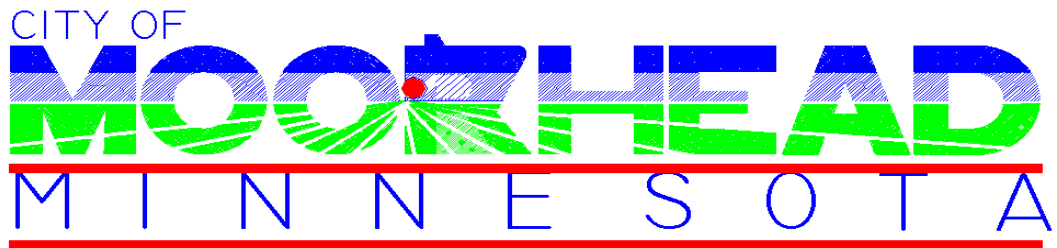


CITY OF
MOORHEAD
MINNESOTA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004
www.cityofmoorhead.com

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2004**

**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, 2004**

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Assets – Fiduciary Funds	19
Notes to the Financial Statements	20
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	38

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Park Fund	40
Library Fund	41
Community Development Fund	42
Mass Transit Fund	43
Economic Development Fund	44
Combining Statement of Net Assets – Nonmajor Proprietary Funds	45
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds	47
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	48
Combining Statement of Net Assets – Internal Service Funds	49
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	50
Combining Statement of Cash Flows – Internal Service Funds	51
Combining Statement of Changes in Assets and Liabilities – Agency Funds	52
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	54
Schedule by Function and Activity	55
Schedule of Changes by Function and Activity	56

STATISTICAL SECTION

Government-wide Information:	
Government-wide Expenses by Function	57
Government-wide Revenues	58
Fund Information:	
General, Special Revenue, Debt Service and Capital Projects Fund Expenditures by Function - Last Ten Fiscal Years	59
General, Special Revenue, Debt Service and Capital Projects Fund Revenue by Source - Last Ten Fiscal Years	60
Special Assessments Collections - Last Ten Fiscal Years	61
Property Tax Levies and Collections - Last Ten Fiscal Years	62
Assessed Value and Estimated Market Value of Taxable Property - Last Ten Fiscal Years	63
Property Tax Rates and Tax Levies - Direct and Overlapping Governments - Last Ten Fiscal Years	64
Comparative Ratio of General Bonded Debt to Assessed Value and General Bonded Debt Per Capita - Last Ten Fiscal Years	65
Computation of Direct and Overlapping Debt	66
Computation of Legal Debt Margin	67
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	68
Schedule of Electric Fund Bond Coverage - Last Ten Fiscal Years	69
Schedule of Water Fund Bond Coverage - Last Ten Fiscal Years	70
Schedule of Wastewater Fund Bond Coverage - Last Ten Fiscal Years	71
Schedule of Sports Center Fund Bond Coverage - Last Ten Fiscal Years	72

Schedule of Golf Course Fund Bond Coverage - Last Ten Fiscal Years	73
Schedule of Vehicle Fund Bond Coverage	74
Schedule of Municipal Improvement Fund Bond Coverage - Last Ten Fiscal Years	75
Demographic Statistics - Last Ten Fiscal Years	76
Property Value, Construction and Bank Deposits - Last Ten Fiscal Years	77
Principal Taxpayers	78
Miscellaneous Statistical Data	79
Principal City Officials and Surety Bonds	80

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MOORHEAD

MINNESOTA

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March 25, 2005

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, 2004.

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, 2004, 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, 2004, 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 16.34 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, environmental health, 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 and storm water collection and treatment, sanitation, sports center, golf course, pest control, forestry and airport. Vehicles and equipment, radio and computer 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, 2004.

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 sunrise to sunset by HFI Aviation Services, 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 more than 7,600 students and over 450 full- and part-time faculty; Concordia College, a four-year private liberal arts college with approximately 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 over 2,000 students.

Long - term Financial Planning. The City of Moorhead adopted its updated Comprehensive Plan in the summer of 2004. The plan resulted in a community vision built around these key principles: distinct and diverse neighborhoods; housing variety and adequacy; educational excellence; park and recreation opportunities; plentiful arts and culture; a vibrant downtown; retail variety and abundance; a college atmosphere; an enhanced environment; quality public facilities and services; and connectivity.

Additionally, the City updated its Zoning Ordinance to be consistent with the direction of the Comprehensive Plan, allowing for mixed-use areas downtown and on major corridors. Growth Area Plans were initiated to guide future development, matching land uses with appropriate levels of open space and needed infrastructure. Major growth areas are to the South and East and several projects are in the works to accommodate growth in these areas. Build-out of the growth areas would result in an estimated population increase of 38,300 in roughly 16,400 new housing units.

Major redesign/reconstruction of the intersection at I-94 and 34th Street South is included in the plan for the East District Growth Area. Engineering studies will begin in 2005 with actual construction of the interchange scheduled for 2007. The Horizon Shores project, planned for the southern portion of this district, is centered on a large, naturally shaped open space and lake feature and development to the east of the district will be centered on a large open space and chain of ponds. A proposed north/south parkway street could potentially link the two large open space systems.

Sanitary sewer extensions will be completed to provide trunk line capacity to the developing areas and several existing gravel roads will be converted to city streets. The Southwest Interceptor Replacement project from the intersections of Eleventh Street and 24th Avenue South to Fourteenth Street and 35th Avenue South, estimated at \$1.3 to \$1.45 million, will commence in 2005 with an expected completion date of June 23, 2006. This will complete the three-year sanitary sewer interceptor project begun in 2003. Traffic signals will be constructed at Trunk Highway 75 and 40th Avenue South and at 34th Street and Twelfth Avenue South at an estimated cost of \$550,000.

Engineering and environmental studies will be completed in 2005 for the 20th/21st Street grade separation project at Main Avenue Southeast, and land acquisition for right-of-way may begin after the studies are approved. The construction schedule, anticipated to begin in 2007, is dependent on Congressional approval of funding.

The first phase of premiere mixed-use development in Downtown Moorhead is currently under construction on East Fourth Street near the newly completed Main Avenue Bridge and is scheduled for occupancy in the spring of 2005. In conjunction with this project, \$250,000 of water main relocation was performed. In 2005 additional phases to the south and west are scheduled to begin construction, and streetscaping at an estimated cost of \$400,000, including sidewalk amenities and diagonal parking along Fourth Street South, will be constructed. This redevelopment project on both sides of Main Avenue will create 75 to 100 living units and up to 40,000 square feet of commercial space. The City of Moorhead assisted in the project through land acquisition and clearance, tax increment financing and environmental clean-up grants from state and federal agencies.

Construction of the \$4 million downtown railroad safety project, primarily funded by federal assistance, is scheduled to begin in 2005, with completion expected in 2006. This project will include timing coordination of traffic signals with the railroad signals and construction of gates at the road and sidewalk crossings. These gates will result in 100% gate closure and allow the implementation of a "quiet zone", free of train whistles.

In September 2004, the City of Moorhead passed a new property maintenance code that will regulate how residential and commercial properties are maintained. Other communities with similar programs have enjoyed increased property values; less crime; fewer police, ambulance and fire calls for service; and a reduction in blighted structures. A new Neighborhood Services position has been created to enforce the new code, to maintain and expand Moorhead's commitment to promoting healthy, safe neighborhoods, and to strengthen neighborhood identification and connection to the larger community.

The Minnesota Pollution Control Agency (MPCA) mandated the City to adopt a new ordinance by March 10, 2005 to regulate storm water discharges. However, the MPCA has indicated that the City may delay adoption to allow time to coordinate ordinance language with the cities of Fargo and West Fargo, ND and Dilworth, MN, other jurisdictions in the metro area, which are also required to pass such an ordinance. The ordinance addresses construction site storm water runoff regulations; development and redevelopment post construction storm water runoff controls; illicit discharge, detection and enforcement procedures; construction site plan review; development and redevelopment plan review; and prohibition of non-storm water discharges from entering the storm water system.

In May 2004 the Sanitation Division received approval from the City Council to purchase semi-automated garbage trucks and residential garbage carts to convert to an automated garbage collection system, which commenced in November. The trucks hydraulically grasp and empty the garbage cart at the curb, returning the cart to the curb without the operator leaving the cab of the truck. It allows the City to collect household refuse more efficiently and safely, allowing the City to enlarge the collection areas to include new home growth without increasing staff levels.

Utility work was largely completed for the \$4 million MCCARA Industrial Park expansion project. The City of Moorhead will continue to aggressively market the industrial park and the Job Opportunity Building Zone (JOBZ) program, which provides new businesses significant tax savings for up to twelve years if they create certain types of jobs.

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, 2003. This was the 21st 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 GAAP 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.

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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emmer

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2004

ELECTED OFFICIALS

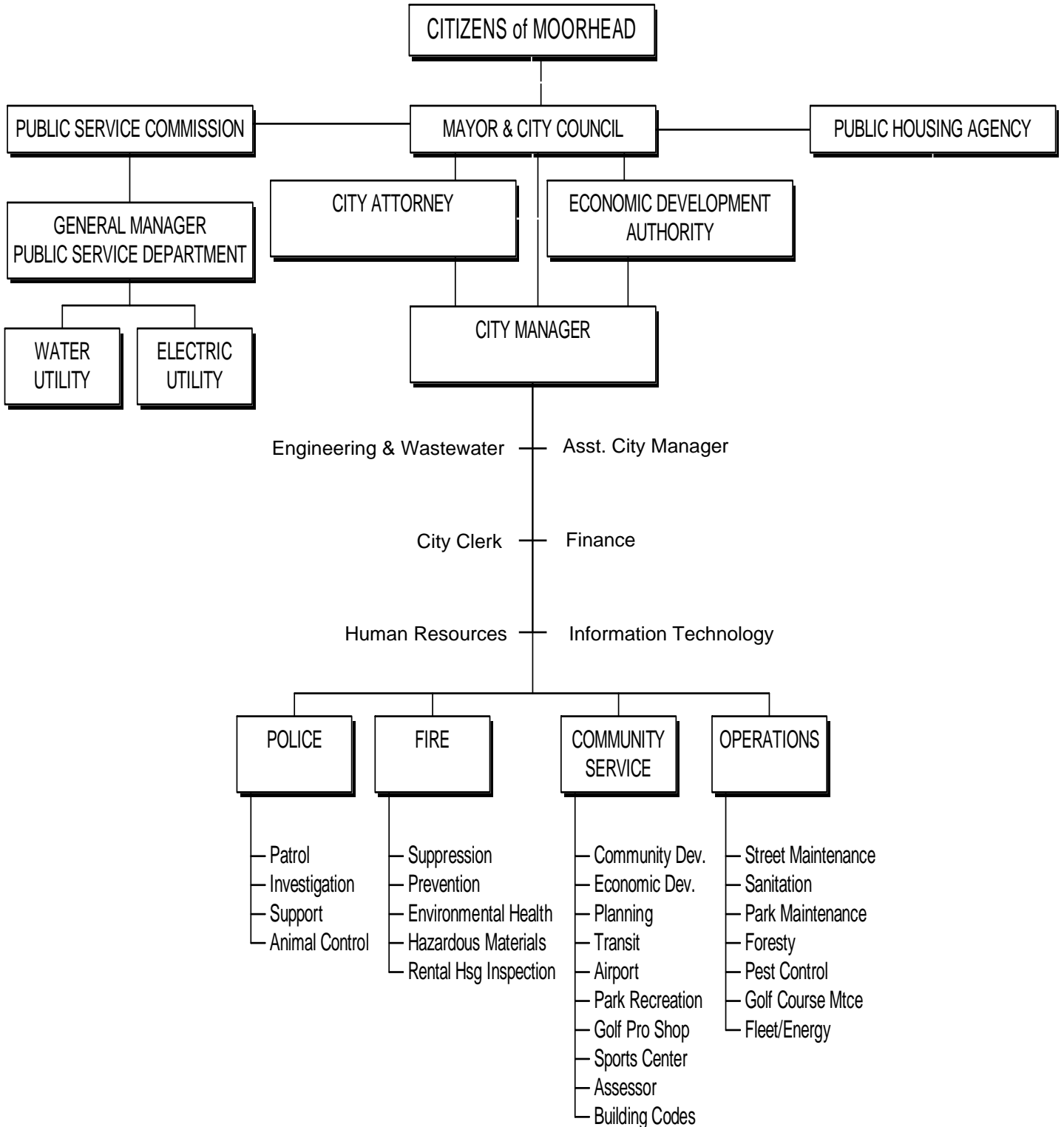
MARK VOXLAND	MAYOR
NANCY OTTO	COUNCIL MEMBER
MORRIS KELSVEN	COUNCIL MEMBER
DIANE WRAY WILLIAMS	COUNCIL MEMBER
JOHN ROWELL	COUNCIL MEMBER
DAN HUNT	COUNCIL MEMBER
LAURI WINTERFELDT-SHANKS	COUNCIL MEMBER
JIM DANIELSON	COUNCIL MEMBER
GREG LEMKE	COUNCIL MEMBER

APPOINTED OFFICIALS

BRUCE A. MESSELT	CITY MANAGER
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ORGANIZATION CHART



FINANCIAL

SECTION

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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, each major fund, and the aggregate discretely presented component unit and the remaining fund information of **City of Moorhead, Moorhead, Minnesota**, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **City of Moorhead, Moorhead, Minnesota** 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, each major fund, and the aggregate discretely presented component unit and the remaining fund information of the **City of Moorhead, Moorhead, Minnesota**, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 9 are not a required part of the basic financial statements but are 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 March 25, 2005 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 that testing, and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

Handwritten signature of Eric Baugh, CPA. The signature is written in cursive and includes the initials 'CPA' at the end.

Fargo, North Dakota
March 25, 2005

**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, 2004. 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 \$147,508,074.
- The City's total net assets increased by \$17,534,604.
- The City's governmental funds reported combined ending fund balances of \$39,450,724, an increase of \$8,969,935 in comparison with the prior year. Of this total amount, \$11,058,967 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 \$9,367,360 or 65% of total general fund expenditures of \$14,331,869.

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, environmental health, transit, library, parks and recreation, economic and community development and general legislative and administrative services. The business-type activities of the City include Electric, Water, Wastewater, Storm Water, Sanitation, Sports Center, Golf Course, Pest Control, Forestry 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 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 five 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, Tax Increment Debt Service, Special Assessment Debt Service, Special Assessment Capital Projects and Permanent Improvement Funds, which are all considered major funds. Data from the other ten 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 statements elsewhere in this report.

The City of Moorhead adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has 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, 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, Computers and Radios. Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within 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 seven 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 statements 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 statements 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 statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and 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 \$147,508,074 at the close of the most recent fiscal year.

By far the largest portion of the City’s net assets (72%) 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, 2004.

CITY OF MOORHEAD’S NET ASSETS

	Governmental Activities		Business-type Activities		Total 2004
	2004	2003	2004	2003	
Current and other assets	\$ 65,733,418	\$ 51,468,453	\$ 29,053,276	\$ 34,571,471	\$ 94,786,694
Capital assets	90,052,658	70,224,475	96,013,033	86,524,754	186,065,691
Total assets	155,786,076	121,692,928	125,066,309	121,096,225	280,852,385
Long-term liabilities outstanding	69,430,949	56,636,242	44,571,690	44,587,343	114,002,639
Other liabilities	12,411,694	5,828,669	6,929,978	5,763,675	19,341,672
Total liabilities	81,842,643	62,464,911	51,501,668	50,351,018	133,344,311
Net assets:					
Invested in capital assets, net of related debt	38,357,658	39,571,739	53,727,430	38,885,166	92,085,088
Restricted	46,024,002	35,882,536	9,464,867	14,742,032	55,488,869
Unrestricted	(10,438,227)	(16,226,25)	10,372,344	17,118,255	(\$65,883)
Total net assets	\$ 73,943,433	\$ 59,228,017	\$ 73,564,641	\$ 70,745,453	\$ 147,508,074

A portion of the City’s net assets (29%) represents resources that are subject to external restrictions on how they may be used.

Current and other assets in governmental activities increased by over \$14 million mainly due to \$4.9 million in bond proceeds received in 2004 for refunding several bonds not called until after the end of 2004; over \$600,000 in capitalized interest on the general obligation bonds issued in October; an increase of almost \$4 million in the special assessments receivable; and unspent bond proceeds in special assessment capital projects.

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

The change in restricted net assets in business-type activities resulted from reduced restrictions for capital projects in the wastewater treatment fund. Investment in capital assets increased by \$13.5 million in the major proprietary funds, with \$8.9 million of the increase attributed to the wastewater treatment fund.

CITY OF MOORHEAD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total
	2004	2003	2004	2003	2004
Revenues:					
Program revenues:					
Charges for services	\$ 4,616,897	\$ 3,259,654	\$ 33,689,955	\$ 32,234,967	\$ 38,306,852
Operating grants and contributions	2,449,551	2,442,589	160,800	174,101	2,610,351
Capital grants and contributions	15,732,505	8,075,402	83,979	3,380,123	15,816,484
General Revenues:					
Taxes	2,515,819	2,019,211			2,515,819
Tax Increments	982,184	1,534,608			982,184
Franchise Fees	614,920	638,140			614,920
State aid	9,223,467	8,711,749	561,560	550,000	9,785,027
Grants and contributions not restricted to specific programs	185,850	446,511			185,850
Investment earnings	262,534	327,987	317,664	370,965	580,198
Miscellaneous	868,016	849,207	132,819	(72,605)	1,000,835
Total revenues	37,451,743	28,305,058	34,946,777	36,637,551	72,398,520
Expenses:					
General government	3,066,155	3,854,182			3,066,155
Public safety	8,345,480	8,275,403			8,345,480
Highways and streets	5,525,656	4,848,743			5,525,656
Parks and recreation	1,968,787	1,833,295			1,968,787
Library	743,284	714,973			743,284
Community development	762,062	667,880			762,062
Mass transit	1,530,756	1,220,122			1,530,756
Economic development	474,216	875,652			474,216
Interest on long-term debt	3,394,926	2,982,298			3,394,926
Electric			14,583,939	13,683,907	14,583,939
Water			3,566,389	3,568,788	3,566,389
Wastewater treatment			4,180,626	4,098,377	4,180,626
Storm water			807,234	539,198	807,234
Sanitation			2,909,471	2,459,090	2,909,471
Golf Course			1,489,146	1,409,675	1,489,146
Sports Center			713,564	638,733	713,564
Pest Control			182,626	152,884	182,626
Forestry			372,130	336,682	372,130
Municipal airport			247,469	242,272	247,469
Total expenses	25,811,322	25,272,548	29,052,594	27,129,606	54,863,916
Increase in net assets before transfers	11,640,421	3,032,510	5,894,183	9,507,945	17,534,604
Transfers	3,074,995	4,622,296	(3,074,995)	(4,622,296)	
Change in net assets	14,715,416	7,654,806	2,819,188	4,885,649	17,534,604
Net assets - 1/1/04	59,228,017	51,573,211	70,745,453	65,859,804	129,973,470
Net assets - 12/31/04	\$ 73,943,433	59,228,017	\$ 73,564,641	70,745,453	\$ 147,508,074

Governmental activities. The governmental activities' net assets increased by \$14,715,416 during the current fiscal year, accounting for 84% of the total increase in the net assets of the City of Moorhead. Charges for services increased by 41.6% in comparison to 2003, mainly due to an increase of \$265,000 in engineering fees on construction projects; \$77,600 in new 2004 revenue for fire service fees; and \$668,000 in revenue from the downtown redevelopment area.

Capital grants and contributions nearly doubled from 2003 to 2004, largely due to a capital grant of \$2.7 million in the mass transit fund for the purchase of buses; increases in municipal state aid of approximately \$2.8 million and in special assessment collections of approximately \$3.8 million in highways and streets; and a decrease of approximately \$1 million in economic development capital grants.

Business-type activities. Business-type activities increased the City's net assets by \$2,819,188 accounting for 16% of the total growth in the government's net assets. Charges for services for business-type activities increased by 4.5%. Expenses for business-type activities increased by 7.1%.

Capital grants and contributions decreased by 97.5% in comparison to 2003. In 2003 a large interfund loan of \$1.7 million was written off in the golf course fund, which resulted in the recognition of a sizeable capital contribution. Also in 2003, \$1,020,280 of water mains financed in the special assessment capital projects fund was recognized as a capital contribution 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 \$39,450,724, an increase of \$8,969,935 in comparison with the prior year. Fund balance has been reserved to indicate those funds not available for new spending because it has already been reserved to liquidate contracts and purchase orders of the prior period (\$6,891,697).

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 \$9,367,360. 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 65% percent of total General Fund expenditures.

The General Fund balance increased by \$1,616,657 during the current fiscal year. Key factors in this growth are as follows:

- Overall revenues were over approved budget by 10.2%.
- Overall expenditures were under approved budget by 1.7%.

The Special Assessment Debt Service and Special Assessment Capital Projects fund balances increased by \$2,274,519 and \$3,664,277, respectively. The primary reason for the increase in debt service was a combination of capitalized interest and an increase in special assessment collections, and the increase in capital projects was primarily due to unspent bond proceeds. The decrease in the Permanent Improvement fund balance of \$2,186,503 was due primarily to land purchases and construction expenditures.

The debt service funds have a total fund balance of \$21,090,815 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 \$5,899,166, which includes proceeds for refunding several bonds not called until after the end of 2004 and capitalized interest on the 2004 series A general obligation improvement bonds issued in October.

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 \$10,224,308. All major enterprise funds reported increases in net assets, except for the Wastewater Treatment fund, which reported a decrease in net assets of \$634,415.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget amendments between the original budget and the final budget for the general fund increased the negative budgeted net change in fund balance by \$33,897. Actual budget variances were positive in both revenues and expenditures resulting in an increase to fund balance of \$1,757,718. This was mainly the result of miscellaneous revenue of \$661,729 from the 1992 Single Family Mortgage payments and increases in property taxes and charges for services.

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, 2004, amounts to \$186,065,691 (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 second phase of the \$12 million sanitary sewer interceptor project was completed in 2004. Also, utilities for six subdivisions were completed at a cost of \$3.5 million, and \$7 million of utility work began in two large development areas, Horizon Shores near Moorhead's new middle school and Southfields near Moorhead's new elementary school.
- The Main Avenue Bridge, spanning the Red River between the cities of Moorhead and Fargo, officially opened November 24, 2004. The \$14 million project was accomplished in partnership with the Minnesota Department of Transportation (MnDOT), the North Dakota Department of Transportation and the City of Fargo. MnDOT served as the lead agency in charge of contract administration.
- In conjunction with the Main Avenue Bridge project, Moorhead's Third Street was realigned underneath the bridge to eliminate an intersection and to improve safety.
- Capital assets increased \$1,252,000 and \$1,244,000 in the electric and water divisions respectively from 2003 to 2004.

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

	Governmental Activities 2004	Business-type Activities 2004	Total
Land	\$ 4,972,621	\$ 7,265,713	\$ 12,238,334
Construction in progress	7,859,597	9,867,208	17,726,805
Buildings	7,417,242	64,234,603	71,651,845
Improvements other than buildings	326,779	13,291,153	13,617,932
Machinery and equipment	8,183,734	1,354,356	9,538,090
Infrastructure	61,292,685		61,292,685
Total	\$ 90,052,658	\$ 96,013,033	\$ 186,065,691

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 \$126,097,989. Of this amount, \$51,917,500 comprises debt backed by the full faith and credit of the government and \$46,590,000 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 \$18,250,315 (17.2%) during the current fiscal year.

During the current fiscal year, the City issued \$1,085,000 of general obligation improvement refunding bonds series B dated December 1, 2004 to refund series 1995A, 1997B, and \$910,000 of general obligation tax increment refunding bonds series E to refund series 1997C. Additionally, the City sold \$16,795,000 of general obligation improvement bonds series A dated October 1, 2004 to finance \$1,125,000 of completed infrastructure improvements and \$15,670,000 of infrastructure projects under construction or to be constructed in 2005.

The City also sold \$1,500,000 of general obligation recreation facility refunding bonds series C dated December 15, 2004 to refund series 1995C and \$720,000 of general obligation ice arena refunding bonds series D dated December 15, 2004 to refund series 1997A.

Moody's Investors Service upgraded Moorhead's credit rating from "A3" to "A2" in 2004 stating that the "A2" rating reflects the City's stable economy and growing tax base; healthy financial operations characterized by conservative management and healthy fund balances. The high debt burden is reflecting growth related capital needs for the City as well as overlapping jurisdictions.

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 \$24,670,410, 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	\$ 46,590,000	\$	\$ 46,590,000
General obligation debt	3,655,000		3,655,000
G.O. Tax Increment	15,160,000		15,160,000
G.O. Municipal Improvement Revenue	10,992,080		10,992,080
G.O. Revenue		12,050,000	12,050,000
G.O. Revenue Refunding		830,000	830,000
Public Facilities Authority		9,230,420	9,230,420
Revenue Refunding		20,690,000	20,690,000
Revenue		5,430,000	5,430,000
Long-term notes	1,438,490	31,999	1,470,489
Compensated absences	1,142,767	824,450	1,967,217
Total	\$ 78,978,337	\$ 49,086,869	\$ 128,065,206

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 2005 City Budget totals \$44,180,994 and represents a \$1,293,395 decrease from the Adopted 2004 Budget. Few major variations are seen in revenues, unlike 2003 and 2004, where Local Government Aid (LGA) reductions and Fees/Charges for Services saw significant changes. On the expenditure side, Wages and Benefits represent 32% of the 2005 Budget but actually see a real dollar decrease from 2004. Debt Service as a percentage of the overall budget increases in 2005, reflective of the City's investment in infrastructure for projected community growth and economic expansion. The number of City full-time employees (FTE's) increased by only 2.75 FTE's.

The State Legislature did not re-impose levy limits during the 2004 regular session. Accordingly, levy limits for cities over 2,500 in population expire for taxes payable in 2005. The 2005 operating levy amount, along with the amounts levied for Debt Service and a special EDA levy of \$140,000, result in a total City Tax Levy of \$4,741,933, which is a \$70,583 increase (1.5110%) over the 2004 levy.

The City had a pure growth increase in estimated market valuation for new construction of \$47,243,100 (4.34%), meaning that the approved levy increase will be spread across a larger property tax base. Therefore, the resulting Tax Extension Rate is actually estimated to decrease in the 2005 Budget.

The Department of Revenue certified LGA for the City of Moorhead at \$7,585,565, an increase of \$445,521 (6.24%) over 2004. Liquor license fees increased from \$5,000 to \$6,000 and the transfer from the Electric Utility to the General Fund increased by \$212,000.

Key factors in determining the expenditure portion of the City's 2005 Budget included a targeted growth factor of 3% in the operating budgets; a 2% increase in wages in accordance to the union contracts; a 10% increase in health insurance; a \$250,000 capital transfer from the General Fund to the Capital Improvement Fund and a \$540,000 increase to General Fund Reserves.

On December 14, 2004, the Moorhead Public Service Commission approved a 3 percent and a 3.5 percent rate increase for the electric and water divisions, respectively. The rates were increased primarily in response to anticipated increased operating costs, added capital costs associated with implementing water system security measures to guard against inside or outside threats, and to maintain adequate operating cash reserve levels.

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, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 40,694,853	\$ 13,459,058	\$ 54,153,911	\$ 1,216,594
Receivables (net of allowance for uncollectibles):				
Accounts and notes	309,463	1,836,291	2,145,754	149,235
Accrued interest	33,016	43,074	76,090	
Internal balances	806,914	(806,914)		
Due from other governmental units	2,307,359	143,403	2,450,762	2,959
Inventories		612,614	612,614	
Prepaid items		28,749	28,749	
Restricted Assets:				
Cash and cash equivalents		13,649,516	13,649,516	
Long-Term Receivables:				
Special assessments	18,365,041	78,506	18,443,547	
Notes receivable, less current portion	3,216,772	8,979	3,225,751	
Capital Assets:				
Intangible plant		255,373	255,373	
Land	4,972,621	7,265,713	12,238,334	464,977
Buildings	13,613,861	107,981,436	121,595,297	8,172,761
Improvements other than buildings	6,819,962	18,412,291	25,232,253	
Machinery and equipment	19,243,887	12,238,063	31,481,950	430,095
Infrastructure	96,129,358		96,129,358	
Construction in progress	7,859,597	9,867,208	17,726,805	
Less accumulated depreciation	(58,586,628)	(60,007,051)	(118,593,679)	(4,779,499)
Total Assets	<u>155,786,076</u>	<u>125,066,309</u>	<u>280,852,385</u>	<u>5,657,122</u>
LIABILITIES				
Accounts payable	1,407,100	2,403,847	3,810,947	33,447
Accrued compensated absences	511,390	676,414	1,187,804	36,156
Due to other governmental units		21,603	21,603	
Customer deposits		69,832	69,832	53,883
Deferred revenue	76,724	18,154	94,878	
Other liabilities	301,211	73,615	374,826	25,100
Accrued interest payable	1,079,271	361,342	1,440,613	
Long-term liabilities:				
Due within one year	9,035,998	3,305,171	12,341,169	115,000
Notes payable	1,338,490	15,999	1,354,489	
Bonds payable	68,092,459	44,555,691	112,648,150	380,000
Total liabilities	<u>81,842,643</u>	<u>51,501,668</u>	<u>133,344,311</u>	<u>643,586</u>
NET ASSETS				
Invested in capital assets net of related debt	38,357,658	53,727,430	92,085,088	3,793,334
Restricted for debt service	37,443,685	4,716,835	42,160,520	
Restricted for capital projects	8,580,317	4,748,032	13,328,349	
Unrestricted	(10,438,227)	10,372,344	(65,883)	1,220,202
Total net assets	<u>\$ 73,943,433</u>	<u>\$ 73,564,641</u>	<u>\$ 147,508,074</u>	<u>\$ 5,013,536</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, 2004**

	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	\$ 2,739,259	\$ 689,274	\$ 974,905	\$ 60,306	\$ (1,989,679)	\$	\$ (1,989,679)	
Public safety	8,345,480	872,446			(6,498,129)		(6,498,129)	
Highways and streets	5,525,656	1,406,883	25,510	13,090,273	8,997,010		8,997,010	
Parks and recreation	1,968,787	444,320	14,024		(1,510,443)		(1,510,443)	
Library	743,284	50	1,258		(741,976)		(741,976)	
Community development	762,062	286,972	423,117		(51,973)		(51,973)	
Mass transit	1,530,756	182,852	909,866	2,018,342	1,580,304		1,580,304	
Economic development	801,112	734,100	100,871	563,584	597,443		597,443	
Interest on long-term debt	3,394,926				(3,394,926)		(3,394,926)	
Total governmental activities	<u>25,811,322</u>	<u>4,616,897</u>	<u>2,449,551</u>	<u>15,732,505</u>	<u>(3,012,369)</u>		<u>(3,012,369)</u>	
Business-type activities:								
Electric	14,583,939	19,440,958			4,857,019		4,857,019	
Water	3,566,389	4,627,512			1,061,123		1,061,123	
Wastewater treatment	4,180,626	3,945,582	7,415		(227,629)		(227,629)	
Storm water	807,234	778,446			(28,788)		(28,788)	
Sanitation	2,909,471	2,684,778	128,716		(95,977)		(95,977)	
Golf Course	1,489,146	965,821			(523,325)		(523,325)	
Sports Center	713,564	419,588			(293,976)		(293,976)	
Pest Control	182,626	353,095			170,469		170,469	
Forestry	372,130	428,605			56,475		56,475	
Municipal airport	247,469	45,570	24,669	83,979	(93,251)		(93,251)	
Total business-type activities	<u>29,052,594</u>	<u>33,689,955</u>	<u>160,800</u>	<u>83,979</u>	<u>4,882,140</u>		<u>4,882,140</u>	
Total primary government	<u>\$ 54,863,916</u>	<u>\$ 38,306,852</u>	<u>\$ 2,610,351</u>	<u>\$ 15,816,484</u>	<u>(3,012,369)</u>		<u>1,869,771</u>	
Component Unit:								
Public Housing Agency	\$ 1,331,478	\$ 445,797	\$ 807,434	\$ 163,246			\$ 84,999	
General revenues:								
Property taxes levied for general purposes					2,179,709		2,179,709	
Property taxes levied for debt service					336,110		336,110	
Tax increments					982,184		982,184	
Franchise fees					614,920		614,920	
State aid unrestricted					9,223,467	561,560	9,785,027	
Grants and contributions not restricted to specific programs					185,850		185,850	
Unrestricted investment earnings					262,534	317,664	580,198	
Miscellaneous					868,016	132,819	1,000,835	
Transfers					3,074,995	(3,074,995)		
Total general revenues and transfers					<u>17,727,785</u>	<u>(2,062,952)</u>	<u>15,664,833</u>	
Changes in net assets					14,715,416	2,819,188	17,534,604	
Net assets - beginning					59,228,017	70,745,453	129,973,470	
Net assets - ending					<u>\$ 73,943,433</u>	<u>\$ 73,564,641</u>	<u>\$ 147,508,074</u>	

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 5,736,547	\$ 8,522,041	\$ 6,283,800		\$ 17,166,880	\$ 37,709,268
Receivables, net:						
Accounts	161,263	84,367			51,702	309,332
Notes	9,245			12,000	3,533,897	3,543,142
Special assessments		15,989,994	1,120,476		382,876	17,473,346
Accrued interest	4,203	14,813			12,342	31,358
Due from other funds	3,507,646		106,127		136,000	3,749,773
Due from other governmental units	243,985	31,243	555,133	298,004	1,177,548	2,305,913
Advances to other funds	400,000					400,000
Total Assets	\$ 10,062,889	\$ 24,622,458	\$ 8,065,536	\$ 310,004	\$ 22,461,245	\$ 65,522,132
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 97,446	\$ 1,127	\$ 14,133	\$ 47,585	\$ 1,200,231	\$ 1,360,522
Due to other funds	8,286		5,170	2,667,734	261,669	2,942,859
Advances from other funds					400,000	400,000
Other liabilities	750			400	300,061	301,211
Deferred revenue	13,407	16,027,994	1,120,476		3,904,939	21,066,816
Total Liabilities	119,889	16,029,121	1,139,779	2,715,719	6,066,900	26,071,408
Fund Balance (Deficit):						
Reserved for encumbrances	166,395		6,598,950		126,352	6,891,697
Reserved for notes receivable	9,245					9,245
Reserved for advances	400,000					400,000
Reserved for debt service		8,593,337			12,497,478	21,090,815
Unreserved:						
Designated for working capital	6,152,000				693,000	6,845,000
Undesignated, reported in:						
General fund	3,215,360					3,215,360
Special revenue funds			326,807		1,363,414	1,363,414
Capital projects funds	9,943,000	8,593,337	6,925,757	(2,405,715)	1,714,101	(364,807)
Total Fund Balance (Deficit)	\$ 10,062,889	\$ 24,622,458	\$ 8,065,536	\$ 310,004	\$ 22,461,245	\$ 99,450,724

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

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

Net assets of governmental activities
\$ 73,943,433

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
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 2,050,927	\$ 21,646		\$ 204	\$ 1,425,226	\$ 3,498,003
Franchise	614,920				59,247	674,167
Special Assessments		3,245,300	134,747			3,380,047
Licenses and permits						637,763
Intergovernmental revenues						
Federal	212,705		803,534		2,012,493	3,028,732
State	5,363,338	491,402	58,801	5,259,514	5,464,695	16,637,750
Other	72,469			153,989	115,456	341,914
Charges for services	1,826,856		330		292,102	2,119,288
Fines and forfeits	527,158				177,254	527,158
Facility rentals		76,719			109,815	177,254
Interest on investments	48,632	1,324			899,100	236,490
Miscellaneous	857,413	91,316	3,499	899,100	648,747	2,500,075
Total revenues	12,212,181	3,926,383	1,002,235	6,312,807	10,305,035	33,758,641
EXPENDITURES						
Current:						
General government	2,655,301				44,773	2,700,074
Public safety	8,240,347				39,608	8,279,955
Highways and streets	3,355,164			60,306	11,326	3,426,796
Parks and recreation					1,804,906	1,804,906
Library					689,012	689,012
Community development					753,387	753,387
Mass transit					1,212,967	1,212,967
Economic development				326,896	395,392	722,288
Capital outlay	79,266		12,231,402	7,275,843	2,825,025	22,411,536
Debt Service:						
Bond and note principal	1,468	1,630,000			1,794,717	3,426,185
Bond and note interest	323	1,414,429			1,303,998	2,718,750
Fiscal and other charges		92,790	150,579		239,622	482,991
Total expenditures	14,331,869	3,137,219	12,381,981	7,663,045	11,114,733	48,628,847
REVENUE OVER (UNDER) EXPENDITURES	(2,119,688)	789,164	(11,379,746)	(1,350,238)	(809,698)	(14,870,206)
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds		1,885,965	15,994,035		3,130,000	21,010,000
Transfers from other funds	4,193,426		626,515	275,000	3,813,563	8,908,504
Transfers to other funds	(457,081)		(1,576,527)	(1,111,265)	(2,532,880)	(6,078,363)
Total other financing sources (uses)	3,736,345	1,485,355	15,044,023	(836,265)	4,410,683	23,840,141
NET CHANGE IN FUND BALANCE	1,616,657	2,274,519	3,664,277	(2,186,503)	3,600,985	8,969,935
FUND BALANCE - BEGINNING	8,326,343	6,318,818	3,261,480	(219,212)	12,793,360	30,480,789
FUND BALANCE - ENDING	\$ 9,943,000	\$ 8,593,337	\$ 6,925,757	\$ (2,405,715)	\$ 16,394,345	\$ 39,450,724

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, 2004**

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)		\$ 8,969,935
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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	\$ 22,411,536	
Depreciation expense	<u>(2,833,667)</u>	19,577,869

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,667,058
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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	\$ (21,010,000)	
Bond & note principal payments	<u>3,426,185</u>	(17,583,815)

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	\$ (89,233)	
Accrued interest	(54,262)	
Capital Appreciation Bond accretion	<u>(132,938)</u>	(276,433)

Internal service funds are used by management to charge the costs of radio, vehicle and computer services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

360,802

Change in net assets of governmental activities (page 11)		<u><u>\$ 14,715,416</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 BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,974,018	\$ 1,974,018	\$ 2,050,927	\$ 76,909
Franchise	415,605	415,605	614,920	199,315
Licenses and permits	485,178	485,178	637,763	152,585
Intergovernmental:				
Federal	194,507	246,343	212,705	(33,638)
State	5,317,254	5,394,484	5,363,338	(31,146)
County	32,000	32,000	33,669	1,669
Other	38,800	38,800	38,800	
Charges for services	1,419,949	1,432,590	1,826,856	394,266
Fines and forfeitures	485,000	485,000	527,158	42,158
Interest on investments	130,000	130,000	48,632	(81,368)
Miscellaneous	92,850	93,850	857,413	763,563
Total revenues	<u>10,585,161</u>	<u>10,727,868</u>	<u>12,212,181</u>	<u>1,484,313</u>
EXPENDITURES				
Current:				
General government	2,900,942	2,925,292	2,655,301	269,991
Public safety	8,313,962	8,354,884	8,240,347	114,537
Highways and streets	3,195,417	3,205,317	3,355,164	(149,847)
Capital outlay		87,555	79,266	8,289
Debt Service:				
Note principal	1,477	1,477	1,468	9
Note Interest	323	323	323	
Total expenditures	<u>14,412,121</u>	<u>14,574,848</u>	<u>14,331,869</u>	<u>242,979</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(3,826,960)</u>	<u>(3,846,980)</u>	<u>(2,119,688)</u>	<u>1,727,292</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,157,240	4,163,000	4,193,426	30,426
Transfers to other funds	(437,444)	(457,081)	(457,081)	
Total other financing sources and uses	<u>3,719,796</u>	<u>3,705,919</u>	<u>3,736,345</u>	<u>30,426</u>
NET CHANGE IN FUND BALANCE	(107,164)	(141,061)	1,616,657	1,757,718
FUND BALANCE - BEGINNING	<u>8,326,343</u>	<u>8,326,343</u>	<u>8,326,343</u>	
FUND BALANCE - ENDING	<u>\$ 8,219,179</u>	<u>\$ 8,185,282</u>	<u>\$ 9,943,000</u>	<u>\$ 1,757,718</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, 2004**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current Assets:						
Cash and investments	\$ 1,516,159	\$ 1,828,367	\$ 5,713,893	\$ 4,400,639	\$ 13,459,058	\$ 2,985,585
Receivables (net of allowance for uncollectibles):						
Accounts and notes	1,154,511	200,743	239,668	241,369	1,836,291	131
Accrued interest	20,800	9,000	10,984	2,290	43,074	1,658
Due from other city funds	8,286	5,170	375,693	341,275	730,424	
Due from other governmental units			450	142,953	143,403	1,446
Inventories	525,578	87,036			612,614	
Prepaid items	2,935	25,814			28,749	
Total current assets	<u>3,228,269</u>	<u>2,156,130</u>	<u>6,340,688</u>	<u>5,128,526</u>	<u>16,853,613</u>	<u>2,988,820</u>
Long-term Assets:						
Restricted Assets:						
Cash and cash equivalents	5,861,941	2,038,561	4,748,032	1,000,982	13,649,516	
Long-Term Receivables:						
Special assessments		68,062	4,892	5,552	78,506	
Notes receivable, less current portion	8,979				8,979	
Capital Assets:						
Intangible plant	255,373				255,373	
Land	541,882	574,942	1,736,870	4,412,019	7,265,713	
Buildings	37,677,941	37,751,742	22,887,161	9,664,592	107,981,436	
Improvements other than buildings			10,130,060	8,282,231	18,412,291	
Machinery and equipment	2,129,600	734,559	8,912,365	461,539	12,238,063	14,085,091
Construction in progress			9,867,208		9,867,208	
Less accumulated depreciation	<u>(16,729,747)</u>	<u>(10,701,786)</u>	<u>(25,178,298)</u>	<u>(7,397,220)</u>	<u>(60,007,051)</u>	<u>(9,061,466)</u>
Total long-term assets	<u>29,745,969</u>	<u>30,466,080</u>	<u>33,108,290</u>	<u>16,429,695</u>	<u>109,750,034</u>	<u>5,023,625</u>
Total assets	<u>32,974,238</u>	<u>32,622,210</u>	<u>39,448,978</u>	<u>21,558,221</u>	<u>126,603,647</u>	<u>8,012,445</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,268,322	58,291	991,053	86,181	2,403,847	46,578
Accrued compensated absences	357,000	180,000	41,867	97,547	676,414	5,773
Due to other city funds	859,503	142,611		535,224	1,537,338	
Due to other governmental units				21,603	21,603	
Customer deposits	61,242			8,590	69,832	
Deferred revenue				7,710	7,710	
Other liabilities	58,047			15,568	73,615	
Accrued interest payable	65,000	103,200	171,020	22,122	361,342	252
Current maturities of long-term debt	644,833	1,525,167	833,685	301,486	3,305,171	65,000
Total current liabilities	<u>3,313,947</u>	<u>2,009,269</u>	<u>2,037,625</u>	<u>1,096,031</u>	<u>8,456,872</u>	<u>117,603</u>
Long-term liabilities:						
Notes payable				15,999	15,999	
Bonds payable	8,083,887	11,223,664	21,156,926	4,091,214	44,555,691	
Deferred revenue			4,892	5,552	10,444	
Total long-term liabilities	<u>8,083,887</u>	<u>11,223,664</u>	<u>21,161,818</u>	<u>4,112,765</u>	<u>44,582,134</u>	
Total liabilities	<u>11,397,834</u>	<u>13,232,933</u>	<u>23,199,443</u>	<u>5,208,796</u>	<u>53,039,006</u>	<u>117,603</u>
NET ASSETS						
Invested in capital assets, net of related debt	15,081,329	15,507,426	11,117,679	12,020,996	53,727,430	4,958,625
Restricted for debt service	1,211,853	2,504,000		1,000,982	4,716,835	
Restricted for capital projects			4,748,032		4,748,032	
Unrestricted	5,283,222	1,377,851	383,824	3,327,447	10,372,344	2,936,217
Total net assets	<u>\$ 21,576,404</u>	<u>\$ 19,389,277</u>	<u>\$ 16,249,535</u>	<u>\$ 16,349,425</u>	<u>\$ 73,564,641</u>	<u>\$ 7,894,842</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, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 19,155,701	\$ 4,600,393	\$ 3,883,850	\$ 5,511,594	\$ 33,151,538	\$ 1,805,283
Other	285,257	27,119	79,543	310,721	702,640	20,329
Total operating revenue	<u>19,440,958</u>	<u>4,627,512</u>	<u>3,963,393</u>	<u>5,822,315</u>	<u>33,854,178</u>	<u>1,825,612</u>
OPERATING EXPENSES						
Personal services	1,535,101	1,037,881	789,468	2,378,410	5,740,860	298,482
Purchased power	10,044,196				10,044,196	
Disposal fee				801,007	801,007	
Professional services	24,996	2,169	28,816	182,906	238,887	18,401
Insurance	143,317	88,571	105,898	89,911	427,697	3,237
Repair and maintenance	348,485	340,060	599,854	507,784	1,796,183	95,069
Supplies	498,057	513,840	222,264	750,892	1,985,053	29,079
Utilities			322,503	284,113	606,616	
Equipment rental			85,584	367,427	453,011	
Depreciation	1,194,749	754,444	982,870	637,614	3,569,677	1,197,581
Miscellaneous	375,780	125,098	273,266	463,386	1,237,530	83,092
Total operating expenses	<u>14,164,681</u>	<u>2,862,063</u>	<u>3,410,523</u>	<u>6,463,450</u>	<u>26,900,717</u>	<u>1,724,941</u>
Operating income (loss)	<u>5,276,277</u>	<u>1,765,449</u>	<u>552,870</u>	<u>(641,135)</u>	<u>6,953,461</u>	<u>100,671</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	97,972	42,278	107,235	70,179	317,664	26,044
Interest on indebtedness	(419,258)	(704,326)	(770,103)	(258,190)	(2,151,877)	(5,985)
Loss on disposal of equipment						(5,912)
Local government aid				550,000	550,000	
Miscellaneous	72,455	32,272	3,870	32,359	140,956	1,130
Total nonoperating revenue (expense)	<u>(248,831)</u>	<u>(629,776)</u>	<u>(658,998)</u>	<u>394,348</u>	<u>(1,143,257)</u>	<u>15,277</u>
Income (loss) before contributions and transfers	<u>5,027,446</u>	<u>1,135,673</u>	<u>(106,128)</u>	<u>(246,787)</u>	<u>5,810,204</u>	<u>115,948</u>
Capital contributions				83,979	83,979	12,000
Transfers from other funds		1,576,527		1,177,746	2,754,273	232,854
Transfers to other funds	(4,294,000)	(235,000)	(528,287)	(771,981)	(5,829,268)	
Total contributions and transfers	<u>(4,294,000)</u>	<u>1,341,527</u>	<u>(528,287)</u>	<u>489,744</u>	<u>(2,991,016)</u>	<u>244,854</u>
CHANGE IN NET ASSETS	733,446	2,477,200	(634,415)	242,957	2,819,188	360,802
TOTAL NET ASSETS - BEGINNING	<u>20,842,958</u>	<u>16,912,077</u>	<u>16,883,950</u>	<u>16,106,468</u>	<u>70,745,453</u>	<u>7,534,040</u>
TOTAL NET ASSETS - ENDING	<u>\$ 21,576,404</u>	<u>\$ 19,389,277</u>	<u>\$ 16,249,535</u>	<u>\$ 16,349,425</u>	<u>\$ 73,564,641</u>	<u>\$ 7,894,842</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, 2004**

	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	\$ 19,136,713	\$ 4,613,134	\$ 3,924,478	\$ 5,517,450	\$ 33,191,775	\$ 1,806,919
Payments to suppliers	(12,185,447)	(1,195,488)	(535,237)	(2,938,849)	(16,855,021)	(242,990)
Payments to employees	(671,906)	(917,272)	(788,441)	(2,373,110)	(4,750,729)	(297,649)
Other payments			(190,550)	(135,283)	(325,833)	(61,633)
Net cash provided by operating activities	<u>6,279,360</u>	<u>2,500,374</u>	<u>2,410,250</u>	<u>70,208</u>	<u>11,260,192</u>	<u>1,204,647</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Local government aid				550,000	550,000	
Transfers from other funds				350,309	350,309	232,854
Transfers to other funds	(4,240,666)	(221,618)	(528,287)	(771,981)	(5,762,552)	
Net cash provided by (used in) noncapital financing activities	<u>(4,240,666)</u>	<u>(221,618)</u>	<u>(528,287)</u>	<u>128,328</u>	<u>(4,862,243)</u>	<u>232,854</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond proceeds			3,095,623		3,095,623	
Purchase of assets	(2,614,940)	(458,394)	(7,737,118)	(48,800)	(10,859,252)	(1,069,002)
Proceeds from sale of assets	97,256	3,916			101,172	27,195
Principal payments - bonds	(609,533)	(1,434,467)	(593,245)	(196,000)	(2,833,245)	(60,000)
Interest payments - bonds	(423,258)	(715,126)	(790,895)	(256,049)	(2,185,328)	(6,215)
Net cash used in capital and related financing activities	<u>(3,550,475)</u>	<u>(2,604,071)</u>	<u>(6,025,635)</u>	<u>(416,870)</u>	<u>(12,597,051)</u>	<u>(1,108,022)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	106,372	45,278	102,559	69,106	323,315	25,569
Net increase (decrease) in cash and cash equivalents	(1,405,409)	(280,037)	(4,041,113)	(149,228)	(5,875,787)	355,048
Cash and cash equivalents at beginning of year	<u>8,783,509</u>	<u>4,146,965</u>	<u>14,503,038</u>	<u>5,550,849</u>	<u>32,984,361</u>	<u>2,630,537</u>
Cash and cash equivalents at end of year	<u>\$ 7,378,100</u>	<u>\$ 3,866,928</u>	<u>\$ 10,461,925</u>	<u>\$ 5,401,621</u>	<u>\$ 27,108,574</u>	<u>\$ 2,985,585</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 5,276,277	\$ 1,765,449	\$ 552,870	\$ (641,135)	\$ 6,953,461	\$ 100,671
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,265,816	787,462	982,870	637,614	3,673,762	1,197,581
Miscellaneous nonoperating income	72,455	32,274	3,870	32,359	140,958	1,130
Change in assets and liabilities:						
Accounts receivable	(304,245)	(14,378)	(37,962)	(22,366)	(378,951)	2,030
Due from other funds			(20,454)	(2,748)	(23,202)	
Due from other governments			98,505	10,076	108,581	(10)
Accounts payable	102,919	(109,458)	829,684	2,541	825,686	(97,204)
Compensated absences payable	55,000	30,000	1,027	5,300	91,327	833
Inventories	(186,664)	9,924			(176,740)	
Prepaid items	(2,306)	(899)			(3,205)	
Due to other funds				42,989	42,989	
Due to other governments			(160)	(322)	(482)	
Deferred revenue				2,270	2,270	(384)
Other current liabilities	108			3,630	3,738	
Net cash provided by operating activities	<u>\$ 6,279,360</u>	<u>\$ 2,500,374</u>	<u>\$ 2,410,250</u>	<u>\$ 70,208</u>	<u>\$ 11,260,192</u>	<u>\$ 1,204,647</u>
Noncash capital financing activities:						
Contributions of capital assets from government		<u>\$ 1,576,527</u>		<u>\$ 827,437</u>	<u>\$ 2,403,964</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
YEAR ENDED DECEMBER 31, 2004**

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ 81,424
Taxes receivable	20,000
Accrued interest	39
Due from other governmental units	313
Total Assets	<u>\$ 101,776</u>
LIABILITIES	
Due to other agencies	\$ 29,409
Due to other governmental units	72,367
Total Liabilities	<u>\$ 101,776</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2004

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, 2004. Separate audited financial statements for the year ended June 30, 2004 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, environmental health, recreation and parks and general administrative services. The City also operates as enterprise funds the following services: electric and water, sewage collection and treatment, storm water collection, pest control, forestry, sports center, golf course, airport and sanitation services. Vehicles and equipment, radio and computer 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 segment 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; Armory; Log Cabin Folk Art Center; Justice Circle Civic Education, and Healthy Community Initiative.

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 “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 \$80,057,608 difference are as follows:

Bonds payable	\$ 76,397,080
Notes payable	1,438,490
Accrued interest payable	1,079,271
Compensated absences payable	<u>1,142,767</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 80,057,608</u>

Another element of that reconciliation explains that “internal service funds are used by management to charge costs of vehicle and equipment replacement, computer 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 \$2,942,242 difference are as follows:

Internal service fund net assets	\$ 7,894,842
Net capital assets included in governmental activities	(5,023,625)
Bonds payable, accrued compensated absences and accrued interest payable included in governmental activities	<u>71,025</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 2,942,242</u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

Prior to September 1, the City Manager is required to submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted as required to obtain taxpayer comments and prior to December 31, the budget is legally enacted by Council resolution.

Once the budget resolution has been adopted, the 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 department budgets. 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, 2004, expenditures exceeded appropriations in the Community Development Fund by \$200,533. This over expenditure was funded by available fund balance.

For the year ended December 31, 2004, expenditures exceeded appropriations in the Economic Development Fund by \$1,767. This over expenditure was funded by available fund balance.

C. Deficit fund equity

GOVERNMENTAL FUNDS

Permanent Improvement Fund \$ 2,405,715 This deficit will be recovered primarily with Municipal State Aid.

NOTE 4: - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At year-end, the carrying amount of the City's deposits was \$ 1,736,444 and the bank balance was \$ 1,990,621. The bank balance is covered by federal depository insurance or by collateral held by the City's agent in the City's name.

The City's investments are categorized as listed below to give an indication of the level of risk assumed by the city at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

	Category			Carrying
	1	2	3	Amount
U.S. Government Securities	\$ 66,149,355			\$66,149,355
Uncategorized:				
Mutual Funds				\$ 1,216,594
				\$67,365,949

The carrying amounts of the above investments are based on the quoted market price at December 31, 2004.

B. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,518,957	\$ 453,664		\$ 4,972,621
Construction in progress		7,859,597		7,859,597
Total capital assets, not being depreciated	4,518,957	8,313,261		12,832,218
Capital assets, being depreciated:				
Buildings	13,236,994	376,867		13,613,861
Improvements other than buildings	6,782,576	37,386		6,819,962
Machinery and equipment	16,244,010	3,658,711	(658,834)	19,243,887
Infrastructure	84,623,045	11,506,313		96,129,358
Total capital assets being depreciated	120,886,625	15,579,277	(658,834)	135,807,068
Less accumulated depreciation for:				
Buildings	(5,912,200)	(284,419)		(6,196,619)
Improvements other than buildings	(6,376,431)	(116,752)		(6,493,183)
Machinery and equipment	(10,094,259)	(1,591,621)	625,727	(11,060,153)
Infrastructure	(32,798,217)	(2,038,456)		(34,836,673)
Total accumulated depreciation	(55,181,107)	(4,031,248)	625,727	(58,586,628)
Total capital assets, being depreciated, net	65,705,518	11,548,029	(33,107)	77,220,440
Governmental activities capital assets, net	\$ 70,224,475	\$ 19,861,290	\$ (33,107)	\$ 90,052,658
Business-type activities:				
Capital assets, not being depreciated				
Land	7,265,713			7,265,713
Construction in progress	2,661,880	7,764,551	(559,223)	9,867,208
Total capital assets, not being depreciated	9,927,593	7,764,551	(559,223)	17,132,921
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	103,346,651	5,040,377	(405,592)	107,981,436
Improvements other than buildings	17,410,031	1,002,260		18,412,291
Machinery and equipment	12,217,155	20,908		12,238,063
Total capital assets being depreciated	133,229,210	6,063,545	(405,592)	138,887,163
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(41,123,845)	(2,921,748)	298,760	(43,746,833)
Improvements other than buildings	(4,562,548)	(558,590)		(5,121,138)
Machinery and equipment	(10,690,283)	(193,424)		(10,883,707)
Total accumulated depreciation	(56,632,049)	(3,673,762)	298,760	(60,007,051)
Total capital assets, being depreciated, net	76,597,161	2,389,783	(106,832)	78,880,112
Business-type activities capital assets, net	\$ 86,524,754	\$ 10,154,334	\$ (666,055)	\$ 96,013,033

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

Governmental activities:		
General Government	\$	60,963
Public Safety		64,711
Highways & Streets, including depreciation of general infrastructure assets		2,093,151
Parks & Recreation		160,637
Library		54,272
Economic Development		77,039
Community Development		6,890
Mass Transit		<u>316,004</u>
Subtotal		2,833,667
Internal Service		<u>1,197,581</u>
Total depreciation expense – governmental activities	\$	<u><u>4,031,248</u></u>
Business-type activities:		
Electric	\$	1,194,749
Water		754,444
Wastewater		982,870
Storm water		15,385
Golf Course		211,733
Sanitation		29,440
Sports Center		231,869
Airport		<u>149,187</u>
Total depreciation expense – business-type activities	\$	<u><u>3,569,677</u></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, 2004, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$ 3,507,646</u>	<u>\$ 8,286</u>
Capital Projects Funds:		
Capital Improvement Fund	136,000	
Permanent Improvement Fund		2,667,734
Tax Increment Funds		261,669
Special Assessment Fund	<u>106,127</u>	<u>5,170</u>
	<u>242,127</u>	<u>2,934,573</u>
Enterprise Funds:		
Electric Fund	8,286	859,503
Water Fund	5,170	142,611
Golf Course Fund		504,071
Pest Control Fund	28,294	
Airport Fund		31,153
Storm Water Fund	62,187	
Wastewater Fund	375,693	
Sanitation Fund	215,099	
Forestry Fund	<u>35,695</u>	
	<u>730,424</u>	<u>1,537,338</u>
	<u>\$ 4,480,197</u>	<u>\$ 4,480,197</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	Water	Special Assmt Capital	Permanent Improvement	Governmental	Enterprise	Internal Service
Major Funds								
General	\$ 457,081	\$	\$	3,500	\$	\$ 419,931	\$ 33,650	\$
Special Assmt Debt	400,610				275,000		125,610	
Special Assmt Capital	1,576,527		1,576,527					
Permanent Improvement	1,111,265			315,093			796,172	
Electric	4,294,000	3,272,000				1,022,000		
Water	235,000	235,000						
Wastewater	528,287	201,965		307,922		6,400	12,000	
Totals	<u>8,602,770</u>	<u>3,708,965</u>	<u>1,576,527</u>	<u>626,515</u>	<u>275,000</u>	<u>1,448,331</u>	<u>967,432</u>	
Non-Major Funds								
Governmental	2,532,880	5,760				2,352,432	152,064	22,624
Enterprise	771,981	478,701				12,800	58,250	222,230
Totals	<u>3,304,861</u>	<u>484,461</u>				<u>2,365,232</u>	<u>210,314</u>	<u>244,854</u>
	<u>\$ 11,907,631</u>	<u>\$ 4,193,426</u>	<u>\$ 1,576,527</u>	<u>\$ 626,515</u>	<u>\$ 275,000</u>	<u>\$ 3,813,563</u>	<u>\$ 1,177,746</u>	<u>\$ 244,854</u>

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2004	Additions	Reductions	Balance at December 31, 2004	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 30,340,000	\$ 17,880,000	\$ 1,630,000	\$ 46,590,000	\$ 3,515,000
G.O. Debt	2,430,000	1,500,000	275,000	3,655,000	1,765,000
G.O. Tax Increment	16,140,000		980,000	15,160,000	1,090,000
G.O. Municipal Improvement Revenue	9,479,142	1,762,938	250,000	10,992,080	1,855,000
Total Bonds Payable	<u>58,389,142</u>	<u>21,142,938</u>	<u>3,135,000</u>	<u>76,397,080</u>	<u>8,225,000</u>
Notes Payable	1,389,675	400,000	351,185	1,438,490	179,621
Compensated Absences	1,052,701	669,178	579,112	1,142,767	631,377
Governmental Activity Long-Term Liabilities	<u>60,831,518</u>	<u>22,212,116</u>	<u>4,065,297</u>	<u>78,978,337</u>	<u>9,035,998</u>
Business-Type Activities:					
Bonds Payable					
Electric Utility	9,237,373		601,151	8,636,222	644,833
Water Utility	14,632,627		1,478,849	13,153,778	1,525,167
Wastewater	19,608,043	3,095,623	593,246	22,110,420	786,135
Golf Course	4,085,000		140,000	3,945,000	145,000
Sports Center	425,000		40,000	385,000	40,000
Total Bonds Payable	<u>47,988,043</u>	<u>3,095,623</u>	<u>2,853,246</u>	<u>48,230,420</u>	<u>3,141,135</u>
Notes Payable	47,999		16,000	31,999	16,000
Compensated Absences	733,123	236,105	144,778	824,450	148,036
Business-Type Activity Long-Term Liabilities	<u>\$ 48,769,165</u>	<u>\$ 3,331,728</u>	<u>\$ 3,014,024</u>	<u>\$ 49,086,869</u>	<u>\$ 3,305,171</u>

The City's debt limit is \$ 24,670,410 and the legal debt margin is \$ 23,008,444.

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 \$21,090,815 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 \$ 549,594 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, 2004, follows:

Year	Governmental Activities		Business -Type Activities
	Principal	Interest	Principal
2005	\$ 179,621	\$ 115,405	\$ 16,000
2006	185,424	106,150	15,999
2007	193,271	96,434	0
2008	109,206	86,029	0
2009	129,068	76,892	0
2010 - 2015	641,900	216,926	0
Totals	\$ 1,438,490	\$ 697,836	\$ 31,999

General obligation notes payable at December 31, 2004 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 note is a 0% interest 10-year Minnesota Department of Transportation hangar loan issued January 1, 1997.

The requirement to amortize all bonded debt outstanding as of December 31, 2004, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2005	\$ 8,225,000	\$ 2,998,507	\$ 3,141,137	\$ 2,051,930	\$ 16,416,574
2006	3,380,000	2,928,078	3,329,117	1,947,381	11,584,576
2007	3,490,000	2,810,826	3,310,073	1,803,669	11,414,568
2008	5,313,165	3,033,472	3,171,395	1,666,836	13,184,868
2009	5,083,915	2,832,346	3,324,097	1,527,952	12,768,310
2010-2014	16,340,000	10,086,515	13,559,470	5,520,142	45,506,127
2015-2019	12,250,000	6,648,918	8,132,131	3,144,543	30,175,592
2020-2024	11,755,000	3,976,346	5,373,000	1,725,735	22,830,081
2025-2029	8,375,000	1,365,308	4,890,000	709,780	15,340,088
2030-2033	2,185,000	217,125			2,402,125
	\$ 76,397,080	\$ 36,897,441	\$ 48,230,420	\$ 20,097,968	\$ 181,622,909

Bonds payable at December 31, 2004 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2004
Governmental Activities					
G.O. Special Assessment					
1993 Series A	06/01/93	02/01/06	3.25-5.25	\$ 2,430,000	\$ 275,000
1994 Series B	10/01/94	02/01/07	4.20-5.80	820,000	220,000
1995 Series A	07/01/95	02/01/16	3.90-5.70	1,890,000	760,000
1996 Series C	09/01/96	02/01/08	5.00-5.10	305,000	165,000
1997 Series B	09/01/97	02/01/18	4.50-5.30	2,335,000	1,385,000
1998 Series C	12/01/98	02/01/09	3.90-4.00	1,245,000	640,000
1999 Series A	10/01/99	02/01/20	4.50-5.60	1,890,000	1,425,000
2000 Series A	11/15/00	02/01/21	4.60-6.11	1,545,000	1,315,000
2001 Series E	12/01/01	02/01/22	3.25-5.26	2,835,000	2,535,000
2002 Series B	07/01/02	02/01/23	4.20-5.81	4,985,000	4,750,000
2003 Series B	05/01/03	02/01/33	2.00-5.00	12,775,000	12,775,000
2003 Series C	09/01/03	02/01/24	2.50-4.75	2,465,000	2,465,000
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	1,085,000
				<u>53,400,000</u>	<u>46,590,000</u>
G.O. Debt					
1993 Refunding Bond Series E	11/01/93	02/01/08	3.50-4.70	1,120,000	505,000
1995 Facility Refunding Series C	09/01/95	02/01/12	4.50-5.80	2,260,000	1,650,000
2004 Facility Refunding Series C	12/15/04	02/01/12	3.00-4.00	1,500,000	1,500,000
				<u>4,880,000</u>	<u>3,655,000</u>
G.O Tax Increment					
1993 Downtown Refunding Series D	11/01/93	02/01/09	3.25-4.90	1,140,000	500,000
1999 Downtown Refunding Series B	11/01/99	02/01/13	4.75-5.35	925,000	610,000
2002 Conference Refunding Series D	12/01/02	02/01/10	2.25-4.00	4,745,000	4,000,000
2001 Regency/Holiday Mall Series A	05/15/01	02/01/28	4.25-5.25	7,000,000	7,000,000
2001 Regency/Holiday Mall Series B	05/15/01	02/01/28	4.25-5.30	1,590,000	1,590,000
2001 Regency/Holiday Mall Series C	05/15/01	02/01/18	3.25-5.00	1,605,000	1,460,000
				<u>17,005,000</u>	<u>15,160,000</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
1996 Taxable Industrial Development Series B	09/12/96	06/01/09	8.00	1,762,080	1,762,080
2001 Improvement Revenue Series D	09/01/01	12/01/16	3.75-4.80	1,900,000	1,635,000
2000 G.O. Equipment Certificates Series B	12/06/00	12/01/05	4.35-4.65	290,000	65,000
1997 Ice Arena Series A	09/01/97	01/01/18	4.70-5.45	925,000	695,000
1997 East Highway 10 Series C	09/01/97	02/01/16	4.80-5.45	1,230,000	945,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	720,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	910,000
				<u>11,997,080</u>	<u>10,992,080</u>
Total Governmental Activities				<u>\$ 87,282,080</u>	<u>\$ 76,397,080</u>
Business-Type Activities					
1993 G.O. Wastewater Refunding Series B	11/01/93	03/01/07	3.00-4.60	\$ 2,845,000	\$ 830,000
1994 Public Facilities Authority	09/29/94	02/20/15	4.10	2,478,112	1,533,724
1995 Public Facilities Authority	06/29/95	08/20/16	4.11	1,774,857	1,106,551
1997 Public Facilities Authority	06/29/97	02/20/18	3.49	426,290	315,522
2002 Public Facilities Authority	05/06/02	08/20/22	3.13	3,389,288	3,179,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	12,050,000
2004 Public Facilities Authority	06/21/04	08/20/23	1.98	3,095,623	3,095,623
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	3,945,000
2001 Gross Revenue Facility Series A	05/01/01	05/01/12	4.85-4.95	505,000	385,000
1995 Electric Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	1,366,667	601,666
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	1,326,500	954,056
1998 Electric Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	3,862,800	2,945,500
2002 Public Utility Revenue Series C	08/01/02	11/01/17	2.50-4.25	4,570,000	4,135,000
1993 Revenue Refunding Series C	11/01/93	11/01/06	3.875-4.50	1,665,000	400,000
1995 Water Revenue Refunding Series B	09/01/95	11/01/09	3.90-5.50	2,733,333	1,203,334

Business-Type Activities (cont.)	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2004
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.10	11,938,500	10,160,944
1998 Water Revenue Refunding Series A	06/01/98	12/01/21	4.70-5.11	577,200	479,500
2002 Water Revenue Series C	08/01/02	11/01/17	2.50-4.25	1,005,000	910,000
Total Business-Type Activities				\$ 60,394,170	\$ 48,230,420

The City issued \$1,085,000, Series 2004B of refunding improvement bonds to be used toward a current refunding of \$1,840,000 of 1995A and 1997B improvement bonds, which were called for optional redemption and will be prepaid on February 1, 2005. In addition, the City called the remaining maturities of the 1994A and 1995A improvement bond issues in the amount of \$790,000, which were prepaid on February 1, 2005 with funds held in the respective Debt Service funds. The difference in cash flows required to service the old debt and the new debt for the 2004B issue is \$1,140,183. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements was \$143,110 for the 2004B issue.

The City issued \$1,500,000, Series 2004C of refunding G.O. Facility bonds to be used toward a current refunding of \$1,480,000 of 1995C G.O. Facility bonds, which were called for optional redemption and will be prepaid on February 1, 2005. The difference in cash flows required to service the old debt and the new debt for the 2004C issue is \$110,970. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements was \$103,764 for the 2004C issue.

The City issued \$720,000, Series 2004D of refunding G.O. Ice Arena bonds to be used toward a current refunding of \$695,000 of 1997A G.O. Ice Arena bonds, which were called for optional redemption and will be prepaid on February 1, 2005. The difference in cash flows required to service the old debt and the new debt for the 2004D issue is \$51,158. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements was \$40,423 for the 2004D issue.

The City issued \$910,000, Series 2004E of refunding G.O. bonds to be used toward a current refunding of \$885,000 of 1997C G.O. bonds, which were called for optional redemption and will be prepaid on February 1, 2005. The difference in cash flows required to service the old debt and the new debt for the 2004E issue is \$66,727. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements was \$56,060 for the 2004E issue.

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, 2004, there were 6 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$17,305,935.

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	5.10%
Public Employees Police and Fire Fund	6.20%

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	5.53%
Public Employees Police and Fire Fund	9.30%

The City's contributions for the years ending December 31, 2004, 2003, and 2002, for the Public Employees Retirement Fund and the Public Employees Police & Fire Fund were:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Public Employees Retirement Fund	\$506,696	\$ 493,335	\$ 507,904
Public Employees Police and Fire Fund	\$381,836	\$ 365,585	\$ 364,601

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 four-tenths 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>
\$3,238	\$3,238	5.00%	5.00%	5.00%

B. Commitments

Wholesale power agreements - Under its wholesale power agreement, the City of Moorhead is committed to purchase its electric power and energy requirements from the Western Area Power Administration until December 31, 2020. The City of Moorhead is committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 31, 2030, provides that the City purchase electric power in excess of that available from Western Area Power Administration, up to the level required in 2005. The rates paid therefore are subject to review annually.

The City of Moorhead has a three year contract with Red River Trails, Inc. to provide City bus service. The contract runs through April 2005 with a maximum cost to the City for 2005 of \$229,831. A three year contract renewal is being proposed and will be in place May of 2005.

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, 2004, the total of future payments under this lease is \$478,800.

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 begin in May 2005. The total of future payments under this lease is \$237,467.

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 12/31/04 was \$1,106,786 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.

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.

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).

Tax Increment - account for expenditures incurred in construction of tax increment projects.

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, 2004**

	Special Revenue					
	Park	Library	Community Development	Mass Transit	Economic Development	Contributions
ASSETS						
Cash and investments	\$ 1,127,667	\$ 300,869	\$ 401,873	\$ 165,883	\$ 372,667	\$ 90,946
Receivables (net of allowance for uncollectibles):						
Accounts	5,059			16	144	
Notes			3,190,377		326,370	
Special Assessments						
Accrued interest	539	144	37	79	553	43
Due from other funds						
Due from other governmental units	31,933	40		1,129,179	2,159	
Total Assets	<u>\$ 1,165,198</u>	<u>\$ 301,053</u>	<u>\$ 3,592,287</u>	<u>\$ 1,295,157</u>	<u>\$ 701,893</u>	<u>\$ 90,989</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 11,724	\$ 380	\$ 12,929	\$ 1,119,115	\$ 14,149	\$ 133
Due to other funds						
Advances from otherfunds						
Other liabilities	6,342		293,719			
Deferred revenue			3,193,509	2,184	326,370	
Total Liabilities	<u>18,066</u>	<u>380</u>	<u>3,500,157</u>	<u>1,121,299</u>	<u>340,519</u>	<u>133</u>
Fund Balance:						
Reserved for encumbrances	9,654		15,898	59,255	24,802	
Reserved for debt service						
Unreserved:						
Designated for working capital	693,000					
Undesignated	444,478	300,673	76,232	114,603	336,572	90,856
Total Fund Balance	<u>1,147,132</u>	<u>300,673</u>	<u>92,130</u>	<u>173,858</u>	<u>361,374</u>	<u>90,856</u>
Total Liabilities and Fund Balance	<u>\$ 1,165,198</u>	<u>\$ 301,053</u>	<u>\$ 3,592,287</u>	<u>\$ 1,295,157</u>	<u>\$ 701,893</u>	<u>\$ 90,989</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2004**

<u>Total</u>	<u>Debt Service</u>			<u>Total</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>G.O. Bond</u>	<u>Tax Increment</u>	<u>Municipal Improvement</u>		<u>Capital Improvement</u>	
\$ 2,459,905	\$ 1,991,496	\$ 3,406,376	\$ 7,772,438	\$ 13,170,310	\$ 1,536,665	\$ 17,166,880
5,219					46,483	51,702
3,516,747					17,150	3,533,897
		382,876		382,876		382,876
1,395	950	1,246	8,018	10,214	733	12,342
					136,000	136,000
<u>1,163,311</u>	<u>6,293</u>	<u>7,944</u>		<u>14,237</u>		<u>1,177,548</u>
<u>\$ 7,146,577</u>	<u>\$ 1,998,739</u>	<u>\$ 3,798,442</u>	<u>\$ 7,780,456</u>	<u>\$ 13,577,637</u>	<u>\$ 1,737,031</u>	<u>\$ 22,461,245</u>
\$ 1,158,430	\$ 5,705	\$ 19,926	\$ 9,983	\$ 35,614	\$ 6,187	\$ 1,200,231
		261,669		261,669		261,669
		400,000		400,000		400,000
300,061						300,061
<u>3,522,063</u>		<u>382,876</u>		<u>382,876</u>		<u>3,904,939</u>
<u>4,980,554</u>	<u>5,705</u>	<u>1,064,471</u>	<u>9,983</u>	<u>1,080,159</u>	<u>6,187</u>	<u>6,066,900</u>
109,609					16,743	126,352
	1,993,034	2,733,971	7,770,473	12,497,478		12,497,478
693,000						693,000
1,363,414					1,714,101	3,077,515
<u>2,166,023</u>	<u>1,993,034</u>	<u>2,733,971</u>	<u>7,770,473</u>	<u>12,497,478</u>	<u>1,730,844</u>	<u>16,394,345</u>
<u>\$ 7,146,577</u>	<u>\$ 1,998,739</u>	<u>\$ 3,798,442</u>	<u>\$ 7,780,456</u>	<u>\$ 13,577,637</u>	<u>\$ 1,737,031</u>	<u>\$ 22,461,245</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004

	Special Revenue						Total
	Park	Library	Community Development	Mass Transit	Economic Development	Contributions	
REVENUES							
Property taxes	\$ 531	\$ 639		\$ 173	\$ 127,234		\$ 128,577
Special Assessments							
Intergovernmental revenues							
Federal			400,967	1,611,526			2,012,493
State	1,299,888	679,200	1,310	1,352,454	303,458		3,636,310
County					3,372		3,372
Charges for services	109,291			182,811			292,102
Facility rentals	177,254						177,254
Donations						29,978	29,978
Interest on investments	6,270	908	1,202	1,672	7,053	110	17,215
Miscellaneous	142,683	430	322,029	123	54,156		519,421
Total revenues	<u>1,735,917</u>	<u>681,177</u>	<u>725,508</u>	<u>3,148,759</u>	<u>495,273</u>	<u>30,088</u>	<u>6,816,722</u>
EXPENDITURES							
Current:							
General government							
Public safety						16,846	16,846
Highways and streets							
Parks and recreation	1,671,953					2,916	1,674,869
Library		686,213				2,799	689,012
Community development			753,387				753,387
Mass transit				1,212,967			1,212,967
Economic development					328,099		328,099
Capital outlay				2,488,630	1,730		2,490,360
Debt Service:							
Bond and note principal	880	1,321			100,000		102,201
Bond and note interest	194	291			7,103		7,588
Fiscal and other charges							
Total expenditures	<u>1,673,027</u>	<u>687,825</u>	<u>753,387</u>	<u>3,701,597</u>	<u>436,932</u>	<u>22,561</u>	<u>7,275,329</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>62,890</u>	<u>(6,648)</u>	<u>(27,879)</u>	<u>(552,838)</u>	<u>58,341</u>	<u>7,527</u>	<u>(458,607)</u>
OTHER FINANCING SOURCES (USES):							
Bond and note proceeds							
Transfers from other funds	155,294			160,200	190,000		505,494
Transfers to other funds	(117,599)						(117,599)
Total other financing sources (uses)	<u>37,695</u>			<u>160,200</u>	<u>190,000</u>		<u>387,895</u>
NET CHANGE IN FUND BALANCE	100,585	(6,648)	(27,879)	(392,638)	248,341	7,527	(70,712)
FUND BALANCE - BEGINNING	<u>1,046,547</u>	<u>307,321</u>	<u>120,009</u>	<u>566,496</u>	<u>113,033</u>	<u>83,329</u>	<u>2,236,735</u>
FUND BALANCE - ENDING	<u>\$ 1,147,132</u>	<u>\$ 300,673</u>	<u>\$ 92,130</u>	<u>\$ 173,858</u>	<u>\$ 361,374</u>	<u>\$ 90,856</u>	<u>\$ 2,166,023</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2004

Debt Service				Capital Projects			Total Nonmajor Governmental Funds
G.O. Bond	Tax Increment	Municipal Improvement	Total	Tax Increment	Capital Improvement	Total	
\$ 302,081	\$ 736,712 59,247	\$	\$ 1,038,793 59,247	\$ 257,856	\$	\$ 257,856	\$ 1,425,226 59,247
105,632	1,058,539	112,084	1,164,171 112,084	664,214		664,214	2,012,493 5,464,695 115,456 292,102 177,254 29,978
5,129	15,096 12,231	60,357 73,766	80,582 85,997		12,018 13,351	12,018 13,351	109,815 618,769
<u>412,842</u>	<u>1,881,825</u>	<u>246,207</u>	<u>2,540,874</u>	<u>922,070</u>	<u>25,369</u>	<u>947,439</u>	<u>10,305,035</u>
					44,773	44,773	44,773
					22,762	22,762	39,608
					11,326	11,326	11,326
					130,037	130,037	1,804,906 689,012 753,387
				67,293		67,293	1,212,967 395,392
					334,665	334,665	2,825,025
275,000	1,227,516	190,000	1,692,516				1,794,717
118,926	690,078	487,406	1,296,410				1,303,998
16,764	172,139	50,719	239,622				239,622
<u>410,690</u>	<u>2,089,733</u>	<u>728,125</u>	<u>3,228,548</u>	<u>67,293</u>	<u>543,563</u>	<u>610,856</u>	<u>11,114,733</u>
2,152	(207,908)	(481,918)	(687,674)	854,777	(518,194)	336,583	(809,698)
1,500,000		1,630,000	3,130,000				3,130,000
	1,878,087	174,145	2,052,232		1,255,837	1,255,837	3,813,563
	(869,911)		(869,911)	(1,008,176)	(537,194)	(1,545,370)	(2,532,880)
<u>1,500,000</u>	<u>1,008,176</u>	<u>1,804,145</u>	<u>4,312,321</u>	<u>(1,008,176)</u>	<u>718,643</u>	<u>(289,533)</u>	<u>4,410,683</u>
1,502,152	800,268	1,322,227	3,624,647	(153,399)	200,449	47,050	3,600,985
490,882	1,933,703	6,448,246	8,872,831	153,399	1,530,395	1,683,794	12,793,360
<u>\$ 1,993,034</u>	<u>\$ 2,733,971</u>	<u>\$ 7,770,473</u>	<u>\$ 12,497,478</u>	<u>\$</u>	<u>\$ 1,730,844</u>	<u>\$ 1,730,844</u>	<u>\$ 16,394,345</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 531	\$ 531
Intergovernmental:				
State	1,267,987	1,267,987	1,299,888	31,901
Charges for services	113,771	113,771	109,291	(4,480)
Facility rentals	164,486	164,486	177,254	12,768
Interest on investments	26,070	26,070	6,270	(19,800)
Miscellaneous	74,700	74,700	142,683	67,983
Total revenues	<u>1,647,014</u>	<u>1,647,014</u>	<u>1,735,917</u>	<u>88,903</u>
EXPENDITURES				
Current:				
Personal services	929,697	929,697	929,177	520
Supplies	153,981	157,981	136,800	21,181
Other services & charges	591,087	592,087	605,976	(13,889)
Debt Service:				
Note principal	931	931	880	51
Note interest	194	194	194	
Total expenditures	<u>1,675,890</u>	<u>1,680,890</u>	<u>1,673,027</u>	<u>7,863</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(28,876)</u>	<u>(33,876)</u>	<u>62,890</u>	<u>96,766</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	137,794	142,794	155,294	12,500
Transfers to other funds	(117,599)	(117,599)	(117,599)	
Total other financing sources and uses	<u>20,195</u>	<u>25,195</u>	<u>37,695</u>	<u>12,500</u>
NET CHANGE IN FUND BALANCE	(8,681)	(8,681)	100,585	109,266
FUND BALANCE - BEGINNING	<u>1,046,547</u>	<u>1,046,547</u>	<u>1,046,547</u>	
FUND BALANCE - ENDING	<u>\$ 1,037,866</u>	<u>\$ 1,037,866</u>	<u>\$ 1,147,132</u>	<u>\$ 109,266</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$	\$	\$ 639	\$ 639
Intergovernmental:				
State	679,200	679,200	679,200	
Interest on investments			908	908
Miscellaneous			430	430
Total revenues	<u>679,200</u>	<u>679,200</u>	<u>681,177</u>	<u>1,977</u>
EXPENDITURES				
Current:				
Personal services	37,695	37,695	37,793	(98)
Supplies	3,850	4,850	3,400	1,450
Other services & charges	635,970	643,970	645,020	(1,050)
Debt Service:				
Note principal	1,394	1,394	1,321	73
Note interest	291	291	291	
Total expenditures	<u>679,200</u>	<u>688,200</u>	<u>687,825</u>	<u>375</u>
NET CHANGE IN FUND BALANCE		(9,000)	(6,648)	2,352
FUND BALANCE - BEGINNING	<u>307,321</u>	<u>307,321</u>	<u>307,321</u>	
FUND BALANCE - ENDING	<u>\$ 307,321</u>	<u>\$ 298,321</u>	<u>\$ 300,673</u>	<u>\$ 2,352</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Federal	\$ 351,000	\$ 351,000	\$ 400,967	\$ 49,967
State			1,310	1,310
Interest on investments			1,202	1,202
Miscellaneous:				
Economic development loans	154,734	154,734	291,820	137,086
Rehabilitation inspection fees	3,266	3,266	825	(2,441)
Rental housing registration fees	16,000	16,000	28,534	12,534
Other			850	850
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>725,508</u>	<u>200,508</u>
EXPENDITURES				
Current:				
Personal services	199,983	202,228	169,545	32,683
Supplies	1,650	1,641	1,095	546
Other services & charges	<u>339,809</u>	<u>348,985</u>	<u>582,747</u>	<u>(233,762)</u>
Total expenditures	<u>541,442</u>	<u>552,854</u>	<u>753,387</u>	<u>(200,533)</u>
NET CHANGE IN FUND BALANCE	(16,442)	(27,854)	(27,879)	(25)
FUND BALANCE - BEGINNING	<u>120,009</u>	<u>120,009</u>	<u>120,009</u>	
FUND BALANCE - ENDING	<u>\$ 103,567</u>	<u>\$ 92,155</u>	<u>\$ 92,130</u>	<u>\$ (25)</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
General property taxes	\$	\$	\$ 173	\$ 173
Intergovernmental:				
Federal grants	239,260	1,211,371	1,611,526	400,155
State grants	763,957	763,957	1,352,454	588,497
Charges for services	192,916	192,916	182,811	(10,105)
Interest on investments	8,000	8,000	1,672	(6,328)
Miscellaneous	1,400	1,400	123	(1,277)
Total revenues	<u>1,205,533</u>	<u>2,177,644</u>	<u>3,148,759</u>	<u>971,115</u>
EXPENDITURES				
Current:				
Personal services	103,934	103,934	96,591	7,343
Supplies	222,361	217,111	190,677	26,434
Other services & charges	931,079	936,329	925,699	10,630
Capital outlay	<u>1,309,290</u>	<u>2,524,429</u>	<u>2,488,630</u>	<u>35,799</u>
Total expenditures	<u>2,566,664</u>	<u>3,781,803</u>	<u>3,701,597</u>	<u>80,206</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(1,361,131)</u>	<u>(1,604,159)</u>	<u>(552,838)</u>	<u>1,051,321</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	<u>160,200</u>	<u>160,200</u>	<u>160,200</u>	
Total other financing sources	<u>160,200</u>	<u>160,200</u>	<u>160,200</u>	
NET CHANGE IN FUND BALANCE	(1,200,931)	(1,443,959)	(392,638)	1,051,321
FUND BALANCE - BEGINNING	<u>566,496</u>	<u>566,496</u>	<u>566,496</u>	
FUND BALANCE - ENDING	<u>\$ (634,435)</u>	<u>\$ (877,463)</u>	<u>\$ 173,858</u>	<u>\$ 1,051,321</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 184,970	\$ 184,970	\$ 127,234	\$ (57,736)
Intergovernmental:				
Federal grants				
State grants	169,043	169,043	303,458	134,415
County aid			3,372	3,372
Interest on investments	20,000	20,000	7,053	(12,947)
Miscellaneous	55,250	55,250	54,156	(1,094)
Total revenues	<u>429,263</u>	<u>429,263</u>	<u>495,273</u>	<u>66,010</u>
EXPENDITURES				
Current:				
Personal services	164,906	161,782	167,259	(5,477)
Supplies	4,315	5,065	5,667	(602)
Other services & charges	110,582	156,678	155,173	1,505
Capital outlay	4,340	4,340	1,730	2,610
Debt Service:				
Note principal	100,000	100,000	100,000	
Note interest	7,300	7,300	7,103	197
Total expenditures	<u>391,443</u>	<u>435,165</u>	<u>436,932</u>	<u>(1,767)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>37,820</u>	<u>(5,902)</u>	<u>58,341</u>	<u>64,243</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	227,820	184,098	248,341	64,243
FUND BALANCE - BEGINNING	<u>113,033</u>	<u>113,033</u>	<u>113,033</u>	
FUND BALANCE - ENDING	<u>\$ 340,853</u>	<u>\$ 297,131</u>	<u>\$ 361,374</u>	<u>\$ 64,243</u>

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.

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 STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2004**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
ASSETS								
Current assets:								
Cash and investments	\$ 695,020	\$ 1,868,566	\$	\$ 1,367,252	\$ 163,481	\$ 306,320	\$	\$ 4,400,639
Receivables (net of allowance for uncollectibles):								
Accounts		214,930	364	25,827		150	98	241,369
Notes		897		830	82	147		2,290
Accrued interest	334	215,099			28,294	35,695		341,275
Due from other city funds	62,187	129,544					13,409	142,953
Due from other governmental units								
Inventories								
Prepaid items								
Total current assets	<u>757,541</u>	<u>2,429,036</u>	<u>364</u>	<u>1,393,909</u>	<u>191,857</u>	<u>342,312</u>	<u>13,507</u>	<u>5,128,526</u>
Long-term assets:								
Restricted Assets:								
Cash and cash equivalents			792,361	208,621				1,000,982
Investments								
Long-Term Receivables:								
Special assessments					1,341	4,211		5,552
Capital Assets:								
Intangible plant								
Land		155,647	3,954,534					4,412,019
Buildings	2,305	560,138	1,724,139	6,587,245			301,838	9,664,592
Improvements other than buildings	271,264	450,676	3,982,759	86,391			3,491,141	8,282,231
Machinery and equipment	125,203	51,188	117,615	90,615			76,918	461,539
Construction in progress								
Less accumulated depreciation	(233,115)	(614,594)	(2,076,151)	(3,589,588)			(883,772)	(7,397,220)
Total long-term assets	<u>165,657</u>	<u>603,055</u>	<u>8,495,257</u>	<u>3,383,284</u>	<u>1,341</u>	<u>4,211</u>	<u>3,776,890</u>	<u>16,429,695</u>
Total assets	<u>923,198</u>	<u>3,032,091</u>	<u>8,495,621</u>	<u>4,777,193</u>	<u>193,198</u>	<u>346,523</u>	<u>3,790,397</u>	<u>21,558,221</u>
LIABILITIES								
Current liabilities:								
Accounts payable	14,820	63,013	5,063	1,562	206	380	1,137	86,181
Accrued compensated absences	8,441	55,952	15,775	6,783	3,356	7,240		97,547
Due to other city funds			504,071				31,153	535,224
Due to other governmental units		21,603		1,000				21,603
Customer deposits							7,590	8,590
Deferred revenue							7,710	7,710
Other liabilities			15,568					15,568
Accrued interest payable			18,997	3,125				22,122
Current maturities of long-term debt	8,785	57,194	161,417	47,060	3,495		16,000	301,486
Total current liabilities	<u>32,046</u>	<u>197,762</u>	<u>720,891</u>	<u>59,530</u>	<u>7,057</u>	<u>15,155</u>	<u>63,590</u>	<u>1,096,031</u>

CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2004

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
Long-term liabilities:								
Notes payable							15,999	15,999
Bonds payable			3,746,214	345,000				4,091,214
Deferred revenue			3,746,214	345,000	1,341	4,211		5,552
Total long-term liabilities			<u>3,746,214</u>	<u>345,000</u>	<u>1,341</u>	<u>4,211</u>	<u>15,999</u>	<u>4,112,765</u>
Total liabilities	32,046	197,762	4,467,105	404,530	8,398	19,366	79,589	5,208,796
NET ASSETS								
Invested in capital assets, net of related debt	156,872	545,861	4,587,626	2,991,224	(2,154)	(3,324)	3,744,891	12,020,996
Restricted for debt service	734,280	2,288,468	792,361	208,621	186,954	330,481	(34,083)	1,000,982
Unrestricted			(1,351,471)	1,172,818				3,327,447
Total net assets	<u>\$ 891,152</u>	<u>\$ 2,834,329</u>	<u>\$ 4,028,516</u>	<u>\$ 4,372,663</u>	<u>\$ 184,800</u>	<u>\$ 327,157</u>	<u>\$ 3,710,808</u>	<u>\$ 16,349,425</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2004**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
OPERATING REVENUES								
Charges for services	\$ 778,446	\$ 2,694,517	\$ 900,340	\$ 359,431	\$ 349,855	\$ 426,809	\$ 2,196	\$ 5,511,594
Other	310	126,138	70,494	62,721	3,998	3,506	43,554	310,721
Total operating revenue	<u>778,756</u>	<u>2,820,655</u>	<u>970,834</u>	<u>422,152</u>	<u>353,853</u>	<u>430,315</u>	<u>45,750</u>	<u>5,822,315</u>
OPERATING EXPENSES								
Personal services	153,965	1,122,847	543,233	204,233	119,928	234,204		2,378,410
Disposal fee		801,007						801,007
Professional services	94,274	5,369	28,430	4,446	595	1,792	48,000	182,906
Insurance	5,592	24,110	38,704	11,169	2,125	4,884	3,327	89,911
Repair and maintenance	265,461	132,418	23,080	31,878	8,475	38,357	8,115	507,784
Supplies	7,228	490,357	123,808	47,357	25,438	53,035	3,669	750,892
Utilities	54,933	21,475	52,354	147,116			8,235	284,113
Equipment rental	7,969	188,111	119,387	5,463	14,804	27,038	4,655	367,427
Depreciation	15,385	29,440	211,733	231,869			149,187	637,614
Miscellaneous	202,427	94,337	110,087	10,173	11,261	12,820	22,281	463,386
Total operating expenses	<u>807,234</u>	<u>2,909,471</u>	<u>1,250,816</u>	<u>693,704</u>	<u>182,626</u>	<u>372,130</u>	<u>247,469</u>	<u>6,463,450</u>
Operating income (loss)	<u>(28,478)</u>	<u>(88,816)</u>	<u>(279,982)</u>	<u>(271,552)</u>	<u>171,227</u>	<u>58,185</u>	<u>(201,719)</u>	<u>(641,135)</u>
NONOPERATING INCOME (EXPENSE)								
Interest on investments	5,754	18,219	32,808	10,156	987	2,255		70,179
Interest on indebtedness			(238,330)	(19,860)				(258,190)
Local government aid			179,300	370,700				550,000
Miscellaneous		4,790	1,420	520	690	270	24,669	32,359
Total nonoperating income (expense) and transfers	<u>5,754</u>	<u>23,009</u>	<u>(24,802)</u>	<u>361,516</u>	<u>1,677</u>	<u>2,525</u>	<u>24,669</u>	<u>394,348</u>
	<u>(22,724)</u>	<u>(65,807)</u>	<u>(304,784)</u>	<u>89,964</u>	<u>172,904</u>	<u>60,710</u>	<u>(177,050)</u>	<u>(246,787)</u>
Capital contributions							83,979	83,979
Transfers from other funds	12,000		1,010,439	113,657			41,650	1,177,746
Transfers to other funds	(102,080)	(593,052)		113,657	(55,237)	(21,612)		(771,981)
Total contributions and transfers	<u>(90,080)</u>	<u>(593,052)</u>	<u>1,010,439</u>	<u>113,657</u>	<u>(55,237)</u>	<u>(21,612)</u>	<u>125,629</u>	<u>489,744</u>
CHANGE IN NET ASSETS	(112,804)	(658,859)	705,655	203,621	117,667	39,098	(51,421)	242,957
TOTAL NET ASSETS - BEGINNING	<u>1,003,956</u>	<u>3,493,188</u>	<u>3,322,861</u>	<u>4,169,042</u>	<u>67,133</u>	<u>288,059</u>	<u>3,762,229</u>	<u>16,106,468</u>
TOTAL NET ASSETS - ENDING	<u>\$ 891,152</u>	<u>\$ 2,834,329</u>	<u>\$ 4,028,516</u>	<u>\$ 4,372,663</u>	<u>\$ 184,800</u>	<u>\$ 327,157</u>	<u>\$ 3,710,808</u>	<u>\$ 16,349,425</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2004**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 775,592	\$ 2,712,867	\$ 902,978	\$ 357,092	\$ 336,959	\$ 425,868	\$ 6,094	\$ 5,517,450
Payments to suppliers	(420,927)	(1,668,551)	(295,559)	(253,223)	(51,402)	(128,363)	(120,824)	(2,938,849)
Payments to employees	(154,206)	(1,122,705)	(539,278)	(205,084)	(119,339)	(232,498)		(2,373,110)
Other receipts (payments)	(202,117)	35,022	(38,173)	53,068	(6,573)	(9,044)	32,534	(135,283)
Net cash provided by (used in) operating activities	<u>(1,658)</u>	<u>(43,367)</u>	<u>29,968</u>	<u>(48,147)</u>	<u>159,645</u>	<u>55,963</u>	<u>(82,196)</u>	<u>70,208</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Local government aid			179,300	370,700				550,000
Transfers from other funds	12,000		190,910	105,749			41,650	350,309
Transfers to other funds	(102,080)	(593,052)			(55,237)	(21,612)		(771,981)
Net cash provided by (used in) noncapital financing activities	<u>(90,080)</u>	<u>(593,052)</u>	<u>370,210</u>	<u>476,449</u>	<u>(55,237)</u>	<u>(21,612)</u>	<u>41,650</u>	<u>128,328</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of assets			(21,367)				(27,433)	(48,800)
Principal payments - bonds			(140,000)	(40,000)			(16,000)	(196,000)
Interest payments - bonds			(235,866)	(20,183)				(256,049)
Capital contributions			(397,233)	(60,183)			83,979	83,979
Net cash used in capital and related financing activities			<u>(397,233)</u>	<u>(60,183)</u>			<u>40,546</u>	<u>(416,870)</u>
CASH FLOWS FROM INVESTING ACTIVITY								
Interest received	5,620	17,937	32,808	9,646	920	2,175		69,106
Net increase (decrease) in cash and cash equivalents	(86,118)	(618,482)	35,753	377,765	105,328	36,526		(149,228)
Cash and cash equivalents at beginning of year	781,138	2,487,048	756,608	1,198,108	58,153	269,794		5,550,849
Cash and cash equivalents at end of year	<u>\$ 695,020</u>	<u>\$ 1,868,566</u>	<u>\$ 792,361</u>	<u>\$ 1,575,873</u>	<u>\$ 163,481</u>	<u>\$ 306,320</u>	<u>\$</u>	<u>\$ 5,401,621</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ (28,478)	\$ (88,816)	\$ (279,982)	\$ (271,552)	\$ 171,227	\$ 58,185	\$ (201,719)	\$ (641,135)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation accruals	15,385	29,440	211,733	231,869	690	270	149,187	637,614
Miscellaneous nonoperating income		4,790	1,420	520			24,669	32,359
Change in assets and liabilities:								
Accounts receivable	(2,854)	(20,677)	(228)	(2,339)	(12,924)	30	848	(22,366)
Due from other city funds		14,001			28	(971)		(2,748)
Due from other governments		23,457					(13,409)	10,076
Accounts payable	14,530	(5,382)	2,732	(5,794)	35	(3,257)	(323)	2,541
Compensated absences payable	(241)	142	3,955	(851)	589	1,706	(44,488)	5,300
Due to other funds			87,472					42,989
Due to other governments		(322)						(322)
Deferred revenue							2,270	2,270
Other current liabilities			2,866				764	3,630
Net cash provided by operating activities	<u>\$ (1,658)</u>	<u>\$ (43,367)</u>	<u>\$ 29,968</u>	<u>\$ (48,147)</u>	<u>\$ 159,645</u>	<u>\$ 55,963</u>	<u>\$ (82,196)</u>	<u>\$ 70,208</u>
Noncash capital financing activities:								
Contributions of capital assets from government			\$ 819,529	\$ 7,908				\$ 827,437

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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.

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2004**

	<u>Vehicles & Equipment</u>	<u>Computer</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 955,448	\$ 1,541,675	\$ 488,462	\$ 2,985,585
Receivables (net of allowance for uncollectibles):				
Accounts	131			131
Accrued interest	690	735	233	1,658
Due from other governmental units	314		1,132	1,446
Total current assets	<u>956,583</u>	<u>1,542,410</u>	<u>489,827</u>	<u>2,988,820</u>
Long-term Assets:				
Capital Assets:				
Machinery and equipment	11,482,475	1,724,370	878,246	14,085,091
Less accumulated depreciation	<u>(6,962,083)</u>	<u>(1,324,125)</u>	<u>(775,258)</u>	<u>(9,061,466)</u>
Net capital assets	<u>4,520,392</u>	<u>400,245</u>	<u>102,988</u>	<u>5,023,625</u>
Total assets	<u>5,476,975</u>	<u>1,942,655</u>	<u>592,815</u>	<u>8,012,445</u>
LIABILITIES				
Current liabilities:				
Accounts payable	18,389	26,764	1,425	46,578
Accrued compensated absences		5,773		5,773
Accrued interest payable	252			252
Current maturities of long-term debt	<u>65,000</u>			<u>65,000</u>
Total liabilities	<u>83,641</u>	<u>32,537</u>	<u>1,425</u>	<u>117,603</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,455,392	400,245	102,988	4,958,625
Unrestricted	<u>937,942</u>	<u>1,509,873</u>	<u>488,402</u>	<u>2,936,217</u>
Total net assets	<u>\$ 5,393,334</u>	<u>\$ 1,910,118</u>	<u>\$ 591,390</u>	<u>\$ 7,894,842</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2004

	<u>Vehicles & Equipment</u>	<u>Computer</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 838,071	\$ 842,352	\$ 124,860	\$ 1,805,283
Other	16,553	3,776		20,329
Total operating revenue	<u>854,624</u>	<u>846,128</u>	<u>124,860</u>	<u>1,825,612</u>
OPERATING EXPENSES				
Personal services		298,482		298,482
Supplies	3,296	22,822	2,961	29,079
Professional services		16,982	1,419	18,401
Insurance		2,793	444	3,237
Repair and maintenance	829	72,875	21,365	95,069
Depreciation	839,104	104,112	254,365	1,197,581
Miscellaneous	7,458	73,797	1,837	83,092
Total operating expenses	<u>850,687</u>	<u>591,863</u>	<u>282,391</u>	<u>1,724,941</u>
Operating income (loss)	<u>3,937</u>	<u>254,265</u>	<u>(157,531)</u>	<u>100,671</u>
NONOPERATING INCOME (EXPENSE)				
Ineterest on investments	11,232	11,358	3,454	26,044
Interest on indebtedness	(5,985)			(5,985)
Gain (loss) on disposal of equipment	(8,048)	2,136		(5,912)
Miscellaneous		1,130		1,130
Total nonoperating income (expense)	<u>(2,801)</u>	<u>14,624</u>	<u>3,454</u>	<u>15,277</u>
Income (loss) before contributions and transfers	<u>1,136</u>	<u>268,889</u>	<u>(154,077)</u>	<u>115,948</u>
Capital contributions	12,000			12,000
Transfers from other funds	232,854			232,854
Total contributions and transfers	<u>244,854</u>			<u>244,854</u>
CHANGE IN NET ASSETS	245,990	268,889	(154,077)	360,802
TOTAL NET ASSETS - BEGINNING	<u>5,147,344</u>	<u>1,641,229</u>	<u>745,467</u>	<u>7,534,040</u>
TOTAL NET ASSETS - ENDING	<u>\$ 5,393,334</u>	<u>\$ 1,910,118</u>	<u>\$ 591,390</u>	<u>\$ 7,894,842</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2004**

	<u>Vehicles & Equipment</u>	<u>Computer</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 839,150	\$ 843,216	\$ 124,553	\$ 1,806,919
Payments to suppliers	(116,122)	(101,404)	(25,464)	(242,990)
Payments to employees		(297,649)		(297,649)
Other receipts (payments)	9,095	(68,891)	(1,837)	(61,633)
Net cash provided by operating activities	<u>732,123</u>	<u>375,272</u>	<u>97,252</u>	<u>1,204,647</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY				
Transfers from other funds	<u>232,854</u>			<u>232,854</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(874,387)	(175,227)	(19,388)	(1,069,002)
Proceeds from sale of assets	21,150	6,045		27,195
Principal payments - bonds	(60,000)			(60,000)
Interest payments - bonds	(6,215)			(6,215)
Net cash used in capital and related financing activities	<u>(919,452)</u>	<u>(169,182)</u>	<u>(19,388)</u>	<u>(1,108,022)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	<u>11,296</u>	<u>10,951</u>	<u>3,322</u>	<u>25,569</u>
Net increase in cash and cash equivalents	56,821	217,041	81,186	355,048
Cash and cash equivalents at beginning of year	<u>898,627</u>	<u>1,324,634</u>	<u>407,276</u>	<u>2,630,537</u>
Cash and cash equivalents at end of year	<u>\$ 955,448</u>	<u>\$ 1,541,675</u>	<u>\$ 488,462</u>	<u>\$ 2,985,585</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 3,937	\$ 254,265	\$ (157,531)	\$ 100,671
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	839,104	104,112	254,365	1,197,581
Miscellaneous nonoperating income		1,130		1,130
Change in assets and liabilities:				
Accounts receivable	1,166	864		2,030
Due from other governments	(87)		77	(10)
Accounts payable	(111,997)	14,068	725	(97,204)
Compensated absences payable		833		833
Deferred revenue			(384)	(384)
Net cash provided by operating activities	<u>\$ 732,123</u>	<u>\$ 375,272</u>	<u>\$ 97,252</u>	<u>\$ 1,204,647</u>

FIDUCIARY FUNDS

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

Agency Funds

Agency - The City maintained five agency funds during the year.

Community Access Television
Armory
Log Cabin Folk Art Center
Justice Circle Civic Education
Healthy Community Initiative

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2004**

	<u>BALANCE JANUARY 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE DECEMBER 31 2004</u>
<u>COMMUNITY ACCESS TELEVISION</u>				
ASSETS				
Cash and investments	\$ 69,098	\$ 108,048	\$ 147,751	\$ 29,395
Accrued interest	17	14	17	14
Total Assets	<u>\$ 69,115</u>	<u>\$ 108,062</u>	<u>\$ 147,768</u>	<u>\$ 29,409</u>
LIABILITIES				
Accounts payable	\$ 383	\$	\$ 383	\$
Due to other agencies	68,732	108,045	147,368	29,409
Total Liabilities	<u>\$ 69,115</u>	<u>\$ 108,045</u>	<u>\$ 147,751</u>	<u>\$ 29,409</u>
<u>ARMORY</u>				
ASSETS				
Cash and investments	\$ 56,679	\$ 20,350	\$ 25,000	\$ 52,029
Taxes receivable	20,000	20,000	20,000	20,000
Accrued interest	14	25	14	25
Due from other governmental units	5	313	5	313
Total Assets	<u>\$ 76,698</u>	<u>\$ 40,688</u>	<u>\$ 45,019</u>	<u>\$ 72,367</u>
LIABILITIES				
Due to other governmental units	\$ 76,698	\$ 20,669	\$ 25,000	\$ 72,367
Total Liabilities	<u>\$ 76,698</u>	<u>\$ 20,669</u>	<u>\$ 25,000</u>	<u>\$ 72,367</u>
<u>LOG CABIN FOLK ART CENTER</u>				
ASSETS				
Cash and investments	\$ 288	\$	\$ 288	\$
Total Assets	<u>\$ 288</u>	<u>\$</u>	<u>\$ 288</u>	<u>\$</u>
LIABILITIES				
Due to other agencies	\$ 288	\$	\$ 288	\$
Total Liabilities	<u>\$ 288</u>	<u>\$</u>	<u>\$ 288</u>	<u>\$</u>
<u>JUSTICE CIRCLE CIVIC EDUCATION</u>				
ASSETS				
Cash and investments	\$ 134	\$	\$ 134	\$
Total Assets	<u>\$ 134</u>	<u>\$</u>	<u>\$ 134</u>	<u>\$</u>
LIABILITIES				
Due to other agencies	134	\$	134	\$
Total Liabilities	<u>\$ 134</u>	<u>\$</u>	<u>\$ 134</u>	<u>\$</u>
<u>HEALTHY COMMUNITY INITIATIVE</u>				
ASSETS				
Cash and investments	\$ 25	\$	\$ 25	\$
Total Assets	<u>\$ 25</u>	<u>\$</u>	<u>\$ 25</u>	<u>\$</u>
LIABILITIES				
Due to other agencies	25	\$	25	\$
Total Liabilities	<u>\$ 25</u>	<u>\$</u>	<u>\$ 25</u>	<u>\$</u>

(Continued)

AGENCY FUNDS - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
(Continued)

	<u>BALANCE</u> JANUARY 1, 2004	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> DECEMBER 31 2004
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 126,224	\$ 128,398	\$ 173,198	\$ 81,424
Taxes receivable	20,000	20,000	20,000	20,000
Accrued interest	31	39	31	39
Due from other governmental units	5	313	5	313
Total Assets	<u>\$ 146,260</u>	<u>\$ 148,750</u>	<u>\$ 193,234</u>	<u>\$ 101,776</u>
LIABILITIES				
Accounts payable	\$ 383	\$	\$ 383	
Due to other agencies	69,179	108,045	147,815	29,409
Due to other governmental units	76,698	20,669	25,000	72,367
Total Liabilities	<u>\$ 146,260</u>	<u>\$ 128,714</u>	<u>\$ 173,198</u>	<u>\$ 101,776</u>

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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, 2004

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 4,972,621
Buildings	13,613,862
Improvements other than buildings	6,819,962
Machinery and equipment	5,158,795
Infrastructure	96,129,358
Construction in progress	<u>7,859,597</u>
 Total governmental funds capital assets	 <u><u>\$ 134,554,195</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 125,729,613
General Fund	541,305
Special Revenue Funds	7,747,492
Enterprise Funds	952
Gifts	<u>534,833</u>
 Total governmental funds capital assets	 <u><u>\$ 134,554,195</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, 2004

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>
FUNCTION AND ACTIVITY							
GENERAL GOVERNMENT:							
City Clerk	\$ 85,495	\$	\$	\$	\$ 85,495	\$	\$
City Manager	10,187				10,187		
Accounting	30,841				30,841		
General Government Building	<u>3,313,442</u>	<u>457,912</u>	<u>2,784,685</u>	<u>46,908</u>	<u>23,937</u>		
Total General Government	<u>3,439,965</u>	<u>457,912</u>	<u>2,784,685</u>	<u>46,908</u>	<u>150,460</u>	-	-
PUBLIC SAFETY:							
Police Protection	784,503		672,951		111,552		
Fire Protection	<u>1,264,702</u>	<u>56,168</u>	<u>882,197</u>	<u>2,524</u>	<u>323,813</u>		
Total Public Safety	<u>2,049,205</u>	<u>56,168</u>	<u>1,555,148</u>	<u>2,524</u>	<u>435,365</u>	-	-
HIGHWAYS & STREETS	106,568,249	108,181	2,368,846	45,510	56,757	96,129,358	7,859,597
PARKS & RECREATION	8,988,337	1,070,111	834,308	6,553,475	530,443		
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	3,840,657		21,142		3,819,515		
PLAINS ART MUSEUM	357,351		357,351				
ECONOMIC DEVELOPMENT	<u>6,882,401</u>	<u>3,093,141</u>	<u>3,783,927</u>		<u>5,333</u>		
Total governmental funds capital assets	<u>\$ 134,554,195</u>	<u>\$ 4,972,621</u>	<u>\$ 13,613,862</u>	<u>\$ 6,819,962</u>	<u>\$ 5,158,795</u>	<u>\$ 96,129,358</u>	<u>\$ 7,859,597</u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
YEAR ENDED DECEMBER 31, 2004

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/04</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/04</u>
GENERAL GOVERNMENT:				
City Clerk	\$ 85,495	\$	\$	\$ 85,495
City Manager	10,187			10,187
Accounting	30,841			30,841
General Government Building	<u>3,162,611</u>	<u>150,831</u>		<u>3,313,442</u>
Total General Government	<u>3,289,134</u>	<u>150,831</u>	<u>-</u>	<u>3,439,965</u>
PUBLIC SAFETY:				
Police Protection	784,503			784,503
Fire Protection	<u>1,185,436</u>	<u>79,266</u>		<u>1,264,702</u>
Total Public Safety	<u>1,969,939</u>	<u>79,266</u>	<u>-</u>	<u>2,049,205</u>
HIGHWAYS & STREETS	87,101,937	11,606,715		98,708,652
PARKS & RECREATION	8,763,569	224,768		8,988,337
LIBRARY	2,269,631			2,269,631
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	1,802,534	2,488,629	450,506	3,840,657
PLAINS ART MUSEUM	357,351			357,351
ECONOMIC DEVELOPMENT	6,480,671	401,730		6,882,401
CONSTRUCTION IN PROGRESS	<u>-</u>	<u>7,859,597</u>		<u>7,859,597</u>
Total Governmental Funds Capital Assets	<u>\$ 112,193,165</u>	<u>\$ 22,811,536</u>	<u>\$ 450,506</u>	<u>\$ 134,554,195</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**

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**CITY OF MOORHEAD, MINNESOTA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
(Unaudited)**

	<u>2003</u>	<u>2004</u>
GENERAL GOVERNMENT	\$ 3,854,182	2,739,259
PUBLIC SAFETY	8,275,403	8,345,480
HIGHWAYS AND STREETS	4,848,743	5,525,656
PARKS AND RECREATION	1,833,295	1,968,787
LIBRARY	714,973	743,284
COMMUNITY DEVELOPMENT	667,880	762,062
MASS TRANSIT	1,220,122	1,530,756
ECONOMIC DEVELOPMENT	875,652	801,112
INTEREST ON LONG-TERM DEBT	2,982,298	3,394,926
ELECTRIC	13,683,907	14,583,939
WATER	3,568,788	3,566,389
WASTEWATER TREATMENT	4,098,377	4,180,626
STORM WATER	539,198	807,234
SANITATION	2,459,090	2,909,471
GOLD COURSE	1,409,675	1,489,146
SPORTS CENTER	638,733	713,564
PEST CONTROL	152,884	182,626
FORESTRY	336,682	372,130
MUNICIPAL AIRPORT	<u>242,272</u>	<u>247,469</u>
TOTAL	<u>\$ 52,402,154</u>	<u>\$ 54,863,916</u>

Due to the implementation of GASB #34, information prior to 2003 is not available.

**CITY OF MOORHEAD, MINNESOTA
GOVERNMENT-WIDE REVENUES
(Unaudited)**

	<u>2003</u>	<u>2004</u>
PROGRAM REVENUES:		
CHARGES FOR SERVICES	\$ 35,494,621	38,306,852
OPERATING GRANTS AND CONTRIBUTIONS	2,616,690	2,610,351
CAPITAL GRANTS AND CONTRIBUTIONS	11,455,525	15,816,484
GENERAL REVENUES:		
PROPERTY TAXES	2,019,211	2,515,819
TAX INCREMENTS	1,534,608	982,184
FRANCHISE FEES	638,140	614,920
STATE AID – UNRESTRICTED	9,261,749	9,785,027
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	446,511	185,850
UNRESTRICTED INVESTMENT EARNINGS	698,952	580,198
MISCELLANEOUS	<u>776,602</u>	<u>1,000,835</u>
TOTAL	<u>\$ 64,942,609</u>	<u>72,398,520</u>

Due to the implementation of GASB #34, information prior to 2003 is not available.

CITY OF MOORHEAD, MINNESOTA
GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECTS FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

<u>FISCAL YEAR</u>	<u>GENERAL GOV'T</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAYS AND STREETS</u>	<u>PARKS & RECREATION</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>LIBRARY</u>
1995	\$ 2,872,085	\$ 5,311,479	\$ 2,323,099	\$ 1,212,620	\$ 1,705,560	\$ 502,918
1996	2,389,706	6,067,208	2,649,068	1,372,756	3,364,787	525,852
1997	2,535,135	6,481,281	2,713,081	1,166,224	567,543	569,034
1998	2,686,242	6,846,705	2,545,654	1,267,844	331,946	558,557
1999	2,477,252	7,074,434	2,586,900	1,331,132	405,912	586,009
2000	2,613,238	7,728,203	2,796,998	1,495,934	280,084	608,718
2001	2,463,427	7,922,198	2,971,482	1,918,639	783,469	639,595
2002	2,625,642	8,206,586	2,991,588	1,984,846	282,186	664,131
2003	3,798,292	8,185,498	3,048,879	1,675,120	798,613	661,302
2004	2,700,074	8,279,955	3,426,796	1,804,906	722,288	689,012

<u>FISCAL YEAR</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>MASS TRANSIT</u>	<u>CULTURAL</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1995	\$ 1,073,482	\$ 891,990	\$ 650	\$ 2,703,787	\$ 3,532,612	\$ 22,130,282
1996	1,103,292	875,693	7,700	4,451,268	4,941,986	27,749,316
1997	1,020,260	840,792	32,841	6,409,089	4,376,942	26,712,222
1998	715,084	887,506	14	11,857,202	5,776,722	33,473,476
1999	573,544	977,732		6,978,181	5,303,055	28,294,151
2000	636,363	978,885		6,729,606	8,414,527	32,282,556
2001	772,808	1,066,284		31,988,710	4,388,080	54,914,692
2002	733,961	1,130,281		6,838,976	8,465,903	33,924,100
2003	660,990	1,112,003		15,061,647	11,190,956	46,193,300
2004	753,387	1,212,967		22,411,536	6,627,926	48,628,847

CITY OF MOORHEAD, MINNESOTA
GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECTS FUND REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>LICENSES & PERMITS</u>	<u>INTER GOVERNMENTAL REVENUE</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITS</u>	<u>INTEREST</u>	<u>OTHER</u>	<u>TOTAL</u>
1995	\$ 2,706,624	\$ 1,282,753	\$ 245,776	\$ 10,349,750	\$ 1,235,306	\$ 253,617	\$ 1,396,592	\$ 1,407,260	\$ 18,877,678
1996	3,059,308	1,540,515	237,793	9,847,649	1,150,120	320,301	1,618,303	2,514,438	20,288,427
1997	3,146,033	1,325,560	216,350	14,644,386	1,487,004	280,938	1,856,613	2,469,012	25,425,896
1998	3,439,217	1,663,679	244,475	13,865,196	1,216,265	313,713	1,806,679	2,315,678	24,864,902
1999	3,363,447	1,681,212	281,803	13,164,617	1,397,841	376,243	707,426	2,292,220	23,264,809
2000	3,508,571	1,626,441	264,685	10,139,095	1,559,581	448,144	1,848,608	2,176,234	21,571,359
2001	3,828,343	1,538,338	375,139	13,832,844	1,705,715	478,509	1,108,152	2,301,216	25,168,256
2002	2,557,270	1,783,553	518,434	14,154,094	1,782,010	460,517	731,288	10,572,498	32,559,664
2003	3,287,213	2,551,601	596,295	16,567,437	1,508,195	513,018	286,181	2,374,241	27,684,181
2004	3,498,003	3,380,047	637,763	20,008,396	2,119,288	527,158	236,490	3,351,496	33,758,641

**CITY OF MOORHEAD, MINNESOTA
SPECIAL ASSESSMENTS COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>YEAR</u>	<u>CURRENT ASSESSMENTS DUE</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING ASSESSMENTS</u>
1995	\$ 978,191	\$ 889,692	91.0%	\$ 8,692,023
1996	1,100,830	1,035,582	94.1%	7,969,043
1997	980,192	911,697	93.0%	9,625,220
1998	1,133,767	1,065,114	93.9%	9,270,707
1999	1,077,908	1,061,304	98.4%	9,757,119
2000	924,903	918,525	99.3%	9,513,267
2001	1,119,317	1,097,396	98.0%	8,646,370
2002	1,070,270	1,047,721	97.8%	13,329,432
2003	1,288,774	1,277,001	99.0%	14,631,411
2004	1,462,264	1,433,127	98.0%	18,375,485

**CITY OF MOORHEAD, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>COLLECTION YEAR</u>	<u>TOTAL TAX LEVY ¹</u>	<u>TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAXES RECEIVABLE</u>
1995	\$ 1,841,771	\$ 1,791,369	97.2%	\$ 74,021
1996	2,129,133	2,092,625	98.2%	66,395
1997	2,262,835	2,221,204	98.1%	106,076
1998	2,588,844	2,557,347	98.7%	60,925
1999	2,698,172	2,660,816	98.6%	77,310
2000	2,920,301	2,885,497	98.8%	53,932
2001	3,254,556	3,233,074	99.3%	64,345
2002	2,120,941	2,115,940	99.7%	78,436
2003	2,832,626	2,781,723	98.2%	109,200
2004	2,948,945	2,902,601	98.4%	116,753

1 - Net levy after reduction for Market Value Homestead Credit and Disparity Reduction Aid.

CITY OF MOORHEAD, MINNESOTA
ASSESSED VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		RATIO OF TOTAL TAX CAPACITY TO TOTAL ESTIMATED MARKET VALUE
	TAX CAPACITY	ESTIMATED MARKET VALUE	TAX CAPACITY	ESTIMATED MARKET VALUE	TAX CAPACITY	ESTIMATED MARKET VALUE	
1995	\$ 12,895,363	\$ 682,514,600	\$ 270,632	\$ 6,259,900	\$ 13,165,995	\$ 688,774,500	1.91%
1996	13,330,738	706,116,000	278,515	6,426,500	13,609,253	712,542,500	1.91%
1997	12,615,135	742,887,500	238,548	6,370,600	12,853,683	749,258,100	1.71%
1998	11,883,374	760,849,200	217,848	6,606,000	12,101,222	767,455,200	1.56%
1999	12,374,334	809,763,600	221,635	6,893,100	12,595,169	816,656,700	1.54%
2000	13,070,226	850,734,300	218,901	6,768,600	13,289,127	857,502,900	1.55%
2001	10,930,529	916,288,300	120,430	6,265,200	11,050,959	922,553,500	1.20%
2002	11,691,431	991,922,000	132,174	6,840,600	11,823,605	998,762,600	1.18%
2003	12,660,403	1,082,312,500	127,804	6,562,100	12,788,207	1,088,874,600	1.17%
2004	14,245,641	1,226,704,800	133,236	6,815,700	14,378,877	1,233,520,500	1.17%

Data Source: County Assessor

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

TAX RATES

<u>FISCAL YEAR</u>	<u>CITY</u>	<u>SCHOOL</u>	<u>COUNTY</u>	<u>BUFFALO WATERSHED DISTRICT</u>	<u>TOTAL</u>
1995	22.161%	61.405%	50.386%	1.772%	135.724%
1996	23.032%	57.069%	52.319%	1.801%	134.221%
1997	26.219%	55.239%	57.880%	2.219%	141.557%
1998	29.782%	46.006%	61.389%	2.427%	139.604%
1999	29.921%	45.391%	61.439%	2.474%	139.225%
2000	32.020%	45.643%	63.443%	3.472%	144.578%
2001	27.554%	16.490%	81.769%	5.345%	131.158%
2002	29.805%	33.696%	80.326%	.923%	144.750%
2003	28.731%	35.355%	76.458%	1.157%	141.701%
2004	26.095%	32.808%	67.769%	1.383%	128.055%

TAX LEVIES

1995	\$ 2,662,181	\$ 8,976,760	\$ 11,050,972	\$ 411,968	\$ 23,101,881
1996	2,868,391	8,728,439	12,063,473	441,557	24,101,860
1997	3,103,645	8,034,561	12,714,225	522,258	24,374,689
1998	3,350,075	7,180,282	13,172,119	559,606	24,262,082
1999	3,579,365	7,551,750	13,763,086	598,163	25,492,364
2000	4,017,157	7,123,057	14,916,170	884,294	26,940,678
2001 ¹	2,847,112	2,128,407	15,917,864	1,161,308	22,054,691
2002 ²	3,266,768	4,683,034	16,900,284	211,977	25,061,982
2003	3,373,230	5,180,514	17,285,455	242,332	26,081,531
2004	3,464,243	5,424,413	17,230,252	326,587	26,445,495

1 – In 2001, the Minnesota legislature provided for the assumption by the state of the general education property tax. The tax bill also imposed levy limits on cities with populations over 2,500 and increased their appropriation for local government aid.

2 – For comparative purposes, beginning in 2002 the city levy excludes a special levy to be used for tax increment debt service imposed only on properties with classifications of 3A or 3B. This levy is the result of special legislation passed by the Minnesota legislature in 2001.

Data Source: County Auditor

**CITY OF MOORHEAD
COMPARATIVE RATIO OF GENERAL BONDED DEBT TO
ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)**

<u>FISCAL YEAR</u>	<u>POPULATION</u>	<u>TAX CAPACITY OF REAL ESTATE</u>	<u>BONDED DEBT</u>	<u>RATIO OF BONDED DEBT TO TAX CAPACITY</u>	<u>BONDED DEBT PER CAPITA</u>
1995	32,295	\$ 13,165,995	\$ 28,090,000	213.35%	\$ 869.79
1996	32,295	13,609,253	30,990,783	227.77%	959.62
1997	32,295	12,853,683	31,907,547	248.23%	988.00
1998	32,295	12,101,222	29,515,582	243.91%	913.94
1999	32,295	12,595,969	28,885,390	229.32%	894.42
2000	32,177	13,289,127	24,132,527	181.60%	749.99
2001	32,177	11,050,959	34,997,593	316.70%	1,087.66
2002	32,177	11,823,605	35,231,277	297.97%	1,094.92
2003	32,177	12,788,207	28,049,142	219.34%	871.71
2004	32,177	14,378,877	29,807,080	207.30%	926.35

**CITY OF MOORHEAD, MINNESOTA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2004
 (Unaudited)**

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO CITY</u>	<u>CITY'S SHARE OF DEBT</u>
<u>Direct and Overlapping Debt</u>			
<u>Direct Debt:</u>			
City of Moorhead	<u>\$ 124,627,500</u>	100.000%	<u>\$ 124,627,500</u>
<u>Overlapping Debt:</u>			
Moorhead Public Housing Agency	495,000	100.000%	495,000
Independent School District #152	67,833,768	80.295%	54,467,124
Clay County	3,618,000	52.722%	1,907,482
Clay County HRA	<u>14,835,000</u>	52.722%	<u>7,821,309</u>
Total Overlapping Debt	<u>86,781,768</u>		<u>64,690,915</u>
Total Direct and Overlapping Debt	<u><u>\$ 211,409,268</u></u>		<u><u>\$ 189,318,415</u></u>

NOTE: If any debt is for assessments, this portion must be borne in total by jurisdiction making assessment.

**CITY OF MOORHEAD, MINNESOTA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004
(Unaudited)**

Estimated Market Value - Real and Personal Property		<u>\$ 1,233,520,500</u>
Debt Limit 2% of Estimated Market Value		24,670,410
Amount of Debt Applicable to Debt Limit		
Total Bonded Debt	\$	124,627,500
Less:		
Debt Redemption (General	\$	1,993,034
Obligation Bonds) Fund Assets		46,590,000
Special Assessment Bonds		22,110,420
Sewage Disposal Plant Bonds		385,000
Sports Center Facility Bond		3,945,000
Golf Course Bond		6,022,080
Taxable Industrial Development Bond		8,636,222
Electric Utility Bond		13,153,778
Water Utility Bonds		65,000
Vehicle Fund Equipment Certificates		4,905,000
Municipal Improvement Revenue Bonds		15,160,000
Tax Increment Bonds	<u></u>	<u>122,965,534</u>
Total Debt Applicable to Debt Limit		<u>1,661,996</u>
Legal Debt Margin		<u><u>\$ 23,008,444</u></u>

Minnesota Statutes:

475.53 LIMIT ON NET DEBT. Subdivision I. Generally. Except as otherwise provided in section 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 2 percent of the estimated market value of real and personal property.

**CITY OF MOORHEAD, MINNESOTA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT ¹ SERVICE	TOTAL GENERAL ² EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1995	\$ 1,800,000	\$ 1,732,462	\$ 3,532,462	\$ 22,130,282	15.963%
1996	2,195,000 ³	2,069,651	4,264,651	26,775,318	15.928%
1997	2,085,000	2,291,942	4,376,942	26,712,222	16.385%
1998	2,406,000 ⁴	2,277,678	4,683,678	33,473,476	13.992%
1999	2,775,000	2,483,238	5,258,238	28,294,151	18.584%
2000	2,540,000 ⁵	2,537,474	5,077,474	32,282,556	15.728%
2001	2,230,000	2,114,935	4,344,935	54,914,692	7.912%
2002	2,430,000 ⁶	2,783,685	5,213,685	33,924,100	15.368%
2003	2,240,000 ⁷	2,666,278	4,906,278	46,193,300	10.621%
2004	2,800,000	3,192,168	5,992,168	48,628,847	12.322%

- 1 - For general obligation bonds payable from ad valorem taxes. Does not include Revenue Bonds which are paid from Enterprise Fund Revenues.
- 2 - Includes General, Special Revenue, Debt Service and Capital Projects Funds.
- 3 - For comparative purposes, this figure excludes a \$1,140,000 principal payment made by a fiscal agent to retire General Obligation Tax Increment Bond of 1988, Series C resulting from the General Obligation Tax Increment Refunding Bond of 1993, Series D, a cross-over refunding issue. Also excluded is a \$200,000 principal payment to call General Obligation Improvement Bond 1980, Series A.
- 4 - For comparative purposes, this figure excludes a \$1,080,000 principal payment made by a fiscal agent to retire General Obligation Library Bond of 1987, Series A resulting from the General Obligation Library Refunding Bond of 1993, Series E, a cross-over refunding issue.
- 5 - For comparative purposes, this figure excludes a \$2,195,000 principal payment made by a fiscal agent to retire General Obligation Recreation Facility Bond of 1991, Series A resulting from the General Obligation Recreation Facility Refunding Bond of 1995, Series C, a cross-over refunding issue. Also excluded are \$120,000 and \$915,000 principal payments to call General Obligation Tax Increment Bonds of 1985, Series E, and General Obligation Tax Increment Bonds of 1991, Series B.
- 6 - For comparative purposes, this figure excludes a \$3,240,000 principal payment to call Taxable Industrial Development Bonds of 1993, Series A.
- 7 - For comparative purposes, this figure excludes a \$6,280,000 principal payment to retire General Obligation Tax Increment Bonds of 1994, Series A resulting from the General Obligation Tax Increment Refunding Bonds of 2002, Series D, a current refunding.

**CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF ELECTRIC FUND BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES ¹	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT			COVERAGE ²
				PRINCIPAL	INTEREST	TOTAL	
1995	\$ 14,825,487	\$ 11,125,894	\$ 3,699,593	\$ 273,417	\$ 221,184	\$ 494,601	7.48
1996	15,590,292	11,285,044	4,305,248	358,883 ³	208,514	567,397	7.59
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	5,984,939	304,600	329,815	632,415	9.46
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 ⁴	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

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 \$1,335,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1989, Series A resulting from the Public Utility Revenue Refunding Bond of 1995, Series B, a cross-over refunding issue.

4 - 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 BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES¹</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1995	\$ 3,803,883	\$ 1,566,684	\$ 2,237,199	\$ 641,583	\$ 1,296,033	\$ 1,937,616	1.15
1996	4,171,796	1,688,015	2,483,781	606,117 ²	1,275,890	1,882,007	1.32
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 ³	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

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$1,595,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1986, Series C resulting from the Public Utility Revenue Refunding Bond of 1993, Series C, a cross-over refunding issue. Also excluded is a \$2,670,000 principal payment made by a fiscal agent to retire Public Utility Revenue Bond of 1989, Series A resulting from the Public Utility Revenue Refunding Bond of 1995, Series B, a cross-over refunding issue.

3 - 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 BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES¹</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1995	\$ 2,993,945	\$ 1,926,451	\$ 1,067,494	\$ 291,961 ²	\$ 265,783	\$ 557,744	1.91
1996	2,876,992	2,010,866	866,126	291,616	218,700	510,316	1.69
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

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$2,770,000 principal payment made by a fiscal agent to retire General Obligation Wastewater Treatment Plant Bonds of 1986, series D resulting from the General Obligation Revenue Wastewater Treatment Plant Refunding Bonds of 1993, Series B, a cross-over refunding issue.

**CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF SPORTS CENTER FUND BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES ¹	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1995	\$ 422,926	\$ 435,335	\$ (12,409)	\$ 25,000	\$ 51,366	\$ 76,366	(.16)
1996	383,701	400,320	(16,619)	25,000	49,358	74,358	(.22)
1997	390,453	424,327	(33,874)	25,000	47,984	72,984	(.46)
1998	452,151	401,024	51,127	25,000	46,655	71,655	.71
1999	355,901	406,106	(50,205)	30,000	44,617	74,617	(.67)
2000	403,316	459,015	(55,699)	30,000	42,784	72,784	(.77)
2001	477,312	466,685	10,627	35,000 ²	41,014	76,014	.14
2002	374,752 ³	406,910	(32,158)	40,000	23,624	63,624	(.50)
2003	402,548 ⁴	404,022	(1,474)	40,000	22,036	62,036	(.02)
2004	432,828 ⁵	461,835	(29,007)	40,000	20,183	60,183	(.48)

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 BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES¹</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1995	\$ 811,448	\$ 798,278	\$ 13,170	\$ 125,000	\$ 435,077	\$ 560,077	.02
1996	887,692	756,052	131,640	130,000	430,425	560,425	.23
1997	1,105,706	818,219	287,487	145,000	415,615	560,615	.51
1998	1,387,870	960,607	426,963	255,000	539,118	792,118	.54
1999	1,391,342	930,494	460,848	275,000	658,503	933,503	.49
2000	1,423,779	1,019,902	403,877	290,000	642,060	932,060	.43
2001	1,435,505	972,417	463,088	305,000 ²	624,626	929,626	.50
2002	1,061,780	1,022,337	39,443	125,000	247,878	372,878	.11
2003	1,024,417 ³	992,796	31,621	130,000	241,724	371,724	.08
2004	1,005,062 ⁴	1,039,083	(34,021)	140,000	235,866	375,866	(.10)

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, this figure excludes \$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 BOND COVERAGE¹
(Unaudited)

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>DIRECT OPERATING EXPENSES²</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
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	855,952	60,000	8,816	68,816	12.44
2004	865,856	11,583	854,273	60,000	6,215	66,215	12.90

1 - Equipment Certificates issued November 15, 2000.

2 - Expenses exclude depreciation and amortization.

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF MUNICIPAL IMPROVEMENT FUND BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>EXPENSES</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENT</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
1995	\$ 322,808	\$ 384	\$ 322,424	\$205,000	\$ 93,431	\$ 298,431	1.08
1996	328,627	358	328,269	215,000	79,305	294,305	1.12
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	.29
2000 ¹	1,255,204	4,127	1,251,077	775,000	754,236	1,529,236	.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	.97
2003	339,415	3,052	336,363	185,000	495,308	680,308	.49
2004	420,352	50,719	369,633	190,000	487,406	677,406	.55

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.

**CITY OF MOORHEAD
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	POPULATION ¹	PER HOUSEHOLD INCOME ²	RETAIL SALES ²	MEDIAN AGE ²	SCHOOL ENROLLMENT ³	
					K-12	POST SECONDARY
1994	32,295	\$ 31,199	\$ 289,277,000	26.8	6,086	10,840
1995 ⁴	32,295	26,662	291,246,000	31.0	6,035	10,703
1996	32,295	28,316	276,170,000	31.3	5,906	10,579
1997	32,295	29,526	283,761,000	31.2	5,841	10,610
1998	32,295	30,813	293,959,000	31.8	5,832	10,968
1999	32,295	32,083	340,233,000	32.0	5,761	11,433
2000	32,177	32,629	391,728,000	32.2	5,622	11,765
2001	32,177	31,660	452,724,000	31.9	5,503	11,777
2002	32,177	31,829	505,449,000	32.6	5,400	11,734
2003	32,177	30,886	526,858,000	N/A	5,272	12,025

Data Sources:

- 1 - Official US Census
- 2 - Sales and Marketing Management Survey of Buying Power (2004 statistics not available until September 2005).
- 3 - School Board Census
- 4 - Beginning with the 1995 statistics, per household Effective Buying Income (EBI) was redefined to reflect "Money Income" rather than "Personal Income" and therefore is not directly comparable with prior years. In addition, the median age was not reported for Moorhead only, but rather for the Moorhead-Fargo area.

**CITY OF MOORHEAD, MINNESOTA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(Unaudited)**

FISCAL YEAR	NEW COMMERCIAL CONSTRUCTION		NEW RESIDENTIAL CONSTRUCTION		ESTIMATED MARKET VALUE			BANK DEPOSITS ¹ (000)
	PERMITS	VALUE	PERMITS	VALUE	COMMERCIAL & OTHER	RESIDENTIAL	NONTAXABLE	
1995	19	\$ 3,749,929	119	\$ 11,110,500	\$ 140,609,900	\$ 410,633,300	\$ 363,414,500	\$ 312,024
1996	23	2,327,304	62	6,511,300	143,281,500	438,556,400	339,792,600	337,654
1997	22	5,111,900	47	6,009,000	184,580,500	524,782,500	342,392,100	348,255
1998	18	2,060,022	94	10,182,600	192,989,800	567,859,400	401,003,000	339,412
1999	30	6,606,054	92	15,796,000	196,601,800	613,161,800	401,003,000	318,600
2000	36	6,041,590	108	13,012,097	204,474,500	646,259,800	401,003,000	288,725
2001	54	17,740,644	113	21,790,500	216,420,000	699,868,300	401,003,000	392,420
2002	24	4,794,700	221	33,628,128	238,961,900	752,960,100	401,003,000	408,945
2003	26	32,495,794	205	32,307,000	260,982,700	821,329,800	401,003,000	429,461
2004	28	4,519,100	308	49,697,640	287,480,400	939,224,400	401,003,000	472,115

1 - Data obtained from the FDIC website reflects bank deposits on 06/30/04

**CITY OF MOORHEAD, MINNESOTA
 PRINCIPAL TAXPAYERS
 December 31, 2004
 (Unaudited)**

<u>TAXPAYER</u>	<u>TYPE OF PROPERTY</u>	<u>TAX CAPACITY</u>	<u>PERCENTAGE OF TOTAL TAX CAPACITY OF \$14,378,877</u>
Anheuser-Busch	Malting Plant	\$ 352,732	2.5%
American Crystal Sugar	Sugar Processing	241,108	1.7%
Moorhead Hospitality	Hotel & Conference Center	179,250	1.2%
Moorhead Holiday Associates	Strip Mall	163,498	1.1%
HMJ Partnership	Shopping Mall	137,396	1.0%
TRE Investments	Shopping Mall	118,142	0.8%
Xcel Energy	Electric Utility	100,760	0.7%
South Moorhead Associates	Retail - Grocery & Mall	96,038	0.7%
Eventide	Nursing/Retirement Home	93,201	0.6%
Target Corporation	Retail	<u>79,874</u>	<u>0.6%</u>
Total Tax Capacity of Principal Taxpayers		<u>\$ 1,561,999</u>	<u>10.90%</u>

Source: Clay County GIS Department

**CITY OF MOORHEAD, MINNESOTA
 MISCELLANEOUS STATISTICAL DATA
 December 31, 2004
 (Unaudited)**

Date of Incorporation	February 24, 1881
First Charter Adopted	1900
Date Present Charter Adopted	September 14, 1983
Form of Government	Council-Manager

Area in Square Miles:

1995	11.77
1996	11.83
1997	11.93
1998	11.93
1999	12.19
2000	12.19
2001	13.85
2002	14.06
2003	14.41
2004	16.89

Miles of City Streets:

1995	156.04
1996	159.13
1997	159.13
1998	160.36
1999	161.43
2000	161.43
2001	170.35
2002	174.89
2003	175.47
2004	184.60

Miles of Sewers:

Storm	104.82
Sanitary	125.88
Force Mains	14.12

Fire Protection:

Number of Stations	2
Number of Firefighters	30

Police Protection:

Number of Stations	1
Number of Sworn Officers	49

Permanent Employees (Full-Time Equivalents)	229.525
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Source: Above information provided by City of Moorhead Administration, Engineering and Human Resource Departments

**CITY OF MOORHEAD, MINNESOTA
 PRINCIPAL CITY OFFICIALS
 AND SURETY BONDS
 December 31, 2004
 (Unaudited)**

<u>NAME</u>	<u>OFFICIAL TITLE</u>
Mayor and Council:	
Mark Voxland	Mayor
Nancy Otto	Council Member
Jim Danielson	Council Member
Lauri Winterfeldt-Shanks	Council Member
Diane Wray Williams	Council Member
Morris Kelsven	Council Member
John Rowell	Council Member
Greg Lemke	Council Member
Dan Hunt	Council Member
Public Service Commissioners:	
Kenneth Norman	President
Robert Swenson	Secretary
Brenda Elmer	Commissioner
Kelli Poehls	Commissioner
Darvin Landa	Commissioner
Public Housing Agency Board of Commissioners:	
Michael Pehler	Chair
Donald Dale	Vice Chair
Patricia Frazee	Secretary
Abner Arauza	Commissioner
John Keating	Resident Commissioner
Economic Development Authority Board of Commissioners:	
Kay Parries	Chair
Corey Elmer	Vice-Chair
Rev. Ernest Mancini	Secretary
Gane' Skatvold	Member
Morris Kelsven	Member
Neil Qualey	Member
Lauri Winterfeldt-Shanks	Member
Kelli Poehls	Member
James Welch	Member
John Rogalla	Member
John Riewer	Member
Administration:	
Bruce Messelt	City Manager
Chad Martin	Director of Operations
Scott Hutchins	Director of Community Services
Grant Weyland	Chief of Police
Joel Hewitt	Fire Chief
William E. Schwandt	General Manager of Public Utilities
Byron Brink	PHA Executive Director

SURETY BOND

All employees and board members are covered by a \$700,000 Faithful Performance Blanket and Public Employee Dishonesty Bond.