

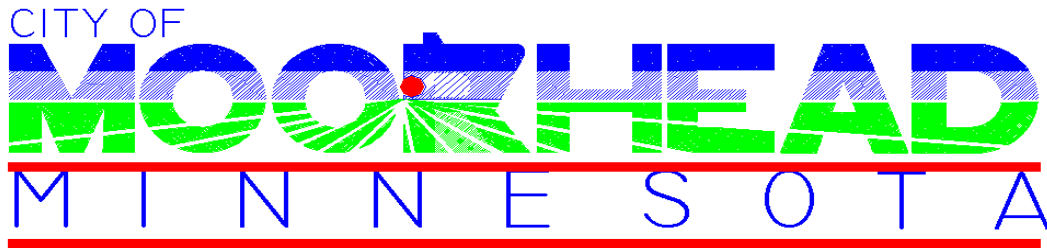


MOORHEAD
MINNESOTA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007
www.cityofmoorhead.com

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2007**

DEPARTMENT OF FINANCE

HARLYN AULT, FINANCE DIRECTOR

**Member 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, 2007**

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MOORHEAD

MINNESOTA

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www.ci.moorhead.mn.us

June 24, 2008

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, 2007.

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, 2007, 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, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CITY OF MOORHEAD

The City of Moorhead, incorporated in 1881, is situated in the heart of the Red River Valley, 250 miles northwest of Minneapolis. It is the county seat of Clay County and a community rich in history, tradition and diversity. While Moorhead is part of a growing metropolitan region, it is distinct because of its liberal arts based college atmosphere, quality educational system, plentiful parks and strong, diverse neighborhoods. The city is approximately 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, 2007.

The appropriated budget is prepared by fund, department and activity. Department heads may make adjustments of appropriations within a department. Adjustments of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 15 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 40.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy. The City of Moorhead is located at a natural crossing point of the Red River of the North, a place where Minnesota and the Dakotas meet and where one enjoys easy access to business, markets and recreation. Moorhead has access to the major market areas of North America with the intersection of Interstates 94 and 29 lying just west of the city limits. Trucking with overnight delivery from Minneapolis/St. Paul, Duluth, Sioux Falls, Omaha, Bismarck and Winnipeg is also available. Hector International Airport is located nearby in Fargo, ND with multiple non-stop flights to Minneapolis, Chicago and Denver, and the Moorhead Municipal Airport is just 3 miles southeast of the city, which is staffed 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. For the first time in eight years, the City of Moorhead experienced a deceleration in year over year construction of single-family units. In 2007 there were 225 permits issued for single-family attached and detached units compared to 329 in 2006 and below the five-year average of 267. The City had 331 total units permitted in 2007 compared to 482 in 2006, which is down from the five-year average of 438 units.

There were 31 commercial permits issued in 2007 with a valuation slightly over \$25 million. Total permits for all types of building activity in Moorhead was 893 with \$93 million in total valuation compared to last year's 962 permits issued and \$126 million in new valuation.

The Menards store located west of Southeast Main between 24th Avenue South and Interstate-94 opened September 2007. It has 240,000 square feet and employs between 175-200 employees.

The 34th Street South/Interstate-94 Interchange Project let bids late in 2007, with an expected completion 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.

A \$12 million improvement project at the City's Wastewater Treatment Facility, originally constructed in 1983, began in 2007. The project will upgrade existing equipment, allowing the City to continue a long-standing practice of beneficially recycling by-products of the treatment process on farmland for its fertilizer value.

The \$3,125,000 renovation to the Moorhead Sports Center was completed in October 2007. The renovations include South Rink ice systems improvements and remodeling; lobby, concession & restroom improvements; team rooms remodeling; North Rink remodeling; and second floor improvements.

Construction of the Rail Safety (quiet zone) project was initiated in 2006 with the installation of supplementary safety measures at five crossings in downtown Moorhead. Construction continued at the seven remaining crossings in 2007, in addition to railyards improvements and pedestrian safety measures. City-installed improvements were coordinated with BNSF Railway improvements. The project is expected to be complete and an order issued to establish the train whistle-free (quiet) zone in the first quarter of 2008.

In October, 2005 the Mayor and Council authorized the acquisition of 100 acres of land for a regional park in the Southeast District Growth Area of Moorhead. In accordance with the master plan for the 100 Acre Regional Park, improvements are being considered in at least three phases. Phase I improvements, which include soccer and baseball fields, a stormwater detention pond and picnic shelters, were completed in 2007. An engineering services agreement was approved in January 2007 to initiate Phase 2 improvements, which include parking for the athletic fields, the park entrance road, pedestrian trails and miscellaneous support structures (concessions and storage buildings). The total estimated cost for the Phase 2 improvements is estimated at \$4.7 million. The remaining phase (or phases) would include a potential multi-use facility and aquatic center, additional athletic/outdoors activity improvements and expanded parking to service these additional uses. The timely implementation of improvements in the park will provide recreational opportunities to the surrounding neighborhoods and the community as a whole, as well as support continued residential development throughout the area.

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

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

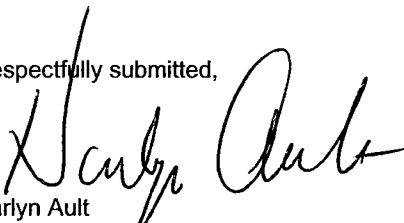
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moorhead, Minnesota, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. This was the 24th 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, 2007. This was the third 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.

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

Respectfully submitted,



Harlyn Ault
Finance Director

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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2007

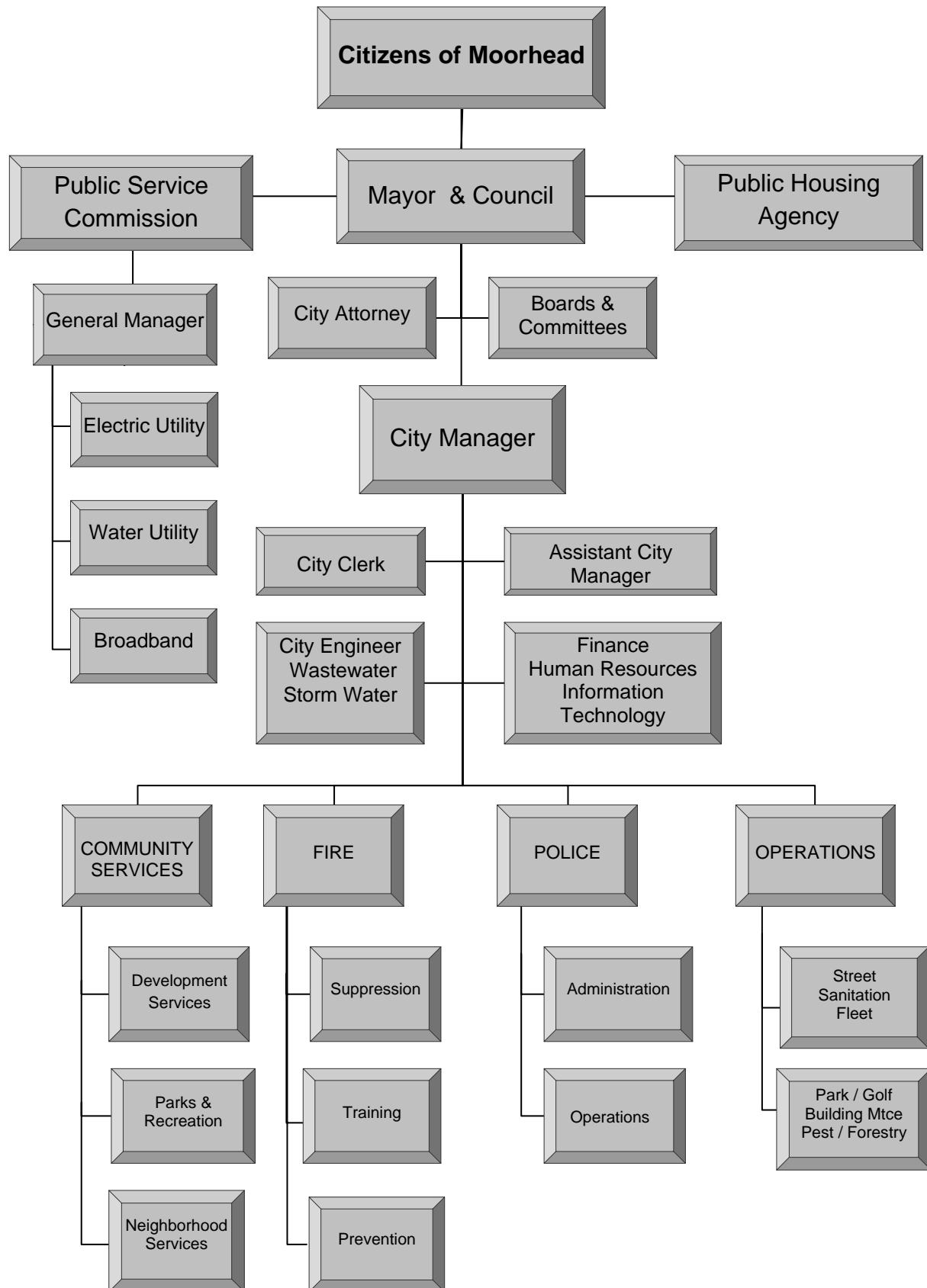
ELECTED OFFICIALS

MARK VOXLAND	MAYOR
NANCY OTTO	COUNCIL MEMBER
DAN BOHMER	COUNCIL MEMBER
DIANE WRAY WILLIAMS	COUNCIL MEMBER
JOHN ROWELL	COUNCIL MEMBER
DAN HUNT	COUNCIL MEMBER
LAURI WINTERFELDT-SHANKS	COUNCIL MEMBER
MARK HINTERMEYER	COUNCIL MEMBER
GREG LEMKE	COUNCIL MEMBER

APPOINTED OFFICIALS

VACANT	CITY MANAGER
MICHAEL REDLINGER	ACTING CITY MANAGER

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, 2007, 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, 2007, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 13, 2008, 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 important for 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 13, 2008

**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, 2007. 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 \$247,449,305.
- The City's total net assets increased by \$41,113,385.
- The City's governmental funds reported combined ending fund balances of \$54,828,011, an increase of \$6,010,773 in comparison with the prior year. Of this total amount, \$20,181,936 is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$12,905,175 or 72.9% of total general fund expenditures of \$17,683,992.

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 on pages 10 & 11 of this report.

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

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

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

The City of Moorhead maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Special Assessment Debt Service, Special Assessment Capital Projects and Permanent Improvement Funds, which are all considered major funds. Data from the other 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 on pages 12 - 15 of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water, Wastewater Treatment, Broadband, Storm Water, Sanitation, Golf Course, Sports Center, Pest Control, Forestry and Municipal Airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for Vehicles & Equipment, Information Technology and Radios. Because the internal service funds benefit both the governmental and business-type functions, \$131,441 has been reflected within the business-type activities and \$671,604 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 on pages 16 -18 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 35 of this report.

Other information. The combining schedules referred to earlier in connection with non-major governmental funds, non-major proprietary funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules can be found on pages 36 - 56 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 \$247,449,305 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 \$259,055,105 (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, 2007.

CITY OF MOORHEAD'S NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2007	2006	2007	2006	2007
Current and other assets	\$ 127,063,700	\$ 98,387,986	\$ 32,689,943	\$ 25,655,013	\$ 159,753,643
Capital assets	178,971,743	151,169,222	116,614,255	108,687,157	295,585,998
Total assets	306,035,443	249,557,208	149,304,198	134,342,170	455,339,641
Long-term liabilities outstanding	144,107,335	125,267,998	54,769,607	46,873,537	198,876,942
Other liabilities	5,165,140	2,786,670	3,848,254	2,635,253	9,013,394
Total liabilities	149,272,475	128,054,668	58,617,861	49,508,790	207,890,336
Net assets:					
Invested in capital assets, net of related debt	187,997,223	57,370,416	71,057,882	69,139,443	259,055,105
Restricted	93,395,972	77,974,490	5,891,812	5,867,993	99,287,784
Unrestricted	(124,630,227)	(13,842,366)	13,736,643	9,825,944	(\$110,893,584)
Total net assets	\$ 156,762,968	\$ 121,502,540	\$ 90,686,337	\$ 84,833,380	\$ 247,449,305

Current and other assets in governmental activities increased \$28.6 million due mainly to an increase of \$21.2 million in special assessments receivable.

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

Investment in capital assets, net of related debt, increased \$3.8 million in the non-major proprietary funds, with \$2.8 million attributed to the sports center fund, \$.4 million attributed to the golf course fund and \$.6 million attributed to the broadband fund.

CITY OF MOORHEAD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total 2007
	2007	2006	2007	2006	
Revenues:					
Program revenues:					
Charges for services	\$ 5,367,796	\$ 6,067,824	\$ 43,028,664	\$ 39,110,964	\$ 48,396,460
Operating grants and contributions	2,923,330	2,762,963	160,495	286,659	3,083,825
Capital grants and contributions	41,306,965	35,657,297	1,266,383	4,634,189	42,573,348
General Revenues:					
Taxes	3,345,907	3,161,738			3,345,907
Tax Increments	1,088,698	1,063,458			1,088,698
Franchise Fees	736,880	867,550			736,880
State aid	9,832,461	10,230,844	11,560	11,560	9,844,021
Grants and contributions not restricted to specific programs	177,165	169,875			177,165
Investment earnings	2,333,128	1,888,601	1,140,246	826,631	3,473,374
Miscellaneous	430,485	436,279	51,308	401,766	481,793
Gain on disposal/sale of assets	109,595	5,432,927	353,783	10,717	463,378
Total revenues	67,652,410	67,739,356	46,012,439	45,282,486	113,664,849
Expenses:					
General government	3,473,922	3,483,664			3,473,922
Public safety	10,006,060	9,024,756			10,006,060
Highways and streets	8,342,798	6,988,144			8,342,798
Parks and recreation	2,329,521	2,246,170			2,329,521
Library	814,816	798,967			814,816
Community development	775,711	780,580			775,711
Rental Registration	144,801	200,057			144,801
Mass transit	1,948,827	1,805,771			1,948,827
Economic development	834,708	1,792,973			834,708
Interest on long-term debt	6,651,205	5,222,919			6,651,205
Electric			18,487,724	16,578,725	25,138,929
Water			4,484,804	4,149,820	4,484,804
Wastewater treatment			4,962,560	4,637,030	4,962,560
Broadband			1,534,312	1,600,791	1,534,312
Storm water			881,669	693,830	881,669
Sanitation			3,007,471	2,789,143	3,007,471
Golf Course			1,706,043	1,724,377	1,706,043
Sports Center			844,913	730,905	844,913
Pest Control			267,505	234,874	267,505
Forestry			655,000	488,220	655,000
Municipal airport			397,094	467,647	397,094
Total expenses	35,322,369	32,344,001	37,229,095	34,095,362	72,551,464
Increase in net assets before transfers	32,330,041	35,395,355	8,783,344	11,187,124	41,113,385
Transfers	2,930,387	4,185,838	(2,930,387)	(4,185,838)	
Change in net assets	35,260,428	39,581,193	5,852,957	7,001,286	41,113,385
Net assets - beginning of year	121,502,540	81,921,347	84,833,380	77,832,094	206,335,920
Net assets - end of year	\$ 156,762,968	\$ 121,502,540	\$ 90,686,337	\$ 84,833,380	\$ 247,449,305

Governmental activities. The governmental activities' net assets increased by \$35,260,428 during the current fiscal year, accounting for 85.8% of the total increase in the net assets of the City of Moorhead. Charges for services decreased by 11.5% while interest earnings increased by 23.5% in comparison to 2007. Increases in expenses were due mainly to increased professional services and land purchases for resale in economic development and the increase of interest on long-term debt.

Business-type activities. Business-type activities increased the City's net assets by \$5,852,957 accounting for 14.2% of the total growth in the government's net assets. Charges for services in the business-type activities increased 10.0% over the previous year. The decrease in capital grants and contributions of \$3.3 million was due mainly to the difference in special assessment revenue recognized in the wastewater treatment fund of \$.8M in 2007 and \$4.3M in 2006. Expenses in the business-type activities increased \$3,133,733 (9.2%).

In 2007, \$802,264 of water mains financed in the special assessment capital projects fund was recognized as a transfer in the water fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,828,011, an increase of \$6,010,773 in comparison with the prior year. Fund balance has been reserved to indicate those funds not available for new spending because it has already been reserved to liquidate contracts and purchase orders of the prior period (\$6,484,998).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unreserved fund balance of the general fund was \$12,905,175. 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 72.9% percent of total general fund expenditures.

The general fund balance increased by \$1,664,338 during the current fiscal year. The key factor in this growth was that overall revenues were over approved budget by 13.0% while expenditures were in line with the approved budget.

The special assessment debt service fund balance increased by \$4,646,543 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 \$146,346.

The debt service funds have a total fund balance of \$26,874,188 all of which is reserved for the payment of future debt service. The net increase in fund balance during the current year in the debt service funds was \$4,806,023 due primarily to increased special assessments collections of \$3,415,337 over the previous year.

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 \$13,605,202. All major enterprise funds reported increases in net assets.

The public service utility's combined net assets increased \$3.1 million or 6.4%. This included a decrease in the net assets of the electric division of \$463,700 an increase in the water division of \$1,751,457 and an increase in net assets of the broadband division of \$1,861,713 for the year.

In the electric division, the revenue increase was the result of an 8% rate increase in January and an additional 3% rate increase in July. The water division revenue increase was the result of a 5% rate increase. The broadband division did not raise rates in 2007, so their revenue increase was due to increased customers.

In the electric division, the major expense increases above 2006 were \$1.9 million in additional purchased power costs and \$2.5 million transferred to the broadband division. In the water division distribution costs increased by about \$143,000, of which \$100,000 was directly related to two large water main breaks and associated street repair. In the broadband division, total expenses, excluding transfers, increased by \$66,479.

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 \$26,300. Actual budget variances were positive in revenues and other financing sources (uses) and positive in expenditures resulting in an increase to fund balance of \$1,644,338. This was mainly the result of positive variances of \$105,180 in franchise fees, \$185,718 in licenses and permits, \$146,508 in charges for services, \$344,116 in interest on investments and \$268,670 in state aid.

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, 2007, amounts to \$295,585,998 (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 rehabilitation of the Sport Center Facility was completed in 2007 at a cost of \$3,250,000.
- Major new development in 2007 resulted in an increase of \$32,361,443 in infrastructure, accounting for over 90% of the increase in the City's capital assets, net of depreciation.

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

	Governmental Activities 2007	Business-type Activities 2007	Total
Land	\$ 7,530,596	\$ 7,282,109	\$ 14,812,705
Construction in progress	23,952,762	4,381,889	28,334,651
Buildings	11,366,761	73,145,461	84,512,222
Improvements other than buildings	976,515	27,687,260	28,663,775
Machinery and equipment	10,704,805	4,117,536	14,822,341
Infrastructure	124,440,304		124,440,304
Total	\$ 178,971,743	\$ 116,614,255	\$ 295,585,998

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

Long-Term Debt. At the end of the current fiscal year, the City of Moorhead had total bonded debt and notes outstanding of \$196,381,970. Of this amount, \$42,892,382 comprises debt backed by the full faith and credit of the government and \$118,225,000 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 \$35,264,588 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 debt was \$25,876,235 (15.2%) during the current fiscal year.

During the current fiscal year, the City issued \$22,700,000 of general obligation improvement bonds series A dated August 15, 2007 and \$12,625,000 to finance the construction of various infrastructure improvements. In addition the public service utility issued \$7,245,000 of Electric & Water Revenue Notes Series 2007A dated July 12, 2007.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$29,934,620, which is significantly in excess of our outstanding general obligation debt.

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

Type of Issue	Governmental Activities	Business- type Activities	Total
Special assessment	\$ 118,225,000	\$	\$ 118,225,000
General obligation debt	1,940,000		1,940,000
G.O. Tax Increment	11,910,000		11,910,000
G.O. Municipal Improvement Revenue	9,189,588		9,189,588
G.O. Revenue		11,735,000	11,735,000
Public Facilities Authority		14,680,664	14,680,664
Revenue Refunding		14,580,000	14,580,000
Revenue		11,495,000	11,495,000
Long-term notes	1,515,516	1,111,202	2,626,718
Compensated absences	1,323,749	782,791	2,106,540
Total	\$ 144,103,853	\$ 54,384,657	\$ 198,488,510

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

Economic Factors and Next Year's Budgets and Rates

The 2008 City Budget totals \$58,397,542 which represents a \$3,994,007 projected increase over the Adopted 2007 Budget. The major justification for the increase in revenues is primarily due to the use of available reserves within the debt service funds of \$2,003,387, an increase in the debt tax levy of \$571,257 and increased special assessment collections of \$599,434 to meet scheduled bonded debt obligations. Also, an increase in charges for services city wide accounted amounted to \$661,950.

Major justification for the increase in expenditures is due primarily to increased special assessment and revenue bond debt service of \$2,060,353 and \$2,021,374 respectively. Looking specifically at the tax supported funds (general and special revenue funds), the 2008 budget reflects an increase of \$1,155,638 (4.7%) from 2007 levels. The overall budget increase due to debt service and tax supported funds is offset by a reduction in the Airport fund of \$1,162,113 for the cross-wind runway capital outlay in 2007.

On December 18, 2007, the Moorhead Public Service Commission approved a ten percent (10.0%) increase in electric rates and a twelve and one half percent (12.5%) percent increase in water rates, and a \$2 per month increase in basic and deluxe service broadband rate. Electric division rates were increased primarily in response to an increase in power supply purchases, un-financed capital expenditures, increases in personnel staffing and transfers to the broadband division. Water division rates were increased to cover increases in personnel staffing, annual debt service payments and un-financed capital expenditures. Broadband division rates were increased to help cover operating expenses now being funded by the electric division.

Requests for Information

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

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**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 55,196,789	\$ 11,656,456	\$ 66,853,245	\$ 1,919,109
Receivables (net of allowance for uncollectibles):				
Accounts and notes	265,722	2,422,902	2,688,624	140,206
Accrued interest	140,237	361,098	501,335	
Internal balances	2,845,770	(2,845,770)		
Due from other governmental units	1,855,801	919,607	2,775,408	
Inventories		1,021,196	1,021,196	
Prepaid items	2,537	51,613	54,150	
Restricted assets:				
Cash and cash equivalents		12,907,329	12,907,329	
Long-term receivables:				
Special assessments	63,424,160	4,392,559	67,816,719	
Notes receivable, less current portion	3,332,684	1,017,185	4,349,869	
Capital assets:				
Intangible plant		255,373	255,373	
Land	7,530,596	7,282,109	14,812,705	464,977
Buildings	18,784,757	124,563,460	143,348,217	8,570,662
Improvements other than buildings	7,739,118	34,666,516	42,405,634	
Machinery and equipment	23,956,363	16,540,111	40,496,474	450,508
Infrastructure	166,465,818		166,465,818	
Construction in progress	23,952,762	4,381,889	28,334,651	
Less accumulated depreciation	(69,457,671)	(71,075,203)	(140,532,874)	(5,445,180)
Total assets	<u>306,035,443</u>	<u>148,518,430</u>	<u>454,553,873</u>	<u>6,100,282</u>
LIABILITIES				
Accounts payable	1,702,845	3,193,204	4,896,049	16,677
Contracts payable - retainage	788,994		788,994	
Accrued wages payable	272,856	127,785	400,641	
Due to other governmental units	3,241	26,761	30,002	
Customer deposits		124,019	124,019	46,028
Unearned revenue	13,565	827	14,392	
Other liabilities	8,619	24,920	33,539	27,452
Accrued interest payable	2,375,020	350,738	2,725,758	
Long-term liabilities:				
Due within one year	8,004,664	4,136,115	12,140,779	130,000
Accrued compensated absences	530,967	596,766	1,127,733	49,188
Notes payable	1,267,145	717,499	1,984,644	
Bonds payable	134,304,559	48,533,459	182,838,018	
Total liabilities	<u>149,272,475</u>	<u>57,832,093</u>	<u>207,104,568</u>	<u>269,345</u>
NET ASSETS				
Invested in capital assets net of related debt	187,997,223	71,057,882	259,055,105	3,910,967
Restricted for debt service	84,370,492	5,891,812	90,262,304	
Restricted for capital projects	9,025,480		9,025,480	
Unrestricted	(124,630,227)	13,736,643	(110,893,584)	1,919,970
Total net assets	<u>\$ 156,762,968</u>	<u>\$ 90,686,337</u>	<u>\$ 247,449,305</u>	<u>\$ 5,830,937</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, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary Government							
Governmental activities:							
General government	\$ 3,473,922	\$ 888,257	\$ 25,395	\$ 9,071	\$ (2,551,199)	\$ (2,551,199)	
Public safety	10,006,060	1,058,423	980,880		(7,966,757)	(7,966,757)	
Highways and streets	8,342,798	2,002,523	37,319	34,827,098	28,524,142	28,524,142	
Parks and recreation	2,329,521	481,968	7,109	5,469,410	3,628,966	3,628,966	
Library	814,816	24	2,567		(812,225)	(812,225)	
Community development	775,711	371,412	517,110		112,811	112,811	
Rental registration	144,801	231,083			86,282	86,282	
Mass transit	1,948,827	266,202	1,352,950	223,789	(105,886)	(105,886)	
Economic development	834,708	67,904		777,597	10,793	10,793	
Interest on long-term debt	6,651,205				(6,651,205)	(6,651,205)	
Total governmental activities	<u>35,322,369</u>	<u>5,367,796</u>	<u>2,923,330</u>	<u>41,306,965</u>	<u>14,275,722</u>	<u>14,275,722</u>	
Business-type activities:							
Electric	18,487,724	25,152,311		122,949	6,787,536	6,787,536	
Water	4,484,804	5,583,065			1,098,261	1,098,261	
Wastewater treatment	4,962,560	4,881,520	2,613	862,212	783,785	783,785	
Broadband	1,534,312	841,628			(692,684)	(692,684)	
Storm water	881,669	889,779			8,110	8,110	
Sanitation	3,007,471	3,180,040	132,577		305,146	305,146	
Golf Course	1,706,043	1,083,083			(622,960)	(622,960)	
Sports Center	844,913	475,341			(369,572)	(369,572)	
Pest Control	267,505	299,421	178		32,094	32,094	
Forestry	655,000	591,446	458		(63,096)	(63,096)	
Municipal airport	397,094	51,030	24,669	281,222	(40,173)	(40,173)	
Total business-type activities	<u>37,229,095</u>	<u>43,028,664</u>	<u>160,499</u>	<u>1,266,383</u>	<u>7,226,447</u>	<u>7,226,447</u>	
Total primary government	<u>\$ 72,551,464</u>	<u>\$ 48,396,460</u>	<u>\$ 3,083,829</u>	<u>\$ 42,573,348</u>	<u>\$ 14,275,722</u>	<u>\$ 21,502,169</u>	
Component Unit:							
Public Housing Agency	\$ 1,534,226	\$ 426,966	\$ 935,296	\$ 504,013		\$ 332,049	
General revenues:							
Property taxes levied for general purposes					3,345,080	3,345,080	
Property taxes levied for debt service					827	827	
Tax increments					1,088,698	1,088,698	
Franchise fees					736,880	736,880	
State aid unrestricted					9,832,461	9,844,021	
Grants and contributions not restricted to specific programs					177,165	177,165	
Unrestricted investment earnings					2,333,128	3,473,374	
Miscellaneous					430,485	481,793	
Gain on disposal/sale of assets					109,595	463,378	
Transfers					2,930,387	(2,930,387)	
Total general revenues and transfers					<u>20,984,706</u>	<u>19,611,216</u>	
Changes in net assets					35,260,428	41,113,385	
Net assets - beginning					121,502,540	206,335,920	
Net assets - ending					<u>\$ 156,762,968</u>	<u>\$ 247,449,305</u>	

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 10,522,502	\$ 17,048,315	\$ 6,619,121	\$ 1,391,696	\$ 16,673,629	\$ 52,255,263
Receivables, net:						
Accounts	177,136	548			25,462	203,146
Notes	101,121	14,829			3,391,828	3,507,778
Special assessments	10,463	71,703,449	2,451,378		292,026	74,457,316
Accrued interest	15,765	83,079		710	36,400	135,954
Due from other funds	2,996,985		422,393		126,250	3,545,628
Due from other governmental units	174,438	58,987	2,894	1,407,940	210,028	1,854,287
Advances to other funds	1,185,768					1,185,768
Prepaid items	2,537					2,537
Total Assets	\$ 15,186,715	\$ 88,909,207	\$ 9,495,786	\$ 2,800,346	\$ 20,755,623	\$ 137,147,677
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 419,536	\$	\$ 99,500	\$ 628,490	\$ 436,926	\$ 1,584,452
Contracts payable - retainage			498,100	290,894		786,994
Accrued wages payable	227,802				34,289	262,091
Due to other funds	8,536		6,958	209,000	1,129,691	1,354,185
Advances from other funds					400,000	400,000
Due to other governmental units	750				3,241	3,241
Other liabilities	76,888	71,704,449	2,462,558		7,869	8,619
Deferred revenue	733,512	71,704,449	3,067,116	1,128,384	3,674,189	77,918,084
Total Liabilities	\$ 1,185,768	\$ 71,704,449	\$ 3,067,116	\$ 1,128,384	\$ 5,686,205	\$ 82,319,666
Fund Balance:						
Reserved for encumbrances	261,139		5,559,927	370,546	293,386	6,484,998
Reserved for notes receivable	101,121	14,829				115,950
Reserved for advances	1,185,768					1,185,768
Reserved for debt service		17,189,929			9,669,430	26,859,359
Unreserved, undesignated, reported in:						
General fund	12,905,175					12,905,175
Special revenue funds					3,547,842	3,547,842
Capital projects funds			868,743	1,301,416	1,558,760	3,728,919
Total Fund Balance	14,453,203	17,204,758	6,428,670	1,671,962	15,069,418	54,828,011
Total Liabilities and Fund Balance	\$ 15,186,715	\$ 88,909,207	\$ 9,495,786	\$ 2,800,346	\$ 20,755,623	\$ 137,147,677

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.

	178,971,743
	66,696,269
	(146,482,355)
Net assets of governmental activities	\$ 2,749,300
	\$ 156,762,968

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, 2007**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 3,163,738		\$ 113	\$ 41	\$ 1,270,713	\$ 4,434,605
Franchise	736,880					736,880
Licenses and permits	779,928					779,928
Intergovernmental revenues:						
Federal	41,784					
State	5,249,750	911,327	937,155	165,700	1,228,749	1,436,233
Minnesota Dept. of Education Grant				4,075,883	5,537,045	16,711,160
Fargo Public School District #1				2,294,427		2,294,427
City of Dilworth - 34th St				3,149,983		3,149,983
Other	108,533	739,870	1,534	37,848		733,389
Charges for services	2,429,889					1,014,791
Fines and forfeits	598,451				633,687	3,065,110
Facility rentals				6,134		598,451
Interest on investments	434,116	1,037,452		6,134	192,588	198,722
Special assessments		6,486,307	4,026	99,164	638,670	2,213,428
Miscellaneous	255,185	94,757	305,293		51,677	6,843,277
Total revenues	<u>13,798,254</u>	<u>9,269,713</u>	<u>1,965,183</u>	<u>10,644,062</u>	<u>10,490,326</u>	<u>46,167,538</u>
EXPENDITURES						
Current:						
General government	3,334,710				34,851	3,369,561
Public safety	9,727,664				96,618	9,824,282
Highways and streets	4,569,588		738,012		65,259	5,372,859
Parks and recreation					2,219,864	2,219,864
Library					760,544	760,544
Community development					768,821	768,821
Rental Registration					144,801	144,801
Mass transit					1,589,758	1,589,758
Economic development				315,959	336,182	652,141
Capital outlay	50,482		17,484,517	15,692,951	1,641,441	34,869,391
Debt Service:						
Bond and note principal	1,467	1,890,000			1,947,505	3,838,972
Bond and note interest	81	3,872,993			1,226,093	5,099,167
Fiscal and other charges		184,177			481,213	665,390
Total expenditures	<u>17,683,992</u>	<u>5,947,170</u>	<u>18,222,529</u>	<u>16,008,910</u>	<u>11,312,950</u>	<u>69,175,551</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(3,885,738)</u>	<u>3,322,543</u>	<u>(16,257,346)</u>	<u>(5,364,848)</u>	<u>(822,624)</u>	<u>(23,008,013)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		1,528,000		4,761,000		22,400,000
Transfers from other funds	5,887,046			10,000	2,219,104	8,116,150
Transfers to other funds	(356,970)	(204,000)			(1,062,839)	(1,623,809)
Sale of capital assets				126,445		126,445
Total other financing sources	<u>5,530,076</u>	<u>1,324,000</u>	<u>16,111,000</u>	<u>4,897,445</u>	<u>1,156,265</u>	<u>29,018,786</u>
NET CHANGE IN FUND BALANCE	<u>1,644,338</u>	<u>4,646,543</u>	<u>(146,346)</u>	<u>(467,403)</u>	<u>333,641</u>	<u>6,010,773</u>
FUND BALANCE - BEGINNING	<u>12,808,865</u>	<u>12,558,215</u>	<u>6,575,016</u>	<u>2,139,365</u>	<u>14,735,777</u>	<u>48,817,238</u>
FUND BALANCE - ENDING	<u>\$ 14,453,203</u>	<u>\$ 17,204,758</u>	<u>\$ 6,428,670</u>	<u>\$ 1,671,962</u>	<u>\$ 15,069,418</u>	<u>\$ 54,828,011</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, 2007**

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) \$ 6,010,773

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	\$ 30,772,636	
Depreciation expense	<u>(3,879,019)</u>	26,893,617

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (16,850)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 21,255,578

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	\$ (22,400,000)	
Bond & note principal payments	<u>3,838,972</u>	(18,561,028)

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	\$ (106,617)	
Accrued interest	(718,440)	
Capital Appreciation Bond accretion	<u>(168,209)</u>	(993,266)

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. 671,604

Change in net assets of governmental activities (page 11) \$ 35,260,428

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,142,685	\$ 3,142,685	\$ 3,163,738	\$ 21,053
Franchise	631,700	631,700	736,880	105,180
Licenses and permits	594,210	594,210	779,928	185,718
Intergovernmental:				
Federal	182,753	182,753	41,784	(140,969)
State	4,972,280	4,981,080	5,249,750	268,670
County	32,000	32,000	69,733	37,733
Other	44,800	44,800	38,800	(6,000)
Charges for services	2,277,650	2,283,381	2,429,889	146,508
Fines and forfeitures	595,500	595,500	598,451	2,951
Interest on investments	90,000	90,000	434,116	344,116
Miscellaneous	105,200	155,200	255,185	99,985
Total revenues	<u>12,668,778</u>	<u>12,733,309</u>	<u>13,798,254</u>	<u>1,064,945</u>
EXPENDITURES				
Current:				
General government	3,795,644	3,644,850	3,334,710	310,140
Public safety	9,298,251	9,473,276	9,727,664	(254,388)
Highways and streets	4,484,143	4,535,043	4,569,588	(34,545)
Capital outlay	52,500	52,500	50,482	2,018
Debt Service:				
Note principal	1,469	1,469	1,467	2
Note Interest	81	81	81	
Total expenditures	<u>17,632,088</u>	<u>17,707,219</u>	<u>17,683,992</u>	<u>23,227</u>
REVENUE UNDER EXPENDITURES	<u>(4,963,310)</u>	<u>(4,973,910)</u>	<u>(3,885,738)</u>	<u>1,088,172</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	5,003,412	5,003,412	5,887,046	883,634
Transfers to other funds	(341,270)	(356,970)	(356,970)	
Total other financing sources	<u>4,662,142</u>	<u>4,646,442</u>	<u>5,530,076</u>	<u>883,634</u>
NET CHANGE IN FUND BALANCE	(301,168)	(327,468)	1,644,338	1,971,806
FUND BALANCE - BEGINNING	<u>12,808,865</u>	<u>12,808,865</u>	<u>12,808,865</u>	
FUND BALANCE - ENDING	<u>\$ 12,507,697</u>	<u>\$ 12,481,397</u>	<u>\$ 14,453,203</u>	<u>\$ 1,971,806</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, 2007**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 1,229,142	\$ 923,241	\$ 5,571,321	\$ 3,932,752	\$ 11,656,456	\$ 2,941,526
Receivables (net of allowance for uncollectibles):						
Accounts and notes	1,404,511	241,212	302,659	474,520	2,422,902	62,576
Accrued interest	36,500	24,000	294,278	6,320	361,098	4,283
Due from other city funds	8,286	6,958	358,870	413,590	787,704	
Due from other governmental units			521,170	398,437	919,607	1,514
Inventories	805,610	145,586		70,000	1,021,196	
Prepaid items	12,250	34,363		5,000	51,613	
Total current assets	<u>3,496,299</u>	<u>1,375,360</u>	<u>7,048,298</u>	<u>5,300,619</u>	<u>17,220,576</u>	<u>3,009,899</u>
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	6,724,962	4,287,555	770,201	1,124,611	12,907,329	
Long-term receivables:						
Special assessments		38,877	4,352,865	817	4,392,559	
Notes receivable, less current portion	14,698			1,002,487	1,017,185	
Capital assets:						
Intangible plant	255,373				255,373	
Land	541,882	574,942	1,753,266	4,412,019	7,282,109	
Buildings	41,149,419	47,512,413	22,887,161	13,014,467	124,563,460	
Improvements other than buildings			27,106,553	7,559,963	34,666,516	
Machinery and equipment	3,791,060	1,051,291	8,933,339	2,764,421	16,540,111	18,727,657
Construction in progress	546,019		3,835,870		4,381,889	
Less accumulated depreciation	(19,321,609)	(13,175,072)	(28,409,576)	(10,168,946)	(71,075,203)	(10,922,498)
Total long-term assets	<u>33,701,804</u>	<u>40,290,006</u>	<u>41,229,679</u>	<u>19,709,839</u>	<u>134,931,328</u>	<u>7,805,159</u>
Total assets	<u>37,198,103</u>	<u>41,665,366</u>	<u>48,277,977</u>	<u>25,010,458</u>	<u>152,151,904</u>	<u>10,815,058</u>
LIABILITIES						
14,329						
Current liabilities:						
Accounts payable	2,042,916	336,702	600,876	212,710	3,193,204	118,393
Accrued wages payable	26,693	16,986	23,181	60,925	127,785	10,765
Due to other city funds	878,018	467,281		1,633,848	2,979,147	
Due to other governmental units				26,761	26,761	
Customer deposits	114,279			9,740	124,019	
Deferred revenue				827	827	
Other liabilities				24,920	24,920	
Accrued interest payable	51,000	68,000	207,090	24,648	350,738	
Current maturities of long-term debt	847,500	1,674,000	841,396	587,194	3,950,090	
Total current liabilities	<u>3,960,406</u>	<u>2,562,969</u>	<u>1,672,543</u>	<u>2,581,573</u>	<u>10,777,491</u>	<u>129,158</u>
Long-term liabilities:						
Accrued compensated absences	282,000	190,000	107,687	203,104	782,791	15,148
Notes payable	79,522	56,475		581,502	717,499	
Bonds payable	9,263,104	10,362,656	25,426,993	3,480,706	48,533,459	
Advances from other funds				785,768	785,768	
Total long-term liabilities	<u>9,624,626</u>	<u>10,609,131</u>	<u>25,534,680</u>	<u>5,051,080</u>	<u>50,819,517</u>	<u>15,148</u>
Total liabilities	<u>13,585,032</u>	<u>13,172,100</u>	<u>27,207,223</u>	<u>7,632,653</u>	<u>61,597,008</u>	<u>144,306</u>
NET ASSETS						
Invested in capital assets, net of related debt	16,787,451	23,881,510	14,961,290	15,427,631	71,057,882	7,805,159
Restricted for debt service	1,639,000	2,358,000	770,201	1,124,611	5,891,812	
Unrestricted	5,186,620	2,253,756	5,339,263	825,563	13,605,202	2,865,593
Total net assets	<u>\$ 23,613,071</u>	<u>\$ 28,493,266</u>	<u>\$ 21,070,754</u>	<u>\$ 17,377,805</u>	<u>\$ 90,554,896</u>	<u>\$ 10,670,752</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					131,441	
Net assets of business-type activities					<u>\$ 90,686,337</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, 2007

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 24,813,068	\$ 5,555,665	\$ 4,697,022	\$ 7,103,464	\$ 42,169,219	\$ 2,137,358
Other	339,243	27,400	188,795	477,103	1,032,541	74,695
Total operating revenue	<u>25,152,311</u>	<u>5,583,065</u>	<u>4,885,817</u>	<u>7,580,567</u>	<u>43,201,760</u>	<u>2,212,053</u>
OPERATING EXPENSES						
Personal services	2,083,671	1,417,666	951,500	3,120,185	7,573,022	354,809
Purchased power	13,109,994				13,109,994	
Disposal fee				909,823	909,823	
Professional services	159,746	14,451	67,704	374,790	616,691	23,902
Insurance	115,902	86,182	89,575	150,537	442,196	3,939
Repair and maintenance	444,830	1,147,027	509,863	793,675	2,895,395	270,421
Supplies	322,940	251,656	371,490	933,157	1,879,243	29,420
Utilities			453,135	313,644	766,779	
Equipment rental			117,175	472,228	589,403	
Depreciation	1,383,076	909,149	1,297,744	1,080,541	4,670,510	1,370,498
Miscellaneous	435,713	66,560	271,665	885,075	1,659,013	112,864
Total operating expenses	<u>18,055,872</u>	<u>3,892,691</u>	<u>4,129,851</u>	<u>9,033,655</u>	<u>35,112,069</u>	<u>2,165,853</u>
Operating income (loss)	<u>7,096,439</u>	<u>1,690,374</u>	<u>755,966</u>	<u>(1,453,088)</u>	<u>8,089,691</u>	<u>46,200</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	416,027	214,121	278,683	231,415	1,140,246	119,700
Interest on indebtedness	(431,852)	(592,113)	(834,619)	(339,000)	(2,197,584)	
Gain on disposal of equipment	56,083	2,404		295,296	353,783	49,333
Special assessments			862,212		862,212	
Miscellaneous	112,904	(84,593)	6,483	296,695	331,489	2,128
Total nonoperating revenue (expense)	<u>153,162</u>	<u>(460,181)</u>	<u>312,759</u>	<u>484,406</u>	<u>490,146</u>	<u>171,161</u>
Income (loss) before transfers	<u>7,249,601</u>	<u>1,230,193</u>	<u>1,068,725</u>	<u>(968,682)</u>	<u>8,579,837</u>	<u>217,361</u>
Capital contributions	122,949	802,264		3,131,196	4,056,409	163,295
Transfers from other funds				3,329,005	3,329,005	377,285
Transfers to other funds	(7,836,250)	(281,000)	(496,482)	(1,579,120)	(10,192,852)	(5,779)
Total transfers	<u>(7,713,301)</u>	<u>521,264</u>	<u>(496,482)</u>	<u>4,881,081</u>	<u>(2,807,438)</u>	<u>534,801</u>
CHANGE IN NET ASSETS	(463,700)	1,751,457	572,243	3,912,399	5,772,399	752,162
TOTAL NET ASSETS - BEGINNING	<u>24,076,771</u>	<u>26,741,809</u>	<u>20,498,511</u>	<u>13,465,406</u>	<u>84,782,497</u>	<u>9,918,590</u>
TOTAL NET ASSETS - ENDING	<u>\$ 23,613,071</u>	<u>\$ 28,493,266</u>	<u>\$ 21,070,754</u>	<u>\$ 17,377,805</u>	<u>\$ 90,554,896</u>	<u>\$ 10,670,752</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2007**

	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	\$ 24,986,631	\$ 5,634,667	\$ 4,917,633	\$ 7,092,512	\$ 42,631,443	\$ 2,125,993
Payments to suppliers	(14,719,002)	(2,035,339)	(1,403,691)	(4,348,828)	(22,506,860)	(320,191)
Payments to employees	(1,647,686)	(689,154)	(936,229)	(2,966,144)	(6,239,213)	(347,061)
Other receipts (payments)	1,747,934	197,516	725	(1,190,672)	755,503	(25,202)
Net cash provided by operating activities	<u>10,367,877</u>	<u>3,107,690</u>	<u>2,578,438</u>	<u>(1,413,132)</u>	<u>14,640,873</u>	<u>1,433,539</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds				3,329,005	3,329,005	9,200
Transfers to other funds	(7,836,250)	(281,000)	(297,022)	(630,506)	(9,044,778)	
Net cash provided by (used in) noncapital financing activities	<u>(7,836,250)</u>	<u>(281,000)</u>	<u>(297,022)</u>	<u>2,698,499</u>	<u>(5,715,773)</u>	<u>9,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond and note proceeds	3,405,000	3,840,000	3,341,155		10,586,155	
Purchase of assets	(2,462,222)	(3,076,876)	(3,504,709)	(694,432)	(9,738,239)	(1,807,075)
Proceeds from sale of assets	56,083	2,404			58,487	106,055
Principal payments - bonds and notes	(746,750)	(1,533,250)	(1,092,073)	(581,912)	(3,953,985)	
Interest payments - bonds and notes	(444,439)	(589,614)	(841,088)	(310,750)	(2,185,891)	
Special assessment collections			494,209		494,209	
Net cash used in capital and related financing activities	<u>(192,328)</u>	<u>(1,357,336)</u>	<u>(1,602,506)</u>	<u>(1,587,094)</u>	<u>(4,739,264)</u>	<u>(1,701,020)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	414,327	208,121	228,676	228,676	1,079,800	119,435
Net increase (decrease) in cash and cash equivalents	2,753,626	1,677,475	907,586	(73,051)	5,265,636	(138,846)
Cash and cash equivalents at beginning of year	5,200,478	3,533,321	5,433,936	5,130,414	19,298,149	3,080,372
Cash and cash equivalents at end of year	<u>\$ 7,954,104</u>	<u>\$ 5,210,796</u>	<u>\$ 6,341,522</u>	<u>\$ 5,057,363</u>	<u>\$ 24,563,785</u>	<u>\$ 2,941,526</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 7,096,439	\$ 1,690,374	\$ 755,966	\$ (1,453,088)	\$ 8,089,691	\$ 46,200
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,383,076	909,149	1,297,744	1,080,541	4,670,510	1,370,498
Miscellaneous nonoperating income	112,904	42,951	6,483	296,695	459,033	2,128
Change in assets and liabilities:						
Accounts and notes receivable	(278,520)	16,346	40,488	52,434	(169,252)	(11,224)
Due from other funds	1,747,870	189,821	(8,517)	(33,940)	1,895,234	
Due from other governments			(5,758)	(44,102)	(49,860)	(141)
Inventories	(129,975)	(5,932)		84,309	(51,598)	
Prepaid items	(1,116)	(1,297)			(2,413)	
Accounts payable	538,199	266,278	476,916	(24,122)	1,257,271	18,330
Accrued wages payable	(101,000)		4,161	8,362	(88,477)	4,265
Compensated absences payable			11,110	12,765	23,875	3,483
Due to other funds				(1,390,755)	(1,390,755)	
Due to other governments				414	414	
Deferred revenue			(155)	(1,990)	(2,145)	
Other current liabilities				(655)	(655)	
Net cash provided by (used in) operating activities	<u>\$ 10,367,877</u>	<u>\$ 3,107,690</u>	<u>\$ 2,578,438</u>	<u>\$ (1,413,132)</u>	<u>\$ 14,640,873</u>	<u>\$ 1,433,539</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 122,949</u>	<u>\$ 802,264</u>	<u>\$ -</u>	<u>\$ 3,131,196</u>	<u>\$ 4,056,409</u>	<u>\$ 163,295</u>
Contributions of capital assets from proprietary funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,085</u>
Contributions of capital assets to internal service funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,460</u>	<u>\$ 162,846</u>	<u>\$ 362,306</u>	<u>\$ (5,779)</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007**

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ 22,413
Accrued interest	33
Total Assets	<u>\$ 22,446</u>
LIABILITIES	
Due to other governmental units	\$ 22,446
Total Liabilities	<u>\$ 22,446</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2007

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, 2007. Separate audited financial statements for the year ended June 30, 2007 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 following non-profit agencies: Community Access Television and Armory.

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 \$66,696,269 difference are as follows:

Special assessments receivable	\$63,424,160
Notes receivable	3,332,684
Current notes receivable	<u>(60,575)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 66,696,269</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 \$146,482,355 difference are as follows:

Bonds payable	\$141,264,588
Notes payable	1,515,516
Accrued interest payable	2,375,020
Compensated absences payable	<u>1,327,231</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 146,482,355</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 \$2,749,300 difference are as follows:

Internal service fund net assets	\$10,670,752
Net capital assets included in governmental activities	(7,805,159)
Accrued compensated absences payable included in governmental activities	15,148
Internal service fund activity reflected in business-type activities	<u>(131,441)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$2,749,300</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 \$131,441 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$ 50,883
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>80,558</u>
Net adjustment to increase net assets - total enterprise funds to arrive at net assets - business-type activities	<u>\$ 131,441</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.

Prior to 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. Public hearings are conducted as required to obtain taxpayer comments and prior to December 31, the budget is legally enacted by Council resolution.

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 fund 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.

NOTE 4: - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$3,589,292, 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, 2007, 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	\$ 644,539	\$	\$ 89,973	\$ 554,566	\$
U.S. Treasuries	14,189,778	2,495,000	11,234,980		459,798
Money Markets	61,359,378	61,359,378			
Total Investments	<u>\$ 76,193,695</u>	<u>\$ 63,854,378</u>	<u>\$ 11,324,953</u>	<u>\$ 554,566</u>	<u>\$ 459,798</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 minimizes its credit risk by investing primarily in U.S. government backed securities. The Electric and Water Fund money market investments of \$6,040,719 are not rated. The City's remaining money market investments of \$55,318,659 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, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 7,370,538	\$ 160,058	\$	\$ 7,530,596
Construction in progress	30,731,939	22,033,125	(28,812,302)	23,952,762
Total capital assets, not being depreciated	38,102,477	22,193,183	(28,812,302)	31,483,358
Capital assets, being depreciated:				
Buildings	17,959,719	825,038		18,784,757
Improvements other than buildings	6,986,957	766,737	(14,576)	7,739,118
Machinery and equipment	22,074,350	2,865,841	(983,828)	23,956,363
Infrastructure	131,162,030	35,303,788		166,465,818
Total capital assets being depreciated	178,183,056	39,761,404	(998,404)	216,946,056
Less accumulated depreciation for:				
Buildings	(6,949,300)	(468,696)		(7,417,996)
Improvements other than buildings	(6,707,028)	(55,575)		(6,762,603)
Machinery and equipment	(12,376,814)	(1,784,508)	909,764	(13,251,558)
Infrastructure	(39,083,169)	(2,942,345)		(42,025,514)
Total accumulated depreciation	(65,116,311)	(5,251,124)	909,764	(69,457,671)
Total capital assets, being depreciated, net	113,066,745	34,510,280	(88,640)	147,488,385
Governmental activities capital assets, net	\$ 151,169,222	\$ 56,703,463	\$ (28,900,942)	\$ 178,971,743
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 7,265,713	\$ 16,396	\$	\$ 7,282,109
Construction in progress	17,553,304	3,769,495	(16,940,910)	4,381,889
Total capital assets, not being depreciated	24,819,017	3,785,891	(16,940,910)	11,663,998
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	117,262,816	8,259,531	(958,887)	124,563,460
Improvements other than buildings	18,453,462	16,998,822	(785,768)	34,666,516
Machinery and equipment	14,586,404	2,340,455	(386,748)	16,540,111
Total capital assets being depreciated	150,558,055	27,598,808	(2,131,403)	176,025,460
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(48,739,850)	(2,966,423)	288,274	(51,417,999)
Improvements other than buildings	(6,208,593)	(849,240)	78,577	(6,979,256)
Machinery and equipment	(11,486,099)	(968,528)	32,052	(12,422,575)
Total accumulated depreciation	(66,689,915)	(4,784,191)	398,903	(71,075,203)
Total capital assets, being depreciated, net	83,868,140	22,814,617	(1,732,500)	104,950,257
Business-type activities capital assets, net	\$ 108,687,157	\$ 26,600,508	\$ (18,673,410)	\$ 116,614,255

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

Governmental activities:		
General Government	\$	75,297
Public Safety		84,333
Highways & Streets, including depreciation of general infrastructure assets		3,000,671
Parks & Recreation		119,017
Library		54,272
Economic Development		181,077
Community Development		6,890
Mass Transit		359,069
Subtotal		3,880,626
Internal Service		1,370,498
Total depreciation expense – governmental activities	\$	<u>5,251,124</u>
Business-type activities:		
Electric	\$	1,383,076
Water		909,149
Wastewater		1,297,744
Broadband		336,667
Storm water		27,392
Sanitation		31,730
Golf Course		195,891
Sports Center		331,531
Forestry		803
Airport		156,527
Total depreciation expense – business-type activities	\$	<u>4,670,510</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net assets is \$4,670,510. The difference of \$113,681 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, 2007, is as follows:

<u>Fund</u>	Receivable	Payable
Governmental activities:		
General Fund	\$ 2,996,985	\$ 8,536
Capital Improvement Fund	126,000	
Park Fund	250	
Special Assessment Fund	422,393	6,958
Permanent Improvement Fund		209,000
Tax Increment Debt Fund		1,129,691
	<u>3,545,628</u>	<u>1,354,185</u>
Business-type activities:		
Electric Fund	8,286	878,018
Water Fund	6,958	467,281
Wastewater Fund	358,870	
Storm Water Fund	69,020	
Sanitation Fund	251,572	
Golf Course Fund	20,442	1,438,233
Forestry Fund	48,373	
Pest Control Fund	24,183	
Airport Fund		195,615
	<u>787,704</u>	<u>2,979,147</u>
	<u>\$ 4,333,332</u>	<u>\$ 4,333,332</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	Permanent Improvement	Governmental	Enterprise	Internal Service
<u>Major Funds</u>						
General	\$ 356,970	\$ 10,000	\$ 250,000	\$ 87,770	\$ 9,200	
Special Assmt Debt	204,000			204,000		
Electric	7,836,250	3,991,000	1,298,000	2,547,250		
Water	281,000	281,000				
Wastewater	496,482	257,022		40,000	199,460	
Totals	<u>9,174,702</u>	<u>4,529,022</u>	<u>10,000</u>	<u>1,548,000</u>	<u>2,879,020</u>	
<u>Non-Major Funds</u>						
Governmental	1,062,839		671,104	391,735		
Enterprise	1,579,120	1,358,024		58,250	162,846	
Internal Service	5,779				5,779	
Totals	<u>2,647,738</u>	<u>1,358,024</u>	<u>671,104</u>	<u>449,985</u>	<u>168,625</u>	
	<u>\$ 11,822,440</u>	<u>\$ 5,887,046</u>	<u>\$ 10,000</u>	<u>\$ 2,219,104</u>	<u>\$ 3,329,005</u>	

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2007	Additions	Reductions	Balance at December 31, 2007	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable					
G.O. Special Assessment	\$ 97,715,000	\$ 22,400,000	\$ 1,890,000	\$ 118,225,000	\$ 3,565,000
G.O. Debt	2,270,000		330,000	1,940,000	480,000
G.O. Tax Increment	12,940,000		1,030,000	11,910,000	1,075,000
G.O. Municipal Improvement Revenue	9,256,380	168,208	235,000	9,189,588	1,840,029
Total Bonds Payable	<u>122,181,380</u>	<u>22,568,208</u>	<u>3,485,000</u>	<u>141,264,588</u>	<u>6,960,029</u>
Notes Payable	1,869,488		353,972	1,515,516	248,371
Compensated Absences	1,217,131	842,230	732,130	1,327,231	796,264
Governmental Activity Long-Term Liabilities	<u>\$ 125,267,999</u>	<u>\$ 23,410,438</u>	<u>\$ 4,571,102</u>	<u>\$ 144,107,335</u>	<u>\$ 8,004,664</u>
<u>Business-Type Activities:</u>					
Bonds Payable					
Electric Utility	\$ 7,480,302	\$ 3,405,000	\$ 746,750	\$ 10,138,552	\$ 832,067
Water Utility	9,884,698	3,840,000	1,533,250	12,191,448	1,662,933
Wastewater	23,651,753	3,855,984	1,092,073	26,415,664	841,396
Golf Course	3,650,000		160,000	3,490,000	170,000
Sports Center	300,000		45,000	255,000	50,000
Total Bonds Payable	<u>44,966,753</u>	<u>11,100,984</u>	<u>3,577,073</u>	<u>52,490,664</u>	<u>3,556,396</u>
Notes Payable	1,488,114		376,912	1,111,202	393,694
Compensated Absences	860,547	195,610	273,366	782,791	186,025
Business-Type Activity Long-Term Liabilities	<u>\$ 47,315,414</u>	<u>\$ 11,296,594</u>	<u>\$ 4,227,351</u>	<u>\$ 54,384,657</u>	<u>\$ 4,136,115</u>

The City's debt limit is \$31,492,698 and the legal debt margin is \$29,943,620.

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 \$26,859,359 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 \$400,818 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, 2007 consists of the following:

Governmental Activities-

- Minnesota Municipal Energy Conservation Loan with 5.5% interest, maturing November 2007
- 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, 2007, follows:

Year	Governmental Activities		Business -Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 248,371	\$ 89,449	\$ 393,694	\$ 44,998
2009	266,658	71,163	411,238	27,462
2010	175,830	51,496	227,171	9,144
2011	61,339	40,719	30,525	3,405
2012	64,463	37,594	31,996	1,934
2013 - 2017	375,039	135,248	16,578	395
2018 - 2021	<u>323,816</u>	<u>33,385</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 1,515,516</u>	<u>\$ 459,054</u>	<u>\$ 1,111,202</u>	<u>\$ 87,338</u>

The requirement to amortize all bonded debt outstanding as of December 31, 2007, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	6,960,029	6,046,932	3,556,396	2,093,771	18,657,128
2009	7,714,559	5,858,910	3,811,567	2,016,571	19,401,607
2010	6,840,000	5,455,562	3,706,196	1,851,605	17,853,363
2011	6,895,000	5,170,162	3,875,707	1,695,073	17,635,942
2012	6,710,000	4,883,517	4,117,647	1,527,451	17,238,615
2013-2017	32,935,000	20,056,478	13,066,721	5,727,899	71,786,098
2018-2022	32,110,000	12,997,736	10,262,331	3,369,173	58,739,240
2023-2027	31,685,000	5,850,435	7,909,099	1,492,015	46,936,549
2028-2032	8,590,000	866,590	2,185,000	152,720	11,794,310
2033	825,000	20,100			845,100
	<u>\$ 141,264,588</u>	<u>\$ 67,206,422</u>	<u>\$ 52,490,664</u>	<u>\$ 19,926,277</u>	<u>\$ 280,887,951</u>

Bonds payable at December 31, 2007 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2007
Governmental Activities					
G.O. Special Assessment					
1996 Series C	09/01/96	02/01/08	5.00-5.10	305,000	100,000
1998 Series C	12/01/98	02/01/09	3.90-4.00	1,245,000	260,000
1999 Series A	10/01/99	02/01/20	4.50-5.60	1,890,000	995,000
2000 Series A	11/15/00	02/01/21	4.60-6.11	1,545,000	1,015,000
2001 Series E	12/01/01	02/01/22	3.25-5.26	2,835,000	2,040,000
2002 Series B	07/01/02	02/01/23	4.20-5.81	4,985,000	3,880,000
2003 Series B	05/01/03	02/01/33	2.00-5.00	12,775,000	12,140,000
2003 Series C	09/01/03	02/01/24	2.50-4.75	2,465,000	2,040,000
2004 Series A	10/01/04	02/01/27	4.00-4.50	16,795,000	16,360,000
2004 Series B	12/01/04	08/01/18	3.00-4.30	1,085,000	655,000
2005 Series A	07/01/05	02/01/27	3.50-5.00	16,580,000	16,580,000
2005 Series B	12/15/05	02/01/27	4.00-4.75	16,445,000	16,445,000
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
				<u>124,665,000</u>	<u>118,225,000</u>
G.O. Debt					
1993 Refunding Bond Series E	11/01/93	02/01/08	3.50-4.70	1,120,000	135,000
2004 Facility Refunding Series C	12/15/04	02/01/12	3.00-4.00	1,500,000	1,100,000
2006 Capital Equipment Series A	03/15/06	02/01/11	4.00	705,000	705,000
				<u>3,325,000</u>	<u>1,940,000</u>
G.O Tax Increment					
1993 Downtown Refunding Series D	11/01/93	02/01/09	3.25-4.90	1,140,000	215,000
1999 Downtown Refunding Series B	11/01/99	02/01/13	4.75-5.35	925,000	410,000
2002 Conference Refunding Series D	12/01/02	02/01/10	2.25-4.00	4,745,000	1,750,000
2001 Regency/Holiday Mall Series A	05/15/01	02/01/28	4.25-5.25	7,000,000	6,815,000
2001 Regency/Holiday Mall Series B	05/15/01	02/01/28	4.25-5.30	1,590,000	1,505,000
2001 Regency/Holiday Mall Series C	05/15/01	02/01/18	3.25-5.00	1,605,000	1,215,000
				<u>17,005,000</u>	<u>11,910,000</u>
G.O Municipal Improvement Revenue					
1996 Taxable Industrial Development Series A	09/01/96	12/01/15	7.40-7.875	4,260,000	4,260,000
2001 Municipal Improvement Revenue Series D	09/01/01	12/01/16	3.75-4.80	1,900,000	1,305,000
1996 Taxable Industrial Development Series B	09/12/96	06/01/09	8.00	940,783	2,229,588
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	630,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	765,000
				<u>8,730,783</u>	<u>9,189,588</u>
Total Governmental Activities				<u>\$ 132,145,783</u>	<u>\$ 141,264,588</u>
Business-Type Activities					
1994 Public Facilities Authority	09/29/94	02/20/15	4.10	2,478,112	1,159,985
1995 Public Facilities Authority	06/29/95	08/20/16	4.11	1,601,443	878,213
1997 Public Facilities Authority	06/29/97	02/20/18	3.49	426,290	256,898
2002 Public Facilities Authority	05/06/02	08/20/22	3.13	3,389,288	2,764,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	11,735,000
2004 Public Facilities Authority	06/21/04	08/20/23	1.98	6,598,073	5,786,099
2007 Public Facilities Authority	06/29/07	08/20/26	1.99	3,835,469	3,835,469
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	3,490,000
2001 Gross Revenue Facility Series A	05/01/01	05/01/12	4.85-4.95	505,000	255,000
1995 Electric Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	1,366,667	260,000
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	1,326,500	644,191
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	3,862,800	2,412,300
2002 Public Utility Revenue Series C	08/01/02	11/01/17	2.50-4.25	4,570,000	3,360,000

Business-Type Activities (cont.)					Principal	
Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2007	
1995 Water Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	2,733,333	520,000	
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	11,938,500	6,860,809	
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	577,200	392,700	
2002 Water Revenue Series C	08/01/02	11/01/17	2.50-4.25	1,005,000	740,000	
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,000	3,355,650	
2007 Water MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,839,000	3,784,350	
Total Business-Type Activities				\$ 70,292,675	\$ 52,490,664	

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, 2007, there were 6 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$31,386,813.

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 mnp-era.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 9.10% and 5.75%, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0%. PEPFF members were required to contribute 7.8% of their annual covered salary in 2007. That rate will increase to 8.6% in 2008.

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

Basic Plan PERF members	11.78%	PEPFF members	11.70%
Coordinated Plan PERF members	6.25%		

Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.5% and 12.9% respectively, effective January 1, 2008. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2007, 2006, and 2005 were \$652,404, \$611,573, and \$516,334, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2007, 2006, and 2005 were \$554,559, \$442,741, and \$402,802, 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 the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official's employer. Employer 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.

<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, 2007, the total of future payments under this lease is \$273,600.

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 \$94,989.

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	-	53%
City of Moorhead	-	22%
Cass County	-	15%
Clay County	-	10%

The equity of the Red River Regional Dispatch Center would be shared in the same percentages above, should the organization be dissolved. At 12/31/06, which is the most recent period for which audited figures are available, the equity was \$439,748. 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 \$6,906,998 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 \$14,480,822 of improvement costs in the Special Assessment Funds under the same situation.

F. Issued But Not-Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The statement issued but not implemented that will significantly affect the City is statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement will affect the way the City accounts for and reports their postemployment healthcare and other non-pension benefits. This statement will be implemented at the City in the year ending December 31, 2008. The City is in the process of reviewing and evaluating the above statement. Therefore, the potential affect of this new accounting pronouncement on the financial statements cannot be determined at this time.

G. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

Deposits - Deposits include checking of \$1,135,153 and saving trust accounts of \$783,956. 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, 2007.

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, 2007 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	8,225,491	345,171		8,570,662
Furniture, equipment & machinery	443,376	20,891	(13,759)	450,508
Total Capital assets being depreciated	8,668,867	366,062	(13,759)	9,021,170
Less accumulated depreciation for:				
Buildings & Improvements	4,838,622	202,863		5,041,485
Furniture, equipment & machinery	389,936	15,134	1,375	403,695
Total accumulated depreciation	5,228,558	217,997	1,375	5,445,180
Total capital assets, being depreciated, net	3,440,309	148,065	(15,134)	3,575,990
Total Capital assets, net	\$ 3,905,286	\$ 148,065	\$ (15,134)	\$ 4,040,967

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

Business-type activities	
Low-Rent Public Housing	<u>\$217,997</u>

3. Long - Term Debt

Type of Issue	July 1, 2006 Balance	Retirements	June 30, 2007 Balance	Due Within One Year
1969 Housing Bonds	\$ 255,000	\$ 125,000	\$ 130,000	\$ 130,000

Debt requirements to maturity for fiscal years ending June 30 are as follows:

	Principal	Interest	Total
2008	\$ 130,000	\$ 5,450	\$ 135,450

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, 2007**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS						
Cash and investments	\$ 1,448,121	\$ 302,076	\$ 309,882	\$ 322,094	\$ 406,166	\$ 1,092,265
Receivables (net of allowance for uncollectibles):						
Accounts	9,720	24		2,182	8,363	
Notes			3,206,934			175,094
Special assessments				3,520		
Accrued interest	2,112	441	32	469	592	2,039
Due from other funds	250					
Due from other governmental units	1,109	7			186,063	2,512
Total Assets	<u>\$ 1,461,312</u>	<u>\$ 302,548</u>	<u>\$ 3,516,848</u>	<u>\$ 328,265</u>	<u>\$ 601,184</u>	<u>\$ 1,271,910</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 24,034	\$ 2,370	\$ 21,500	\$ 880	\$ 335,563	\$ 20,590
Accrued wages payable	21,894	1,101	1,764	2,078	2,742	4,710
Due to other funds						
Advances from other funds						
Due to other governmental units			3,241			
Other liabilities	7,869					
Deferred revenue	135		3,206,934	3,520		175,094
Total Liabilities	<u>53,932</u>	<u>3,471</u>	<u>3,233,439</u>	<u>6,478</u>	<u>338,305</u>	<u>200,394</u>
Fund Balance:						
Reserved for encumbrances		18,000	42,234		112,089	
Reserved for debt service						
Unreserved:						
Undesignated	1,407,380	281,077	241,175	321,787	150,790	1,071,516
Total Fund Balance	<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>
Total Liabilities and Fund Balance	<u>\$ 1,461,312</u>	<u>\$ 302,548</u>	<u>\$ 3,516,848</u>	<u>\$ 328,265</u>	<u>\$ 601,184</u>	<u>\$ 1,271,910</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2007**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 77,354	\$ 3,957,958	\$ 390,922	\$ 4,841,090	\$ 5,928,448	\$ 11,160,460	\$ 1,555,211	\$ 16,673,629
	20,289					5,173	25,462
	3,382,028					9,800	3,391,828
	3,520		288,506		288,506		292,026
113	5,798	570	7,083	20,673	28,326	2,276	36,400
	250					126,000	126,250
	189,691	15	11,251		11,266	9,071	210,028
<u>\$ 77,467</u>	<u>\$ 7,559,534</u>	<u>\$ 391,507</u>	<u>\$ 5,147,930</u>	<u>\$ 5,949,121</u>	<u>\$ 11,488,558</u>	<u>\$ 1,707,531</u>	<u>\$ 20,755,623</u>
\$ 3,350	\$ 408,287	\$	\$	\$ 931	\$ 931	\$ 27,708	\$ 436,926
	34,289						34,289
			1,129,691		1,129,691		1,129,691
			400,000		400,000		400,000
	3,241						3,241
	7,869						7,869
	3,385,683		288,506		288,506		3,674,189
<u>3,350</u>	<u>3,839,369</u>	<u></u>	<u>1,818,197</u>	<u>931</u>	<u>1,819,128</u>	<u>27,708</u>	<u>5,686,205</u>
	172,323					121,063	293,386
		391,507	3,329,733	5,948,190	9,669,430		9,669,430
74,117	3,547,842					1,558,760	5,106,602
<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>1,679,823</u>	<u>15,069,418</u>
<u>\$ 77,467</u>	<u>\$ 7,559,534</u>	<u>\$ 391,507</u>	<u>\$ 5,147,930</u>	<u>\$ 5,949,121</u>	<u>\$ 11,488,558</u>	<u>\$ 1,707,531</u>	<u>\$ 20,755,623</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2007**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$ 104	\$ 132	\$	\$	\$ 34	\$ 180,917
Special assessments						
Intergovernmental revenues:						
Federal			482,110		746,639	
State	2,037,542	748,487	1,310		917,508	235,167
County						
Other						
Charges for services	143,026			227,286	263,375	
Facility rentals	192,588					
Donations						
Interest on investments	40,893	2,255	222	14,013	13,424	70,177
Miscellaneous	117,284	335	308,537	3,688	10,880	64,372
Total revenues	<u>2,531,437</u>	<u>751,209</u>	<u>792,179</u>	<u>244,987</u>	<u>1,951,860</u>	<u>550,633</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,044,001					
Library		744,404				
Community development			768,821			
Rental registration				144,801		
Mass transit					1,589,758	
Economic development						336,182
Capital outlay					358,060	
Debt service:						
Bond and note principal	880	1,322				100,000
Bond and note interest	49	73				17,480
Fiscal and other charges						
Total expenditures	<u>2,044,930</u>	<u>745,799</u>	<u>768,821</u>	<u>144,801</u>	<u>1,947,818</u>	<u>453,662</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>486,507</u>	<u>5,410</u>	<u>23,358</u>	<u>100,186</u>	<u>4,042</u>	<u>96,971</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	237,504				20,000	186,000
Transfers to other funds	(610,189)					
Total other financing sources (uses)	<u>(372,685)</u>				<u>20,000</u>	<u>186,000</u>
NET CHANGE IN FUND BALANCE	113,822	5,410	23,358	100,186	24,042	282,971
FUND BALANCE - BEGINNING	<u>1,293,558</u>	<u>293,667</u>	<u>260,051</u>	<u>221,601</u>	<u>238,837</u>	<u>788,545</u>
FUND BALANCE - ENDING	<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>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

Contributions	Total	Debt Service			Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Capital Improvement	
\$	\$ 181,187	\$ 812	\$ 1,088,714 51,677	\$	\$ 1,089,526 51,677	\$ 1,270,713 51,677
	1,228,749					1,228,749
	3,940,014	350,000	1,237,960		1,587,960	5,537,045
				103,540	103,540	103,540
					25,000	25,000
	633,687					633,687
	192,588					192,588
18,193	18,193					18,193
4,158	145,142	10,257	145,639	288,713	444,609	638,670
	505,096		164,950	73,625	238,575	790,464
<u>22,351</u>	<u>6,844,656</u>	<u>361,069</u>	<u>2,688,940</u>	<u>465,878</u>	<u>3,515,887</u>	<u>10,490,326</u>
1,100	1,100				33,751	34,851
25,047	25,047				71,571	96,618
					65,259	65,259
1,718	2,045,719				174,145	2,219,864
6,223	750,627				9,917	760,544
	768,821					768,821
	144,801					144,801
	1,589,758					1,589,758
	336,182					336,182
	358,060				1,283,381	1,641,441
	102,202	346,093	1,264,210	235,000	1,845,303	1,947,505
	17,602	174,473	596,814	437,204	1,208,491	1,226,093
		933	476,956	3,324	481,213	481,213
<u>34,088</u>	<u>6,139,919</u>	<u>521,499</u>	<u>2,337,980</u>	<u>675,528</u>	<u>3,535,007</u>	<u>11,312,950</u>
<u>(11,737)</u>	<u>704,737</u>	<u>(160,430)</u>	<u>350,960</u>	<u>(209,650)</u>	<u>(19,120)</u>	<u>(822,624)</u>
	443,504			178,600	178,600	2,219,104
	(610,189)				(452,650)	(1,062,839)
	(166,685)			178,600	1,144,350	1,156,265
(11,737)	538,052	(160,430)	350,960	(31,050)	159,480	333,641
85,854	3,182,113	551,937	2,978,773	5,979,240	9,509,950	14,735,777
<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>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 104	\$ 104
Intergovernmental:				
State	2,033,248	2,034,448	2,037,542	3,094
Charges for services	135,250	142,650	143,026	376
Facility rentals	166,926	169,926	192,588	22,662
Interest on investments	10,500	10,500	40,893	30,393
Miscellaneous	71,850	71,850	117,284	45,434
Total revenues	<u>2,417,774</u>	<u>2,429,374</u>	<u>2,531,437</u>	<u>102,063</u>
EXPENDITURES				
Current:				
Personal services	1,127,710	1,129,110	1,080,786	48,324
Supplies	202,601	206,601	178,881	27,720
Other services & charges	794,528	800,728	784,334	16,394
Debt Service:				
Note principal			880	(880)
Note interest			49	(49)
Total expenditures	<u>2,124,839</u>	<u>2,136,439</u>	<u>2,044,930</u>	<u>91,509</u>
REVENUE OVER EXPENDITURES	<u>292,935</u>	<u>292,935</u>	<u>486,507</u>	<u>193,572</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	237,504	237,504	237,504	
Transfers to other funds	(515,189)	(610,189)	(610,189)	
Total other financing uses	<u>(277,685)</u>	<u>(372,685)</u>	<u>(372,685)</u>	
NET CHANGE IN FUND BALANCE	15,250	(79,750)	113,822	193,572
FUND BALANCE - BEGINNING	<u>1,293,558</u>	<u>1,293,558</u>	<u>1,293,558</u>	
FUND BALANCE - ENDING	<u>\$ 1,308,808</u>	<u>\$ 1,213,808</u>	<u>\$ 1,407,380</u>	<u>\$ 193,572</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$	\$	\$ 132	\$ 132
Intergovernmental:				
State	748,487	748,487	748,487	
Interest on investments	1,000	1,000	2,255	1,255
Miscellaneous			335	335
Total revenues	<u>749,487</u>	<u>749,487</u>	<u>751,209</u>	<u>1,722</u>
EXPENDITURES				
Current:				
Personal services	42,326	42,326	42,078	248
Supplies	5,107	5,107	3,198	1,909
Other services & charges	700,659	700,659	699,128	1,531
Capital outlay	18,000	18,000		18,000
Debt Service:				
Note principal	1,322	1,322	1,322	
Note interest	73	73	73	
Total expenditures	<u>767,487</u>	<u>767,487</u>	<u>745,799</u>	<u>21,688</u>
NET CHANGE IN FUND BALANCE	(18,000)	(18,000)	5,410	23,410
FUND BALANCE - BEGINNING	<u>293,667</u>	<u>293,667</u>	<u>293,667</u>	
FUND BALANCE - ENDING	<u>\$ 275,667</u>	<u>\$ 275,667</u>	<u>\$ 299,077</u>	<u>\$ 23,410</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 290,000	\$ 290,000	\$ 482,110	\$ 192,110
State			1,310	1,310
Interest on investments			222	222
Miscellaneous:				
Rehab loan payments	198,310	221,748	256,554	34,806
Other			51,983	51,983
Total revenues	<u>488,310</u>	<u>511,748</u>	<u>792,179</u>	<u>280,431</u>
EXPENDITURES				
Current:				
Personal services	158,419	153,792	94,753	59,039
Supplies	300	300	1,764	(1,464)
Other services & charges	329,591	694,951	672,304	22,647
Total expenditures	<u>488,310</u>	<u>849,043</u>	<u>768,821</u>	<u>80,222</u>
NET CHANGE IN FUND BALANCE		(337,295)	23,358	360,653
FUND BALANCE - BEGINNING	<u>260,051</u>	<u>260,051</u>	<u>260,051</u>	
FUND BALANCE - ENDING	<u>\$ 260,051</u>	<u>\$ (77,244)</u>	<u>\$ 283,409</u>	<u>\$ 360,653</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2007**

	<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	\$	\$	\$ 14,013	\$ 14,013
Miscellaneous:				
Rehabilitation inspection fees	2,500	2,500	12,375	9,875
Rental housing registration fees	210,000	210,000	214,911	4,911
Other			3,688	3,688
Total revenues	<u>212,500</u>	<u>212,500</u>	<u>244,987</u>	<u>32,487</u>
EXPENDITURES				
Current:				
Personal services	164,083	164,083	128,107	35,976
Supplies	14,883	15,028	2,095	12,933
Other services & charges	33,534	33,389	14,599	18,790
Total expenditures	<u>212,500</u>	<u>212,500</u>	<u>144,801</u>	<u>67,699</u>
NET CHANGE IN FUND BALANCE			100,186	100,186
FUND BALANCE - BEGINNING	<u>221,601</u>	<u>221,601</u>	<u>221,601</u>	
FUND BALANCE - ENDING	<u>\$ 221,601</u>	<u>\$ 221,601</u>	<u>\$ 321,787</u>	<u>\$ 100,186</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 34	\$ 34
Intergovernmental:				
Federal grants	547,366	633,606	746,639	113,033
State grants	638,835	638,835	688,693	49,858
State transit aid	271,300	271,300	228,815	(42,485)
Charges for services	223,533	239,233	263,375	24,142
Interest on investments			13,424	13,424
Miscellaneous	1,600	1,600	10,880	9,280
Total revenues	<u>1,682,634</u>	<u>1,784,574</u>	<u>1,951,860</u>	<u>167,286</u>
EXPENDITURES				
Current:				
Personal services	124,320	124,320	123,666	654
Supplies	1,517	1,517	1,922	(405)
Other services & charges	1,567,578	1,583,278	1,464,170	119,108
Capital outlay	413,262	521,062	358,060	163,002
Total expenditures	<u>2,106,677</u>	<u>2,230,177</u>	<u>1,947,818</u>	<u>282,359</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(424,043)</u>	<u>(445,603)</u>	<u>4,042</u>	<u>449,645</u>
OTHER FINANCING SOURCES:				
Transfers from other funds		20,000	20,000	
Total other financing sources		<u>20,000</u>	<u>20,000</u>	
NET CHANGE IN FUND BALANCE	(424,043)	(425,603)	24,042	449,645
FUND BALANCE - BEGINNING	<u>238,837</u>	<u>238,837</u>	<u>238,837</u>	
FUND BALANCE - ENDING	<u>\$ (185,206)</u>	<u>\$ (186,766)</u>	<u>\$ 262,879</u>	<u>\$ 449,645</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 180,917	\$ 180,917	\$ 180,917	\$
Intergovernmental:				
State grants	234,352	234,352	235,167	815
Interest on investments	12,000	12,000	70,177	58,177
Miscellaneous	63,750	63,750	64,372	622
Total revenues	<u>491,019</u>	<u>491,019</u>	<u>550,633</u>	<u>59,614</u>
EXPENDITURES				
Current:				
Personal services	191,264	191,264	157,288	33,976
Supplies	5,500	5,500	5,183	317
Other services & charges	180,999	180,999	173,711	7,288
Debt Service:				
Note principal	100,000	100,000	100,000	
Note interest	16,880	16,880	17,480	(600)
Total expenditures	<u>494,643</u>	<u>494,643</u>	<u>453,662</u>	<u>40,981</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(3,624)</u>	<u>(3,624)</u>	<u>96,971</u>	<u>100,595</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	190,000	190,000	186,000	(4,000)
Total other financing sources	<u>190,000</u>	<u>190,000</u>	<u>186,000</u>	<u>(4,000)</u>
NET CHANGE IN FUND BALANCE	186,376	186,376	282,971	96,595
FUND BALANCE - BEGINNING	<u>788,545</u>	<u>788,545</u>	<u>788,545</u>	
FUND BALANCE - ENDING	<u>\$ 974,921</u>	<u>\$ 974,921</u>	<u>\$ 1,071,516</u>	<u>\$ 96,595</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, 2007**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
ASSETS									
Current assets:									
Cash and investments	\$ 6,427	\$ 527,276	\$ 1,481,339	\$	\$ 1,615,581	\$ 267,098	\$ 35,031	\$	\$ 3,932,752
Receivables (net of allowance for uncollectibles):									
Accounts	62,168	520	387,458	340	23,039		488	507	474,520
Accrued interest		773	2,243		2,854	388	62		6,320
Due from other city funds		69,020	251,572	20,442		24,183	48,373		413,590
Due from other governmental units			132,823	200				265,414	398,437
Inventories	70,000								70,000
Prepaid items	5,000								5,000
Total current assets	<u>143,595</u>	<u>597,589</u>	<u>2,255,435</u>	<u>20,982</u>	<u>1,641,474</u>	<u>291,669</u>	<u>83,954</u>	<u>265,921</u>	<u>5,300,619</u>
Long-term assets:									
Restricted Assets:									
Cash and cash equivalents				913,670	210,941				1,124,611
Long-Term Receivables:									
Special assessments				1,002,487		258	559		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	1,757,131	9,692,216			963,255	13,014,467
Machinery and equipment	1,899,897	297,250	450,676	3,242,970	86,391			3,508,662	7,559,963
Less accumulated depreciation	(818,795)	(298,142)	(706,576)	(2,616,579)	(4,388,574)		12,051	106,918	2,764,421
Total long-term assets	<u>1,081,102</u>	<u>272,677</u>	<u>557,621</u>	<u>8,544,216</u>	<u>5,700,962</u>	<u>258</u>	<u>11,004</u>	<u>3,541,999</u>	<u>19,709,839</u>
Total assets	<u>1,224,697</u>	<u>870,266</u>	<u>2,813,056</u>	<u>8,565,198</u>	<u>7,342,436</u>	<u>291,927</u>	<u>94,958</u>	<u>3,807,920</u>	<u>25,010,458</u>
LIABILITIES									
Current liabilities:									
Accounts payable	25,085	1,714	150,496	9,892	4,102	1,958	781	18,682	212,710
Accrued wages payable	4,853	3,068	26,992	8,025	5,880	3,774	8,333		60,925
Due to other city funds				1,438,233				195,615	1,633,848
Due to other governmental units			26,761					8,740	26,761
Customer deposits					1,000			10	9,740
Deferred revenue						258			827
Other liabilities			1,355	23,280				285	24,920
Accrued interest payable	3,500			19,078	2,070				24,648
Current maturities of long-term debt	367,194		170,000		50,000				587,194
Total current liabilities	<u>400,632</u>	<u>4,782</u>	<u>205,604</u>	<u>1,668,508</u>	<u>63,052</u>	<u>5,990</u>	<u>9,673</u>	<u>223,332</u>	<u>2,581,573</u>

CITY OF MOORHEAD, MINNESOTA
 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2007

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
Long-term liabilities:									
Accrued compensated absences		3,001	122,991	30,833	14,872	8,938	22,469		203,104
Notes payable	581,502								581,502
Bonds payable				3,275,706	205,000				3,480,706
Advances from other funds				785,768					785,768
Total long-term liabilities	<u>581,502</u>	<u>3,001</u>	<u>122,991</u>	<u>4,092,307</u>	<u>219,872</u>	<u>8,938</u>	<u>22,469</u>		<u>5,051,080</u>
Total liabilities	<u>982,134</u>	<u>7,783</u>	<u>328,595</u>	<u>5,760,815</u>	<u>282,924</u>	<u>14,928</u>	<u>32,142</u>	<u>223,332</u>	<u>7,632,653</u>
NET ASSETS									
Invested in capital assets, net of related debt	499,600	272,677	557,621	5,098,510	5,445,962	258	11,004	3,541,999	15,427,631
Restricted for debt service	(257,037)	589,806	1,926,840	913,670	210,941				1,124,611
Unrestricted				(3,207,797)	1,402,609	276,741	51,812	42,589	825,563
Total net assets	<u>\$ 242,563</u>	<u>\$ 862,483</u>	<u>\$ 2,484,461</u>	<u>\$ 2,804,383</u>	<u>\$ 7,059,512</u>	<u>\$ 276,999</u>	<u>\$ 62,816</u>	<u>\$ 3,584,588</u>	<u>\$ 17,377,805</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2007**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
OPERATING REVENUES									
Charges for services	\$ 837,744	\$ 889,759	\$ 3,084,535	\$ 961,791	\$ 400,443	\$ 295,712	\$ 590,378	\$ 43,102	\$ 7,103,464
Other	3,884	939	231,906	122,079	75,864	5,246	4,278	32,907	477,103
Total operating revenue	<u>841,628</u>	<u>890,698</u>	<u>3,316,441</u>	<u>1,083,870</u>	<u>476,307</u>	<u>300,958</u>	<u>594,656</u>	<u>76,009</u>	<u>7,580,567</u>
OPERATING EXPENSES									
Personal services	399,520	183,847	1,190,271	631,801	207,735	158,509	348,502		3,120,185
Disposal fee			909,823						909,823
Professional services	74,766	17,321	8,370	25,843	4,043		92,988	151,459	374,790
Insurance	21,754	7,727	33,789	42,765	15,309	4,445	7,060	17,688	150,537
Repair and maintenance	230,126	162,728	198,176	89,248	35,815	17,465	43,388	16,729	793,675
Supplies	210,155	16,493	309,750	175,697	63,962	55,990	95,690	5,420	933,157
Utilities		72,820	27,297	60,472	141,375			11,680	313,644
Equipment rental		26,882	221,273	134,201	5,451	23,497	46,036	14,888	472,228
Depreciation	336,667	27,392	31,730	195,891	331,531		803	156,527	1,080,541
Miscellaneous	152,679	370,915	117,835	154,211	23,300	12,294	28,194	25,647	885,075
Total operating expenses	<u>1,425,667</u>	<u>886,125</u>	<u>3,048,314</u>	<u>1,510,129</u>	<u>828,521</u>	<u>272,200</u>	<u>662,661</u>	<u>400,038</u>	<u>9,033,655</u>
Operating income (loss)	<u>(584,039)</u>	<u>4,573</u>	<u>268,127</u>	<u>(426,259)</u>	<u>(352,214)</u>	<u>28,758</u>	<u>(68,005)</u>	<u>(324,029)</u>	<u>(1,453,088)</u>
NONOPERATING INCOME (EXPENSE)									
Interest on investments		25,227	76,190	19,766	88,934	13,671	7,770	(143)	231,415
Interest on indebtedness	(108,645)			(215,453)	(14,902)				(339,000)
Gain on disposal of assets				295,296					295,296
Miscellaneous	7,147		4,790	1,420	520	868	728	281,222	296,695
Total nonoperating income (expense)	<u>(101,498)</u>	<u>25,227</u>	<u>80,980</u>	<u>101,029</u>	<u>74,552</u>	<u>14,539</u>	<u>8,498</u>	<u>281,079</u>	<u>484,406</u>
Income (loss) before transfers	<u>(685,537)</u>	<u>29,800</u>	<u>349,107</u>	<u>(325,230)</u>	<u>(277,662)</u>	<u>43,297</u>	<u>(59,507)</u>	<u>(42,950)</u>	<u>(988,682)</u>
Capital contributions				36,212	3,094,984				3,131,196
Transfers from other funds	2,547,250	40,000		411,884	128,051			201,820	3,329,005
Transfers to other funds	(123,597)	(123,597)	(534,761)	(785,768)		(63,274)	(71,720)		(1,579,120)
Total transfers	<u>2,547,250</u>	<u>(83,597)</u>	<u>(534,761)</u>	<u>(337,672)</u>	<u>3,223,035</u>	<u>(63,274)</u>	<u>(71,720)</u>	<u>201,820</u>	<u>4,881,081</u>
CHANGE IN NET ASSETS	1,861,713	(53,797)	(185,654)	(662,902)	2,945,373	(19,977)	(131,227)	158,870	3,912,399
TOTAL NET ASSETS - BEGINNING	<u>(1,619,150)</u>	<u>916,280</u>	<u>2,670,115</u>	<u>3,467,285</u>	<u>4,114,139</u>	<u>296,976</u>	<u>194,043</u>	<u>3,425,718</u>	<u>13,465,406</u>
TOTAL NET ASSETS - ENDING	<u>\$ 242,563</u>	<u>\$ 862,483</u>	<u>\$ 2,484,461</u>	<u>\$ 2,804,383</u>	<u>\$ 7,059,512</u>	<u>\$ 276,999</u>	<u>\$ 62,816</u>	<u>\$ 3,584,588</u>	<u>\$ 17,377,805</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2007**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers	\$ 836,353	\$ 886,047	\$ 3,062,773	\$ 940,813	\$ 417,608	\$ 315,044	\$ 589,412	\$ 44,462	\$ 7,092,512
Payments to suppliers	(733,331)	(333,382)	(1,620,910)	(523,584)	(262,434)	(99,439)	(284,676)	(491,072)	(4,348,828)
Payments to employees	(266,606)	(182,910)	(1,179,381)	(634,684)	(204,584)	(154,843)	(343,166)		(2,966,144)
Other receipts (payments)	(1,701,042)	(369,976)	120,536	271,047	53,084	(6,180)	(23,188)	465,047	(1,190,672)
Net cash provided by (used in) operating activities	(1,864,626)	(221)	383,018	53,592	3,704	54,582	(61,618)	18,437	(1,413,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Local government aid									
Transfers from other funds	2,547,250	40,000		411,884	128,051			201,820	3,329,005
Transfers to other funds		(100,973)	(436,166)			(63,274)	(30,093)		(630,506)
Net cash provided by (used in) noncapital financing activities	2,547,250	(60,973)	(436,166)	411,884	128,051	(63,274)	(30,093)	201,820	2,698,499
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Purchase of assets	(214,728)	(95,380)	(75,191)	(47,494)	(45,000)		(41,628)	(220,011)	(694,432)
Principal payments - bonds and notes	(376,912)			(160,000)	(15,270)				(581,912)
Interest payments - bonds and notes	(84,557)			(210,923)	(60,270)				(310,750)
Net cash used in capital and related financing activities	(676,197)	(95,380)	(75,191)	(418,417)	(60,270)		(41,628)	(220,011)	(1,587,094)
CASH FLOWS FROM INVESTING ACTIVITY									
Interest received		24,973	75,168	19,766	87,686	13,493	7,836	(246)	228,676
Net increase (decrease) in cash and cash equivalents	6,427	(131,601)	(53,171)	66,825	159,171	4,801	(125,503)		(73,051)
Cash and cash equivalents at beginning of year	-	658,877	1,534,510	846,845	1,667,351	262,297	160,534		5,130,414
Cash and cash equivalents at end of year	6,427	527,276	1,481,339	913,670	1,826,522	267,098	35,031		5,057,363
Reconciliation of operating income (loss) to net cash provided by operating activities:									
Operating income (loss)	\$ (584,039)	\$ 4,573	\$ 268,127	\$ (426,259)	\$ (352,214)	\$ 28,758	\$ (68,005)	\$ (324,029)	\$ (1,453,088)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation accruals	336,667	27,392	31,730	195,891	331,531	868	803	156,527	1,080,541
Miscellaneous nonoperating income	7,147		4,790	1,420	520		728	281,222	296,695
Change in assets and liabilities:									
Accounts receivable	27,455	(310)	6,295	64	17,165		405	1,360	52,434
Due from other city funds		(3,402)	(28,057)	(20,442)			(1,371)	(44,222)	(33,940)
Due from other governments			320	(200)					(44,102)
Inventories	84,309								84,309
Accrued wages payable	9,754	(29,411)	87,254	4,642	3,521	1,958	486	(102,326)	(24,122)
Compensated absences payable		(122)	4,262	(935)	990	2,254	1,913		8,362
Due to other funds		1,059	6,628	(1,948)	2,191	1,412	3,423		12,765
Due to other governments	(1,740,919)		414	299,784				50,380	(1,390,755)
Deferred revenue				(600)				(1,390)	414
Other current liabilities	(5,000)	1,255		2,175				915	(1,990)
Net cash provided by (used in) operating activities	(1,864,626)	(221)	383,018	53,592	3,704	54,582	(61,618)	18,437	(1,413,132)
Noncash capital financing activities:									
Contributions of capital assets from government				36,212	3,094,984				3,131,196
Contributions of capital assets to internal service funds		22,624	98,595				41,627		162,846

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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, 2007**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 1,143,006	\$ 1,362,362	\$ 436,158	\$ 2,941,526
Receivables (net of allowance for uncollectibles):				
Accounts	85	41,731	20,760	62,576
Accrued interest	1,667	1,980	636	4,283
Due from other governmental units	131		1,383	1,514
Total current assets	<u>1,144,889</u>	<u>1,406,073</u>	<u>458,937</u>	<u>3,009,899</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	14,760,218	2,542,748	1,424,691	18,727,657
Less accumulated depreciation	<u>(8,045,657)</u>	<u>(2,093,782)</u>	<u>(783,059)</u>	<u>(10,922,498)</u>
Net capital assets	<u>6,714,561</u>	<u>448,966</u>	<u>641,632</u>	<u>7,805,159</u>
Total assets	<u>7,859,450</u>	<u>1,855,039</u>	<u>1,100,569</u>	<u>10,815,058</u>
LIABILITIES				
Current liabilities:				
Accounts payable	20,298	38,526	59,569	118,393
Accrued wages payable		10,765		10,765
Accrued compensated absences		15,148		15,148
Total liabilities	<u>20,298</u>	<u>64,439</u>	<u>59,569</u>	<u>144,306</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,714,561	448,966	641,632	7,805,159
Unrestricted	<u>1,124,591</u>	<u>1,341,634</u>	<u>399,368</u>	<u>2,865,593</u>
Total net assets	<u>\$ 7,839,152</u>	<u>\$ 1,790,600</u>	<u>\$ 1,041,000</u>	<u>\$ 10,670,752</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2007

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,165,060	\$ 721,398	\$ 250,900	\$ 2,137,358
Other	54,618	(693)	20,770	74,695
Total operating revenue	<u>1,219,678</u>	<u>720,705</u>	<u>271,670</u>	<u>2,212,053</u>
OPERATING EXPENSES				
Personal services		354,809		354,809
Supplies	1,463	24,543	3,414	29,420
Professional services		15,971	7,931	23,902
Insurance		3,315	624	3,939
Repair and maintenance	773	177,971	91,677	270,421
Depreciation	1,035,472	196,651	138,375	1,370,498
Miscellaneous	10,839	97,914	4,111	112,864
Total operating expenses	<u>1,048,547</u>	<u>871,174</u>	<u>246,132</u>	<u>2,165,853</u>
Operating income (loss)	<u>171,131</u>	<u>(150,469)</u>	<u>25,538</u>	<u>46,200</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	31,741	69,520	18,439	119,700
Gain (loss) on disposal of equipment	50,674	330	(1,671)	49,333
Miscellaneous	998	1,130		2,128
Total nonoperating income	<u>83,413</u>	<u>70,980</u>	<u>16,768</u>	<u>171,161</u>
Income (loss) before transfers	<u>254,544</u>	<u>(79,489)</u>	<u>42,306</u>	<u>217,361</u>
Capital contributions	132,763	30,532		163,295
Transfers from other funds	371,506	5,779		377,285
Transfers to other funds			(5,779)	(5,779)
Total transfers and contributions	<u>504,269</u>	<u>36,311</u>	<u>(5,779)</u>	<u>534,801</u>
CHANGE IN NET ASSETS	758,813	(43,178)	36,527	752,162
TOTAL NET ASSETS - BEGINNING	<u>7,080,339</u>	<u>1,833,778</u>	<u>1,004,473</u>	<u>9,918,590</u>
TOTAL NET ASSETS - ENDING	<u>\$ 7,839,152</u>	<u>\$ 1,790,600</u>	<u>\$ 1,041,000</u>	<u>\$ 10,670,752</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2007**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,165,096	\$ 730,938	\$ 229,959	\$ 2,125,993
Payments to suppliers	(15,799)	(246,815)	(57,577)	(320,191)
Payments to employees		(347,061)		(347,061)
Other receipts (payments)	55,616	(97,477)	16,659	(25,202)
Net cash provided by operating activities	<u>1,204,913</u>	<u>39,585</u>	<u>189,041</u>	<u>1,433,539</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY				
Transfers from other funds	9,200			9,200
Net cash provided by noncapital financing activities	<u>9,200</u>			<u>9,200</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(1,588,827)	(133,456)	(84,792)	(1,807,075)
Proceeds from sale of assets	105,725	330		106,055
Net cash used in capital and related financing activities	<u>(1,483,102)</u>	<u>(133,126)</u>	<u>(84,792)</u>	<u>(1,701,020)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	32,763	68,624	18,048	119,435
Net increase (decrease) in cash and cash equivalents	(236,226)	(24,917)	122,297	(138,846)
Cash and cash equivalents at beginning of year	1,379,232	1,387,279	313,861	3,080,372
Cash and cash equivalents at end of year	<u>\$ 1,143,006</u>	<u>\$ 1,362,362</u>	<u>\$ 436,158</u>	<u>\$ 2,941,526</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 171,131	\$ (150,469)	\$ 25,538	\$ 46,200
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,035,472	196,651	138,375	1,370,498
Miscellaneous nonoperating income	998	1,130		2,128
Change in assets and liabilities:				
Accounts receivable	(4)	9,540	(20,760)	(11,224)
Due from other governments	40		(181)	(141)
Accounts payable	(2,724)	(25,015)	46,069	18,330
Accrued wages payable		4,265		4,265
Compensated absences payable		3,483		3,483
Net cash provided by operating activities	<u>\$ 1,204,913</u>	<u>\$ 39,585</u>	<u>\$ 189,041</u>	<u>\$ 1,433,539</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 132,763</u>	<u>\$ 30,532</u>	<u>\$</u>	<u>\$ 163,295</u>
Contributions of capital assets from proprietary funds	<u>\$ 362,306</u>	<u>\$ 5,779</u>	<u>\$</u>	<u>\$ 368,085</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$ (5,779)</u>	<u>\$ (5,779)</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 two agency funds during the year.

Community Access Television
Armory

**CITY OF MOORHEAD, MINNESOTA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED DECEMBER 31, 2007**

	BALANCE JANUARY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2007
<u>COMMUNITY ACCESS TELEVISION</u>				
ASSETS				
Cash and investments	\$ 20,300	\$ 56,606	\$ 76,906	\$
Accrued interest	16		16	
Total Assets	<u>\$ 20,316</u>	<u>\$ 56,606</u>	<u>\$ 76,922</u>	<u>\$</u>
LIABILITIES				
Due to other agencies	\$ 20,316	\$ 56,606	\$ 76,922	\$
Total Liabilities	<u>\$ 20,316</u>	<u>\$ 56,606</u>	<u>\$ 76,922</u>	<u>\$</u>
<u>ARMORY</u>				
ASSETS				
Cash and investments	\$ 45,383	\$ 2,030	\$ 25,000	\$ 22,413
Accrued interest	35	33	35	33
Due from other governmental units	10		10	
Total Assets	<u>\$ 45,428</u>	<u>\$ 2,063</u>	<u>\$ 25,045</u>	<u>\$ 22,446</u>
LIABILITIES				
Due to other governmental units	\$ 45,428	\$ 2,063	\$ 25,045	\$ 22,446
Total Liabilities	<u>\$ 45,428</u>	<u>\$ 2,063</u>	<u>\$ 25,045</u>	<u>\$ 22,446</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 65,683	\$ 58,636	\$ 101,906	\$ 22,413
Accrued interest	51	33	51	33
Due from other governmental units	10		10	
Total Assets	<u>\$ 65,744</u>	<u>\$ 58,669</u>	<u>\$ 101,967</u>	<u>\$ 22,446</u>
LIABILITIES				
Due to other agencies	\$ 20,316	\$ 56,606	\$ 76,922	\$
Due to other governmental units	45,428	2,063	25,045	22,446
Total Liabilities	<u>\$ 65,744</u>	<u>\$ 58,669</u>	<u>\$ 101,967</u>	<u>\$ 22,446</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, 2007

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 7,530,596
Buildings	18,784,757
Improvements other than buildings	7,739,118
Machinery and equipment	5,228,706
Infrastructure	166,465,818
Construction in progress	<u>23,952,762</u>
 Total governmental funds capital assets	 <u><u>\$ 229,701,757</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 219,222,493
General Fund	598,603
Special Revenue Funds	9,344,876
Enterprise Funds	952
Gifts	<u>534,833</u>
 Total governmental funds capital assets	 <u><u>\$ 229,701,757</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	13,658				13,658		
Accounting	30,841				30,841		
General Government Building	<u>3,708,097</u>	<u>457,912</u>	<u>3,124,401</u>	<u>76,030</u>	<u>49,754</u>		
Total General Government	<u>3,834,927</u>	<u>457,912</u>	<u>3,124,401</u>	<u>76,030</u>	<u>176,584</u>	-	-
PUBLIC SAFETY:							
Police Protection	920,770		672,951		247,819		
Fire Protection	<u>1,332,318</u>	<u>56,168</u>	<u>882,197</u>	<u>2,524</u>	<u>391,429</u>		
Total Public Safety	<u>2,253,088</u>	<u>56,168</u>	<u>1,555,148</u>	<u>2,524</u>	<u>639,248</u>	-	-
HIGHWAYS & STREETS	193,325,329	395,824	2,383,056	45,510	82,359	166,465,818	23,952,762
PARKS & RECREATION	11,908,445	2,115,911	1,479,186	7,443,509	869,839		
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	5,474,601		2,180,180		3,294,421		
PLAINS ART MUSEUM	357,351		357,351				
ECONOMIC DEVELOPMENT	<u>10,119,986</u>	<u>4,317,673</u>	<u>5,796,980</u>		<u>5,333</u>		
Total governmental funds capital assets	<u>\$ 229,701,757</u>	<u>\$ 7,530,596</u>	<u>\$ 18,784,757</u>	<u>\$ 7,739,118</u>	<u>\$ 5,228,706</u>	<u>\$ 166,465,818</u>	<u>\$ 23,952,762</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, 2007

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/07</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/07</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 0	\$ 7,736	\$	\$ 7,736
City Clerk	74,595			74,595
City Manager	10,187	3,471		13,658
Accounting	30,841			30,841
General Government Building	<u>3,708,097</u>			<u>3,708,097</u>
Total General Government	<u>3,823,720</u>	<u>11,207</u>	<u>-</u>	<u>3,834,927</u>
PUBLIC SAFETY:				
Police Protection	825,948	97,378	2,556	920,770
Fire Protection	<u>1,281,484</u>	<u>50,834</u>		<u>1,332,318</u>
Total Public Safety	<u>2,107,432</u>	<u>148,212</u>	<u>2,556</u>	<u>2,253,088</u>
HIGHWAYS & STREETS	134,068,779	35,318,856	15,068	169,372,567
PARKS & RECREATION	10,386,200	1,570,488	48,243	11,908,445
LIBRARY	2,269,631			2,269,631
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	5,116,541	358,060		5,474,601
PLAINS ART MUSEUM	357,351			357,351
ECONOMIC DEVELOPMENT	9,959,928	160,058		10,119,986
CONSTRUCTION IN PROGRESS	<u>30,731,939</u>	<u>22,033,125</u>	<u>28,812,302</u>	<u>23,952,762</u>
Total governmental funds capital assets	<u>\$ 198,979,920</u>	<u>\$ 59,600,006</u>	<u>\$ 28,878,169</u>	<u>\$ 229,701,757</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.	57
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	62
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	67
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.	80
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.	82

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

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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>
Governmental activities					
Invested in capital assets, net of related debt	\$ 39,571,739	\$ 38,357,658	\$ 37,143,826	\$ 57,370,416	\$ 187,997,223
Restricted	35,882,536	46,024,002	56,195,491	77,974,490	93,395,972
Unrestricted	(16,226,258)	(10,438,227)	(11,417,970)	(13,842,366)	(124,630,227)
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>
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
Restricted	14,742,032	9,464,867	4,683,585	5,867,993	5,891,812
Unrestricted	17,118,255	10,372,344	14,897,535	9,825,944	13,736,643
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>
Primary government					
Invested in capital assets, net of related debt	\$ 78,456,905	\$ 92,085,088	\$ 95,394,800	\$ 126,509,859	\$ 259,055,105
Restricted	50,624,568	55,488,869	60,879,076	83,842,483	99,287,784
Unrestricted	891,997	(65,883)	3,479,565	(4,016,422)	(110,893,584)
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>

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

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

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

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>
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
Property taxes levied for debt service	384,376	336,110	5,954	1,238	827
Tax increments	1,534,608	982,184	1,143,203	1,063,458	1,088,698
Franchise fees	638,140	614,920	764,240	867,550	736,880
State aid unrestricted	8,711,749	9,223,467	9,923,838	10,230,844	9,832,461
Unrestricted grants and contributions	446,511	185,850	171,832	169,875	177,165
Investment earnings	327,987	262,534	981,612	1,888,601	2,333,128
Miscellaneous	849,207	868,016	803,712	436,279	430,485
Gain on disposal / sale of assets				5,432,927	109,595
Transfers	4,622,296	3,074,995	1,956,451	4,185,838	2,930,387
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>
Business-type activities:					
State aid unrestricted	550,000	561,560	11,560	11,560	11,560
Investment earnings	370,965	317,664	558,412	826,631	1,140,246
Miscellaneous	150,401	132,819	345,731	401,766	51,308
Loss on disposal of equipment	(223,006)		221,442	10,717	353,783
Transfers	(4,622,296)	(3,074,995)	(1,956,451)	(4,185,838)	(2,930,387)
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>
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>
Change in Net Assets					
Governmental activities	\$ 7,654,806	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428
Business-type activities	4,885,649	2,819,188	4,267,454	7,001,286	5,852,957
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>

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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 85,503	\$ 33,400	\$ 66,072	\$ 1,075,963	\$ 485,076	\$ 555,140	\$ 575,640	\$ 659,710	\$ 653,404	\$ 1,548,028
Unreserved	5,225,241	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
Total general fund	\$ 5,310,744	\$ 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
All other governmental funds										
Reserved	\$ 17,789,896	\$ 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
Unreserved, reported in:										
Special revenue funds	1,332,542	1,425,218	1,384,396	1,711,889	1,881,660	1,598,597	2,056,414	2,391,473	2,926,902	3,547,842
Capital projects funds	6,882,745	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
Total all other governmental funds	\$ 26,005,183	\$ 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

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
Revenues									
Taxes									
Property	\$ 3,439,217	\$ 3,508,571	\$ 3,828,343	\$ 2,557,270	\$ 3,287,213	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605
Franchise	364,524	489,508	636,639	518,721	638,141	674,167	764,240	867,550	736,880
Licenses and permits	244,475	281,803	375,139	518,434	596,295	637,763	823,636	969,802	779,928
Intergovernmental	13,865,196	10,139,095	13,832,844	14,154,094	16,567,437	20,008,396	18,027,985	21,753,738	25,339,983
Charges for services	1,100,610	1,401,494	1,533,908	1,609,041	1,508,195	2,119,288	2,376,923	3,543,402	3,085,110
Fines and forfeits	313,713	376,243	448,144	460,517	513,018	527,158	573,335	558,300	598,451
Facility rentals	37,089	40,576	38,539	38,725	168,940	177,254	210,080	172,086	198,722
Special assessments	1,663,679	1,626,441	1,538,338	1,783,553	2,551,601	3,380,047	926,472	4,036,345	6,843,277
Sale of property	51,890	76,760	46,331	140,384				6,354,930	-
Interest on investments	1,806,679	707,426	1,108,152	731,288	286,181	236,490	3,381,892	1,780,606	2,213,428
Miscellaneous	1,977,830	1,749,674	1,733,823	10,047,637	1,567,160	2,500,075	3,010,195	1,852,018	1,957,154
Total revenues	24,864,902	23,264,809	25,168,256	32,559,664	27,684,181	33,758,641	34,720,846	46,113,973	46,167,538
Expenditures									
General government	2,686,242	2,613,238	2,463,427	2,625,642	3,798,292	2,700,074	3,004,868	3,364,016	3,369,561
Public safety	6,846,705	7,074,434	7,922,198	8,206,586	8,185,498	8,279,955	8,596,237	8,948,335	9,824,282
Highways and streets	2,545,654	2,586,900	2,971,482	2,991,588	3,048,879	3,426,796	6,243,839	4,773,390	5,372,859
Parks and recreation	1,267,858	1,331,132	1,918,639	1,984,846	1,675,120	1,804,906	2,134,200	2,149,204	2,219,864
Library	558,557	586,009	608,718	684,131	661,302	689,012	702,232	744,695	760,544
Community development	715,084	573,554	772,808	733,961	660,990	753,387	642,060	773,690	768,821
Rental registration								200,057	144,801
Mass transit	887,506	977,732	1,066,284	1,130,281	1,112,003	1,212,967	1,299,561	1,479,523	1,589,758
Economic development	331,946	405,912	783,469	282,186	798,613	722,288	287,747	1,636,251	652,141
Capital outlay	11,857,202	6,978,181	31,988,710	6,838,976	15,061,647	22,411,536	32,713,271	39,142,606	34,869,391
Debt service:									
Bond and note principal	3,497,006	2,818,001	2,271,733	5,681,007	8,523,670	3,426,185	8,420,208	3,686,294	3,838,972
Bond and note interest	2,196,984	2,122,781	2,017,964	2,600,755	2,527,692	2,718,750	3,027,011	4,174,750	5,099,167
Fiscal and other charges	82,732	362,273	98,383	184,141	139,594	482,991	1,098,099	682,087	665,390
Total expenditures	33,473,476	28,294,161	54,914,692	33,924,100	46,193,300	48,628,847	68,159,333	71,754,898	69,175,551
Revenues over (under) expenditures	(8,608,574)	(5,029,352)	(29,746,436)	(1,364,436)	(18,509,119)	(14,870,206)	(33,448,487)	(25,640,925)	(23,008,013)
Other financing sources (uses)									
Bond and note proceeds	2,593,800	2,815,000	14,930,000	9,730,000	15,240,000	21,010,000	34,032,500	24,020,000	22,400,000
Transfers from other funds	8,762,151	12,499,663	7,029,522	8,242,753	6,408,554	8,908,504	9,083,473	9,931,433	8,116,150
Transfers to other funds	(6,207,020)	(8,968,956)	(3,197,336)	(3,797,620)	(1,606,258)	(6,078,363)	(4,150,992)	(4,462,698)	(1,623,809)
Sale of capital assets								2,210	126,445
Total other financing sources (uses)	5,148,931	6,345,707	18,762,186	14,175,133	20,042,296	23,840,141	38,964,981	29,490,945	29,018,786
Net change in fund balances	\$ (3,459,643)	\$ 1,316,355	\$ (10,984,250)	\$ 12,810,697	\$ 1,533,177	\$ 8,969,935	\$ 5,516,494	\$ 3,850,020	\$ 6,010,773
Debt service as a percentage of noncapital expenditures	26.72%	24.88%	19.14%	31.26%	35.95%	25.28%	35.38%	26.20%	27.99%

**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
	Residential	Commercial	Personal Property						
1998	8,520,549	4,049,772	238,548	(970,099)	11,838,770	26.219%	770,682,500	1.54%	401,003,000
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%	1,406,515,300	1.10%	401,003,000
2007	13,243,223	5,019,619	143,332	(780,969)	17,625,205	23.169%	1,574,634,900	1.12%	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		
1998	26.219%	57.880%	55.239%	2.219%		141.557%
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%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2007**

Taxpayer	2007			1997		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 718,082	1	4.07%	\$ 490,499	2	3.94%
Busch Agricultural Resources, Inc.	425,774	2	2.41%	818,364	1	6.57%
Easton LLC	233,830	3	1.33%			
Moorhead Hospitality	195,499	4	1.11%			
Moorhead Holiday Assoc.	167,661	5	0.95%			
Eventide Lutheran Home	133,048	6	0.75%			
Moorhead Centr Mall LLP	129,708	7	0.74%	177,059	5	1.42%
Xcel Energy	124,950	8	0.71%			
Second Staff Apartments	118,064	9	0.67%			
South Moorhead Associates	116,509	10	0.66%			
TRE Investments				247,940	4	1.99%
HMJ Partnership				268,890	3	2.16%
Sam Skaff Properties				164,507	6	1.32%
Target				156,134	7	1.25%
BSM				135,766	8	1.09%
Moorhead East Associates				101,115	9	0.81%
American Bank & Trust				96,730	10	0.78%

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
1998	4,001,051	(1,412,207)	2,588,844	2,539,614	98.10%	49,122	2,588,736	99.9996%
1999	4,247,025	(1,548,852)	2,698,173	2,673,520	99.09%	24,553	2,698,073	99.9996%
2000	4,476,359	(1,556,058)	2,920,301	2,885,497	98.81%	34,452	2,919,949	99.9888%
2001	4,914,371	(1,659,839)	3,254,532	3,207,528	98.56%	46,961	3,254,489	99.9999%
2002	2,847,112	(726,186)	2,120,926	2,092,859	98.68%	27,947	2,120,806	99.9994%
2003	4,524,017	(1,691,391)	2,832,626	2,792,755	98.59%	38,764	2,831,519	99.961%
2004	4,671,350	(1,722,522)	2,948,828	2,899,560	98.33%	47,430	2,946,990	99.938%
2005	4,741,933	(1,588,177)	3,153,756	3,097,699	98.22%	52,009	3,149,708	99.872%
2006	4,835,500	(1,411,630)	3,423,870	3,372,857	98.51%	17,417	3,390,274	99.019%
2007	5,062,283	(1,389,308)	3,672,975	3,611,732	98.33%	-	3,611,732	98.333%

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		
1998	\$ 14,792,705	\$ 553,399	\$	\$ 15,346,104	\$ 3,062,000	19.95%
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%

Note: City Charter

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 Increment Bonds		Municipal Improvement Bonds		G.O. Revenue Bonds			
			Bonds	Bonds	Bonds	Bonds	Bonds	Bonds		
1998	5,805,000	8,960,000	10,510,000	13,200,582	6,312,579	49,550,000	94,338,161	2,921		
1999	5,600,000	9,690,000	10,790,000	12,495,390	5,935,642	47,925,000	92,436,032	2,862		
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	2,869		
2002	2,690,000	16,190,000	23,125,000	9,416,227	7,190,190	30,495,000	89,106,417	2,769		
2003	2,430,000	30,340,000	16,140,000	9,479,142	19,608,043	28,380,000	106,377,185	3,306		
2004	3,655,000	46,590,000	15,160,000	10,992,080	22,110,420	26,120,000	124,627,500	3,873		
2005	1,890,000	76,100,000	14,070,000	9,325,859	24,342,031	23,765,000	149,492,890	4,646		
2006	2,270,000	97,715,000	12,940,000	9,256,380	23,651,753	21,315,000	167,148,133	5,195		
2007	1,940,000	118,225,000	11,910,000	9,189,588	26,415,664	18,935,000	186,615,252	5,800		

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**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Availabe in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Market Value ¹ of Property</u>	<u>Per Capita ²</u>
1998	5,805,000	2,598,207	3,206,793	0.42%	99
1999	5,600,000	2,580,647	3,019,353	0.39%	93
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%	71
2003	2,430,000	490,882	1,939,118	0.19%	60
2004	3,655,000	1,993,034	1,661,966	0.15%	52
2005	1,890,000	535,976	1,354,024	0.11%	42
2006	2,270,000	551,937	1,718,063	0.12%	53
2007	1,940,000	390,922	1,549,078	0.10%	48

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, 2007**

<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:			
Moorhead Public Housing	\$ 130,000	100.00%	\$ 130,000
Independent School District #152	106,548,768	80.38%	85,643,900
Clay County	3,776,000	53.20%	2,008,832
Clay County HRA	12,265,000	53.20%	<u>6,524,980</u>
Total overlapping debt			<u>94,307,712</u>
City of Moorhead direct debt			<u>167,148,133</u>
Total direct and overlapping debt			<u><u>\$ 261,455,845</u></u>

Source: Clay County Auditor

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 15,349,104	\$ 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
Total net debt applicable to limit	5,406,079	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
Legal debt margin	\$ 9,943,025	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	35.22%	31.95%	16.38%	14.03%	11.40%	8.90%	6.74%	4.82%	6.11%	4.92%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2007

Estimated market value - real and personal property	\$ 1,574,634,900
Debt limit 2% of estimated market value	31,492,698
Debt applicable to limit:	
General obligation bonds	\$ 1,940,000
Less: Amount set aside for repayment of general obligation debt	(390,922)
Total net debt applicable to limit	1,549,078
Legal debt margin	\$ 29,943,620

Minnesota Statutes:

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 2 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 Availiabe for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
1998	15,346,104	10,052,045	5,294,059	151,833	222,138	373,971	14.16
1999	15,605,260	10,097,716	5,507,544	288,667	342,606	631,273	8.72
2000	16,552,182	10,603,243	5,948,939	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	754,337	436,852	1,191,189	7.61

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 Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	4,088,883	1,778,806	2,310,077	963,167	1,134,712	2,097,879	1.10
1999	4,055,463	1,710,425	2,345,038	1,031,333	1,085,632	2,116,965	1.11
2000	4,283,631	1,846,859	2,436,772	1,080,400	1,035,879	2,116,279	1.15
2001	4,422,315	1,859,713	2,562,602	1,106,371	1,008,826	2,115,197	1.21
2002	4,435,526	1,933,646	2,501,880	1,166,367 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

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	
1998	3,371,168	2,140,247	1,230,921	358,998	256,814	615,812	2.00
1999	3,203,698	2,153,757	1,049,941	376,937	251,064	628,001	1.67
2000	3,680,636	2,596,245	1,084,391	393,825	236,431	630,256	1.72
2001	4,023,734	2,853,406	1,170,328	415,337	221,264	636,601	1.84
2002	4,107,691	2,938,020	1,169,671	427,670	204,491	632,161	1.85
2003	4,104,726	2,475,070	1,629,656	530,590	496,222	1,026,812	1.59
2004	4,074,498	2,427,653	1,646,845	593,245	790,895	1,384,140	1.19
2005	4,638,006	2,521,855	2,116,151	903,486	815,480	1,718,966	1.23
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

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 Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	452,151	401,024	51,127	25,000	46,655	71,655	0.71
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

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 Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	1,387,870	960,607	427,263	255,000	539,118	794,118	0.54
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	1,400,352	1,314,238	86,114	160,000	210,923	370,923	0.23

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.

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	
1998	394,401	552	393,849	245,000	144,820	389,820	1.01
1999	134,954	1,875	133,079	315,000	138,810	453,810	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

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

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

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

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

CITY OF MOORHEAD, 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	
1998	2,186,963	867,552	1,319,411	795,000	403,487	1,198,487	1.10
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

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	
1998	1,659,183	35,855	1,623,328	761,000	593,605	1,354,605	1.20
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

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

Fiscal Year	Population ¹	Total Personal Income	Per Household Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
1998	32,295	\$ 713,132,632	\$ 30,813	31.8	5,832	1.8%
1999	32,295	\$ 745,909,060	\$ 32,083	32.0	5,761	2.0%
2000	32,177	\$ 736,274,114	\$ 32,629	32.2	5,622	3.1%
2001	32,177	\$ 758,925,816	\$ 31,660	31.9	5,503	2.9%
2002	32,177	\$ 799,154,020	\$ 31,829	32.6	5,400	3.0%
2003	32,177	\$ 863,971,600	\$ 30,886	31.6	5,272	3.0%
2004	32,177	\$ 891,169,790	\$ 32,280	31.0	5,266	3.1%
2005	32,177	\$ 927,943,912	\$ 33,480	30.5	5,297	3.0%
2006	32,177	\$ 997,290,200	\$ 34,130	30.9	5,339	2.7%
2007	32,177	\$ N/A	\$ N/A	N/A	5,400	2.6%

Data Sources:

¹ Official 2000 US Census

² Sales and Marketing Management Survey of Buying Power
(2007 statistics not available until September 2008)

Beginning in 2005 Median Age data from McKibbon Demographic Research

³ School Registrar's Office

⁴ Minnesota Department of Economic Security annual averages

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

Employer	2007			1997		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	820 (a)	1	4.01%	975	1	4.95%
Minnesota State University-Moorhead	765	2	3.74%	641	2	3.25%
Concordia College	665 (b)	3	3.25%	600	3	3.04%
Eventide Lutheran Home	460	4	2.25%	300	6	1.52%
Clay County	425	5	2.08%	337	5	1.71%
American Crystal Sugar Company	410	6	2.00%	539	4	2.73%
Moorhead Electric	350	7	1.71%	135	9	0.68%
City of Moorhead	244 (c)	8	1.19%	225	7	1.14%
CAMAS Inc.	200	9	0.98%	190	8	0.96%
Hornbacher's Foods, Inc.	200	10	0.98%	110	10	0.56%

(a) Excludes approximately 80 seasonal and other part-time employees.

(b) Includes 50 part-time employees.

(c) Excludes 87 temporary/seasonal employees.

Source: Clay County Auditor

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

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	37.25	39.38	39.38	39.38	38.38	38.38	38.38	39.38	37.00	37.00
Public Safety										
Police										
Officers	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Civilians	14.25	14.00	15.75	25.75	27.80	15.80	13.32	12.82	12.82	14.88
Fire										
Firefighters & officers	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	33.00	33.00
Civilians	8.50	8.50	8.50	9.00	9.50	9.50	3.00	3.00	3.00	1.00
Highways and streets	13.75	13.75	14.00	15.00	16.00	16.00	16.00	16.25	16.63	16.63
Parks and recreation	13.00	14.00	14.75	16.75	22.33	10.76	8.00	8.00	8.00	8.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community development	6.00	6.00	5.00	6.00	6.00	17.58	15.58	17.58	22.50	24.50
Mass transit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Economic development	2.50	2.50	2.50	2.50	3.00	3.00	1.00	1.00	1.00	1.00
Electric	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	31.00	31.00
Water	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	22.00	21.00
Broadband	0	0	0	0	0	0	0	0	3.00	9.00
Wastewater treatment	16.00	16.00	15.00	15.00	15.00	15.00	16.00	16.00	17.00	17.00
Storm water	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sanitation	23.00	23.00	23.00	23.00	23.00	23.00	19.00	19.00	19.00	19.00
Golf courses	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	7.58	7.58
Sports center	2.00	2.00	2.00	2.00	2.00	2.00	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	<u>276.75</u>	<u>279.63</u>	<u>281.38</u>	<u>295.88</u>	<u>304.51</u>	<u>292.51</u>	<u>277.78</u>	<u>280.53</u>	<u>296.53</u>	<u>303.59</u>

Source: City Human Resources Department

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	1,297	896	904	1,191	1,272	1,126	1,024	926	945	878
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,998	2,288	2,447	2,458	2,905	2,619	2,407	2,350	2,462	2,393
Fire										
Medical responses	1,245	1,259	1,212	1,127	1,240	1,409	1,292	1,462	1,405	1,322
Fire & other responses	733	807	705	674	753	805	768	751	766	830
Library										
Visits	-	-	205,660	215,644	238,680	235,196	234,624	273,364	266,292	276,692
Circulation	239,503	240,380	234,066	263,097	280,889	277,448	287,433	294,417	296,652	360,864
Mass transit										
Fixed Routes ridership	309,880	304,302	306,872	306,034	288,324	281,730	280,279	316,647	321,855	356,732
Paratransit ridership	11,889	10,915	11,043	11,365	9,519	8,828	9,950	10,958	13,014	14,498
Community Development										
New Residential Permits	94	92	108	113	221	205	308	350	338	241
New Residential Valuation	10,182,600	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
New Commercial Permits	18	30	36	54	24	26	28	28	39	31
New Commercial Valuation	2,060,022	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
Sanitation										
Recycling (tons)	-	-	-	-	-	83	373	398	606	626
Refuse Collected (landfill tonnage)	-	-	-	-	-	18,574	16,390	18,048	18,744	21,587
Yard Waste (tons)	-	-	-	-	-	1,864	1,799	3,378	2,515	2,049
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	4.87	4.77	4.78	4.50	3.88	3.90	4.36	4.75	4.66	4.40
Electric										
Annual Sales (millions of kwh)	338.90	339.26	346.97	350.48	359.07	376.54	386.86	397.11	399.37	412.03
Water										
Water Sales (billions of gallons)	1.442	1.371	1.392	1.343	1.368	1.449	1.440	1.462	1.471	1.457

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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)	160.36	161.43	161.43	170.35	174.89	175.47	184.60	197.72	203.75	207.10
Culture and recreation										
Parks	31	31	32	32	32	32	34	36	41	42
Swimming/wading pools	8	8	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	7	7	7	7	7	7	7	10	10	10
Wastewater										
Storm sewers (miles)	89.60	89.60	89.60	96.47	97.01	100.91	104.82	113.80	113.80	124.89
Sanitary sewers (miles)	107.82	107.82	107.82	111.38	112.44	120.25	125.88	136.73	136.73	145.54
Force mains (miles)	10.72	10.72	10.72	10.93	10.93	14.12	14.12	14.29	14.29	16.09

Source: Various city departments.