



ANNUAL COMPREHENSIVE
FINANCIAL
REPORT

FOR THE YEAR ENDED DEC. 31, 2025

CITY OF MOORHEAD, MINNESOTA





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

FOR THE YEAR ENDED DECEMBER 31, 2025

PREPARED BY THE FINANCE DIVISION

**JENICA FLANAGAN, FINANCE DIRECTOR
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JAMIE BULLOCK, ACCOUNTANT**

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

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**INTRODUCTORY
SECTION**



June 16, 2026

To the Honorable Mayor, City Council, City Manager and Citizens of the City of Moorhead:

Minnesota statutes require that all cities with a population over 2,500 (currently the City of Moorhead has a 2025 population of 46,533 as estimated by the U.S. Census Bureau) to 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, 2025.

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, 2025, 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, 2025, 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 44,507 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 30th. 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 28th. 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 GreatLakes 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 property taxpayer, American Crystal Sugar. 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 City of Moorhead | 500 Center Avenue | PO Box 779 | Moorhead MN 56561 | www.cityofmoorhead.com

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 5,600 students and about 750 full- and part- time faculty and Concordia College is a four-year private liberal arts college with over 2,000 students, known for its outstanding choral and instrumental music and world language instruction. Moorhead is also home to Minnesota State Community and Technical College which provides “hands-on” training to 2,300 students 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.

Engineering staff continue to advance the City's Pavement Management System (PMS), which standardizes pavement assessment and guides timely and cost-effective maintenance strategies.

Utility rates are monitored alongside long-term capital and operational needs to maintain positive cash flow. The City's asset management system, providing real-time data on asset condition and maintenance requirements, strengthens financial planning and decision-making.

In late 2025, the City launched a Human Resources Information System project to modernize HR, payroll and financial processes, improve efficiency, and support data-driven decisions.

Major Initiatives

- Construction of the new Community Center Library (the Loop) began in June 2024, launching a major community investment in the heart of Moorhead. The facility is funded primarily through a 0.5% local option sales tax approved by voters during the 2022 general election. The facility opened to the public on April 8, 2026.
- The City of Moorhead purchased the Moorhead Center Mall area for \$24 million as part of the Moorhead Downtown Redevelopment project. This strategic acquisition aims to revitalize the downtown area and enhance the city's growth and development.
- In 2025, Moorhead issued a total of 1,012 permits totaling \$113.7 million in building investment, reflecting strong residential and commercial development.
- The Minnesota Department of Transportation and the City of Moorhead have partnered to construct an underpass at 11th Street in Moorhead. This project broke ground in the Spring of 2024. The project includes two grade separations of 11th 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. By fall 2025, the new railroad bridges were in use, train traffic had shifted to the new structures, and Main Avenue and 1st Avenue North reopened. The project then entered its final phase, focusing on completing 11th Street between Main Avenue and 1st Avenue North, including work at Center Avenue. The full project is expected to open to traffic in fall 2026.
- 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. In 2025, an incentive was approved for 14th and Main Apartments (RFI2, LLC).
- Median single-family home sale prices experienced minimal change from 2024 to 2025, decreasing modestly from \$270,500 to \$269,950. Residential construction activity increased, with single-family attached and detached permits rising from 72 in 2024 to 104 in 2025, in addition to 36 multifamily units permitted.
- Major commercial/industrial projects under construction or completed in 2025 included the following: Games to Go Phase II, Kwik Trip, Horance Mann Insurance, Green Goods Dispensary, Pancheros, Byte Speed, ETS Performance, Fix It Forward, Dorothy Day, Total Balance, Studio 56560, Fitness Facility, Downtown Health & Wellness, Oasis FM, The Forge, Fuel Haus, Courts and Pints, 7 Brew Drive Thru Coffee, Papa Johns, MinKo Construction, Inc., RBT Contracting Office and Shop, Abbott Arne Schwindt

Storage Building, Unwind Dispensary, Cannabis Production Facility, and Rosebud Cannabis Company Dispensary.

- 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. This project began 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 renovation includes a new building, swimming pool, wading pool, splash pad, skate park, playgrounds, pickleball courts, and more. The Pool is anticipated to open in June 2026.
- Renovations at Matson Field will be completed in the Spring of 2026. The work includes new stadium seating, press box, scoreboard, and more.
- In the fall of 2024, City Hall was temporarily relocated to 403 Center Ave while renovation work takes place at City Hall. The City Hall Renovation project is set to be completed in 2026.
- 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 Acknowledgments

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, 2024. This was the 42nd 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, 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, 2024

Christopher P. Morrill

Executive Director/CEO

**CITY OF MOORHEAD
LISTING OF CITY OFFICIALS
AS OF DECEMBER 31, 2025**

<u>ELECTED OFFICIALS</u>	<u>POSITION</u>	<u>YEAR TERM EXPIRES</u>
MICHELLE CARLSON	MAYOR	2026
NICOLE MATTSON	COUNCIL MEMBER, WARD 1	2028
RYAN NELSON	COUNCIL MEMBER, WARD 1	2026
EMILY MOORE	COUNCIL MEMBER, WARD 2	2028
HEATHER NESEMEIER	COUNCIL MEMBER, WARD 2	2026
LISA BORGEN	COUNCIL MEMBER, WARD 3	2028
DEB WHITE	COUNCIL MEMBER, WARD 3	2026
SEBASTIAN MCDUGALL	COUNCIL MEMBER, WARD 4	2028
CHUCK HENDRICKSON	COUNCIL MEMBER, WARD 4	2026

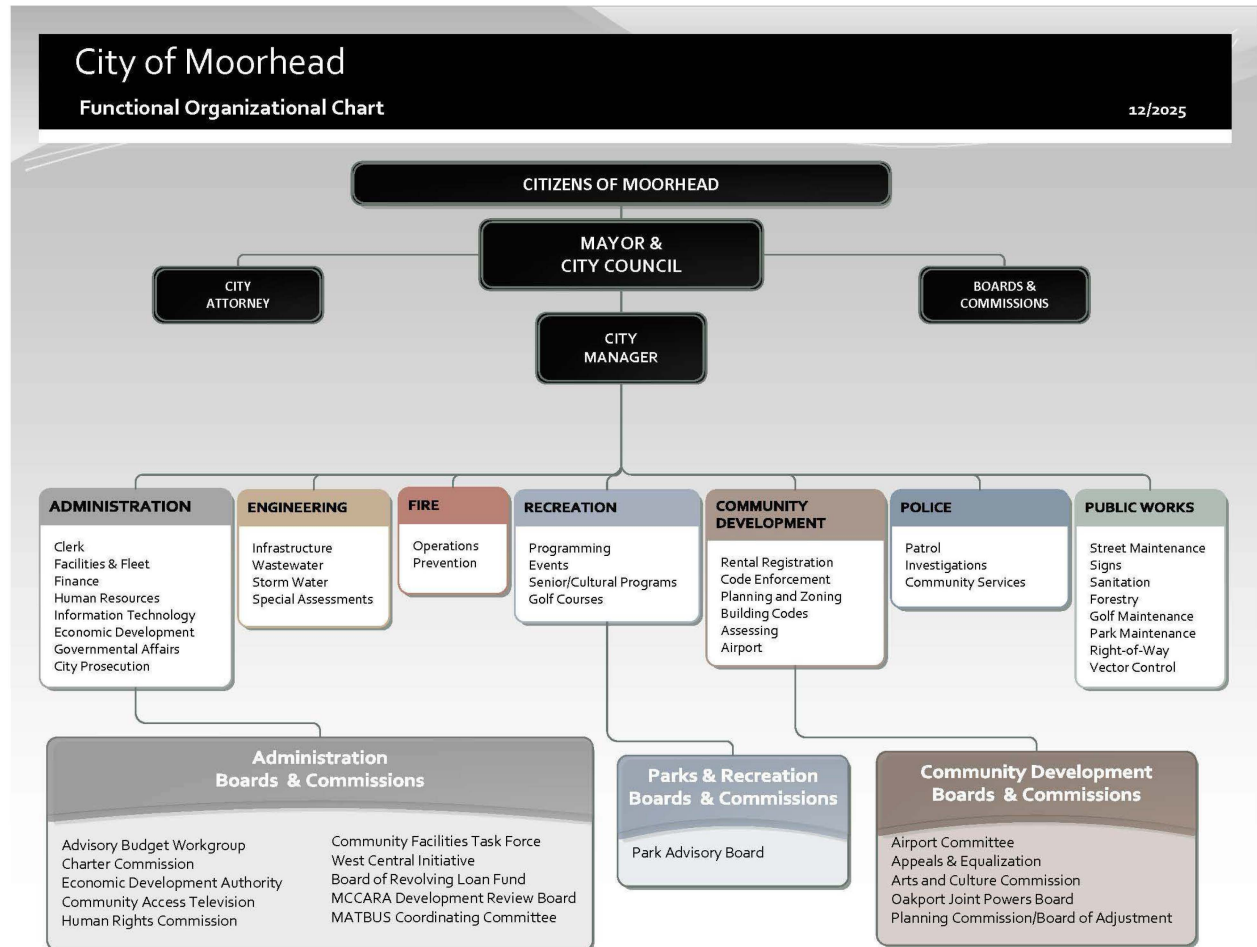
APPOINTED OFFICIALS

DAN MAHLI	CITY MANAGER
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DEPARTMENT DIRECTORS

MIKE RIETZ	ASSISTANT CITY MANAGER
KRISTIE LESHOVSKY	COMMUNITY DEVELOPMENT
SEAN BRANDENBURG	PARKS & RECREATION
ROBERT ZIMMERMAN	ENGINEERING
CHRIS HELMICK	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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the applicable General Fund 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 1.2%, 1.6%, and 3.0%, respectively, of the assets, net position, and revenues of the governmental activities as of December 31, 2025. 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.

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, Schedule of Employer's Pension Plan Contributions, and Notes to the Schedule of Changes in Net Position Liabilities and Related Ratios 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 and statements, other budgetary schedules, 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 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 16, 2026, 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 16, 2026 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.

Eide Bailly LLP

Denver, Colorado
June 16, 2026

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, 2025. 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 \$722,258,848.
- The City's total net position increased by \$33,668,667.
- The City's governmental funds reported combined ending fund balances of \$71,512,610, a decrease of \$17,907,174 in comparison with the prior year. Of this total amount, \$14.6M is unassigned, \$5.3M committed, \$48.0M restricted and \$3.6M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$23,014,416 or 61% of total general fund expenditures of \$37,772,497.

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 six 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, permanent improvement funds, library community center, and capital improvements which are all considered major funds. Data from the other fifteen 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, \$917,539 has been reflected within the business-type activities and \$1,016,411 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 \$722,258,848 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 \$513,307,652 (71%) (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, \$130,600,222 (18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$78,350,974 (11%) 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, 2025 and 2024.

CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities		Total 2025	Total 2024
	2025	2024	2025	2024		
Assets:						
Current and other assets	\$ 184,034,071	\$ 194,683,835	\$ 85,893,963	\$ 89,514,281	\$ 269,928,034	\$ 284,198,116
Capital / Right to use assets	533,416,386	483,225,417	285,066,232	279,118,216	818,482,618	762,343,633
Total assets	717,450,457	677,909,252	370,960,195	368,632,497	1,088,410,652	1,046,541,749
Deferred outflows of resources	11,175,912	15,731,068	1,170,281	988,092	12,346,193	16,719,160
Liabilities						
Long-term liabilities						
outstanding	243,092,630	235,355,154	88,849,066	95,393,544	331,941,696	330,748,698
Other liabilities	19,440,778	13,143,598	6,169,466	5,192,634	25,610,244	18,336,232
Total liabilities	262,533,408	248,498,752	95,018,532	100,586,178	357,551,940	349,084,930
Deferred inflows of resources	17,691,557	21,871,238	3,254,500	3,714,560	20,946,057	25,585,798
Net Position:						
Net investment in capital assets						
Restricted	124,327,312	144,037,000	6,272,910	6,605,863	130,600,222	150,642,863
Unrestricted	12,725,161	14,202,560	65,625,813	69,038,487	78,350,974	83,241,047
Total net position	\$ 448,401,404	\$ 423,270,330	\$ 273,857,444	\$ 265,319,851	\$ 722,258,848	\$ 688,590,181

Governmental activities current and other assets decreased \$10,649,764. This was primarily due to the use of sales tax bond proceeds in the Library/Community Center capital projects which were issued in the prior year and used as construction progressed through the 2025 year.

The City saw significant activity in a number of infrastructure and other capital related asset projects during the current year. Significant increases include:

- Street improvements on 34th Street. This project increased construction in progress by \$6.6 million.
- Work continued on the Moorhead City Hall renovation adding \$7.5 million.
- Romkey Park pool and amenities added \$5.9 million.
- Continued construction of the Library/Community Center added \$19.7 million.
- Infrastructure around the Moorhead Center Mall area added \$7.1 million.

Governmental activities other liabilities (specifically accounts payable) increased in the current year compared to the prior year. Large increases are primarily attributed to continued activity on many of the infrastructure and capital asset related projects noted above. This is due to the timing of billings by the corresponding contractors.

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 \$33,668,667 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 2025	Total 2024
	2025	2024	2025	2024		
Revenues:						
Program revenues:						
Charges for services	\$ 6,441,122	\$ 6,858,927	\$ 81,708,904	\$ 79,949,088	\$ 88,150,026	\$ 86,808,015
Operating grants and contributions	13,078,974	13,297,650	348,696	639,628	13,427,670	13,937,278
Capital grants and contributions	26,642,805	17,758,543	3,774,499	7,295,858	30,417,304	25,054,401
General Revenues:						
Taxes	20,988,257	18,078,671			20,988,257	18,078,671
Tax Increments	970,091	914,332			970,091	914,332
Franchise Fees	1,112,845	958,687			1,112,845	958,687
State aid	13,073,823	12,322,618			13,073,823	12,322,618
Grants and contributions not restricted to specific programs	58,632	58,632			58,632	58,632
Investment earnings	3,289,759	3,641,744	3,499,671	3,518,780	6,789,430	7,160,524
Miscellaneous	18,151	201,287	1,128,758	635,348	1,146,909	836,635
Total revenues	85,674,459	74,091,091	90,460,528	92,038,702	176,134,987	166,129,793
Expenses:						
General government	12,297,107	12,480,379			12,297,107	12,480,379
Public safety	19,520,254	19,249,097			19,520,254	19,249,097
Highways and streets	20,752,267	20,421,049			20,752,267	20,421,049
Culture and recreation	6,301,147	6,848,279			6,301,147	6,848,279
Public transportation	5,689,441	5,764,753			5,689,441	5,764,753
Urban and economic development	1,830,846	2,263,180			1,830,846	2,263,180
Interest on long-term debt	7,687,814	6,627,720			7,687,814	6,627,720
Electric			35,162,299	32,398,036	35,162,299	32,398,036
Water			11,410,213	11,571,561	11,410,213	11,571,561
Wastewater treatment			8,048,050	8,664,453	8,048,050	8,664,453
Storm water			2,864,129	2,693,852	2,864,129	2,693,852
Sanitation			5,192,163	4,967,457	5,192,163	4,967,457
Golf course			2,309,619	2,330,545	2,309,619	2,330,545
Pest control			839,727	797,947	839,727	797,947
Forestry			1,295,028	1,272,837	1,295,028	1,272,837
Municipal airport			603,888	627,869	603,888	627,869
Street light utility			662,328	895,785	662,328	895,785
Total expenses	74,078,876	73,654,457	68,387,444	66,220,342	142,466,320	139,874,799
Increase/decrease in net position before transfers	11,595,583	436,634	22,073,084	25,818,360	33,668,667	26,254,994
Transfers	13,535,491	12,737,907	(13,535,491)	(12,737,907)		
Change in net position	25,131,074	13,174,541	8,537,593	13,080,453	33,668,667	26,254,994
Net position - beginning	423,270,330	410,095,789	265,319,851	252,239,398	688,590,181	662,335,187
Net position - end of year	\$ 448,401,404	\$ 423,270,330	\$ 273,857,444	\$ 265,319,851	\$ 722,258,848	\$ 688,590,181

Governmental activities. The governmental activities net position increased by \$25,131,074 during the current fiscal year. Revenues increased \$11,583,368. Much of this increase (\$6.9 million) is due to additional capital related grants and contributions from activities in the highways and streets department. Tax revenue also grew due to the additional \$3 million levied by the City for collection during the 2025 tax year. Expenses remained consistent with the prior year. A small increase in total expenses of \$424,419 from 2024 shows the city's continued control of spending of taxpayer dollars.

Business-type activities. Business-type activities increased the City's net position by \$8,537,593. Revenues decreased \$1,578,174, or 2% from 2024. This decrease is mainly due to fluctuations in capital grants associated with various infrastructure projects as they are addressed and transferred to enterprise funds from governmental funds. Expenses in the business-type activities increased \$2,167,102. This increase was principally attributed to the Electric Fund. Purchased power increased \$1.4 million over the prior year. Additionally, an increase of \$1.1 million in depreciation expense attributed to the completed distribution plant which was completed and transferred from construction in progress.

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 \$71,512,610. This was a decrease of \$17,907,174 in comparison with the prior year. Approximately 20.4%, or \$14,577,069, of this combined ending fund balance is unassigned. The remainder of fund balance is committed (\$5,309,705, 7.4%), restricted (\$48,019,820, 67.2%) or nonspendable (\$3,606,016, 5.0%).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$23,014,416. This measure represents the portion of the fund balance that is available for any purpose and provides a cushion for unexpected expenses and maintaining liquidity. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total future budgeted expenditures. The unassigned and assigned fund balance represents 60.8% of total general fund expenditures, which is over the reserve policy target of 60% for total unrestricted general fund balance. This indicates that the city is maintaining a healthy financial position, aligning with its financial policies and goals to ensure long-term stability and effective financial planning.

The net change in fund balance of the general fund was an increase of \$1,971,846 or 7.9% from 2024. Property tax revenue had an increase of \$2,144,337 due to additional taxes levied for 2025 collections. Franchise fees had an increase of \$154,158 due to slight changes in usage by various utility sources. Federal revenues remained stable with a slight decrease of \$21,179. State revenues increased \$557,247 primarily due to an increase in State disparity credit. Charges for services increased \$221,536 due to an increase in internal engineering charges to various infrastructure projects in 2025. Total expenditures increased \$3,313,860. This increase is mainly due to increased personnel costs and higher infrastructure maintenance costs. Net transfers totaled \$9,556,771 and were completed as authorized by City charter and as reoccurring subsidies of specific programs. The 2025 adopted budget anticipated a balanced net change to fund balance, while the revised budget anticipated a \$89,467 draw on fund balance; however changes in expected revenues, along with a combined decrease in expenditures resulted in an increase in the fund balance than expected of \$1,971,846.

The special assessment debt service fund balance decreased \$419,412. This decrease was mainly due variances in timing of collections in special assessments and the scheduled repayments of various bond issued which drew on fund balance. The special assessment capital projects fund balance increased by \$11,235,212 which is primarily due to the issuance of debt that repaid for prior year expenditures and collection of capital related grants for infrastructure projects. The permanent improvement fund balance decreased \$3,681,112 which is primarily the result of a large infrastructure project of which collection of federal and state aid has not been received. The library community center fund balance decreased \$16,907,107. This decrease was expected due to the continued use of proceeds from sales tax revenue bonds issued in the prior year to finance the construction. In the subsequent year this project is scheduled for completion. The remaining funds on hand should be used for construction and this fund should materially be completed. The capital improvements fund balance decreased \$12,016,555 primarily due to three larger project initiatives being active during the year (Romkey Park reconstruction, Moorhead City Hall, and the Moorhead Center Mall redevelopment). This decrease will be recovered through various means including grants and an additional bond issue.

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 \$64,708,274. The total change in net position in the enterprise funds was an increase of \$7,915,815 which is \$4,745,909 (37.5%) lower than the 2024 increase.

The electric fund reported an increase of \$4,225,109 (4.7%) in net position primarily due to a 2.0% rate increase while the water fund reported an increase of \$2,327,642 (3.8%) resulting from a 5.5% rate increase. The wastewater treatment fund reported an increase in net position from operations of \$1,756,363 (3.1%) primarily due to capital contributions recognized from the completion of various infrastructure projects. The storm water fund reported a slight decrease in net position of \$117,472 (0.3%) primarily due to capital contributions for 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 \$38,559,583 was amended as final totaling \$38,823,083 for an increase of \$263,510. The original expenditure budget including transfers of \$38,559,583 was amended as final totaling \$38,912,550 for an increase of \$352,967.

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

Total actual revenues including transfers were \$39,744,343 which was \$921,260 over budget. Actual revenue exceeded projections by 2.4%. Principal increases were in charges for services resulting from additional services provided by the Engineering Department for various infrastructure projects, and interest on investments resulting from additional funds on hand and higher than anticipated interest rates.

Actual expenditures including transfers totaling \$37,772,497 were under budget by \$1,140,053. Principle savings were in the police department due to various vacant employee positions.

CAPITAL ASSET - RIGHT TO USE LEASED ASSET - SUBSCRIPTION 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, 2025, amounts to \$818,482,618 (net of accumulated depreciation and amortization), an increase of \$56.6M. 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:

- \$5.3M in vehicles and equipment
- \$1.4M in land purchases
- \$11.2M in infrastructure improvements
- \$5.9M in water and wastewater capital assets
- \$5.8 in electric capital assets

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

	Governmental Activities 2025	Business-type Activities 2025	Total
Land	\$ 101,466,970	\$ 9,336,840	\$ 110,803,810
Construction in progress	80,315,795	6,197,236	86,513,031
Buildings	10,823,435	160,794,183	171,617,618
Improvements other than buildings	52,258,614	44,665,879	96,924,493
Machinery and equipment	19,322,458	7,466,078	26,788,536
Infrastructure	265,258,804	56,597,905	321,856,709
Right to use leased assets	3,945,319	8,111	3,953,430
Subscription assets	24,991		24,991
Total	\$ 533,416,386	\$ 285,066,232	\$ 818,482,618

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 \$265,170,000. Of this amount, \$208,145,000 of G.O. Special Assessment, Sales Tax, and Tax Increment debt and \$22,640,000 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 \$34,385,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and \$22,481,000 in Public Facilities Authority Notes. Various right to use lease assets are secured with lease liabilities totaling \$4,446,968 at year-end. The City also has \$667,361 Note Payable at year-end and net pension liability totaling \$14,916,276. 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 \$5,910,000 during the current fiscal year. This increase is due to the issuance of various bonds, which are listed below, debt service principal payments of \$21,630,000. During the current fiscal year, the City issued:

- \$11,320,000 G.O. Temporary Improvement Bonds, Series 2025A to finance infrastructure improvements for the Moorhead Center Mall redevelopment in anticipation of long-term financing.
- \$16,220,000 G.O. Improvement and Wastewater Refunding Bonds, Series 2025B to finance various infrastructure improvements within the City and provide for the refunding of the Wastewater Revenue Bonds, Series 2014A. .

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 \$113,790,751 . Outstanding debt wholly financed by general tax levy counted against the statutory limit is \$667,361 leaving a legal debt margin of \$109,337,399.

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	\$ 153,090,000	\$ -	\$ 153,090,000
G.O. Tax Increment	28,970,000	-	28,970,000
G.O. Revenue	-	22,640,000	22,640,000
G.O. Sales Tax Revenue	26,085,000	-	26,085,000
Revenue Refunding	-	730,000	730,000
Revenue	-	33,655,000	33,655,000
Premiums/Discounts	13,259,672	3,504,881	16,764,553
Long-term notes	667,361	22,481,000	23,148,361
Leases	4,438,410	8,558	4,446,968
Subscriptions	24,582	-	24,582
Compensated absences	3,190,717	2,004,364	5,195,081
Other Post-Employment Benefits	1,925,380	350,495	2,275,875
Net Pension Liability	11,441,508	3,474,768	14,916,276
Total	\$ 243,092,630	\$ 88,849,066	\$ 331,941,696

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 ended 2025 in a solid financial position. The local economy remained strong throughout the year, with \$113.5 million in residential and commercial permit related valuations. The downtown area has been a major focus, designated as a qualified Opportunity Zone for development incentives. Work on the 11th Street underpass project began in the spring of 2024 to create a route for vehicles, bicyclists, and pedestrians beneath the rail lines through the community. By the fall of 2025, the new railroad bridges were in service with train traffic shifted onto them, and Main Avenue and 1st Avenue North reopened to east-west travel. The project then moved into its final phase, focused on completing 11th Street from Main Avenue to 1st Avenue North, which required a temporary closure of Center Avenue for construction beneath the new bridges. The project is scheduled to open to traffic in the fall of 2026.

The 2026 budget emphasizes our commitment to public safety, employee compensation, and the enhancement of downtown areas, neighborhoods, and recreational parks. In formulating this budget, the City has balanced the strong local economy with the potential impacts of the federal government's monetary tightening policy. The City of Moorhead's 2026 Operating & Capital Budget totals \$156,763,284, an increase of \$14,885,613 (10.49%) from the previous year.

Infrastructure investments continue to be the largest portion of the budget as the City invests in maintaining our city's roadways, facilities, downtown revitalization, park amenities, and utility systems for a growing community. The budget also reflects the City's commitment to public safety by authorizing three additional firefighter positions and a cost of living adjustment for employee compensation. Included in the budget is \$3.2 million for wage and benefit increases for existing employees, as well as funding three new firefighter 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 2026 budget reflects an increase of \$3,128,729 (7.2%) from 2025 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, general and auto liability insurance. Scheduled wage step increases and a cost of living adjustment were included in the budget. Union negotiations were completed for three of the City's five unions, resulting in three-year union contracts covering the years 2025, 2026, and 2027.

The 2025 Legislative session includes the following priorities for the City of Moorhead: Capital Investment for flood mitigation and Wastewater Treatment Improvements, Preserving and Protecting Border Cities, Sales Tax Exemption for City Hall Renovations, Downtown Redevelopment project, Public Safety/Workforce and Partnerships, Sustainable Aviation Fuel Project, Continued Partnerships 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 403 Center Avenue, Moorhead, MN 56560 or visit the City's web site at www.moorheadmn.gov.

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 87,787,861	\$ 25,090,514	\$ 112,878,375	\$ 1,339,749
Receivables:				
Accounts, net and notes	471,869	10,811,285	11,283,154	273,855
Delinquent property taxes	357,060		357,060	
Accrued interest		295,566	295,566	
Special assessments	4,906,493	57,551	4,964,044	
Leases	1,580,179	50,717	1,630,896	
Internal balances	(809,984)	809,984		
Due from other governmental units	16,595,145	1,060,038	17,655,183	145,124
Inventories	78,914	3,006,794	3,085,708	
Prepaid items	1,072,824	159,044	1,231,868	85,211
Restricted assets:				
Cash and cash equivalents	1,390,835	4,685,932	6,076,767	152,335
Bond operation and maintenance reserve		6,268,000	6,268,000	
Long-term receivables:				
Special assessments	65,738,139	1,529,427	67,267,566	
Notes receivable, less current portion	4,864,736	108,047	4,972,783	15,579
Other long-term investments		31,961,064	31,961,064	
Capital assets:				
Intangible plant		1,288,813	1,288,813	
Land	101,466,970	9,336,840	110,803,810	464,977
Buildings	30,416,959	274,569,770	304,986,729	16,241,794
Improvements other than buildings	82,713,902	72,893,319	155,607,221	
Machinery and equipment	51,042,375	19,044,266	70,086,641	664,814
Infrastructure	391,654,517	95,509,669	487,164,186	
Construction in progress	80,315,795	6,197,236	86,513,031	231,989
Less accumulated depreciation	(208,164,442)	(193,781,792)	(401,946,234)	(10,658,943)
Right to use lease assets	5,677,488	10,020	5,687,508	
Less accumulated amortization	(1,732,169)	(1,909)	(1,734,078)	
Subscription assets	49,982		49,982	
Less accumulated amortization	(24,991)		(24,991)	
Total assets	<u>717,450,457</u>	<u>370,960,195</u>	<u>1,088,410,652</u>	<u>8,956,484</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plans	10,260,093	1,121,086	11,381,179	
Other post-employment benefits	505,007	49,195	554,202	
Advance refundings of debt	410,812		410,812	
Total deferred outflows of resources	<u>11,175,912</u>	<u>1,170,281</u>	<u>12,346,193</u>	

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
LIABILITIES				
Accounts payable	8,877,092	5,004,755	13,881,847	217,780
Contracts payable - retainage	4,320,474	88,070	4,408,544	
Accrued wages payable	1,446,645	277,410	1,724,055	
Due to other governmental units	794,459	106,835	901,294	
Customer deposits		112,400	112,400	73,657
Unearned revenue	751,773	108,011	859,784	18,201
Other liabilities	90,753	11,626	102,379	39,931
Accrued interest payable	3,159,582	460,359	3,619,941	
Long-term liabilities:				
Due within one year	17,429,907	8,007,035	25,436,942	9,132
Due in more than one year				
Accrued compensated absences	113,482	42,989	156,471	20,211
Leases	3,904,005	8,165	3,912,170	
Other post-employment benefits	1,797,343	339,994	2,137,337	
Net pension liability	11,441,508	3,474,768	14,916,276	
Notes payable	657,827	19,997,000	20,654,827	1,281,321
Bonds payable	207,748,558	56,979,115	264,727,673	
Total liabilities	<u>262,533,408</u>	<u>95,018,532</u>	<u>357,551,940</u>	<u>1,660,233</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plans	15,636,222	2,183,947	17,820,169	
Other post-employment benefits	475,156	181,297	656,453	
Lease related	1,580,179		1,580,179	
Other deferred credits		889,256	889,256	
Total deferred inflows of resources	<u>17,691,557</u>	<u>3,254,500</u>	<u>20,946,057</u>	
NET POSITION				
Net investment in capital assets	311,348,931	201,958,721	513,307,652	5,654,178
Restricted				
Public Safety	2,361,807		2,361,807	
Culture and recreation	8,332,619		8,332,619	
Public transportation	173		173	
Urban and economic development	7,009,996		7,009,996	
Contributions	117,747		117,747	
Capital projects	2,500,309	1,586,978	4,087,287	
Debt service	103,821,158	4,685,932	108,507,090	74,551
Employee benefits	183,503		183,503	
Unrestricted	<u>12,725,161</u>	<u>65,625,813</u>	<u>78,350,974</u>	<u>1,567,522</u>
Total net position	<u>\$ 448,401,404</u>	<u>\$ 273,857,444</u>	<u>\$ 722,258,848</u>	<u>\$ 7,296,251</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, 2025**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 12,297,107	\$ 2,435,610	\$ 1,027,384	\$ 26,663	\$ (8,807,450)	\$ -	\$ (8,807,450)	
Public safety	19,520,254	780,054	1,979,586		(16,760,614)		(16,760,614)	
Highways and streets	20,752,267	1,342,578	2,300,099	22,815,208	5,705,618		5,705,618	
Culture and recreation	6,301,147	1,011,847	1,780,189	2,932,705	(576,406)		(576,406)	
Public transportation	5,689,441	533,412	4,268,070	184,031	(703,928)		(703,928)	
Urban and economic development	1,830,846	337,621	1,723,646	684,198	914,619		914,619	
Interest on long-term debt	7,687,814				(7,687,814)		(7,687,814)	
Total governmental activities	74,078,876	6,441,122	13,078,974	26,642,805	(27,915,975)	-	(27,915,975)	
Business-type Activities:								
Electric	35,162,299	45,794,501		185,756		10,817,958	10,817,958	
Water	11,410,213	12,346,587		1,178,215		2,114,589	2,114,589	
Wastewater treatment	8,048,050	9,594,747		739,864		2,286,561	2,286,561	
Storm water	2,864,129	3,090,798		1,289,069		1,515,738	1,515,738	
Sanitation	5,192,163	5,496,375	225,000	19,599		548,811	548,811	
Golf Course	2,309,619	2,314,775		252,194		257,350	257,350	
Pest Control	839,727	826,319				(13,408)	(13,408)	
Forestry	1,295,028	1,268,003	99,617	11,344		83,936	83,936	
Municipal airport	603,888	98,735	24,079	98,458		(382,616)	(382,616)	
Street light utility	662,328	878,064				215,736	215,736	
Total business-type activities	68,387,444	81,708,904	348,696	3,774,499	-	17,444,655	17,444,655	
Total primary government	\$ 142,466,320	\$ 88,150,026	\$ 13,427,670	\$ 30,417,304	(27,915,975)	17,444,655	(10,471,320)	
Component Units:								
Public Housing Agency	\$ 2,246,744	\$ 764,578	\$ 999,650	\$ 250,768	\$	\$	\$	(231,748)
General Revenues:								
Property taxes levied for general purposes					13,930,382		13,930,382	
Property taxes levied for debt service					3,964,650		3,964,650	
City sales taxes					3,093,225		3,093,225	
Tax increments					970,091		970,091	
Franchise fees					1,112,845		1,112,845	
State aid unrestricted					13,073,823		13,073,823	
Grants and contributions					58,632		58,632	
Unrestricted investment earnings					3,289,759	3,499,671	6,789,430	23,280
Miscellaneous					18,151	1,128,758	1,146,909	549,451
Transfers					13,535,491	(13,535,491)		
Total general revenues and transfers					53,047,049	(8,907,062)	44,139,987	572,731
Change in net position					25,131,074	8,537,593	33,668,667	340,983
Net position - beginning					423,270,330	265,319,851	688,590,181	6,955,268
Net position - ending					\$ 448,401,404	\$ 273,857,444	\$ 722,258,848	\$ 7,296,251

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

**CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Library Community Center	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS								
Assets:								
Cash and investments	\$ 23,956,124	\$ 27,232,924		\$ 2,775,709	\$ 10,582,281	\$ 266,284	\$ 16,557,255	\$ 81,370,577
Restricted cash	1,390,835							1,390,835
Receivables:								
Accounts	321,475	13,596			70,000		52,666	457,737
Notes	71,400	419,566				149,535	4,224,235	4,864,736
Leases	109,819	1,349,423					120,937	1,580,179
Delinquent property taxes	203,099	74,499					79,462	357,060
Special assessments		70,644,632						70,644,632
Due from other funds	612,074	3,469,022	6,960			52,055		4,140,111
Due from other governmental units	364,153	223,158	3,349,884	10,252,667		1,196,954	1,071,965	16,458,781
Advances to other funds	2,468,212						300,000	2,768,212
Prepaid items	26,021				736,216	32,193	43,374	837,804
Total Assets	\$ 29,523,212	\$ 103,426,820	\$ 3,356,844	\$ 13,028,376	\$ 11,388,497	\$ 1,697,021	\$ 22,449,894	\$ 184,870,664
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE								
Liabilities:								
Accounts payable	\$ 732,064	\$ 19,485	\$ 774,401	\$ 1,621,187	\$ 2,134,774	\$ 3,304,715	\$ 88,123	\$ 8,674,749
Contracts payable - retainage			350,449	2,826,934	866,358	276,733		4,320,474
Accrued wages payable	1,288,420						133,693	1,422,113
Due to other funds	35,729		3,469,022				62,534	3,567,285
Due to other governmental units	43,628					99,062	647,675	790,365
Advances from other funds				104,000			2,664,212	2,768,212
Other liabilities	73,048						17,705	90,753
Unearned revenue					542,913		208,860	751,773
Total Liabilities	2,172,889	19,485	4,593,872	4,552,121	3,544,045	3,680,510	3,822,802	22,385,724
Deferred inflows of resources:								
Unavailable revenue - taxes	203,099	74,499					79,462	357,060
Unavailable revenue - special assessments		70,644,632						70,644,632
Unavailable revenue - lease related	109,819	1,349,423					120,937	1,580,179
Unavailable revenue - other	137,921	419,566	2,500,309	9,768,197		1,340,231	4,224,235	18,390,459
Total Deferred Inflows of Resources	450,839	72,488,120	2,500,309	9,768,197		1,340,231	4,424,634	90,972,330
Fund Balance:								
Nonspendable	2,494,233				736,216	32,193	343,374	3,606,016
Restricted								
Public safety	1,177,460						1,184,347	2,361,807
Culture and recreation					7,108,236		1,129,222	8,237,458
Urban and economic development	29,872						2,650,894	2,680,766
Contributions							117,747	117,747
Debt service		30,919,215					3,519,324	34,438,539
Employee benefits	183,503							183,503
Committed							5,309,705	5,309,705
Unassigned	23,014,416		(3,737,337)	(1,291,942)		(3,355,913)	(52,155)	14,577,069
Total Fund Balance	26,899,484	30,919,215	(3,737,337)	(1,291,942)	7,844,452	(3,323,720)	14,202,458	71,512,610
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 29,523,212	\$ 103,426,820	\$ 3,356,844	\$ 13,028,376	\$ 11,388,497	\$ 1,697,021	\$ 22,449,894	\$ 184,870,664

**CITY OF MOORHEAD, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2025**

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

Fund balance governmental funds	\$	71,512,610
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.		533,416,386
Deferred outflows of resources resulting from pension obligations, OPEB, and debt refundings are not available resource and, therefore are not reported in governmental funds.		11,175,912
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.		90,972,330
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.		(246,252,212)
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.		(17,691,557)
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 intenal service funds are included in the governmental activities in the statement of position.		<u>5,267,935</u>
Net position of governmental activities	\$	<u><u>448,401,404</u></u>

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Library Community Center	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property	\$ 11,840,092	\$ 3,964,650					\$ 6,060,289	\$ 21,865,031
Sales Tax							3,093,225	3,093,225
Franchise	1,112,845							1,112,845
Licenses and permits	856,408							856,408
Intergovernmental revenues:								
Federal	108,544		600,000	1,476,512	446,287	3,033,473	2,254,131	7,918,947
State	12,862,860	785,144	4,654,402	1,318,674		1,027,384	5,566,890	26,215,354
County	233,121	217,300		181,308			4,599	636,328
Other	6,752		2,307,341	387,573				2,701,666
Charges for services	1,437,190	78,116					611,920	2,127,226
Fines and forfeits	382,093							382,093
Facility rentals	1,600			1,926			191,650	195,176
Donations						33,220	147,958	181,178
Investment income	680,370	920,839			824,036	175,811	463,875	3,064,931
Special assessments		8,753,411						8,753,411
Miscellaneous	609,277	135,857			286,000	120,046	517,238	1,668,418
Total revenues	<u>30,131,152</u>	<u>14,855,317</u>	<u>7,561,743</u>	<u>3,365,993</u>	<u>1,556,323</u>	<u>4,389,934</u>	<u>18,911,775</u>	<u>80,772,237</u>
EXPENDITURES								
Current:								
General government	10,064,431	440,770				324,340	67,532	10,897,073
Public safety	19,942,577						300,820	20,243,397
Highways and streets	7,599,175		151,153	103,567			35,795	8,007,078
Culture and recreation					2,384	339,738	4,794,582	5,136,704
Public transportation							4,968,679	4,968,679
Urban and economic development						254,039	1,338,151	1,592,190
Capital outlay	149,630		20,205,918	7,590,383	19,699,529	16,902,283	314,562	64,862,305
Debt service:								
Bond and note principal		12,005,000					1,125,000	13,130,000
Bond and note interest		5,208,832					2,858,537	8,067,369
Fiscal and other charges		72,802					616,218	689,020
Total expenditures	<u>37,755,813</u>	<u>17,727,404</u>	<u>20,357,071</u>	<u>7,693,950</u>	<u>19,701,913</u>	<u>17,937,788</u>	<u>16,419,876</u>	<u>137,593,815</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(7,624,661)</u>	<u>(2,872,087)</u>	<u>(12,795,328)</u>	<u>(4,327,957)</u>	<u>(18,145,590)</u>	<u>(13,547,854)</u>	<u>2,491,899</u>	<u>(56,821,578)</u>
OTHER FINANCING SOURCES (USES)								
Issuance of debt		371,705	22,823,295					23,195,000
Premium on issuance of debt		742,904						742,904
Transfers from other funds	9,573,455	1,310,095	1,207,245	231,845	1,238,483	2,759,045	720,165	17,040,333
Transfers to other funds	(16,684)	(7,245)				(1,868,246)	(1,639,042)	(3,531,217)
Leases	16,236	35,216					123,432	174,884
Proceeds from sale of capital assets	23,500			415,000		640,500	213,500	1,292,500
Total other financing sources (uses)	<u>9,596,507</u>	<u>2,452,675</u>	<u>24,030,540</u>	<u>646,845</u>	<u>1,238,483</u>	<u>1,531,299</u>	<u>(581,945)</u>	<u>38,914,404</u>
NET CHANGE IN FUND BALANCE	<u>1,971,846</u>	<u>(419,412)</u>	<u>11,235,212</u>	<u>(3,681,112)</u>	<u>(16,907,107)</u>	<u>(12,016,555)</u>	<u>1,909,954</u>	<u>(17,907,174)</u>
FUND BALANCE - BEGINNING	<u>24,927,638</u>	<u>31,338,627</u>	<u>(14,972,549)</u>	<u>2,389,170</u>	<u>24,751,559</u>	<u>8,692,835</u>	<u>12,292,504</u>	<u>89,419,784</u>
FUND BALANCE - ENDING	<u>\$ 26,899,484</u>	<u>\$ 30,919,215</u>	<u>\$ (3,737,337)</u>	<u>\$ (1,291,942)</u>	<u>\$ 7,844,452</u>	<u>\$ (3,323,720)</u>	<u>\$ 14,202,458</u>	<u>\$ 71,512,610</u>

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

**CITY OF MOORHEAD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

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

Net change in fund balances - total governmental funds (page 18) \$ (17,907,174)

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	\$ 64,862,305	
Transfer of assets to internal service funds	26,375	
The net effect of various miscellaneous transactions involving assets (i.e. sales, trade-ins, and donations) is to increase net position	(4,261,553)	
Depreciation/Amortization expense	<u>(12,481,330)</u>	48,145,797

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,210,010

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	(23,195,000)	
Premium on bonded debt	(742,904)	
Bond & note principal payments	13,138,406	
Lease payments	<u>463,643</u>	(10,335,855)

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	(317,541)	
Other post-employment benefits	(291,337)	
Net pension liability	1,936,127	
Deferred outflows of resources	(4,407,731)	
Deferred inflows of resources	4,233,711	
Accrued interest	<u>(151,344)</u>	1,001,885

Internal service funds are used by management to charge the costs of radio, vehicle and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 1,016,411

Change in net position of governmental activities (page 15) \$ 25,131,074

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 11,777,521	\$ 11,777,521	\$ 11,840,092	\$ 62,571
Franchise	1,015,000	1,015,000	1,112,845	97,845
Licenses and permits	755,162	755,162	856,408	101,246
Intergovernmental:				
Federal	91,650	121,650	108,544	(13,106)
State	12,960,095	12,960,095	12,862,860	(97,235)
County	232,182	232,182	233,121	939
Other	125,650	125,650	6,752	(118,898)
Charges for services	1,239,922	1,239,922	1,437,190	197,268
Fines and forfeits	311,100	311,100	382,093	70,993
Facility rentals	1,600	1,600	1,600	
Investment income	260,000	260,000	680,370	420,370
Miscellaneous	237,776	447,776	609,277	161,501
Total revenues	<u>29,007,658</u>	<u>29,247,658</u>	<u>30,131,152</u>	<u>883,494</u>
EXPENDITURES				
Administration department:				
Current:				
Personnel	5,443,939	5,377,107	5,282,355	94,752
Supplies	79,990	79,990	71,076	8,914
Other services & charges	2,237,377	2,304,209	2,241,405	62,804
	<u>7,761,306</u>	<u>7,761,306</u>	<u>7,594,836</u>	<u>166,470</u>
Police department:				
Current:				
Personnel	10,646,017	10,646,017	9,773,107	872,910
Supplies	388,963	388,963	446,408	(57,445)
Other services & charges	2,833,286	2,833,286	2,900,637	(67,351)
	<u>13,868,266</u>	<u>13,868,266</u>	<u>13,120,152</u>	<u>748,114</u>
Fire department:				
Current:				
Personnel	5,124,047	5,124,047	5,058,663	65,384
Supplies	179,111	179,111	148,819	30,292
Other services & charges	1,517,420	1,554,920	1,614,943	(60,023)
	<u>6,820,578</u>	<u>6,858,078</u>	<u>6,822,425</u>	<u>35,653</u>
Community development department:				
Current:				
Personnel	2,211,967	2,211,967	2,182,387	29,580
Supplies	25,929	30,929	14,326	16,603
Other services & charges	246,252	263,481	272,882	(9,401)
	<u>2,484,148</u>	<u>2,506,377</u>	<u>2,469,595</u>	<u>36,782</u>
Engineering department:				
Current:				
Personnel	2,451,167	2,451,167	2,255,043	196,124
Supplies	29,068	29,068	21,944	7,124
Other services & charges	1,229,565	1,382,553	1,526,421	(143,868)
	<u>3,709,800</u>	<u>3,862,788</u>	<u>3,803,408</u>	<u>59,380</u>
Public works department:				
Current:				
Personnel	1,628,049	1,628,049	1,564,272	63,777
Supplies	822,170	822,170	846,392	(24,222)
Other services & charges	1,435,266	1,498,862	1,385,103	113,759
	<u>3,885,485</u>	<u>3,949,081</u>	<u>3,795,767</u>	<u>153,314</u>
Capital outlay	30,000	89,974	149,630	(59,656)
Total expenditures	<u>38,559,583</u>	<u>38,895,870</u>	<u>37,755,813</u>	<u>1,140,057</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(9,551,925)</u>	<u>(9,648,212)</u>	<u>(7,624,661)</u>	<u>2,023,551</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	9,551,925	9,551,925	9,573,455	21,530
Transfers to other funds		(16,680)	(16,684)	(4)
Leases			16,236	16,236
Proceeds from sale of capital assets		23,500	23,500	
Total other financing sources (uses)	<u>9,551,925</u>	<u>9,558,745</u>	<u>9,596,507</u>	<u>37,762</u>
NET CHANGE IN FUND BALANCE		(89,467)	1,971,846	2,061,313
FUND BALANCE - BEGINNING	<u>24,927,638</u>	<u>24,927,638</u>	<u>24,927,638</u>	
FUND BALANCE - ENDING	<u>\$ 24,927,638</u>	<u>\$ 24,838,171</u>	<u>\$ 26,899,484</u>	<u>\$ 2,061,313</u>

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 9,560,837	\$ 2,816,311	\$ 5,349,347	\$ 3,816,957	\$ 3,547,062	\$ 25,090,514	\$ 6,417,284
Receivables:							
Accounts and notes	5,565,662	1,467,312	1,448,553	451,870	1,877,888	10,811,285	14,132
Leases			31,544		19,173	50,717	
Accrued interest	233,497	62,069				295,566	
Special assessments			57,551			57,551	
Due from other city funds	4,495,262	25,862	782,876	250,613	709,631	6,264,244	10,153
Due from other governmental units	540,250		4,876		514,912	1,060,038	136,364
Inventories	2,534,495	472,299				3,006,794	78,914
Prepaid items	87,857	58,457	12,730			159,044	235,020
Total current assets	23,017,860	4,902,310	7,687,477	4,519,440	6,668,666	46,795,753	6,891,867
Long-term assets:							
Restricted assets:							
Cash and cash equivalents	4,113,367	572,565				4,685,932	
Bond operation and maintenance reserve	4,807,000	1,461,000				6,268,000	
Long-term receivables:							
Special assessments			1,529,427			1,529,427	
Notes receivable	108,047					108,047	
Other long-term investments	24,852,622	7,108,442				31,961,064	
Capital assets:							
Land	1,071,555	979,967	2,664,038		4,621,280	9,336,840	
Intangible plant	1,288,813					1,288,813	
Buildings	116,846,494	114,674,998	37,771,685	836,537	4,440,056	274,569,770	
Improvements other than buildings	4,908,425		50,997,597	3,497,865	13,489,432	72,893,319	
Machinery and equipment	11,744,152	3,857,796	2,480,580	303,565	658,173	19,044,266	35,979,024
Infrastructure			38,520,527	56,989,142		95,509,669	
Construction in progress	1,368,683	666,290	3,383,941	680,856	97,466	6,197,236	222,214
Less accumulated depreciation	(53,926,466)	(41,639,778)	(60,270,539)	(25,554,569)	(12,390,440)	(193,781,792)	(21,591,391)
Right to use lease assets					10,020	10,020	716,472
Less accumulated amortization					(1,909)	(1,909)	(330,165)
Subscription assets							49,982
Less accumulated amortization							(24,991)
Total long-term assets	117,182,692	87,681,280	77,077,256	36,753,396	10,924,078	329,618,702	15,021,145
Total assets	140,200,552	92,583,590	84,764,733	41,272,836	17,592,744	376,414,455	21,913,012
DEFERRED OUTFLOWS OF RESOURCES							
Pension plans	526,219	350,813	68,069	14,606	161,379	1,121,086	13,047
Other post-employment benefits	4,666	3,111	15,682	3,989	21,747	49,195	2,841
Total deferred outflows of resources	530,885	353,924	83,751	18,595	183,126	1,170,281	15,888

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2025**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Storm Water	Other Enterprise Funds		
LIABILITIES							
Current liabilities:							
Accounts payable	3,584,868	554,999	533,872	126,407	204,369	5,004,515	202,343
Accrued wages payable			101,731	17,688	157,991	277,410	24,532
Contracts Payable - Retainage			68,134	19,936		88,070	
Accrued compensated absences	834,144	556,096	280,581	17,830	272,724	1,961,375	39,387
Due to other city funds	1,798,028	4,388,557	53,576	7,826	123,812	6,371,799	475,424
Due to other governmental units			730		106,345	107,075	4,094
Customer deposits	112,400					112,400	
Other liabilities					11,626	11,626	
Accrued interest payable	230,764	90,461	138,983		151	460,359	12,513
Leases					393	393	144,693
Subscriptions							24,582
Other post-employment benefits			3,976	1,011	5,514	10,501	720
Unearned revenue			16,230		91,781	108,011	
Current maturities of long-term debt	2,107,550	1,234,450	2,692,766			6,034,766	
Total current liabilities	8,667,754	6,824,563	3,890,579	190,698	974,706	20,548,300	928,288
Long-term liabilities:							
Accrued compensated absences			21,119	1,342	20,528	42,989	1,641
Leases					8,165	8,165	255,440
Other post-employment benefits	115,549	77,032	55,815	14,197	77,401	339,994	10,113
Net pension liability	1,498,739	999,159	272,456	58,465	645,949	3,474,768	52,220
Notes payable		6,511,000	13,486,000			19,997,000	
Bonds payable	34,257,940	14,839,549	7,881,626			56,979,115	
Total long-term liabilities	35,872,228	22,426,740	21,717,016	74,004	752,043	80,842,031	319,414
Total liabilities	44,539,982	29,251,303	25,607,595	264,702	1,726,749	101,390,331	1,247,702
DEFERRED INFLOWS OF RESOURCES							
Pension plans	941,217	627,478	171,599	36,822	406,831	2,183,947	32,889
Other post-employment benefits	85,396	56,931	14,755	3,753	20,462	181,297	2,673
Other deferred credits	889,256					889,256	
Total deferred inflows of resources	1,915,869	684,409	186,354	40,575	427,293	3,254,500	35,562
NET POSITION							
Net investment in capital assets	46,936,165	55,954,273	51,419,303	36,733,460	10,915,520	201,958,721	14,583,917
Restricted							
Debt service	4,113,367	572,565				4,685,932	
Capital projects			1,586,978			1,586,978	
Unrestricted	43,226,054	6,474,964	6,048,254	4,252,694	4,706,308	64,708,274	6,061,719
Total net position	\$ 94,275,586	\$ 63,001,802	\$ 59,054,535	\$ 40,986,154	\$ 15,621,828	272,939,905	\$ 20,645,636
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						917,539	
Net position of business-type activities						\$ 273,857,444	

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
OPERATING REVENUES							
Charges for services	\$ 42,366,116	\$ 12,321,104	\$ 9,489,787	\$ 3,024,310	\$ 10,676,318	\$ 77,877,635	\$ 6,934,378
Other	3,537,940	25,483			46,191	3,609,614	
Total operating revenues	45,904,056	12,346,587	9,489,787	3,024,310	10,722,509	81,487,249	6,934,378
OPERATING EXPENSES							
Personnel	5,327,552	3,887,012	2,012,574	372,625	4,242,107	15,841,870	373,302
Purchased power	18,965,666					18,965,666	
Disposal fee					1,873,603	1,873,603	
Professional services	416,694	157,824	234,342	257,277	307,558	1,373,695	
Insurance	276,366	74,810	219,485	30,238	79,823	680,722	3,912
Repair and maintenance	1,738,089	1,562,398	657,281	335,361	764,532	5,057,661	947,126
Supplies	93,077	2,501,751	627,395	15,130	904,973	4,142,326	1,987,623
Utilities			713,393	77,836	808,506	1,599,735	13,453
Equipment rental			244,727	38,668	1,107,695	1,391,090	324
Depreciation	4,235,787	2,574,203	2,384,366	1,379,995	651,590	11,225,941	2,607,264
Amortization					477	477	207,434
Miscellaneous	2,625,996	74,147	538,832	370,617	655,096	4,264,688	157,779
Total operating expenses	33,679,227	10,832,145	7,632,395	2,877,747	11,395,960	66,417,474	6,298,217
Operating income (loss)	12,224,829	1,514,442	1,857,392	146,563	(673,451)	15,069,775	636,161
NONOPERATING INCOME (EXPENSE)							
Investment income	2,407,088	591,971	258,631	118,203	123,778	3,499,671	224,828
Interest on indebtedness	(1,483,072)	(578,068)	(517,707)		(262)	(2,579,109)	(30,183)
Fiscal and other charges			(9,600)			(9,600)	
Gain (loss) on disposal of assets	(109,555)					(109,555)	293,810
Intergovernmental					444,560	444,560	88,161
Miscellaneous	718,118	362,269	104,960	66,488	109,230	1,361,065	343,863
Total nonoperating income (expense)	1,532,579	376,172	(163,716)	184,691	677,306	2,607,032	920,479
Income (loss) before contributions and transfers	13,757,408	1,890,614	1,693,676	331,254	3,855	17,676,807	1,556,640
Capital contributions	185,756	1,178,215	739,864	1,289,069	381,595	3,774,499	81,549
Transfers from other funds					474,025	474,025	26,375
Transfers to other funds	(9,718,055)	(741,187)	(677,177)	(1,737,795)	(1,135,302)	(14,009,516)	
Total contributions and transfers	(9,532,299)	437,028	62,687	(448,726)	(279,682)	(9,760,992)	107,924
CHANGE IN NET POSITION	4,225,109	2,327,642	1,756,363	(117,472)	(275,827)	7,915,815	1,664,564
TOTAL NET POSITION - BEGINNING	90,050,477	60,674,160	57,298,172	41,103,626	15,897,655		18,981,072
TOTAL NET POSITION - ENDING	\$ 94,275,586	\$ 63,001,802	\$ 59,054,535	\$ 40,986,154	\$ 15,621,828		\$ 20,645,636
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						621,778	
Change in net position of business-type activities						\$ 8,537,593	

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

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 42,436,554	\$ 11,926,784	\$ 9,581,210	\$ 3,009,350	\$ 10,594,145	\$ 77,548,043	\$ 6,779,784
Payments to suppliers	(23,128,607)	(4,025,581)	(2,434,581)	(647,830)	(3,920,436)	(34,157,035)	(3,159,400)
Payments to employees	(5,560,917)	(3,844,594)	(2,009,402)	(379,784)	(4,403,072)	(16,197,769)	(369,672)
Other receipts (payments)	1,343,456	407,710	(501,397)	(304,129)	(2,266,493)	(1,320,853)	186,084
Net cash provided by (used in) operating activities	<u>15,090,486</u>	<u>4,464,319</u>	<u>4,635,830</u>	<u>1,677,607</u>	<u>4,144</u>	<u>25,872,386</u>	<u>3,436,796</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental					444,560	444,560	88,161
Transfers from other funds					474,025	474,025	26,375
Transfers to other funds	(9,718,055)	(741,187)	(677,177)	(1,737,795)	(1,135,302)	(14,009,516)	
Net cash provided by (used in) noncapital financing activities	<u>(9,718,055)</u>	<u>(741,187)</u>	<u>(677,177)</u>	<u>(1,737,795)</u>	<u>(216,717)</u>	<u>(13,090,931)</u>	<u>114,536</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets							293,810
Purchase of assets	(6,862,064)	(3,871,862)	(2,597,289)	(412,300)	(140,387)	(13,883,902)	(5,722,201)
Proceeds from issuance of long-term debt	-		4,888,045			4,888,045	
Principal payments - bonds and notes	(2,016,200)	(1,167,800)	(7,767,000)			(10,951,000)	
Interest payments - bonds and notes	(1,753,899)	(476,621)	(545,622)			(2,776,142)	
Cash paid for lease liabilities - principal					(382)	(382)	(139,163)
Cash paid for lease liabilities - interest					(268)	(268)	(21,438)
Cash received on lease receivables			30,926		18,797	49,723	
Cash received for interest on lease receivables			1,249		759	2,008	
Cash paid for subscription liabilities - principal							(66,746)
Cash paid for subscription liabilities - interest							(5,554)
Capital grants from other governments					98,458	98,458	
Special assessment collections			410,262			410,262	
Net cash provided by (used in) capital and related financing activities	<u>(10,632,163)</u>	<u>(5,516,283)</u>	<u>(5,579,429)</u>	<u>(412,300)</u>	<u>(23,023)</u>	<u>(22,163,198)</u>	<u>(5,661,292)</u>
CASH FLOWS FROM INVESTING ACTIVITY							
Interest received and market adjustments	2,407,088	589,390	257,382	118,203	123,019	3,495,082	224,828
Proceeds from sale of investments	4,794,607	808,819				5,603,426	
Net cash provided by (used in) investing activities	<u>7,201,695</u>	<u>1,398,209</u>	<u>257,382</u>	<u>118,203</u>	<u>123,019</u>	<u>9,098,508</u>	<u>224,828</u>
Net increase (decrease) in cash and cash equivalents	1,941,963	(394,942)	(1,363,394)	(354,285)	(112,577)	(283,235)	(1,885,132)
Current and restricted cash equivalents at beginning of year	11,732,241	3,783,818	6,712,741	4,171,242	3,659,639	30,059,681	8,302,416
Current and restricted cash equivalents at end of year	<u>\$ 13,674,204</u>	<u>\$ 3,388,876</u>	<u>\$ 5,349,347</u>	<u>\$ 3,816,957</u>	<u>\$ 3,547,062</u>	<u>\$ 29,776,446</u>	<u>\$ 6,417,284</u>

(Continued)

**CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 12,224,829	\$ 1,514,442	\$ 1,857,392	\$ 146,563	\$ (673,451)	\$ 15,069,775	\$ 636,161
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation/Amortization	4,235,787	2,574,203	2,384,366	1,379,995	652,067	11,226,418	2,814,698
Change in other deferred credits	(172,114)					(172,114)	
Customer contributions to capital assets	185,756	158,100				343,856	
Other miscellaneous nonoperating income (expense)	594,921	204,169	42,490	66,488	71,265	979,333	343,863
Change in assets and liabilities:							
Accounts and notes receivable	70,438	(156,051)	(11,574)	(9,282)	(76,024)	(182,493)	(13,746)
Due from other funds	(1,430,404)	(16,151)	93,057	(5,678)	36,919	(1,322,257)	26,681
Due from other governments	(182,451)	94,105	2,583		30,632	(55,131)	(111,653)
Special assessment receivable			22,670			22,670	
Inventories	(316,424)	(45,921)				(362,345)	(43,853)
Prepaid items	(34,917)	(24,125)	(12,730)		455	(71,317)	(55,876)
Deferred outflows of resources	(87,542)	(58,361)	(13,635)	(3,292)	(19,359)	(182,189)	(2,421)
Accounts payable	518,647	(70,356)	261,312	108,237	(53,965)	763,875	6,683
Accrued wages payable			21,593	2,550	9,243	33,386	9,346
Compensated absences payable	63,626	42,418	39,301	2,205	5,197	152,747	6,149
Other post employment benefits	(24,848)	(16,566)	1,406	612	9,578	(29,818)	331
Net pension liability	(79,983)	(53,322)	(19,196)	(3,762)	(83,809)	(240,072)	(4,350)
Due to other funds	(375,617)	387,479	(7,668)	(1,557)	70,506	73,143	(173,886)
Due to other governments			730		106,345	107,075	4,094
Deferred inflows of resources	(104,618)	(69,744)	(26,297)	(5,472)	(81,815)	(287,946)	(5,425)
Other current liabilities	5,400				3,478	8,878	
Unearned revenue			30		(3,118)	(3,088)	
Net cash provided by (used in) operating activities	<u>\$ 15,090,486</u>	<u>\$ 4,464,319</u>	<u>\$ 4,635,830</u>	<u>\$ 1,677,607</u>	<u>\$ 4,144</u>	<u>\$ 25,872,386</u>	<u>\$ 3,436,796</u>
Noncash capital financing activities:							
Contributions of capital assets from government / customers		<u>\$ 1,020,115</u>	<u>\$ 649,700</u>	<u>\$ 1,289,069</u>	<u>\$ 283,137</u>	<u>\$ 3,242,021</u>	<u>\$ 81,549</u>
Lease receivable for leased property			<u>\$ 62,470</u>		<u>\$ 37,969</u>	<u>\$ 100,439</u>	
Subscription liability for the acquisition of a right to use asset							<u>\$ 49,982</u>

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

**CITY OF MOORHEAD, MINNESOTA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2025**

	Police Custodial Fund
Assets	
Cash and investments	\$ 73,686
Net Position	
Restricted	
Police Custodial Fund	\$ 73,686

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, 2025**

		Police Custodial Fund
Additions		
Police funds received into custody	\$	14,721
Deductions		
Police funds released from custody		76,655
Change in Net Position		(61,934)
Net Position - Beginning		135,620
Net Position - Ending	\$	73,686

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

CITY OF MOORHEAD
Notes to the Financial Statements
December 31, 2025

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, 2025, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*. This statement requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. Implementing this standard did not have an effect on beginning net position.

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, 2025 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, 2025. Separate audited financial statements for the year ended June 30, 2025 are available from the agency. These financial statements may be obtained by contacting the Agency at 800 2nd 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.

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.

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 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.

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, 2025.

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.

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	20 – 50
Improvements other than buildings	10 – 20
Infrastructure	20 – 50
Vehicles	2 – 30
Equipment	3 – 20
Office Equipment	5 – 15
Computer Equipment	3 – 5

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.

12. 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.

13. 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.

14. 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.

15 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	\$ 529,446,076	\$ 285,058,121
Right to use leased assets net of accumulated amortization	3,945,319	8,111
Right to use subscribed assets net of accumulated amortization	24,991	
Outstanding principal of capital related debt		
Special assessment bonds	(153,090,000)	
Revenue bonds		(57,025,000)
Sales tax bonds	(26,085,000)	
Note payable	(667,361)	(22,481,000)
Temporary tax increment bonds	(28,015,000)	
Leases payable	(4,438,410)	(8,558)
Subscriptions payable	(24,582)	
Unspent bond proceeds	7,422,233	
Capital related liabilities (retainage payable)		
Capital infrastructure	(4,320,474)	(88,070)
Unamortized balance of original issue premiums on outstanding capital refunding debt	(13,259,673)	(3,531,433)
Unamortized balance of original issue discounts on outstanding capital refunding debt		26,550
Capital related deferred outflows of resources		
Deferred charge on refunding	410,812	
Total net investment in capital assets	<u>\$ 311,348,931</u>	<u>\$ 201,958,721</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 28th 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 \$90,972,330 difference are as follows:

Special assessments receivable	\$	70,644,632
Property taxes		357,060
Escrowed special assessments		29,872
Notes receivable		4,752,577
Leases receivable		1,580,179
Grants and prepayments		13,608,010
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities		<u>\$ 90,972,330</u>

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 \$246,252,212 difference are as follows:

Bonds payable	\$	221,404,673
Notes payable		667,361
Leases payable		4,438,410
Subscriptions payable		24,582
Accrued interest payable		3,159,582
Compensated absences payable		3,190,716
Other post-employment benefits		1,925,380
Net pension liability		11,441,508
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities		<u>\$ 246,252,212</u>

Another element of that reconciliation explains that “internal service funds are used by management to charge costs of vehicle and equipment replacement, information technology services, 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 \$5,267,935 difference are as follows:

Internal service fund net position	\$	20,645,636
Net capital assets included in governmental activities		(14,609,847)
Net right to use leased assets in governmental activities		(386,307)
Net subscription assets in governmental activities		(24,991)
Deferred outflows included in governmental activities		(15,888)
Accrued interest payable included in governmental activities		12,513
Accrued compensated absences payable included in governmental activities		41,028
Leases		400,133
Subscriptions		24,582
Other post-employment benefits included in governmental activities		10,833
Net pension liability included in governmental activities		52,220
Deferred inflows included in governmental activities		35,562
Internal service fund activity reflected in business-type activities		<u>(917,539)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities		<u>\$ 5,267,935</u>

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 \$48,589,101 difference are as follows:

Capital Outlay	\$	64,862,305
Plus: prior year construction in progress added as assets in current year		15,176,810
Plus: capital assets added by internal service funds		5,900,040
Plus: right to use and subscription assets		302,413
Less: capital assets contributed to enterprise funds		<u>(4,261,553)</u>
Capital asset increases per footnote 4.D	\$	81,980,015
Less: prior year construction in progress added as assets in current year		(15,176,810)
Less: capital assets added by internal service funds		(5,900,040)
Less: right to use and subscription assets		(302,413)
Plus: transfer of assets to internal service funds		26,375
Depreciation expense		<u>(12,481,330)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u><u>48,145,797</u></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 \$917,539 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	\$	295,761
Internal receivable representing charges in excess of cost to business-type activities - current year		<u>621,778</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	\$	<u><u>917,539</u></u>

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit fund equity

The Special Assessment Capital Projects Fund has a deficit of \$3,737,337 as of December 31, 2025. This deficit is expected to be recovered through a combination of Municipal State Aid funds, other state grant funding, and the City's annual infrastructure bond sale.

The Permanent Improvement Fund has a deficit of \$1,291,942 as of December 31, 2025. This deficit is expected to be recovered through a combination of federal aid, Municipal State Aid funds, and other state grant funding.

The Capital Improvements Fund has a deficit of \$3,323,720 as of December 31, 2025. This deficit is expected to be recovered through a combination of federal grants and a City bond sale.

The Tax Increment Debt Service Fund has a deficit fund balance of \$52,155 at December 31, 2025 which will be recovered by future tax increment collections.

The Maintenance Shop Internal Service Fund has a deficit fund balance of \$663,935 at December 31, 2025 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 \$13,182,845 and \$13,188,380, respectively. At December 31, 2025, 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, 2025, the City had an investment in the 4M Fund in the amount of \$7,819,363.

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, 2025, 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, 2025, the City had the following investments:

Investments Measured at Fair Value	Fair Value
Federal Farm Credit Bank	\$ 9,583,449
Federal Home Loan Bank	12,242,262
Federal Home Loan Mortgage Corporation	954,985
Federal National Mortgage Association	278,235
Government National Mortgage Association	3,900
US Treasury Obligations with maturities at time of purchase greater than one year	17,400,402
Municipal Bonds	2,561,453
Total Investments Measured at Fair Value	<u>43,024,686</u>
Investments Measured at Net Asset Value	Amortized Cost
Money Markets	93,225,463
Minnesota Municipal Money Market (4M Fund)	7,819,363
Total Investments Measured at Net Asset Value	<u>101,044,826</u>
Total Investments	<u>\$ 144,069,512</u>

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	
Federal Farm Credit Bank	\$ 9,583,449	\$ 1,483,197	\$ 6,453,453	\$ 1,646,799	\$ -	AA
Federal Home Loan Bank	12,242,262	3,939,624	5,053,814	3,248,824	-	AA
Federal Home Loan Mortgage Corporation	954,985	-	954,985	-	-	AA
Federal National Mortgage Association	278,235	-	1,094	252,491	24,650	AA
Government National Mortgage Association	3,900	-	3,900	-	-	AA
US Treasury Obligations	17,400,402	4,205,434	13,194,968	-	-	AA
Municipal Bonds	2,561,453	503,282	1,915,640	142,531	-	See Below
Money Markets	93,225,463	93,225,463	-	-	-	Not Rated
Minnesota Municipal Money Market (4M Fund)	7,819,363	7,819,363	-	-	-	Not Rated
	<u>\$ 144,069,512</u>	<u>\$ 111,176,363</u>	<u>\$ 27,577,854</u>	<u>\$ 5,290,645</u>	<u>\$ 24,650</u>	

The following table summarizes the ratings for the City's municipal bond investments as rated by Moody's as of December 31, 2025.

Credit Rating	Fair Value
Aaa	\$ 956,933
Aa1	626,301
Aa2	380,297
Aa3	597,922
	<u>\$ 2,561,453</u>

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, 2025:

Investment Type	Level 1	Level 2	Level 3	Total
Federal Farm Credit Bank	\$ -	\$ 9,583,449	\$ -	\$ 9,583,449
Federal Home Loan Bank	-	12,242,262	-	12,242,262
Federal Home Loan Mortgage Corporation	-	954,985	-	954,985
Federal National Mortgage Association	-	278,235	-	278,235
Government National Mortgage Association	-	3,900	-	3,900
US Treasury Obligations	17,400,402	-	-	17,400,402
Municipal Bonds	-	2,561,453	-	2,561,453
	<u>\$ 17,400,402</u>	<u>\$ 25,624,284</u>	<u>\$ -</u>	<u>43,024,686</u>
Investments Measured at Net Asset Value				<u>101,044,826</u>
				<u>\$ 144,069,512</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	\$ 112,878,375
Restricted Cash and Investments - Statement of Net Position	6,076,767
Bond Operation and Maintenance Reserve - Statement of Net Position	6,268,000
Other Long-Term Investments - Statement of Net Position	31,961,064
Cash and Investments - Statement of Fiduciary Net Position	73,686
	<u>\$ 157,257,892</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, Library Community Center, Capital Improvements, and the nonmajor governmental funds in the aggregate:

Receivables	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Library Community Center	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Accounts	\$ 321,475	\$ 13,596	\$ -	\$ -	\$ 70,000	\$ -	\$ 52,666	\$ 457,737
Notes	71,400	419,566	-	-	-	149,535	4,224,235	4,864,736
Leases	109,819	1,349,423	-	-	-	-	120,937	1,580,179
Property taxes	203,099	74,499	-	-	-	-	79,462	357,060
Special Assessments	-	70,644,632	-	-	-	-	-	70,644,632
Due from other Governmental units	364,153	223,158	3,349,884	10,252,667	-	1,196,954	1,071,965	16,458,781
Total Receivables	<u>\$ 1,069,946</u>	<u>\$ 72,724,874</u>	<u>\$ 3,349,884</u>	<u>\$ 10,252,667</u>	<u>\$ 70,000</u>	<u>\$ 1,346,489</u>	<u>\$ 5,549,265</u>	<u>\$ 94,363,125</u>

D. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized				
Land	\$ 100,086,689	\$ 1,380,281	\$ -	\$ 101,466,970
Construction in progress	32,265,227	63,227,377	(15,176,809)	80,315,795
Total capital assets, not being depreciated/amortized	<u>132,351,916</u>	<u>64,607,658</u>	<u>(15,176,809)</u>	<u>181,782,765</u>
Capital assets, being depreciated/amortized:				
Buildings	30,235,551	181,408	-	30,416,959
Improvements other than buildings	81,170,827	1,543,075	-	82,713,902
Machinery and equipment	47,516,198	6,105,223	(2,579,046)	51,042,375
Lease buildings	4,953,186	-	-	4,953,186
Lease machinery and equipment	471,871	252,431	-	724,302
Subscription machinery and equipment	119,329	49,982	(119,329)	49,982
Infrastructure	382,414,279	9,240,238	-	391,654,517
Total capital assets being depreciated/amortized	<u>546,881,241</u>	<u>17,372,357</u>	<u>(2,698,375)</u>	<u>561,555,223</u>
Less accumulated depreciation/amortization for:				
Buildings	(18,734,597)	(858,927)	-	(19,593,524)
Improvements other than buildings	(27,811,130)	(2,644,158)	-	(30,455,288)
Machinery and equipment	(30,601,864)	(3,600,809)	2,482,756	(31,719,917)
Lease buildings	(957,831)	(437,907)	-	(1,395,738)
Lease machinery and equipment	(192,197)	(144,234)	-	(336,431)
Subscription machinery and equipment	(79,553)	(64,767)	119,329	(24,991)
Infrastructure	(117,630,568)	(8,765,145)	-	(126,395,713)
Total accumulated depreciation/amortization	<u>(196,007,740)</u>	<u>(16,515,947)</u>	<u>2,602,085</u>	<u>(209,921,602)</u>
Total capital assets, being depreciated/amortized, net	<u>350,873,501</u>	<u>856,410</u>	<u>(96,290)</u>	<u>351,633,621</u>
Governmental activities capital assets, net	<u>\$ 483,225,417</u>	<u>\$ 65,464,068</u>	<u>\$ (15,273,099)</u>	<u>\$ 533,416,386</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized				
Land	\$ 9,336,840	\$ -	\$ -	\$ 9,336,840
Construction in progress	2,800,173	15,106,266	(11,709,203)	6,197,236
Total capital assets, not being depreciated/amortized	<u>12,137,013</u>	<u>15,106,266</u>	<u>(11,709,203)</u>	<u>15,534,076</u>
Capital assets, being depreciated/amortized:				
Intangible plant	1,288,813	-	-	1,288,813
Buildings	266,543,874	9,412,016	(1,386,120)	274,569,770
Improvements other than buildings	71,644,563	1,248,756	-	72,893,319
Machinery and equipment	17,966,263	1,388,490	(310,487)	19,044,266
Lease land	10,020	-	-	10,020
Infrastructure	93,570,897	1,938,772	-	95,509,669
Total capital assets being depreciated/amortized	<u>451,024,430</u>	<u>13,988,034</u>	<u>(1,696,607)</u>	<u>463,315,857</u>
Less accumulated depreciation/amortization for:				
Intangible plant	(1,029,184)	(103,344)	-	(1,132,528)
Buildings	(108,888,261)	(6,276,667)	1,233,056	(113,931,872)
Improvements other than buildings	(26,481,230)	(1,746,210)	-	(28,227,440)
Machinery and equipment	(10,756,753)	(1,074,323)	252,888	(11,578,188)
Lease land	(1,431)	(478)	-	(1,909)
Infrastructure	(36,886,368)	(2,025,396)	-	(38,911,764)
Total accumulated depreciation/amortization	<u>(184,043,227)</u>	<u>(11,226,418)</u>	<u>1,485,944</u>	<u>(193,783,701)</u>
Total capital assets, being depreciated, net	<u>266,981,203</u>	<u>2,761,616</u>	<u>(210,663)</u>	<u>269,532,156</u>
Business-type activities capital assets, net	<u>\$ 279,118,216</u>	<u>\$ 17,867,882</u>	<u>\$ (11,919,866)</u>	<u>\$ 285,066,232</u>

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

Governmental activities:	
General Government	\$ 2,027,589
Public Safety	384,536
Highways & Streets, including depreciation of general infrastructure assets	8,917,759
Parks & Recreation	1,394,120
Economic Development	255,805
Mass Transit	721,440
Subtotal	<u>13,701,249</u>
Internal Service	<u>2,814,698</u>
Total depreciation / amortization expense - governmental activities	<u>\$ 16,515,947</u>
Business-type activities:	
Electric	\$ 4,235,787
Water	2,574,203
Wastewater	2,384,366
Storm Water	1,379,995
Sanitation	10,984
Golf Course	138,812
Forestry	18,341
Airport	483,930
Total depreciation / amortization expense - business-type activities	<u>\$ 11,226,418</u>

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

As noted in Note 1.G.7 above, the City has reported outflows and deferred inflows of resources at December 31, 2025.

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 \$11,381,179 and \$554,202 respectively. A deferred outflow of resources is also recognized for the deferred charge on the advance refunding of various general obligation improvement bonds totaling \$410,812. 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 \$17,820,169 and \$656,453 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 City reports deferred inflows related to leases of \$1,580,179. 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. The City also reports a deferred inflow for other deferred credits of \$889,256. These credits result from an agreement relating to electric 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.

Governmental funds also report unearned revenue in connection with resources that have been received, but not year earned. At December 31, 2025 the City reported unearned revenue in the amount of \$751,773 representing early collections on various loans and receivables.

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, 2025.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Letter of credit	\$ 29,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,872
Leases	109,819	1,349,423	-	-	-	120,937	1,580,179
Property taxes	203,099	74,499	-	-	-	79,462	357,060
Special assessments	-	70,644,632	-	-	-	-	70,644,632
MPS note	-	18,684	-	-	-	-	18,684
County road turnback	-	112,159	-	-	-	-	112,159
State Aid Construction	-	-	2,500,309	9,768,197	-	-	12,268,506
MYHA note	-	287,835	-	-	149,535	-	437,370
DEED Grants	-	-	-	-	684,198	-	684,198
Bulletproof vest grant	36,649	-	-	-	-	-	36,649
Playground note	71,400	-	-	-	-	-	71,400
Romkey Park grant	-	-	-	-	506,498	-	506,498
CDBG rehabilitation loans	-	888	-	-	-	4,124,235	4,125,123
First and new program	-	-	-	-	-	100,000	100,000
	<u>\$ 450,839</u>	<u>\$ 72,488,120</u>	<u>\$ 2,500,309</u>	<u>\$ 9,768,197</u>	<u>\$ 1,340,231</u>	<u>\$ 4,424,634</u>	<u>\$ 90,972,330</u>

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

For the year ended December 31, 2025 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)	\$ 1,418,096	\$ 5,676,173	\$ 3,574,972	\$ (140,158)
PERA - Police and Fire Fund (City)	9,086,051	6,742,205	12,676,502	1,248,624
PERA - General Employees Fund (Public Service Utility)	877,032	2,497,898	1,568,695	9,243
Total all plans	<u>\$ 11,381,179</u>	<u>\$ 14,916,276</u>	<u>\$ 17,820,169</u>	<u>\$ 1,117,709</u>

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). These plan provisions are established and administered according to Minnesota Statutes 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

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. When a member is "vested" they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with a least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increase are provided to benefit recipients each January. The post retirement increase is equal to 50 percent of the cost-of-living (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2025 annual increase was 1.25 percent. Recipients that have been receiving the annuity or benefit for at least a full year 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 one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The post retirement 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 prorated increase.

c. Contributions

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the City of Moorhead was required to contribute 7.50 percent for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025 were \$1,214,009. Contributions made by Moorhead Public Service to the General Employees Fund for the year ended December 31, 2025 were \$529,275. 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 2025 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, 2025 were \$1,629,802. 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, 2025, the City reported a liability of \$5,676,173 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 \$136,927. The net pension liability was measured as of June 30, 2025 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was .1713 percent at the end of the measurement period and .1700 percent for the beginning of the period.

City of Moorhead's proportionate share of the net pension liability	\$	5,676,173
State of Minnesota's proportionate share of the net pension liability associated with the City of Moorhead		<u>136,927</u>
Total	<u>\$</u>	<u>5,813,100</u>

For the year ended December 31, 2025, the City recognized pension income of \$140,158 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$21,003 as pension income (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, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 540,815	\$ -
Changes in actuarial assumptions	136,763	1,306,068
Net collective difference between projected and actual investment earnings	-	2,258,604
Changes in proportion	128,639	10,300
Contributions paid to PERA subsequent to the measurement date	<u>611,879</u>	<u>-</u>
Total	<u>\$ 1,418,096</u>	<u>\$ 3,574,972</u>

The \$611,879 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, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2026	\$ (592,059)
2027	(1,013,161)
2028	(760,068)
2029	(403,467)

Public Service Utility:

At December 31, 2025, MPS reported a liability of \$2,497,898 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 \$60,257. The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. MPS' proportion share was 0.0754 percent at the end of the measurement period and .0712 percent for the beginning of the period.

MPS' proportionate share of the net pension liability	\$	2,497,898
State of Minnesota's proportionate share of the net pension liability		
Associated with MPS		60,257
Total	\$	<u>2,558,155</u>

For the year ended December 31, 2025, MPS recognized pension expense of \$9,243 for its proportionate share of the GERF's pension expense. In addition, MPS recognized an additional \$41,589 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, 2025, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 237,995	\$ -
Changes in actuarial assumptions	-	993,937
Net collective difference between projected and actual investment earnings	60,185	574,758
Changes in proportion	305,017	-
Contributions paid to PERA subsequent to the measurement date	273,835	-
Total	<u>\$ 877,032</u>	<u>\$ 1,568,695</u>

The \$273,835 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2026	\$ (138,776)
2027	(367,627)
2028	(281,541)
2029	(177,554)

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$6,742,205 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .5754 percent at the end of the measurement period and .6218 percent for the beginning of the period.

City of Moorhead's proportionate share of the net pension liability	\$	6,742,205
State of Minnesota's proportionate share of the net pension liability		
Associated with the City of Moorhead		233,718
Total	\$	<u>6,975,923</u>

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, the state will pay \$26.7 million annually, by October 1, to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 in supplemental state aid will continue until the fund and State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$233,718

For the year ended December 31, 2025 the City recognized \$1,248,624 for its proportionate share of the Police and Fire Plan's pension expense. The City did not recognize any additional expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

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 because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$51,789 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions.

At December 31, 2025, the City reported 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	\$ 3,115,113	\$ -
Changes in actuarial assumptions	5,112,751	8,447,702
Net collective difference between projected and actual investment earnings	-	3,009,140
Changes in proportion	-	1,219,660
Contributions paid to PERA subsequent to the measurement date	858,187	-
Total	<u>\$ 9,086,051</u>	<u>\$ 12,676,502</u>

The \$858,187 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, 2026. 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
2026	\$ 1,254,442
2027	(1,786,328)
2028	(3,564,784)
2029	(395,551)
2030	43,583

The total pension expense for the year ended December 31, 2025 for all plans recognized by the City was \$1,117,709.

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	<u>100%</u>	

f. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by actuarial valuation as of June 30, 2025 using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and the Police and Fire Plan.

Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in the annual increments from 11.50 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 10.75 percent after one year of service to 3.0 percent after 23 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 General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was last reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.50%
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions.

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted termination, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by on year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increased will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Join and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

g. Discount Rate

The discount rate used to measure the total pension liability in 2025 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 (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees			
Fund net pension liability:	\$ 13,786,538	\$ 5,676,173	\$(903,155)
City's proportionate share of the Police and Fire			
Fund net pension liability:	17,666,007	6,742,205	(2,227,960)

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 (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
MPS' proportionate share of the General Employees			
Fund net pension liability:	\$ 6,067,001	\$ 2,497,898	\$(397,449)

i. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net 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.

2. Defined Contribution Plan

Seven 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, Chapters 353D and 356, 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 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 4,329	\$ 4,329	5.0%	5.0%	5.0%

G. Other postemployment benefit (OPEB) obligations

For the year ended December 31, 2025 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)	\$ 546,425	\$ 2,083,294	\$ 514,126	\$ 133,722
OPEB - General Employees Fund (Public Service Utility)	7,777	192,581	142,327	14,289
Total all plans	<u>\$ 554,202</u>	<u>\$ 2,275,875</u>	<u>\$ 656,453</u>	<u>\$ 148,011</u>

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 \$766 for single and \$1,643 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 \$139,346. 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, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>263</u>
Total	<u><u>285</u></u>

5. Total OPEB Liability

The City's total OPEB liability of \$2,083,294 was measured as of January 1, 2025 and was determined by an actuarial valuation as of that date.

6. Actuarial Assumptions

The total OPEB liability in the January 1, 2025 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	4.20 percent
Healthcare Cost Trend Rates	6.25 percent in 2025 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, 2025, valuation were based on the results of an actuarial experience study as of January 1, 2024.

7. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2025	\$ 1,780,030
Changes from the prior year:	
Service cost	124,147
Interest cost	68,178
Differences between expected and actual experience	315,147
Assumption changes	(80,044)
Benefit payments	<u>(124,164)</u>
Total Changes	<u>303,264</u>
Balance at December 31, 2025	<u><u>\$ 2,083,294</u></u>

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	3.20%	4.20%	5.20%
Total OPEB Liability	\$ 2,246,704	\$ 2,083,294	\$ 1,933,005

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	\$ 1,870,219	\$ 2,083,294	\$ 2,333,961
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, 2025, the City recognized OPEB expense of \$133,722. At December 31, 2025, the City reported \$546,425 in deferred outflows of resources related to OPEB and \$514,126 in deferred inflows of resources related to OPEB.

	Deferred Outflows of Resource	Deferred Inflows of Resources
Liability Losses	\$ 275,753	\$ -
Liability Gains	-	287,824
Assumption Changes	131,326	226,302
Investment Gains	-	-
Investment Losses	-	-
Subsequent Employer Contributions	139,346	-
Total	<u>\$ 546,425</u>	<u>\$ 514,126</u>

City contributions subsequent to the measurement date of \$139,346 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense

Year ended December 31:	OPEB Expense Amount
2026	\$ (58,603)
2027	(58,602)
2028	(50,544)
2029	(11,028)
2030	7,158
Thereafter	64,572

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 \$836 for single and \$1,576 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 \$11,946. Total OPEB liability will be paid by the general fund.

4. Employees Covered by Benefit Terms

At the valuation date of January 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>54</u>
Total	<u><u>54</u></u>

5. Total OPEB Liability

Moorhead Public Service’s total OPEB liability of \$192,581 was measured as of January 1, 2025 and was determined by an actuarial valuation as of January 1, 2025.

6. Actuarial Assumptions

The total OPEB liability in the January 1, 2025 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	4.20 percent
Healthcare Cost Trend Rates	6.25 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, 2025, valuation were based on the results of an actuarial experience study as of January 1, 2025.

7. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2025	\$ 233,995
Changes from the prior year:	
Service cost	16,514
Interest cost	9,784
Assumption Changes	(37,235)
Differences between Expected and Actual Experience	(18,531)
Benefit payments	(11,946)
Total Changes	<u>(41,414)</u>
Balance at December 31, 2025	<u>\$ 192,581</u>

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:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount Rate	3.20%	4.20%	5.20%
Total OPEB Liability	\$ 212,032	\$ 192,581	\$ 174,513

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:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Total OPEB Liability	\$ 165,389	\$ 192,581	\$ 225,401
Medical Trend Rate	5.25% decreasing to 4.00% over 6 years	6.25% decreasing to 5.00% over 6 years	7.25% decreasing to 6.00% over 6 years

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

For the year ended December 31, 2025, Moorhead Public Service recognized OPEB expense of \$14,289. At December 31, 2025, Moorhead Public Service had \$7,777 in deferred outflows of resources related to OPEB and \$142,327 in deferred inflows or resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Losses	\$ -	\$ -
Liability Gains	-	80,546
Assumption Changes	5,198	61,781
Investment Gains	-	-
Investment Losses	-	-
Subsequent Employer Contributions	2,579	-
Total	<u>\$ 7,777</u>	<u>\$ 142,327</u>

Moorhead Public Service contributions subsequent to the measurement date of \$2,579 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, 2026. 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
2026	\$ (40,585)
2027	(29,307)
2028	(17,771)
2029	(17,771)
2030	(17,761)
Thereafter	(13,934)

The total OPEB expense for all plans recognized by the City for the year ended December 31, 2025, was \$148,011.

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.

Construction Commitments

The City has active construction projects as of December 31, 2025, which includes street construction and reconstruction, library, wastewater utilities, and various capital asset purchases and improvements. At year-end the City's remaining commitments with contractors are \$28,180,648. 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	23,626,907	1,290,368
Underground utilities	2,597,519	105,759
Library/Community center	26,238,190	5,953,443
Romkey Park Redesign	7,363,249	3,933,213
Center Mall Redevelopment	1,421,112	105,439
City Hall Remodel	5,970,698	15,525,182
	<u>\$ 116,561,219</u>	<u>\$ 28,180,648</u>

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	\$	1,140,890
Permanent Improvement Fund		1,416,722
Library Community Center Fund		5,953,443
Capital Improvement Fund		19,563,834
Wastewater Fund		58,819
Storm Water Fund		46,940
	\$	<u>28,180,648</u>

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, 2025, the value of the lease liability was \$3,846,374. 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, 2025, the value of the lease liability was \$5,682. 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, 2025, the value of the lease liability was \$1,549. The lease has an interest rate of 3% as determined by the City's incremental borrowing rate.
- Operating space at the FM Building for the City Hall staff during renovations at the City Hall building. The City is required to make principal and interest payments through August 31, 2026. As of December 31, 2025, the value of the lease liability was \$190,355. The lease has an interest rate of 4% 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, 2025, the value of the lease liability was \$188,626. The lease has an interest rate of 4% as determined by the City's incremental borrowing rate.

- Equipment lease for squad cameras for use by the City's police officers. The City is required to make principal and interest payments through March 31, 2030. As of December 31, 2025, the value of the lease liability was \$205,826. 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, 2025, the value of the lease liability was \$8,558. The lease has an interest rate of 3% 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 \$109,819 at December 31, 2025. Interest revenue of \$7,147 and principal receipts of \$16,236 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 \$15,952 at December 31, 2025. Interest revenue of \$1,610 and principal receipts of \$17,824 were recognized during the fiscal year. The interest rate was set at 3%. Final receipt is expected in fiscal year 2026.

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 \$1,349,423 at December 31, 2025. Interest revenue of \$91,259 and principal receipts of \$35,216 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 agriculture land. The remaining receivable to these leases was \$155,702 and related deferred inflows was \$104,985 at December 31, 2025. Interest revenue of \$6,167 and principal receipts of \$152,649 were recognized during the fiscal year. The interest rate was set at 4%. Final receipt is expected in fiscal year 2026.

Subscription Agreements

The city has entered into one subscription in the Information Technology Internal Service Fund for use of various software systems. The total initial liability for this agreement was \$49,982. As of December 31, 2025 the value of this subscription liability was \$24,582. Total required annual fixed payments for this agreement for 2025 is \$29,300. This subscription has an interest rate of 4 percent. The value of the right to use asset for this subscription is \$49,982 as of December 31, 2025 with accumulated amortization of \$24,991.

K. Long-term liabilities

Notes Payable

Notes payable at December 31, 2025 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:

- 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 in the amount of \$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. The City has also issued G.O. sales tax revenue bonds to finance the construction of a new library/community center. Debt service is covered respectively by tax increments, revenue generated from projects, special assessments against benefited properties, and sales taxes 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, 2025 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2025
Governmental Activities					
G.O. Special Assessment					
2014 Series C	12/29/2014	2/1/1936	2.00 – 4.00	\$ 6,170,000	\$ 3,585,000
2014 Refunding Series E	12/29/2014	2/1/2027	3.00 – 4.00	9,785,000	1,660,000
2015 Series A	9/24/2015	2/1/1942	3.00 – 4.00	12,270,000	8,610,000
2016 Series B	11/10/2016	2/1/1942	2.00 – 5.00	20,920,000	14,490,000
2016 Refunding Series C	11/10/2016	2/1/1933	3.00 – 5.00	11,135,000	3,910,000
2017 Series A	12/14/2017	2/1/1943	2.00 – 3.25	10,905,000	7,820,000
2017 Refunding Series B	12/14/2017	2/1/2029	2.50 – 5.00	5,000,000	1,950,000
2018 Series A	11/20/2018	2/1/2044	4.00 – 5.00	11,690,000	9,580,000
2018 Refunding Series B	11/20/2018	2/1/2031	5.00	4,870,000	2,370,000
2019 Series A	12/30/2019	2/1/2046	2.00 – 5.00	6,815,000	5,705,000
2019 Refunding Series B	12/30/2019	2/1/2032	2.00 – 4.00	6,070,000	3,380,000
2021 Series A	12/9/2021	2/1/2042	2.00 – 5.00	10,775,000	9,515,000
2021 Refunding Series B	12/9/2021	2/1/2039	2.00 – 5.00	24,025,000	17,390,000
2021 Refunding Series C	12/9/2021	2/1/2033	3.00 – 5.00	9,945,000	7,650,000
2022 Series A	12/13/2022	2/1/2043	4.00 – 5.00	18,265,000	16,800,000
2023 Series A	10/12/2023	2/1/2044	4.00 – 5.00	15,985,000	15,480,000
2025 Series A	9/18/2025	9/1/2028	3.25	11,320,000	11,320,000
2025 Series B	9/18/2025	2/1/46	4.25 – 5.00	11,875,000	11,875,000
				<u>207,820,000</u>	<u>153,090,000</u>
G.O Tax Increment					
2010 Regency/Holiday Mall Refunding Series B	9/9/2010	2/1/2028	2.00 – 3.70	1,390,000	340,000
2019 Regency/Holiday Mall Refunding Series A	12/30/2019	2/1/2028	2.00 – 4.00	1,550,000	615,000
2024 Temporary Tax Increment Series C	10/16/2024	10/1/2027	4.00	28,015,000	28,015,000
				<u>30,955,000</u>	<u>28,970,000</u>
G.O Sales Tax					
2024 Sales Tax Revenue Bonds Series B	8/22/2024	8/1/2024	4.00 – 5.00	26,910,000	26,085,000
				<u>26,910,000</u>	<u>26,085,000</u>
Total Governmental Activities				<u>\$ 265,685,000</u>	<u>\$ 208,145,000</u>
Business-Type Activities					
G.O Revenue Bonds					
2012 G.O. Wastewater Refunding Series B	5/15/2012	11/1/2029	3.00 – 3.125	\$ 10,790,000	\$ 3,795,000
2007 Electric MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,405,150	394,800
2007 Water MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,838,850	445,200
G.O. Water Revenue Note of 2020	5/27/2020	11/1/2040	2.00 – 5.00	13,985,000	13,660,000
2025 G.O. Wastewater Refunding Series B	9/18/2025	2/1/2034	5.00	4,345,000	4,345,000
				<u>36,364,000</u>	<u>22,640,000</u>
Revenue Bonds					
2012 Electric Utility Revenue & Refunding Series E	9/1/2012	11/1/2027	2.00 – 3.00	6,240,000	730,000
2016 Electric Utility Revenue Series A	8/25/2016	11/1/2036	2.00 – 4.00	11,330,000	7,075,500
2016 Water Utility Revenue Series A	8/25/2016	11/1/2036	2.00 – 4.00	1,400,000	874,500
2024 Electric Utility Revenue Series A	2/22/2024	11/1/2043	4.00 – 5.00	27,810,000	25,705,000
				<u>46,780,000</u>	<u>34,385,000</u>
Total Bonds				<u>83,144,000</u>	<u>57,025,000</u>
Public Facilities Authority Loans					
G.O. Sewer Revenue Note of 2007	6/29/2007	8/20/2026	1.99	12,407,226	829,000
G.O. Water Revenue Note of 2014	8/26/2014	8/20/2034	1.02	12,736,089	5,968,000
G.O. Water Revenue Note of 2016	3/14/2016	8/20/2035	1.00	2,471,358	1,305,000
G.O. Sewer Revenue Note of 2020	8/13/2020	8/20/2040	1.00	18,048,080	14,379,000
				<u>45,662,753</u>	<u>22,481,000</u>
Total Business-Type Activities				<u>\$ 128,806,753</u>	<u>\$ 79,506,000</u>

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, 2025, there were 11 Industrial Revenue Bonds and 3 Facility Revenue Notes outstanding, with an aggregate outstanding principal amount payable of \$81,196,545.

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 and sales tax 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.

<u>Type of Bonds</u>	<u>Balance at January 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2025</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	\$ 141,900,000	\$ 23,195,000	\$ 12,005,000	\$ 153,090,000	\$ 11,155,000
G.O. Tax Increment	29,270,000	-	300,000	28,970,000	305,000
G.O. Sales Tax	26,910,000	-	825,000	26,085,000	795,000
Premiums	13,886,534	742,904	1,369,765	13,259,673	1,401,115
Total Bonds Payable	211,966,534	23,937,904	14,499,765	221,404,673	13,656,115
Note From Direct Borrowing					
Maple Court	675,767	-	8,406	667,361	9,534
Leases	4,788,783	252,431 ¹	602,804	4,438,410	534,405
Subscriptions	41,346	49,982 ¹	66,746	24,582	24,582
Other post employment benefits	1,633,712	291,668	-	1,925,380	128,037
Compensated Absences	2,867,027	323,690 ²	-	3,190,717	3,077,234
Governmental Activity Long-Term Liabilities	\$ 221,973,169	\$ 24,855,675	\$ 15,177,721	\$ 231,651,123	\$ 17,429,907

<u>Type of Bonds</u>	<u>Balance at January 1, 2025</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2025</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds Payable					
Electric Utility	\$ 35,921,500	\$ -	\$ 2,016,200	\$ 33,905,300	\$ 2,107,550
Water Utility	15,393,500	-	413,800	14,979,700	472,450
Wastewater	9,865,000	4,345,000	6,070,000	8,140,000	890,000
Discount	(33,288)	-	(6,738)	(26,550)	(6,738)
Premiums	3,322,032	543,045	333,646	3,531,431	87,504
Total Bonds Payable	64,468,744	4,888,045	8,826,908	60,529,881	3,550,766
Notes From Direct Borrowing					
Public Facilities Authority	24,932,000	-	2,451,000	22,481,000	2,484,000
Watermain Loan	37,090	-	37,090	-	-
Leases	8,940	-	382	8,558	393
Other post employment benefits	380,313	-	29,818	350,495	10,501
Compensated Absences	1,851,617	152,747 ²	-	2,004,364	1,961,375
Business-Type Activity Long-Term Liabilities	\$ 91,678,704	\$ 5,040,792	\$ 11,345,198	\$ 85,374,298	\$ 8,007,035

¹ Proceeds recorded in internal service funds.

² Current year additions and reductions have been netted for reporting purposes.

The annual requirement to amortize notes from direct borrowing outstanding as of December 31, 2025, follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 9,534	\$ 26,491	\$ 2,484,000	\$ 234,211
2027	9,922	26,102	1,672,000	201,036
2028	10,326	25,698	1,688,000	184,188
2029	10,747	25,277	1,704,000	167,178
2030	11,185	24,839	1,722,000	150,006
2031-2035	63,141	116,980	8,176,000	486,166
2036-2040	77,096	103,026	5,035,000	152,050
2041-2045	94,133	85,988	-	-
2046-2050	381,277	11,165	-	-
	<u>\$ 667,361</u>	<u>\$ 445,566</u>	<u>\$ 22,481,000</u>	<u>\$ 1,574,835</u>

The requirement to amortize leases as of December 31, 2025, follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 534,405	\$ 258,944	\$ 393	\$ 257
2027	359,074	237,559	405	245
2028	276,601	218,079	417	233
2029	293,172	201,509	430	220
2030	254,057	183,920	443	207
2031-2035	1,538,557	651,331	2,420	830
2036-2040	1,182,544	131,389	2,806	444
2041-2045	-	-	1,244	56
	<u>\$ 4,438,410</u>	<u>\$ 1,882,731</u>	<u>\$ 8,558</u>	<u>\$ 2,492</u>

The requirement to amortize subscriptions as of December 31, 2025, follows:

Year	Governmental Activities	
	Principal	Interest
2026	<u>\$ 24,582</u>	<u>\$ 1,918</u>

The requirement to amortize all bonded debt outstanding as of December 31, 2025, follows:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 12,255,000	\$ 7,911,550	\$ 3,470,000	\$ 2,123,614	\$ 25,760,164
2027	40,290,000	7,474,710	3,495,000	2,019,676	53,279,386
2028	22,985,000	5,841,183	3,130,000	1,895,294	33,851,477
2029	10,835,000	4,986,313	3,285,000	1,777,456	20,883,769
2030	10,130,000	4,526,650	2,725,000	1,641,856	19,023,506
2031-2035	47,060,000	16,702,841	17,790,000	6,164,612	87,717,453
2036-2040	36,310,000	9,155,657	17,140,000	2,953,731	65,559,388
2041-2045	27,255,000	2,634,288	5,990,000	487,000	36,366,288
2046-2050	1,025,000	22,952	-	-	1,047,952
	<u>\$ 208,145,000</u>	<u>\$ 59,256,144</u>	<u>\$ 57,025,000</u>	<u>\$ 19,063,239</u>	<u>\$ 343,489,383</u>

L. Fund balance

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Library Community Center	Capital Improvements	Other Governmental Funds	Total
Fund Balances:								
Nonspendable:								
Advances	\$ 2,468,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 2,768,212
Prepaid items	26,021	-	-	-	736,216	32,193	43,374	837,804
Total Nonspendable	2,494,233	-	-	-	736,216	32,193	343,374	3,606,016
Restricted for:								
Public safety	1,177,460	-	-	-	-	-	1,184,347	2,361,807
Culture and Recreation	-	-	-	-	7,108,236	-	1,129,222	8,237,458
Urban and Economic Development	29,872	-	-	-	-	-	2,650,894	2,680,766
Contributions	-	-	-	-	-	-	117,747	117,747
Debt Service	-	30,919,215	-	-	-	-	3,519,324	34,438,539
Employee Benefits	183,503	-	-	-	-	-	-	183,503
Total Restricted	1,390,835	30,919,215	-	-	7,108,236	-	8,601,534	48,019,820
Committed to:								
Public safety	-	-	-	-	-	-	72,629	72,629
Culture and Recreation	-	-	-	-	-	-	1,519,378	1,519,378
Transit	-	-	-	-	-	-	1,516,960	1,516,960
Urban and Economic Development	-	-	-	-	-	-	2,200,738	2,200,738
Total Committed	-	-	-	-	-	-	5,309,705	5,309,705
Unassigned:	23,014,416	-	(3,737,337)	(1,291,942)	-	(3,355,913)	(52,155)	14,577,069
Total Fund Balances	\$ 26,899,484	\$ 30,919,215	\$ (3,737,337)	\$ (1,291,942)	\$ 7,844,452	\$ (3,323,720)	\$ 14,202,458	\$ 71,512,610

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, 2025, 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.

	Receivable	Payable
Governmental activities:		
General Fund	\$ 612,074	\$ 35,729
Special Assessment Debt Service	3,469,022	-
Special Assessment Capital Project Fund	6,960	3,469,022
Capital Improvements	52,055	-
Other Governmental Funds	-	62,534
Governmental Activities - Internal Service Funds	10,153	475,424
Total Governmental Activities	4,150,264	4,042,709
Business-type activities:		
Electric Fund	4,495,262	1,798,028
Water Fund	25,862	4,388,557
Waste Water Fund	782,876	53,576
Storm Water Fund	250,613	7,826
Other Enterprise Funds	709,631	123,812
Total Business-Type Activities	6,264,244	6,371,799
Grand Total	\$ 10,414,508	\$ 10,414,508

Advances to/from other funds:

Advances in the amount of \$2,364,212 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.

	Receivable	Payable
Governmental funds:		
General Fund	\$ 2,468,212	\$ -
Permanent Improvement Fund		104,000
Other Governmental Funds	300,000	2,664,212
Total Governmental Funds	\$ 2,768,212	\$ 2,768,212

N. Interfund transfers

The composition of interfund transfers for the year ended December 31, 2025 is as follows:

	Transfers In								
	Major Funds:							Nonmajor Funds:	
	Transfers Out	General	Special Assmt Capital	Special Assmt Debt	Permanent Improvement	Library Community Center	Capital Improvements	Governmental/ Internal Service	Enterprise
Major Funds									
General	\$ 16,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,684	\$ -
Special Assmt Debt Service	7,245	-	7,245	-	-	-	-	-	-
Capital Improvements	1,868,246	3,378	-	400,000	231,845	400,000	-	676,773	156,250
Electric	9,718,055	7,600,000	-	-	-	-	2,068,055	50,000	-
Water	741,187	615,187	-	126,000	-	-	-	-	-
Wastewater	677,177	497,177	-	180,000	-	-	-	-	-
Storm Water	1,737,795	425,450	650,000	604,095	-	-	-	-	58,250
Total Major Funds	14,766,389	9,141,192	657,245	1,310,095	231,845	400,000	2,068,055	743,457	214,500
Non-Major Funds									
Governmental	1,639,042	-	-	-	-	838,483	690,990	44	109,525
Enterprise	1,135,302	432,263	550,000	-	-	-	-	3,039	150,000
Total Non-Major Funds	2,774,344	432,263	550,000	-	-	838,483	690,990	3,083	259,525
Grand Total	\$ 17,540,733	\$ 9,573,455	\$ 1,207,245	\$ 1,310,095	\$ 231,845	\$ 1,238,483	\$ 2,759,045	\$ 746,540	\$ 474,025

A breakdown of the detailed interfund transfers for the year ended December 31, 2025 is as follows:

Transfer to General Fund from Electric Enterprise Fund	\$ 7,600,000	To transfer revenue per city charter
Transfer to General Fund from Water Enterprise Fund	615,187	To transfer revenue per city charter
Transfer to General Fund from Storm Water Enterprise Fund	425,450	To transfer revenue per city charter
Transfer to General Fund from Wastewater Enterprise Fund	497,177	To transfer revenue per city charter
Transfer to General Fund from Sanitation Enterprise Fund	260,000	To transfer revenue per city charter
Transfer to General Fund from Pest Control Enterprise Fund	77,552	To transfer revenue per city charter
Transfer to General Fund from Forestry Enterprise Fund	50,000	To transfer revenue per city charter
Transfer to General Fund from Street Light Utility Enterprise Fund	44,711	To transfer revenue per city charter
Transfer to General Fund from Capital Improvement Capital Projects Fund	3,378	To transfer cost for sculpture
Transfer to Mass Transit Special Revenue Fund from Capital Improvement Capital Projects Fund	150,000	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 Storm Water Enterprise Fund	604,095	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 Special Assessment Capital Projects Fund from Special Assessment Debt Service Fund	7,245	To transfer costs for project
Transfer to Special Assessment Capital Projects Fund from Street Light Utility Enterprise Fund	550,000	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 Special Assessment Capital Projects Fund from Storm Water Enterprise Fund	650,000	To transfer funds per current year budget
Transfer to Capital Improvement Capital Projects Fund from Electric Enterprise Fund	2,068,055	To transfer revenue per city charter
Transfer to Capital Improvement Capital Projects from Park Special Revenue Fund	222,652	To transfer revenue per city charter
Transfer to Capital Improvement Capital Projects from American Rescue Plan Act Special Revenue Fund	449,905	To transfer funds to provide for project
Transfer to Capital Improvement Capital Projects from Contributions Special Revenue Fund	18,433	To transfer funds to provide for project
Transfer to Permanent Improvement Capital Projects from from Capital Improvement Capital Projects Fund	231,845	To transfer funds to provide for project
Transfer to Library Community Center Capital Projects Fund from American Resuce Plan Act Special Revenue Fund	773,023	To transfer funds per current year budget
Transfer to Library Community Center Capital Projects Fund from Capital Improvement Capital Projects Fund	400,000	To transfer funds per current year budget
Transfer to Library Community Center Capital Projects Fund from Contributions Special Revenue Fund	65,460	To transfer funds to provide for project
Transfer to Park Special Revenue Fund from Capital Improvement Capital Projects Fund	76,813	To transfer funds to provide for project
Transfer to Contributions Special Revenue Fund from General Fund	4	To transfer residual funds after project completion
Transfer to Contributions Special Revenue Fund from Park Special Revenue Fund	44	To transfer residual funds after project completion
Transfer to Tax Increment Debt Service Fund from Capital Improvement Capital Projects Fund	443,304	To reimburse for early district improvement costs
Transfer to Golf Course Enterprise Fund from Park Special Revenue Fund	109,525	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 Airport Enterprise Fund from Capital Improvements Capital Projects Fund	156,250	To transfer funds per current year budget
Transfer to Forestry Enterprise Fund from Pest Control Enterprise Fund	150,000	To contribute for shared capital asset purchase
Transfer to Vehicles and Equipment Internal Service Fund from Capital Improvement Capital Projects Fund	6,656	To transfer for capital asset purchase
Transfer to Vehicles and Equipment Internal Service Fund from Pest Control Enterprise Fund	3,039	To transfer for capital asset purchase
Transfer to Radio and Weapons Internal Service Fund from General Fund	<u>16,680</u>	To transfer funds per current year budget
Total Interfund Transfers	<u>\$ 17,540,733</u>	

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.

3. MATBUS

The City participates in a Joint Powers Agreement (JPA) with the City of Fargo to provide public transit services within the Fargo–Moorhead metropolitan area. Under this agreement, the cities jointly plan, fund, and manage fixed route and paratransit operations. Fargo Transit provides day to day operational oversight, while each city contributes its allocated share of operating and capital costs based on service levels and mutually agreed upon allocations. Moorhead has a one-third ownership of the Metro Transit Garage (MTG). The JPA does not establish a separate legal entity. Assets purchased with each city's funding remain the property of that respective city. All financial transactions related to this agreement are recorded as transit service expenditures within the City's governmental activities.

B. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of \$9,289,928 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 \$19,776,407 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, 2025:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Property Tax Exemption	\$ 812,931
Make Moorhead Home Property Tax Rebate	319,063

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, 2025, the City has five agreements established under Minnesota Statutes Section 469.174 to 469.179 which resulted in property taxes totaling \$1,105,373 being abated. Individual abatement payments included:

- A pay-as-you go note resulting in an abatement amount of \$564,934, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$214,287, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$196,969, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$116,099, for an industrial developer.
- A pay-as-you go note resulting in an abatement amount of \$13,084, 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 of which are covered by Federal Depository Insurance. Statutes require that all Agency deposits be protected by insurance or collateral.

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, 2025, the carrying amount of the Agency's deposits was \$1,492,084, and the bank balance was \$1,575,505. The Agency's deposits at its financial institutions were fully collateralized at June 30, 2025.

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

Accounts receivable of \$9,209 consists of amounts due from tenants across multiple programs, which includes an allowance of \$53,309.

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, 2025 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 464,977	\$ -	\$ -	\$ 464,977
Construction in progress	35,867	196,122	-	231,989
Total Capital assets not being depreciated	<u>500,844</u>	<u>196,122</u>	<u>-</u>	<u>696,966</u>
Capital assets, being depreciated:				
Buildings & Improvements	15,865,821	375,973	-	16,241,794
Furniture, equipment & machinery	664,814	-	-	664,814
Total Capital assets being depreciated	<u>16,530,635</u>	<u>375,973</u>	<u>-</u>	<u>16,906,608</u>
Less accumulated depreciation for:				
Buildings & Improvements	(9,616,081)	(382,365)	-	(9,998,446)
Furniture, equipment & machinery	(658,409)	(2,088)	-	(660,497)
Total accumulated depreciation	<u>(10,274,490)</u>	<u>(384,453)</u>	<u>-</u>	<u>(10,658,943)</u>
Total capital assets, being depreciated, net	<u>6,256,145</u>	<u>(8,480)</u>	<u>-</u>	<u>6,247,665</u>
Total Capital assets, net	<u>\$ 6,756,989</u>	<u>\$ 187,642</u>	<u>\$ -</u>	<u>\$ 6,944,631</u>

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

Business-type activities	
Low-Rent Public Housing	<u>\$ 384,453</u>

5. Accounts Payable

Accounts payable of \$217,780 represents expenses incurred but not paid to vendors at June 30, 2025.

6. Compensated Absences

Changes in compensated absences for the year ended June 30, 2025 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 16,982	\$ 3,317	\$ 88	\$ 20,211	\$ -

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, 2025, the amount payable to local governments in lieu of taxes was \$39,931.

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, know 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. As of January 1, 2025, the Executive Director is no longer an employee of the Agency but continues to function in the same role. 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 2025, the Agency paid the Housing and Redevelopment Authority of Clay County \$462,753 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, 2025, 2024, and 2023 was \$3,845, \$8,249, and \$13,923, respectively.

11. Commitments

As of June 30, 2025, the Agency has commitments totaling approximately \$1,564,000 for a door replacement project and a building renovation project for Low-Rent Public Housing program. These projects are scheduled to be completed December 31, 2025, and October 15, 2026, respectively.

12. Subsequent Events

On September 10, 2025, the Agency entered into a loan agreement with the Minnesota Housing Finance Agency to finance the rehabilitation of Sharp View Apartments, a 47-unit project owned by the City of Moorhead. The principal amount is \$1,468,500 and the interest rate is zero percent. Maturity date for the loan is September 10, 2060. The total project is estimated at \$1,707,507.

E. Future Implementation of Approved GASB Standards

As of December 31, 2025, several GASB Standards that have been issued by the Governmental Accounting Standards Board (GASB) that are not effective as of December 31, 2025 but will be implemented in future years.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combined financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statements is effective for fiscal year beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, established requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

GASB Statement No. 105, *Subsequent Events*, enhances consistency in reporting subsequent events and improves information for financial statement users. This statement is effective for fiscal years beginning after June 15, 2026, 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.

F. Subsequent Event

The City of Moorhead issued \$24,355,000 Lease Revenue Bonds, Series 2026A dated April 2, 2026. The proceeds of these bonds will be used to finance renovations to the City's existing City Hall.

Subsequent events have been evaluated through June 16, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

City:	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Service cost	124,147	119,195	104,674	142,626	152,548	127,497	124,534	132,300
Interest	68,178	68,842	38,116	42,420	55,884	81,814	70,273	67,250
Changes in assumptions	(80,044)	74,959	(224,216)	6,786	107,195	72,245	(72,584)	-
Differences between Expected and Actual Experience	315,147	(28,582)	-	(247,530)	-	(427,877)	-	-
Benefit payments	<u>(124,164)</u>	<u>(111,400)</u>	<u>(124,747)</u>	<u>(118,380)</u>	<u>(104,936)</u>	<u>(104,241)</u>	<u>(99,252)</u>	<u>(101,115)</u>
Net change in total OPEB liability	303,264	123,014	(206,173)	(174,078)	210,691	(250,562)	22,971	98,435
Total OPEB Liability - beginning	1,780,030	1,657,016	1,863,189	2,037,267	1,826,576	2,077,138	2,054,167	1,955,732
Total OPEB Liability - ending	2,083,294	1,780,030	1,657,016	1,863,189	2,037,267	1,826,576	2,077,138	2,054,167
Covered employee payroll	21,294,633	20,674,401	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	9.8%	8.6%	8.4%	9.7%	10.5%	9.7%	12.5%	12.7%
Public Service Utility:								
	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Service cost	16,514	22,201	21,554	30,327	29,444	33,344	27,943	31,306
Interest	9,784	9,138	6,119	6,235	11,700	14,341	15,515	15,851
Changes in assumptions	(37,235)	-	(33,467)	-	(26,325)	20,804	(6,128)	-
Differences between Expected and Actual Experience	(18,531)	-	(52,915)	-	(72,618)	-	(84,126)	-
Benefit payments	<u>(11,946)</u>	<u>(7,118)</u>	<u>(31,658)</u>	<u>(35,492)</u>	<u>(34,020)</u>	<u>(42,921)</u>	<u>(59,686)</u>	<u>(48,391)</u>
Net change in total OPEB liability	(41,414)	24,221	(90,367)	1,070	(91,819)	25,568	(106,482)	(1,234)
Total OPEB Liability - beginning	233,995	209,774	300,141	299,071	390,890	365,322	471,804	473,038
Total OPEB Liability - ending	192,581	233,995	209,774	300,141	299,071	390,890	365,322	471,804
Covered employee payroll	5,764,762	5,285,542	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	3.3%	4.4%	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 (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2025	0.1713%	\$ 5,676,173	\$ 136,927	\$ 5,813,100	\$ 15,767,485	36.0%	90.8%
PEFFF	6/30/2025	0.5754%	\$ 6,742,205	\$ 233,718	\$ 6,975,923	\$ 10,523,680	64.1%	91.8%
GERF	6/30/2024	0.1700%	\$ 6,285,599	\$ 162,533	\$ 6,448,132	\$ 14,813,377	42.4%	89.1%
PEFFF	6/30/2024	0.6220%	\$ 8,180,023	\$ 311,819	\$ 8,491,842	\$ 9,943,310	82.3%	90.2%
GERF	6/30/2023	0.1700%	\$ 9,372,004	\$ 258,323	\$ 9,630,327	\$ 13,386,835	70.0%	83.1%
PEFFF	6/30/2023	0.6500%	\$ 11,195,298	\$ 450,945	\$ 11,646,243	\$ 9,796,247	114.3%	86.5%
GERF	6/30/2022	0.1700%	\$ 13,329,416	\$ 390,702	\$ 13,720,118	\$ 11,806,119	112.9%	76.7%
PEFFF	6/30/2022	0.6700%	\$ 29,147,050	\$ 1,273,377	\$ 30,420,427	\$ 8,615,508	338.3%	70.5%
GERF	6/30/2021	0.1700%	\$ 7,101,755	\$ 216,774	\$ 7,318,529	\$ 12,156,354	58.4%	87.0%
PEPFF	6/30/2021	0.6800%	\$ 5,245,792	\$ 235,852	\$ 5,481,644	\$ 9,027,437	58.1%	93.7%
GERF	6/30/2020	0.1600%	\$ 9,826,554	\$ 303,098	\$ 10,129,652	\$ 11,954,059	82.2%	79.1%
PEPFF	6/30/2020	0.6900%	\$ 9,130,527	\$ 215,093	\$ 9,345,620	\$ 7,823,375	116.7%	87.2%
GERF	6/30/2019	0.1600%	\$ 8,635,948	\$ 268,488	\$ 8,904,436	\$ 11,375,582	75.9%	80.2%
PEPFF	6/30/2019	0.7200%	\$ 7,689,613	N/A	\$ 7,689,613	\$ 8,664,933	88.7%	89.3%
GERF	6/30/2018	0.1500%	\$ 8,437,884	\$ 276,797	\$ 8,714,681	\$ 11,429,880	73.8%	79.5%
PEPFF	6/30/2018	0.6700%	\$ 7,192,673	N/A	\$ 7,192,673	\$ 7,207,246	99.8%	79.5%
GERF	6/30/2017	0.1500%	\$ 9,920,633	\$ 124,766	\$ 10,045,399	\$ 10,310,813	96.2%	75.9%
PEPFF	6/30/2017	0.6800%	\$ 9,221,313	N/A	\$ 9,221,313	\$ 8,075,441	114.2%	75.9%
GERF	6/30/2016	0.1500%	\$ 11,797,639	\$ 154,084	\$ 11,951,723	\$ 9,034,080	130.6%	68.9%
PEPFF	6/30/2016	0.6500%	\$ 25,884,972	N/A	\$ 25,884,972	\$ 6,450,180	401.3%	68.9%

Public Service Utility:

Pension Plan	Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Total (c) (a + b)	Covered Payroll (d)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	6/30/2025	0.0754%	\$ 2,497,898	\$ 60,257	\$ 2,558,155	\$ 7,056,991	35.4%	90.8%
GERF	6/30/2024	0.0712%	\$ 2,631,203	\$ 68,038	\$ 2,699,241	\$ 6,438,554	40.9%	89.1%
GERF	6/30/2023	0.0685%	\$ 3,830,443	\$ 105,610	\$ 3,936,053	\$ 5,723,329	66.9%	83.1%
GERF	6/30/2022	0.0659%	\$ 5,219,302	\$ 152,942	\$ 5,372,244	\$ 5,173,015	100.9%	76.7%
GERF	6/30/2021	0.0664%	\$ 2,835,577	\$ 86,558	\$ 2,922,135	\$ 5,009,349	56.6%	87.0%
GERF	6/30/2020	0.0731%	\$ 4,382,679	\$ 135,049	\$ 4,517,728	\$ 4,905,566	89.3%	79.1%
GERF	6/30/2019	0.0708%	\$ 3,914,373	\$ 121,661	\$ 4,036,034	\$ 5,308,088	73.7%	80.2%
GERF	6/30/2018	0.0712%	\$ 3,949,884	\$ 129,501	\$ 4,079,385	\$ 4,484,756	88.1%	79.5%
GERF	6/30/2017	0.0715%	\$ 4,564,514	\$ 57,367	\$ 4,621,881	\$ 7,092,367	64.4%	75.9%
GERF	6/30/2016	0.0706%	\$ 5,732,370	\$ 74,844	\$ 5,807,214	\$ 6,664,177	86.0%	68.9%

The accompanying required supplementary information notes are an integral part of this schedule.

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	12/31/2025	\$ 1,214,009	\$ 1,214,009	\$ -	\$ 15,725,141	7.7%
PEPFF	12/31/2025	\$ 1,629,802	\$ 1,629,802	\$ -	\$ 10,960,512	14.9%
GERF	12/31/2024	\$ 1,120,121	\$ 1,120,121	\$ -	\$ 15,040,052	7.4%
PEPFF	12/31/2024	\$ 1,526,988	\$ 1,526,988	\$ -	\$ 10,126,399	15.1%
GERF	12/31/2023	\$ 1,041,339	\$ 1,041,339	\$ -	\$ 14,004,721	10.9%
PEPFF	12/31/2023	\$ 1,520,499	\$ 1,520,499	\$ -	\$ 10,085,708	9.6%
GERF	12/31/2022	\$ 969,835	\$ 969,835	\$ -	\$ 13,140,580	11.1%
PEPFF	12/31/2022	\$ 1,460,400	\$ 1,460,400	\$ -	\$ 9,392,202	9.8%
GERF	12/31/2021	\$ 924,316	\$ 924,316	\$ -	\$ 12,383,958	11.5%
PEPFF	12/31/2021	\$ 1,429,351	\$ 1,429,351	\$ -	\$ 9,031,218	9.9%
GERF	12/31/2020	\$ 893,378	\$ 893,378	\$ -	\$ 11,985,663	11.7%
PEPFF	12/31/2020	\$ 1,398,393	\$ 1,398,393	\$ -	\$ 8,629,394	10.1%
GERF	12/31/2019	\$ 868,105	\$ 868,105	\$ -	\$ 11,738,272	11.1%
PEPFF	12/31/2019	\$ 1,303,542	\$ 1,303,542	\$ -	\$ 8,681,443	9.0%
GERF	12/31/2018	\$ 777,774	\$ 777,774	\$ -	\$ 10,737,644	11.1%
PEPFF	12/31/2018	\$ 1,196,569	\$ 1,196,569	\$ -	\$ 8,402,666	8.3%
GERF	12/31/2017	\$ 700,910	\$ 700,910	\$ -	\$ 10,140,633	11.5%
PEPFF	12/31/2017	\$ 1,167,768	\$ 1,167,768	\$ -	\$ 7,777,052	8.3%
GERF	12/31/2016	\$ 645,126	\$ 645,126	\$ -	\$ 9,546,541	11.6%
PEPFF	12/31/2016	\$ 1,103,542	\$ 1,103,542	\$ -	\$ 7,253,057	#NULL!

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	12/31/2025	\$ 512,003	\$ 512,003	\$ -	\$ 6,826,707	7.5%
GERF	12/31/2024	\$ 451,779	\$ 451,779	\$ -	\$ 6,023,720	7.5%
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%

The accompanying required supplementary information notes are an integral part of this schedule.

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

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.50%
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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 Scale 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.

Police and Fire Fund

2025 Changes

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the prior valuation.

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

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 mortality 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 mortality 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 mortality 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 mortality 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

SUPPLEMENTARY INFORMATION

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.

G.O Sales Tax Revenue Bonds - accounts for the accumulation of local sales tax revenue for payment of general obligation bond principal and interest.

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	Special Revenue							
	Park	Library	Community Development	American Rescue Plan Act	Mass Transit	Economic Development	Public Safety Aid	Affordable Housing Aid
ASSETS								
Assets:								
Cash and investments	\$ 2,301,571	\$ 200,752		\$ 382,174	\$ 2,100,826	\$ 3,936,032	\$ 828,159	\$ 551,258
Receivables:								
Accounts	2,666							
Notes			4,124,235			100,000		
Leases	15,952					104,985		
Special assessments								
Delinquent property taxes	63,453	15,756			173	10		
Due from other governmental units	51,946	12,269	74,369		141,283	9,009		
Advances to other funds						300,000		
Prepaid items	40,372							
Total Assets	\$ 2,475,960	\$ 228,777	\$ 4,198,604	\$ 382,174	\$ 2,242,282	\$ 4,450,036	\$ 828,159	\$ 551,258
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE								
Liabilities:								
Accounts payable	\$ 29,677	\$ 5,897	\$ 18,885	\$ 10,050	\$ 5,930	\$ 6,586		\$
Accrued wages payable	98,191		7,670		1,326	8,177	13,827	
Due to other funds	19,173	4,587	38,560			214		
Due to other governmental units	8,758		1,800		635,223	1,894		
Advances from other funds								
Other liabilities	2,255		4,100					
Unearned revenue	1,000		2,000	123,190	82,670			
Total Liabilities	159,054	10,484	73,015	133,240	725,149	16,871	13,827	
Deferred inflows of resources:								
Taxes	63,453	15,756			173	10		
Lease related	15,952					104,985		
Other			4,124,235			100,000		
Total Deferred Inflows of Resources	79,405	15,756	4,124,235		173	204,995		
Fund Balance:								
Nonspendable	40,372					300,000		
Restricted								
Public safety							741,703	
Culture and recreation	677,751	202,537		248,934				
Urban and economic development			1,354			1,757,194		521,496
Contributions								
Debt service								
Committed	1,519,378				1,516,960	2,170,976	72,629	29,762
Unassigned								
Total Fund Balance	2,237,501	202,537	1,354	248,934	1,516,960	4,228,170	814,332	551,258
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 2,475,960	\$ 228,777	\$ 4,198,604	\$ 382,174	\$ 2,242,282	\$ 4,450,036	\$ 828,159	\$ 551,258

**CITY OF MOORHEAD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025**

Special Revenue				Debt Service					Total Nonmajor Governmental Funds
National Opioid Settlements	Contributions	Maple Court Ownership Development	Total	G.O. Bond	Tax Increment	Municipal Improvement	GO Sales Tax Revenue Bonds	Total	
\$ 447,146	\$ 68,012	\$ 373,072	\$ 11,189,002	\$ 16,247	\$ 2,616,085	\$ 88,634	\$ 2,647,287	\$ 5,368,253	\$ 16,557,255
	50,000		52,666						52,666
			4,224,235						4,224,235
			120,937						120,937
			79,392	68	2			70	79,462
		15,416	304,292		17		767,656	767,673	1,071,965
			300,000						300,000
		3,002	43,374						43,374
<u>\$ 447,146</u>	<u>\$ 118,012</u>	<u>\$ 391,490</u>	<u>\$ 16,313,898</u>	<u>\$ 16,315</u>	<u>\$ 2,616,104</u>	<u>\$ 88,634</u>	<u>\$ 3,414,943</u>	<u>\$ 6,135,996</u>	<u>\$ 22,449,894</u>
\$ 4,502	\$ 265	\$ 6,288	\$ 83,578	\$	\$ 4,045	\$	\$ 500	\$ 4,545	\$ 88,123
			133,693						133,693
			62,534						62,534
			647,675						647,675
					2,664,212			2,664,212	2,664,212
		11,350	17,705						17,705
			208,860						208,860
<u>4,502</u>	<u>265</u>	<u>17,638</u>	<u>1,154,045</u>		<u>2,668,257</u>		<u>500</u>	<u>2,668,757</u>	<u>3,822,802</u>
			79,392	68	2			70	79,462
			120,937						120,937
			4,224,235						4,224,235
			<u>4,424,564</u>	<u>68</u>	<u>2</u>			<u>70</u>	<u>4,424,634</u>
		3,002	343,374						343,374
442,644			1,184,347						1,184,347
			1,129,222						1,129,222
		370,850	2,650,894						2,650,894
	117,747		117,747						117,747
			5,309,705	16,247		88,634	3,414,443	3,519,324	3,519,324
					(52,155)			(52,155)	5,309,705
<u>442,644</u>	<u>117,747</u>	<u>373,852</u>	<u>10,735,289</u>	<u>16,247</u>	<u>(52,155)</u>	<u>88,634</u>	<u>3,414,443</u>	<u>3,467,169</u>	<u>14,202,458</u>
<u>\$ 447,146</u>	<u>\$ 118,012</u>	<u>\$ 391,490</u>	<u>\$ 16,313,898</u>	<u>\$ 16,315</u>	<u>\$ 2,616,104</u>	<u>\$ 88,634</u>	<u>\$ 3,414,943</u>	<u>\$ 6,135,996</u>	<u>\$ 22,449,894</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue						
	Park	Library	Community Development	American Rescue Plan Act	Mass Transit	Economic Development	Public Safety Aid
REVENUES							
Property taxes	\$ 3,616,783	\$ 848,569			\$ 99	\$ 624,747	
Sales Tax							
Intergovernmental revenues:							
Federal			228,280	1,332,753	693,098		
State	768,626	168,104			3,759,003	123,625	
County	4,599						
Charges for services	175,980				434,365	1,575	
Facility rentals	169,558	22,092					
Donations							
Investment income	25,084			63,659	84,260	122,529	29,723
Miscellaneous	26,799		108,895		99,047		
Total revenues	<u>4,787,429</u>	<u>1,038,765</u>	<u>337,175</u>	<u>1,396,412</u>	<u>5,069,872</u>	<u>872,476</u>	<u>29,723</u>
EXPENDITURES							
Current:							
General government							45,352
Public safety							171,163
Highways and streets				35,795			
Culture and recreation	3,744,898	1,033,942					
Public transportation					4,968,679		
Urban and economic development			337,162			754,854	
Capital outlay	114,028			74,030	126,504		
Debt service:							
Bond and note principal							
Bond and note interest							
Fiscal and other charges							
Total expenditures	<u>3,858,926</u>	<u>1,033,942</u>	<u>337,162</u>	<u>109,825</u>	<u>5,095,183</u>	<u>754,854</u>	<u>216,515</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>928,503</u>	<u>4,823</u>	<u>13</u>	<u>1,286,587</u>	<u>(25,311)</u>	<u>117,622</u>	<u>(186,792)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	76,813				150,000	50,000	
Transfers to other funds	(332,221)			(1,222,928)			
Leases	17,824					105,608	
Proceeds from sale of capital assets						213,500	
Total other financing sources (uses)	<u>(237,584)</u>			<u>(1,222,928)</u>	<u>150,000</u>	<u>369,108</u>	
NET CHANGE IN FUND BALANCE	<u>690,919</u>	<u>4,823</u>	<u>13</u>	<u>63,659</u>	<u>124,689</u>	<u>486,730</u>	<u>(186,792)</u>
FUND BALANCE - BEGINNING	<u>1,546,582</u>	<u>197,714</u>	<u>1,341</u>	<u>185,275</u>	<u>1,392,271</u>	<u>3,741,440</u>	<u>1,001,124</u>
FUND BALANCE - ENDING	<u>\$ 2,237,501</u>	<u>\$ 202,537</u>	<u>\$ 1,354</u>	<u>\$ 248,934</u>	<u>\$ 1,516,960</u>	<u>\$ 4,228,170</u>	<u>\$ 814,332</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Affordable Housing Aid	National Opioid Settlements	Special Revenue			Debt Service			
		Contributions	Maple Court Ownership Development	Total Special Revenue	G.O. Bond	Tax Increment	Municipal Improvement	GO Sales Tax Revenue Bonds
\$	\$	\$	\$	\$ 5,090,198	\$	\$ 970,091	\$	\$ 3,093,225
114,558				2,254,131		632,974		
				4,933,916				
				4,599				
				611,920				
		147,958		191,650				
15,727	14,598		11,385	147,958		15,905	2,943	77,519
	96,113		186,384	366,965	543			
				517,238				
<u>130,285</u>	<u>110,711</u>	<u>147,958</u>	<u>197,769</u>	<u>14,118,575</u>	<u>543</u>	<u>1,618,970</u>	<u>2,943</u>	<u>3,170,744</u>
		500		45,852				21,680
	97,225	32,432		300,820				
		15,742		35,795				
				4,794,582				
64,477			136,233	4,968,679				
				1,292,726		45,425		
				314,562				
						300,000		825,000
						1,675,662		1,182,875
						615,718		500
<u>64,477</u>	<u>97,225</u>	<u>48,674</u>	<u>136,233</u>	<u>11,753,016</u>		<u>2,636,805</u>		<u>2,030,055</u>
<u>65,808</u>	<u>13,486</u>	<u>99,284</u>	<u>61,536</u>	<u>2,365,559</u>	<u>543</u>	<u>(1,017,835)</u>	<u>2,943</u>	<u>1,140,689</u>
		48		276,861		443,304		
		(83,893)		(1,639,042)				
				123,432				
				213,500				
		(83,845)		(1,025,249)		443,304		
<u>65,808</u>	<u>13,486</u>	<u>15,439</u>	<u>61,536</u>	<u>1,340,310</u>	<u>543</u>	<u>(574,531)</u>	<u>2,943</u>	<u>1,140,689</u>
<u>485,450</u>	<u>429,158</u>	<u>102,308</u>	<u>312,316</u>	<u>9,394,979</u>	<u>15,704</u>	<u>522,376</u>	<u>85,691</u>	<u>2,273,754</u>
<u>\$ 551,258</u>	<u>\$ 442,644</u>	<u>\$ 117,747</u>	<u>\$ 373,852</u>	<u>\$ 10,735,289</u>	<u>\$ 16,247</u>	<u>\$ (52,155)</u>	<u>\$ 88,634</u>	<u>\$ 3,414,443</u>

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Total Debt Service</u>	
REVENUES		
Property taxes	\$ 970,091	\$ 6,060,289
Sales Tax	3,093,225	3,093,225
Intergovernmental revenues:		
Federal		2,254,131
State	632,974	5,566,890
County		4,599
Charges for services		611,920
Facility rentals		191,650
Donations		147,958
Investment income	96,910	463,875
Miscellaneous		517,238
Total revenues	<u>4,793,200</u>	<u>18,911,775</u>
EXPENDITURES		
Current:		
General government	21,680	67,532
Public safety		300,820
Highways and streets		35,795
Culture and recreation		4,794,582
Public transportation		4,968,679
Urban and economic development	45,425	1,338,151
Capital outlay		314,562
Debt service:		
Bond and note principal	1,125,000	1,125,000
Bond and note interest	2,858,537	2,858,537
Fiscal and other charges	616,218	616,218
Total expenditures	<u>4,666,860</u>	<u>16,419,876</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>126,340</u>	<u>2,491,899</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	443,304	720,165
Transfers to other funds		(1,639,042)
Leases		123,432
Proceeds from sale of capital assets		213,500
Total other financing sources (uses)	<u>443,304</u>	<u>(581,945)</u>
NET CHANGE IN FUND BALANCE	<u>569,644</u>	<u>1,909,954</u>
FUND BALANCE - BEGINNING	<u>2,897,525</u>	<u>12,292,504</u>
FUND BALANCE - ENDING	<u>\$ 3,467,169</u>	<u>\$ 14,202,458</u>

**CITY OF MOORHEAD, MINNESOTA
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 3,606,258	\$ 3,606,258	\$ 3,616,783	\$ 10,525
Intergovernmental:				
State	717,207	768,549	768,626	77
County		4,599	4,599	
Charges for services	140,650	140,650	175,980	35,330
Facility rentals	148,081	148,081	169,558	21,477
Investment income	1,288	1,288	25,084	23,796
Miscellaneous	35,000	35,000	26,799	(8,201)
Total revenues	<u>4,648,484</u>	<u>4,704,425</u>	<u>4,787,429</u>	<u>83,004</u>
EXPENDITURES				
Current:				
Personnel	2,452,799	2,452,799	2,268,317	184,482
Supplies	243,568	243,568	238,025	5,543
Other services & charges	1,452,592	1,340,691	1,238,556	102,135
Capital outlay		114,028	114,028	
Total expenditures	<u>4,148,959</u>	<u>4,151,086</u>	<u>3,858,926</u>	<u>292,160</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>499,525</u>	<u>553,339</u>	<u>928,503</u>	<u>375,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds		76,953	76,813	(140)
Transfers to other funds	(499,525)	(332,177)	(332,221)	(44)
Leases			17,824	17,824
Total other financing sources (uses)	<u>(499,525)</u>	<u>(255,224)</u>	<u>(237,584)</u>	<u>17,640</u>
NET CHANGE IN FUND BALANCE		298,115	690,919	392,804
FUND BALANCE - BEGINNING	<u>1,546,582</u>	<u>1,546,582</u>	<u>1,546,582</u>	
FUND BALANCE - ENDING	<u>\$ 1,546,582</u>	<u>\$ 1,844,697</u>	<u>\$ 2,237,501</u>	<u>\$ 392,804</u>

**CITY OF MOORHEAD, MINNESOTA
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 845,164	\$ 845,164	\$ 848,569	\$ 3,405
Intergovernmental:				
State	168,085	168,085	168,104	19
Facility rentals	22,093	22,093	22,092	(1)
Investment income	998	998		(998)
Total revenues	<u>1,036,340</u>	<u>1,036,340</u>	<u>1,038,765</u>	<u>2,425</u>
EXPENDITURES				
Current:				
Supplies	6,000	6,000	13,440	(7,440)
Other services & charges	1,030,340	1,030,340	1,020,502	9,838
Total expenditures	<u>1,036,340</u>	<u>1,036,340</u>	<u>1,033,942</u>	<u>2,398</u>
NET CHANGE IN FUND BALANCE			4,823	4,823
FUND BALANCE - BEGINNING	<u>197,714</u>	<u>197,714</u>	<u>197,714</u>	
FUND BALANCE - ENDING	<u>\$ 197,714</u>	<u>\$ 197,714</u>	<u>\$ 202,537</u>	<u>\$ 4,823</u>

**CITY OF MOORHEAD, MINNESOTA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ 342,000	\$ 342,000	\$ 228,280	\$ (113,720)
Miscellaneous	176,532	176,532	108,895	(67,637)
Total revenues	<u>518,532</u>	<u>518,532</u>	<u>337,175</u>	<u>(181,357)</u>
EXPENDITURES				
Current:				
Personnel	146,988	146,988	144,801	2,187
Supplies	975	975	185	790
Other services & charges	356,571	356,571	192,176	164,395
Capital outlay	42,615	42,615	42,615	42,615
Total expenditures	<u>547,149</u>	<u>547,149</u>	<u>337,162</u>	<u>209,987</u>
NET CHANGE IN FUND BALANCE	(28,617)	(28,617)	13	28,630
FUND BALANCE - BEGINNING	<u>1,341</u>	<u>1,341</u>	<u>1,341</u>	
FUND BALANCE - ENDING	<u>\$ (27,276)</u>	<u>\$ (27,276)</u>	<u>\$ 1,354</u>	<u>\$ 28,630</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, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$	\$ 1,110,419	\$ 1,332,753	\$ 222,334
Investment income			63,659	63,659
Total revenues		<u>1,110,419</u>	<u>1,396,412</u>	<u>285,993</u>
EXPENDITURES				
Current:				
Other services & charges		35,795	35,795	
Capital outlay		<u>74,030</u>	<u>74,030</u>	
Total expenditures		<u>109,825</u>	<u>109,825</u>	
REVENUE OVER (UNDER) EXPENDITURES		<u>1,000,594</u>	<u>1,286,587</u>	<u>285,993</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds		<u>(1,000,594)</u>	<u>(1,222,928)</u>	<u>(222,334)</u>
Total other financing sources (uses)		<u>(1,000,594)</u>	<u>(1,222,928)</u>	<u>(222,334)</u>
NET CHANGE IN FUND BALANCE			63,659	63,659
FUND BALANCE - BEGINNING	<u>185,275</u>	<u>185,275</u>	<u>185,275</u>	
FUND BALANCE - ENDING	<u>\$ 185,275</u>	<u>\$ 185,275</u>	<u>\$ 248,934</u>	<u>\$ 63,659</u>

**CITY OF MOORHEAD, MINNESOTA
 MASS TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$	\$	\$ 99	\$ 99
Intergovernmental:				
Federal	1,092,466	1,830,843	693,098	(1,137,745)
State	3,704,189	3,766,289	3,759,003	(7,286)
Charges for services	496,262	553,649	434,365	(119,284)
Investment income	25,000	25,000	84,260	59,260
Miscellaneous	2,604	2,604	99,047	96,443
Total revenues	<u>5,320,521</u>	<u>6,178,385</u>	<u>5,069,872</u>	<u>(1,108,513)</u>
EXPENDITURES				
Current:				
Personnel	43,908	43,908	33,724	10,184
Supplies			1,999	(1,999)
Other services & charges	5,048,777	5,074,501	4,932,956	141,545
Capital outlay	273,333	1,228,766	126,504	1,102,262
Total expenditures	<u>5,366,018</u>	<u>6,347,175</u>	<u>5,095,183</u>	<u>1,251,992</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(45,497)</u>	<u>(168,790)</u>	<u>(25,311)</u>	<u>143,479</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	150,000	299,631	150,000	(149,631)
Proceeds from sale of capital assets	6,000	6,000		(6,000)
Total other financing sources (uses)	<u>156,000</u>	<u>305,631</u>	<u>150,000</u>	<u>(155,631)</u>
NET CHANGE IN FUND BALANCE	110,503	136,841	124,689	(12,152)
FUND BALANCE - BEGINNING	<u>1,392,271</u>	<u>1,392,271</u>	<u>1,392,271</u>	
FUND BALANCE - ENDING	<u>\$ 1,502,774</u>	<u>\$ 1,529,112</u>	<u>\$ 1,516,960</u>	<u>\$ (12,152)</u>

**CITY OF MOORHEAD, MINNESOTA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 622,542	\$ 622,542	\$ 624,747	\$ 2,205
Intergovernmental:				
State	123,598	123,598	123,625	27
Charges for services	2,625	2,625	1,575	(1,050)
Investment income	20,000	20,000	122,529	102,529
Total revenues	<u>768,765</u>	<u>768,765</u>	<u>872,476</u>	<u>103,711</u>
EXPENDITURES				
Current:				
Personnel	183,695	183,695	174,851	8,844
Supplies	5,700	5,700	1,529	4,171
Other services & charges	587,763	629,575	578,474	51,101
Total expenditures	<u>777,158</u>	<u>818,970</u>	<u>754,854</u>	<u>64,116</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(8,393)</u>	<u>(50,205)</u>	<u>117,622</u>	<u>167,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	50,000	50,000	50,000	
Leases	110,000	110,000	105,608	(4,392)
Proceeds from sale of capital assets			213,500	213,500
Total other financing sources (uses)	<u>160,000</u>	<u>160,000</u>	<u>369,108</u>	<u>209,108</u>
NET CHANGE IN FUND BALANCE	151,607	109,795	486,730	376,935
FUND BALANCE - BEGINNING	<u>3,741,440</u>	<u>3,741,440</u>	<u>3,741,440</u>	
FUND BALANCE - ENDING	<u>\$ 3,893,047</u>	<u>\$ 3,851,235</u>	<u>\$ 4,228,170</u>	<u>\$ 376,935</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, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Investment income	\$	\$	\$ 29,723	\$ 29,723
Total revenues			29,723	29,723
EXPENDITURES				
Current:				
Personnel	214,953	214,953	203,559	11,394
Supplies			4,505	(4,505)
Other services & charges	500	150,527	8,451	142,076
Total expenditures	215,453	365,480	216,515	148,965
NET CHANGE IN FUND BALANCE	(215,453)	(365,480)	(186,792)	178,688
FUND BALANCE - BEGINNING	1,001,124	1,001,124	1,001,124	
FUND BALANCE - ENDING	\$ 785,671	\$ 635,644	\$ 814,332	\$ 178,688

**CITY OF MOORHEAD, MINNESOTA
AFFORDABLE HOUSING AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 114,558	\$ 114,558	\$ 114,558	\$
Investment income			15,727	15,727
Total revenues	<u>114,558</u>	<u>114,558</u>	<u>130,285</u>	<u>15,727</u>
EXPENDITURES				
Current:				
Other services & charges	114,558	586,192	64,477	521,715
Total expenditures	<u>114,558</u>	<u>586,192</u>	<u>64,477</u>	<u>521,715</u>
NET CHANGE IN FUND BALANCE		(471,634)	65,808	537,442
FUND BALANCE - BEGINNING	<u>485,450</u>	<u>485,450</u>	<u>485,450</u>	
FUND BALANCE - ENDING	<u>\$ 485,450</u>	<u>\$ 13,816</u>	<u>\$ 551,258</u>	<u>\$ 537,442</u>

**CITY OF MOORHEAD, MINNESOTA
NATIONAL OPIOID SETTLEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$	\$	\$ 14,598	\$ 14,598
Miscellaneous	96,113	96,113	96,113	
Total revenues	<u>96,113</u>	<u>96,113</u>	<u>110,711</u>	<u>14,598</u>
EXPENDITURES				
Personnel	93,705	93,705	96,223	(2,518)
Other services & charges	71,002	71,002	1,002	70,000
Total expenditures	<u>164,707</u>	<u>164,707</u>	<u>97,225</u>	<u>67,482</u>
NET CHANGE IN FUND BALANCE	(68,594)	(68,594)	13,486	82,080
FUND BALANCE - BEGINNING	<u>429,158</u>	<u>429,158</u>	<u>429,158</u>	
FUND BALANCE - ENDING	<u>\$ 360,564</u>	<u>\$ 360,564</u>	<u>\$ 442,644</u>	<u>\$ 82,080</u>

NONMAJOR PROPRIETARY FUNDS

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

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, 2025**

	Sanitation	Golf Course	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 463,332	\$ 1,265,154	\$ 724,234	\$ 97,231	\$ 416,310	\$ 580,801	\$ 3,547,062
Receivables:							
Accounts	1,314,901	1,364	155,529	274,265	593	131,236	1,877,888
Leases		10,251			8,922		19,173
Due from other city funds	476,574		58,990	100,985		73,082	709,631
Due from other governmental units	231,169			77,561	129,712	76,470	514,912
Total current assets	<u>2,485,976</u>	<u>1,276,769</u>	<u>938,753</u>	<u>550,042</u>	<u>555,537</u>	<u>861,589</u>	<u>6,668,666</u>
Long-term assets:							
Capital assets:							
Land	364,908	3,954,534			301,838		4,621,280
Buildings	310,380	2,498,500			1,631,176		4,440,056
Improvements other than buildings	537,418	3,411,996			9,540,018		13,489,432
Machinery and equipment	144,025	176,063		183,406	154,679		658,173
Construction in progress					97,466		97,466
Less accumulated depreciation	(891,230)	(4,954,408)		(87,165)	(6,457,637)		(12,390,440)
Right to use lease assets		10,020					10,020
Less accumulated amortization		(1,909)					(1,909)
Total long-term assets	<u>465,501</u>	<u>5,094,796</u>		<u>96,241</u>	<u>5,267,540</u>		<u>10,924,078</u>
Total assets	<u>2,951,477</u>	<u>6,371,565</u>	<u>938,753</u>	<u>646,283</u>	<u>5,823,077</u>	<u>861,589</u>	<u>17,592,744</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension plans	71,047	49,066	11,628	29,638			161,379
Other post-employment benefits	15,300	4,535		1,912			21,747
Total deferred outflows of resources	<u>86,347</u>	<u>53,601</u>	<u>11,628</u>	<u>31,550</u>			<u>183,126</u>
LIABILITIES							
Current liabilities:							
Accounts payable	105,398	31,122	7,618	10,820	49,411		204,369
Accrued wages payable	92,322	26,433	6,632	32,604			157,991
Accrued compensated absences	172,601	45,699	6,164	48,260			272,724
Due to other city funds	977	28,378			2,195	92,262	123,812
Due to other governmental units	91,632	1,227	8,030	5,456			106,345
Other liabilities					11,626		11,626
Accrued interest payable		151					151
Leases		393					393
Other post-employment benefits	3,879	1,150		485			5,514
Unearned revenue		82,741			9,040		91,781
Total current liabilities	<u>466,809</u>	<u>217,294</u>	<u>28,444</u>	<u>97,625</u>	<u>72,272</u>	<u>92,262</u>	<u>974,706</u>
Long-term liabilities:							
Accrued compensated absences	12,992	3,440	464	3,632			20,528
Leases		8,165					8,165
Other post-employment benefits	54,453	16,141		6,807			77,401
Net pension liability	284,376	196,396	46,545	118,632			645,949
Total long-term liabilities	<u>351,821</u>	<u>224,142</u>	<u>47,009</u>	<u>129,071</u>			<u>752,043</u>
Total liabilities	<u>818,630</u>	<u>441,436</u>	<u>75,453</u>	<u>226,696</u>	<u>72,272</u>	<u>92,262</u>	<u>1,726,749</u>

(Continued)

**CITY OF MOORHEAD, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 DECEMBER 31, 2025**

	Sanitation	Golf Course	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
DEFERRED INFLOWS OF RESOURCES							
Pension plans	179,105	123,694	29,315	74,717			406,831
Other post-employment benefits	14,396	4,267		1,799			20,462
Total deferred inflows of resources	193,501	127,961	29,315	76,516			427,293
NET POSITION							
Net investment in capital assets	465,501	5,086,238		96,241	5,267,540		10,915,520
Unrestricted	1,560,192	769,531	845,613	278,380	483,265	769,327	4,706,308
Total net position	\$ 2,025,693	\$ 5,855,769	\$ 845,613	\$ 374,621	\$ 5,750,805	\$ 769,327	\$ 15,621,828

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Sanitation	Golf Course	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
OPERATING REVENUES							
Charges for services	\$ 5,444,542	\$ 2,289,079	\$ 727,416	\$ 1,265,000	\$ 72,217	\$ 878,064	\$ 10,676,318
Other		46,191					46,191
Total operating revenues	<u>5,444,542</u>	<u>2,335,270</u>	<u>727,416</u>	<u>1,265,000</u>	<u>72,217</u>	<u>878,064</u>	<u>10,722,509</u>
OPERATING EXPENSES							
Personnel	2,022,093	1,164,379	275,295	780,340			4,242,107
Disposal fee	1,873,603						1,873,603
Professional services	19,242	11,174	229,097	12,311	35,734		307,558
Insurance	41,497	15,493	3,740	7,774	10,743	576	79,823
Repair and maintenance	370,999	110,442	98,712	154,521	29,858		764,532
Supplies	331,851	280,087	75,927	206,234	10,874		904,973
Utilities	43,337	107,684			14,285	643,200	808,506
Equipment rental	552,667	283,885	111,835	128,560	30,748		1,107,695
Depreciation	10,984	138,335		18,341	483,930		651,590
Amortization		477					477
Miscellaneous	180,957	313,176	96,388	44,263	1,760	18,552	655,096
Total operating expenses	<u>5,447,230</u>	<u>2,425,132</u>	<u>890,994</u>	<u>1,352,344</u>	<u>617,932</u>	<u>662,328</u>	<u>11,395,960</u>
Operating income (loss)	<u>(2,688)</u>	<u>(89,862)</u>	<u>(163,578)</u>	<u>(87,344)</u>	<u>(545,715)</u>	<u>215,736</u>	<u>(673,451)</u>
NONOPERATING INCOME (EXPENSE)							
Investment income	15,835	48,167	25,581	3,109	14,938	16,148	123,778
Interest on indebtedness		(262)					(262)
Intergovernmental	225,000		95,864	99,617	24,079		444,560
Miscellaneous	51,833	25,696	2,180	3,003	26,518		109,230
Total nonoperating income (expense)	<u>292,668</u>	<u>73,601</u>	<u>123,625</u>	<u>105,729</u>	<u>65,535</u>	<u>16,148</u>	<u>677,306</u>
Income (loss) before contributions and transfers	289,980	(16,261)	(39,953)	18,385	(480,180)	231,884	3,855
Capital contributions	19,599	252,194		11,344	98,458		381,595
Transfers from other funds		167,775		150,000	156,250		474,025
Transfers to other funds	(260,000)		(230,591)	(50,000)		(594,711)	(1,135,302)
Total contributions and transfers	<u>(240,401)</u>	<u>419,969</u>	<u>(230,591)</u>	<u>111,344</u>	<u>254,708</u>	<u>(594,711)</u>	<u>(279,682)</u>
CHANGE IN NET POSITION	49,579	403,708	(270,544)	129,729	(225,472)	(362,827)	(275,827)
TOTAL NET POSITION - BEGINNING	<u>1,976,114</u>	<u>5,452,061</u>	<u>1,116,157</u>	<u>244,892</u>	<u>5,976,277</u>	<u>1,132,154</u>	<u>15,897,655</u>
TOTAL NET POSITION - ENDING	<u>\$ 2,025,693</u>	<u>\$ 5,855,769</u>	<u>\$ 845,613</u>	<u>\$ 374,621</u>	<u>\$ 5,750,805</u>	<u>\$ 769,327</u>	<u>\$ 15,621,828</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Sanitation	Golf Course	Pest Control	Forestry	Municipal Airport	Street Light Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 5,434,645	\$ 2,287,955	\$ 726,914	\$ 1,238,834	\$ 20,784	\$ 885,013	\$ 10,594,145
Payments to suppliers	(1,356,798)	(816,527)	(514,886)	(502,910)	(85,539)	(643,776)	(3,920,436)
Payments to employees	(2,043,952)	(1,259,604)	(297,941)	(801,575)			(4,403,072)
Other receipts (payments)	(2,006,326)	(236,757)	(17,146)	(41,021)	5,038	29,719	(2,266,493)
Net cash provided by (used in) operating activities	<u>27,569</u>	<u>(24,933)</u>	<u>(103,059)</u>	<u>(106,672)</u>	<u>(59,717)</u>	<u>270,956</u>	<u>4,144</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental	225,000		95,864	99,617	24,079		444,560
Transfers from other funds		167,775		150,000	156,250		474,025
Transfers to other funds	(260,000)		(230,591)	(50,000)		(594,711)	(1,135,302)
Net cash provided by (used in) noncapital financing activities	<u>(35,000)</u>	<u>167,775</u>	<u>(134,727)</u>	<u>199,617</u>	<u>180,329</u>	<u>(594,711)</u>	<u>(216,717)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of assets		(42,921)			(97,466)		(140,387)
Cash paid for lease liabilities - principal		(382)					(382)
Cash paid for lease liabilities - interest		(268)					(268)
Cash received on lease receivables		10,050			8,747		18,797
Cash received for interest on lease receivables		406			353		759
Capital grants from other governments					98,458		98,458
Net cash provided by (used in) capital and related financing activities		<u>(33,115)</u>			<u>10,092</u>		<u>(23,023)</u>
CASH FLOWS FROM INVESTING ACTIVITY							
Interest received and market adjustments	15,835	47,761	25,581	3,109	14,585	16,148	123,019
Net increase (decrease) in cash and cash equivalents	8,404	157,488	(212,205)	96,054	145,289	(307,607)	(112,577)
Current and restricted cash equivalents at beginning of year	454,928	1,107,666	936,439	1,177	271,021	888,408	3,659,639
Current and restricted cash equivalents at end of year	<u>\$ 463,332</u>	<u>\$ 1,265,154</u>	<u>\$ 724,234</u>	<u>\$ 97,231</u>	<u>\$ 416,310</u>	<u>\$ 580,801</u>	<u>\$ 3,547,062</u>

(Continued)

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

Reconciliation of operating income (loss) to net cash provided by
(used in) operating activities:

Operating income (loss)	\$ (2,688)	\$ (89,862)	\$ (163,578)	\$ (87,344)	\$ (545,715)	\$ 215,736	\$ (673,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation/Amortization	10,984	138,812		18,341	483,930		652,067
Other miscellaneous nonoperating income	51,835	5,397	2,180	3,003	8,850		71,265
Change in assets and liabilities:							
Accounts receivable	(54,842)	(1,124)	(387)	(18,562)	(494)	(615)	(76,024)
Due from other city funds	44,945		(115)	(7,604)		(307)	36,919
Due from other governments	(3,601)		77,062	239	(50,939)	7,871	30,632
Prepaid items		455					455
Deferred outflows of resources	(14,015)	(2,704)	(369)	(2,271)			(19,359)
Accounts payable	(88,653)	(9,444)	(3,605)	1,034	46,703		(53,965)
Accrued wages payable	13,295	(8,364)	915	3,397			9,243
Compensated absences payable	22,852	(18,229)	(9,000)	9,574			5,197
Other post-employment benefits	6,533	1,983		1,062			9,578
Net pension liability	(22,990)	(36,171)	(7,511)	(17,137)			(83,809)
Due to other funds	(184)	21,458			961	48,271	70,506
Due to other governments	91,632	1,227	8,030	5,456			106,345
Deferred inflows of resources	(27,534)	(31,740)	(6,681)	(15,860)			(81,815)
Other current liabilities		3,373			105		3,478
Unearned revenue					(3,118)		(3,118)
Net cash provided by (used in) operating activities	<u>\$ 27,569</u>	<u>\$ (24,933)</u>	<u>\$ (103,059)</u>	<u>\$ (106,672)</u>	<u>\$ (59,717)</u>	<u>\$ 270,956</u>	<u>\$ 4,144</u>
Noncash capital financing activities:							
Contributions of capital assets from government / customers	<u>\$ 19,599</u>	<u>\$ 252,194</u>		<u>\$ 11,344</u>			<u>\$ 283,137</u>
Lease receivable for leased property		<u>\$ 20,301</u>			<u>\$ 17,668</u>		<u>\$ 37,969</u>

INTERNAL SERVICE FUNDS

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

Vehicles and Equipment - 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, 2025**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio and Weapons	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,540,136	\$ 538,342	\$	\$ 3,338,806	\$ 6,417,284
Receivables:					
Accounts	9,165		1,511	3,456	14,132
Due from other city funds			10,153		10,153
Due from other governmental units	91,956		12,368	32,040	136,364
Inventories			78,914		78,914
Prepaid items		235,020			235,020
Total current assets	<u>2,641,257</u>	<u>773,362</u>	<u>102,946</u>	<u>3,374,302</u>	<u>6,891,867</u>
Long-term assets:					
Capital assets:					
Machinery and equipment	32,827,515	2,073,720		1,077,789	35,979,024
Construction in progress	222,214				222,214
Less accumulated depreciation	(19,163,980)	(1,657,852)		(769,559)	(21,591,391)
Right to use lease assets		18,821		697,651	716,472
Less accumulated amortization		(12,547)		(317,618)	(330,165)
Subscription assets		49,982			49,982
Less accumulated amortization		(24,991)			(24,991)
Total capital assets	<u>13,885,749</u>	<u>447,133</u>	<u></u>	<u>688,263</u>	<u>15,021,145</u>
Total assets	<u>16,527,006</u>	<u>1,220,495</u>	<u>102,946</u>	<u>4,062,565</u>	<u>21,913,012</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plans	993		12,054		13,047
Other post-employment benefits			2,841		2,841
Total deferred outflows of resources	<u>993</u>	<u></u>	<u>14,895</u>	<u></u>	<u>15,888</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2025**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio and Weapons	Total
LIABILITIES					
Current liabilities:					
Accounts payable	7,569	42,211	150,872	1,691	202,343
Accrued wages payable	1,660		22,872		24,532
Accrued compensated absences	4,468		34,919		39,387
Due to other city funds			475,424		475,424
Due to other governmental units			4,094		4,094
Accrued interest payable		28		12,485	12,513
Leases		3,760		140,933	144,693
Subscriptions		24,582			24,582
Other post-employment benefits			720		720
Total current liabilities	13,697	70,581	688,901	155,109	928,288
Long-term liabilities:					
Accrued compensated absences	186		1,455		1,641
Leases		1,922		253,518	255,440
Other post-employment benefits			10,113		10,113
Net pension liability	3,973		48,247		52,220
Total long-term liabilities	4,159	1,922	59,815	253,518	319,414
Total liabilities	17,856	72,503	748,716	408,627	1,247,702
DEFERRED INFLOWS OF RESOURCES					
Pension plans	2,502		30,387		32,889
Other post-employment benefits			2,673		2,673
Total deferred inflows of resources	2,502		33,060		35,562
NET POSITION					
Net investment in capital assets	13,885,749	416,841		281,327	14,583,917
Unrestricted	2,621,892	731,151	(663,935)	3,372,611	6,061,719
Total net position	\$ 16,507,641	\$ 1,147,992	\$ (663,935)	\$ 3,653,938	\$ 20,645,636

CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2025

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio and Weapons	Total
OPERATING REVENUES					
Charges for services	\$ 3,013,569	\$ 1,231,660	\$ 2,245,546	\$ 443,603	\$ 6,934,378
OPERATING EXPENSES					
Personnel	32,127		341,175		373,302
Insurance	42	1,001	2,420	449	3,912
Repair and maintenance	5,046	919,472	1,971	20,637	947,126
Supplies	37,485	113,276	1,702,729	134,133	1,987,623
Utilities			13,453		13,453
Equipment rental		324			324
Depreciation	2,403,114	148,510		55,640	2,607,264
Amortization		67,904		139,530	207,434
Miscellaneous	29,192	17,972	9,355	101,260	157,779
Total operating expenses	<u>2,507,006</u>	<u>1,268,459</u>	<u>2,071,103</u>	<u>451,649</u>	<u>6,298,217</u>
Operating income (loss)	<u>506,563</u>	<u>(36,799)</u>	<u>174,443</u>	<u>(8,046)</u>	<u>636,161</u>
NONOPERATING INCOME (EXPENSE)					
Investment income	106,330	5,303		113,195	224,828
Interest on indebtedness		(5,775)		(24,408)	(30,183)
Gain (loss) on disposal of assets	291,310			2,500	293,810
Intergovernmental	88,161				88,161
Miscellaneous	331,530		12,333		343,863
Total nonoperating income (expense)	<u>817,331</u>	<u>(472)</u>	<u>12,333</u>	<u>91,287</u>	<u>920,479</u>
Income (loss) before contributions and transfers	1,323,894	(37,271)	186,776	83,241	1,556,640
Capital contributions		81,549			81,549
Transfers from other funds	9,695			16,680	26,375
Total contributions and transfers	<u>9,695</u>	<u>81,549</u>		<u>16,680</u>	<u>107,924</u>
CHANGE IN NET POSITION	1,333,589	44,278	186,776	99,921	1,664,564
TOTAL NET POSITION - BEGINNING	<u>15,174,052</u>	<u>1,103,714</u>	<u>(850,711)</u>	<u>3,554,017</u>	<u>18,981,072</u>
TOTAL NET POSITION - ENDING	<u>\$ 16,507,641</u>	<u>\$ 1,147,992</u>	<u>\$ (663,935)</u>	<u>\$ 3,653,938</u>	<u>\$ 20,645,636</u>

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio and Weapons	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,913,372	\$ 1,199,284	\$ 2,259,021	\$ 408,107	\$ 6,779,784
Payments to suppliers	(48,717)	(1,031,165)	(1,925,596)	(153,922)	(3,159,400)
Payments to employees	(33,269)		(336,403)		(369,672)
Other receipts (payments)	302,338	(17,972)	2,978	(101,260)	186,084
Net cash provided by (used in) operating activities	<u>3,133,724</u>	<u>150,147</u>	<u>-</u>	<u>152,925</u>	<u>3,436,796</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	88,161				88,161
Transfers from other funds	9,695			16,680	26,375
Net cash provided by (used in) noncapital financing activities	<u>97,856</u>	<u>-</u>	<u>-</u>	<u>16,680</u>	<u>114,536</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	291,310			2,500	293,810
Purchase of assets	(5,398,768)	(86,911)		(236,522)	(5,722,201)
Cash paid for lease liabilities - principal		(3,649)		(135,514)	(139,163)
Cash paid for lease liabilities - interest		(239)		(21,199)	(21,438)
Cash paid for subscription liabilities - principal		(66,746)			(66,746)
Cash paid for subscription liabilities - interest		(5,554)			(5,554)
Net cash used in capital and related financing activities	<u>(5,107,458)</u>	<u>(163,099)</u>	<u>-</u>	<u>(390,735)</u>	<u>(5,661,292)</u>
CASH FLOWS FROM INVESTING ACTIVITY					
Interest received and market adjustments	<u>106,330</u>	<u>5,303</u>	<u>-</u>	<u>113,195</u>	<u>224,828</u>
Net increase in cash and cash equivalents	(1,769,548)	(7,649)	-	(107,935)	(1,885,132)
Current and restricted cash equivalents at beginning of year	<u>4,309,684</u>	<u>545,991</u>	<u>-</u>	<u>3,446,741</u>	<u>8,302,416</u>
Current and restricted cash equivalents at end of year	<u>\$ 2,540,136</u>	<u>\$ 538,342</u>	<u>\$ -</u>	<u>\$ 3,338,806</u>	<u>\$ 6,417,284</u>

(Continued)

**CITY OF MOORHEAD, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Vehicles & Equipment	Information Technology	Maintenance Shop	Radio and Weapons	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 506,563	\$ (36,799)	\$ 174,443	\$ (8,046)	\$ 636,161
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/Amortization	2,403,114	216,414		195,170	2,814,698
Other miscellaneous nonoperating income	331,530		12,333		343,863
Change in assets and liabilities:					
Accounts receivable	(9,165)		(1,125)	(3,456)	(13,746)
Due from other funds	316	23,500	2,865		26,681
Due from other governments	(91,348)		11,735	(32,040)	(111,653)
Inventories			(43,853)		(43,853)
Prepaid items		(55,876)			(55,876)
Deferred outflows of resources	54		(2,475)		(2,421)
Accounts payable	(6,144)	2,908	8,622	1,297	6,683
Accrued wages payable	243		9,103		9,346
Compensated absences payable	462		5,687		6,149
Due to other funds			(173,886)		(173,886)
Due to other governments			4,094		4,094
Other post-employment benefits			331		331
Net pension liability	(1,055)		(3,295)		(4,350)
Deferred inflows of resources	(846)		(4,579)		(5,425)
Net cash provided by (used in) operating activities	<u>\$ 3,133,724</u>	<u>\$ 150,147</u>	<u>\$ -</u>	<u>\$ 152,925</u>	<u>\$ 3,436,796</u>
Contributions of capital assets from government / customers	<u>\$ -</u>	<u>\$ 81,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,549</u>
Subscription liability for the acquisition for right to use asset	<u>\$ -</u>	<u>\$ 49,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,982</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE ¹
DECEMBER 31, 2025

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 101,466,970
Buildings	30,416,959
Improvements other than buildings	82,713,902
Machinery and equipment	15,063,350
Infrastructure	391,654,517
Construction in progress	80,093,581
Lease buildings	4,953,186
Lease machinery and equipment	<u>\$ 7,831</u>
 Total governmental funds capital assets	 <u><u>\$ 706,370,296</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

Capital Project Funds	\$ 669,349,484
General Fund	5,856,381
Special Revenue Funds	17,779,247
Enterprise Funds	12,062
Gifts	<u>13,373,122</u>
 Total governmental funds capital assets	 <u><u>\$ 706,370,296</u></u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY ¹
YEAR ENDED DECEMBER 31, 2025

FUNCTION AND ACTIVITY	CAPITAL ASSETS 1/1/2025	ADDITIONS	DEDUCTIONS	CAPITAL ASSETS 12/31/2025
GENERAL GOVERNMENT:				
City Manager	\$ 21,056	\$ -	\$ -	\$ 21,056
Assessing	48,029	-	-	48,029
Accounting	566,456	9,000	-	575,456
Planning & Zoning	7,955	-	-	7,955
General Government Building	<u>143,308,931</u>	<u>2,841,509</u>	<u>-</u>	<u>146,150,440</u>
Total General Government	<u>143,952,427</u>	<u>2,850,509</u>	<u>-</u>	<u>146,802,936</u>
PUBLIC SAFETY:				
Police Protection	5,018,300	83,536	-	5,101,836
Fire Protection	<u>2,745,530</u>	<u>58,126</u>	<u>-</u>	<u>2,803,656</u>
Total Public Safety	<u>7,763,830</u>	<u>141,662</u>	<u>-</u>	<u>7,905,492</u>
HIGHWAYS & STREETS	391,467,304	9,407,873	-	400,875,177
PARKS & RECREATION	45,836,504	168,298	-	46,004,802
LIBRARY	2,356,665	-	-	2,356,665
COMMUNITY DEVELOPMENT	606,330	-	-	606,330
MASS TRANSIT	10,139,292	204,055	-	10,343,347
PLAINS ART MUSEUM	490,409	-	-	490,409
ECONOMIC DEVELOPMENT	10,891,557	-	-	10,891,557
CONSTRUCTION IN PROGRESS	<u>32,265,227</u>	<u>62,908,826</u>	<u>15,080,472</u>	<u>80,093,581</u>
Total governmental funds capital assets	<u>\$ 645,769,545</u>	<u>\$ 75,681,223</u>	<u>\$ 15,080,472</u>	<u>\$ 706,370,296</u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY ¹
DECEMBER 31, 2025

<u>FUNCTION AND ACTIVITY</u>	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>
GENERAL GOVERNMENT:				
City Manager	\$ 21,056	\$ -	\$ -	\$ -
Assessing	48,029	-	-	-
Accounting	575,456	-	-	-
Planning & Zoning	7,955	-	-	-
General Government Building	<u>163,009,535</u>	<u>90,101,038</u>	<u>4,846,468</u>	<u>50,070,279</u>
Total General Government	<u>163,662,031</u>	<u>90,101,038</u>	<u>4,846,468</u>	<u>50,070,279</u>
PUBLIC SAFETY:				
Police Protection	5,101,836	-	-	61,711
Fire Protection	<u>2,803,656</u>	<u>54,743</u>	<u>1,617,939</u>	<u>19,500</u>
Total Public Safety	<u>7,905,492</u>	<u>54,743</u>	<u>1,617,939</u>	<u>81,211</u>
HIGHWAYS & STREETS	425,189,808	5,032,530	2,996,048	303,726
PARKS & RECREATION	54,147,688	2,080,440	8,933,118	31,737,758
LIBRARY	33,112,078	102,500	2,049,248	149,323
COMMUNITY DEVELOPMENT	606,330	507,270	-	46,991
MASS TRANSIT	10,364,903	-	2,349,863	175,152
PLAINS ART MUSEUM	490,409	-	490,409	-
ECONOMIC DEVELOPMENT	<u>10,891,557</u>	<u>3,588,449</u>	<u>7,133,866</u>	<u>149,462</u>
Total governmental funds capital assets	<u>\$ 706,370,296</u>	<u>\$ 101,466,970</u>	<u>\$ 30,416,959</u>	<u>\$ 82,713,902</u>

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

CITY OF MOORHEAD, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED) ¹
DECEMBER 31, 2025

MACHINERY AND EQUIPMENT	INFRA- STRUCTURE	CONSTRUCTION IN PROGRESS	LEASE BUILDINGS	LEASE MACHINERY AND EQUIPMENT
\$ 21,056	\$ -	\$ -	\$ -	\$ -
48,029	-	-	-	-
575,456	-	-	-	-
7,955	-	-	-	-
590,988	-	16,859,095	533,836	7,831
<u>1,243,484</u>	<u>-</u>	<u>16,859,095</u>	<u>533,836</u>	<u>7,831</u>
620,775	-	-	4,419,350	-
1,111,474	-	-	-	-
<u>1,732,249</u>	<u>-</u>	<u>-</u>	<u>4,419,350</u>	<u>-</u>
888,356	391,654,517	24,314,631	-	-
3,253,486	-	8,142,886	-	-
55,594	-	30,755,413	-	-
52,069	-	-	-	-
7,818,332	-	21,556	-	-
-	-	-	-	-
19,780	-	-	-	-
<u>\$ 15,063,350</u>	<u>\$ 391,654,517</u>	<u>\$ 80,093,581</u>	<u>\$ 4,953,186</u>	<u>\$ 7,831</u>

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.

Contents	Page
Financial Trends	113
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	118
These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and transfers.	
Debt Capacity	123
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	135
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	137
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)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 223,160,997	\$ 223,017,288	\$ 190,131,897	\$ 230,476,976	\$ 249,347,298	\$ 219,568,317	\$ 272,400,401	\$ 270,397,929	\$ 265,030,770	\$ 311,348,931
Restricted	136,900,935	137,019,387	137,882,638	125,043,570	135,512,242	170,378,593	122,906,554	133,632,135	144,037,000	124,327,312
Unrestricted	(18,540,961)	1,086,649	(5,842,815)	15,037,953	(3,975,809)	4,673,340	1,446,067	6,065,725	14,202,560	12,725,161
Total governmental activities net position	\$ 341,520,971	\$ 361,123,324	\$ 322,171,720	\$ 370,558,499	\$ 380,883,731	\$ 394,620,250	\$ 396,753,022	\$ 410,095,789	\$ 423,270,330	\$ 448,401,404
Business-type activities										
Net investment in capital assets	\$ 91,229,486	\$ 97,267,818	\$ 152,405,046	\$ 156,065,972	\$ 166,749,401	\$ 165,328,912	\$ 173,290,831	\$ 192,343,236	\$ 189,675,501	\$ 201,958,721
Restricted	12,344,488	9,912,659	6,490,259	6,175,554	10,601,200	4,440,922	6,507,771	4,543,880	6,605,863	6,272,910
Unrestricted	23,703,296	31,048,190	40,582,354	42,262,600	41,765,122	59,141,828	57,809,399	55,352,282	69,038,487	65,625,813
Total business-type activities net position	\$ 127,277,270	\$ 138,228,667	\$ 199,477,659	\$ 204,504,126	\$ 219,115,723	\$ 228,911,662	\$ 237,608,001	\$ 252,239,398	\$ 265,319,851	\$ 273,857,444
Primary government										
Net investment in capital assets	\$ 314,390,483	\$ 320,285,106	\$ 342,536,943	\$ 386,542,948	\$ 416,096,699	\$ 384,897,229	\$ 445,691,232	\$ 462,741,165	\$ 454,706,271	\$ 513,307,652
Restricted	149,245,423	146,932,046	144,372,897	131,219,124	146,113,442	174,819,515	129,414,325	138,176,015	150,642,863	130,600,222
Unrestricted	5,162,335	32,134,839	34,739,539	57,300,553	37,789,313	63,815,168	59,255,466	61,418,007	83,241,047	78,350,974
Total primary government net position	\$ 468,798,241	\$ 499,351,991	\$ 521,649,379	\$ 575,062,625	\$ 599,999,454	\$ 623,531,912	\$ 634,361,023	\$ 662,335,187	\$ 688,590,181	\$ 722,258,848

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 5,355,803	\$ 4,977,547	\$ 5,128,445	\$ 6,134,526	\$ 10,275,610	\$ 9,028,462	\$ 10,396,733	\$ 11,480,987	\$ 12,480,379	\$ 12,297,107
Public safety	15,536,547	15,256,052	15,398,739	16,218,093	15,935,688	15,160,861	17,939,929	19,082,979	19,249,097	19,520,254
Highways and streets	12,271,658	13,370,437	14,704,535	13,721,752	14,100,216	14,530,534	16,334,969	20,396,181	20,421,049	20,752,267
Culture and recreation	4,967,578	4,908,210	5,639,499	5,203,139	5,034,371	5,307,360	6,355,223	7,131,321	6,848,279	6,301,147
Rental Registration	300,560	309,793	329,216	290,136	-	-	-	-	-	-
Public transportation	2,903,025	3,179,629	3,409,312	3,570,729	3,810,477	4,126,722	4,594,440	4,901,964	5,764,753	5,689,441
Urban and economic development	1,460,620	1,658,265	1,394,295	1,275,112	1,136,790	1,305,142	2,991,101	1,900,555	2,263,180	1,830,846
Interest on long-term debt	7,785,669	6,749,582	6,679,837	6,255,942	5,877,983	5,547,489	4,318,798	5,591,629	6,627,720	7,687,814
Total governmental activities expenses	50,581,460	50,409,515	52,683,878	52,669,429	56,171,135	55,006,570	62,931,193	70,485,616	73,654,457	74,078,876
Business-type activities:										
Electric	31,817,993	30,922,240	31,146,001	30,853,105	28,786,968	29,579,831	30,051,274	31,409,767	32,398,036	35,162,299
Water	6,384,007	7,242,254	7,568,515	7,903,624	7,265,394	7,680,318	9,467,881	10,408,839	11,571,561	11,410,213
Wastewater treatment	6,420,340	6,137,591	7,184,981	7,737,436	8,004,679	7,589,256	7,826,714	8,128,298	8,664,453	8,048,050
Storm water	1,279,110	1,414,865	2,254,089	2,206,737	2,174,572	2,480,135	2,657,078	2,580,510	2,693,852	2,864,129
Sanitation	3,657,006	5,043,175	4,310,799	4,279,139	4,557,093	4,558,548	5,501,208	5,156,733	4,967,457	5,192,163
Golf courses	1,813,363	1,711,988	1,614,758	1,669,502	2,410,181	1,876,506	2,041,369	2,182,001	2,330,545	2,309,619
Sports center	1,032,354	1,079,640	917,379	2,711,189	334,275	366,309	67,781	-	-	-
Pest control	569,291	639,495	561,178	654,738	630,653	466,766	491,079	603,719	797,947	839,727
Forestry	853,299	848,802	825,002	828,932	975,194	912,125	1,136,875	1,368,283	1,272,837	1,295,028
Municipal airport	324,577	482,636	613,016	661,486	899,720	532,366	585,869	627,998	627,869	603,888
Street light utility	695,149	748,809	732,172	714,799	636,419	652,819	619,478	630,224	895,785	662,328
Total business-type activities expenses	54,846,489	56,271,495	57,727,890	60,220,687	56,675,148	56,694,979	60,446,606	63,096,372	66,220,342	68,387,444
Total primary government expenses	\$ 105,427,949	\$ 106,681,010	\$ 110,411,768	\$ 112,890,116	\$ 112,846,283	\$ 111,701,549	\$ 123,377,799	\$ 133,581,988	\$ 139,874,799	\$ 142,466,320
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,441,569	\$ 1,113,817	\$ 990,975	\$ 941,400	\$ 1,273,071	\$ 1,698,470	\$ 1,939,619	\$ 1,921,756	\$ 2,945,222	\$ 2,435,610
Public safety	689,929	721,893	720,682	608,415	453,207	439,448	854,302	751,926	827,694	780,054
Highways and streets	1,414,476	1,980,995	612,589	1,965,585	231,790	1,583,481	5,949,742	1,191,754	717,101	1,342,578
Other activities	1,504,664	1,570,260	1,733,525	1,709,315	891,427	1,117,346	1,473,198	1,412,767	2,368,910	1,882,880
Operating grants and contributions	7,030,078	5,770,187	6,543,764	6,803,405	9,680,774	8,494,441	4,353,414	12,008,114	13,297,650	13,078,974
Capital grants and contributions	25,995,042	25,592,385	20,137,228	12,429,868	14,268,025	16,725,442	9,357,440	20,724,676	17,758,543	26,642,805
Total governmental activities program revenues	38,075,758	36,749,537	30,738,763	24,457,988	26,798,294	30,058,628	23,927,715	38,010,993	37,915,120	46,162,901
Business-type activities:										
Charges for services:										
Electric	41,489,080	44,791,531	44,230,894	43,811,642	42,685,696	43,350,341	44,163,839	44,875,020	44,237,308	45,794,501
Water	8,130,880	9,042,967	9,299,474	9,366,724	9,947,560	11,157,121	11,156,901	12,010,752	12,160,496	12,346,587
Wastewater treatment	7,720,651	8,066,664	8,164,057	8,662,682	8,857,094	10,013,520	9,911,883	10,047,862	10,037,203	9,594,747
Storm water	2,663,816	2,725,287	2,857,390	2,761,590	2,845,601	2,893,277	2,810,877	2,862,684	2,984,750	3,090,798
Sanitation	4,160,055	4,455,041	4,500,422	4,765,892	4,546,511	5,050,674	4,992,072	4,987,699	5,433,919	5,496,375
Golf courses	1,410,009	1,311,686	1,251,522	1,270,548	1,450,195	1,751,388	1,764,035	1,994,937	2,129,925	2,314,775
Other activities	3,051,096	2,958,886	3,336,457	3,211,184	2,782,023	2,809,018	2,786,218	2,809,975	2,965,487	3,071,121
Operating grants and contributions	236,022	625,699	205,573	52,061	380,367	325,919	512,364	1,047,606	639,628	348,696
Capital grants and contributions	1,854,572	1,658,727	3,516,441	2,346,902	7,877,562	3,879,198	4,426,618	5,012,997	7,295,858	3,774,499
Total business-type activities program revenues	70,716,181	75,636,488	77,362,230	76,249,225	81,372,609	81,230,456	82,524,807	85,649,532	87,884,574	85,832,099
Total primary government program revenues	\$ 108,791,939	\$ 112,386,025	\$ 108,100,993	\$ 100,707,213	\$ 108,170,903	\$ 111,289,084	\$ 106,452,522	\$ 123,660,525	\$ 125,799,694	\$ 131,995,000

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (expense) / revenue:										
Governmental activities	\$ (12,505,702)	\$ (13,659,978)	\$ (21,945,115)	\$ (28,211,441)	\$ (29,372,841)	\$ (24,947,942)	\$ (39,003,478)	\$ (32,474,623)	\$ (35,739,337)	\$ (27,915,975)
Business-type activities	15,869,692	19,364,993	19,634,340	16,028,538	24,697,461	24,535,477	22,078,201	22,553,163	21,664,232	17,444,655
Total primary government net expense	<u>\$ 3,363,990</u>	<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>	<u>\$ (14,075,105)</u>	<u>\$ (10,471,320)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	\$ 5,001,334	\$ 6,070,868	\$ 7,152,264	\$ 8,124,044	\$ 9,329,565	\$ 9,568,469	\$ 10,669,918	\$ 12,463,758	\$ 11,361,371	\$ 13,930,382
Property taxes levied for debt service	3,824,307	4,624,111	3,633,936	4,386,808	3,999,426	3,612,736	3,565,350	3,798,797	3,833,694	3,964,650
City sales taxes	-	-	-	-	-	-	-	2,127,180	2,883,606	3,093,225
Tax increments	498,896	518,118	546,662	571,287	553,324	612,648	615,794	632,785	914,332	970,091
Franchise fees	922,395	993,555	1,040,015	1,016,021	888,833	929,937	1,368,191	1,208,260	958,687	1,112,845
State aid unrestricted	10,352,919	10,169,504	10,519,127	10,686,998	10,953,872	11,106,713	11,261,087	11,207,599	12,322,618	13,073,823
Unrestricted grants and contributions	101,072	141,104	-	2,674,199	41,175	184,857	58,632	35,820	58,632	58,632
Investment earnings	116,946	372,095	892,127	1,328,000	888,103	86,300	906,409	2,616,981	3,641,744	3,289,759
Miscellaneous	1,909,098	631,340	117,662	925,710	1,401,683	1,286,884	557,033	109,837	201,287	18,151
Transfers	8,972,310	9,741,636	10,251,796	12,388,791	11,642,092	11,295,917	12,133,836	11,616,373	12,737,907	13,535,491
Total governmental activities	<u>31,699,277</u>	<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>	<u>48,913,878</u>	<u>53,047,049</u>
Business-type activities:										
State aid unrestricted	11,562	4,960	6,185	4,960	-	-	-	-	-	-
Investment earnings	42,817	429,624	553,607	1,397,683	621,570	(248,237)	(2,161,351)	2,726,143	3,518,780	3,499,671
Miscellaneous	994,136	893,456	911,461	1,060,135	934,658	764,338	913,325	968,464	635,348	1,128,758
Transfers	(8,972,310)	(9,741,636)	(10,251,796)	(12,388,791)	(11,642,092)	(11,295,917)	(12,133,836)	(11,616,373)	(12,737,907)	(13,535,491)
Special Item	(215,132)	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>(8,138,927)</u>	<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>(8,583,779)</u>	<u>(8,907,062)</u>
Total primary government	<u>\$ 23,560,350</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>	<u>\$ 40,330,099</u>	<u>\$ 44,139,987</u>
Change in Net Position										
Governmental activities	\$ 19,193,575	\$ 19,602,353	\$ 12,208,474	\$ 13,890,417	\$ 10,325,232	\$ 13,736,519	\$ 2,132,772	\$ 13,342,767	\$ 13,174,541	\$ 25,131,074
Business-type activities	7,730,765	10,951,397	10,853,797	6,102,525	14,611,597	13,755,661	8,696,339	14,631,397	13,080,453	8,537,593
Total primary government	<u>\$ 26,924,340</u>	<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>	<u>\$ 26,254,994</u>	<u>\$ 33,668,667</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	\$ 3,715,273	\$ 3,653,737	\$ 3,563,015	\$ 3,544,307	\$ 3,526,413	\$ 3,512,811	\$ 3,558,649	\$ 2,795,785	\$ 2,735,561	\$ 2,494,233
Restricted	-	448,443	533,289	854,039	970,599	1,071,833	1,176,401	1,257,518	1,321,209	1,390,835
Committed	38,645	-	-	-	-	-	-	-	-	-
Assigned	-	379,417	403,929	-	-	-	-	4,000,000	-	-
Unassigned	13,423,346	14,794,555	15,030,435	16,499,895	16,850,832	18,569,878	21,690,814	18,508,961	20,870,868	23,014,416
Total General fund	<u>\$ 17,177,264</u>	<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>	<u>\$ 24,927,638</u>	<u>\$ 26,899,484</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,011	\$ 113,440	\$ 353,722	\$ 1,111,783
Restricted	54,537,821	48,256,249	50,248,858	56,926,969	47,163,637	83,860,990	34,426,506	40,408,949	63,852,799	46,628,985
Committed	1,072,520	1,608,169	533,264	3,022,448	4,374,638	5,935,939	6,067,373	9,181,260	15,258,174	5,309,705
Assigned	6,233,333	6,725,895	6,349,223	-	-	-	-	-	-	-
Unassigned	(2,010,686)	(3,726,011)	(5,979,092)	(4,705,036)	(12,991,770)	(11,057,129)	(8,241,964)	(6,964,328)	(14,972,549)	(8,437,347)
Total all other governmental funds	<u>\$ 59,832,988</u>	<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>	<u>\$ 64,492,146</u>	<u>\$ 44,613,126</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues										
Taxes										
Property	\$ 9,324,536	\$ 10,713,097	\$ 11,832,862	\$ 12,838,360	\$ 13,470,035	\$ 13,826,074	\$ 14,882,929	\$ 16,816,143	\$ 19,143,879	\$ 21,865,031
Sales Tax	-	-	-	-	-	-	-	2,127,180	2,883,606	3,093,225
Franchise	922,395	993,555	1,040,015	1,016,021	888,833	929,937	1,368,191	1,208,260	958,687	1,112,845
Licenses and permits	1,174,852	882,095	770,467	704,116	713,324	1,229,826	890,131	1,062,070	1,066,644	856,408
Intergovernmental	27,188,071	18,790,647	30,411,438	52,217,435	31,593,376	26,811,174	22,375,945	29,259,760	33,652,778	37,472,295
Charges for services	2,498,985	2,973,730	1,691,783	2,654,379	874,316	2,380,524	3,574,959	2,427,606	1,848,354	2,127,226
Fines and forfeits	513,874	517,771	504,021	452,359	263,809	287,969	357,881	345,414	314,849	382,093
Facility rentals	165,001	171,689	167,490	169,875	95,046	139,569	132,840	120,769	182,233	195,176
Donations	32,336	25,620	9,765	38,842	26,666	57,160	20,840	45,747	100,376	181,178
Special assessments	9,513,547	10,480,746	9,255,056	10,213,442	9,370,172	9,524,393	9,528,819	7,786,784	8,228,684	8,753,411
Sale of property	72,131	266,872	66,463	821,435	816,157	1,199,639	150,760	-	-	-
Interest on investments	114,859	351,280	847,283	1,201,316	835,182	84,735	858,261	2,374,894	3,322,326	3,064,931
Miscellaneous	2,646,489	1,236,261	822,080	1,476,398	1,007,989	3,133,010	5,225,365	1,276,238	1,929,158	1,668,418
Total revenues	<u>54,167,076</u>	<u>47,403,363</u>	<u>57,418,723</u>	<u>83,803,978</u>	<u>59,954,905</u>	<u>59,604,010</u>	<u>59,366,921</u>	<u>64,850,865</u>	<u>73,631,574</u>	<u>80,772,237</u>
Expenditures										
General government	4,637,537	4,784,554	4,918,836	5,824,953	8,659,916	7,405,602	7,763,706	9,147,819	10,602,257	10,897,073
Public safety	13,320,836	14,185,429	15,004,164	16,024,295	16,037,055	16,360,330	16,801,477	17,964,272	19,673,384	20,243,397
Highways and streets	5,416,122	4,763,995	5,493,210	6,181,368	6,078,471	5,515,758	5,912,265	6,888,745	7,394,780	8,007,078
Culture and recreation	3,675,817	3,798,305	4,306,274	3,935,069	3,790,758	4,191,927	4,822,813	5,605,154	5,351,048	5,136,704
Rental registration	300,560	312,250	328,176	296,871	3,172	-	-	-	-	-
Public transportation	2,449,064	2,707,346	2,858,630	3,041,536	3,136,419	3,483,636	3,898,380	4,162,079	4,962,391	4,968,679
Urban and economic development	1,180,031	1,430,803	1,157,989	1,040,866	906,918	1,092,321	1,701,556	1,328,386	2,101,155	1,592,190
Capital outlay	33,908,144	17,987,366	30,678,440	47,177,959	23,213,444	25,416,920	26,750,338	21,154,575	56,667,761	64,862,305
Debt service:										
Bond and note principal	27,988,634	9,187,639	11,026,848	10,491,271	11,083,986	11,585,753	59,745,000	10,295,000	11,640,000	13,130,000
Bond and note interest	6,398,233	6,273,804	6,367,153	6,529,037	6,153,343	5,644,516	6,026,755	5,562,109	5,956,392	8,067,369
Fiscal and other charges	1,482,794	409,394	234,831	162,389	36,788	209,909	548,397	528,171	964,823	689,020
Total Expenditures	<u>100,757,772</u>	<u>65,840,885</u>	<u>82,374,551</u>	<u>100,705,614</u>	<u>79,100,270</u>	<u>80,906,672</u>	<u>133,970,687</u>	<u>82,636,310</u>	<u>125,313,991</u>	<u>137,593,815</u>
Revenues over (under) expenditures	<u>(46,590,696)</u>	<u>(18,437,522)</u>	<u>(24,955,828)</u>	<u>(16,901,636)</u>	<u>(19,145,365)</u>	<u>(21,302,662)</u>	<u>(74,603,766)</u>	<u>(17,785,445)</u>	<u>(51,682,417)</u>	<u>(56,821,578)</u>
Other financing sources (uses)										
Bond and note proceeds	32,055,000	15,905,000	16,560,000	14,435,000	-	45,423,000	18,265,000	15,985,000	54,925,000	23,195,000
Payment to refunding agent	-	(13,810,000)	(4,870,000)	(5,510,000)	(8,745,000)	-	-	-	-	-
Premium on issuance of debt	2,881,002	881,517	1,349,861	631,564	-	6,878,222	882,731	658,586	3,225,205	742,904
Transfers from other funds	11,906,083	12,171,988	14,227,186	14,142,842	13,989,021	13,069,483	14,935,202	19,747,094	20,474,662	17,040,333
Transfers to other funds	(2,205,993)	(1,580,781)	(3,768,752)	(1,338,069)	(2,346,929)	(2,068,070)	(2,801,366)	(8,300,720)	(8,576,554)	(3,531,217)
Leases	-	-	-	-	-	-	227,667	197,280	185,679	174,884
Sale of capital assets	-	-	-	-	-	-	-	-	1,566,624	1,292,500
Total other financing sources (uses)	<u>44,636,092</u>	<u>13,567,724</u>	<u>23,498,295</u>	<u>22,361,337</u>	<u>2,897,092</u>	<u>63,302,635</u>	<u>31,509,234</u>	<u>28,287,240</u>	<u>71,800,616</u>	<u>38,914,404</u>
Net change in fund balances	<u>\$ (1,954,604)</u>	<u>\$ (4,869,798)</u>	<u>\$ (1,457,533)</u>	<u>\$ 5,459,701</u>	<u>\$ (16,248,273)</u>	<u>\$ 41,999,973</u>	<u>\$ (43,094,532)</u>	<u>\$ 10,501,795</u>	<u>\$ 20,118,199</u>	<u>\$ (17,907,174)</u>
Debt service as a percentage of noncapital expenditures (1)	51.44%	32.31%	33.65%	31.80%	30.84%	31.05%	61.34%	25.79%	25.63%	29.14%

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

Fiscal Year	Net Tax Capacity			Less: Captured Tax Increment Tax Capacity	Taxable Net Tax Capacity	Tax Capacity Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value	Market Value Tax Exempt Real Property (1)
	Real Property		Personal Property						
	Residential	Commercial							
2016	\$ 20,377,855	\$ 8,621,546	\$ 202,998	\$ (894,861)	\$ 28,307,538	39.543%	\$ 2,444,259,300	1.16%	\$ 846,323,500
2017	22,787,981	8,822,272	243,566	(867,303)	30,986,516	40.235%	2,683,132,200	1.15%	846,323,500
2018	24,315,198	8,845,295	229,935	(905,613)	32,484,815	42.226%	2,830,285,800	1.15%	846,323,500
2019	25,423,602	9,172,320	196,595	(861,237)	33,931,280	43.477%	2,946,867,700	1.15%	846,323,500
2020	26,183,456	9,072,713	213,381	(844,300)	34,625,250	44.862%	3,019,384,700	1.15%	846,323,500
2021	26,778,454	9,178,770	237,917	(933,061)	35,262,080	44.931%	3,082,426,300	1.14%	846,323,500
2022	27,489,651	9,268,975	322,223	(911,233)	36,169,616	47.148%	3,161,512,000	1.14%	879,784,700
2023	30,180,349	9,532,283	340,862	(894,606)	39,158,888	48.454%	3,443,357,650	1.14%	879,784,700
2024	32,430,783	10,190,883	360,693	(1,159,268)	41,823,091	50.492%	3,689,631,100	1.13%	879,784,700
2025	32,920,762	11,071,211	421,218	(1,218,839)	43,194,352	56.081%	3,815,270,400	1.13%	879,784,700

Source: Clay County Auditor

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

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

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

Fiscal Year	Direct Rates		Total Direct Rate	Overlapping Rates			Total Overlapping Rate	Total Direct & Overlapping Rates
	City	Econ Devl Authority		County	School District	Buffalo Watershed		
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%
2024	50.492%	1.961%	52.453%	44.889%	31.315%	1.744%	77.948%	130.401%
2025	56.081%	1.727%	57.808%	45.464%	30.693%	1.640%	77.797%	135.605%

Source: Clay County Auditor

**CITY OF MOORHEAD, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
DECEMBER 31, 2025**

Taxpayer	2025			2016		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
American Crystal Sugar Company	\$ 448,479	1	1.04%	\$ 466,301	1	1.65%
Meridan Mortgage LLC	389,463	2	0.90%			
Busch Agricultural Resources, Inc. ¹	350,499	3	0.81%	388,975	2	1.37%
Sanford Medical Center	314,926	4	0.73%	286,330	4	1.01%
Xcel Energy	311,220	5	0.72%			
Menards Inc.	253,502	6	0.59%	347,816	3	1.23%
Kassenborg Partners	237,319	7	0.55%			
Skaff Apartments	230,164	8	0.53%			
Proffutt Ltd Partnership	204,530	9	0.47%	264,907	5	0.94%
Eventide Moorhead Senior Living LLC	200,821	10	0.46%			
C-III Asset Management LLC				184,250	6	0.65%
Moorhead Lodging Association				179,250	7	0.63%
Sams Real Estate Business Trust				176,912	8	0.62%
Eventide Lutheran Home				167,852	9	0.59%
Moorhead Holiday Associates				163,894	10	0.58%

Source: Clay County Auditor

¹ Anheuser-Busch has announced the closing of this malting plant in November 2025.

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

Fiscal Year	Total Tax Levy for Fiscal Year	Less: State Credits	Net Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy		Amount	Percent of Levy
2016	\$ 11,112,844	\$ (2,540,915)	\$ 8,571,929	\$ 8,490,199	99.05%	\$ 81,015	\$ 8,571,214	99.992%
2017	12,423,387	(2,542,330)	9,881,057	9,770,161	98.88%	110,604	9,880,765	99.997%
2018	13,693,015	(2,661,848)	11,031,167	10,846,450	98.33%	182,818	11,029,268	99.983%
2019	14,728,234	(2,804,462)	11,923,772	11,760,828	98.63%	162,101	11,922,929	99.993%
2020	15,525,614	(3,029,804)	12,495,810	12,388,260	99.14%	103,991	12,492,251	99.972%
2021	15,847,429	(3,102,590)	12,744,839	12,631,998	99.11%	108,868	12,740,866	99.969%
2022	17,041,836	(3,269,482)	13,772,354	13,657,454	99.17%	103,401	13,760,855	99.917%
2023	18,947,564	(3,201,024)	15,746,540	15,543,087	98.71%	176,605	15,719,692	99.829%
2024	21,079,756	(3,335,166)	17,744,590	17,442,226	98.30%	245,682	17,687,908	99.681%
2025	24,227,482	(4,013,073)	20,214,410	19,961,509	98.75%	-	19,961,509	98.749%

Source: Clay County Auditor

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

Fiscal Year	ELECTRIC FUND				General Fund Transfer	Transfer as	Economic Development Transfer	Transfer as	Capital Improvement Transfer	Transfer as	Total Transfer	Transfer as
	Operating Revenues	Non-operating Revenues	Capital Contributions	Gross Revenues		Percentage of Gross Revenues		Percentage of Gross Revenues		Percentage of Gross Revenues		Percentage of Gross Revenues
2016	\$ 41,466,385	\$ 383,868	\$ 1,187,730	\$ 43,037,983	\$ 6,475,000	15.04%	\$ 50,000	0.12%	\$ 1,875,152	4.36%	\$ 8,400,152	19.52%
2017	45,049,837	837,401	489,767	46,377,005	6,600,000	14.23%	50,000	0.11%	1,968,696	4.24%	8,618,696	18.58%
2018	44,630,198	851,319	69,867	45,551,384	6,725,000	14.76%	50,000	0.11%	2,047,765	4.50%	8,822,765	19.37%
2019	43,800,063	1,552,217	29,758	45,382,038	6,850,000	15.09%	50,000	0.11%	1,993,466	4.39%	8,893,466	19.60%
2020	42,685,696	837,248	30,629	43,553,573	6,975,000	16.01%	50,000	0.11%	1,947,223	4.47%	8,972,223	20.60%
2021	43,325,016	418,064	92,246	43,835,326	7,100,000	16.20%	50,000	0.11%	1,965,772	4.48%	9,115,772	20.80%
2022	44,120,099	497,137	775,500	45,392,736	7,225,000	15.92%	50,000	0.11%	2,011,238	4.43%	9,286,238	20.46%
2023	44,797,473	2,292,570	617,313	47,707,356	7,350,000	15.41%	50,000	0.10%	2,044,851	4.29%	9,444,851	19.80%
2024	44,179,429	2,874,268	1,545,034	48,598,731	7,475,000	15.38%	50,000	0.10%	2,025,766	4.17%	9,550,766	19.65%
2025	45,904,056	3,015,651	185,756	49,105,463	7,600,000	15.48%	50,000	0.10%	2,068,055	4.21%	9,718,055	19.79%

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
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Sales Tax Revenue	Special Assessment	Tax Increment	Municipal Improvement	Notes Payable	Right to Use Assets	G.O. Revenue	Revenue	Notes Payable	Right to Use Assets			
2016	-	180,455,000	3,585,000	135,000	406,455	-	39,806,511	34,050,000	297,200	-	\$ 258,735,166	15.37%	6,175
2017	-	173,860,000	3,240,000	65,000	323,816	-	36,969,682	32,510,000	267,972	-	247,236,470	14.10%	5,806
2018	-	175,045,000	2,870,000	-	236,968	-	34,087,099	30,530,000	237,861	-	243,006,928	13.64%	5,594
2019	-	172,255,000	4,185,000	-	145,697	-	11,660,000	28,425,000	19,643,939	-	236,314,636	12.57%	5,430
2020	-	161,911,224	2,412,954	-	49,777	-	25,163,042 ¹	20,541,947	17,552,980 ¹	-	227,631,924	11.71%	5,154
2021	-	201,957,103	2,144,773	-	678,000	-	23,456,498	19,313,963	25,389,858	-	272,940,195	12.91%	6,133
2022	-	159,303,230	1,871,592	-	678,000	4,345,323	22,268,236	18,065,979	22,824,008	9,670	229,366,038	10.04%	5,145
2023	-	164,966,977	1,578,411	-	678,000	4,695,063	21,418,106	16,602,995	27,290,235	22,273	237,252,060	10.23%	5,214
2024	29,190,862	152,623,447	30,152,225	-	675,767	4,830,129	19,681,712	44,787,032	24,969,090	8,940	306,919,204	12.58%	6,786
2025	28,255,051	163,608,047	29,541,575	-	667,361	4,462,992	22,613,450	37,916,431	22,481,000	8,558	309,554,465	11.98%	6,652

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

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

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

Fiscal Year	Governmental Activities				Business-Type Activities	Business-Type Activities	Total General Obligation Debt	Accumulated Resources Restricted for General Obligation Debt Repayment	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita ¹
	Sales Tax Revenue Bonds	Special Assessment Bonds	Tax Increment Bonds	Municipal Improvement Bonds	G.O. Revenue Bonds	Revenue Bonds					
2016	\$ -	\$ 180,455,000	\$ 3,585,000	\$ 135,000	\$ 39,806,511	\$ 34,050,000	\$ 258,031,511	\$ 135,435,423	\$ 122,596,088	5.02%	\$ 2,926
2017	-	173,860,000	3,240,000	65,000	36,969,682	32,510,000	246,644,682	146,932,046	99,712,636	3.72%	2,342
2018	-	177,191,510	2,870,000	-	34,087,099	30,530,000	244,678,609	144,372,897	100,305,712	3.54%	2,309
2019	-	180,131,452	4,251,135	-	11,660,000	28,425,000	224,467,587	120,612,909	103,854,678	3.52%	2,386
2020	-	161,911,224	2,412,954	-	25,163,042	20,541,947	210,029,167	121,275,562	88,753,605	2.94%	2,010
2021	-	201,957,103	2,144,773	-	23,456,498	19,313,963	246,872,337	152,263,601	94,608,736	3.07%	2,126
2022	-	159,303,230	1,871,592	-	22,268,236	18,065,979	201,509,037	107,152,762	94,356,275	2.98%	2,116
2023	-	164,966,977	1,578,411	-	21,418,106	16,602,995	204,566,489	110,526,259	94,040,230	2.73%	2,067
2024	29,190,862	152,623,447	30,152,225	-	19,681,712	44,787,032	276,435,278	111,579,346	164,855,932	4.47%	3,645
2025	28,255,051	163,608,047	29,541,575	-	22,613,450	37,916,431	281,934,554	108,507,090	173,427,464	4.55%	3,727

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

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

**CITY OF MOORHEAD, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2025**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>City's Share of Debt</u>
Overlapping debt repaid with property taxes:			
Independent School District #152	\$ 179,545,000	77.20%	\$ 138,608,740
Clay County	50,945,000	44.10%	<u>22,466,745</u>
Total overlapping debt			161,075,485
City of Moorhead direct debt			<u>103,821,158</u>
Total direct and overlapping debt			<u>\$ 264,896,643</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**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 73,327,779	\$ 80,493,966	\$ 84,908,574	\$ 88,406,031	\$ 90,581,541	\$ 92,472,789	\$ 94,845,360	\$ 103,300,730	\$ 110,688,933	\$ 114,458,112
Total net debt applicable to limit	<u>406,455</u>	<u>323,816</u>	<u>236,968</u>	<u>145,697</u>	<u>49,777</u>	<u>678,000</u>	<u>678,000</u>	<u>678,000</u>	<u>675,767</u>	<u>667,361</u>
Legal debt margin	<u>\$ 72,921,324</u>	<u>\$ 80,170,150</u>	<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>	<u>\$ 110,013,166</u>	<u>\$ 113,790,751</u>
Total net debt applicable to the limit as a percentage of debt limit	0.55%	0.40%	0.28%	0.16%	0.05%	0.73%	0.71%	0.66%	0.61%	0.58%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2024

Estimated market value - taxable property	\$ 3,815,270,400
Debt limit 3% of estimated market value	114,458,112
Debt applicable to limit:	
General obligation notes	<u>\$ 667,361</u>
Total net debt applicable to limit	<u>667,361</u>
Legal debt margin	<u>\$ 113,790,751</u>

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
SCHEDULE OF ELECTRIC FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ²
				Principal	Interest	Total	
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	522,901	2,449,751	7.54
2021	43,835,326	26,062,505	17,772,821	1,096,450 ³	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
2024	48,598,731	27,901,163	20,697,568	2,467,200	1,204,130	3,671,330	5.64
2025	49,105,463	29,443,440	19,662,023	2,016,200	1,753,899	3,770,099	5.22

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 ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	500,572	1,658,722	3.44
2021	11,480,004	4,898,574	6,581,430	1,067,550 ²	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	7,436,055	5,608,553	1,116,350	598,346	1,714,696	3.27
2024	13,949,174	8,663,812	5,285,362	1,139,800	545,289	1,685,089	3.14
2025	14,479,042	8,257,942	6,221,100	1,167,800	476,621	1,644,421	3.78

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	Direct Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	2,378,000	638,747	3,016,747	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
2024	10,364,517	5,755,773	4,608,744	2,837,400	556,382	3,393,782	1.36
2025	9,853,378	5,248,029	4,605,349	7,767,000	545,622	8,312,622	0.55

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 ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016 ²	\$ 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	
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 ¹	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	18,213,910	145,045	\$ 18,068,865	7,955,000 ³	5,742,517	\$ 13,697,517	1.32
2017	17,992,088	273,312	17,718,776	8,690,000 ⁴	5,688,988	14,378,988	1.23
2018	18,819,851	239,440	18,580,411	9,325,000 ⁵	5,642,577	14,967,577	1.24
2019	17,751,047	213,486	17,537,561	10,165,000 ⁶	5,796,338	15,961,338	1.10
2020	15,845,562	43,550	15,802,012	10,425,000 ⁷	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 ⁸	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
2024	15,647,774	176,412	15,471,362	11,350,000	5,561,094	16,911,094	0.91
2025	16,200,628	520,817	15,679,811	12,005,000	5,208,832	17,213,832	0.91

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

² For comparative purposes this amount excludes \$9,720,000 used to retire General Obligation Improvement Bonds of 2004A.

³ 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 Improvement Bonds of 2005B.

⁴ 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 Improvement Bonds of 2006C.

⁵ For comparative purposes this amount excludes \$6,050,000 used to retire General Obligation Improvement Bonds of 2008B.

⁶ 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.

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

⁸ 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 SALES TAX REVENUE FUND PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2024	\$ 2,279,344	\$ 336,485	\$ 1,942,859	\$ -	\$ -	\$ -	-
2025	3,170,744	22,180	3,148,564	825,000	1,182,875	2,007,875	1.57

Prior to December 31, 2024 reporting, the City of Moorhead did not have any Sales Tax Revenue Bonds outstanding. During 2024 the City did issue bonds with this identity, however, the first principal and interest payments are not due until 2025. Therefore, no debt service requirements have been shown above.

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

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	
2016	\$ 1,084,682	\$ 7,469	\$ 1,077,213	\$ 345,000	\$ 614,878	\$ 959,878	1.12
2017	1,243,445 ¹	328,814 ²	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	786,743	255,000	560,468	815,468	0.96
2021	1,220,851	41,620 ³	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
2024	1,502,167	1,090,304	411,863	290,000	35,505	325,505	1.27
2025	2,062,274	661,143	1,401,131	300,000	1,102,163	1,402,163	1.00

NOTE: Temporary Tax Increment Bonds, Series 2024C, was issued 10/16/2024 for \$28,015,000 which is the reason for the rise in interest expense in 2025.

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

² For comparative purposes this amount excludes \$1,133,985 spent from clean-up grant and \$1,337,101 land purchase

³ 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 ¹	Estimated Personal Income ²	Per Capita Personal Income ³	K-12 School Enrollment ⁴	Unemployment Rate ⁵
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	44,507	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%
2024	45,726	2,465,774,550	53,925	7,466	2.7%
2025	46,533	2,583,419,094	55,518	7,378	3.1%

Data Sources:

¹ U.S. Census Bureau

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

³ 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.

⁴ Independent School District 152

⁵ Minnesota Department of Employment and Economic Development

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

Employer	2025			2016		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Independent School District 152	1,542	1	4.25%	903 ¹	1	2.50%
Concordia College	774	2	2.13%	774 ¹	2	2.14%
Minnesota State University-Moorhead	750	3	2.07%	674 ¹	3	1.87%
Creative Care for Reaching Independence (CCRI)	475	4	1.31%	299	8	0.83%
American Crystal Sugar Company	472	5	1.30%	400	7	1.11%
Eventide Lutheran Home	400	6	1.10%	450	6	1.25%
City of Moorhead	294	7	0.81%	261	5	0.72%
Cash Wise Foods	214	8	0.59%			
Minnesota State Community and Technical College	149	9	0.41%	245 ¹	10	0.68%
D & M Industries	112	10	0.31%			
Clay County				522 ¹	4	1.45%
Hornbacher's Food, Inc.				285 ¹	9	0.79%

¹ Includes full and part-time employees.

Source: D&B Hoovers

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	38.00	38.00	49.00	54.00	52.50	49.63	52.88	56.89	62.26	63.30
Public Safety										
Police										
Officers	58.00	60.00	60.00	61.00	61.00	61.00	61.00	61.00	62.00	64.00
Civilians	17.00	17.00	-	-	17.00	17.00	17.00	17.00	19.00	18.75
Fire										
Firefighters & officers	36.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	38.00	38.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks and Recreation	13.00	15.75	15.75	15.75	17.10	17.00	19.00	18.00	18.00	18.00
Planning & Neighborhood Services	19.00	18.00	-	-	-	-	-	-	-	-
Community Development	-	-	11	11.00	12.00	15.85	15.85	17.00	19.00	20.00
Mass Transit	3.00	3.50	3.50	1.00	3.00	3.00	3.00	3.00	2.00	-
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Electric	37.00	37.00	34.00	38.00	37.00	38.00	37.00	41.00	43.00	43.00
Water	22.00	22.00	24.00	24.00	21.00	21.00	22.00	19.00	21.00	20.00
Wastewater Treatment	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Storm Water	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Highways and Streets	17.63	18.63	18.63	18.63	19.63	20.26	20.00	19.00	16.63	17.83
Sanitation	21.00	20.00	19.00	19.00	20.00	19.00	19.00	19.00	19.00	19.00
Golf Courses	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.00	9.00
Sports Center	3.00	3.00	3.00	3.00	3.00	3.00	1.00	-	-	-
Pest Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Forestry	6.00	6.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
Total FTE's	320.63	324.88	310.88	318.38	337.23	338.74	341.73	343.89	356.89	358.88

Source: City Human Resources Department

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Group A Offenses (serious crime - murder, rape, robbery, assault, theft, arson, assault, stolen property, vandalism, narcotics)	1,041	979	1,087	673	1,477	2,991	2,383	2,040	1,865	1,663
Group B Offenses (D.U.I., liquor laws, disorderly, trespass, other)	2,029	1,820	2,077	1,189	1,429	371	381	335	365	292
Fire										
Medical responses	2,194	2,305	2,469	2,568	2,392	2,879	2,896	2,831	2,844	2,893
Fire & other responses	1,164	1,240	1,341	1,471	1,985	1,767	1,701	1,709	1,840	2,023
Library										
Visits	227,735	192,771	195,086	193,309	55,523	96,013	120,543	130,117	139,625	143,060
Circulation	249,330	248,844	246,915	236,196	177,867	225,977	229,535	243,506	259,676	271,135
Mass Transit										
Fixed Routes ridership	445,506	451,854	521,444	480,887	426,105	366,211	344,986	377,130	384,647	389,984
Paratransit ridership	10,696	10,673	9,593	9,010	5,967	9,952	10,444	11,121	10,995	10,529
Metro Senior Ride ridership	10,765	10,907	10,454	9,836	5,695	6,891	7,932	8,351	7,934	8,169
Community Development										
New Residential Permits	169	84	141	128	133	110	63	114	76	107
New Residential Valuation	60,222,748	20,981,400	45,660,287	34,986,672	35,778,447	49,860,375	38,615,125	56,404,922	42,905,710	38,319,126
New Commercial Permits	31	27	16	20	13	17	21	36	25	18
New Commercial Valuation	33,067,240	55,698,017	10,151,660	11,693,761	24,521,938	34,241,837	20,423,717	51,139,456	58,743,567	22,922,157
Sanitation										
Curbside Recycling (tons)	551	1,464	2,498	3,502	2,517.000	2,334	2,245	2,020	1,873	1,840
Refuse Collected (landfill tonnage)	31,764	26,573	34,269	27,528	17,699.000	17,266	18,731	23,815	24,142	24,080
Yard Waste (tons)	3,624	2,944	3,276	2,923	2,293.000	2,123	2,155	1,782	2,599	3,497
Wastewater Treatment										
Average daily sewage treatment (millions of gallons)	3.91	3.81	3.78	4.88	4.42	3.63	4.35	4.26	4.40	4.03
Electric										
Annual Sales (millions of kwh)	434.04	414.06	450.00	437.03	421.25	419.20	434.47	429.14	408.00	412.25
Water										
Water Sales (billions of gallons)	1.37	1.44	1.43	1.32	1.34	2.97	1.36	1.51	1.41	1.26

Source: Various city departments.
Note: Indicators are not available for general government functions.

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Highways & Streets:										
Street (miles)	230.70	233.00	234.60	235.30	235.70	238.18	239.64	240.29	239.60	236.50
Culture and recreation										
Parks	47	47	48	48	48	48	48	48	48	48
Swimming/wading pools	9	9	9	9	9	9	9	9	9 ¹	5
Sanitation:										
Collection trucks	11	11	11	11	11	11	11	9	9	9
Wastewater										
Storm sewers (miles)	144.00	146.10	146.75	147.00	147.00	193.91	194.23	194.60	190.30	189.80
Sanitary sewers (miles)	160.50	165.30	162.10	162.70	162.70	163.22	163.20	164.16	165.10	164.70
Force mains (miles)	23.50	23.50	23.50	23.52	23.52	23.52	23.52	23.31	23.31	23.30

1 - The Old Municipal Pool went offline in late 2024 and the New Municipal Pool will reopen in June 2026. Together, these facilities represent a total of three swimming/wading pools.

Source: Various city departments.