>840,134</u>	<u>(2,891)</u>	<u>2,020</u>	<u>48,923</u>	<u>888,186</u>
CHANGE IN NET POSITION	773,502	(54,475)	(360,537)	123,511	482,001
TOTAL NET POSITION - BEGINNING	<u>12,044,962</u>	<u>603,119</u>	<u></u>	<u>2,053,087</u>	<u>14,701,168</u>
TOTAL NET POSITION - ENDING	<u>\$ 12,818,464</u>	<u>\$ 548,644</u>	<u>\$ (360,537)</u>	<u>\$ 2,176,598</u>	<u>\$ 15,183,169</u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,688,107	\$ 1,166,698	\$ 992,920	\$ 330,186	\$ 4,177,911
Payments to suppliers	(2,819)	(269,781)	(769,555)	(13,741)	(1,055,896)
Payments to employees		(666,387)	(214,981)		(881,368)
Other receipts (payments)	182,830	(70,042)	(10,554)	16,587	118,821
Net cash provided by (used in) operating activities	1,868,118	160,488	(2,170)	333,032	2,359,468
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>					
Intergovernmental	68,000	680	150		68,830
Transfers from other funds	660,000	6,060	2,020		668,080
Transfers to other funds		(21,444)			(21,444)
Net cash provided by (used in) noncapital financing activities	728,000	(14,704)	2,170		715,466
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of assets	(3,639,305)	(187,561)		(502,535)	(4,329,401)
Net cash used in capital and related financing activities	(3,639,305)	(187,561)		(502,535)	(4,329,401)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Interest received	12,538	1,288		6,989	20,815
Net cash provided by investing activities	12,538	1,288		6,989	20,815
Net increase in cash and cash equivalents	(1,030,649)	(40,489)		(162,514)	(1,233,652)
Cash and cash equivalents at beginning of year	3,103,814	339,759		1,313,850	4,757,423
Cash and cash equivalents at end of year	\$ 2,073,165	\$ 299,270	\$	\$ 1,151,336	\$ 3,523,771
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (77,239)	\$ (52,937)	\$ (362,707)	\$ 69,535	\$ (423,348)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation accruals	1,938,044	280,448		253,726	2,472,218
Miscellaneous nonoperating income					
Change in assets and liabilities:					
Accounts receivable	(1,401)	(100,537)	(78,280)	382	(179,836)
Due from other governments	(231)		(18,393)		(18,624)
Accounts payable	8,945	29,150	61,266	9,389	108,750
Accrued wages payable		(623)	4,330		3,707
Compensated absences payable		5,134	9,526		14,660
Due to other funds			308,994		308,994
Other post-employment benefits		2,391			2,391
Net pension liability		(2,538)	73,094		70,556
Net cash provided by (used in) operating activities	\$ 1,868,118	\$ 160,488	\$ (2,170)	\$ 333,032	\$ 2,359,468
<b>Noncash capital financing activities:</b>					
Contributions of capital assets from government	\$ 180,134	\$ 12,493	\$	\$ 47,337	\$ 239,964
Contributions of capital assets from proprietary funds	\$	\$	\$	\$ 1,586	\$ 1,586

**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, 2017**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 65,133,305
Buildings	23,583,834
Improvements other than buildings	28,159,227
Machinery and equipment	9,699,182
Infrastructure	332,742,769
Construction in progress	<u>55,886,732</u>
 Total governmental funds capital assets	 <u><u>\$ 515,205,049</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 487,242,729
General Fund	843,835
Special Revenue Funds	13,733,300
Enterprise Funds	12,062
Gifts	<u>13,373,123</u>
 Total governmental funds capital assets	 <u><u>\$ 515,205,049</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, 2017**

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/17</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/17</u>
<b>GENERAL GOVERNMENT:</b>				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	16,199	1,843		18,042
City Manager	23,784			23,784
Accounting	34,373	769	769	34,373
Planning & Zoning	7,955	769	769	7,955
General Government Building	<u>57,417,047</u>	<u>784,973</u>		<u>58,202,020</u>
Total General Government	<u>57,507,094</u>	<u>788,354</u>	<u>1,538</u>	<u>58,293,910</u>
<b>PUBLIC SAFETY:</b>				
Police Protection	1,149,480	82,113	76,988	1,154,605
Fire Protection	<u>2,140,750</u>	<u>50,226</u>	<u>30,710</u>	<u>2,160,266</u>
Total Public Safety	<u>3,290,230</u>	<u>132,339</u>	<u>107,698</u>	<u>3,314,871</u>
HIGHWAYS & STREETS	311,220,977	29,356,599	1,516,242	339,061,334
PARKS & RECREATION	34,516,045	866,527	31,054	35,351,518
LIBRARY	2,313,104			2,313,104
COMMUNITY DEVELOPMENT	379,431			379,431
MASS TRANSIT	7,865,224	945,118	915,906	7,894,436
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	12,213,537	8,117	2,350	12,219,304
CONSTRUCTION IN PROGRESS	<u>71,934,333</u>	<u>11,703,959</u>	<u>27,751,560</u>	<u>55,886,732</u>
Total governmental funds capital assets	<u>\$ 501,730,384</u>	<u>\$ 43,801,013</u>	<u>\$ 30,326,348</u>	<u>\$ 515,205,049</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, 2017**

	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	18,042				18,042		
City Manager	23,784				23,784		
Accounting	34,373				34,373		
Planning & Zoning	7,955				7,955		
General Government Building	58,202,020	54,629,082	3,337,963	95,078	139,897		
<b>Total General Government</b>	<b>58,293,910</b>	<b>54,629,082</b>	<b>3,337,963</b>	<b>95,078</b>	<b>231,787</b>	-	-
<b>PUBLIC SAFETY:</b>							
Police Protection	1,154,605		704,912	76,346	373,347		
Fire Protection	2,160,266	56,168	1,338,910	22,023	743,165		
<b>Total Public Safety</b>	<b>3,314,871</b>	<b>56,168</b>	<b>2,043,822</b>	<b>98,369</b>	<b>1,116,512</b>	-	-
HIGHWAYS & STREETS	394,948,066	3,007,992	2,636,018	226,592	447,963	332,742,769	55,886,732
PARKS & RECREATION	35,351,518	2,108,372	3,730,824	27,416,579	2,095,743		
LIBRARY	2,313,104	103,000	1,974,298	149,324	86,482		
COMMUNITY DEVELOPMENT	379,431	305,141		22,222	52,068		
MASS TRANSIT	7,894,436		2,236,634	1,600	5,656,202		
PLAINS ART MUSEUM	490,409		490,409				
ECONOMIC DEVELOPMENT	12,219,304	4,923,550	7,133,866	149,463	12,425		
<b>Total governmental funds capital assets</b>	<b>\$ 515,205,049</b>	<b>\$ 65,133,305</b>	<b>\$ 23,583,834</b>	<b>\$ 28,159,227</b>	<b>\$ 9,699,182</b>	<b>\$ 332,742,769</b>	<b>\$ 55,886,732</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.	74
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	79
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	84
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.	96
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.	98

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 223,017,288
Restricted	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	137,019,387
Unrestricted	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)	1,086,649
Total governmental activities net position	\$ 179,190,484	\$ 204,564,578	\$ 231,682,939	\$ 260,014,700	\$ 286,023,531	\$ 295,408,761	\$ 311,852,655	\$ 322,327,396	\$ 341,520,971	\$ 361,123,324
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 97,267,818
Restricted	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	9,912,659
Unrestricted	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	31,048,190
Total business-type activities net position	\$ 97,156,941	\$ 100,764,695	\$ 104,560,611	\$ 107,296,448	\$ 111,431,228	\$ 116,764,033	\$ 121,507,367	\$ 119,546,505	\$ 127,277,270	\$ 138,228,667
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 320,285,106
Restricted	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	148,932,046
Unrestricted	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	32,134,839
Total primary government net position	\$ 276,347,425	\$ 305,329,273	\$ 336,243,550	\$ 367,311,148	\$ 397,454,759	\$ 412,172,794	\$ 433,360,022	\$ 441,873,901	\$ 468,798,241	\$ 493,351,991

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 4,977,547
Public safety	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	15,256,052
Highways and streets	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	13,370,437
Parks and recreation	2,577,227	3,314,652	3,303,861	3,470,430	3,457,150	3,468,570	3,640,538	3,691,716	4,103,311	4,023,868
Library	839,115	864,977	918,671	830,901	780,583	824,609	825,921	857,013	864,267	884,342
Community development	570,862	602,633	337,303	445,914	561,105	618,093	443,355	482,152	596,676	774,589
Rental registration	148,341	151,498	158,890	161,607	181,419	204,858	270,581	274,323	300,560	309,793
Mass transit	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	3,179,629
Economic development	1,007,312	999,430	801,869	496,620	880,549	825,762	921,006	871,623	863,944	883,676
Interest on long-term debt	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	7,749,582
Total governmental activities expenses	<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>	<u>50,409,515</u>
Business-type activities:										
Electric	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	30,922,240
Water	4,857,077	5,183,743	5,134,097	5,098,038	5,440,712	5,287,103	5,926,998	5,785,414	6,384,007	7,242,254
Wastewater treatment	5,677,381	5,817,997	5,960,063	5,882,910	6,024,275	6,656,290	5,903,395	6,068,003	6,420,340	6,137,591
Broadband	1,462,908	921,330	-	-	-	-	-	-	-	-
Storm water	830,846	1,039,503	1,051,434	987,457	878,183	1,003,482	1,156,391	1,316,273	1,279,110	1,414,865
Sanitation	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	5,043,175
Golf courses	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	1,771,988
Sports center	904,805	924,174	928,218	917,032	913,432	916,596	972,117	975,858	1,032,354	1,079,640
Pest control	2,035,570	183,137	266,451	335,831	341,457	341,457	355,922	442,730	569,495	639,495
Forestry	660,271	571,342	582,726	657,305	640,062	744,203	761,896	696,965	853,299	848,802
Municipal airport	325,079	290,901	317,316	345,878	258,975	274,881	302,208	322,277	324,577	482,636
Street light utility	-	-	-	-	-	-	-	647,483	695,149	748,809
Total business-type activities expenses	<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>	<u>56,271,495</u>
Total primary government expenses	<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>	<u>\$ 106,681,010</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 960,759	\$ 856,631	\$ 732,466	\$ 704,540	\$ 742,553	\$ 1,006,692	\$ 1,084,382	\$ 1,129,204	\$ 1,441,569	\$ 1,113,817
Public safety	984,678	844,615	1,010,460	863,715	652,812	756,848	753,180	657,825	689,929	721,893
Highways and streets	2,408,318	2,077,041	2,233,462	2,072,980	2,174,827	1,903,650	2,335,578	1,581,472	1,414,476	1,980,995
Other activities	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	1,570,260
Operating grants and contributions	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	5,770,187
Capital grants and contributions	26,832,098	38,412,544	36,845,046	40,565,422	34,238,609	16,927,933	21,508,080	13,758,664	25,985,042	25,592,385
Total governmental activities program revenues	<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>	<u>36,749,537</u>
Business-type activities:										
Charges for services:										
Electric	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	44,791,531
Water	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	9,042,967
Wastewater treatment	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	8,066,664
Storm water	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	2,725,287
Sanitation	3,417,710	3,623,225	3,623,720	3,636,937	3,669,612	3,694,612	3,820,293	4,052,656	4,160,055	4,465,041
Golf courses	1,025,408	1,250,458	1,177,839	1,122,931	1,139,109	1,143,019	1,143,968	1,273,297	1,410,009	1,311,686
Other activities	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	2,958,886
Operating grants and contributions	167,246	170,504	177,796	224,129	222,930	204,439	218,817	250,277	236,022	625,699
Capital grants and contributions	566,089	447,048	1,185,460	388,393	1,133,422	1,747,614	1,244,238	176,178	1,854,572	1,658,727
Total business-type activities program revenues	<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>	<u>75,636,488</u>
Total primary government revenues	<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>	<u>\$ 112,386,025</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense) / revenue:										
Governmental activities	\$ (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)	\$ (13,659,978)
Business-type activities	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	19,364,993
Total primary government net expense	\$ 7,144,689	\$ 10,407,471	\$ 14,040,098	\$ 13,125,776	\$ 12,851,868	\$ (4,665,965)	\$ 218,207	\$ (8,216,162)	\$ 3,363,990	\$ 5,705,015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 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	\$ 6,070,868
Property taxes levied for debt service	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	4,624,111
Tax increments	1,755,937	1,430,138	953,865	870,313	694,944	689,289	585,880	514,527	498,896	518,118
Franchise fees	1,016,038	857,066	865,522	943,926	831,067	971,057	1,137,769	1,013,045	922,395	993,555
State aid unrestricted	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	10,169,504
Unrestricted grants and contributions	172,949	170,158	176,748	171,947	171,957	177,045	171,232	171,160	101,072	141,104
Investment earnings	1,310,307	225,759	309,936	585,304	158,683	142,993	140,993	96,413	116,946	372,095
Miscellaneous	126,677	139,067	123,337	343,824	215,952	1,360,497	1,666,786	1,308,002	1,909,098	631,340
Gain on disposal / sale of assets	109,065	(90,224)	-	-	-	-	-	-	-	-
Transfers	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	9,741,636
Special item	-	-	-	-	-	-	-	15,812,220	-	-
Total governmental activities	23,866,473	23,268,463	23,460,624	24,933,885	25,886,333	28,008,377	30,072,748	46,659,870	31,699,277	33,262,331
Business-type activities:										
State aid unrestricted	11,560	11,560	11,560	11,560	11,560	11,562	11,562	11,562	11,562	4,960
Investment earnings	968,178	295,055	484,828	588,834	205,476	74,074	361,204	245,689	42,817	429,624
Miscellaneous	586,510	184,733	25,532	79,102	177,154	617,849	571,818	610,959	994,136	893,456
Loss on disposal of equipment	22,275	602,063	-	-	-	-	-	-	-	-
Transfers	(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)	(9,741,636)
Special item	(4,330,042)	(4,694,086)	(6,586,445)	(6,992,062)	(8,594,590)	(8,624,377)	(9,103,726)	(10,593,993)	(8,138,927)	(8,413,590)
Total business-type activities	\$ 19,536,431	\$ 18,574,377	\$ 16,874,179	\$ 17,941,823	\$ 17,291,743	\$ 19,384,000	\$ 20,969,022	\$ 36,065,877	\$ 23,560,350	\$ 24,848,735
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 19,602,353
Business-type activities	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	10,951,397
Total primary government	\$ 26,681,120	\$ 28,981,848	\$ 30,914,277	\$ 31,067,599	\$ 30,143,611	\$ 14,718,035	\$ 21,187,229	\$ 27,849,715	\$ 26,924,340	\$ 30,553,750

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,399,448	13,003,740	12,231,585	-	-	-	-	-	-	-
Nonspendable	-	-	-	1,302,696	1,446,526	1,333,328	1,193,488	1,132,614	3,715,273	3,653,737
Restricted	-	-	-	-	-	-	-	-	-	448,443
Committed	-	-	-	-	715,190	417,738	94,945	79,534	38,645	-
Assigned	-	-	-	-	-	-	-	-	-	379,417
Unassigned	-	-	-	11,868,324	13,268,124	13,373,191	15,041,820	15,466,755	13,423,346	14,794,555
Total General fund	\$ 14,921,532	\$ 14,677,678	\$ 13,695,455	\$ 13,171,020	\$ 15,429,840	\$ 15,124,257	\$ 16,330,253	\$ 16,678,903	\$ 17,177,264	\$ 19,276,152
All other governmental funds										
Reserved	\$ 28,326,859	\$ 37,721,305	\$ 35,783,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,500,710	3,599,434	3,549,584	-	-	-	-	-	-	-
Capital projects funds	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	48,256,249
Committed	-	-	-	1,555,689	1,525,420	1,658,988	1,148,372	921,172	1,072,520	1,608,169
Assigned	-	-	-	4,126,188	3,659,190	3,721,697	4,192,144	4,802,314	6,233,333	6,725,895
Unassigned	-	-	-	(631,771)	(2,869,614)	(789,421)	(1,749,206)	(1,449,313)	(2,010,686)	(3,726,011)
Total all other governmental funds	\$ 34,304,209	\$ 45,862,620	\$ 41,601,519	\$ 34,803,710	\$ 67,064,797	\$ 67,351,911	\$ 73,004,281	\$ 62,285,953	\$ 59,832,988	\$ 52,864,302

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes										
Property	\$ 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	\$ 10,713,097
Franchise	1,016,038	857,066	865,522	943,926	831,067	971,057	1,137,769	1,013,045	922,395	993,555
Licenses and permits	844,394	892,918	997,412	596,533	636,465	749,377	849,029	803,311	1,174,852	882,095
Intergovernmental	25,521,491	37,032,258	34,168,837	43,024,995	32,702,918	23,362,975	23,693,367	20,286,634	27,188,071	18,790,647
Charges for services	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	2,873,730
Fines and forfeits	491,224	411,580	507,611	485,095	477,988	497,843	515,349	488,692	513,874	517,771
Facility rentals	205,291	218,334	184,065	221,638	166,565	154,479	157,351	179,458	165,001	171,689
Donations	-	-	-	-	12,575	6,111	24,084	18,947	32,336	25,620
Special assessments	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	10,480,746
Sale of property	-	-	65,569	175,746	140,400	-	14,514	57,892	72,131	266,872
Interest on investments	1,203,148	212,032	260,596	502,615	145,539	139,294	134,609	92,660	114,859	351,280
Miscellaneous	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	1,236,261
Total revenues	48,117,388	59,020,555	56,708,352	67,549,075	56,928,726	48,419,809	50,157,111	45,915,804	54,167,076	47,403,363
<b>Expenditures</b>										
General government	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	4,784,554
Public safety	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	14,185,429
Highways and streets	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	4,763,995
Parks and recreation	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	2,919,752
Library	784,843	802,412	857,343	771,530	761,157	815,140	820,110	851,224	858,478	878,553
Community development	566,192	597,964	332,635	441,246	556,440	618,089	443,355	482,152	596,676	781,676
Rental registration	147,636	150,793	158,890	161,607	181,419	204,858	270,581	274,323	300,560	312,250
Mass transit	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	2,707,346
Economic development	823,771	814,252	601,381	297,762	680,304	625,915	721,271	662,843	583,355	649,127
Capital outlay	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	17,987,366
Debt service:										
Bond and note principal	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	9,187,639
Bond and note interest	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	6,273,804
Fiscal and other charges	499,996	1,000,739	652,023	506,902	439,249	37,732	511,352	305,028	1,482,794	409,394
Total expenditures	72,752,757	70,350,027	85,305,272	92,833,546	80,513,496	61,444,991	78,829,412	79,068,083	100,757,772	65,840,885
Revenues over (under) expenditures	(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)	(18,437,522)
<b>Other financing sources (uses)</b>										
Bond and note proceeds	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	15,905,000
Payment to refunding agent	-	-	-	-	1,780,076	51,879	2,233,381	475,107	2,881,002	(13,810,000)
Premium on issuance of debt	11,873,106	133,226	105,844	81,405	11,951,492	11,423,664	11,689,322	12,717,331	11,906,083	881,517
Transfers from other funds	(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)	12,771,988
Sale of capital assets	109,065	(3,545,838)	(1,878,902)	(1,704,248)	688,918.00	1,086,306.00	66,626.00	-	-	(1,580,781)
Total other financing sources (uses)	19,033,099	22,644,049	23,353,596	17,962,227	58,104,677	13,006,713	54,990,174	22,782,602	44,636,092	13,567,724
Net change in fund balances	\$ (5,602,270)	\$ 11,314,557	\$ (5,243,324)	\$ (7,322,244)	\$ 34,519,907	\$ (18,469)	\$ 26,317,873	\$ (10,369,677)	\$ (1,954,604)	\$ (4,869,798)
Debt service as a percentage of noncapital expenditures	42.89%	30.58%	35.11%	41.52%	39.19%	34.85%	47.22%	46.18%	51.44%	32.31%

**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>
	Real Property	Commercial						
	Residential	Property						
2008	\$ 14,836,285	\$ 5,786,204	\$ (1,119,322)	\$ 19,650,383	25.844%	\$ 1,762,247,300	1.12%	\$ 474,251,000
2009	15,664,218	6,279,064	(1,205,221)	20,887,332	29.808%	1,872,707,500	1.12%	474,251,000
2010	16,465,436	6,272,844	(786,828)	22,100,604	31.176%	1,955,815,700	1.13%	817,588,200
2011	16,900,730	6,954,186	(821,926)	23,197,202	30.752%	2,025,775,500	1.15%	817,588,200
2012	15,358,233	7,089,254	(889,882)	21,730,823	34.467%	1,865,413,600	1.16%	817,588,200
2013	15,764,267	7,293,733	(853,263)	22,375,314	35.139%	1,911,528,100	1.17%	817,588,200
2014	16,009,445	7,449,055	(890,951)	22,739,546	37.424%	1,943,602,400	1.17%	817,588,200
2015	17,985,731	7,889,876	(880,047)	25,168,216	38.662%	2,153,993,100	1.17%	817,588,200
2016	20,377,855	8,621,546	(894,861)	28,307,511	39.543%	2,444,259,300	1.16%	946,170,800
2017	16,105,426	8,633,489	(866,891)	30,986,516	40.235%	2,683,132,200	1.15%	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		
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%
2017	40.235%	1.268%	41.503%	45.703%	30.439%	1.698%	77.840%	119.343%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA  
PRINCIPAL PROPERTY TAXPAYERS  
DECEMBER 31, 2017**

<b>Taxpayer</b>	2017			2008		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 466,301	1	1.50%	\$ 622,805	1	3.17%
Busch Agricultural Resources, Inc.	388,975	2	1.26%	375,828	2	1.91%
Proffutt Ltd Partnership	380,306	3	1.23%	234,821	3	1.19%
Sanford Medical Center	286,330	4	0.92%			
Menard, Inc.	265,522	5	0.86%	149,232	6	0.76%
Kassenborg Partners	217,791	6	0.70%			
Skaff Apts	200,280	7	0.65%			
Eventide Lutheran Home	170,975	8	0.55%			
Meridian Mortgage LLC	138,245	9	0.45%			
Apartments at Johnson Farms LLC	126,624	10	0.41%			
Easten LLC				217,730	4	1.11%
Moorhead Hospitality				169,250	5	0.86%
Moorhead Holiday Assoc.				145,648	7	0.74%
Moorhead Center Mall LLP				131,580	8	0.67%
Sterling Development Group				117,842	9	0.60%
Xcel Energy				124,950	10	0.64%

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
2008	\$ 5,891,208	\$ (1,364,883)	\$ 4,526,325	\$ 4,445,911	98.22%	\$ 79,872	\$ 4,525,783	99.988%
2009	6,918,986	(1,560,961)	5,358,025	5,233,382	97.67%	118,516	5,351,898	99.886%
2010	7,446,245	(1,524,556)	5,921,689	5,698,918	96.24%	220,572	5,919,490	99.963%
2011	7,558,522	(1,767,771)	5,790,751	5,664,239	97.82%	124,098	5,788,337	99.958%
2012	7,441,836	(1,200,228)	6,241,608	6,100,183	97.73%	138,734	6,238,917	99.957%
2013	7,813,500	(1,257,485)	6,556,015	6,439,657	98.23%	113,033	6,552,690	99.949%
2014	8,437,376	(1,767,533)	6,669,843	6,534,420	97.97%	131,321	6,665,741	99.938%
2015	9,652,974	(2,243,826)	7,409,148	7,354,140	99.26%	48,910	7,403,050	99.918%
2016	11,112,844	(2,540,915)	8,571,929	8,490,199	99.05%	61,898	8,552,097	99.769%
2017	12,423,387	(2,542,493)	9,880,894	9,773,516	98.91%		9,773,516	98.913%

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		
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%
2017	45,049,837	837,401	489,767	46,377,005	8,618,696	18.58%

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 Incremental Bonds	Municipal Improvement Bonds	Notes Payable	Revenue Bonds	G.O. Revenue Bonds	Revenue Bonds	Notes Payable				
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	-	180,455,000	3,585,000	135,000	406,455	39,806,511	34,050,000	297,200	258,735,166	15.37%	6,175		
2017	-	173,860,000	3,240,000	65,000	323,816	36,969,682	32,510,000	267,972	247,236,470	14.10%	5,806		

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>
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
2017	-	-	-	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, 2017**

<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	\$ 100,300,000	79.30%	\$ 79,537,900
Clay County	39,850,000	48.80%	19,446,800
Total overlapping debt			<u>98,984,700</u>
City of Moorhead direct debt			<u>165,108,816</u>
Total direct and overlapping debt			<u><u>\$ 264,093,516</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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 80,493,966
Total net debt applicable to limit	2,419,065	2,025,369	1,481,991	992,737	1,283,855	1,021,109	754,912	485,089	406,455	323,816
Legal debt margin	\$ 50,448,354	\$ 54,155,856	\$ 57,192,480	\$ 59,780,528	\$ 62,162,770	\$ 63,506,542	\$ 64,645,136	\$ 71,479,142	72,921,324	\$ 80,170,150
Total net debt applicable to the limit as a percentage of debt limit	4.58%	3.61%	2.53%	1.63%	2.02%	1.58%	1.15%	0.67%	0.55%	0.40%

<b>LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2017</b>	
Estimated market value - taxable property	\$ 2,683,132,200
Debt limit 3% of estimated market value	80,493,966
Debt applicable to limit:	
General obligation notes	\$ 323,816
Total net debt applicable to limit	<u>323,816</u>
Legal debt margin	<u>\$ 80,170,150</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. 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	
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
2017	46,377,005	27,816,757	18,560,248	1,629,750	980,230	2,609,980	7.11

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	
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
2017	10,956,493	5,107,268	5,849,225	1,026,466	376,811	1,403,277	4.17

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	
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
2017	8,466,858	4,271,566	4,195,292	1,902,970	829,461	2,732,431	1.54

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	
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>2</sup>	2,065,912	1,577,925	487,987	260,000	128,095	388,095	1.26

1 - Expenses exclude depreciation and amortization.

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 414,523	\$ 68,301	\$ 346,222	\$ 245,000 <sup>1</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
2017	144,392	3,641	140,751	70,000	4,265	74,265	1.90

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

**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	
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
2017	17,992,088	273,312	17,718,776	8,690,000 <sup>8</sup>	5,688,988	14,378,988	1.23

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.

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

**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	
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
2017	1,243,445	328,814	914,631	345,000	131,425	476,425	1.92

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>
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%
2017	42,581	1,753,187,513	41,173	6,661	2.3%

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	2017			2008		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	958 (a)	1	2.70%	1027 (a)	1	4.92%
Concordia College	803 (a)	2	2.27%	1000 (a)	2	4.79%
Minnesota State University-Moorhead	748 (a)	3	2.11%	800	3	3.84%
Creative Care for Reaching Independence (CCRI)	568 (a)	4	1.60%			
Clay County	530 (a)	5	1.50%	450	5	2.16%
Eventide Lutheran Home	526 (a)	6	1.49%	500	4	2.40%
City of Moorhead	267 (b)	7	0.75%	249	8	1.19%
American Crystal Sugar Company	437	8	1.23%	389	6	1.87%
Minnesota State Community & Technical College	245 (a)	9	0.69%	180	10	0.86%
Aevenia	220	10	0.62%	200		0.96%
Moorhead Electric				330	7	1.58%
Hornbacher's Food, Inc (2 locations)				190	9	0.91%

(a) Includes full and part-time employees.

(b) Excludes 229 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	38.17	40.22	40.22	40.22	39.42	39.42	38.00	38.00	38.00	38.00
Public Safety										
Police										
Officers	53.00	53.00	53.00	53.00	53.00	53.00	53.00	55.00	58.00	60.00
Civilians	14.88	14.88	14.00	14.00	15.00	15.00	15.00	16.00	17.00	17.00
Fire										
Firefighters & officers	33.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	37.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	1.00	-	-	-	-	-	-	-	-	-
Parks and Recreation	10.00	10.00	10.00	10.00	10.00	10.00	13.00	13.00	13.00	15.75
Planning & Neighborhood Services	-	-	-	-	-	-	17.85	17.85	19.00	18.00
Community Development	23.20	23.20	23.20	21.60	20.85	20.85	-	-	-	-
Mass Transit	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.50
Economic Development	1.00	-	-	-	-	-	1.00	1.00	1.00	1.00
Electric	33.00	34.00	34.00	34.00	37.00	35.00	35.00	36.00	37.00	37.00
Water	23.00	25.00	25.00	25.00	21.00	22.00	22.00	20.00	22.00	22.00
Broadband	11.00	-	-	-	-	-	-	-	-	-
Wastewater Treatment	17.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00	17.00	17.00
Storm Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	1.00
Highways and Streets	16.63	16.63	16.63	16.63	16.63	16.63	15.63	17.63	17.63	18.63
Sanitation	19.00	19.00	19.00	19.00	19.00	19.00	20.00	20.00	21.00	20.00
Golf Courses	7.58	7.58	7.58	7.58	7.58	7.58	8.00	8.00	8.00	8.00
Sports Center	6.00	6.00	6.00	6.00	6.00	6.00	3.00	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	6.00	6.00	6.00	6.00
<b>Total FTE's</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>	<b>324.88</b>

Source: City Human Resources Department

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	920	970	1,006	872	945	891	904	1,056	1,041	979
	2,076	2,288	2,353	2,251	1,971	1,849	1,974	2,284	2,029	1,820
<b>Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)</b>										
<b>Fire</b>										
Medical responses	1,700	1,945	1,980	2,273	2,186	1,400	1,523	2,042	2,194	2,305
Fire & other responses	994	1,024	1,006	1,066	1,144	1,014	968	1,195	1,164	1,240
<b>Library</b>										
Visits	265,070	298,870	305,435	275,782	258,451	267,218	230,511	258,076	227,735	192,771
Circulation	386,938	398,685	409,133	378,340	344,025	302,291	273,498	227,745	249,330	248,844
<b>Mass Transit</b>										
Fixed Routes ridership	398,445	392,218	376,697	433,676	436,304	452,624	482,177	459,288	445,506	451,854
Paratransit ridership	19,206	13,083	13,220	12,771	10,604	10,771	10,038	9,490	10,696	10,673
Metro Senior Ride ridership	4,050	5,111	5,961	6,323	7,492	8,042	8,301	10,143	10,765	10,907
<b>Community Development</b>										
New Residential Permits	201	178	160	92	89	139	197	213	169	84
New Residential Valuation	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	20,981,400
New Commercial Permits	20	17	19	20	12	31	21	30	31	27
New Commercial Valuation	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	55,698,017
<b>Sanitation</b>										
Curbside Recycling (tons)	701	645	582	499	432	384	418	510	551	1,464
Refuse Collected (landfill tonnage)	20,168	20,688	19,737	22,276	21,568	23,163	22,722	30,303	31,764	26,573
Yard Waste (tons)	2,247	3,056	3,026	2,542	2,060	2,616	2,847	3,182	3,624	2,944
<b>Wastewater Treatment</b>										
Average daily sewage treatment (millions of gallons)	4.49	4.68	4.66	5.06	3.52	4.02	4.18	3.75	3.91	3.81
<b>Electric</b>										
Annual Sales (millions of kwh)	418.91	414.03	418.40	430.16	419.58	442.40	447.30	431.05	434.04	414.06
<b>Water</b>										
Water Sales (billions of gallons)	1.398	1.385	1.335	1.285	1.48	1.41	1.34	1.35	1.37	1.44

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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)	210.35	208.60	210.11	211.77	211.73	212.73	212.73	227.80	230.70	233.00
Culture and recreation										
Parks	42	42	42	42	43	43	44	47	47	47
Swimming/wading pools	8	8	8	8	9	9	9	9	9	9
Sanitation:										
Collection trucks	10	10	10	10	10	10	10	10	11	11
Wastewater										
Storm sewers (miles)	125.35	125.35	127.40	132.42	135.32	149.00	149.00	138.20	144.00	146.10
Sanitary sewers (miles)	154.54	154.54	155.19	157.81	156.36	157.00	157.00	157.70	160.50	165.30
Force mains (miles)	20.87	20.87	20.87	22.00	23.12	23.12	23.12	23.50	23.50	23.50

Source: Various city departments.