

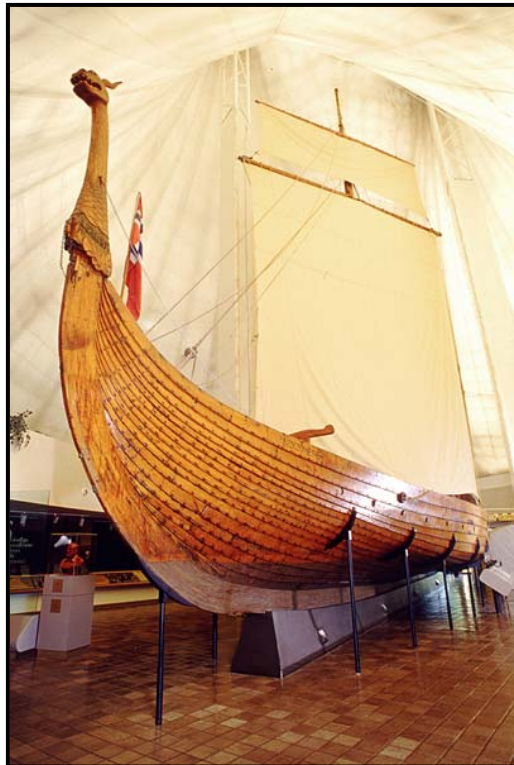
Moorhead, Minnesota



Comprehensive Annual Financial Report

For The Year Ended December 31, 2008

www.cityofmoorhead.com



COVER PICTURE

The Hjemkomst Center is a unique multi-use facility owned and operated by the City of Moorhead under a division of the Parks and Recreation Department. This beautiful facility hosts a variety of special exhibits and events, offering something for the entire family.

Pictured above is the Hjemkomst Viking Ship, permanently housed in the center; was built by Robert Asp and his family and sailed to Norway in 1984.



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

FOR THE YEAR ENDED DECEMBER 31, 2008

PREPARED BY THE FINANCE DIVISION

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

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

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**INTRODUCTORY
SECTION**

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**CITY OF MOORHEAD, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2008**

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MOORHEAD

MINNESOTA

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June 23, 2009

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, 2008.

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

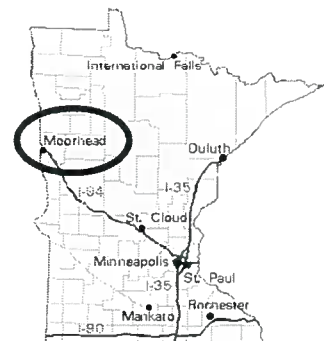
The City of Moorhead's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2008, are free of material 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CITY OF MOORHEAD

The City of Moorhead, incorporated in 1881, is situated in the heart of the Red River Valley, 250 miles northwest of Minneapolis. It is the county seat of Clay County and a community rich in history, tradition and diversity. While Moorhead is part of a growing metropolitan region, it is distinct because of its liberal arts based college atmosphere, quality educational system, plentiful parks and strong, diverse neighborhoods. The city is approximately 17.74 square miles and has a population of 34,749 per the 2006 U.S. Census Estimate. The 2000 U.S. Census population for the City of Moorhead was 32,177.



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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by the end of June of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review prior to September 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget prior to December 31, the close of the City's fiscal year. After the budget resolution has been adopted, the Council does not increase the amounts fixed in the budget beyond the estimated receipts except to the extent that actual receipts exceed the estimate. The City maintains an encumbrance accounting system for major purchases in excess of \$500 as one technique of accomplishing budgetary control. Open encumbrances are reported as reservations of fund balance at December 31, 2008.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 6,000 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, an elementary Catholic school, and Park Christian School, a K-12 interdenominational Christian school.

Moorhead is also home to Minnesota State University Moorhead, a comprehensive liberal arts university with over 7,600 students and about 515 full- and part- time faculty; Concordia College, a four-year private liberal arts college with almost 3,000 students, known for its outstanding choral and instrumental music and world language instruction; and Minnesota State Community and Technical College providing “hands-on” training to 2,300 students.

Long - term Financial Planning. In 2008 there were 190 permits issued for single-family attached and detached units compared to 225 in 2007, below the five-year average of 271. The City had 412 total units permitted in 2008 compared to 331 in 2007, which is down from the five-year average of 443 units.

There were 20 commercial permits issued in 2008 with a valuation slightly over \$6 million. This is down substantially from the 31 commercial permits issued in 2007 with a valuation slightly over \$25 million. There were 3,009 total permits issued for all types of building activity in Moorhead with \$78 million in total valuation. The total permits issued are up from 2007 because of the addition of roofing permits in 2008, although the total valuation in 2008 is down by slightly over \$15 million. Steps were also taken in 2008 to begin receiving and storing construction documents electronically.

The construction of the new Trollwood Performing Arts School is proceeding right on target. Their annual main stage musical will base from their new home in South Moorhead in 2009. In addition to Trollwood's regular programming, the park will be open for picnics, river recreation, concerns and corporate retreats. Currently, Trollwood offers arts education programs, leadership training, and performance opportunities for students currently in grades one through twelve.

Studies and design for the City of Moorhead's Southeast (SE) Main Avenue Railroad Grade Separation Safety Project are moving forward. Design layout and preliminary engineering activities are near completion. The environmental documentation was recently approved by the Federal Highway Administration (FHWA) and Minnesota Department of Transportation (Mn/DOT). Federal funds amounting to \$13 million was allocated to the project as part of the 2005 Federal Transportation Bill. Design for the grade separation includes constructing three railroad overpass bridges and reconstructing the SE Main Avenue/20th Street/21st Street intersection. Access to SE Main Avenue, 20th Street, and 21st Street will be modified along the reconstructed portion of these roadways. The grade separation will also accommodate pedestrian/bicycle trails along SE Main Avenue and 20th Street/21st Street. Approximately 1,800 feet of new railroad tracks will be constructed to accommodate the railroad wye, a track arrangement with three switches and three legs for reversing the direction of a train, connection between the BNSF Moorhead Subdivision and BNSF Mainline tracks. The wye will eliminate the need for northbound trains to enter downtown Moorhead, where they block traffic and create unwanted noise and disturbance. It will also improve safety in the area.

Construction of the 34th Street South/Interstate-94 Interchange Project began in 2008. This project will relocate the SE Main Avenue/I-94 interchange east and away from the Ottertail Valley Railroad tracks and connect with 34th Street to reduce auto-rail conflicts and improve traffic operations in this growing part of the City. The project is scheduled for completion in 2010.

The new Metro Senior Ride service for Moorhead and Dilworth was implemented by Metropolitan Area Transit (MAT) along with additional summer mid-day services. MAT provided nearly 400,000 rides in 2008, up 12% from 2007.

The new River Pointe of Moorhead development, approved in 2008 and currently under construction, will provide 35 congregate care apartments, 26 assisted living apartments and 16 memory care rooms. A code deficient motel was razed in 2008 and a 12-unit multi family building is currently under construction and is anticipated to be completed in 2009. The Town and Country site was redeveloped in 2007-2008 with 12 new housing units constructed. Two single family homes were constructed by Habitat for Humanity in 2008 (infill). Downtown redevelopment of Phases 3A and 3B were completed in 2008.

The Moorhead Power Plant Study Group was formed in 2008 to solicit broad-based community input on the reuse and redevelopment of the Power Plant and adjacent publicly-owned property. The process will involve various stages and the study group desires to seek public input at each stage. Additional opportunities for public input will continue throughout 2009.

The City is in the final stages of adopting a Growth Area/ Alternative Urban Areawide Review for the North Moorhead/Oakport area. The plan, which includes 10,000 acres, lays the foundation for growth for well over 50 years in the future. In the fall of 2008, the City embarked on an update of the 2004 Comprehensive Plan and South and East Growth Area Plans. To date, a background report has been compiled and neighborhood meetings have been attended by over 150 residents. The updates will be completed within the coming year. The City of Moorhead applied for and received an Active Living Grant from Blue Cross Blue Shield in the amount of \$75,000 to incorporate Active Living by Design principles in the Comprehensive and Growth Area Plans.

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

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

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

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

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

Pension and Other Post-Employment Benefits. Pension benefits are provide and administered by the Public Employees Retirement Association of Minnesota (PERA) for all full-time and certain part-time employees of the City of Moorhead.

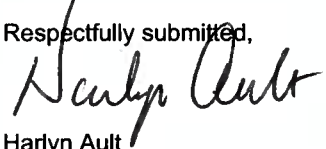
Per Governmental Accounting Standards Board (GASB) Statement 45, the City now recognizes Other Post-Employment Benefits (OPEB) on a city-wide level based on an actuarial study conducted January 1, 2008. Additional information can be found in the Notes to the Financial Statements, Note 4 (D) Other Post-Employment Benefits of this report.

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, 2007. This was the 25th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget documents dated January 1, 2008. This was the fourth consecutive year the City has received this prestigious award. In order to qualify for this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only.

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

Respectfully submitted,

Harlyn Ault
Finance Director


Wanda Wagner
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moorhead
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2008

	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
MARK VOXLAND	MAYOR	2009
NANCY OTTO	COUNCIL MEMBER, WARD 1	2011
DAN BOHMER	COUNCIL MEMBER, WARD 1	2009
DIANE WRAY WILLIAMS	COUNCIL MEMBER, WARD 2	2011
JOHN ROWELL	COUNCIL MEMBER, WARD 2	2009
DAN HUNT	COUNCIL MEMBER, WARD 3	2011
LAURI WINTERFELDT	COUNCIL MEMBER, WARD 3	2009
GREG LEMKE	COUNCIL MEMBER, WARD 4	2011
MARK HINTERMEYER	COUNCIL MEMBER, WARD 4	2009

APPOINTED OFFICIALS

MICHAEL REDLINGER CITY MANAGER

DEPARTMENT DIRECTORS

SCOTT HUTCHINS COMMUNITY SERVICES
ROBERT ZIMMERMAN ENGINEERING
DAVID EBINGER POLICE CHIEF
JOEL HEWITT FIRE CHIEF
CHAD MARTIN OPERATIONS

CITY OF MOORHEAD ORGANIZATION CHART



FINANCIAL

SECTION

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CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Moorhead, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moorhead, Minnesota's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota, as of December 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, not recording unbilled revenues resulting in the understatement of the Electric Fund and Water Fund as of December 31, 2007 were deemed to be material during the current year. Accordingly, an adjustment has been made to the net assets as of January 1, 2008 to correct the errors.

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 10, 2009, on our consideration of the City of Moorhead, Minnesota's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Eide Bailly LLP

Fargo, North Dakota
June 10, 2009

**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, 2008. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$276,347,425.
- The City's total net assets increased by \$26,681,120.
- The City's governmental funds reported combined ending fund balances of \$49,225,741, a decrease of \$5,602,270 in comparison with the prior year. Of this total amount, \$10,305,582 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$13,399,448 or 71.5% of total general fund expenditures of \$18,731,431.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The government-wide financial statements can be found in the Basic Financial Statements of this report.

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

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

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

The City of Moorhead maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Special Assessment Debt Service, Special Assessment Capital Projects and Permanent Improvement Funds, which are all considered major funds. Data from the other 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, Broadband, Storm Water, Sanitation, Golf Course, Sports Center, Pest Control, Forestry and Municipal Airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for Vehicles & Equipment, Information Technology and Radios. Because the internal service funds benefit both the governmental and business-type functions, \$175,522 has been reflected within the business-type activities and \$54,612 within the governmental activities in the government-wide financial statements.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Moorhead, assets exceeded liabilities by \$276,347,425 at the close of the most recent fiscal year.

By far the largest portion of the City’s net assets is the investment in capital assets of \$153,037,662 (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City of Moorhead uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following two tables present condensed financial information on the City’s Net Assets and Changes in Net Assets for the fiscal year ending December 31, 2008.

CITY OF MOORHEAD’S NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2008	2007	2008	2007	2008
Current and other assets	125,569,671	\$ 127,063,700	32,316,865	\$ 32,689,943	\$ 157,886,536
Capital assets	200,170,354	178,971,743	125,693,892	116,614,255	325,864,246
Total assets	325,740,025	306,035,443	158,010,757	149,304,198	483,750,782
Long-term liabilities outstanding	142,281,991	144,107,335	57,387,061	54,769,607	199,669,052
Other liabilities	4,267,550	5,165,140	3,466,755	3,848,254	7,734,305
Total liabilities	146,549,541	149,272,475	60,853,816	58,617,861	207,403,357
Net assets:					
Invested in capital assets, net of related debt	77,354,222	65,245,816	75,683,440	71,057,882	153,037,662
Restricted	97,825,682	93,395,972	5,339,425	5,891,812	103,165,107
Unrestricted	4,010,580	(1,878,820)	16,134,076	13,736,643	20,144,656
Total net assets	\$ 179,190,484	\$ 156,762,968	\$ 97,156,941	\$ 90,686,337	\$ 276,347,425

The \$21.2 million increase in capital assets in governmental activities is the result of considerable investment in city infrastructure.

Investment in capital assets, net of related debt increased \$4.6 million in the business-type activities, primarily in the electric and water funds of \$2.9 and \$2.5 million respectively.

CITY OF MOORHEAD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2008	2007	2008	2007	2008
Revenues:					
Program revenues:					
Charges for services	\$ 6,040,718	\$ 5,367,796	\$ 48,104,842	\$ 43,028,664	\$ 54,145,560
Operating grants and contributions	2,586,091	2,923,330	167,246	160,495	2,753,337
Capital grants and contributions	26,832,098	41,306,965	566,089	1,266,383	27,398,187
General Revenues:					
Taxes	4,043,608	3,345,907			4,043,608
Tax Increments	1,755,937	1,088,698			1,755,937
Franchise Fees	1,016,038	736,880			1,016,038
State aid	9,413,327	9,832,461	11,560	11,560	9,424,887
Grants and contributions not restricted to specific programs	172,949	177,165			172,949
Investment earnings	1,310,307	2,333,128	968,178	1,140,246	2,278,485
Miscellaneous	91,952	430,485	586,510	51,308	678,462
Gain on disposal/sale of assets	143,790	109,595	22,275	353,783	166,065
Total revenues	53,406,815	67,652,410	50,426,700	46,012,439	103,833,515
Expenses:					
General government	3,614,430	3,473,922			3,614,430
Public safety	9,984,826	10,006,060			9,984,826
Highways and streets	9,734,211	8,342,798			9,734,211
Parks and recreation	2,517,227	2,329,521			2,517,227
Library	839,115	814,816			839,115
Community development	570,862	775,711			570,862
Rental Registration	148,341	144,801			148,341
Mass transit	2,170,917	1,948,827			2,170,917
Economic development	1,007,312	834,708			1,007,312
Interest on long-term debt	6,310,623	6,651,205			6,310,623
Electric			20,408,558	18,487,724	26,719,181
Water			4,857,077	4,484,804	4,857,077
Wastewater treatment			5,677,381	4,962,560	5,677,381
Broadband			1,462,908	1,534,312	1,462,908
Storm water			830,846	881,669	830,846
Sanitation			3,163,142	3,007,471	3,163,142
Golf Course			1,724,894	1,706,043	1,724,894
Sports Center			904,805	844,913	904,805
Pest Control			239,570	267,505	239,570
Forestry			660,271	655,000	660,271
Municipal airport			325,079	397,094	325,079
Total expenses	36,897,864	35,322,369	40,254,531	37,229,095	77,152,395
Increase in net assets before transfers	16,508,951	32,330,041	10,172,169	8,783,344	26,681,120
Transfers	5,918,565	2,930,387	(5,918,565)	(2,930,387)	
Change in net assets	22,427,516	35,260,428	4,253,604	5,852,957	26,681,120
Net assets - beginning of year	156,762,968	121,502,540	90,686,337	84,833,380	247,449,305
Prior period adjustment			2,217,000		2,217,000
Net assets - end of year	\$ 179,190,484	\$ 156,762,968	\$ 97,156,941	\$ 90,686,337	\$ 276,347,425

Governmental activities. The governmental activities' net assets increased by \$22,427,516 during the current fiscal year, accounting for 84.0% of the total increase in the net assets of the City of Moorhead. Charges for services increased by 12.5% while interest earnings decreased by 43.8% in comparison to 2007. An increase in expenses of \$1.5M was due to increased operating costs in highway and streets (i.e. fuels, utilities) and depreciation of infrastructure of \$1M.

Business-type activities. Business-type activities increased the City's net assets by \$4,253,604 accounting for 16.0% of the total growth in the government's net assets. Charges for services in the business-type activities increased 11.8% over the previous year due to rate increases. The decrease in capital grants and contributions of \$700,294 was due mainly to the reduction in special assessment revenue recognized in the wastewater treatment fund in 2008. Expenses in the business-type activities increased \$3,025,436 (8.1%).

In 2008, \$275,898 of water mains financed in the special assessment capital projects fund was recognized as capital contributions in the water fund.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,225,741, a decrease of \$5,602,270 in comparison with the prior year. This decrease is primarily due to the final payment on the Municipal Improvement 1996A and 1996B bonds of \$5,371,853. Fund balance has been reserved to indicate those funds not available for new spending because it has already been reserved to liquidate contracts and purchase orders of the prior period (\$3,755,122).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unreserved fund balance of the general fund was \$13,399,448. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 71.5% percent of total general fund expenditures.

The fund balance of the general fund increased \$468,329 or 3.1% since 2007. Key factors of this increase are as follows:

- Revenues were 4.8% or \$631,163 over the final budget which was due mainly to increased housing development. The revenue areas that were most affected by this development consisted of amounts over budget in Franchise Fees (\$239,736), Licenses and permits (\$190,929), and Charges for services (\$145,929).
- Actual expenditures were under budget by \$33,734. The excess amounts over budget in Police, Engineering and Operations were offset by reductions in Administration, Fire and Community Services. Reductions were made in lobbying, dues and subscriptions and by not filling vacant positions.

The special assessment debt service fund balance increased by \$2,162,196 which resulted mainly from a combination of increased debt service and an increase in special assessment collections. The special assessment capital projects fund balance decreased by \$2,816,598 which is largely due to a transfer of remaining construction funds to the special assessment debt service fund.

The debt service funds have a total fund balance of \$24,810,663 all of which is reserved for the payment of future debt service. The net decrease in fund balance during the current year in the debt service funds was \$2,063,525 due primarily to final payment on the Municipal Improvement 1996A and 1996B bonds.

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$15,958,554.

In the electric fund, the revenue increase was the result of a 10% rate increase in January 2008. The water fund revenue increase was the result of a 12.5% rate increase in January 2008. The broadband fund increased the monthly rated by \$2 per month.

In the electric fund the major expense increases above 2007 was \$1.6 million in additional purchased power costs and \$284,000 transfer to the broadband division.

In the water fund the major expense increase above 2007 was in water treatment costs. Chemical costs increased by \$44,000 and lab costs increased by \$61,000. In the broadband fund, total expenses, excluding transfers, increased by \$67,000 which included increases in both wholesale contracts and network expenses of \$127,000, but offset by \$143,000 decrease in customer accounts expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget amendments between the original budget and the final budget for the general fund increased the negative budgeted net change in fund balance by \$108,475. Actual budget variances were positive in revenues and other financing sources (uses) and positive in expenditures resulting in an increase to fund balance of \$697,191. This was mainly the result of positive variances of \$239,763 in franchise fees, \$190,929 in licenses and permits, \$145,959 in charges for services, \$149,689 in interest on investments.

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, 2008, amounts to \$325,864,244 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

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

- The City received \$5.5M of State grant funds matched by the Fargo, ND School district for construction of the Trollwood Performing Arts facility. This facility will be leased to the Fargo, ND School districts and operated by their performing arts program. Construction is expected to be completed in the spring of 2009.
- Major new development in 2008 resulted in expenditures of \$18,051,249 for infrastructure improvements.

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

	Governmental Activities 2008	Business-type Activities 2008	Total
Land	\$ 8,097,636	\$ 7,282,110	\$ 15,379,746
Construction in progress	30,548,673	11,855,013	42,403,686
Buildings	10,989,783	74,914,947	85,904,730
Improvements other than buildings	2,982,284	27,382,195	30,364,479
Machinery and equipment	10,704,934	4,259,625	14,964,559
Infrastructure	136,847,044		136,847,044
Total	\$ 200,170,354	\$ 125,693,890	\$ 325,864,244

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

Long-Term Debt. At the end of the current fiscal year, the City of Moorhead had total bonded debt and notes outstanding of \$197,782,367. Of this amount, \$38,389,859 comprises debt backed by the full faith and credit of the government and \$123,725,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remaining \$35,667,508 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's net increase in long-term bonded debt was \$2,094,488 during the current fiscal year.

During the current fiscal year, the City issued \$9,500,000 of general obligation improvement bonds to finance the construction of various infrastructure improvements.

The City of Moorhead maintained an "A2" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$57,491,322. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$1,549,078 leaving a legal debt margin of \$55,072,257.

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

Type of Issue	Governmental Activities	Business-type Activities	Total
Special assessment	\$ 123,725,000	\$	\$ 123,725,000
General obligation debt	2,670,000		2,670,000
G.O. Tax Increment	10,835,000		10,835,000
G.O. Municipal Improvement Revenue	2,455,000		2,455,000
G.O. Revenue		11,590,000	11,590,000
Public Facilities Authority		21,214,740	21,214,740
Revenue Refunding		12,470,000	12,470,000
Revenue		10,890,000	10,890,000
Long-term notes	1,215,119	717,508	1,932,627
Compensated absences	1,275,023	803,559	2,078,582
Other Post-Employment Benefits	106,849	61,023	167,872
Total	\$ 142,281,991	\$ 57,746,830	\$ 200,028,821

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

Economic Factors and Next Year's Budgets

The City of Moorhead's 2009 Operating & Capital Budget totals \$60,585,574, an increase of \$2,188,032 (3.75%) over the previous year, primarily due to programmed and anticipated debt service payments resulting from previous public infrastructure improvements. When looking specifically at the General Fund and Special Revenue Funds, the 2009 budget reflects an increase of \$1,325,069 (5.22%) from 2008 levels.

Increased revenue was due in part to an increase of \$521,607 in the City's General Operating Tax Levy, as well as \$685,143 for coverage of debt service and special assessments associated with infrastructure investments. Service charge increases in Sanitation, Storm Water, Wastewater, Parks and Recreation programs, and Golf Course accounted for \$478,904 of additional revenue.

Expenditure increases in fuel, utilities, and health care were the primary areas which impacted the City's operating budgets in 2009. The General and Special Revenue Funds reflect an increase of \$1,866,140 (4.5%) from 2008 levels. This is due to increases in wages & benefits of \$424,987, fuel of \$323,000, street lighting \$110,321 and Mass Transit Operations \$432,813.

For 2009 the total operating expenses are projected to be \$24,099,000 in the electric fund and \$4,789,000 in the water fund. The capital spending budgets for 2009 are projected to be \$7,887,000 and \$1,250,000 for the electric and water funds respectively. Capital additions will be covered by a combination of operating cash and anticipated bonding of \$8.7 million.

The net cash flow projection for 2009 for the electric fund is a cash increase of \$315,000. The water fund projection is a cash increase of \$72,000, and the broadband fund is projecting a cash decrease of \$149,000.

Requests for Information

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

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**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 45,847,189	\$ 13,448,157	\$ 59,295,346	\$ 2,051,265
Receivables (net of allowance for uncollectibles):				
Accounts and notes	360,503	5,541,720	5,902,223	90
Accrued interest	13,464	293,319	306,783	
Internal balances	3,546,755	(3,546,755)		
Due from other governmental units	3,974,543	162,233	4,136,776	
Inventories		960,282	960,282	
Prepaid items	3,760	53,930	57,690	
Restricted assets:				
Cash and cash equivalents		10,078,860	10,078,860	
Long-term receivables:				
Special assessments	68,297,010	4,303,349	72,600,359	
Notes receivable, less current portion	3,526,447	1,021,770	4,548,217	
Capital assets:				
Intangible plant		255,373	255,373	
Land	8,097,636	7,282,109	15,379,745	464,977
Buildings	18,882,702	129,392,675	148,275,377	8,757,035
Improvements other than buildings	9,892,822	35,229,863	45,122,685	
Machinery and equipment	25,077,379	17,372,327	42,449,706	455,322
Infrastructure	182,680,055		182,680,055	
Construction in progress	30,548,673	11,855,013	42,403,686	
Less accumulated depreciation	(75,008,913)	(75,693,468)	(150,702,381)	(5,639,253)
Total assets	<u>325,740,025</u>	<u>158,010,757</u>	<u>483,750,782</u>	<u>6,089,436</u>
LIABILITIES				
Accounts payable	697,629	2,708,989	3,406,618	22,492
Contracts payable - retainage	748,380		748,380	
Accrued wages payable	382,827	100,521	483,348	
Due to other governmental units		27,247	27,247	
Customer deposits		196,183	196,183	47,074
Unearned revenue	4,410		4,410	
Other liabilities	10,264	23,065	33,329	31,273
Accrued interest payable	2,424,040	410,750	2,834,790	
Long-term liabilities:				
Due within one year	7,206,577	5,094,704	12,301,281	44,859
Accrued compensated absences	513,349	112,130	625,479	22,429
Other post-employment benefits	106,849	61,023	167,872	
Notes payable	895,216	306,270	1,201,486	
Bonds payable	133,560,000	51,812,934	185,372,934	
Total liabilities	<u>146,549,541</u>	<u>60,853,816</u>	<u>207,403,357</u>	<u>168,127</u>
NET ASSETS				
Invested in capital assets net of related debt	77,354,222	75,683,440	153,037,662	4,038,081
Restricted for debt service	93,093,253	5,339,425	98,432,678	
Restricted for capital projects	4,732,429		4,732,429	
Unrestricted	<u>4,010,580</u>	<u>16,134,076</u>	<u>20,144,656</u>	<u>1,883,228</u>
Total net assets	<u>\$ 179,190,484</u>	<u>\$ 97,156,941</u>	<u>\$ 276,347,425</u>	<u>\$ 5,921,309</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, 2008**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Component Unit
Functions/Programs								
Primary Government								
Governmental activities:								
General government	\$ 3,614,430	\$ 960,759	\$ 23,219	\$	\$ (2,630,452)	\$	\$ (2,630,452)	
Public safety	9,984,826	984,678	975,831	36,000	(7,988,317)		(7,988,317)	
Highways and streets	9,734,211	2,408,318	56,315	20,396,999	13,127,421		13,127,421	
Parks and recreation	2,517,227	483,738	2,650	5,986,025	3,955,186		3,955,186	
Library	839,115				(839,115)		(839,115)	
Community development	570,862	467,541	125,084		21,763		21,763	
Rental registration	148,341	243,722			95,381		95,381	
Mass transit	2,170,917	312,390	1,402,992	98,579	(356,956)		(356,956)	
Economic development	1,007,312	179,572		314,495	(513,245)		(513,245)	
Interest on long-term debt	6,310,623				(6,310,623)		(6,310,623)	
Total governmental activities	<u>36,897,864</u>	<u>6,040,718</u>	<u>2,586,091</u>	<u>26,832,098</u>	<u>(1,438,957)</u>		<u>(1,438,957)</u>	
Business-type activities:								
Electric	20,408,558	28,643,650		122,080	\$ 8,357,172	\$	8,357,172	
Water	4,857,077	6,091,578		5,459	1,239,960		1,239,960	
Wastewater treatment	5,677,381	5,281,652		321,174	(74,555)		(74,555)	
Broadband	1,462,908	1,005,213			(457,695)		(457,695)	
Storm water	830,846	968,223			137,377		137,377	
Sanitation	3,163,142	3,417,710	142,577		397,145		397,145	
Golf Course	1,724,894	1,025,408			(699,486)		(699,486)	
Sports Center	904,805	526,696			(378,109)		(378,109)	
Pest Control	239,570	323,742		682	84,854		84,854	
Forestry	660,271	771,890			111,619		111,619	
Municipal airport	325,079	49,080	24,669	116,694	(134,636)		(134,636)	
Total business-type activities	<u>40,254,531</u>	<u>48,104,842</u>	<u>167,246</u>	<u>566,089</u>	<u>8,583,646</u>		<u>8,583,646</u>	
Total primary government	<u>\$ 77,152,395</u>	<u>\$ 54,145,560</u>	<u>\$ 2,753,337</u>	<u>\$ 27,398,187</u>	<u>(1,438,957)</u>		<u>7,144,689</u>	
Component Unit:								
Public Housing Agency	\$ 1,495,771	\$ 430,694	\$ 957,368	\$ 121,129				\$ 13,420
General revenues:								
Property taxes levied for general purposes					3,591,171		3,591,171	
Property taxes levied for debt service					452,437		452,437	
Tax increments					1,755,937		1,755,937	
Franchise fees					1,016,038		1,016,038	
State aid unrestricted					9,413,327	11,560	9,424,887	
Grants and contributions not restricted to specific programs					172,949		172,949	
Unrestricted investment earnings					1,310,307		1,310,307	
Miscellaneous					126,677		126,677	
Gain on disposal/sale of assets					109,065		109,065	
Transfers					5,918,565		5,918,565	
Total general revenues and transfers					<u>23,866,473</u>		<u>23,866,473</u>	
Changes in net assets					22,427,516		22,427,516	
Net assets - beginning					156,762,968		156,762,968	
Prior Period Adjustment								
Net assets - ending					<u>\$ 179,190,484</u>		<u>\$ 179,190,484</u>	
								\$ 276,347,425
								\$ 5,921,309

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,728,674	\$ 19,020,735	\$ 3,225,850	\$	\$ 11,991,129	\$ 42,966,388
Receivables, net:						
Accounts	291,969	558	1,150	18,551	7,089	319,317
Notes	97,390	14,420			3,537,478	3,649,288
Special assessments	12,412	77,283,307	2,590,132		271,561	80,157,412
Accrued interest	2,226	8,085			2,557	12,868
Due from other funds	5,041,110		708,858	391,160	130,000	6,271,128
Due from other governmental units	227,044	323,156	4,243	3,085,222	334,633	3,974,298
Advances to other funds	1,185,768					1,185,768
Prepaid items	3,760					3,760
Total Assets	\$ 15,590,353	\$ 96,650,261	\$ 6,530,233	\$ 3,494,933	\$ 16,274,447	\$ 138,540,227
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 249,158	\$	\$ 88,057	\$ 102,768	\$ 254,794	\$ 694,777
Contracts payable - retainage			236,383	511,997		748,380
Accrued wages payable	324,738				44,583	369,321
Due to other funds	16,572			2,181,835	1,136,212	3,334,619
Advances from other funds					400,000	400,000
Other liabilities	750			393	9,121	10,264
Deferred revenue	77,603	77,283,307	2,593,721		3,802,494	83,757,125
Total Liabilities	668,821	77,283,307	2,918,161	2,796,993	5,647,204	89,314,486
Fund Balance:						
Reserved for encumbrances	238,926		2,716,800	697,940	101,456	3,755,122
Reserved for notes receivable	97,390	14,420				111,810
Reserved for advances	1,185,768				5,443,709	1,185,768
Reserved for debt service		19,352,534				24,796,243
Unreserved, designated, reported in:						
General fund	7,635,000				1,436,216	7,635,000
Special revenue funds						
Unreserved, undesignated, reported in:						
General fund	5,764,448					5,764,448
Special revenue funds					2,064,494	2,064,494
Capital projects funds			895,272		1,581,368	2,476,640
Total Fund Balance	14,921,532	19,366,954	3,612,072	697,940	10,627,243	49,225,741
Total Liabilities and Fund Balance	\$ 15,590,353	\$ 96,650,261	\$ 6,530,233	\$ 3,494,933	\$ 16,274,447	\$ 138,540,227

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

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds.
- Long-term liabilities, including bonds payable, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.
- Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

Net assets of governmental activities	200,170,354
	71,769,472
	(144,706,031)
	<u>2,730,948</u>
	<u>\$ 179,190,484</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, 2008**

	<u>General</u>	<u>Special Assessment Debt Service</u>	<u>Special Assessment Capital Projects</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 3,406,970	\$ 412,512	\$ 23	\$ 23	\$ 1,980,039	\$ 5,799,544
Franchise	1,016,038					1,016,038
Licenses and permits	844,394					844,394
Intergovernmental revenues:						
Federal	82,921			114,954	590,667	788,542
State	4,577,363	949,606	1,181,842	5,192,154	5,952,627	17,853,592
Minnesota Dept. of Education Grant				3,205,573		3,205,573
Fargo Public School District #1				2,755,452		2,755,452
Other	109,523	217,300	410,531	8,029	172,949	918,332
Charges for services	2,621,536		1,853		693,542	3,316,931
Fines and forfeits	491,224					491,224
Facility rentals				205,291		205,291
Interest on investments	319,474	507,965	7,627	3,657	364,425	1,203,148
Special assessments		7,781,553	229,375		50,970	8,061,898
Miscellaneous	205,025	144,388	160,329	609,232	538,455	1,657,429
Total revenues	<u>13,674,468</u>	<u>10,013,324</u>	<u>1,991,557</u>	<u>11,889,074</u>	<u>10,548,965</u>	<u>48,117,388</u>
EXPENDITURES						
Current:						
General government	3,461,296				61,542	3,522,838
Public safety	9,838,759				86,774	9,925,533
Highways and streets	5,365,832		168,554	270,860	54,570	5,859,816
Parks and recreation					2,286,005	2,286,005
Library					784,843	784,843
Community development					566,192	566,192
Rental Registration					147,636	147,636
Mass transit					1,805,454	1,805,454
Economic development				502,418	321,353	823,771
Capital outlay	65,544		11,790,609	14,096,430	886,498	26,839,081
Debt Service:						
Bond and note principal		5,340,000			8,589,985	13,929,985
Bond and note interest		4,871,596			890,011	5,761,607
Fiscal and other charges		210,177			289,819	499,996
Total expenditures	<u>18,731,431</u>	<u>10,421,773</u>	<u>11,959,163</u>	<u>14,869,708</u>	<u>16,770,682</u>	<u>72,752,757</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(5,056,963)</u>	<u>(408,449)</u>	<u>(9,967,606)</u>	<u>(2,980,634)</u>	<u>(6,221,717)</u>	<u>(24,635,369)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		1,794,441	9,045,559		1,210,000	12,050,000
Transfers from other funds	5,624,556	2,194,527	299,976	1,899,347	1,854,700	11,873,106
Transfers to other funds	(99,264)	(1,418,323)	(2,194,527)		(1,286,958)	(4,999,072)
Sale of capital assets				107,265	1,800	109,065
Total other financing sources	<u>5,525,292</u>	<u>2,570,645</u>	<u>7,151,008</u>	<u>2,006,612</u>	<u>1,779,542</u>	<u>19,033,099</u>
NET CHANGE IN FUND BALANCE	468,329	2,162,196	(2,816,598)	(974,022)	(4,442,175)	(5,602,270)
FUND BALANCE - BEGINNING	14,453,203	17,204,758	6,428,670	1,671,962	15,069,418	54,828,011
FUND BALANCE - ENDING	<u>\$ 14,921,532</u>	<u>\$ 19,366,954</u>	<u>\$ 3,612,072</u>	<u>\$ 697,940</u>	<u>\$ 10,627,243</u>	<u>\$ 49,225,741</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, 2008**

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

Net change in fund balances - total governmental funds (page 13) \$ (5,602,270)

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	\$ 26,839,081	
Transfer of assets to business-type activities	(854,327)	
Depreciation expense	<u>(4,860,202)</u>	21,124,552

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 5,073,204

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	\$ (12,050,000)	
Bond & note principal payments	<u>13,929,985</u>	1,879,985

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	\$ 51,648	
Other post-employment benefits	(105,195)	
Accrued interest	<u>(49,020)</u>	(102,567)

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. 54,612

Change in net assets of governmental activities (page 11) \$ 22,427,516

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,390,608	\$ 3,390,608	\$ 3,406,970	\$ 16,362
Franchise	776,275	776,275	1,016,038	239,763
Licenses and permits	653,465	653,465	844,394	190,929
Intergovernmental:				
Federal		36,000	82,921	46,921
State	4,625,147	4,733,480	4,577,363	(156,117)
County	70,000	70,000	69,733	(267)
Other	39,790	39,790	39,790	
Charges for services	2,475,577	2,475,577	2,621,536	145,959
Fines and forfeitures	575,575	575,575	491,224	(84,351)
Interest on investments	169,785	169,785	319,474	149,689
Miscellaneous	107,250	122,750	205,025	82,275
Total revenues	<u>12,883,472</u>	<u>13,043,305</u>	<u>13,674,468</u>	<u>631,163</u>
EXPENDITURES				
Administration department:				
Current:				
Personal services	1,249,352	1,206,852	975,157	231,695
Supplies	39,230	39,230	25,280	13,950
Other services & charges	1,457,251	1,423,723	1,218,421	205,302
Capital outlay			798	(798)
	<u>2,745,833</u>	<u>2,669,805</u>	<u>2,219,656</u>	<u>450,149</u>
Police department:				
Current:				
Personal services	4,509,739	4,596,540	4,898,944	(302,404)
Supplies	287,298	304,098	293,842	10,256
Other services & charges	1,531,562	1,579,637	1,584,474	(4,837)
Capital outlay		170,200	24,746	145,454
	<u>6,328,599</u>	<u>6,650,475</u>	<u>6,802,006</u>	<u>(151,531)</u>
Fire department:				
Current:				
Personal services	2,424,429	2,457,231	2,449,769	7,462
Supplies	67,301	124,817	84,879	39,938
Other services & charges	478,370	500,085	526,851	(26,766)
Capital outlay		40,000	40,000	
	<u>2,970,100</u>	<u>3,122,133</u>	<u>3,101,499</u>	<u>20,634</u>
Community services department:				
Current:				
Personal services	980,130	970,130	905,440	64,690
Supplies	42,378	45,752	43,981	1,771
Other services & charges	377,492	384,118	293,017	91,101
	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,242,438</u>	<u>157,562</u>
Engineering department:				
Current:				
Personal services	880,618	864,565	861,684	2,881
Supplies	34,050	34,050	27,510	6,540
Other services & charges	272,308	288,361	351,127	(62,766)
	<u>1,186,976</u>	<u>1,186,976</u>	<u>1,240,321</u>	<u>(53,345)</u>
Operations department:				
Current:				
Personal services	978,996	978,996	954,265	24,731
Supplies	1,683,367	1,683,367	1,851,427	(168,060)
Other services & charges	1,071,903	1,071,903	1,319,819	(247,916)
Debt Service:				
Note principal	1,510	1,510		1,510
	<u>3,735,776</u>	<u>3,735,776</u>	<u>4,125,511</u>	<u>(389,735)</u>
Total expenditures	<u>18,367,284</u>	<u>18,765,165</u>	<u>18,731,431</u>	<u>33,734</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUE UNDER EXPENDITURES	<u>(5,483,812)</u>	<u>(5,721,860)</u>	<u>(5,056,963)</u>	<u>664,897</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	5,436,562	5,593,562	5,624,556	30,994
Transfers to other funds	<u>(73,137)</u>	<u>(100,564)</u>	<u>(99,264)</u>	<u>1,300</u>
Total other financing sources	<u>5,363,425</u>	<u>5,492,998</u>	<u>5,525,292</u>	<u>32,294</u>
NET CHANGE IN FUND BALANCE	(120,387)	(228,862)	468,329	697,191
FUND BALANCE - BEGINNING	<u>14,453,203</u>	<u>14,453,203</u>	<u>14,453,203</u>	
FUND BALANCE - ENDING	<u>\$ 14,332,816</u>	<u>\$ 14,224,341</u>	<u>\$ 14,921,532</u>	<u>\$ 697,191</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,469,224	\$ 920,205	\$ 5,688,725	\$ 4,370,003	\$ 13,448,157	\$ 2,880,801
Receivables (net of allowance for uncollectibles):						
Accounts and notes	3,668,520	625,038	614,123	634,039	5,541,720	41,186
Accrued interest	26,700	18,000	247,704	915	293,319	596
Due from other city funds	16,572		404,571	445,846	866,989	
Due from other governmental units			4,819	157,414	162,233	245
Inventories	756,409	162,873		41,000	960,282	
Prepaid items		35,430		18,500	53,930	
Total current assets	<u>6,937,425</u>	<u>1,761,546</u>	<u>6,959,942</u>	<u>5,667,717</u>	<u>21,326,630</u>	<u>2,922,828</u>
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	5,611,196	3,232,239	32,301	1,203,124	10,078,860	
Long-term receivables:						
Special assessments		29,233	4,273,371	745	4,303,349	
Notes receivable, less current portion	19,283			1,002,487	1,021,770	
Capital assets:						
Intangible plant	255,373				255,373	
Land	541,882	574,942	1,753,266	4,412,019	7,282,109	
Buildings	43,934,617	49,284,109	22,887,161	13,286,788	129,392,675	
Improvements other than buildings			27,658,114	7,571,749	35,229,863	
Machinery and equipment	4,345,715	1,183,862	8,942,712	2,900,038	17,372,327	19,509,124
Construction in progress	523,875		11,331,138		11,855,013	
Less accumulated depreciation	<u>(20,486,371)</u>	<u>(14,177,548)</u>	<u>(29,722,474)</u>	<u>(11,307,075)</u>	<u>(75,693,468)</u>	<u>(11,629,906)</u>
Total long-term assets	<u>34,745,570</u>	<u>40,126,837</u>	<u>47,155,589</u>	<u>19,069,875</u>	<u>141,097,871</u>	<u>7,879,218</u>
Total assets	<u>41,682,995</u>	<u>41,888,383</u>	<u>54,115,531</u>	<u>24,737,592</u>	<u>162,424,501</u>	<u>10,802,046</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,223,854	121,885	158,607	204,643	2,708,989	2,852
Accrued wages payable			31,480	69,041	100,521	13,506
Due to other city funds	1,372,083	739,858		1,691,557	3,803,498	
Due to other governmental units				27,247	27,247	
Customer deposits	183,813			12,370	196,183	
Other liabilities				23,065	23,065	
Accrued interest payable	46,000	55,100	289,680	19,970	410,750	
Current maturities of long-term debt	884,250	1,753,500	1,157,037	608,450	4,403,237	
Total current liabilities	<u>4,710,000</u>	<u>2,670,343</u>	<u>1,636,804</u>	<u>2,656,343</u>	<u>11,673,490</u>	<u>16,358</u>
Long-term liabilities:						
Accrued compensated absences	296,000	198,000	109,238	200,321	803,559	14,589
Other post-employment benefits	15,000	10,000	11,111	24,912	61,023	1,654
Notes payable	63,270	44,949		198,051	306,270	
Bonds payable	8,402,239	8,644,741	31,507,122	3,258,870	51,812,972	
Advances from other funds				785,768	785,768	
Total long-term liabilities	<u>8,776,509</u>	<u>8,897,690</u>	<u>31,627,471</u>	<u>4,467,922</u>	<u>53,769,592</u>	<u>16,243</u>
Total liabilities	<u>13,486,509</u>	<u>11,568,033</u>	<u>33,264,275</u>	<u>7,124,265</u>	<u>65,443,082</u>	<u>32,601</u>
NET ASSETS						
Invested in capital assets, net of related debt	19,765,331	26,422,175	14,491,430	15,004,504	75,683,440	7,879,218
Restricted for debt service	1,500,000	2,604,000	32,301	1,203,124	5,339,425	
Unrestricted	6,931,155	1,294,175	6,327,525	1,405,699	15,958,554	2,890,227
Total net assets	<u>\$ 28,196,486</u>	<u>\$ 30,320,350</u>	<u>\$ 20,851,256</u>	<u>\$ 17,613,327</u>	<u>\$ 96,981,419</u>	<u>\$ 10,769,445</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					175,522	
Net assets of business-type activities					<u>\$ 97,156,941</u>	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 28,295,412	\$ 6,061,316	\$ 5,144,643	\$ 7,762,155	\$ 47,263,526	\$ 2,295,248
Other	<u>348,238</u>	<u>30,262</u>	<u>145,198</u>	<u>487,239</u>	<u>1,010,937</u>	<u>10,776</u>
Total operating revenue	<u>28,643,650</u>	<u>6,091,578</u>	<u>5,289,841</u>	<u>8,249,394</u>	<u>48,274,463</u>	<u>2,306,024</u>
OPERATING EXPENSES						
Personal services	2,165,994	1,632,612	1,017,233	3,246,610	8,062,449	418,335
Purchased power	14,716,721				14,716,721	
Disposal fee				867,583	867,583	
Professional services	199,570	5,213	122,597	314,834	642,214	16,096
Insurance	128,104	89,500	109,499	151,053	478,156	4,765
Repair and maintenance	428,354	1,135,871	754,241	855,074	3,173,540	195,442
Supplies	266,554	302,622	539,315	843,699	1,952,190	31,594
Utilities			511,964	385,659	897,623	
Equipment rental			116,189	519,336	635,525	
Depreciation	1,404,562	1,021,980	1,312,898	1,135,293	4,874,733	1,427,236
Miscellaneous	<u>616,028</u>	<u>55,913</u>	<u>302,646</u>	<u>780,175</u>	<u>1,754,762</u>	<u>77,452</u>
Total operating expenses	<u>19,925,887</u>	<u>4,243,711</u>	<u>4,786,582</u>	<u>9,099,316</u>	<u>38,055,496</u>	<u>2,170,920</u>
Operating income (loss)	<u>8,717,763</u>	<u>1,847,867</u>	<u>503,259</u>	<u>(849,922)</u>	<u>10,218,967</u>	<u>135,104</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	360,313	222,220	199,521	186,124	968,178	107,159
Interest on indebtedness	(482,671)	(613,366)	(892,707)	(254,372)	(2,243,116)	
Gain on disposal of equipment	16,547	5,728			22,275	(43,558)
Special assessments			314,104		314,104	
Miscellaneous	<u>65,981</u>	<u>36,278</u>	<u>3,966</u>	<u>613,916</u>	<u>720,141</u>	<u>1,130</u>
Total nonoperating revenue (expense)	<u>(39,830)</u>	<u>(349,140)</u>	<u>(375,116)</u>	<u>545,668</u>	<u>(218,418)</u>	<u>64,731</u>
Income (loss) before transfers	<u>8,677,933</u>	<u>1,498,727</u>	<u>128,143</u>	<u>(304,254)</u>	<u>10,000,549</u>	<u>199,835</u>
Capital contributions	122,080	281,357		165,332	568,769	413,097
Transfers from other funds				993,370	993,370	66,761
Transfers to other funds	(6,080,598)	(306,000)	(347,641)	(618,926)	(7,353,165)	(581,000)
Total transfers	<u>(5,958,518)</u>	<u>(24,643)</u>	<u>(347,641)</u>	<u>539,776</u>	<u>(5,791,026)</u>	<u>(101,142)</u>
CHANGE IN NET ASSETS	2,719,415	1,474,084	(219,498)	235,522	4,209,523	98,693
TOTAL NET ASSETS - BEGINNING, AS PREVIOUSLY REPORTED	23,613,071	28,493,266	21,070,754	17,377,805		10,670,752
PRIOR PERIOD ADJUSTMENT	<u>1,864,000</u>	<u>353,000</u>				
TOTAL NET ASSETS - BEGINNING, AS RESTATED	25,477,071	28,846,266	21,070,754	17,377,805		10,670,752
TOTAL NET ASSETS - ENDING	<u>\$ 28,196,486</u>	<u>\$ 30,320,350</u>	<u>\$ 20,851,256</u>	<u>\$ 17,613,327</u>		<u>\$ 10,769,445</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:					44,081	
Change in net assets of business-type activities:					<u>\$ 4,253,604</u>	

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 28,321,506	\$ 6,097,359	\$ 4,789,000	\$ 7,561,703	\$ 46,769,568	\$ 2,317,907
Payments to suppliers	(16,496,692)	(2,728,505)	(2,596,074)	(4,263,936)	(26,085,207)	(245,045)
Payments to employees	(1,703,539)	(739,712)	(996,272)	(2,996,040)	(6,435,563)	(414,499)
Other receipts (payments)	462,445	303,180	(153,482)	(83,855)	528,288	(65,546)
Net cash provided by operating activities	<u>10,583,720</u>	<u>2,932,322</u>	<u>1,043,172</u>	<u>217,872</u>	<u>14,777,086</u>	<u>1,592,817</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds				993,370	993,370	19,000
Transfers to other funds	(6,080,598)	(306,000)	(299,880)	(618,926)	(7,305,404)	(581,000)
Litigation settlement				465,000	465,000	
Net cash provided by (used in) noncapital financing activities	<u>(6,080,598)</u>	<u>(306,000)</u>	<u>(299,880)</u>	<u>839,444</u>	<u>(5,847,034)</u>	<u>(562,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond and note proceeds			7,745,299		7,745,299	
Purchase of assets	(3,435,428)	(1,642,415)	(8,103,963)	(251,556)	(13,433,362)	(1,274,773)
Proceeds from sale of assets	16,547	5,728			22,275	72,385
Principal payments - bonds and notes	(840,367)	(1,649,941)	(841,395)	(587,195)	(3,918,898)	
Interest payments - bonds and notes	(487,671)	(626,266)	(803,422)	(255,886)	(2,173,245)	
Capital grants from other governments				361,553	361,553	
Special assessment collections			440,172		440,172	
Net cash used in capital and related financing activities	<u>(4,746,919)</u>	<u>(3,912,894)</u>	<u>(1,563,309)</u>	<u>(733,084)</u>	<u>(10,956,206)</u>	<u>(1,202,388)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	370,113	228,220	199,521	191,532	989,386	110,846
Net increase (decrease) in cash and cash equivalents	126,316	(1,058,352)	(620,496)	515,764	(1,036,768)	(60,725)
Cash and cash equivalents at beginning of year	7,954,104	5,210,796	6,341,522	5,057,363	24,563,785	2,941,526
Cash and cash equivalents at end of year	<u>\$ 8,080,420</u>	<u>\$ 4,152,444</u>	<u>\$ 5,721,026</u>	<u>\$ 5,573,127</u>	<u>\$ 23,527,017</u>	<u>\$ 2,880,801</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 8,717,763	\$ 1,847,867	\$ 503,259	\$ (849,922)	\$ 10,218,967	\$ 135,104
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,404,562	1,021,980	1,312,898	1,135,293	4,874,733	1,427,236
Miscellaneous nonoperating income	65,981	36,278	3,966	32,222	138,447	1,130
Change in assets and liabilities:						
Accounts and notes receivable	(396,309)	(30,142)	(311,464)	(159,518)	(897,433)	21,390
Due from other funds	(16,572)	15,919	(45,701)	(32,256)	(78,610)	
Due from other governments			1,522	(3,836)	(2,314)	1,269
Special assessment receivable				(744)	(744)	
Inventories	49,201	(17,287)		29,000	60,914	
Prepaid items	12,250	(1,067)		(13,500)	(2,317)	
Accounts payable	257,335	(229,146)	(442,269)	(8,072)	(422,152)	2,852
Accrued wages payable	(26,693)	(16,986)	8,299	8,116	(27,264)	2,741
Compensated absences payable	14,000	8,000	1,551	(2,783)	20,768	(559)
Other post employment benefits	15,000	10,000	11,111	24,912	61,023	1,654
Due to other funds	487,202			57,709	544,911	
Due to other governments		286,906		486	287,392	
Customer deposits				1,000	1,000	
Deferred revenue				(10)	(10)	
Other current liabilities				(225)	(225)	
Net cash provided by (used in) operating activities	<u>\$ 10,583,720</u>	<u>\$ 2,932,322</u>	<u>\$ 1,043,172</u>	<u>\$ 217,872</u>	<u>\$ 14,777,086</u>	<u>\$ 1,592,817</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 122,080</u>	<u>\$ 281,357</u>	<u>\$</u>	<u>\$ 165,332</u>	<u>\$ 568,769</u>	<u>\$ 413,097</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 47,761</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$ 47,761</u>	<u>\$</u>	<u>\$ 47,761</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, 2008

NOTE 1: - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

The financial statements include the discrete presentation of the Moorhead Public Housing Agency located at 800 2nd Avenue North, Moorhead, MN 56560 as a component unit of the reporting entity because the City Council appoints the governing body and is able to impose its will on the Agency. The financial information reported for this component unit is for their fiscal year ending June 30, 2008. Separate audited financial statements for the year ended June 30, 2008 are available from the agency. The component unit is discretely presented to emphasize its legal separation from the city.

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

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus and basis of accounting

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

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

Agency funds use the accrual basis of accounting for reporting assets and liabilities. Since they do not present results of operations, there is no measurement focus.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

Agency funds - The Armory fund reports taxes levied by the City pursuant to and as authorized by Minnesota Statute Section 193.145, Subdivision 2 to be paid to the Minnesota State Armory Building Commission in order to pay part of the principal and interest requirements of bonds issued by the Commission to construct a new national guard armory within the city limits of Moorhead. Levies are authorized for the years 1987 through 2006, payable to the Commission 1988 through 2007. The City acts as a fiscal agent only for the collection and distribution of funds within the Armory fund. This current fiscal year (2008) is the final year in which the City will report this agency fund.

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

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

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

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

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

D. Assets, liabilities and net assets or equity

1. Deposits and Investments

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

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

Minnesota state statutes authorize investments in the following instruments:

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

2. Receivables and payables

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

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

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

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

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

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

6. Compensated absences

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

7. Long-term obligations

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

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

8. Fund equity

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

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

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

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

The details of this \$71,769,472 difference are as follows:

Special assessments receivable	\$68,297,010
Notes receivable	3,526,447
Current notes receivable	<u>(53,985)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 71,769,472</u>

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

The details of this \$144,706,031 difference are as follows:

Bonds payable	\$139,685,000
Notes payable	1,215,119
Accrued interest payable	2,424,040
Compensated absences payable	1,275,023
Other post-employment benefits	<u>106,849</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 144,706,031</u>

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

The details of this \$2,730,948 difference are as follows:

Internal service fund net assets	\$10,769,445
Net capital assets included in governmental activities	(7,879,218)
Accrued compensated absences payable included in governmental activities	14,589
Other post-employment benefits included in governmental activities	1,654
Internal service fund activity reflected in business-type activities	<u>(175,522)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u><u>\$2,730,948</u></u>

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

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

The details of this \$175,522 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$ 131,441
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>44,081</u>
Net adjustment to increase net assets - total enterprise funds to arrive at net assets - business-type activities	<u><u>\$ 175,522</u></u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgetary information

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

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

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

- B. Excess of expenditures over appropriations

For the year ended December 31, 2008, expenditures exceeded appropriations in the following departments:

Police department	\$151,531
Engineering department	\$53,345
Operations department	\$389,732

The excess amounts over budget in Police, Engineering and Operations were offset by reductions in Administration, Fire and Community Services. Reductions were made in lobbying, dues and subscriptions and by not filling vacant positions.

NOTE 4: - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$4,301,817, which approximates the bank balance. The bank balance is covered by federal depository insurance or by collateral held by the City's agent in the City's name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance

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

As of December 31, 2008, the City has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		<1	1 - 5	>5 - 10	>10
U.S. Agencies	\$ 617,857	\$ 37,496	\$ 580,361	\$	\$
U.S. Treasuries	17,930,197	3,555,430	13,121,160	220,000	1,033,607
Money Markets	46,524,335	46,524,335			
Total Investments	<u>\$ 65,072,389</u>	<u>\$ 50,117,261</u>	<u>\$ 13,701,521</u>	<u>\$ 220,000</u>	<u>\$ 1,033,607</u>

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy which follows the Minnesota Statutes with respect to the instruments allowed. The Statutes authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, banker's acceptances of United States banks, repurchase agreements, certificates of deposit and money market funds whose portfolios consist of United States Treasury obligations and Federal Agency issues. The City minimizes its credit risk by investing primarily in U.S. government backed securities. The Electric and Water Fund money market investments of \$566,828 are not rated. The City's remaining money market investments of \$45,957,507 are rated Aaa by Moody's Investors Service and AAAM by Standard & Poor's. The City's investments in U.S. government agencies are rated AAA by Moody's Investors Service and AAA by Standard & Poor's. The City investments in U.S. Government Treasury Bonds are not rated.

Custodial Credit Risk

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

Concentration of Credit Risk

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 7,530,596	\$ 567,040		\$ 8,097,636
Construction in progress	23,952,762	18,987,447	(12,391,536)	30,548,673
Total capital assets, not being depreciated	31,483,358	19,554,487	(12,391,536)	38,646,309
Capital assets, being depreciated:				
Buildings	18,784,757	97,945		18,882,702
Improvements other than buildings	7,739,118	2,153,704		9,892,822
Machinery and equipment	23,956,363	1,998,699	(877,683)	25,077,379
Infrastructure	166,465,818	16,214,237		182,680,055
Total capital assets being depreciated	216,946,056	20,464,585	(877,683)	236,532,958
Less accumulated depreciation for:				
Buildings	(7,417,996)	(474,923)		(7,892,919)
Improvements other than buildings	(6,762,603)	(147,935)		(6,910,538)
Machinery and equipment	(13,251,558)	(1,857,082)	736,196	(14,372,444)
Infrastructure	(42,025,514)	(3,807,498)		(45,833,012)
Total accumulated depreciation	(69,457,671)	(6,287,438)	736,196	(75,008,913)
Total capital assets, being depreciated, net	147,488,385	14,177,147	(141,487)	161,524,045
Governmental activities capital assets, net	\$ 178,971,743	\$ 33,731,634	\$ (12,533,023)	\$ 200,170,354
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 7,282,109	\$ -	\$ -	\$ 7,282,109
Construction in progress	4,381,889	7,495,268	(22,144)	11,855,013
Total capital assets, not being depreciated	11,663,998	7,495,268	(22,144)	19,137,122
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	124,563,460	5,197,861	(368,646)	129,392,675
Improvements other than buildings	34,666,516	563,347		35,229,863
Machinery and equipment	16,540,111	981,409	(149,193)	17,372,327
Total capital assets being depreciated	176,025,460	6,742,617	(517,839)	182,250,238
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(51,417,999)	(3,397,602)	337,874	(54,477,727)
Improvements other than buildings	(6,979,256)	(868,413)		(7,847,669)
Machinery and equipment	(12,422,575)	(765,345)	75,221	(13,112,699)
Total accumulated depreciation	(71,075,203)	(5,031,360)	413,095	(75,693,468)
Total capital assets, being depreciated, net	104,950,257	1,711,257	(104,744)	106,556,770
Business-type activities capital assets, net	\$ 116,614,255	\$ 9,206,525	\$ (126,888)	\$ 125,693,892

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

Governmental activities:		
General Government	\$	76,074
Public Safety		82,451
Highways & Streets, including depreciation of general infrastructure assets		3,867,873
Parks & Recreation		229,646
Library		54,272
Economic Development		181,077
Community Development		4,670
Mass Transit		364,139
Subtotal		4,860,202
Internal Service		1,427,236
Total depreciation expense – governmental activities	\$	<u>6,287,438</u>
Business-type activities:		
Electric	\$	1,404,562
Water		1,021,980
Wastewater		1,312,898
Broadband		372,878
Storm water		27,393
Sanitation		31,730
Golf Course		203,522
Sports Center		338,481
Forestry		803
Airport		160,486
Total depreciation expense – business-type activities	\$	<u>4,874,733</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net assets is \$4,874,733. The difference of \$156,627 is expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

C. Interfund receivables, payables, advances and transfers

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The composition of inter-fund balances as of December 31, 2008, is as follows:

<u>Fund</u>	Receivable	Payable
Governmental activities:		
General Fund	\$ 5,041,110	\$ 16,572
Capital Improvement Fund	130,000	
Community Development		6,521
Special Assessment Fund	708,858	
Permanent Improvement Fund	391,160	2,181,835
Tax Increment Debt Fund		1,129,691
	<u>6,271,128</u>	<u>3,334,619</u>
Business-type activities:		
Electric Fund	16,572	1,372,083
Water Fund		739,858
Storm Water Fund	75,439	
Waste Water Fund	404,571	
Sanitation Fund	282,509	
Forestry Fund	62,886	
Pest Control Fund	25,012	
Golf Course Fund		1,691,557
	<u>866,989</u>	<u>3,803,498</u>
	<u>\$ 7,138,117</u>	<u>\$ 7,138,117</u>

A \$400,000 advance from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. A \$785,768 advance from the general fund to the golf course fund will be repaid with future land sale proceeds.

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	Special Assmt Capital	Special Assmt Debt	Permanent Improvement	Governmental	Enterprise	Internal Service
Major Funds								
General	\$ 99,264	\$	\$	\$	\$ 2,200	\$ 78,064	\$ 19,000	
Special Assmt Debt	1,418,323		299,976		968,347	150,000		
Special Assmt Capital	2,194,527			2,194,527				
Electric	6,080,598	4,341,000				1,456,000	283,598	
Water	306,000	306,000						
Wastewater	347,641	259,880					40,000	47,761
Totals	<u>10,446,353</u>	<u>4,906,880</u>	<u>299,976</u>	<u>2,194,527</u>	<u>968,347</u>	<u>1,458,200</u>	<u>551,662</u>	<u>66,761</u>
Non-Major Funds								
Governmental	1,286,958	157,000			350,000	396,500	383,458	
Enterprise	618,926	560,676					58,250	
Internal Service	581,000				581,000			
Totals	<u>2,486,884</u>	<u>717,676</u>			<u>931,000</u>	<u>396,500</u>	<u>441,708</u>	
	<u>\$ 12,933,237</u>	<u>\$ 5,624,556</u>	<u>\$ 299,976</u>	<u>\$ 2,194,527</u>	<u>\$ 1,899,347</u>	<u>\$ 1,854,700</u>	<u>\$ 993,370</u>	<u>\$ 66,761</u>

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2008	Additions	Reductions	Balance at December 31, 2008	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 118,225,000	\$ 10,840,000	\$ 5,340,000	\$ 123,725,000	\$ 4,355,000
G.O. Debt	1,940,000	1,210,000	480,000	2,670,000	395,000
G.O. Tax Increment	11,910,000		1,075,000	10,835,000	1,125,000
G.O. Municipal Improvement Revenue	9,189,588		6,734,588	2,455,000	250,000
Total Bonds Payable	<u>141,264,588</u>	<u>12,050,000</u>	<u>13,629,588</u>	<u>139,685,000</u>	<u>6,125,000</u>
Notes Payable	1,515,516		300,397	1,215,119	319,903
Compensated Absences	1,327,231	740,654	792,862	1,275,023	761,674
Other Post-Employment Benefits		106,849		106,849	
Governmental Activity Long-Term Liabilities	<u>\$ 144,107,335</u>	<u>\$ 12,897,503</u>	<u>\$ 14,722,847</u>	<u>\$ 142,281,991</u>	<u>\$ 7,206,577</u>
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 10,138,552	\$	\$ 832,067	\$ 9,306,485	\$ 848,273
Water Utility	12,191,448		1,662,933	10,528,515	1,761,727
Wastewater	26,415,664	7,230,470	841,394	32,804,740	1,157,037
Golf Course	3,490,000		170,000	3,320,000	175,000
Sports Center	255,000		50,000	205,000	50,000
Total Bonds Payable	<u>52,490,664</u>	<u>7,230,470</u>	<u>3,556,394</u>	<u>56,164,740</u>	<u>3,992,037</u>
Notes Payable	1,111,202		393,694	717,508	411,238
Compensated Absences	782,791	218,983	198,215	803,559	691,429
Other Post-Employment Benefits		61,023		61,023	
Business-Type Activity Long-Term Liabilities	<u>\$ 54,384,657</u>	<u>\$ 7,510,476</u>	<u>\$ 4,148,303</u>	<u>\$ 57,746,830</u>	<u>\$ 5,094,704</u>

The City's debt limit is \$57,491,322 and the legal debt margin is \$55,072,257.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Special assessment bonds, municipal improvement bonds and general obligation bonds together comprise the governmental activity bonds payable. General Obligation includes tax increment bonds. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

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

There is \$24,796,243 available in the Debt Service Funds to service the special assessment, general obligation and municipal improvement bonds. These bonds are direct obligations and pledge the full faith and credit of the city. Certain Enterprise Funds (Electric, Water, Golf Course, Sports Center and Wastewater Treatment) will be used to repay revenue bonds.

Unamortized bond discounts of \$359,769 related to revenue bonds in the Enterprise Funds have been netted against revenue bonds payable on the accompanying balance sheet.

General obligation notes payable at December 31, 2008 consists of the following:

Governmental Activities-

Economic Development Authority Tax Increment Note of \$1,375,000 issued August 20, 1998 at 7.5% interest, maturing February 2015

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

Business-Type Activities-

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

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

Broadband Equipment note at 4.38% interest rate maturing June 1, 2010

The annual requirement to amortize notes outstanding as of December 31, 2008, follows:

Year	Governmental Activities		Business –Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 319,903	\$ 68,155	\$ 411,238	\$ 27,462
2010	70,559	44,645	227,171	9,144
2011	61,339	40,719	30,525	3,405
2012	64,463	37,594	31,996	1,934
2013	67,746	34,311	16,578	395
2014 - 2018	394,141	116,146	0	0
2019 - 2021	236,968	18,176	0	0
Totals	\$ 1,215,119	\$ 359,746	\$ 717,508	\$ 42,340

The requirement to amortize all bonded debt outstanding as of December 31, 2008, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ 6,125,000	\$ 5,788,336	\$ 3,992,037	\$ 2,160,456	\$ 18,065,829
2010	6,480,000	5,580,386	4,059,196	1,991,899	18,111,481
2011	6,915,000	5,328,791	4,235,707	1,828,344	18,307,842
2012	6,725,000	5,070,103	4,483,647	1,653,557	17,932,307
2013	6,430,000	4,815,896	2,854,034	1,467,080	15,567,010
2014-2018	34,245,000	19,937,546	14,498,020	5,689,405	74,369,971
2019-2023	34,565,000	12,625,665	12,354,099	3,249,064	62,793,828
2024-2028	32,090,000	4,907,237	8,553,000	1,213,361	46,763,598
2029-2033	6,110,000	545,291	1,135,000	52,210	7,842,501
	\$ 139,685,000	\$ 64,599,251	\$ 56,164,740	\$ 19,305,376	\$ 279,754,367

Bonds payable at December 31, 2008 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2008
<u>Governmental Activities</u>					
G.O. Special Assessment					
1998 SERIES C	12/01/98	02/01/09	3.90-4.00	1,245,000	130,000
2001 SERIES E	12/01/01	02/01/22	3.25-5.26	2,835,000	1,880,000
2002 SERIES B	07/01/02	02/01/23	4.20-5.81	4,985,000	3,610,000
2003 SERIES B	05/01/03	02/01/33	2.00-5.00	12,775,000	11,835,000
2003 SERIES C	09/01/03	02/01/24	2.50-4.75	2,465,000	1,895,000
2004 SERIES A	10/01/04	02/01/27	4.00-4.50	16,795,000	15,540,000
2004 SERIES B	12/01/04	08/01/18	3.00-4.30	1,085,000	500,000
2005 SERIES A	07/01/05	02/01/27	3.50-5.00	16,580,000	15,850,000
2005 SERIES B	12/15/05	02/01/27	4.00-4.75	16,445,000	15,930,000
2006 SERIES B	08/01/06	02/01/33	4.00-4.625	10,690,000	10,690,000
2006 SERIES C	12/15/06	02/01/28	3.50-4.25	12,625,000	12,625,000
2007 SERIES A	08/15/07	02/01/29	4.00-4.50	22,400,000	22,400,000
2008, SERIES A	02/15/08	02/01/21	3.00-4.00	1,340,000	1,340,000
2008, SERIES B	09/15/08	02/01/29	3.00-4.50	9,500,000	9,500,000
				<u>131,765,000</u>	<u>123,725,000</u>
G.O. Debt					
2004 Facility Refunding Series C	12/15/04	02/01/12	3.00-4.00	1,500,000	900,000
2006 Capital Equipment Series A	03/15/06	02/01/11	4.00	705,000	560,000
2008 Refunding Bond Series A	02/15/08	02/01/15	2.80	1,210,000	1,210,000
				<u>3,415,000</u>	<u>2,670,000</u>
G.O Tax Increment					
1993 Downtown Refunding Series D	11/01/93	02/01/09	3.25-4.90	1,140,000	110,000
1999 Downtown Refunding Series B	11/01/99	02/01/13	4.75-5.35	925,000	340,000
2002 Conference Refunding Series D	12/01/02	02/01/10	2.25-4.00	4,745,000	1,060,000
2001 Regency/Holiday Mall Series A	05/15/01	02/01/28	4.25-5.25	7,000,000	6,725,000
2001 Regency/Holiday Mall Series B	05/15/01	02/01/28	4.25-5.30	1,590,000	1,470,000
2001 Regency/Holiday Mall Series C	05/15/01	02/01/18	3.25-5.00	1,605,000	1,130,000
				<u>17,005,000</u>	<u>10,835,000</u>
G.O Municipal Improvement Revenue					
2001 Municipal Improvement Revenue Series D	09/01/01	12/01/16	3.75-4.80	1,900,000	1,185,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	580,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	690,000
				<u>3,530,000</u>	<u>2,455,000</u>
Total Governmental Activities				<u>\$ 155,715,000</u>	<u>\$ 139,685,000</u>
<u>Business-Type Activities</u>					
1994 Public Facilities Authority	09/29/94	02/20/15	4.10	2,478,112	1,024,945
1995 Public Facilities Authority	06/29/95	08/20/16	4.11	1,601,443	795,710
1997 Public Facilities Authority	06/29/97	02/20/18	3.49	426,290	236,045
2002 Public Facilities Authority	05/06/02	08/20/22	3.13	3,389,288	2,617,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	11,590,000
2004 Public Facilities Authority	06/21/04	08/20/23	1.98	6,598,073	5,475,100
2007 Public Facilities Authority	06/29/07	08/20/26	1.99	3,835,469	11,065,940
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	3,320,000
2001 Gross Revenue Facility Series A	05/01/01	05/01/12	4.85-4.95	505,000	205,000
1995 Electric Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	1,366,667	133,333
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	1,326,500	529,601
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	3,862,800	2,218,800
2002 Public Utility Revenue Series C	08/01/02	11/01/17	2.50-4.25	4,570,000	3,085,000
1995 Water Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	2,733,333	266,667
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	11,938,500	5,640,399

Business-Type Activities (cont.)					Principal
Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	577,200	361,200
2002 Water Revenue Series C	08/01/02	11/01/17	2.50-4.25	1,005,000	680,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	3,252,400
2007 Water MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,839,850	3,667,600
Total Business-Type Activities				<u>\$ 70,293,675</u>	<u>\$ 56,164,740</u>

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2008, there were 6 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$30,700,660.

Other Post-Employment Benefits (OPEB) Obligations

As of December 31, 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 as of December 31, 2008. 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 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 City provides health insurance benefits in accordance with various union contracts and as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and if they do not participate in any other health benefits program providing similar coverage. These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2008 there were 26 retirees and 4 retiree spouses participating in the City's group health plan.

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 2008, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 193,802
Interest on net OPEB obligations	0
Adjustment to ARC	0
Annual OPEB Cost	<u>193,802</u>
Contributions during the year	<u>(53,930)</u>
Increase in net OPEB obligation	139,872
Net OPEB beginning of year	0
Net OPEB end of year	<u>\$ 139,872</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 were as follows: (Two year trend information is not available at this time based on the implementation date of January 1, 2008)

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2008	\$ 193,802	\$ 53,930	27.8%	\$ 139,872

Funded Status and Funding Progress-

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 included in the supplementary information following the notes to the financial statements is intended to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

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.

Actuarial Methods and Assumptions-

In the January 1, 2008 actuarial valuation, the project unit credit actuarial cost method was used. The economic assumptions included a 4.5% discount rate (net of investment expenses), a 3% annual increase in covered payroll and a medical trend rate of 9% in 2008 grading to 5% over eight years. The unfunded actuarial accrued liability will be amortized as a level dollar amount over an open 30-year period beginning in 2008. The remaining amortization period at December 31, 2008, was 29 years.

Public Service Utility - Electric and Water

Plan Description-

All employees are allowed upon meeting the eligibility requirements under state statutes to participate in Public service's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions are established through negotiations between Public Service and the unions representing employees and are renegotiated at the end of each contract period.

Funding Policy-

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

Annual OPEB cost and net OPEB obligation-

Moorhead Public Service's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the Utility's annual OPEB cost for 2008, the amount actually contributed to the plan, and changes in the Utility's net OPEB obligation:

Normal Cost	\$ 23,000
Minimum Supplemental Cost	22,000
Interest on OPEB Obligation	1,000
Total year-end ARC	<u>46,000</u>
Net OPEB Obligation	
Net OPEB Obligation, 01/01/08	0
Annual OPEB Cost	46,000
Estimated Annual Employer Contribution (assumed to be PAYGO)	<u>(18,000)</u>
Estimated Net OPEB Obligation, 12/31/08	<u>\$ 28,000</u>

The Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 were as follows: (Two year trend information is not available at this time based on the implementation date of January 1, 2008)

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 46,000	39%	\$ 28,000

Funded Status and Funding Progress-

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

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

Actuarial Methods and Assumptions-

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

In the January 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after eight years. Both rates included an inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over 30 years. The remaining amortization period at December 31, 2008, was 29 years.

NOTE 5: - OTHER INFORMATION

A. Employee retirement system pension plans - Statewide

1. Defined Benefit

a. Plan Description

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

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

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited

service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service.

The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives.

Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement, benefits begin. The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the web at mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

b. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2008. PEPFF members were required to contribute 8.6% of their annual covered salary in 2008. That rate will increase to 9.4% in 2009.

The City of Moorhead is required to contribute the following percentages of annual covered payroll:

Basic Plan PERF members	11.78%	PEPFF members	12.90%
Coordinated Plan PERF members	6.50%		

Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.75% and 14.1% respectively, effective January 1, 2009. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2008, 2007, and 2006 were \$721,033, \$652,404 and \$611,573, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2008, 2007, and 2006 were \$623,388, \$554,559 and \$442,741 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

2. Defined Contribution

a. Plan Description

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

b. Funding Policy

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the

employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2008 were:

<u>Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	
\$4,037	\$4,037	5.00%	5.00%	5.00%

B. Commitments

Under its wholesale power agreement, the municipality is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration (WAPA) until December 31, 2020. In 2011, WAPA has the option of reducing the allocation by another 1 percent.

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

The City of Moorhead has a three-year contract with options to renew for two additional one-year periods with First Transit Inc. to provide bus services and driver management through December 31, 2009. The annual costs for 2007, 2008 and 2009 are \$487,268, \$514,657, and \$532,286 respectively. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building, vehicle parts, fuel and maintenance of the transit fleet on a one-third basis of actual cost.

The City of Moorhead has a lease agreement through April 1, 2011 with Independent School District No. 152 whereby the school will lease a portion of the Sports Center facility at an annual rate of \$68,400. On December 31, 2008, the total of future payments under this lease is \$205,200.

The City of Moorhead entered into an agreement with the UpLink Corporation to provide its distance measurement, tracking, communications system and hardware at the Meadows Golf Course. The Uplink system will be a lease/purchase in the amount of \$206,648 with an interest rate of 6.051% over five years. Annual payments of \$47,493 began in May 2005. The total of future payments under this lease is \$47,496.

The City has active construction projects as of December 31, 2008, which include street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$3,414,740.

C. Risk Management

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

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

The general insurance plan with LMCIT provides the City's liability, property and auto coverage, except that a separate property policy is required to cover the wastewater facility and the public utility's power plant and substations, which is obtained through Unitech.

The City continues to carry commercial insurance for employee health, dental and life insurance.

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

D. Joint Powers Agreement – Regional Dispatch Center

In December of 2002, the City of Moorhead, Minnesota, City of Fargo, North Dakota, Clay County of Minnesota and Cass County of North Dakota entered into a joint powers agreement to establish a framework that allows for the joint operation of dispatch functions by the two aforementioned cities and the two aforementioned counties. Combining the communications and dispatch of these four 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.

Each governmental entity contributes to the joint operations in the following percentages:

City of Fargo	-	50.4%	Cass County	-	11.0%
City of Moorhead	-	19.6%	Clay County	-	10.0%
City of West Fargo	-	9.0%			

The equity of the Red River Regional Dispatch Center would be shared in the same percentages above, should the organization be dissolved. At 12/31/07, which is the most recent period for which audited figures are available, the equity was \$421,054. There is no outstanding debt for which the city is obligated.

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

E. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$7,511,413 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 \$14,146,861 of improvement costs in the Special Assessment Funds under the same situation.

F. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

Deposits - Deposits include checking of \$1,026,599 and saving trust accounts of \$1,024,666. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance. These deposits are entirely insured or collateralized with securities held by the Agency at June 30, 2008.

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

2. Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Capital assets, being depreciated:				
Buildings & Improvements	8,568,450	188,585		8,757,035
Furniture, equipment & machinery	452,721	16,884	(14,283)	455,322
Total Capital assets being depreciated	9,021,171	205,469	(14,283)	9,212,357
Less accumulated depreciation for:				
Buildings & Improvements	5,041,485	182,861		5,224,346
Furniture, equipment & machinery	403,695	12,640	1,428	414,907
Total accumulated depreciation	5,445,180	195,501	1,428	5,639,253
Total capital assets, being depreciated, net	3,575,991	9,968	(12,855)	3,573,104
Total Capital assets, net	\$ 4,040,968	\$ 9,968	\$ (12,855)	\$ 4,038,081

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

Business-type activities	
Low-Rent Public Housing	<u>\$195,501</u>

3. Long - Term Debt

The following is a summary of the activity in the bond issue for the year ended June 30, 2008:

Type of Issue	July 1, 2007 Balance	Retirements	June 30, 2008 Balance	Due Within One Year
1969 Housing Bonds	\$ 130,000	\$ 130,000	\$ 0	\$ 0

G. Litigation Settlement

In 2008, the Public Service utility agreed to an out-of-court settlement from various vendors involved in the business plan, start-up, and equipment purchased for GoMoorhead.com. the result was a cash settlement of \$465,000, which is reflected in non operating income in the Broadband enterprise fund.

H. Prior Period Adjustment

A prior period adjustment has been recorded as of December 31, 2007 to record unbilled revenue. This increased the net assets by \$1,864,000 and \$353,000 in the Electric Fund and Water Fund, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Note to the Schedule of Funding Progress

The standard requires a schedule of funding progress for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported. The City implemented the standard as of January 1, 2008, there has been only one valuation performed. As such there is only one valuation disclosed below. There are no notes to describe factors that significantly affect the trends as those trends have not yet been established due to the recent adoption of the standard.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2008	\$ 0	\$ 1,521,273	\$ 1,521,273	0.00%	\$ 11,251,531	13.5%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

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

Capital Projects Funds

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS						
Cash and investments	\$ 1,506,451	\$ 324,656	\$	\$ 436,250	\$ 289,686	\$ 1,010,738
Receivables (net of allowance for uncollectibles):						
Accounts	2,447			375	4,267	
Notes			3,407,287			122,841
Special assessments				12,449		
Accrued interest	311	67		93	60	213
Due from other funds						
Due from other governmental units			19,474		188,397	2,209
Total Assets	<u>\$ 1,509,209</u>	<u>\$ 324,723</u>	<u>\$ 3,426,761</u>	<u>\$ 449,167</u>	<u>\$ 482,410</u>	<u>\$ 1,136,001</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 25,313	\$ 4,683	\$ 994	\$ 1,844	\$ 163,903	\$ 788
Accrued wages payable	27,568	391	3,719	3,024	3,999	5,882
Due to other funds			6,521			
Advances from other funds						
Other liabilities	9,121					
Deferred revenue	805		3,407,287	12,449		122,841
Total Liabilities	<u>62,807</u>	<u>5,074</u>	<u>3,418,521</u>	<u>17,317</u>	<u>167,902</u>	<u>129,511</u>
Fund Balance:						
Reserved for encumbrances	10,186	34,100	8,240		48,930	
Reserved for debt service						
Unreserved:						
Designated for working capital	1,436,216					
Undesignated		285,549		431,850	265,578	1,006,490
Total Fund Balance	<u>1,446,402</u>	<u>319,649</u>	<u>8,240</u>	<u>431,850</u>	<u>314,508</u>	<u>1,006,490</u>
Total Liabilities and Fund Balance	<u>\$ 1,509,209</u>	<u>\$ 324,723</u>	<u>\$ 3,426,761</u>	<u>\$ 449,167</u>	<u>\$ 482,410</u>	<u>\$ 1,136,001</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 DECEMBER 31, 2008**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 75,290	\$ 3,643,071	\$ 250,935	\$ 6,115,399	\$ 482,624	\$ 6,848,958	\$ 1,499,100	\$ 11,991,129
	7,089						7,089
	3,530,128					7,350	3,537,478
	12,449		259,112		259,112		271,561
16	760	52	1,264	171	1,487	310	2,557
	210,080	437	22,451	101,665	124,553	130,000	130,000
<u>\$ 75,306</u>	<u>\$ 7,403,577</u>	<u>\$ 251,424</u>	<u>\$ 6,398,226</u>	<u>\$ 584,460</u>	<u>\$ 7,234,110</u>	<u>\$ 1,636,760</u>	<u>\$ 16,274,447</u>
\$ 279	\$ 197,804	\$	\$ 1,167	\$ 431	\$ 1,598	\$ 55,392	\$ 254,794
	44,583						44,583
	6,521		1,129,691		1,129,691		1,136,212
			400,000		400,000		400,000
	9,121						9,121
	3,543,382		259,112		259,112		3,802,494
<u>279</u>	<u>3,801,411</u>	<u></u>	<u>1,789,970</u>	<u>431</u>	<u>1,790,401</u>	<u>55,392</u>	<u>5,647,204</u>
	101,456						101,456
		251,424	4,608,256	584,029	5,443,709		5,443,709
	1,436,216						1,436,216
75,027	2,064,494					1,581,368	3,645,862
<u>75,027</u>	<u>3,602,166</u>	<u>251,424</u>	<u>4,608,256</u>	<u>584,029</u>	<u>5,443,709</u>	<u>1,581,368</u>	<u>10,627,243</u>
<u>\$ 75,306</u>	<u>\$ 7,403,577</u>	<u>\$ 251,424</u>	<u>\$ 6,398,226</u>	<u>\$ 584,460</u>	<u>\$ 7,234,110</u>	<u>\$ 1,636,760</u>	<u>\$ 16,274,447</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2008

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$ 51	\$ 59	\$	\$	\$ 16	\$ 184,051
Special assessments						
Intergovernmental revenues:						
Federal			27,584		563,083	
State	2,151,222	771,800	1,310		1,022,504	189,851
County						
Other						
Charges for services	158,558			238,695	296,289	
Facility rentals	197,491					
Donations						
Interest on investments	31,030	4,804	1,176	13,937	12,362	54,804
Miscellaneous	93,492	112	260,953	5,067	28,249	89,679
Total revenues	<u>2,631,844</u>	<u>776,775</u>	<u>291,023</u>	<u>257,699</u>	<u>1,922,503</u>	<u>518,385</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,221,164					
Library		773,303				
Community development			566,192			
Rental registration				147,636		
Mass transit					1,805,454	
Economic development						321,353
Capital outlay					89,820	
Debt service:						
Bond and note principal						52,846
Bond and note interest						49,212
Fiscal and other charges						
Total expenditures	<u>2,221,164</u>	<u>773,303</u>	<u>566,192</u>	<u>147,636</u>	<u>1,895,274</u>	<u>423,411</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>410,680</u>	<u>3,472</u>	<u>(275,169)</u>	<u>110,063</u>	<u>27,229</u>	<u>94,974</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt						
Transfers from other funds		35,100			24,400	190,000
Transfers to other funds	(373,458)	(18,000)				(350,000)
Sale of capital assets	1,800					
Total other financing sources (uses)	<u>(371,658)</u>	<u>17,100</u>			<u>24,400</u>	<u>(160,000)</u>
NET CHANGE IN FUND BALANCE	39,022	20,572	(275,169)	110,063	51,629	(65,026)
FUND BALANCE - BEGINNING	<u>1,407,380</u>	<u>299,077</u>	<u>283,409</u>	<u>321,787</u>	<u>262,879</u>	<u>1,071,516</u>
FUND BALANCE - ENDING	<u>\$ 1,446,402</u>	<u>\$ 319,649</u>	<u>\$ 8,240</u>	<u>\$ 431,850</u>	<u>\$ 314,508</u>	<u>\$ 1,006,490</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2008

Contributions	Total	Debt Service			Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Capital Improvement	
\$	\$ 184,177	\$ 39,921	\$ 1,755,941 50,970	\$	\$ 1,795,862 50,970	\$ 1,980,039 50,970
	590,667					590,667
	4,136,687	359,844	1,431,096		1,790,940	5,952,627
				101,665	101,665	101,665
				71,284	71,284	71,284
	693,542					693,542
	197,491		7,800		7,800	205,291
12,222	12,222					12,222
2,691	120,804	3,808	168,109	20,565	192,482	364,425
	477,552		24	42,009	42,033	526,233
<u>14,913</u>	<u>6,413,142</u>	<u>403,573</u>	<u>3,413,940</u>	<u>235,523</u>	<u>4,053,036</u>	<u>10,548,965</u>
					61,542	61,542
9,889	9,889				76,885	86,774
					54,570	54,570
1,114	2,222,278				63,727	2,286,005
	773,303				11,540	784,843
	566,192					566,192
	147,636					147,636
	1,805,454					1,805,454
	321,353					321,353
	89,820				796,678	886,498
	52,846	480,000	1,322,551	6,734,588	8,537,139	8,589,985
	49,212	62,793	592,211	185,795	840,799	890,011
		863	220,655	68,301	289,819	289,819
<u>11,003</u>	<u>6,037,983</u>	<u>543,656</u>	<u>2,135,417</u>	<u>6,988,684</u>	<u>9,667,757</u>	<u>16,770,682</u>
<u>3,910</u>	<u>375,159</u>	<u>(140,083)</u>	<u>1,278,523</u>	<u>(6,753,161)</u>	<u>(5,614,721)</u>	<u>(6,221,717)</u>
	249,500			1,210,000	1,210,000	1,210,000
(3,000)	(744,458)			179,000	179,000	1,854,700
	1,800					(1,286,958)
<u>(3,000)</u>	<u>(493,158)</u>			<u>1,389,000</u>	<u>1,389,000</u>	<u>1,779,542</u>
910	(117,999)	(140,083)	1,278,523	(5,364,161)	(4,225,721)	(4,442,175)
<u>74,117</u>	<u>3,720,165</u>	<u>391,507</u>	<u>3,329,733</u>	<u>5,948,190</u>	<u>9,669,430</u>	<u>15,069,418</u>
<u>\$ 75,027</u>	<u>\$ 3,602,166</u>	<u>\$ 251,424</u>	<u>\$ 4,608,256</u>	<u>\$ 584,029</u>	<u>\$ 5,443,709</u>	<u>\$ 10,627,243</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 51	\$ 51
Intergovernmental:				
State	2,252,222	2,252,222	2,151,222	(101,000)
Charges for services	134,713	134,713	158,558	23,845
Facility rentals	176,926	176,926	197,491	20,565
Interest on investments	10,000	10,000	31,030	21,030
Miscellaneous	71,850	71,850	93,492	21,642
Total revenues	<u>2,645,711</u>	<u>2,645,711</u>	<u>2,631,844</u>	<u>(13,867)</u>
EXPENDITURES				
Current:				
Personal services	1,170,314	1,170,314	1,120,275	50,039
Supplies	209,483	209,483	209,203	280
Other services & charges	872,456	897,896	891,686	6,210
Total expenditures	<u>2,252,253</u>	<u>2,277,693</u>	<u>2,221,164</u>	<u>56,529</u>
REVENUE OVER EXPENDITURES	<u>393,458</u>	<u>368,018</u>	<u>410,680</u>	<u>42,662</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	256,452	256,452	256,452	
Transfers to other funds	(629,910)	(629,910)	(629,910)	
Sale of capital assets			1,800	1,800
Total other financing uses	<u>(373,458)</u>	<u>(373,458)</u>	<u>(371,658)</u>	<u>1,800</u>
NET CHANGE IN FUND BALANCE	20,000	(5,440)	39,022	44,462
FUND BALANCE - BEGINNING	<u>1,407,380</u>	<u>1,407,380</u>	<u>1,407,380</u>	
FUND BALANCE - ENDING	<u>\$ 1,427,380</u>	<u>\$ 1,401,940</u>	<u>\$ 1,446,402</u>	<u>\$ 44,462</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$	\$	\$ 59	\$ 59
Intergovernmental:				
State	771,799	771,799	771,800	1
Interest on investments	1,000	1,000	4,804	3,804
Miscellaneous			112	112
Total revenues	<u>772,799</u>	<u>772,799</u>	<u>776,775</u>	<u>3,976</u>
EXPENDITURES				
Current:				
Personal services	44,513	44,513	42,656	1,857
Supplies	6,560	6,560	4,930	1,630
Other services & charges	721,726	756,826	725,717	31,109
Capital outlay	18,000			
Total expenditures	<u>790,799</u>	<u>807,899</u>	<u>773,303</u>	<u>34,596</u>
REVENUE UNDER EXPENDITURES	<u>(18,000)</u>	<u>(35,100)</u>	<u>3,472</u>	<u>38,572</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds		35,100	35,100	
Transfers to other funds		<u>(18,000)</u>	<u>(18,000)</u>	
Total other financing sources and uses		<u>17,100</u>	<u>17,100</u>	
NET CHANGE IN FUND BALANCE	(18,000)	(18,000)	20,572	38,572
FUND BALANCE - BEGINNING	<u>299,077</u>	<u>299,077</u>	<u>299,077</u>	
FUND BALANCE - ENDING	<u>\$ 281,077</u>	<u>\$ 281,077</u>	<u>\$ 319,649</u>	<u>\$ 38,572</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 290,897	\$ 290,897	\$ 27,584	\$ (263,313)
State			1,310	1,310
Interest on investments	3,000	3,000	1,176	(1,824)
Miscellaneous:				
Rehab loan payments	198,310	198,310	259,253	60,943
Other			1,700	1,700
Total revenues	<u>492,207</u>	<u>492,207</u>	<u>291,023</u>	<u>(201,184)</u>
EXPENDITURES				
Current:				
Personal services	134,199	134,199	102,972	31,227
Supplies	700	700	704	(4)
Other services & charges	<u>522,308</u>	<u>522,308</u>	<u>462,516</u>	<u>59,792</u>
Total expenditures	<u>657,207</u>	<u>657,207</u>	<u>566,192</u>	<u>91,015</u>
NET CHANGE IN FUND BALANCE	(165,000)	(165,000)	(275,169)	(110,169)
FUND BALANCE - BEGINNING	<u>283,409</u>	<u>283,409</u>	<u>283,409</u>	
FUND BALANCE - ENDING	<u>\$ 118,409</u>	<u>\$ 118,409</u>	<u>\$ 8,240</u>	<u>\$ (110,169)</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 4,000	\$ 4,000	\$ 13,937	\$ 9,937
Miscellaneous:				
Rehabilitation inspection fees	5,000	5,000	4,225	(775)
Rental housing registration fees	200,000	200,000	234,470	34,470
Other			5,067	5,067
Total revenues	<u>209,000</u>	<u>209,000</u>	<u>257,699</u>	<u>48,699</u>
EXPENDITURES				
Current:				
Personal services	148,166	148,166	126,268	21,898
Supplies	16,430	16,430	4,386	12,044
Other services & charges	44,404	44,404	16,982	27,422
Total expenditures	<u>209,000</u>	<u>209,000</u>	<u>147,636</u>	<u>61,364</u>
NET CHANGE IN FUND BALANCE			110,063	110,063
FUND BALANCE - BEGINNING	<u>321,787</u>	<u>321,787</u>	<u>321,787</u>	
FUND BALANCE - ENDING	<u>\$ 321,787</u>	<u>\$ 321,787</u>	<u>\$ 431,850</u>	<u>\$ 110,063</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 16	\$ 16
Intergovernmental:				
Federal grants	624,242	659,853	563,083	(96,770)
State grants	931,255	1,014,888	894,546	(120,342)
State transit aid			127,958	127,958
Charges for services	251,178	251,178	296,289	45,111
Interest on investments			12,362	12,362
Miscellaneous	5,600	5,600	28,249	22,649
Total revenues	<u>1,812,275</u>	<u>1,931,519</u>	<u>1,922,503</u>	<u>(9,016)</u>
EXPENDITURES				
Current:				
Personal services	132,748	132,748	132,387	361
Supplies	1,100	1,100	5,434	(4,334)
Other services & charges	1,640,827	1,667,494	1,667,633	(139)
Capital outlay	125,064	205,064	89,820	115,244
Total expenditures	<u>1,899,739</u>	<u>2,006,406</u>	<u>1,895,274</u>	<u>111,132</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(87,464)</u>	<u>(74,887)</u>	<u>27,229</u>	<u>102,116</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	24,400	24,400	24,400	
Total other financing sources	<u>24,400</u>	<u>24,400</u>	<u>24,400</u>	
NET CHANGE IN FUND BALANCE	(63,064)	(50,487)	51,629	102,116
FUND BALANCE - BEGINNING	<u>262,879</u>	<u>262,879</u>	<u>262,879</u>	
FUND BALANCE - ENDING	<u>\$ 199,815</u>	<u>\$ 212,392</u>	<u>\$ 314,508</u>	<u>\$ 102,116</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 230,000	\$ 230,000	\$ 184,051	\$ (45,949)
Intergovernmental:				
State grants	154,030	154,030	189,851	35,821
Interest on investments	12,000	12,000	54,804	42,804
Miscellaneous	76,750	76,750	89,679	12,929
Total revenues	<u>472,780</u>	<u>472,780</u>	<u>518,385</u>	<u>45,605</u>
EXPENDITURES				
Current:				
Personal services	168,378	168,378	197,602	(29,224)
Supplies	5,500	5,500	3,552	1,948
Other services & charges	184,052	184,052	120,199	63,853
Debt Service:				
Note principal	52,846	52,846	52,846	
Note interest	49,254	49,254	49,212	42
Total expenditures	<u>460,030</u>	<u>460,030</u>	<u>423,411</u>	<u>36,619</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>12,750</u>	<u>12,750</u>	<u>94,974</u>	<u>82,224</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	190,000	190,000	190,000	
Transfers to other funds			(350,000)	(350,000)
Total other financing sources	<u>190,000</u>	<u>190,000</u>	<u>(160,000)</u>	<u>(350,000)</u>
NET CHANGE IN FUND BALANCE	202,750	202,750	(65,026)	(267,776)
FUND BALANCE - BEGINNING	<u>1,071,516</u>	<u>1,071,516</u>	<u>1,071,516</u>	
FUND BALANCE - ENDING	<u>\$ 1,274,266</u>	<u>\$ 1,274,266</u>	<u>\$ 1,006,490</u>	<u>\$ (267,776)</u>

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NONMAJOR PROPRIETARY FUNDS

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

Broadband - account for the operation and maintenance of the City's wireless internet service.

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

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

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

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2008**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
ASSETS									
Current assets:									
Cash and investments	\$ 292,777	\$ 650,237	\$ 1,272,244	\$	\$ 1,725,220	\$ 289,185	\$ 123,013	\$ 17,327	\$ 4,370,003
Receivables (net of allowance for uncollectibles):									
Accounts	75,667	1,060	539,629		15,669		168	1,846	634,039
Accrued interest		134	263		422	60	32	4	915
Due from other city funds		75,439	282,509			25,012	62,886		445,846
Due from other governmental units			132,908	3,827	50		74	20,555	157,414
Inventories	41,000								41,000
Prepaid items	18,500								18,500
Total current assets	427,944	726,870	2,227,553	3,827	1,741,361	314,257	186,173	39,732	5,667,717
Long-term assets:									
Restricted Assets:									
Cash and cash equivalents				978,602	224,522				1,203,124
Long-Term Receivables:									
Special assessments				1,002,487		682	63		1,002,487
Notes receivable, less current portion									
Capital Assets:									
Land									
Buildings		2,305	155,647	3,954,534				301,838	4,412,019
Improvements other than buildings		271,264	599,560	1,799,025	9,803,868			1,082,030	13,286,788
Machinery and equipment	1,988,020	297,251	450,676	3,254,756	86,391			3,508,662	7,571,749
Less accumulated depreciation	(1,194,508)	(325,535)	(738,306)	(2,820,101)	(4,727,055)		12,051	106,918	2,900,038
Total long-term assets	793,512	245,285	525,891	8,506,799	5,487,714	682	(2,410)	(1,499,160)	19,069,875
Total assets	1,221,456	972,155	2,753,444	8,510,626	7,229,075	314,939	195,877	3,540,020	24,737,592
LIABILITIES									
Current liabilities:									
Accounts payable	86,857	13,847	58,845	17,154	3,218	914		4,533	204,643
Accrued wages payable		2,684	36,416	10,618	6,611	1,453			69,041
Due to other city funds				1,691,557					1,691,557
Due to other governmental units			27,247					10,370	27,247
Customer deposits					2,000				12,370
Other liabilities			190	22,875					23,065
Accrued interest payable	2,100			16,200	1,670				19,970
Current maturities of long-term debt	383,450		175,000		50,000				608,450
Total current liabilities	472,407	16,531	122,698	1,933,404	63,499	2,367	30,534	14,903	2,656,343

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2008**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
Long-term liabilities:									
Accrued compensated absences		711	121,744	32,750	13,689	7,873	23,554		200,321
Other post-employment benefits	3,000	1,453	10,666	2,708	1,945		5,140		24,912
Notes payable	198,051								198,051
Bonds payable				3,103,870	155,000				3,258,870
Advances from other funds				785,768					785,768
Total long-term liabilities	<u>201,051</u>	<u>2,164</u>	<u>132,410</u>	<u>3,925,096</u>	<u>170,634</u>	<u>7,873</u>	<u>28,694</u>		<u>4,467,922</u>
Total liabilities	673,458	18,695	255,108	5,858,500	234,133	10,240	59,228	14,903	7,124,265
NET ASSETS									
Invested in capital assets, net of related debt	212,011	245,285	525,891	5,227,929	5,282,714	682	9,704	3,500,288	15,004,504
Restricted for debt service	335,987	708,175	1,972,445	978,602	224,522		126,945	24,829	1,203,124
Unrestricted				(3,554,405)	1,487,706	304,017			1,405,699
Total net assets	<u>\$ 547,998</u>	<u>\$ 953,460</u>	<u>\$ 2,498,336</u>	<u>\$ 2,652,126</u>	<u>\$ 6,994,942</u>	<u>\$ 304,699</u>	<u>\$ 136,649</u>	<u>\$ 3,525,117</u>	<u>\$ 17,613,327</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
OPERATING REVENUES									
Charges for services	\$ 1,000,431	\$ 966,859	\$ 3,307,402	\$ 940,540	\$ 429,671	\$ 321,886	\$ 751,278	\$ 44,088	\$ 7,762,155
Other	4,782	1,480	244,136	86,004	97,573	2,643	20,824	29,797	487,239
Total operating revenue	<u>1,005,213</u>	<u>968,339</u>	<u>3,551,538</u>	<u>1,026,544</u>	<u>527,244</u>	<u>324,529</u>	<u>772,102</u>	<u>73,885</u>	<u>8,249,394</u>
OPERATING EXPENSES									
Personal services	486,573	144,777	1,237,926	617,987	217,353	159,659	382,335		3,246,610
Disposal fee			867,583						867,583
Professional services	65,816	95,240	8,489	1,415	649	14,700	73,545	54,980	314,834
Insurance	23,019	8,405	32,812	44,045	15,977	3,496	7,968	15,331	151,053
Repair and maintenance	271,469	128,645	217,247	114,295	34,399	9,965	47,226	31,828	855,074
Supplies	121,827	14,050	367,587	185,928	63,054	19,218	64,487	7,548	843,699
Utilities		73,899	32,306	70,260	187,984	3,252	3,252	17,958	385,659
Equipment rental		23,495	264,482	140,483	5,665	22,239	52,130	10,842	519,336
Depreciation	372,878	27,393	31,730	203,522	338,481	803	803	160,486	1,135,293
Miscellaneous	85,150	316,325	125,280	150,245	28,958	13,140	31,936	29,141	780,175
Total operating expenses	<u>1,426,732</u>	<u>832,229</u>	<u>3,185,442</u>	<u>1,528,180</u>	<u>892,520</u>	<u>242,417</u>	<u>663,682</u>	<u>328,114</u>	<u>9,099,316</u>
Operating income (loss)	<u>(421,519)</u>	<u>136,110</u>	<u>366,096</u>	<u>(501,636)</u>	<u>(365,276)</u>	<u>82,112</u>	<u>108,420</u>	<u>(254,229)</u>	<u>(849,922)</u>
NONOPERATING INCOME (EXPENSE)									
Interest on investments		19,492	44,330	42,677	66,624	9,065	3,936		186,124
Interest on indebtedness	(36,176)			(206,730)	(11,466)				(254,372)
Miscellaneous	479,532		14,790	1,420	520	690	270	116,694	613,916
Total nonoperating income (expense)	<u>443,356</u>	<u>19,492</u>	<u>59,120</u>	<u>(162,633)</u>	<u>55,678</u>	<u>9,755</u>	<u>4,206</u>	<u>116,694</u>	<u>545,668</u>
Income (loss) before transfers	<u>21,837</u>	<u>155,602</u>	<u>425,216</u>	<u>(664,269)</u>	<u>(309,598)</u>	<u>91,867</u>	<u>112,626</u>	<u>(137,535)</u>	<u>(304,254)</u>
Capital contributions				53,680	111,652				165,332
Transfers from other funds	283,598	40,000		458,332	133,376			78,064	993,370
Transfers to other funds		(104,625)	(411,341)			(64,167)	(38,793)		(618,926)
Total transfers	<u>283,598</u>	<u>(64,625)</u>	<u>(411,341)</u>	<u>512,012</u>	<u>245,028</u>	<u>(64,167)</u>	<u>(38,793)</u>	<u>78,064</u>	<u>539,776</u>
CHANGE IN NET ASSETS	305,435	90,977	13,875	(152,257)	(64,570)	27,700	73,833	(59,471)	235,522
TOTAL NET ASSETS - BEGINNING	242,563	862,483	2,484,461	2,804,383	7,059,512	276,999	62,816	3,584,588	17,377,805
TOTAL NET ASSETS - ENDING	<u>\$ 547,998</u>	<u>\$ 953,460</u>	<u>\$ 2,498,336</u>	<u>\$ 2,652,126</u>	<u>\$ 6,994,942</u>	<u>\$ 304,699</u>	<u>\$ 136,649</u>	<u>\$ 3,525,117</u>	<u>\$ 17,613,327</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers	\$ 1,006,247	\$ 959,900	\$ 3,124,294	\$ 941,080	\$ 438,041	\$ 321,057	\$ 737,085	\$ 33,999	\$ 7,561,703
Payments to suppliers	(710,335)	(331,601)	(1,881,671)	(549,164)	(308,612)	(70,662)	(230,114)	(181,777)	(4,263,936)
Payments to employees	(268,101)	(145,998)	(1,219,083)	(610,769)	(215,860)	(163,045)	(373,184)		(2,996,040)
Other receipts (payments)		(314,845)	132,396	206,713	69,085	(10,489)	(10,978)	(155,737)	(83,855)
Net cash provided by (used in) operating activities	<u>27,811</u>	<u>167,456</u>	<u>155,936</u>	<u>(12,140)</u>	<u>(17,346)</u>	<u>76,861</u>	<u>122,809</u>	<u>(303,515)</u>	<u>217,872</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers from other funds	283,598	40,000		458,332	133,376			78,064	993,370
Transfers to other funds		(104,625)	(411,341)			(64,167)	(38,793)		(618,926)
Litigation settlement	465,000								465,000
Net cash provided by (used in) noncapital financing activities	<u>748,598</u>	<u>(64,625)</u>	<u>(411,341)</u>	<u>458,332</u>	<u>133,376</u>	<u>(64,167)</u>	<u>(38,793)</u>	<u>78,064</u>	<u>839,444</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Purchase of assets	(85,288)			(47,493)					(251,556)
Principal payments - bonds and notes	(367,195)			(170,000)	(50,000)			(118,775)	(587,195)
Interest payments - bonds and notes	(37,576)			(206,444)	(11,866)				(255,886)
Capital grants from other governments								361,553	361,553
Net cash used in capital and related financing activities	<u>(490,059)</u>			<u>(423,937)</u>	<u>(61,866)</u>			<u>242,778</u>	<u>(733,084)</u>
CASH FLOWS FROM INVESTING ACTIVITY									
Interest received		20,130	46,310	42,677	69,056	9,393	3,966		191,532
Net increase (decrease) in cash and cash equivalents	286,350	122,961	(209,095)	64,932	123,220	22,087	87,982	17,327	515,764
Cash and cash equivalents at beginning of year	6,427	527,276	1,481,339	913,670	1,826,522	267,098	35,031		5,057,363
Cash and cash equivalents at end of year	<u>292,777</u>	<u>650,237</u>	<u>1,272,244</u>	<u>978,602</u>	<u>1,949,742</u>	<u>289,185</u>	<u>123,013</u>	<u>17,327</u>	<u>5,573,127</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:									
Operating income (loss)	\$ (421,519)	\$ 136,110	\$ 366,096	\$ (501,636)	\$ (365,276)	\$ 82,112	\$ 108,420	\$ (254,229)	\$ (849,922)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation accruals	372,878	27,393	31,730	203,522	338,481	690	803	160,486	1,135,293
Miscellaneous nonoperating income	14,532		14,790	1,420	520		270		32,222
Change in assets and liabilities:									
Accounts receivable	(13,498)	(540)	(152,171)	340	7,370	(829)	(14,513)	(1,339)	(159,518)
Due from other city funds		(6,419)	(30,937)	20,442	(50)		(74)		(32,256)
Due from other governments			(85)	(3,627)			(62)		(3,836)
Special assessments receivable									(744)
Inventories	29,000								29,000
Prepaid items	(13,500)								(13,500)
Accounts payable	61,771	12,133	(91,651)	7,262	(884)	(1,044)	18,494	(14,153)	(8,072)
Accrued wages payable	(4,853)	(384)	9,424	2,593	731	(2,321)	2,926		8,116
Compensated absences payable		(2,290)	(1,247)	1,917	(1,183)	(1,065)	1,085		(2,783)
Other post-employment benefits		1,453	10,666	2,708	1,945		5,140		24,912
Due to other funds	3,000			253,324					57,709
Due to other governments			486						486
Customer deposits					1,000				1,000
Deferred revenue									(10)
Other current liabilities			(1,165)	(405)					(225)
Net cash provided by (used in) operating activities	<u>27,811</u>	<u>167,456</u>	<u>155,936</u>	<u>(12,140)</u>	<u>(17,346)</u>	<u>76,861</u>	<u>122,809</u>	<u>(303,515)</u>	<u>217,872</u>
Noncash capital financing activities:									
Contributions of capital assets from government				53,680	111,652				165,332

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INTERNAL SERVICE FUNDS

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 1,537,225	\$ 731,950	\$ 611,626	\$ 2,880,801
Receivables (net of allowance for uncollectibles):				
Accounts	70	41,116		41,186
Accrued interest	318	151	127	596
Due from other governmental units	169		76	245
Total current assets	<u>1,537,782</u>	<u>773,217</u>	<u>611,829</u>	<u>2,922,828</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	15,364,352	2,698,086	1,446,686	19,509,124
Less accumulated depreciation	<u>(8,529,739)</u>	<u>(2,192,753)</u>	<u>(907,414)</u>	<u>(11,629,906)</u>
Net capital assets	<u>6,834,613</u>	<u>505,333</u>	<u>539,272</u>	<u>7,879,218</u>
Total assets	<u>8,372,395</u>	<u>1,278,550</u>	<u>1,151,101</u>	<u>10,802,046</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,082		770	2,852
Accrued wages payable		13,506		13,506
Total current liabilities	<u>2,082</u>	<u>13,506</u>	<u>770</u>	<u>16,358</u>
Long-term liabilities:				
Accrued compensated absences		14,589		14,589
Other post-employment benefits		1,654		1,654
Total long-term liabilities		<u>16,243</u>		<u>16,243</u>
Total liabilities	<u>2,082</u>	<u>29,749</u>	<u>770</u>	<u>32,601</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,834,613	505,333	539,272	7,879,218
Unrestricted	<u>1,535,700</u>	<u>743,468</u>	<u>611,059</u>	<u>2,890,227</u>
Total net assets	<u>\$ 8,370,313</u>	<u>\$ 1,248,801</u>	<u>\$ 1,150,331</u>	<u>\$ 10,769,445</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2008

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,238,559	\$ 787,650	\$ 269,039	\$ 2,295,248
Other		10,771	5	10,776
Total operating revenue	<u>1,238,559</u>	<u>798,421</u>	<u>269,044</u>	<u>2,306,024</u>
OPERATING EXPENSES				
Personal services		418,335		418,335
Supplies	2,800	23,937	4,857	31,594
Professional services		15,756	340	16,096
Insurance		3,897	868	4,765
Repair and maintenance	4,444	143,115	47,883	195,442
Depreciation	1,071,943	216,432	138,861	1,427,236
Miscellaneous	9,506	57,942	10,004	77,452
Total operating expenses	<u>1,088,693</u>	<u>879,414</u>	<u>202,813</u>	<u>2,170,920</u>
Operating income (loss)	<u>149,866</u>	<u>(80,993)</u>	<u>66,231</u>	<u>135,104</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	50,589	37,232	19,338	107,159
Gain (loss) on disposal of equipment	(39,775)	(2,016)	(1,767)	(43,558)
Miscellaneous		1,130		1,130
Total nonoperating income	<u>10,814</u>	<u>36,346</u>	<u>17,571</u>	<u>64,731</u>
Income (loss) before transfers	<u>160,680</u>	<u>(44,647)</u>	<u>83,802</u>	<u>199,835</u>
Capital contributions	303,720	83,848	25,529	413,097
Transfers from other funds	66,761			66,761
Transfers to other funds		(581,000)		(581,000)
Total transfers and contributions	<u>370,481</u>	<u>(497,152)</u>	<u>25,529</u>	<u>(101,142)</u>
CHANGE IN NET ASSETS	531,161	(541,799)	109,331	98,693
TOTAL NET ASSETS - BEGINNING	<u>7,839,152</u>	<u>1,790,600</u>	<u>1,041,000</u>	<u>10,670,752</u>
TOTAL NET ASSETS - ENDING	<u>\$ 8,370,313</u>	<u>\$ 1,248,801</u>	<u>\$ 1,150,331</u>	<u>\$ 10,769,445</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2008**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,238,536	\$ 788,265	\$ 291,106	\$ 2,317,907
Payments to suppliers	(5,162)	(186,705)	(53,178)	(245,045)
Payments to employees		(414,499)		(414,499)
Other receipts (payments)	(9,506)	(46,041)	(9,999)	(65,546)
Net cash provided by operating activities	<u>1,223,868</u>	<u>141,020</u>	<u>227,929</u>	<u>1,592,817</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY				
Transfers from other funds	19,000			19,000
Transfers to other funds		(581,000)		(581,000)
Net cash provided by noncapital financing activities	<u>19,000</u>	<u>(581,000)</u>		<u>(562,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(972,972)	(229,493)	(72,308)	(1,274,773)
Proceeds from sale of assets	72,385			72,385
Net cash used in capital and related financing activities	<u>(900,587)</u>	<u>(229,493)</u>	<u>(72,308)</u>	<u>(1,202,388)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	51,938	39,061	19,847	110,846
Net increase (decrease) in cash and cash equivalents	394,219	(630,412)	175,468	(60,725)
Cash and cash equivalents at beginning of year	1,143,006	1,362,362	436,158	2,941,526
Cash and cash equivalents at end of year	<u>\$ 1,537,225</u>	<u>\$ 731,950</u>	<u>\$ 611,626</u>	<u>\$ 2,880,801</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 149,866	\$ (80,993)	\$ 66,231	\$ 135,104
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,071,943	216,432	138,861	1,427,236
Miscellaneous nonoperating income		1,130		1,130
Change in assets and liabilities:				
Accounts receivable	15	615	20,760	21,390
Due from other governments	(38)		1,307	1,269
Accounts payable	2,082		770	2,852
Accrued wages payable		2,741		2,741
Compensated absences payable		(559)		(559)
Other post-employment benefits		1,654		1,654
Net cash provided by operating activities	<u>\$ 1,223,868</u>	<u>\$ 141,020</u>	<u>\$ 227,929</u>	<u>\$ 1,592,817</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 303,720</u>	<u>\$ 83,848</u>	<u>\$ 25,529</u>	<u>\$ 413,097</u>
Contributions of capital assets from proprietary funds	<u>\$ 47,761</u>	<u>\$</u>	<u>\$</u>	<u>\$ 47,761</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee or agency capacity for individuals, private organizations, other governments and/or other funds

Agency Funds

Agency - The City maintained one agency fund during the year.

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**CITY OF MOORHEAD, MINNESOTA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2008**

	<u>BALANCE JANUARY 1, 2008</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE DECEMBER 31, 2008</u>
<u>ARMORY</u>				
ASSETS				
Cash and investments	\$ 22,413	\$ 33	\$ 22,446	\$
Accrued interest	33		33	
Total Assets	<u>\$ 22,446</u>	<u>\$ 33</u>	<u>\$ 22,479</u>	<u>\$</u>
LIABILITIES				
Due to other governmental units	\$ 22,446		\$ 22,446	\$
Total Liabilities	<u>\$ 22,446</u>	<u>\$</u>	<u>\$ 22,446</u>	<u>\$</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE ¹
DECEMBER 31, 2008

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 8,097,636
Buildings	18,882,702
Improvements other than buildings	9,892,822
Machinery and equipment	5,568,255
Infrastructure	182,680,055
Construction in progress	<u>30,548,673</u>
 Total governmental funds capital assets	 <u><u>\$ 255,670,143</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 245,066,886
General Fund	632,775
Special Revenue Funds	9,434,697
Enterprise Funds	952
Gifts	<u>534,833</u>
 Total governmental funds capital assets	 <u><u>\$ 255,670,143</u></u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
DECEMBER 31, 1007

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>
FUNCTION AND ACTIVITY							
GENERAL GOVERNMENT:							
Mayor & Council	\$ 7,736	\$	\$	\$	\$ 7,736	\$	\$
City Clerk	74,595				74,595		
City Manager	23,784				23,784		
Accounting	30,841				30,841		
General Government Building	<u>3,711,173</u>	<u>457,912</u>	<u>3,124,401</u>	<u>79,106</u>	<u>49,754</u>		
Total General Government	<u>3,848,129</u>	<u>457,912</u>	<u>3,124,401</u>	<u>79,106</u>	<u>186,710</u>	-	-
PUBLIC SAFETY:							
Police Protection	923,006		672,951		250,055		
Fire Protection	<u>1,381,406</u>	<u>56,168</u>	<u>882,197</u>	<u>2,524</u>	<u>440,517</u>		
Total Public Safety	<u>2,304,412</u>	<u>56,168</u>	<u>1,555,148</u>	<u>2,524</u>	<u>690,572</u>	-	-
HIGHWAYS & STREETS	216,733,593	962,864	2,383,056	45,510	113,435	182,680,055	30,548,673
PARKS & RECREATION	13,683,837	2,115,911	937,736	9,594,137	1,036,053		
LIBRARY	2,269,631	103,000	1,908,455	149,323	108,853		
COMMUNITY DEVELOPMENT	158,399	84,108		22,222	52,069		
MASS TRANSIT	5,564,422		2,189,192		3,375,230		
PLAINS ART MUSEUM	357,351		357,351				
ECONOMIC DEVELOPMENT	<u>10,750,369</u>	<u>4,317,673</u>	<u>6,427,363</u>		<u>5,333</u>		
Total governmental funds capital assets	<u>\$ 255,670,143</u>	<u>\$ 8,097,636</u>	<u>\$ 18,882,702</u>	<u>\$ 9,892,822</u>	<u>\$ 5,568,255</u>	<u>\$ 182,680,055</u>	<u>\$ 30,548,673</u>

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

**CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
YEAR ENDED DECEMBER 31, 2008**

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/08</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/08</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	74,595			74,595
City Manager	13,658	10,126		23,784
Accounting	30,841	798	798	30,841
General Government Building	<u>3,708,097</u>	<u>3,076</u>		<u>3,711,173</u>
Total General Government	<u>3,834,927</u>	<u>14,000</u>	<u>798</u>	<u>3,848,129</u>
PUBLIC SAFETY:				
Police Protection	920,770	26,982	24,746	923,006
Fire Protection	<u>1,332,318</u>	<u>49,088</u>		<u>1,381,406</u>
Total Public Safety	<u>2,253,088</u>	<u>76,070</u>	<u>24,746</u>	<u>2,304,412</u>
HIGHWAYS & STREETS	169,372,567	16,818,181	5,828	186,184,920
PARKS & RECREATION	11,908,445	2,416,315	640,923	13,683,837
LIBRARY	2,269,631			2,269,631
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	5,474,601	89,821		5,564,422
PLAINS ART MUSEUM	357,351			357,351
ECONOMIC DEVELOPMENT	10,119,986	630,383		10,750,369
CONSTRUCTION IN PROGRESS	<u>23,952,762</u>	<u>18,987,447</u>	<u>12,391,536</u>	<u>30,548,673</u>
Total governmental funds capital assets	<u>\$ 229,701,757</u>	<u>\$ 39,032,217</u>	<u>\$ 13,063,831</u>	<u>\$ 255,670,143</u>

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

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	61
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	66
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future	71
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	84
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	86

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

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 39,571,739	\$ 38,357,658	\$ 37,143,826	\$ 57,370,416	\$ 65,245,816	\$ 77,354,222
Restricted	35,882,536	46,024,002	56,195,491	77,974,490	93,395,972	97,825,682
Unrestricted	(16,226,258)	(10,438,227)	(11,417,970)	(13,842,366)	(1,878,820)	4,010,580
Total governmental activities net assets	<u>\$ 59,228,017</u>	<u>\$ 73,943,433</u>	<u>\$ 81,921,347</u>	<u>\$ 121,502,540</u>	<u>\$ 156,762,968</u>	<u>\$ 179,190,484</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 38,885,166	\$ 53,727,430	\$ 58,250,974	\$ 69,139,443	\$ 71,057,882	\$ 75,683,440
Restricted	14,742,032	9,464,867	4,683,585	5,867,993	5,891,812	5,339,425
Unrestricted	17,118,255	10,372,344	14,897,535	9,825,944	13,736,643	16,134,076
Total business-type activities net assets	<u>\$ 70,745,453</u>	<u>\$ 73,564,641</u>	<u>\$ 77,832,094</u>	<u>\$ 84,833,380</u>	<u>\$ 90,686,337</u>	<u>\$ 97,156,941</u>
Primary government						
Invested in capital assets, net of related debt	\$ 78,456,905	\$ 92,085,088	\$ 95,394,800	\$ 126,509,859	\$ 136,303,698	\$ 153,037,662
Restricted	50,624,568	55,488,869	60,879,076	83,842,483	99,287,784	103,165,107
Unrestricted	891,997	(65,883)	3,479,565	(4,016,422)	11,857,823	20,144,656
Total primary government net assets	<u>\$ 129,973,470</u>	<u>\$ 147,508,074</u>	<u>\$ 159,753,441</u>	<u>\$ 206,335,920</u>	<u>\$ 247,449,305</u>	<u>\$ 276,347,425</u>

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

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses						
Governmental activities:						
General government	\$ 3,854,182	\$ 2,739,259	\$ 3,068,861	\$ 3,483,664	\$ 3,473,922	\$ 3,614,430
Public safety	8,275,403	8,345,480	8,500,960	9,024,756	10,006,060	9,984,826
Highways and streets	4,848,743	5,525,656	8,289,232	6,988,144	8,342,798	9,734,211
Parks and recreation	1,833,295	1,968,787	2,307,467	2,246,170	2,329,521	2,517,227
Library	714,973	743,284	756,504	798,967	814,816	839,115
Community development	667,880	762,062	648,950	780,580	775,711	570,862
Rental Registration				200,057	144,801	148,341
Mass transit	1,220,122	1,530,756	1,578,325	1,805,771	1,948,827	2,170,917
Economic development	875,652	801,112	364,786	1,792,973	834,708	1,007,312
Interest on long-term debt	2,982,298	3,394,926	4,639,084	5,222,919	6,651,205	6,310,623
Total governmental activities expenses	25,272,548	25,811,322	30,154,169	32,344,001	35,322,369	36,897,864
Business-type activities:						
Electric	13,683,907	14,583,939	15,518,350	16,578,725	18,487,724	20,408,558
Water	3,568,788	3,566,389	3,800,261	4,149,820	4,484,804	4,857,077
Wastewater treatment	4,098,377	4,180,626	4,375,795	4,637,030	4,962,560	5,677,381
Broadband			964,255	1,600,791	1,534,312	1,462,908
Storm water	539,198	807,234	714,622	693,830	881,669	830,846
Sanitation	2,459,090	2,909,471	2,639,545	2,789,143	3,007,471	3,163,142
Golf courses	1,409,675	1,489,146	1,632,361	1,724,377	1,706,043	1,724,894
Sports center	638,733	713,564	736,355	730,905	844,913	904,805
Pest control	152,884	182,626	245,941	234,874	267,505	239,570
Forestry	336,682	372,130	380,369	488,220	655,000	660,271
Municipal airport	242,272	247,469	284,251	467,647	397,094	325,079
Total business-type activities expenses	27,129,606	29,052,594	31,292,105	34,095,362	37,229,095	40,254,531
Total primary government expenses	\$ 52,402,154	\$ 54,863,916	\$ 61,446,274	\$ 66,439,363	\$ 72,551,464	\$ 77,152,395
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 612,649	\$ 689,274	\$ 979,078	\$ 1,081,611	\$ 888,257	\$ 960,759
Public safety	706,291	872,446	924,696	1,032,270	1,058,423	984,678
Highways and streets	994,178	1,406,883	1,707,573	2,250,883	2,002,523	2,408,318
Other activities	946,536	180,094	1,500,487	1,703,060	1,418,593	1,686,963
Operating grants and contributions	2,442,589	2,449,551	2,458,483	2,762,963	2,923,330	2,586,091
Capital grants and contributions	8,075,402	15,732,505	15,553,890	35,657,297	41,306,965	26,832,098
Total governmental activities program revenues	13,777,645	21,330,753	23,124,207	44,488,084	49,598,091	35,458,907
Business-type activities:						
Charges for services:						
Electric	18,360,341	19,440,958	20,655,002	22,117,913	25,152,311	28,643,650
Water	4,481,516	4,627,512	4,956,975	5,383,727	5,583,065	6,091,578
Wastewater treatment	3,979,362	3,945,582	4,373,641	4,462,639	4,881,520	5,281,652
Storm water	734,622	778,446	216,746	864,719	889,779	968,223
Sanitation	2,603,355	2,684,778	840,347	3,008,479	3,180,040	3,417,710
Golf courses	1,007,881	965,821	2,691,426	1,150,626	1,083,083	1,025,408
Other activities	1,067,890	1,246,858	2,421,221	2,122,861	2,258,866	2,676,621
Operating grants and contributions	174,101	160,800	159,919	286,659	160,495	167,246
Capital grants and contributions	3,380,123	83,979	63,588	4,634,189	1,266,383	566,089
Total business-type activities program revenues	35,789,191	33,934,734	36,378,865	44,031,812	44,455,542	48,838,177
Total primary government program revenues	\$ 49,566,836	\$ 55,265,487	\$ 59,503,072	\$ 88,519,896	\$ 94,053,633	\$ 84,297,084
Net (expense) / revenue:						
Governmental activities	\$ (11,494,903)	\$ (4,480,569)	\$ (7,029,962)	\$ 12,144,083	\$ 14,275,722	\$ (1,438,957)
Business-type activities	8,659,585	4,882,140	5,086,760	9,936,450	7,226,447	8,583,646
Total primary government net expense	\$ (2,835,318)	\$ 401,571	\$ (1,943,202)	\$ 22,080,533	\$ 21,502,169	\$ 7,144,689

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes levied for general purposes	\$ 1,634,835	\$ 2,179,709	\$ 2,662,256	\$ 3,160,500	\$ 3,345,080	\$ 3,591,171
Property taxes levied for debt service	384,376	336,110	5,954	1,238	827	452,437
Tax increments	1,534,608	982,184	1,143,203	1,063,458	1,088,698	1,755,937
Franchise fees	638,140	614,920	764,240	867,550	736,880	1,016,038
State aid unrestricted	8,711,749	9,223,467	9,923,838	10,230,844	9,832,461	9,413,327
Unrestricted grants and contributions	446,511	185,850	171,832	169,875	177,165	172,949
Investment earnings	327,987	262,534	981,612	1,888,601	2,333,128	1,310,307
Miscellaneous	849,207	868,016	803,712	436,279	430,485	126,677
Gain on disposal / sale of assets				5,432,927	109,595	109,065
Transfers	4,622,296	3,074,995	1,956,451	4,185,838	2,930,387	5,918,565
Total governmental activities	<u>19,149,709</u>	<u>17,727,785</u>	<u>18,413,098</u>	<u>27,437,110</u>	<u>20,984,706</u>	<u>23,866,473</u>
Business-type activities:						
State aid unrestricted	550,000	561,560	11,560	11,560	11,560	11,560
Investment earnings	370,965	317,664	558,412	826,631	1,140,246	968,178
Miscellaneous	150,401	132,819	345,731	401,766	51,308	586,510
Loss on disposal of equipment	(223,006)		221,442	10,717	353,783	22,275
Transfers	(4,622,296)	(3,074,995)	(1,956,451)	(4,185,838)	(2,930,387)	(5,918,565)
Total business-type activities	<u>(3,773,936)</u>	<u>(2,062,952)</u>	<u>(819,306)</u>	<u>(2,935,164)</u>	<u>(1,373,490)</u>	<u>(4,330,042)</u>
Total primary government	<u>\$ 15,375,773</u>	<u>\$ 15,664,833</u>	<u>\$ 17,593,792</u>	<u>\$ 24,501,946</u>	<u>\$ 19,611,216</u>	<u>\$ 19,536,431</u>
Change in Net Assets						
Governmental activities	\$ 7,654,806	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428	\$ 22,427,516
Business-type activities	4,885,649	2,819,188	4,267,454	7,001,286	5,852,957	4,253,604
Total primary government	<u>\$ 12,540,455</u>	<u>\$ 16,066,404</u>	<u>\$ 15,650,590</u>	<u>\$ 46,582,479</u>	<u>\$ 41,113,385</u>	<u>\$ 26,681,120</u>

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 33,400	\$ 66,072	\$ 1,075,963	\$ 485,076	\$ 555,140	\$ 575,640	\$ 659,710	\$ 653,404	\$ 1,548,028	\$ 1,522,084
Unreserved	5,249,362	5,358,230	5,088,024	6,753,767	7,771,203	9,367,360	10,797,671	12,155,461	12,905,175	13,399,448
Total general fund	\$ 5,282,762	\$ 5,424,302	\$ 6,163,987	\$ 7,238,843	\$ 8,326,343	\$ 9,943,000	\$ 11,457,381	\$ 12,808,865	\$ 14,453,203	\$ 14,921,532
All other governmental funds										
Reserved	\$ 11,370,968	\$ 7,830,097	\$ 9,109,163	\$ 21,021,030	\$ 19,139,320	\$ 27,816,117	\$ 25,969,324	\$ 22,323,376	\$ 33,098,047	\$ 28,326,859
Unreserved, reported in:										
Special revenue funds	1,425,218	1,384,396	1,711,889	1,881,660	1,586,597	2,056,414	2,391,473	2,926,902	3,547,842	3,500,710
Capital projects funds	14,553,343	12,396,211	(934,280)	(1,280,056)	1,416,529	(364,807)	5,149,040	10,758,095	3,728,919	2,476,640
Total all other governmental funds	\$ 27,349,529	\$ 21,610,704	\$ 9,886,772	\$ 21,622,634	\$ 22,154,446	\$ 29,507,724	\$ 33,509,837	\$ 36,008,373	\$ 40,374,808	\$ 34,304,209

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes										
Property	\$ 3,363,447	\$ 3,508,571	\$ 3,828,343	\$ 2,557,270	\$ 3,287,213	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605	\$ 5,799,544
Franchise	450,547	489,508	636,639	518,721	638,141	674,167	764,240	867,550	736,880	1,016,038
Licenses and permits	281,803	264,685	375,139	518,434	596,295	637,763	823,636	969,802	779,928	844,394
Intergovernmental	13,164,617	10,139,095	13,832,844	14,154,094	16,567,437	20,008,396	18,027,985	21,753,738	25,339,983	25,521,491
Charges for services	1,215,541	1,401,494	1,533,908	1,609,041	1,508,195	2,119,288	2,376,923	3,543,402	3,065,110	3,316,931
Fines and forfeits	376,243	448,144	478,509	460,517	513,018	527,158	573,335	558,300	598,451	491,224
Facility rentals	40,576	38,539	56,230	38,725	168,940	177,254	210,080	172,086	198,722	205,291
Special assessments	1,681,212	1,626,441	1,538,338	1,783,553	2,551,601	3,380,047	926,472	4,036,345	6,843,277	8,061,898
Sale of property	76,760	56,600	46,331	140,384				6,354,930		
Interest on investments	707,426	1,848,608	1,108,152	731,288	286,181	236,490	3,381,892	1,780,606	2,213,428	1,203,148
Miscellaneous	1,906,637	1,749,674	1,733,823	10,047,637	1,567,160	2,500,075	3,010,195	1,852,018	1,957,154	1,657,429
Total revenues	23,264,809	21,571,359	25,168,256	32,559,664	27,694,181	33,758,641	34,720,846	46,113,973	46,167,538	48,117,388
Expenditures										
General government	2,477,252	2,613,238	2,463,427	2,625,642	3,798,292	2,700,074	3,004,868	3,364,016	3,369,561	3,522,838
Public safety	7,074,434	7,728,203	7,922,198	8,206,586	8,185,498	8,279,955	8,596,237	8,948,335	9,824,282	9,925,533
Highways and streets	2,586,900	2,796,998	2,971,482	2,991,588	3,048,879	3,426,796	6,243,839	4,773,390	5,372,859	5,859,816
Parks and recreation	1,331,132	1,495,934	1,918,639	1,984,846	1,675,120	1,804,906	2,134,200	2,149,204	2,219,864	2,286,005
Library	586,009	608,718	639,595	664,131	661,302	689,012	702,232	744,695	760,544	784,843
Community development	573,554	636,363	772,808	733,961	660,990	753,387	642,060	773,690	768,821	566,192
Rental registration								200,057	144,801	147,636
Mass transit	977,732	978,885	1,066,284	1,130,281	1,112,003	1,212,967	1,299,561	1,479,523	1,589,758	1,805,454
Economic development	405,912	280,084	783,469	282,186	798,613	722,288	287,747	1,636,251	652,141	823,771
Capital outlay	6,978,181	6,729,606	31,988,710	6,838,976	15,061,647	22,411,536	32,713,271	39,142,606	34,869,391	26,839,081
Debt service:										
Bond and note principal	2,818,001	5,875,439	2,271,733	5,681,007	8,523,670	3,426,185	8,420,208	3,686,294	3,838,972	13,929,985
Bond and note interest	2,122,781	1,916,265	2,017,964	2,600,755	2,527,692	2,718,750	3,027,011	4,174,750	5,099,167	5,761,607
Fiscal and other charges	362,273	622,823	98,383	184,141	139,594	482,991	1,098,099	682,087	665,390	499,996
Total expenditures	28,294,161	32,282,556	54,914,692	33,924,100	46,193,300	48,628,847	68,169,333	71,754,898	69,175,551	72,752,757
Revenues over (under) expenditures	(5,029,352)	(10,711,197)	(29,746,436)	(1,364,436)	(18,509,119)	(14,870,206)	(33,448,487)	(25,640,925)	(23,008,013)	(24,635,369)
Other financing sources (uses)										
Bond and note proceeds	2,815,000	1,545,000	14,930,000	9,730,000	15,240,000	21,010,000	34,032,500	24,020,000	22,400,000	12,050,000
Transfers from other funds	12,499,663	6,726,180	7,029,522	8,242,753	6,408,554	8,908,504	9,083,473	9,931,433	8,116,150	11,873,106
Transfers to other funds	(8,968,956)	(3,157,265)	(3,197,336)	(3,797,620)	(1,606,258)	(6,078,363)	(4,150,992)	(4,462,698)	(1,623,809)	(4,999,072)
Sale of capital assets								2,210	128,445	109,065
Total other financing sources (uses)	6,345,707	5,113,915	18,762,186	14,175,133	20,042,296	23,840,141	38,964,981	29,490,945	29,018,786	19,033,099
Net change in fund balances	\$ 1,316,355	\$ (5,597,282)	\$ (10,984,250)	\$ 12,810,697	\$ 1,533,177	\$ 8,969,935	\$ 5,516,494	\$ 3,850,020	\$ 6,010,773	\$ (5,602,270)
Debt service as a percentage of noncapital expenditures	24.88%	32.93%	19.14%	31.26%	35.95%	25.28%	35.38%	26.20%	27.99%	43.98%

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	Tax Exempt Real Property	
	Real Property	Commercial								Personal Property
	Residential									
1999	\$ 7,732,475	\$ 4,146,502	\$ 218,068	\$ (847,165)	\$ 11,249,880	29.782%	\$ 770,475,600	1.46%	\$ 401,003,000	
2000	8,132,399	4,248,959	215,410	(633,449)	11,963,319	29.921%	821,296,900	1.46%	401,003,000	
2001	8,636,396	4,444,555	196,245	(731,348)	12,545,848	32.020%	865,155,200	1.45%	401,003,000	
2002	7,951,465	2,847,058	120,293	(585,696)	10,333,120	27.554%	929,795,200	1.11%	401,003,000	
2003	8,460,332	3,224,721	132,174	(671,170)	11,146,057	29.805%	998,508,100	1.12%	401,003,000	
2004	9,103,013	3,557,377	127,355	(839,262)	11,948,483	28.731%	1,098,180,800	1.09%	401,003,000	
2005	10,452,055	3,803,946	133,234	(846,763)	13,542,472	26.095%	1,234,867,700	1.10%	401,003,000	
2006	11,931,872	4,193,676	138,687	(852,378)	15,411,857	24.944%	1,405,920,600	1.10%	401,003,000	
2007	13,243,223	5,019,619	143,332	(780,969)	17,625,205	23.169%	1,569,165,000	1.12%	401,003,000	
2008	14,836,285	5,786,204	147,216	(1,119,322)	19,650,383	25.844%	1,769,800,800	1.11%	401,003,000	

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

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

Fiscal Year	City	Overlapping Rates			Econ Devl Authority	Total Direct & Overlapping Rates
		County	School District	Buffalo Watershed		
1999	29.782%	61.389%	46.006%	2.427%		139.604%
2000	29.921%	61.439%	45.391%	2.474%		139.225%
2001	32.020%	63.443%	45.643%	3.472%		144.578%
2002	27.554%	81.769%	16.490%	5.345%		131.158%
2003	29.805%	80.326%	33.696%	0.923%		144.750%
2004	28.731%	76.458%	35.355%	1.157%		141.701%
2005	26.095%	67.769%	32.808%	1.383%		128.055%
2006	24.944%	63.504%	36.840%	1.574%	1.356%	128.218%
2007	23.169%	61.321%	33.386%	2.803%	1.333%	122.012%
2008	25.844%	59.084%	32.273%	2.807%	1.218%	121.226%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2008**

Taxpayer	2008			1998		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 622,805	1	3.67%	\$ 377,217	2	3.12%
Busch Agricultural Resources, Inc.	375,828	2	2.22%	623,649	1	5.15%
Proffutt Ltd Partnership	234,821	3	1.39%			
Easton LLC	217,730	4	1.28%			
Moorhead Hospitality	169,250	5	1.00%			
Menard's Inc	149,232	6	0.88%			
Moorhead Holiday Assoc.	145,648	7	0.86%			
Moorhead Centr Mall LLP	131,580	8	0.78%			
Sterling Development Group	117,842	9	0.70%			
Xcel Energy	124,950	10	0.74%	145,367	5	1.20%
HMJ Partnership				208,330	3	1.72%
TRE Investments				183,304	4	1.52%
Sam Skaff Properties				137,147	6	1.13%
Target				118,440	7	0.98%
BSM				107,868	8	0.89%
Super Valu Stores, Inc				67,834	9	0.56%
Tenneco				63,175	10	0.52%

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
1999	\$ 4,247,025	\$ (1,548,852)	\$ 2,698,173	\$ 2,673,520	99.09%	\$ 24,553	\$ 2,698,073	99.996%
2000	4,476,359	(1,556,058)	2,920,301	2,885,497	98.81%	34,452	2,919,949	99.988%
2001	4,914,371	(1,659,839)	3,254,532	3,207,528	98.56%	46,961	3,254,489	99.999%
2002	2,847,112	(726,186)	2,120,926	2,092,859	98.68%	27,947	2,120,806	99.994%
2003	4,524,017	(1,691,391)	2,832,626	2,792,755	98.59%	39,107	2,831,862	99.973%
2004	4,671,350	(1,722,522)	2,948,828	2,899,560	98.33%	48,149	2,947,709	99.962%
2005	4,741,933	(1,588,177)	3,153,756	3,097,699	98.22%	54,396	3,152,095	99.947%
2006	4,835,500	(1,411,600)	3,423,900	3,372,860	98.51%	32,361	3,405,221	99.454%
2007	5,062,283	(1,389,308)	3,672,975	3,611,732	98.33%	52,506	3,664,238	99.762%
2008	5,891,208	(1,364,883)	4,526,325	4,445,911	98.22%	-	4,445,911	98.223%

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		
1999	\$ 15,272,288	\$ 332,972	\$	\$ 15,605,260	\$ 3,150,000	20.19%
2000	15,878,085	674,097		16,552,182	3,467,000	20.95%
2001	16,051,606	766,648		16,818,254	3,730,000	22.18%
2002	16,934,343	412,127		17,346,470	3,892,000	22.44%
2003	18,360,341	159,896		18,520,237	4,075,000	22.00%
2004	19,440,958	170,427		19,611,385	4,294,000	21.90%
2005	20,655,002	552,571		21,207,573	4,568,000	21.54%
2006	22,117,913	470,154	222,802	22,810,869	4,853,000	21.27%
2007	25,152,311	585,014	122,949	25,860,274	5,289,000	20.45%
2008	28,643,650	442,841	122,080	29,208,571	5,797,000	19.85%

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	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Tax		Municipal Improvement Bonds	G.O.		Revenue Bonds		
			Increment Bonds	Bonds		Revenue Bonds	Bonds			
1999	\$ 5,600,000	\$ 9,690,000	\$ 10,790,000	\$ 12,495,390	\$ 5,935,642	\$ 47,925,000	\$ 92,436,032	\$ 2,715		
2000	3,185,000	10,315,000	9,190,000	11,757,527	5,832,350	46,220,000	86,499,877	2,688		
2001	2,945,000	12,250,000	18,880,000	13,172,593	5,367,014	39,695,000	92,309,607	2,851		
2002	2,690,000	16,190,000	23,125,000	9,416,227	7,190,190	30,495,000	89,106,417	2,736		
2003	2,430,000	30,340,000	16,140,000	9,479,142	19,608,043	28,380,000	106,377,185	3,251		
2004	3,655,000	46,590,000	15,160,000	10,992,080	22,110,420	26,120,000	124,627,500	3,722		
2005	1,890,000	76,100,000	14,070,000	9,325,859	24,342,031	23,765,000	149,492,890	4,366		
2006	2,270,000	97,715,000	12,940,000	9,256,380	23,651,753	21,315,000	167,148,133	4,745		
2007	1,940,000	118,225,000	11,910,000	9,189,588	26,415,664	26,075,000	193,755,252	5,404		
2008	2,670,000	123,725,000	10,835,000	2,455,000	32,804,740	23,360,000	195,849,740	5,406		

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Availabe in Debt Service Funds	Total	Percentage of Estimated Market Value ¹ of Property	Per Capita ²
1999	\$ 5,600,000	\$ 2,580,647	\$ 3,019,353	0.39%	\$ 89
2000	3,185,000	350,649	2,834,351	0.35%	88
2001	2,945,000	357,092	2,587,908	0.30%	80
2002	2,690,000	412,769	2,277,231	0.24%	70
2003	2,430,000	490,882	1,939,118	0.19%	59
2004	3,655,000	1,993,034	1,661,966	0.15%	50
2005	1,890,000	535,976	1,354,024	0.11%	40
2006	2,270,000	551,937	1,718,063	0.12%	49
2007	1,940,000	390,922	1,549,078	0.10%	43
2008	2,670,000	250,935	2,419,065	0.14%	67

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

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

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

**CITY OF MOORHEAD, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2008**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 103,453,768	81.00%	\$ 83,797,552
Clay County	3,355,000	53.62%	1,798,951
Clay County HRA	11,325,000	53.62%	6,072,465
Total overlapping debt			<u>91,668,968</u>
City of Moorhead direct debt			<u>195,849,740</u>
Total direct and overlapping debt			<u><u>\$ 287,518,708</u></u>

Source: Clay County Auditor

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 16,333,134	\$ 17,303,006	\$ 18,451,070	\$ 19,975,252	\$ 21,777,492	\$ 24,670,410	\$ 28,108,194	\$ 28,130,306	\$ 31,492,698	\$ 57,491,322
Total net debt applicable to limit	5,217,634	2,834,350	2,587,907	2,277,332	1,939,118	1,661,966	1,354,024	1,718,063	1,549,078	2,419,065
Legal debt margin	\$ 11,115,500	\$ 14,468,656	\$ 15,863,163	\$ 17,697,920	\$ 19,838,374	\$ 23,008,444	\$ 26,754,170	\$ 26,412,243	\$ 29,943,620	\$ 55,072,257
Total net debt applicable to the limit as a percentage of debt limit	31.95%	16.38%	14.03%	11.40%	8.90%	6.74%	4.82%	6.11%	4.92%	4.21%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2008	
Estimated market value - real and personal property	\$ 1,916,377,400
Debt limit 3% of estimated market value	57,491,322
Debt applicable to limit:	
General obligation bonds	\$ 2,670,000
Less: Amount set aside for repayment of general obligation debt	(250,935)
Total net debt applicable to limit	<u>2,419,065</u>
Legal debt margin	<u>\$ 55,072,257</u>

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

475.53 LIMIT ON NET DEBT. Subdivision 1. Generally. Except as otherwise provided in section 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to net debt in excess of 3 percent of the estimated market value of real and personal property.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
1999	\$ 15,605,260	\$ 10,097,716	\$ 5,507,544	\$ 288,667	\$ 342,606	\$ 631,273	8.72
2000	16,552,182	10,603,243	5,948,939	304,600	329,815	634,415	9.38
2001	16,818,254	11,240,364	5,577,890	308,996	321,787	630,783	8.84
2002	17,346,470	11,726,600	5,619,870	319,948 ³	307,990	627,938	8.95
2003	18,520,237	12,164,361	6,355,876	550,173	457,079	1,007,252	6.31
2004	19,611,385	12,969,932	6,641,453	609,533	423,258	1,032,791	6.43
2005	21,207,573	13,871,827	7,335,746	637,633	398,919	1,036,552	7.08
2006	22,810,867	14,919,786	7,891,081	551,624	379,886	931,510	8.47
2007	25,737,325	16,672,796	9,064,529	746,750	444,439	1,191,189	7.61
2008	29,086,491	18,521,325	10,565,166	840,367	487,671	1,328,038	7.96

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 4,055,463	\$ 1,710,425	\$ 2,345,038	\$ 1,031,333	\$ 1,085,632	\$ 2,116,965	1.11
2000	4,283,631	1,846,859	2,436,772	1,080,400	1,035,879	2,116,279	1.15
2001	4,422,315	1,859,713	2,562,602	1,106,371	1,008,826	2,115,197	1.21
2002	4,435,526	1,933,646	2,501,880	1,166,367 ²	961,346	2,127,713	1.18
2003	4,573,788	2,071,466	2,502,322	1,359,766	786,343	2,146,109	1.17
2004	4,702,062	2,107,619	2,594,443	1,434,467	715,126	2,149,593	1.21
2005	5,217,254	2,352,119	2,865,135	1,496,367	647,700	2,144,067	1.34
2006	5,558,926	2,715,167	2,843,759	1,479,582	581,165	2,060,747	1.38
2007	5,799,590	2,983,542	2,816,048	1,519,751	603,113	2,122,864	1.33
2008	6,355,804	3,221,731	3,134,073	1,649,941	626,266	2,276,207	1.38

1 - Expenses exclude depreciation and amortization.

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 3,203,698	\$ 2,153,757	\$ 1,049,941	\$ 376,937	\$ 251,064	\$ 628,001	1.67
2000	3,680,636	2,596,245	1,084,391	393,825	236,431	630,256	1.72
2001	4,023,734	2,853,406	1,170,328	415,337	221,264	636,601	1.84
2002	4,107,691	2,938,020	1,169,671	427,670	204,491	632,161	1.85
2003	4,104,726	2,475,070	1,629,656	530,590	496,222	1,026,812	1.59
2004	4,074,498	2,427,653	1,646,845	593,245	790,895	1,384,140	1.19
2005	4,638,006	2,521,855	2,116,151	903,486	815,480	1,718,966	1.23
2006	9,202,997	2,813,006	6,389,991	1,037,117	860,015	1,897,132	3.37
2007	6,033,195	2,832,107	3,201,088	1,092,073	841,088	1,933,161	1.66
2008	5,807,432	3,473,684	2,333,748	841,395	803,422	1,644,817	1.42

1 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 355,901	\$ 406,106	\$ (50,205)	\$ 30,000	\$ 44,617	\$ 74,617	(0.67)
2000	403,316	459,015	(55,699)	30,000	42,784	72,784	(0.77)
2001	477,312	466,685	10,627	35,000 ²	41,014	76,014	0.14
2002	374,752 ³	406,910	(32,158)	40,000	23,624	63,624	(0.51)
2003	402,548 ⁴	404,022	(1,474)	40,000	22,036	62,036	(0.02)
2004	432,828 ⁵	461,835	(29,007)	40,000	20,183	60,183	(0.48)
2005	463,447	482,346	(18,899)	40,000	20,257	60,257	(0.31)
2006	509,661	481,736	27,925	45,000	16,152	61,152	0.46
2007	565,761	496,990	68,771	45,000	15,270	60,270	1.14
2008	594,388	554,039	40,349	50,000	11,866	61,866	0.65

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 1,391,342	\$ 930,494	\$ 460,848	\$ 275,000	\$ 658,503	\$ 933,503	0.49
2000	1,423,779	1,019,902	403,877	290,000	642,060	932,060	0.43
2001	1,435,505	972,417	463,088	305,000 ²	624,626	929,626	0.50
2002	1,061,780	1,022,337	39,443	125,000	247,878	372,878	0.11
2003	1,024,417 ³	992,796	31,621	130,000	241,724	371,724	0.09
2004	1,005,062 ³	1,039,083	(34,021)	140,000	235,866	375,866	(0.09)
2005	1,153,566	1,191,811	(38,245)	145,000	231,076	376,076	(0.10)
2006	1,167,592	1,298,948	(131,356)	150,000	220,901	370,901	(0.35)
2007	1,105,056 ⁴	1,314,238	(209,182)	160,000	210,923	370,923	(0.56)
2008	1,070,641	1,324,658	(254,017)	170,000	206,444	376,444	(0.67)

1 - Expenses exclude depreciation and amortization.

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 804,054	\$ 17,671	\$ 786,383	\$	\$	\$	
2001	918,259	8,311	909,948	50,000	14,056	64,056	14.21
2002	1,000,394	12,241	988,153	55,000	11,103	66,103	14.95
2003	871,052	15,070	855,982	60,000	8,816	68,816	12.44
2004	865,856	11,583	854,273	60,000	6,215	66,215	12.90
2005	949,304	11,032	938,272	65,000	3,448	68,448	13.71

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

2 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 134,954	\$ 1,875	\$ 133,079	\$ 315,000	\$ 138,810	\$ 453,810	0.29
2000 ¹	1,255,204	4,127	1,251,077	775,000	754,236	1,529,236	0.82
2001	1,355,593	31,135	1,324,458	520,000	741,953	1,261,953	1.05
2002	1,349,554 ²	40,624	1,308,930	630,000 ²	720,556	1,350,556	0.97
2003	339,415	3,052	336,363	185,000	495,308	680,308	0.49
2004	420,352 ³	50,719	369,633	190,000	487,406	677,406	0.55
2005	519,897	7,320	512,577	200,000 ⁴	473,567	673,567	0.76
2006	625,611	6,516	619,095	225,000	444,338	669,338	0.92
2007	644,478	3,324	641,154	235,000	437,204	672,204	0.95
2008	414,523	68,301	346,222	245,000 ⁵	185,795	430,795	0.80

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

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

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

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1999	\$ 1,838,313	\$ 102,091	\$ 1,736,222	\$ 1,160,000	\$ 416,275	\$ 1,576,275	1.10
2000	2,061,876	85,964	1,975,912	920,000	433,079	1,353,079	1.46
2001	2,084,017	290,677	1,793,340	900,000	459,066	1,359,066	1.32
2002	2,365,952	186,236	2,179,716	1,045,000	515,544	1,560,544	1.40
2003	3,636,022	427,227	3,208,795	1,090,000	712,351	1,802,351	1.78
2004	5,812,348	493,400	5,318,948	1,630,000	1,414,429	3,044,429	1.75
2005	7,668,122	503,934	7,164,188	3,515,000	1,775,965	5,290,965	1.35
2006	7,389,538	643,131	6,746,407	1,700,000	2,954,752	4,654,752	1.45
2007	10,797,713	388,177	10,409,536	1,890,000	3,872,993	5,762,993	1.81
2008	10,461,710 ¹	210,177	10,251,533	3,565,000 ¹	4,871,596	8,436,596	1.22

1 - For comparative purposes these amounts exclude bond proceeds from General Obligation Improvement Refunding Bonds of 2008A in the amount of \$1,346,055 used to retire General Obligation Obligation Improvement Bonds of 1999A (\$855,000) and 2000A (\$920,000), current refundings.

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	
1999	\$ 1,263,047	\$ 331,847	\$ 931,200	\$ 676,993	\$ 569,418	\$ 1,246,411	0.75
2000	1,323,653	579,481	744,172	1,694,431	532,516	2,226,947	0.33
2001	1,025,644	4,920	1,020,724	535,725	659,996	1,195,721	0.85
2002	599,461	43,020	556,441	500,000	1,220,765	1,720,765	0.32
2003	1,844,037	32,226	1,811,811	6,985,000	1,187,846	8,172,846	0.22
2004	1,881,825	172,139	1,709,686	1,227,516	690,078	1,917,594	0.89
2005	2,867,537	313,909	2,553,628	1,256,539	671,655	1,928,194	1.32
2006	2,679,873	208,503	2,471,370	1,332,625	708,099	2,040,724	1.21
2007	2,688,940	476,956	2,211,984	1,264,210	596,814	1,861,024	1.19
2008	3,413,940	220,655	3,193,285	1,322,551	592,211	1,914,762	1.67

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

Fiscal Year	Population ¹	Estimated Personal Income ²	Per Capita Personal Income ³	School Enrollment ⁴	Unemployment Rate ⁵
1999	34,052	\$ 745,909,060	\$ 21,905	5,761	2.0%
2000	32,177	736,306,291	22,883	5,622	3.1%
2001	32,376	759,087,696	23,446	5,503	2.9%
2002	32,572	799,544,884	24,547	5,400	3.0%
2003	32,720	864,527,840	26,422	5,272	3.0%
2004	33,485	891,839,490	26,634	5,266	3.1%
2005	34,244	932,292,900	27,225	5,297	3.0%
2006	35,225	1,020,045,550	28,958	5,339	2.7%
2007	35,853	1,089,572,670	30,390	5,400	2.6%
2008	36,226	N/A	N/A	5,399	3.3%

Data Sources:

¹ Minnesota State Demographic Center. The last census was taken in the year 2000.

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

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

⁴ School Registrar's Office

⁵ Minnesota Department of Economic Security annual averages

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

Employer	2008			1998		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	1,027 (a)	1	4.92%	857	1	4.27%
Concordia College	1,000 (a)	2	4.79%	600	3	2.99%
Minnesota State University-Moorhead	800	3	3.84%	641	2	3.19%
Eventide Lutheran Home	500	4	2.40%	450	5	2.24%
Clay County	450	5	2.16%	350	6	1.74%
American Crystal Sugar Company	389	6	1.87%	539	4	2.68%
Moorhead Electric	330	7	1.58%	135	9	0.67%
City of Moorhead	249 (b)	8	1.19%	228	7	1.14%
Hornbacher's Foods, Inc.	190	9	0.91%	110	14	0.55%
MN State Community & Tech College	180	10	0.86%	125	12	0.62%

(a) Excludes full and part-time employees.

(b) Excludes 160 temporary and seasonal employees

Source: Clay County Auditor

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	39.38	39.38	39.38	38.38	38.38	38.38	39.38	37.00	37.00	38.17
Public Safety										
Police										
Officers	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	53.00
Civilians	14.00	15.75	25.75	27.80	15.80	13.32	12.82	12.815	14.875	14.88
Fire										
Firefighters & officers	30.00	30.00	30.00	30.00	30.00	30.00	30.00	33.00	33.00	33.00
Civilians	8.50	8.50	9.00	9.50	9.50	3.00	3.00	3.00	1.00	1.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks and recreation	14.00	14.75	16.75	22.33	10.755	8.00	8.00	8.00	8.00	10.00
Community development	6.00	5.00	6.00	6.00	17.575	15.575	17.575	22.50	24.50	23.20
Mass transit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Economic development	2.50	2.50	2.50	3.00	3.00	1.00	1.00	1.00	1.00	1.00
Electric	30.00	30.00	30.00	30.00	30.00	30.00	30.00	31.00	31.00	33.00
Water	21.00	21.00	21.00	21.00	21.00	21.00	21.00	22.00	21.00	23.00
Broadband	0	0	0	0	0	0	0	3.00	9.00	11.00
Wastewater treatment	16.00	15.00	15.00	15.00	15.00	16.00	16.00	17.00	17.00	17.00
Storm water	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and streets	13.75	14.00	15.00	16.00	16.00	16.00	16.25	16.63	16.63	16.63
Sanitation	23.00	23.00	23.00	23.00	23.00	19.00	19.00	19.00	19.00	19.00
Golf courses	3.50	3.50	3.50	3.50	3.50	3.50	3.50	7.58	7.58	7.58
Sports center	2.00	2.00	2.00	2.00	2.00	6.00	6.00	6.00	6.00	6.00
Pest control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTE's	279.63	281.38	295.88	304.51	292.51	277.775	280.525	296.525	303.585	315.46

Source: City Human Resources Department

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	896	904	1,191	1,272	1,126	1,024	926	945	878	920
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,288	2,447	2,458	2,905	2,619	2,407	2,350	2,462	2,393	2,076
Fire										
Medical responses	1,259	1,212	1,127	1,240	1,409	1,292	1,462	1,405	1,322	1,700
Fire & other responses	807	705	674	753	805	768	751	766	830	994
Library										
Visits	-	205,660	215,644	238,680	235,196	234,624	273,364	266,292	276,692	265,070
Circulation	240,380	234,066	263,097	280,889	277,448	287,433	294,417	296,652	360,864	386,938
Mass transit										
Fixed Routes ridership	304,302	306,872	306,034	288,324	281,730	280,279	316,647	344,824	356,732	398,445
Paratransit ridership	10,915	11,043	11,365	9,519	8,828	9,950	10,958	13,014	14,498	19,206
Community Development										
New Residential Permits	92	108	113	221	205	308	350	338	241	201
New Residential Valuation	15,796,000	13,012,097	21,790,500	33,628,128	32,307,000	49,697,640	57,788,265	58,147,643	40,152,822	43,243,429
New Commercial Permits	30	36	54	24	26	28	28	39	31	20
New Commercial Valuation	6,606,054	6,041,590	17,740,644	4,794,700	32,795,794	4,519,100	13,621,419	25,722,337	25,368,798	6,029,417
Sanitation										
Curbside Recycling (tons)	-	-	-	-	83	373	398	606	626	701
Refuse Collected (landfill tonnage)	-	-	-	-	18,574	16,390	18,048	18,744	21,587	20,168
Yard Waste (tons)	-	-	-	-	1,864	1,799	3,378	2,515	2,049	2,247
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	4.77	4.78	4.50	3.88	3.90	4.36	4.75	4.66	4.40	4.49
Electric										
Annual Sales (millions of kwh)	339.26	346.97	350.48	359.07	376.54	386.86	397.11	399.37	412.03	418.91
Water										
Water Sales (billions of gallons)	1.371	1.392	1.343	1.368	1.449	1.440	1.462	1.471	1.457	1.398

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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)	161.43	161.43	170.35	174.89	175.47	184.60	197.72	203.75	207.10	207.1 ¹
Culture and recreation										
Parks	31	32	32	32	32	34	36	41	42	42
Swimming/wading pools	8	8	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	7	7	7	7	7	7	10	10	10	10
Wastewater										
Storm sewers (miles)	89.60	89.60	96.47	97.01	100.91	104.82	113.80	113.80	124.89	124.89 ¹
Sanitary sewers (miles)	107.82	107.82	111.38	112.44	120.25	125.88	136.73	136.73	145.54	145.54 ¹
Force mains (miles)	10.72	10.72	10.93	10.93	14.12	14.12	14.29	14.29	16.09	16.09 ¹

Source: Various city departments.

¹ Data for 2008 has not been compile as of the date of this report.