

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF MOORHEAD, MINNESOTA







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

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**PREPARED BY THE FINANCE DIVISION  
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JOEL HERR, ACCOUNTANT**

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

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**CITY OF MOORHEAD, MINNESOTA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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# **INTRODUCTORY SECTION**



June 20, 2024

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 annual comprehensive financial report of the City of Moorhead for the fiscal year ended December 31, 2023.

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 Eide Bailly, 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, 2023, 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 unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2023, are fairly presented in conformity with GAAP. The independent auditors' 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 Uniform Guidance. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, are provided under a 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 22.2 square miles with a population of 44,505 as of the 2020 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, golf course, pest control, forestry, airport and street light utility. Vehicles and equipment, radio and weapons, information technology and maintenance shop services are provided through internal service funds. The Moorhead Public Housing Agency is included as a discretely presented 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 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 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 and approval prior to September 30<sup>th</sup>. The council is required to hold a public meeting where the citizens are allowed to speak on the proposed budget and to adopt a final budget prior to December 28<sup>th</sup>. 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 departments. When drawing from reserves or increasing the overall size of the budget, special approval of the city council is required. 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 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 Moorhead Aviation Services, LLC, offering 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 Busch Agricultural Resources. 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 7,000 students places it among the largest 10% of school districts in Minnesota and is known for its superior academic achievement, far-reaching extracurricular activities, and efficiency in operating costs. In addition, Moorhead offers St. Joseph's Catholic School, a K-12 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 nearly 6,000 students and about 750 full- and part-time faculty and Concordia College is a four-year private liberal arts college with over 1,800 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 and Rasmussen University offering career focused degrees in business, design, education, health sciences, justice studies, nursing, and technology.

### **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 past several years, Engineering Staff has worked on the 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 to assure positive cash flow.

The City's previous bond rating of Aa3 from Moody's Investors Service was upgraded to Aa2 during 2023. The Aa3 rating reflects the City's solid financial position, as well as a growing tax base which serves as a regional economic hub.

### **Major Initiatives**

- A new Community Center Library will begin construction in June of 2024, marking the commencement of a transformative project set to be completed in 2026. The facility is primarily funded by a 0.5% local option sales tax that was approved by voters during the 2022 general election.
- 2023 saw the highest number of residential and commercial construction permits issued in the past 10 years. Moorhead added nearly \$51.1 million in new commercial and institutional building value in 2023 and nearly \$35.9 million in commercial remodel building value. 287 fully serviced, buildable lots are available in various Moorhead subdivisions entering the 2024 construction season.
- Downtown continues to be a major focus. The 2022 Onward Moorhead! Comprehensive Plan, which will help guide development in years to come, was approved by the City Council.
- A partnership has been established with Roers for redevelopment of nine city blocks in downtown encompassing the Moorhead Center Mall site. The vision is to create a place where people come together.
- Moorhead Renaissance Zone is intended to encourage economic development and investment opportunities within the defined Moorhead RZ boundary by offering property tax exemptions for qualified projects.
- Median single-family home sales prices rose from \$240,000 to \$260,000, a healthy level of appreciation. There were 111 single family attached and detached homes permitted in 2023 and 224 multifamily units, the highest number of new residential building permits within the past five years.
- Major commercial/industrial projects in 2023 included the following: Lemke Warehouse, RDO Equipment co Warehouse, Next Generation Gaming, Chipotle, Diamond Rock Self-Storage, First Community Credit Union, 1<sup>st</sup> International Bank and Trust, Lakeland Mental Health Renovation & Addition, Odin 2<sup>nd</sup> Ave Shop Condos, O'Reilly Auto Parts (fit up), Starbucks, Thor Business Condos, Taco Bell Renovation, Arby's Renovation, Dollar Clinic Addition, and Kidco Children's Museum and Expansion (fit up).

- The Minnesota Department of Transportation and the City of Moorhead have partnered to construct an underpass at 11<sup>th</sup> Street in Moorhead. The project includes two grade separations of 11st Street under the BNSF rail lines, paving, pedestrian accessibility (ADA) improvements, utility replacements and signals. Moorhead is bisected by multiple rail lines and this project provides many safety and mobility benefits by removing crossing blockages caused by heavy rail traffic. When completed, the 11st Street Grade Separation project will enable traffic, bicyclists, and pedestrians to travel under the rail lines that go through town.
- Construction began on the Midtown Trail. The Midtown Trail is a shared-use trail along the Red River Corridor that consists of approximately 1 mile of new shared-use pedestrian trail plus two segments of on-road bikeway linking Woodlawn Park to Gooseberry Park.
- The City was awarded a \$5 million U.S. Department of Interior Outdoor Recreation Grant for the Reimagine Romkey Park – Pool Replacement and Park Renewal project. The project will begin in 2024 and has an estimated cost of \$11.3 million. By replacing underutilized amenities, expanding recreational opportunities, and reconstructing the Moorhead Municipal Pool, the project seeks to revitalize the park and promote community engagement in outdoor activities.
- The City's Moorhead Community Fund accepts private support for a variety of community, park, and art projects, which include Natural playground, Matson Field, Reimagine Romkey, and the Community Center Library.

### **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 annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2022. This was the 40<sup>th</sup> 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 ACFR. 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 ACFR 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,

*Jenica Flanagan*

Jenica Flanagan, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Moorhead  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Monell*

Executive Director/CEO

**CITY OF MOORHEAD  
LISTING OF CITY OFFICIALS  
AS OF DECEMBER 31, 2023**

	<u>ELECTED OFFICIALS</u>	<u>YEAR TERM EXPIRES</u>
MICHELLE CARLSON	MAYOR	2026
MATTHEW GILBERTSON	COUNCIL MEMBER, WARD 1	2024
RYAN NELSON	COUNCIL MEMBER, WARD 1	2026
HEATHER NESEMEIER	COUNCIL MEMBER, WARD 2	2026
LAURA CAROON	COUNCIL MEMBER, WARD 2	2024
DEB WHITE	COUNCIL MEMBER, WARD 3	2026
LARRY SELJEVOLD	COUNCIL MEMBER, WARD 3	2024
SEBASTIAN MCDougall	COUNCIL MEMBER, WARD 4	2024
CHUCK HENDRICKSON	COUNCIL MEMBER, WARD 4	2026

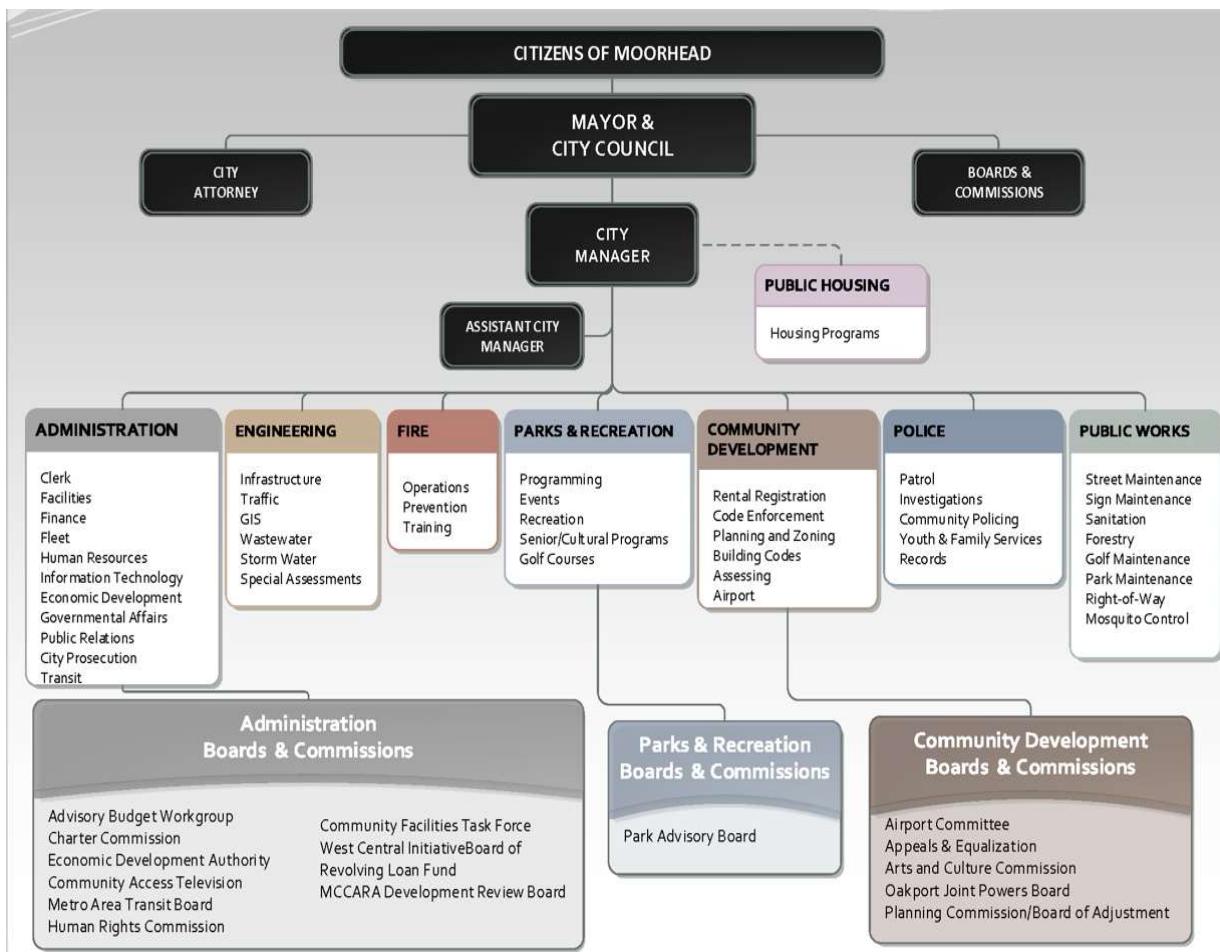
## APPOINTED OFFICIALS

DAN MAHLI CITY MANAGER

## DEPARTMENT DIRECTORS

MIKE RIETZ	ASSISTANT CITY MANAGER
KRISTIE LESHOVSKY	COMMUNITY DEVELOPMENT
HOLLY HEITKAMP	PARKS & RECREATION
ROBERT ZIMMERMAN	ENGINEERING
SHANNON MONROE	POLICE CHIEF
JEFF WALLIN	FIRE CHIEF
PAUL FIECHTNER	PUBLIC WORKS

# City of Moorhead Organizational Chart



# **FINANCIAL SECTION**



## Independent Auditor's Report

To the City Council  
City of Moorhead, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the applicable governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Moorhead Public Housing Agency, which represent 1.4%, 1.7%, and 3.6%, respectively, of the assets, net position, and revenues of the governmental activities as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Moorhead Public Housing Agency, is based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Emphasis of Matter***

### ***Change within Reporting Entity***

As discussed in Note 5.E to the financial statements, the City reclassified some funds in Special Assessment Capital Projects fund balance, Special Assessment Debt Service and Nonmajor governmental fund balances during the current year. Accordingly, a restatement has been made to the Special Assessment Capital Projects fund balance, Special Assessment Debt Service and Nonmajor governmental fund balances as of January 1, 2023, to adjust these balances at the beginning of the year. Our opinions are not modified with respect to that matter.

### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended December 31, 2023. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes to Total OPEB Liability and Related Ratios, Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Pension Plan Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund schedules, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and statements and capital assets used in the governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*,

*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and statements and capital assets used in the governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

#### ***Report on Other Legal and Regulatory Requirements***

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated June 20, 2024 on our consideration of the City's compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for Cities. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's Minnesota Legal Compliance Audit Guide for Counties in considering the City's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.



Mankato, Minnesota  
June 20, 2024

## CITY OF MOORHEAD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual comprehensive 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, 2023. 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 and deferred outflows of resources of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$662,335,187.
- The City's total net position increased by \$27,974,164.
- The City's governmental funds reported combined ending fund balances of \$69,301,585, an increase of \$10,501,795 in comparison with the prior year. Of this total amount, \$11.5M is unassigned, \$4.0M assigned, \$9.2M committed, \$41.7M restricted and \$2.9M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$18,508,961 or 56% of total general fund expenditures of \$33,011,704.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is 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 deferred outflows of resources along with liabilities and deferred inflows of resources, 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, community 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, golf course, pest control, forestry, airport and street light.

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

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

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

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

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

The City of Moorhead maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, special assessment debt service, special assessment capital projects and permanent improvement funds, which are all considered major funds. Data from the other sixteen 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, pest control, forestry, municipal airport, and street light utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses four internal service funds to account for vehicles & equipment, information technology, maintenance shop, and radios and weapons. Because the internal service funds benefit both the governmental and business-type functions, \$(122,968) has been reflected within the business-type activities and \$277,255 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, wastewater treatment, and storm water which are considered to be major funds of the City of Moorhead. Data from the other six enterprise funds are combined into a single, aggregated presentation, with individual data available elsewhere in this report. The four internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining schedules elsewhere in this report.

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

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

The fiduciary 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 required supplementary information concerning the City of Moorhead's progress in funding its obligation to provide pension and OPEB benefits to its employees. This information can be found in the required supplementary information section of this report.

The combining schedules referred to earlier in connection with non-major governmental funds, non-major proprietary funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund schedules can be found in the Combining and Individual Fund Schedules and Statements 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 and deferred outflows of resources exceeded liabilities and deferred inflows by \$662,041,646 at the close of the most recent fiscal year.

The largest portion of the City's net position is the net investment in capital assets of \$462,741,165 (70%) (e.g., land, buildings, infrastructure, machinery, and equipment). 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.

An additional portion of the City of Moorhead's net position, \$138,176,015 (21%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$61,418,007 (9%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal years ending December 31, 2023 and 2022.

### CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total 2023	Total 2022
	2023	2022	2023	2022		
<b>Assets:</b>						
Current and other assets	\$ 179,210,693	\$ 162,026,874	\$ 72,911,168	\$ 77,594,767	\$ 252,121,861	\$ 239,621,641
Capital / Right to use assets	442,804,258	438,825,961	257,585,237	236,875,965	700,389,495	675,701,926
<b>Total assets</b>	<b>622,014,951</b>	<b>600,852,835</b>	<b>330,496,405</b>	<b>314,470,732</b>	<b>952,511,356</b>	<b>915,323,567</b>
<b>Deferred outflows of resources</b>						
	20,441,640	24,845,903	1,544,386	2,301,608	21,986,026	27,147,511
<b>Liabilities</b>						
Long-term liabilities outstanding	194,850,235	210,653,793	72,250,544	72,595,578	267,100,779	283,249,371
Other liabilities	15,397,451	15,450,868	4,254,286	4,673,220	19,651,737	20,124,088
<b>Total liabilities</b>	<b>210,247,686</b>	<b>226,104,661</b>	<b>76,504,830</b>	<b>77,268,798</b>	<b>286,752,516</b>	<b>303,373,459</b>
<b>Deferred inflows of resources</b>						
	22,113,116	2,841,055	3,296,563	1,895,541	25,409,679	4,736,596
<b>Net Position:</b>						
Net investment in capital assets	270,397,929	272,400,401	192,343,236	173,290,831	462,741,165	445,691,232
Restricted	133,632,135	122,906,554	4,543,880	6,507,771	138,176,015	129,414,325
Unrestricted	6,065,725	1,446,067	55,352,282	57,809,399	61,418,007	59,255,466
<b>Total net position</b>	<b>\$ 410,095,789</b>	<b>\$ 396,753,022</b>	<b>\$ 252,239,398</b>	<b>\$ 237,608,001</b>	<b>\$ 662,335,187</b>	<b>\$ 634,361,023</b>

Governmental activities current and other assets increased \$17,183,819 primarily due increased tax levy, unspent Public Safety and Affordable Housing Aids, as well as an increase in receivable for infrastructure projects for which a draw request has not been made in state aid construction funds. The increase in governmental activities capital assets is due to the completion of a number of street projects as well as continued construction of a major railroad underpass in the City. The increase in business-type activities capital assets is primarily due to lift station and wastewater treatment facility upgrades as well as major water utility infrastructure updates. In both the governmental activities and business-type activities, fluctuations in deferred outflows of resources, long-term liabilities outstanding, and deferred inflows of resources are attributable to changes in actuarial assumptions and the difference between projected and actual investment earnings relating to the reporting of the City's pension liability under GASB Statement 68.

At the end of the current fiscal year, the City of Moorhead is able to report positive balances in all reported categories of net position.

In addition, the City of Moorhead's overall net position increased by \$27,680,623 over the prior fiscal year. The components of this increase are discussed in the following sections for governmental activities and business-type activities.

**CITY OF MOORHEAD'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total 2023	Total 2022		
	2023	2022	2023	2022				
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 5,278,203	\$ 10,216,861	\$ 79,588,932	\$ 77,585,825	\$ 84,867,135	\$ 87,802,686		
Operating grants and contributions	12,008,114	4,353,414	1,047,606	512,364	13,055,720	4,865,778		
Capital grants and contributions	20,724,676	9,357,440	5,012,997	4,426,618	25,737,673	13,784,058		
General Revenues:								
Taxes	18,389,735	14,235,268			18,389,735	14,235,268		
Tax Increments	632,785	615,794			632,785	615,794		
Franchise Fees	1,208,260	1,368,191			1,208,260	1,368,191		
State aid	11,207,599	11,261,087			11,207,599	11,261,087		
Grants and contributions not restricted to specific programs	35,820	58,632			35,820	58,632		
Investment earnings	2,616,981	906,409	2,726,143	(2,161,480)	5,343,124	(1,255,071)		
Miscellaneous	109,837	557,033	968,464	913,454	1,078,301	1,470,487		
<b>Total revenues</b>	<b>72,212,010</b>	<b>52,930,129</b>	<b>89,344,142</b>	<b>81,276,781</b>	<b>161,556,152</b>	<b>134,206,910</b>		
<b>Expenses:</b>								
General government	11,480,987	10,396,733			11,480,987	10,396,733		
Public safety	19,082,979	17,939,929			19,082,979	17,939,929		
Highways and streets	20,396,181	16,334,969			20,396,181	16,334,969		
Culture and recreation	7,131,321	6,355,223			7,131,321	6,355,223		
Public transportation	4,901,964	4,594,440			4,901,964	4,594,440		
Urban and economic development	1,900,555	2,991,101			1,900,555	2,991,101		
Interest on long-term debt	5,591,629	4,318,798			5,591,629	4,318,798		
Electric		31,409,767	30,051,274		31,409,767	30,051,274		
Water		10,408,839	9,467,881		10,408,839	9,467,881		
Wastewater treatment		8,128,298	7,826,714		8,128,298	7,826,714		
Storm water		2,580,510	2,657,078		2,580,510	2,657,078		
Sanitation		5,156,733	5,501,208		5,156,733	5,501,208		
Golf course		2,182,001	2,041,369		2,182,001	2,041,369		
Sports center		-	67,781		-	67,781		
Pest control		603,719	491,079		603,719	491,079		
Forestry		1,368,283	1,136,875		1,368,283	1,136,875		
Municipal airport		627,998	585,869		627,998	585,869		
Street light utility		630,224	619,478		630,224	619,478		
<b>Total expenses</b>	<b>70,485,616</b>	<b>62,931,193</b>	<b>63,096,372</b>	<b>60,446,606</b>	<b>133,581,988</b>	<b>123,377,799</b>		
Increase/decrease in net position								
before transfers	1,726,394	(10,001,064)	26,247,770	20,830,175	27,974,164	10,829,111		
Transfers	11,616,373	12,133,836	(11,616,373)	(12,133,836)				
<b>Change in net position</b>	<b>13,342,767</b>	<b>2,132,772</b>	<b>14,631,397</b>	<b>8,696,339</b>	<b>27,974,164</b>	<b>10,829,111</b>		
Net position - beginning	396,753,022	394,620,250	237,608,001	228,911,662	634,361,023	623,531,912		
<b>Net position - end of year</b>	<b>\$ 410,095,789</b>	<b>\$ 396,753,022</b>	<b>\$ 252,239,398</b>	<b>\$ 237,608,001</b>	<b>\$ 662,335,187</b>	<b>\$ 634,361,023</b>		

**Governmental activities.** The governmental activities net position increased by \$13,342,767 during the current fiscal year. Revenues increased \$19,281,881 due to the timing of grant revenue recognition, or 36.4% from 2022. Expenses had an increase of \$7,554,423 or 12.0% from 2022. This increase was principally due to increased salary related expenditures for public safety and increased spending to maintain current infrastructure.

**Business-type activities.** Business-type activities increased the City's net position by \$14,631,397. Revenues increased \$8,067,361, or 9.9% from 2022 mainly due to recovery of prior year negative adjustment in investment earnings due to market value. Expenses in the business-type activities increased \$2,649,766. This increase was principally due to increased costs associated with water treatment and increased fuel costs affecting various city departments during 2023.

## 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, unrestricted 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 \$69,301,585 an increase of \$10,501,795 in comparison with the prior year. Approximately 16.66%, or \$11,544,633, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned (\$4,000,000, 5.77%), committed (\$9,181,260, 13.25%), restricted (\$41,666,467, 60.12%) or nonspendable (\$2,909,225, 4.20%).

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 \$18,508,961. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned and assigned fund balance represents 68.2% of total general fund expenditures which is over 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 \$136,400 or 0.5% from 2022. Property tax revenue had an increase of \$1,487,316. Franchise fees had a decrease of \$159,931 due to slight changes in usage by various utility sources. Federal revenues remained stable with a slight increase of \$610. State revenues increased \$419,219 primarily due to change in activity for state aid construction and maintenance aid. Charges for services decreased \$1,202,953 due to a decrease in internal engineering charges to various infrastructure projects in 2023 as well as increased revenues for housing and building registration fees. Total expenditures increased \$2,844,200 due to increased personnel costs. Net transfers totaled \$7,715,154 and were completed as authorized by City charter and as reoccurring subsidies of specific programs. The 2023 adopted budget anticipated a \$33,000 increase to fund balance, while the revised budget anticipated a \$478,131 draw on fund balance; however changes in expected revenues, along with an offset in decreased expenditures resulted in an increase in the fund balance.

The special assessment debt service fund balance decreased \$249,001. This decrease was mainly due variances in timing of collections in special assessments. During the prior year, the City saw a spike in the collection of prepaid specials. During 2023, that spike leveled out and returned to an average rate. This is netted with the scheduled repayments of various bond issued which drew on prior prepaid collections. The special assessment capital projects fund balance increased by \$956,415 which is primarily due to timing of expenditures related to infrastructure projects. The permanent improvement fund balance increased \$5,463,951 which is primarily attributable to major street reconstruction projects for which future state-aid monies will be applied as well as transfers in from other funds to close various projects.

**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 \$55,475,250. The total change in net position in the enterprise funds was an increase of \$14,668,528 which is \$5,845,064 (66.2%) higher than the 2022 increase.

The electric fund reported an increase of \$6,852,738 (9.0%) in net position primarily due to an increase in energy sales in 2023 while the water fund reported an increase of \$1,912,527 (3.3%) resulting from variances in usage. The wastewater treatment fund reported an increase in net position from operations of \$2,763,066 (5.3%) and the storm water fund also reported an increase in net position of \$1,502,052 (4.0%) primarily due to capital contributions recognized from the completion of various infrastructure projects throughout the city.

## 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 revenue budget including transfers of \$32,798,423 was amended as final totaling \$33,130,959 for an increase of \$332,536. The original expenditure budget including transfers of \$32,765,423 was amended as final totaling \$33,609,090 for an increase of \$843,667.

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

Total actual revenues including transfers were \$34,836,111 which was \$1,705,152 over budget. Actual revenue exceeded projections by 5.1%. Principal increases were due to licenses and permit fees, interest on investments, and internal engineering charges for various infrastructure projects in 2023.

Actual expenditures including transfers totaling \$34,699,711 were over budget by \$1,090,621. Unanticipated transfers out were to close out advances between funds and fund various infrastructure projects.

#### **CAPITAL ASSET - RIGHT TO USE LEASED ASSET AND DEBT ADMINISTRATION**

**Capital assets - right to use leased assets.** The City's investment in capital assets and right to use leased assets for its governmental and business-type activities as of December 31, 2023, amounts to \$700,095,954 (net of accumulated depreciation and amortization), an increase of \$24.4M. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, infrastructure and right to use leased and subscription assets.

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

- \$2.4M in vehicles and equipment
- \$0.9M in park and trail improvements
- \$14.2M in infrastructure improvements
- \$6.0M in water and wastewater capital assets
- \$19.9 in electric capital assets

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

	Governmental Activities 2023	Business-type Activities 2022	Total
Land	\$ 74,760,373	\$ 9,336,840	\$ 84,097,213
Construction in progress	15,669,769	26,340,287	42,010,056
Buildings	11,545,296	122,706,979	134,252,275
Improvements other than buildings	55,110,345	38,881,111	93,991,456
Machinery and equipment	14,392,186	5,819,362	20,211,548
Infrastructure	266,936,008	54,479,247	321,415,255
Right to use leased assets	4,307,449	21,411	4,328,860
Subscription assets	82,832		82,832
Total	\$ 442,804,258	\$ 257,585,237	\$ 700,389,495

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

**Long-Term Debt.** At the end of the current fiscal year, the City of Moorhead had total bonded debt outstanding of \$192,190,000. Of this amount, \$154,795,000 of G.O. Special Assessment and Tax Increment debt and \$21,050,000 of General Obligation Revenue debt are backed by the full faith and credit of the City in the event of insufficient pledged revenues. The remaining \$16,345,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and \$27,199,541 in Public Facilities Authority Notes. Various right to use lease assets are secured with lease liabilities totaling \$4,632,890 at year-end. The City also has \$678,000 Note Payable at year-end and net pension liability totaling \$24,397,743. See Note 4(F) for further information on the City's net pension liability.

The City had a net increase in long-term bonded debt of \$2,985,000 during the current fiscal year. This decrease is due to the issuance of various bonds, which are listed below, debt service principal payments of \$13,000,000. During the current fiscal year, the City issued:

- \$15,985,000 G.O. Improvement Bonds, Series 2023A to finance various improvements to the City's infrastructure.

In August 2023, Moody's Investors Service upgraded the City's issuer and general obligation unlimited tax ratings to Aa2 from Aa3.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of taxable property. The current debt limitation for the City of Moorhead is \$109,476,339. Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$678,000 leaving a legal debt margin of \$108,798,339.

## 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	\$ 153,250,000	\$	\$ 153,250,000
G.O. Tax Increment	1,545,000		1,545,000
G.O. Revenue		21,050,000	21,050,000
Revenue Refunding		1,420,000	1,420,000
Revenue		14,925,000	14,925,000
Premiums/Discounts	11,750,388	626,101	12,376,489
Long-term notes	678,000	27,290,235	27,968,235
Leases	4,610,617	22,273	4,632,890
Subscriptions	84,446		84,446
Compensated absences	2,430,376	1,153,810	3,584,186
Other Post-Employment Benefits	1,509,541	357,249	1,866,790
Net Pension Liability	18,991,867	5,405,876	24,397,743
Total	\$ 194,850,235	\$ 72,250,544	\$ 267,100,779

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

### **Economic Factors and Next Year's Budgets**

The Moorhead economy overall ended 2023 in a solid financial position. The local economy continues to be strong in 2024 with \$20.9 million in building valuation projects in process with the downtown area a major area of focus as it has been designated as a qualified Opportunity Zone for development incentives. Work has commenced on the 11<sup>th</sup> Street underpass project. When completed, the 11<sup>th</sup> Street Grade Separation project will enable traffic, bicyclists, and pedestrians to travel under the rail lines that go through town.

In preparing the 2024 budget, the City balanced the solid local economy with the potential impacts of the federal government's monetary tightening policy. This budget was prepared using conservative revenue forecasts to ensure the City maintains its solid financial position.

The City of Moorhead's 2024 Operating & Capital Budget totals \$134,824,448, an increase of \$27,611,537 (25.75%) from the previous year. Infrastructure investments are the largest portion of the 2024 Budget as the City continues to invest in maintaining our city's roadway, facilities, park amenities, and utility systems for a growing community. The budget reflects the intentional investments to maintain our current assets while planning for the new infrastructure demands. Throughout the 2024 budgeting process, it was essential the teams balance critical infrastructure demands with the quality-of-life projects that make the City a great place to live, work, visit, and play.

Included in the budget is an amount of \$1.5 million for wage and benefit increases for existing employees as well as nine new additional positions. This increase in staffing supports the strategic plan objective to maintain service levels commensurate with community growth. When looking specifically at the General Fund and Parks, the 2024 budget reflects an increase of \$3,154,755 (8.6%) from 2023 levels. Much of this increase is attributable to wage and benefit increases as well as increases for the following operating needs, fleet and equipment, software maintenance, and street striping.

Scheduled wage step increases and a 3% cost of living adjustment were included in the budget. Union negotiations were completed during 2022. Three-year union contracts were approved covering the years 2022, 2023, and 2024. A 6% increase to the employer contribution costs for health insurance was included in the budget. Anticipated increases to property insurance (5%) and auto insurance (5%) are essential and nondiscretionary in nature.

The City was allocated and has received a total of \$7,099,345 of funding under the American Rescue Plan Act of 2021. \$3,153,000 of the funding was allocated by the City County towards capital projects, software, and affordable housing. The remaining \$3,946,345 was allocated to the Community Center Library building project.

The 2024 Legislative session includes the following priorities for the City of Moorhead. Capital Investment/Flood Mitigation, Downtown Redevelopment project, Tax Increment Finance/Redevelopment, Public Safety/Workforce and Partnerships, Border Cities/Business Competitiveness, and Recreational Amenities.

### **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 at 500 Center Avenue, Moorhead, MN 56560 or visit the City's web site at [www.cityofmoorhead.com](http://www.cityofmoorhead.com).

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 83,428,674	\$ 26,704,344	\$ 110,133,018	\$ 1,626,942
Receivables:				
Accounts and notes	373,580	9,602,742	9,976,322	25,642
Delinquent property taxes	267,937		267,937	
Accrued interest		207,579	207,579	
Special assessments	4,971,295	102,928	5,074,223	
Leases	1,685,513	57,436	1,742,949	
Internal balances	257,617	(257,617)		
Due from other governmental units	9,666,886	945,821	10,612,707	47,945
Inventories	44,644	3,026,227	3,070,871	
Prepaid items	360,794	114,009	474,803	21,758
Restricted assets:				
Cash and cash equivalents	1,257,518	2,361,895	3,619,413	139,963
Bond operation and maintenance reserve		6,120,000	6,120,000	
Long-term receivables:				
Special assessments	71,796,849	2,079,057	73,875,906	
Notes receivable, less current portion	5,099,386	14,104	5,113,490	16,440
Other long-term investments		21,832,643	21,832,643	
Capital assets:				
Intangible plant		1,288,813	1,288,813	
Land	74,760,373	9,336,840	84,097,213	464,977
Buildings	29,432,413	228,563,080	257,995,493	15,422,911
Improvements other than buildings	80,328,575	63,653,070	143,981,645	
Machinery and equipment	43,182,585	15,790,764	58,973,349	659,058
Infrastructure	375,948,256	89,082,573	465,030,829	
Construction in progress	15,669,769	26,340,287	42,010,056	
Less accumulated depreciation	(180,907,994)	(176,491,601)	(357,399,595)	(9,899,931)
Right to use lease assets	4,995,023	34,709	5,029,732	
Less accumulated amortization	(687,574)	(13,298)	(700,872)	
Subscription assets	125,888		125,888	
Less accumulated amortization	(43,056)		(43,056)	
Total assets	<u>622,014,951</u>	<u>330,496,405</u>	<u>952,511,356</u>	<u>8,525,705</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plans	19,499,974	1,506,569	21,006,543	
Other post-employment benefits	207,784	37,817	245,601	
Advance refundings of debt	733,882		733,882	
Total deferred outflows of resources	<u>20,441,640</u>	<u>1,544,386</u>	<u>21,986,026</u>	
<b>LIABILITIES</b>				
Accounts payable	2,546,460	3,514,928	6,061,388	120,304
Contracts payable - retainage	2,800,172		2,800,172	24,573
Accrued wages payable	1,141,980	213,700	1,355,680	88
Due to other governmental units	5,622	42,818	48,440	
Customer deposits		94,900	94,900	79,557
Unearned revenue	6,264,392	113,453	6,377,845	16,549
Other liabilities	252,210	11,496	263,706	33,612
Accrued interest payable	2,386,615	262,991	2,649,606	
Long-term liabilities:				
Due within one year	14,905,987	6,360,381	21,266,368	8,231
Due in more than one year				
Accrued compensated absences	607,593	134,798	742,391	13,357
Leases	4,322,240	8,940	4,331,180	
Subscriptions	41,346		41,346	
Other post-employment benefits	1,401,760	346,720	1,748,480	
Net pension liability	18,991,867	5,405,876	24,397,743	
Notes payable	675,767	24,831,234	25,507,001	1,299,047
Bonds payable	153,903,675	35,162,595	189,066,270	
Total liabilities	<u>210,247,686</u>	<u>76,504,830</u>	<u>286,752,516</u>	<u>1,595,318</u>

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plans	19,833,809	1,839,104	21,672,913	
Other post-employment benefits	593,794	223,975	817,769	
Lease related	1,685,513		1,685,513	
Other deferred credits		1,233,484	1,233,484	
Total deferred inflows of resources	<u>22,113,116</u>	<u>3,296,563</u>	<u>25,409,679</u>	
<b>NET POSITION</b>				
Net investment in capital assets	270,397,929	192,343,236	462,741,165	5,339,737
Restricted				
Public safety	2,180,958		2,180,958	
Culture and recreation	2,885,521		2,885,521	
Public transportation	412		412	
Urban and economic development	6,621,993		6,621,993	
Contributions	90,597		90,597	
Capital projects	7,294,193	2,181,985	9,476,178	
Debt service	108,164,364	2,361,895	110,526,259	
Other purposes	6,394,097		6,394,097	60,406
Unrestricted	<u>6,065,725</u>	<u>55,352,282</u>	<u>61,418,007</u>	<u>1,530,244</u>
Total net position	<u><u>\$ 410,095,789</u></u>	<u><u>\$ 252,239,398</u></u>	<u><u>\$ 662,335,187</u></u>	<u><u>\$ 6,930,387</u></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, 2023**

	Expenses	Charges for Services	Program Revenues			
			Operating Grants and Contributions	Contributions		
<b>Functions/Programs</b>						
<b>Primary Government</b>						
Governmental activities:						
General government	\$ 11,480,987	\$ 1,921,756	\$ 67,572			
Public safety	19,082,979	751,926	3,672,977			
Highways and streets	20,396,181	1,191,754	2,336,997			
Culture and recreation	7,131,321	608,209	2,537,658			
Public transportation	4,901,964	514,586	2,783,864			
Urban and economic development	1,900,555	289,972	609,046			
Interest on long-term debt	5,591,629					
Total governmental activities	<u>70,485,616</u>	<u>5,278,203</u>	<u>12,008,114</u>			
Business-type activities:						
Electric	31,409,767	44,875,020				
Water	10,408,839	12,010,752				
Wastewater treatment	8,128,298	10,047,862				
Storm water	2,580,510	2,862,684	74,929			
Sanitation	5,156,733	4,987,699	225,000			
Golf Course	2,182,001	1,994,937				
Pest Control	603,719	743,721	79,750			
Forestry	1,368,283	1,096,106	104,899			
Municipal airport	627,998	70,169	563,028			
Street light utility	630,224	899,982				
Total business-type activities	<u>63,096,372</u>	<u>79,588,932</u>	<u>1,047,606</u>			
Total primary government	<u>\$ 133,581,988</u>	<u>\$ 84,867,135</u>	<u>\$ 13,055,720</u>			
<b>Component Unit:</b>						
Public Housing Agency	<u>\$ 2,191,372</u>	<u>\$ 833,893</u>	<u>\$ 1,064,816</u>			
General revenues:						
Property taxes levied for general purposes						
Property taxes levied for debt service						
City sales taxes						
Tax increments						
Franchise fees						
State aid unrestricted						
Grants and contributions not restricted to specific programs						
Unrestricted investment earnings						
Miscellaneous						
Transfers						
Total general revenues and transfers						
Changes in net position						
Net position - beginning						
Restatement of beginning net position (see Note 5.D.11.)						
Net position -beginning, as restated						
Net position - ending						

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

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
\$ 30,494	\$ (9,461,165)		\$ (9,461,165)	
6,624	(14,651,452)		(14,651,452)	
18,979,738	2,112,308		2,112,308	
	(3,985,454)		(3,985,454)	
930,998	(672,516)		(672,516)	
776,822	(224,715)		(224,715)	
	(5,591,629)		(5,591,629)	
<u>20,724,676</u>	<u>(32,474,623)</u>		<u>(32,474,623)</u>	
 617,313	 \$ 14,082,566		 14,082,566	
247,602	1,849,515		1,849,515	
1,656,780	3,576,344		3,576,344	
2,477,679	2,834,782		2,834,782	
	55,966		55,966	
13,623	(173,441)		(173,441)	
	219,752		219,752	
	(167,278)		(167,278)	
	5,199		5,199	
	269,758		269,758	
<u>5,012,997</u>	<u>22,553,163</u>		<u>22,553,163</u>	
<u>\$ 25,737,673</u>	<u>(32,474,623)</u>		<u>22,553,163</u>	<u>(9,921,460)</u>
 <u>\$ 549,320</u>				 \$ 256,657
 12,463,758			12,463,758	
3,798,797			3,798,797	
2,127,180			2,127,180	
632,785			632,785	
1,208,260			1,208,260	
11,207,599			11,207,599	
35,820			35,820	
2,616,981	2,726,143		5,343,124	7,701
109,837	968,464		1,078,301	163,970
11,616,373	(11,616,373)			
<u>45,817,390</u>	<u>(7,921,766)</u>		<u>37,895,624</u>	<u>171,671</u>
<u>13,342,767</u>	<u>14,631,397</u>		<u>27,974,164</u>	<u>428,328</u>
 396,753,022		237,608,001	634,361,023	6,509,878 (7,819)
<u>396,753,022</u>		<u>237,608,001</u>	<u>634,361,023</u>	<u>6,502,059</u>
<u>\$ 410,095,789</u>	<u>\$ 252,239,398</u>		<u>\$ 662,335,187</u>	<u>\$ 6,930,387</u>

**CITY OF MOORHEAD, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	General	Special Assessment Debt Service
<b>ASSETS</b>		
Assets:		
Cash and investments	\$ 18,588,312	\$ 32,579,139
Restricted cash	1,257,518	
Receivables:		
Accounts	295,512	4,719
Notes		642,666
Leases	140,807	1,415,267
Delinquent property taxes	139,513	65,525
Special assessments		76,768,144
Due from other funds	4,913,109	
Due from other governmental units	350,638	247,325
Advances to other funds	2,703,580	
Prepaid items	92,205	
Total Assets	\$ 28,481,194	\$ 111,722,785
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 339,339	\$ 47,823
Contracts payable - retainage		
Accrued wages payable	1,035,683	
Due to other funds	26,665	
Due to other governmental units	5,622	
Advances from other funds		
Notes payable	30,530	5,000
Other liabilities		
Unearned revenue		
Total Liabilities	1,437,839	52,823
Deferred inflows of resources:		
Unavailable revenue - taxes	139,513	65,525
Unavailable revenue - special assessments		76,768,145
Unavailable revenue - lease related	140,807	1,415,267
Unavailable revenue - other	200,771	642,666
Total Deferred inflows of resources	481,091	78,891,603
Fund Balance:		
Nonspendable	2,795,785	
Restricted		
Public safety		
Culture and recreation		
Urban and economic development		
Contributions		
Debt service	1,257,518	32,778,359
Other purposes		
Committed		
Assigned	4,000,000	
Unassigned	18,508,961	
Total Fund Balance	26,562,264	32,778,359
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 28,481,194	\$ 111,722,785

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

- Fund balance governmental funds
- Capital assets, right to use assets, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds
- Deferred outflows of resources resulting from pension obligations, OPEB, and debt refundings are not available resource and, therefore are not reported in governmental funds
- Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are deferred in the funds.
- Long-term liabilities, including bonds payable, leases, subscriptions, net pension liability, OPEB, compensated absences and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.
- Deferred inflows resulting from pension obligations and OPEB are not due and payable in the current period and, therefore are not reported in the governmental funds.
- Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services, maintenance shop and radio equipment and weapons replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of position.

**CITY OF MOORHEAD, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2023**

Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$ 177,481	\$ 1,991,140	\$ 22,415,828	\$ 75,574,419 1,257,518
974	7,733,799	73,173 4,456,720 129,439 62,899 94,851 1,142,756 300,000 112,466	373,404 5,099,386 1,685,513 267,937 76,768,144 5,007,960 9,651,999 3,003,580 205,645
<u>\$ 178,455</u>	<u>\$ 9,724,939</u>	<u>\$ 28,788,132</u>	<u>\$ 178,895,505</u>
\$ 456,842	\$ 26,213	\$ 1,507,750	\$ 2,377,967
318,724	2,473,175	93,108	2,791,899
4,242,752	29	20,155	1,128,791
	104,000	2,899,580	4,289,601
		0	5,622
		216,680	3,003,580
		6,264,392	0
<u>5,018,318</u>	<u>2,603,417</u>	<u>11,001,665</u>	<u>20,114,062</u>
		62,899	267,937
		129,439	76,768,145
		4,497,441	1,685,513
		4,689,779	10,758,263
			89,479,858
974		112,466	2,909,225
		2,180,958	2,180,958
		2,775,271	2,775,271
		2,348,510	2,348,510
		90,597	90,597
		235,254	33,013,613
	1,704,137	7,477,123	1,257,518
			9,181,260
		(2,123,491)	4,000,000
<u>(4,840,837)</u>	<u>1,704,137</u>	<u>13,096,688</u>	<u>11,544,633</u>
<u>\$ 178,455</u>	<u>\$ 9,724,939</u>	<u>\$ 28,788,132</u>	<u>\$ 178,895,505</u>
			\$ 69,301,585
			442,804,258
			20,441,640
			89,479,858
			(197,236,850)
			(22,113,116)
			<u>7,418,414</u>
Net position of governmental activities			<u>\$ 410,095,789</u>

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>General</u>	<u>Special Assessment Debt Service</u>
<b>REVENUES</b>		
Taxes:		
Property	\$ 8,371,882	\$ 3,719,601
Franchise	1,208,260	
Licenses and permits	1,062,070	
Intergovernmental revenues:		
Federal	88,179	
State	11,011,645	758,203
County	268,411	217,300
Other	126,929	38,586
Charges for services	1,761,405	28,617
Fines and forfeits	345,414	
Facility rentals		
Donations		
Investment income (loss)	735,422	1,254,820
Special assessments		7,786,784
Miscellaneous	439,439	92,231
Total revenues	25,419,056	13,896,142
<b>EXPENDITURES</b>		
Current:		
General government	8,728,634	215,308
Public safety	17,903,393	
Highways and streets	6,284,708	
Culture and recreation		
Public transportation		
Urban and economic development		
Capital outlay	94,969	
Debt Service:		
Bond and note principal		10,010,000
Bond and note interest		5,143,835
Fiscal and other charges		145,473
Total expenditures	33,011,704	15,514,616
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	(7,592,648)	(1,618,474)
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of debt		
Premium on issuance of debt		217,586
Transfers from other funds	9,403,161	1,316,331
Transfers to other funds	(1,688,007)	(195,499)
Leases	13,894	31,055
Total other financing sources (uses)	7,729,048	1,369,473
<b>NET CHANGE IN FUND BALANCE</b>	136,400	(249,001)
<b>FUND BALANCE - BEGINNING</b>	26,425,864	31,408,691
<b>RESTATEMENT OF BEGINNING FUND BALANCE (SEE NOTE 5.E.)</b>	1,618,669	
<b>FUND BALANCE - BEGINNING, AS RESTATED</b>	26,425,864	33,027,360
<b>FUND BALANCE - ENDING</b>	\$ 26,562,264	\$ 32,778,359

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 (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$	\$	\$	\$
		4,724,660	16,816,143
			1,208,260
			1,062,070
5,020		3,558,037	3,651,236
2,136,128	2,984,284	6,886,853	23,777,113
	170,900	5,454	662,065
977,321	24,728	2,132,269	3,299,833
		637,584	2,427,606
			345,414
		120,769	120,769
		45,747	45,747
	4	384,648	2,374,894
			7,786,784
	2,956	741,612	1,276,238
<u>3,118,469</u>	<u>3,182,872</u>	<u>19,237,633</u>	<u>64,854,172</u>
		203,877	9,147,819
		60,879	17,964,272
	269,894	334,143	6,888,745
		5,608,461	5,608,461
		4,162,079	4,162,079
		1,328,386	1,328,386
17,408,408	489,018	3,162,180	21,154,575
		285,000	10,295,000
		418,274	5,562,109
		382,698	528,171
<u>17,408,408</u>	<u>758,912</u>	<u>15,945,977</u>	<u>82,639,617</u>
<u>(14,289,939)</u>	<u>2,423,960</u>	<u>3,291,656</u>	<u>(17,785,445)</u>
15,985,000			15,985,000
441,000			658,586
971,952	3,039,528	5,016,122	19,747,094
(2,151,598)		(4,265,616)	(8,300,720)
	463	151,868	197,280
<u>15,246,354</u>	<u>3,039,991</u>	<u>902,374</u>	<u>28,287,240</u>
<u>956,415</u>	<u>5,463,951</u>	<u>4,194,030</u>	<u>10,501,795</u>
(2,605,124)	(3,759,814)	7,330,173	58,799,790
(3,191,154)		1,572,485	
(5,796,278)	(3,759,814)	8,902,658	58,799,790
<u>\$ (4,839,863)</u>	<u>\$ 1,704,137</u>	<u>\$ 13,096,688</u>	<u>\$ 69,301,585</u>

**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, 2023**

Amounts reported for governmental activities in the statement of activities (page 15-16) are different from the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds (page 19-20) \$ 10,501,795

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	\$ 21,154,575
Transfer of assets to internal service funds	243,660
The net effect of various miscellaneous transactions involving assets (i.e. sales, trade-ins, and donations) is to increase net position	(4,968,582)
Depreciation/Amortization expense	<u>(11,257,218)</u>
	5,172,435

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 6,841,431

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bonded debt issued	(15,985,000)
Premium on bonded debt	(658,586)
Bond & note principal payments	10,295,000
Lease payments	<u>129,918</u>
	(6,218,668)

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	34,947
Other post-employment benefits	197,352
Net pension liability	21,256,042
Deferred outflows of resources	(4,214,671)
Deferred inflows of resources	(19,205,807)
Loss on disposal of capital assets	(1,797,995)
Accrued interest	<u>498,651</u>
	(3,231,481)

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. 277,255

Change in net position of governmental activities (page 15-16) \$ 13,342,767

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, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 8,365,316	\$ 8,365,316	\$ 8,371,882	\$ 6,566
Franchise	1,050,000	1,050,000	1,208,260	158,260
Licenses and permits	757,750	757,750	1,062,070	304,320
Intergovernmental:				
Federal	73,000	96,004	88,179	(7,825)
State	10,763,997	11,048,529	11,011,645	(36,884)
County	226,300	226,300	268,411	42,111
Other	125,650	125,650	126,929	1,279
Charges for services	1,290,135	1,290,135	1,761,405	471,270
Fines and forfeitures	361,100	361,100	345,414	(15,686)
Interest on investments	150,000	150,000	735,422	585,422
Miscellaneous	374,575	374,575	439,439	64,864
Total revenues	23,537,823	23,845,359	25,419,056	1,573,697
<b>EXPENDITURES</b>				
Administration department:				
Current:				
Personnel	4,490,246	4,490,246	4,564,302	(74,056)
Supplies	74,715	98,154	95,596	2,558
Other services & charges	1,935,908	2,017,969	1,989,927	28,042
	6,500,869	6,606,369	6,649,825	(43,456)
Police department:				
Current:				
Personnel	9,397,864	9,397,864	8,934,665	463,199
Supplies	397,486	408,116	396,345	11,771
Other services & charges	2,186,787	2,218,225	2,290,582	(72,357)
Capital outlay		53,005	85,054	(32,049)
	11,982,137	12,077,210	11,706,646	370,564
Fire department:				
Current:				
Personnel	4,816,520	4,930,207	4,834,898	95,309
Supplies	173,264	208,043	198,695	9,348
Other services & charges	1,138,500	1,238,321	1,248,208	(9,887)
Capital outlay		9,915	9,915	(9,915)
	6,128,284	6,376,571	6,291,716	84,855
Community development department:				
Current:				
Personnel	1,773,373	1,852,873	1,798,247	54,626
Supplies	22,320	22,320	17,591	4,729
Other services & charges	203,475	213,151	262,971	(49,820)
	1,999,168	2,088,344	2,078,809	9,535
Engineering department:				
Current:				
Personnel	2,024,056	2,024,056	1,858,949	165,107
Supplies	31,800	31,800	52,156	(20,356)
Other services & charges	880,335	912,607	1,101,748	(189,141)
	2,936,191	2,968,463	3,012,853	(44,390)

(Continued)

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Public Works department:</b>				
Current:				
Personnel	\$ 1,429,581	\$ 1,429,581	\$ 1,305,520	\$ 124,061
Supplies	755,786	755,786	786,880	(31,094)
Other services & charges	<u>1,033,407</u>	<u>1,033,407</u>	<u>1,179,455</u>	<u>(146,048)</u>
	<u>3,218,774</u>	<u>3,218,774</u>	<u>3,271,855</u>	<u>(53,081)</u>
<b>Total expenditures</b>	<b><u>32,765,423</u></b>	<b><u>33,335,731</u></b>	<b><u>33,011,704</u></b>	<b><u>324,027</u></b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b><u>(9,227,600)</u></b>	<b><u>(9,490,372)</u></b>	<b><u>(7,592,648)</u></b>	<b><u>1,897,724</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	9,260,600	9,285,600	9,403,161	117,561
Transfers to other funds		(273,359)	(1,688,007)	(1,414,648)
Leases			13,894	13,894
<b>Total other financing sources (uses)</b>	<b><u>9,260,600</u></b>	<b><u>9,012,241</u></b>	<b><u>7,729,048</u></b>	<b><u>(1,283,193)</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>33,000</u></b>	<b><u>(478,131)</u></b>	<b><u>136,400</u></b>	<b><u>614,531</u></b>
<b>FUND BALANCE - BEGINNING</b>	<b><u>26,425,864</u></b>	<b><u>26,425,864</u></b>	<b><u>26,425,864</u></b>	<b><u></u></b>
<b>FUND BALANCE - ENDING</b>	<b><u>\$ 26,458,864</u></b>	<b><u>\$ 25,947,733</u></b>	<b><u>\$ 26,562,264</u></b>	<b><u>\$ 614,531</u></b>

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

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**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

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	Electric	Water
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,078,920	\$ 3,980,481
Receivables:		
Accounts and notes	4,955,831	1,246,631
Leases	149,457	58,122
Accrued interest	121,233	22,877
Special assessments	371,183	
Due from other city funds	2,585,598	440,629
Due from other governmental units	74,005	36,248
Inventories	<hr/>	<hr/>
Prepaid items	<hr/>	<hr/>
Total current assets	<hr/>	<hr/>
Long-term assets:		
Restricted assets:		
Cash and cash equivalents	1,805,992	555,903
Bond operation and maintenance reserve	4,818,000	1,302,000
Long-term receivables:		
Special assessments	14,104	
Notes receivable	15,148,850	6,683,793
Other long-term investments	<hr/>	<hr/>
Capital assets:		
Intangible plant	1,288,813	
Land	1,071,555	979,967
Buildings	82,260,530	104,084,257
Improvements other than buildings	4,369,781	
Machinery and equipment	8,741,329	3,729,434
Infrastructure	<hr/>	<hr/>
Construction in progress	17,091,495	463,104
Less accumulated depreciation	(49,709,832)	(37,324,948)
Right to use lease assets	<hr/>	<hr/>
Less accumulated amortization	<hr/>	<hr/>
Subscription assets	<hr/>	<hr/>
Less accumulated amortization	<hr/>	<hr/>
Total long-term assets	<hr/>	<hr/>
Total assets	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plans	659,588	439,725
Other post-employment benefits	10,510	7,007
Total deferred outflows of resources	<hr/>	<hr/>

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS (CONTINUED)**  
**DECEMBER 31, 2023**

Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds	
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total				
\$ 7,365,954	\$ 3,964,719	\$ 3,314,270	\$ 26,704,344			\$ 7,854,255	
1,354,693	401,225	1,644,362		9,602,742			176
38,667		18,769		57,436			
				207,579			
102,928				102,928			
887,492	238,398	626,999		1,896,999			7,842
6,531		568,107		945,821			14,887
				3,026,227			44,644
3,276		480		114,009			155,149
<b>9,759,541</b>	<b>4,604,342</b>	<b>6,172,987</b>		<b>42,658,085</b>			<b>8,076,953</b>
				2,361,895			
				6,120,000			
2,079,057				2,079,057			
				14,104			
				21,832,643			
2,664,038		4,621,280		1,288,813			
37,193,894	836,537	4,187,862		9,336,840			
42,673,318	3,497,865	13,112,106		228,563,080			
2,412,280	303,565	604,156		63,653,070			
36,543,931	52,538,642			15,790,764			29,890,746
8,549,016		236,672		89,082,573			
(55,483,527)	(22,873,367)	(11,099,927)		26,340,287			293,541
24,689		10,020		(176,491,601)			(20,496,795)
(12,344)		(954)		34,709			567,843
				(13,298)			(158,245)
							125,888
							(49,329)
<b>76,644,352</b>	<b>34,303,242</b>	<b>11,671,215</b>		<b>289,992,936</b>			<b>10,173,649</b>
<b>86,403,893</b>	<b>38,907,584</b>	<b>17,844,202</b>		<b>332,651,021</b>			<b>18,250,602</b>
112,413	24,954	269,889		1,506,569			22,773
7,892	1,711	10,697		37,817			1,414
<b>120,305</b>	<b>26,665</b>	<b>280,586</b>		<b>1,544,386</b>			<b>24,187</b>

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

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	Electric	Water
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,826,521	156,316
Accrued wages payable		
Accrued compensated absences	368,770	245,847
Due to other city funds	1,847,740	87,623
Due to other governmental units		
Customer deposits	94,900	
Other liabilities		
Accrued interest payable	44,120	97,497
Leases		
Subscriptions		
Other post-employment benefits		
Unearned revenue		
Current maturities of long-term debt	1,251,790	1,172,470
Total current liabilities	<u>6,433,841</u>	<u>1,759,753</u>
Long-term liabilities:		
Accrued compensated absences		
Leases		
Subscriptions		
Other post-employment benefits	125,865	83,909
Net pension liability	2,298,266	1,532,177
Notes payable		
Bonds payable	8,117,694	15,582,503
Total long-term liabilities	<u>9,513,368</u>	<u>25,316,283</u>
Total liabilities	<u>11,937,499</u>	<u>27,076,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plans	801,991	534,661
Other post-employment benefits	99,579	66,386
Other deferred credits		
Total deferred inflows of resources	<u>1,233,484</u>	<u>601,047</u>
<b>NET POSITION</b>		
Net investment in capital assets	54,348,513	47,150,755
Restricted		
Debt service	1,805,992	555,903
Capital projects		
Unrestricted		
Total net position	<u>27,246,043</u>	<u>11,321,489</u>
	<u>\$ 83,400,548</u>	<u>\$ 59,028,147</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net position of business-type activities

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, 2023**

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
293,519	12,206	226,366	3,514,928	176,766
72,772	12,986	127,942	213,700	13,189
186,392	9,697	208,306	1,019,012	
44,443	5,819	46,023	2,031,648	591,552
		42,818		
			94,900	
		11,496	11,496	
121,211		163	262,991	13,230
12,962		371	13,333	124,657
				43,100
4,094	887	5,548	10,529	733
17,040		96,413	113,453	
<b>2,857,246</b>			<b>5,281,506</b>	
<b>3,609,679</b>	<b>41,595</b>	<b>765,446</b>	<b>12,610,314</b>	<b>963,227</b>
62,130	3,232	69,436	134,798	25,631
		8,940	8,940	286,864
53,239	11,541	72,166	346,720	41,346
434,861	96,532	1,044,040	5,405,876	9,540
16,749,541			24,867,235	88,097
10,066,724			35,162,595	
<b>27,366,495</b>	<b>111,305</b>	<b>1,194,582</b>	<b>65,926,164</b>	<b>451,478</b>
<b>30,976,174</b>	<b>152,900</b>	<b>1,960,028</b>	<b>78,536,478</b>	<b>1,414,705</b>
138,690	30,787	332,975	1,839,104	28,096
22,552	4,889	30,569	223,975	4,041
			1,233,484	
<b>161,242</b>	<b>35,676</b>	<b>363,544</b>	<b>3,296,563</b>	<b>32,137</b>
44,878,822	34,303,242	11,661,904	192,343,236	9,677,682
			2,361,895	
2,181,985			2,181,985	
8,325,975	<b>4,442,431</b>	<b>4,139,312</b>	<b>55,475,250</b>	<b>7,150,265</b>
<b>\$ 55,386,782</b>	<b>\$ 38,745,673</b>	<b>\$ 15,801,216</b>	<b>\$ 252,362,366</b>	<b>\$ 16,827,947</b>
			(122,968)	
			<b>\$ 252,239,398</b>	

(Continued)

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Electric	Water
<b>OPERATING REVENUES</b>		
Charges for services	\$ 41,753,201	\$ 11,896,957
Other	3,044,272	72,422
Total operating revenue	<u>44,797,473</u>	<u>11,969,379</u>
<b>OPERATING EXPENSES</b>		
Personnel	4,656,509	3,427,214
Purchased power	18,536,940	
Disposal fee		
Professional services	342,278	104,362
Insurance	178,037	116,198
Repair and maintenance	1,515,088	1,727,886
Supplies	77,125	1,989,017
Utilities		
Equipment rental	3,472,291	2,404,648
Depreciation		
Amortization		
Miscellaneous	2,280,437	71,378
Total operating expenses	<u>31,058,705</u>	<u>9,840,703</u>
Operating income(loss)	<u>13,738,768</u>	<u>2,128,676</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Investment income (loss)	1,764,889	479,246
Interest on indebtedness	(351,062)	(568,136)
Fiscal and other charges		
Gain (loss) on disposal of equipment	77,547	41,373
Intergovernmental		
Miscellaneous	450,134	307,008
Total nonoperating revenue (expense)	<u>1,941,508</u>	<u>259,491</u>
Income (loss) before contributions and transfers	<u>15,680,276</u>	<u>2,388,167</u>
Capital contributions	617,313	247,602
Transfers from other funds		
Transfers to other funds	(9,444,851)	(723,242)
Total contributions and transfers	<u>(8,827,538)</u>	<u>(475,640)</u>
<b>CHANGE IN NET POSITION</b>	<u>6,852,738</u>	<u>1,912,527</u>
<b>TOTAL NET POSITION - BEGINNING</b>	<u>76,547,810</u>	<u>57,115,620</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 83,400,548</u>	<u>\$ 59,028,147</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

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 (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total		
\$ 10,047,862	\$ 2,862,684	\$ 9,750,498 42,116	\$ 76,311,202 3,158,810	\$ 5,393,543	
<u>10,047,862</u>	<u>2,862,684</u>	<u>9,792,614</u>	<u>79,470,012</u>	<u>5,393,543</u>	
1,788,080	338,397	3,921,707	14,131,907 18,536,940	342,894	
316,183	216,956	1,835,993 265,342	1,835,993 1,245,121		
221,414	30,600	74,813	621,062	3,185	
964,676	267,443	727,189	5,202,282	854,658	
616,863	14,261	986,809	3,684,075	2,225,909	
720,100	65,786	835,749	1,621,635	12,584	
142,364	35,614	689,037	867,015		
2,231,988	1,245,371	606,831	9,961,129	1,907,902	
12,344		477	12,821	169,838	
498,586	368,860	596,659	3,815,920	56,705	
<u>7,512,598</u>	<u>2,583,288</u>	<u>10,540,606</u>	<u>61,535,900</u>	<u>5,573,675</u>	
2,535,264	279,396	(747,992)	17,934,112	(180,132)	
237,050 (568,760) (1,100) (34,000)	112,805	132,153 (283)	2,726,143 (1,488,241) (1,100) 84,920	245,466 (38,551) 211,740	
103,394	74,929 18,381	972,677 89,547	1,047,606 968,464	1,599	
<u>(263,416)</u>	<u>206,115</u>	<u>1,194,094</u>	<u>3,337,792</u>	<u>420,254</u>	
2,271,848	485,511	446,102	21,271,904	240,122	
1,656,780	2,477,679	13,623 1,670,118	5,012,997 1,670,118	73,660 170,000	
(1,165,562)	(1,461,138)	(491,698)	(13,286,491)		
491,218	1,016,541	1,192,043	(6,603,376)	243,660	
2,763,066	1,502,052	1,638,145	14,668,528	483,782	
<u>52,623,716</u>	<u>37,243,621</u>	<u>14,163,071</u>		<u>16,344,165</u>	
<u>\$ 55,386,782</u>	<u>\$ 38,745,673</u>	<u>\$ 15,801,216</u>		<u>\$ 16,827,947</u>	
			(37,131)		
			<u>\$ 14,631,397</u>		

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Electric	Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 46,222,835	\$ 12,522,320
Payments to suppliers	(25,279,560)	(6,269,387)
Payments to employees	(2,946,077)	(1,504,246)
Other receipts (payments)		
Net cash provided by (used in) operating activities	<u>17,997,198</u>	<u>4,748,687</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental		
Repaid advance from other funds		
Transfers from other funds		
Transfers to other funds	(9,444,851)	(723,242)
Payments received on notes and special receivable	7,549	
Net cash provided by (used in) noncapital financing activities	<u>(9,437,302)</u>	<u>(723,242)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	77,547	41,373
Purchase of assets	(16,629,138)	(2,226,749)
Proceeds from issuance of long-term debt		
Principal payments - bonds and notes	(1,187,650)	(1,116,350)
Interest payments - bonds and notes	(385,814)	(598,346)
Cash paid for lease liabilities - principal		
Cash paid for lease liabilities - interest		
Cash received on lease receivables		
Cash received for interest on lease receivables		
Cash paid for subscription liabilities - principal		
Cash paid for subscription liabilities - interest		
Capital grants from other governments		
Special assessment collections		
Net cash provided by (used in) capital and related financing activities	<u>(18,125,055)</u>	<u>(3,900,072)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Interest received and market adjustments	1,746,575	453,910
Purchase of investments	(1,731,374)	(512,081)
Proceeds from the sale of investments	8,355,116	
Net cash provided by (used in) investing activities	<u>8,370,317</u>	<u>(58,171)</u>
Net increase (decrease) in cash and cash equivalents	(1,194,842)	67,202
Current and restricted cash equivalents at beginning of year	<u>11,079,754</u>	<u>4,469,182</u>
Current and restricted cash equivalents at end of year	<u>\$ 9,884,912</u>	<u>\$ 4,536,384</u>

**CITY OF MOORHEAD, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

(Continued)

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Electric</u>	<u>Water</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 13,738,768	\$ 2,128,676
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation/Amortization	3,472,291	2,404,648
Change in other deferred credits	(172,114)	
Other miscellaneous nonoperating income (expense)	1,097,547	499,396
Change in assets and liabilities:		
Accounts and notes receivable	224,612	11,068
Due from other funds	1,728	(13,193)
Due from other governments	133,303	
Special assessment receivable		
Inventories	(455,523)	(23,341)
Prepaid items	67,440	46,273
Deferred outflows of resources	292,833	195,221
Accounts payable	(249,037)	(376,372)
Accrued wages payable	19,770	13,847
Compensated absences payable	(54,220)	(36,147)
Other post employment benefits	(833,315)	(555,544)
Net pension liability	76,656	18,264
Due to other funds		
Due to other governments		
Deferred inflows of resources	623,734	435,891
Other current liabilities	12,725	
Unearned revenue		
Net cash provided by (used in) operating activities	<u>\$ 17,997,198</u>	<u>\$ 4,748,687</u>
Noncash capital financing activities:		
Contributions of capital assets from government / customers	<u>\$ 617,313</u>	<u>\$ 247,602</u>
Lease liability for the acquisition of a right to use leased asset	<u>\$</u>	<u>\$</u>
Lease receivable for leased property	<u>\$</u>	<u>\$</u>
Subscription liability for the acquisition of a right to use asset	<u>\$</u>	<u>\$</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, 2023**

Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds	
Wastewater Treatment	Storm Water	Other Enterprise Funds	Total			
\$ 2,535,264	\$ 279,396	\$ (747,992)	\$ 17,934,112	\$ (180,132)		
2,244,332	1,245,371	607,308	9,973,950	(172,114)	2,077,740	
20,688	18,382	52,377	1,688,390		39,315	
46,342	(4,850)	(152,909)	124,263		(174)	
(331,032)	225,158	30,579	(86,760)		9,961	
(1,520)		(77,045)	54,738		16,957	
(5,201)		(185)	(5,386)			
			(478,864)		(17,990)	
1,728	95		115,536		(9,966)	
74,549	19,581	175,038	757,222		15,945	
60,904	9,081	52,576	(502,848)		(80,527)	
13,312	930	21,231	35,473		1,496	
20,723	(796)	2,489	56,033		2,398	
(3,034)	(1,173)	(3,894)	(98,468)		(720)	
(170,294)	(47,426)	(398,203)	(2,004,782)		(37,199)	
(11,951)	2,686	3,842	89,497		198,830	
		2,581	2,581			
134,900	29,630	318,881	1,543,036		27,121	
(10,138)		6,713	9,300			
17,040		11,444	28,484			
<b>\$ 4,636,612</b>	<b>\$ 1,776,065</b>	<b>\$ (95,169)</b>	<b>\$ 29,063,393</b>	<b>\$ 2,063,055</b>		
 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>
<b>\$ 1,656,780</b>	<b>\$ 2,477,679</b>	<b>\$ 13,623</b>	<b>\$ 5,012,997</b>	<b>\$ 73,660</b>		
<b>\$ 24,689</b>	<b>\$</b>	<b>\$</b>	<b>\$ 24,689</b>	<b>\$ 549,022</b>		
<b>\$ 76,575</b>	<b>\$</b>	<b>\$ 37,170</b>	<b>\$ 113,745</b>	<b>\$</b>		
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 125,888</b>		

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

	Police Custodial Fund
<b>Assets</b>	
Cash and investments	<u>\$ 107,269</u>
<b>Net Position</b>	
Restricted	
Police Custodial Fund	<u>\$ 107,269</u>

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

**CITY OF MOORHEAD, MINNESOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Police Custodial Fund
Additions	
Police funds received into custody	\$ 83,536
Deductions	
Police funds released from custody	<u>188,649</u>
Change in Net Position	(105,113)
Net Position - Beginning	<u>212,382</u>
Net Position - Ending	<u>\$ 107,269</u>

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

**CITY OF MOORHEAD**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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.

**Change in Accounting Principle**

As of January 1, 2023, the City adopted GASB Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)*. This statement improves accounting and financial reporting for SBITAs; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about SBITAs. Implementing this standard did not have an effect on beginning net position. Additional disclosures required by this standard are included in Note 4.J.

**A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from its *component unit* for which the City is considered financially accountable.

**B. 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 comprised of an elected mayor and an eight-member council. The accompanying financial statements present the government and its component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended component unit.** The Economic Development Authority (EDA) serves all the citizens of the City of Moorhead by promoting and assisting industrial and commercial development and redevelopment within the City. The EDA is comprised of a volunteer Board of Commissioners appointed by the Mayor and City Council. The EDA was determined to be a blended component unit due to the component unit's governing body is substantively the same as the governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and the component unit and management of the primary government has operational responsibility for the component unit. The EDA is reported as a Special Revenue Fund and does not issue separate financial statements.

Maple Court Ownership Development (Maple Court) serves the citizens of the City of Moorhead by providing affordable housing options to qualifying residents. Maple Court is controlled by the Mayor of the City of Moorhead in their job capacity. Maple Court was determined to be a blended component unit due to the governing body being substantively the same and the city having operational responsibility for Maple Court. Maple Court is reported as a Special Revenue Fund and does not issue separate financial statements.

Moorhead Public Service (MPS) provides electric utility and water utility services to the citizens and business community of Moorhead, MN. Moorhead Public Service was determined to be a blended component unit due to the component unit's governing body is substantively the same as the governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and the component unit and management of the primary government has operational responsibility for the component unit. The Electric and Water funds are reported as major proprietary funds. Separate audited financial statements for the year ended December 31, 2023 are available for MPS. These financial statements may be obtained by contacting MPS at PO Box 779, Moorhead, MN 56561-0779.

**Discretely presented component unit.** The Moorhead Public Housing Agency is reported as a component of the City 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, 2023. Separate audited financial statements for the year ended June 30, 2023 are available from the agency. These financial statements may be obtained by contacting the Agency at 800 2<sup>nd</sup> Avenue North, Moorhead, MN 56560.

#### **C. Basis of presentation - government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has one discretely presented component unit. The Moorhead Public Housing Agency is shown in a separate column in the government-wide financial statements.

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.

#### **D. Basis of presentation – fund financial statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

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

Additionally, the City reports the following fund type:

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included as business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

The 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 collected 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 except for grant related intergovernmental revenues and for sales tax collections which use 90 days as a collection 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 judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. Expenditure-driven grants are recognized as revenue when eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and *accrual basis of accounting*.

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.

#### **F. Budgetary information**

##### ***Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the National Opioid Settlements, Maple Court Ownership Development, 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 30, the proposed budget is presented to the City Council for review and approval. By September 30, the proposed budget and tax levy must be submitted to the County Auditor. The City Council holds public meetings 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. Generally, the City Manager can make amendments from one fund to the other without City Council approval. Budget amendments for drawing from reserves or 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services (i.e. purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

## **G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

### **1. Cash, Cash Equivalents, 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 (generally based on quoted market prices). 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.

### **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 to other funds reported in the General Fund have been offset by a fund reserve account 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 receivable of the City are considered to be fully collectible and, therefore, there is no allowance for uncollectible accounts as of December 31, 2023.

### **3. Inventories and prepaid items**

Inventories consisting primarily of materials, chemicals, and fuel to be charged out (resold to customers and other government agencies) are stated 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **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. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the City, no salvage value is taken into consideration for depreciation purposes.

Capital asset classes	Lives
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

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method or the same method amortizing the debt. The amortization period varies from 2 to 20 years.

Subscription-based information technology arrangements (SBITAs) are recognized at the arrangement commencement date and represent the City's right to use an underlying asset for the term of the agreement. The subscription asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

## 6. Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

## 7. Deferred outflows /inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on advance refunding of debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second are the contributions made to pension plans after the measurement date and prior to the fiscal year-end and changes in the net pension liability not included in pension expense reported in the statement of net position. Third are the contributions related to other post-employment benefits plans after the measurement date and prior to the fiscal year-end and changes in the net OPEB liability not included in OPEB expense reported in the statement of net position. These outflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue relating to long-term receivables in the governmental funds. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, there are deferred inflows on the statement of net position related to pensions and other post-employment benefit plans. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. The City also reports deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) using the straight-line basis over the term of the lease. The City also reports deferred inflows related to other credits reported in the Electric Fund. These credits are reported both on the proprietary funds statement of net position as well as the government-wide statement of net position. The credits result from an agreement relating to rate increases where the City will be receiving future benefit to be applied to transmission overcharges. These deferred credits will be recognized using the straight-line basis through September 2030.

#### **8. *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 and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenses.

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.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription-based information technology arrangements represent the City's obligation to make payments arising from the agreement. The liabilities are recognized at the commencement date based on the present value of future subscription payments expected to be made during the remaining term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

#### **9. *Net position flow assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **10. *Fund balance flow assumptions***

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 City'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.

## **11. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Manager and Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balances to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The unassigned fund balance for the General Fund includes all spendable amounts not contained in other fund balance classifications. In other governmental funds, the unassigned fund balance classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

## **11. Net Position**

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 or other liabilities attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets and deferred outflows 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.

## **12. Other Postemployment Benefits**

The City of Moorhead provides a single-employer defined benefit healthcare plan to retirees and their spouses. The plan offers medical insurance benefits. The total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense were measured actuarially in accordance with GASB Statement No. 75, based on the entry age, level percentage of pay method.

## **13. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **14. Net investment in capital assets**

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding principal of capital related debt (adjusted by any unamortized premiums, discounts, and unspent proceeds related to debt) and any other (non-debt) capital related liabilities as of fiscal year end, including accounts payable and retainage payable.

The City reports capital and operating related liabilities in business-type activities; therefore, these amounts may not directly tie to the financial statements. The calculation of the City's net investment in capital assets is as follows:

	Governmental Activities	Business-Type Activities
Capital assets net of accumulated depreciation	\$ 438,413,977	\$ 257,563,826
Right to use leased assets net of accumulated amortization	4,307,449	21,411
Right to use subscribed assets net of accumulated amortization	82,832	
Outstanding principal of capital related debt		
Special assessment bonds	(153,250,000)	
Revenue bonds		(64,685,235)
Note payable	(678,000)	90,694
Leases payable	(4,610,617)	(22,273)
Subscriptions payable	(84,446)	
Capital related liabilities (retainage payable)		
Capital infrastructure	(2,800,172)	
Unamortized balance of original issue premiums on outstanding capital refunding debt	(11,716,977)	(850,140)
Unamortized balance of original issue discounts on outstanding capital refunding debt		224,953
Capital related deferred outflows of resources		
Deferred charge on refunding	733,883	
Total net investment in capital assets	<u>\$ 270,397,929</u>	<u>\$ 192,343,236</u>

## H. Revenues and expenditures/expenses

### 1. Program revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other items, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### 2. Property taxes

Property taxes are submitted to the County Auditor by December 28<sup>th</sup> 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 with penalties and interest assessed on the respective property and are reflected in the financial statements as delinquent taxes receivable net of allowance for uncollectible taxes.

### 3. 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 accumulation 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.

### 4. Proprietary funds operating and nonoperating revenues and expenses

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.

**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 a 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 \$89,479,858 difference are as follows:

Special assessments receivable	\$ 76,768,145
Property taxes	267,937
Escrowed special assessments	29,387
Notes receivable	4,991,093
Leases receivable	1,685,513
Grants and prepayments	5,737,783
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	\$ 89,479,858

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, leases, net pension liability, OPEB, 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 \$197,236,850 difference are as follows:

Bonds payable	\$ 166,545,388
Notes payable	678,000
Leases payable	4,610,617
Subscriptions payable	84,446
Accrued interest payable	2,386,615
Compensated absences payable	2,430,376
Other post-employment benefits	1,509,541
Net pension liability	18,991,867
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	\$ 197,236,850

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, maintenance shop and radio equipment and weapons 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 \$7,418,414 difference are as follows:

Internal service fund net position	\$ 16,827,947
Net capital assets included in governmental activities	(9,687,492)
Net right to use leased assets in governmental activities	(409,598)
Net subscription assets in governmental activities	(76,559)
Deferred outflows included in governmental activities	(24,187)
Accrued interest payable included in governmental activities	13,230
Accrued compensated absences payable included in governmental activities	25,631
Leases	411,521
Subscriptions	84,446
Other post-employment benefits included in governmental activities	10,273
Net pension liability included in governmental activities	88,097
Deferred inflows included in governmental activities	32,137
Internal service fund activity reflected in business-type activities	122,968
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	\$ 7,418,414

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.**

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the government-wide statement of activities provides details of differences between the two statements. One element of that reconciliation explains that "Governmental fund 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." The details of this \$5,172,435 difference are as follows:

Capital Outlay	\$	21,154,575
Plus: construction in progress added as asset in current year		89,214,167
Less: construction in progress shown as additions to business-type activities		(3,533,273)
Plus: contributed assets		1,195,866
Plus: net change in retainage payables		(189,314)
Capital asset increases per footnote 4.D	\$	107,842,021
Less: construction in progress added as asset in current year		(89,214,167)
Plus: construction in progress shown as additions to business-type activities		3,533,273
Less: contributed assets		(1,195,866)
Less: net change in retainage payables		189,314
Plus: transfer of assets to internal service funds		243,660
Less: net effect of various miscellaneous transactions involving capital assets		(4,968,582)
Depreciation expense		(11,257,218)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>5,172,435</u>

**C. 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 a 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 \$(122,968) difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$	(85,837)
Internal receivable representing charges in excess of cost to business-type activities - current year		(37,131)
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities		<u>\$(122,968)</u>

**NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Violations of legal or contractual provisions**

The Library Fund had expenditures in excess of budget of \$51,751 at December 31, 2023. This will be addressed through future tax levies.

The Community Development Fund had expenditures in excess of budget of \$13,868 at December 31, 2023. This will be addressed through future grant funding and loan repayments.

**B. Deficit fund equity**

The Special Assessment Capital Projects Fund has a deficit of \$4,839,863 at December 31, 2023 which will be recovered by Municipal State Aid funds and other state grant funds as well as the City's annual infrastructure bond sales.

The Tax Increment Debt Service Fund has a deficit fund balance of \$2,123,491 at December 31, 2023 which will be recovered by future tax increment collections.

The Maintenance Shop Internal Service Fund has a deficit fund balance of \$772,818 at December 31, 2023 which will be recovered by future charges to departments using the shop's services.

## NOTE 4:- DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash deposits with financial institutions

In accordance with Minnesota Statutes, the City maintains deposits at those financial institutions authorized by the City Council. All such depositories are members of the Federal Reserve System.

Minnesota Statute requires that all City 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. Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. The City requires collateral for deposits over Federal Deposit Insurance Company (FDIC) insurance amounts. At year-end, the carrying amount and bank amount of the City's deposits, including Moorhead Public Service was \$11,376,735 and \$11,375,968, respectively. At December 31, 2023, the City's bank balance was fully insured or collateralized. The City of Moorhead does not include cash for the Moorhead Public Housing Agency in its deposits. Please see Note 5.D.1 for details of the component unit cash information.

### B. Investments and Other Long-term Investments

Minnesota Statutes 118A.04 and 118A.05 generally authorize the types of investments available to the City as; securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota statute 118A.04 subd. 6; mutual funds through share of registered investment companies provided the mutual fund receives certain ratings depending on its investments; general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service; bankers' acceptances of United States banks, commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The City is invested in the Minnesota Municipal Money Market Fund (4M Fund). The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC). The City's investment in the 4M Fund is measured at the net asset value per share provided by the pool, which is based on amortized cost method that approximates fair value. At December 31, 2023, the City had an investment in the 4M Fund in the amount of \$6,886,523.

*Custodial credit risk.* The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At December 31, 2023, none of the City's investments were subject to custodial credit risk.

*Concentration of credit risk.* The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City's investment policy limits the amount invested in a single security type to no more than 50% of the City's investment portfolio, and no more than 5% in the securities of a single issuer. The City has no investments with a single issuer that comprise greater than 5% of investments.

*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.

State law limits investments as discussed above. The City has no investment policy that would further limit its investment choices.

At December 31, 2023, the City had the following investments:

<b>Investments Measured at Fair Value</b>	<b>Fair Value</b>
Federal Farm Credit Bank	\$ 10,336,510
Negotiable Certificates of Deposit	\$ 638,770
Federal Home Loan Bank	\$ 15,439,155
Federal Home Loan Mortgage Corporation	\$ 3,969,843
Federal National Mortgage Association	\$ 152,386
Government National Mortgage Association	\$ 11,073
US Treasury Obligations with maturities at time of purchase greater than one year	\$ 2,714,177
Municipal Bonds	\$ 590,394
<b>Total Investments Measured at Fair Value</b>	<b>\$ 33,852,308</b>

<b>Investments Measured at Amortized Cost</b>	<b>Amortized Cost</b>
Money Markets	\$ 89,696,777
Minnesota Municipal Money Market (4M Fund)	\$ 6,886,523
<b>Total Investments Measured at Amortized Cost</b>	<b>\$ 96,583,300</b>
 <b>Total Investments</b>	 <b>\$ 130,435,608</b>

**Credit risk.** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by state statute.

Investment Type	Total	Maturity Duration in Years					Rating
		Less Than 1	1 to 5	6 to 10	More Than 10		
Negotiable Certificates of Deposit	\$ 638,770	\$ 238,574	\$ 400,196	\$ -	\$ -		Not Rated
Federal Farm Credit Bank	10,336,510	1,434,098	5,921,629	2,980,783	-		AA
Federal Home Loan Bank	15,439,155	5,779,229	7,672,254	1,987,672	-		AA
Federal Home Loan Mortgage Corporation	3,969,843	30	3,934,272	35,541	-		AA
Federal National Mortgage Association	152,386	-	115,288	-	37,098		AA
Government National Mortgage Association	11,073	194	10,879	-	-		AA
US Treasury Obligations	2,714,177	1,236,037	1,478,140	-	-		AA
Municipal Bonds	590,394	174,690	188,026	227,678	-		See Below
Money Markets	89,696,777	89,696,777	-	-	-		Not Rated
Minnesota Municipal Money Market (4M Fund)	6,886,523	6,886,523	-	-	-		Not Rated
	<b>\$ 130,435,608</b>	<b>\$ 105,446,152</b>	<b>\$ 19,720,684</b>	<b>\$ 5,231,674</b>	<b>\$ 37,098</b>		

The following table summarizes the ratings for the City's municipal bond investments as rated by Moody's as of December 31, 2023.

<b>Credit Rating</b>	<b>Fair Value</b>
AAA	\$ 490,034
AA	\$ 100,360
	<b>\$ 590,394</b>

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in active markets;
3. Inputs other than quoted prices that are observable for the asset or liability;
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 -Inputs to valuation methodology that are unobservable and significant to the fair value measurement.

The City has the following investments valued at recurring fair value measurements at December 31, 2023:

Investment Type	Level 1	Level 2	Level 3	Total
Negotiable Certificates of Deposit	\$ -	\$ 638,770	\$ -	\$ 638,770
Federal Farm Credit Bank	-	10,336,510	-	10,336,510
Federal Home Loan Bank	-	15,439,155	-	15,439,155
Federal Home Loan Mortgage Corporation	-	3,969,843	-	3,969,843
Federal National Mortgage Association	-	152,386	-	152,386
Government National Mortgage Association	-	11,073	-	11,073
US Treasury Obligations	2,714,177	-	-	2,714,177
Municipal Bonds	-	590,394	-	590,394
	<u>\$ 2,714,177</u>	<u>\$ 31,138,131</u>	<u>\$ -</u>	<u>33,852,308</u>
Investments Measured at Amortized Cost				\$ 96,583,300
				<u>\$ 130,435,608</u>

The City's total deposits and investments are presented in the financial statements as follows:

Financial Statement Presentation:

Cash and Investments - Statement of Net Position	\$ 110,133,018
Restricted Cash and Investments - Statement of Net Position	\$ 3,619,413
Bond Operation and Maintenance Reserve - Statement of Net Position	\$ 6,120,000
Other Long-Term Investments - Statement of Net Position	\$ 21,832,643
Cash and Investments - Statement of Fiduciary Net Position	\$ 107,269
	<u>\$ 141,812,343</u>

**C. Receivables**

Amounts are aggregated into a single accounts receivable line for certain funds and aggregated columns. Below is the detail of receivables for the General Fund, Special Assessment Debt Service, Special Assessment Capital Projects, Permanent Improvement, and the nonmajor governmental funds in the aggregate:

Receivables	Special		Special		Other		Total	
	General	Assessment Debt Service	Assessment Capital Projects	Permanent Improvement	Governmental Funds	Governmental Funds		
Accounts	\$ 295,512	\$ 4,719	\$	\$	\$ 73,173	\$	373,404	
Notes		642,666			4,456,720		5,099,386	
Leases	140,807	1,415,267			129,439		1,685,513	
Property taxes	139,513	65,525			62,899		267,937	
Special Assessments		76,768,144					76,768,144	
Due from other Governmental units	350,638	247,325	177,481	7,733,799	1,142,756		9,651,999	
Total Receivables	<u>\$ 926,470</u>	<u>\$ 79,143,646</u>	<u>\$ 177,481</u>	<u>\$ 7,733,799</u>	<u>\$ 5,864,987</u>		<u>\$ 93,846,383</u>	

## D. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 74,640,972	\$ 421,280	\$ (301,879)	\$ 74,760,373
Construction in progress	83,292,505	21,297,890	(88,920,626)	15,669,769
Total capital assets, not being depreciated	<u>157,933,477</u>	<u>21,719,170</u>	<u>(89,222,505)</u>	<u>90,430,142</u>
Capital assets, being depreciated:				
Buildings	28,852,696	579,717	-	29,432,413
Improvements other than buildings	79,829,192	499,383	-	80,328,575
Machinery and equipment	41,367,269	3,576,802	(1,761,486)	43,182,585
Infrastructure	296,100,946	81,466,949	(1,619,639)	375,948,256
Total capital assets being depreciated	<u>446,150,103</u>	<u>86,122,851</u>	<u>(3,381,125)</u>	<u>528,891,829</u>
Less accumulated depreciation for:				
Buildings	(17,076,953)	(810,164)	-	(17,887,117)
Improvements other than buildings	(22,667,625)	(2,550,605)	-	(25,218,230)
Machinery and equipment	(27,192,687)	(2,908,743)	(1,311,031)	(28,790,399)
Infrastructure	(102,501,690)	(6,634,081)	(123,523)	(109,012,248)
Total accumulated depreciation	<u>(169,438,955)</u>	<u>(12,903,593)</u>	<u>(1,434,554)</u>	<u>(180,907,994)</u>
Total capital assets, being depreciated, net	<u>276,711,148</u>	<u>73,219,258</u>	<u>(1,946,571)</u>	<u>347,983,835</u>
Right to use Leased Assets Being Amortized	4,446,001	549,022	-	4,995,023
Less accumulated amortization for	<u>(264,665)</u>	<u>(388,309)</u>	<u>(34,600)</u>	<u>(687,574)</u>
Total right to use leased assets being amortized, net	<u>4,181,336</u>	<u>160,713</u>	<u>(34,600)</u>	<u>4,307,449</u>
Right to use Subscription Assets Being Amortized	-	125,888	-	125,888
Less accumulated amortization for	<u>-</u>	<u>(43,056)</u>	<u>-</u>	<u>(43,056)</u>
Total right to use subscription assets being amortized, net	<u>-</u>	<u>82,832</u>	<u>-</u>	<u>82,832</u>
Governmental activities capital assets, net	<u>\$ 438,825,961</u>	<u>\$ 95,181,973</u>	<u>\$ (91,203,676)</u>	<u>\$ 442,804,258</u>

The decrease in construction in progress is greater than the increase in capital assets in the governmental activities due to assets contributed to proprietary funds.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 9,336,840	\$ -	\$ -	\$ 9,336,840
Construction in progress	5,534,708	26,070,553	(5,264,974)	26,340,287
<b>Total capital assets, not being depreciated</b>	<b>14,871,548</b>	<b>26,070,553</b>	<b>(5,264,974)</b>	<b>35,677,127</b>
Capital assets, being depreciated:				
Intangible plant	1,288,813	-	-	1,288,813
Buildings	224,208,855	4,973,689	(619,464)	228,563,080
Improvements other than buildings	63,059,293	593,777	-	63,653,070
Machinery and equipment	15,283,368	786,217	(278,821)	15,790,764
Infrastructure	85,549,300	3,533,273	-	89,082,573
<b>Total capital assets being depreciated</b>	<b>389,389,629</b>	<b>9,886,956</b>	<b>(898,285)</b>	<b>398,378,300</b>
Less accumulated depreciation for:				
Intangible plant	(822,496)	(103,344)	-	(925,840)
Buildings	(100,906,541)	(5,569,024)	(619,464)	(105,856,101)
Improvements other than buildings	(23,251,295)	(1,520,665)	-	(24,771,960)
Machinery and equipment	(9,287,449)	(928,771)	(244,819)	(9,971,401)
Infrastructure	(33,126,974)	(1,839,325)	-	(34,966,299)
<b>Total accumulated depreciation</b>	<b>(167,394,755)</b>	<b>(9,961,129)</b>	<b>(864,283)</b>	<b>(176,491,601)</b>
<b>Total capital assets, being depreciated, net</b>	<b>221,994,874</b>	<b>(74,173)</b>	<b>(1,762,568)</b>	<b>221,886,699</b>
Right to use Leased Assets Being Amortized	10,020	24,689	-	34,709
Less accumulated amortization for	(477)	(12,821)	-	(13,298)
<b>Total right to use leased assets being amortized, net</b>	<b>9,543</b>	<b>11,868</b>	<b>-</b>	<b>21,411</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 236,875,965</b>	<b>\$ 26,008,248</b>	<b>\$ (7,027,542)</b>	<b>\$ 257,585,237</b>

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

Governmental activities:	
General Government	\$ 1,771,038
Public Safety	429,209
Highways & Streets, including depreciation of general infrastructure assets	6,755,279
Parks & Recreation	1,338,252
Community Development	
Library	
Economic Development	255,805
Mass Transit	707,635
Subtotal	11,257,218
Internal Service	2,077,740
<b>Total depreciation/amortization expense - governmental activities</b>	<b>\$ 13,334,958</b>

Business-type activities:	
Electric	\$ 3,472,291
Water	2,404,648
Wastewater	2,244,332
Storm Water	1,245,371
Sanitation	17,229
Golf Course	122,085
Forestry	17,206
Airport	450,788
<b>Total depreciation/amortization expense - business-type activities</b>	<b>\$ 9,973,950</b>

## **E. Deferred outflows / Deferred inflows of resources/ Unearned Revenues**

As noted in Note 1.G.6 above, the City has reported outflows and deferred inflows of resources at December 31, 2023.

Deferred outflows of resources arise only under the full accrual basis of accounting and consist of pension plan and OPEB plan subsequent contributions, differences between expected and actual economic experience, changes in assumptions, differences between projected and actual investment earnings, and changes in proportions. Deferred outflows for pension and OPEB plans are \$21,006,543 and \$245,601 respectively. A deferred outflow of resources is also recognized for the deferred charge on the advance refunding of various general obligation improvement bonds totaling \$733,882. This results from the difference in the carrying value of the refunded debt and its reacquisition price.

Deferred pension inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual economic experience, changes in assumptions, projected and actual investment earnings and changes in proportions. Deferred inflows for pension and OPEB plans are \$21,672,913 and \$817,769 respectively. Another item is deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources using the straight-line basis over the term of the lease.

Governmental funds also report unearned revenue in connection with resources that have been received, but not year earned. At December 31, 2023 the City reported unearned revenue in the amount of \$6,264,392 representing early collections on various loans and receivables. This amount includes an amount of \$5,136,579 specific to collections from the American Rescue Plan Act which have not been spent as of year-end.

The following shows a breakdown of the sources that make up the balance of the deferred inflows of resources on the governmental fund financial statements at December 31, 2023.

	General	Special Assessment	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Letter of credit	\$ 29,387	\$	\$	\$	\$ 29,387
Leases	140,807	1,415,267		129,439	1,685,513
Property taxes	139,513	65,525		62,899	267,937
Special assessments		76,768,145			76,768,145
MPS note		90,694			90,694
County road turnback		217,879			217,879
State Aid Construction			5,417,385		5,417,385
MYHA note		332,368		183,259	515,627
FEMA	45,046				45,046
Bulletproof vest grant	16,752				16,752
Nuisance abatements	109,586				109,586
Construction grant proceeds				40,721	40,721
CDBG rehabilitation loans		1,725		4,173,461	4,175,186
First and new program				100,000	100,000
	\$ 481,091	\$ 78,891,603	\$ 5,417,385	\$ 4,689,779	\$ 89,479,858

## **F. Pension obligations – Employee retirement system pension plans - Statewide**

For the year ended December 31, 2023 the City reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense (income) for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
PERA - General Employees Fund (City)	\$ 2,422,698	\$ 9,372,004	\$ 2,989,000	\$ 232,980
PERA - Police and Fire Fund (City)	17,484,533	11,195,296	17,347,261	(476,565)
PERA - General Employees Fund (Public Service Utility)	1,099,312	3,830,443	1,336,652	152,366
Total all plans	\$ 21,006,543	\$ 24,397,743	\$ 21,672,913	\$ (91,219)

## 1. Defined Benefit

### a. Plan Description

The City of Moorhead participates in the following cost-sharing multiple employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

#### 1. General Employees Retirement Plan

All full-time and certain part-time employees of the City of Moorhead are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

#### 2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

### b. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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.

#### 1. General Employees Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for a least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

#### 2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

c. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City of Moorhead was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023 were \$1,041,339. Contributions made by Moorhead Public Service to the General Employees Fund for the year ended December 31, 2023 were \$429,249. The City's and Moorhead Public Service's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan member's were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023 were \$1,520,499. The City's contributions were equal to the required contributions as set by state statute.

d. Pension Costs

1. General Employees Fund Pension Costs

City:

At December 31, 2023, the City reported a liability of \$9,372,004 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$258,323. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for the employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was .1676 percent at the end of the measurement period and .1683 percent for the beginning of the period.

City of Moorhead's proportionate share of the net pension liability	\$ 9,372,004
State of Minnesota's proportionate share of the net pension liability Associated with the City of Moorhead	258,323
Total	\$ 9,630,327

For the year ended December 31, 2023, the City recognized pension expense of \$232,980 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,161 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 308,089	\$ 64,062
Changes in actuarial assumptions	\$ 1,506,150	\$ 2,568,786
Net collective difference between projected and actual investment earnings	\$ -	\$ 314,572
Changes in proportion	\$ 78,677	\$ 41,580
Contributions paid to PERA subsequent to the measurement date	\$ 529,782	\$ -
Total	\$ 2,422,698	\$ 2,989,000

The \$529,782 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	\$ 275,988
2025	\$ (1,378,730)
2026	\$ 209,969
2027	\$ (203,311)

Public Service Utility:

At December 31, 2023, MPS reported a liability of \$3,830,443 for its proportionate share of the GERF's net pension liability. MPS' net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with MPS totaled \$105,610. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MPS' proportion of the net pension liability was based on the MPS' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. MPS' proportion share was 0.0685 percent at the end of the measurement period and .0659 percent for the beginning of the period.

MPS' proportionate share of the net pension liability	\$ 3,830,443
State of Minnesota's proportionate share of the net pension liability Associated with MPS	105,610
Total	\$ 3,936,053

For the year ended December 31, 2023, MPS recognized pension expense of \$152,366 for its proportionate share of the GERF's pension expense. In addition, MPS recognized an additional \$475 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, MPS reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 124,646	\$ 25,578
Changes in actuarial assumptions	\$ 600,904	\$ 1,049,892
Net collective difference between projected and actual investment earnings	\$ -	\$ 150,082
Changes in proportion	\$ 154,441	\$ 111,100
Contributions paid to PERA subsequent to the measurement date	\$ 219,321	\$ -
Total	\$ 1,099,312	\$ 1,336,652

The \$219,321 reported as deferred outflows of resources related to pensions resulting from MPS' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	\$ 30,572
2025	\$ (526,428)
2026	\$ 122,290
2027	\$ (83,095)

## 2. Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$11,195,296 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .6483 percent at the end of the measurement period and .6698 percent for the beginning of the period.

City of Moorhead's proportionate share of the net pension liability	\$ 11,195,296
State of Minnesota's proportionate share of the net pension liability Associated with the City of Moorhead	450,945
<b>Total</b>	<b>\$ 11,646,241</b>

The

State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$450,945.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023 the City recognized pension expense of \$(449,405) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$(27,160) additional pension expense and grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$58,346 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,140,238	\$ -
Changes in actuarial assumptions	\$ 13,488,779	\$ 15,746,846
Net collective difference between projected and actual investment earnings	\$ -	\$ 578,817
Changes in proportion	\$ 84,384	\$ 1,021,598
Contributions paid to PERA subsequent to the measurement date	\$ 771,132	\$ -
<b>Total</b>	<b>\$ 17,484,533</b>	<b>\$ 17,347,261</b>

The \$771,132 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	\$ 435,953
2025	\$ (37,302)
2026	\$ 2,739,658
2027	\$ (838,614)
2028	\$ (2,933,555)

The total pension expense for all plans recognized by the City for the year ended December 31, 2023, was \$(91,219).

e. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

f. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in the annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

#### Police and Fire Fund

##### Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

##### Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increase, effective July 1, 2023.

#### g. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire plans were projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### h. Pension Liability Sensitivity

##### City:

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability:	\$16,579,828	\$9,372,004	\$3,443,295

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the Police and Fire Fund net pension liability:	\$22,212,807	\$11,195,296	\$2,137,432

##### Public Service Utility:

The following presents MPS' proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what MPS' proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
MPS' proportionate share of the General Employees Fund net pension liability:	\$6,766,362	\$3,830,443	\$1,407,313

i. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary new position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

2. Defined Contribution Plan

Five council members of the City of Moorhead are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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.

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. 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 (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2023 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		Required
Employee	Employer	Employee	Employer	Rates
\$3,108	\$3,108	5.0%	5.0%	5.0%

**G. Other postemployment benefit (OPEB) obligations**

For the year ended December 31, 2023 the City reported its proportionate share of net OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB expense (income) for each of the plans as follows:

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources	OPEB Expense (Income)
OPEB - General Employees Fund (City)	\$ 228,083	\$ 1,657,016	\$ 651,804	\$ 49,002
OPEB - General Employees Fund (Public Service Utility)	17,518	209,774	165,965	5,942
Total all plans	\$ 245,601	\$ 1,866,790	\$ 817,769	\$ 54,944

City:

1. Plan Description

The plan is a single employer defined benefit healthcare plan administered by the City. All employees are allowed upon meeting the eligibility requirements under Minn. Stat. 471.61 subd. 2b, to participate in the City's health insurance plan after retirement. The plan covers active and retired employees. Benefit provisions are established through negotiations between the City and the unions representing employees and are renegotiated at the end of each contract period. No plan assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The retiree health plan does not issue a publicly available financial report. The OPEB liability has typically been fully liquidated by the general fund for governmental activities.

2. Benefits Provided

The City allows access to the contract groups other post-retirement benefits of the blended medical premiums of \$612 for single and \$1,390 for single plus 1. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

### 3. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$111,400. Total OPEB liability will be paid by the general fund and enterprise funds.

### 4. Employees Covered by Benefit Terms

At the valuation date of January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	262
	<u>283</u>

### 5. Total OPEB Liability

The City's total OPEB liability of \$1,657,016 was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date.

### 6. Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	Service graded
Discount Rate	4.00 percent
Healthcare Cost Trend Rates	6.25 percent in 2023 grading to 5.00 percent over 5 years and then to 4.00 percent over the next 48 years
Retiree Plan Participation	Future Retirees Electing Coverage: Pre-65 subsidy available: NA Pre-65 subsidy not available: 45 percent
Percent of Married Retirees Electing Spouse Coverage	Percent of Future Retirees Electing Pre-65 Spouse Coverage: Spouse subsidy available: NA Spouse subsidy not available: 25 percent

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study as of January 1, 2022.

### 7. Changes in the Total OPEB Liability

Balance at January 1, 2023	\$ 1,863,189
Changes from the prior year:	
Service cost	104,674
Interest cost	38,116
Assumption changes	(224,216)
Benefit payments	(124,747)
Total Changes	<u>(206,173)</u>
Balance at December 31, 2023	\$ 1,657,016

## 8. Sensitivity to the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	3.00%	4.00 %	5.00%
Total OPEB Liability	\$1,785,833	\$1,657,016	\$1,537,956

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare trend rate:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB Liability	\$1,479,281	\$1,657,016	\$1,868,180
Medical Trend Rate	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years

## 9. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of \$49,002. At December 31, 2023, the City reported \$228,083 in deferred outflows of resources related to OPEB and \$651,803 in deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Losses	\$ -	\$ -
Liability Gains	\$ -	\$ 423,355
Assumption Changes	\$ 116,683	\$ 228,449
Investment Gains	\$ -	\$ -
Investment Losses	\$ -	\$ -
Subsequent Employer Contributions	\$ 111,400	\$ -
<b>Total</b>	<b>\$ 228,083</b>	<b>\$ 651,804</b>

City contributions subsequent to the measurement date of \$111,400 are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	OPEB Expense Amount
2024	\$ (93,788)
2025	\$ (93,788)
2026	\$ (93,788)
2027	\$ (93,787)
2028	\$ (85,729)
Thereafter	\$ (74,241)

## Public Service Utility - Electric and Water

### 1. Plan Description

The plan is a single employer defined benefit healthcare plan administered by Moorhead Public Service. All employees are allowed to, upon meeting the eligibility requirements under Minn. Stat. 471.61 subd. 2b, participate in Moorhead Public Service's health insurance plan after retirement. The plan covers active and retired employees who have reached age 55 with at least 5 years of service. Benefit provisions are established through negotiations between Moorhead Public Service and the unions representing employees and are renegotiated at the end of each contract period. No plan assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. A separately issued report is not available.

## 2. Benefits Provided

Moorhead Public Service allows access to the contract groups other post-retirement benefits of the blended medical premiums of \$841 for single and \$1,734 for employee plus spouse coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

## 3. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by Moorhead Public Service. Moorhead Public Service's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$31,658. Total OPEB liability will be paid by the general fund.

## 4. Employees Covered by Benefit Terms

At the valuation date of January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	57
	<u>59</u>

## 5. Total OPEB Liability

Moorhead Public Service's total OPEB liability of \$209,774 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2023.

## 6. Actuarial Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary Increases	Per service graded table
Discount Rate	4.00 percent
Healthcare Cost Trend Rates	6.50 percent decreasing to 5.00 percent over 6 years and then to 4.00 percent over the next 48 years
Retiree Plan Participation	Future Retirees Electing Coverage: Pre-65 subsidy available: NA Pre-65 subsidy not available: 40 percent
Percent of Married Retirees Electing Spouse Coverage	Percent of Future Retirees Electing Pre-65 Spouse Coverage: Spouse subsidy available: NA Spouse subsidy not available: 25 percent

Since the plan is not funded (has no assets), the discount rate was developed by estimating the long term investment yield on the employer funds that will be used to pay benefits as they come due.

Mortality rates were based on the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study as of January 1, 2023.

## 7. Changes in the Total OPEB Liability

Balance at January 1, 2023	\$ 300,141
Changes from the prior year:	
Service cost	21,554
Interest cost	6,119
Assumption Changes	(33,467)
Differences between Expected and Actual Experience	(52,915)
Benefit payments	(31,658)
<hr/>	<hr/>
Total Changes	(90,367)
<hr/>	<hr/>
Balance at December 31, 2023	\$ 209,774

## 8. Sensitivity to the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of Moorhead Public Service, as well as what Moorhead Public Service's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	1.00%	2.00 %	3.00%
Total OPEB Liability	\$228,947	\$209,774	\$191,938

The following presents the total OPEB liability of Moorhead Public Service, as well as what Moorhead Public Service's total OPEB liability would be if it were calculated using a healthcare trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare trend rate:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB Liability	\$182,425	\$209,774	\$242,716
Medical Trend Rate	5.50% decreasing to 5.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 5.00% over 6 years

## 9. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2023, Moorhead Public Service recognized OPEB expense of \$5,942. At December 31, 2023, Moorhead Public Service had \$17,518 in deferred outflows of resources related to OPEB and \$165,965 in deferred inflows or resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Losses	\$ -	\$ -
Liability Gains	\$ -	\$ 119,342
Assumption Changes	\$ 10,400	\$ 46,623
Investment Gains	\$ -	\$ -
Investment Losses	\$ -	\$ -
Subsequent Employer Contributions	\$ 7,118	\$ -
<b>Total</b>	<b>\$ 17,518</b>	<b>\$ 165,965</b>

Moorhead Public Service contributions subsequent to the measurement date of \$7,118 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	OPEB Expense Amount
2024	\$ (33,615)
2025	\$ (33,615)
2026	\$ (33,613)
2027	\$ (22,335)
2028	\$ (10,799)
Thereafter	\$ (21,588)

The total OPEB expense for all plans recognized by the City for the year ended December 31, 2023, was \$54,944.

#### **H. Construction and other significant 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, 2050.

The municipality is also committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 1, 2057, 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 2027, 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.

The City of Moorhead has a one-year contract for the period January 1, 2023 through December 31, 2023, with First Transit Inc. to provide bus services and driver management. The annual costs for First Transit during 2023 were \$1,640,509. 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.

##### *Construction Commitments*

The City has active construction projects as of December 31, 2023, which includes street construction and reconstruction, park trails, airport, wastewater utilities, and various capital asset purchases and improvements. At year-end the City's remaining commitments with contractors are \$3,211,612. As discussed in Note 1.F, *Budgetary Information*, the encumbrances and related appropriation technically lapse at the end of the year, but, are reappropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

Project	Spent-to-Date	Remaining Commitment
Southeast Main Avenue railroad grade separation	\$ 49,343,544	\$ 1,267,244
Mill and overlay various locations/Street rehab	14,347,047	1,425,374
Underground utilities	7,968,591	284,696
Parks trails	827,322	6,129
Capital asset purchases/improvements	295,051	228,169
	<b>\$ 72,781,555</b>	<b>\$ 3,211,612</b>

## *Encumbrances*

As discussed in Note 1.F, *Budgetary Information*, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Special Assessment Capital Projects Fund	\$ 1,425,374
Permanent Improvement Fund	1,267,244
Park Fund	6,129
Mass Transit Fund	36,946
American Rescue Plan Act Fund	98,250
Capital Improvement Fund	4,200
Wastewater Fund	284,696
Municipal Airport Fund	88,773
	<hr/>
	\$ 3,211,612

## **I. 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.

## **J. Leases and Subscription Agreements**

### **Lessee Activities**

The city has entered into seven leases for various equipment, operations space, and land improvements:

- Operating space at the county law enforcement center for the City's police department. The City is required to make principal and interest payments through October 31, 2038. As of December 31, 2023, the value of the lease liability was \$4,194,313. The lease has an interest rate of 3% as determined by the City's incremental borrowing rate.
- Equipment lease for a folder/inserter for use by staff at City Hall. The City is required to make principal and interest payments through May 1, 2027. As of December 31, 2023, the value of the lease liability was \$12,872. The lease has an interest rate of 3% as determined by the City's incremental borrowing rate.
- Equipment lease for a postage machine for use by staff at City Hall. The City is required to make principal and interest payments through November 1, 2026. As of December 31, 2023, the value of the lease liability was \$4,784. The lease has an interest rate of 3% as determined by the City's incremental borrowing rate.
- Equipment lease for tasers for use by the City's police officers. The City is required to make principal and interest payments through December 31, 2024. As of December 31, 2023 the value of the lease liability was \$35,628. The lease has an interest rate of 3% as determined by the City's incremental borrowing rate.

- Equipment lease for body worn cameras for use by the City's police officers. The City is required to make principal and interest payments through February 28, 2028. As of December 31, 2023, the value of the lease liability was \$363,020. The lease has an interest rate of 4% as determined by the City's incremental borrowing rate.
- Lease for land improvements for a water irrigation line used by one of the City's golf courses. The City is required to make principal and interest payments through May 31, 2042. As of December 31, 2023, the value of the lease liability was \$9,310. The lease has an interest rate of 3% as determined by the City's incremental borrowing rate.
- Lease for land improvements for agricultural land for use by the City's wastewater department. The City is required to make principal and interest payments through December 31, 2024. As of December 31, 2023, the value of the lease liability was \$12,963. The lease has an interest rate of 4% as determined by the City's incremental borrowing rate.

### **Lessor Activities**

The City has accrued a receivable for tower space utilized by a cell phone company. The remaining receivable and deferred inflows related to this lease were \$140,807 at December 31, 2023. Interest revenue of \$8,919 and principal receipts of \$13,894 were recognized during the fiscal year. The interest rate was set at 3%. Final receipt is expected in fiscal year 2030.

The City has accrued a receivable for usage of various sports facilities by local organizations. The remaining receivable and deferred inflows related to these leases were \$28,901 at December 31, 2023. Interest revenue of \$2,635 and principal receipts of \$53,302 were recognized during the fiscal year. The interest rate was set at 3%. Final receipt is expected in fiscal year 2024.

The City has accrued a receivable for usage of a city owned hockey arena by the Moorhead Youth Hockey Association. The remaining receivable and deferred inflows related to this lease were \$1,415,267 at December 31, 2023. Interest revenue of \$95,545 and principal receipts of \$31,055 were recognized during the fiscal year. The interest rate was set at 3%. Final receipt is expected in fiscal year 2044.

The City has accrued a receivable for usage of various parcels of agricultural land. The remaining receivable to these leases was \$157,974 and related deferred inflows was \$100,538 at December 31, 2023. Interest revenue of \$6,257 and principal receipts of \$155,876 were recognized during the fiscal year. The interest rate was set at 4%. Final receipt is expected in fiscal year 2024.

### **Subscription Agreements**

The city has entered into two subscriptions in the Information Technology Internal Service Fund for use of various software systems. The total initial liability for these agreements was \$125,888. As of December 31, 2023 the value of this subscription liability was \$84,446. Total required annual fixed payments for these agreements is \$46,448. These subscriptions have interest rates of 4 percent. The value of the right to use asset for these subscriptions is \$125,888 as of December 31, 2023 with accumulated amortization of \$49,329.

## **K. Long-term liabilities**

### **Notes Payable**

Notes payable at December 31, 2023 consists of the following:

Governmental Activities: Promissory Note of \$678,000 issued August 30, 2021, at 4.00% maturing August 30, 2046.

Business-type activities:

- Watermain loan issued January 1, 2011 in the amount of \$455,413 at 3.00% interest maturing on January 1, 2026.
- Public Facilities Authority note issued July 18, 2007 in the amount of \$12,407,226 at 1.99% interest maturing on August 20, 2026.
- Public Facilities Authority note issued August 26, 2014 in the amount of \$12,736,089 at 1.02% interest maturing on November 1, 2034.
- Public Facilities Authority note issued March 14, 2016 in the amount of \$2,471,358 at 1.00% interest maturing on August 20, 2035.
- Public Facilities Authority note issued August 13, 2020 for an amount up to \$18,048,080 at 1.00% interest maturing on August 20, 2040.

## **Bonds**

The City issues G.O. bonds to provide for financing construction, tax increment projects and to refinance (refund) previous bond issues. Debt service is covered respectively by tax increments, revenue generated from projects and special assessments against benefited properties with any shortfalls being paid from general taxes. G.O. bonds are direct obligations and pledge the full faith and credit of the City.

Bonds payable at December 31, 2023 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2023
<u>Governmental Activities</u>					
G.O. Special Assessment					
2011 Refunding Series B	9/1/2011	2/1/2024	.50 - 2.90	\$ 900,000	\$ 65,000
2014 Series C	12/29/2014	2/1/1936	2.00 - 4.00	6,170,000	4,170,000
2014 Refunding Series D	12/29/2014	2/1/2025	3.00 - 4.00	7,660,000	1,920,000
2014 Refunding Series E	12/29/2014	2/1/2027	3.00 - 4.00	9,785,000	3,395,000
2015 Series A	9/24/2015	2/1/1942	3.00 - 4.00	12,270,000	9,570,000
2016 Series B	11/10/2016	2/1/1942	2.00 - 5.00	20,920,000	16,235,000
2016 Refunding Series C	11/10/2016	2/1/1933	3.00 - 5.00	11,135,000	5,745,000
2017 Series A	12/14/2017	2/1/1943	2.00 - 3.25	10,905,000	8,770,000
2017 Refunding Series B	12/14/2017	2/1/2029	2.50 - 5.00	5,000,000	2,870,000
2018 Series A	11/20/2018	2/1/2044	4.00 - 5.00	11,690,000	10,440,000
2018 Refunding Series B	11/20/2018	2/1/2031	5.00	4,870,000	3,275,000
2019 Series A	12/30/2019	2/1/2046	2.00 - 5.00	6,815,000	6,245,000
2019 Refunding Series B	12/30/2019	2/1/2032	2.00 - 4.00	6,070,000	4,470,000
2021 Series A	12/9/2021	2/1/2042	2.00 - 5.00	10,775,000	10,400,000
2021 Refunding Series B	12/9/2021	2/1/2039	2.00 - 5.00	24,025,000	22,185,000
2021 Refunding Series C	12/9/2021	2/1/2033	3.00 - 5.00	9,945,000	9,245,000
2022 Series A	12/13/2022	2/1/2043	4.00 - 5.00	18,265,000	18,265,000
2023 Series A	10/12/2023	2/1/2044	4.00 - 5.00	15,985,000	15,985,000
				193,185,000	153,250,000
G.O Tax Increment					
2010 Regency/Holiday Mall Refunding Series B	9/9/2010	2/1/2028	2.00-3.70	\$ 1,390,000	\$ 540,000
2019 Regency/Holiday Mall Refunding Series A	12/30/2019	2/1/2028	2.00-4.00	1,550,000	1,005,000
				2,940,000	1,545,000
Total Governmental Activities					
				\$ 196,125,000	\$ 154,795,000

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding
					12/31/2023
<b>Business-Type Activities</b>					
G.O Revenue Bonds					
2012 G.O. Wastewater Refunding, Series B	5/15/2012	11/1/2029	3.00 – 3.125	\$ 10,790,000	\$ 5,400,000
2007 Electric MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,405,150	871,850
2007 Water MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,838,850	983,150
G.O. Water Revenue Note of 2020	5/27/2020	11/1/2040	2.00 – 5.00	13,985,000	13,795,000
				32,019,000	21,050,000
Revenue Bonds					
2009 Electric Utility Refunding Series A	5/15/2009	11/1/2024	3.00-4.75	\$ 1,470,000	\$ 130,000
2012 Electric Utility Revenue & Refunding Series E	9/1/2012	11/1/2027	2.00 – 3.00	6,240,000	1,420,000
2014 G.O. Wastewater Revenue Bonds, Series A	7/24/2014	11/1/2034	4.00 – 5.00	7,200,000	5,630,000
2016 Electric Utility Revenue Series A	8/25/2016	11/1/2036	2.00 – 4.00	11,330,000	8,156,850
2016 Water Utility Revenue Series A	8/25/2016	11/1/2036	2.00 – 4.00	1,400,000	1,008,150
				27,640,000	16,345,000
Total Bonds				59,659,000	37,395,000
Public Facilities Authority Loans					
G.O. Sewer Revenue Note of 2007	6/29/2007	8/20/2026	1.99	\$ 12,407,226	\$ 2,439,000
G.O. Water Revenue Note of 2014	8/26/2014	8/20/2034	1.02	12,736,089	7,222,000
G.O. Water Revenue Note of 2016	3/14/2016	8/20/2035	1.00	2,471,358	1,552,000
G.O. Sewer Revenue Note of 2020	8/13/2020	8/20/2040	1.00	18,048,080	15,986,541
				45,662,753	27,199,541
Total Business-Type Activities				\$ 105,321,753	\$ 64,594,541

### **Conduit Debt**

To further economic development in the City, the City has issued bonds to provide capital financing to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector entities on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for any of those bonds. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. As of December 31, 2023, there were 11 Industrial Revenue Bonds and 3 Facility Revenue Notes outstanding, with an aggregate outstanding principal amount payable of \$95,625,739.

### **Changes in long-term liabilities**

Special assessment bonds and general obligation bonds together comprise the governmental activity bonds payable. General Obligation includes tax increment bonds. The compensated absences liability and other post-employment benefits 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.

Type of Bonds	Balance at			Balance at	
	January 1, 2023	Additions	Reductions	December 31, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable					
G.O. Special Assessment	\$ 147,275,000	\$ 15,985,000	\$ 10,010,000	\$ 153,250,000	\$ 11,350,000
G.O. Tax Increment	1,830,000	-	285,000	1,545,000	290,000
Premiums	12,069,822	658,586	978,020	11,750,388	1,001,713
Total Bonds Payable	161,174,822	16,643,586	11,273,020	166,545,388	12,641,713
Note From Direct Borrowing					
Maple Court	678,000	-	-	678,000	2,233
Leases	4,345,323	549,022	283,728	4,610,617	288,377
Subscriptions	-	125,888	41,442	84,446	43,100
Other post employment benefits	1,707,613	-	198,072	1,509,541	107,781
Compensated Absences	2,462,925	2,048,812	2,081,361	2,430,376	1,822,783
Governmental Activity Long-Term Liabilities	\$ 170,368,683	\$ 19,367,308	\$ 13,877,623	\$ 175,858,368	\$ 14,905,987

Type of Bonds	Balance at			Balance at			Due Within
	January 1, 2023	Additions	Reductions	December 31, 2023	One Year		
<b>Business-Type Activities:</b>							
Bonds Payable							
Electric Utility	\$ 11,766,350	\$ -	\$ 1,187,650	\$ 10,578,700	\$ 1,232,200		
Water Utility	16,163,650	-	377,350	15,786,300	392,800		
Wastewater	12,170,000	-	1,140,000	11,030,000	1,165,000		
Discount	(241,710)	-	(17,670)	(224,040)	(17,670)		
Premiums	939,458	-	89,317	850,141	86,176		
<b>Total Bonds Payable</b>	<b>40,797,748</b>	<b>-</b>	<b>2,776,647</b>	<b>38,021,101</b>	<b>2,858,506</b>		
<b>Notes From Direct Borrowing</b>							
Public Facilities Authority	22,715,971	7,286,669	2,803,099	27,199,541	2,423,000		
Watermain Loan	108,037	-	17,343	90,694	36,001		
Leases	9,670	24,689	12,086	22,273	13,333		
Other post employment benefits	455,717	-	98,468	357,249	10,529		
Compensated Absences	1,097,778	518,557	462,525	1,153,810	1,019,012		
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 65,184,921</b>	<b>\$ 7,829,915</b>	<b>\$ 6,170,168</b>	<b>\$ 66,844,668</b>	<b>\$ 6,360,381</b>		

The annual requirement to amortize notes from direct borrowing outstanding as of December 31, 2023, follows:

Year	Governmental Activities		Year	Business-Type Activities	
	Principal	Interest		Principal	Interest
2024	\$ 2,233	\$ 27,113	2024	\$ 2,459,001	\$ 300,870
2025	9,160	26,864	2025	2,497,766	266,294
2026	9,534	26,491	2026	2,475,833	232,853
2027	9,922	26,102	2027	1,663,682	199,758
2028	10,326	25,698	2028	1,679,618	182,994
2029-2033	58,295	121,826	2029-2033	8,655,304	657,658
2034-2038	71,178	108,943	2034-2038	5,846,516	259,882
2039-2043	86,908	93,213	2039-2040	2,012,515	30,412
2044-2046	420,444	43,291		\$ 27,290,235	\$ 2,130,721
	<b>\$ 678,000</b>	<b>\$ 499,541</b>			

The requirement to amortize leases as of December 31, 2023, follows:

Year	Governmental Activities		Year	Business-Type Activities	
	Principal	Interest		Principal	Interest
2024	\$ 288,377	\$ 278,933	2024	\$ 13,332	\$ 792
2025	280,012	263,578	2025	381	268
2026	295,581	247,864	2026	393	257
2027	308,664	231,265	2027	405	245
2028	224,176	213,801	2028	417	233
2029-2033	1,357,598	832,289	2029-2033	2,283	969
2034-2038	1,856,209	333,678	2034-2038	2,645	605
	<b>\$ 4,610,617</b>	<b>\$ 2,401,408</b>	2039-2042	<b>2,417</b>	<b>184</b>
				<b>\$ 22,273</b>	<b>\$ 3,553</b>

The requirement to amortize subscriptions as of December 31, 2023, follows:

Year	Governmental Activities	
	Principal	Interest
2024	\$ 43,100	\$ 3,378
2025	41,346	1,654
	<b>\$ 84,446</b>	<b>\$ 5,032</b>

The requirement to amortize all bonded debt outstanding as of December 31, 2023, follows:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 11,640,000	\$ 5,596,598	\$ 2,790,000	\$ 1,152,841	21,179,439
2025	12,305,000	5,237,086	2,775,000	1,044,991	21,362,077
2026	11,460,000	4,727,424	2,845,000	938,927	19,971,351
2027	11,195,000	4,244,291	2,715,000	840,775	18,995,066
2028	10,330,000	3,790,739	2,455,000	757,194	17,332,933
2029-2033	44,400,000	13,247,485	10,675,000	2,582,180	70,904,665
2034-2038	28,470,000	6,670,600	9,740,000	1,184,601	46,065,201
2039-2043	22,940,000	2,283,594	3,400,000	128,000	28,751,594
2044-2046	2,055,000	54,681			2,109,681
<b>Total</b>	<b>\$ 154,795,000</b>	<b>\$ 45,852,498</b>	<b>\$ 37,395,000</b>	<b>\$ 8,629,509</b>	<b>\$ 246,672,007</b>

#### L. Fund balance

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<b>Fund Balances:</b>						
Nonspendable:						
Advances	\$ 2,703,580	\$	\$	\$	\$	\$ 2,703,580
Prepaid items	92,205		974		112,466	205,645
Total Nonspendable	<u>2,795,785</u>	<u>-</u>	<u>974</u>	<u>-</u>	<u>112,466</u>	<u>2,909,225</u>
Restricted for:						
Public safety					2,180,958	2,180,958
Culture and Recreation					2,775,271	2,775,271
Urban and Economic Development					2,348,510	2,348,510
Contributions					90,597	90,597
Debt Service		32,778,359			235,254	33,013,613
Other Purposes	1,257,518					1,257,518
Total Restricted	<u>1,257,518</u>	<u>32,778,359</u>	<u>-</u>	<u>-</u>	<u>7,630,590</u>	<u>41,666,467</u>
Committed to:						
Culture and Recreation					1,369,316	1,369,316
Highways and Streets				1,704,137		1,704,137
Transit					1,459,857	1,459,857
Urban and Economic Development					1,300,363	1,300,363
Capital Projects					3,347,587	3,347,587
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,704,137</u>	<u>7,477,123</u>	<u>9,181,260</u>
Assigned to:						
Culture and Recreation	4,000,000					4,000,000
Unassigned:	<u>18,508,961</u>		<u>(4,840,837)</u>		<u>(2,123,491)</u>	<u>11,544,633</u>
Total Fund Balances	<u>\$ 26,562,264</u>	<u>\$ 32,778,359</u>	<u>\$ (4,839,863)</u>	<u>\$ 1,704,137</u>	<u>\$ 13,096,688</u>	<u>\$ 69,301,585</u>

#### M. Interfund receivables and payables

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, 2023, is as follows:

##### **Due to/from other funds:**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Fund	Receivable	Payable
Governmental activities:		
General Fund	\$ 4,913,109	\$ 26,665
Special Assessment Capital Project Fund		4,242,752
Permanent Improvement Fund		29
Other Governmental Funds		20,155
Governmental Activities - Internal Service Funds	102,693	591,552
	5,015,802	4,881,153

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
<b>Business-type activities:</b>		
Electric Fund	121,233	1,847,740
Water Fund	22,877	87,623
Waste Water Fund	887,492	44,443
Storm Water Fund	238,398	5,819
Other Enterprise Funds	626,999	46,023
	<u>1,896,999</u>	<u>2,031,648</u>
	<u><u>\$ 6,912,801</u></u>	<u><u>\$ 6,912,801</u></u>

***Advances to/from other funds:***

Advances in the amount of \$2,599,580 from the general fund to the tax increment debt service funds will be repaid with future tax increment collections. The advance from the general fund to the permanent improvement fund in the amount of \$104,000 will be repaid with future land sale proceeds. The advance from the economic development special revenue fund to the tax increment debt service fund in the amount of \$300,000 will be repaid with future land sale proceeds.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
<b>Governmental funds:</b>		
General Fund	\$ 2,703,580	\$
Permanent Improvement Fund		104,000
Other Governmental Funds	300,000	2,899,580
	<u><u>\$ 3,003,580</u></u>	<u><u>\$ 3,003,580</u></u>

**N. Interfund transfers**

The composition of interfund transfers for the year ended December 31, 2023 is as follows:

	Transfers In						
	Transfers Out	Major Funds:			Nonmajor Funds:		
		General	Permanent Improvement	Special Assmt Capital	Special Assmt Debt	Governmental	Enterprise
<b>Major Funds</b>							
General	\$ 1,688,007	\$ 683,789	\$	\$	\$	\$	\$ 1,004,218
Special Assmt Debt Service	195,499	\$25,000		\$170,499			
Special Assmt Capital Projects	2,151,598		2,145,494		6,104		
Electric	9,444,852	7,350,000					2,094,852
Water	723,242	597,242			126,000		
Wastewater	1,165,562	519,112	39,997	426,453	180,000		
Storm Water	1,461,138	418,409	5,252	375,000	604,227		58,250
Totals	<u>16,829,898</u>	<u>8,909,763</u>	<u>2,874,532</u>	<u>971,952</u>	<u>916,331</u>	<u>2,094,852</u>	<u>1,062,468</u>
<b>Non-Major Funds</b>							
Governmental	4,265,616	9,139	157,557		400,000	2,921,270	777,650
Enterprise	491,698	484,259	7,439				
Totals	<u>4,757,314</u>	<u>493,398</u>	<u>164,996</u>		<u>400,000</u>	<u>2,921,270</u>	<u>777,650</u>
	<u><u>\$ 21,587,212</u></u>	<u><u>\$ 9,403,161</u></u>	<u><u>\$ 3,039,528</u></u>	<u><u>971,952</u></u>	<u><u>\$ 1,316,331</u></u>	<u><u>\$ 5,016,122</u></u>	<u><u>\$ 1,840,118</u></u>

A breakdown of the detailed interfund transfers for the year ended December 31, 2023 is as follows:

Transfer to General Fund from Electric Enterprise Fund	\$ 7,350,000	To transfer revenue per city charter
Transfer to General Fund from Water Enterprise Fund	597,242	To transfer revenue per city charter
Transfer to General Fund from Storm Water Enterprise Fund	418,409	To transfer revenue per city charter
Transfer to General Fund from Wastewater Enterprise Fund	519,112	To transfer revenue per city charter
Transfer to General Fund from Sanitation Enterprise Fund	263,474	To transfer revenue per city charter
Transfer to General Fund from Pest Control Enterprise Fund	102,943	
Transfer to General Fund from Forestry Enterprise Fund	71,438	To transfer revenue per city charter
Transfer to General Fund from Street Light Utility Enterprise Fund	46,404	To transfer revenue per city charter
Transfer to General Fund from Special Assessment Debt Service Fund	25,000	To transfer funds per current year budget
Transfer to General Fund from Capital Improvement Capital Projects Fund	9,139	To transfer remaining project funds
Transfer to Park Special Revenue Fund from Capital Improvement Capital Projects Fund	5,217	To transfer funds per current year budget
Transfer to Mass Transit Special Revenue Fund from Capital Improvement Capital Projects Fund	620,400	To transfer funds per current year budget
Transfer to Special Assessment Debt Service Fund from Capital Improvement Capital Projects Fund	400,000	To transfer funds per current year budget
Transfer to Special Assessment Debt Service Fund from Special Assessment Capital Projects Fund	6,104	To transfer remaining project funds
Transfer to Permanent Improvement Fund from Specail Assessment Capital Projects Fund	2,145,494	To transfer funds for project
Transfer to Permanent Improvement Fund from General Fund	524,880	To transfer funds for project
Transfer to Permanent Improvement Fund from General Fund	104,000	To close advance between funds
Transfer to Permanent Improvement Fund from Economic Development Special Revenue Fund	150,481	To transfer funds for land purchase
Transfer to Permanent Improvement Fund from General Fund	54,909	To close project
Transfer to Permanent Improvement Fund from Park Special Revenue Fund	6,773	To close project
Transfer to Permanent Improvement Fund from Economic Development Special Revenue Fund	303	To close project
Transfer to Permanent Improvement Fund from Storm Water Enterprise Fund	5,252	To close project

Transfer to Permanent Improvement Fund from Sanitation Enterprise Fund	3,797	To close project
Transfer to Permanent Improvement Fund from Pest Control Enterprise Fund	633	To close project
Transfer to Permanent Improvement Fund from Forestry Enterprise Fund	3,009	To close project
Transfer to Permanent Improvement Fund from Wastewater Enterprise Fund	39,997	To close project
Transfer to Special Assessment Debt Service Fund from Storm Water Enterprise Fund	604,227	To transfer funds per current year budget
Transfer to Special Assessment Debt Service Fund from Water Enterprise Fund	126,000	To transfer funds per current year budget
Transfer to Special Assessment Debt Service Fund from Wastewater Enterprise Fund	180,000	To transfer funds per current year budget
Transfer to Economic Development Special Revenue Fund from Electric Enterprise Fund	50,000	To transfer revenue per state statute
Transfer to Economic Development Special Revenue from Tax Increment Debt Service Fund	300,000	To setup advance to other fund
Transfer to Special Assessment Capital Projects Fund from Storm Water Enterprise Fund	426,453	To transfer funds per current year budget
Transfer to Special Assessment Capital Projects from Special Assessment Debt Service Fund	170,499	To transfer fund to close projects
Transfer to Special Assessment Capital Projects from Storm Water Enterprise Fund	375,000	To transfer funds per current year budget
Transfer to Capital Improvement Capital Projects Fund from Electric Enterprise Fund	2,044,852	To transfer revenue per city charter
Transfer to Capital Improvement Capital Projects from Park Special Revenue Fund	65,000	To transfer revenue per city charter
Transfer to Capital Improvement Capital Projects from American Rescue Plan Act Special Revenue Fund	441,902	To transfer funds to set up new project
Transfer to Capital Improvement Capital Projects from Contributions Special Revenue Fund	64,405	To transfer funds to set up new project
Transfer to Library Community Center Capital Projects Fund from Capital Improvement Capital Projects Fund	500,000	To transfer funds per current year budget
Transfer to Library Community Center Capital Projects Fund from American Resuce Plan Act Special Revenue Fund	924,346	To transfer funds per current year budget
Transfer to Municipal Airport Enterprise Fund from Capital Improvement Capital Projects Fund	192,650	To transfer funds per current year budget
Transfer to Forestry Enterprise Fund from General Fund	218,450	To transfer funds per current year budget
Transfer to Golf Course Enterprise Fund from Park Special Revenue Fund	415,000	To transfer funds per current year budget
Transfer to Golf Course Enterprise Fund from Storm Water Enterprise Fund	58,250	To transfer funds per current year budget
Transfer to Golf Course Enterprise Fund from General Fund	785,768	To close advance between funds
Transfer to Information Techology Internal Service Fund from Capital Improvement Capital Projects Fund	100,000	To transfer funds per current year budget
Transfer to Radio and Weapons Internal Service Fund from Capital Improvement Capital Projects Fund	70,000	To transfer funds per current year budget
<b>Total Interfund Transfers</b>	<b>\$ 21,587,212</b>	

## **NOTE 5:- OTHER INFORMATION**

### **A. 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.

Prior to 2015, each governmental entity contributed to the joint operations in the following percentages:

City of Fargo – 50.6%  
City of Moorhead – 18.2%  
Cass County – 8.8%  
Clay County – 10.0%  
City of West Fargo – 12.4%

Effective January 1, 2015 the joint powers agreement was amended as a result of a Cass County vote in November 2014, which ended the City of West Fargo and City of Fargo collections of emergency communication system fees on an individual city-wide basis. Cass County emergency fee collection, which is collected per user by the county, is expected to be sufficient to cover the contribution for the City of Fargo, West Fargo and Cass County. Cass County has agreed to pay all valid billings from vendors of emergency service communication system funds for all users in Cass County.

From 2015 through 2022, each governmental entity contributed to the joint operations in the following percentages:

City of Fargo – 0%  
City of Moorhead – 18.2%  
Cass County – 71.8%  
Clay County – 10.0%  
City of West Fargo – 0%

Effective January 1, 2023 the joint powers agreement was amended to reflect a new cost share structure adopting the following updated percentages:

City of Fargo – 0%  
City of Moorhead – 17.8%  
Cass County – 73.9%  
Clay County – 8.3%  
City of West Fargo – 0%

Any governmental entity may elect to withdraw from participation upon giving a 1-year written notice. Additional 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 2010, the City of Moorhead, Minnesota; City of Fargo, North Dakota; Clay County of Minnesota; Cass County of North Dakota; the Cass County Joint Water Resource District; and the Buffalo Red River Watershed District entered into a joint powers agreement for the purpose of building and operating a flood diversion channel along the Red River of the North to reduce the flood risk of the stakeholder communities and counties. The Diversion Authority and its members worked with the United States Army Corps of Engineers on the FM Metro Risk Management Feasibility Study to develop the flood diversion channel project plan.

In June of 2016, the joint powers agreement was revised to exclude the Buffalo Red River Watershed District.

This joint powers agreement will continue to be in full force and effect until it is terminated upon unanimous approval of the members to this Agreement. Additional information regarding the authority may be obtained by contacting: Flood Diversion Board of Authority, 207 Fourth Street North, Fargo, ND 58102.

## **B. Postponed Special Assessments**

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$8,863,874 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 \$19,257,464 of improvement costs in the Special Assessment Debt Service Funds under the same situation.

## **C. Tax Abatements**

The City of Moorhead offers tax abatements through two programs – a Property Tax Exemption Program and a Make Moorhead Home Property Tax Rebate Program.

### **Property Tax Exemption:**

The property tax exemption is authorized under Minnesota Statute 469.1734 subd. 3, and is available for new construction or substantial expansion/rehabilitation of an existing building classified as commercial, industrial, multi-family residential or mixed use or for the conversion of an existing facility from a commercial or industrial use to a multi-family and/or mixed-use facility. The project must meet minimum project requirements for new building value and/or jobs. Only building improvements are eligible for the exemption. Land and existing improvements (unless demolished) remain taxable. The term of exemption for commercial and industrial properties ranges from two years to 20 years dependent upon FTE jobs created or retained and the increased taxable value of the new construction. The term of the exemption for multi-family residential or mixed-use properties is either two or four years depending on the new building value per unit.

The City also offers a variation of this program targeting urban development, infill, and redevelopment of commercial or residential properties within the zone to concentrate reinvestment in Moorhead's downtown, near downtown, and transitional areas which is referred to as Urban Progress (UP) Zone Property Tax Exemption. This variation offers an additional four years of phase out dependent upon FTE jobs created or retained and the increased taxable value of the new construction.

### **Make Moorhead Home Property Tax Rebate Program**

The City of Moorhead offers a property tax abatement (rebate) program to individuals constructing new residential homes in Moorhead pursuant to Minnesota Statutes 469.1813 – 469.1816. The property taxes are paid when due and subsequently rebated to the homeowner in December. This rebate is available for the first two years of property taxes.

The following is information relevant to the disclosure of these programs for the fiscal year ended December 31, 2023:

Tax Abatement Program	Amount of Taxes Abated
Property Tax Exemption	\$ 645,103
Make Moorhead Home Property Tax Rebate	289,025

### **Tax Increment Financing**

The City of Moorhead has established a tax abatement program pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815. As part of the City's program the City enters into agreements through the use of tax increment financing districts under Minnesota Statutes Section 469.174 to 469.179 (the Tax Increment Act). Under these statutes the City annually abates taxes collected above the district's base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight and providing affordable housing.

For the fiscal year ending December 31, 2023, the City has four agreements established under Minnesota Statutes Section 469.174 to 469.179 which resulted in property taxes totaling \$1,034,570 being abated. Individual abatement payments included:

- A pay-as-you go note resulting in an abatement amount of \$528,232, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$286,890, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$184,085, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$35,363, for an industrial developer.

## D. Component Unit - Moorhead Public Housing Agency

### 1. Deposits and Investments

Deposits - In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages 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.

In accordance with Minnesota statutes, the Agency maintains deposits at those depository banks and brokerages authorized by the Agency, all of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. At June 30, 2023, the carrying amount of the Agency's deposits was \$1,766,904, and the bank balance was \$1,735,316. The Agency's deposits at its financial institutions were fully collateralized at June 30, 2023.

Interest Rate Risk – The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk – The Agency may invest idle funds in deposits that are properly secured by FDIC insurance coverage and are with designated depositories, which meet or exceed the Governmental National Mortgage Association Ratings.

### 2. Restricted Cash

Restricted assets consist of cash which is restricted to comply with HUD requirements for tenant security deposits.

### 3. Accounts Receivable and Due from Other Governments

Accounts receivable of \$16,150 consists of amounts due from tenants across multiple programs, which includes an allowance of \$43,535. Due from other governments of \$17,493 consists of reimbursements of vouchers owed by Minnesota Housing Finance Agency and HAP charges.

### 4. Capital assets are defined by the Agency as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of the donation. Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	(Restated)			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$	\$	\$ 464,977
Construction in progress	38,578	549,320	587,898	-
Total Capital assets not being depreciated	503,555	549,320	587,898	464,977
Capital assets, being depreciated:				
Buildings & Improvements	14,795,491	629,820	2,400	15,422,911
Furniture, equipment & machinery	710,284		51,226	659,058
Total Capital assets being depreciated	15,505,775	629,820	53,626	16,081,969
Less accumulated depreciation for:				
Buildings & Improvements	8,889,406	360,165	2,400	9,247,171
Furniture, equipment & machinery	688,619	15,367	51,226	652,760
Total accumulated depreciation	9,578,025	375,532	53,626	9,899,931
Total capital assets, being depreciated, net	5,927,750	254,288		6,182,038
Total Capital assets, net	\$ 6,431,305	\$ 803,608	\$ 587,898	\$ 6,647,015

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

Business-type activities				
Low-Rent Public Housing				\$ 375,532

5. Accounts Payable

Accounts payable of \$120,304 represents expenses incurred but not paid to vendors at June 30, 2023.

6. Compensated Absences

Changes in compensated absences for the year ended June 30, 2023 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 23,617	\$ 19,385	\$ 29,645	\$ 13,357	\$ -

7. Payments in Lieu of Taxes

The Agency is obligated to make annual payments in lieu of property taxes based on a predetermined percent of dwelling rents net of utilities expense. At June 30, 2023, the amount payable to local governments in lieu of taxes was \$33,612.

8. The Agency entered into a POHP (Publicly Owned Housing Program) loan on June 14, 2019, for \$390,000. The loan is a 20-year deferred forgivable loan with a zero percent interest rate. There are also some minimal requirements for reporting that are in effect until June 14, 2054. Loan funds of \$78,541 and \$292,950 were received in fiscal years 2021 and 2020, respectively. This POHP loan for \$390,000 is labeled as a construction loan, meaning the Agency closes on the loan and then starts the renovation work with drawdowns from the loan as payments become due. The Agency also has a second POHP loan to fund elevator modernization work at Sharp View. The Agency entered into the second POHP loan, known as an End Loan Commitment, on October 17, 2019, for up to \$58,871. On July 27, 2020, the terms of the loan changed the loan amount to \$58,009, all of which was drawn down in fiscal year 2021. The loan is also a 20-year deferred forgivable loan with a zero percent interest rate.

On August 30, 2021, the Agency entered into two separate loan agreements with the Minnesota Housing Finance Agency and Greater Minnesota Housing Fund to finance the acquisition and rehabilitation of Maple Court Townhomes, a 17-unit project owned by Maple Court, LLC, a limited liability company for which the Agency is the sole member of, and the Maple Court Ownership Development LLC, which is owned by the City of Moorhead. The principal amounts for each loan are \$446,374 and \$575,000 and interest rates are zero percent and four percent, respectively. Maturity dates for the loans are May 1, 2046 and August 30, 2046 respectively. The total project cost is estimated at \$1,021,374.

9. Management Agreement

The Agency entered into a contract for services with the Housing and Redevelopment Authority of Clay County effective March 1, 2023. The Housing and Redevelopment Authority of Clay County is performing program and property management and maintenance, and finance and human resources functions. The Agency terminated all employees other than the Executive Director and employees were offered employment at the Housing and Redevelopment Authority of Clay County on an at will basis. Management fees charged to the Low-Rent Public Housing program were based on per unit month (PUM) count, charged at a HUD-approved rate, while all other programs were charged at 10 percent of monthly program revenues. During the year ended June 30 2023, the Agency paid the Housing and Redevelopment Authority of Clay County \$59,159 in management fees.

10. Retirement Plan

The Agency has a nonintegrated, discretionary contribution Money Purchase Plan covering substantially all employees. The plan is funded through payments to Security Benefit, Inc. where the contributions are allocated to the account of each participant in the same portion as the participant's compensation bears to all participants' compensation for the year. The Agency contributes 7% of employees' eligible salaries and employees must contribute up to 7% of salaries to the plan. In this master multiple-employee plan, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The approximated total cost of this plan for the years ended June 30, 2023, 2022, and 2021 was \$13,923, \$29,164, and \$28,268, respectively.

11. Prior Period Adjustment

A prior period adjustment was made to properly reflect the transfer of Scattered Sites capital assets following the Section 18 disposition that took effect on July 1, 2021. The net effect of the adjustments resulted in a decrease of \$7,819 in net position.

## E. Change Within Reporting Entity

The governmental fund balances as of January 1, 2023, were reclassified to enhance presentation and align with the appropriate accounting for certain activities. The restatement did not have a net affect on the total governmental fund balance nor the beginning net position on the government-wide statements.

Governmental Funds					
	Special Assessment Debt Service	Special Assessment Capital Projects	Non-major		
Fund Balance, January 1, 2023 as previously reported	\$ 31,408,691	\$ (2,605,124)	\$ 3,038,464		
Reclassification of governmental funds		1,618,669	(3,191,154)		1,572,485
Fund Balance, January 1, 2023 as restated	<u>\$ 33,027,360</u>	<u>\$ (5,796,278)</u>		<u>\$ 4,610,949</u>	

## F. Future Implementation of Approved GASB Standards

As of December 31, 2023, there are a number of GASB Standards that have been issued by the Governmental Accounting Standards Board (GASB) that are not effective as of December 31, 2023 but will be implemented in future years.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections* – An Amendment of GASB Statement No. 62, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absence to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 102, *Certain Risk Disclosures*, provides guidance on risks that governments face that could negatively affect the level of service they provide or their ability to meet obligations as they come due. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined the effect these pronouncements will have on the City's financial statements.

## **G. Subsequent Event**

Moorhead Public Service issued \$27,810,000 Public Utility Revenues Bonds, Series 2024A dated February 22, 2024. The proceeds of these bonds will be used reconfigure MPS' Moorhead DOE Tap Substation (Substation) and install electric transmission shunt reactors, a replacement transformer, and expansion of the substation, which included a new control building, circuit breaker, and all other associated equipment at the substation.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Changes to Total OPEB Liability and Related Ratios, Last 10 Fiscal Years

#### City:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Service cost	104,674	142,626	152,548	127,497	124,534	132,300
Interest	38,116	42,420	55,884	81,814	70,273	67,250
Changes in assumptions	(224,216)	6,786	107,195	72,245	(72,584)	-
Differences between Expected and Actual Experience	-	(247,530)	-	(427,877)	-	-
Benefit payments	(124,747)	(118,380)	(104,936)	(104,241)	(99,252)	(101,115)
Net change in total OPEB liability	(206,173)	(174,078)	210,691	(250,562)	22,971	98,435
Total OPEB Liability - beginning	1,863,189	2,037,267	1,826,576	2,077,138	2,054,167	1,955,732
Total OPEB Liability - ending	1,657,016	1,863,189	2,037,267	1,826,576	2,077,138	2,054,167
Covered employee payroll	19,725,395	19,150,869	19,466,999	18,854,236	16,609,056	16,125,297
Total OPEB liability as a percentage of covered employee payroll	8.4%	9.7%	10.5%	9.7%	12.5%	12.7%

#### Public Service Utility:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Service cost	21,554	30,327	29,444	33,344	27,943	31,306
Interest	6,119	6,235	11,700	14,341	15,515	15,851
Changes in assumptions	(33,467)	-	(26,325)	20,804	(6,128)	-
Differences between Expected and Actual Experience	(52,915)	-	(72,618)	-	(84,126)	-
Benefit payments	(31,658)	(35,492)	(34,020)	(42,921)	(59,686)	(48,391)
Net change in total OPEB liability	(90,367)	1,070	(91,819)	25,568	(106,482)	(1,234)
Total OPEB Liability - beginning	300,141	299,071	390,890	365,322	471,804	473,038
Total OPEB Liability - ending	209,774	300,141	299,071	390,890	365,322	471,804
Covered employee payroll	5,131,594	4,674,070	4,537,932	4,638,093	4,503,003	4,375,925
Total OPEB liability as a percentage of covered employee payroll	4.1%	6.4%	6.6%	8.4%	8.1%	10.8%

- GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Moorhead will present information for those years for which information is available.

#### Notes to the Schedule of Changes in Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Schedule of Employer's Share of Net Pension Liability**

City:

Pension Plan	Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	Total (c) (a + b)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2023	.1676%	\$ 9,372,004	\$ 258,323	\$ 9,630,327	\$ 13,386,835	70.0%	83.1%
PEFFF	6/30/2023	.6483%	\$ 11,195,298	\$ 450,945	\$ 1,646,243	\$ 9,796,247	114.3%	86.5%
GERF	6/30/2022	.1683%	\$ 13,329,416	\$ 390,702	\$ 13,720,118	\$ 11,806,119	112.9%	76.7%
PEFFF	6/30/2022	.6698%	\$ 29,147,050	\$ 1,273,377	\$ 30,420,427	\$ 8,615,508	338.3%	70.5%
GERF	6/30/2021	.1663%	\$ 7,101,755	\$ 216,774	\$ 7,318,529	\$ 12,156,354	58.4%	87.0%
PEPFF	6/30/2021	.6796%	\$ 5,245,792	\$ 235,852	\$ 5,481,644	\$ 9,027,437	58.1%	93.7%
GERF	6/30/2020	.1639%	\$ 9,826,554	\$ 303,098	\$ 10,129,652	\$ 11,954,059	84.7%	79.1%
PEPFF	6/30/2020	.6927%	\$ 9,130,527	\$ 215,093	\$ 9,345,620	\$ 7,823,375	104.1%	87.2%
GERF	6/30/2019	.1562%	\$ 8,635,948	\$ 268,488	\$ 8,904,436	\$ 11,375,582	78.3%	80.2%
PEPFF	6/30/2019	.7223%	\$ 7,689,613	N/A	\$ 7,689,613	\$ 8,664,933	88.7%	89.3%
GERF	6/30/2018	.1521%	\$ 8,437,884	\$ 276,797	\$ 8,714,681	\$ 11,429,880	73.8%	79.5%
PEPFF	6/30/2018	.6748%	\$ 7,192,673	N/A	\$ 7,192,673	\$ 7,207,246	99.8%	79.5%
GERF	6/30/2017	.1544%	\$ 9,920,633	\$ 124,766	\$ 10,045,399	\$ 10,310,813	96.2%	75.9%
PEPFF	6/30/2017	.683%	\$ 9,221,313	N/A	\$ 9,221,313	\$ 8,075,441	114.2%	75.9%
GERF	6/30/2016	.1453%	\$ 11,797,639	\$ 154,084	\$ 11,951,723	\$ 9,034,080	130.6%	68.9%
PEPFF	6/30/2016	.645%	\$ 25,884,972	N/A	\$ 25,884,972	\$ 6,450,180	401.3%	68.9%
GERF	6/30/2015	.1416%	\$ 7,338,447	N/A	\$ 7,338,447	\$ 8,503,085	86.3%	78.2%
PEPFF	6/30/2015	.649%	\$ 7,374,159	N/A	\$ 7,374,159	\$ 6,799,858	108.5%	78.2%

Public Service Utility:

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability Associated with the City	Total (c) (a + b)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2023	.0685%	\$ 3,830,443	\$ 105,610	\$ 3,936,053	\$ 5,723,329	66.9%	83.1%
GERF	6/30/2022	.0659%	\$ 5,219,302	\$ 152,942	\$ 5,372,244	\$ 5,173,015	100.9%	76.7%
GERF	6/30/2021	.0664%	\$ 2,835,577	\$ 86,558	\$ 2,922,135	\$ 5,009,349	56.6%	87.0%
GERF	6/30/2020	.0731%	\$ 4,382,679	\$ 135,049	\$ 4,517,728	\$ 4,905,566	89.3%	79.1%
GERF	6/30/2019	.0708%	\$ 3,914,373	\$ 121,661	\$ 4,036,034	\$ 5,308,088	73.7%	80.2%
GERF	6/30/2018	.0712%	\$ 3,949,884	\$ 129,501	\$ 4,079,385	\$ 4,484,756	88.1%	79.5%
GERF	6/30/2017	.0715%	\$ 4,564,514	\$ 57,367	\$ 4,621,881	\$ 7,092,367	64.4%	75.9%
GERF	6/30/2016	.0706%	\$ 5,732,370	\$ 74,844	\$ 5,807,214	\$ 6,664,177	86.0%	68.9%
GERF	6/30/2015	.0686%	\$ 3,555,208	N/A	\$ 3,555,208	\$ 6,393,326	55.6%	78.2%

- GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Moorhead will present information for those years for which information is available.

**Schedule of Employer's Pension Plan Contributions**

City:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
GERF	12/31/2023	\$ 1,041,339	\$ 1,041,339	\$ -	\$14,004,721	7.4%
PEPFF	12/31/2023	\$ 1,520,499	\$ 1,520,499	\$ -	\$10,085,708	15.1%
GERF	12/31/2022	\$ 969,835	\$ 969,835	\$ -	\$13,140,580	7.4%
PEPFF	12/31/2022	\$ 1,460,400	\$ 1,460,400	\$ -	\$ 9,392,202	15.5%
GERF	12/31/2021	\$ 924,316	\$ 924,316	\$ -	\$12,383,958	7.5%
PEPFF	12/31/2021	\$ 1,429,351	\$ 1,429,351	\$ -	\$ 9,031,218	17.7%
GERF	12/31/2020	\$ 893,378	\$ 893,378	\$ -	\$11,985,663	7.5%
PEPFF	12/31/2020	\$ 1,398,393	\$ 1,398,393	\$ -	\$ 8,629,394	16.2%
GERF	12/31/2019	\$ 868,105	\$ 868,105	\$ -	\$11,738,272	7.4%
PEPFF	12/31/2019	\$ 1,303,542	\$ 1,303,542	\$ -	\$ 8,681,443	15.0%
GERF	12/31/2018	\$ 777,774	\$ 777,774	\$ -	\$10,737,644	7.2%
PEPFF	12/31/2018	\$ 1,196,569	\$ 1,196,569	\$ -	\$ 8,402,666	14.2%
GERF	12/31/2017	\$ 700,910	\$ 700,910	\$ -	\$10,140,633	6.9%
PEPFF	12/31/2017	\$ 1,167,768	\$ 1,167,768	\$ -	\$ 7,777,052	15.0%
GERF	12/31/2016	\$ 645,126	\$ 645,126	\$ -	\$ 9,546,541	6.8%
PEPFF	12/31/2016	\$ 1,103,542	\$ 1,103,542	\$ -	\$ 7,253,057	15.2%
GERF	12/31/2015	\$ 683,737	\$ 683,737	\$ -	\$ 8,923,750	7.7%
PEPFF	12/31/2015	\$ 1,023,130	\$ 1,023,130	\$ -	\$ 6,612,690	15.5%

Public Service Utility:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
GERF	12/31/2023	\$ 408,577	\$ 408,577	\$ -	\$ 5,447,693	7.5%
GERF	12/31/2022	\$ 370,291	\$ 370,291	\$ -	\$ 4,937,213	7.5%
GERF	12/31/2021	\$ 358,277	\$ 358,277	\$ -	\$ 4,777,027	7.5%
GERF	12/31/2020	\$ 369,839	\$ 369,839	\$ -	\$ 4,931,187	7.5%
GERF	12/31/2019	\$ 376,011	\$ 376,011	\$ -	\$ 5,013,480	7.5%
GERF	12/31/2018	\$ 358,722	\$ 358,722	\$ -	\$ 4,782,960	7.5%
GERF	12/31/2017	\$ 345,294	\$ 345,294	\$ -	\$ 4,603,920	7.5%
GERF	12/31/2016	\$ 335,637	\$ 335,637	\$ -	\$ 4,475,155	7.5%
GERF	12/31/2015	\$ 311,115	\$ 311,115	\$ -	\$ 4,148,200	7.5%

- GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Moorhead will present information for those years for which information is available.

## Notes to the Schedule of Changes in Net Pension Liabilities and Related Ratios

### General Employees Fund

#### 2023 Changes

##### Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

##### Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

#### 2022 Changes

##### Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from MP-2020 to Scale MP-2021.

##### Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

#### 2021 Changes

##### Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from MP-2019 to Scale MP-2020.

##### Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

#### 2020 Changes

##### Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

##### Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

## 2019 Changes

### Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

### Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

## 2018 Changes

### Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

### Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019 resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

## 2017 Changes

### Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

### Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

## 2016 Changes

### Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## 2015 Changes

### Changes in Actuarial Assumptions:

- The assumed annual increase was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

### Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state, and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

## Police and Fire Fund

### 2023 Changes

#### Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.50 to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

#### Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

### 2022 Changes

#### Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to MP-2021.
- The single discount rate changed from 6.50 percent to 5.40 percent.

#### Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## 2021 Changes

#### Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

#### Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## 2020 Changes

### Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation

## 2019 Changes

### Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation

## 2018 Changes

### Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2016 to MP-2017.

### Changes in Plan Provisions:

- Annual increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048 if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised morality and interest assumptions.

## 2017 Changes

### Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation.

## 2016 Changes

### Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

### Changes in Plan Provisions:

- There have been no changes since the prior valuation

## 2015 Changes

### Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

### Changes in Plan Provisions:

- The annual increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

## **SUPPLEMENTARY INFORMATION**

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### **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 or committed to expenditures for particular purposes.

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

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

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

American Rescue Plan Act - accounts for the American Rescue Plan Act proceeds and activities.

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

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

Public Safety Aid – accounts for the proceeds and expenditures associated with the shared funding from the State of Minnesota for public aid programs.

Affordable Housing Aid – accounts for the proceeds and expenditures associated the shared funding from the State of Minnesota to make housing affordable to lower income households.

National Opioid Settlements – accounts for the collection and activities of settlement proceeds.

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

Maple Court Ownership Development – accounts for the activities of the Maple Court Townhome development.

#### **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 - accounts 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 - accounts 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 - accounts 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).

Library Community Center – accounts for the collection of city sales tax and capital outlay related to the construction of a new city library and community center building.

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

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**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	Special Revenue				American Rescue Plan Act
	Park	Library	Community Development		
<b>ASSETS</b>					
Assets:					
Cash and investments	\$ 1,447,479	\$ 199,574	\$ 13,956	\$ 5,409,217	
Receivables:					
Accounts	61,766				
Notes	10,588			4,173,461	
Leases	28,901				
Special assessments					
Delinquent property taxes	45,474	13,467			
Due from other funds					
Due from other governmental units	79,884	10,709	45,577		
Advance from other funds					
Prepaid items	66,583				
Total Assets	<u>\$ 1,740,675</u>	<u>\$ 223,750</u>	<u>\$ 4,232,994</u>	<u>\$ 5,409,217</u>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 89,521	\$ 5,360	\$ 50,666	\$ 272,638	
Accrued wages payable	69,768			3,716	
Due to other funds	14,512	5,512			
Advances from other funds					
Other liabilities	2,147		3,990		
Unearned revenue	3,144			5,136,579	
Total Liabilities	<u>179,092</u>	<u>10,872</u>	<u>58,372</u>	<u>5,136,579</u>	<u>5,409,217</u>
Deferred inflows of resources:					
Taxes	45,474	13,467			
Lease related	28,901				
Other resources	51,309		4,173,461		
	<u>125,684</u>	<u>13,467</u>	<u>4,173,461</u>		
Fund Balance:					
Nonspendable	66,583				
Restricted					
Public safety					
Culture and recreation			199,411		
Urban and economic development				1,161	
Contributions					
Debt service					
Committed	1,369,316				
Unassigned					
Total Fund Balance	<u>1,435,899</u>	<u>199,411</u>	<u>1,161</u>		
Total Liabilities, Deferred Infloows of Resources & Fund Balance	<u>\$ 1,740,675</u>	<u>\$ 223,750</u>	<u>\$ 4,232,994</u>	<u>\$ 5,409,217</u>	

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2023**

Special Revenue (Continued)									
Mass Transit	Economic Development	Public Safety Aid	Affordable Housing Aid	National Opioid Settlements	Contributions				
\$ 1,640,565	\$ 2,899,866	\$ 1,950,966	\$ 260,817	\$ 235,392	\$ 90,664				
11,297	110								
	100,000								
	100,538								
412	22								
497,846	6,488								
	300,000								
3,022									
<u>\$ 2,153,142</u>	<u>\$ 3,407,024</u>	<u>\$ 1,950,966</u>	<u>\$ 260,817</u>	<u>\$ 235,392</u>	<u>\$ 90,664</u>				
\$ 551,192	\$ 9,416	\$ 5,400	\$	\$	\$				
13,963	5,661								
27	104								
	50,000								
124,669									
<u>689,851</u>	<u>65,181</u>	<u>5,400</u>							
<u>412</u>	<u>22</u>								
	100,538								
	100,000								
<u>412</u>	<u>200,560</u>								
3,022									
		1,945,566		235,392					
	1,840,920		260,817						
1,459,857	1,300,363								
<u>1,462,879</u>	<u>3,141,283</u>	<u>1,945,566</u>	<u>260,817</u>	<u>235,392</u>	<u>90,597</u>				
<u>\$ 2,153,142</u>	<u>\$ 3,407,024</u>	<u>\$ 1,950,966</u>	<u>\$ 260,817</u>	<u>\$ 235,392</u>	<u>\$ 90,664</u>				

**CITY OF MOORHEAD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2023**

Special Revenue (Continued)			Debt Service				
Maple Court Ownership Development	Total		G.O. Bond	Tax Increment	Municipal Improvement	Total	
\$ 258,680	\$ 14,407,176	\$ 15,074	\$ 803,453	\$ 220,180	\$ 1,038,707		
	73,173						
	4,284,049						
	129,439						
		59,375		137			3,524
6,286	646,790						
	300,000						
2,260	71,865						
<u>\$ 267,226</u>	<u>\$ 19,971,867</u>	<u>\$ 15,211</u>	<u>\$ 806,840</u>	<u>\$ 220,180</u>	<u>\$ 1,042,231</u>		
\$ 8,811	\$ 993,071	\$ 27,364	\$ 27,364	\$ 27,364	\$ 27,364	\$ 27,364	
	93,108						
	20,155						
10,543	66,680		2,899,580				2,899,580
	5,264,392						
<u>19,354</u>	<u>6,437,406</u>	<u></u>	<u>2,926,944</u>	<u></u>	<u></u>	<u></u>	<u>2,926,944</u>
	59,375		137		3,387		3,524
	129,439						
	4,324,770						
	<u>4,513,584</u>	<u>137</u>	<u>3,387</u>	<u></u>	<u></u>	<u></u>	<u>3,524</u>
2,260	71,865						
	2,180,958						
	199,411						
245,612	2,348,510						
	90,597						
		15,074					
	4,129,536						
247,872	9,020,877						
		15,074					
\$ 267,226	\$ 19,971,867	\$ 15,211	\$ 806,840	\$ 220,180	\$ 1,042,231		

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2023**

<b>Capital Projects</b>			<b>Total</b>	<b>Total</b>
<b>Library Community Center Project</b>	<b>Capital Improvement</b>	<b>Total</b>		<b>Nonmajor Governmental Funds</b>
\$ 3,443,115	\$ 3,526,830	\$ 6,969,945	\$ 22,415,828	
	172,671	172,671		73,173
				4,456,720
				129,439
	94,851	94,851		62,899
495,966		495,966		94,851
	40,601	40,601		1,142,756
				300,000
				112,466
<u>3,939,081</u>	<u>3,834,953</u>	<u>7,774,034</u>	<u>\$ 28,788,132</u>	
<hr/>				
\$ 363,221	\$ 124,094	\$ 487,315	\$ 1,507,750	
			93,108	
			20,155	
	150,000	150,000		2,899,580
1,000,000		1,000,000		216,680
<u>1,363,221</u>	<u>274,094</u>	<u>1,637,315</u>	<u>6,264,392</u>	
				<u>11,001,665</u>
<hr/>				
	172,671	172,671		62,899
	172,671	172,671		129,439
				4,497,441
				4,689,779
<hr/>				
	40,601	40,601		112,466
2,575,860		2,575,860		2,180,958
				2,775,271
				2,348,510
				90,597
	3,347,587	3,347,587		235,254
<u>2,575,860</u>	<u>3,388,188</u>	<u>5,964,048</u>	<u>7,477,123</u>	
				<u>(2,123,491)</u>
				<u>13,096,688</u>
<u><u>3,939,081</u></u>	<u><u>3,834,953</u></u>	<u><u>7,774,034</u></u>	<u><u>\$ 28,788,132</u></u>	

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Special Revenue			
	Park	Library	Community Development	American Rescue Plan Act
<b>REVENUES</b>				
Property taxes	\$ 2,846,688	\$ 773,605	\$	\$
Intergovernmental revenues:				
Federal				298,057
State	1,204,280	157,731		1,927,277
County	5,454			
Other				
Charges for services	242,482			
Facility rentals	120,769			
Donations				
Interest on investments	11,954			
Miscellaneous	91,699	18,376	159,515	
Total revenues	<u>4,523,326</u>	<u>949,712</u>	<u>457,572</u>	<u>1,927,277</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety				
Highways and streets				318,405
Culture and recreation	3,433,924	1,006,691		
Public transportation				
Urban and economic development			449,900	
Capital outlay	889,865			242,624
Debt service:				
Bond and note principal				
Bond and note interest				
Fiscal and other charges				
Total expenditures	<u>4,323,789</u>	<u>1,006,691</u>	<u>449,900</u>	<u>561,029</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>199,537</u>	<u>(56,979)</u>	<u>7,672</u>	<u>1,366,248</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	5,217			
Transfers to other funds	(486,773)			(1,366,248)
Leases	53,302			
Total other financing sources (uses)	<u>(428,254)</u>			<u>(1,366,248)</u>
NET CHANGE IN FUND BALANCE	<u>(228,717)</u>	<u>(56,979)</u>	<u>7,672</u>	
FUND BALANCE - BEGINNING	1,664,616	256,390	(6,511)	
RESTATEMENT OF BEGINNING FUND BALANCE (SEE NOTE 5.E.)				
FUND BALANCE - BEGINNING, AS RESTATED	1,664,616	256,390	(6,511)	
FUND BALANCE - ENDING	<u>\$ 1,435,899</u>	<u>\$ 199,411</u>	<u>\$ 1,161</u>	<u>\$</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Special Revenue (Continued)					
Mass Transit	Economic Development	Public Safety Aid	Affordable Housing Aid	National Opioid Settlements	Contributions
\$ 1,411	\$ 470,171	\$ 1,950,966	\$ 260,817	\$ 46,744	\$ 45,747
1,332,703	146,391				
2,648,099					
390,377	4,725				
					45,747
65,043	104,811				
124,210	14,156				
4,561,843	740,254	1,950,966	260,817	46,744	45,747
		5,400			14,604
4,162,079	711,152				
226,252					
					2,602
4,388,331	711,152	5,400			17,206
173,512	29,102	1,945,566	260,817	46,744	28,541
620,400	350,000				
	(150,784)				
	98,566				
620,400	297,782				
					(64,405)
793,912	326,884	1,945,566	260,817	46,744	(35,864)
668,967	2,814,399				
					126,461
668,967	2,814,399				
					126,461
\$ 1,462,879	\$ 3,141,283	\$ 1,945,566	\$ 260,817	\$ 235,392	\$ 90,597

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Special Revenue (Continued)		Debt Service			
Maple Court Ownership Development	Total	G.O. Bond	Tax Increment	Municipal Improvement	Total
\$	\$ 4,091,875	\$	\$ 632,785	\$	\$ 632,785
	3,558,037				
	6,368,284		518,569		518,569
	5,454				
	637,584				
	120,769				
	45,747				
8,005	189,813	542	1,512	7,923	9,977
164,866	619,566				
<u>172,871</u>	<u>15,637,129</u>	<u>542</u>	<u>1,152,866</u>	<u>7,923</u>	<u>1,161,331</u>
	20,004				
	318,405				
	4,443,217				
	4,162,079				
109,593	1,270,645		57,741		57,741
	1,358,741				
	285,000				
	418,274				
	382,698				
<u>109,593</u>	<u>11,573,091</u>	<u>1,143,713</u>			<u>1,143,713</u>
63,278	4,064,038	542	9,153	7,923	17,618
	975,617				
	(2,068,210)		(300,000)		(300,000)
	151,868				
	(940,725)		(300,000)		(300,000)
63,278	3,123,313	542	(290,847)	7,923	(282,382)
184,594	5,897,564	14,532	(1,832,644)	212,257	(1,605,855)
184,594	5,897,564	14,532	(1,832,644)	212,257	(1,605,855)
<u>\$ 247,872</u>	<u>\$ 9,020,877</u>	<u>\$ 15,074</u>	<u>\$ (2,123,491)</u>	<u>\$ 220,180</u>	<u>\$ (1,888,237)</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Library Community Center Project	Capital Projects		Total Nonmajor Governmental Funds
	Capital Improvement	Total	
	\$	\$	\$
			4,724,660
			3,558,037
			6,886,853
			5,454
2,127,180	5,089	2,132,269	2,132,269
			637,584
			120,769
			45,747
35,423	149,435	184,858	384,648
	122,046	122,046	741,612
<u>2,162,603</u>	<u>276,570</u>	<u>2,439,173</u>	<u>19,237,633</u>
	203,877	203,877	203,877
	40,875	40,875	60,879
	15,738	15,738	334,143
1,011,089	154,155	1,165,244	5,608,461
			4,162,079
			1,328,386
	1,803,439	1,803,439	3,162,180
			285,000
			418,274
			382,698
<u>1,011,089</u>	<u>2,218,084</u>	<u>3,229,173</u>	<u>15,945,977</u>
<u>1,151,514</u>	<u>(1,941,514)</u>	<u>(790,000)</u>	<u>3,291,656</u>
1,424,346	2,616,159	4,040,505	5,016,122
	(1,897,406)	(1,897,406)	(4,265,616)
<u>1,424,346</u>	<u>718,753</u>	<u>2,143,099</u>	<u>151,868</u>
<u>1,424,346</u>	<u>718,753</u>	<u>2,143,099</u>	<u>902,374</u>
2,575,860	(1,222,761)	1,353,099	4,194,030
	3,038,464	3,038,464	7,330,173
	<u>1,572,485</u>	<u>1,572,485</u>	<u>1,572,485</u>
	<u>4,610,949</u>	<u>4,610,949</u>	<u>8,902,658</u>
<u>\$ 2,575,860</u>	<u>\$ 3,388,188</u>	<u>\$ 5,964,048</u>	<u>\$ 13,096,688</u>

**CITY OF MOORHEAD, MINNESOTA**  
**PARK FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 2,859,334	\$ 2,859,334	\$ 2,846,688	\$ (12,646)
Intergovernmental:				
State	582,025	1,287,892	1,204,280	(83,612)
County			5,454	5,454
Charges for services	219,552	219,552	242,482	22,930
Facility rentals	159,477	159,477	120,769	(38,708)
Investment income (loss)	16,500	16,500	11,954	(4,546)
Miscellaneous	56,635	62,089	91,699	29,610
Total revenues	3,893,523	4,604,844	4,523,326	(81,518)
<b>EXPENDITURES</b>				
Current:				
Personnel	2,252,018	2,252,018	2,066,792	185,226
Supplies	262,026	269,420	268,773	647
Other services & charges	991,597	1,137,135	1,098,359	38,776
Capital outlay		866,127	889,865	(23,738)
Total expenditures	3,505,641	4,524,700	4,323,789	200,911
REVENUE OVER (UNDER) EXPENDITURES	387,882	80,144	199,537	119,393
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds		2,530	5,217	2,687
Transfers to other funds	(415,000)	(480,000)	(486,773)	(6,773)
Leases	46,000	46,000	53,302	7,302
Total other financing sources (uses)	(369,000)	(431,470)	(428,254)	3,216
NET CHANGE IN FUND BALANCE	18,882	(351,326)	(228,717)	122,609
FUND BALANCE - BEGINNING	1,664,616	1,664,616	1,664,616	
FUND BALANCE - ENDING	\$ 1,683,498	\$ 1,313,290	\$ 1,435,899	\$ 122,609

**CITY OF MOORHEAD, MINNESOTA**  
**LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
General property taxes	\$ 774,790	\$ 774,790	\$ 773,605	\$ (1,185)
Intergovernmental:				
State	157,710	157,710	157,731	21
Investment income (loss)	998	998		(998)
Miscellaneous	21,442	21,442	18,376	(3,066)
Total revenues	<u>954,940</u>	<u>954,940</u>	<u>949,712</u>	<u>(5,228)</u>
<b>EXPENDITURES</b>				
Current:				
Supplies	6,000	6,000	10,666	(4,666)
Other services & charges	<u>948,940</u>	<u>948,940</u>	<u>996,025</u>	<u>(47,085)</u>
Total expenditures	<u>954,940</u>	<u>954,940</u>	<u>1,006,691</u>	<u>(51,751)</u>
NET CHANGE IN FUND BALANCE			(56,979)	(56,979)
FUND BALANCE - BEGINNING	<u>256,390</u>	<u>256,390</u>	<u>256,390</u>	
FUND BALANCE - ENDING	<u>\$ 256,390</u>	<u>\$ 256,390</u>	<u>\$ 199,411</u>	<u>\$ (56,979)</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMMUNITY DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$ 284,500	\$ 284,500	\$ 298,057	\$ 13,557
Miscellaneous:				
Rehab loan payments	151,532	151,532	159,515	7,983
Total revenues	<u>436,032</u>	<u>436,032</u>	<u>457,572</u>	<u>21,540</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	120,071	120,071	101,398	18,673
Supplies	975	975	288	687
Other services & charges	272,371	272,371	348,214	(75,843)
Capital outlay	42,615	42,615		42,615
Total expenditures	<u>436,032</u>	<u>436,032</u>	<u>449,900</u>	<u>(13,868)</u>
<b>NET CHANGE IN FUND BALANCE</b>				
<b>FUND BALANCE - BEGINNING</b>	<u>(6,511)</u>	<u>(6,511)</u>	<u>(6,511)</u>	<u></u>
<b>FUND BALANCE - ENDING</b>	<u>\$ (6,511)</u>	<u>\$ (6,511)</u>	<u>\$ 1,161</u>	<u>\$ 7,672</u>

**CITY OF MOORHEAD, MINNESOTA  
AMERICAN RESCUE PLAN ACT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$	\$ 6,753,820	\$ 1,927,277	\$ (4,826,543)
Total revenues		6,753,820	1,927,277	(4,826,543)
<b>EXPENDITURES</b>				
Current:				
Supplies			305	(305)
Other services & charges		1,554,475	318,100	1,236,375
Capital outlay		517,511	242,624	274,887
Total expenditures		2,071,986	561,029	1,510,957
<b>REVENUE OVER (UNDER) EXPENDITURES</b>		4,681,834	1,366,248	(3,315,586)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to other funds		(4,991,870)	(1,366,248)	3,625,622
<b>NET CHANGE IN FUND BALANCE</b>		(310,036)		310,036
<b>FUND BALANCE - BEGINNING</b>				
<b>FUND BALANCE - ENDING</b>	\$	\$ (310,036)	\$	\$ 310,036

**CITY OF MOORHEAD, MINNESOTA**  
**MASS TRANSIT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
<b>REVENUES</b>					
General property taxes	\$	\$	\$	1,411	\$ 1,411
Intergovernmental:					
Federal grants	1,957,722	3,089,706	1,332,703	(1,757,003)	
State grants	2,722,625	2,804,085	2,648,099	(155,986)	
Charges for services	381,867	445,211	390,377	(54,834)	
Investment income (loss)	500	500	65,043	64,543	
Miscellaneous	3,900	3,900	124,210	120,310	
Total revenues	<u>5,066,614</u>	<u>6,343,402</u>	<u>4,561,843</u>	<u>(1,781,559)</u>	
<b>EXPENDITURES</b>					
Current:					
Personnel	389,339	389,339	340,003	49,336	
Supplies	7,275	7,275	11,436	(4,161)	
Other services & charges	4,012,366	4,079,086	3,810,640	268,446	
Capital outlay	816,042	2,217,621	226,252	1,991,369	
Total expenditures	<u>5,225,022</u>	<u>6,693,321</u>	<u>4,388,331</u>	<u>2,304,990</u>	
REVENUE OVER (UNDER) EXPENDITURES	(158,408)	(349,919)	173,512	523,431	
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	<u>150,000</u>	<u>620,400</u>	<u>620,400</u>		
NET CHANGE IN FUND BALANCE	(8,408)	270,481	793,912	523,431	
FUND BALANCE - BEGINNING	<u>668,967</u>	<u>668,967</u>	<u>668,967</u>		
FUND BALANCE - ENDING	<u>\$ 660,559</u>	<u>\$ 939,448</u>	<u>\$ 1,462,879</u>	<u>\$ 523,431</u>	

**CITY OF MOORHEAD, MINNESOTA**  
**ECONOMIC DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
General property taxes	\$ 471,385	\$ 471,385	\$ 470,171	\$ (1,214)
Intergovernmental:				
State grants	96,192	146,364	146,391	27
Charges for services	5,250	5,250	4,725	(525)
Investment income (loss)	7,500	7,500	104,811	97,311
Miscellaneous			14,156	14,156
Total revenues	<u>580,327</u>	<u>630,499</u>	<u>740,254</u>	<u>109,755</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	169,288	169,288	144,415	24,873
Supplies	5,700	5,700	4,287	1,413
Other services & charges	738,314	794,611	562,450	232,161
Total expenditures	<u>913,302</u>	<u>969,599</u>	<u>711,152</u>	<u>258,447</u>
REVENUE OVER (UNDER) EXPENDITURES	(332,975)	(339,100)	29,102	368,202
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	50,000	50,000	350,000	300,000
Transfers to other funds		(303)	(150,784)	(150,481)
Leases			98,566	98,566
Total other financing sources	<u>50,000</u>	<u>49,697</u>	<u>297,782</u>	<u>248,085</u>
NET CHANGE IN FUND BALANCE	(282,975)	(289,403)	326,884	616,287
FUND BALANCE - BEGINNING	<u>2,814,399</u>	<u>2,814,399</u>	<u>2,814,399</u>	
FUND BALANCE - ENDING	<u>\$ 2,531,424</u>	<u>\$ 2,524,996</u>	<u>\$ 3,141,283</u>	<u>\$ 616,287</u>

**CITY OF MOORHEAD, MINNESOTA**  
**PUBLIC SAFETY AID FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental:				
State	\$ _____	\$ 1,950,913	\$ 1,950,966	\$ 53
<b>EXPENDITURES</b>				
Current:				
Personnel		10,000		10,000
Other services & charges			5,400	(5,400)
Total expenditures	_____	10,000	5,400	4,600
<b>NET CHANGE IN FUND BALANCE</b>		1,940,913	1,945,566	4,653
<b>FUND BALANCE - BEGINNING</b>	_____	_____	_____	_____
<b>FUND BALANCE - ENDING</b>	<u>\$ _____</u>	<u>\$ 1,940,913</u>	<u>\$ 1,945,566</u>	<u>\$ 4,653</u>

**CITY OF MOORHEAD, MINNESOTA**  
**AFFORDABLE HOUSING AID FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental:				
State	\$ _____	\$ 260,817	\$ 260,817	\$ _____
<b>EXPENDITURES</b>				
Current:				
Other services & charges	_____	260,817	_____	260,817
<b>NET CHANGE IN FUND BALANCE</b>			260,817	260,817
<b>FUND BALANCE - BEGINNING</b>	_____	_____	_____	_____
<b>FUND BALANCE - ENDING</b>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 260,817</u>	<u>\$ 260,817</u>

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## NONMAJOR PROPRIETARY FUNDS

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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.

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

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

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

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

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

Street Light Utility – accounts for the operation and maintenance of the City's street light utility.

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Sanitation	Golf Course
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 408,724	\$ 789,788
Receivables:		
Accounts	1,146,399	1,300
Leases	9,630	
Due from other city funds	411,387	
Due from other governmental units	227,193	
Prepaid items		140
Total current assets	<u>2,193,703</u>	<u>800,858</u>
Long-term assets:		
Capital Assets:		
Land	364,908	3,954,534
Buildings	310,380	2,246,306
Improvements other than buildings	517,819	3,365,511
Machinery and equipment	144,025	158,130
Construction in progress		
Less accumulated depreciation	(865,597)	(4,693,390)
Right to use lease assets		10,020
Less accumulated amortization		(954)
Total long-term assets	<u>471,535</u>	<u>5,040,157</u>
Total assets	<u>2,665,238</u>	<u>5,841,015</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plans	125,738	77,769
Other post-employment benefits	<u>7,139</u>	<u>2,509</u>
Total deferred outflows of resources	<u>132,877</u>	<u>80,278</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	126,896	22,952
Accrued wages payable	72,617	24,162
Accrued compensated absences	104,784	64,683
Due to other city funds	741	2,742
Due to other governmental units	42,818	
Other liabilities		
Accrued interest payable		163
Leases		371
Other post-employment benefits	3,703	1,301
Unearned revenue		84,969
Total current liabilities	<u>351,559</u>	<u>201,343</u>
Long-term liabilities:		
Accrued compensated absences	34,928	21,561
Leases		8,940
Other post-employment benefits	48,162	16,926
Net pension liability	486,407	300,841
Total long-term liabilities	<u>569,497</u>	<u>348,268</u>
Total liabilities	<u>921,056</u>	<u>549,611</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
\$ 996,570	\$ 156,550	\$ 109,267	\$ 853,371	\$ 3,314,270
147,399	216,137	12,942 9,139	120,185	1,644,362 18,769
58,187	85,512		71,913	626,999
79,750	44,798	216,366		568,107
	340			480
<b>1,281,906</b>	<b>503,337</b>	<b>347,714</b>	<b>1,045,469</b>	<b>6,172,987</b>
		301,838		4,621,280
		1,631,176		4,187,862
		9,228,776		13,112,106
	172,062	129,939		604,156
		236,672		236,672
	(51,619)	(5,489,321)		(11,099,927)
				10,020
				(954)
	<b>120,443</b>	<b>6,039,080</b>		<b>11,671,215</b>
<b>1,281,906</b>	<b>623,780</b>	<b>6,386,794</b>	<b>1,045,469</b>	<b>17,844,202</b>
12,598	53,784			269,889
	1,049			10,697
<b>12,598</b>	<b>54,833</b>			<b>280,586</b>
18,721	34,895	22,756	146	226,366
2,915	28,248			127,942
9,430	29,409			208,306
		1,399	41,141	46,023 42,818
		11,496		11,496 163 371
	544			5,548
		11,444	41,287	96,413
<b>31,066</b>	<b>93,096</b>	<b>47,095</b>	<b>41,287</b>	<b>765,446</b>
3,144	9,803			69,436 8,940
	7,078			72,166
<b>48,734</b>	<b>208,058</b>			<b>1,044,040</b>
<b>51,878</b>	<b>224,939</b>			<b>1,194,582</b>
<b>82,944</b>	<b>318,035</b>	<b>47,095</b>	<b>41,287</b>	<b>1,960,028</b>

(Continued)

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Sanitation	Golf Course
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plans	155,129	95,947
Other post-employment benefits	20,401	7,170
<b>Total deferred inflows of resources</b>	<b>175,530</b>	<b>103,117</b>
<b>NET POSITION</b>		
Net investment in capital assets	471,535	5,030,846
Unrestricted	1,229,994	237,719
<b>Total net position</b>	<b>\$ 1,701,529</b>	<b>\$ 5,268,565</b>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
15,543	66,356			332,975
	2,998			30,569
<u>15,543</u>	<u>69,354</u>			<u>363,544</u>
1,196,017	120,443	6,039,080	1,004,182	11,661,904
	170,781	300,619		4,139,312
<u>\$ 1,196,017</u>	<u>\$ 291,224</u>	<u>\$ 6,339,699</u>	<u>\$ 1,004,182</u>	<u>\$ 15,801,216</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Sanitation	Golf Course
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,987,699	\$ 1,952,821
Other		42,116
Total operating revenue	<u>4,987,699</u>	<u>1,994,937</u>
<b>OPERATING EXPENSES</b>		
Personnel	1,865,223	1,087,364
Disposal fee	1,835,993	
Professional services	25,347	30,347
Insurance	36,089	15,788
Repair and maintenance	369,814	68,500
Supplies	378,439	243,021
Utilities	77,756	132,801
Equipment rental	357,099	204,364
Depreciation	17,229	121,608
Amortization		477
Miscellaneous	169,164	282,693
Total operating expenses	<u>5,132,153</u>	<u>2,186,963</u>
Operating income (loss)	<u>(144,454)</u>	<u>(192,026)</u>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Investment income (loss)	19,810	32,724
Interest on indebtedness		(283)
Intergovernmental	225,000	
Miscellaneous	36,974	22,898
Total nonoperating income (expense)	<u>281,784</u>	<u>55,339</u>
Income (loss) before contributions and transfers	<u>137,330</u>	<u>(136,687)</u>
Capital contributions		13,623
Transfers from other funds		1,259,018
Transfers to other funds	(267,271)	
Total contributions and transfers	<u>(267,271)</u>	<u>1,272,641</u>
<b>CHANGE IN NET POSITION</b>	<u>(129,941)</u>	<u>1,135,954</u>
<b>TOTAL NET POSITION - BEGINNING</b>	<u>1,831,470</u>	<u>4,132,611</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 1,701,529</u>	<u>\$ 5,268,565</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
\$ 743,721	\$ 1,096,106	\$ 70,169	\$ 899,982	\$ 9,750,498
				42,116
<u>743,721</u>	<u>1,096,106</u>	<u>70,169</u>	<u>899,982</u>	<u>9,792,614</u>
 184,590	 784,530			3,921,707
144,075	5,224	60,349		1,835,993
3,293	7,990	11,079	574	265,342
65,868	156,931	65,076	1,000	74,813
57,057	299,289	9,003		727,189
		15,092	610,100	986,809
64,265	53,134	10,175		835,749
	17,206	450,788		689,037
				606,831
				477
<u>83,226</u>	<u>39,802</u>	<u>3,224</u>	<u>18,550</u>	<u>596,659</u>
<u>602,374</u>	<u>1,364,106</u>	<u>624,786</u>	<u>630,224</u>	<u>10,540,606</u>
 141,347	 (268,000)	 (554,617)	 269,758	 (747,992)
 35,125	 9,171	 7,229	 28,094	 132,153
79,750	104,899	563,028		(283)
857	2,330	26,487	1	972,677
<u>115,732</u>	<u>116,400</u>	<u>596,744</u>	<u>28,095</u>	<u>89,547</u>
 257,079	 (151,600)	 42,127	 297,853	 1,194,094
 <u>(103,576)</u>	 <u>218,450</u>	 <u>192,650</u>	 <u>(46,404)</u>	 <u>13,623</u>
 <u>(103,576)</u>	 <u>(74,447)</u>	 <u>192,650</u>	 <u>(46,404)</u>	 <u>1,670,118</u>
 <u>153,503</u>	 <u>(7,597)</u>	 <u>234,777</u>	 <u>251,449</u>	 <u>(491,698)</u>
 <u>1,042,514</u>	 <u>298,821</u>	 <u>6,104,922</u>	 <u>752,733</u>	 <u>1,192,043</u>
 <u>\$ 1,196,017</u>	 <u>\$ 291,224</u>	 <u>\$ 6,339,699</u>	 <u>\$ 1,004,182</u>	 <u>\$ 15,801,216</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Sanitation	Golf Course
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 4,994,772	\$ 1,959,170
Payments to suppliers	(3,042,760)	(690,573)
Payments to employees	(1,841,202)	(1,059,034)
Other receipts (payments)	(133,468)	(216,921)
Net cash provided by (used in) operating activities	<u><u>(22,658)</u></u>	<u><u>(7,358)</u></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental	225,000	
Repay advance from other funds		(785,768)
Transfers from other funds		1,259,018
Transfers to other funds	(267,271)	
Net cash provided by (used in) noncapital financing activities	<u><u>(42,271)</u></u>	<u><u>473,250</u></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of assets		
Cash paid for lease liabilities - principal		(359)
Cash paid for lease liabilities - interest		(290)
Cash received on lease receivables		9,441
Cash received for interest on lease receivables		381
Capital grants from other governments		
Net cash provided by (used in) capital and related financing activities	<u><u>9,173</u></u>	
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Interest received and market adjustments	<u><u>19,810</u></u>	<u><u>32,343</u></u>
Net increase (decrease) in cash and cash equivalents	(45,119)	507,408
Current and restricted cash equivalents at beginning of year	<u><u>453,843</u></u>	<u><u>282,380</u></u>
Current and restricted cash equivalents at end of year	<u><u>\$ 408,724</u></u>	<u><u>\$ 789,788</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (144,454)	\$ (192,026)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation/Amortization	17,229	122,085
Other miscellaneous nonoperating income	36,974	3,827
Change in assets and liabilities:		
Accounts receivable	(31,551)	6,349
Due from other city funds	38,624	
Due from other governments	(1,278)	
Prepaid items		(140)
Deferred outflows of resources	91,976	51,698
Accounts payable	36,173	4,388
Accrued wages payable	12,395	2,827
Compensated absences payable	(8,082)	2,121
Other post-employment benefits	(2,913)	(778)
Net pension liability	(218,719)	(119,036)
Due to other funds	(977)	298
Due to other governments	2,581	
Deferred inflows of resources	149,364	91,498
Other current liabilities		19,531
Unearned revenue		
Net cash provided by (used in) operating activities	<u><u>\$ (22,658)</u></u>	<u><u>\$ (7,358)</u></u>
Noncash capital financing activities:		
Contributions of capital assets from government / customers	<u><u>\$ -</u></u>	<u><u>\$ 13,623</u></u>
Lease receivable for leased property	<u><u>\$ -</u></u>	<u><u>\$ 19,071</u></u>

**CITY OF MOORHEAD, MINNESOTA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2023**

Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
\$ 728,035	\$ 1,033,320	\$ 45,641	\$ 854,584	\$ 9,615,522
(319,801)	(521,503)	(173,825)	(612,430)	(5,360,892)
(167,630)	(738,299)			(3,806,165)
(110,742)	(72,265)	3,737	(13,975)	(543,634)
<u>129,862</u>	<u>(298,747)</u>	<u>(124,447)</u>	<u>228,179</u>	<u>(95,169)</u>
79,750	104,899	21,933		431,582
				(785,768)
218,450		192,650		1,670,118
(103,576)	(74,447)		(46,404)	(491,698)
<u>(23,826)</u>	<u>248,902</u>	<u>214,583</u>	<u>(46,404)</u>	<u>824,234</u>
		(614,446)		(614,446)
		8,960		(359)
		362		(290)
		446,705		18,401
		<u>(158,419)</u>		743
				446,705
				(149,246)
35,125	9,171	6,867	28,094	131,410
141,161	(40,674)	(61,416)	209,869	711,229
855,409	197,224	170,683	643,502	2,603,041
<u>\$ 996,570</u>	<u>\$ 156,550</u>	<u>\$ 109,267</u>	<u>\$ 853,371</u>	<u>\$ 3,314,270</u>
\$ 141,347	\$ (268,000)	\$ (554,617)	\$ 269,758	\$ (747,992)
857	17,206	450,788		607,308
	2,330	8,388	1	52,377
(14,836)	(56,735)	(11,928)	(44,208)	(152,909)
(850)	(6,005)		(1,190)	30,579
(28,373)	(34,794)	(12,600)		(77,045)
	(45)			(185)
3,000	28,364			175,038
14,757	1,065	(3,051)	(756)	52,576
509	5,500			21,231
561	7,889			2,489
	(203)			(3,894)
(1,918)	(58,530)	(53)	4,574	(398,203)
				3,842
				2,581
14,808	63,211			318,881
		(12,818)		6,713
		11,444		11,444
<u>\$ 129,862</u>	<u>\$ (298,747)</u>	<u>\$ (124,447)</u>	<u>\$ 228,179</u>	<u>\$ (95,169)</u>
\$	\$	\$	\$	\$ 13,623
\$	\$	\$	\$	\$ 37,170

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## INTERNAL SERVICE FUNDS

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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 - accounts for the rental of motor vehicles and maintenance equipment to other departments.

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

Maintenance Shop - accounts for the accumulation and allocation of costs associated with maintaining the City's equipment and general shop expenses.

Radio and Weapons - accounts for the accumulation and allocation of costs associated with mobile communications and maintenance and replacement of weapons.

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2023**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Maintenance Shop</u>	<u>Radio and Weapons</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 4,006,001	\$ 671,587	\$	\$ 3,176,667	\$ 7,854,255
Receivables:					
Accounts	176				176
Due from other city funds	272		7,570		7,842
Due from other governmental units	517		14,370		14,887
Inventories			44,644		44,644
Prepaid items		155,149			155,149
Total current assets	<u>4,006,966</u>	<u>826,736</u>	<u>66,584</u>	<u>3,176,667</u>	<u>8,076,953</u>
Long-term assets:					
Capital assets:					
Machinery and equipment	27,478,096	1,695,009		717,641	29,890,746
Construction in progress	293,541				293,541
Less accumulated depreciation	(18,491,569)	(1,325,040)		(680,186)	(20,496,795)
Right to use lease assets		18,821		549,022	567,843
Less accumulated amortization				(158,245)	(158,245)
Subscription assets		125,888			125,888
Less accumulated amortization		(49,329)			(49,329)
Total capital assets	<u>9,280,068</u>	<u>465,349</u>		<u>428,232</u>	<u>10,173,649</u>
Total assets	<u>13,287,034</u>	<u>1,292,085</u>	<u>66,584</u>	<u>3,604,899</u>	<u>18,250,602</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plans	1,938		20,835		22,773
Other post-employment benefits			1,414		1,414
Total deferred outflows of resources	<u>1,938</u>		<u>22,249</u>		<u>24,187</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	13,332	45,143	113,729	4,562	176,766
Accrued wages payable	1,156		12,033		13,189
Due to other city funds			591,552		591,552
Accrued interest payable		63		13,167	13,230
Leases		3,541		121,116	124,657
Subscriptions		43,100			43,100
Other post-employment benefits			733		733
Total current liabilities	<u>14,488</u>	<u>91,847</u>	<u>718,047</u>	<u>138,845</u>	<u>963,227</u>
Long-term liabilities:					
Accrued compensated absences	1,912		23,719		25,631
Leases		9,331		277,533	286,864
Subscriptions		41,346			41,346
Other post-employment benefits			9,540		9,540
Net pension liability	7,498		80,599		88,097
Total long-term liabilities	<u>9,410</u>	<u>50,677</u>	<u>113,858</u>	<u>277,533</u>	<u>451,478</u>
Total liabilities	<u>23,898</u>	<u>142,524</u>	<u>831,905</u>	<u>416,378</u>	<u>1,414,705</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension plans	2,391		25,705		28,096
Other post-employment benefits			4,041		4,041
Total deferred inflows of resources	<u>2,391</u>		<u>29,746</u>		<u>32,137</u>
<b>NET POSITION</b>					
Net investment in capital assets	9,280,068	368,031		29,583	9,677,682
Unrestricted	<u>3,982,615</u>	<u>781,530</u>	<u>(772,818)</u>	<u>3,158,938</u>	<u>7,150,265</u>
Total net position	<u>\$ 13,262,683</u>	<u>\$ 1,149,561</u>	<u>\$ (772,818)</u>	<u>\$ 3,188,521</u>	<u>\$ 16,827,947</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Maintenance Shop</u>	<u>Radio and Weapons</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,690,990	\$ 1,122,517	\$ 2,188,027	\$ 392,009	\$ 5,393,543
<b>OPERATING EXPENSES</b>					
Personnel	29,287		313,607		342,894
Supplies	184	102,401	2,078,073	45,251	2,225,909
Utilities			12,584		12,584
Insurance		228	2,743	214	3,185
Repair and maintenance	2,716	828,334	4,029	19,579	854,658
Depreciation	1,719,092	163,178		25,632	1,907,902
Amortization		46,193		123,645	169,838
Miscellaneous	3,495	4,566	7,205	41,439	56,705
Total operating expenses	<u>1,754,774</u>	<u>1,144,900</u>	<u>2,418,241</u>	<u>255,760</u>	<u>5,573,675</u>
Operating income (loss)	(63,784)	(22,383)	(230,214)	136,249	(180,132)
<b>NONOPERATING INCOME (EXPENSE)</b>					
Investment income (loss)	145,801	13,832	(23,347)	109,180	245,466
Interest on indebtedness		(5,469)		(33,082)	(38,551)
Gain (loss) on disposal of assets	201,390			10,350	211,740
Miscellaneous	1,288	137	169	5	1,599
Total nonoperating income (expense)	<u>348,479</u>	<u>8,500</u>	<u>(23,178)</u>	<u>86,453</u>	<u>420,254</u>
Income (loss) before contributions and transfers	284,695	(13,883)	(253,392)	222,702	240,122
Capital contributions	36,896	36,764			73,660
Transfers from other funds		100,000		70,000	170,000
Total contributions and transfers	<u>36,896</u>	<u>136,764</u>		<u>70,000</u>	<u>243,660</u>
<b>CHANGE IN NET POSITION</b>	<u>321,591</u>	<u>122,881</u>	<u>(253,392)</u>	<u>292,702</u>	<u>483,782</u>
<b>TOTAL NET POSITION - BEGINNING</b>	<u>12,941,092</u>	<u>1,026,680</u>	<u>(519,426)</u>	<u>2,895,819</u>	<u>16,344,165</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 13,262,683</u>	<u>\$ 1,149,561</u>	<u>\$ (772,818)</u>	<u>\$ 3,188,521</u>	<u>\$ 16,827,947</u>

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Maintenance Shop</u>	<u>Radio and Weapons</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,691,752	\$ 1,112,551	\$ 2,214,009	\$ 392,009	\$ 5,410,321
Payments to suppliers	(60,250)	(967,245)	(1,878,396)	(90,132)	(2,996,023)
Payments to employees	(28,623)		(305,230)		(333,853)
Other receipts (payments)	(2,205)	(4,430)	(7,036)	(3,719)	(17,390)
Net cash provided by (used in) operating activities	<u>1,600,674</u>	<u>140,876</u>	<u>23,347</u>	<u>298,158</u>	<u>2,063,055</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds		100,000		70,000	170,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of assets	241,257			10,350	251,607
Purchase of assets	(2,163,360)	(124,492)			(2,287,852)
Cash paid for lease liabilities - principal		(3,437)		(116,791)	(120,228)
Cash paid for lease liabilities - interest		(450)		(19,915)	(20,365)
Cash paid for subscription liabilities - principal		(41,442)			(41,442)
Cash paid for subscription liabilities - interest		(5,036)			(5,036)
Net cash used in capital and related financing activities	<u>(1,922,103)</u>	<u>(174,857)</u>		<u>(126,356)</u>	<u>(2,223,316)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Interest received and market adjustments	<u>145,801</u>	<u>13,832</u>	<u>(23,347)</u>	<u>109,180</u>	<u>245,466</u>
Net increase in cash and cash equivalents	<u>(175,628)</u>	<u>79,851</u>		<u>350,982</u>	<u>255,205</u>
Current and restricted cash equivalents at beginning of year	<u>4,181,629</u>	<u>591,736</u>		<u>2,825,685</u>	<u>7,599,050</u>
Current and restricted cash equivalents at end of year	<u><u>\$ 4,006,001</u></u>	<u><u>\$ 671,587</u></u>	<u><u>\$ 3.176.667</u></u>	<u><u>\$ 7,854,255</u></u>	

**CITY OF MOORHEAD, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Vehicles &amp; Equipment</u>	<u>Information Technology</u>	<u>Maintenance Shop</u>	<u>Radio and Weapons</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (63,784)	\$ (22,383)	\$ (230,214)	\$ 136,249	\$ (180,132)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/Amortization	1,719,092	209,371		149,277	2,077,740
Other miscellaneous nonoperating income	1,290	136	169	37,720	39,315
Change in assets and liabilities:					
Accounts receivable	(174)				(174)
Due from other funds	346		9,615		9,961
Due from other governments	590		16,367		16,957
Inventories			(17,990)		(17,990)
Prepaid items		(9,966)			(9,966)
Deferred outflows of resources	1,756		14,189		15,945
Accounts payable	(57,350)	(36,282)	38,193	(25,088)	(80,527)
Accrued wages payable	149		1,347		1,496
Compensated absences payable	1,040		1,358		2,398
Due to other funds			198,830		198,830
Other post-employment benefits			(720)		(720)
Net pension liability	(4,498)		(32,701)		(37,199)
Deferred inflows of resources	2,217		24,904		27,121
Net cash provided by (used in) operating activities	<u>\$ 1,600,674</u>	<u>\$ 140,876</u>	<u>\$ 23,347</u>	<u>\$ 298,158</u>	<u>\$ 2,063,055</u>
Noncash capital financing activities:					
Contributions of capital assets from government	<u>\$ 36,896</u>	<u>\$ 36,764</u>	<u>\$</u>	<u>\$</u>	<u>\$ 73,660</u>
Lease liability for the acquisition of a right to use leased asset	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 549,022</u>	<u>\$ 549,022</u>

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**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE<sup>1</sup>**  
**DECEMBER 31, 2023**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 74,760,373
Buildings	29,432,413
Improvements other than buildings	80,328,575
Machinery and equipment	13,291,839
Infrastructure	375,948,256
Construction in progress	<u>15,376,228</u>

Total governmental funds capital assets \$ 589,137,684

**INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:**

Capital Project Funds	\$ 557,685,247
General Fund	733,733
Special Revenue Funds	17,333,520
Enterprise Funds	12,062
Gifts	<u>13,373,122</u>

Total governmental funds capital assets \$ 589,137,684

<sup>1</sup> 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 position.

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY<sup>1</sup>**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>CAPITAL ASSETS 1/1/23</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>CAPITAL ASSETS 12/31/23</b>
<b><u>FUNCTION AND ACTIVITY</u></b>				
GENERAL GOVERNMENT:				
City Manager	\$ 31,243	\$	\$ 10,187	\$ 21,056
Assessing	8,843			8,843
Accounting	566,456			566,456
Planning & Zoning	7,955			7,955
General Government Building	<u>115,870,639</u>	<u>1,256,406</u>		<u>117,127,045</u>
Total General Government	<u>116,485,136</u>	<u>1,256,406</u>	<u>10,187</u>	<u>117,731,355</u>
PUBLIC SAFETY:				
Police Protection	532,792	54,158		586,950
Fire Protection	<u>2,607,119</u>	<u>35,111</u>		<u>2,642,230</u>
Total Public Safety	<u>3,139,911</u>	<u>89,269</u>	<u>-</u>	<u>3,229,180</u>
HIGHWAYS & STREETS	304,826,536	80,138,078	83,990	384,880,624
PARKS & RECREATION	43,331,596	896,577		44,228,173
LIBRARY	2,356,665			2,356,665
COMMUNITY DEVELOPMENT	404,200			404,200
MASS TRANSIT	9,274,785	196,477	85,239	9,386,023
PLAINS ART MUSEUM	490,409			490,409
ECONOMIC DEVELOPMENT	11,356,706		301,879	11,054,827
CONSTRUCTION IN PROGRESS	<u>83,292,504</u>	<u>21,004,349</u>	<u>88,920,625</u>	<u>15,376,228</u>
Total governmental funds capital assets	<u>\$ 574,958,448</u>	<u>\$ 103,581,156</u>	<u>\$ 89,401,920</u>	<u>\$ 589,137,684</u>

<sup>1</sup> 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 position.

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY<sup>1</sup>**  
**DECEMBER 31, 2023**

	<u>TOTAL</u>	<u>LAND</u>
<b><u>FUNCTION AND ACTIVITY</u></b>		
GENERAL GOVERNMENT:		
City Manager	\$ 21,056	\$
Assessing	8,843	
Accounting	566,456	
Planning & Zoning	7,955	
General Government Building	<u>117,437,428</u>	<u>63,433,300</u>
 Total General Government	 <u>118,041,738</u>	 <u>63,433,300</u>
PUBLIC SAFETY:		
Police Protection	586,950	
Fire Protection	<u>2,642,230</u>	<u>54,743</u>
 Total Public Safety	 <u>3,229,180</u>	 <u>54,743</u>
HIGHWAYS & STREETS	399,088,374	5,032,530
PARKS & RECREATION	45,056,495	2,080,440
LIBRARY	2,356,665	102,500
COMMUNITY DEVELOPMENT	404,200	305,141
MASS TRANSIT	9,415,797	
PLAINS ART MUSEUM	490,409	
ECONOMIC DEVELOPMENT	<u>11,054,826</u>	<u>3,751,719</u>
 Total governmental funds	 <u>\$ 589,137,684</u>	 <u>\$ 74,760,373</u>
capital assets		

<sup>1</sup> 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 position.

**CITY OF MOORHEAD, MINNESOTA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)<sup>1</sup>**  
**DECEMBER 31, 2023**

BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	MACHINERY AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS
\$ 4,631,961	\$ 48,744,488	\$ 21,056 8,843 566,456 7,955 317,296	\$	\$ 310,383
4,631,961	48,744,488	921,606	-	310,383
1,456,513	61,711 19,500	525,239 1,111,474		
1,456,513	81,211	1,636,713	-	-
2,996,048 8,403,686 2,049,248 2,270,682 490,409 7,133,866	303,725 30,762,708 149,323 46,991 90,667 149,462	600,066 2,981,339 55,594 52,068 7,024,674 19,779	375,948,256	14,207,749 828,322 29,774
\$ 29,432,413	\$ 80,328,575	\$ 13,291.839	\$ 375,948,256	\$ 15,376,228

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# STATISTICAL SECTION

This part of the City of Moorhead's annual comprehensive 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	119
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	129
These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	
Debt Capacity	137
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	
Demographic and Economic Information	152
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	154
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.	

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

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

	2014	2015	2016
Governmental activities			
Net investment in capital assets	\$ 177,714,707	\$ 188,292,907	\$ 223,160,997
Restricted	132,190,249	117,010,569	136,900,935
Unrestricted	1,947,699	17,023,920	(18,540,961)
Total governmental activities net position	<u>\$ 311,852,655</u>	<u>\$ 322,327,396</u>	<u>\$ 341,520,971</u>
Business-type activities			
Net investment in capital assets	\$ 87,077,433	\$ 91,710,240	\$ 91,229,486
Restricted	13,496,942	6,763,217	12,344,488
Unrestricted	20,932,992	21,073,048	23,703,296
Total business-type activities net position	<u>\$ 121,507,367</u>	<u>\$ 119,546,505</u>	<u>\$ 127,277,270</u>
Primary government			
Net investment in capital assets	\$ 264,792,140	\$ 280,003,147	\$ 314,390,483
Restricted	145,687,191	123,773,786	149,245,423
Unrestricted	22,880,691	38,096,968	5,162,335
Total primary government net position	<u>\$ 433,360,022</u>	<u>\$ 441,873,901</u>	<u>\$ 468,798,241</u>

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

	2017		2018		2019		2020		2021		2022		2023
\$	223,017,288	\$	190,131,897	\$	230,476,976	\$	249,347,298	\$	219,568,317	\$	272,400,401	\$	270,397,929
	137,019,387		137,882,638		125,043,570		135,512,242		170,378,593		122,906,554		133,632,135
	1,086,649		(5,842,815)		15,037,953		(3,975,809)		4,673,340		1,446,067		6,065,725
<u>\$</u>	<u>361,123,324</u>	<u>\$</u>	<u>322,171,720</u>	<u>\$</u>	<u>370,558,499</u>	<u>\$</u>	<u>380,883,731</u>	<u>\$</u>	<u>394,620,250</u>	<u>\$</u>	<u>396,753,022</u>	<u>\$</u>	<u>410,095,789</u>
\$	97,267,818	\$	152,405,046	\$	156,065,972	\$	166,749,401	\$	165,328,912	\$	173,290,831	\$	192,343,236
	9,912,659		6,490,259		6,175,554		10,601,200		4,440,922		6,507,771		4,543,880
	31,048,190		40,582,354		42,262,600		41,765,122		59,141,828		57,809,399		55,352,282
<u>\$</u>	<u>138,228,667</u>	<u>\$</u>	<u>199,477,659</u>	<u>\$</u>	<u>204,504,126</u>	<u>\$</u>	<u>219,115,723</u>	<u>\$</u>	<u>228,911,662</u>	<u>\$</u>	<u>237,608,001</u>	<u>\$</u>	<u>252,239,398</u>
\$	320,285,106	\$	342,536,943	\$	386,542,948	\$	416,096,699	\$	384,897,229	\$	445,691,232	\$	462,741,165
	146,932,046		144,372,897		131,219,124		146,113,442		174,819,515		129,414,325		138,176,015
	32,134,839		34,739,539		57,300,553		37,789,313		63,815,168		59,255,466		61,418,007
<u>\$</u>	<u>499,351,991</u>	<u>\$</u>	<u>521,649,379</u>	<u>\$</u>	<u>575,062,625</u>	<u>\$</u>	<u>599,999,454</u>	<u>\$</u>	<u>623,531,912</u>	<u>\$</u>	<u>634,361,023</u>	<u>\$</u>	<u>662,335,187</u>

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

	2014	2015	2016
<b>Expenses</b>			
Governmental activities:			
General government	\$ 4,164,837	\$ 4,140,728	\$ 5,355,803
Public safety	12,060,174	12,699,743	15,536,547
Highways and streets	11,994,051	12,439,423	12,271,658
Culture and recreation	4,466,459	4,548,729	4,967,578
Rental Registration	270,581	274,323	300,560
Public transportation	2,738,712	2,819,080	2,903,025
Urban and economic development	1,364,361	1,353,775	1,460,620
Interest on long-term debt	7,122,193	6,876,729	7,785,669
Total governmental activities expenses	<u>44,181,368</u>	<u>45,152,530</u>	<u>50,581,460</u>
Business-type activities:			
Electric	27,910,422	29,476,309	31,817,993
Water	5,926,998	5,795,414	6,384,007
Wastewater treatment	5,903,395	6,058,003	6,420,340
Storm water	1,156,391	1,316,273	1,279,110
Sanitation	3,429,526	3,532,179	3,657,006
Golf courses	2,212,073	1,658,863	1,813,363
Sports center	972,117	975,858	1,032,354
Pest control	355,922	442,730	569,291
Forestry	761,896	696,965	853,299
Municipal airport	302,208	322,277	324,577
Street light utility	-	647,483	695,149
Total business-type activities expenses	<u>48,930,948</u>	<u>50,922,354</u>	<u>54,846,489</u>
Total primary government expenses	<u>\$ 93,112,316</u>	<u>\$ 96,074,884</u>	<u>\$ 105,427,949</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 1,084,382	\$ 1,129,204	\$ 1,441,569
Public safety	753,180	657,825	689,929
Highways and streets	2,335,578	1,581,472	1,414,476
Other activities	1,285,311	1,523,424	1,504,664
Operating grants and contributions	3,585,983	4,045,822	7,030,078
Capital grants and contributions	21,508,080	13,758,664	25,995,042
Total governmental activities program revenues	<u>30,552,514</u>	<u>22,696,411</u>	<u>38,075,758</u>
Business-type activities:			
Charges for services:			
Electric	38,598,929	39,193,818	41,489,080
Water	6,824,014	7,421,973	8,130,880
Wastewater treatment	6,496,996	7,287,615	7,720,651
Storm water	2,443,219	2,603,250	2,663,816
Sanitation	3,820,293	4,052,656	4,160,055
Golf courses	1,131,968	1,273,297	1,410,009
Other activities	1,999,535	2,903,247	3,051,096
Operating grants and contributions	218,817	250,277	236,022
Capital grants and contributions	1,244,238	176,178	1,854,572
Total business-type activities program revenues	<u>62,778,009</u>	<u>65,162,311</u>	<u>70,716,181</u>
Total primary government program revenues	<u>\$ 93,330,523</u>	<u>\$ 87,858,722</u>	<u>\$ 108,791,939</u>

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

	2017	2018	2019	2020	2021	2022	2023
\$	4,977,547	\$ 5,128,445	\$ 6,134,526	\$ 10,275,610	\$ 9,028,462	\$ 10,396,733	\$ 11,480,987
15,256,052	15,398,739	16,218,093	15,935,688	15,160,861	17,939,929	19,082,979	
13,370,437	14,704,535	13,721,752	14,100,216	14,530,534	16,334,969	20,396,181	
4,908,210	5,639,499	5,203,139	5,034,371	5,307,360	6,355,223	7,131,321	
309,793	329,216	290,136	-	-	-	-	
3,179,629	3,409,312	3,570,729	3,810,477	4,126,722	4,594,440	4,901,964	
1,658,265	1,394,295	1,275,112	1,136,790	1,305,142	2,991,101	1,900,555	
6,749,582	6,679,837	6,255,942	5,877,983	5,547,489	4,318,798	5,591,629	
<b>50,409,515</b>	<b>52,683,878</b>	<b>52,669,429</b>	<b>56,171,135</b>	<b>55,006,570</b>	<b>62,931,193</b>	<b>70,485,616</b>	
30,922,240	31,146,001	30,853,105	28,786,968	29,579,831	30,051,274	31,409,767	
7,242,254	7,568,515	7,903,624	7,265,394	7,680,318	9,467,881	10,408,839	
6,137,591	7,184,981	7,737,436	8,004,679	7,589,256	7,826,714	8,128,298	
1,414,865	2,254,089	2,206,737	2,174,572	2,480,135	2,657,078	2,580,510	
5,043,175	4,310,799	4,279,139	4,557,093	4,558,548	5,501,208	5,156,733	
1,711,988	1,614,758	1,669,502	2,410,181	1,876,506	2,041,369	2,182,001	
1,079,640	917,379	2,711,189	334,275	366,309	67,781	-	
639,495	561,178	654,738	630,653	466,766	491,079	603,719	
848,802	825,002	828,932	975,194	912,125	1,136,875	1,368,283	
482,636	613,016	661,486	899,720	532,366	585,869	627,998	
748,809	732,172	714,799	636,419	652,819	619,478	630,224	
<b>56,271,495</b>	<b>57,727,890</b>	<b>60,220,687</b>	<b>56,675,148</b>	<b>56,694,979</b>	<b>60,446,606</b>	<b>63,096,372</b>	
<b>\$ 106,681,010</b>	<b>\$ 110,411,768</b>	<b>\$ 112,890,116</b>	<b>\$ 112,846,283</b>	<b>\$ 111,701,549</b>	<b>\$ 123,377,799</b>	<b>\$ 133,581,988</b>	
\$	1,113,817	\$ 990,975	\$ 941,400	\$ 1,273,071	\$ 1,698,470	\$ 1,939,619	\$ 1,921,756
721,893	720,682	608,415	453,207	439,448	854,302	751,926	
1,980,995	612,589	1,965,585	231,790	1,583,481	5,949,742	1,191,754	
1,570,260	1,733,525	1,709,315	891,427	1,117,346	1,473,198	1,412,767	
5,770,187	6,543,764	6,803,405	9,680,774	8,494,441	4,353,414	12,008,114	
25,592,385	20,137,228	12,429,868	14,268,025	16,725,442	9,357,440	20,724,676	
36,749,537	30,738,763	24,457,988	26,798,294	30,058,628	23,927,715	38,010,993	
44,791,531	44,230,894	43,811,642	42,685,696	43,350,341	44,163,839	44,875,020	
9,042,967	9,299,474	9,366,724	9,947,560	11,157,121	11,156,901	12,010,752	
8,066,664	8,164,057	8,662,682	8,857,094	10,013,520	9,911,883	10,047,862	
2,725,287	2,857,390	2,761,590	2,845,601	2,893,277	2,810,877	2,862,684	
4,455,041	4,500,422	4,765,892	4,546,511	5,050,674	4,992,072	4,987,699	
1,311,686	1,251,522	1,270,548	1,450,195	1,751,388	1,764,035	1,994,937	
2,958,886	3,336,457	3,211,184	2,782,023	2,809,018	2,786,218	2,809,978	
625,699	205,573	52,061	380,367	325,919	512,364	1,047,606	
1,658,727	3,516,441	2,346,902	7,877,562	3,879,198	4,426,618	5,012,997	
<b>75,636,488</b>	<b>77,362,230</b>	<b>76,249,225</b>	<b>81,372,609</b>	<b>81,230,456</b>	<b>82,524,807</b>	<b>85,649,535</b>	
<b>\$ 112,386,025</b>	<b>\$ 108,100,993</b>	<b>\$ 100,707,213</b>	<b>\$ 108,170,903</b>	<b>\$ 111,289,084</b>	<b>\$ 106,452,522</b>	<b>\$ 123,660,528</b>	

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

	2014	2015	2016
Net (expense) / revenue:			
Governmental activities	\$ (13,628,854)	\$ (22,456,119)	\$ (12,505,702)
Business-type activities	13,847,061	14,239,957	15,869,692
Total primary government net expense	<u>\$ 218,207</u>	<u>\$ (8,216,162)</u>	<u>\$ 3,363,990</u>
 <b>General Revenues and Other Changes in Net Position</b>			
Governmental activities:			
Taxes			
Property taxes levied for general purposes	\$ 3,603,921	\$ 4,075,760	\$ 5,001,334
Property taxes levied for debt service	3,381,964	3,811,113	3,824,307
City sales taxes	-	-	-
Tax increments	585,880	514,527	498,896
Franchise fees	1,137,769	1,013,045	922,395
State aid unrestricted	9,405,893	9,927,631	10,352,919
Unrestricted grants and contributions	171,232	171,160	101,072
Investment earnings	140,993	96,413	116,946
Miscellaneous	1,666,786	1,308,002	1,909,098
Transfers	9,978,310	9,929,999	8,972,310
Special Item	-	15,812,220	-
Total governmental activities	<u>30,072,748</u>	<u>46,659,870</u>	<u>31,699,277</u>
Business-type activities:			
State aid unrestricted	11,562	11,562	11,562
Investment earnings	361,204	245,689	42,817
Miscellaneous	571,818	610,959	994,136
Transfers	(10,048,310)	(9,929,999)	(8,972,310)
Special Item	-	(1,532,204)	(215,132)
Total business-type activities	<u>(9,103,726)</u>	<u>(10,593,993)</u>	<u>(8,138,927)</u>
Total primary government	<u>\$ 20,969,022</u>	<u>\$ 36,065,877</u>	<u>\$ 23,560,350</u>
 <b>Change in Net Position</b>			
Governmental activities	\$ 16,443,894	\$ 24,203,751	\$ 19,193,575
Business-type activities	4,743,335	3,645,964	7,730,765
Total primary government	<u>\$ 21,187,229</u>	<u>\$ 27,849,715</u>	<u>\$ 26,924,340</u>

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

	2017	2018	2019	2020	2021	2022	2023
\$	(13,659,978)	\$ (21,945,115)	\$ (28,211,441)	\$ (29,372,841)	\$ (24,947,942)	\$ (39,003,478)	\$ (32,474,623)
	19,364,993	19,634,340	16,028,538	24,697,461	24,535,477	22,078,201	22,553,163
\$	<u>5,705,015</u>	<u>\$ (2,310,775)</u>	<u>\$ (12,182,903)</u>	<u>\$ (4,675,380)</u>	<u>\$ (412,465)</u>	<u>\$ (16,925,277)</u>	<u>\$ (9,921,460)</u>
\$	6,070,868	\$ 7,152,264	\$ 8,124,044	\$ 9,329,565	\$ 9,568,469	\$ 10,669,918	\$ 12,463,758
	4,624,111	3,633,936	4,386,808	3,999,426	3,612,736	3,565,350	3,798,797
	-	-	-	-	-	-	2,127,180
	518,118	546,662	571,287	553,324	612,648	615,794	632,785
	993,555	1,040,015	1,016,021	888,833	929,937	1,368,191	1,208,260
	10,169,504	10,519,127	10,686,998	10,953,872	11,106,713	11,261,087	11,207,599
	141,104	-	2,674,199	41,175	184,857	58,632	35,820
	372,095	892,127	1,328,000	888,103	86,300	906,409	2,616,981
	631,340	117,662	925,710	1,401,683	1,286,884	557,033	109,837
	9,741,636	10,251,796	12,388,791	11,642,092	11,295,917	12,133,836	11,616,373
	-	-	-	-	-	-	-
	<u>33,262,331</u>	<u>34,153,589</u>	<u>42,101,858</u>	<u>39,698,073</u>	<u>38,684,461</u>	<u>41,136,250</u>	<u>45,817,390</u>
	4,960	6,185	4,960	-	-	-	-
	429,624	553,607	1,397,683	621,570	(248,237)	(2,161,351)	2,726,143
	893,456	911,461	1,060,135	934,658	764,338	913,325	968,464
	(9,741,636)	(10,251,796)	(12,388,791)	(11,642,092)	(11,295,917)	(12,133,836)	(11,616,373)
	-	-	-	-	-	-	-
	<u>(8,413,596)</u>	<u>(8,780,543)</u>	<u>(9,926,013)</u>	<u>(10,085,864)</u>	<u>(10,779,816)</u>	<u>(13,381,862)</u>	<u>(7,921,766)</u>
	<u>\$ 24,848,735</u>	<u>\$ 25,373,046</u>	<u>\$ 32,175,845</u>	<u>\$ 29,612,209</u>	<u>\$ 27,904,645</u>	<u>\$ 27,754,388</u>	<u>\$ 37,895,624</u>
\$	19,602,353	\$ 12,208,474	\$ 13,890,417	\$ 10,325,232	\$ 13,736,519	\$ 2,132,772	\$ 13,342,767
	10,951,397	10,853,797	6,102,525	14,611,597	13,755,661	8,696,339	14,631,397
	<u>\$ 30,553,750</u>	<u>\$ 23,062,271</u>	<u>\$ 19,992,942</u>	<u>\$ 24,936,829</u>	<u>\$ 27,492,180</u>	<u>\$ 10,829,111</u>	<u>\$ 27,974,164</u>

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

	2014	2015	2016
General fund			
Nonspendable	\$ 1,193,488	\$ 1,132,614	\$ 3,715,273
Restricted	-	-	-
Committed	94,945	79,534	38,645
Assigned	-	-	-
Unassigned	15,041,820	15,466,755	13,423,346
Total General fund	<u><u>\$ 16,330,253</u></u>	<u><u>\$ 16,678,903</u></u>	<u><u>\$ 17,177,264</u></u>
All other governmental funds			
Nonspendable	\$ 415,287	\$ 348,968	\$ -
Restricted	68,997,684	57,662,812	54,537,821
Committed	1,148,372	921,172	1,072,520
Assigned	4,192,144	4,802,314	6,233,333
Unassigned	(1,749,206)	(1,449,313)	(2,010,686)
Total all other governmental funds	<u><u>\$ 73,004,281</u></u>	<u><u>\$ 62,285,953</u></u>	<u><u>\$ 59,832,988</u></u>

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

	2017		2018		2019		2020		2021		2022		2023
\$	3,653,737	\$	3,563,015	\$	3,544,307	\$	3,526,413	\$	3,512,811	\$	3,558,649	\$	2,795,785
	448,443		533,289		854,039		970,599		1,071,833		1,176,401		1,257,518
	-		-		-		-		-		-		-
	379,417		403,929		-		-		-		-		4,000,000
	14,794,555		15,030,435		16,499,895		16,850,832		18,569,878		21,690,814		18,508,961
\$	<u>19,276,152</u>	\$	<u>19,530,668</u>	\$	<u>20,898,241</u>	\$	<u>21,347,844</u>	\$	<u>23,154,522</u>	\$	<u>26,425,864</u>	\$	<u>26,562,264</u>

\$	-	\$	-	\$	-	\$	-	\$	-	\$	122,011	\$	113,440
	48,256,249		50,248,858		56,926,969		47,163,637		83,860,990		34,426,506		40,408,949
	1,608,169		533,264		3,022,448		4,374,638		5,935,939		6,067,373		9,181,260
	6,725,895		6,349,223		-		-		-		-		-
	(3,726,011)		(5,979,092)		(4,705,036)		(12,991,770)		(11,057,129)		(8,241,964)		(6,964,328)
\$	<u>52,864,302</u>	\$	<u>51,152,253</u>	\$	<u>55,244,381</u>	\$	<u>38,546,505</u>	\$	<u>78,739,800</u>	\$	<u>32,373,926</u>	\$	<u>42,739,321</u>

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

	2014	2015	2016
<b>Revenues</b>			
Taxes			
Property	\$ 7,571,766	\$ 8,401,400	\$ 9,324,536
Franchise	1,137,769	1,013,045	922,395
Licenses and permits	849,029	803,311	1,174,852
Intergovernmental	23,693,367	20,286,634	27,188,071
Charges for services	3,524,497	2,595,514	2,498,985
Fines and forfeits	515,349	488,692	513,874
Facility rentals	157,351	179,458	165,001
Donations	24,084	18,947	32,336
Special assessments	10,380,331	9,738,840	9,513,547
Sale of property	14,514	57,892	72,131
Interest on investments	134,609	92,660	114,859
Miscellaneous	2,154,445	2,239,411	2,646,489
Total revenues	<u>50,157,111</u>	<u>45,915,804</u>	<u>54,167,076</u>
<b>Expenditures</b>			
General government	3,912,568	4,037,972	4,637,537
Public safety	11,599,347	12,291,749	13,320,836
Highways and streets	6,072,511	5,167,384	5,416,122
Culture and recreation	3,529,873	3,604,816	3,675,817
Rental registration	270,581	274,323	300,560
Public transportation	2,281,543	2,348,827	2,449,064
Urban and economic development	1,164,626	1,144,995	1,180,031
Capital outlay	23,235,422	24,863,377	33,908,144
Debt service:			
Bond and note principal	19,281,197	18,469,823	27,988,634
Bond and note interest	6,970,392	6,559,789	6,398,233
Fiscal and other charges	511,352	305,028	1,482,794
Total expenditures	<u>78,829,412</u>	<u>79,068,083</u>	<u>100,757,772</u>
Revenues over (under) expenditures	<u>(28,672,301)</u>	<u>(33,152,279)</u>	<u>(46,590,696)</u>
<b>Other financing sources (uses)</b>			
Bond and note proceeds	43,055,000	12,270,000	32,055,000
Payment to refunding agent	-	-	-
Premium on issuance of debt	2,233,381	475,107	2,881,002
Transfers from other funds	11,689,322	12,717,331	11,906,083
Transfers to other funds	(2,054,155)	(2,679,836)	(2,205,993)
Leases	-	-	-
Sale of capital assets	66,626	-	-
Total other financing sources (uses)	<u>54,990,174</u>	<u>22,782,602</u>	<u>44,636,092</u>
Net change in fund balances	<u>\$ 26,317,873</u>	<u>\$ (10,369,677)</u>	<u>\$ (1,954,604)</u>
Debt service as a percentage of noncapital expenditures <sup>(1)</sup>	47.22%	46.18%	51.44%

(1) Calculated as a percentage of debt service principal and interest divided by total expenditures less those identified as capital outlay.

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

	2017	2018	2019	2020	2021	2022	2023
\$	10,713,097	\$ 11,832,862	\$ 12,838,360	\$ 13,470,035	\$ 13,826,074	\$ 14,882,929	\$ 16,816,143
993,555	1,040,015	1,016,021	888,833	929,937	1,368,191	1,208,260	
882,095	770,467	704,116	713,324	1,229,826	890,131	1,062,070	
18,790,647	30,411,438	52,217,435	31,593,376	26,811,174	22,375,945	31,386,940	
2,973,730	1,691,783	2,654,379	874,316	2,380,524	3,574,959	2,427,606	
517,771	504,021	452,359	263,809	287,969	357,881	345,414	
171,689	167,490	169,875	95,046	139,569	132,840	120,769	
25,620	9,765	38,842	26,666	57,160	20,840	45,747	
10,480,746	9,255,056	10,213,442	9,370,172	9,524,393	9,528,819	7,786,784	
266,872	66,463	821,435	816,157	1,199,639	150,760	-	
351,280	847,283	1,201,316	835,182	84,735	858,261	2,374,894	
1,236,261	822,080	1,476,398	1,007,989	3,133,010	5,225,365	1,276,238	
47,403,363	57,418,723	83,803,978	59,954,905	59,604,010	59,366,921	64,850,865	
4,784,554	4,918,836	5,824,953	8,659,916	7,405,602	7,763,706	9,147,819	
14,185,429	15,004,164	16,024,295	16,037,055	16,360,330	16,801,477	17,964,272	
4,763,995	5,493,210	6,181,368	6,078,471	5,515,758	5,912,265	6,888,745	
3,798,305	4,306,274	3,935,069	3,790,758	4,191,927	4,822,813	5,605,154	
312,250	328,176	296,871	3,172	-	-	-	
2,707,346	2,858,630	3,041,536	3,136,419	3,483,636	3,898,380	4,162,079	
1,430,803	1,157,989	1,040,866	906,918	1,092,321	1,701,556	1,328,386	
17,987,366	30,678,440	47,177,959	23,213,444	25,416,920	26,750,338	21,154,575	
9,187,639	11,026,848	10,491,271	11,083,986	11,585,753	59,745,000	10,295,000	
6,273,804	6,367,153	6,529,037	6,153,343	5,644,516	6,026,755	5,562,109	
409,394	234,831	162,389	36,788	209,909	548,397	528,171	
65,840,885	82,374,551	100,705,614	79,100,270	80,906,672	133,970,687	82,636,310	
(18,437,522)	(24,955,828)	(16,901,636)	(19,145,365)	(21,302,662)	(74,603,766)	(17,785,445)	
15,905,000	16,560,000	14,435,000	-	45,423,000	18,265,000	15,985,000	
(13,810,000)	(4,870,000)	(5,510,000)	(8,745,000)	-	-	-	
881,517	1,349,861	631,564	-	6,878,222	882,731	658,586	
12,171,988	14,227,186	14,142,842	13,989,021	13,069,483	14,935,202	19,747,094	
(1,580,781)	(3,768,752)	(1,338,069)	(2,346,929)	(2,068,070)	(2,801,366)	(8,300,720)	
-	-	-	-	-	227,667	197,280	
-	-	-	-	-	-	-	
13,567,724	23,498,295	22,361,337	2,897,092	63,302,635	31,509,234	28,287,240	
\$ (4,869,798)	\$ (1,457,533)	\$ 5,459,701	\$ (16,248,273)	\$ 41,999,973	\$ (43,094,532)	\$ 10,501,795	

32.31%      33.65%      31.80%      30.84%      31.05%      61.34%      25.79%

**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	
	Real Property		Personal Property		
	Residential	Commercial			
2014	\$ 16,009,445	\$ 7,449,055	\$ 171,997	\$	(890,951)
2015	17,985,731	7,889,876	172,656		(880,047)
2016	20,377,855	8,621,546	202,998		(894,861)
2017	22,787,981	8,822,272	243,566		(867,303)
2018	24,315,198	8,845,295	229,935		(905,613)
2019	25,423,602	9,172,320	196,595		(861,237)
2020	26,183,456	9,072,713	213,381		(844,300)
2021	26,778,454	9,178,770	237,917		(933,061)
2022	27,489,651	9,268,975	322,223		(911,233)
2023	30,180,349	9,532,283	340,862		(894,606)

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.

<sup>1</sup>

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**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (CONTINUED)**  
**LAST TEN FISCAL YEARS**

Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Market Value Tax Exempt Real Property <sup>1</sup>
\$ 22,739,546	37.424%	\$ 1,943,602,400	1.17%	\$ 822,225,400
25,168,216	38.662%	2,153,993,100	1.17%	822,225,400
28,307,511	39.543%	2,444,259,300	1.16%	846,323,500
30,986,516	40.235%	2,683,132,200	1.15%	846,323,500
32,484,815	42.226%	2,830,285,800	1.15%	846,323,500
33,931,280	43.477%	2,946,867,700	1.15%	846,323,500
34,625,250	44.862%	3,019,384,700	1.15%	846,323,500
35,262,080	44.931%	3,082,426,300	1.14%	846,323,500
36,169,616	47.148%	3,161,512,000	1.14%	879,784,700
39,158,888	48.454%	3,443,357,650	1.14%	879,784,700

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

Fiscal Year	Direct Rates		Overlapping Rates				Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority	Total Direct Rate	County	School District	Buffalo Watershed		
2014	37.424%	1.549%	38.973%	49.386%	29.219%	1.776%	80.381%	119.354%
2015	38.662%	1.398%	40.060%	45.286%	26.399%	1.733%	73.418%	113.478%
2016	39.543%	1.278%	40.821%	44.433%	34.097%	1.724%	80.254%	121.075%
2017	40.235%	1.268%	41.503%	45.703%	30.439%	1.698%	77.840%	119.343%
2018	42.226%	1.231%	43.457%	47.102%	31.741%	1.706%	80.549%	124.006%
2019	43.477%	1.855%	45.332%	48.071%	30.220%	1.675%	79.966%	125.298%
2020	44.862%	1.788%	46.650%	50.390%	35.151%	1.694%	87.235%	133.885%
2021	44.931%	1.436%	46.367%	51.538%	37.633%	1.838%	91.009%	137.376%
2022	47.148%	1.399%	48.547%	52.749%	35.819%	1.905%	90.473%	139.020%
2023	48.454%	1.449%	49.903%	49.604%	31.962%	1.741%	83.307%	133.210%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**DECEMBER 31, 2023**

<b>Taxpayer</b>	<b>2023</b>			<b>2014</b>		
	<b>Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Tax Capacity</b>	<b>Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Tax Capacity</b>
American Crystal Sugar Company	\$ 465,641	1	1.19%	\$ 466,411	1	2.05%
Busch Agricultural Resources, Inc.	352,333	2	0.90%	389,037	2	1.71%
Meridian Mortgage LLC	311,083	3	0.79%			
Sanford Medical Center	296,408	4	0.76%			
Menards Inc.	264,772	5	0.68%	311,016	3	1.37%
Xcel Energy	262,536	6	0.67%			
Kassenborg Partners	224,979	7	0.57%			
Skaff Apartments	217,148	8	0.55%	128,003	9	0.56%
Eventide Moorhead Senior Living LLC	188,570	9	0.48%			
Proffutt Ltd Partnership	188,201	10	0.48%	146,964	7	0.65%
C-III Asset Management LLC				210,404	4	0.93%
Moorhead Lodging Association				179,250	5	0.79%
Eventide Lutheran Home				156,278	6	0.69%
Sterling Development Group				145,334	8	0.64%
Courtyard by Belsley Boulevard				108,250	10	0.48%

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
2014	\$ 8,437,376	\$ (1,767,533)	\$ 6,669,843
2015	9,652,974	(2,243,826)	7,409,148
2016	11,112,844	(2,540,915)	8,571,929
2017	12,423,387	(2,542,330)	9,881,057
2018	13,693,015	(2,661,848)	11,031,167
2019	14,728,234	(2,804,462)	11,923,772
2020	15,525,614	(3,029,804)	12,495,810
2021	15,847,429	(3,102,590)	12,744,839
2022	17,041,836	(3,269,482)	13,772,354
2023	18,947,564	(3,201,024)	15,746,540

Source: Clay County Auditor

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

Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
Amount	Percent of Levy		Amount	Percent of Levy
\$ 6,534,420	97.97%	\$ 135,153	\$ 6,669,573	99.996%
7,354,140	99.26%	54,528	7,408,668	99.994%
8,490,199	99.05%	80,865	8,571,064	99.990%
9,770,161	98.88%	109,946	9,880,107	99.990%
10,846,450	98.33%	182,201	11,028,651	99.977%
11,760,828	98.63%	161,111	11,921,939	99.985%
12,388,260	99.14%	100,695	12,488,955	99.945%
12,631,998	99.11%	101,160	12,733,158	99.908%
13,657,454	99.17%	84,244	13,741,698	99.777%
15,543,087	98.71%		15,543,087	98.708%

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

Fiscal Year	ELECTRIC FUND				General Fund Transfer	Transfer as Percentage of Gross Revenues
	Operating Revenues	Non-operating Revenues	Capital Contributions	Gross Revenues		
2014	\$ 38,594,193	\$ 321,230	\$ 280,584	\$ 39,196,007	\$ 6,091,900	15.54%
2015	39,123,231	589,107	176,178	39,888,516	6,350,000	15.92%
2016	41,466,385	383,868	1,187,730	43,037,983	6,475,000	15.04%
2017	45,049,837	837,401	489,767	46,377,005	6,600,000	14.23%
2018	44,630,198	851,319	69,867	45,551,384	6,725,000	14.76%
2019	43,800,063	1,552,217	29,758	45,382,038	6,850,000	15.09%
2020	42,685,696	837,248	30,629	43,553,573	6,975,000	16.01%
2021	43,325,016	418,064	92,246	43,835,326	7,100,000	16.20%
2022	44,120,099	497,137	775,500	45,392,736	7,225,000	15.92%
2023	44,797,473	2,292,570	617,313	47,707,356	7,350,000	15.41%

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, (due to timing of utility billing cutoffs, slight fluctuation may occur resulting in percentages over 20% being shown)
- (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**  
**ELECTRIC TRANSFERS TO GOVERMENTAL FUNDS (CONTINUED)**  
**LAST TEN FISCAL YEARS**

Economic Development Transfer	Transfer as Percentage of Gross Revenues	Capital Improvement Transfer	Transfer as Percentage of Gross Revenues	Total Transfer	Transfer as Percentage of Gross Revenues
\$ 50,000	0.13%	\$ 1,759,916	4.49%	\$ 7,901,816	20.16%
50,000	0.13%	1,810,108	4.54%	8,210,108	20.58%
50,000	0.12%	1,875,152	4.36%	8,400,152	19.52%
50,000	0.11%	1,968,696	4.24%	8,618,696	18.58%
50,000	0.11%	2,047,765	4.50%	8,822,765	19.37%
50,000	0.11%	1,993,466	4.39%	8,893,466	19.60%
50,000	0.11%	1,947,223	4.47%	8,972,223	20.60%
50,000	0.11%	1,965,772	4.48%	9,115,772	20.80%
50,000	0.11%	2,011,238	4.43%	9,286,238	20.46%
50,000	0.10%	2,044,851	4.29%	9,444,851	19.80%

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

Fiscal Year	Governmental Activities						Right to Use Assets
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	Notes Payable		
2014	\$ 195,000	\$ 180,925,000	\$ 4,250,000	\$ 785,000	\$ 559,912	\$ -	-
2015	-	175,630,000	3,930,000	470,000	485,089		-
2016	-	180,455,000	3,585,000	135,000	406,455		-
2017	-	173,860,000	3,240,000	65,000	323,816		-
2018	-	175,045,000	2,870,000	-	236,968		-
2019	-	172,255,000	4,185,000	-	145,697		-
2020	-	161,911,224	2,412,954	-	49,777		-
2021	-	201,957,103	2,144,773	-	678,000		-
2022	-	159,303,230	1,871,592	-	678,000	4,345,323	
2023	-	164,966,977	1,578,411	-	678,000	4,695,063	

1 - For 2019 \$19,437,099 in Public Facilities Authority Notes were reclassified from G.O. Revenue Bonds to Notes Payable.

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Business-Type Activities							Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
G.O. Revenue Bonds	Revenue Bonds	Notes Payable	Right to Use Assets						
\$ 32,095,232	\$ 23,970,000	\$ 898,472	\$ -	\$ -	\$ -	\$ 243,678,616	15.96%	\$ 6,234	
39,710,407	22,300,000	325,570				242,851,066	15.29%		5,897
39,806,511	34,050,000	297,200				258,735,166	15.37%		6,175
36,969,682	32,510,000	267,972				247,236,470	14.10%		5,806
34,087,099	30,530,000	237,861				243,006,928	13.64%		5,594
11,660,000 <sup>1</sup>	28,425,000	19,643,939 <sup>1</sup>				236,314,636	12.57%		5,430
25,163,042	20,541,947	17,552,980				227,631,924	11.71%		5,154
23,456,498	19,313,963	25,389,858				272,940,195	12.91%		6,133
22,268,236	18,065,979	22,824,008	9,670			229,366,038	10.04%		5,145
21,418,106	16,602,995	27,290,235		22,273		237,252,060	10.23%		5,214

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

Fiscal Year	Governmental Activities					Business-Type Activities				
	General Obligation Bonds		Special Assessment Bonds		Tax Increment Bonds	Municipal Improvement Bonds		G.O. Revenue Bonds		
	\$	390,000	\$	174,620,000	\$	4,560,000	\$	1,095,000	\$	26,740,118
2013	\$	390,000	\$	174,620,000	\$	4,560,000	\$	1,095,000	\$	26,740,118
2014		195,000		180,925,000		4,250,000		785,000		32,095,232
2015		-		175,630,000		3,930,000		470,000		39,710,407
2016		-		180,455,000		3,585,000		135,000		39,806,511
2017		-		173,860,000		3,240,000		65,000		36,969,682
2018		-		177,191,510		2,870,000		-		34,087,099
2019		-		180,131,452		4,251,135		-		11,660,000
2020		-		161,911,224		2,412,954		-		25,163,042
2021		-		201,957,103		2,144,773		-		23,456,498
2022		-		159,303,230		1,871,592		-		22,268,236
2023		-		164,966,977		1,578,411		-		21,418,106

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for population data.

**CITY OF MOORHEAD, MINNESOTA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING (CONTINUED)**  
**LAST TEN FISCAL YEARS**

Business-Type Activities	Accumulated Resources Restricted for General Obligation Debt Repayment				Percentage of Estimated Actual Taxable Value of Property			Per Capita <sup>1</sup>
	Total General Obligation Debt		Net General Bonded Debt					
Revenue Bonds								
\$ 25,555,000	\$ 232,960,118	\$ 123,124,187	\$ 109,835,931		5.75%	\$ 2,824		
23,970,000	242,220,232	123,749,384	118,470,848		6.10%	3,031		
22,300,000	242,040,407	123,773,786	118,266,621		5.49%	2,872		
34,050,000	258,031,511	135,435,423	122,596,088		5.02%	2,926		
32,510,000	246,644,682	146,932,046	99,712,636		3.72%	2,342		
30,530,000	244,678,609	144,372,897	100,305,712		3.54%	2,309		
28,425,000	224,467,587	120,612,909	103,854,678		3.52%	2,386		
20,541,947	210,029,167	121,275,562	88,753,605		2.94%	2,010		
19,313,963	246,872,337	152,263,601	94,608,736		3.07%	2,126		
18,065,979	201,509,037	107,152,762	94,356,275		2.98%	2,116		
16,602,995	204,566,489	110,526,259	94,040,230		2.73%	2,067		

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Market Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2014	\$ 195,000	\$ 95,843	\$ 99,157	0.01%	\$ 3
2015	-	-	-	0.00%	0
2016	-	-	-	0.00%	0
2017	-	-	-	0.00%	0
2018	-	-	-	0.00%	0
2019	-	-	-	0.00%	0
2020	-	-	-	0.00%	0
2021	-	-	-	0.00%	0
2022	-	-	-	0.00%	0
2023	-	-	-	0.00%	0

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

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

<sup>2</sup> 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, 2023**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	City's Share of Debt
<b>Overlapping debt repaid with property taxes:</b>			
Independent School District #152	\$ 186,950,000	79.80%	\$ 149,186,100
Clay County	52,190,000	48.30%	25,207,770
Total overlapping debt			<u>174,393,870</u>
City of Moorhead direct debt			<u>171,918,451</u>
Total direct and overlapping debt			<u>\$ 346,312,321</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**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 65,400,048	\$ 71,964,231	\$ 73,327,779	\$ 80,493,966
Total net debt applicable to limit	<u>754,912</u>	<u>485,089</u>	<u>406,455</u>	<u>323,816</u>
Legal debt margin	<u>\$ 64,645,136</u>	<u>\$ 71,479,142</u>	<u>\$ 72,921,324</u>	<u>\$ 80,170,150</u>
Total net debt applicable to the limit as a percentage of debt limit	1.15%	0.67%	0.55%	0.40%

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 I. Generally. Except as otherwise provided in section 475.51 to 475.75, no municipality except a school district or a city of the first class, shall incur or be subject to net debt excess of 3 percent of the estimated market value of taxable property.

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

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>
\$	84,908,574	\$	88,406,031	\$	90,581,541	\$	92,472,789	\$	94,845,360	\$	103,300,730
	236,968		145,697		49,777		678,000		678,000		678,000
\$	<u>84,671,606</u>	\$	<u>88,260,334</u>	\$	<u>90,531,764</u>	\$	<u>91,794,789</u>	\$	<u>94,167,360</u>	\$	<u>102,622,730</u>
	0.28%		0.16%		0.05%		0.73%		0.71%		0.66%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2021**

Estimated market value - taxable property		\$ 3,443,357,650
Debt limit 3% of estimated market value		103,300,730
Debt applicable to limit:		
General obligation notes	\$ 678,000	
Total net debt applicable to limit		678,000
Legal debt margin	\$	<u>102,622,730</u>

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage <sup>2</sup>
				Principal	Interest	Total	
2014	\$ 39,696,006	\$ 25,141,835	\$ 14,554,171	\$ 1,132,225	\$ 586,434	\$ 1,718,659	8.47
2015	39,888,516	26,378,966	13,509,550	1,188,350	669,331	1,857,681	7.27
2016	43,037,983	28,595,154	14,442,829	1,230,200	635,356	1,865,556	7.74
2017	46,377,005	27,816,757	18,560,248	1,629,750	980,230	2,609,980	7.11
2018	45,551,384	27,902,421	17,648,963	1,789,250	872,600	2,661,850	6.63
2019	45,382,038	27,276,993	18,105,045	1,864,350	814,531	2,678,881	6.76
2020	43,553,573	25,078,389	18,475,184	1,926,850 <sup>3</sup>	522,901	2,449,751	7.54
2021	43,835,326	26,062,505	17,772,821	1,096,450	484,167	1,580,617	11.24
2022	45,392,736	26,505,499	18,887,237	1,138,650	442,675	1,581,325	11.94
2023	47,707,356	27,586,414	20,120,942	1,187,650	385,814	1,573,464	12.79

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 \$5,047,500 additional principal payment made to retire Public Utility Revenue Bond of 2010, Series C resulting from the Public Utility Revenue Refunding Bonds of 2020, Series A.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	\$ 8,396,383	\$ 3,851,472	\$ 4,544,911	\$ 178,079	\$ 246,504	\$ 424,583	10.70
2014	7,274,670	4,312,132	2,962,538	217,775	233,090	450,865	6.57
2015	8,558,796	4,196,836	4,361,960	231,650	215,257	446,907	9.76
2016	9,512,407	4,684,829	4,827,578	239,800	204,660	444,460	10.86
2017	10,956,493	5,107,268	5,849,225	1,026,466	376,811	1,403,277	4.17
2018	9,969,467	5,318,997	4,650,470	1,138,750	353,387	1,492,137	3.12
2019	10,376,709	5,596,146	4,780,563	1,155,650	329,716	1,485,366	3.22
2020	10,338,475	4,629,495	5,708,980	1,158,150 <sup>2</sup>	500,572	1,658,722	3.44
2021	11,480,004	4,898,574	6,581,430	1,067,550	655,388	1,722,938	3.82
2022	12,355,703	6,424,243	5,931,460	1,092,350	638,731	1,731,081	3.43
2023	13,044,608		13,044,608	1,116,350	598,346	1,714,696	7.61

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, this figure excludes a \$997,500 additional principal payment made to retire Public Utility Revenue Bond of 2010, Series C resulting from the Public Utility Revenue Refunding Bonds of 2020, Series A.

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

Fiscal Year	Gross Revenue	Operating Expenses <sup>1</sup>	Net Revenue			Debt Service Requirements			Coverage
			Available for Debt Service	Principal	Interest	Total			
2014	\$ 7,050,070	\$ 4,238,411	\$ 2,811,659	\$ 1,844,886	\$ 752,542	\$ 2,597,428			1.08
2015	7,294,826	4,173,434	3,121,392	1,817,608	917,844	2,735,452			1.14
2016	7,728,284	4,675,014	3,053,270	1,789,223	872,975	2,662,198			1.15
2017	8,466,858	4,271,566	4,195,292	1,902,970	829,461	2,732,431			1.54
2018	9,188,716	4,559,603	4,629,113	1,971,331	781,586	2,752,917			1.68
2019	8,982,831	5,220,636	3,762,195	2,075,000	731,896	2,806,896			1.34
2020	13,552,658	5,436,385	8,116,273	2,144,000	647,950	2,791,950			2.91
2021	11,431,621	4,797,577	6,634,044	2,378,080	638,747	3,016,827			2.20
2022	11,420,666	4,893,588	6,527,078	3,186,000	644,002	3,830,002			1.70
2023	10,388,306	5,268,266	5,120,040	3,204,099	579,020	3,783,119			1.35

1 - Expenses exclude depreciation and amortization.

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

Fiscal Year	Gross Revenue	Direct Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014	\$ 1,714,874	\$ 1,357,239	\$ 357,635	\$ 235,000	\$ 137,181	\$ 372,181	0.96
2015	1,891,633	1,429,334	462,299	250,000	123,375	373,375	1.24
2016 <sup>2</sup>	2,065,912	1,577,925	487,987	260,000	128,095	388,095	1.26

1 - Expenses exclude depreciation and amortization.

2 - For comparative purposes, a transfer of \$550,000 from the General Fund and bond principal of \$1,590,000 to retire Golf Course Gross Revenue Refunding Bonds of 1998B have been excluded from this schedule.

NOTE: Final payment was made on these bonds in 2016.

**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	
2014	\$ 355,522	\$ 1,350	\$ 354,172	\$ 310,000	\$ 44,535	\$ 354,535	1.00
2015	368,319	3,227	365,092	315,000	31,368	346,368	1.05
2016	166,355	2,284	164,071	335,000	17,415	352,415	0.47
2017	144,392	3,641	140,751	70,000	4,265	74,265	1.90
2018	7,788	850	6,938	65,000	1,398	66,398	0.10

NOTE: Final payment was made on these bonds in 2018.

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

Fiscal Year	Gross Revenue <sup>1</sup>	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014	\$ 16,607,617	\$ 508,202	\$ 16,099,415	\$ 8,350,000 <sup>2</sup>	\$ 5,822,983	\$ 14,172,983	1.14
2015	17,307,772	74,564	17,233,208	7,845,000 <sup>3</sup>	5,798,583	13,643,583	1.26
2016	18,213,910	145,045	18,068,865	7,955,000 <sup>4</sup>	5,742,517	13,697,517	1.32
2017	17,992,088	273,312	17,718,776	8,690,000 <sup>5</sup>	5,688,988	14,378,988	1.23
2018	18,819,851	239,440	18,580,411	9,325,000 <sup>6</sup>	5,642,577	14,967,577	1.24
2019	17,751,047	213,486	17,537,561	10,165,000 <sup>7</sup>	5,796,338	15,961,338	1.10
2020	15,845,562	43,550	15,802,012	10,425,000 <sup>8</sup>	5,586,738	16,011,738	0.99
2021	15,645,205	331,448	15,313,757	10,915,000	5,162,424	16,077,424	0.95
2022	15,651,777	282,065	15,369,712	11,240,000 <sup>9</sup>	5,163,848	16,403,848	0.94
2023	15,243,528	556,280	14,687,248	10,010,000	5,143,835	15,153,835	0.97

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

2 - For comparative purposes this amount excludes \$10,045,000 used to retire General Obligation Improvement Bonds of 2003B.

3 - For comparative purposes this amount excludes \$9,720,000 used to retire General Obligation Improvement Bonds of 2004A.

4 - For comparative purposes this amount excludes \$9,260,000 used to retire General Obligation Improvement Bonds of 2005A and \$10,015,000 to retire General Obligation Impovement Bonds of 2005B.

5 - For comparative purposes this amount excludes \$6,285,000 used to retire General Obligation Improvement Bonds of 2006B and \$7,525,000 to retire General Obligation Impovement Bonds of 2006C.

6 - For comparative purposes this amount excludes \$6,050,000 used to retire General Obligation Improvement Bonds of 2008B

7 - For comparative purposes this amount excludes \$1,715,000 used to retire General Obligation Improvement Bonds of 2009A and \$3,795,000 to retire General Obligation Flood Mitigation Bonds of 2009B.

8 - For comparative purposes this amount excludes \$7,170,000 used to retire General Obligation Improvement Bonds of 2010A.

9 - For comparative purposes this amount excludes \$2,415,000 used to retire General Obligation Improvement Bonds of 2011A; \$2,500,000 used to retire General Obligation Improvement Flood Mitigation Bonds of 2011C; \$10,025,000 used to retire General Obligation Improvement Flood Mitigation Bonds of 2012A; \$6,755,000 used to retire General Obligation Improvement Refunding Bonds of 2012C; \$3,355,000 used to retire General Obligation Improvement Refunding Bonds of 2012D; \$7,160,000 used to retire General Obligation Improvement Bonds of 2012F; \$1,390,000 used to retire General Obligation Improvement Bonds of 2013A; and \$14,640,000 used to retire General Obligation Improvement Advance Refunding Bonds of 2014B.

**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	
2014	\$ 1,030,764	\$ 10,280	\$ 1,020,484	\$ 310,000	\$ 584,908	\$ 894,908	1.14
2015	1,021,632	110,537	911,095	320,000	540,349	860,349	1.06
2016	1,084,682 <sup>2</sup>	7,469 <sup>3</sup>	1,077,213	345,000	614,878	959,878	1.12
2017	1,243,445	328,814	914,631	345,000	131,425	476,425	1.92
2018	1,178,046	101,916	1,076,130	370,000	118,775	488,775	2.20
2019	1,093,845	53,144	1,040,701	235,000	107,462	342,462	3.04
2020	1,116,047	329,304 <sup>4</sup>	786,743	255,000	560,468	815,468	0.96
2021	1,220,851	41,620	1,179,231	260,000	64,305	324,305	3.64
2022	1,801,922	697,557	1,104,365	265,000	54,613	319,613	3.46
2023	1,152,866	740,439	412,427	285,000	44,375	329,375	1.25

1 - 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

2 - For comparative purposes this amount excludes \$1,151,700 relating to a State of Minnesota DEED cleanup grant.

3 - For comparative purposes this amount excludes \$1,133,985 spent from clean-up grant and \$1,337,101 land purchase

4 - For comparative purposes this amount excludes \$1,575,000 used to retire General Obligation Tax Increment Bonds 2009A.

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

Fiscal Year	Population <sup>1</sup>	Estimated Personal Income <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	K-12 School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
2014	39,091	\$ 1,526,816,278	\$ 39,058	5,650	2.2%
2015	41,181	1,588,186,446	38,566	6,077	2.2%
2016	41,901	1,683,456,477	40,177	6,178	2.9%
2017	42,581	1,753,187,513	41,173	6,661	2.3%
2018	43,440	1,781,821,920	41,018	6,799	2.9%
2019	43,522	1,879,279,960	43,180	6,973	2.0%
2020	44,167	1,944,363,841	44,023	7,189	2.6%
2021	44,505	2,114,966,610	47,522	7,143	2.7%
2022	44,583	2,285,324,580	51,260	7,266	2.8%
2023	45,504	2,319,020,352	50,963	7,412	2.6%

**Data Sources:**

<sup>1</sup> Minnesota State Demographic Center.

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

<sup>3</sup> Federal Reserve Bank. 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.

<sup>4</sup> Minnesota Department of Education

<sup>5</sup> Minnesota Department of Employment and Economic Development

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

Employer	2023			2014			Percent of Total City Employment
	Employees	Rank	Percent of Total City Employment	Employees	Rank		
Independent School District 152	900 (a)	1	2.39%	826 (a)	1		2.39%
Concordia College	784 (a)	2	2.09%	609 (a)	3		1.76%
Minnesota State University-Moorhead	750 (a)	3	1.99%	825 (a)	2		2.39%
American Crystal Sugar Company	648	4	1.72%	368	8		1.06%
Creative Care for Reaching Independence (CCRI)	475	5	1.26%	409	7		1.18%
Eventide Lutheran Home	400	6	1.06%	467	5		1.35%
Cash Wise Foods	299	7	0.80%				
City of Moorhead	284	8	0.76%	250	10		0.72%
Minnesota State Community and Technical College	137	9	0.36%	280 (a)	9		0.81%
Access of Red River Valley	120	10	0.32%				
Clay County				470	4		1.36%
Advance Security				450	6		1.30%

(a) Includes full and part-time employees.

Source: Telephone survey of individual employers

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

Function	2014	2015	2016	2017
General Government	38.00	38.00	38.00	38.00
Public Safety				
Police				
Officers	53.00	55.00	58.00	60.00
Civilians	15.00	16.00	17.00	17.00
Fire				
Firefighters & officers	36.00	36.00	36.00	37.00
Civilians	1.00	1.00	1.00	1.00
Parks and Recreation	13.00	13.00	13.00	15.75
Planning & Neighborhood Services	17.85	17.85	19.00	18.00
Community Development	-	-	-	-
Mass Transit	3.00	3.00	3.00	3.50
Economic Development	1.00	1.00	1.00	1.00
Electric	35.00	36.00	37.00	37.00
Water	22.00	20.00	22.00	22.00
Wastewater Treatment	18.00	18.00	17.00	17.00
Storm Water	1.00	1.00	2.00	1.00
Highways and Streets	15.63	17.63	17.63	18.63
Sanitation	20.00	20.00	21.00	20.00
Golf Courses	8.00	8.00	8.00	8.00
Sports Center	3.00	3.00	3.00	3.00
Pest Control	1.00	1.00	1.00	1.00
Forestry	6.00	6.00	6.00	6.00
Total FTE's	307.48	311.48	320.63	324.88

Source: City Human Resources Department

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

2018	2019	2020	2021	2022	2023
49.00	54.00	52.50	49.63	52.88	56.89
60.00	61.00	61.00	61.00	61.00	61.00
17.00	17.00	17.00	17.00	17.00	17.00
37.00	37.00	37.00	37.00	37.00	37.00
1.00	1.00	1.00	1.00	1.00	1.00
15.75	15.75	17.10	17.00	19.00	18.00
-	-	-	-	-	-
11.00	11.00	12.00	15.85	15.85	17.00
3.50	1.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
34.00	38.00	37.00	38.00	37.00	41.00
24.00	24.00	21.00	21.00	22.00	19.00
17.00	17.00	17.00	17.00	17.00	17.00
1.00	1.00	1.00	1.00	1.00	1.00
18.63	18.63	19.63	20.26	20.00	19.00
19.00	19.00	20.00	19.00	19.00	19.00
8.00	8.00	8.00	8.00	8.00	8.00
3.00	3.00	3.00	3.00	1.00	-
1.00	1.00	1.00	1.00	1.00	-
7.00	7.00	8.00	8.00	8.00	8.00
<b>327.88</b>	<b>335.38</b>	<b>337.23</b>	<b>338.74</b>	<b>341.73</b>	<b>343.89</b>

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

Function	2014	2015	2016	2017
Police				
Group A Offenses (serious crime - murder, rape, robbery, assault, theft, arson, assault, stolen property, vandalism, narcotics)	904	1,056	1,041	979
Group B Offenses (D.U.I., liquor laws, disorderly, trespass,other)	1,974	2,264	2,029	1,820
Fire				
Medical responses	1,523	2,042	2,194	2,305
Fire & other responses	968	1,195	1,164	1,240
Library				
Visits	230,511	258,076	227,735	192,771
Circulation	273,498	227,745	249,330	248,844
Mass Transit				
Fixed Routes ridership	482,177	459,288	445,506	451,854
Paratransit ridership	10,038	9,490	10,696	10,673
Metro Senior Ride ridership	8,301	10,143	10,765	10,907
Community Development				
New Residential Permits	197	213	169	84
New Residential Valuation	56,708,439	64,431,779	60,222,748	20,981,400
New Commercial Permits	21	30	31	27
New Commercial Valuation	12,473,597	10,467,380	33,067,240	55,698,017
Sanitation				
Curbside Recycling (tons)	418	510	551	1,464
Refuse Collected (landfill tonnage)	22,722	30,303	31,764	26,573
Yard Waste (tons)	2,847	3,182	3,624	2,944
Wastewater Treatment				
Average daily sewage treatment (millions of gallons)	4.18	3.75	3.91	3.81
Electric				
Annual Sales (millions of kwh)	447.30	431.05	434.04	414.06
Water				
Water Sales (billions of gallons)	1.34	1.35	1.37	1.44

Source: Various city departments.

Note: Indicators are not available for general government functions.

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

2018	2019	2020	2021	2022	2023
1,087	673	1,477	2,991	2,383	2,040
2,077	1,189	1,429	371	381	335
2,469	2,568	2,392	2,879	2,896	2,831
1,341	1,471	1,985	1,767	1,701	1,709
195,086	193,309	55,523	96,013	120,543	130,117
246,915	236,196	177,867	225,977	229,535	243,506
521,444	480,887	426,105	366,211	344,986	377,130
9,593	9,010	5,967	9,952	10,444	11,121
10,454	9,836	5,695	6,891	7,932	8,351
141	128	133	110	63	114
45,660,287	34,986,672	35,778,447	49,860,375	38,615,125	56,404,922
16	20	13	17	21	36
10,151,660	11,693,761	24,521,938	34,241,837	20,423,717	51,139,456
2,498	3,502	2,517	2,334	2,245	2,020
34,269	27,528	17,699	17,266	18,731	23,815
3,276	2,923	2,293	2,123	2,155	1,782
3.78	4.88	4.42	3.63	4.35	4.26
450.00	437.03	421.25	419.20	434.47	429.14
1.43	1.32	1.34	2.97	1.36	1.51

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

Function	2014	2015	2016	2017
Public Safety:				
Police Stations	1	1	1	1
Fire Stations	2	2	2	2
Highways & Streets:				
Street (miles)	212.73	227.80	230.70	233.00
Culture and recreation				
Parks	44	47	47	47
Swimming/wading pools	9	9	9	9
Sanitation:				
Collection trucks	10	10	11	11
Wastewater				
Storm sewers (miles)	149.00	138.20	144.00	146.10
Sanitary sewers (miles)	157.00	157.70	160.50	165.30
Force mains (miles)	23.12	23.50	23.50	23.50

Source: Various city departments.

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

2018	2019	2020	2021	2022	2023
1 2	1 2	1 2	1 2	1 2	1 2
234.60	235.30	235.70	238.18	239.64	240.29
48 9	48 9	48 9	48 9	48 9	48 9
11	11	11	11	11	9
146.75 162.10 23.50	147.00 162.70 23.52	147.00 162.70 23.52	193.91 163.22 23.52	194.23 163.20 23.52	194.60 164.16 23.31