

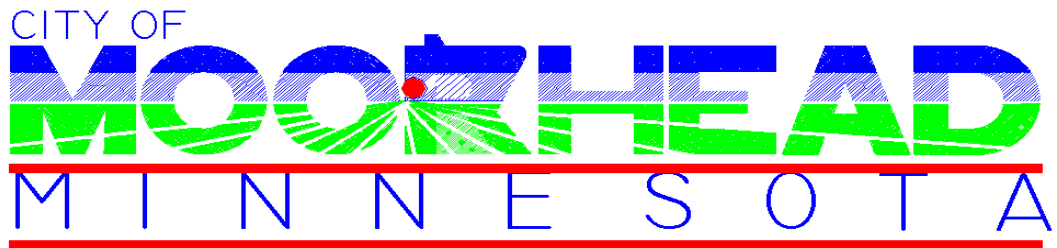


CITY OF MOORHEAD, MINNESOTA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006
www.cityofmoorhead.com

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2006**

**PREPARED BY:
FINANCE DIVISION**

HARLYN AULT, FINANCE DIRECTOR

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**INTRODUCTORY
SECTION**

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**CITY OF MOORHEAD, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2006**

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MOORHEAD

MINNESOTA

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June 4, 2007

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, 2006.

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, 2006, 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, 2006, 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 32,177 per the 2000 census.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by 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, 2006.

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. The City of Moorhead showed record growth and development in 2006 for the eighth straight year. There were 329 permits issued for single family attached and detached units, besting last year's all time high of 320. The City saw an additional 512 new rental units permitted, only two units behind the record year in 2005, but besting the previous six years.

In addition, new commercial activity set a record in 2006 with the issuance of 39 permits and nearly \$26 million in new valuation. Total permits for all types of building activity in Moorhead set a record, with almost \$127 million in total valuation and 962 permits issued, compared to last year's 962 permits issued and \$108 million in new valuation.

Menards began construction of a new store in 2006, which is expected to open in 2007. It will be 240,000 square feet and will employ between 175-200 people. The store is located west of Southeast Main between 24th Avenue South and Interstate-94.

The 34th Street South/Interstate-94 Interchange Project is now scheduled to be bid late in 2007, with construction completed 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, will begin 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 new Metro transit Garage located at 650 23rd Street North in Fargo, ND was substantially completed in October, 2006 and the public was invited to tour the new facility April 27, 2007. The Metro Area Transit bus maintenance, storage and administrative offices are located at this earth-friendly building. The joint facility uses state of the art technology to maximize energy efficiency. A recycling system for water is used to wash buses; a high-performance glaze on the outside of the building saves on heating and cooling costs; water drainage from the roof waters the landscape and bio-diesel is mixed with diesel to fuel the buses. The new facility was built on time and under the \$7 million budget, with funding from the Federal Transit Administration, the City of Fargo, the City of Moorhead, the State of Minnesota and the State of North Dakota.

In June of 2006, the Moorhead City Council approved financing of \$3,125,000 for renovations to the Moorhead Sports Center. The renovations include South Rink ice systems improvements and remodeling; lobby, concession & restroom improvements; team rooms remodeling; North Rink remodeling; and second floor improvements. Plans and specifications were approved in January 2007, with bids awarded in February 2007. Construction is scheduled to begin in March, with expected completion of the project in October, 2007.

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 will continue at the seven remaining crossings in 2007, in addition to railscaping improvements and pedestrian safety measures. City-installed improvements will be coordinated with BNSF Railway improvements. The project is expected to be complete and an order issued to establish the train whistle-free (quiet) zone near the end of the construction season in 2007.

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 begun in 2006 and are expected to be completed in 2007. An engineering services agreement was approved in January, 2007 to initiate the 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.

Significant public infrastructure improvements, including a \$2.4 million extension of the Southside water transmission line, and private residential development are currently underway in the vicinity of the 100 Acre Regional Park. 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

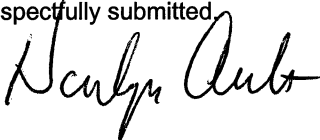
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moorhead, Minnesota, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the 23rd 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, 2006. This was the second 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, 2005

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



President

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2006

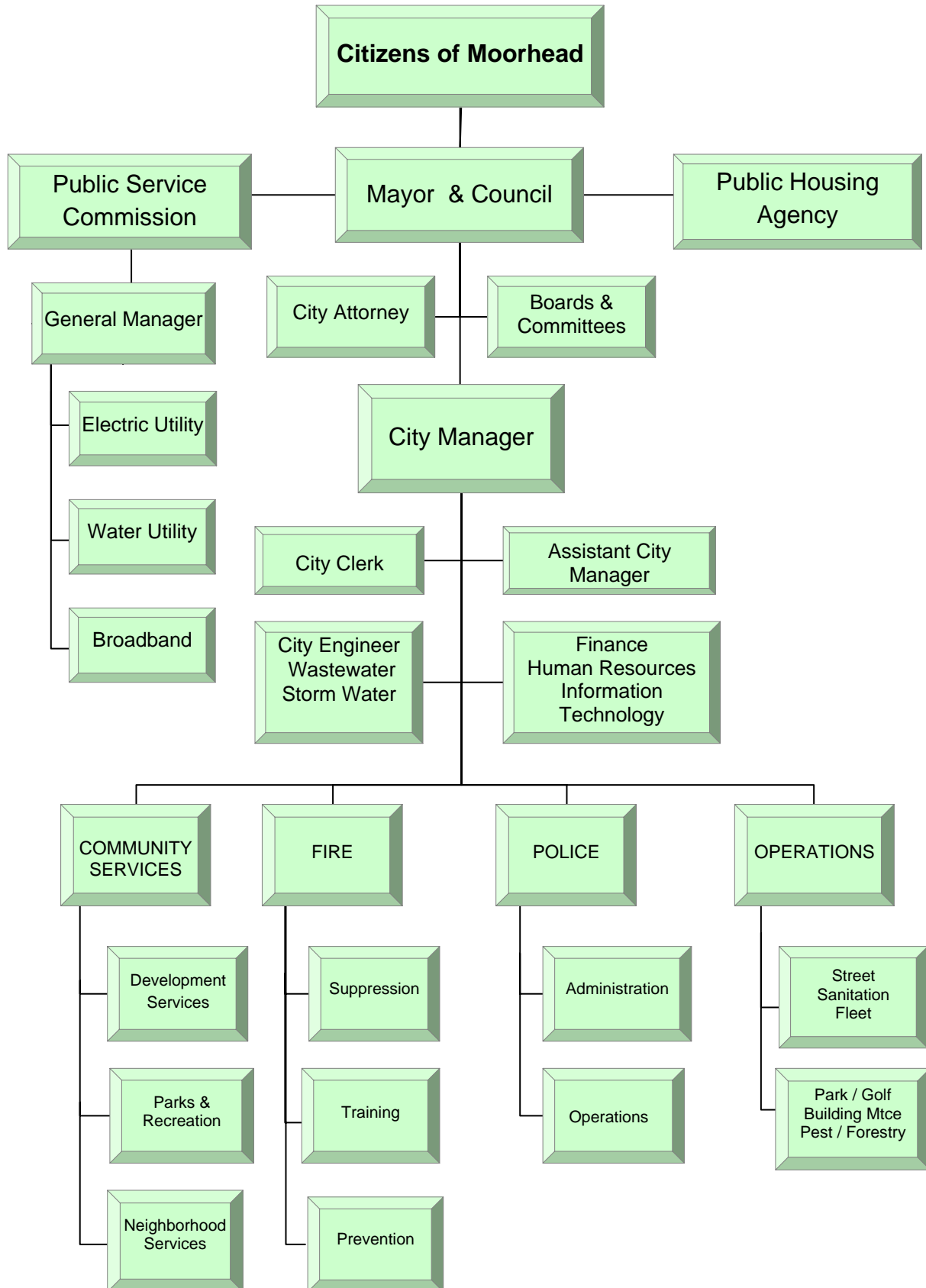
ELECTED OFFICIALS

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

BRUCE A. MESSELT	CITY MANAGER
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ORGANIZATION CHART



FINANCIAL

SECTION

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CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Moorhead, Minnesota**, as of and for the year ended December 31, 2006, 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'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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated May 29, 2007 on our consideration of the City'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 reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion of the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, 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 non-major fund financial statements, and supplementary information have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, based on our audit, 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
May 29, 2007

**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, 2006. 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 \$206,335,920.
- The City's total net assets increased by \$46,582,479.
- The City's governmental funds reported combined ending fund balances of \$48,817,238, an increase of \$3,850,020 in comparison with the prior year. Of this total amount, \$26,306,695 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 \$12,155,461 or 74.2% of total general fund expenditures of \$16,384,368.

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, \$50,883 has been reflected within the business-type activities and \$24,841 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 \$206,335,920 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (61.3%) reflects its investment in capital assets (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 31,2006.

CITY OF MOORHEAD'S NET ASSETS

	Governmental Activities		Business-type Activities		Total 2006
	2006	2005	2006	2005	
Current and other assets	\$ 98,387,986	\$ 72,054,060	\$ 25,655,013	\$ 24,161,653	\$ 124,042,999
Capital assets	151,169,222	117,028,826	108,687,157	106,456,711	259,856,379
Total assets	249,557,208	189,082,886	134,342,170	130,618,364	383,899,378
Long-term liabilities outstanding	125,267,998	104,722,124	46,873,537	50,098,942	172,141,535
Other liabilities	2,786,670	2,439,415	2,635,253	2,687,328	5,421,923
Total liabilities	128,054,668	107,161,539	49,508,790	52,786,270	177,563,458
Net assets:					
Invested in capital assets, net of related debt	57,370,416	50,404,881	69,139,443	58,250,974	126,509,859
Restricted	77,974,490	56,195,491	5,867,993	4,683,585	83,842,483
Unrestricted	(13,842,366)	(24,679,025)	9,825,944	14,897,535	(\$4,016,422)
Total net assets	\$ 121,502,540	\$ 81,921,347	\$ 84,833,380	\$ 77,832,094	\$ 206,335,920

A portion of the City's net assets (36.3%) represents resources that are subject to external restrictions on how they may be used.

Current and other assets in governmental activities increased by \$26.3 million mainly due to an increase of \$22.3 million in the special assessments receivable and an increase of \$1.8 in due from other governments.

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 by almost \$11 million in the major proprietary funds, with \$1.5 million attributed to the electric fund, \$2.9 million attributed to the water fund and \$6.5 attributed to the wastewater treatment fund. This also accounts for the increase in restricted net assets.

CITY OF MOORHEAD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total 2006
	2006	2005	2006	2005	
Revenues:					
Program revenues:					
Charges for services	\$ 6,067,824	\$ 5,111,834	\$ 39,110,964	\$ 36,155,358	\$ 45,178,788
Operating grants and contributions	2,762,963	2,458,483	286,659	159,919	3,049,622
Capital grants and contributions	35,657,297	15,553,890	4,634,189	63,588	40,291,486
General Revenues:					
Taxes	3,161,738	2,668,210			3,161,738
Tax Increments	1,063,458	1,143,203			1,063,458
Franchise Fees	867,550	764,240			867,550
State aid	10,230,844	9,923,838	11,560	11,560	10,242,404
Grants and contributions not restricted to specific programs	169,875	171,832			169,875
Investment earnings	1,888,601	981,612	826,631	558,412	2,715,232
Miscellaneous	436,279	803,712	401,766	345,731	838,045
Gain on disposal/sale of assets	5,432,927		10,717	221,442	5,443,644
Total revenues	67,739,356	39,580,854	45,282,486	37,516,010	113,021,842
Expenses:					
General government	3,483,664	3,068,861			3,483,664
Public safety	9,024,756	8,500,960			9,024,756
Highways and streets	6,988,144	8,289,232			6,988,144
Parks and recreation	2,246,170	2,307,467			2,246,170
Library	798,967	756,504			798,967
Community development	780,580	648,950			780,580
Rental Registration	200,057				200,057
Mass transit	1,805,771	1,578,325			1,805,771
Economic development	1,792,973	364,786			1,792,973
Interest on long-term debt	5,222,919	4,639,084			5,222,919
Electric			16,578,725	15,518,350	21,801,644
Water			4,149,820	3,800,261	4,149,820
Wastewater treatment			4,637,030	4,375,795	4,637,030
Broadband			1,600,791	964,255	1,600,791
Storm water			693,830	714,622	693,830
Sanitation			2,789,143	2,639,545	2,789,143
Golf Course			1,724,377	1,632,361	1,724,377
Sports Center			730,905	736,355	730,905
Pest Control			234,874	245,941	234,874
Forestry			488,220	380,369	488,220
Municipal airport			467,647	284,251	467,647
Total expenses	32,344,001	30,154,169	34,095,362	31,292,105	66,439,363
Increase in net assets before transfers	35,395,355	9,426,685	11,187,124	6,223,905	46,582,479
Transfers	4,185,838	1,956,451	(4,185,838)	(1,956,451)	
Change in net assets	39,581,193	11,383,136	7,001,286	4,267,454	46,582,479
Net assets - 1/1/06 as restated	81,921,347	73,943,433	77,832,094	73,564,640	159,753,441
Prior period adjustment		(3,405,222)			
Net assets - 12/31/06	\$ 121,502,540	\$ 81,921,347	\$ 84,833,380	\$ 77,832,094	\$ 206,335,920

Governmental activities. The governmental activities' net assets increased by \$39,581,193 during the current fiscal year, accounting for 85% of the total increase in the net assets of the City of Moorhead. Charges for services increased by 18.7% and interest earnings increased by 92.5% in comparison to 2005. The gain on disposal/sale of assets was due to a sale of land to Menards and the increase in capital grants and contributions of \$18 million was due mostly to an increase in special assessment projects in highways and streets. 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 \$7,001,286 accounting for 15% of the total growth in the government's net assets. Charges for services for business-type activities increased by 8.2%. The increase in capital grants and contributions of \$4.3 million was due mostly to an increase in special assessment projects in the wastewater treatment fund. Expenses for business-type activities increased by almost 9%.

In 2006, \$1,561,187 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 \$48,817,238, an increase of \$3,850,020 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 (\$466,237).

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 \$12,155,461. 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 74.2% percent of total general fund expenditures.

The general fund balance increased by \$1,351,484 during the current fiscal year. The key factor in this growth was that overall revenues were over approved budget by 16.9%.

The special assessment debt service fund balance increased by \$2,091,655 which resulted mainly from a combination of capitalized interest and an increase in special assessment collections. The special assessment capital projects fund balance decreased by \$5,259,585, primarily due to expending of bond proceeds received in previous years. The increase in the permanent improvement fund balance of \$4,113,480 was due mostly to the sale of property.

The debt service funds have a total fund balance of \$22,068,165 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 \$2,488,019 due primarily to decreased bond principal payments.

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 \$9,775,061. All major enterprise funds reported increases in net assets.

The public service utility's combined net assets increased \$3.2 million or 6.96%. This included an increase in the net assets of the electric division of \$1,379,144 and the water division of \$2,696,293 and a decrease in net assets of the broadband division of \$875,432 for the year.

The electric division increased rates by 6.5% and the water division increased rates by 3.9% in 2006.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget amendments between the original budget and the final budget for the general fund decreased the positive budgeted net change in fund balance by \$1,397,351. Actual budget variances were positive in revenues and other financing sources (uses) and positive in expenditures resulting in an increase to fund balance of \$2,317,566. This was mainly the result of positive variances of \$360,850 in franchise fees, \$448,157 in licenses and permits, \$1,106,925 in charges for services and \$151,272 in interest on investments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to \$259,856,379 (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 \$2.6 million project to replace the tent roof at the Heritage Hjemkomst Interpretive Center (HHIC) neared completion at the end of 2006. The new tent features a translucent Teflon coated fiberglass exterior seamed together by approximately 25,000 connection points. A new mechanical system was also added to eliminate the condensation issues that plagued the old tent. A \$1 million grant was received from the State of Minnesota for the project.
- The new \$7 million Metro Transit Garage located at 650 23rd Street North in Fargo, ND was also substantially completed in 2006. The new facility was funded by the Federal Transit Administration, the City of Fargo, the City of Moorhead, the State of Minnesota and the State of North Dakota.
- Major new development in 2006 resulted in an increase of \$29,541,358 in infrastructure, accounting for over 80% of the increase in the City's capital assets, net of depreciation.

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

	Governmental Activities 2006	Business-type Activities 2006	Total
Land	\$ 7,370,538	\$ 7,265,713	\$ 14,636,251
Construction in progress	30,731,939	17,553,304	48,285,243
Buildings	11,010,419	68,522,966	79,533,385
Improvements other than buildings	279,929	12,244,869	12,524,798
Machinery and equipment	9,697,536	3,100,305	12,797,841
Infrastructure	92,078,861		92,078,861
Total	\$ 151,169,222	\$ 108,687,157	\$ 259,856,379

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 \$170,505,735. Of this amount, \$48,118,133 comprises debt backed by the full faith and credit of the government and \$97,715,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's net increase in bonded debt was \$17,655,243 (11.8%) during the current fiscal year.

During the current fiscal year, the City issued \$705,000 of general obligation capital notes series A dated March 15, 2006 to finance the acquisition of equipment for City purposes. In addition, the City sold \$10,690,000 of general obligation improvement bonds series B dated August 1, 2006 and \$12,625,000 of general obligation improvement bonds series C dated December 15, 2006 to finance the construction of various infrastructure improvements.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$28,130,306, 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	\$ 97,715,000	\$	\$ 97,715,000
General obligation debt	2,270,000		2,270,000
G.O. Tax Increment	12,940,000		12,940,000
G.O. Municipal Improvement Revenue	9,256,380		9,256,380
G.O. Revenue		11,860,000	11,860,000
G.O. Revenue Refunding		290,000	290,000
Public Facilities Authority		11,501,753	11,501,753
Revenue Refunding		16,590,000	16,590,000
Revenue		4,725,000	4,725,000
Long-term notes	1,869,488	1,488,114	3,357,602
Compensated absences	1,217,131	860,547	2,077,678
Total	\$ 125,267,999	\$ 47,315,414	\$ 172,583,413

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 2007 City Budget totals \$54,403,535 and represents a \$2,798,365 projected increase over the Adopted 2006 Budget, due in large part to significant anticipated grant funded capital improvement projects and increased debt service. Looking specifically at the tax supported funds (general and special revenue funds), the 2007 budget reflects a decrease of \$945,888 (3.8%) from 2006 levels. Major justification for the increase in revenues includes anticipated receipt of major state and federal grants for both capital and operating activities of the City, including fire and airport; modest fee increases in the Storm Water Fund and in some Parks and Recreation programs and adoption of the fourth of a four-year rate increase in the Wastewater Treatment Fund, pursuant to council action taken in 2003.

Major justification for the increase in expenditures includes \$1,896,000 in capital expenditure for land acquisition and construction of a cross-wind runway at the Moorhead Municipal Airport; \$1,401,586 in scheduled capital replacements in the Vehicles & Equipment, Information Technology and Radio Internal Service Funds; increased operating expenditures of 3%, plus significant supplemental support for fuel and consumable costs, as well as a citywide 3.5% for employee wages, health care and merit pay; proposed staffing increase of 2 full-time equivalent (FTE) employees in the Police Department to address new community growth and development; and \$1,249,566 in increased debt service for G.O. Special Assessment Bonds, used to fund expanding infrastructure needs (and repaid via special assessment collections).

On December 19, 2006, the Moorhead Public Service Commission approved an eight percent increase in electric rates and a five percent increase in water rates. Electric division rates were increased primarily in response to an increase in power supply purchases, significantly increased spending for legal fees associated with defending electric service territory issues, a projected increase in capital spending and capital financing, and the usual increases in the transfer to other City of Moorhead funds. Water division rates increased in order to offset the anticipated increase in chemical cost, the rise in debt service from issuing bonds and greater capital spending.

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, 2006**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 46,920,648	\$ 9,605,651	\$ 56,526,299	\$ 1,769,379
Receivables (net of allowance for uncollectibles):				
Accounts and notes	419,835	2,268,630	2,688,465	143,695
Accrued interest	105,429	66,337	171,766	
Internal balances	1,632,480	(1,632,480)		
Due from other governmental units	3,797,279	354,918	4,152,197	
Inventories		969,598	969,598	
Prepaid items		44,200	44,200	
Restricted assets:				
Cash and cash equivalents		9,692,498	9,692,498	
Long-term receivables:				
Special assessments	42,189,449	4,270,699	46,460,148	
Notes receivable, less current portion	3,322,866	14,962	3,337,828	
Capital assets:				
Intangible plant		255,373	255,373	
Land	7,370,538	7,265,713	14,636,251	464,977
Buildings	17,959,719	117,262,816	135,222,535	8,225,491
Improvements other than buildings	6,986,957	18,453,462	25,440,419	
Machinery and equipment	22,074,350	14,586,404	36,660,754	443,376
Infrastructure	131,162,030		131,162,030	
Construction in progress	30,731,939	17,553,304	48,285,243	
Less accumulated depreciation	(65,116,311)	(66,689,915)	(131,806,226)	(5,228,559)
Total assets	<u>249,557,208</u>	<u>134,342,170</u>	<u>383,899,378</u>	<u>5,818,359</u>
LIABILITIES				
Accounts payable	871,411	1,887,966	2,759,377	17,114
Accrued wages payable	230,260	115,262	345,522	
Due to other governmental units	10,494	26,347	36,841	
Customer deposits		127,172	127,172	49,433
Unearned revenue	6,385	3,960	10,345	
Other liabilities	11,540	94,442	105,982	27,451
Accrued interest payable	1,656,580	380,104	2,036,684	
Long-term liabilities:				
Due within one year	4,457,192	4,003,851	8,461,043	125,000
Accrued compensated absences	545,783	705,683	1,251,466	42,542
Notes payable	1,568,644	1,111,200	2,679,844	130,000
Bonds payable	118,696,379	41,052,803	159,749,182	
Total liabilities	<u>128,054,668</u>	<u>49,508,790</u>	<u>177,563,458</u>	<u>391,540</u>
NET ASSETS				
Invested in capital assets net of related debt	57,370,416	69,139,443	126,509,859	3,650,285
Restricted for debt service	68,945,795	5,867,993	74,813,788	
Restricted for capital projects	9,028,695		9,028,695	
Unrestricted	(13,842,366)	9,825,944	(4,016,422)	1,776,534
Total net assets	<u>\$ 121,502,540</u>	<u>\$ 84,833,380</u>	<u>\$ 206,335,920</u>	<u>\$ 5,426,819</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, 2006**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total
Functions/Programs								
Primary Government								
Governmental activities:								
General government	\$ 3,483,664	\$ 1,081,611	\$ 49,800	\$ 5,615	\$ (2,352,253)	\$ 5,539,188	(2,352,253)	
Public safety	9,024,756	1,032,270	997,616	32,711,043	(6,989,255)	1,233,907	(6,989,255)	
Highways and streets	6,988,144	2,250,883	89,254	198,147	28,063,036	4,355,282	28,063,036	
Parks and recreation	2,246,170	525,923	27,990	657	(1,494,110)	(878,772)	(1,494,110)	
Library	798,967				(798,310)	177,842	(798,310)	
Community development	780,580	460,192	436,437		116,049	39,606	116,049	
Rental registration	200,057	417,075			217,018	177,842	217,018	
Mass transit	1,805,771	232,247	1,161,209	1,127,689	715,374	351,913	715,374	
Economic development	1,792,973	67,623		1,614,803	(110,547)	(277,775)	(110,547)	
Interest on long-term debt	5,222,919				(5,222,919)	147,064	(5,222,919)	
Total governmental activities	<u>32,344,001</u>	<u>6,067,824</u>	<u>2,762,963</u>	<u>35,657,297</u>	<u>12,144,083</u>	<u>9,936,450</u>	<u>12,144,083</u>	
Business-type activities:								
Electric	16,578,725	22,117,913				\$ 5,539,188	5,539,188	
Water	4,149,820	5,383,727				1,233,907	1,233,907	
Wastewater treatment	4,637,030	4,462,639	123,629	4,406,044		4,355,282	4,355,282	
Broadband	1,600,791	722,019				(878,772)	(878,772)	
Storm water	693,830	864,719		6,953		177,842	177,842	
Sanitation	2,789,143	3,008,479				351,913	351,913	
Golf Course	1,724,377	1,150,626				(573,751)	(573,751)	
Sports Center	730,905	453,130				(277,775)	(277,775)	
Pest Control	234,874	381,019				147,064	147,064	
Forestry	488,220	522,961				39,606	39,606	
Municipal airport	467,647	43,732		221,192		(178,054)	(178,054)	
Total business-type activities	<u>34,095,362</u>	<u>39,110,964</u>	<u>286,659</u>	<u>4,634,189</u>		<u>9,936,450</u>	<u>9,936,450</u>	
Total primary government	<u>\$ 66,439,363</u>	<u>\$ 45,178,788</u>	<u>\$ 3,049,622</u>	<u>\$ 40,291,486</u>	<u>12,144,083</u>	<u>9,936,450</u>	<u>22,080,533</u>	
Component Unit:								
Public Housing Agency	\$ 1,754,241	\$ 430,659	\$ 1,045,157	\$ 339,860			\$ 61,435	
General revenues:								
Property taxes levied for general purposes					3,160,500		3,160,500	
Property taxes levied for debt service					1,238		1,238	
Tax increments					1,063,458		1,063,458	
Franchise fees					867,550		867,550	
State aid unrestricted					10,230,844	11,560	10,242,404	
Grants and contributions not restricted to specific programs					169,875		169,875	
Unrestricted investment earnings					1,888,601		2,715,232	
Miscellaneous					436,279		838,045	
Gain on disposal/sale of assets					5,432,927		5,443,644	
Transfers					4,185,838			
Total general revenues and transfers					<u>27,437,110</u>		<u>24,501,946</u>	
Changes in net assets					39,581,193		46,582,479	
Net assets - beginning					81,921,347		159,753,441	
Net assets - ending					<u>\$ 121,502,540</u>	<u>\$ 84,833,380</u>	<u>\$ 206,335,920</u>	

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

CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 9,286,667	\$ 12,415,229	\$ 5,522,663	\$ 1,592,934	\$ 15,022,763	\$ 43,840,276
Receivables, net:						
Accounts	332,559	1,027			59,897	393,483
Notes	42,378	16,996			3,488,296	3,547,670
Special assessments		46,578,177	1,867,374	2,264	316,449	48,762,000
Accrued interest	8,429	59,970			30,748	101,411
Due from other funds	2,978,037		249,982		120,000	3,348,019
Due from other governmental units	163,794	68,756	910,053	904,467	1,748,836	3,795,906
Advances to other funds	400,000					400,000
Total Assets	\$ 13,211,864	\$ 59,140,155	\$ 8,550,092	\$ 2,499,665	\$ 20,786,989	\$ 104,188,765
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 172,672	\$ 763	\$ 107,702	\$ 151,150	\$ 359,359	\$ 791,646
Accrued wages payable	196,130				27,630	223,760
Due to other funds				209,000	1,455,656	1,664,656
Advances from other funds					400,000	400,000
Due to other governmental units	7,197				3,297	10,494
Other liabilities	750	3,000			7,790	11,540
Deferred revenue	26,250	46,578,177	1,867,374	150	3,797,480	52,269,431
Total Liabilities	402,999	46,581,940	1,975,076	360,300	6,051,212	55,371,527
Fund Balance:						
Reserved for encumbrances	211,026				255,211	466,237
Reserved for notes receivable	42,378	16,996				59,374
Reserved for advances	400,000					400,000
Reserved for debt service		12,541,219			9,509,950	22,051,169
Unreserved, designated, reported in:						
General fund	4,433,198				557,350	4,433,198
Special revenue funds						
Unreserved, undesignated, reported in:						
General fund	7,722,263					7,722,263
Special revenue funds						
Capital projects funds			6,575,016	2,139,365	2,369,552	2,369,552
Total Fund Balance	12,808,865	12,558,215	6,575,016	2,139,365	2,043,714	10,758,095
Total Liabilities and Fund Balance	\$ 13,211,864	\$ 59,140,155	\$ 8,550,092	\$ 2,499,665	\$ 20,786,989	\$ 48,817,238

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.	151,169,222
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.	45,440,691
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.	(126,924,578)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	
Net assets of governmental activities	\$ 2,999,967
	\$ 121,502,540

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, 2006

REVENUES	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Taxes:						
Property	\$ 2,998,739		214	83	\$ 1,226,160	\$ 4,225,196
Franchise	867,550					867,550
Licenses and permits	969,802					969,802
Intergovernmental revenues:						
Federal	118,578		906,652	31,060	1,934,330	2,990,620
State	5,729,724	929,000	454,309	4,984,962	6,431,423	18,529,418
Other	108,472				125,228	233,700
Charges for services	2,754,454				788,948	3,543,402
Fines and forfeits	558,300					558,300
Facility rentals				1,240	170,846	172,086
Interest on investments	201,272	1,041,043		59,788	478,503	1,780,606
Special Assessments		3,728,551	253,135	6,354,930	54,659	4,036,345
Sale of Property				370,747		6,354,930
Miscellaneous	202,610	155,782	437,478	11,802,810	685,401	1,852,018
Total revenues	<u>14,509,501</u>	<u>5,854,376</u>	<u>2,051,788</u>	<u>11,802,810</u>	<u>11,895,498</u>	<u>46,113,973</u>
EXPENDITURES						
Current:						
General government	3,320,031				43,985	3,364,016
Public safety	8,830,787				117,548	8,948,335
Highways and streets	4,197,760		472,604	94,319	8,707	4,773,390
Parks and recreation					2,149,204	2,149,204
Library					744,695	744,695
Community development					773,690	773,690
Rental Registration					200,057	200,057
Mass transit					1,479,523	1,479,523
Economic development				1,323,628	312,623	1,636,251
Capital outlay	34,281		28,618,607	6,111,633	4,378,085	39,142,606
Debt Service:						
Bond and note principal	1,468	1,700,000			1,984,826	3,686,294
Bond and note interest	41	2,954,752			1,219,957	4,174,750
Fiscal and other charges		462,670			219,417	682,087
Total expenditures	<u>16,384,368</u>	<u>5,117,422</u>	<u>29,091,211</u>	<u>7,529,580</u>	<u>13,632,317</u>	<u>71,754,898</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(1,874,867)</u>	<u>736,954</u>	<u>(27,039,423)</u>	<u>4,273,230</u>	<u>(1,736,819)</u>	<u>(25,640,925)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		1,221,785			705,000	24,020,000
Transfers from other funds	4,761,268	313,377		1,140,250	3,716,538	9,931,433
Transfers to other funds	(1,534,917)	(180,461)	(313,377)	(1,300,000)	(1,133,943)	(4,462,698)
Sale of capital assets					2,210	2,210
Total other financing sources (uses)	<u>3,226,351</u>	<u>1,354,701</u>	<u>21,779,838</u>	<u>(159,750)</u>	<u>3,289,805</u>	<u>29,490,945</u>
NET CHANGE IN FUND BALANCE	1,351,484	2,091,655	(5,259,585)	4,113,480	1,552,986	3,850,020
FUND BALANCE - BEGINNING	11,457,381	10,466,560	11,834,601	(1,974,115)	13,182,791	44,967,218
FUND BALANCE - ENDING	<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>

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, 2006**

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)		\$ 3,850,020
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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	\$ 36,895,769	
Depreciation expense	<u>(3,023,339)</u>	33,872,430

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets		(935,450)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		22,450,628
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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	\$ (24,020,000)	
Bond & note principal payments	<u>3,686,294</u>	(20,333,706)

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	\$ (53,423)	
Accrued interest	(210,562)	
Capital Appreciation Bond accretion	<u>(155,520)</u>	(419,505)

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.

1,096,776

Change in net assets of governmental activities (page 11)		<u><u>\$ 39,581,193</u></u>
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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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 2,908,755	\$ 2,908,755	\$ 2,998,739	\$ 89,984
Franchise	506,700	506,700	867,550	360,850
Licenses and permits	475,145	521,645	969,802	448,157
Intergovernmental:				
Federal	383,512	383,512	118,578	(264,934)
State	5,584,055	5,634,055	5,729,724	95,669
County	32,000	32,000	69,672	37,672
Other	38,800	38,800	38,800	
Charges for services	1,642,913	1,647,529	2,754,454	1,106,925
Fines and forfeitures	510,500	510,500	558,300	47,800
Interest on investments	50,000	50,000	201,272	151,272
Miscellaneous	98,300	181,300	202,610	21,310
Total revenues	<u>12,230,680</u>	<u>12,414,796</u>	<u>14,509,501</u>	<u>2,094,705</u>
EXPENDITURES				
Current:				
General government	3,507,510	3,586,795	3,320,031	266,764
Public safety	8,851,036	9,132,118	8,830,787	301,331
Highways and streets	3,685,868	3,742,368	4,197,760	(455,392)
Capital outlay	24,500	70,000	34,281	35,719
Debt Service:				
Note principal	1,468	1,468	1,468	
Note Interest	162	162	41	121
Total expenditures	<u>16,070,544</u>	<u>16,532,911</u>	<u>16,384,368</u>	<u>148,543</u>
REVENUE UNDER EXPENDITURES	<u>(3,839,864)</u>	<u>(4,118,115)</u>	<u>(1,874,867)</u>	<u>2,243,248</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,668,300	4,690,450	4,761,268	70,818
Transfers to other funds	(397,167)	(1,538,417)	(1,534,917)	3,500
Total other financing sources	<u>4,271,133</u>	<u>3,152,033</u>	<u>3,226,351</u>	<u>74,318</u>
NET CHANGE IN FUND BALANCE	431,269	(966,082)	1,351,484	2,317,566
FUND BALANCE - BEGINNING	<u>11,457,381</u>	<u>11,457,381</u>	<u>11,457,381</u>	
FUND BALANCE - ENDING	<u>\$ 11,888,650</u>	<u>\$ 10,491,299</u>	<u>\$ 12,808,865</u>	<u>\$ 2,317,566</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, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 1,225,294	\$ 200,000	\$ 4,088,733	\$ 4,091,624	\$ 9,605,651	\$ 3,080,372
Receivables (net of allowance for uncollectibles):						
Accounts and notes	1,134,013	264,516	343,147	526,954	2,268,630	51,352
Accrued interest	34,800	18,000	9,955	3,582	66,337	4,018
Due from other city funds	1,740,919		350,353	379,650	2,470,922	
Due from other governmental units			583	354,335	354,918	1,373
Inventories	675,635	139,654		154,309	969,598	
Prepaid items	11,134	33,066			44,200	
Total current assets	<u>4,821,795</u>	<u>655,236</u>	<u>4,792,771</u>	<u>5,510,454</u>	<u>15,780,256</u>	<u>3,137,115</u>
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	3,975,184	3,333,321	1,345,203	1,038,790	9,692,498	
Long-term receivables:						
Special assessments		49,716	4,219,178	1,805	4,270,699	
Notes receivable, less current portion	14,962				14,962	
Capital assets:						
Intangible plant	255,373				255,373	
Land	541,882	574,942	1,736,870	4,412,019	7,265,713	
Buildings	40,700,486	43,951,971	22,887,161	9,723,198	117,262,816	
Improvements other than buildings			10,130,060	8,323,402	18,453,462	
Machinery and equipment	2,354,747	902,448	8,912,365	2,416,844	14,586,404	17,305,613
Construction in progress			17,553,304		17,553,304	
Less accumulated depreciation	(18,092,439)	(12,308,234)	(27,120,652)	(9,168,590)	(66,689,915)	(10,426,208)
Total long-term assets	<u>29,750,195</u>	<u>36,504,164</u>	<u>39,663,489</u>	<u>16,747,468</u>	<u>122,665,316</u>	<u>6,879,405</u>
Total assets	<u>34,571,990</u>	<u>37,159,400</u>	<u>44,456,260</u>	<u>22,257,922</u>	<u>138,445,572</u>	<u>10,016,520</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,390,082	137,723	123,960	236,201	1,887,966	79,765
Accrued wages payable	26,693	16,986	19,020	52,563	115,262	6,500
Due to other city funds	908,682	221,000		3,024,603	4,154,285	
Due to other governmental units				26,347	26,347	
Customer deposits	118,062			9,110	127,172	
Deferred revenue			155	3,805	3,960	
Other liabilities	73,237			21,205	94,442	
Accrued interest payable	56,000	79,000	220,254	24,850	380,104	
Current maturities of long-term debt	712,187	1,488,102	1,092,073	556,625	3,848,987	
Total current liabilities	<u>3,284,943</u>	<u>1,942,811</u>	<u>1,455,462</u>	<u>3,955,309</u>	<u>10,638,525</u>	<u>86,265</u>
Long-term liabilities:						
Accrued compensated absences	383,000	190,000	96,577	190,970	860,547	11,665
Notes payable	95,022	67,483		948,695	1,111,200	
Bonds payable	6,732,254	8,217,297	22,405,710	3,697,542	41,052,803	
Total long-term liabilities	<u>7,210,276</u>	<u>8,474,780</u>	<u>22,502,287</u>	<u>4,837,207</u>	<u>43,024,550</u>	<u>11,665</u>
Total liabilities	<u>10,495,219</u>	<u>10,417,591</u>	<u>23,957,749</u>	<u>8,792,516</u>	<u>53,663,075</u>	<u>97,930</u>
NET ASSETS						
Invested in capital assets, net of related debt	18,164,586	23,269,245	16,165,706	11,539,906	69,139,443	6,879,405
Restricted for debt service	1,208,000	2,276,000	1,345,203	1,038,790	5,867,993	
Unrestricted	4,704,185	1,196,564	2,987,602	886,710	9,775,061	3,039,185
Total net assets	<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>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					50,883	
Net assets of business-type activities					<u>\$ 84,833,380</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, 2006

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 21,797,471	\$ 5,354,329	\$ 4,475,942	\$ 6,865,568	\$ 38,493,310	\$ 2,037,358
Other	<u>320,442</u>	<u>29,398</u>	<u>175,049</u>	<u>417,504</u>	<u>942,393</u>	<u>9,477</u>
Total operating revenue	<u>22,117,913</u>	<u>5,383,727</u>	<u>4,650,991</u>	<u>7,283,072</u>	<u>39,435,703</u>	<u>2,046,835</u>
OPERATING EXPENSES						
Personal services	1,620,431	1,310,208	912,977	2,847,674	6,691,290	335,213
Purchased power	11,188,934				11,188,934	
Disposal fee				915,861	915,861	
Professional services	310,278	3,568	23,133	189,180	526,159	19,539
Insurance	145,599	91,449	110,039	114,822	461,909	3,366
Repair and maintenance	422,317	435,701	634,832	839,236	2,332,086	114,814
Supplies	766,258	776,261	363,238	958,167	2,863,924	42,384
Utilities			410,151	306,626	716,777	
Equipment rental			86,515	414,406	500,921	
Depreciation	1,283,653	865,888	965,087	974,210	4,088,838	1,305,078
Miscellaneous	<u>465,969</u>	<u>97,980</u>	<u>272,121</u>	<u>848,926</u>	<u>1,684,996</u>	<u>158,466</u>
Total operating expenses	<u>16,203,439</u>	<u>3,581,055</u>	<u>3,778,093</u>	<u>8,409,108</u>	<u>31,971,695</u>	<u>1,978,860</u>
Operating income (loss)	<u>5,914,474</u>	<u>1,802,672</u>	<u>872,898</u>	<u>(1,126,036)</u>	<u>7,464,008</u>	<u>67,975</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	332,439	131,763	205,435	156,994	826,631	107,995
Interest on indebtedness	(375,286)	(568,765)	(861,447)	(369,052)	(2,174,550)	
Gain (loss) on disposal of equipment	10,129	588			10,717	906
Special assessments			4,319,312		4,319,312	
Miscellaneous	<u>127,586</u>	<u>42,848</u>	<u>27,259</u>	<u>269,628</u>	<u>467,321</u>	<u>6,843</u>
Total nonoperating revenue (expense)	<u>94,868</u>	<u>(393,566)</u>	<u>3,690,559</u>	<u>57,570</u>	<u>3,449,431</u>	<u>115,744</u>
Income (loss) before transfers	<u>6,009,342</u>	<u>1,409,106</u>	<u>4,563,457</u>	<u>(1,068,466)</u>	<u>10,913,439</u>	<u>183,719</u>
Capital contributions	222,802	1,561,187		36,843	1,820,832	648,807
Transfers from other funds				605,633	605,633	315,133
Transfers to other funds	<u>(4,853,000)</u>	<u>(274,000)</u>	<u>(346,304)</u>	<u>(916,197)</u>	<u>(6,389,501)</u>	
Total transfers	<u>(4,630,198)</u>	<u>1,287,187</u>	<u>(346,304)</u>	<u>(273,721)</u>	<u>(3,963,036)</u>	<u>963,940</u>
CHANGE IN NET ASSETS	1,379,144	2,696,293	4,217,153	(1,342,187)	6,950,403	1,147,659
TOTAL NET ASSETS - BEGINNING	<u>22,697,627</u>	<u>24,045,516</u>	<u>16,281,358</u>	<u>14,807,593</u>	<u>77,832,094</u>	<u>8,770,931</u>
TOTAL NET ASSETS - ENDING	<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>

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, 2006**

	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	\$ 22,234,557	\$ 5,396,781	\$ 4,443,784	\$ 6,687,728	\$ 38,762,850	\$ 2,010,974
Payments to suppliers	(13,487,731)	(2,085,906)	(1,841,069)	(4,763,489)	(22,178,195)	(159,821)
Payments to employees	(1,608,623)	(602,025)	(891,115)	(2,489,530)	(5,591,293)	(325,488)
Other receipts (payments)	(1,267,711)	208,210	202,308	1,842,301	985,108	(157,490)
Net cash provided by operating activities	<u>5,870,492</u>	<u>2,917,060</u>	<u>1,913,908</u>	<u>1,277,010</u>	<u>11,978,470</u>	<u>1,368,175</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds				605,633	605,633	
Transfers to other funds	(4,853,000)	(274,000)	(342,395)	(604,973)	(6,074,368)	
Net cash provided by (used in) noncapital financing activities	<u>(4,853,000)</u>	<u>(274,000)</u>	<u>(342,395)</u>	<u>660</u>	<u>(5,468,735)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond and note proceeds			346,839		346,839	
Purchase of assets	(1,977,877)	(746,448)	(1,501,353)	(594,811)	(4,820,489)	(1,585,739)
Proceeds from sale of assets	10,129	588			10,717	42,090
Principal payments - bonds and notes	(551,624)	(1,479,582)	(1,037,117)	(547,714)	(3,616,037)	
Interest payments - bonds and notes	(379,886)	(581,165)	(860,015)	(368,207)	(2,189,273)	
Special assessment collections			100,134		100,134	
Net cash used in capital and related financing activities	<u>(2,899,258)</u>	<u>(2,806,607)</u>	<u>(2,951,512)</u>	<u>(1,510,732)</u>	<u>(10,168,109)</u>	<u>(1,543,649)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	331,679	131,763	203,533	155,892	822,867	106,379
Net decrease in cash and cash equivalents	(1,550,087)	(31,784)	(1,176,466)	(77,170)	(2,835,507)	(69,095)
Cash and cash equivalents at beginning of year	6,750,565	3,565,105	6,610,402	5,207,584	22,133,656	3,149,467
Cash and cash equivalents at end of year	<u>\$ 5,200,478</u>	<u>\$ 3,533,321</u>	<u>\$ 5,433,936</u>	<u>\$ 5,130,414</u>	<u>\$ 19,298,149</u>	<u>\$ 3,080,372</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 5,914,474	\$ 1,802,672	\$ 872,898	\$ (1,126,036)	\$ 7,464,008	\$ 67,975
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,283,653	865,888	965,087	974,210	4,088,838	1,305,078
Miscellaneous nonoperating income	137,715	39,623	27,259	269,628	474,225	6,843
Change in assets and liabilities:						
Accounts and notes receivable	(22,843)	(40,620)	(56,529)	(212,839)	(332,831)	(51,268)
Due from other funds	(996,177)	9,997	24,221	(11,464)	(973,423)	
Due from other governments			(5)	(221,479)	(221,484)	(875)
Inventories	(47,111)	(22,015)		(7,759)	(76,885)	
Prepaid items	(11,134)	(6,950)			(18,084)	
Accounts payable	(158,016)	29,215	58,960	127,135	57,294	30,697
Accrued wages payable	26,693	16,986	19,020	52,563	115,262	6,500
Compensated absences payable	13,000	10,000	2,842	8,093	33,935	3,225
Due to other funds	(269,762)	212,264		1,421,033	1,363,535	
Due to other governments				1,847	1,847	
Deferred revenue			155	20	175	
Other current liabilities				2,058	2,058	
Net cash provided by operating activities	<u>\$ 5,870,492</u>	<u>\$ 2,917,060</u>	<u>\$ 1,913,908</u>	<u>\$ 1,277,010</u>	<u>\$ 11,978,470</u>	<u>\$ 1,368,175</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 222,802</u>	<u>\$ 1,561,187</u>	<u>\$ -</u>	<u>\$ 36,843</u>	<u>\$ 1,820,832</u>	<u>\$ 648,807</u>
Contributions of capital assets from proprietary funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,133</u>
Contributions of capital assets to internal service funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,909</u>	<u>\$ 311,224</u>	<u>\$ 315,133</u>	<u>\$ -</u>
Acquisition of capital assets through the issuance of long-term debt	<u>\$ 116,946</u>	<u>\$ 83,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</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, 2006**

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ 65,683
Accrued interest	51
Due from other governmental units	10
Total Assets	<u>\$ 65,744</u>
LIABILITIES	
Due to other agencies	\$ 20,316
Due to other governmental units	45,428
Total Liabilities	<u>\$ 65,744</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2006

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, 2006. Separate audited financial statements for the year ended June 30, 2006 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 uncollectibles.

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 a 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 \$45,440,691 difference are as follows:

Special assessments receivable	\$42,189,449
Notes receivable	3,322,866
Current notes receivable	<u>(71,624)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 45,440,691</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 \$126,924,578 difference are as follows:

Bonds payable	\$122,181,380
Notes payable	1,869,487
Accrued interest payable	1,656,580
Compensated absences payable	<u>1,217,131</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 126,924,578</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 \$2,999,967 difference are as follows:

Internal service fund net assets	\$9,918,590
Net capital assets included in governmental activities	(6,879,405)
Accrued compensated absences payable included in governmental activities	11,665
Internal service fund activity reflected in business-type activities	<u>(50,883)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$2,999,967</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 a 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.” In 2006 this adjustment is \$50,883 as there was no such adjustment for the prior year.

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.

- B. Excess of expenditures over appropriations

For the year ended December 31, 2006, expenditures exceeded appropriations in the Park Fund by \$22,055. This over expenditure was funded by available fund balance.

For the year ended December 31, 2006, expenditures exceeded appropriations in the Library Fund by \$7,999. This over expenditure was funded by available fund balance.

For the year ended December 31, 2006, expenditures exceeded appropriations in the Community Development Fund by \$248,085. This over expenditure was funded by available fund balance.

NOTE 4:- DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$2,882,110, 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, 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, 2006, 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	\$ 3,935,883	\$ 1,285,830	\$ 1,782,355	\$ 587,898	\$ 279,800
U.S. Treasuries	12,759,240	2,672,720	10,086,520		
Money Markets	48,476,629	48,476,629			
Total Investments	<u>\$ 65,171,752</u>	<u>\$ 3,958,550</u>	<u>\$ 11,868,875</u>	<u>\$ 587,898</u>	<u>\$ 279,800</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 \$1,135,840 are not rated. The City's remaining money market investments of \$47,340,789 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.

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, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 6,855,091	\$ 1,352,117	\$ (836,670)	\$ 7,370,538
Construction in progress	30,643,879	27,184,866	(27,096,806)	30,731,939
Total capital assets, not being depreciated	<u>37,498,970</u>	<u>28,536,983</u>	<u>(27,933,476)</u>	<u>38,102,477</u>
Capital assets, being depreciated:				
Buildings	14,548,026	3,411,693		17,959,719
Improvements other than buildings	6,906,860	80,097		6,986,957
Machinery and equipment	20,479,260	2,799,181	(1,204,091)	22,074,350
Infrastructure	99,447,731	31,714,299		131,162,030
Total capital assets being depreciated	<u>141,381,877</u>	<u>38,005,270</u>	<u>(1,204,091)</u>	<u>178,183,056</u>
Less accumulated depreciation for:				
Buildings	(6,512,309)	(436,991)		(6,949,300)
Improvements other than buildings	(6,654,901)	(52,127)		(6,707,028)
Machinery and equipment	(11,774,583)	(1,666,358)	1,064,127	(12,376,814)
Infrastructure	(36,910,228)	(2,172,941)		(39,083,169)
Total accumulated depreciation	<u>(61,852,021)</u>	<u>(4,328,417)</u>	<u>1,064,127</u>	<u>(65,116,311)</u>
Total capital assets, being depreciated, net	<u>79,529,856</u>	<u>33,676,853</u>	<u>(139,964)</u>	<u>113,066,745</u>
Governmental activities capital assets, net	<u>\$ 117,028,826</u>	<u>\$ 62,213,836</u>	<u>\$ (28,073,440)</u>	<u>\$ 151,169,222</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	7,265,713			7,265,713
Construction in progress	16,055,860	1,497,444		17,553,304
Total capital assets, not being depreciated	<u>23,321,573</u>	<u>1,497,444</u>	<u>-</u>	<u>24,819,017</u>
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	113,166,795	4,946,720	(850,699)	117,262,816
Improvements other than buildings	18,425,915	27,547		18,453,462
Machinery and equipment	14,232,682	1,025,059	(671,337)	14,586,404
Total capital assets being depreciated	<u>146,080,765</u>	<u>5,999,326</u>	<u>(1,522,036)</u>	<u>150,558,055</u>
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(45,819,361)	(3,046,801)	126,312	(48,739,850)
Improvements other than buildings	(5,669,828)	(538,765)		(6,208,593)
Machinery and equipment	(11,201,065)	(602,249)	317,215	(11,486,099)
Total accumulated depreciation	<u>(62,945,627)</u>	<u>(4,187,815)</u>	<u>443,527</u>	<u>(66,689,915)</u>
Total capital assets, being depreciated, net	<u>83,135,138</u>	<u>1,811,511</u>	<u>(1,078,509)</u>	<u>83,868,140</u>
Business-type activities capital assets, net	<u>\$ 106,456,711</u>	<u>\$ 3,308,955</u>	<u>\$ (1,078,509)</u>	<u>\$ 108,687,157</u>

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

Governmental activities:		
General Government	\$	74,550
Public Safety		68,697
Highways & Streets, including depreciation of general infrastructure assets		2,233,038
Parks & Recreation		103,783
Library		54,272
Economic Development		155,861
Community Development		6,890
Mass Transit		326,248
Subtotal		3,023,339
Internal Service		1,305,078
Total depreciation expense – governmental activities	\$	<u>4,328,417</u>
Business-type activities:		
Electric	\$	1,283,653
Water		865,888
Wastewater		965,087
Broadband		322,128
Storm water		20,117
Sanitation		32,419
Golf Course		216,175
Sports Center		233,380
Forestry		803
Airport		149,188
Total depreciation expense – business-type activities	\$	<u>4,088,838</u>

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, 2006, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,978,037	
Governmental activities:		
Capital Improvement Fund	120,000	
Mass Transit		325,090
Special Assessment Fund	249,982	
Permanent Improvement Fund		209,000
Tax Increment Debt Fund		1,130,566
	<u>369,982</u>	<u>1,664,656</u>
Business-type activities:		
Electric Fund		921,985
Water Fund		221,000
Wastewater Fund	350,353	
Storm Water Fund	65,618	
Sanitation Fund	223,515	
Golf Course Fund		1,138,449
Forestry Fund	47,002	
Pest Control Fund	43,515	
Airport Fund		131,932
	<u>730,003</u>	<u>2,413,366</u>
	<u>\$ 4,078,022</u>	<u>\$ 4,078,022</u>

A \$400,000 advance from the general fund to the tax increment debt service funds will be repaid with future tax increment collections.

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

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		
		General	Special Assmt Debt	Permanent Improvement	Governmental	Enterprise	Internal Service
<u>Major Funds</u>							
General	\$ 1,534,917	\$	\$ 1,140,250	\$ 325,450	\$ 69,217	\$	
Special Assmt Debt	180,461				180,461		
Special Assmt Capital	313,377		313,377				
Permanent Improvement	1,300,000			1,300,000			
Electric	4,853,000	3,693,000		1,160,000			
Water	274,000	274,000					
Wastewater	346,304	242,395				100,000	3,909
Totals	<u>8,802,059</u>	<u>4,209,395</u>	<u>313,377</u>	<u>1,140,250</u>	<u>2,785,450</u>	<u>349,678</u>	<u>3,909</u>
<u>Non-Major Funds</u>							
Governmental	1,133,943	5,150		931,088	197,705		
Enterprise	916,197	546,723			58,250	311,224	
Totals	<u>2,050,140</u>	<u>551,873</u>		<u>931,088</u>	<u>255,955</u>	<u>311,224</u>	
	<u>\$ 10,852,199</u>	<u>\$ 4,761,268</u>	<u>\$ 313,377</u>	<u>\$ 1,140,250</u>	<u>\$ 3,716,538</u>	<u>\$ 605,633</u>	<u>\$ 315,133</u>

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2006	Additions	Reductions	Balance at December 31, 2006	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable					
G.O. Special Assessment	\$ 76,100,000	\$ 23,315,000	\$ 1,700,000	\$ 97,715,000	\$ 1,890,000
G.O. Debt	1,890,000	705,000	325,000	2,270,000	330,000
G.O. Tax Increment	14,070,000		1,130,000	12,940,000	1,030,000
G.O. Municipal Improvement Revenue	9,325,859	155,521	225,000	9,256,380	235,000
Total Bonds Payable	<u>101,385,859</u>	<u>24,175,521</u>	<u>3,380,000</u>	<u>122,181,380</u>	<u>3,485,000</u>
Notes Payable	2,175,782		306,294	1,869,488	300,844
Compensated Absences	1,160,483	692,095	635,447	1,217,131	671,348
Governmental Activity Long-Term Liabilities	<u>104,722,124</u>	<u>24,867,616</u>	<u>4,321,741</u>	<u>125,267,999</u>	<u>4,457,192</u>
<u>Business-Type Activities:</u>					
Bonds Payable					
Electric Utility	8,148,935		668,633	7,480,302	697,400
Water Utility	11,471,065		1,586,367	9,884,698	1,477,600
Wastewater	24,342,031	346,839	1,037,117	23,651,753	1,092,073
Golf Course	3,800,000		150,000	3,650,000	160,000
Sports Center	345,000		45,000	300,000	45,000
Total Bonds Payable	<u>48,107,031</u>	<u>346,839</u>	<u>3,487,117</u>	<u>44,966,753</u>	<u>3,472,073</u>
Notes Payable	1,653,034	187,794	352,714	1,488,114	351,625
Compensated Absences	826,612	182,991	149,056	860,547	154,864
Business-Type Activity Long-Term Liabilities	<u>\$ 50,586,677</u>	<u>\$ 717,624</u>	<u>\$ 3,988,887</u>	<u>\$ 47,315,414</u>	<u>\$ 3,978,562</u>

The City's debt limit is \$28,130,306 and the legal debt margin is \$26,412,243.

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 \$22,068,165 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 \$441,877 related to revenue bonds in the Enterprise Funds have been netted against revenue bonds payable on the accompanying balance sheet.

The annual requirement to amortize notes outstanding as of December 31, 2006, follows:

Year	Governmental Activities		Business –Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 300,844	\$ 148,084	\$ 376,914	\$ 61,786
2008	248,371	93,686	393,702	44,999
2009	266,658	75,400	411,238	27,462
2010	228,958	55,733	227,170	9,145
2011	61,339	40,719	30,525	3,405
2012 - 2016	356,863	153,424	48,565	2,331
2017 - 2021	406,455	52,803	0	0
Totals	<u>\$ 1,869,488</u>	<u>\$ 619,849</u>	<u>\$ 1,488,114</u>	<u>\$ 149,128</u>

General obligation notes payable at December 31, 2006 is the combination of a Minnesota Municipal Energy Conservation Loan with 5.5% interest, maturing November 2007, a \$1,375,000 Economic Development Authority Tax Increment Note issued August 20, 1998 at 7.5% interest, maturing February 2015, and a promissory note for industrial park land acquisition, with 3% interest maturing April 10, 2007. The business-type notes are a combination of a 0% interest 10-year Minnesota Department of Transportation hangar loan issued January 1, 1997 and a note for the purchase of broadband equipment with a 4.38% interest rate maturing June 1, 2010.

The requirement to amortize all bonded debt outstanding as of December 31, 2006, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2007	3,485,000	4,990,002	3,472,073	1,867,159	13,814,234
2008	6,867,610	5,196,444	3,336,395	1,727,119	17,127,568
2009	7,638,770	4,953,635	3,492,097	1,584,967	17,669,469
2010	6,045,000	4,490,399	3,274,196	1,433,649	15,243,244
2011	6,095,000	4,236,900	3,429,707	1,293,492	15,055,099
2012-2016	28,660,000	17,384,412	11,986,400	4,580,927	62,611,739
2017-2021	26,250,000	11,423,383	7,938,301	2,597,956	48,209,640
2022-2026	26,005,000	5,677,232	4,877,584	1,312,536	37,872,352
2027-2031	9,500,000	1,112,503	3,160,000	298,080	14,070,583
2032-2033	1,635,000	80,044			1,715,044
	<u>\$ 122,181,380</u>	<u>\$ 59,544,953</u>	<u>\$ 44,966,753</u>	<u>\$ 16,695,885</u>	<u>\$ 243,388,970</u>

Bonds payable at December 31, 2006 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2006
<u>Governmental Activities</u>					
G.O. Special Assessment					
1994 Series B	10/01/94	02/01/07	4.20-5.80	820,000	75,000
1996 Series C	09/01/96	02/01/08	5.00-5.10	305,000	125,000
1998 Series C	12/01/98	02/01/09	3.90-4.00	1,245,000	390,000
1999 Series A	10/01/99	02/01/20	4.50-5.60	1,890,000	1,135,000
2000 Series A	11/15/00	02/01/21	4.60-6.11	1,545,000	1,115,000
2001 Series E	12/01/01	02/01/22	3.25-5.26	2,835,000	2,200,000
2002 Series B	07/01/02	02/01/23	4.20-5.81	4,985,000	4,155,000
2003 Series B	05/01/03	02/01/33	2.00-5.00	12,775,000	12,365,000
2003 Series C	09/01/03	02/01/24	2.50-4.75	2,465,000	2,200,000
2004 Series A	10/01/04	02/01/27	4.00-4.50	16,795,000	16,795,000
2004 Series B	12/01/04	08/01/18	3.00-4.30	1,085,000	820,000
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
				<u>103,085,000</u>	<u>97,715,000</u>
G.O. Debt					
1993 Refunding Bond Series E	11/01/93	02/01/08	3.50-4.70	1,120,000	265,000
2004 Facility Refunding Series C	12/15/04	02/01/12	3.00-4.00	1,500,000	1,300,000
2006 Capital Equipment Series A	03/15/06	02/01/11	4.00	705,000	705,000
				<u>3,325,000</u>	<u>2,270,000</u>
G.O Tax Increment					
1993 Downtown Refunding Series D	11/01/93	02/01/09	3.25-4.90	1,140,000	315,000
1999 Downtown Refunding Series B	11/01/99	02/01/13	4.75-5.35	925,000	480,000
2002 Conference Refunding Series D	12/01/02	02/01/10	2.25-4.00	4,745,000	2,420,000
2001 Regency/Holiday Mall Series A	05/15/01	02/01/28	4.25-5.25	7,000,000	6,890,000
2001 Regency/Holiday Mall Series B	05/15/01	02/01/28	4.25-5.30	1,590,000	1,535,000
2001 Regency/Holiday Mall Series C	05/15/01	02/01/18	3.25-5.00	1,605,000	1,300,000
				<u>17,005,000</u>	<u>12,940,000</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	1,420,000
1996 Taxable Industrial Development Series B	09/12/96	06/01/09	8.00	940,783	2,061,380
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	675,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	840,000
				<u>8,730,783</u>	<u>9,256,380</u>
Total Governmental Activities				<u>\$ 132,145,783</u>	<u>\$ 122,181,380</u>
<u>Business-Type Activities</u>					
1993 G.O. Wastewater Refunding Series B	11/01/93	03/01/07	3.00-4.60	\$ 2,845,000	290,000
1994 Public Facilities Authority	09/29/94	02/20/15	4.10	2,478,112	1,289,654
1995 Public Facilities Authority	06/29/95	08/20/16	4.11	1,774,857	957,435
1997 Public Facilities Authority	06/29/97	02/20/18	3.49	426,290	277,080
2002 Public Facilities Authority	05/06/02	08/20/22	3.13	3,389,288	2,907,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	11,860,000
2004 Public Facilities Authority	06/21/04	08/20/23	1.98	6,230,719	6,070,584
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	3,650,000
2001 Gross Revenue Facility Series A	05/01/01	05/01/12	4.85-4.95	505,000	300,000
1995 Electric Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	1,366,667	380,000
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	1,326,500	878,000
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	3,862,800	2,597,300
2002 Public Utility Revenue Series C	08/01/02	11/01/17	2.50-4.25	4,570,000	3,625,000

Business-Type Activities (cont.)				Principal	
Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2005
1995 Water Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	2,733,333	760,000
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	11,938,500	7,902,000
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	577,200	422,700
2002 Water Revenue Series C	08/01/02	11/01/17	2.50-4.25	1,005,000	800,000
Total Business-Type Activities				\$ 61,864,266	\$ 44,966,753

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, the 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, 2006, there were 6 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$31,970,322.

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

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

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

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

b. Funding Policy

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

PERF Basic Plan members, Coordinated Plan member and PEPFF members are required to contribute the following percentages of their annual covered salary.

Public Employees Retirement Fund	
Basic Plan members	9.10%
Coordinated Plan members	5.50%
Public Employees Police and Fire Fund	7.00%

Contribution rates in the Coordinated Plan will increase in 2007 to 5.75%. The PEPFF member rate will increase to 7.8% in 2007.

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

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	6.00%
Public Employees Police and Fire Fund	10.50%

Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.25% and 11.7% respectively, effective January 1, 2007.

The City's contributions for the years ending December 31, 2006, 2005, and 2004, for the Public Employees Retirement Fund and the Public Employees Police & Fire Fund were:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public Employees Retirement Fund	\$611,573	\$ 516,334	\$ 506,696
Public Employees Police and Fire Fund	\$442,741	\$ 402,802	\$ 381,836

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</u>
<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Rates</u>
\$3,919	\$3,919	5.00%	5.00%	5.00%

B. Commitments

Wholesale power agreements - Under its wholesale power agreement, the City of Moorhead is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration until December 31, 2046. In 2006 and 2011 the Western Area Power Administration has the option of reducing the allocation by another 1 percent each year. The City of Moorhead is also committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 1, 2046, provides that the City 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 City 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 Laidlaw Transit Services Inc. to provide bus services and driver management through December 31, 2009. The annual costs for 2007, 2008 and 2009 are \$487,268, \$502,698, and \$519,721 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, 2006, the total of future payments under this lease is \$342,000.

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 \$142,482.

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 at 12/31/06 was \$439,748, which would be shared in the same percentages above, should the organization be dissolved. There is no outstanding debt for which the city is obligated.

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

E. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$7,478,775 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 \$8,993,100 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.

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, 2006**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
ASSETS						
Cash and investments	\$ 1,272,918	\$ 294,513	\$ 183,740	\$ 223,340	\$	\$ 794,275
Receivables (net of allowance for uncollectibles):						
Accounts	50,279				8,944	674
Notes			3,251,242			224,804
Special assessments						
Accrued interest	1,114	230		171		961
Due from other funds						
Due from other governmental units			87,000		646,722	2,635
Total Assets	<u>\$ 1,324,311</u>	<u>\$ 294,743</u>	<u>\$ 3,521,982</u>	<u>\$ 223,511</u>	<u>\$ 655,666</u>	<u>\$ 1,023,349</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 4,914	\$ 166	\$ 6,042	\$	\$ 88,895	\$ 2,865
Accrued wages payable	18,720	910	1,350	1,910	2,590	2,150
Due to other funds					325,090	
Advances from other funds						
Due to other governmental units			3,297			
Other liabilities	7,119				254	
Deferred revenue			3,251,242			229,789
Total Liabilities	<u>30,753</u>	<u>1,076</u>	<u>3,261,931</u>	<u>1,910</u>	<u>416,829</u>	<u>234,804</u>
Fund Balance:						
Reserved for encumbrances					238,837	16,374
Reserved for debt service						
Unreserved:						
Designated for working capital	557,350					
Undesignated	736,208	293,667	260,051	221,601		772,171
Total Fund Balance	<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>
Total Liabilities and Fund Balance	<u>\$ 1,324,311</u>	<u>\$ 294,743</u>	<u>\$ 3,521,982</u>	<u>\$ 223,511</u>	<u>\$ 655,666</u>	<u>\$ 1,023,349</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2006**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 86,204	\$ 2,854,990	\$ 551,331	\$ 4,743,107	\$ 5,955,134	\$ 11,249,572	\$ 918,201	\$ 15,022,763
	59,897						59,897
	3,476,046					12,250	3,488,296
			316,449		316,449		316,449
67	2,543	431	3,237	24,537	28,205		30,748
	736,357	175	12,304		12,479	120,000	120,000
						1,000,000	1,748,836
<u>\$ 86,271</u>	<u>\$ 7,129,833</u>	<u>\$ 551,937</u>	<u>\$ 5,075,097</u>	<u>\$ 5,979,671</u>	<u>\$ 11,606,705</u>	<u>\$ 2,050,451</u>	<u>\$ 20,786,989</u>
\$ 417	\$ 103,299	\$	\$ 249,309	\$ 431	\$ 249,740	\$ 6,320	\$ 359,359
	27,630						27,630
	325,090		1,130,566		1,130,566		1,455,656
			400,000		400,000		400,000
	3,297						3,297
	7,373					417	7,790
	3,481,031		316,449		316,449		3,797,480
<u>417</u>	<u>3,947,720</u>		<u>2,096,324</u>	<u>431</u>	<u>2,096,755</u>	<u>6,737</u>	<u>6,051,212</u>
	255,211						255,211
		551,937	2,978,773	5,979,240	9,509,950		9,509,950
	557,350						557,350
85,854	2,369,552					2,043,714	4,413,266
<u>85,854</u>	<u>3,182,113</u>	<u>551,937</u>	<u>2,978,773</u>	<u>5,979,240</u>	<u>9,509,950</u>	<u>2,043,714</u>	<u>14,735,777</u>
<u>\$ 86,271</u>	<u>\$ 7,129,833</u>	<u>\$ 551,937</u>	<u>\$ 5,075,097</u>	<u>\$ 5,979,671</u>	<u>\$ 11,606,705</u>	<u>\$ 2,050,451</u>	<u>\$ 20,786,989</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$ 214	\$ 251			\$ 68	\$ 160,931
Special assessments						
Intergovernmental revenues:						
Federal			436,437		1,497,893	
State	1,761,558	726,658	1,310		865,087	218,336
County						
Other						
Charges for services	142,192			416,715	230,041	
Facility rentals	170,846					
Donations						
Interest on investments	27,933	1,547	3,052	4,583	3,861	35,998
Miscellaneous	160,767	110	303,183	360	15,653	58,780
Total revenues	<u>2,263,510</u>	<u>728,566</u>	<u>743,982</u>	<u>421,658</u>	<u>2,612,603</u>	<u>474,045</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	1,970,078					
Library		734,299				
Community development			747,142			
Rental registration				200,057		
Mass transit					1,479,523	
Economic development						312,623
Capital outlay					1,497,138	
Debt service:						
Bond and note principal	880	1,321				100,000
Bond and note interest	26	37				6,000
Fiscal and other charges						
Total expenditures	<u>1,970,984</u>	<u>735,657</u>	<u>747,142</u>	<u>200,057</u>	<u>2,976,661</u>	<u>418,623</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>292,526</u>	<u>(7,091)</u>	<u>(3,160)</u>	<u>221,601</u>	<u>(364,058)</u>	<u>55,422</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt						
Transfers from other funds	177,960				276,128	190,000
Transfers to other funds	(466,868)					
Sale of capital assets	2,210					
Total other financing sources	<u>(286,698)</u>				<u>276,128</u>	<u>190,000</u>
NET CHANGE IN FUND BALANCE	5,828	(7,091)	(3,160)	221,601	(87,930)	245,422
FUND BALANCE - BEGINNING	<u>1,287,730</u>	<u>300,758</u>	<u>263,211</u>		<u>326,767</u>	<u>543,123</u>
FUND BALANCE - ENDING	<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>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

Contributions	Total	Debt Service			Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Capital Improvement	
\$	\$ 161,464	\$ 1,198	\$ 1,063,498 54,659	\$	\$ 1,064,696 54,659	\$ 1,226,160 54,659
	1,934,330					1,934,330
	3,572,949	387,200	1,471,274		1,858,474	6,431,423
				100,228	100,228	100,228
					25,000	25,000
	788,948					788,948
	170,846					170,846
14,532	14,532					14,532
2,781	79,755	11,101	83,132	277,736	371,969	478,503
	538,853	7,317	7,310	69,647	84,274	670,869
<u>17,313</u>	<u>7,261,677</u>	<u>406,816</u>	<u>2,679,873</u>	<u>447,611</u>	<u>3,534,300</u>	<u>11,895,498</u>
					43,985	43,985
17,515	17,515				100,033	117,548
					8,707	8,707
6,373	1,976,451				172,753	2,149,204
1,769	736,068				8,627	744,695
	747,142				26,548	773,690
	200,057					200,057
	1,479,523					1,479,523
	312,623					312,623
	1,497,138				2,880,947	4,378,085
	102,201	325,000	1,332,625	225,000	1,882,625	1,984,826
	6,063	61,457	708,099	444,338	1,213,894	1,219,957
		4,398	208,503	6,516	219,417	219,417
<u>25,657</u>	<u>7,074,781</u>	<u>390,855</u>	<u>2,249,227</u>	<u>675,854</u>	<u>3,315,936</u>	<u>13,632,317</u>
<u>(8,344)</u>	<u>186,896</u>	<u>15,961</u>	<u>430,646</u>	<u>(228,243)</u>	<u>218,364</u>	<u>(1,736,819)</u>
					705,000	705,000
	644,088			178,000	178,000	3,716,538
	(466,868)				2,894,450	(1,133,943)
	2,210				(667,075)	2,210
	<u>179,430</u>			<u>178,000</u>	<u>178,000</u>	<u>3,289,805</u>
(8,344)	366,326	15,961	430,646	(50,243)	396,364	1,552,986
<u>94,198</u>	<u>2,815,787</u>	<u>535,976</u>	<u>2,548,127</u>	<u>6,029,483</u>	<u>9,113,586</u>	<u>13,182,791</u>
<u>\$ 85,854</u>	<u>\$ 3,182,113</u>	<u>\$ 551,937</u>	<u>\$ 2,978,773</u>	<u>\$ 5,979,240</u>	<u>\$ 9,509,950</u>	<u>\$ 14,735,777</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 214	\$ 214
Intergovernmental:				
State	1,700,394	1,700,394	1,761,558	61,164
Charges for services	122,348	122,348	142,192	19,844
Facility rentals	175,159	175,159	170,846	(4,313)
Interest on investments	10,500	10,500	27,933	17,433
Miscellaneous	81,167	84,167	160,767	76,600
Total revenues	<u>2,089,568</u>	<u>2,092,568</u>	<u>2,263,510</u>	<u>170,942</u>
EXPENDITURES				
Current:				
Personal services	1,066,056	1,067,336	1,096,868	(29,532)
Supplies	170,583	170,933	166,989	3,944
Other services & charges	711,180	709,680	706,221	3,459
Debt Service:				
Note principal	880	880	880	
Note interest	100	100	26	74
Total expenditures	<u>1,948,799</u>	<u>1,948,929</u>	<u>1,970,984</u>	<u>(22,055)</u>
REVENUE OVER EXPENDITURES	<u>140,769</u>	<u>143,639</u>	<u>292,526</u>	<u>148,887</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	176,960	177,960	177,960	
Transfers to other funds	(461,718)	(466,868)	(466,868)	
Sale of capital assets			2,210	2,210
Total other financing uses	<u>(284,758)</u>	<u>(288,908)</u>	<u>(286,698)</u>	<u>2,210</u>
NET CHANGE IN FUND BALANCE	(143,989)	(145,269)	5,828	151,097
FUND BALANCE - BEGINNING	<u>1,287,730</u>	<u>1,287,730</u>	<u>1,287,730</u>	
FUND BALANCE - ENDING	<u>\$ 1,143,741</u>	<u>\$ 1,142,461</u>	<u>\$ 1,293,558</u>	<u>\$ 151,097</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$	\$	\$ 251	\$ 251
Intergovernmental:				
State	726,658	726,658	726,658	
Interest on investments	1,000	1,000	1,547	547
Miscellaneous			110	110
Total revenues	<u>727,658</u>	<u>727,658</u>	<u>728,566</u>	<u>908</u>
EXPENDITURES				
Current:				
Personal services	40,977	40,977	41,047	(70)
Supplies	4,850	4,850	3,593	1,257
Other services & charges	680,361	680,361	689,659	(9,298)
Debt Service:				
Note principal	1,321	1,321	1,321	
Note interest	149	149	37	112
Total expenditures	<u>727,658</u>	<u>727,658</u>	<u>735,657</u>	<u>(7,999)</u>
NET CHANGE IN FUND BALANCE			(7,091)	(7,091)
FUND BALANCE - BEGINNING	<u>300,758</u>	<u>300,758</u>	<u>300,758</u>	
FUND BALANCE - ENDING	<u>\$ 300,758</u>	<u>\$ 300,758</u>	<u>\$ 293,667</u>	<u>\$ (7,091)</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 320,000	\$ 290,723	\$ 436,437	\$ 145,714
State			1,310	1,310
Interest on investments			3,052	3,052
Miscellaneous:				
Rehab loan payments	196,658	196,658	293,183	96,525
Other			10,000	10,000
Total revenues	<u>516,658</u>	<u>487,381</u>	<u>743,982</u>	<u>256,601</u>
EXPENDITURES				
Current:				
Personal services	116,384	143,268	94,473	48,795
Supplies	964	400	2,573	(2,173)
Other services & charges	410,986	355,389	650,096	(294,707)
Total expenditures	<u>528,334</u>	<u>499,057</u>	<u>747,142</u>	<u>(248,085)</u>
NET CHANGE IN FUND BALANCE	(11,676)	(11,676)	(3,160)	8,516
FUND BALANCE - BEGINNING	<u>263,211</u>	<u>263,211</u>	<u>263,211</u>	
FUND BALANCE - ENDING	<u>\$ 251,535</u>	<u>\$ 251,535</u>	<u>\$ 260,051</u>	<u>\$ 8,516</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$	\$	\$ 4,583	\$ 4,583
Miscellaneous:				
Rehabilitation inspection fees		4,000	6,900	2,900
Rental housing registration fees	370,000	257,485	409,815	152,330
Other			360	360
Total revenues	<u>370,000</u>	<u>261,485</u>	<u>421,658</u>	<u>160,173</u>
EXPENDITURES				
Current:				
Personal services	237,936	199,256	181,100	18,156
Supplies	31,475	31,555	2,094	29,461
Other services & charges	100,589	30,674	16,863	13,811
Total expenditures	<u>370,000</u>	<u>261,485</u>	<u>200,057</u>	<u>61,428</u>
NET CHANGE IN FUND BALANCE			221,601	221,601
FUND BALANCE - BEGINNING	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE - ENDING	<u>\$</u>	<u>\$</u>	<u>\$ 221,601</u>	<u>\$ 221,601</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 68	\$ 68
Intergovernmental:				
Federal grants	2,311,370	1,505,716	1,497,893	(7,823)
State grants	765,822	830,472	575,256	(255,216)
State transit aid			289,831	289,831
Charges for services	186,500	186,500	230,041	43,541
Interest on investments			3,861	3,861
Miscellaneous	1,400	13,747	15,653	1,906
Total revenues	<u>3,265,092</u>	<u>2,536,435</u>	<u>2,612,603</u>	<u>76,168</u>
EXPENDITURES				
Current:				
Personal services	120,883	120,883	120,732	151
Supplies	240,775	250,219	259,519	(9,300)
Other services & charges	1,065,254	1,080,754	1,099,272	(18,518)
Capital outlay	2,921,347	1,963,912	1,497,138	466,774
Total expenditures	<u>4,348,259</u>	<u>3,415,768</u>	<u>2,976,661</u>	<u>439,107</u>
REVENUE UNDER EXPENDITURES	<u>(1,083,167)</u>	<u>(879,333)</u>	<u>(364,058)</u>	<u>515,275</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	478,667	276,128	276,128	
Total other financing sources	<u>478,667</u>	<u>276,128</u>	<u>276,128</u>	
NET CHANGE IN FUND BALANCE	(604,500)	(603,205)	(87,930)	515,275
FUND BALANCE - BEGINNING	<u>326,767</u>	<u>326,767</u>	<u>326,767</u>	
FUND BALANCE - ENDING	<u>\$ (277,733)</u>	<u>\$ (276,438)</u>	<u>\$ 238,837</u>	<u>\$ 515,275</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 159,979	\$ 159,979	\$ 160,931	\$ 952
Intergovernmental:				
State grants	217,596	217,596	218,336	740
Interest on investments	12,000	12,000	35,998	23,998
Miscellaneous	62,750	62,750	58,780	(3,970)
Total revenues	<u>452,325</u>	<u>452,325</u>	<u>474,045</u>	<u>21,720</u>
EXPENDITURES				
Current:				
Personal services	181,601	181,661	138,121	43,540
Supplies	5,500	5,500	3,418	2,082
Other services & charges	167,379	167,379	171,084	(3,705)
Debt Service:				
Note principal	100,000	100,000	100,000	
Note interest	6,000	6,000	6,000	
Total expenditures	<u>460,480</u>	<u>460,540</u>	<u>418,623</u>	<u>41,917</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(8,155)</u>	<u>(8,215)</u>	<u>55,422</u>	<u>63,637</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	190,000	190,000	190,000	
Total other financing sources	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	
NET CHANGE IN FUND BALANCE	181,845	181,785	245,422	63,637
FUND BALANCE - BEGINNING	<u>543,123</u>	<u>543,123</u>	<u>543,123</u>	
FUND BALANCE - ENDING	<u>\$ 724,968</u>	<u>\$ 724,908</u>	<u>\$ 788,545</u>	<u>\$ 63,637</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, 2006**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
ASSETS									
Current assets:									
Cash and investments	\$	\$ 658,877	\$ 1,534,510	\$	\$ 1,475,406	\$ 262,297	\$ 160,534	\$	\$ 4,091,624
Receivables (net of allowance for uncollectibles):									
Accounts	89,623	210	393,753	404	40,204		893	1,867	526,954
Accrued interest		519	1,221		1,607	210	128	(103)	3,582
Due from other city funds		65,618	223,515			43,515	47,002		379,650
Due from other governmental units			133,143					221,192	354,335
Inventories	154,309								154,309
Total current assets	<u>243,932</u>	<u>725,224</u>	<u>2,286,142</u>	<u>404</u>	<u>1,517,217</u>	<u>306,022</u>	<u>208,557</u>	<u>222,956</u>	<u>5,510,454</u>
Long-term assets:									
Restricted Assets:									
Cash and cash equivalents				846,845	191,945				1,038,790
Long-Term Receivables:						346	1,459		1,805
Special assessments									
Capital Assets:									
Land			155,647	3,954,534				301,838	4,412,019
Buildings		2,305	599,560	1,733,336	6,597,232			790,765	9,723,198
Improvements other than buildings		271,264	450,676	4,023,930	86,391			3,491,141	8,323,402
Machinery and equipment	1,685,169	224,494	83,325	234,900	99,988		12,050	76,918	2,416,844
Less accumulated depreciation	(482,128)	(270,750)	(676,453)	(2,499,265)	(4,057,044)		(803)	(1,182,147)	(9,168,590)
Total long-term assets	<u>1,203,041</u>	<u>227,313</u>	<u>612,755</u>	<u>8,294,280</u>	<u>2,918,512</u>	<u>346</u>	<u>12,706</u>	<u>3,478,515</u>	<u>16,747,468</u>
Total assets	<u>1,446,973</u>	<u>952,537</u>	<u>2,898,897</u>	<u>8,294,684</u>	<u>4,435,729</u>	<u>306,368</u>	<u>221,263</u>	<u>3,701,471</u>	<u>22,257,922</u>
LIABILITIES									
Current liabilities:									
Accounts payable	14,700	31,125	63,242	5,250	581			121,008	236,201
Accrued wages payable	4,853	3,190	22,730	8,960	4,890	1,520			52,563
Due to other city funds	1,740,919			1,138,449				145,235	3,024,603
Due to other governmental units			26,347						26,347
Customer deposits					1,000			8,110	9,110
Deferred revenue						346		1,400	3,805
Other liabilities			100	600					21,205
Accrued interest payable	4,700			21,105					24,850
Current maturities of long-term debt	351,625			17,712	2,438				379,650
Total current liabilities	<u>2,116,797</u>	<u>34,315</u>	<u>112,419</u>	<u>1,352,076</u>	<u>53,909</u>	<u>1,866</u>	<u>8,174</u>	<u>275,753</u>	<u>3,955,309</u>

CITY OF MOORHEAD, MINNESOTA
 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2006

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
Long-term liabilities:									
Accrued compensated absences	631	1,942	116,363	32,781	12,681	7,526	19,046		190,970
Notes payable	948,695								948,695
Bonds payable		1,942	116,363	3,442,542	255,000	7,526	19,046		3,697,542
Total long-term liabilities	<u>949,326</u>	<u>1,942</u>	<u>116,363</u>	<u>3,475,323</u>	<u>267,681</u>	<u>7,526</u>	<u>19,046</u>		<u>4,837,207</u>
Total liabilities	<u>3,066,123</u>	<u>36,257</u>	<u>228,782</u>	<u>4,827,399</u>	<u>321,590</u>	<u>9,392</u>	<u>27,220</u>	<u>275,753</u>	<u>8,792,516</u>
NET ASSETS									
Invested in capital assets, net of related debt	(101,979)	227,313	612,755	4,691,738	2,618,512	346	12,706	3,478,515	11,539,906
Restricted for debt service		688,967	2,057,360	846,845	191,945	296,630	181,337	(52,797)	1,038,790
Unrestricted	<u>(1,517,171)</u>			<u>(2,071,298)</u>	<u>1,303,682</u>				<u>886,710</u>
Total net assets	<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>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2006**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
OPERATING REVENUES									
Charges for services	\$ 718,773	\$ 864,719	\$ 2,927,871	\$ 1,036,479	\$ 379,957	\$ 379,204	\$ 521,275	\$ 37,290	\$ 6,865,568
Other	3,246	100	214,615	115,367	73,793	1,935	1,916	6,532	417,504
Total operating revenue	<u>722,019</u>	<u>864,819</u>	<u>3,142,486</u>	<u>1,151,846</u>	<u>453,750</u>	<u>381,139</u>	<u>523,191</u>	<u>43,822</u>	<u>7,283,072</u>
OPERATING EXPENSES									
Personal services	217,091	176,681	1,123,040	665,281	203,758	140,204	321,619		2,847,674
Disposal fee			915,861						915,861
Professional services	26,031	12,862	9,717	20,604	4,376			115,590	189,180
Insurance	3,750	7,045	29,598	39,429	11,486	4,931	6,434	12,149	114,822
Repair and maintenance	212,871	152,414	150,513	68,846	35,554	31,617	39,902	147,519	839,236
Supplies	386,323	30,265	223,779	173,839	51,854	26,494	63,398	2,215	958,167
Utilities		49,142	26,811	65,606	154,887			10,180	306,626
Equipment rental		23,893	198,420	124,169	5,881	19,894	37,468	4,681	414,406
Depreciation	322,128	20,117	32,419	216,175	233,380		803	149,188	974,210
Miscellaneous	302,743	224,456	104,364	141,174	13,940	13,918	22,206	26,125	848,926
Total operating expenses	<u>1,470,937</u>	<u>696,875</u>	<u>2,814,522</u>	<u>1,515,123</u>	<u>715,116</u>	<u>237,058</u>	<u>491,830</u>	<u>467,647</u>	<u>8,409,108</u>
Operating income (loss)	<u>(748,918)</u>	<u>167,944</u>	<u>327,964</u>	<u>(363,277)</u>	<u>(261,366)</u>	<u>144,081</u>	<u>31,361</u>	<u>(423,825)</u>	<u>(1,126,036)</u>
NONOPERATING INCOME (EXPENSE)									
Interest on investments	(129,854)	18,637	53,664	14,326	55,391	7,378	7,598		156,994
Interest on indebtedness	3,340	6,953	4,790	(223,409)	(15,789)				(369,052)
Miscellaneous	(126,514)	25,590	58,454	1,420	520	1,609	5,135	245,861	269,628
Total nonoperating income (expense)	<u>(875,432)</u>	<u>193,534</u>	<u>386,418</u>	<u>(207,663)</u>	<u>40,122</u>	<u>8,987</u>	<u>12,733</u>	<u>245,861</u>	<u>57,570</u>
Income (loss) before transfers									
Capital contributions									
Transfers from other funds		100,000		36,843					36,843
Transfers to other funds		(207,353)	(413,096)	239,978	124,758	(63,041)	(149,729)	(82,978)	605,633
Total transfers		<u>(107,353)</u>	<u>(413,096)</u>	<u>276,821</u>	<u>124,758</u>	<u>(63,041)</u>	<u>(149,729)</u>	<u>57,919</u>	<u>(273,721)</u>
CHANGE IN NET ASSETS									
TOTAL NET ASSETS - BEGINNING									
TOTAL NET ASSETS - ENDING	<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>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2006**

	Broadband	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers	\$ 728,939	\$ 863,092	\$ 2,780,148	\$ 1,036,685	\$ 351,070	\$ 376,940	\$ 510,801	\$ 40,053	\$ 6,687,728
Payments to suppliers	(994,885)	(473,786)	(1,666,610)	(637,091)	(513,345)	(97,035)	(169,359)	(211,378)	(4,763,489)
Payments to employees	(147,958)	(176,371)	(1,096,597)	(848,655)	29,935	(138,171)	(311,713)		(2,489,530)
Other receipts (payments)	956,300	7,053	218,473	446,265	74,313	3,544	7,051	129,302	1,842,301
Net cash provided by (used in) operating activities	<u>542,396</u>	<u>219,988</u>	<u>235,414</u>	<u>197,204</u>	<u>(58,027)</u>	<u>145,278</u>	<u>36,780</u>	<u>(42,023)</u>	<u>1,277,010</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers from other funds		100,000		239,978	124,758			140,897	605,633
Transfers to other funds		(109,133)	(413,096)			(56,250)	(26,494)		(604,973)
Net cash provided by (used in) noncapital financing activities		<u>(9,133)</u>	<u>(413,096)</u>	<u>239,978</u>	<u>124,758</u>	<u>(56,250)</u>	<u>(26,494)</u>	<u>140,897</u>	<u>660</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Purchase of assets	(74,527)	(176,179)	(71,559)	(47,492)		(6,791)	(135,285)	(82,978)	(594,811)
Principal payments - bonds and notes	(336,715)		(150,000)	(150,000)	(45,000)			(15,999)	(547,714)
Interest payments - bonds and notes	(131,154)		(220,901)	(220,901)	(16,152)				(368,207)
Net cash used in capital and related financing activities	<u>(542,396)</u>	<u>(176,179)</u>	<u>(71,559)</u>	<u>(418,393)</u>	<u>(61,152)</u>	<u>(6,791)</u>	<u>(135,285)</u>	<u>(98,977)</u>	<u>(1,510,732)</u>
CASH FLOWS FROM INVESTING ACTIVITY									
Interest received		18,428	53,327	14,326	54,836	7,260	7,612	103	155,892
Net increase (decrease) in cash and cash equivalents		53,104	(195,914)	33,115	60,415	89,497	(117,387)		(77,170)
Cash and cash equivalents at beginning of year		605,773	1,730,424	813,730	1,606,936	172,800	277,921		5,207,584
Cash and cash equivalents at end of year		<u>658,877</u>	<u>1,534,510</u>	<u>846,845</u>	<u>1,667,351</u>	<u>262,297</u>	<u>160,534</u>		<u>5,130,414</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:									
Operating income (loss)	\$ (748,918)	\$ 167,944	\$ 327,964	\$ (363,277)	\$ (261,366)	\$ 144,081	\$ 31,361	\$ (423,825)	\$ (1,126,036)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation accruals	322,128	20,117	32,419	216,175	233,380		803	149,188	974,210
Miscellaneous nonoperating income	3,340	6,953	4,790	1,420	520	1,609	5,135	245,861	269,628
Change in assets and liabilities:									
Accounts receivable	(36,297)	(143)	(149,896)	206	(28,887)	(2,264)	(585)	2,763	(212,839)
Due from other city funds		(1,484)	2,173				(9,889)	(221,192)	(11,464)
Due from other governments			(287)						(7,759)
Inventories	(7,759)								
Accounts payable	8,700	26,291	(9,394)	(3,424)	(1,987)	(181)	49	107,081	127,135
Accrued wages payable	4,853	3,190	22,730	8,960	4,890	1,520	6,420		52,563
Compensated absences payable	172	(2,880)	3,713	7,666	(4,577)	513	3,486		8,093
Due to other funds				326,961				97,895	1,421,033
Due to other governments	996,177		1,847						1,847
Deferred revenue				600				(580)	20
Other current liabilities			(645)	1,917				786	2,058
Net cash provided by (used in) operating activities	<u>542,396</u>	<u>219,988</u>	<u>235,414</u>	<u>197,204</u>	<u>(58,027)</u>	<u>145,278</u>	<u>36,780</u>	<u>(42,023)</u>	<u>1,277,010</u>
Noncash capital financing activities:									
Contributions of capital assets from government				36,843					36,843
Contributions of capital assets to internal service funds		98,220				6,791			82,978
									123,235
									311,224

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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, 2006**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 1,379,232	\$ 1,387,279	\$ 313,861	\$ 3,080,372
Receivables (net of allowance for uncollectibles):				
Accounts	81	51,271		51,352
Accrued interest	2,689	1,084	245	4,018
Due from other governmental units	171		1,202	1,373
Total current assets	<u>1,382,173</u>	<u>1,439,634</u>	<u>315,308</u>	<u>3,137,115</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	13,510,934	2,440,715	1,353,964	17,305,613
Less accumulated depreciation	<u>(7,810,044)</u>	<u>(1,964,865)</u>	<u>(651,299)</u>	<u>(10,426,208)</u>
Net capital assets	<u>5,700,890</u>	<u>475,850</u>	<u>702,665</u>	<u>6,879,405</u>
Total assets	<u>7,083,063</u>	<u>1,915,484</u>	<u>1,017,973</u>	<u>10,016,520</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,724	63,541	13,500	79,765
Accrued wages payable		6,500		6,500
Accrued compensated absences		11,665		11,665
Total current liabilities	<u>2,724</u>	<u>81,706</u>	<u>13,500</u>	<u>97,930</u>
Total liabilities	<u>2,724</u>	<u>81,706</u>	<u>13,500</u>	<u>97,930</u>
NET ASSETS				
Invested in capital assets, net of related debt	5,700,890	475,850	702,665	6,879,405
Unrestricted	<u>1,379,449</u>	<u>1,357,928</u>	<u>301,808</u>	<u>3,039,185</u>
Total net assets	<u>\$ 7,080,339</u>	<u>\$ 1,833,778</u>	<u>\$ 1,004,473</u>	<u>\$ 9,918,590</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2006

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,050,500	\$ 777,892	\$ 208,966	\$ 2,037,358
Other	5,688	3,405	384	9,477
Total operating revenue	<u>1,056,188</u>	<u>781,297</u>	<u>209,350</u>	<u>2,046,835</u>
OPERATING EXPENSES				
Personal services		335,213		335,213
Supplies	4,123	30,734	7,527	42,384
Professional services		19,539		19,539
Insurance		2,914	452	3,366
Repair and maintenance	290	84,940	29,584	114,814
Depreciation	920,267	248,372	136,439	1,305,078
Miscellaneous	8,583	148,051	1,832	158,466
Total operating expenses	<u>933,263</u>	<u>869,763</u>	<u>175,834</u>	<u>1,978,860</u>
Operating income (loss)	<u>122,925</u>	<u>(88,466)</u>	<u>33,516</u>	<u>67,975</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	46,092	52,076	9,827	107,995
Gain (loss) on disposal of equipment	14,513	1,200	(14,807)	906
Miscellaneous	5,150	1,130	563	6,843
Total nonoperating income (expense)	<u>65,755</u>	<u>54,406</u>	<u>(4,417)</u>	<u>115,744</u>
Income (loss) before transfers	<u>188,680</u>	<u>(34,060)</u>	<u>29,099</u>	<u>183,719</u>
Capital contributions	636,807		12,000	648,807
Transfers from other funds	315,133			315,133
Total transfers and contributions	<u>951,940</u>		<u>12,000</u>	<u>963,940</u>
CHANGE IN NET ASSETS	1,140,620	(34,060)	41,099	1,147,659
TOTAL NET ASSETS - BEGINNING	<u>5,939,719</u>	<u>1,867,838</u>	<u>963,374</u>	<u>8,770,931</u>
TOTAL NET ASSETS - ENDING	<u>\$ 7,080,339</u>	<u>\$ 1,833,778</u>	<u>\$ 1,004,473</u>	<u>\$ 9,918,590</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2006**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,050,581	\$ 752,380	\$ 208,013	\$ 2,010,974
Payments to suppliers	(12,580)	(118,012)	(29,229)	(159,821)
Payments to employees		(325,488)		(325,488)
Other receipts (payments)	10,838	(169,275)	947	(157,490)
Net cash provided by operating activities	<u>1,048,839</u>	<u>139,605</u>	<u>179,731</u>	<u>1,368,175</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(790,532)	(459,954)	(335,253)	(1,585,739)
Proceeds from sale of assets	40,890	1,200		42,090
Net cash used in capital and related financing activities	<u>(749,642)</u>	<u>(458,754)</u>	<u>(335,253)</u>	<u>(1,543,649)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	44,725	51,837	9,817	106,379
Net increase (decrease) in cash and cash equivalents	343,922	(267,312)	(145,705)	(69,095)
Cash and cash equivalents at beginning of year	1,035,310	1,654,591	459,566	3,149,467
Cash and cash equivalents at end of year	<u>\$ 1,379,232</u>	<u>\$ 1,387,279</u>	<u>\$ 313,861</u>	<u>\$ 3,080,372</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 122,925	\$ (88,466)	\$ 33,516	\$ 67,975
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	920,267	248,372	136,439	1,305,078
Miscellaneous nonoperating income	5,150	1,130	563	6,843
Change in assets and liabilities:				
Accounts receivable	3	(51,271)		(51,268)
Due from other governments	78		(953)	(875)
Accounts payable	416	20,115	10,166	30,697
Accrued wages payable		6,500		6,500
Compensated absences payable		3,225		3,225
Net cash provided by operating activities	<u>\$ 1,048,839</u>	<u>\$ 139,605</u>	<u>\$ 179,731</u>	<u>\$ 1,368,175</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 636,807</u>	<u>\$</u>	<u>\$ 12,000</u>	<u>\$ 648,807</u>
Contributions of capital assets from proprietary funds	<u>\$ 315,133</u>	<u>\$</u>	<u>\$</u>	<u>\$ 315,133</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, 2006**

	<u>BALANCE JANUARY 1, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE DECEMBER 31 2006</u>
<u>COMMUNITY ACCESS TELEVISION</u>				
ASSETS				
Cash and investments	\$ 13,822	\$ 54,100	\$ 47,622	\$ 20,300
Accrued interest	7	16	7	16
Total Assets	<u>\$ 13,829</u>	<u>\$ 54,116</u>	<u>\$ 47,629</u>	<u>\$ 20,316</u>
LIABILITIES				
Due to other agencies	\$ 13,829	\$ 54,116	\$ 47,629	\$ 20,316
Total Liabilities	<u>\$ 13,829</u>	<u>\$ 54,116</u>	<u>\$ 47,629</u>	<u>\$ 20,316</u>
<u>ARMORY</u>				
ASSETS				
Cash and investments	\$ 48,554	\$ 21,864	\$ 25,035	\$ 45,383
Taxes receivable	20,000		20,000	
Accrued interest	25	35	25	35
Due from other governmental units	3	10	3	10
Total Assets	<u>\$ 68,582</u>	<u>\$ 21,909</u>	<u>\$ 45,063</u>	<u>\$ 45,428</u>
LIABILITIES				
Due to other governmental units	\$ 68,582	\$ 21,909	\$ 45,063	\$ 45,428
Total Liabilities	<u>\$ 68,582</u>	<u>\$ 21,909</u>	<u>\$ 45,063</u>	<u>\$ 45,428</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 62,376	\$ 75,964	\$ 72,657	\$ 65,683
Taxes receivable	20,000		20,000	
Accrued interest	32	51	32	51
Due from other governmental units	3	10	3	10
Total Assets	<u>\$ 82,411</u>	<u>\$ 76,025</u>	<u>\$ 92,692</u>	<u>\$ 65,744</u>
LIABILITIES				
Due to other agencies	\$ 13,829	\$ 54,116	\$ 47,629	\$ 20,316
Due to other governmental units	68,582	21,909	45,063	45,428
Total Liabilities	<u>\$ 82,411</u>	<u>\$ 76,025</u>	<u>\$ 92,692</u>	<u>\$ 65,744</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, 2006

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 7,370,538
Buildings	17,959,719
Improvements other than buildings	6,986,957
Machinery and equipment	4,768,737
Infrastructure	131,162,030
Construction in progress	<u>30,731,939</u>
 Total governmental funds capital assets	 <u><u>\$ 198,979,920</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 188,891,573
General Fund	565,745
Special Revenue Funds	8,986,817
Enterprise Funds	952
Gifts	<u>534,833</u>
 Total governmental funds capital assets	 <u><u>\$ 198,979,920</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, 1006

<u>FUNCTION AND ACTIVITY</u>	<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>
GENERAL GOVERNMENT:							
City Clerk	\$ 74,595	\$	\$	\$	\$ 74,595	\$	\$
City Manager	10,187				10,187		
Accounting	30,841				30,841		
General Government Building	3,708,097	457,912	3,124,401	76,030	49,754		
Total General Government	3,823,720	457,912	3,124,401	76,030	165,377	-	-
PUBLIC SAFETY:							
Police Protection	825,948		672,951		152,997		
Fire Protection	1,281,484	56,168	882,197	2,524	340,595		
Total Public Safety	2,107,432	56,168	1,555,148	2,524	493,592	-	-
HIGHWAYS & STREETS	164,800,718	395,824	2,383,056	45,510	82,359	131,162,030	30,731,939
PARKS & RECREATION	10,386,200	2,115,911	848,798	6,691,348	730,143		
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	5,116,541		1,985,530		3,131,011		
PLAINS ART MUSEUM	357,351		357,351				
ECONOMIC DEVELOPMENT	9,959,928	4,157,615	5,796,980		5,333		
Total governmental funds capital assets	\$ 198,979,920	\$ 7,370,538	\$ 17,959,719	\$ 6,986,957	\$ 4,768,737	\$ 131,162,030	\$ 30,731,939

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, 2006

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/06</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/06</u>
GENERAL GOVERNMENT:				
City Clerk	\$ 74,595	\$	\$	\$ 74,595
City Manager	10,187			10,187
Accounting	30,841			30,841
General Government Building	<u>3,678,975</u>	<u>29,122</u>		<u>3,708,097</u>
Total General Government	<u>3,794,598</u>	<u>29,122</u>	<u>-</u>	<u>3,823,720</u>
PUBLIC SAFETY:				
Police Protection	811,220	15,580	852	825,948
Fire Protection	<u>1,281,484</u>			<u>1,281,484</u>
Total Public Safety	<u>2,092,704</u>	<u>15,580</u>	<u>852</u>	<u>2,107,432</u>
HIGHWAYS & STREETS	102,066,837	32,001,942		134,068,779
PARKS & RECREATION	10,255,445	186,399	55,644	10,386,200
LIBRARY	2,269,631			2,269,631
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	3,980,869	1,497,138	361,466	5,116,541
PLAINS ART MUSEUM	357,351			357,351
ECONOMIC DEVELOPMENT	7,719,071	3,077,527	836,670	9,959,928
CONSTRUCTION IN PROGRESS	<u>30,643,879</u>	<u>27,184,866</u>	<u>27,096,806</u>	<u>30,731,939</u>
Total governmental funds capital assets	<u>\$ 163,338,784</u>	<u>\$ 63,992,574</u>	<u>\$ 28,351,438</u>	<u>\$ 198,979,920</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 source, the property tax.	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	66
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.	79
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.	81

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>
Governmental activities				
Invested in capital assets, net of related debt	\$ 39,571,739	\$ 38,357,658	\$ 37,143,826	\$ 57,370,416
Restricted	35,882,536	46,024,002	56,195,491	77,974,490
Unrestricted	(16,226,258)	(10,438,227)	(11,417,970)	(13,842,366)
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>
Business-type activities				
Invested in capital assets, net of related debt	\$ 38,885,166	\$ 53,727,430	\$ 58,250,974	\$ 69,139,443
Restricted	14,742,032	9,464,867	4,683,585	5,867,993
Unrestricted	17,118,255	10,372,344	14,897,535	9,825,944
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>
Primary government				
Invested in capital assets, net of related debt	\$ 78,456,905	\$ 92,085,088	\$ 95,394,800	\$ 126,509,859
Restricted	50,624,568	55,488,869	60,879,076	83,842,483
Unrestricted	891,997	(65,883)	3,479,565	(4,016,422)
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>

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

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities:				
General government	\$ 3,854,182	\$ 2,739,259	\$ 3,068,861	\$ 3,483,664
Public safety	8,275,403	8,345,480	8,500,960	9,024,756
Highways and streets	4,848,743	5,525,656	8,289,232	6,988,144
Parks and recreation	1,833,295	1,968,787	2,307,467	2,246,170
Library	714,973	743,284	756,504	798,967
Community development	667,880	762,062	648,950	780,580
Rental Registration				200,057
Mass transit	1,220,122	1,530,756	1,578,325	1,805,771
Economic development	875,652	801,112	364,786	1,792,973
Interest on long-term debt	2,982,298	3,394,926	4,639,084	5,222,919
Total governmental activities expenses	<u>25,272,548</u>	<u>25,811,322</u>	<u>30,154,169</u>	<u>32,344,001</u>
Business-type activities:				
Electric	13,683,907	14,583,939	15,518,350	16,578,725
Water	3,568,788	3,566,389	3,800,261	4,149,820
Wastewater treatment	4,098,377	4,180,626	4,375,795	4,637,030
Broadband			964,255	1,600,791
Storm water	539,198	807,234	714,622	693,830
Sanitation	2,459,090	2,909,471	2,639,545	2,789,143
Golf courses	1,409,675	1,489,146	1,632,361	1,724,377
Sports center	638,733	713,564	736,355	730,905
Pest control	152,884	182,626	245,941	234,874
Forestry	336,682	372,130	380,369	488,220
Municipal airport	242,272	247,469	284,251	467,647
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>
Total primary government expenses	<u>\$ 52,402,154</u>	<u>\$ 54,863,916</u>	<u>\$ 61,446,274</u>	<u>\$ 66,439,363</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 612,649	\$ 689,274	\$ 979,078	\$ 1,081,611
Public safety	706,291	872,446	924,696	1,032,270
Highways and streets	994,178	1,406,883	1,707,573	2,250,883
Other activities	946,536	180,094	1,500,487	1,703,060
Operating grants and contributions	2,442,589	2,449,551	2,458,483	2,762,963
Capital grants and contributions	8,075,402	15,732,505	15,553,890	35,657,297
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>
Business-type activities:				
Charges for services:				
Electric	18,360,341	19,440,958	20,655,002	22,117,913
Water	4,481,516	4,627,512	4,956,975	5,383,727
Wastewater treatment	3,979,362	3,945,582	4,373,641	4,462,639
Storm water	734,622	778,446	216,746	864,719
Sanitation	2,603,355	2,684,778	840,347	3,008,479
Golf courses	1,007,881	965,821	2,691,426	1,150,626
Other activities	1,067,890	1,246,858	2,421,221	2,122,861
Operating grants and contributions	174,101	160,800	159,919	286,659
Capital grants and contributions	3,380,123	83,979	63,588	4,634,189
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>
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>
Net (expense) / revenue:				
Governmental activities	\$ (11,494,903)	\$ (4,480,569)	\$ (7,029,962)	\$ 12,144,083
Business-type activities	8,659,585	4,882,140	5,086,760	9,936,450
Total primary government net expense	<u>\$ (2,835,318)</u>	<u>\$ 401,571</u>	<u>\$ (1,943,202)</u>	<u>\$ 22,080,533</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>
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
Property taxes levied for debt service	384,376	336,110	5,954	1,238
Tax increments	1,534,608	982,184	1,143,203	1,063,458
Franchise fees	638,140	614,920	764,240	867,550
State aid unrestricted	8,711,749	9,223,467	9,923,838	10,230,844
Unrestricted grants and contributions	446,511	185,850	171,832	169,875
Investment earnings	327,987	262,534	981,612	1,888,601
Miscellaneous	849,207	868,016	803,712	436,279
Gain on disposal / sale of assets				5,432,927
Transfers	<u>4,622,296</u>	<u>3,074,995</u>	<u>1,956,451</u>	<u>4,185,838</u>
Total governmental activities	<u>19,149,709</u>	<u>17,727,785</u>	<u>18,413,098</u>	<u>27,437,110</u>
Business-type activities:				
State aid unrestricted	550,000	561,560	11,560	11,560
Investment earnings	370,965	317,664	558,412	826,631
Miscellaneous	150,401	132,819	345,731	401,766
Loss on disposal of equipment	(223,006)		221,442	10,717
Transfers	<u>(4,622,296)</u>	<u>(3,074,995)</u>	<u>(1,956,451)</u>	<u>(4,185,838)</u>
Total business-type activities	<u>(3,773,936)</u>	<u>(2,062,952)</u>	<u>(819,306)</u>	<u>(2,935,164)</u>
Total primary government	<u>\$ 15,375,773</u>	<u>\$ 15,664,833</u>	<u>\$ 17,593,792</u>	<u>\$ 24,501,946</u>
Change in Net Assets				
Governmental activities	\$ 7,654,806	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193
Business-type activities	4,885,649	2,819,188	4,267,454	7,001,286
Total primary government	<u>\$ 12,540,455</u>	<u>\$ 16,066,404</u>	<u>\$ 15,650,590</u>	<u>\$ 46,582,479</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)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$ 196,894	\$ 85,503	\$ 33,400	\$ 66,072	\$ 1,075,963	\$ 485,076	\$ 555,140	\$ 575,640	\$ 659,710	\$ 653,404
Unreserved	5,328,931	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
Total general fund	<u>\$ 5,525,825</u>	<u>\$ 5,310,744</u>	<u>\$ 5,282,762</u>	<u>\$ 5,424,302</u>	<u>\$ 6,163,987</u>	<u>\$ 7,238,843</u>	<u>\$ 8,326,343</u>	<u>\$ 9,943,000</u>	<u>\$ 11,457,381</u>	<u>\$ 12,808,865</u>
All other governmental funds										
Reserved	\$ 14,652,502	\$ 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
Unreserved, reported in:										
Special revenue funds	705,136	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
Capital projects funds	13,894,097	6,882,745	14,563,343	12,396,211	(934,280)	(1,280,056)	1,416,529	(364,807)	5,149,040	10,758,095
Total all other governmental funds	<u>\$ 29,251,735</u>	<u>\$ 26,005,183</u>	<u>\$ 27,349,529</u>	<u>\$ 21,610,704</u>	<u>\$ 9,886,772</u>	<u>\$ 21,622,634</u>	<u>\$ 22,154,446</u>	<u>\$ 29,507,724</u>	<u>\$ 33,509,837</u>	<u>\$ 36,008,373</u>

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes										
Property	\$ 3,146,033	\$ 3,439,217	\$ 3,363,447	\$ 3,508,571	\$ 3,828,343	\$ 2,557,270	\$ 3,287,213	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196
Franchise	400,146	364,524	450,547	489,508	636,639	518,721	638,141	674,167	764,240	867,550
Licenses and permits	216,350	244,475	281,803	264,685	375,139	518,434	596,295	637,763	823,636	969,802
Intergovernmental	14,644,366	13,865,196	13,164,617	10,139,095	13,832,844	14,154,094	16,567,437	20,008,396	18,027,985	21,753,738
Charges for services	1,399,464	1,100,610	1,215,541	1,401,494	1,533,908	1,609,041	1,508,195	2,119,288	2,376,923	3,543,402
Fines and forfeits	280,938	313,713	376,243	448,144	478,509	460,517	513,018	527,158	573,335	558,300
Facility rentals	35,396	37,089	40,576	38,539	56,230	38,725	168,940	177,254	210,080	172,086
Special assessments	1,325,560	1,663,679	1,681,212	1,626,441	1,536,338	1,763,553	2,551,601	3,380,047	926,472	4,036,345
Sale of property	8,335	51,890	76,760	56,600	46,331	140,384				6,354,930
Interest on investments	1,856,613	1,806,679	707,426	1,848,608	1,108,152	731,288	286,181	236,490	3,381,892	1,780,606
Miscellaneous	2,112,675	1,977,830	1,906,637	1,749,674	1,733,823	10,047,637	1,567,160	2,500,075	3,010,195	1,852,018
Total revenues	<u>25,425,896</u>	<u>24,864,902</u>	<u>23,264,809</u>	<u>21,571,359</u>	<u>25,168,256</u>	<u>32,559,664</u>	<u>27,684,181</u>	<u>33,758,641</u>	<u>34,720,846</u>	<u>46,113,973</u>
Expenditures										
General government	2,535,135	2,686,242	2,477,252	2,613,238	2,463,427	2,625,642	3,798,292	2,700,074	3,004,868	3,364,016
Public safety	6,481,281	6,846,705	7,074,434	7,728,203	7,922,198	8,206,586	8,185,498	8,279,955	8,596,237	8,948,335
Highways and streets	2,713,081	2,545,654	2,586,900	2,796,998	2,971,482	2,991,588	3,048,879	3,426,796	6,243,839	4,773,390
Parks and recreation	1,199,065	1,267,858	1,331,132	1,495,934	1,918,639	1,984,846	1,675,120	1,804,906	2,134,200	2,149,204
Library	569,034	558,557	586,009	608,718	639,595	664,131	661,302	689,012	702,232	744,695
Community development	1,020,260	715,084	573,554	636,363	772,808	733,961	660,990	753,387	642,060	773,690
Rental registration										200,057
Mass transit	840,792	887,506	977,732	978,885	1,066,284	1,130,281	1,112,003	1,212,967	1,299,561	1,479,523
Economic development	567,543	331,946	405,912	280,084	783,469	282,186	798,613	722,288	287,747	1,636,251
Capital outlay	6,409,089	11,857,202	6,978,181	6,729,606	31,988,710	6,838,976	15,061,647	22,411,536	32,713,271	39,142,606
Debt service:										
Bond and note principal	2,085,000	3,497,006	2,818,001	5,875,439	2,271,733	5,681,007	8,523,670	3,426,185	8,420,208	3,686,294
Bond and note interest	2,252,394	2,196,984	2,122,781	1,916,265	2,017,964	2,600,755	2,527,692	2,718,750	3,027,011	4,174,750
Fiscal and other charges	39,548	82,732	362,273	622,823	98,383	184,141	139,594	482,991	1,098,099	682,087
Total expenditures	<u>26,712,222</u>	<u>33,473,476</u>	<u>28,294,161</u>	<u>32,282,556</u>	<u>54,914,692</u>	<u>33,924,100</u>	<u>46,193,300</u>	<u>48,628,847</u>	<u>68,169,333</u>	<u>71,754,898</u>
Revenues over (under) expenditures	(1,286,326)	(8,608,574)	(5,029,352)	(10,711,197)	(29,746,436)	(1,364,436)	(18,509,119)	(14,870,206)	(33,448,487)	(25,640,925)
Other financing sources (uses)										
Bond and note proceeds	3,311,891	2,593,800	2,815,000	1,545,000	14,930,000	9,730,000	15,240,000	21,010,000	34,032,500	24,020,000
Transfers from other funds	4,193,980	8,762,151	12,499,663	6,726,180	7,029,522	8,242,753	6,408,554	8,908,504	9,083,473	9,931,433
Transfers to other funds	(1,106,017)	(6,207,020)	(8,968,956)	(3,157,265)	(3,197,336)	(3,797,620)	(1,606,258)	(6,078,363)	(4,150,992)	(4,462,698)
Sale of capital assets										2,210
Total other financing sources (uses)	6,399,854	5,148,931	6,345,707	5,113,915	18,762,186	14,175,133	20,042,296	23,840,141	38,964,981	29,490,945
Net change in fund balances	<u>\$ 5,113,528</u>	<u>\$ (3,459,643)</u>	<u>\$ 1,316,355</u>	<u>\$ (5,597,282)</u>	<u>\$ (10,984,250)</u>	<u>\$ 12,810,697</u>	<u>\$ 1,533,177</u>	<u>\$ 8,969,935</u>	<u>\$ 5,516,494</u>	<u>\$ 3,850,020</u>
Debt service as a percentage of noncapital expenditures		36%	33%	49%	24%	45%	56%	34%	55%	35%

CITY OF MOORHEAD, MINNESOTA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Capacity		Less: Captured Tax Increment Tax Capacity	Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Tax Exempt Real Property
	Real Property Residential	Commercial						
	Personal Property							
1997	\$ 8,041,842	\$ 5,288,896	\$ (1,153,591)	\$ 12,455,662	23.032%	\$ 712,116,000	1.75%	\$ 342,392,100
1998	8,520,549	4,049,772	(970,099)	11,838,770	26.219%	770,682,500	1.54%	401,003,000
1999	7,732,475	4,146,502	(847,165)	11,249,880	29.782%	770,475,600	1.46%	401,003,000
2000	8,132,399	4,248,959	(633,449)	11,963,319	29.921%	821,296,900	1.46%	401,003,000
2001	8,636,396	4,444,555	(731,348)	12,545,848	32.020%	865,155,200	1.45%	401,003,000
2002	7,951,465	2,847,058	(585,696)	10,333,120	27.554%	929,795,200	1.11%	401,003,000
2003	8,460,332	3,224,721	(671,170)	11,146,057	29.805%	998,508,100	1.12%	401,003,000
2004	9,103,013	3,557,377	(839,262)	11,948,483	28.731%	1,098,180,800	1.09%	401,003,000
2005	10,452,055	3,803,946	(846,763)	13,542,472	26.095%	1,234,867,700	1.10%	401,003,000
2006	11,931,872	4,193,676	(852,378)	15,411,857	24.944%	1,406,515,300	1.10%	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		
1997	23.032%	52.319%	57.069%	1.801%		134.221%
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%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2006**

Taxpayer	2006			1997		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
Busch Agricultural Resources, Inc.	\$ 363,575	1	2.36%	\$ 818,364	1	6.57%
American Crystal Sugar Company	254,761	2	1.65%	490,499	2	3.94%
Moorhead Hospitality	179,250	3	1.16%			
Moorhead Holiday Assoc.	168,633	4	1.09%			
Easton LLC	143,922	5	0.93%			
TRE Investments	121,529	6	0.79%	247,940	4	1.99%
Xcel Energy	105,832	7	0.69%	177,059	5	1.42%
South Moorhead Associates	101,874	8	0.66%			
Second Staff Apartments	98,990	9	0.64%			
Eventide Lutheran Home	89,688	10	0.58%			
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
1997	\$ 4,097,733	\$ (1,834,897)	\$ 2,262,836	\$ 2,210,509	97.7%	\$ 52,008	\$ 2,262,517	99.99%
1998	4,001,051	(1,412,207)	2,588,844	2,539,614	98.1%	48,872	2,588,486	99.99%
1999	4,247,025	(1,548,852)	2,698,173	2,673,520	99.1%	24,572	2,698,092	100.00%
2000	4,476,359	(1,556,058)	2,920,301	2,885,497	98.8%	34,452	2,919,949	99.99%
2001	4,914,371	(1,659,839)	3,254,532	3,207,528	98.6%	45,921	3,253,449	99.97%
2002	2,847,112	(726,186)	2,120,926	2,092,859	98.7%	27,029	2,119,888	99.95%
2003	4,524,017	(1,691,391)	2,832,626	2,792,755	98.6%	35,022	2,827,777	99.83%
2004	4,671,350	(1,722,522)	2,948,828	2,899,560	98.3%	40,172	2,939,732	99.69%
2005	4,741,933	(1,588,177)	3,153,756	3,097,699	98.2%	-	3,097,699	98.22%
2006	4,835,500	(1,411,630)	3,423,870	3,321,657	97.0%	-	3,321,657	97.01%

Source: Clay County Auditor

**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		Municipal Improvement Bonds	G.O.		Revenue Bonds		
			Bonds	Bonds		Revenue Bonds	Bonds			
1997	\$ 7,065,000	\$ 8,510,000	\$ 12,285,000	\$ 12,557,547	\$ 6,577,943	\$ 28,455,000	\$ 75,450,490	\$ 2,336		
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		

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>
1997	\$ 7,065,000	\$ 3,691,453	\$ 3,373,547	0.47%	\$ 104
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

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, 2006**

<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	\$ 255,000	100%	\$ 255,000
Independent School District #152	109,513,768	80%	87,611,014
Clay County	3,726,000	53%	1,974,780
Clay County HRA	13,160,000	53%	6,974,800
Total overlapping debt			<u>96,815,594</u>
City of Moorhead direct debt			<u>167,148,133</u>
Total direct and overlapping debt			<u><u>\$ 263,963,727</u></u>

Source: Clay County Auditor

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 14,250,850	\$ 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
Total net debt applicable to limit	6,658,545	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
Legal debt margin	\$ 7,592,305	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	46.72%	35.22%	31.95%	16.38%	14.03%	11.40%	8.90%	6.74%	4.82%	6.11%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2006

Estimated market value - real and personal property	\$ 1,406,515,300
Debt limit 2% of estimated market value	28,130,306
Debt applicable to limit:	
General obligation bonds	\$ 2,270,000
Less: Amount set aside for repayment of general obligation debt	(551,937)
Total net debt applicable to limit	1,718,063
Legal debt margin	\$ 26,412,243

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 Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
1997	\$ 15,396,507	\$ 10,297,633	\$ 5,098,874	\$ 145,500	\$ 169,265	\$ 314,765	16.20
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

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	
1997	\$ 3,944,332	\$ 1,677,977	\$ 2,266,355	\$ 919,500	\$ 1,148,876	\$ 2,068,376	1.10
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

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	
1997	\$ 3,304,445	\$ 2,074,692	\$ 1,229,753	\$ 345,158	\$ 260,939	\$ 606,097	2.03
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

1 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$ 390,453	\$ 424,327	\$ (33,874)	\$ 25,000	\$ 47,984	\$ 72,984	(0.46)
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

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	
1997	\$ 1,105,706	\$ 818,219	\$ 287,487	\$ 145,000	\$ 415,615	\$ 560,615	0.51
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)

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 COVERAGE ¹
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	
1997	\$ 340,725	\$ 552	\$ 340,173	\$ 230,000	\$ 64,060	\$ 294,060	1.16
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

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	
1997	\$ 1,451,981	\$ 418,333	\$ 1,033,648	\$ 770,000	\$ 339,984	\$ 1,109,984	0.93
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

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	
1997	\$ 1,884,384	\$ 22,383	\$ 1,862,001	\$ 515,000	\$ 622,590	\$ 1,137,590	1.64
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

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

Fiscal Year	Population ¹	Per Household Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
1996	32,295	\$ 28,316	31.3	5,906	3.3%
1997	32,295	29,526	31.2	5,841	2.3%
1998	32,295	30,813	31.8	5,832	1.8%
1999	32,295	32,083	32.0	5,761	2.0%
2000	32,177	32,629	32.2	5,622	3.1%
2001	32,177	31,660	31.9	5,503	2.9%
2002	32,177	31,829	32.6	5,400	3.0%
2003	32,177	30,886	N/A	5,272	3.0%
2004	32,177	32,280	N/A	5,266	3.1%
2005	32,177	N/A	N/A	5,297	3.0%

Data Sources:

¹ Official US Census

² Sales and Marketing Management Survey of Buying Power
(2006 statistics not available until September 2007)

³ School Registrar's Office

⁴ Minnesota Department of Economic Security annual averages

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

Employer	2006			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	770	2	3.76%	641	2	3.25%
Concordia College	715 (b)	3	3.49%	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	413	6	2.02%	539	4	2.73%
Moorhead Electric	350	7	1.71%	135	9	0.68%
City of Moorhead	234 (c)	8	1.14%	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**

Function	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	36.50	37.25	39.38	39.38	39.38	38.38	38.38	38.38	39.38	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	14.25	14.00	15.75	25.75	27.80	15.80	13.32	12.82	12.82
Fire										
Firefighters & officers	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	33.00
Civilians	8.00	8.50	8.50	8.50	9.00	9.50	9.50	3.00	3.00	3.00
Highways and streets	13.00	13.75	13.75	14.00	15.00	16.00	16.00	16.00	16.25	16.63
Parks and recreation	13.00	13.00	14.00	14.75	16.75	22.33	10.76	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
Community development	6.00	6.00	6.00	5.00	6.00	6.00	17.58	15.58	17.58	22.50
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	2.50	3.00	3.00	1.00	1.00	1.00
Electric	29.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	31.00
Water	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	22.00
Broadband	0	0	0	0	0	0	0	0	0	3.00
Wastewater treatment	16.00	16.00	16.00	15.00	15.00	15.00	15.00	16.00	16.00	17.00
Storm water	-	-	-	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	23.00	19.00	19.00	19.00
Golf courses	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	7.58
Sports center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	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	272.75	276.75	279.63	281.38	295.88	304.51	292.51	277.78	280.53	296.53

Source: City Human Resources Department

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

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	1,217	1,297	896	904	1,191	1,272	1,126	1,024	926	945
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,894	2,998	2,288	2,447	2,458	2,905	2,619	2,407	2,350	2,462
Fire										
Medical responses	1,182	1,245	1,259	1,212	1,127	1,240	1,409	1,292	1,462	1,405
Fire & other responses	767	733	807	705	674	753	805	768	751	766
Library										
Visits	-	-	-	205,660	215,644	238,680	235,196	234,624	273,364	266,292
Circulation	244,275	239,503	240,380	234,066	263,097	280,889	277,448	287,433	294,417	296,652
Mass transit										
Fixed Routes ridership	333,239	309,880	304,302	306,872	306,034	288,324	281,730	280,279	316,647	321,855
Paratransit ridership	12,020	11,889	10,915	11,043	11,365	9,519	8,828	9,950	10,958	13,014
Community Development										
New Residential Permits	47	94	92	108	113	221	205	308	350	338
New Residential Valuation	6,009,000	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
New Commercial Permits	22	18	30	36	54	24	26	28	28	39
New Commercial Valuation	5,111,900	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
Sanitation										
Recycling (tons)	-	-	-	-	-	-	83	373	398	606
Refuse Collected (landfill tonnage)	-	-	-	-	-	-	18,574	16,390	18,048	18,744
Yard Waste (tons)	-	-	-	-	-	-	1,864	1,799	3,378	2,515
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	5.04	4.87	4.77	4.78	4.50	3.88	3.90	4.36	4.75	4.66
Electric										
Annual Sales (millions of kwh)	346.63	338.90	339.26	346.97	350.48	359.07	376.54	386.86	397.11	399.37
Water										
Water Sales (billions of gallons)	1.402	1.442	1.371	1.392	1.343	1.368	1.449	1.440	1.462	1.471

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	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
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)	159.13	160.36	161.43	161.43	170.35	174.89	175.47	184.60	197.72	203.75
Culture and recreation										
Parks	31	31	31	32	32	32	32	34	36	41
Swimming/wading pools	8	8	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	7	7	7	7	7	7	7	7	10	10
Wastewater										
Storm sewers (miles)	86.51	89.60	89.60	89.60	96.47	97.01	100.91	104.82	113.80	113.80
Sanitary sewers (miles)	107.82	107.82	107.82	107.82	111.38	112.44	120.25	125.88	136.73	136.73
Force mains (miles)	9.64	10.72	10.72	10.72	10.93	10.93	14.12	14.12	14.29	14.29

Source: Various city departments.