

City of Moorhead, Minnesota

Comprehensive Annual
Financial Report



For The Year Ended December 31, 2012

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

FOR THE YEAR ENDED DECEMBER 31, 2012

PREPARED BY THE FINANCE DIVISION

WANDA WAGNER, FINANCE DIRECTOR

AMY WOHLWEND, ACCOUNTANT

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

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**INTRODUCTORY
SECTION**

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**CITY OF MOORHEAD, MINNESOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2012**

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MOORHEAD MINNESOTA

500 Center Avenue, Box 779 • Moorhead, MN 56561
(218) 299-5166 • TDD/Relay 711
www.cityofmoorhead.com

June 10, 2013

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, 2012.

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.

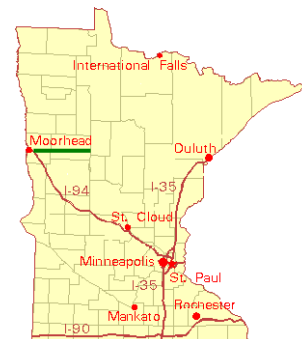
The City of Moorhead's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2012, are free of material 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

CITY OF MOORHEAD PROFILE

The City of Moorhead, incorporated in 1881, is situated in the heart of the Red River Valley, 250 miles northwest of Minneapolis. It is the county seat of Clay County and a community rich in history, tradition and diversity. While Moorhead is part of a growing metropolitan region, it is distinct because of its liberal arts based college atmosphere, quality educational system, plentiful parks and strong, diverse neighborhoods. The City covers approximately 17.74 square miles with a population of 38,065 as of the 2010 U.S. Census.



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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Moorhead prepare departmental budgets, which are submitted to the city manager by before July 1 of each year. The city manager uses these to develop a citywide proposed budget. The city manager then presents this proposed budget to the council for review 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 appropriated budget is prepared by fund, department and activity. Department heads may make adjustments of appropriations within their respective department. Adjustments of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the Fund Financial Statements within the Basic Financial Statements section of this report. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual section of this report.

Local Economy

The City of Moorhead is located at a natural crossing point of the Red River of the North, a place where Minnesota and the Dakotas meet and where one enjoys easy access to business, markets and recreation. Moorhead has access to the major market areas of North America with the intersection of Interstates 94 and 29 lying just west of the city limits. Trucking with overnight delivery from Minneapolis/St. Paul, Duluth, Sioux Falls, Omaha, Bismarck and Winnipeg is also available. Hector International Airport is located nearby in Fargo, ND with multiple non-stop flights to Minneapolis, Chicago and Denver, and the Moorhead Municipal Airport is just 3 miles southeast of the city, which is staffed by Detroit Lakes Aviation, 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 serves as a regional center for surrounding agricultural communities in Minnesota with stable operations reported at the city's top two property taxpayers: American Crystal Sugar and the Anheuser Busch malt facility. While distribution and transfer industries remain a vital part of the business environment, education and service industries have played an increasingly important role. The Moorhead public school's enrollment of over 5,500 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, a K-8 Catholic school, and Park Christian School, a K-12 interdenominational Christian school. The Metropolitan Area Transit serves all Moorhead residents and major shopping and educational facilities.

Minnesota State University Moorhead and Concordia College are both located in the city, which provides a measure of institutional stability to the economy. Minnesota State University Moorhead is a comprehensive liberal arts university with over 7,600 students and about 750 full- and part-time faculty and Concordia College is a four-year private liberal arts college with almost 3,000 students, known for its outstanding choral and instrumental music and world language instruction. Moorhead is also home to Minnesota State Community and Technical College which provides “hands-on” training to 2,300 students. In addition, Globe University Minnesota School of Business, a nationally accredited college, opened in Moorhead in 2008. Globe University offers over 40 college degree and diploma programs with the main fields of study being business, health science, technology, and legal science. It provides students with resources associated with a large university, while the campus provides a supportive small-college experience.

Long-term Financial Planning

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

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

Major Initiatives

In 2012, there were 89 permits issued for new residential construction with a valuation of \$17,514,700 compared to 92 in 2011, which is down from the five-year average of 178 permits. The City had 150 total units permitted in 2012, slightly down from the 161 in 2011 and down from the five-year average of 273 units.

There were 12 commercial permits issued in 2012 with a valuation of \$8,071,975, compared to 20 commercial permits issued in 2011 with a valuation of \$4,956,205. There were 854 building permits issued in 2012 for all types of building activity in the City with \$56,460,799 in total valuation.

The 1st Avenue North Gateway Redevelopment continues. Two City-owned properties (former grain elevator sites) are currently being listed by a local commercial real estate agent and a request for proposals was sent out to the local development community for the five-acre site acquired by the City, formerly owned by Aggregate Industries.

The final phase of the 1st Avenue North street and right of way improvements project was completed in 2011. This \$2.3 million project included a street mill and overlay of 1st Avenue North, partial watermain replacement, new and reconstructed sidewalks, new street lighting, segments of decorative fencing, burying overhead power lines, boulevard improvements and new tree planting. The City acquired Aggregate Industries and Hedgemasters properties and demolished the structures to facilitate redevelopment on the sites. The 1st Avenue North – Central Corridors – Redevelopment Tax Increment Financing District was established on July 25, 2011. This pay as you go Tax Increment Financing District was established to assist in redevelopment of Moorhead central corridors, including 1st Avenue North, Center Avenue, Main Avenue, and certain properties on 8th Street. These efforts accomplish several goals, including multimodal transportation improvements, blight removal, environmental remediation and the ultimate goal of redevelopment and job creation along a major commercial corridor in the City.

Numerous parks projects are proceeding in 2012. Playground equipment will be installed at the MB Johnson, Village Green, and Stonemill parks; a lift bridge is planned over the Red River, connecting the Gooseburry (Moorhead) and Lindenwood (Fargo) parks; and numerous maintenance projects are planned, including tennis court resurfacing at Hansmann Park and bikepath and sidewalk replacement and resurfacing.

Sanford Health announced the planned construction of a new Sanford Moorhead Campus at Interstate 94 and 34th Street. The first phase of this multi-phased health care facility will include services such as internal medicine, family medicine, orthopedics, women’s services, occupational medicine, and pediatrics. Construction began in the fall of 2012.

Lilac Homes was granted a property tax exemption for a memory care facility to be located in south Moorhead. The 10-unit facility will provide 24-hour supervision, medication management, cooperative hospice care and

other services. In June 2012, the City Council also considered a property tax exemption for 126 units of multifamily housing.

The City purchased 176 homes between 2009 and 2011 using \$50.7 million of combined federal, state and local funding for flood mitigation. Acquisitions and flood mitigation projects continued in 2012. There were 25 closings, totaling approximately \$4.5 million. Once complete, the acquisitions and infrastructure projects will, with minimum temporary measures, reduce the City's flood risk to 42.5 feet. All buyout participation has been voluntary and will continue to remain so.

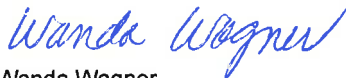
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Moorhead, Minnesota, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the 29th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Wanda Wagner
Finance Director

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, 2011

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.



Christopher P. Morill

President

Jeffrey R. Emer

Executive Director

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CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2012

	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
MARK VOXLAND	MAYOR	2013
NANCY OTTO	COUNCIL MEMBER, WARD 1	2015
LUTHER STUELAND	COUNCIL MEMBER, WARD 1	2013
HEIDI DURAND	COUNCIL MEMBER, WARD 2	2015
MARK ALTENBURG	COUNCIL MEMBER, WARD 2	2013
MIKE HULETT	COUNCIL MEMBER, WARD 3	2015
BRENDA ELMER	COUNCIL MEMBER, WARD 3	2013
STEVE GEHRTZ	COUNCIL MEMBER, WARD 4	2015
MARK HINTERMEYER	COUNCIL MEMBER, WARD 4	2013

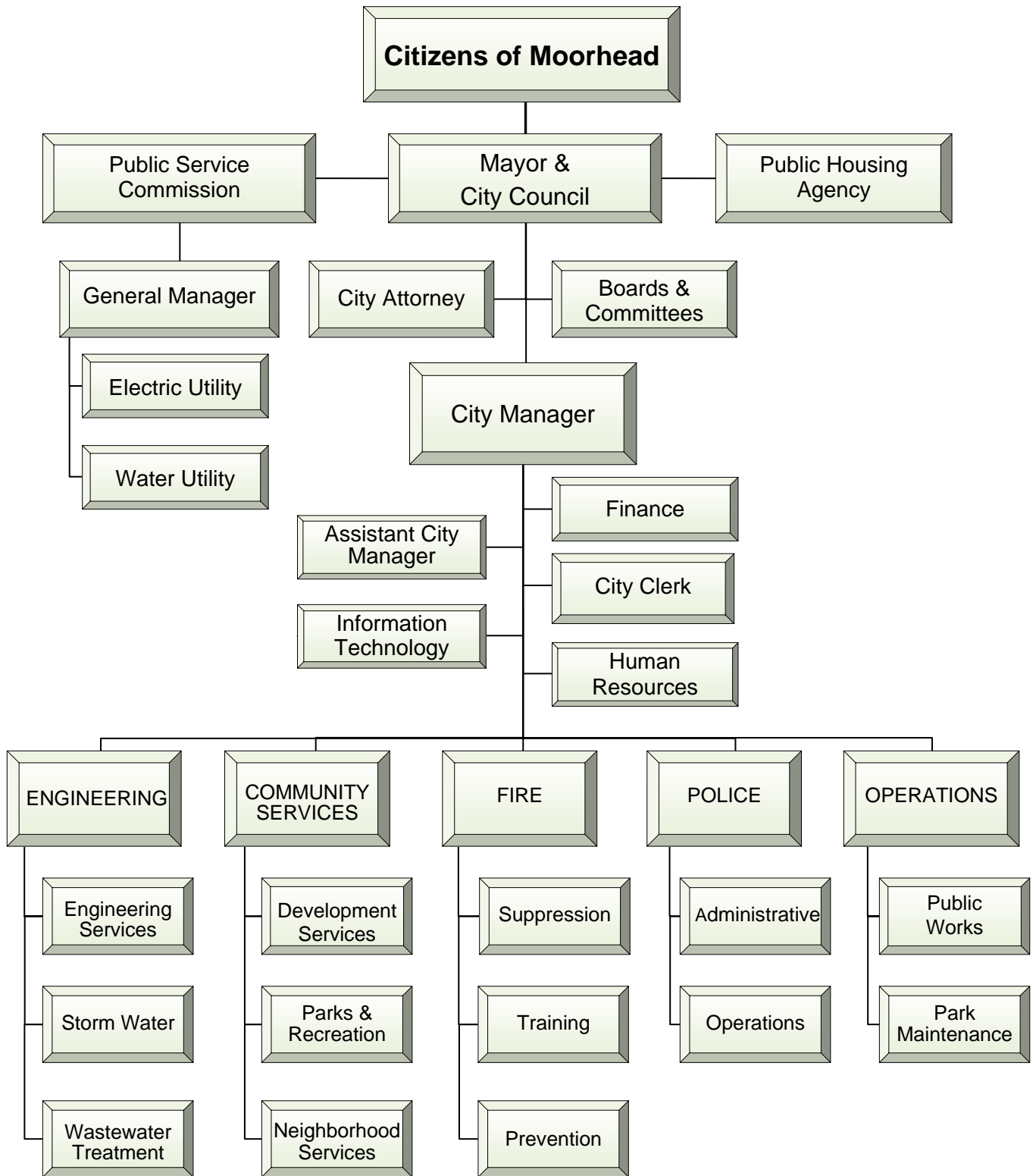
APPOINTED OFFICIALS

MICHAEL REDLINGER CITY MANAGER

DEPARTMENT DIRECTORS

SCOTT HUTCHINS COMMUNITY SERVICES
ROBERT ZIMMERMAN ENGINEERING
DAVID EBINGER POLICE CHIEF
RICH DUYSSEN FIRE CHIEF
CHAD MARTIN OPERATIONS

CITY OF MOORHEAD ORGANIZATION CHART



FINANCIAL

SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual fund schedules, capital assets used in the operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section, capital assets used in the operation of governmental funds, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
June 4, 2013

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**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, 2012. 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 \$397,454,759.
- The City's total net position increased by \$30,143,611.
- The City's governmental funds reported combined ending fund balances of \$82,494,637, an increase of \$34,519,907 in comparison with the prior year. Of this total amount, \$10.4M is unassigned, \$3.7M assigned, \$2.2M committed, \$64.2M restricted and \$2.0M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$13,268,124 or 68% of total general fund expenditures of \$19,434,800.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry and municipal airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for vehicles & equipment, information technology and radios. Because the internal service funds benefit both the governmental and business-type functions, \$492,291 has been reflected within the business-type activities and \$4,827,927 within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for electric, water and wastewater treatment, which are considered to be major funds of the City of Moorhead. Data from the other 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 schedules elsewhere in this report.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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 \$397,454,759 at the close of the most recent fiscal year.

The largest portion of the City’s net position is the investment in capital assets of \$222,497,117 (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 Position and Changes in Net Position for the fiscal year ending December 31, 2012.

CITY OF MOORHEAD’S NET POSITION

	Governmental Activities		Business-type Activities		Total
	2012	2011	2012	2011	2012
Current and other assets	\$ 169,595,779	\$ 135,280,815	\$ 52,772,150	\$ 41,411,448	\$ 222,367,929
Capital assets	310,473,943	283,973,899	132,270,088	126,865,528	442,744,031
Total assets	480,069,722	419,254,714	185,042,238	168,276,976	665,111,960
Long-term liabilities outstanding	188,155,958	153,871,585	67,222,534	54,500,058	255,378,492
Other liabilities	5,890,233	5,368,429	6,388,476	6,480,470	12,278,709
Total liabilities	194,046,191	159,240,014	73,611,010	60,980,528	267,657,201
Net Position:					
Net investment in capital assets	149,982,137	142,128,608	72,514,980	74,551,136	222,497,117
Restricted	133,231,004	121,250,664	7,577,380	8,709,625	140,808,384
Unrestricted	2,810,390	(3,364,572)	31,338,868	24,035,687	34,149,258
Total net position	\$ 286,023,531	\$ 260,014,700	\$ 111,431,228	\$ 107,296,448	\$ 397,454,759

The \$26.5M increase in capital assets in governmental activities is the result of considerable investment in city infrastructure, flood mitigation and flood property acquisition.

There was also a significant increase in the current assets and long-term debt for both the governmental activities and business-type activities which is attributable to three (3) crossover-refunding bond issues for which proceeds are being held with a fiscal agent totaling \$21M and \$11M respectively.

CITY OF MOORHEAD'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total 2012
	2012	2011	2012	2011	
Revenues:					
Program revenues:					
Charges for services	\$ 4,940,846	\$ 5,588,393	\$ 56,989,599	\$ 54,310,314	\$ 61,930,445
Operating grants and contributions	2,902,750	2,882,446	222,930	224,129	3,125,680
Capital grants and contributions	34,238,609	40,565,422	211,977	388,393	34,450,586
General Revenues:					
Taxes	6,419,118	5,802,676			6,419,118
Tax Increments	694,944	870,313			694,944
Franchise Fees	831,067	943,926			831,067
State aid	8,405,832	8,544,337	11,560	11,560	8,417,392
Grants and contributions not restricted to specific programs	171,957	171,947			171,957
Investment earnings	158,683	585,304	205,476	588,834	364,159
Miscellaneous	215,952	343,824	1,098,599	79,102	1,314,551
Gain on disposal/sale of assets					0
Total revenues	58,979,758	66,298,588	58,740,141	55,602,332	117,719,899
Expenses:					
General government	3,819,530	3,415,677			3,819,530
Public safety	10,675,009	10,819,856			10,675,009
Highways and streets	11,981,603	16,036,015			11,981,603
Parks and recreation	3,457,150	3,470,430			3,457,150
Library	780,583	830,901			780,583
Community development	561,105	445,914			561,105
Rental Registration	181,419	161,607			181,419
Mass transit	2,449,881	2,464,724			2,449,881
Economic development	880,549	496,620			880,549
Interest on long-term debt	7,172,878	7,496,641			7,172,878
Electric			26,205,959	26,097,474	26,205,959
Water			5,440,712	5,098,038	5,440,712
Wastewater treatment			6,024,275	5,882,910	6,024,275
Storm water			878,183	987,457	878,183
Sanitation			3,173,585	3,196,151	3,173,585
Golf Course			1,717,851	1,676,855	1,717,851
Sports Center			913,432	917,037	913,432
Pest Control			363,547	335,831	363,547
Forestry			640,062	657,305	640,062
Municipal airport			258,975	345,878	258,975
Total expenses	41,959,707	45,638,385	45,616,581	45,194,936	87,576,288
Increase in net position before transfers	17,020,051	20,660,203	13,123,560	10,407,396	30,143,611
Transfers	8,988,780	7,671,558	(8,988,780)	(7,671,558)	0
Change in net position	26,008,831	28,331,761	4,134,780	2,735,838	30,143,611
Net position - beginning of year	260,014,700	231,682,939	107,296,448	104,560,610	367,311,148
Net position - end of year	\$ 286,023,531	\$ 260,014,700	\$ 111,431,228	\$ 107,296,448	\$ 397,454,759

Governmental activities. The governmental activities' net position increased by \$26,008,831 during the current fiscal year, accounting for 86.3% of the total increase in the net position of the City of Moorhead. Charges for services decreased by \$647,547 (11.6%) and interest earnings decreased \$426,621 (72.9%) while capital grants and contributions decreased \$6,326,813 (15.6%) and property taxes increased \$616,442 (10.6%). Expenses decreased \$3.7M due primarily to a \$4.1M decrease in Highways and Streets.

Business-type activities. Business-type activities increased the City's net position by \$4,134,780 accounting for 13.7% of the total growth in the government's net position. Charges for services in the business-type activities increased \$2.7M (4.9%) over the previous year. This resulted from a rate increases in the Electric Fund (2.25%), Water Fund (2.0%) and Wastewater Fund (3.0%) in addition to increased water sales volumes. Expenses in the business-type activities increased a modest \$421,645 (0.1%).

GOVERNMENT FUNDS FINANCIAL ANALYSIS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,494,637, an increase of \$34,519,907 in comparison with the prior year. This increase is the result of the issuance of two (2) crossover refunding improvement bonds, 2012 Series C & 2012 Series D, totaling \$19,245,000 and unspent bond proceeds from two (2) additional improvement bonds issued in 2012, 2012 Series A & 2012 Series F totaling \$20,315,000. Approximately 12.6%, or \$10,398,510, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$3.7M, 4.5%), committed (\$2.2M, 2.7%), restricted (\$64.2M, 77.8%) or nonspendable (\$2.0M, 2.4%).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,268,124. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 68% of total general fund expenditures which is above the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was an increase of \$2,258,820 or 17.1% from 2011. Key factors of this increase are as follows:

- Net transfers in of \$8,558,128 were \$1,599,812 over budget due to a transfer from the permanent improvement fund as reimbursement of an advance for flood fighting costs from 2009. Total revenues including net transfers were \$21,693,620.
- Expenditures of \$19,434,800 were under budget by \$1,482,183. Reductions in personal services of \$322,286 were achieved by not filling various vacant positions. There were savings of \$564,508 in flood protection and \$273,773 in lower than expected bulk fuel costs.

The special assessment debt service fund balance increased \$19,795,670 due mainly to the issuance of two (2) crossover refunding bonds. The special assessment capital projects fund balance increased by \$15,214,001 which is also primarily due to unspent bond proceeds. The permanent improvement fund balance decreased \$2,428,432 which includes a transfer to the general fund in the amount of \$1,531,565 to reimburse an advance for 2009 flood preparation expenditures.

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

Unrestricted net position of the enterprise funds at the end of the year totaled \$30,846,577. The change in net position in the enterprise funds increased \$4,030,768. The water fund increased by \$2.1M and electric fund by \$2.0M, whereas wastewater fund decreased by \$732,874.

In the electric fund, the revenue increase of 2.6% was primarily the result of a 2.25% rate increase effective January 2012. The water fund experienced an increase in operating revenue of 14.3% due to increased customer sales volumes and a 2.0% rate increase. The reduction in the wastewater fund net assets is a reflection of debt service payments being made from special assessment revenues recognized in previous years.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Budgets were amended during the year to account for changes approved by the City Council during the year, for capital outlay and open encumbrance carryovers from the previous fiscal year, new grant awards and supplemental appropriations. The original expenditure budget of \$20,496,920 was amended as final totaling \$20,916,983 for an increase of \$420,063 during the year.

Significant variances between final budget and actual are as follows:

The negative revenue variance is attributed lower than expected gas and oil sales revenue in the amount of \$260,000 and a reduction in engineering fees of \$100,000. This negative revenue variance was partially offset by a positive variance in licenses and permits of \$143,065. The positive variance in expenditures of \$1,482,183 is primarily due to not filling vacant positions saving \$322,286, \$564,508 in budgeted unspent funds for flood protection costs and \$273,773 in lower than expected bulk fuel purchases.

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, 2012, amounts to \$442,744,031 (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:

- Flood acquisition and mitigation projects of \$15.9M funded by a State grant.
- \$4.5M in street projects with state funds
- Major new development in 2012 resulted in expenditures of \$10.8M for infrastructure improvements.

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

	Governmental Activities 2012	Business-type Activities 2012	Total
Land	\$ 56,426,310	\$ 8,204,461	\$ 64,630,771
Construction in progress	37,903,404	7,670,050	45,573,454
Buildings	10,890,117	86,797,134	97,687,251
Improvements other than buildings	16,780,048	24,951,283	41,731,331
Machinery and equipment	10,135,719	4,647,160	14,782,879
Infrastructure	178,338,345		178,338,345
Total	\$ 310,473,943	\$ 132,270,088	\$ 442,744,031

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

Long-Term Debt. At the end of the current fiscal year, the City of Moorhead had total bonded debt outstanding of \$252,348,152. Of this amount, \$585,000 is comprised of General Obligation debt backed by the full faith and credit of the City, G.O. Special assessment debt of \$179,460,000 and General Obligation Revenue debt of \$45,223,152 which are also backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$27,080,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$698,855 General Obligation Notes Payable at year end.

The City's net increase in long-term bonded debt was \$45,303,352 during the current fiscal year.

During the current fiscal year, the City issued:

- \$16,955,000 G.O. Improvement Bonds 2012A to finance flood mitigation projects.
- \$10,790,000 G.O. Wastewater Refunding Bonds 2012B to refund 2003A G.O. Wastewater Revenue Bonds
- \$10,430,000 G.O. Improvement Refunding Bonds 2012C to refund 2003B G.O. Improvement Bonds.
- \$8,815,000 G.O. Improvement Refunding Bonds 2012D to refund 2004A G.O. Improvement Bonds.
- \$10,320,000 G.O. Improvement Bonds 2012F to finance various city-wide infrastructure projects.
- \$6,240,000 Electric Utility Revenue & Refunding Bonds 1012F to refund 2002C bonds and finance various improvements.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of real and personal property. The current debt limitation for the City of Moorhead is \$55,962,408. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$1,283,855 leaving a legal debt margin of \$54,678,553.

CITY OF MOORHEAD'S OUTSTANDING DEBT

General Obligation Bonds, Revenue Bonds, Long-Term Notes, Compensated Absences and Other Post-Employment Benefits

Type of Issue	Governmental Activities	Business-type Activities	Total
Special assessment	\$ 179,460,000	\$	\$ 179,460,000
General obligation debt	585,000		585,000
G.O. Tax Increment	4,865,000		4,865,000
G.O. Municipal Improvement Revenue	1,390,000		1,390,000
G.O. Revenue		28,178,152	28,178,152
Revenue Refunding		20,355,000	20,355,000
Revenue		17,515,000	17,515,000
Long-term notes	698,855	16,571	715,426
Compensated absences	1,425,280	846,828	2,272,108
Other Post-Employment Benefits	573,265	309,371	882,636
Total	\$ 188,997,400	\$ 67,220,922	\$ 256,218,322

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

Economic Factors and Next Year's Budgets

The local economy has remained resilient, however, at year end there has been softening growth in the residential and commercial sectors. Taxpayers also feel the effect of a weak economy, yet have become accustomed to the level of service provided by the City. The City of Moorhead prides itself on its ability to maintain most services at a level the taxpayer has come to expect. This has been accomplished by not filling vacant positions and reducing service levels in areas which impact the fewest citizens and incorporating cost saving measures in services provided.

The City of Moorhead's 2013 Operating & Capital Budget totals \$65,419,760, an increase of \$1,983,647 (3.13%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2013 budget reflects an increase of \$788,617(2.90%) from 2012 levels.

Employee wages were adjusted for a 1.25% cost of living adjustment which totaled \$185,000. Step adjustments were also implemented which totaled \$205,000. Health insurance premiums were increased \$200,000 (11%).

Operating budgets for the most part are at the same levels as the 2012 budget.

The Local Government Aid (LGA) program will continue to be stressed in the future as State budget forecasts project limited revenues and additional shortfalls. 2013 Local Government Aid of \$6,790,628 has been at the same level since 2010. City staff does not anticipate LGA allocations to return to levels observed in the past decade.

Requests for Information

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

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CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 61,789,378	\$ 15,066,404	\$ 76,855,782	\$ 2,089,304
Cash with fiscal agent	21,057,049	10,955,226	32,012,275	
Receivables:				
Accounts and notes	351,475	6,829,960	7,181,435	7,969
Accrued interest		35,498	35,498	
Special assessments	7,081,926	284,815	7,366,741	
Internal balances	3,269,087	(3,269,087)		
Due from other governmental units	3,610,662	1,220,001	4,830,663	
Inventories		908,740	908,740	
Prepaid items	215,751	92,735	308,486	
Restricted assets:				
Cash and cash equivalents		7,690,794	7,690,794	
Long-term receivables:				
Special assessments	67,635,989	2,980,618	70,616,607	
Notes receivable, less current portion	4,584,462	1,212,290	5,796,752	
Other long-term investments		8,116,156	8,116,156	
Bond operation and maintenance reserve		648,000	648,000	
Capital assets:				
Intangible plant		255,373	255,373	
Land	56,426,310	8,204,461	64,630,771	464,977
Buildings	22,141,290	154,141,548	176,282,838	10,310,777
Improvements other than buildings	26,431,738	36,304,436	62,736,174	
Machinery and equipment	27,668,341	17,958,221	45,626,562	527,165
Infrastructure	243,666,153		243,666,153	
Construction in progress	37,903,404	7,670,050	45,573,454	
Less accumulated depreciation	(103,763,293)	(92,264,001)	(196,027,294)	(6,420,319)
Total assets	<u>480,069,722</u>	<u>185,042,238</u>	<u>665,111,960</u>	<u>6,979,873</u>
LIABILITIES				
Accounts payable	1,281,511	4,921,512	6,203,023	4,245
Contracts payable - retainage	393,805		393,805	
Accrued wages payable	568,285	151,471	719,756	32,911
Accrued compensated absences	842,847	714,257	1,557,104	18,485
Due to other governmental units	15,288	47,366	62,654	
Customer deposits		161,865	161,865	53,632
Other liabilities	23,737	32,394	56,131	29,791
Accrued interest payable	2,764,760	253,580	3,018,340	
Liabilities payable from restricted assets:				
Accrued interest payable		89,460	89,460	
Long-term liabilities:				
Due within one year	7,867,746	13,769,605	21,637,351	
Accrued compensated absences	582,433	132,571	715,004	
Other post-employment benefits	574,670	309,371	884,041	
Notes payable	631,109	405,783	1,036,892	
Bonds payable	178,500,000	52,621,775	231,121,775	
Total liabilities	<u>194,046,191</u>	<u>73,611,010</u>	<u>267,657,201</u>	<u>139,064</u>
NET POSITION				
Net investment in capital assets	149,982,137	72,514,980	222,497,117	4,882,600
Restricted for debt service	116,081,791	4,162,987	120,244,778	15,754
Restricted for capital projects	17,149,213	3,414,393	20,563,606	
Unrestricted	2,810,390	31,338,868	34,149,258	1,942,455
Total net position	<u>\$ 286,023,531</u>	<u>\$ 111,431,228</u>	<u>\$ 397,454,759</u>	<u>\$ 6,840,809</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, 2012**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Functions/Programs								
Primary Government								
Governmental activities:								
General government	\$ 3,819,530	\$ 742,553	\$ 11,115	\$	\$ (3,065,862)		\$ (3,065,862)	
Public safety	10,675,009	652,812	1,116,724		(8,905,473)		(8,905,473)	
Highways and streets	11,981,603	2,174,827	27,326	24,176,943	14,397,493		14,397,493	
Parks and recreation	3,457,150	402,711	26,170		(3,028,269)		(3,028,269)	
Library	780,583				(780,583)		(780,583)	
Community development	561,105	267,056	266,984	9,924,236	9,897,171		9,897,171	
Rental registration	181,419	211,310			29,891		29,891	
Mass transit	2,449,881	364,815	1,454,431	137,430	(493,205)		(493,205)	
Economic development	880,549	124,762			(755,787)		(755,787)	
Interest on long-term debt	7,172,878				(7,172,878)		(7,172,878)	
Total governmental activities	<u>41,959,707</u>	<u>4,940,846</u>	<u>2,902,750</u>	<u>34,238,609</u>	<u>122,498</u>		<u>122,498</u>	
Business-type activities:								
Electric	26,205,959	35,346,331		42,000		\$ 9,182,372	9,182,372	
Water	5,440,712	6,975,437		921,445		2,456,170	2,456,170	
Wastewater treatment	6,024,275	5,681,415			(342,860)		(342,860)	
Storm water	878,183	2,382,526			1,504,343		1,504,343	
Sanitation	3,173,585	3,668,782	200,000		695,197		695,197	
Golf Course	1,717,851	1,139,109			(578,742)		(578,742)	
Sports Center	913,432	559,778			(353,654)		(353,654)	
Pest Control	363,547	434,072			70,525		70,525	
Forestry	640,062	727,184			87,122		87,122	
Municipal airport	258,975	74,965	22,930	169,977	8,897		8,897	
Total business-type activities	<u>45,616,581</u>	<u>56,989,599</u>	<u>222,930</u>	<u>1,133,422</u>		<u>12,729,370</u>	<u>12,729,370</u>	
Total primary government	<u>\$ 87,576,288</u>	<u>\$ 61,930,445</u>	<u>\$ 3,125,680</u>	<u>\$ 35,372,031</u>	122,498	12,729,370	12,851,868	
Component Unit:								
Public Housing Agency	<u>\$ 1,627,556</u>	<u>\$ 463,948</u>	<u>\$ 909,491</u>	<u>\$ 187,523</u>				<u>\$ (66,594)</u>
General revenues:								
Property taxes levied for general purposes					4,430,407		4,430,407	
Property taxes levied for debt service					1,988,711		1,988,711	
Tax increments					694,944		694,944	
Franchise fees					831,067		831,067	
State aid unrestricted					8,405,832	11,560	8,417,392	
Grants and contributions not restricted to specific programs					171,957		171,957	
Unrestricted investment earnings					158,683	205,476	364,159	179
Miscellaneous					215,952	177,154	393,106	67,499
Transfers					8,988,780	(8,988,780)		
Total general revenues and transfers					<u>25,886,333</u>	<u>(8,594,590)</u>	<u>17,291,743</u>	<u>67,678</u>
Changes in net position					26,008,831	4,134,780	30,143,611	1,084
Net position - beginning					260,014,700	107,296,448	367,311,148	6,839,725
Net position - ending					<u>\$ 286,023,531</u>	<u>\$ 111,431,228</u>	<u>\$ 397,454,759</u>	<u>\$ 6,840,809</u>

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 9,097,172	\$ 26,638,224	\$ 14,243,090	\$	\$ 6,486,172	\$ 56,464,658
Cash with fiscal agent		21,057,049				21,057,049
Receivables:						
Accounts	195,818	535	125,073		28,730	350,156
Notes	89,873	753,267			3,741,322	4,584,462
Special assessments		87,979,898	3,071,059	733,389		91,784,346
Due from other funds	6,044,364				143,606	6,187,970
Due from other governmental units	231,447	210,839	2,066,211	598,929	499,009	3,606,435
Advances to other funds	1,220,014		538,778			1,758,792
Prepaid items	208,114					208,114
	<u>\$ 17,086,802</u>	<u>\$ 136,639,812</u>	<u>\$ 20,044,211</u>	<u>\$ 1,332,318</u>	<u>\$ 10,898,839</u>	<u>\$ 186,001,982</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 358,665	\$ 425	\$ 383,583	\$ 178,643	\$ 357,748	\$ 1,279,064
Contracts payable - retainage			328,122	65,683		393,805
Accrued wages payable	490,618				62,429	553,047
Due to other funds			2,980	2,579,555	1,168,603	3,751,138
Advances from other funds					434,246	434,246
Due to other governmental units					15,288	15,288
Other liabilities	21,014				2,723	23,737
Deferred revenue	786,665	88,724,585	3,071,059	733,389	3,741,322	97,057,020
Total Liabilities	<u>1,656,962</u>	<u>88,725,010</u>	<u>3,785,744</u>	<u>3,557,270</u>	<u>5,782,359</u>	<u>103,507,345</u>
Fund Balance:						
Nonspendable	1,446,526	8,580	538,778			1,993,884
Restricted		47,906,222	15,719,689		576,532	64,202,443
Committed	715,190				1,525,420	2,240,610
Assigned					3,659,190	3,659,190
Unassigned	13,268,124			(2,224,952)	(644,662)	10,398,510
Total Fund Balance	<u>15,429,840</u>	<u>47,914,802</u>	<u>16,258,467</u>	<u>(2,224,952)</u>	<u>5,116,480</u>	<u>82,494,637</u>
Total Liabilities and Fund Balance	<u>\$ 17,086,802</u>	<u>\$ 136,639,812</u>	<u>\$ 20,044,211</u>	<u>\$ 1,332,318</u>	<u>\$ 10,898,839</u>	

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.	310,473,943
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.	79,990,589
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.	(191,763,565)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services and radio equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position.	4,827,927
Net position of governmental activities	<u>\$ 286,023,531</u>

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 317,595	\$ 2,633,040	\$	\$	\$ 4,163,427	\$ 7,114,062
Franchise	831,067					831,067
Licenses and permits	636,465					636,465
Intergovernmental revenues:						
Federal	232,193	167,624	982,467	1,688,168	817,368	3,887,820
State	7,752,375	512,203	15,947,869	1,910,106	2,110,995	28,233,548
Other	170,446	217,300		21,847	171,957	581,550
Charges for services	2,368,510		3,573		690,921	3,063,004
Fines and forfeits	477,988					477,988
Facility rentals					166,565	166,565
Donations					12,575	12,575
Interest on investments	43,930	66,325	25,027		10,257	145,539
Special assessments		10,452,723	339,941			10,792,664
Sale of property				140,400		140,400
Miscellaneous	304,923	37,926	61,951	1,200	439,479	845,479
Total revenues	<u>13,135,492</u>	<u>14,087,141</u>	<u>17,360,828</u>	<u>3,761,721</u>	<u>8,583,544</u>	<u>56,928,726</u>
EXPENDITURES						
Current:						
General government	3,123,338	203,405	83,738	2,669	123,495	3,536,645
Public safety	10,494,557				36,165	10,530,722
Highways and streets	5,717,760		66,771	665,417	107,725	6,557,673
Parks and recreation				617	2,584,318	2,584,935
Library					761,157	761,157
Community development			136,739		419,701	556,440
Rental Registration					181,419	181,419
Mass transit					1,992,853	1,992,853
Economic development					680,304	680,304
Capital outlay	99,145		29,760,561	4,006,885	896,726	34,763,317
Debt Service:						
Bond and note principal		10,435,000			1,064,463	11,499,463
Bond and note Interest		5,525,148			904,171	6,429,319
Fiscal and other charges		435,630			3,619	439,249
Total expenditures	<u>19,434,800</u>	<u>16,599,183</u>	<u>30,047,809</u>	<u>4,675,588</u>	<u>9,756,116</u>	<u>80,513,496</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(6,299,308)</u>	<u>(2,512,042)</u>	<u>(12,686,981)</u>	<u>(913,867)</u>	<u>(1,172,572)</u>	<u>(23,584,770)</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt		19,619,255	26,900,745			46,520,000
Premium on Issuance of debt		1,468,757	311,319			1,780,076
Transfers from other funds	8,575,128	1,349,700		17,000	2,009,664	11,951,492
Transfers to other funds	(17,000)	(130,000)		(1,531,565)	(1,157,244)	(2,835,809)
Sale of capital assets			688,918			688,918
Total other financing sources	<u>8,558,128</u>	<u>22,307,712</u>	<u>27,900,982</u>	<u>(1,514,565)</u>	<u>852,420</u>	<u>58,104,677</u>
NET CHANGE IN FUND BALANCE	2,258,820	19,795,670	15,214,001	(2,428,432)	(320,152)	34,519,907
FUND BALANCE - BEGINNING	<u>13,171,020</u>	<u>28,119,132</u>	<u>1,044,466</u>	<u>203,480</u>	<u>5,436,632</u>	<u>47,974,730</u>
FUND BALANCE - ENDING	<u>\$ 15,429,840</u>	<u>\$ 47,914,802</u>	<u>\$ 16,258,467</u>	<u>\$ (2,224,952)</u>	<u>\$ 5,116,480</u>	<u>\$ 82,494,637</u>

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

**CITY OF MOORHEAD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Amounts reported for governmental activities in the statement of activities (page 12) are different from the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds (page 14) \$ 34,519,907

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	\$ 34,763,317	
Transfer of assets to business-type activities	(266,298)	
Depreciation expense	<u>(7,169,813)</u>	27,327,206

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (869,810)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 257,811

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	\$ (46,520,000)	
Bond & note principal payments	<u>11,499,463</u>	(35,020,537)

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	\$ 18,524	
Other post-employment benefits	(122,587)	
Accrued interest	<u>(304,310)</u>	(408,373)

Internal service funds are used by management to charge the costs of radio, vehicle and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 202,627

Change in net position of governmental activities (page 12) \$ 26,008,831

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 290,691	\$ 290,691	\$ 317,595	\$ 26,904
Franchise	833,000	833,000	831,067	(1,933)
Licenses and permits	493,400	493,400	636,465	143,065
Intergovernmental:				
Federal	126,995	206,069	232,193	26,124
State	7,647,339	7,716,952	7,752,375	35,423
County	75,300	92,075	84,683	(7,392)
Other	40,550	40,550	85,763	45,213
Charges for services	2,779,450	2,779,450	2,368,510	(410,940)
Fines and forfeitures	499,000	514,050	477,988	(36,062)
Interest on investments	117,590	117,590	43,930	(73,660)
Miscellaneous	144,390	174,401	304,923	130,522
Total revenues	<u>13,047,705</u>	<u>13,258,228</u>	<u>13,135,492</u>	<u>(122,736)</u>
EXPENDITURES				
Administration department:				
Current:				
Personal services	1,039,016	1,087,856	1,043,189	44,667
Supplies	25,050	25,050	29,350	(4,300)
Other services & charges	1,124,135	1,096,995	1,009,562	87,433
Capital outlay			336	(336)
	<u>2,188,201</u>	<u>2,209,901</u>	<u>2,082,437</u>	<u>127,464</u>
Police department:				
Current:				
Personal services	5,247,375	5,256,880	5,219,736	37,144
Supplies	307,380	341,777	313,932	27,845
Other services & charges	1,724,210	1,751,472	1,729,944	21,528
Capital outlay			2,607	(2,607)
	<u>7,278,965</u>	<u>7,350,129</u>	<u>7,266,219</u>	<u>83,910</u>
Fire department:				
Current:				
Personal services	2,735,676	2,771,293	2,637,158	134,135
Supplies	124,490	129,090	108,073	21,017
Other services & charges	499,652	518,232	485,714	32,518
Capital outlay	5,000	92,860	96,031	(3,171)
	<u>3,364,818</u>	<u>3,511,475</u>	<u>3,326,976</u>	<u>184,499</u>
Community services department:				
Current:				
Personal services	837,260	837,260	798,583	38,677
Supplies	39,750	39,750	20,808	18,942
Other services & charges	237,184	256,959	221,846	35,113
	<u>1,114,194</u>	<u>1,133,969</u>	<u>1,041,237</u>	<u>92,732</u>
Engineering department:				
Current:				
Personal services	965,785	940,785	964,328	(23,543)
Supplies	39,800	39,800	28,517	11,283
Other services & charges	765,487	943,574	355,447	588,127
	<u>1,771,072</u>	<u>1,924,159</u>	<u>1,348,292</u>	<u>575,867</u>
Operations department:				
Current:				
Personal services	1,011,230	1,018,410	950,747	67,663
Supplies	2,231,150	2,231,650	1,923,788	307,862
Other services & charges	1,537,290	1,537,290	1,494,933	42,357
Capital outlay			171	(171)
	<u>4,779,670</u>	<u>4,787,350</u>	<u>4,369,639</u>	<u>417,711</u>
Total expenditures	<u>20,496,920</u>	<u>20,916,983</u>	<u>19,434,800</u>	<u>1,482,183</u>

(Continued)

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUE UNDER EXPENDITURES	<u>(7,449,215)</u>	<u>(7,658,755)</u>	<u>(6,299,308)</u>	<u>1,359,447</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	6,966,530	6,975,316	8,575,128	1,599,812
Transfers to other funds	<u>(17,000)</u>	<u>(17,000)</u>	<u>(17,000)</u>	
Total other financing sources	<u>6,966,530</u>	<u>6,958,316</u>	<u>8,558,128</u>	<u>1,599,812</u>
NET CHANGE IN FUND BALANCE	(482,685)	(700,439)	2,258,820	2,959,259
FUND BALANCE - BEGINNING	<u>13,171,020</u>	<u>13,171,020</u>	<u>13,171,020</u>	
FUND BALANCE - ENDING	<u>\$ 12,688,335</u>	<u>\$ 12,470,581</u>	<u>\$ 15,429,840</u>	<u>\$ 2,959,259</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,736,197	2,007,106	\$ 4,186,629	\$ 6,136,472	\$ 15,066,404	\$ 5,324,720
Receivables:						
Accounts and notes	4,361,051	684,558	898,435	885,916	6,829,960	1,319
Accrued interest	29,841	5,657			35,498	
Special assessments		1,399	283,416		284,815	
Due from other city funds		2,980	520,141	584,861	1,107,982	
Due from other governmental units	25,550	699,401	13,164	481,886	1,220,001	4,227
Inventories	746,001	162,739			908,740	
Prepaid items	39,050	53,685			92,735	7,637
Total current assets	7,937,690	3,617,525	5,901,785	8,089,135	25,546,135	5,337,903
Long-term assets:						
Restricted assets:						
Cash and cash equivalents	5,627,529	666,188	11,282,997	1,069,306	18,646,020	
Long-term receivables:						
Special assessments			2,980,618		2,980,618	
Notes receivable, less current portion	84,803			1,127,487	1,212,290	
Other long-term investments	7,648,885	467,271			8,116,156	
Bond operation and maintenance reserve		648,000			648,000	
Capital assets:						
Intangible plant	255,373				255,373	
Land	550,734	574,942	2,666,766	4,412,019	8,204,461	
Buildings	55,722,338	51,273,967	33,258,786	13,886,457	154,141,548	
Improvements other than buildings			27,777,878	8,526,558	36,304,436	
Machinery and equipment	4,947,520	1,623,380	10,340,351	1,046,970	17,958,221	20,483,086
Construction in progress	5,886,279	1,783,771			7,670,050	
Less accumulated depreciation	(25,273,106)	(17,905,326)	(35,983,951)	(13,101,618)	(92,264,001)	(13,201,312)
Total long-term assets	55,450,355	39,132,193	52,323,445	16,967,179	163,873,172	7,281,774
Total assets	63,388,045	42,749,718	58,225,230	25,056,314	189,419,307	12,619,677
LIABILITIES						
Current liabilities:						
Accounts payable	3,849,803	903,708	53,337	114,664	4,921,512	2,447
Accrued wages payable			49,874	101,597	151,471	15,238
Accrued compensated absences	259,970	231,000	93,847	129,440	714,257	
Due to other city funds	1,718,508	71,652		1,754,654	3,544,814	
Due to other governmental units			17,325	30,041	47,366	
Customer deposits	149,515			12,350	161,865	
Other liabilities				32,394	32,394	
Accrued interest payable			241,070	12,510	253,580	
Current maturities of long-term debt	1,104,040	217,531	12,228,034	220,000	13,769,605	
Current liabilities payable from restricted assets:						
Accrued interest payable	81,280	8,180			89,460	
Total current liabilities	7,163,116	1,432,071	12,683,487	2,407,650	23,686,324	17,685
Long-term liabilities:						
Accrued compensated absences			49,743	82,828	132,571	26,756
Other post-employment benefits	87,614	58,409	57,616	105,732	309,371	7,963
Notes payable		405,783			405,783	
Bonds payable	18,697,538	4,700,598	26,917,113	2,306,526	52,621,775	
Advances from other funds		538,778		785,768	1,324,546	
Total long-term liabilities	18,785,152	5,703,568	27,024,472	3,280,854	54,794,046	34,719
Total liabilities	25,948,268	7,135,639	39,707,959	5,688,504	78,480,370	52,404
NET POSITION						
Net investment in capital assets	18,873,167	31,488,044	9,909,909	12,243,860	72,514,980	7,281,774
Restricted for debt service	2,213,136	592,774	287,771	1,069,306	4,162,987	
Restricted for capital projects	3,414,393				3,414,393	
Unrestricted	12,939,081	3,533,261	8,319,591	6,054,644	30,846,577	5,285,499
Total net position	\$ 37,439,777	\$ 35,614,079	\$ 18,517,271	\$ 19,367,810	110,938,937	\$ 12,567,273
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					492,291	
Net position of business-type activities					\$ 111,431,228	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 34,792,923	6,923,423	\$ 5,575,815	\$ 8,708,168	\$ 56,000,329	\$ 2,351,183
Other	553,408	52,014	118,951	555,446	1,279,819	1,640
Total operating revenue	<u>35,346,331</u>	<u>6,975,437</u>	<u>5,694,766</u>	<u>9,263,614</u>	<u>57,280,148</u>	<u>2,352,823</u>
OPERATING EXPENSES						
Personal services	3,095,971	2,103,225	1,142,180	2,828,051	9,169,427	400,416
Purchased power	19,296,581				19,296,581	
Disposal fee				940,761	940,761	
Professional services	167,287	9,094	256,059	143,272	575,712	2,790
Insurance	86,860	51,012	131,873	141,377	411,122	1,921
Repair and maintenance	761,300	604,969	634,058	685,455	2,685,782	224,311
Supplies	89,729	1,092,162	296,655	805,946	2,284,492	19,998
Utilities			547,427	381,336	928,763	
Equipment rental			124,990	515,102	640,092	
Depreciation	1,919,518	1,071,853	1,590,134	826,273	5,407,778	1,412,645
Miscellaneous	99,667	56,449	336,684	609,167	1,101,967	222,644
Total operating expenses	<u>25,516,913</u>	<u>4,988,764</u>	<u>5,060,060</u>	<u>7,876,740</u>	<u>43,442,477</u>	<u>2,284,725</u>
Operating income	<u>9,829,418</u>	<u>1,986,673</u>	<u>634,706</u>	<u>1,386,874</u>	<u>13,837,671</u>	<u>68,098</u>
NONOPERATING REVENUE (EXPENSE)						
Interest on investments	89,392	29,002	20,246	66,836	205,476	13,144
Interest on indebtedness	(608,749)	(330,119)	(896,546)	(165,489)	(2,000,903)	
Gain/(Loss) on disposal of equipment	(80,297)	(121,829)			(202,126)	84,873
Miscellaneous	65,123	965,867	(71,218)	177,658	1,137,430	1,130
Total nonoperating revenue (expense)	<u>(534,531)</u>	<u>542,921</u>	<u>(947,518)</u>	<u>79,005</u>	<u>(860,123)</u>	<u>99,147</u>
Income (loss) before contributions and transfers	<u>9,294,887</u>	<u>2,529,594</u>	<u>(312,812)</u>	<u>1,465,879</u>	<u>12,977,548</u>	<u>167,245</u>
Capital contributions	42,000	53,391	43,844	29,833	169,068	139,230
Transfers from other funds				568,250	568,250	165
Transfers to other funds	(7,372,106)	(473,151)	(463,906)	(1,374,935)	(9,684,098)	
Total contributions and transfers	<u>(7,330,106)</u>	<u>(419,760)</u>	<u>(420,062)</u>	<u>(776,852)</u>	<u>(8,946,780)</u>	<u>139,395</u>
CHANGE IN NET POSITION	1,964,781	2,109,834	(732,874)	689,027	4,030,768	306,640
TOTAL NET POSITION - BEGINNING	<u>35,474,996</u>	<u>33,504,245</u>	<u>19,250,145</u>	<u>18,678,783</u>		<u>12,260,633</u>
TOTAL NET POSITION - ENDING	<u>\$ 37,439,777</u>	<u>\$ 35,614,079</u>	<u>\$ 18,517,271</u>	<u>\$ 19,367,810</u>		<u>\$ 12,567,273</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>104,013</u>	
Change in net position of business-type activities					<u>\$ 4,134,781</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, 2012**

	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	\$ 35,114,492	7,012,567	\$ 5,498,669	\$ 8,703,699	\$ 56,329,427	\$ 2,357,377
Payments to suppliers	(20,815,036)	(2,226,391)	(1,958,565)	(3,628,298)	(28,628,290)	(314,318)
Payments to employees	(1,764,717)	(785,468)	(1,111,907)	(2,779,937)	(6,442,029)	(399,147)
Other receipts (payments)			(288,951)	(551,275)	(840,226)	(219,874)
Net cash provided by operating activities	<u>12,534,739</u>	<u>4,000,708</u>	<u>2,139,246</u>	<u>1,744,189</u>	<u>20,418,882</u>	<u>1,424,038</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds				568,250	568,250	
Transfers to other funds	(7,372,106)	(473,151)	(463,906)	(1,374,935)	(9,684,098)	
Payments received on notes	134,174	(690,583)			(556,409)	
Decrease in due from other funds	55,200				55,200	
Increase (decrease) in due to other funds	55,827	(100,244)			(44,417)	
Net cash used in noncapital financing activities	<u>(7,126,905)</u>	<u>(1,263,978)</u>	<u>(463,906)</u>	<u>(806,685)</u>	<u>(9,661,474)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of assets	(8,084,545)	(1,627,415)		(421,078)	(10,133,038)	(1,411,483)
Proceeds from sale of assets						180,460
Proceeds from issuance of long-term debt	6,240,000		11,080,795		17,320,795	
Principal payments - bonds and notes	(2,597,971)	(2,132,911)	(1,651,647)	(265,000)	(6,647,529)	
Interest payments - bonds and notes	(592,559)	(344,011)	(906,311)	(163,805)	(2,006,686)	
Capital grants from other governments				446,209	446,209	
Special assessment collections			424,700		424,700	
Net cash used in capital and related financing activities	<u>(5,035,075)</u>	<u>(4,104,337)</u>	<u>8,947,537</u>	<u>(403,674)</u>	<u>(595,549)</u>	<u>(1,231,023)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	93,628	36,418	20,246	66,828	217,120	13,144
Proceeds from sales of investments	2,609,270	2,743,580			5,352,850	
Purchase of investments	(8,087,335)	(3,033,862)			(11,121,197)	
Net cash provided by investing activities	<u>(5,384,437)</u>	<u>(253,864)</u>	<u>20,246</u>	<u>66,828</u>	<u>(5,551,227)</u>	<u>13,144</u>
Net increase (decrease) in cash and cash equivalents	(5,011,678)	(1,621,471)	10,643,123	600,658	4,610,632	206,159
Cash and cash equivalents at beginning of year	<u>13,375,404</u>	<u>4,294,765</u>	<u>4,826,503</u>	<u>6,605,120</u>	<u>29,101,792</u>	<u>5,118,561</u>
Cash and cash equivalents at end of year	<u>\$ 8,363,726</u>	<u>\$ 2,673,294</u>	<u>\$ 15,469,626</u>	<u>\$ 7,205,778</u>	<u>\$ 33,712,424</u>	<u>\$ 5,324,720</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 9,829,418	\$ 1,986,673	\$ 634,706	\$ 1,386,874	\$ 13,837,671	\$ 68,098
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation accruals	1,919,518	1,071,853	1,590,134	826,273	5,407,778	1,412,645
Depreciation expensed to vehicle expense	119,108	89,979			209,087	
Miscellaneous nonoperating income (expense)	65,123	44,421	(71,218)	7,690	46,016	1,130
Change in assets and liabilities:						
Accounts and notes receivable	(271,412)	(7,291)	(91,180)	(10,555)	(380,438)	(1,255)
Due from other funds			(69,402)	6,086	(63,316)	
Due from other governments	(25,550)		(3,776)	(197,593)	(226,919)	15,086
Special assessment receivable			87,212		87,212	
Inventories	(165,519)	22,611			(142,908)	
Prepaid items	(17,309)	(16,572)			(33,881)	(7,637)
Accounts payable	1,066,814	741,316	15,172	(26,426)	1,796,876	(65,298)
Accrued wages payable	(30)	58,000	3,877	13,408	75,255	(1,351)
Compensated absences payable			14,550	15,092	29,642	1,625
Other post employment benefits	14,578	9,718	11,846	19,614	55,756	995
Due to other funds				(309,656)	(309,656)	
Due to other governments			17,325	19,377	36,702	
Customer deposits				(8,000)	(8,000)	
Other current liabilities				2,005	2,005	
Net cash provided by operating activities	<u>\$ 12,534,739</u>	<u>\$ 4,000,708</u>	<u>\$ 2,139,246</u>	<u>\$ 1,744,189</u>	<u>\$ 20,418,882</u>	<u>\$ 1,424,038</u>
Noncash capital financing activities:						
Contributions of capital assets from government / customers	<u>\$ 42,000</u>	<u>\$ 53,391</u>	<u>\$</u>	<u>\$ 29,833</u>	<u>\$ 125,224</u>	<u>\$ 139,230</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 165</u>
Contributions of capital assets to internal service funds	<u>\$</u>	<u>\$</u>	<u>\$ 165</u>	<u>\$</u>	<u>\$ 165</u>	<u>\$</u>

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2012

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, 2012. Separate audited financial statements for the year ended June 30, 2012 are available from the agency. The component unit is discretely presented to emphasize its legal separation from the city.

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

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. 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.

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 type:

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.

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 position or equity

1. Deposits and Investments

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

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

Minnesota state statutes authorize investments in the following instruments:

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

2. Receivables and payables

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

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

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by

applicable bond covenants. The “operating reserve account” may be used to pay operating deficits whereas monies in the “reserve account” are to be used only when other sources are insufficient to pay the principal and interest on the bonds.

5. Capital assets

Capital assets which include property, plant and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000, except for infrastructure networks which are capitalized in their entirety. Such assets are recorded at historical cost or estimated historical cost. 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 are depreciated using the straight line method over the following estimated useful lives.

<u>Asset</u>	<u>Years</u>
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 and proprietary funds financial statements. In the governmental funds, a liability would be reported only if they have matured, for example, as a result of employee retirements or resignations.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums, 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

The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance - amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). The City Council must adopt an

ordinance prior to the end of the fiscal year to commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (i.e., the adopting of another ordinance) to remove or revise the limitation.

- Assigned fund balance – amounts constrained by the City’s intent to be used for a specific purpose, but are not restricted or committed. Pursuant to the City’s Fund Balance Policy, the City Council has delegated authority to assign amounts to the City Manager and Finance Director. Assigned amounts or changes to Assigned amounts will be presented to the City Council for review.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

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

9. Net Position

For the year ended December 31, 2012, the City implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, Elements of Financial Statements.

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

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

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

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

The details of this \$79,990,589 difference are as follows:

Special assessments receivable	\$74,717,915
Escrowed special assessments	715,190
Notes receivable	4,584,462
Current notes receivable	<u>(26,978)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 79,990,589</u>

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

The details of this \$191,763,565 difference are as follows:

Bonds payable	\$186,300,000
Notes payable	698,855
Accrued interest payable	2,764,760
Compensated absences payable	1,425,280
Other post-employment benefits	<u>574,670</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 191,763,565</u>

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

The details of this \$4,827,927 difference are as follows:

Internal service fund net position	\$12,567,273
Net capital assets included in governmental activities	(7,281,774)
Accrued compensated absences payable included in governmental activities	26,756
Other post-employment benefits included in governmental activities	7,963
Internal service fund activity reflected in business-type activities	<u>(492,291)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$4,827,927</u>

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

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

The details of this \$492,291 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$388,278
Internal receivable representing charges in excess of cost to business-type activities - current year	<u>104,013</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u>\$ 492,291</u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgetary information

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

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

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

B. Fund deficits

The G.O. Bond Debt Service fund has a \$4,091 deficit fund balance at December 31, 2012. This deficit will be recovered by future collections of property taxes.

The Tax Increment Debt Service fund has a deficit fund balance of \$640,571 at December 31, 2012 which will be recovered by future tax increment collections.

The Permanent Improvement Fund has a deficit fund balance of \$2,224,952 at December 31, 2012 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

NOTE 4: - DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - At year-end, the carrying amount of the City's deposits was \$64,629,347 which approximates the bank balance and \$32,012,275 held with fiscal agent for the crossover refunding of the G.O. Improvement Bonds 2012C and 2012D. The bank balance is covered by federal depository insurance or by collateral held by the City's agent in the City's name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance

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

As of December 31, 2012, the City has the following investments and maturities:

Investment Type	Investment Maturities (in years)			
	<1	1 - 5	>5 - 10	>10
U.S. Treasuries	\$ 11,130,735	\$ 1,733,031	\$ 6,912,174	\$ 2,226,915
Money Markets	12,807,345	12,807,345		
Total Investments	\$ 23,938,080	\$ 14,540,376	\$ 6,912,174	\$ 2,226,915

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy which follows the Minnesota Statutes with respect to the instruments allowed. The Statutes authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, banker's acceptances of United States banks, repurchase agreements, certificates of deposit and money market funds whose portfolios consist of United States Treasury obligations and Federal Agency issues. The City minimizes its credit risk by investing primarily in U.S. government backed securities. The Electric and Water Fund money market investments of \$3,927,138 and the City's remaining money market investments of \$8,880,207 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

Custodial Credit Risk

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

Concentration of Credit Risk

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 46,393,496	\$ 10,902,624	\$ (869,810)	\$ 56,426,310
Construction in progress	26,187,100	19,174,424	(7,458,120)	37,903,404
Total capital assets, not being depreciated	<u>72,580,596</u>	<u>30,077,048</u>	<u>(8,327,930)</u>	<u>94,329,714</u>
Capital assets, being depreciated:				
Buildings	21,991,959	149,331		22,141,290
Improvements other than buildings	26,359,902	89,068	(17,232)	26,431,738
Machinery and equipment	27,279,919	2,029,301	(1,640,879)	27,668,341
Infrastructure	232,411,720	11,254,433		243,666,153
Total capital assets being depreciated	<u>308,043,500</u>	<u>13,522,133</u>	<u>(1,658,111)</u>	<u>319,907,522</u>
Less accumulated depreciation for:				
Buildings	(10,744,406)	(506,767)		(11,251,173)
Improvements other than buildings	(8,960,209)	(708,713)	17,232	(9,651,690)
Machinery and equipment	(16,985,079)	(1,999,671)	1,452,128	(17,532,622)
Infrastructure	(59,960,503)	(5,367,305)		(65,327,808)
Total accumulated depreciation	<u>(96,650,197)</u>	<u>(8,582,456)</u>	<u>1,469,360</u>	<u>(103,763,293)</u>
Total capital assets, being depreciated, net	<u>211,393,303</u>	<u>4,939,677</u>	<u>(188,751)</u>	<u>216,144,229</u>
Governmental activities capital assets, net	<u>\$ 283,973,899</u>	<u>\$ 35,016,725</u>	<u>\$ (8,516,681)</u>	<u>\$ 310,473,943</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 8,195,609	\$ 8,852	\$	\$ 8,204,461
Construction in progress	653,487	11,308,364	(4,291,801)	7,670,050
Total capital assets, not being depreciated	<u>8,849,096</u>	<u>11,317,216</u>	<u>(4,291,801)</u>	<u>15,874,511</u>
Capital assets, being depreciated:				
Intangible plant	255,373			255,373
Buildings	152,424,574	3,227,133	(1,510,159)	154,141,548
Improvements other than buildings	36,015,321	289,115		36,304,436
Machinery and equipment	17,242,564	715,657		17,958,221
Total capital assets being depreciated	<u>205,937,832</u>	<u>4,231,905</u>	<u>(1,510,159)</u>	<u>208,659,578</u>
Less accumulated depreciation for:				
Intangible plant	(255,373)			(255,373)
Buildings	(64,483,326)	(4,135,351)	1,274,263	(67,344,414)
Improvements other than buildings	(10,445,651)	(907,502)		(11,353,153)
Machinery and equipment	(12,737,050)	(574,011)		(13,311,061)
Total accumulated depreciation	<u>(87,921,400)</u>	<u>(5,616,864)</u>	<u>1,274,263</u>	<u>(92,264,001)</u>
Total capital assets, being depreciated, net	<u>118,016,432</u>	<u>(1,384,959)</u>	<u>(235,896)</u>	<u>116,395,577</u>
Business-type activities capital assets, net	<u>\$ 126,865,528</u>	<u>\$ 9,932,257</u>	<u>\$ (4,527,697)</u>	<u>\$ 132,270,088</u>

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

Governmental activities:		
General Government	\$	85,306
Public Safety		88,247
Highways & Streets, including depreciation of general infrastructure assets		5,438,694
Parks & Recreation		881,381
Library		19,426
Economic Development		197,015
Community Development		4,665
Mass Transit		455,079
Subtotal		7,169,813
Internal Service		1,412,643
Total depreciation expense – governmental activities	\$	<u>8,582,456</u>
Business-type activities:		
Electric	\$	2,038,626
Water		1,161,832
Wastewater		1,590,133
Storm water		57,830
Sanitation		34,254
Golf Course		211,174
Sports Center		336,916
Forestry		803
Airport		185,296
Total depreciation expense – business-type activities	\$	<u>5,616,864</u>

Depreciation expense reflected in the statement of revenues, expenses and changes in net position is \$5,616,865. There is \$209,087 expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

C. Interfund receivables, payables, advances and transfers

Interfund receivables/payables are used when a fund has a cash deficit or to record accrued obligations between funds. The composition of inter-fund balances as of December 31, 2012, is as follows:

Fund	Receivable	Payable
Governmental activities:		
General Fund	\$ 6,044,364	\$
Economic Development	4,900	
Special Assessment Capital Fund		2,980
Permanent Improvement Fund		2,579,555
Capital Improvement Fund	138,706	
Tax Increment Fund		1,159,212
Community Development Fund		
G.O. Bond Debt Service Fund		9,391
	<u>6,187,970</u>	<u>3,751,138</u>
Business-type activities:		
Electric Fund		1,718,508
Water Fund	2,980	71,652
Storm Water Fund	189,996	
Waste Water Fund	520,141	
Sanitation Fund	300,998	
Forestry Fund	58,577	
Pest Control Fund	35,290	
Golf Course Fund		1,681,316
Municipal Airport Fund		73,338
	<u>1,107,982</u>	<u>3,544,814</u>
	<u>\$ 7,295,952</u>	<u>\$ 7,295,952</u>

A \$492,793 advance from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. A \$785,768 advance from the general fund to the golf course fund will be repaid with future land sale proceeds. A \$538,778 advance from the special assessment capital projects fund to the water fund will be repaid by future service charges in the water fund.

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		
		General	Permanent Improvement	Special Assmt Debt	Governmental	Enterprise	Internal Service
Major Funds							
General	\$ 17,000	\$	\$ 17,000	\$	\$	\$	\$
Permanent Improvement	1,531,565	\$1,531,565					
Special Assmt Debt	130,000				130,000		
Electric	7,372,106	5,730,900		1,641,206			
Water	473,151	347,151		126,000			
Waste Water	463,906	283,741					165
Totals	9,987,728	7,893,357	17,000	180,000	1,767,206	130,000	165
Non-Major Funds							
Governmental	1,157,244	8,786		526,000	242,458	380,000	
Enterprise	1,374,935	672,985		643,700		58,250	
Totals	2,532,179	681,771		1,169,700	242,458	438,250	0
\$	12,519,907	\$ 8,575,128	\$ 17,000	\$ 1,349,700	\$ 2,009,664	\$ 568,250	\$ 165

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

D. Long-term debt

Changes in long-term liabilities

Type of Bonds	Balance at January 1, 2012	Additions	Reductions	Balance at December 31, 2012	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 143,375,000	\$ 46,520,000	\$ 10,435,000	\$ 179,460,000	\$ 7,005,000
G.O. Debt	1,015,000		430,000	585,000	195,000
G.O. Tax Increment	5,155,000		290,000	4,865,000	305,000
G.O. Municipal Improvement Revenue	1,670,000		280,000	1,390,000	295,000
Total Bonds Payable	151,215,000	46,520,000	11,435,000	186,300,000	7,800,000
Notes Payable	763,318		64,463	698,855	67,746
Compensated Absences	1,442,179	835,941	852,840	1,425,280	842,847
Other Post-Employment Benefits	451,088	123,582		574,670	
Governmental Activity Long-Term Liabilities	\$ 153,871,585	\$ 47,479,523	\$ 12,352,303	\$ 188,998,805	\$ 8,710,593
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 16,106,200	\$ 6,240,000	\$ 2,771,900	\$ 19,574,300	\$ 1,094,350
Water Utility	7,073,800		2,123,100	4,950,700	210,650
Wastewater	29,829,800	10,790,000	1,651,648	38,968,152	12,228,034
Golf Course	2,765,000		210,000	2,555,000	220,000
Sports Center	55,000		55,000	-	-
Total Bonds Payable	55,829,800	17,030,000	6,811,648	66,048,152	13,753,034
Notes Payable	48,567		31,996	16,571	16,571
Compensated Absences	759,216	300,922	213,310	846,828	714,257
Other Post-Employment Benefits	253,615	55,756		309,371	
Business-Type Activity Long-Term Liabilities	\$ 56,891,198	\$ 17,386,678	\$ 7,056,954	\$ 67,220,922	\$ 14,483,862

Compensated Absences and Other Post-Employment Benefits are primarily liquidated by the General Fund.

The City's debt limit is \$55,962,408 and the legal debt margin is \$54,678,553. 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 \$47,024,890 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 premium of \$326,657 related to revenue bonds in the Enterprise Funds have been netted against revenue bonds payable on the accompanying balance sheet.

General obligation notes payable at December 31, 2012 consists of the following:

Governmental Activities-

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

Business-Type Activities-

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

The annual requirement to amortize notes outstanding as of December 31, 2012, follows:

Year	Governmental Activities		Business –Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 67,746	\$ 34,311	\$ 16,571	\$ 395
2014	71,197	30,861	0	0
2015	74,823	27,234	0	0
2016	78,634	23,423	0	0
2017	82,639	19,418	0	0
2018 - 2021	<u>323,816</u>	<u>33,386</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 698,855</u>	<u>\$ 168,633</u>	<u>\$ 16,571</u>	<u>\$ 395</u>

The requirement to amortize all bonded debt outstanding as of December 31, 2012, follows:

Year ended December 31	Governmental Activities		Business - Type Activities		Total
	Principal	Interest	Principal	Interest	
2013	\$ 7,800,000	\$ 6,417,031	\$ 13,753,034	\$ 1,998,320	\$ 29,968,385
2014	19,210,000	5,980,793	3,429,886	1,734,496	30,355,175
2015	19,475,000	5,539,763	3,487,608	1,632,954	30,135,325
2016	9,555,000	5,148,721	3,519,224	1,528,829	19,751,774
2017	9,280,000	4,805,104	3,572,970	1,423,291	19,081,365
2018-2022	46,765,000	18,882,471	20,378,331	5,217,403	91,243,205
2023-2027	46,510,000	9,910,782	15,907,099	1,741,079	74,068,960
2028-2032	23,280,000	2,719,385	2,000,000	93,476	28,092,861
2033-2037	4,005,000	218,443	-	-	4,223,443
2038-2039	420,000	14,876	-	-	434,876
	<u>\$ 186,300,000</u>	<u>\$ 59,637,369</u>	<u>\$ 66,048,152</u>	<u>\$ 15,369,848</u>	<u>\$ 327,355,369</u>

Bonds payable at December 31, 2012 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2012
Governmental Activities					
G.O. Special Assessment					
1999 Refunding Series B	11/01/99	02/01/13	4.75 - 5.35	\$ 925,000	\$ 45,000
2003 Series B	05/01/03	02/01/33	2.00 - 5.00	12,775,000	10,630,000
2004 Series A	10/01/04	02/01/27	4.00 - 4.50	16,795,000	12,215,000
2004 Refunding Series B	12/01/04	08/01/18	3.00 - 4.30	1,085,000	235,000
2005 Series A	07/01/05	02/01/27	3.50 - 5.00	16,580,000	12,695,000
2005 Series B	12/15/05	02/01/27	4.00 - 4.75	16,445,000	13,195,000
2006 Series B	08/01/06	02/01/33	4.00 - 4.625	10,690,000	8,935,000
2006 Series C	12/15/06	02/01/28	3.50 - 4.25	12,625,000	10,660,000
2007 Series A	08/15/07	02/01/29	4.00 - 4.50	22,400,000	19,995,000
2008 Refunding Series A	02/15/08	02/01/21	3.00 - 4.00	1,340,000	670,000
2008 Series B	09/15/08	02/01/29	3.00 - 4.50	9,500,000	8,720,000
2009 Series A	11/15/09	02/01/31	3.00 - 4.50	2,820,000	2,675,000
2009 Series B	11/15/09	02/01/29	2.25 - 4.50	8,110,000	6,870,000
2009 Refunding Series C	11/15/09	02/01/22	2.00 - 4.00	1,590,000	1,280,000
2010 Series A	09/09/10	02/01/32	1.25 - 5.50	12,135,000	12,135,000
2010 Refunding Series D	09/22/10	02/01/23	2.00 - 3.00	2,030,000	2,030,000
2011 Series A	09/01/11	02/01/33	2.00 - 3.625	4,855,000	4,855,000
2011 Refunding Series B	09/01/11	02/01/24	.50 - 2.90	900,000	900,000
2011 Series C	12/28/11	02/01/33	.65 - 3.60	4,200,000	4,200,000
2012 Series A	05/15/12	02/01/33	3.00 - 3.375	16,955,000	16,955,000
2012 Refunding Series C	05/15/12	02/01/33	3.00 - 3.375	10,430,000	10,430,000
2012 Refunding Series D	05/15/12	02/01/27	3.00 - 4.00	8,815,000	8,815,000
2012 Series F	09/01/12	02/01/39	3.00 - 3.50	10,320,000	10,320,000
				<u>211,770,000</u>	<u>179,460,000</u>
G.O. Debt					
2008 Refunding Bond Series A	02/15/08	02/01/15	2.80	1,210,000	585,000
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/09	02/01/28	2.00-4.50	2,910,000	2,785,000
2009 Regency/Holiday Mall Refunding Series D	11/15/09	02/01/18	2.00-4.00	965,000	735,000
2010 Regency/Holiday Mall Refunding Series B	09/09/10	02/01/28	2.00-3.70	1,390,000	1,345,000
				<u>5,265,000</u>	<u>4,865,000</u>
G.O Municipal Improvement Revenue					
2001 Municipal Improvement Revenue Series D	09/01/01	12/01/16	3.75-4.80	1,900,000	650,000
2004 G.O. Ice Arena Refunding Series D	12/15/04	01/01/18	2.25-4.30	720,000	375,000
2004 G.O. East Highway 10 Refunding Series E	12/15/04	02/01/16	2.250-4.10	910,000	365,000
				<u>3,530,000</u>	<u>1,390,000</u>
Total Governmental Activities				<u>\$ 221,775,000</u>	<u>\$ 186,300,000</u>
Business-Type Activities					
G.O. Sewer Revenue Note of 1994	09/29/94	02/20/15	4.10	\$ 2,478,112	\$ 426,488
G.O. Sewer Revenue Note of 1995	06/29/95	08/20/16	4.11	1,601,443	430,078
G.O. Sewer Revenue Note of 1997	06/29/97	02/20/18	3.49	426,290	145,487
G.O. Sewer Revenue Note of 2002	05/06/02	08/20/22	3.13	3,389,288	1,981,000
2003 G.O. Wastewater Revenue Series A	05/01/03	11/01/29	3.00-4.60	12,050,000	10,780,000
G.O. Sewer Revenue Note of 2004	06/21/04	08/20/23	1.98	6,598,073	4,167,099
G.O. Sewer Revenue Note of 2007	06/29/07	08/20/26	1.99	12,407,226	10,248,000
1998 Golf Revenue Refunding Series B	06/01/98	12/01/21	4.25-5.875	4,785,000	2,555,000
2012 G.O. Wastewater Refunding, Series B	05/15/12	11/01/29	3.00 - 3.125	10,790,000	10,790,000
2007 Electric MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,405,150	2,782,400
2009 Electric Utility Revenue Series A	5/15/09	11/1/17	3.00-4.75	1,721,000	663,000
2009 Electric Utility Refunding Series A	5/15/09	11/1/24	3.00-4.75	1,470,000	1,255,000

Business-Type Activities (cont.)				Original	Principal
Type of Issue	Issue Date	Maturity Date	Interest Rate	Issue	Outstanding 12/31/2012
2012 Electric Utility Revenue & Refunding Series E	09/01/212	11/01/27	2.00 – 3.00	6,240,000	6,240,000
2007 Water MMUA Revenue Series A	07/12/07	06/01/27	5.17	3,838,850	3,137,600
2009 Water Utility Refunding Series A	5/15/09	11/1/17	3.00-4.75	4,339,000	107,000
2010 Electric Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	8,633,900	8,633,900
2010 Water Utility Revenue Series C	10/26/10	11/01/25	2.00-4.875	1,706,100	1,706,100
Total Business-Type Activities				\$ 85,879,432	\$ 66,048,152

In May 2012 the City issued G.O. Wastewater Revenue Refunding Bonds, Series 2012B to be used for a crossover refunding of the G.O. Wastewater Revenue Bonds 2003A dated May 1, 2003. The net proceeds were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$1,366,145. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$1,040,636. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			
				Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Wastewater Revenue Refunding 2012B	\$10,790,000	3.02%	\$11,088,016	G.O. Wastewater Revenue Bonds 2003A	4.50%	11/01/2013	\$10,510,000

In May 2012 the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2012C to be used for a crossover refunding of the G.O. Improvement Bonds 2003B dated May 1, 2003. The net proceeds were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$1,502,702. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$1,119,703. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			
				Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Improvement Refunding 2012C	\$10,430,000	3.11%	\$10,688,489	G.O. Improvement Bonds 2003B	4.76%	2/01/2014	\$10,045,000

In May 2012 the City of Moorhead issued G.O. Improvement Refunding Bonds, Series 2012D to be used for a crossover refunding of the G.O. Improvement Bonds 2004A dated October 1, 2004. The net proceeds and the City's equity contribution of \$1,000,000 were used to purchase securities of the U.S. Government. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding issues until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. After the call date the bonds will no longer be shown on the financial statements of the City and the City will assume the debt service payments for the refunding issues.

The difference in cash flows required to service the old debt and the new debt will be \$726,792. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements will be \$366,715. A schedule of the refunding bonds and bonds to be called are as follows:

Bond Issue	Amount	Average Interest	Proceeds	Bonds to be Called			
				Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Improvement Refunding 2012D	\$8,815,000	3.48%	\$9,606,566	G.O. Improvement Bonds 2004A	4.33%	2/01/2015	\$9,720,000

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, there were 4 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$42,211,329.

Other Post-Employment Benefits (OPEB) Obligations:

As of January 1, 2008, the City and the Public Service Utility adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Other Post Employment Benefits (OPEB). An actuarial firm was engaged to determine the liability for post-employment health care benefits other than pensions as of January 1, 2010. The actuary determined the only obligation for the City and Public Service Utility was to record the implicit rate subsidy portion as described in the standard. The City is a cost-sharing multiple employer plan while the alternative measurement method, a simplified method of calculating the liability for plans with fewer than 100 members was used by the Public Service Utility.

City:

Plan Description-

The plan is a single employer defined benefit healthcare plan administered by the City. The City provides health insurance benefits in accordance with various union contracts and as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota and if they do not participate in any other health benefits program providing similar coverage. These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2012 there were 18 retirees and 3 retiree spouses participating in the City's group health plan. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

The City has elected to fund the plan on a pay-as-you-go method.

Annual OPEB cost and net OPEB obligation-

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2012, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (ARC)	\$ 238,723
Interest on net OPEB obligations	26,234
Adjustment to ARC	(35,892)
Annual OPEB Cost	229,065
Contributions during the year	(74,024)
Increase in net OPEB obligation	155,041
Net OPEB beginning of year	582,977
Net OPEB end of year	\$ 738,018

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2012 and the preceding three fiscal years (2008 year of implementation) were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2009	\$ 191,696	\$ 54,850	28.6%	\$ 276,718
12/31/2010	\$ 242,144	\$ 75,440	31.1%	\$ 443,423
12/31/2011	\$ 239,354	\$ 99,800	41.7%	\$ 582,977
12/31/2012	\$ 229,065	\$ 74,024	32.3%	\$ 738,018

Funded Status and Funding Progress-

As of January 1, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,918,798, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,918,798. The covered payroll (annual payroll of active employees covered by the plan) was \$11,815,155, and the ratio of the UAAL to the covered payroll was 16.2 percent.

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

Actuarial Methods and Assumptions-

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

In the January 1, 2012 actuarial valuation, the following economic assumptions were used:

Actuarial cost method	Projected unit credit
Amortization method of (UAAL)	Level dollar, closed
Remaining amortization period	25 years
Inflation rate	2.50%
Investment return	4.50%
Projected salary increases	NA
Medical trend rate	8.00% in 2012 grading to 5.00% over 6 years

Public Service Utility - Electric and Water

Plan Description-

All employees are allowed upon meeting the eligibility requirements under state statutes to participate in Public Service's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions are established through negotiations between Public Service and the unions representing employees and are renegotiated at the end of each contract period. The retiree health plan does not issue a publicly available financial report.

Funding Policy-

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

Annual OPEB cost and net OPEB obligation-

Moorhead Public Service's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in

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

Annual required contribution (ARC)	\$ 27,120
Amortization of UAAL over 30 years	33,458
Interest on OPEB Obligation	<u>(5,478)</u>
Annual OPEB Cost	53,178
Contributions during the year	<u>(28,882)</u>
Increase in OPEB Obligation	24,296
Net OPEB Obligation, Beginning of Year	<u>121,727</u>
Estimated Net OPEB Obligation, End of Year	<u>\$ 146,023</u>

The Utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the preceding years:

Year Ended	Annual OPEB Cost	Employer Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 46,000	\$ 16,000	35%	\$ 58,000
12/31/2010	46,000	13,000	28%	91,000
12/31/2011	53,730	23,003	43%	121,727
12/31/2012	53,178	28,882	43%	146,023

Funded Status and Funding Progress-

As of January 1, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$436,164, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$436,164. The covered payroll (annual payroll of active employees covered by the plan) was \$3,392,400, and the ratio of the UAAL to the covered payroll was 12.9 percent (12.9%).

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, begins with fiscal year 2008, and is updated annually to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions-

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

In the January 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The economic assumptions included a 4.5% discount rate (net of investment expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates include an inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over 30 years.

E. Fund Balances

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<u>Fund Balances:</u>						
Nonspendable:						
Notes Receivable	\$ 18,398	\$ 8,580	\$	\$	\$	\$ 26,978
Advances	1,220,014		538,778			1,758,792
Prepaid items	208,114					208,114
Total Nonspendable	<u>1,446,526</u>	<u>8,580</u>	<u>538,778</u>	<u>-</u>	<u>-</u>	<u>1,993,884</u>
Restricted for:						
Debt Service		47,906,222			508,017	48,414,239
Capital Projects			15,719,689			15,719,689
Community Development					4,509	4,509
Police					50,180	50,180
Fire					558	558
Park					13,268	13,268
Total Restricted		<u>47,906,222</u>	<u>15,719,689</u>		<u>576,532</u>	<u>64,202,443</u>
Committed to:						
Debt Service	715,190					715,190
Capital Projects					1,525,420	1,525,420
Total Committed	<u>715,190</u>				<u>1,525,420</u>	<u>2,240,610</u>
Assigned to:						
Park					1,619,958	1,619,958
Library					305,312	305,312
Community Development					6,659	6,659
Rental Registration					626,861	626,861
Mass Transit					434,052	434,052
Economic Development					666,348	666,348
Total Assigned					<u>3,659,190</u>	<u>3,659,190</u>
Unassigned:	<u>13,268,124</u>			<u>(2,224,952)</u>	<u>(644,662)</u>	<u>10,398,510</u>
Total Fund Balances	\$ <u>15,429,840</u>	\$ <u>47,914,802</u>	\$ <u>16,258,467</u>	\$ <u>(2,224,952)</u>	\$ <u>5,116,480</u>	\$ <u>82,494,637</u>

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 General Employees Retirement Fund (GERF), 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.

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

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF 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 GERF, PEPFF, and PECF. That report may be obtained on the Internet at www.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.

The required percentages of annual covered payroll contributions in 2012 for the City and employee are as follows:

PLAN	CITY	EMPLOYEES
GERF Basic	11.78%	9.10%
GERF Coordinated	7.25%	6.25%
PEPFF	14.4%	9.60%

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2012, 2011 and 2010 were \$528,510, \$805,478, and \$766,747, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2012, 2011, and 2010 were \$760,845, \$746,301, and \$734,824, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

2. Defined Contribution Plan

a. Plan Description

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

b. Funding Policy

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2012 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Rates</u>
\$2,505	\$2,505	5.0%	5.0%	5.0%

B. Commitments

Under its wholesale power agreement, the municipality is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration until December 31, 2020.

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

The City of Moorhead has a three-year contract with options to renew for two additional one-year periods with First Transit Inc. to provide bus services and driver management through December 31, 2013. The annual costs for First Transit during 2012 are \$576,823. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building on a one-third basis of actual cost. Moorhead pays actual costs for their fleet maintenance, including vehicle parts, fuel and labor. Other maintenance costs for the MTG are shared pro rata based on a percentage of total vehicles stored and maintained in the facility.

The City of Moorhead has a lease agreement through June 30, 2017 with Independent School District No. 152 whereby the school will lease a portion of the Sports Center facility. The lease payment schedule follows:

<u>Term</u>	<u>Payment Due</u>	<u>Square Footage</u>	<u>Amount</u>
July 1, 2012 – June 30, 2013	December 2012	18,227	\$155,191
July 1, 2013 – June 30, 2014	December 2013	18,227	\$162,599
July 1, 2014 – June 30, 2015	December 2014	18,227	\$170,007
July 1, 2015 – June 30, 2016	December 2015	18,227	\$177,415
July 1, 2016 – June 30, 2017	December 2016	18,227	\$184,823

The City has active construction projects as of December 31, 2012, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately \$1,417,594.

In 2012, the Electric Division started construction on the new Opportunity Substation and 115kV transmission line in the McCara Industrial Park. The project will be completed in 2013 and will serve the current and future electrical needs for the southeast portion of Moorhead. The \$6 million estimated cost of the project will be funded by the issuance of bonds in 2010 and 2012. Through the end of 2012, \$4.7 million has been expended on the project.

During 2013, the Water Division will finish making enhancements to its existing river pump house to alleviate future flood concerns. The total estimated cost of the project is \$2.8 million. At this time, Moorhead Public Service has been awarded a 75% matching grant by the Federal Emergency Management Agency (FEMA) to help cover the cost of construction. Through the end of 2012, Moorhead Public Service expended \$1.6 million for plans, consulting fees and construction costs and received \$1.0 million in grant proceeds from FEMA.

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 ACE American Insurance Company. The City continues to carry commercial insurance for employee health and life insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There has been no substantial change in coverage from the prior year.

D. Joint Powers Agreements

1. Regional Dispatch Center

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

Based on 2010 U.S. Census data each governmental entity contributes to the joint operations in the following percentages:

City of Fargo	-	50.5534%	Cass County	-	8.8171%
City of Moorhead	-	18.2315%	Clay County	-	10.0265%
City of West Fargo	-	12.3715%			

The equity of the Red River Regional Dispatch Center would be shared in the same percentages above, should the organization be dissolved. For the past two years, budgeted contributions from the participating entities have been adequate to fund the operations of the center. 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.

2. Metro Flood Diversion Project

In June of 2011, the City of Fargo, Cass County and Cass County Joint Water Resource District, all located in

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

The planning, design and development of the Project will be partially funded with Federal monies and partially funded with local monies. The Minnesota share of the local cost will be 10% and the North Dakota share of the local cost will be 90%. The members to the agreement authorized a budget for federal fiscal year 2011 and federal fiscal year 2012 which ended September 30, 2012 of \$15,000,000 for the planning, design and development of the Project and \$1,500,000 for the hiring of a project manager and a lobbyist. In September 2012, all parties to the Limited Joint Powers Agreement approved the First Amendment to the Limited Joint Powers Agreement, which authorized an additional \$29,000,000 for federal fiscal year 2013 utilizing the same 10% / 90% cost share between Minnesota and North Dakota, respectively. Any additional budget appropriations proposed by the Diversion Authority must be approved by all of the members through a vote of their governing bodies.

This agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members. It is the intent of the members that this agreement will terminate on or before the execution of the PPA. As of 12/31/12, there was not a PPA in effect. Financial information may be obtained from the City of Fargo located at 200 3rd Street North, Fargo, ND 58102.

E. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,731,456 for local improvements where the affected property is unplatted and undeveloped. The City is therefore unable to assess the costs at this time, but may subsequently reimburse itself once the abutting property is developed. There is an additional \$20,234,825 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

F. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

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

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

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

Minnesota statutes require that all Agency deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). Authorized collateral includes U.S. Government obligations, as well as certain first mortgage notes and certain other state and local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the Agency or financial institution other than that furnishing the collateral. The deposits of the Agency are entirely insured or collateralized with securities held by the Agency or its agent in the Agency's name at June 30, 2012.

Deposits include checking and saving accounts and money market accounts. All deposits are collateralized by the institutions.

Investments - Minnesota statutes authorize the Agency to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper record. The Agency had no such investments of this kind during the year or at year end.

2. Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Capital assets, being depreciated:				
Buildings & Improvements	10,109,356	201,421		10,310,777
Furniture, equipment & machinery	497,247	29,918		527,165
Total Capital assets being depreciated	10,606,603	231,339		10,837,942
Less accumulated depreciation for:				
Buildings & Improvements	5,757,823	210,038		5,967,861
Furniture, equipment & machinery	439,410	13,048		452,458
Total accumulated depreciation	6,197,233	223,086		6,420,319
Total capital assets, being depreciated, net	4,409,370	8,253		4,417,623
Total Capital assets, net	\$ 4,874,347	\$ 8,253	\$	\$ 4,882,600

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

Business-type activities	
Low-Rent Public Housing	\$ 223,086

G. Issued But Not-Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The first statement issued but not implemented that will significantly affect the City is Statement No. 61, *The Financial Reporting Entity: Omnibus*. This Statement will improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis –for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This statement will be implemented at the City in the year ending December 31, 2013.

The second statement issued but not implemented that will significantly affect the City is Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. This statement will be implemented at the City in the year ending December 31, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

Note to the Schedule of Funding Progress

The standard requires a schedule of funding progress for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported. The City and the Utility implemented the standard as of January 1, 2008, there has been two valuations performed for the Utility and three valuations for the City.

City:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 1,521,273	\$ 1,521,273	0.00%	\$ 11,251,531	13.5%
12/31/2010	\$ 0	\$ 1,974,939	\$ 1,974,939	0.00%	\$ 11,695,425	16.9%
12/31/2012	\$ 0	\$ 1,918,798	\$ 1,918,798	0.00%	\$ 11,815,155	16.2%

Since the last actuarial valuation as of January 1, 2010, the following actuarial assumptions have changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.

Since the last actuarial valuation as of January 1, 2010, the following plan provisions have changed:

- A post-employment insurance subsidy was added to reflect the portion of the premium not reimbursed by State for police officers and firefighters injured in the line of duty.

Public Service Utility:

The Accrued Liability as of January 1, 2011 was expected to be \$461,652. The actual Accrued Liability is \$436,164. The difference between the actual and expected liability are due to changes in the claims cost methodology, claims and premium experience, retirement experience as well as the following actuarial assumption changes since the last actuarial valuation as of January 1, 2008:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The percentage of future retirees electing coverage at retirement decreased from 50% to 40% to more closely reflect experience in the last five years and expected retirements in the future.

Since the last actuarial valuation as of January 1, 2011, no changes were made in the plan provisions.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 0	\$ 383,098	\$ 383,098	0.00%	\$ 3,589,313	10.7%
12/31/2011	\$ 0	\$ 436,164	\$ 436,164	0.00%	\$ 3,392,400	12.9%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

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

Capital Projects Funds

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Special Revenue					
	<u>Park</u>	<u>Library</u>	<u>Community Development</u>	<u>Rental Registration</u>	<u>Mass Transit</u>	<u>Economic Development</u>
ASSETS						
Cash and investments	\$ 1,637,548	\$ 300,314	\$ 9,956	\$ 636,261	\$ 266,947	\$ 686,123
Receivables:						
Accounts	23,507		45	575	4,463	140
Notes			3,696,322			45,000
Due from other funds						4,900
Due from other governmental units	<u>24,922</u>	<u>7,570</u>			<u>449,861</u>	<u>3,505</u>
Total Assets	<u>\$ 1,685,977</u>	<u>\$ 307,884</u>	<u>\$ 3,706,323</u>	<u>\$ 636,836</u>	<u>\$ 721,271</u>	<u>\$ 739,668</u>
LIABILITIES & FUND BALANCE						
Liabilities:						
Accounts payable	\$ 20,843	\$ 2,572	\$ 520	\$ 3,284	\$ 265,817	\$ 23,971
Accrued wages payable	42,453		2,822	6,691	6,114	4,349
Due to other funds						
Advances from other funds						
Due to other governmental units					15,288	
Other liabilities	2,723					
Deferred revenue			3,696,322			45,000
Total Liabilities	<u>66,019</u>	<u>2,572</u>	<u>3,699,664</u>	<u>9,975</u>	<u>287,219</u>	<u>73,320</u>
Fund Balance:						
Restricted						
Committed						
Assigned	1,619,958	305,312	6,659	626,861	434,052	666,348
Unassigned						
Total Fund Balance	<u>1,619,958</u>	<u>305,312</u>	<u>6,659</u>	<u>626,861</u>	<u>434,052</u>	<u>666,348</u>
Total Liabilities and Fund Balance	<u>\$ 1,685,977</u>	<u>\$ 307,884</u>	<u>\$ 3,706,323</u>	<u>\$ 636,836</u>	<u>\$ 721,271</u>	<u>\$ 739,668</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2012**

		Debt Service				Capital Projects	Total Nonmajor Governmental Funds
Contributions	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$ 68,629	\$ 3,605,778	\$	955,221	\$ 508,448	\$ 1,463,669	\$ 1,416,725	\$ 6,486,172
	28,730						28,730
	3,741,322						3,741,322
	4,900					138,706	143,606
	485,858	5,300	7,851		13,151		499,009
<u>\$ 68,629</u>	<u>\$ 7,866,588</u>	<u>\$ 5,300</u>	<u>\$ 963,072</u>	<u>\$ 508,448</u>	<u>\$ 1,476,820</u>	<u>\$ 1,555,431</u>	<u>\$ 10,898,839</u>
\$ 114	\$ 317,121	\$	\$ 10,185	\$ 431	\$ 10,616	\$ 30,011	\$ 357,748
	62,429						62,429
		9,391	1,159,212		1,168,603		1,168,603
			434,246		434,246		434,246
	15,288						15,288
	2,723						2,723
	3,741,322						3,741,322
<u>114</u>	<u>4,138,883</u>	<u>9,391</u>	<u>1,603,643</u>	<u>431</u>	<u>1,613,465</u>	<u>30,011</u>	<u>5,782,359</u>
68,515	68,515			508,017	508,017		576,532
	3,659,190					1,525,420	1,525,420
		(4,091)	(640,571)		(644,662)		(644,662)
<u>68,515</u>	<u>3,727,705</u>	<u>(4,091)</u>	<u>(640,571)</u>	<u>508,017</u>	<u>(136,645)</u>	<u>1,525,420</u>	<u>5,116,480</u>
<u>\$ 68,629</u>	<u>\$ 7,866,588</u>	<u>\$ 5,300</u>	<u>\$ 963,072</u>	<u>\$ 508,448</u>	<u>\$ 1,476,820</u>	<u>\$ 1,555,431</u>	<u>\$ 10,898,839</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2012**

	Special Revenue					
	Park	Library	Community Development	Rental Registration	Mass Transit	Economic Development
REVENUES						
Property taxes	\$ 2,073,975	\$ 633,744	\$	\$	\$ 43,298	\$ 274,030
Intergovernmental revenues:						
Federal			266,984		550,384	
State	445,561	124,489	1,310		1,044,055	53,979
County						
Other						
Charges for services	146,055			174,610	370,256	
Facility rentals	166,565					
Donations						
Interest on investments	83			1,324	1,328	1,776
Miscellaneous	105,664	429	177,895	36,922	4,726	113,843
Total revenues	<u>2,937,903</u>	<u>758,662</u>	<u>446,189</u>	<u>212,856</u>	<u>2,014,047</u>	<u>443,628</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Highways and streets						
Parks and recreation	2,486,300					
Library		761,157				
Community development			419,701			
Rental registration				181,419		
Mass transit					1,992,853	
Economic development						680,304
Capital outlay	5,500				83,528	175,835
Debt service:						
Bond and note principal						
Bond and note interest						
Fiscal and other charges						
Total expenditures	<u>2,491,800</u>	<u>761,157</u>	<u>419,701</u>	<u>181,419</u>	<u>2,076,381</u>	<u>856,139</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>446,103</u>	<u>(2,495)</u>	<u>26,488</u>	<u>31,437</u>	<u>(62,334)</u>	<u>(412,511)</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds				17,273		92,350
Transfers to other funds	(380,000)					
Total other financing sources (uses)	<u>(380,000)</u>			<u>17,273</u>		<u>92,350</u>
NET CHANGE IN FUND BALANCE	66,103	(2,495)	26,488	48,710	(62,334)	(320,161)
FUND BALANCE - BEGINNING	<u>1,553,855</u>	<u>307,807</u>	<u>(19,829)</u>	<u>578,151</u>	<u>496,386</u>	<u>986,509</u>
FUND BALANCE - ENDING	<u>\$ 1,619,958</u>	<u>\$ 305,312</u>	<u>\$ 6,659</u>	<u>\$ 626,861</u>	<u>\$ 434,052</u>	<u>\$ 666,348</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2012

Contributions	Total	Debt Service				Capital Projects	Total Nonmajor Governmental Funds
		G.O. Bond	Tax Increment	Municipal Improvement	Total	Capital Improvement	
\$	\$ 3,025,047	\$ 443,436	\$ 694,944	\$	\$ 1,138,380	\$	\$ 4,163,427
	817,368						817,368
	1,669,394	87,097	354,504		441,601		2,110,995
				101,615	101,615		101,615
				70,342	70,342		70,342
	690,921						690,921
	166,565						166,565
12,575	12,575						12,575
177	4,688		1,203	1,295	2,498	3,071	10,257
	439,479						439,479
<u>12,752</u>	<u>6,826,037</u>	<u>530,533</u>	<u>1,050,651</u>	<u>173,252</u>	<u>1,754,436</u>	<u>3,071</u>	<u>8,583,544</u>
			13,480		13,480	110,015	123,495
8,237	8,237					27,928	36,165
						107,725	107,725
2,247	2,488,547					95,771	2,584,318
	761,157						761,157
	419,701						419,701
	181,419						181,419
	1,992,853						1,992,853
	680,304						680,304
	264,863					631,863	896,726
		494,463	290,000	280,000	1,064,463		1,064,463
		61,374	774,525	68,272	904,171		904,171
		1,050	1,275	1,294	3,619		3,619
<u>10,484</u>	<u>6,797,081</u>	<u>556,887</u>	<u>1,079,280</u>	<u>349,566</u>	<u>1,985,733</u>	<u>973,302</u>	<u>9,756,116</u>
		(26,354)	(28,629)	(176,314)	(231,297)	(970,231)	(1,172,572)
	109,623			182,835	182,835	1,717,206	2,009,664
	(380,000)					(777,244)	(1,157,244)
	(270,377)			182,835	182,835	939,962	852,420
		(26,354)	(28,629)	6,521	(48,462)	(30,269)	(320,152)
2,268	(241,421)						
66,247	3,969,126	22,263	(611,942)	501,496	(88,183)	1,555,689	5,436,632
<u>\$ 68,515</u>	<u>\$ 3,727,705</u>	<u>\$ (4,091)</u>	<u>\$ (640,571)</u>	<u>\$ 508,017</u>	<u>\$ (136,645)</u>	<u>\$ 1,525,420</u>	<u>\$ 5,116,480</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 2,525,775	\$ 2,525,775	\$ 2,073,975	\$ (451,800)
Intergovernmental:				
State	38,160	38,160	445,561	407,401
Charges for services	131,650	131,650	146,055	14,405
Facility rentals	150,272	150,272	166,565	16,293
Interest on investments	3,150	3,150	83	(3,067)
Miscellaneous	49,550	69,550	105,664	36,114
Total revenues	<u>2,898,557</u>	<u>2,918,557</u>	<u>2,937,903</u>	<u>19,346</u>
EXPENDITURES				
Current:				
Personal services	1,287,161	1,287,161	1,208,918	78,243
Supplies	232,846	232,846	209,515	23,331
Other services & charges	978,550	1,005,350	1,067,867	(62,517)
Capital outlay	35,555	35,555	5,500	30,055
Total expenditures	<u>2,534,112</u>	<u>2,560,912</u>	<u>2,491,800</u>	<u>69,112</u>
REVENUE OVER EXPENDITURES	<u>364,445</u>	<u>357,645</u>	<u>446,103</u>	<u>88,458</u>
OTHER FINANCING USES:				
Transfers to other funds	(380,000)	(380,000)	(380,000)	
Total other financing uses	<u>(380,000)</u>	<u>(380,000)</u>	<u>(380,000)</u>	
NET CHANGE IN FUND BALANCE	(15,555)	(22,355)	66,103	88,458
FUND BALANCE - BEGINNING	<u>1,553,855</u>	<u>1,553,855</u>	<u>1,553,855</u>	
FUND BALANCE - ENDING	<u>\$ 1,538,300</u>	<u>\$ 1,531,500</u>	<u>\$ 1,619,958</u>	<u>\$ 88,458</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 771,800	\$ 771,800	\$ 633,744	\$ (138,056)
Intergovernmental:				
State			124,489	124,489
Miscellaneous			429	429
Total revenues	<u>771,800</u>	<u>771,800</u>	<u>758,662</u>	<u>(13,138)</u>
EXPENDITURES				
Current:				
Supplies	4,320	4,320	4,240	80
Other services & charges	767,480	767,480	756,917	10,563
Total expenditures	<u>771,800</u>	<u>771,800</u>	<u>761,157</u>	<u>10,643</u>
NET CHANGE IN FUND BALANCE			(2,495)	(2,495)
FUND BALANCE - BEGINNING	<u>307,807</u>	<u>307,807</u>	<u>307,807</u>	
FUND BALANCE - ENDING	<u>\$ 307,807</u>	<u>\$ 307,807</u>	<u>\$ 305,312</u>	<u>\$ (2,495)</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 259,061	\$ 259,061	\$ 266,984	\$ 7,923
State			1,310	1,310
Rehab loan payments	144,988	144,988	177,717	32,729
Other			178	178
Total revenues	<u>404,049</u>	<u>404,049</u>	<u>446,189</u>	<u>42,140</u>
EXPENDITURES				
Current:				
Personal services	117,575	117,575	53,214	64,361
Supplies	1,300	5,177	3,075	2,102
Other services & charges	<u>285,174</u>	<u>392,652</u>	<u>363,412</u>	<u>29,240</u>
Total expenditures	<u>404,049</u>	<u>515,404</u>	<u>419,701</u>	<u>95,703</u>
NET CHANGE IN FUND BALANCE		(111,355)	26,488	137,843
FUND BALANCE - BEGINNING	<u>(19,829)</u>	<u>(19,829)</u>	<u>(19,829)</u>	
FUND BALANCE - ENDING	<u>\$ (19,829)</u>	<u>\$ (131,184)</u>	<u>\$ 6,659</u>	<u>\$ 137,843</u>

**CITY OF MOORHEAD, MINNESOTA
RENTAL REGISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 4,000	\$ 4,000	\$ 1,324	\$ (2,676)
Miscellaneous:				
Rehabilitation inspection fees	4,225	4,225	6,625	2,400
Rental housing registration fees	186,000	186,000	167,985	(18,015)
Other	2,000	2,000	36,922	34,922
Total revenues	<u>196,225</u>	<u>196,225</u>	<u>212,856</u>	<u>16,631</u>
EXPENDITURES				
Current:				
Personal services	168,990	168,990	156,852	12,138
Supplies	10,300	10,300	4,473	5,827
Other services & charges	41,920	63,306	20,094	43,212
Capital outlay		<u>129,675</u>		<u>129,675</u>
Total expenditures	<u>221,210</u>	<u>372,271</u>	<u>181,419</u>	<u>190,852</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(24,985)</u>	<u>(176,046)</u>	<u>31,437</u>	<u>207,483</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds		17,273	17,273	
Total other financing sources and uses		<u>17,273</u>	<u>17,273</u>	
NET CHANGE IN FUND BALANCE	(24,985)	(158,773)	48,710	207,483
FUND BALANCE - BEGINNING	<u>578,151</u>	<u>578,151</u>	<u>578,151</u>	
FUND BALANCE - ENDING	<u>\$ 553,166</u>	<u>\$ 419,378</u>	<u>\$ 626,861</u>	<u>\$ 207,483</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 52,730	\$ 52,730	\$ 43,298	\$ (9,432)
Intergovernmental:				
Federal grants	629,513	743,494	550,384	(193,110)
State grants	324,697	324,697	493,350	168,653
State transit aid	629,343	629,343	550,705	(78,638)
Charges for services	357,211	357,211	370,256	13,045
Interest on investments			1,328	1,328
Miscellaneous	<u>2,310</u>	<u>2,310</u>	<u>4,726</u>	<u>2,416</u>
Total revenues	<u>1,995,804</u>	<u>2,109,785</u>	<u>2,014,047</u>	<u>(95,738)</u>
EXPENDITURES				
Current:				
Personal services	144,779	144,779	139,582	5,197
Supplies	26,388	26,388	24,051	2,337
Other services & charges	1,852,255	1,922,543	1,827,927	94,616
Capital outlay	<u>1,400</u>	<u>63,551</u>	<u>84,821</u>	<u>(21,270)</u>
Total expenditures	<u>2,024,822</u>	<u>2,157,261</u>	<u>2,076,381</u>	<u>80,880</u>
NET CHANGE IN FUND BALANCE	(29,018)	(47,476)	(62,334)	(14,858)
FUND BALANCE - BEGINNING	<u>496,386</u>	<u>496,386</u>	<u>496,386</u>	
FUND BALANCE - ENDING	<u>\$ 467,368</u>	<u>\$ 448,910</u>	<u>\$ 434,052</u>	<u>\$ (14,858)</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 330,000	\$ 330,000	\$ 274,030	\$ (55,970)
Intergovernmental:				
State grants	740	740	53,979	53,239
Interest on investments	7,355	7,355	1,776	(5,579)
Miscellaneous	74,000	74,000	113,843	39,843
Total revenues	<u>412,095</u>	<u>412,095</u>	<u>443,628</u>	<u>31,533</u>
EXPENDITURES				
Current:				
Personal services	186,910	186,910	148,944	37,966
Supplies	4,160	4,160	3,254	906
Other services & charges	172,830	653,617	528,106	125,511
Capital outlay	<u>230,000</u>	<u>608,500</u>	<u>175,835</u>	<u>432,665</u>
Total expenditures	<u>593,900</u>	<u>1,453,187</u>	<u>856,139</u>	<u>597,048</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(181,805)</u>	<u>(1,041,092)</u>	<u>(412,511)</u>	<u>628,581</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	50,000	92,350	92,350	
Total other financing sources	<u>50,000</u>	<u>92,350</u>	<u>92,350</u>	
NET CHANGE IN FUND BALANCE	(131,805)	(948,742)	(320,161)	628,581
FUND BALANCE - BEGINNING	<u>986,509</u>	<u>986,509</u>	<u>986,509</u>	
FUND BALANCE - ENDING	<u>\$ 854,704</u>	<u>\$ 37,767</u>	<u>\$ 666,348</u>	<u>\$ 628,581</u>

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NONMAJOR PROPRIETARY FUNDS

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

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 POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2012**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
ASSETS								
Current assets:								
Cash and investments	\$ 1,369,150	\$ 2,135,296	\$	\$ 1,730,420	\$ 285,301	\$ 616,305	\$	\$ 6,136,472
Receivables:								
Accounts	159,796	700,004	3,148	20,726	316	1,759	167	885,916
Due from other city funds	189,996	300,998			35,290	58,577		584,861
Due from other governmental units		200,188	1,466	201,039			79,193	481,886
Total current assets	<u>1,718,942</u>	<u>3,336,486</u>	<u>4,614</u>	<u>1,952,185</u>	<u>320,907</u>	<u>676,641</u>	<u>79,360</u>	<u>8,089,135</u>
Long-term assets:								
Restricted Assets:								
Cash and cash equivalents			1,069,306					1,069,306
Long-Term Receivables:								
Notes receivable, less current portion			1,127,487					1,127,487
Capital Assets:								
Land		155,647	3,954,534				301,838	4,412,019
Buildings	2,305	599,560	1,845,243	9,816,748			1,622,601	13,886,457
Improvements other than buildings	1,037,721	463,722	3,288,970				3,736,145	8,526,558
Machinery and equipment	442,845	35,939	360,555	65,642		12,050	129,939	1,046,970
Less accumulated depreciation	<u>(477,918)</u>	<u>(825,895)</u>	<u>(3,633,639)</u>	<u>(5,964,675)</u>		<u>(5,624)</u>	<u>(2,193,867)</u>	<u>(13,101,618)</u>
Total long-term assets	<u>1,004,953</u>	<u>428,973</u>	<u>8,012,456</u>	<u>3,917,715</u>		<u>6,426</u>	<u>3,596,656</u>	<u>16,967,179</u>
Total assets	<u>2,723,895</u>	<u>3,765,459</u>	<u>8,017,070</u>	<u>5,869,900</u>	<u>320,907</u>	<u>683,067</u>	<u>3,676,016</u>	<u>25,056,314</u>
LIABILITIES								
Current liabilities:								
Accounts payable	38,211	72,996	4,622	1,643	(4,969)	558	1,603	114,664
Accrued wages payable	5,759	47,925	17,037	9,297	4,254	17,325		101,597
Accrued compensated absences	1,078	71,626	11,450	12,419	10,957	21,910		129,440
Due to other city funds			1,681,316				73,338	1,754,654
Due to other governmental units		30,041						30,041
Customer deposits							12,350	12,350
Other liabilities			32,394					32,394
Accrued interest payable			12,510					12,510
Current maturities of long-term debt			220,000					220,000
Total current liabilities	<u>45,048</u>	<u>222,588</u>	<u>1,979,329</u>	<u>23,359</u>	<u>10,242</u>	<u>39,793</u>	<u>87,291</u>	<u>2,407,650</u>

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS (CONTINUED)
 DECEMBER 31, 2012**

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
Long-term liabilities:								
Accrued compensated absences	571	37,965	20,289	6,582	5,808	11,613		82,828
Other post-employment benefits	6,468	48,513	17,519	8,929	210	24,093		105,732
Bonds payable			2,306,526					2,306,526
Advances from other funds			785,768					785,768
Total long-term liabilities	<u>7,039</u>	<u>86,478</u>	<u>3,130,102</u>	<u>15,511</u>	<u>6,018</u>	<u>35,706</u>		<u>3,280,854</u>
Total liabilities	<u>52,087</u>	<u>309,066</u>	<u>5,109,431</u>	<u>38,870</u>	<u>16,260</u>	<u>75,499</u>	<u>87,291</u>	<u>5,688,504</u>
NET POSITION								
Net investment in capital assets	1,004,953	428,973	3,289,137	3,917,715		6,426	3,596,656	12,243,860
Restricted for debt service			1,069,306					1,069,306
Unrestricted	<u>1,666,855</u>	<u>3,027,420</u>	<u>(1,450,804)</u>	<u>1,913,315</u>	<u>304,647</u>	<u>601,142</u>	<u>(7,931)</u>	<u>6,054,644</u>
Total net position	<u>\$ 2,671,808</u>	<u>\$ 3,456,393</u>	<u>\$ 2,907,639</u>	<u>\$ 5,831,030</u>	<u>\$ 304,647</u>	<u>\$ 607,568</u>	<u>\$ 3,588,725</u>	<u>\$ 19,367,810</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>Storm Water</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Sports Center</u>	<u>Pest Control</u>	<u>Forestry</u>	<u>Municipal Airport</u>	<u>Total</u>
OPERATING REVENUES								
Charges for services	\$ 2,382,386	\$ 3,568,428	\$ 1,053,063	\$ 485,338	\$ 428,063	\$ 725,687	\$ 65,203	\$ 8,708,168
Other	2,091	320,175	98,697	79,832	15,696	4,489	34,466	555,446
Total operating revenue	<u>2,384,477</u>	<u>3,888,603</u>	<u>1,151,760</u>	<u>565,170</u>	<u>443,759</u>	<u>730,176</u>	<u>99,669</u>	<u>9,263,614</u>
OPERATING EXPENSES								
Personal services	158,430	1,208,233	650,496	234,438	164,996	411,458		2,828,051
Disposal fee		940,761						940,761
Professional services	102,342	19,883	10,480		4,500		6,067	143,272
Insurance	21,191	32,713	44,476	16,079	3,303	7,122	16,493	141,377
Repair and maintenance	209,397	235,942	61,769	33,979	94,438	25,771	24,159	685,455
Supplies	21,567	370,355	184,292	68,374	60,884	94,944	5,530	805,946
Utilities	59,157	26,579	95,344	184,057			16,199	381,336
Equipment rental	39,851	241,298	138,369	11,022	25,121	55,627	3,814	515,102
Depreciation	57,830	34,254	211,174	336,916		803	185,296	826,273
Miscellaneous	212,494	120,428	182,512	28,872	16,350	47,094	1,417	609,167
Total operating expenses	<u>882,259</u>	<u>3,230,446</u>	<u>1,578,912</u>	<u>913,737</u>	<u>369,592</u>	<u>642,819</u>	<u>258,975</u>	<u>7,876,740</u>
Operating income (loss)	<u>1,502,218</u>	<u>658,157</u>	<u>(427,152)</u>	<u>(348,567)</u>	<u>74,167</u>	<u>87,357</u>	<u>(159,306)</u>	<u>1,386,874</u>
NONOPERATING INCOME (EXPENSE)								
Interest on investments	2,782	5,301	52,110	4,351	810	1,482		66,836
Interest on indebtedness			(164,578)	(911)				(165,489)
Miscellaneous		4,790	1,420	520	690	270	169,968	177,658
Total nonoperating income (expense)	<u>2,782</u>	<u>10,091</u>	<u>(111,048)</u>	<u>3,960</u>	<u>1,500</u>	<u>1,752</u>	<u>169,968</u>	<u>79,005</u>
Income (loss) before contributions and transfers	<u>1,505,000</u>	<u>668,248</u>	<u>(538,200)</u>	<u>(344,607)</u>	<u>75,667</u>	<u>89,109</u>	<u>10,662</u>	<u>1,465,879</u>
Capital contributions			18,428	11,405				29,833
Transfers from other funds			508,250	60,000				568,250
Transfers to other funds	(820,733)	(446,010)			(71,609)	(36,583)		(1,374,935)
Total contributions and transfers	<u>(820,733)</u>	<u>(446,010)</u>	<u>526,678</u>	<u>71,405</u>	<u>(71,609)</u>	<u>(36,583)</u>		<u>(776,852)</u>
CHANGE IN NET POSITION	684,267	222,238	(11,522)	(273,202)	4,058	52,526	10,662	689,027
TOTAL NET POSITION - BEGINNING	<u>1,987,541</u>	<u>3,234,155</u>	<u>2,919,161</u>	<u>6,104,232</u>	<u>300,589</u>	<u>555,042</u>	<u>3,578,063</u>	<u>18,678,783</u>
TOTAL NET POSITION - ENDING	<u>\$ 2,671,808</u>	<u>\$ 3,456,393</u>	<u>\$ 2,907,639</u>	<u>\$ 5,831,030</u>	<u>\$ 304,647</u>	<u>\$ 607,568</u>	<u>\$ 3,588,725</u>	<u>\$ 19,367,810</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012**

	Storm Water	Sanitation	Golf Course	Sports Center	Pest Control	Forestry	Municipal Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 2,322,352	\$ 3,632,449	\$ 1,051,519	\$ 480,119	\$ 420,483	\$ 731,420	\$ 65,357	\$ 8,703,699
Payments to suppliers	(444,686)	(1,851,165)	(530,108)	(319,868)	(193,215)	(187,746)	(101,510)	(3,628,298)
Payments to employees	(155,162)	(1,197,317)	(641,899)	(228,411)	(153,628)	(403,520)		(2,779,937)
Other receipts (payments)	(210,403)	204,144	(65,615)	(145,820)	36	(42,335)	(291,282)	(551,275)
Net cash provided by (used in) operating activities	<u>1,512,101</u>	<u>788,111</u>	<u>(186,103)</u>	<u>(213,980)</u>	<u>73,676</u>	<u>97,819</u>	<u>(327,435)</u>	<u>1,744,189</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from other funds			508,250	60,000				568,250
Transfers to other funds	(820,733)	(446,010)			(71,609)	(36,583)		(1,374,935)
Net cash provided by (used in) noncapital financing activities	<u>(820,733)</u>	<u>(446,010)</u>	<u>508,250</u>	<u>60,000</u>	<u>(71,609)</u>	<u>(36,583)</u>		<u>(806,685)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Bond and note proceeds								
Purchase of assets	(289,266)	(13,046)					(118,766)	(421,078)
Principal payments - bonds and notes			(210,000)	(55,000)				(265,000)
Interest payments - bonds and notes			(162,444)	(1,361)				(163,805)
Capital grants from other governments							446,209	446,209
Net cash used in capital and related financing activities	<u>(289,266)</u>	<u>(13,046)</u>	<u>(372,444)</u>	<u>(56,361)</u>			<u>327,443</u>	<u>(403,674)</u>
CASH FLOWS FROM INVESTING ACTIVITY								
Interest received	2,782	5,301	52,110	4,351	810	1,482	(8)	66,828
Net increase (decrease) in cash and cash equivalents	404,884	334,356	1,813	(205,990)	2,877	62,718		600,658
Cash and cash equivalents at beginning of year	964,266	1,800,940	1,067,493	1,936,410	282,424	553,587	-	6,605,120
Cash and cash equivalents at end of year	<u>\$ 1,369,150</u>	<u>\$ 2,135,296</u>	<u>\$ 1,069,306</u>	<u>\$ 1,730,420</u>	<u>\$ 285,301</u>	<u>\$ 616,305</u>	<u>\$ -</u>	<u>\$ 7,205,778</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 1,502,218	\$ 658,157	\$ (427,152)	\$ (348,567)	\$ 74,167	\$ 87,357	\$ (159,306)	\$ 1,386,874
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation accruals	57,830	34,254	211,174	336,916		803	185,296	826,273
Miscellaneous nonoperating income		4,790	1,420	520	690	270		7,690
Change in assets and liabilities:								
Accounts receivable	(38,319)	35,442	(1,544)	(5,219)	156	(1,225)	154	(10,555)
Due from other city funds	(21,715)	28,579			(7,736)	6,958		6,086
Due from other governments		(293)		(197,300)				(197,593)
Accounts payable	8,819	(3,011)	4,622	1,643	(4,969)	(4,282)	(29,248)	(26,426)
Accrued wages payable	3,843	2,687	1,913	1,340	2,974	651		13,408
Compensated absences payable	(852)	(1,941)	2,927	3,068	8,394	3,496		15,092
Other post-employment benefits	277	10,170	3,757	1,619		3,791		19,614
Due to other funds			14,675				(324,331)	(309,656)
Due to other governments		19,377						19,377
Customer deposits				(8,000)				(8,000)
Other current liabilities		(100)	2,105					2,005
Net cash provided by (used in) operating activities	<u>\$ 1,512,101</u>	<u>\$ 788,111</u>	<u>\$ (186,103)</u>	<u>\$ (213,980)</u>	<u>\$ 73,676</u>	<u>\$ 97,819</u>	<u>\$ (327,435)</u>	<u>\$ 1,744,189</u>
Noncash capital financing activities:								
Contributions of capital assets from government	<u>\$</u>	<u>\$</u>	<u>\$ 18,428</u>	<u>\$ 11,405</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 29,833</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 3,750,070	\$ 419,239	\$ 1,155,411	\$ 5,324,720
Receivables:				
Accounts	72	1,247		1,319
Due from other governmental units	327		3,900	4,227
Prepaid items		7,637		7,637
Total current assets	<u>3,750,469</u>	<u>428,123</u>	<u>1,159,311</u>	<u>5,337,903</u>
Long-term assets:				
Capital assets:				
Machinery and equipment	16,912,402	2,326,790	1,243,894	20,483,086
Less accumulated depreciation	<u>(10,581,110)</u>	<u>(1,905,383)</u>	<u>(714,819)</u>	<u>(13,201,312)</u>
Net capital assets	<u>6,331,292</u>	<u>421,407</u>	<u>529,075</u>	<u>7,281,774</u>
Total assets	<u>10,081,761</u>	<u>849,530</u>	<u>1,688,386</u>	<u>12,619,677</u>
LIABILITIES				
Current liabilities:				
Accounts payable	466	1,973	8	2,447
Accrued wages payable		15,238		15,238
Total current liabilities	<u>466</u>	<u>17,211</u>	<u>8</u>	<u>17,685</u>
Long-term liabilities:				
Accrued compensated absences		26,756		26,756
Other post-employment benefits		7,963		7,963
Total long-term liabilities		<u>34,719</u>		<u>34,719</u>
Total liabilities	<u>466</u>	<u>51,930</u>	<u>8</u>	<u>52,404</u>
NET POSITION				
Net investment in capital assets	6,331,292	421,407	529,075	7,281,774
Unrestricted	<u>3,750,003</u>	<u>376,193</u>	<u>1,159,303</u>	<u>5,285,499</u>
Total net position	<u>\$ 10,081,295</u>	<u>\$ 797,600</u>	<u>\$ 1,688,378</u>	<u>\$ 12,567,273</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,264,277	\$ 805,151	\$ 281,755	\$ 2,351,183
Other		1,561	79	1,640
Total operating revenue	<u>1,264,277</u>	<u>806,712</u>	<u>281,834</u>	<u>2,352,823</u>
OPERATING EXPENSES				
Personal services		400,416		400,416
Supplies	4,166	15,832		19,998
Professional services		2,790		2,790
Insurance		1,061	860	1,921
Repair and maintenance	4,181	198,167	21,963	224,311
Depreciation	1,047,369	211,411	153,865	1,412,645
Miscellaneous	26,113	138,646	57,885	222,644
Total operating expenses	<u>1,081,829</u>	<u>968,323</u>	<u>234,573</u>	<u>2,284,725</u>
Operating income (loss)	<u>182,448</u>	<u>(161,611)</u>	<u>47,261</u>	<u>68,098</u>
NONOPERATING INCOME (EXPENSE)				
Interest on investments	9,562	933	2,649	13,144
Gain on disposal of equipment	103,576			103,576
Loss on disposal of equipment		(3,910)	(14,793)	(18,703)
Miscellaneous		1,130		1,130
Total nonoperating income (expense)	<u>113,138</u>	<u>(1,847)</u>	<u>(12,144)</u>	<u>99,147</u>
Income (loss) before contributions and transfers	<u>295,586</u>	<u>(163,458)</u>	<u>35,117</u>	<u>167,245</u>
Capital contributions	127,395	11,835		139,230
Transfers from other funds		165		165
Total contributions and transfers	<u>127,395</u>	<u>12,000</u>		<u>139,395</u>
CHANGE IN NET POSITION	422,981	(151,458)	35,117	306,640
TOTAL NET POSITION - BEGINNING	<u>9,658,314</u>	<u>949,058</u>	<u>1,653,261</u>	<u>12,260,633</u>
TOTAL NET POSITION - ENDING	<u>\$ 10,081,295</u>	<u>\$ 797,600</u>	<u>\$ 1,688,378</u>	<u>\$ 12,567,273</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012**

	<u>Vehicles & Equipment</u>	<u>Information Technology</u>	<u>Radio</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,264,713	\$ 796,267	\$ 296,397	\$ 2,357,377
Payments to suppliers	(23,102)	(236,702)	(54,514)	(314,318)
Payments to employees		(399,147)		(399,147)
Other receipts (payments)	(26,113)	(135,955)	(57,806)	(219,874)
Net cash provided by operating activities	<u>1,215,498</u>	<u>24,463</u>	<u>184,077</u>	<u>1,424,038</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of assets	(1,038,768)	(244,178)	(128,537)	(1,411,483)
Proceeds from sale of assets	180,460			180,460
Net cash used in capital and related financing activities	<u>(858,308)</u>	<u>(244,178)</u>	<u>(128,537)</u>	<u>(1,231,023)</u>
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received	9,562	933	2,649	13,144
Net increase in cash and cash equivalents	366,752	(218,782)	58,189	206,159
Cash and cash equivalents at beginning of year	<u>3,383,318</u>	<u>638,021</u>	<u>1,097,222</u>	<u>5,118,561</u>
Cash and cash equivalents at end of year	<u>\$ 3,750,070</u>	<u>\$ 419,239</u>	<u>\$ 1,155,411</u>	<u>\$ 5,324,720</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 182,448	\$ (161,611)	\$ 47,261	\$ 68,098
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation accruals	1,047,369	211,411	153,865	1,412,645
Miscellaneous nonoperating income		1,130		1,130
Change in assets and liabilities:				
Accounts receivable	(8)	(1,247)		(1,255)
Due from other governments	444		14,642	15,086
Prepaid items		(7,637)		(7,637)
Accounts payable	(14,755)	(18,852)	(31,691)	(65,298)
Accrued wages payable		(1,351)		(1,351)
Compensated absences payable		1,625		1,625
Other post-employment benefits		995		995
Net cash provided by operating activities	<u>\$ 1,215,498</u>	<u>\$ 24,463</u>	<u>\$ 184,077</u>	<u>\$ 1,424,038</u>
Noncash capital financing activities:				
Contributions of capital assets from government	<u>\$ 127,395</u>	<u>\$ 11,835</u>	<u>\$</u>	<u>\$ 139,230</u>
Contributions of capital assets from proprietary funds	<u>\$</u>	<u>\$ 165</u>	<u>\$</u>	<u>\$ 165</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE ¹
DECEMBER 31, 2012

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 56,426,310
Buildings	22,141,290
Improvements other than buildings	26,431,738
Machinery and equipment	7,185,255
Infrastructure	243,666,153
Construction in progress	<u>37,903,404</u>
 Total governmental funds capital assets	 <u><u>\$ 393,754,150</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 368,998,117
General Fund	617,260
Special Revenue Funds	10,753,588
Enterprise Funds	12,062
Gifts	<u>13,373,123</u>
 Total governmental funds capital assets	 <u><u>\$ 393,754,150</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, 2012

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>
FUNCTION AND ACTIVITY							
GENERAL GOVERNMENT:							
Mayor & Council	\$ 7,736	\$	\$	\$	\$ 7,736	\$	\$
City Clerk	15,286				15,286		
City Manager	23,784				23,784		
Accounting	34,373				34,373		
General Government Building	<u>50,348,140</u>	<u>46,968,374</u>	<u>3,200,003</u>	<u>79,106</u>	<u>100,657</u>		
Total General Government	<u>50,429,319</u>	<u>46,968,374</u>	<u>3,200,003</u>	<u>79,106</u>	<u>181,836</u>	-	-
PUBLIC SAFETY:							
Police Protection	1,013,034		672,951	76,346	263,737		
Fire Protection	<u>1,533,941</u>	<u>56,168</u>	<u>978,776</u>	<u>2,524</u>	<u>496,473</u>		
Total Public Safety	<u>2,546,975</u>	<u>56,168</u>	<u>1,651,727</u>	<u>78,870</u>	<u>760,210</u>	-	-
HIGHWAYS & STREETS	286,707,948	2,212,611	2,636,017	45,510	244,253	243,666,153	37,903,404
PARKS & RECREATION	33,130,183	2,100,372	3,183,952	26,055,107	1,790,752		
LIBRARY	2,313,104	103,000	1,974,299	149,323	86,482		
COMMUNITY DEVELOPMENT	158,399	84,108		22,222	52,069		
MASS TRANSIT	6,250,926	-	2,192,098	1,600	4,057,228		
PLAINS ART MUSEUM	490,409	-	490,409		-		
ECONOMIC DEVELOPMENT	<u>11,726,887</u>	<u>4,901,677</u>	<u>6,812,785</u>		<u>12,425</u>		
Total governmental funds capital assets	<u>\$ 393,754,150</u>	<u>\$ 56,426,310</u>	<u>\$ 22,141,290</u>	<u>\$ 26,431,738</u>	<u>\$ 7,185,255</u>	<u>\$ 243,666,153</u>	<u>\$ 37,903,404</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, 2012

<u>FUNCTION AND ACTIVITY</u>	<u>CAPITAL ASSETS 1/1/12</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>CAPITAL ASSETS 12/31/12</u>
GENERAL GOVERNMENT:				
Mayor & Council	\$ 7,736	\$	\$	\$ 7,736
City Clerk	4,203	11,083		15,286
City Manager	23,784			23,784
Accounting	30,841	3,532		34,373
General Government Building	<u>40,619,911</u>	<u>10,598,039</u>	<u>869,810</u>	<u>50,348,140</u>
Total General Government	<u>40,686,475</u>	<u>10,612,654</u>	<u>869,810</u>	<u>50,429,319</u>
PUBLIC SAFETY:				
Police Protection	972,498	49,311	8,775	1,013,034
Fire Protection	<u>1,394,824</u>	<u>171,653</u>	<u>32,536</u>	<u>1,533,941</u>
Total Public Safety	<u>2,367,322</u>	<u>220,964</u>	<u>41,311</u>	<u>2,546,975</u>
HIGHWAYS & STREETS	237,321,554	11,534,507	51,517	248,804,544
PARKS & RECREATION	32,917,782	229,633	17,232	33,130,183
LIBRARY	2,313,104			2,313,104
COMMUNITY DEVELOPMENT	158,399			158,399
MASS TRANSIT	6,167,397	83,529		6,250,926
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	11,534,631	192,256		11,726,887
CONSTRUCTION IN PROGRESS	<u>26,187,100</u>	<u>19,174,424</u>	<u>7,458,120</u>	<u>37,903,404</u>
Total governmental funds capital assets	<u>\$ 360,144,173</u>	<u>\$ 42,047,967</u>	<u>\$ 8,437,990</u>	<u>\$ 393,754,150</u>

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

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	65
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	70
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future	75
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	88
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	90

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 39,571,739	\$ 38,357,658	\$ 37,143,826	\$ 57,370,416	\$ 65,245,816	\$ 77,354,222	\$ 90,988,687	\$ 113,540,183	\$ 141,530,526	\$ 149,982,137
Restricted	35,882,536	46,024,002	56,195,491	77,974,490	93,395,972	97,825,682	111,879,202	114,126,460	106,751,797	133,231,004
Unrestricted	(16,226,258)	(10,438,227)	(11,417,970)	(13,842,366)	(1,878,820)	4,010,580	1,696,689	4,016,296	11,732,377	2,810,390
Total governmental activities net position	<u>\$ 59,228,017</u>	<u>\$ 73,943,433</u>	<u>\$ 81,921,347</u>	<u>\$ 121,502,540</u>	<u>\$ 156,762,968</u>	<u>\$ 179,190,484</u>	<u>\$ 204,564,578</u>	<u>\$ 231,682,939</u>	<u>\$ 260,014,700</u>	<u>\$ 286,023,531</u>
Business-type activities										
Net investment in capital assets	\$ 38,885,166	\$ 53,727,430	\$ 58,250,974	\$ 69,139,443	\$ 71,057,882	\$ 70,553,449	\$ 70,969,389	\$ 75,176,641	\$ 74,551,136	\$ 72,514,980
Restricted	14,742,032	9,464,867	4,683,585	5,867,993	5,891,812	5,339,425	4,314,753	5,007,451	5,315,762	7,577,380
Unrestricted	17,118,255	10,372,344	14,897,535	9,825,944	13,736,643	21,264,067	25,480,553	24,376,519	27,429,550	31,338,868
Total business-type activities net position	<u>\$ 70,745,453</u>	<u>\$ 73,564,641</u>	<u>\$ 77,832,094</u>	<u>\$ 84,833,380</u>	<u>\$ 90,686,337</u>	<u>\$ 97,156,941</u>	<u>\$ 100,764,695</u>	<u>\$ 104,560,611</u>	<u>\$ 107,296,448</u>	<u>\$ 111,431,228</u>
Primary government										
Net investment in capital assets	\$ 78,456,905	\$ 92,085,088	\$ 95,394,800	\$ 126,509,859	\$ 136,303,698	\$ 147,907,671	\$ 161,958,076	\$ 188,716,824	\$ 216,081,662	\$ 222,497,117
Restricted	50,624,568	55,488,869	60,879,076	83,842,483	99,287,784	103,165,107	116,193,955	119,133,911	112,067,559	140,808,384
Unrestricted	891,997	(65,883)	3,479,565	(4,016,422)	11,857,823	25,274,647	27,177,242	28,392,815	39,161,927	34,149,258
Total primary government net position	<u>\$ 129,973,470</u>	<u>\$ 147,508,074</u>	<u>\$ 159,753,441</u>	<u>\$ 206,335,920</u>	<u>\$ 247,449,305</u>	<u>\$ 276,347,425</u>	<u>\$ 305,329,273</u>	<u>\$ 336,243,550</u>	<u>\$ 367,311,148</u>	<u>\$ 397,454,759</u>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 3,854,182	\$ 2,739,259	\$ 3,068,861	\$ 3,483,664	\$ 3,473,922	\$ 3,614,430	\$ 3,704,870	\$ 3,674,855	\$ 3,415,677	\$ 3,819,530
Public safety	8,275,403	8,345,480	8,500,960	9,024,756	10,006,060	9,984,826	10,518,141	10,270,338	10,819,856	10,675,009
Highways and streets	4,848,743	5,525,656	8,289,232	6,988,144	8,342,798	9,734,211	13,841,687	12,616,553	16,036,015	11,981,603
Parks and recreation	1,833,295	1,968,787	2,307,467	2,246,170	2,329,521	2,517,227	3,314,652	3,303,861	3,470,430	3,457,150
Library	714,973	743,284	756,504	798,967	814,816	839,115	864,977	918,671	830,901	780,583
Community development	667,880	762,062	648,950	780,580	775,711	570,862	602,633	337,303	445,914	561,105
Rental Registration				200,057	144,801	148,341	151,498	158,890	161,607	181,419
Mass transit	1,220,122	1,530,756	1,578,325	1,805,771	1,948,827	2,170,917	2,071,065	2,302,729	2,464,724	2,449,881
Economic development	875,652	801,112	364,786	1,792,973	834,708	1,007,312	999,430	801,869	496,620	880,549
Interest on long-term debt	2,982,298	3,394,926	4,639,084	5,222,919	6,651,205	6,310,623	8,218,418	7,046,767	7,496,641	7,172,878
Total governmental activities expenses	<u>25,272,548</u>	<u>25,811,322</u>	<u>30,154,169</u>	<u>32,344,001</u>	<u>35,322,369</u>	<u>36,897,864</u>	<u>44,287,371</u>	<u>41,431,836</u>	<u>45,638,385</u>	<u>41,959,707</u>
Business-type activities:										
Electric	13,683,907	14,583,939	15,518,350	16,578,725	18,487,724	20,408,558	23,221,675	24,714,209	26,097,474	26,205,959
Water	3,568,788	3,566,389	3,800,261	4,149,820	4,484,804	4,857,077	5,183,743	5,134,097	5,098,038	5,440,712
Wastewater treatment	4,098,377	4,180,626	4,375,795	4,637,030	4,962,560	5,677,381	5,817,997	5,960,063	5,882,910	6,024,275
Broadband			964,255	1,600,791	1,534,312	1,462,908	921,330	-	-	-
Storm water	539,198	807,234	714,622	693,830	881,669	830,846	1,039,503	1,051,434	987,457	878,183
Sanitation	2,459,090	2,909,471	2,639,545	2,789,143	3,007,471	3,163,142	2,973,724	3,080,561	3,196,151	3,173,585
Golf courses	1,409,675	1,489,146	1,632,361	1,724,377	1,706,043	1,724,894	1,682,538	1,686,166	1,676,855	1,717,851
Sports center	638,733	713,564	736,355	730,905	844,913	904,805	924,174	928,218	917,037	913,432
Pest control	152,884	182,626	245,941	234,874	267,505	239,570	183,137	266,451	335,831	363,547
Forestry	336,682	372,130	380,369	488,220	655,000	660,271	571,342	582,726	657,305	640,062
Municipal airport	242,272	247,469	284,251	467,647	397,094	325,079	290,901	317,316	345,878	258,975
Total business-type activities expenses	<u>27,129,606</u>	<u>29,052,594</u>	<u>31,292,105</u>	<u>34,095,362</u>	<u>37,229,095</u>	<u>40,254,531</u>	<u>42,810,064</u>	<u>43,721,241</u>	<u>45,194,936</u>	<u>45,616,581</u>
Total primary government expenses	<u>\$ 52,402,154</u>	<u>\$ 54,863,916</u>	<u>\$ 61,446,274</u>	<u>\$ 66,439,363</u>	<u>\$ 72,551,464</u>	<u>\$ 77,152,395</u>	<u>\$ 87,097,435</u>	<u>\$ 85,153,077</u>	<u>\$ 90,833,321</u>	<u>\$ 87,576,288</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 612,649	\$ 689,274	\$ 979,078	\$ 1,081,611	\$ 888,257	\$ 960,759	\$ 856,631	\$ 732,466	\$ 704,540	\$ 742,553
Public safety	706,291	872,446	924,696	1,032,270	1,058,423	984,678	844,615	1,010,460	863,715	652,812
Highways and streets	994,178	1,406,883	1,707,573	2,250,883	2,002,523	2,408,318	2,077,041	2,233,462	2,521,980	2,174,827
Other activities	946,536	180,094	1,500,487	1,703,060	1,418,593	1,686,963	1,299,982	1,410,658	1,498,158	1,370,654
Operating grants and contributions	2,442,589	2,449,551	2,458,483	2,762,963	2,923,330	2,586,091	2,902,189	2,857,481	2,882,446	2,902,750
Capital grants and contributions	8,075,402	15,732,505	15,553,890	35,657,297	41,306,965	26,832,098	38,412,544	36,845,046	40,565,422	34,238,609
Total governmental activities program revenues	<u>13,777,645</u>	<u>21,330,753</u>	<u>23,124,207</u>	<u>44,488,084</u>	<u>49,598,091</u>	<u>35,458,907</u>	<u>46,393,002</u>	<u>45,089,573</u>	<u>49,036,261</u>	<u>42,082,205</u>
Business-type activities:										
Charges for services:										
Electric	18,360,341	19,440,958	20,655,002	22,117,913	25,152,311	28,643,650	30,878,334	33,010,043	34,454,731	35,346,331
Water	4,481,516	4,627,512	4,956,975	5,383,727	5,583,065	6,091,578	6,328,933	6,224,451	6,104,064	6,975,437
Wastewater treatment	3,979,362	3,945,582	4,373,641	4,462,639	4,881,520	5,281,652	4,941,636	4,962,792	5,200,218	5,681,415
Storm water	734,622	778,446	216,746	864,719	889,779	968,223	1,228,235	2,060,843	2,075,431	2,382,526
Sanitation	2,603,355	2,684,778	840,347	3,008,479	3,180,040	3,417,710	3,625,720	3,623,225	3,636,937	3,668,782
Golf courses	1,007,881	965,821	2,691,426	1,150,626	1,083,083	1,025,408	1,250,458	1,177,839	1,122,931	1,139,109
Other activities	1,067,890	1,246,858	2,421,221	2,122,861	2,258,866	2,676,621	2,241,036	1,681,153	1,716,002	1,795,999
Operating grants and contributions	174,101	160,800	159,919	286,659	160,495	167,246	170,504	177,796	224,129	222,930
Capital grants and contributions	3,380,123	83,979	63,588	4,634,189	1,266,383	566,089	447,048	1,185,460	388,393	1,133,422
Total business-type activities program revenues	<u>35,789,191</u>	<u>33,934,734</u>	<u>36,378,865</u>	<u>44,031,812</u>	<u>44,455,542</u>	<u>48,838,177</u>	<u>51,111,904</u>	<u>54,103,602</u>	<u>54,922,836</u>	<u>58,345,951</u>
Total primary government program revenues	<u>\$ 49,566,836</u>	<u>\$ 55,265,487</u>	<u>\$ 59,503,072</u>	<u>\$ 88,519,896</u>	<u>\$ 94,053,633</u>	<u>\$ 84,297,084</u>	<u>\$ 97,504,906</u>	<u>\$ 99,193,175</u>	<u>\$ 103,959,097</u>	<u>\$ 100,428,156</u>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense) / revenue:										
Governmental activities	\$ (11,494,903)	\$ (4,480,569)	\$ (7,029,962)	\$ 12,144,083	\$ 14,275,722	\$ (1,438,957)	\$ 2,105,631	\$ 3,657,737	\$ 3,397,876	\$ 122,498
Business-type activities	8,659,585	4,882,140	5,086,760	9,936,450	7,226,447	8,583,646	8,301,840	10,382,361	9,727,900	12,729,370
Total primary government net expense	<u>\$ (2,835,318)</u>	<u>\$ 401,571</u>	<u>\$ (1,943,202)</u>	<u>\$ 22,080,533</u>	<u>\$ 21,502,169</u>	<u>\$ 7,144,689</u>	<u>\$ 10,407,471</u>	<u>\$ 14,040,098</u>	<u>\$ 13,125,776</u>	<u>\$ 12,851,868</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 1,634,835	\$ 2,179,709	\$ 2,662,256	\$ 3,160,500	\$ 3,345,080	\$ 3,591,171	\$ 4,103,261	\$ 4,075,578	\$ 4,613,139	\$ 4,430,407
Property taxes levied for debt service	384,376	336,110	5,954	1,238	827	452,437	1,003,694	1,647,827	1,189,537	1,988,711
Tax increments	1,534,608	982,184	1,143,203	1,063,458	1,088,698	1,755,937	1,430,138	953,865	870,313	694,944
Franchise fees	638,140	614,920	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	831,067
State aid unrestricted	8,711,749	9,223,467	9,923,838	10,230,844	9,832,461	9,413,327	9,642,047	8,199,446	8,544,337	8,405,832
Unrestricted grants and contributions	446,511	185,850	171,832	169,875	177,165	172,949	170,158	176,748	171,947	171,957
Investment earnings	327,987	262,534	981,612	1,888,601	2,333,128	1,310,307	225,759	309,936	585,304	158,683
Miscellaneous	849,207	868,016	803,712	436,279	430,485	126,677	139,067	123,337	343,824	215,952
Gain on disposal / sale of assets				5,432,927	109,595	109,065	(90,224)	-	-	-
Transfers	4,622,296	3,074,995	1,956,451	4,185,838	2,930,387	5,918,565	5,787,497	7,108,365	7,671,558	8,988,780
Total governmental activities	<u>19,149,709</u>	<u>17,727,785</u>	<u>18,413,098</u>	<u>27,437,110</u>	<u>20,984,706</u>	<u>23,866,473</u>	<u>23,268,463</u>	<u>23,460,624</u>	<u>24,933,885</u>	<u>25,886,333</u>
Business-type activities:										
State aid unrestricted	550,000	561,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560
Investment earnings	370,965	317,664	558,412	826,631	1,140,246	968,178	295,055	484,828	588,834	205,476
Miscellaneous	150,401	132,819	345,731	401,766	51,308	586,510	184,733	25,532	79,102	177,154
Loss on disposal of equipment	(223,006)		221,442	10,717	353,783	22,275	602,063	-	-	-
Transfers	(4,622,296)	(3,074,995)	(1,956,451)	(4,185,838)	(2,930,387)	(5,918,565)	(5,787,497)	(7,108,365)	(7,671,558)	(8,988,780)
Total business-type activities	<u>(3,773,936)</u>	<u>(2,062,952)</u>	<u>(819,306)</u>	<u>(2,935,164)</u>	<u>(1,373,490)</u>	<u>(4,330,042)</u>	<u>(4,694,086)</u>	<u>(6,586,445)</u>	<u>(6,992,062)</u>	<u>(8,594,590)</u>
Total primary government	<u>\$ 15,375,773</u>	<u>\$ 15,664,833</u>	<u>\$ 17,593,792</u>	<u>\$ 24,501,946</u>	<u>\$ 19,611,216</u>	<u>\$ 19,536,431</u>	<u>\$ 18,574,377</u>	<u>\$ 16,874,179</u>	<u>\$ 17,941,823</u>	<u>\$ 17,291,743</u>
Change in Net Position										
Governmental activities	\$ 7,654,806	\$ 13,247,216	\$ 11,383,136	\$ 39,581,193	\$ 35,260,428	\$ 22,427,516	\$ 25,374,094	\$ 27,118,361	\$ 28,331,761	\$ 26,008,831
Business-type activities	4,885,649	2,819,188	4,267,454	7,001,286	5,852,957	4,253,604	3,607,754	3,795,916	2,735,838	4,134,780
Total primary government	<u>\$ 12,540,455</u>	<u>\$ 16,066,404</u>	<u>\$ 15,650,590</u>	<u>\$ 46,582,479</u>	<u>\$ 41,113,385</u>	<u>\$ 26,681,120</u>	<u>\$ 28,981,848</u>	<u>\$ 30,914,277</u>	<u>\$ 31,067,599</u>	<u>\$ 30,143,611</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General fund										
Reserved	\$ 555,140	\$ 575,640	\$ 659,710	\$ 653,404	\$ 1,548,028	\$ 1,522,084	\$ 1,673,938	\$ 1,463,870	\$	\$
Unreserved	7,771,203	9,367,360	10,797,671	12,155,461	12,905,175	13,399,448	13,003,740	12,231,585		
Committed										715,190
Nonspendable									1,302,696	1,446,526
Unassigned									11,868,324	13,268,124
Total General fund	<u>\$ 8,326,343</u>	<u>\$ 9,943,000</u>	<u>\$ 11,457,381</u>	<u>\$ 12,808,865</u>	<u>\$ 14,453,203</u>	<u>\$ 14,921,532</u>	<u>\$ 14,677,678</u>	<u>\$ 13,695,455</u>	<u>\$ 13,171,020</u>	<u>\$ 15,429,840</u>
All other governmental funds										
Reserved	\$ 19,139,320	\$ 27,816,117	\$ 25,969,324	\$ 22,323,376	\$ 33,098,047	\$ 28,326,859	\$ 37,721,305	\$ 35,783,811	\$	\$
Unreserved, reported in:										
Special revenue funds	1,598,597	2,056,414	2,391,473	2,926,902	3,547,842	3,500,710	3,599,434	3,549,584		
Capital projects funds	1,416,529	(364,807)	5,149,040	10,758,095	3,728,919	2,476,640	4,541,881	2,268,124		
Nonspendable									605,771	547,358
Restricted									29,147,833	64,202,443
Committed									1,555,689	1,525,420
Assigned									4,126,188	3,659,190
Unassigned									(631,771)	(2,869,614)
Total all other governmental funds	<u>\$ 22,154,446</u>	<u>\$ 29,507,724</u>	<u>\$ 33,509,837</u>	<u>\$ 36,008,373</u>	<u>\$ 40,374,808</u>	<u>\$ 34,304,209</u>	<u>\$ 45,862,620</u>	<u>\$ 41,601,519</u>	<u>\$ 34,803,710</u>	<u>\$ 67,064,797</u>

Note: Beginning in 2011 the fund balance classifications were modified to comply with GASB 54

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Taxes										
Property	\$ 3,287,213	\$ 3,498,003	\$ 4,626,088	\$ 4,225,196	\$ 4,434,605	\$ 5,799,544	\$ 6,537,093	\$ 6,677,262	\$ 6,672,981	\$ 7,114,062
Franchise	638,141	674,167	764,240	867,550	736,880	1,016,038	857,066	865,522	943,926	831,067
Licenses and permits	596,295	637,763	823,636	969,802	779,928	844,394	892,918	997,412	596,533	636,465
Intergovernmental	16,567,437	20,008,396	18,027,985	21,753,738	25,339,983	25,521,491	37,032,258	34,168,837	43,024,995	32,702,918
Charges for services	1,508,195	2,119,288	2,376,923	3,543,402	3,065,110	3,316,931	2,965,091	2,993,594	3,621,425	3,063,004
Fines and forfeits	513,018	527,158	573,335	558,300	598,451	491,224	411,580	507,611	485,095	477,988
Facility rentals	168,940	177,254	210,080	172,086	198,722	205,291	218,334	184,065	221,638	166,565
Donations	-	-	-	-	-	-	-	-	-	12,575
Special assessments	2,551,601	3,380,047	926,472	4,036,345	6,843,277	8,061,898	8,165,825	9,165,907	10,202,539	10,792,664
Sale of property				6,354,930				65,569	175,746	140,400
Interest on investments	286,181	236,490	3,381,892	1,780,606	2,213,428	1,203,148	212,032	260,596	502,615	145,539
Miscellaneous	1,567,160	2,500,075	3,010,195	1,852,018	1,957,154	1,657,429	1,728,338	821,977	1,101,582	845,479
Total revenues	<u>27,684,181</u>	<u>33,758,641</u>	<u>34,720,846</u>	<u>46,113,973</u>	<u>46,167,538</u>	<u>48,117,388</u>	<u>59,020,535</u>	<u>56,708,352</u>	<u>67,549,075</u>	<u>56,928,726</u>
Expenditures										
General government	3,798,292	2,700,074	3,004,868	3,364,016	3,369,561	3,522,838	3,601,740	3,560,682	3,338,022	3,536,645
Public safety	8,185,498	8,279,955	8,596,237	8,948,335	9,824,282	9,925,533	10,381,701	10,276,719	10,457,316	10,530,722
Highways and streets	3,048,879	3,426,796	6,243,839	4,773,390	5,372,859	5,859,816	9,585,251	7,766,439	10,834,588	6,557,673
Ⓢ Parks and recreation	1,675,120	1,804,906	2,134,200	2,149,204	2,219,864	2,286,005	2,512,951	2,419,891	2,610,640	2,584,935
Library	661,302	689,012	702,232	744,695	760,544	784,843	802,412	857,343	771,530	761,157
Community development	660,990	753,387	642,060	773,690	768,821	566,192	597,964	332,635	441,246	556,440
Rental registration				200,057	144,801	147,636	150,793	158,890	161,607	181,419
Mass transit	1,112,003	1,212,967	1,299,561	1,479,523	1,589,758	1,805,454	1,661,780	1,823,815	1,976,869	1,992,853
Economic development	798,613	722,288	287,747	1,636,251	652,141	823,771	814,252	601,381	297,762	680,304
Capital outlay	15,061,647	22,411,536	32,713,271	39,142,606	34,869,391	26,839,081	25,534,303	41,462,160	39,143,946	34,763,317
Debt service:										
Bond and note principal	8,523,670	3,426,185	8,420,208	3,686,294	3,838,972	13,929,985	6,438,492	9,071,970	15,316,339	11,499,463
Bond and note interest	2,527,692	2,718,750	3,027,011	4,174,750	5,099,167	5,761,607	7,267,649	6,321,324	6,976,779	6,429,319
Fiscal and other charges	139,594	482,991	1,098,099	682,087	665,390	499,996	1,000,739	652,023	506,902	439,249
Total expenditures	<u>46,193,300</u>	<u>48,628,847</u>	<u>68,169,333</u>	<u>71,754,898</u>	<u>69,175,551</u>	<u>72,752,757</u>	<u>70,350,027</u>	<u>85,305,272</u>	<u>92,833,546</u>	<u>80,513,496</u>
Revenues over (under) expenditures	(18,509,119)	(14,870,206)	(33,448,487)	(25,640,925)	(23,008,013)	(24,635,369)	(11,329,492)	(28,596,920)	(25,284,471)	(23,584,770)
Other financing sources (uses)										
Bond and note proceeds	15,240,000	21,010,000	34,032,500	24,020,000	22,400,000	12,050,000	16,395,000	15,555,000	9,955,000	46,520,000
Premium on issuance of debt										1,780,076
Transfers from other funds	6,408,554	8,908,504	9,083,473	9,931,433	8,116,150	11,873,106	133,226	105,844	81,405	11,951,492
Transfers to other funds	(1,606,258)	(6,078,363)	(4,150,992)	(4,462,698)	(1,623,809)	(4,999,072)	9,661,661	9,571,654	9,630,070	(2,835,809)
Sale of capital assets				2,210	126,445	109,065	(3,545,838)	(1,878,902)	(1,704,248)	688,918.00
Total other financing sources (uses)	<u>20,042,296</u>	<u>23,840,141</u>	<u>38,964,981</u>	<u>29,490,945</u>	<u>29,018,786</u>	<u>19,033,099</u>	<u>22,644,049</u>	<u>23,353,596</u>	<u>17,962,227</u>	<u>58,104,677</u>
Net change in fund balances	<u>\$ 1,533,177</u>	<u>\$ 8,969,935</u>	<u>\$ 5,516,494</u>	<u>\$ 3,850,020</u>	<u>\$ 6,010,773</u>	<u>\$ (5,602,270)</u>	<u>\$ 11,314,557</u>	<u>\$ (5,243,324)</u>	<u>\$ (7,322,244)</u>	<u>\$ 34,519,907</u>
Debt service as a percentage of noncapital expenditures	35.50%	23.44%	32.29%	24.10%	26.05%	42.89%	30.58%	35.11%	41.52%	39.19%

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

Fiscal Year	Net Tax Capacity			Less: Captured Tax Increment Tax Capacity	Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Market Value Tax Exempt Real Property ¹
	Real Property		Personal Property						
	Residential	Commercial							
2003	\$ 8,460,332	\$ 3,224,721	\$ 132,174	\$ (671,170)	\$ 11,146,057	29.805%	\$ 998,508,100	1.12%	\$ 342,392,100
2004	9,103,013	3,557,377	127,355	(839,262)	11,948,483	28.731%	1,098,180,800	1.09%	342,392,100
2005	10,452,055	3,803,946	133,234	(846,763)	13,542,472	26.095%	1,234,867,700	1.10%	474,251,000
2006	11,931,872	4,193,676	138,687	(852,378)	15,411,857	24.944%	1,405,920,600	1.10%	474,251,000
2007	13,243,223	5,019,619	143,332	(780,969)	17,625,205	23.169%	1,569,165,000	1.12%	474,251,000
2008	14,836,285	5,786,204	147,216	(1,119,322)	19,650,383	25.844%	1,762,247,300	1.12%	474,251,000
2009	15,664,218	6,279,064	149,271	(1,205,221)	20,887,332	29.808%	1,872,707,500	1.12%	474,251,000
2010	16,465,436	6,272,844	149,152	(786,828)	22,100,604	31.176%	1,955,815,700	1.13%	817,588,200
2011	16,900,730	6,954,186	164,212	(821,926)	23,197,202	30.751%	2,025,775,500	1.15%	817,588,200
2012	15,358,233	7,089,254	173,218	(889,882)	21,730,823	33.827%	1,865,413,600	1.16%	817,588,200

Source: Clay County Auditor

Note: Tax Capacity is the value used to determine property taxes. The assessor determines the estimated market value of property; which is then converted to tax capacity by a formula specified in state law

¹ Tax Exempt property is reassessed every six years. Tax Capacities are not calculated since the state doesn't have a classification rate assigned for exempt property.

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

Fiscal Year	Direct Rates		Total Direct Rate	Overlapping Rates			Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority		County	School District	Buffalo Watershed		
2003	29.805%		29.805%	80.326%	33.696%	0.923%	114.945%	144.750%
2004	28.731%		28.731%	76.458%	35.355%	1.157%	112.970%	141.701%
2005	26.095%		26.095%	67.769%	32.808%	1.383%	101.960%	128.055%
2006	24.944%	1.356%	26.300%	63.504%	36.840%	1.574%	101.918%	128.218%
2007	23.169%	1.333%	24.502%	61.321%	33.386%	2.803%	97.510%	122.012%
2008	25.844%	1.218%	27.062%	59.084%	32.273%	2.807%	94.164%	121.226%
2009	29.808%	1.389%	31.197%	57.391%	33.845%	2.795%	94.031%	125.228%
2010	31.176%	1.042%	32.218%	54.805%	30.262%	1.836%	86.903%	119.121%
2011	30.751%	1.063%	31.814%	55.080%	29.957%	2.125%	87.162%	118.976%
2012	33.827%	1.114%	34.940%	54.063%	32.838%	2.207%	89.108%	124.048%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2012**

Taxpayer	2012			2003		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 623,996	1	2.87%	\$ 223,444	2	2.00%
Busch Agricultural Resources, Inc.	383,375	2	1.76%	344,820	1	3.09%
Menard's Inc	338,606	3	1.56%			0.00%
Easton LLC	221,856	4	1.02%			0.00%
Moorhead Lodging Association	179,250	5	0.82%			0.00%
Sterling Development Group	156,164	6	0.72%			0.00%
Proffutt Ltd Partnership	149,268	7	0.69%			0.00%
Moorhead Holiday Associates	137,634	8	0.63%	155,590	4	1.40%
Eventide Lutheran Home	134,390	9	0.62%	88,413	7	0.79%
Moorhead Center Mall LLP	127,847	10	0.59%			0.00%
Moorhead Hospitality				201,270	3	
HMJ Partnership				134,492	5	1.21%
TRE Investments				115,401	6	1.04%
Xcel Energy				94,854	8	0.85%
South Moorhead Associates				94,140	9	0.84%
Second Skaff Apartments				66,839	10	0.60%

Source: Clay County Auditor

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

Fiscal Year	Total Tax Levy for Fiscal Year	Less: State Credits	Net Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy		Amount	Percent of Levy
2003	\$ 4,524,017	\$ (1,691,391)	\$ 2,832,626	\$ 2,792,755	98.59%	\$ 39,119	\$ 2,831,874	99.973%
2004	4,671,350	(1,722,522)	2,948,828	2,899,560	98.33%	48,531	2,948,091	99.975%
2005	4,741,933	(1,588,177)	3,153,756	3,097,699	98.22%	55,503	3,153,202	99.982%
2006	4,835,500	(1,356,848)	3,478,652	3,372,860	96.96%	104,744	3,477,604	99.970%
2007	5,062,283	(1,389,308)	3,672,975	3,611,732	98.33%	58,528	3,670,260	99.926%
2008	5,891,208	(1,364,883)	4,526,325	4,445,911	98.22%	72,139	4,518,050	99.817%
2009	6,918,986	(1,560,961)	5,358,025	5,233,382	97.67%	87,217	5,320,599	99.301%
2010	7,446,245	(1,524,556)	5,921,689	5,698,918	96.24%	164,383	5,863,301	99.014%
2011	7,558,522	(1,767,771)	5,790,751	5,664,239	97.82%	41,955	5,706,194	98.540%
2012	7,441,836	(1,200,228)	6,241,608	6,130,010	98.21%		6,130,010	98.212%

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Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
ELECTRIC TRANSFERS TO GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Fiscal Year	ELECTRIC FUND				Transfer	Transfer as Percentage of Gross Revenues
	Operating Revenues	Non-operating Revenues	Capital Contributions	Gross Revenues		
2003	\$ 18,360,341	\$ 159,896	\$	\$ 18,520,237	\$ 4,075,000	22.00%
2004	19,440,958	170,427		19,611,385	4,294,000	21.90%
2005	20,655,002	552,571		21,207,573	4,568,000	21.54%
2006	22,117,913	470,154	222,802	22,810,869	4,853,000	21.27%
2007	25,152,311	585,014	122,949	25,860,274	5,289,000	20.45%
2008	28,643,650	442,841	122,080	29,208,571	5,797,000	19.85%
2009	30,878,334	202,221	131,593	31,212,148	6,115,000	19.59%
2010	33,008,574	290,482	621,548	33,920,604	6,669,750	19.66%
2011	34,454,731	459,792		34,914,523	6,710,297	19.22%
2012	35,346,331	154,515	42,000	35,542,846	7,372,106	20.74%

Note: City Charter

Section 12.11; Subd. 4. The council may by a vote of six members transfer in any fiscal year to the capital improvement fund of the city from the net revenues of a utility or service under the control of the commission and from the net revenues of any city owned utility 5 percent of gross revenues..

Section 12.11; Subd. 4. The council may by a vote of six members transfer in any fiscal year to the general revenue fund of the city from the net revenues of a utility or service under the control of the commission and from the net revenues of any city owned utility the following amounts:

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

Section 12.11 Subd. 5. In this chapter the term "gross revenues" means all operating and non-operating revenues of a utility from whatever source derived; the term "net revenues" means gross revenues less current expenses of the operation of the utilities. The amounts of gross revenues and net revenues must be determined by the commission in accordance with generally accepted accounting principles. Transfers made pursuant to this section must be consistent with covenants with bondholders in city resolutions authorizing the issuance of obligations payable from revenues of the utilities.

**CITY OF MOORHEAD, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	Notes Payable	G.O. Revenue Bonds	Revenue Bonds	Notes Payable			
2003	\$ 2,430,000	\$ 30,340,000	\$ 16,140,000	\$ 9,479,142	\$ 1,389,675	\$ 19,608,043	\$ 28,380,000	\$ 47,999	\$ 107,814,859	11.93%	\$ 3,295
2004	3,655,000	46,590,000	15,160,000	10,992,080	1,438,490	22,110,420	26,120,000	31,999	126,097,989	13.61%	3,766
2005	1,890,000	76,100,000	14,070,000	9,325,859	2,175,782	24,342,031	23,765,000	1,653,034	153,321,706	15.92%	4,477
2006	2,270,000	97,715,000	12,940,000	9,256,380	1,869,488	23,651,753	21,315,000	1,869,488	170,887,109	16.21%	4,851
2007	1,940,000	118,225,000	11,910,000	9,189,588	1,515,516	26,415,664	26,075,000	1,111,202	196,381,970	17.12%	5,477
2008	2,670,000	123,725,000	10,835,000	2,455,000	1,215,119	32,804,740	23,360,000	717,508	197,782,367	15.97%	5,460
2009	2,275,000	131,890,000	13,585,000	2,205,000	901,627	32,652,548	20,935,000	108,215	204,552,390	16.79%	5,563
2010	1,655,000	139,555,000	13,360,000	1,945,000	824,657	31,418,017	28,735,000	79,093	217,571,767	16.70%	5,716
2011	1,015,000	143,375,000	5,155,000	1,670,000	763,318	29,829,800	26,000,000	48,567	207,856,685	15.49%	5,461
2012	585,000	179,460,000	4,865,000	1,390,000	698,855	38,968,152	27,080,000	16,571	253,063,578	18.54%	6,570

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Availabe in Debt Service Funds	Total	Percentage of Estimated Market Value ¹ of Property	Per Capita ²
2003	\$ 2,430,000	\$ 490,882	\$ 1,939,118	0.19%	\$ 59
2004	3,655,000	1,993,034	1,661,966	0.15%	50
2005	1,890,000	535,976	1,354,024	0.11%	40
2006	2,270,000	551,937	1,718,063	0.12%	49
2007	1,940,000	390,922	1,549,078	0.10%	43
2008	2,670,000	250,935	2,419,065	0.14%	67
2009	2,275,000	249,631	2,025,369	0.11%	55
2010	1,655,000	173,009	1,481,991	0.08%	39
2011	1,015,000	22,263	992,737	0.05%	26
2012	585,000	-	585,000	0.00%	0

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

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

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

**CITY OF MOORHEAD, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 89,683,768	78.14%	\$ 70,076,744
Clay County	11,125,000	50.75%	<u>5,645,715</u>
Total overlapping debt			<u>75,722,459</u>
City of Moorhead direct debt			<u>151,215,000</u>
Total direct and overlapping debt			<u><u>\$ 226,937,459</u></u>

Source: Clay County Auditor

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Moorhead. The rates are calculated by taking the City's tax capacity divided by the overlapping governments' tax capacity.

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

	Fiscal Year										
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 19,975,252	\$ 21,777,492	\$ 24,670,410	\$ 28,108,194	\$ 28,130,306	\$ 31,492,698	\$ 57,837,453	\$ 60,617,055	\$ 62,491,626	\$ 63,619,863	\$ 55,962,408
Total net debt applicable to limit	<u>2,277,332</u>	<u>1,939,118</u>	<u>1,661,966</u>	<u>1,354,024</u>	<u>1,718,063</u>	<u>1,549,078</u>	<u>2,419,065</u>	<u>2,025,369</u>	<u>1,481,991</u>	<u>992,737</u>	<u>1,283,855</u>
Legal debt margin	<u>\$ 17,697,920</u>	<u>\$ 19,838,374</u>	<u>\$ 23,008,444</u>	<u>\$ 26,754,170</u>	<u>\$ 26,412,243</u>	<u>\$ 29,943,620</u>	<u>\$ 55,418,388</u>	<u>\$ 58,591,686</u>	<u>\$ 61,009,635</u>	<u>\$ 62,627,126</u>	<u>\$ 54,678,553</u>
Total net debt applicable to the limit as a percentage of debt limit	11.40%	8.90%	6.74%	4.82%	6.11%	4.92%	4.18%	3.34%	2.37%	1.56%	2.29%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2012

Estimated market value - real and personal property	\$ 1,865,413,600
Debt limit 3% of estimated market value	55,962,408
Debt applicable to limit:	
General obligation bonds	\$ 585,000
General obligation notes	<u>698,855</u>
Total net debt applicable to limit	<u>1,283,855</u>
Legal debt margin	<u>\$ 54,678,553</u>

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
2003	\$ 18,520,237	\$ 12,164,361	\$ 6,355,876	\$ 550,173	\$ 457,079	\$ 1,007,252	6.31
2004	19,611,385	12,969,932	6,641,453	609,533	423,258	1,032,791	6.43
2005	21,207,573	13,871,827	7,335,746	637,633	398,919	1,036,552	7.08
2006	22,810,867	14,919,786	7,891,081	551,624	379,886	931,510	8.47
2007	25,737,325	16,672,796	9,064,529	746,750	444,439	1,191,189	7.61
2008	29,086,491	18,521,325	10,565,166	840,367	487,671	1,328,038	7.96
2009	31,080,555	21,190,625	9,889,930	898,120 ³	494,896	1,393,016	7.10
2010	33,299,056	22,639,022	10,660,034	805,960	419,744	1,225,704	8.70
2011	34,914,523	23,794,915	11,119,608	884,469	577,133	1,461,602	7.61
2012	35,542,846	23,597,395	11,945,451	906,900	662,683	1,569,583	7.61

1 - Expenses exclude depreciation and amortization.

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

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

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

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

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

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

3 - For comparative purposes, this figure excludes a \$2,426,561 additional principal payment made to retire Public Utility Revenue Bond of 1998, Series A resulting from the Public Utility Revenue Refunding Bond of 2009, Series A.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 4,573,788	\$ 2,071,466	\$ 2,502,322	\$ 1,359,766	\$ 786,343	\$ 2,146,109	1.17
2004	4,702,062	2,107,619	2,594,443	1,434,467	715,126	2,149,593	1.21
2005	5,217,254	2,352,119	2,865,135	1,496,367	647,700	2,144,067	1.34
2006	5,558,926	2,715,167	2,843,759	1,479,582	581,165	2,060,747	1.38
2007	5,799,590	2,983,542	2,816,048	1,519,751	603,113	2,122,864	1.33
2008	6,355,804	3,221,731	3,134,073	1,649,941	626,266	2,276,207	1.38
2009	6,475,089	3,525,737	2,949,352	1,600,063 ²	520,869	2,120,932	1.39
2010	6,322,229	3,607,853	2,714,376	1,509,274	457,504	1,966,778	1.38
2011	6,413,006	3,697,937	2,715,069	1,634,474	396,284	2,030,758	1.34
2012	8,023,697	3,916,911	4,106,786	1,713,100	324,817	2,037,917	2.02

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$4,693,439 additional principal payment made to retire Public Utility Revenue Bond of 1998, Series A resulting from the Public Utility Revenue Refunding Bond of 2009, Series A.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 4,104,726	\$ 2,475,070	\$ 1,629,656	\$ 530,590	\$ 496,222	\$ 1,026,812	1.59
2004	4,074,498	2,427,653	1,646,845	593,245	790,895	1,384,140	1.19
2005	4,638,006	2,521,855	2,116,151	903,486	815,480	1,718,966	1.23
2006	9,202,997	2,813,006	6,389,991	1,037,117	860,015	1,897,132	3.37
2007	6,033,195	2,832,107	3,201,088	1,092,073	841,088	1,933,161	1.66
2008	5,807,432	3,473,684	2,333,748	841,395	803,422	1,644,817	1.42
2009	5,226,690	3,296,406	1,930,284	1,191,812	991,941	2,183,753	0.88
2010	5,440,267	3,388,622	2,051,645	1,536,196	980,989	2,517,185	0.82
2011	5,170,277	3,475,408	1,694,869	1,588,219	947,556	2,535,775	0.67
2012	5,718,882	3,933,832	1,785,050	1,651,648	906,311	2,557,959	0.70

1 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Availiabe for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 402,548 ²	\$ 404,022	\$ (1,474)	\$ 40,000	\$ 22,036	\$ 62,036	(0.02)
2004	432,828 ³	461,835	(29,007)	40,000	20,183	60,183	(0.48)
2005	463,447	482,346	(18,899)	40,000	20,257	60,257	(0.31)
2006	509,661	481,736	27,925	45,000	16,152	61,152	0.46
2007	565,761	496,990	68,771	45,000	15,270	60,270	1.14
2008	594,388	554,039	40,349	50,000	11,866	61,866	0.65
2009	524,030	573,691	(49,661)	50,000	9,441	59,441	(0.84)
2010	547,798	581,522	(33,724)	50,000	7,016	57,016	(0.59)
2011	553,746	576,559	(22,813)	50,000	3,919	53,919	(0.42)
2012	630,051	576,821	53,230	55,000	1,361	56,361	0.94

1 - Expenses exclude depreciation and amortization.

2 - 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.

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 1,024,417 ²	\$ 992,796	\$ 31,621	\$ 130,000	\$ 241,724	\$ 371,724	0.09
2004	1,005,062 ²	1,039,083	(34,021)	140,000	235,866	375,866	(0.09)
2005	1,153,566	1,191,811	(38,245)	145,000	231,076	376,076	(0.10)
2006	1,167,592	1,298,948	(131,356)	150,000	220,901	370,901	(0.35)
2007	1,105,056 ³	1,314,238	(209,182)	160,000	210,923	370,923	(0.56)
2008	1,070,641	1,324,658	(254,017)	170,000	206,444	376,444	(0.67)
2009	1,326,927	1,287,866	39,061	175,000	197,746	372,746	0.10
2010	1,250,631	1,302,556	(51,925)	185,000	185,371	370,371	(0.14)
2011	1,680,936	1,306,647	374,289	195,000	163,377	358,377	1.04
2012	1,713,540	1,367,738	345,802	210,000	162,444	372,444	0.93

1 - Expenses exclude depreciation and amortization.

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

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

CITY OF MOORHEAD, MINNESOTA
SCHEDULE OF VEHICLE FUND PLEDGED-REVENUE COVERAGE ¹
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 871,052	\$ 15,070	\$ 855,982	\$ 60,000	\$ 8,816	\$ 68,816	12.44
2004	865,856	11,583	854,273	60,000	6,215	66,215	12.90
2005	949,304	11,032	938,272	65,000	3,448	68,448	13.71

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

2 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 339,415	\$ 3,052	\$ 336,363	\$ 185,000	\$ 495,308	\$ 680,308	0.49
2004	420,352 ¹	50,719	369,633	190,000	487,406	677,406	0.55
2005	519,897	7,320	512,577	200,000 ²	473,567	673,567	0.76
2006	625,611	6,516	619,095	225,000	444,338	669,338	0.92
2007	644,478	3,324	641,154	235,000	437,204	672,204	0.95
2008	414,523	68,301	346,222	245,000 ³	185,795	430,795	0.80
2009	350,901	2,325	348,576	250,000	131,508	381,508	0.91
2010	359,649	2,694	356,955	260,000	88,675	348,675	1.02
2011	355,354	2,094	353,260	275,000	78,820	353,820	1.00
2012	356,087	1,294	354,793	280,000	68,273	348,273	1.02

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

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

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

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

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 3,636,022	\$ 427,227	\$ 3,208,795	\$ 1,090,000	\$ 712,351	\$ 1,802,351	1.78
2004	5,812,348	493,400	5,318,948	1,630,000	1,414,429	3,044,429	1.75
2005	7,668,122	503,934	7,164,188	3,515,000	1,775,965	5,290,965	1.35
2006	7,389,538	643,131	6,746,407	1,700,000	2,954,752	4,654,752	1.45
2007	10,797,713	388,177	10,409,536	1,890,000	3,872,993	5,762,993	1.81
2008	10,461,710	210,177	10,251,533	3,565,000 ²	4,871,596	8,436,596	1.22
2009	12,146,618	260,319	11,886,299	4,355,000	5,096,160	9,451,160	1.26
2010	12,185,726	228,350	11,957,376	5,000,000 ³	5,233,232	10,233,232	1.17
2011	13,404,555	225,275	13,179,280	6,335,000	5,588,493	11,923,493	1.11
2012	15,436,841	435,630	15,001,211	10,435,000	5,525,149	15,960,149	0.94

1 - For comparative purposes these amounts exclude proceeds from issuance of new bonds.

2 - For comparative purposes this amount excludes \$1,775,000 used to retire General Obligation Obligation Improvement Bonds of 1999A (\$855,000) and 2000A (\$920,000)

3 - For comparative purposes this amount excludes \$1,570,000 used to retire General Obligation Obligation Improvement Bonds of 2001E

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2003	\$ 1,844,037	\$ 32,226	\$ 1,811,811	\$ 6,985,000	\$ 1,187,846	\$ 8,172,846	0.22
2004	1,881,825	172,139	1,709,686	1,227,516	690,078	1,917,594	0.89
2005	2,867,537	313,909	2,553,628	1,256,539	671,655	1,928,194	1.32
2006	2,679,873	208,503	2,471,370	1,332,625	708,099	2,040,724	1.21
2007	2,688,940	476,956	2,211,984	1,264,210	596,814	1,861,024	1.19
2008	3,413,940	220,655	3,193,285	1,322,551	592,211	1,914,762	1.67
2009	2,843,930 ¹	713,116	2,130,814	1,382,955	1,946,835	3,329,790	0.64
2010	1,552,805 ²	412,102	1,140,703	600,000 ³	911,214	1,511,214	0.75
2011	1,486,573	275,920	1,210,653	285,000 ⁴	380,290	665,290	1.82
2012	1,050,651	1,275	1,049,376	290,000	175,576	465,576	2.25

1 - For comparative purposes this figure excludes bond proceeds from the G.O. Tax Increment Refunding Bonds 2009D in the amount of \$981,797 used for the current refunding of the G.O. Tax Increment Bonds 2001C and the G.O. Tax Increment Refunding Bonds 2009A in the amount of \$2,938,516 Crossover Refunding EDA Bonds 2001A .

2 - For comparative purposes this figure excludes bond proceeds from the G.O. Tax Increment Refunding Bonds 2010B in the amount of \$1,406,656 used for the crossover refunding of the G.O. Tax Increment Bonds 2001B.

3 - For comparative purposes this amount excludes \$945,000 used to retire General Obligation Tax Increment Bonds of 2001C

4 - For comparative purposes this amount excludes \$6,365 000 used to retire General Obligation Tax Increment Bonds 2001A and \$1,355,000 for General Obligation Tax Increment Bonds 2001B

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

Fiscal Year	Population ¹	Estimated Personal Income ²	Per Capita Personal Income ³	K-12 School Enrollment ⁴	Unemployment Rate ⁵
2003	32,720	\$ 904,020,880	\$ 27,629	5,272	3.1%
2004	33,485	926,697,375	27,675	5,266	3.2%
2005	34,244	963,352,208	28,132	5,297	3.0%
2006	35,225	1,054,389,925	29,933	5,339	2.7%
2007	35,853	1,147,367,706	32,002	5,400	3.0%
2008	36,226	1,238,422,036	34,186	5,351	3.1%
2009	36,770 ⁶	1,218,337,180	33,134	5,370	4.2%
2010	38,065 ⁷	1,302,812,690	34,226	5,353	3.9%
2011	38,065	1,341,905,445	35,253	5,406	4.0%
2012	38,516	1,365,315,168	35,448	5,542	4.6%

Data Sources:

¹ Minnesota State Demographic Center.

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

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

⁴ Minnesota Department of Education

⁵ Minnesota Department of Employment and Economic Development

⁶

Beginning in 2009, the Minnesota State Demographic Center does not have this information available until after publication of this report. Therefore, this figure is a projected estimate based on the the 10-year average change in population as calculated by the Moorhead City Planning Department

⁷ 2010 U.S. Census

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

Employer	2012			2003		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	877 (a)	1	4.20%	815	1	2.72%
Minnesota State University-Moorhead	750 (a)	2	3.60%	720	2	2.40%
Concordia College	750 (a)	3	3.60%	700	3	2.33%
Eventide Lutheran Home	455	4	2.18%	430	5	1.43%
Clay County	450	5	2.16%	420	6	1.40%
American Crystal Sugar Company	394	6	1.89%	444	4	1.48%
Moorhead Electric	270	7	1.29%	174	10	0.58%
City of Moorhead	249 (b)	8	1.19%	247	8	0.82%
American Security & Protection	210	9	1.01%			
Hornbacher's Foods, Inc.	180	10	0.86%	259	7	0.86%
CAMAS Inc.				200	9	0.67%

(a) Includes full and part-time employees.

(b) Excludes 160 temporary and seasonal employees

Source: Telephone survey of individual employers

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	38.38	38.38	39.38	37.00	37.00	38.17	40.22	40.22	40.22	39.42
Public Safety										
Police										
Officers	50.00	50.00	50.00	50.00	50.00	53.00	53.00	53.00	53.00	53.00
Civilians	15.80	13.32	12.82	12.815	14.875	14.88	14.88	14.00	14.00	15.00
Fire										
Firefighters & officers	30.00	30.00	30.00	33.00	33.00	33.00	36.00	36.00	36.00	36.00
Civilians	9.50	3.00	3.00	3.00	1.00	1.00	1.00	1.00	1.00	1.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Parks and Recreation	10.755	8.00	8.00	8.00	8.00	10.00	10.00	10.00	10.00	10.00
Community Development	17.575	15.575	17.575	22.50	24.50	23.20	23.20	23.20	21.60	20.85
Mass Transit	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Economic Development	3.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Electric	30.00	30.00	30.00	31.00	31.00	33.00	34.00	34.00	34.00	37.00
Water	21.00	21.00	21.00	22.00	21.00	23.00	25.00	25.00	25.00	21.00
Broadband	-	-	-	3.00	9.00	11.00	-	-	-	-
Wastewater Treatment	15.00	16.00	16.00	17.00	17.00	17.00	17.00	17.00	17.00	18.00
Storm Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and Streets	16.00	16.00	16.25	16.63	16.63	16.63	16.63	16.63	16.63	16.63
Sanitation	23.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Golf Courses	3.50	3.50	3.50	7.58	7.58	7.58	7.58	7.58	7.58	7.58
Sports Center	2.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Pest Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forestry	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTE's	292.51	277.78	280.53	296.53	303.59	315.46	310.51	309.63	308.03	307.48

Source: City Human Resources Department

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Part I Offenses (serious crime - murder, rape, robbery, assault, theft, arson)	1,126	1,024	926	945	878	920	970	1,006	872	945
Part II Offenses (assault, stolen property, vandalism, narcotics, D.U.I., liquor laws, disorderly, other)	2,619	2,407	2,350	2,462	2,393	2,076	2,288	2,353	2,251	1,971
Fire										
Medical responses	1,409	1,292	1,462	1,405	1,322	1,700	1,945	1,980	2,273	2,186
Fire & other responses	805	768	751	766	830	994	1,024	1,006	1,066	1,144
Library										
Visits	235,196	234,624	273,364	266,292	276,692	265,070	298,870	305,435	275,782	258,451
Circulation	277,448	287,433	294,417	296,652	360,864	386,938	398,685	409,133	378,340	344,025
Mass Transit										
Fixed Routes ridership	281,730	280,279	316,647	344,824	356,732	398,445	392,218	376,697	433,676	436,304
Paratransit ridership	8,828	9,950	10,958	13,014	14,498	19,206	13,083	13,220	12,771	10,604
Metro Senior Ride ridership						4,050	5,111	5,961	6,323	7,492
Community Development										
New Residential Permits	205	308	350	338	241	201	178	160	92	89
New Residential Valuation	32,307,000	49,697,640	57,788,265	58,147,643	40,152,822	43,243,429	33,243,985	24,091,532	24,075,213	17,514,700
New Commercial Permits	26	28	28	39	31	20	17	19	20	12
New Commercial Valuation	32,795,794	4,519,100	13,621,419	25,722,337	25,368,798	6,029,417	4,575,300	8,620,860	4,956,205	8,071,975
Sanitation										
Curbside Recycling (tons)	83	373	398	606	626	701	645	582	499	432
Refuse Collected (landfill tonnage)	18,574	16,390	18,048	18,744	21,587	20,168	20,688	19,737	22,276	21,568
Yard Waste (tons)	1,864	1,799	3,378	2,515	2,049	2,247	3,056	3,026	2,542	2,060
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	3.90	4.36	4.75	4.66	4.40	4.49	4.68	4.66	5.06	3.52
Electric										
Annual Sales (millions of kwh)	376.54	386.86	397.11	399.37	412.03	418.91	414.03	418.40	430.16	419.58
Water										
Water Sales (billions of gallons)	1.449	1.440	1.462	1.471	1.457	1.398	1.385	1.335	1.285	1.48

Source: Various city departments.

Note: Indicators are not available for general government functions.

**CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Highways & Streets:										
Street (miles)	175.47	184.60	197.72	203.75	207.10	210.35	208.60	210.11	211.77	211.73
Culture and recreation										
Parks	32	34	36	41	42	42	42	42	42	43
Swimming/wading pools	8	8	8	8	8	8	8	8	8	9
Sanitation:										
Collection trucks	7	7	10	10	10	10	10	10	10	10
Wastewater										
Storm sewers (miles)	100.91	104.82	113.80	113.80	124.89	125.35	125.35	127.40	132.42	135.32
Sanitary sewers (miles)	120.25	125.88	136.73	136.73	145.54	154.54	154.54	155.19	157.81	156.36
Force mains (miles)	14.12	14.12	14.29	14.29	16.09	20.87	20.87	20.87	22	23.12

Source: Various city departments.