PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 13, 2019

NEW AND REFUNDING ISSUES **Moody's Ratings: Requested**

BANK QUALIFIED

In the opinion of Ohnstad Twichell, P.C., Bond Counsel, on the basis of laws in effect on the date of issuance, interest on the Bonds is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates and trusts for Minnesota income tax purposes, but is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax (see "TAX EXEMPTION" and "OTHER FEDERAL TAX CONSIDERATIONS" herein).

City of Moorhead, Minnesota

$7,260,000*
General Obligation Improvement Bonds, Series 2019A
(the "Series 2019A Bonds")

$6,275,000*
General Obligation Improvement Refunding Bonds, Series 2019B
(the "Series 2019B Bonds")

(collectively referred to as the "City Bonds")

$1,645,000*

Moorhead Economic Development Authority, Minnesota

General Obligation Tax Increment Refunding Bonds, Series 2019A
(the "Authority Bonds")

(The City Bonds and the Authority Bonds are collectively referred to as the "Bonds")
(Book Entry Only)

Dated Date: Date of Delivery **Interest Due: Each February 1 and August 1, commencing August 1, 2020**

The Bonds (as defined herein) will mature as shown on the inside front cover of this Official Statement.

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth on the following page.

The Bonds are general obligations of the City of Moorhead, Minnesota (the "City") for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds will be discussed herein. The Bonds will be used for various purposes as discussed herein.

A separate proposal must be submitted for each Issue subject to the minimum bid amounts shown below, plus accrued interest, if any. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public as stated on the proposal for each maturity of each issue must be 98.0% or greater. Following receipt of proposals, a good faith deposit for each issue will be required to be delivered to the City for the City Bonds, and to the Moorhead Economic Development Authority, Minnesota (the "Authority") for the Authority Bonds, by the lowest bidder as described in each "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

	Minimum Bid
The Series 2019A Bonds	$7,151,100
The Series 2019B Bonds	6,231,075
The Authority Bonds	1,628,550

The City and the Authority will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association, Saint Paul, Minnesota will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about December 30, 2019.

PROPOSALS RECEIVED: Wednesday, December 4, 2019 until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: Subsequent to Proposal Opening

bakertilly
MUNICIPAL ADVISORS
now joined with
Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

City of Moorhead, Minnesota

$7,260,000* General Obligation Improvement Bonds, Series 2019A

The **Series 2019A Bonds** will mature February 1 in the years and amounts* as follows:

2021	$ 85,000	2027	$315,000	2032	$310,000	2037	$280,000	2042	$225,000
2022	$330,000	2028	$310,000	2033	$310,000	2038	$280,000	2043	$225,000
2023	$325,000	2029	$315,000	2034	$310,000	2039	$280,000	2044	$225,000
2024	$325,000	2030	$315,000	2035	$310,000	2040	$280,000	2045	$230,000
2025	$320,000	2031	$310,000	2036	$280,000	2041	$220,000	2046	$230,000
2026	$315,000								

The City may elect on February 1, 2029, and on any day thereafter, to redeem Series 2019A Bonds due on or after February 1, 2030.

$6,275,000* General Obligation Improvement Refunding Bonds, Series 2019B

The **Series 2019B Bonds** will mature February 1 in the years and amounts* as follows:

2021	$575,000	2024	$565,000	2027	$500,000	2029	$485,000	2031	$470,000
2022	$575,000	2025	$555,000	2028	$490,000	2030	$475,000	2032	$465,000
2023	$570,000	2026	$550,000						

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019B Bonds due on or after February 1, 2029.

Moorhead Economic Development Authority, Minnesota

$1,645,000* General Obligation Tax Increment Refunding Bonds, Series 2019A

The **Authority Bonds** will mature February 1 in the years and amounts* as follows:

2021	$200,000	2023	$200,000	2025	$210,000	2027	$210,000
2022	$200,000	2024	$200,000	2026	$210,000	2028	$215,000

The Authority Bonds will not be subject to redemption in advance of their respective stated maturity dates.

* *Preliminary; subject to change.*

CITY OF MOORHEAD, MINNESOTA

CITY COUNCIL

Jonathan Judd	Mayor, At Large
Shelly Dahlquist	Council Member, Ward 1
Sara Watson Curry	Council Member, Ward 1
Shelly Carlson	Council Member, Ward 2
Heidi Durand	Council Member, Ward 2
Larry Seljevold*	Council Member, Ward 3
Deb White	Council Member, Ward 3
Steve Lindaas*	Council Member, Ward 4
Chuck Hendrickson	Council Member, Ward 4

CITY MANAGER

Christina Volkers

FINANCE DIRECTOR

Karla McCall

MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA

BOARD OF COMMISSIONERS

Michael Burns	Chair
Nate Anderson	Vice Chair
Violet Deilke	Secretary
Alexandra Cyusa	Commissioner
Heidi Durand	Commissioner
Zachary Heuring	Commissioner
Pat Kovash	Commissioner
John Rogalla	Commissioner
Jeff Schaumann	Commissioner
Roberta Solien	Commissioner
Debt White	Commissioner

ECONOMIC DEVELOPMENT PROGRAM ADMINISTRATOR

Amy Thorpe

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Ohnstad Twichell, P.C.
West Fargo, North Dakota

* *Council Members Larry Seljevold (Ward 3) and Steve Lindaas (Ward 4) were elected on November 5, 2019 to replace seats vacated by former members Joel Paulsen (Ward 3) and Steve Gehrtz (Ward 4). They will each serve a one-year term to finish out those of Paulsen and Gerhrtz.*

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City or the Authority from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City and the Authority.

By awarding the City Bonds and the Authority Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City and the Authority agree that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of each syndicate to which the series of the Bonds are awarded copies of the Final Official Statement in the amount specified in each Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and the Authority and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE AUTHORITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City or the Authority. Neither the City nor the Authority is responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City or the Authority that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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* *Preliminary; subject to change.*

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$7,260,000*

CITY OF MOORHEAD, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2019A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Series 2019A Bonds") will be received by City of Moorhead, Minnesota (the "City") on Wednesday, December 4, 2019, (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2019A Bonds will immediately follow the opening of proposals.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2019A Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2019A Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE SERIES 2019A BONDS

The Series 2019A Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019A Bonds will mature February 1 in the years and amounts* as follows:

2021	$ 85,000	2027	$315,000	2032	$310,000	2037	$280,000	2042	$225,000
2022	$330,000	2028	$310,000	2033	$310,000	2038	$280,000	2043	$225,000
2023	$325,000	2029	$315,000	2034	$310,000	2039	$280,000	2044	$225,000
2024	$325,000	2030	$315,000	2035	$310,000	2040	$280,000	2045	$230,000
2025	$320,000	2031	$310,000	2036	$280,000	2041	$220,000	2046	$230,000
2026	$315,000								

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2019A Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Series 2019A Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2019A Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2019A Bonds will be issued by means of a book entry system with no physical distribution of Series 2019A Bonds made to the public. The Series 2019A Bonds will be issued in fully registered form and one Series 2019A Bond, representing the aggregate principal amount of the Series 2019A Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2019A Bonds. Individual purchases of the Series 2019A Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Series 2019A Bonds, will be required to deposit the Series 2019A Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2029, and on any day thereafter, to redeem Series 2019A Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2019A Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2019A Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Series 2019A Bonds. The proceeds of the Series 2019A Bonds, along with available City funds, will be used to finance various improvement projects within the City.

BIDDING PARAMETERS

Proposals shall be for not less than $7,151,100 plus accrued interest, if any, on the total principal amount of the Series 2019A Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2019A Bonds is adjourned, recessed, or continued to another date without award of the Series 2019A Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Series 2019A Bonds of the same maturity shall bear a single rate from the date of the Series 2019A Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Series 2019A Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Series 2019A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Series 2019A Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

(i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;

(ii) all bidders shall have an equal opportunity to submit a bid;

(iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2019A Bonds; and

(iv) the City anticipates awarding the sale of the Series 2019A Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Series 2019A Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Series 2019A Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2019A Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Series 2019A Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Series 2019A Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Series 2019A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2019A Bonds or until all of the Series 2019A Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of $72,600 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2019A Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019A Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2019A Bonds. If the Series 2019A Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2019A Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2019A Bonds.

CUSIP NUMBERS

If the Series 2019A Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2019A Bonds; however, neither the failure to print such numbers on any Series 2019A Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2019A Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about December 30, 2019, the Series 2019A Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Ohnstad Twichell, P.C. of West Fargo, North Dakota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019A Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2019A Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

On the date of actual issuance and delivery of the Series 2019A Bonds, the City will execute and deliver a Continuing Disclosure Undertaking (the "Undertaking") whereunder the City will covenant for the benefit of the owners of the Series 2019A Bonds to provide certain financial and other information about the City and notices of certain occurrences to information repositories as specified in and required by SEC Rule 15c2-12(b)(5).

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2019A Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2019A Bonds, together with any other information required by law. By awarding the Series 2019A Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated November 12, 2019

BY ORDER OF THE CITY COUNCIL

/s/ Michelle Brekken
City Clerk

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$6,275,000*

CITY OF MOORHEAD, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES 2019B

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Series 2019B Bonds") will be received by City of Moorhead, Minnesota (the "City") on Wednesday, December 4, 2019, (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2019B Bonds will immediately follow the opening of proposals.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2019B Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2019B Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE SERIES 2019B BONDS

The Series 2019B Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019B Bonds will mature February 1 in the years and amounts* as follows:

2021	$575,000	2024	$565,000	2027	$500,000	2029	$485,000	2031	$470,000
2022	$575,000	2025	$555,000	2028	$490,000	2030	$475,000	2032	$465,000
2023	$570,000	2026	$550,000						

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2019B Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Series 2019B Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2019B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2019B Bonds will be issued by means of a book entry system with no physical distribution of Series 2019B Bonds made to the public. The Series 2019B Bonds will be issued in fully registered form and one Series 2019B Bond, representing the aggregate principal amount of the Series 2019B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2019B Bonds. Individual purchases of the Series 2019B Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Series 2019B Bonds, will be required to deposit the Series 2019B Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019B Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2019B Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2019B Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Series 2019B Bonds. The proceeds of the Series 2019B Bonds, along with available City funds, will be used to refund the February 1, 2021 through February 1, 2032 maturities of the City's Taxable General Obligation Improvement Bonds, Series 2010A (Build America Bonds – Direct Pay), dated September 9, 2010.

BIDDING PARAMETERS

Proposals shall be for not less than $6,231,075 plus accrued interest, if any, on the total principal amount of the Series 2019B Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2019B Bonds is adjourned, recessed, or continued to another date without award of the Series 2019B Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Series 2019B Bonds of the same maturity shall bear a single rate from the date of the Series 2019B Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Series 2019B Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Series 2019B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Series 2019B Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

(i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
(ii) all bidders shall have an equal opportunity to submit a bid;
(iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2019B Bonds; and
(iv) the City anticipates awarding the sale of the Series 2019B Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Series 2019B Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Series 2019B Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2019B Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Series 2019B Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Series 2019B Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Series 2019B Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2019B Bonds or until all of the Series 2019B Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of $62,750 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2019B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019B Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2019B Bonds. If the Series 2019B Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2019B Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2019B Bonds.

CUSIP NUMBERS

If the Series 2019B Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2019B Bonds; however, neither the failure to print such numbers on any Series 2019B Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2019B Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about December 30, 2019, the Series 2019B Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Ohnstad Twichell, P.C. of West Fargo, North Dakota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019B Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2019B Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

On the date of actual issuance and delivery of the Series 2019B Bonds, the City will execute and deliver a Continuing Disclosure Undertaking (the "Undertaking") whereunder the City will covenant for the benefit of the owners of the Series 2019B Bonds to provide certain financial and other information about the City and notices of certain occurrences to information repositories as specified in and required by SEC Rule 15c2-12(b)(5).

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2019B Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2019B Bonds, together with any other information required by law. By awarding the Series 2019B Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated November 12, 2019 BY ORDER OF THE CITY COUNCIL

/s/ Michelle Brekken
City Clerk

THE AUTHORITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$1,645,000*

MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA

GENERAL OBLIGATION TAX INCREMENT REFUNDING BONDS, SERIES 2019A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Authority Bonds") will be received by the Moorhead Economic Development Authority, Minnesota (the "Authority") on Wednesday, December 4, 2019 (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Authority Bonds will immediately follow the opening of proposals.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the Authority to purchase the Authority Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the Authority, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the Authority, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The Authority is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Authority Bonds, and PARITY® is not an agent of the Authority.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE AUTHORITY BONDS

The Authority Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2021	$200,000	2023	$200,000	2025	$210,000	2027	$210,000
2022	$200,000	2024	$200,000	2026	$210,000	2028	$215,000

* *The Authority reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Authority Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Authority Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the Authority for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Authority Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Authority Bonds will be issued by means of a book entry system with no physical distribution of Authority Bonds made to the public. The Authority Bonds will be issued in fully registered form and one Authority Bond, representing the aggregate principal amount of the Authority Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Authority Bonds. Individual purchases of the Authority Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Authority Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Authority Bonds, will be required to deposit the Authority Bonds with DTC.

REGISTRAR

The Authority will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The Authority will pay for the services of the registrar.

OPTIONAL REDEMPTION

The Authority Bonds will not be subject to redemption in advance of their respective stated maturity dates.

SECURITY AND PURPOSE

The Authority Bonds will be general obligations of the City of Moorhead, Minnesota (the "City") for which the Authority will pledge the City's full faith and credit and power to levy direct general ad valorem taxes. In addition, the Authority will pledge tax increment revenue from the Regency Hotel/Holiday Mall Tax Increment District for repayment of the Authority Bonds. The proceeds of the Authority Bonds will be used to to refund the February 1, 2021 through February 1, 2028 maturities of the Authority's General Obligation Tax Increment Refunding Bonds, Series 2009A, dated November 15, 2009.

* *Preliminary; subject to change.*

BIDDING PARAMETERS

Proposals shall be for not less than $1,628,550 plus accrued interest, if any, on the total principal amount of the Authority Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the Authority scheduled for award of the Authority Bonds is adjourned, recessed, or continued to another date without award of the Authority Bonds having been made.
Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Authority Bonds of the same maturity shall bear a single rate from the date of the Authority Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the Authority with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the Authority in establishing the issue price of the Authority Bonds and shall complete, execute, and deliver to the Authority prior to the closing date, a written certification in a form acceptable to the Purchaser, the Authority, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Authority Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the Authority pursuant hereto may be taken or received on behalf of the Authority by Baker Tilly MA.

The Authority intends that the sale of the Authority Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

(i) the Authority shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
(ii) all bidders shall have an equal opportunity to submit a bid;
(iii) the Authority reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Authority Bonds; and
(iv) the Authority anticipates awarding the sale of the Authority Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Authority Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Authority Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Authority Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the Authority shall advise the Purchaser of such fact prior to the time of award of the sale of the Authority Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Authority Bonds, the Purchaser shall advise the Authority and Baker Tilly MA if 10% of any maturity of the Authority Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The Authority will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The Authority will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the Authority will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the Authority and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the Authority and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Authority Bonds or until all of the Authority Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the Authority in the amount of $16,450 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the Authority; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the Authority nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the Authority may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the Authority if it is made payable to the Authority and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the Authority upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the Authority and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the Authority.

AWARD

The Authority Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the Authority. The Authority's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Authority will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Authority Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the Authority determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The Authority has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Authority Bonds. If the Authority Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The Authority specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the Authority. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the Authority) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Authority Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Authority Bonds.

CUSIP NUMBERS

If the Authority Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Authority Bonds; however, neither the failure to print such numbers on any Authority Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Authority Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about December 30, 2019, the Authority Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Ohnstad Twichell, P.C. of West Fargo, North Dakota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Authority Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the Authority or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Authority Bonds has been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

On the date of actual issuance and delivery of the Authority Bonds, the City and the Authority will execute and deliver a Continuing Disclosure Undertaking (the "Undertaking") whereunder the City and the Authority will covenant for the benefit of the owners of the Authority Bonds to provide certain financial and other information about the City and notices of certain occurrences to information repositories as specified in and required by SEC Rule 15c2-12(b)(5).

OFFICIAL STATEMENT

The Authority has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Authority Bonds, and said Preliminary Official Statement has been deemed final by the Authority as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the Authority, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Authority Bonds, together with any other information required by law. By awarding the Authority Bonds to the Purchaser, the Authority agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The Authority designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the Authority, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated November 12, 2019 BY ORDER OF THE AUTHORITY BOARD

/s/Violet Deilke

/Secretary

OFFICIAL STATEMENT

CITY OF MOORHEAD, MINNESOTA

$7,260,000*
GENERAL OBLIGATION IMPROVEMENT BONDS, 2019A

$6,275,000*
GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES 2019B

$1,645,000*

MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA

GENERAL OBLIGATION TAX INCREMENT REFUNDING BONDS, SERIES 2019A

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to the City of Moorhead, Minnesota (the "City") and its issuance of $7,260,000* General Obligation Improvement Bonds, Series 2019A (the "Series 2019A Bonds") and $6,275,000* General Obligation Improvement Refunding Bonds, Series 2019B (the "Series 2019B Bonds"), collectively referred to as the "City Bonds". This Official Statement also contains information relating to the Moorhead Economic Development Authority, Minnesota (the "Authority") and its issuance of $1,645,000* General Obligation Tax Increment Refunding Bonds, Series 2019A (the "Authority Bonds"). The City Bonds and the Authority Bonds are collectively referred to as the "Bonds". The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds are described herein.

Inquiries may be directed to Ms. Karla McCall, Finance Director, City of Moorhead, 500 Center Avenue, Moorhead, Minnesota 56561, by telephoning (218) 299-5185, or by emailing karla.mccall@ci.moorhead.mn.us or Ms. Amy Thorpe, Economic Development Program Administrator, Moorhead Economic Development Authority, 500 Center Avenue, Moorhead, Minnesota 56561, by telephoning (218) 299-5442, or by emailing amy.thorpe@ci.cmoorhead.mn.us. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by e-mailing bond_services@bakertilly.com. If information of a specific legal nature is desired, inquiries may be directed to Mr. John Shockley, Ohnstad Twichell, P.C., 444 Sheyenne Street, Suite 102, West Fargo, North Dakota 58078, by telephoning (701) 282-3249, or by emailing jshockley@ohnstadlaw.com.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934 (the "Rule"), pursuant to the Bond Resolutions, the City and the Authority have entered into undertakings (the "Undertakings") for the benefit of holders of the Bonds to provide to certain repositories certain financial information and

* *Preliminary; subject to change.*

operating data relating to the City and the Authority, and notices of the occurrence of certain events enumerated in the Rule. The Undertaking is substantially set forth in the Continuing Disclosure Certificates attached hereto as Appendix II to be executed and delivered by the City and the Authority at the time the Bonds are delivered.

The City and the Authority believe that they have complied for the past five years in accordance with the terms of their previous continuing disclosure undertakings entered into pursuant to the Rule. A failure by the City or the Authority to comply with the Undertakings will not constitute an event of default on the Bonds. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

General Description

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the inside front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book Entry System.” U.S. Bank National Association, Saint Paul, Minnesota will serve as Registrar for the Bonds, and the City will pay for registrar services.

Redemption Provisions

Thirty days’ written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

<u>Optional Redemption</u>

The City may elect on February 1, 2029, and on any day thereafter, to redeem Series 2019A Bonds due on or after February 1, 2030. The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019B Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

The Authority Bonds will not be subject to redemption in advance of their respective stated maturity dates.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City and the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City and the Authority or their agents on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City and the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and the Authority or their agents, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City and the Authority or their agents. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City and the Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Authority believe to be reliable, but neither the City nor the Authority take no responsibility for the accuracy thereof.

THE AUTHORITY

The Moorhead Economic Development Authority (the "Authority") is a body politic and corporate duly organized and existing under the laws of the State of Minnesota. The Authority was established on June 26, 1986 and is governed by an eleven-member Board. Each member is appointed to the Board by the Mayor of the City, with the City Council members confirming appointment. Board members serve three-year overlapping terms.

The current Board members are as follows:

		Expiration of Term
Michael Burns	Chair	January 31, 2022
Nate Anderson	Vice Chair	January 31, 2020
Violet Deilke	Secretary	January 31, 2020
Alexandre Cyusa	Commissioner	January 31, 2022
Heidi Durand	Commissioner	December 31, 2019
Zachary Heuring	Commissioner	January 31, 2022
Pat Kovash	Commissioner	January 31, 2021
John Rogalla	Commissioner	January 31, 2021
Jeff Schaumann	Commissioner	January 31, 2022
Roberta Solien	Commissioner	January 31, 2022
Deb White	Commissioner	December 31, 2019

Ms. Amy Thorpe is the Economic Development Program Administrator.

THE SERIES 2019A BONDS

Authority and Purpose

The Series 2019A Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475. The proceeds of the Series 2019A Bonds, along with available City funds, will be used to finance various improvement projects within the City.

Sources and Uses of Funds

The composition of the Series 2019A Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	$7,260,000
Available City Funds	496,882
Total Sources of Funds	$7,756,882
Uses of Funds:	
Deposit to Project Fund	$7,591,344
Allowance for Discount Bidding	108,900
Costs of Issuance	56,638
Total Uses of Funds	$7,756,882

Security and Financing

The Series 2019A Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Series 2019A Bonds. Special assessments include the principal amounts of approximately (i) $1,282,325, expected to be filed in 2019 for first collection in 2020, and spread over a collection term of 20 years. Interest on the unpaid balance will be charged at an interest rate estimated to be 4.31%; (ii) $2,938,530, expected to be filed in

2020 for first collection in 2021, and spread over a collection term of 25 years. Interest on the unpaid balance will be charged at an interest rate estimated to be 4.31%; and (iii) $607,807, expected to be filed in 2019 for first collection in 2020, and spread over a collection term of 15 years. The assessments will be collected in equal annual payments of principal. Interest on the unpaid balance will be charged at an interest rate of 5.25%.

The City will also levy taxes for repayment of a portion of the Series 2019A Bonds, and will make its first levy in 2019 for collection in 2020. Each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

THE SERIES 2019B BONDS

Authority and Purpose

The Series 2019B Bonds, along with available City funds, are being issued pursuant to Minnesota Statutes, Chapters 429 and 475. The Series 2019B Bonds have been structured as a current refunding, and are being issued to achieve debt service savings. The proceeds of the Series 2019B Bonds, along with available City funds, will be used to redeem the February 1, 2021 through February 1, 2032 maturities (the "Series 2010A Refunded Maturities") of the City's Taxable General Obligation Improvement Bonds, Series 2010A (Build America Bonds – Direct Pay), dated September 9, 2010 (the "Series 2010A Bonds"). It is anticipated that the Series 2010A Refunded Maturities will be called and prepaid at a price of par plus accrued interest on February 1, 2020, which is within 90 days of settlement of the Series 2019B Bonds.

Sources and Uses of Funds

The composition of the Series 2019B Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	$6,275,000
Prior Issue Debt Service Funds	1,000,000
Total Sources of Funds	$7,275,000
Uses of Funds:	
Deposit to Current Refunding Fund	$7,173,869
Costs of Issuance	57,206
Allowance for Discount Bidding	43,925
Total Uses of Funds	$7,275,000

Security and Financing

The Series 2019B Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City pledges special assessments against benefited properties originally pledged to the Series 2010A Bonds for repayment of a portion of the Series 2019B Bonds.

The City will also levy taxes for repayment of a portion of the Series 2019B Bonds, and will make its first levy in 2019 for collection in 2020. Each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

THE AUTHORITY BONDS

Authority and Purpose

The Authority Bonds are being issued pursuant to Minnesota Statutes, Chapter 469 and 475, and a Joint Powers Agreement between the Authority and the City, authorized by an ordinance adopted by the City Council on March 26, 2001 (the "Ordinance"). The Authority Bonds have been structured as a current refunding, and are being issued to achieve debt service savings. The proceeds of the Authority Bonds will be used to redeem the February 1, 2021 through February 1, 2028 maturities (the "Series 2009A Refunded Maturities") of the Authority's General Obligation Tax Increment Refunding Bonds, Series 2009A, dated November 15, 2009 (the "Series 2009A Bonds"). It is anticipated that the Series 2009A Refunded Maturities will be called and prepaid at a price of par plus accrued interest on February 1, 2020, which is within 90 days of settlement of the Authority Bonds.

The Series 2010A Refunded Maturities and the Series 2009A Refunded Maturities are collectively referred to as the "Refunded Maturities".

Sources and Uses of Funds

The composition of the Authority Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	$1,645,000
Total Sources of Funds	$1,645,000
Uses of Funds:	
Deposit to Current Refunding Fund	$1,575,740
Costs of Issuance	52,810
Allowance for Discount Bidding	16,450
Total Uses of Funds	$1,645,000

Security and Financing

The Authority Bonds will be general obligations of the City which by the Ordinance has pledged its full faith and credit and power to levy direct general ad valorem taxes. In addition, the Authority will pledge tax increment revenues from the Regency Hotel/Holiday Mall Tax Increment District. The Joint Powers Agreement authorizes the Authority to use its tax increments to pay debt service on the Authority Bonds. Each year's collections of tax increment revenues, if collected in full, will be sufficient to pay 105% of the interest due on August 1 of the collection year and the principal and interest due February 1 of the following year. The Authority does not anticipate the need to levy general ad valorem taxes for repayment of the Authority Bonds.

FUTURE FINANCING

Neither the City nor the Authority anticipate issuing any additional long-term general obligation debt within the next 90 days.

LITIGATION

The City and the Authority are not aware of any threatened or pending litigation affecting the validity of the Bonds or the City and the Authority's abilities to meet their financial obligations.

LEGALITY

The Bonds are subject to approval as to certain matters by Ohnstad Twichell, P.C. as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. Legal opinions in substantially the forms set out in Appendix I herein will be delivered at closing.

TAX EXEMPTION

At closing, Ohnstad Twichell, P.C., Bond Counsel, will render a legal opinion that, at the time of their issuance and delivery to the original purchaser, under present federal and State of Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation that may have a retroactive effect), the interest on the Bonds is excluded from gross income for purposes of United States income tax and is excluded, to the same extent, in computing both gross income and taxable net income for purposes of State of Minnesota income tax (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and that interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts. No opinions will be expressed by Bond Counsel regarding other federal or state tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. Preservation of the exclusion of interest on the Bonds from federal gross income and state gross and taxable net income, however, depends upon compliance by the City and the Authority with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from federal gross income and state gross and taxable net income.

The City and the Authority will covenant to comply with requirements necessary under the Code to establish and maintain the Bonds as tax-exempt under Section 103 thereof, including without limitation, requirements relating to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Bonds.

OTHER FEDERAL TAX CONSIDERATIONS

Property and Casualty Insurance Companies

Property and casualty insurance companies are required to reduce the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Bonds.

Foreign Insurance Companies

Foreign companies carrying on an insurance business in the United States are subject to a tax on income that is effectively connected with their conduct of any trade or business in the United States, including "net investment income." Net investment income includes tax-exempt interest such as interest on the Bonds.

Branch Profits Tax

A foreign corporation is subject to a branch profits tax equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits" adjusted for increase or decrease in "U.S. net equity." A branch's earnings and profits may include tax-exempt municipal bond interest, such as interest on the Bonds.

Passive Investment Income of S Corporations

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has accumulated earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporation is passive investment income.

Financial Institutions

Financial institutions are generally not entitled to a deduction for interest expenses allocable to the owners of tax-exempt obligations purchased after August 7, 1986. The Bonds have been deemed designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. See "BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

General

The preceding is not a comprehensive list of all federal tax consequences that may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal income tax (or Minnesota income tax or franchise tax) liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds have been deemed designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

RATINGS

Application for ratings of the Bonds has been made to Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York. If ratings are assigned, they will reflect only the opinion of Moody's. Any explanation of the significance of the ratings may be obtained only from Moody's.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised or withdrawn if, in the judgment of Moody's, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City and the Authority have retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The City and the Authority have authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City and the Authority stating that the City and the Authority examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CITY PROPERTY VALUES

Trend of Values[(a)]

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio[(b)]	Economic Market Value[(c)]	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2018/19	$3,157,587,800	93.8%	$3,411,621,608	$177,613,700	$2,946,867,700	$33,931,280
2017/18	3,041,587,700	93.7	3,294,154,996	178,280,800	2,830,285,800	32,484,815
2016/17	2,895,529,500	96.6	2,995,625,034	183,741,300	2,683,132,200	30,986,516
2015/16	2,662,300,500	93.4	2,872,907,577	193,590,200	2,444,259,300	28,307,511
2014/15	2,398,807,700	92.8	2,602,689,859	206,340,400	2,153,993,100	25,168,216

(a) *For a description of the Minnesota property tax system, see Appendix III.*

(b) *Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

(c) *Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

Source: Clay County, Minnesota, November 2019, except as otherwise noted.

2018/19 Adjusted Taxable Net Tax Capacity: $33,931,280*

Real Estate:		
Residential Homestead	$17,620,780	50.6%
Commercial and Industrial, Public Utility, and Railroad	8,963,537	25.8
Residential Non-Homestead	7,802,822	22.4
Agricultural and Commercial and Residential Seasonal/Recreational	208,783	0.6
Personal Property	196,595	0.6
2018/19 Net Tax Capacity	$34,792,517	100.0%
Less: Captured Tax Increment Tax Capacity	(860,699)	
Less: Transmission Lines	(538)	
2018/19 Adjusted Taxable Net Tax Capacity	$33,931,280	

* *Excludes mobile home valuation of $13,501.*

Ten of the Largest Taxpayers in the City

Taxpayer	Type of Property	2018/19 Net Tax Capacity
American Crystal Sugar Company	Agricultural Processing	$ 465,991
Proffutt Ltd Partnership	Apartments	401,005
Busch Agricultural Resources, Inc.	Agricultural Processing	388,975
Moorhead Lodging Association	Hotels	308,614
Sanford Medical Center	Medical	283,804
Menards Inc.	Retail	265,526
Meridan Mortgage LLC	Commercial	235,750
Kassenborg Partners	Commercial	231,196
Skaff Apartments	Apartments	227,768
Eventide Lutheran Home	Nursing Home	179,432
Total		$2,988,061*

* *Represents 8.8% of the City's total 2018/19 adjusted taxable net tax capacity.*

CITY INDEBTEDNESS

Legal Debt Limit and Margin*

Legal Debt Limit (3% of 2018/19 Estimated Market Value)	$94,727,634
Less: Outstanding Debt Subject to Limit	(145,697)
Legal Debt Margin as of December 30, 2019	$94,581,937

* *The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.*

NOTES: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

General Obligation Special Assessment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-30-19
2-15-08	$ 1,340,000	Improvements Refunding	2-1-2021	$ 100,000
11-15-09	1,590,000	Improvements Refunding	2-1-2022	345,000
9-9-10	12,135,000	Improvements	2-1-2020	605,000*
9-22-10	2,030,000	Improvements Refunding	2-1-2023	620,000
9-1-11	4,855,000	Improvements	2-1-2033	3,210,000
9-1-11	900,000	Improvements Refunding	2-1-2024	330,000
12-28-11	4,200,000	Flood Mitigation	2-1-2033	3,085,000
5-15-12	16,955,000	Flood Mitigation	2-1-2033	12,495,000
5-15-12	10,430,000	Improvements Refunding	2-1-2033	8,510,000
5-15-12	8,815,000	Improvements Refunding	2-1-2027	5,705,000
9-1-12	10,320,000	Improvements	2-1-2039	8,375,000
10-23-13	2,165,000	Improvements	2-1-2035	1,720,000
7-24-14	19,440,000	Improvements Refunding	2-1-2036	17,290,000
12-29-14	6,170,000	Improvements	2-1-2036	5,285,000
12-29-14	7,660,000	Improvements Refunding	2-1-2025	5,355,000
12-29-14	9,785,000	Improvements Refunding	2-1-2027	6,980,000
9-24-15	12,270,000	Improvements	2-1-2042	11,400,000
11-10-16	21,705,000	Improvements	2-1-2042	19,595,000
11-10-16	12,490,000	Improvements Refunding	2-1-2033	9,345,000
12-14-17	10,905,000	Improvements	2-1-2043	10,680,000
12-14-17	5,645,000	Improvements Refunding	2-1-2029	4,610,000
11-20-18	11,690,000	Improvements	2-1-2044	11,690,000
11-20-18	4,870,000	Flood Mitigation and Improvements Refunding	2-1-2031	4,870,000
12-30-19	7,260,000	Improvements (the Series 2019A Bonds)	2-1-2046	7,260,000
12-30-19	6,275,000	Improvements Refunding (the Series 2019B Bonds)	2-1-2032	6,275,000
Total				$165,735,000

* *Excludes the Series 2010A Refunded Maturities.*

General Obligation Tax Increment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-30-19
9-9-10	$1,390,000	Tax Increment Refunding	2-1-2028	$890,000

General Obligation Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-30-19
5-6-02	$ 3,389,288	Public Facilities Authority (PFA Loan)	8-20-2022	$ 660,000
6-21-04	6,598,073	Public Facilities Authority (PFA Loan)	8-20-2023	1,617,099
7-18-07	12,407,226	Public Facilities Authority (PFA Loan)	8-20-2026	5,477,000
5-15-12	10,790,000	Wastewater Revenue Refunding	11-1-2029	8,060,000
7-18-14	13,212,873	Public Facilities Authority (PFA Loan)	8-20-2034	10,038,000
7-24-14	7,200,000	Wastewater Revenue	11-1-2034	6,925,000
Total				$32,577,099

Utility Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-30-19
7-12-07	$ 7,245,000	Water & Electric Revenue Loan (Minnesota Municipals Utilities Association Financing Program)	6-1-2027	$ 3,600,000
5-15-09	7,530,000	Public Utility Revenue	11-1-2024	600,000
10-26-10	10,340,000	Public Utility Revenue	11-1-2025	7,090,000
9-1-12	6,550,000	Public Utility Revenue and Refunding	11-1-2027	2,680,000
2-24-16	2,640,893	Public Facilities Authority (PFA Loan)	8-20-2035	2,183,000
8-25-16	12,730,000	Public Utility Revenue	11-1-2036	11,330,000
Total				$27,483,000

Lease Obligations

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-30-19
11-22-05	$1,007,500	Park Land Acquisition	2-1-2021	$145,697*

* *This issue is subject to the legal debt limit.*

Estimated Calendar Year Debt Service Payments Including the Bonds and Excluding the Refunded Maturities

	G.O. Special Assessment Debt		G.O. Tax Increment Debt	
Year	Principal	Principal & Interest[a]	Principal	Principal & Interest
2019 (at 12-30)	(Paid)	(Paid)	(Paid)	(Paid)
2020	$ 10,425,000	$ 15,171,093	$ 85,000	$ 113,455
2021	11,000,000	16,083,860	85,000	110,905
2022	11,355,000	16,021,383	85,000	108,313
2023	11,335,000	15,590,214	95,000	115,475
2024	11,620,000	15,487,616	100,000	117,305
2025	11,735,000	15,216,196	100,000	113,955
2026	10,590,000	13,693,868	105,000	115,418
2027	10,235,000	12,990,433	115,000	121,510
2028	9,055,000	11,492,701	120,000	122,220
2029	8,420,000	10,573,124		
2030	7,595,000	9,485,845		
2031	7,695,000	9,330,246		
2032	7,655,000	9,031,775		
2033	7,330,000	8,454,088		
2034	5,215,000	6,124,133		
2035	3,365,000	4,128,982		
2036	3,260,000	3,915,412		
2037	2,870,000	3,424,040		
2038	2,790,000	3,249,995		
2039	2,710,000	3,078,174		
2040	2,450,000	2,731,589		
2041	2,350,000	2,550,903		
2042	2,390,000	2,511,043		
2043	1,120,000	1,180,828		
2044	710,000	737,734		
2045	230,000	240,868		
2046	230,000	233,623		
Total	$165,735,000[b]	$212,729,766	$960,000	$1,038,556

(a) *Includes the Series 2019A Bonds and the Series 2019B Bonds at an assumed average annual interest rates of 2.68% and 1.93%, respectively, and excludes the Series 2010A Refunded Maturities.*

(b) *63.8% of this debt will be retired within ten years.*

Estimated Calendar Year Debt Service Payments Including the Bonds and Excluding the Refunded Maturities (continued)

	G.O. Revenue Debt		Utility Revenue Debt	
Year	Principal	Principal & Interest	Principal	Principal & Interest
2019 (at 12-30)	(Paid)	(Paid)	(Paid)	(Paid)
2020	$ 2,767,000	$ 3,547,994	$ 2,496,000	$ 3,450,625
2021	2,898,000	3,617,505	2,603,000	3,459,348
2022	2,960,000	3,611,429	2,699,000	3,451,108
2023	2,976,099	3,558,254	2,810,000	3,451,748
2024	2,611,000	3,124,595	2,922,000	3,445,980
2025	2,684,000	3,136,265	3,028,000	3,426,825
2026	2,672,000	3,061,095	1,689,000	1,955,430
2027	1,755,000	2,082,535	1,456,000	1,668,438
2028	1,977,000	2,263,351	807,000	986,281
2029	2,044,000	2,281,146	823,000	986,674
2030	1,411,000	1,595,782	840,000	986,881
2031	1,448,000	1,596,933	856,000	984,856
2032	1,456,000	1,567,814	878,000	987,571
2033	1,455,000	1,529,613	899,000	988,766
2034	1,463,000	1,500,422	920,000	988,508
2035			942,000	987,745
2036			815,000	837,413
Total	$32,577,099[(a)]	$38,074,733	$27,483,000[(b)]	$3,304,197

	Lease Obligations	
Year	Principal	Principal & Interest
2019 (at 12-30)	(Paid)	(Paid)
2020	$ 95,920	$ 102,057
2021	49,777	51,029
Total	$145,697	$153,086

(a) *85.2% of this debt will be retired within ten years.*

(b) *77.6% of this debt will be retired within ten years.*

Moorhead Economic Development Authority
General Obligation Tax Increment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 12-30-19
11-15-09	$2,910,000	Tax Increment Refunding	2-1-2020	$ 170,000*
12-30-19	1,645,000	Tax Increment Refunding (the Authority Bonds)	2-1-2028	1,645,000
Total				$1,815,000

* *Excludes the 2009A Refunded Maturities.*

Moorhead Economic Development Authority
Estimated Calendar Year Debt Service Payments

	G.O. Tax Increment Debt	
Year	Principal	Principal & Interest*
2019 (at 12-30)	(Paid)	(Paid)
2020	$ 170,000	$ 15,629
2021	200,000	225,165
2022	200,000	222,115
2023	200,000	219,015
2024	200,000	215,865
2025	210,000	222,585
2026	210,000	219,173
2027	210,000	215,655
2028	215,000	216,935
Total	$1,815,000	$1,772,137

* *Includes the Authority Bonds at an assumed average annual interest rate of 1.66%, and excludes the Series 2009A Refunded Maturities.*

Overlapping Debt

Taxing Unit(a)	2018/19 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 12-30-19(b)	Debt Applicable to Tax Capacity in City: Percent	Debt Applicable to Tax Capacity in City: Amount
Clay County	$67,464,265	$60,765,000	50.3%	$ 30,564,795
ISD No. 152 (Moorhead)	41,821,742	91,725,000	81.1	74,388,975
Total				$104,953,770

(a) *Only those taxing units that have general obligation outstanding debt are presented here.*

(b) *Excludes general obligation tax and aid anticipation certificates, general obligation debt supported by revenues, and revenue debt.*

Debt Ratios*

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2018/19 Estimated Market Value ($3,157,587,800)	5.34%	8.66%
Per Capita (43,522– 2018 Minnesota State Demographer Estimate)	$3,874	$6,285

* *Excludes general obligation revenue debt, and utility revenue debt. Includes lease obligations and the Moorhead Economic Development Authority's general obligation debt.*

CITY TAX RATES, LEVIES, AND COLLECTIONS

Tax Capacity Rates

	2014/15	2015/16	2016/17	2017/18	2018/19 Total	2018/19 For Debt Only
Clay County	45.286%	44.433%	45.703%	47.102%	48.071%	0.7363%
City of Moorhead	38.662	39.543	40.235	42.226	43.477	17.0394
ISD No. 152 (Moorhead)(a)	26.399	34.097	30.439	31.741	30.220	15.1275
Special Districts(b)	3.131	3.002	2.966	2.938	3.530	-0-
Total	113.478%	121.075%	119.343%	124.007%	125.298%	32.9032%

(a) *Independent School District No. 152 (Moorhead) also has a 2018/19 tax rate of 0.17882% spread on the market value of property in support of an excess operating levy.*

(b) *Special districts include the Moorhead Economic Development Authority and the Buffalo Watershed District.*

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix III.

Tax Levies and Collections

Levy/Collect	Net Levy*	Collected During Collection Year Amount	Collected During Collection Year Percent	Collected and/or Abated As of 5-16-19 Amount	Collected and/or Abated As of 5-16-19 Percent
2018/19	$14,728,469	(In Process of Collection)			
2017/18	11,030,988	$10,846,450	98.3%	$10,921,244	99.0%
2016/17	9,881,057	9,770,161	98.9	9,858,264	99.8
2015/16	8,571,929	8,490,199	99.0	8,561,587	99.9
2014/15	7,409,149	7,354,140	99.3	7,406,657	99.9

* *The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.*

FUNDS ON HAND
As of August 31, 2019

Fund	Cash and Investments
City:	
General	$13,701,444
Special Revenue	5,263,573
Debt Service:	
G.O. Debt Supported by Taxes	0
G.O. Debt Supported by Special Assessments	34,366,397
G.O. Debt Supported by Tax Increments	1,142,644
G.O. Debt Supported by Revenues	0
Capital Project Funds:	
Capital Improvements	1,805,521
Permanent Improvements	(9,636,172)*
Flood Acquisition & Mitigation Projects	(169,364)*
Special Assessment Improvements	0
Enterprise	10,463,945
Internal Service	5,136,953
Total City	$62,074,941
Moorhead Public Service:	
Electric	$22,870,674
Water	3,184,706
Revenue Bond Account	1,980,232
Bond Reserve Account	3,257,800
Bond Operation & Maintenance Reserve	5,556,000
Bond Proceeds	881
Total Moorhead Public Service	$36,850,293

* *Negative balance due to project costs incurred to-date to be reimbursed.*

CITY INVESTMENTS

The City adopted a formal investment policy in September 1995 and most recently adopted a revised policy on June 8, 2015. The City's practice is to minimize credit and market risks while maintaining a competitive portfolio yield. The City is allowed to invest its funds in those obligations permitted by Minnesota Statute Chapter 118A.04.

As of August 31, 2019, the City had cash and investments with a market value of $64,462,964. Funds are invested as follows: $5,274,357 in government securities/agencies, $8,080,052 in certificates of deposit and $51,108,555 in money market/checking accounts. Government securities' yields range from 1.13% to 4.57%, with all investments maturing by October 4, 2024.

GENERAL INFORMATION CONCERNING THE CITY

The City is located on the Minnesota-North Dakota border across the Red River from the City of Fargo, North Dakota and incorporates approximately 22.2 square miles (14,265 acres). The City is the Clay County seat and is a regional center for culture, commerce, and higher education in northwestern Minnesota.

The City is the home of the Heritage Hjemkomst Interpretive Center; Rourke Art Museum; American Crystal Sugar Company; Busch Agricultural Resources, Inc.; Minnesota State University-Moorhead; Concordia College; and Minnesota State Community and Technical College.

Population

The City's population trend is shown below.

	Population	Percent Change	Occupied Households	Percent Change
2018 Minnesota State Demographer Estimate	43,522	14.3%	15,725*	9.9%
2010 U.S. Census	38,065	18.3	14,304	22.5
2000 U.S. Census	32,177	(0.4)	11,679	6.2
1990 U.S. Census	32,295	7.7	10,996	3.9
1980 U.S. Census	29,988	--	10,581	--

* *U.S. Census Bureau 2013-2017 American Community Survey 5-Year Estimate. Most recent information available.*

Sources: Minnesota State Demographic Center, http://mn.gov/admin/demography/ and United States Census Bureau, http://www.census.gov/.

The City's estimated population by age group for the past five years is as follows:

Data Year/ Report Year	0-17	18-34	35-64	65 and Over
2018/19	9,947	13,320	13,661	5,437
2017/18	9,487	13,542	13,284	5,282
2016/17	9,213	13,995	12,941	5,163
2015/16	8,949	13,943	12,585	4,967
2014/15	8,781	14,356	12,354	4,797

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Transportation

The City's transportation connections provide easy access to business and markets, and travel and recreation. The Fargo-Moorhead metropolitan area is served by two interstate highways, which help the trucking industry provide the City with overnight delivery from the cities of Minneapolis, Minnesota; Saint Paul, Minnesota; Duluth, Minnesota; Sioux Falls, South Dakota; Omaha, Nebraska; Bismarck, North Dakota; and Winnipeg, Manitoba.

Hector International Airport, located in the City of Fargo, North Dakota, serves as home to a number of airlines and offers multiple non-stop commercial flights to the cities of Minneapolis, Chicago, Denver, Los Angeles, and others. The City also has a Municipal Airport located to the southeast of Moorhead. Mainline rail service provides the City with connections to Canada to the north, Mexico to the south, Pacific coast cities to the west and Great Lakes cities to the east. Amtrak passenger service is also available daily.

Within the City, the local Metropolitan Area Transit (MAT) bus system provides residents with convenient access to shopping and the local educational institutions.

Major Employers

Employer	Product/Service	Approximate Number of Employees
Independent School District No. 152 (Moorhead)	Primary and secondary education	1,035[a]
Minnesota State University-Moorhead	Post-secondary education	707[a]
Concordia College	Post-secondary education	700[a]
Clay County	County government	530[a]
City of Moorhead	City government	505[a]
Creative Care for Reaching Independence (CCRI)	Family services	500
Eventide Lutheran Home	Nursing home	461
American Crystal Sugar Company	Sugar beet processing	400
Hornbacher's Foods, Inc. (2 locations)	Grocery store	296[a]
Minnesota State Community and Technical College	Post-secondary education	229
Menard's	Home improvement retail	166[a]
Cash Wise Foods	Grocery store	150[a][b]
Access of Red River Valley	Family services	137[b]
D & M Industries	Door wholesaler & manufacturer	120[c]

(a) *Includes full- and part-time employees.*

(b) *Most recent information available as of October 2017.*

(c) *Most recent information available as of June 2016.*

Source: *This does not purport to be a comprehensive list and is based on a November 2019 telephone survey of individual employers. Some employers do not respond to inquiries.*

Labor Force Data

	Annual Average				September
	2015	2016	2017	2018	2019
Labor Force:					
Clay County	35,539	35,713	35,665	35,791	36,613
State of Minnesota	2,997,748	3,033,406	3,057,014	3,070,223	3,122,656
Unemployment Rate:					
Clay County	3.1%	3.4%	3.2%	2.9%	2.3%
State of Minnesota	3.7	3.9	3.4	2.9	2.5

Source: *Minnesota Department of Employment and Economic Development, https://apps.deed.state.mn.us/lmi/laus. 2019 data are preliminary.*

Retail Sales and Effective Buying Income (EBI)

City of Moorhead

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2018/19	$634,963	$997,488	$51,189
2017/18	N/A	944,689	49,656
2016/17	N/A	875,352	45,993
2015/16	661,569	826,798	44,201
2014/15	520,489	795,210	43,485

Clay County

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2018/19	$ 933,756	$1,620,233	$54,957
2017/18	N/A	1,540,457	53,275
2016/17	N/A	1,428,111	49,302
2015/16	1,007,280	1,343,648	47,438
2014/15	772,194	1,308,600	47,273

The 2018/19 Median Household EBI for the State of Minnesota is $58,777. The 2018/19 Median Household EBI for the United States is $52,468.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Permits Issued by the City

	New Commercial Construction		New Residential Construction			Total Permits and Valuation*	
Year	Number	Value	Number	Value	Units	Number	Value
2019 (8-31)	12	$ 6,277,161	105	$30,405,655	183	525	$ 63,544,542
2018	16	10,151,660	141	45,660,287	329	748	92,549,720
2017	35	58,722,137	119	27,485,405	163	747	118,841,120
2016	31	33,067,240	169	60,222,748	487	829	180,530,014
2015	30	10,466,714	213	64,431,779	505	881	90,211,090
2014	21	12,473,597	197	56,708,439	449	834	104,258,333
2013	31	34,676,965	139	44,149,300	407	699	95,214,162
2012	12	8,071,975	89	17,514,700	149	854	56,460,799
2011	20	4,956,205	92	23,075,213	165	782	53,885,833
2010	19	8,620,860	165	24,780,532	165	1,087	56,683,081

* *In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).*

Source: City of Moorhead.

Community Development

Residential Development

In 2017, two new schools opened in the City, including Dorothy Dodds Elementary and the 5th and 6th grade wing at Horizon West Middle School. New schools and projected growth have resulted in continued residential and commercial development in the City. Over $10 million in new commercial and institutional building value was added to the City in 2018, including 16 new commercial and institutional buildings. Residential units were up in 2018 with 329 units constructed; 2017 saw 163 units constructed.

The City currently has approximately a four-year supply of fully-serviced, buildable lots. The 2016 Growth Area Plan was adopted by the City Council in December 2016. Environmental and utility planning to accommodate these growth areas continues. New subdivisions are being platted around the City's newest school, Dorothy Dodds Elementary, on the City's eastern edge. The school is expected to attract significant residential development.

Institutional Development

In 2018, Independent School District No. 152 (Moorhead) (the "District") had first day of school enrollment numbers increased by almost 300 students from the previous year. The 2019 school year began with an estimated opening enrollment of 7,066 students (K-12), which was the highest opening day enrollment since 1972 with continued trends of high enrollment. The District opened its new K-4 elementary school, Dorothy Dodds Elementary, in September 2017, as well as a 5th and 6th grade campus to Horizon Middle School. A new Operations and Transportation Center is under construction at a former care center site. Voters approved a 2019 bond referendum that will provide funding for rebuilding of the Moorhead High School and renovation of a vacant commercial building for a new career academy.

In 2018, the new Clay County joint Law Enforcement Center opened, co-locating the Clay County Sheriff's office with the Moorhead Police Department. Construction is underway on the Clay County correctional facility. The bonds for these facilities were funded through a county-wide sales tax and do not impact local property taxes. This replaces the State of Minnesota's oldest jail with a new correctional facility that will have a capacity of 208 inmates for housing and a new protocol for rehabilitation services.

Calendar year 2018 also saw the addition of numerous institutional projects, including expansion and remodel at Park Christian School and an expansion of the Moorhead Youth Hockey complex (Cullen Hockey Center). A portion of the City's Series 2018A Bond issue was issued to fund municipal improvements made to the Cullen Hockey Center. This is in addition to the nearly $5,000,000 of private investment that is being utilized to fund the costs associated with the reconstruction of the City-owned building and a third sheet of ice, and the City's contribution of $800,000 to rehabilitate the roof of the existing facility.

Commercial Development

Over $10 million in new commercial, industrial and institutional building value was added in the City in 2018, including 16 new buildings. There are multiple redevelopment projects happening in downtown, including multiple business expansions and the completion of Block E, a 4-story mixed use building that is now the headquarters for Eventide and provides main-level retail and housing on the upper floors. A few of the downtown projects currently underway include a historic renovation of Simon Warehouse to 65 new apartment units, the final phase of The Grove Apartments, a redevelopment of a former aggregate manufacturing site and Retail Center Addition, a multi-unit commercial space within an existing historically significant building. The City's downtown was designated by the U.S. Department of the Treasury as an "Opportunity Zone" in 2018 which fosters long-term investment into redevelopment.

Multiple assisted living projects are completed or nearing completion, including an expansion of Farmstead Care (assisted living/memory care), expansion of Arbor Park Assisting Living Center and Bee Hive Homes, a new assisted living/memory care facility. Eventide Assisted Living began a significant 73-unit addition to their campus in 2019.

Flood Protection

During the last decade, over $112 million of public resources ($80.4 million of State of Minnesota funds and $32.2 million of City funds) were used to acquire over 225 acres of flood-prone land, including 268 acquisitions to support construction of flood mitigation structures along the river corridor as part of a City-wide flood protection initiative. FEMA has issued accreditation of six flood mitigation projects that remove 330 structures from the 100-year flood plain through Letters of Map Revision. Homes with Letters of Map Revision do not require mandatory flood insurance for federally insured mortgages and can choose to voluntarily purchase flood insurance at preferred rates.

Community and Park Amenities

The conversion of riverfront property to public ownership provided the City the opportunity to initiate the Moorhead River Corridor Master Plan in May 2014. The plan includes connectivity, recreation, habitat enhancement, and cultural, historical, and environmental interpretation. Implementation began in 2015 in partnership with Audubon Urban Woods and Prairies Initiative to restore native habitats along the riverfront. The City has received over $2.3 million in Minnesota Legacy Fund and Transportation Alternative Program grants to complete connected bikeways and pedestrian trails along the river corridor as well as the reconstruction of downtown trails – the new Homestead Trail, connecting downtown to the North Moorhead Original Homestead Park home of the Historic Bergquist Cabin, was completed in 2019 and the new Bluegoose Trail connecting Gooseberry and Bluestem Center for the Arts is slated for construction in 2020.

Education

Public Education

The following district serves the residents of the City:

School	Location	Grades	2018/19 Enrollment*
ISD No. 152 (Moorhead)	City of Moorhead	K-12	7,027

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, www.education.state.mn.us.

Non-Public Education

City residents are also served by the following private schools:

School	Location	Grades	2018/19 Enrollment*
Park Christian	City of Moorhead	K-12	415
St. Joseph	City of Moorhead	K-12	193

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, www.education.state.mn.us.

Post-Secondary Education

Post-secondary education is available in the City at the Minnesota State Community and Technical College; Minnesota State University-Moorhead; Concordia College, a private liberal arts institution; Rasmussen College; and at North Dakota State University, located in the City of Fargo, North Dakota.

Source: Minnesota Department of Education, www.education.state.mn.us.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City has been a municipal corporation since 1881 and is a Home Rule Charter City under Minnesota Statutes. The Charter was most recently amended in July 1995. The City is operated under a Council/Manager form of government, and the Council is composed of the Mayor, elected at large; and eight City Council members, two elected from each of the City's four wards.

The following individuals comprise the current City Council:

		Expiration of Term
Jonathan Judd	Mayor, At Large	December 31, 2022
Sara Watson Curry	Council Member, Ward 1	December 31, 2020
Shelly Dahlquist	Council Member, Ward 1	December 31, 2022
Shelly Carlson	Council Member, Ward 2	December 31, 2022
Heidi Durand	Council Member, Ward 2	December 31, 2020
Larry Seljevold*	Council Member, Ward 3	December 31, 2020
Deb White	Council Member, Ward 3	December 31, 2022
Steve Lindaas*	Council Member, Ward 4	December 31, 2020
Chuck Hendrickson	Council Member, Ward 4	December 31, 2022

Ms. Christina Volkers has served as City Manager since January 23, 2017. Ms. Volkers transitioned to city management after a tenured career in the Judicial Branch as a Court Executive Officer/Court Administrator in the states of California and Minnesota. Ms. Karla McCall was hired as Finance Director effective December 17, 2018, and previously served as the Finance Director in for various cities in Minnesota, Montana, and North Dakota for the past 24 years. Ms. Christina Rust has been the City Clerk since October 2019.

* *Council Members Larry Seljevold (Ward 3) and Steve Lindaas (Ward 4) were elected on November 5, 2019 to replace seats vacated by former members Joel Paulsen (Ward 3) and Steve Gehrtz (Ward 4). They will each serve a one-year term to finish out those of Paulsen and Gerhrtz.*

City Services

The City has a police department with 61 sworn officers and a fire department consisting of 37 full-time paid firefighters. The City and Clay County occupy a combined law enforcement center.

The City has nearly 1,500 acres of parks and recreational land, including improved bicycle/pedestrian trails, landscaping, new shelter buildings, and playground and sports facilities.

The City has 275.24 full-time equivalent (FTE) employees and approximately 230 temporary and seasonal employees at the peak of the summer season.

Labor Contracts

The status of labor contracts in the City is as follows:

Bargaining Unit	No. of Employees (FTE)	Expiration Date of Current Contract
American Federation of State, County And Municipal Employees, AFL-CIO Council No. 65, Local Union No. 1450, Clerical, Technical, Building Maintenance, And Public Works Employees	101.63	December 31, 2020
Moorhead Fire Fighters and Captains, International Association of Firefighters Local 1323	31.00	December 31, 2020
Moorhead Fire Chiefs (S) – International Association of Firefighters, Local 1323	3.00	December 31, 2020
Law Enforcement Labor Services Inc. – Local 69 (Police Officers)	48.00	December 31, 2020
Moorhead Police Supervisors Association (Police Sergeants and Police Lieutenants)	10.00	December 31, 2020
Subtotal	193.63	
Non-unionized employees	81.61	
Total employees	275.24	

Public Utilities

Moorhead Public Service (MPS) is the City's municipal utility. Pursuant to the City Charter, the control, management and operation of the water and electric utilities is vested in the Public Service Commission (the "Commission"). The Commission consists of five Commissioners appointed by the City Council. The City is divided into four wards, with each ward being represented by a Commissioner residing within that ward. The fifth Commissioner is appointed at large by the mayor with the approval of the City Council. Each Commissioner is appointed for a term of three years and can serve up to four terms. Commissioners serve until their successors are appointed and deemed qualified to serve.

Mr. William Schwandt is MPS' General Manager. Mr. Schwandt was appointed General Manager in April 1993, and has been employed at MPS since 1985. Mr. Schwandt earned a Bachelor's Degree in Electrical Engineering from North Dakota State University and is a registered Professional Engineer in the State of Minnesota. He also has a Master's Degree in Business Administration from Minnesota State University Moorhead. Mr. Schwandt held the position of Manager of Marketing and Technical Services at MPS prior to being appointed General Manager. Mr. Schwandt serves on the Board of Directors of Missouri River Energy Services (MRES) and chairs MRES' Finance Committee. He also serves as the President of the Board of Directors of Western Minnesota Municipal Power Agency and serves on the Board of Directors of Mid-West Electric Consumers Association.

Ms. Nancy Lund is MPS' Administration and Finance Manager and has been employed at MPS since 1978. Ms. Lund held the positions of Accountant, Assistant Business Manager, Controller, and Accounting and Finance Manager prior to being selected as Administration and Finance Manager in 2009.

Mr. Daniel Moore is MPS' Electric Operations Manager and has been employed at MPS since 1984. Mr. Moore held the positions of Lineman, Line Foreman, and Distribution Supervisor prior to being selected as Electric Operations Manager in 2010.

Mr. Travis Schmidt is MPS' Electrical Engineering Manager and has been employed at MPS since 2008. Mr. Schmidt is a registered Professional Engineer in the State of Minnesota. Mr. Schmidt held the position of Project Engineer prior to being selected as Electrical Engineering Manager in 2010.

Mr. Kristofer Knutson is MPS' Water Division Manager and has been employed at MPS for a total of 11 years. Mr. Knutson has a Master's Degree in Chemistry. Mr. Knutson held the positions of Water Treatment Plant Operator and Water Plant Supervisor prior to being selected as Water Division Manager in 2012.

MPS' Electric Division is primarily an electric distribution utility, but also has generation facilities. MPS purchases the bulk of its needed power from two primary partners—Western Area Power Administration (WAPA) and Missouri River Energy Services (MRES)—while producing the remainder of its needed power through two wind turbines, a solar demonstration project and Community Solar Garden, and a diesel-operated generating station.

In 2018, MPS purchased 49.9 percent of its necessary power supply from WAPA through a firm delivery contract. In 2015, WAPA and MPS entered into a contract for firm power through December 31, 2050. WAPA may reduce power supplied to MPS, by up to 1 percent, in 2021, 2031, and 2041.

MPS purchases supplemental power from MRES, who provides all electrical growth requirements beyond the WAPA allocation. In 2015, MPS approved Amendment 5 to the existing long-term contract with MRES, which goes to January 1, 2057. Beginning in 2027, and every fifth year thereafter, the Commission has the option to establish a Maximum Rate of Delivery, which could be beneficial if MRES rates increase more rapidly than those charged by other wholesale power suppliers.

In 2015, when WAPA joined the Southwest Power Pool (SPP), MPS, MRES, and SPP entered into transmission agreements that allow MPS reimbursement from SPP for MPS' investments in transmission infrastructure. MPS' annual transmission revenue requirement (ATRR) has averaged $2.3 million. MPS' transmission infrastructure financial forecast includes additional substation expansion in 2027 to accommodate Moorhead's growth.

MPS generates the remainder of its energy needs through two wind turbines, a 10MW generating station, and eight solar arrays in its Capture The Sun® Community Solar Garden. When operating at capacity, the wind turbines can provide 2,700,000 kWh, or about 6 percent of MPS' required power needs. The 10MW generating station is able to provide emergency power supply for MPS, and its capacity is leased to MRES for approximately $340,000 annually. In 2011, MPS constructed, and placed into operation, a three-panel solar generating station as part of a non-utility scaled renewable energy demonstration project. In 2015, MPS' Capture The Sun® Program began offering a Community Solar Garden in which customers may purchase solar energy. MPS has constructed and sold 504 solar panels through 2019. MPS' Capture The Sun® Program received an American Public Power Innovator award in 2016. MPS has earned the RP3 (Reliable Public Power Provider) award from American Public Power Association for 2016-2019. In 2018, MPS partnered with a local provider to bring the first fast electric vehicle (EV) charging station to Moorhead.

In 2015, the City completed annexation of Oakport Township. The Commission's policy is to extend electric service to all residents within the city of Moorhead. MPS began providing electric service to approximately 370 new customers in the fall of 2016, and an additional 160 customers in the fall of 2017.

Electric Division revenues are diversified by customer class. In 2018, General Service and Small General Service customers account for 51 percent of sales revenue, while residential customers account for 46 percent. In 2018, the top ten customers accounted for 29 percent of sales revenue, with the largest customer generating 5.59 percent of all sales revenue.

MPS' Water Division has the unique benefit of having access to two stable and local sources of water. MPS' primary water supply comes from the Red River of the North, which runs between the City of and the City of Fargo, North Dakota. In 2018, MPS pumped a total of 1,628.57 million gallons, with 1,012.25 million gallons, or 64.94 percent of the total requirement, from the Red River. MPS' second water source consists of three large well fields in the Buffalo Aquifer. The volume of water withdrawn from the aquifers generally increases in the spring, as a result of high flows in the Red River, and occasionally during hot, dry summers.

In 2015/16, the Water Division's commitment to infrastructure improvements included a $13 million High Service Pumping Station (HSPS) project and a continuing Watermain Asset Management Plan (WAMP). The HSPS replaced pumps that were more than 50 years old and was financed with a low-interest loan from the Minnesota Public Facilities Authority. The WAMP is a plan to replace all water distribution pipes over a 100-year time frame. The commitment to watermain replacement has averaged $1.5 million annually over the past five years, and, in 2018, MPS' WAMP included $1.3 million of watermain replacement. Other 2018 capital projects included water tower rehabilitation, water plant filter media replacement, and the initiation of procuring additional groundwater resources along the southern Buffalo Aquifer. 2019 capital projects include a $3 million southside water tower, a $7 million lime sludge dewatering facility, and $2.3 million of WAMP.

Water Division revenues are also diversified by customer class. Residential accounts were 49 percent of revenues, industrial accounts were 12 percent of revenues, apartment accounts were 12 percent of revenues, and commercial account were 15 percent of revenues. In 2018, the top ten customers accounted for 6.77 percent of sales, with the largest customer generating 40 percent of total sales revenue. The Water Division's list of top ten customers includes three agricultural manufacturing accounts, one industrial account, one educational institution account, one governmental entity account, and four multi-unit residential community accounts.

Pensions

All full-time and certain part-time employees of the City and Moorhead Public Service are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF); the Public Employees Police and Fire Fund (PEPFF); and the Public Employees Correctional Fund (PECF), which are cost-sharing multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

Four council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multi-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal. Plan benefits depend solely on amounts contributed to the plan plus investment earnings less administrative expenses. Eligible elected officials who decide to participate contribute 5% of salary, which is matched by the elected official's employer.

The City's contributions to GERF, PEPFF, and PEDCP for the past five years are as follows:

	GERF	PEPFF	PEDCP
2018	$777,747	$1,196,569	$1,957
2017	700,910	1,167,768	2,042
2016	645,126	1,103,942	2,042
2015	683,737	1,023,130	2,042
2014	581,438	874,912	2,505

Moorhead Public Service's contributions to GERF for the past five years are as follows:

2018	$358,722
2017	345,294
2016	335,637
2015	311,115
2014	284,405

GASB 68

The City

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GERF and PEPFF for the past four years are as follows:

	GERF		PEPFF	
	Proportionate Share of Pension Costs	Net Pension Liability	Proportionate Share of Pension Costs	Net Pension Liability
2018	0.1521%	$ 8,437,884	0.6748%	$ 7,192,673
2017	0.1544	9,920,633	0.683	9,221,313
2016	0.1453	11,797,639	0.645	25,884,972
2015	0.1416	7,338,447	0.649	7,374,159

For more information regarding GASB 68 with respect to the City, please reference "Note 4, Detailed Notes on All Activities and Funds" and "Required Supplementary Information" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

MPS

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to Moorhead Public Service employees and require recognition of a liability equal to the Moorhead Public Service proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

Moorhead Public Service's proportionate shares of the pension costs and the Moorhead Public Service's net pension liability for GERF for the past three years are as follows:

	GERF	
	Proportionate Share of Pension Costs	Net Pension Liability
2018	0.712%	$3,949,884
2017	0.0715	4,564,513
2016	0.0706	5,732,370
2015	0.0686	3,555,208

For more information regarding GASB 68 with respect to Moorhead Public Service, please reference "Required Supplementary Information" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

Sources: Comprehensive Annual Financial Reports of MPS and the City.

Other Postemployment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or "OPEB"). The implementation of GASB 75 required the restatement of the City's beginning net position for the fiscal year ended December 31, 2017. Please see "Note 5.E.3" in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018 for this calculation.

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. The retiree health plan does not issue a publicly available financial report.

The City allows access to the contract groups other post-retirement benefits of the blended medical premiums of $686 for single and $1,491 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

The following employees were covered by the benefit terms as of January 1, 2018:

Inactive employees/beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	252
Total	266

The City's net OPEB liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018. The discount rate used to measure the total OPEB liability was 3.30%. Components of the City's OPEB liability and related ratios for the fiscal year ended December 31, 2018 are as follows:

Service cost	$ 132,300
Interest	67,250
Benefit payments	(101,115)
Net change in total OPEB liability	$ 98,435
Total OPEB liability – beginning of year	$ 1,955,732
Total OPEB liability – end of year (a)	$ 2,054,167
Covered employee payroll	$16,125,297
Total OPEB liability as a percentage of covered employee payroll	12.7%

MPS

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. A separately issued report is not available.

Moorhead Public Service allows access to the contract groups other post-retirement benefits of the blended medical premiums of $617 for single and $1,267 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

The following employees were covered by the benefit terms as of January 1, 2018:

Inactive employees/beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	57
Total	61

The Moorhead Public Service's net OPEB liability was measured as of January 1, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. The discount rate used to measure the total OPEB liability was 3.30%. Components of the Moorhead Public Service's OPEB liability and related ratios for the fiscal year ended December 31, 2018 are as follows:

Service cost	$ 31,306
Interest	15,851
Benefit payments	(48,391)
Net change in total OPEB liability	$ (1,234)
Total OPEB liability – beginning of year	$ 473,038
Total OPEB liability – end of year (a)	$ 471,804
Covered employee payroll	$4,375,925
Total OPEB liability as a percentage of covered employee payroll	10.8%

For more information regarding GASB 75 with respect to the City, please reference "Note 4, Detailed Notes on All Activities and Funds" and "Required Supplementary Information" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City's Comprehensive Annual Financial Reports.

General Fund Budget Summary

	2018 Budget	2018 Actual	2019 Budget
Fund Balance (Jan 1)	$ 19,276,152	19,276,152	19,530,668
Revenues:			
Property Taxes	$ 4,537,368	3,632,602	5,481,623
Franchise Fees	1,025,000	1,040,015	1,025,000
Licenses and permits	729,970	770,467	731,920
Intergovernmental	8,769,698	10,001,536	8,922,918
Charges for services	831,670	821,571	831,020
Fines and forfeitures	449,600	504,021	454,000
Interest on investments	96,498	138,789	96,498
Miscellaneous	268,552	220,828	319,537
Total revenues	$ 16,708,356	17,129,829	17,862,516
Expenditures			
Wages	$ 17,194,717	16,800,295	18,240,354
Supplies	1,131,514	1,329,289	1,212,600
Other services & charges	6,725,725	6,958,772	6,806,682
Capital Outlay	1,600	238,203	0
Total expenditures	$ 25,053,556	25,326,559	26,259,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (8,345,200)	(8,196,730)	(8,397,120)
Total Other Financing Sources (Uses)	$ 8,345,200	8,451,246	8,397,120
Fund Balance (Dec 31)	$ 19,276,152	19,530,668	19,530,668

Source: City of Moorhead.

Major General Fund Revenue Sources

Revenue	2014	2015	2016	2017	2018
Intergovernmental	$8,521,909	$8,961,126	$9,265,597	$9,677,565	$10,001,536
Transfers In	7,886,799	7,793,078	8,045,783	8,417,242	8,464,846
Taxes	1,490,439	1,877,366	2,688,777	3,691,359	4,672,617
Charges for Services	2,746,620	1,771,867	1,714,282	2,179,905	821,571
Licenses and Permits	849,029	803,311	1,174,852	882,095	770,467

Sources: City's Comprehensive Annual Financial Reports.

PROPOSED FORMS OF LEGAL OPINIONS

The Series 2019A Bonds

(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C., upon delivery of the Bonds, assuming no material change in facts or law.)

__________________, 2019

BOND OPINION

$7,260,000* GENERAL OBLIGATION IMPROVEMENT BONDS,
SERIES 2019A
MOORHEAD, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by the City of Moorhead, Minnesota (the "Issuer") of its General Obligation Improvement Bonds, Series 2019A, dated as of __________, 2019, in the total principal amount of $7,260,000* (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion that under existing law:

1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

2. The Bonds are valid and binding general obligations of the Issuer.

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. The Issuer has designated the Bonds as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

* *Preliminary; subject to change.*

5. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds. We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds arising with respect to ownership of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

BY:________________________________

John T. Shockley
A Shareholder

The Series 2019B Bonds

(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C.,
upon delivery of the Bonds, assuming no material change in facts or law.)

BOND OPINION
$6,275,000* GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS,
SERIES 2019B
MOORHEAD, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by the City of Moorhead, Minnesota (the "Issuer") of its General Obligation Improvement Refunding Bonds, Series 2019B dated as of _________, 2019, in the total principal amount of $6,275,000* (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion, that under existing law:

1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

2. The Bonds are valid and binding general obligations of the Issuer. The Bonds are refunding bonds issued for the purpose of current refunding the 2021 through 2032 maturities of the Issuer's Taxable General Obligation Improvement Bonds, Series 2010A (Build America Bonds – Direct Pay), dated September 9, 2010 (the "Refunded Bonds").

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. The Issuer has designated the Bonds as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

* *Preliminary; subject to change.*

5. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporation and financial institutions), and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds. We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds arising with respect to ownership of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

BY: ______________________________
John T. Shockley
A Shareholder

The Authority Bonds

(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C., upon delivery of the Bonds, assuming no material change in facts or law.)

_____________, 2019

BOND OPINION

$1,645,000* GENERAL OBLIGATION TAX INCREMENT
REFUNDING BONDS, SERIES 2019A
MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY
CLAY COUNTY, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by the Moorhead Economic Development Authority, Clay County, Minnesota (the "Issuer") of its General Obligation Tax Increment Refunding Bonds, Series 2019A, dated as of ____________, 2019, in the total principal amount of $1,645,000* (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion that under existing law:

1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

2. The Bonds are valid and binding obligations of the Issuer to which are pledged the full faith, credit and resources of the City of Moorhead, Minnesota. The Bonds are refunding bonds issued for the purpose of refunding the 2021 through 2028 maturities of the Issuer's General Obligation Improvement Tax Increment Refunding Bonds, Series 2009A, dated November 15, 2009 (the "Refunded Bonds").

3. All taxable property in the territory of the City of Moorhead is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer and/or the City of Moorhead is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. The Issuer has directed the proceeds of the Bonds, after payment of issuance expenses, be used to purchase a certificate of deposit or federal securities maturing on such dates, and earning interest at such rates as required to provide funds sufficient to pay when due the principal and interest on all of the Refunded Bonds through February 1, 2011 their call date.

* *Preliminary; subject to change.*

5. The Issuer has designated the Bonds as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

6. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporation and financial institutions), and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds. We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds arising with respect to ownership of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

BY ______________________________
John T. Shockley
A Shareholder

CONTINUING DISCLOSURE CERTIFICATES

The Series 2019A Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Moorhead, Minnesota (the "Issuer") in connection with the Issuer's $7,260,000* General Obligation Improvement Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on November 12, 2019 (the "Resolution") and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated ___________, 2019, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the City of Moorhead, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

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* *Preliminary; subject to change.*

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

(a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the fiscal year ended December 31, 2019 (which is due no later than December 31, 2020), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. City Property Values.
2. City Indebtedness.
3. City Tax Rates, Levies and Collections.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate then the Issuer will provide *unaudited* financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (AMaterial Events@) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;
8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. <u>Default</u>. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. <u>Counterparts</u>. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. <u>Choice of Law</u>. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Minnesota, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 14. <u>Severability</u>. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. <u>Captions, Tables, and Headings</u>. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective __________, 2019.

CITY OF MOORHEAD

____

Christina Volkers
City Manager

The Series 2019B Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Moorhead, Minnesota (the "Issuer") in connection with the Issuer's $6,275,000* General Obligation Improvement Refunding Bonds, Series 2019B (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on November 12, 2019 (the "Resolution") and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated _________, 2019, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the City of Moorhead, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

* *Preliminary; subject to change.*

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

(a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the fiscal year ended December 31, 2019 (which is due no later than December 31, 2020), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. City Property Values.
2. City Indebtedness.
3. City Tax Rates, Levies and Collections.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate then the Issuer will provide *unaudited* financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

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(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (AMaterial Events@) with respect to the Bonds:

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2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;
8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated

person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. <u>Default</u>. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. <u>Counterparts</u>. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. <u>Choice of Law</u>. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Minnesota, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 14. <u>Severability</u>. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. <u>Captions, Tables, and Headings</u>. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective __________, 2019.

CITY OF MOORHEAD

____

Christina Volkers
City Manager

The Authority Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Moorhead Economic Development Authority, Minnesota (the "Issuer"), in connection with the Issuer's $1,645,000* General Obligation Tax Increment Refunding Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on November 12, 2019 (the "Resolution") and Ordinance No. 2001-7 adopted by the City of Moorhead, Minnesota, on March 26, 2001, and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated __________, 2019, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the Moorhead Economic Development Authority, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

* *Preliminary; subject to change.*

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

(a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the year that ends December 31, 2019 (which is due no later than December 31, 2020), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. City Property Values.
2. City Indebtedness.
3. City Tax Rates, Levies and Collections.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate then the Issuer will provide *unaudited* financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if material with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;

8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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Section 14. Severability. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. Captions, Tables, and Headings. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, We have executed this Disclosure Certificate in my official capacity effective _____________, 2019.

MOORHEAD ECONOMIC DEVELOPMENT
AUTHORITY, MINNESOTA

____
Secretary

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

<u>Assessor's Estimated Market Value</u>. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

<u>Economic Market Value</u>. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

<u>Taxable Market Value</u>. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

<u>Net Tax Capacity</u>. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

<u>Market Value Homestead Exclusion</u>. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.

4. Obligations issued to create or maintain a permanent improvement revolving fund.

5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.

9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	Local Tax Payable 2015-2019
Residential Homestead (1a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to $139,000[(c)]	0.75%
Over $139,000[(c)]	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to $150,000	1.50%[(a)]
Over $150,000	2.00%[(a)]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to $600,000	0.50%
$600,000 - $2,300,000	1.00%
Over $2,300,000	1.25%[(a)]
Seasonal Resorts (4c)	
Up to $500,000	1.00%[(a)]
Over $500,000	1.25%[(a)]
Non-Commercial (4c12)	
Up to $500,000	1.00%[(a)(b)]
Over $500,000	1.25%[(a)(b)]
Disabled Homestead (1b)	
Up to $50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Remainder of Farm	
Up to $1,900,000[(d)]	0.50%[(b)]
Over $1,900,000[(d)]	1.00%[(b)]
Non-homestead (2b)	1.00%[(b)]

[(a)] *State tax is applicable to these classifications.*

[(b)] *Exempt from referendum market value based taxes.*

[(c)] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $121,000; Payable 2017 - $115,000; Payable 2016 - $106,000; and Payable 2015 - $100,000.*

[(d)] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $1,940,000; Payable 2017 - $2,050,000; Payable 2016 - $2,140,000; and Payable 2015 - $1,900,000.*

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The City's comprehensive annual financial reports for the years ending 1983 through 2018 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

APPENDIX I

PROPOSED FORMS OF LEGAL OPINIONS

The Series 2019A Bonds

(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C., upon delivery of the Bonds, assuming no material change in facts or law.)

__________________, 2019

BOND OPINION

$7,765,000* GENERAL OBLIGATION IMPROVEMENT BONDS,
SERIES 2019A
MOORHEAD, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by the City of Moorhead, Minnesota (the "Issuer") of its General Obligation Improvement Bonds, Series 2019A, dated as of __________, 2019, in the total principal amount of $7,765,000* (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion that under existing law:

1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

2. The Bonds are valid and binding general obligations of the Issuer.

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. The Issuer has designated the Bonds as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

* *Preliminary; subject to change.*

5. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds. We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds arising with respect to ownership of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

BY:________________________________
John T. Shockley
A Shareholder

The Series 2019B Bonds

(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C., upon delivery of the Bonds, assuming no material change in facts or law.)

BOND OPINION
$6,275,000* GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES 2019B
MOORHEAD, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by the City of Moorhead, Minnesota (the "Issuer") of its General Obligation Improvement Refunding Bonds, Series 2019B dated as of **_________**, 2019, in the total principal amount of $6,275,000* (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion, that under existing law:

1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

2. The Bonds are valid and binding general obligations of the Issuer. The Bonds are refunding bonds issued for the purpose of current refunding the 2021 through 2032 maturities of the Issuer's Taxable General Obligation Improvement Bonds, Series 2010A (Build America Bonds – Direct Pay), dated September 9, 2010 (the "Refunded Bonds").

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. The Issuer has designated the Bonds as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

* *Preliminary; subject to change.*

5. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporation and financial institutions), and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds. We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds arising with respect to ownership of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

BY: ______________________________
John T. Shockley
A Shareholder

The Authority Bonds

(An Opinion in substantially the following form will be delivered by Ohnstad Twichell, P.C., upon delivery of the Bonds, assuming no material change in facts or law.)

_____________, 2019

BOND OPINION

$1,645,000* GENERAL OBLIGATION TAX INCREMENT
REFUNDING BONDS, SERIES 2019A
MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY
CLAY COUNTY, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by the Moorhead Economic Development Authority, Clay County, Minnesota (the "Issuer") of its General Obligation Tax Increment Refunding Bonds, Series 2019A, dated as of ____________, 2019, in the total principal amount of $1,645,000* (the "Bonds"). We have examined the law, such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on the foregoing, we are of the opinion that under existing law:

1. The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

2. The Bonds are valid and binding obligations of the Issuer to which are pledged the full faith, credit and resources of the City of Moorhead, Minnesota. The Bonds are refunding bonds issued for the purpose of refunding the 2021 through 2028 maturities of the Issuer’s General Obligation Improvement Tax Increment Refunding Bonds, Series 2009A, dated November 15, 2009 (the “Refunded Bonds”).

3. All taxable property in the territory of the City of Moorhead is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer and/or the City of Moorhead is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. The Issuer has directed the proceeds of the Bonds, after payment of issuance expenses, be used to purchase a certificate of deposit or federal securities maturing on such dates, and earning interest at such rates as required to provide funds sufficient to pay when due the principal and interest on all of the Refunded Bonds through February 1, 2011 their call date.

* *Preliminary; subject to change.*

5. The Issuer has designated the Bonds as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds.

6. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporation and financial institutions), and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds. We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds arising with respect to ownership of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

OHNSTAD TWICHELL, P.C.

BY ______________________________
John T. Shockley
A Shareholder

CONTINUING DISCLOSURE CERTIFICATES

The Series 2019A Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Moorhead, Minnesota (the "Issuer") in connection with the Issuer's $7,765,000* General Obligation Improvement Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on November 12, 2019 (the "Resolution") and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated __________, 2019, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the City of Moorhead, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

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* *Preliminary; subject to change.*

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

(a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the fiscal year ended December 31, 2019 (which is due no later than December 31, 2020), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. City Property Values.
2. City Indebtedness.
3. City Tax Rates, Levies and Collections.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate then the Issuer will provide *unaudited* financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (AMaterial Events@) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;
8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Choice of Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Minnesota, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 14. Severability. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. Captions, Tables, and Headings. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective __________, 2019.

CITY OF MOORHEAD

____

Christina Volkers
City Manager

The Series 2019B Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Moorhead, Minnesota (the "Issuer") in connection with the Issuer's $6,275,000* General Obligation Improvement Refunding Bonds, Series 2019B (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on November 12, 2019 (the "Resolution") and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated _________, 2019, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the City of Moorhead, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, D.C.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

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* *Preliminary; subject to change.*

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

(a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the fiscal year ended December 31, 2019 (which is due no later than December 31, 2020), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. City Property Values.
2. City Indebtedness.
3. City Tax Rates, Levies and Collections.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate then the Issuer will provide *unaudited* financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (AMaterial Events@) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;
8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated

person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Choice of Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Minnesota, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 14. Severability. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. Captions, Tables, and Headings. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective __________, 2019.

CITY OF MOORHEAD

____

Christina Volkers
City Manager

The Authority Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Moorhead Economic Development Authority, Minnesota (the "Issuer"), in connection with the Issuer's $1,645,000* General Obligation Tax Increment Refunding Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on November 12, 2019 (the "Resolution") and Ordinance No. 2001-7 adopted by the City of Moorhead, Minnesota, on March 26, 2001, and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the "Rule") in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" means audited or, if unavailable, unaudited general purpose financial statements of the Issuer prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

"Fiscal Year" means the fiscal year of the Issuer.

"Final Official Statement" means the deemed final official statement dated __________, 2019, delivered in connection with the Bonds, which is available from the MSRB.

"Issuer" means the Moorhead Economic Development Authority, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"Owner" means the person in whose name Bond is registered or a beneficial owner of such a Bond.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

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* *Preliminary; subject to change.*

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

(a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the year that ends December 31, 2019 (which is due no later than December 31, 2020), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the annual Financial Statements and the following sections of the Final Official Statement:

1. City Property Values.
2. City Indebtedness.
3. City Tax Rates, Levies and Collections.

In the event that the Issuer has not completed an audit of its annual financial statements by the date required in Section 3, subsection (a), of this Disclosure Certificate then the Issuer will provide *unaudited* financial statements to the Repository. The Issuer will provide to the Repository its audited Financial Statements as soon as practicable after they are completed. The failure by the Issuer to provide an audited annual financial statement by the date required in Section 3, subsection (a) of this this Disclosure Certificate shall not be deemed a violation of the reporting obligations under this Disclosure Certificate.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if material with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;

8. Bond Calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Choice of Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Minnesota, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 14. Severability. If any portion of this Disclosure Certificate shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Certificate shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 15. Captions, Tables, and Headings. The captions, titles, and headings used in this Disclosure Certificate are for convenience only and shall not be construed in interpreting this Disclosure Certificate.

IN WITNESS WHEREOF, We have executed this Disclosure Certificate in my official capacity effective _____________, 2019.

MOORHEAD ECONOMIC DEVELOPMENT
AUTHORITY, MINNESOTA

____
Secretary

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter’s property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter’s property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory “net debt” limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.

4. Obligations issued to create or maintain a permanent improvement revolving fund.

5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.

9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	Local Tax Payable 2015-2019
Residential Homestead (1a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to $139,000[c]	0.75%
Over $139,000[c]	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to $150,000	1.50%[a]
Over $150,000	2.00%[a]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to $600,000	0.50%
$600,000 - $2,300,000	1.00%
Over $2,300,000	1.25%[a]
Seasonal Resorts (4c)	
Up to $500,000	1.00%[a]
Over $500,000	1.25%[a]
Non-Commercial (4c12)	
Up to $500,000	1.00%[a][b]
Over $500,000	1.25%[a][b]
Disabled Homestead (1b)	
Up to $50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Remainder of Farm	
Up to $1,900,000[d]	0.50%[b]
Over $1,900,000[d]	1.00%[b]
Non-homestead (2b)	1.00%[b]

[a] *State tax is applicable to these classifications.*

[b] *Exempt from referendum market value based taxes.*

[c] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $121,000; Payable 2017 - $115,000; Payable 2016 - $106,000; and Payable 2015 - $100,000.*

[d] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $1,940,000; Payable 2017 - $2,050,000; Payable 2016 - $2,140,000; and Payable 2015 - $1,900,000.*

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

APPENDIX IV

EXCERPT OF 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The City's comprehensive annual financial reports for the years ending 1983 through 2018 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Independent Auditor's Report

To the City Council
City of Moorhead, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Moorhead, Minnesota (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Moorhead Public Housing Agency, the discretely presented component unit. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Restatement
As discussed in Note 5E to the financial statements, the City determined that the governmental activities inaccurately included wastewater treatment and storm water capital assets. This has resulted in a restatement of the net position of the wastewater treatment fund, storm water fund and governmental type activities as of January 1, 2018. Our opinions are not modified with respect to this matter.

Adoption of a New Standard
As discussed in Notes 1 and 5E to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. which has resulted in a restatement of the net position as of January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's share of net pension liability, schedule of employer's contributions and schedule of changes to total OPEB and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

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

The combining and individual fund statements and schedules and capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019 on our consideration of the City of Moorhead, Minnesota'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 City of Moorhead's internal control over financial reporting and compliance.

Eide Bailly LLP

Fargo, North Dakota
June 19, 2019

CITY OF MOORHEAD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This section of the comprehensive annual financial report of the City of Moorhead (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2018. 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 $521,649,379.
- The City's total net position increased by $22,297,388.
- The City's governmental funds reported combined ending fund balances of $70,682,921, a decrease of $1,457,533 in comparison with the prior year. Of this total amount, $9.0M is unassigned, $6.8M assigned, $0.5M committed, $50.8M restricted and $3.6M nonspendable.
- At the end of the current fiscal year, unassigned fund balance in the general fund was $15,030,435 or 59% of total general fund expenditures of $25,326,559.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the City's assets and 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, neighborhood services, rental registration, transit, library, parks and recreation, economic and community development and general legislative and administrative services. The business-type activities of the City include electric, water, wastewater, storm water, sanitation, sports center, golf course, pest control, forestry, 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 two categories: governmental funds and proprietary funds.

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

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

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

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

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

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, storm water, sanitation, golf course, sports center, pest control, forestry, 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. Because the internal service funds benefit both the governmental and business-type functions, $62,706 has been reflected within the business-type activities and $4,052,438 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 seven 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.

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. Due to the implementation of GASB Statement No. 75 in the current year, figures may not be comparable for some areas of the financial statements. In the case of the City of Moorhead, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $521,649,379 at the close of the most recent fiscal year.

The largest portion of the City's net position is the investment in capital assets of $342,536,943 (66%) (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City of Moorhead uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Moorhead's net position, $144,372,897 (28%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of $34,739,539 (6%) 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, 2018 and 2017.

CITY OF MOORHEAD'S NET POSITION

	Governmental Activities		Business-type Activities			
	2018	2017 As Restated	2018	2017 As Restated	Total 2018	Total 2017 As Restated
Current and other assets	$ 166,041,340	$ 166,686,673	$ 60,059,116	$ 58,016,175	$ 226,100,456	$ 224,702,848
Capital assets	365,413,865	347,420,065	217,745,841	214,927,440	583,159,706	562,347,505
Total assets	531,455,205	514,106,738	277,804,957	272,943,615	809,260,162	787,050,353
Deferred outflows of resources	9,596,337	17,056,056	1,290,564	1,821,039	10,886,901	18,877,095
Long-term liabilities outstanding	198,103,667	197,131,941	73,207,891	77,886,575	271,311,558	275,018,516
Other liabilities	8,119,101	6,756,219	5,028,905	6,699,445	13,148,006	13,455,664
Total liabilities	206,222,768	203,888,160	78,236,796	84,586,020	284,459,564	288,474,180
Deferred inflows of resources	12,657,054	16,873,351	1,381,066	1,227,926	14,038,120	18,101,277
Net Position:						
Net investment in capital assets	190,131,897	172,295,247	152,405,046	147,989,859	342,536,943	320,285,106
Restricted	137,882,638	137,019,387	6,490,259	9,912,659	144,372,897	146,932,046
Unrestricted	(5,842,815)	1,086,649	40,582,354	31,048,190	34,739,539	32,134,839
Total net position	$ 322,171,720	$ 310,401,283	$ 199,477,659	$ 188,950,708	$ 521,649,379	$ 499,351,991

Governmental activities current and other assets decreased $645,333 due to a major street project reimbursement outstanding and transit funding. The increase in business-type activities capital assets is primarily due to work performed at the electric and water distribution plants. 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 Statements 68 and 71.

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 except unrestricted net position in the governmental activities. This will be addressed in the next budget cycle.

In addition, the City of Moorhead's overall net position increased by $22,297,388 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			
	2018	2017 As Restated	2018	2017 As Restated	Total 2018	Total 2017 As Restated
Revenues:						
Program revenues:						
Charges for services	$ 4,057,771	$ 5,386,965	$ 73,640,216	$ 73,352,062	$ 77,697,987	$ 78,739,027
Operating grants and contributions	6,543,764	5,770,187	205,573	625,699	6,749,337	6,395,886
Capital grants and contributions	20,137,228	25,592,385	3,516,441	1,658,727	23,653,669	27,251,112
General Revenues:						
Taxes	10,786,200	10,694,979			10,786,200	10,694,979
Tax Increments	546,662	518,118			546,662	518,118
Franchise Fees	1,040,015	993,555			1,040,015	993,555
State aid	10,519,127	10,169,504	6,185	4,960	10,525,312	10,174,464
Grants and contributions not restricted to specific programs		141,104				141,104
Investment earnings	892,127	372,095	553,607	429,624	1,445,734	801,719
Miscellaneous	117,662	631,340	911,461	893,456	1,029,123	1,524,796
Total revenues	54,640,556	60,270,232	78,833,483	76,964,528	133,474,039	137,234,760
Expenses:						
General government	5,128,445	4,977,547			5,128,445	4,977,547
Public safety	15,398,739	15,256,052			15,398,739	15,256,052
Highways and streets	14,704,535	11,869,012			14,704,535	11,869,012
Parks and recreation	4,722,590	4,023,868			4,722,590	4,023,868
Library	916,909	884,342			916,909	884,342
Community development	562,076	774,589			562,076	774,589
Rental registration	329,216	309,793			329,216	309,793
Mass transit	3,409,312	3,179,629			3,409,312	3,179,629
Economic development	832,219	883,676			832,219	883,676
Interest on long-term debt	6,679,837	6,749,582			6,679,837	6,749,582
Electric			31,146,001	30,922,240	31,146,001	30,922,240
Water			7,568,515	7,242,254	7,568,515	7,242,254
Wastewater treatment			7,184,981	6,760,728	7,184,981	6,760,728
Storm water			2,254,089	2,293,153	2,254,089	2,293,153
Sanitation			4,310,799	5,043,175	4,310,799	5,043,175
Golf course			1,614,758	1,711,988	1,614,758	1,711,988
Sports center			917,379	1,079,640	917,379	1,079,640
Pest control			561,178	639,495	561,178	639,495
Forestry			825,002	848,802	825,002	848,802
Municipal airport			613,016	482,636	613,016	482,636
Street light utility			732,172	748,809	732,172	748,809
Total expenses	52,683,878	48,908,090	57,727,890	57,772,920	110,411,768	106,681,010
Increase/decrease in net position before transfers	1,956,678	11,362,142	21,105,593	19,191,608	23,062,271	30,553,750
Transfers	10,251,796	9,741,636	(10,251,796)	(9,741,636)	-	-
Change in net position	12,208,474	21,103,778	10,853,797	9,449,972	23,062,271	30,553,750
Net position - beginning of year, as restated on January 1, 2018	309,963,246	289,297,505	188,623,862	179,500,736	498,587,108	468,798,241
Net position - end of year	$ 322,171,720	$ 310,401,283	$ 199,477,659	$ 188,950,708	$ 521,649,379	$ 499,351,991

Governmental activities. The governmental activities' net position increased by $12,208,474 during the current fiscal year. Revenues declined nearly $5.6M with lower grants and contributions. Expenses increased 7.7%, or $3,775,788 from 2017, primarily due to an increase in highway and street projects and increased spending in parks and recreation.

Business-type activities. Business-type activities increased the City's net position by $10,853,797. Charges for services in the business-type activities remained stable with an increase of $288,154 (0.4%) over the previous year. Expenses in the business-type activities decreased $45,030 (0.0%).

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 $70,682,921 a decrease of $1,457,533 in comparison with the prior year. Approximately 12.81%, or $9,051,343, of this combined ending fund balance is unassigned. The remainder of fund balance is assigned ($6,753,152, 9.55%), committed ($533,264, 0.75%), restricted ($50,782,147, 71.85%) or nonspendable ($3,563,015, 5.04%).

The general fund is the chief operating fund of the City of Moorhead. At the end of the current fiscal year, unassigned fund balance of the general fund was $15,030,435. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 59.3% of total general fund expenditures which is just below the reserve policy target of 60% for total unrestricted general fund balance.

The net change in fund balance of the general fund was an increase of $254,516 or 1.3% from 2017. Property tax revenue increased $934,798 with an increase in the Payable 2018 levy. State revenues increased $323,265 with an increase in disparity aid and a reallocation of state maintenance aid between funds. Charges for Services decreased $1,358,334 due to a decrease in internal engineering charges due to higher than normal activity in 2017 and normal activity in 2018. Total expenditures increased $2,001,144 from an increase in personnel costs due to the implementation of a compensation study and employee benefits along with an increase in operating costs for Public Works. Net transfers totaled $8,451,246 and were completed as authorized by City charter and as reoccurring subsidies of specific programs. The 2018 adopted budget anticipated a $43,000 increase to fund balance, while the revised budget anticipated a $612,392 draw on fund balance; however changes in expected revenues, along with less than budgeted expenditures resulted in an increase in the fund balance.

The special assessment debt service fund balance increase of $2,487,213 was due mainly to transfers of about $1.8M of excess bond proceeds to other similar projects. The special assessment capital projects fund balance decreased by $428,941 which is primarily due to transfers to debt service funds. The permanent improvement fund balance decreased $2,234,159 which is primarily attributable to a major street reconstruction project for which bonds will be issued in 2019.

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 $40,519,648. The total change in net position in the enterprise funds from operations was an increase of $10,989,157 which is $182,006 (1.6%) lower than the 2017 increase. An increase in depreciation expense resulting from a restatement of capital assets to the proprietary funds caused the current year increase to be lower than the increase presented in 2017.

The electric fund reported an increase of $5,183,314 (10.2%) in net position primarily due to the decrease in long term debt with no rate increase while the water fund reported an increase of $1,811,421 (4.0%) resulting from both an decrease in the long term debt and a 5.3% rate increase. The wastewater treatment fund reported an increase in net position from operations of $1,423,469 (3.2%) and the storm water fund also reported an increase in net position of $2,027,205 (6.0%) primarily due to capital contributions recognized from completion of various infrastructure projects throughout the city.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Budgets were amended during the year to account for changes approved by the City Council during the year, for capital outlay and open encumbrance carryovers from the previous fiscal year, new grant awards and supplemental appropriations. The original revenue budget including transfers of $25,053,556 was amended as final totaling $25,542,132 for an increase of $488,576. The original expenditure budget including transfers of $25,010,556 was amended as final totaling $26,154,524 for an increase of $1,143,968.

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

Total actual revenues including transfers were $25,594,675 which was $52,543 over budget. Revenue projections for the 2018 budget were within 0.2% of actual.

Actual expenditures including transfers totaling $25,340,159 were under budget by $814,365. Personnel services were under budget $540,296 by not filling various vacant positions in addition to lower than expected capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to $583,159,706 (net of accumulated depreciation), an increase of $20.8M. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

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

- $1.3M in Park Trails
- $1.5M in flood mitigation properties
- $13.4M in infrastructure improvements
- $3.1M in Moorhead Youth Hockey arena improvements
- $1.5M in water capital assets

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

	Governmental Activities 2018	Business-type Activities 2018	Total
Land	$ 67,821,315	$ 9,679,465	$ 77,500,780
Construction in progress	64,913,536	2,541,762	67,455,298
Buildings	12,448,581	112,917,749	125,366,330
Improvements other than buildings	15,230,972	33,858,196	49,089,168
Machinery and equipment	16,426,805	5,908,576	22,335,381
Infrastructure	188,572,656	52,840,093	241,412,749
Total	$ 365,413,865	$ 217,745,841	$ 583,159,706

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 $242,532,099. Of this amount, $177,915,000 of G.O. Special Assessment, Tax Increment and Municipal Improvement debt and $34,087,099 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 $30,530,000 of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has $236,968 General Obligation Notes Payable at year end and net pension liability totaling $19,580,442. See Note 4 (F) for further information on the City's net pension liability.

The City had a net decrease in long-term bonded debt of $4,112,583 during the current fiscal year. This decrease is due to the issuance of various bonds, which are listed below, debt service principal payments of $14,649,796 and early retirement of G.O. Improvement Bonds of 2008B in the amount of $6,050,000 which was advance refunded in 2017. During the current fiscal year, the City issued:

$11,690,000 G.O. Improvement Bonds, Series 2018A to finance various city-wide infrastructure projects.

$4,870,000 G.O. Improvement Refunding Bonds, Series 2018B to refund G.O. Improvement Bonds Series 2009A and 2009B.

$27,213 Addition to G.O. Water Revenue Note of 2016

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of estimated market value of taxable property. The current debt limitation for the City of Moorhead is $84,908,574. Outstanding debt wholly financed by general tax levy counted against the statutory limit is $236,968 leaving a legal debt margin of $84,671,606.

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	$ 175,045,000	$	$ 175,045,000
G.O. Tax Increment	2,870,000		2,870,000
G.O. Revenue		34,087,099	34,087,099
Revenue Refunding		2,970,000	2,970,000
Revenue		27,560,000	27,560,000
Premiums/Discounts	2,146,510	695,514	2,842,024
Long-term notes	236,968	237,861	474,829
Compensated absences	2,110,526	1,245,667	3,356,193
Other Post-Employment Benefits	1,810,748	715,223	2,525,971
Net Pension Liability	13,883,915	5,696,527	19,580,442
Total	$ 198,103,667	$ 73,207,891	$ 271,311,558

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

Economic Factors and Next Year's Budgets

The local economy continues to be strong in 2018 with the addition of over $10 million in new commercial and institutional building value. Major work continues on the flood mitigation project in Moorhead with the purchase of property and planning for the diversion of flood water to the river level of 42.5 feet. Moorhead's proactive approach to flood protection gives the City a market advantage and keeps the community in business regardless of when the complete Fargo/Moorhead Diversion project is completed.

The City of Moorhead's 2019 Operating & Capital Budget totals $84,143,970, an increase of $1,535,570 (1.86%) from the previous year. When looking specifically at the General Fund and Special Revenue Funds, the 2019 budget reflects an increase of $1,826,615 (4.96%) from 2018 levels. The majority of this increase is attributable to the increase in construction and market value growth in new and existing properties. Along with an increase in market value, the 2019 budget provided for additional staffing of one (1) city planner position to replace the Director of Planning and Neighborhood Services which was unfunded and one (1) facilities and fleet manager position in the public works department.

The second year of a new classification and compensation study was included in the 2019 budget, along with a wage adjustment of 2.5%. The City Manager included a reorganization plan for the Administration and Planning and Neighborhood Services Departments to produce a savings of approximately $20,000. Health insurance premiums were increased by 10%, along with increases to general liability insurance (5%), auto insurance (5%) and workers' compensation (5%), which are essentially nondiscretionary in nature.

To avoid fluctuations in the City Clerk budget every year for elections expenditures, an amount of $25,000 was budgeted in 2019 and will continue to be budgeted annually to be available on the even years for election operating costs.

The State of Minnesota's Local Government Aid (LGA) program continues to be stressed and not a funding source which is forecast to increase. The 2019 Local Government Aid is budgeted at $7,181,027 which is an increase of $1,150 over the 2018 Local Government Aid allocation.

Requests for Information

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and investments	$ 66,296,768	$ 20,784,615	$ 87,081,383	$ 990,932
Receivables:				
Accounts and notes	377,404	8,705,290	9,082,694	9,795
Accrued interest		124,156	124,156	
Special assessments	7,475,619	155,164	7,630,783	
Internal balances	2,067,638	(2,067,638)		
Due from other governmental units	6,733,400	770,255	7,503,655	11,515
Inventories		1,350,070	1,350,070	
Prepaid items	10,687	50,748	61,435	38,916
Restricted assets:				
Cash and cash equivalents	5,510,000	3,787,116	9,297,116	
Bond operation and maintenance reserve		5,556,000	5,556,000	
Long-term receivables:				
Special assessments	72,854,297	2,547,979	75,402,276	
Notes receivable, less current portion	4,715,527	731,379	5,446,906	
Other long-term investments		17,563,982	17,563,982	
Capital assets:				
Intangible plant		1,288,813	1,288,813	
Land	67,821,315	9,679,465	77,500,780	464,977
Buildings	27,173,733	203,603,285	230,777,018	11,921,306
Improvements other than buildings	29,576,552	51,807,573	81,384,125	
Machinery and equipment	40,259,222	21,189,353	61,448,575	960,770
Infrastructure	266,482,848	78,150,862	344,633,710	
Construction in progress	64,913,536	2,541,762	67,455,298	
Less accumulated depreciation	(130,813,341)	(150,515,272)	(281,328,613)	(8,072,643)
Total assets	531,455,205	277,804,957	809,260,162	6,325,568
DEFERRED OUTFLOWS OF RESOURCES				
Pension plans	8,460,597	1,278,802	9,739,399	
Other post-employment benefits	87,490	11,762	99,252	
Advance refundings of debt	1,048,250		1,048,250	
Total deferred outflows of resources	9,596,337	1,290,564	10,886,901	
LIABILITIES				
Accounts payable	4,303,822	4,248,928	8,552,750	17,305
Contracts payable - retainage	721,333		721,333	
Accrued wages payable	573,168	131,240	704,408	7,303
Due to other governmental units	50,622	37,072	87,694	
Customer deposits		222,557	222,557	57,185
Other liabilities	37,480	73,416	110,896	100,549
Accrued interest payable	2,432,676	315,692	2,748,368	
Long-term liabilities:				
Due within one year	17,436,429	6,193,199	23,629,628	23,519
Accrued compensated absences	675,368	178,489	853,857	
Other post-employment benefits	1,810,748	715,223	2,525,971	
Net pension liability	13,883,915	5,696,527	19,580,442	
Notes payable	145,697	206,840	352,537	
Bonds payable	164,151,510	60,217,613	224,369,123	
Total liabilities	206,222,768	78,236,796	284,459,564	205,861
DEFERRED INFLOWS OF RESOURCES				
Pension plans	12,657,054	1,381,066	14,038,120	
NET POSITION				
Net investment in capital assets	190,131,897	152,405,046	342,536,943	5,274,410
Restricted for debt service	137,882,638	6,490,259	144,372,897	
Unrestricted	(5,842,815)	40,582,354	34,739,539	845,297
Total net position	$ 322,171,720	$ 199,477,659	$ 521,649,379	$ 6,119,707

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Functions/Programs								
Primary Government								
Governmental activities:								
General government	$ 5,128,445	$ 990,975	$	$ 42,528	$ (4,094,942)		$ (4,094,942)	
Public safety	15,398,739	720,682	1,373,224		(13,304,833)		(13,304,833)	
Highways and streets	14,704,535	612,589	1,499,938	18,035,770	5,443,762		5,443,762	
Parks and recreation	4,722,590	437,448	1,100,575		(3,184,567)		(3,184,567)	
Library	916,909	20,606			(896,303)		(896,303)	
Community development	562,076	469,420	325,717	700,622	933,683		933,683	
Rental registration	329,216	222,555			(106,661)		(106,661)	
Mass transit	3,409,312	430,168	2,191,163	1,358,308	570,327		570,327	
Economic development	832,219	153,328	53,147		(625,744)		(625,744)	
Interest on long-term debt	6,679,837				(6,679,837)		(6,679,837)	
Total governmental activities	52,683,878	4,057,771	6,543,764	20,137,228	(21,945,115)		(21,945,115)	
Business-type activities:								
Electric	31,146,001	44,230,894		69,867		$ 13,154,760	13,154,760	
Water	7,568,515	9,299,474				1,730,959	1,730,959	
Wastewater treatment	7,184,981	8,164,057		945,212		1,924,288	1,924,288	
Storm water	2,254,089	2,857,390		2,199,153		2,802,454	2,802,454	
Sanitation	4,310,799	4,500,422	179,190			368,813	368,813	
Golf Course	1,614,758	1,251,522		68,100		(295,136)	(295,136)	
Sports Center	917,379	643,211				(274,168)	(274,168)	
Pest Control	561,178	804,371				243,193	243,193	
Forestry	825,002	941,911				116,909	116,909	
Municipal airport	613,016	79,905	26,383	234,109		(272,619)	(272,619)	
Street light utility	732,172	867,059				134,887	134,887	
Total business-type activities	57,727,890	73,640,216	205,573	3,516,441		19,634,340	19,634,340	
Total primary government	$ 110,411,768	$ 77,697,987	$ 6,749,337	$ 23,653,669	(21,945,115)	19,634,340	(2,310,775)	
Component Unit:								
Public Housing Agency	$ 1,516,091	$ 628,117	$ 553,889	$ (162,816)				$ (496,901)
General revenues:								
Property taxes levied for general purposes					7,152,264		7,152,264	
Property taxes levied for debt service					3,633,936		3,633,936	
Tax increments					546,662		546,662	
Franchise fees					1,040,015		1,040,015	
State aid unrestricted					10,519,127	6,185	10,525,312	
Unrestricted investment earnings					892,127	553,607	1,445,734	1,372
Miscellaneous					117,662	911,461	1,029,123	57,943
Transfers					10,251,796	(10,251,796)		
Total general revenues and transfers					34,153,589	(8,780,543)	25,373,046	59,315
Changes in net position					12,208,474	10,853,797	23,062,271	(437,586)
Net position -beginning, as restated (Note 5.E.)					309,963,246	188,623,862	498,587,108	6,557,293
Net position - ending					$ 322,171,720	$ 199,477,659	$ 521,649,379	$ 6,119,707

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

CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

CITY OF MOORHEAD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2018

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Assets:						
Cash and investments	$ 11,397,871	$ 40,723,58	$ 3,305,062	$	$ 6,446,933	$ 61,873,453
Restricted cash		5,510,00				5,510,000
Receivables:						
Accounts	184,893	5	210		64,143	249,296
Notes	18,750	241,36		72,343	4,383,072	4,715,527
Special assessments		95,784,75	3,032,972	575,224		99,392,946
Due from other funds	5,021,481				187,765	5,209,246
Due from other governmental units	281,443	605,69	622,015	2,637,811	2,544,699	6,691,660
Advances to other funds	3,533,578		179,405			3,712,983
Prepaid items	10,687					10,687
Total Assets	$ 20,448,703	$ 142,865,44	$ 7,139,664	$ 3,285,378	$ 13,626,612	$ 187,365,798
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE						
Liabilities:						
Accounts payable	$ 305,647	$ 2,75	$ 403,707	$ 2,760,323	$ 694,551	$ 4,166,978
Contracts payable - retainage			230,288	491,045		721,333
Accrued wages payable	489,221				58,191	547,412
Due to other funds				3,611,158	127,485	3,738,643
Advances from other funds				104,000	2,643,810	2,747,810
Due to other governmental units	50,622					50,622
Other liabilities	10,006				23,685	33,691
Total Liabilities	855,496	2,75	633,995	6,966,526	3,547,722	12,006,489
Deferred inflows of resources:						
Unavailable revenue	62,539	96,478,99	3,032,972	647,705	4,454,177	104,676,388
Total Deferred inflows of resources	62,539	96,478,99	3,032,972	647,705	4,454,177	104,676,388
Fund Balance:						
Nonspendable	3,563,015					3,563,015
Restricted	533,289	46,383,69	3,472,697		392,465	50,782,147
Committed					533,264	533,264
Assigned	403,929				6,349,223	6,753,152
Unassigned	15,030,435			(4,328,853)	(1,650,239)	9,051,343
Total Fund Balance	19,530,668	46,383,69	3,472,697	(4,328,853)	5,624,713	70,682,921
Total Liabilities, Deferred Inflows of Resources & Fund Balance	$ 20,448,703	$ 142,865,44	$ 7,139,664	$ 3,285,378	$ 13,626,612	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	365,413,865
Deferred outflows of resources resulting from pension obligations, OPEB, and debt refundings are not available resource and, therefore are not reported in governernmental funds	9,596,337
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.	85,619,556
Long-term liabilities, including bonds payable, 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.	(200,536,343)
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.	(12,657,054)
Internal service funds are used by management to charge the costs of vehicle and equipment replacement, information technology services, maintenance shop and radio equipment replacement to individual funds. The assets and liabilities of the intenal service funds are included in the governmental activities in the statement of position.	4,052,438
Net position of governmental activities	$ 322,171,720

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, 2018

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 3,632,602	$ 4,052,065	$	$	$ 4,148,195	$ 11,832,862
Franchise	1,040,015					1,040,015
Licenses and permits	770,467					770,467
Intergovernmental revenues:						
Federal	120,799	131,663	1,014,653		822,222	2,089,337
State	9,611,830	983,451	759,076	10,573,949	5,547,614	27,475,920
County	152,144	217,300	130,353	147,420		647,217
Other	116,763			81,226	975	198,964
Charges for services	821,571		18,684		851,528	1,691,783
Fines and forfeits	504,021					504,021
Facility rentals					167,490	167,490
Donations					9,765	9,765
Interest on investments	138,789	629,237	9,305	4,553	65,399	847,283
Special assessments		9,027,687	227,369			9,255,056
Sale of property	59,951				6,512	66,463
Miscellaneous	160,877	81,870	16,307	10,835	552,191	822,080
Total revenues	17,129,829	15,123,273	2,175,747	10,817,983	12,171,891	57,418,723
EXPENDITURES						
Current:						
General government	4,686,818	107,375	32,574		92,069	4,918,836
Public safety	14,927,622				76,542	15,004,164
Highways and streets	5,473,916				19,294	5,493,210
Parks and recreation					3,400,151	3,400,151
Library					906,123	906,123
Community development					559,576	559,576
Rental registration					328,176	328,176
Mass transit					2,858,630	2,858,630
Economic development					598,413	598,413
Capital outlay	238,203		11,021,538	13,211,112	6,207,587	30,678,440
Debt Service:						
Bond and note principal		9,325,000			521,848	9,846,848
Bond and note interest		5,642,577			724,576	6,367,153
Fiscal and other charges		132,065			102,766	234,831
Total expenditures	25,326,559	15,207,017	11,054,112	13,211,112	16,395,751	81,194,551
REVENUE UNDER EXPENDITURES	(8,196,730)	(83,744)	(8,878,365)	(2,393,129)	(4,223,860)	(23,775,828)
OTHER FINANCING SOURCES (USES):						
Issuance of debt		154,379	9,535,621		2,000,000	11,690,000
Refunding bonds issued		4,870,000				4,870,000
Payment to bond refunding agent		(6,050,000)				(6,050,000)
Premium on issuance of debt		601,681	748,180			1,349,861
Transfers from other funds	8,464,846	3,094,897		158,970	2,508,473	14,227,186
Transfers to other funds	(13,600)	(100,000)	(1,834,377)		(1,820,775)	(3,768,752)
Total other financing sources	8,451,246	2,570,957	8,449,424	158,970	2,687,698	22,318,295
NET CHANGE IN FUND BALANCE	254,516	2,487,213	(428,941)	(2,234,159)	(1,536,162)	(1,457,533)
FUND BALANCE - BEGINNING	19,276,152	43,896,483	3,901,638	(2,094,694)	7,160,875	72,140,454
FUND BALANCE - ENDING	$ 19,530,668	$ 46,383,696	$ 3,472,697	$ (4,328,853)	$ 5,624,713	$ 70,682,921

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, 2018

Amounts reported for governmental activities in the statement of activities (page 12-13) are different from the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds (page 16-17)		$ (1,457,533)
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	$ 30,777,252	
Transfer of assets to business-type activities	(3,666,812)	
Transfer of assets to internal service funds	(37,834)	
Depreciation expense	(8,072,774)	18,999,832
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,816,813)
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bonded debt issued	(16,560,000)	
Premium on bonded debt	(1,349,861)	
Bond & note principal payments	15,896,848	(2,013,013)
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	(128,287)	
Other post-employment benefits	(194,915)	
Net pension liability	3,104,602	
Deferred outflows of resources	(7,412,179)	
Deferred inflows of resources	4,210,886	
Accrued interest	(77,853)	(497,746)
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.		(6,253)
Change in net position of governmental activities (page 12-13)		$ 12,208,474

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, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property	$ 3,655,269	$ 3,655,269	$ 3,632,602	$ (22,667)
Franchise	1,025,000	1,025,000	1,040,015	15,015
Licenses and permits	729,970	729,970	770,467	40,497
Intergovernmental:				
Federal	36,084	268,200	120,799	(147,401)
State	9,349,618	9,568,276	9,611,830	43,554
County	152,000	152,000	152,144	144
Other	114,095	114,095	116,763	2,668
Charges for services	831,670	845,270	821,571	(23,699)
Fines and forfeitures	449,600	449,600	504,021	54,421
Interest on investments	85,000	85,000	138,789	53,789
Miscellaneous	280,050	283,265	220,828	(62,437)
Total revenues	16,708,356	17,175,945	17,129,829	(46,116)
EXPENDITURES				
Administration department:				
Current:				
Personnel	1,549,460	1,625,350	1,464,619	160,731
Supplies	28,325	28,325	26,513	1,812
Other services & charges	1,513,356	1,663,316	1,536,931	126,385
Capital outlay	1,600	1,600		1,600
	3,092,741	3,318,591	3,028,063	290,528
Police department:				
Current:				
Personnel	7,550,412	7,550,412	7,628,198	(77,786)
Supplies	276,315	284,832	345,438	(60,606)
Other services & charges	2,443,717	2,440,068	2,408,568	31,500
Capital outlay		183,560	115,617	67,943
	10,270,444	10,458,872	10,497,821	(38,949)
Fire department:				
Current:				
Personnel	3,779,636	3,843,620	3,828,130	15,490
Supplies	59,139	85,323	79,209	6,114
Other services & charges	584,842	655,662	638,079	17,583
Capital outlay		317,766	40,297	277,469
	4,423,617	4,902,371	4,585,715	316,656
Planning & Neighborhood Services department:				
Current:				
Personnel	1,402,946	1,438,946	1,355,734	83,212
Supplies	27,126	27,126	15,278	11,848
Other services & charges	236,272	318,421	287,743	30,678
	1,666,344	1,784,493	1,658,755	125,738
Engineering department:				
Current:				
Personnel	1,582,645	1,552,645	1,409,438	143,207
Supplies	33,500	33,500	28,560	4,940
Other services & charges	628,538	640,172	622,357	17,815
Capital outlay		12,950	81,368	(68,418)
	2,244,683	2,239,267	2,141,723	97,544
Public Works department:				
Current:				
Personnel	1,329,618	1,329,618	1,114,176	215,442
Supplies	757,109	835,993	834,291	1,702
Other services & charges	1,226,000	1,271,719	1,465,094	(193,375)
Capital outlay			921	(921)
	3,312,727	3,437,330	3,414,482	22,848
Total expenditures	25,010,556	26,140,924	25,326,559	814,365
REVENUE UNDER EXPENDITURES	(8,302,200)	(8,964,979)	(8,196,730)	768,249
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	8,345,200	8,366,187	8,464,846	98,659
Transfers to other funds		(13,600)	(13,600)	
Total other financing sources	8,345,200	8,352,587	8,451,246	98,659
NET CHANGE IN FUND BALANCE	43,000	(612,392)	254,516	866,908
FUND BALANCE - BEGINNING	19,276,152	19,276,152	19,276,152	
FUND BALANCE - ENDING	$ 19,319,152	$ 18,663,760	$ 19,530,668	$ 866,908

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, 2018

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2018

	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	$ 6,382,112	$ 1,508,663	$ 6,848,432	$ 2,685,829	$ 3,359,579	$ 20,784,615	$ 4,423,315
Receivables:							
Accounts and notes	5,310,607	1,034,466	1,062,177	337,979	960,061	8,705,290	128,108
Accrued interest	104,291	19,865				124,156	
Special assessments			155,164			155,164	
Due from other city funds			674,006	225,079	549,211	1,448,296	
Due from other governmental units	288,660		4,387		477,208	770,255	41,740
Inventories	1,101,227	248,843				1,350,070	
Prepaid items	50,406	47			295	50,748	
Total current assets	13,237,303	2,811,884	8,744,166	3,248,887	5,346,354	33,388,594	4,593,163
Long-term assets:							
Restricted assets:							
Cash and cash equivalents	3,044,231	742,885				3,787,116	
Bond operation and maintenance reserve	4,686,000	870,000				5,556,000	
Long-term receivables:							
Special assessments			2,547,979			2,547,979	
Notes receivable, less current portion	93,092				638,287	731,379	
Other long-term investments	15,005,510	2,558,472				17,563,982	
Capital assets:							
Intangible plant	1,288,813					1,288,813	
Land	1,071,555	979,967	2,672,526		4,955,417	9,679,465	
Buildings	73,787,707	82,670,335	33,258,786	2,305	13,884,152	203,603,285	
Improvements other than buildings	4,047,533		35,330,479	3,020,553	9,409,008	51,807,573	
Machinery and equipment	6,356,615	3,294,213	10,593,793	442,624	502,108	21,189,353	29,244,549
Infrastructure			32,181,746	45,969,116		78,150,862	
Construction in progress	1,177,538	185,858	764,386	413,980		2,541,762	
Less accumulated depreciation	(35,651,888)	(26,667,946)	(54,619,037)	(16,988,553)	(16,587,848)	(150,515,272)	(17,947,999)
Total long-term assets	74,906,706	64,633,784	62,730,658	32,860,025	12,801,124	247,932,297	11,296,550
Total assets	88,144,009	67,445,668	71,474,824	36,108,912	18,147,478	281,320,891	15,889,713
DEFERRED OUTFLOWS OF RESOURCES							
Pension plans	455,474	303,649	151,179	20,752	359,510	1,290,564	91,486
LIABILITIES							
Current liabilities:							
Accounts payable	3,547,297	238,831	304,171	5,108	153,521	4,248,928	136,844
Accrued wages payable			41,628	4,438	85,174	131,240	25,756
Accrued compensated absences	473,000	315,000	111,802	2,497	164,879	1,067,178	
Due to other city funds	1,636,061	67,531			909,875	2,613,467	305,432
Due to other governmental units					37,072	37,072	
Customer deposits	222,557					222,557	
Other liabilities					73,416	73,416	9,987
Accrued interest payable	102,540	54,636	158,516			315,692	
Current maturites of long-term debt	1,864,300	1,186,721	2,075,000			5,126,021	
Total current liabilities	7,845,755	1,862,719	2,691,117	12,043	1,423,937	13,835,571	478,019
Long-term liabilities:							
Accrued compensated absences			71,480	1,596	105,413	178,489	74,639
Other post-employment benefits	283,082	188,722	78,880	8,628	155,911	715,223	25,266
Net pension liability	2,369,929	1,579,955	495,304	68,347	1,182,992	5,696,527	302,919
Notes payable		206,840				206,840	
Bonds payable	21,328,493	16,050,735	22,838,385			60,217,613	
Advances from other funds		179,405			785,768	965,173	
Total long-term liabilities	23,981,504	18,205,657	23,484,049	78,571	2,230,084	67,979,865	402,824
Total liabilities	31,827,259	20,068,376	26,175,166	90,614	3,654,021	81,815,436	880,843
DEFERRED INFLOWS OF RESOURCES							
Pension plans	625,691	417,128	95,918	13,236	229,093	1,381,066	58,800
NET POSITION							
Net investment in capital assets	28,856,898	43,255,992	35,269,294	32,860,025	12,162,837	152,405,046	11,296,550
Restricted for debt service	3,044,231	742,885	2,703,143			6,490,259	
Unrestricted	24,245,404	3,264,936	7,382,482	3,165,789	2,461,037	40,519,648	3,745,006
Total net position	$ 56,146,533	$ 47,263,813	$ 45,354,919	$ 36,025,814	$ 14,623,874	199,414,953	$ 15,041,556
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						62,706	
Net position of business-type activities						$ 199,477,659	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	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	$ 41,840,882	$ 9,240,766	$ 8,123,867	$ 2,857,274	$ 8,829,356	$ 70,892,145	$ 5,007,925
Other	2,789,316	53,720	40,190	116	362,350	3,245,692	55,121
Total operating revenue	44,630,198	9,294,486	8,164,057	2,857,390	9,191,706	74,137,837	5,063,046
OPERATING EXPENSES							
Personnel	4,308,106	2,741,094	1,342,227	180,926	3,310,261	11,882,614	877,210
Purchased power	19,377,887					19,377,887	
Disposal fee					1,467,712	1,467,712	
Professional services	185,277	53,289	91,989	113,824	485,426	929,805	466
Insurance	91,182	93,484	164,101	24,237	76,241	449,245	3,041
Repair and maintenance	1,059,409	936,849	758,130	221,949	466,592	3,442,929	322,385
Supplies	241,317	1,337,355	632,043	26,685	777,294	3,014,694	1,307,532
Utilities			696,595	123,368	1,055,526	1,875,489	12,897
Equipment rental			155,383	39,001	750,523	944,907	
Depreciation	2,793,083	1,895,994	1,853,062	1,083,268	537,248	8,162,655	2,360,082
Miscellaneous	2,639,243	156,926	719,135	434,656	538,132	4,488,092	135,487
Total operating expenses	30,695,504	7,214,991	6,412,665	2,247,914	9,464,955	56,036,029	5,019,100
Operating income(loss)	13,934,694	2,079,495	1,751,392	609,476	(273,249)	18,101,808	43,946
NONOPERATING REVENUE (EXPENSE)							
Interest on investments	326,175	65,505	76,802	26,460	58,665	553,607	44,844
Interest on indebtedness	(776,672)	(353,524)	(751,480)			(1,881,676)	
Fiscal and other charges			(1,000)			(1,000)	
Gain (loss) on disposal of equipment	(73,129)	4,988				(68,141)	(282,667)
Intergovernmental			2,645	210	105,598	108,453	830
Miscellaneous	525,144	384,250			2,067	911,461	
Total nonoperating revenue (expense)	1,518	101,219	(673,033)	26,670	166,330	(377,296)	(236,993)
Income (loss) before contributions and transfers	13,936,212	2,180,714	1,078,359	636,146	(106,919)	17,724,512	(193,047)
Capital contributions	69,867	220,238	945,212	2,199,153	302,209	3,736,679	37,834
Transfers from other funds					1,025,317	1,025,317	13,600
Transfers to other funds	(8,822,765)	(589,531)	(600,102)	(808,094)	(676,859)	(11,497,351)	
Total contributions and transfers	(8,752,898)	(369,293)	345,110	1,391,059	650,667	(6,735,355)	51,434
CHANGE IN NET POSITION	5,183,314	1,811,421	1,423,469	2,027,205	543,748	10,989,157	(141,613)
TOTAL NET POSITION - BEGINNING, AS RESTATED (Note 5.E.)	50,963,219	45,452,392	43,931,450	33,998,609	14,080,126		15,183,169
TOTAL NET POSITION - ENDING	$ 56,146,533	$ 47,263,813	$ 45,354,919	$ 36,025,814	$ 14,623,874		$ 15,041,556
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(135,360)	
Change in net position of business-type activities						$ 10,853,797	

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

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

CITY OF MOORHEAD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Water	Wastewater Treatment	Storm Water	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 45,120,268	$ 9,558,015	$ 8,247,946	$ 2,656,966	$ 8,742,714	$ 74,325,909	$ 5,037,501
Payments to suppliers	(25,719,405)	(4,256,922)	(2,255,559)	(565,911)	(5,112,152)	(37,909,949)	(1,661,828)
Payments to employees	(2,213,800)	(1,166,762)	(1,463,259)	(196,917)	(3,575,971)	(8,616,709)	(896,733)
Other receipts (payments)			(672,024)	(434,539)	(1,584,697)	(2,691,260)	(39,788)
Net cash provided by (used in) operating activities	17,187,063	4,134,331	3,857,104	1,459,599	(1,530,106)	25,107,991	2,439,152
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental			2,645	210	105,598	108,453	830
Transfers from other funds					1,025,317	1,025,317	13,600
Transfers to other funds	(8,822,765)	(589,531)	(600,102)	(808,094)	(676,859)	(11,497,351)	
Payments received on notes		2,887				2,887	
Issuance of notes receivable	(2,079)					(2,079)	
Net cash provided by (used in) noncapital financing acivities	(8,824,844)	(586,644)	(597,457)	(807,884)	454,056	(10,362,773)	14,430
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of assets	(3,482,880)	(3,298,318)	(497,442)	(538,173)		(7,816,813)	(1,598,882)
Proceeds from sale of assets		4,988				4,988	
Proceeds from issuance of long-term debt		27,213				27,213	
Principal payments - bonds and notes	(1,789,250)	(1,159,326)	(1,971,331)			(4,919,907)	
Interest payments - bonds and notes	(850,403)	(364,934)	(782,585)			(1,997,922)	
Capital grants from other governments					785,470	785,470	
Special assessment collections			127,450			127,450	
Net cash (used in) capital and related financing activities	(6,122,533)	(4,790,377)	(3,123,908)	(538,173)	785,470	(13,789,521)	(1,598,882)
CASH FLOWS FROM INVESTING ACTIVITY							
Interest received	318,800	64,100	76,802	26,460	58,665	544,827	44,844
Purchase of investments	(6,959,630)					(6,959,630)	
Proceeds from the sale of investments	3,289,136	3,428				3,292,564	
Net cash provided by (used in) investing activities	(3,351,694)	67,528	76,802	26,460	58,665	(3,122,239)	44,844
Net increase (decrease) in cash and cash equivalents	(1,112,008)	(1,175,162)	212,541	140,002	(231,915)	(2,166,542)	899,544
Cash and cash equivalents at beginning of year	10,538,351	3,426,710	6,635,891	2,545,827	3,591,494	26,738,273	3,523,771
Cash and cash equivalents at end of year	$ 9,426,343	$ 2,251,548	$ 6,848,432	$ 2,685,829	$ 3,359,579	$ 24,571,731	$ 4,423,315
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	$ 13,934,694	$ 2,079,495	$ 1,751,392	$ 609,476	$ (273,249)	$ 18,101,808	$ 43,946
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation accruals	2,793,083	1,895,994	1,853,062	1,083,268	537,248	8,162,655	2,360,082
Depreciation expensed to vehicle expense	209,571	103,129				312,700	
Miscellaneous nonoperating income (expense)	432,093	201,066			2,067	635,226	
Change in assets and liabilities:							
Accounts and notes receivable	253,586	(73,216)	167,903	(197,275)	(65,521)	85,477	52,261
Due from other funds			(53,066)	(3,033)	(25,370)	(81,469)	
Due from other governments	421,282		6,919		24,092	452,293	(22,685)
Special assessment receivable		2,887	9,242			12,129	
Inventories	362,608	(26,806)				335,802	
Prepaid items	14,703	30,515				45,218	
Accounts payable	(868,287)	(65,357)	242,684	(16,846)	(31,291)	(739,097)	18,647
Accrued wages payable			10,635	542	15,715	26,892	6,741
Compensated absences payable	74,000	49,000	9,972	(2,549)	31,851	162,274	12,113
Other post employment benefits	121,360	80,908	(63,060)	(7,812)	(115,415)	15,981	9,872
Net pension liability	2,991	1,995	(78,579)	(6,172)	(197,861)	(277,626)	(48,249)
Due to other funds	(571,362)	(145,279)			(1,427,148)	(2,143,789)	(3,562)
Due to other governments					(1,545)	(1,545)	
Other current liabilities	6,741				(3,679)	3,062	9,986
Net cash provided by (used in) operating activities	$ 17,187,063	$ 4,134,331	$ 3,857,104	$ 1,459,599	$ (1,530,106)	$ 25,107,991	$ 2,439,152
Noncash capital financing activities:							
Contributions of capital assets from government / customers	$ 69,867	$ 220,238	$ 945,212	$ 2,199,153	$ 68,100	$ 3,502,570	$ 37,834

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

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, 2018, The City of Moorhead adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Total OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 5.E. and the additional disclosures required by this standard is included in Note 4.G.

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.

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, 2018. Separate audited financial statements for the year ended June 30, 2018 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.

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, 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. 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 the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measureable 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 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. All other budget amendments for adjustments from one fund to another, capital outlay, personal services, and all unbudgeted expenditures must have approval of the City Council. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to original appropriations.

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

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

1. Deposits and Investments

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

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

The City calculates its allowance for uncollectible accounts using historical collection data. Accounts receivables of the City are considered to be fully collectible and, therefore, there is no allowance for uncollectible accounts as of December 31, 2018.

3. Inventories and prepaid items

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

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

At December 31, 2018, there was restricted cash in the amount of $5,510,000 in the Special Assessment Debt Service Fund from bond proceeds of the General Obligation Improvement Refunding Bonds, Series 2018B which will be used to retire General Obligation Improvement Bonds, Series 2009A and General Obligation Flood Mitigation Bonds, Series 2009B on February 1, 2019.

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.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

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.

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

6. *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*, represents a consumption of net position 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 two 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. 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 position 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 is a deferred inflow of resources reported on the statement of net position to recognize differences between expected and actual pension plan economic experience and pension plan changes in proportionate share. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

7. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

8. *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.

9. *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.

10. *Fund balance policies*

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

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

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

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

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

11. *Net Position*

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

12. *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.

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 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 $85,619,556 difference are as follows:

Special assessments receivable	$ 80,329,916
Escrowed special assessments	28,990
Notes receivable	4,715,527
Current notes receivable	(3,501)
Grants and prepayments	548,624
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	$ 85,619,556

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

The details of this $200,536,343 difference are as follows:

Bonds payable	$180,061,510
Notes payable	236,968
Accrued interest payable	2,432,676
Compensated absences payable	2,110,526
Other post-employment benefits	1,810,748
Net pension liability	13,883,915
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	$ 200,536,343

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 replacement to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

The details of this $4,052,438 difference are as follows:

Internal service fund net position	$15,041,556
Net capital assets included in governmental activities	(11,296,550)
Deferred outflows included in governmental activities	(91,486)
Accrued compensated absences payable included in governmental activities	74,639
Other post-employment benefits included in governmental activities	25,266
Net pension liability included in governmental activities	302,919
Deferred inflows included in governmental activities	58,800
Internal service fund activity reflected in business-type activities	(62,706)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	$4,052,438

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

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

The details of this $62,706 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities - prior years	$198,066
Internal receivable representing charges in excess of cost to business-type activities - current year	(135,360)
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	$ 62,706

NOTE 3: - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of legal or contractual provisions

The Park Fund had expenditures in excess of budget of $1,405,415 at December 31, 2018. There was excess revenue to offset some of these costs (not budgeted). The remainder will be address through additional fees and levies.

The Community Development Fund had expenditures in excess of budget of $84,905 at December 31, 2018. There was excess revenue to offset these costs (not budgeted).

B. Deficit fund equity

The Permanent Improvement Fund has a deficit fund balance of $4,328,853 at December 31, 2018 which will be recovered by a combination of Municipal State Aid funds and FEMA reimbursements.

The Community Development Special Revenue Fund has a deficit fund balance of $49,091 at December 31, 2018 which will be recovered by future grant proceeds.

The Tax Increment Debt Service fund has a deficit fund balance of $1,601,148 at December 31, 2018 which will be recovered by future tax increment collections.

The Maintenance Shop Internal Service Fund has a deficit fund balance of $317,901 at December 31, 2018 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

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of the City's deposits, including Moorhead Public Service was $49,548,128. The bank balance is required to be covered by federal depository insurance or by collateral held by the City's agent in the City's name. The market value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance.

B. Investments

Minnesota state statues authorize investments in the following instruments:

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

As of December 31, 2018, the City has the following recurring fair value measurements of their investments and maturities. The investments are valued using quoted market prices (Level 1 inputs).

		Investment Maturities (in years)			
Investment Type		<1	1 - 5	>5 - 10	>10
U.S. Treasuries	$ 249,551	$ 249,551	$	$	$
U.S. Agencies	2,189,893	247,165	1,469,445	473,283	
Government Bonds	28,380,153	4,770,316	19,308,923	4,093,304	207,610
Certificates of Deposits	7,481,789	1,709,584	5,772,205		
Money Markets	31,648,967	31,648,967			
Total Investments	$ 69,950,353	$ 38,625,583	$ 26,550,573	$ 4,566,587	$ 207,610

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

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy which follows the Minnesota Statutes with respect to the instruments allowed. The Statutes authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less, banker's acceptances of United States banks, repurchase agreements, certificates of deposit and money market funds whose portfolios consist of United States Treasury obligations and Federal Agency issues. The City minimizes its credit risk by investing primarily in CD's and U.S. government backed securities. The Electric and Water Fund money market investments of $1,148,618 and the City's remaining money market investments of $30,500,349 are not rated. The City investments in U.S. Government Treasury Bonds are not rated.

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

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

C. Receivables

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

Receivables	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Accounts	$ 184,893	$ 50	$ 210	$	$ 64,143	$ 249,296
Notes	18,750	241,362		72,343	4,383,072	4,715,527
Special Assessments		95,784,750	3,032,972	575,224		99,392,946
Due from other						
Governmental units	281,443	605,692	622,015	2,637,811	2,544,699	6,691,660
Total Receivables	$ 485,086	$ 96,631,854	$ 3,655,197	$ 3,285,378	$ 6,991,914	$ 111,049,429

D. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 65,133,305	$ 2,688,010	$	$ 67,821,315
Construction in progress	55,886,732	22,074,065	(13,047,261)	64,913,536
Total capital assets, not being depreciated	121,020,037	24,762,075	(13,047,261)	132,734,851
Capital assets, being depreciated:				
Buildings	23,583,834	3,589,899		27,173,733
Improvements other than buildings	28,159,227	1,417,325		29,576,552
Machinery and equipment	38,873,695	2,956,934	(1,571,407)	40,259,222
Infrastructure	257,452,500	9,030,348		266,482,848
Total capital assets being depreciated	348,069,256	16,994,506	(1,571,407)	363,492,355
Less accumulated depreciation for:				
Buildings	(14,008,459)	(716,693)		(14,725,152)
Improvements other than buildings	(13,401,112)	(944,468)		(14,345,580)
Machinery and equipment	(22,058,112)	(3,063,047)	(1,288,742)	(23,832,417)
Infrastructure	(72,201,545)	(5,708,647)		(77,910,192)
Total accumulated depreciation	(121,669,228)	(10,432,855)	(1,288,742)	(130,813,341)
Total capital assets, deing depriciatied, net	226,400,028	6,561,651	(282,665)	232,679,014
Governmental activities capital assets, net	$ 347,420,065	$ 31,323,726	$ (13,329,926)	$ 365,413,865

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 9,559,657	$ 119,808	$	$ 9,679,465
Construction in progress	7,903,377	8,510,315	(13,871,930)	2,541,762
Total capital assets, not being depreciated	17,463,034	8,630,123	(13,871,930)	12,221,227
Capital assets, being depreciated:				
Intangible plant	1,288,813			1,288,813
Buildings	199,768,923	4,441,747	(607,385)	203,603,285
Improvements other than buildings	43,725,521	8,096,232	(14,180)	51,807,573
Machinery and equipment	20,515,636	1,282,242	(608,525)	21,189,353
Infrastructure	75,290,269	2,860,593		78,150,862
Total capital assets being depreciated	340,589,162	16,680,814	(1,230,090)	356,039,886
Less accumulated depreciation for:				
Intangible plant	(305,776)	(103,344)		(409,120)
Buildings	(86,466,131)	(4,826,790)	607,385	(90,685,536)
Improvements other than buildings	(16,772,858)	(1,190,699)	14,180	(17,949,377)
Machinery and equipment	(15,011,763)	(732,288)	463,274	(15,280,777)
Infrastructure	(24,568,228)	(1,622,234)		(26,190,462)
Total accumulated depreciation	(143,124,756)	(8,475,355)	1,084,839	(150,515,272)
Total capital assets, deing depriciatied, net	197,464,406	8,205,459	(145,251)	205,524,614
Business-type activities capital assets, net	$ 214,927,440	$ 16,835,582	$ (14,017,181)	$ 217,745,841

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

Governmental activities:	
General Government	$ 96.829
Public Safetv	113.217
Highways & Streets, including depreciation of general infrastructure assets	5,799,472
Parks & Recreation	1,281,076
Community Development	1,238
Library	10,786
Economic Development	226,788
Mass Transit	543,367
Subtotal	8,072,773
Internal Service	2,360,082
Total depreciation expense – governmental activities	$ 10,432,855
Business-tvpe activities:	
Electric	$ 3.002.654
Water	1.999.123
Wastewater	1.853.062
Storm water	1.083.268
Sanitation	33.813
Golf Course	92.303
Sports Center	143.867
Forestry	803
Airport	266.462
Total depreciation expense – business-type activities	$ 8,475,355

Depreciation expense reflected in the statement of revenues, expenses and changes in net position is $8,162,655. There is $312,700 expensed to vehicle expense in the Electric and Water funds per the guidelines established by the Federal Energy Regulatory Commission and the National Association of Regulatory Utility Commissioners.

E. Deferred outflows / Deferred inflows of resources

As noted in Note 1.G.6 above, the City has reported outflows and deferred inflows of resources at December 31, 2018.

Deferred pension outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments. Deferred outflows for pension plans are $9,838,651. A deferred outflow of resources is also recognized for the deferred charge on the advance refunding of G.O. Improvement Bonds, Series 2007A of $1,048,250. 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 pension plan economic experience and also pension plan changes in proportionate share. Deferred inflows for pensions are $14,038,120.

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, 2018.

	General	Special Assessment Debt	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Prepayments	$ 12,646	$	$	$	$	$ 12,646
Letter of credit	28,990					28,990
Tower lease	1,653					1,653
Equipment loan	19,250					19,250
Special assessments		95,784,750	3,032,972	575,224		99,392,946
MPS note		237,861				237,861
County road turnback		456,384				456,384
Development loan				72,343		72,343
Parking lot lease				138		138
Registration fees					300	300
Transit grant proceeds					70,805	70,805
CDBG rehabilitation loans					4,228,072	4,228,072
First and new program					155,000	155,000
	$ 62,539	$ 96,478,995	$ 3,032,972	$ 647,705	$ 4,454,177	$ 104,676,388

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

1. Defined Benefit

a. Plan Description

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

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

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

b. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years of service up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

c. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018 and the City of Moorhead was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2018 were $777,774. Contributions made by Moorhead Public Service to the General Employees Fund for the year ended December 31, 2018 were $358,722. 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

Plan members were required to contribute 10.8 percent of their annual covered salary and the City of Moorhead was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018 were $1,196,569. 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, 2018, the City reported a liability of $8,437,884 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 to the fund in 2018. 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 $276,797. The net pension liability was measured as of June 30, 2018 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion share was .1521 percent which was a decrease of .0033 percent from its proportionate share measured as of June 30, 2017.

City of Moorhead's proportionate share of the net pension liability	$	8,437,884
State of Minnesota's proportionate share of the net pension liability Associated with the City of Moorhead		276,797
Total	$	8,714,681

For the year ended December 31, 2018, the City recognized pension expense of $3,916,343 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $64,548 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, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual economic experience	$	227,965	$	235,094
Changes in actuarial assumptions	$	1,433,025	$	299,137
Net collective difference between projected and actual investment earnings	$	-	$	941,811
Changes in proportion	$	457,973	$	158,002
Contributions paid to PERA subsequent to the measurement date	$	391,562	$	-
Total	$	2,510,525	$	1,634,044

$391,562 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	$ 1,081,910
2020	$ 325,396
2021	$ (746,273)
2022	$ (176,113)

Public Service Utility:

At December 31, 2018, MPS reported a liability of $3,949,884 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 to the fund in 2018. 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 $129,501. The net pension liability was measured as of June 30, 2018, 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, MPS' proportion share was 0.0712% which was a decrease of 0.0003% from its proportion measured as of June 30, 2017.

MPS' proportionate share of the net pension liability	$ 3,949,884
State of Minnesota's proportionate share of the net pension liability Associated with MPS	129,501
Total	$ 4,079,385

For the year ended December 31, 2018, the MPS recognized pension expense of $224,280 for its proportionate share of the GERF's pension expense. In addition, MPS recognized an additional $30,199 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, 2018, MPS reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 104,968	$ 114,230
Changes in actuarial assumptions	$ 374,134	$ 445,092
Difference between projected and actual investment earnings	$ -	$ 412,763
Changes in proportion	$ 79,974	$ 70,734
Contributions paid to PERA subsequent to the measurement date	$ 200,047	$ -
Total	$ 759,123	$ 1,042,819

$200,047 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, 2019. 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
2019	$ 164,338
2020	$ (203,998)
2021	$ (325,802)
2022	$ (82,441)

2. Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of $7,192,673 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, 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 contribution received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportionate share was .6748% which was a decrease of .0082% from its proportionate share measured as of June 30, 2017. The City also recognized $60,732 for the year ended December 31, 2018, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of $(933,829) for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 263,643	$ 672,905
Changes in actuarial assumptions	$ 4,748,544	$ 8,968,699
Net collective difference between projected and actual investment earnings	$ -	$ 1,614,771
Changes in proportion	$ 847,225	$ 104,883
Contributions paid to PERA subsequent to the measurement date	$ 610,338	$ -
Total	$ 6,469,750	$ 11,361,258

$610,338 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, 2019. 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
2019	$ 151,510
2020	$ (4,232,710)
2021	$ (1,111,220)
2022	$ (309,426)

The total pension expense for all plans recognized by the City for the year ended December 31, 2018, was $3,206,794.

e. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for all males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be: 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

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 weighing 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 Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
Total	100%	

f. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 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 positions of the General Employees Fund and Police and Fire Fund were projected to be available to make all projected future benefit 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.

g. 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 that the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability:	$13,712,642	$8,437,884	$4,083,722

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the Police and Fire Fund net pension liability:	$15,421,542	$7,192,673	$387,740

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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
MPS' proportionate share of the General Employees Fund net pension liability:	$6,419,067	$3,949,884	$1,911,644

h. Pension Plan Fiduciary Net Position

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

2. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City of Moorhead during fiscal year 2018 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rates
$1,957	$1,957	5.0%	5.0%	5.0%

G. Other postemployment benefit (OPEB) obligations

City:

1. Plan Description

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. The retiree health plan does not issue a publicly available financial report.

2. Benefits Provided

The City allows access to the contract groups other post-retirement benefits of the blended medical premiums of $686 for single and $1,491 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

3. Employees Covered by Benefit Terms

At the valuation date of January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	252
	266

4. Total OPEB Liability

The City's total OPEB liability of $2,054,167 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions

The total OPEB liability in the January 1, 2018 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	3.00 percent
Discount Rate	3.30 percent
Healthcare Cost Trend Rates	6.50 percent as of January 1, 2018 grading to 5.00 percent over 6 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 RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study as of January 1, 2018.

6. Changes in the Total OPEB Liability

Balance at January 1, 2018	$ 1,955,732
Changes from the prior year:	
Service cost	132,300
Interest cost	67,250
Benefit payments	(101,115)
Total Changes	98,435
Balance at December 31, 2018	$ 2,054,167

7. 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	2.30%	3.30 %	4.30%
Total OPEB Liability	$2,223,875	$2,054,167	$1,896,930

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	$1,837,618	$2,054,167	$2,310,411
Medical Trent Rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years

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

For the year ended December 31, 2018, the City recognized OPEB expense of $199,550. At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources
Employer contributions made after the measurement date	$ 99,252

$99,252 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

Public Service Utility - Electric and Water

1. Plan Description

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. 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 $617 for single and $1,267 for family coverage. The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life benefits.

3. Employees Covered by Benefit Terms

At the valuation date of January 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	57
	61

4. Total OPEB Liability

Moorhead Public Service's total OPEB liability of $471,804 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2017.

5. Actuarial Assumptions

The total OPEB liability in the January 1, 2017 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	3.00 percent
Discount Rate	3.30 percent
Healthcare Cost Trend Rates	6.25 percent as of January 1, 2018 grading to 5.00 percent over 5 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 RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale as developed and recommended by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study as of January 1, 2017.

6. Changes in the Total OPEB Liability

Balance at January 1, 2017	$ 473,038
Changes from the prior year:	
Service cost	31,306
Interest cost	15,851
Benefit payments	(48,391)
Total Changes	(1,234)
Balance at December 31, 2018	$ 471,804

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	2.30%	3.30 %	4.30%
Total OPEB Liability	$501,858	$471,804	$443,612

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

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB Liability	$426,807	$471,804	$525,782
Medical Trent 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

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

For the year ended December 31, 2018, Moorhead Public Service recognized OPEB expense of $47,157. At December 31, 2018, Moorhead Public Service had no deferred outflows of resources related to OPEB to report.

H. Construction and other significant commitments

Under its wholesale power agreement, the municipality is committed to purchase a fixed amount of electric power and energy requirements from the Western Area Power Administration until December 31, 2050.

The municipality is also committed to purchase its supplemental power from the Missouri River Energy Services. The agreement, which runs until January 1, 2057, provides that the municipality purchase electric power in excess of that available from Western Area Power Administration, up to the level required in 2020. Beginning in 2027, and each 5th year thereafter, the municipality has the opportunity to continue receiving 100% of its supplemental power from Missouri River Energy Services or establish a maximum rate of delivery.

The City of Moorhead has a one-year contract through December 31, 2019, with an option to renew for one additional one-year period with First Transit Inc. to provide bus services and driver management. The annual costs for First Transit during 2018 were $1,028,782. The City of Moorhead has entered into a Joint Powers Agreement with the City of Fargo for the joint ownership and operation of the Metro Transit Garage (MTG) located at 650 23rd Street North in Fargo, ND. Moorhead has a one-third ownership of the MTG and pays operating costs for the building on a one-third basis of actual cost. Moorhead pays actual costs for their fleet maintenance, including vehicle parts, fuel and labor. Other maintenance costs for the MTG are shared pro rata based on a percentage of total vehicles stored and maintained in the facility.

The City has active construction projects as of December 31, 2018, which includes street and utility construction and reconstruction. At year-end the City's remaining commitments with contractors is approximately $44,697,480.

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, substations and wind turbines, 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. Long-term liabilities

General obligation notes

General obligation notes payable at December 31, 2018 consists of the following:

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

Business-type activities: Watermain loan issued January 1, 2011 in the amount of $455,413 at 3.0% interest maturing on January 1, 2026.

Bonds

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

Bonds payable at December 31, 2018 are comprised of the following individual issues:

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2018
Governmental Activities					
G.O. Special Assessment					
2008 Refunding Series A	2/15/2008	2/1/2021	3.00 - 4.00	$ 1,340,000	$ 165,000
2009 Series A	11/15/2009	2/1/1931	3.00 - 4.50	2,820,000	1,850,000
2009 Series B	11/15/2009	2/1/2029	2.25 - 4.50	8,110,000	4,110,000
2009 Refunding Series C	11/15/2009	2/1/2022	2.00 - 4.00	1,590,000	465,000
2010 Series A	9/9/2010	2/1/1932	1.25 - 5.50	12,135,000	8,385,000
2010 Refunding Series D	9/22/2010	2/1/2023	2.00 - 3.00	2,030,000	795,000
2011 Series A	9/1/2011	2/1/1933	2.00 - 3.625	4,855,000	3,475,000
2011 Refunding Series B	9/1/2011	2/1/2024	.50 - 2.90	900,000	400,000
2011 Series C	12/28/2011	2/1/1933	.65 - 3.60	4,200,000	3,275,000
2012 Series A	5/15/2012	2/1/1933	3.00 – 3.375	16,955,000	13,290,000
2012 Refunding Series C	5/15/2012	2/1/1933	3.00 – 3.375	10,430,000	9,135,000
2012 Refunding Series D	5/15/2012	2/1/2027	3.00 – 4.00	8,815,000	6,485,000
2012 Series F	9/1/2012	2/1/1939	3.00 – 3.50	10,320,000	8,775,000
2013 Series A	10/23/2013	2/1/1935	.80 – 4.30	2,165,000	1,830,000
2014 Refunding Series B	7/24/2014	2/1/1934	2.25 – 5.00	19,440,000	18,040,000
2014 Series C	12/29/2014	2/1/1936	2.00 – 4.00	6,170,000	5,560,000
2014 Refunding Series D	12/29/2014	2/1/2025	3.00 – 4.00	7,660,000	6,145,000
2014 Refunding Series E	12/29/2014	2/1/2027	3.00 – 4.00	9,785,000	7,905,000
2015 Series A	9/24/2015	2/1/1942	3.00 – 4.00	12,270,000	11,840,000
2016 Series B	11/10/2016	2/1/1942	2.00 – 5.00	20,920,000	20,420,000
2016 Refunding Series C	11/10/2016	2/1/1933	3.00 – 5.00	11,135,000	10,235,000
2017 Series A	12/14/2017	2/1/1943	2.00 – 3.25	10,905,000	10,905,000
2017 Refunding Series B	12/14/2017	2/1/2029	2.50 – 5.00	5,000,000	5,000,000
2018 Series A	11/20/2018	2/1/2044	4.00 – 5.00	11,690,000	11,690,000
2018 Refunding Series B	11/20/2018	2/1/2031	5.00	4,870,000	4,870,000
				206,510,000	175,045,000
G.O Tax Increment					
2009 Regency/Holiday Mall Refunding Series A	11/15/2009	2/1/2028	2.00-4.50	2,910,000	1,910,000
2010 Regency/Holiday Mall Refunding Series B	9/9/2010	2/1/2028	2.00-3.70	1,390,000	960,000
				4,300,000	2,870,000
Total Governmental Activities				$ 210,810,000	$ 177,915,000

Type of Issue	Issue Date	Maturity Date	Interest Rate	Original Issue	Principal Outstanding 12/31/2017
Business-Type Activities					
G.O Revenue Bonds					
G.O. Sewer Revenue Note of 2002	5/6/2002	8/20/2022	3.13	$ 3,389,288	$ 867,000
G.O. Sewer Revenue Note of 2004	6/21/2004	8/20/2023	1.98	6,598,073	2,003,099
G.O. Sewer Revenue Note of 2007	6/29/2007	8/20/2026	1.99	12,407,226	6,199,000
2012 G.O. Wastewater Refunding, Series B	5/15/2012	11/1/2029	3.00 – 3.125	10,790,000	8,620,000
2007 Electric MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,405,150	1,872,950
2007 Water MMUA Revenue Series A	7/12/2007	6/1/2027	5.17	3,838,850	2,112,050
G.O. Water Revenue Note of 2014	8/26/2014	8/20/1934	1.02	12,736,089	10,270,000
G.O. Water Revenue Note of 2016	3/14/2016	8/20/1935	1.00	2,471,358	2,143,000
				55,636,034	34,087,099
Revenue Bonds					
2009 Electric Utility Refunding Series A	5/15/2009	11/1/2024	3.00-4.75	1,470,000	705,000
2010 Electric Utility Revenue Series C	10/26/2010	11/1/2025	2.00-4.875	8,633,900	6,763,500
2010 Water Utility Revenue Series C	10/26/2010	11/1/2025	2.00-4.875	1,706,100	1,336,500
2012 Electric Utility Revenue & Refunding Series E	9/1/2012	11/1/2027	2.00 – 3.00	6,240,000	2,970,000
2014 G.O. Wastewater Revenue Bonds, Series A	7/24/2014	11/1/1934	4.00 – 5.00	7,200,000	6,925,000
2016 Electric Utility Revenue Series A	8/25/2016	11/1/1936	2.00 – 4.00	11,330,000	10,528,700
2016 Water Utility Revenue Series A	8/25/2016	11/1/1936	2.00 – 4.00	1,400,000	1,301,300
				37,980,000	30,530,000
Total Business-Type Activities				$ 93,616,034	$ 64,617,099

In December 2017, the City issued $5,000,000 G.O. Improvement Refunding Bonds, Series 2017B for the current refunding of $6,050,000 of the G.O. Improvement Bonds, Series 2008B. The net proceeds and the City's equity contribution of $500,000 were deposited in the City's bank account and used to retire the debt on its call date of February 1, 2018. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of $1,363,500. The net present value cash flow savings from the transaction was $1,207,009.

In November 2018, the City issued $4,870,000 G.O. Improvement Refund Bonds, Series 2018B for the current refunding of $1,715,000 of the G.O. Improvement Bonds, Series 2009A and for the current refunding of $3,795,000 of the G.O. Flood Mitigation Bonds, Series 2009B. The net proceeds and the City's cash contribution of $100,000 were deposited in the City's bank account and will be used to retire the debt on its call date of February 1, 2019 The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of $527,069. The net present value cash flow savings from the transaction was $452,627.

Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there were 11 Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $103,288,940.

Changes in long-term liabilities

Special assessment bonds and general obligation bonds together comprise the governmental activity bonds payable. General Obligation includes tax increment bonds. The compensated absences liability and other post-employment benefits attributable to the governmental activities will be liquidated primarily by the General Fund. If special assessments are not adequate to retire the outstanding debt, the City's full faith and credit are pledged for their redemption. The liability for pension-related debt and OPEB has typically has been fully liquidated by the general fund for governmental activities.

Type of Bonds	Balance at January 1, 2018 As Restated	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Governmental Activities:					
Bonds Payable					
G.O. Special Assessment	$ 173,860,000	$ 16,560,000	$ 15,375,000	$ 175,045,000	$ 15,675,000
G.O. Tax Increment	3,240,000	-	370,000	2,870,000	235,000
G.O. Municipal Improvement Revenue	65,000	-	65,000	-	-
Premiums	876,002	1,349,861	79,353	2,146,510	145,257
Total Bonds Payable	178,041,002	17,909,861	15,889,353	180,061,510	16,055,257
Notes Payable	323,816	-	86,848	236,968	91,271
Compensated Absences	1,970,126	1,473,574	1,333,174	2,110,526	1,435,158
Other Post-Employment Benefits	1,504,435	306,313	-	1,810,748	-
Net Pension Liability	17,048,693	-	3,164,778	13,883,915	-
Governmental Activity Long-Term Liabilities	$ 198,888,072	$ 19,689,748	$ 20,474,153	$ 198,103,667	$ 17,581,686
Business-Type Activites:					
Bonds Payable					
Electric Utility	$ 24,629,400	$ -	$ 1,789,250	$ 22,840,150	$ 1,864,300
Water Utility	18,264,852	27,213	1,129,215	17,162,850	1,155,700
Wastewater	26,585,430	-	1,971,331	24,614,099	2,075,000
Discount	(80,325)	-	(6,695)	(73,630)	(6,695)
Premiums	834,960	-	65,816	769,144	22,968
Total Bonds Payable	70,234,317	27,213	4,948,917	65,312,613	5,111,273
Notes Payable	267,972	-	30,111	237,861	31,021
Compensated Absences	1,083,393	416,212	253,938	1,245,667	1,067,178
Other Post-Employment Benefits	575,897	139,326	-	715,223	-
Net Pension Liability	6,657,768	-	961,241	5,696,527	-
Business-Type Activity Long-Term Liabilities	$ 78,819,347	$ 582,751	$ 6,194,207	$ 73,207,891	$ 6,209,472

The annual requirement to amortize notes outstanding as of December 31, 2018, follows:

	Governmental Activities			Business-Type Activities	
Year	Principal	Interest	Year	Principal	Interest
2019	$ 91,271	$ 10,786	2019	$ 31,021	$ 6,905
2020	95,920	6,137	2020	31,959	5,967
2021	49,777	1,252	2021	32,925	5,001
2022	-	-	2022	33,920	4,006
2023	-	-	2023	34,945	2,981
2024-2025	-	-	2024-2025	73,091	2,762
	$ 236,968	$ 18,175		$ 237,861	$ 27,622

The requirement to amortize all bonded debt outstanding as of December 31, 2018, follows:

	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Total
2019	$ 15,910,000	$ 5,903,800	$ 5,095,000	$ 1,876,144	28,784,944
2020	10,680,000	5,642,794	5,229,000	1,732,204	23,283,998
2021	11,205,000	5,229,935	5,468,000	1,572,997	23,475,932
2022	11,320,000	4,789,772	5,625,000	1,401,272	23,136,044
2023	11,330,000	4,356,048	5,752,099	1,222,243	22,660,390
2024-2028	53,560,000	15,756,598	21,424,000	3,544,832	94,285,430
2029-2033	37,595,000	7,765,423	11,925,000	1,388,448	58,673,871
2034-2038	16,040,000	2,947,247	4,099,000	173,553	23,259,800
2039-2043	9,790,000	834,928	-	-	10,624,928
2044	485,000	9,700	-	-	494,700
Total	$ 177,915,000	$ 53,236,245	$ 64,617,099	$ 12,911,693	$ 308,680,037

K. Fund balance

	General	Special Assessment Debt Service	Special Assessment Capital Projects	Permanent Improvement	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Notes Receivable	$ 18,750	$	$	$	$	$ 18,750
Advances	3,533,578					3,533,578
Prepaid items	10,687					10,687
Total Nonspendable	3,563,015	-	-	-	-	3,563,015
Restricted for:						
Debt Service		46,383,696			323,166	46,706,862
Capital Projects			3,472,697			3,472,697
Community Development					10,673	10,673
Police	533,289				44,360	577,649
Fire					175	175
Park					14,091	14,091
Total Restricted	533,289	46,383,696	3,472,697		392,465	50,782,147
Committed to:						
Capital Projects					533,264	533,264
Assigned to:						
General Government	403,929					403,929
Park					1,655,262	1,655,262
Library					338,584	338,584
Rental Registration					183,455	183,455
Mass Transit					1,645,898	1,645,898
Economic Development					2,526,024	2,526,024
Total Assigned	403,929				6,349,223	6,753,152
Unassigned:	15,030,435			(4,328,853)	(1,650,239)	9,051,343
Total Fund Balances	$ 19,530,668	$ 46,383,696	$ 3,472,697	$ (4,328,853)	$ 5,624,713	$ 70,682,921

L. 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, 2018, is as follows:

Due to/from other funds:

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

Fund	Receivable	Payable
Governmental activities:		
General Fund	$ 5,021,481	$
Permanent Improvement Fund		3,611,158
Community Development Fund		127,485
Capital Improvement Fund	187,765	
Maintenance Shop Fund		305,432
	5,209,246	4,044,075
Business-type activities:		
Electric Fund		1,636,061
Water Fund		67,531
Waste Water Fund	674,006	
Storm Water Fund	225,079	
Sanitation Fund	350,902	
Golf Course Fund		705,946
Pest Control Fund	58,052	
Forestry Fund	71,375	
Municipal Airport Fund		203,929
Street Light Utility Fund	68,882	
	1,448,296	2,613,467
	$ 6,657,542	$ 6,657,542

Advances to/from other funds:

Advances in the amount of $2,643,810 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 golf course fund in the amount of $785,768 will be repaid with future land sale proceeds. 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 special assessment capital projects fund to the water fund will be repaid with future service charges.

Fund	Receivable	Payable
Governmental activities:		
General Fund	$ 3,533,578	
Special Assessment Capital Projects	179,405	
Permanent Improvement Fund		104,000
Tax Increment Debt Service Fund		2,643,810
	3,712,983	2,747,810
Business-type activities:		
Water Fund		179,405
Golf Course Fund		785,768
	-	965,173
	$ 3,712,983	$ 3,712,983

M. Interfund transfers

The composition of interfund transfers for the year ended December 31, 2018 is as follows:

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

	Transfers Out	Transfers In: Major Funds: General	Major Funds: Permanent Improvement	Major Funds: Special Assmt Debt	Nonmajor Funds: Governmental	Nonmajor Funds: Enterprise	Internal Service
Major Funds							
General	$ 13,600	$	$	$	$	$	$ 13,600
Special Assmt Debt	100,000					100,000	
Special Assmt Capital Projects	1,834,377		58,970	1,775,407			
Electric	8,822,765	6,725,000			2,097,765		
Water	589,531	463,531			126,000		
Wastewater	600,102	420,102		180,000			
Storm Water	136,354	136,354					
Totals	12,096,729	7,744,987	58,970	1,955,407	2,223,765	100,000	13,600
Non-Major Funds							
Governmental	1,820,775	43,000	100,000	526,000	34,000	1,117,775	
Enterprise	1,348,599	676,859		613,490		58,250	
Totals	3,169,374	719,859	100,000	1,139,490	34,000	1,176,025	0
	$ 15,266,103	$ 8,464,846	$ 158,970	$ 3,094,897	$ 2,257,765	$ 1,276,025	$ 13,600

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.

Effective January 1, 2015, the cost share formula was amended as follows:

City of Fargo – 0%
City of Moorhead – 18.2%
Cass County – 71.8%
Clay County – 10.0%
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 2011, the City of Fargo, Cass County and Cass County Joint Water Resource District, all located in North Dakota along with the City of Moorhead, Clay County and Buffalo Red River Watershed District, all located in Minnesota entered into a limited joint powers agreement to establish a framework that allows for the joint development of the planning, design and management of a Fargo-Moorhead Metropolitan Area Flood Risk Management Project prior to execution of a Project Partnership Agreement (PPA) with the U.S. Army Corps of Engineers for the construction of the Project. This agreement established a joint board to be known as the Diversion Board of Authority ("Diversion Authority").

On June 1, 2016 a Joint Powers Agreement was executed by the City of Moorhead, City of Fargo, Clay County, Cass County and the Cass County Joint Water Resource District which terminated the Limited Joint Powers Agreement and established a permanent joint powers entity called the Metro Flood Diversion Authority to provide the Fargo-Moorhead Metropolitan Area with permanent and comprehensive flood protection.

In addition, on, July 11, 2016 a Project Partnership Agreement was entered into between the United States Department of the Army and the City of Fargo, City of Moorhead and Metro Flood Diversion Authority for the construction of the Fargo-Moorhead Metropolitan Area flood risk management project. This agreement provides for federal funding in the amount of $450,000,000 in October 2015 dollars, with future annual adjustments for inflation, with the non-federal sponsors responsible for all costs in excess of the federal participation amount.

The total estimated cost of the project in 2015 is $2.2 Billion. The State of North Dakota has committed $570M to date, leaving approximately $1.2M in local share. The City of Moorhead and Clay County contributions to the project will not exceed $100M which is to be requested from the State of Minnesota. Voters in both Fargo and Cass County have approved three half-cent sales taxes to be extended through 2084 to cover the North Dakota local share.

A Split Delivery model is being pursued and would deliver the majority of the Diversion Project's features through a Public-Private Partnership (P3) project, while the U.S. Army Corps of Engineers intends to use traditional design-bid-build method. The P3 model will deliver the best value for the public's money, provide performance guarantees and long-term warranties that otherwise would not be available, promote delivery innovation, and shorten the schedule to achieve flood risk reduction sooner than could be achieved otherwise.

Additional information regarding the authority and project may be obtained by contacting: Flood Diversion Board of Authority, Box 2806, 211 Ninth Street South, Fargo, ND 58108 or on their website at www.fmdiversion.com.

B. Postponed Special Assessments

There are infrastructure investments in the Wastewater Treatment Fund in the amount of $8,772,628 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 $21,480,046 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, 2018:

Tax Abatement Program	Amount of Taxes Abated
Property Tax Exemption	$ 344,048
Make Moorhead Home Property Tax Rebate	324,844

D. Component Unit - Moorhead Public Housing Agency

1. Deposits and Investments

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

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

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

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. At June 30, 2018, the carrying amount of the Agency's deposits was $990,932, and the bank balance was $1,060,710. The Agency's deposits at its financial institutions were fully collateralized at June 30, 2018.

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

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

2. Restricted Cash

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

3. Accounts Receivable and Due from Other Governments

Accounts receivable of $9,795 consists of amounts due from tenants of the Public Housing program, which includes an allowance of $2,766. Due from other governments of $11,515 consists of reimbursements of vouchers owed by Minnesota Housing Finance Agency.

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, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 464,977	$	$	$ 464,977
Total Capital assets not being depreciated	464,977			464,977
Capital assets, being depreciated:				
Buildings & Improvements	11,765,094	156,212		11,921,306
Furniture, equipment & machinery	933,717	48,199	21,146	960,770
Total Capital assets being depreciated	12,698,811	204,411	21,146	12,882,076
Less accumulated depreciation for:				
Buildings & Improvements	7,095,291	254,692		7,349,983
Furniture, equipment & machinery	687,017	56,789	21,146	722,660
Total accumulated depreciation	7,782,308	311,481	21,146	8,072,643
Total capital assets, being depreciated, net	4,916,503	(107,070)		4,809,433
Total Capital assets, net	$ 5,381,480	$ (107,070)	$	$ 5,274,410

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

Business-type activities	
Low-Rent Public Housing	$ 311,481

5. Accounts Payable

Accounts payable of $17,305 represents expenses incurred but not paid to vendors at June 30, 2018.

6. Compensated Absences

Changes in compensated absences for the year ended June 30, 2018 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
$ 17,766	$ 20,056	$ 14,303	$ 23,519	$ 23,519

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, 2018, the amount payable to local governments in lieu of taxes was $46,415.

8. Unearned Revenue

Unearned revenue at June 30, 2018, includes $54,134 of funds received from Otter Tail County for future supportive service costs.

9. Prior Period Adjustment

In a prior year, the Agency made a duplicate entry to capital assets, and therefore, had an overstated carrying value on the general ledger. A prior period adjustment has been made to the financial statements for the year ended June 30, 2017, to decrease capital assets and net position by $123,400.

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, 2018, 2017, and 2016 was $16,859, $17,892, and $23,142, respectively.

11. Subsequent Events

No significant events occurred subsequent to the Agency's year end. Subsequent events have been evaluated through December 28, 2018, which is the date the financial statements were available to be issued.

E. Restatement of Net Position

1. Change in Accounting Principle

As of January 1, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively remove the prior OPEB liability reported under GASB Statement No. 45 and adopt the provisions of GASB Statement No. 75 to report the beginning OPEB liability and deferred outflows of resources related to contributions made after the measurement date as described in Note 5.E.3.

2. Restatement of Infrastructure and Net Position

The January 1, 2018, governmental activities infrastructure capital assets and net position were decreased by $50,722,041. The Wastewater Treatment and Storm Water Enterprise Funds had their infrastructure capital assets and net positions increased $21,948,434 and $28,773,607 respectively. This is due to a correction of an error from previous years where infrastructure additions had been included in governmental activities and should have been reported as additions in the appropriate enterprise funds.

3. Restatements of Net Position

	Governmental Activities	Business-Type Activities
Net Position, January 1, 2018 as previously reported	$ 361,123,324	$ 138,228,667
Change in Accounting Principle		
Remove previously reported OPEB liability reported under GASB Statement No. 45	1,087,990	575,897
Add OPEB liability reported under GASB Statement No. 75	(1,526,027)	(902,743)
Correction of an error		
Adjust for infrastructure	(50,722,041)	50,722,041
Net Position, January 1, 2018 as restated	$ 309,963,246	$ 188,623,862

	Enterprise Funds				
	Electric	Water	Wastewater Treatment	Storm Water	Non-major
Net Position, January 1, 2018 as previously reported	$ 51,085,320	$ 45,533,793	$ 22,023,759	$ 5,229,721	$ 14,158,008
Change in Accounting Principle					
Remove previously reported OPEB liability reported under GASB Statement No. 45	161,722	107,814	101,197	11,721	193,443
Add OPEB liability reported under GASB Statement No. 75	(283,823)	(189,215)	(141,940)	(16,440)	(271,325)
Correction of an error					
Adjust for infrastructure			21,948,434	28,773,607	
Net Position, January 1, 2018 as restated	$ 50,963,219	$ 45,452,392	$ 43,931,450	$ 33,998,609	$ 14,080,126

F. Future Implementation of Approved GASB Standards

As of December 31, 2018, there are a number of GASB Standards that have been issued by the Governmental Accounting Standards Board (GASB) that are not effective as of December 31, 2018 but will be implemented in future years.

The first statement issued but not yet implemented that will affect governmental entities is statement No. 83, Certain Asset Retirement Obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. This statement will be implemented by governmental entities in the year ended December 31, 2019.

The second statement issued but not yet implemented that will affect governmental entities is statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity which meets the criteria outlined in this statement should be reported in a fiduciary fund in the basic financial statements. This statement also outlines and describes the types of fiduciary funds that should be reported. This statement will be implemented by governmental entities in the year ended December 31, 2019.

The third statement issued but not yet implemented that will affect governmental entities is statement No. 87, Leases. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will be implemented by governmental entities in the year ended December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

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

City:

	12/31/2018
Service cost	132,300
Interest	67,250
Changes in assumptions	-
Benefit payments	(101,115)
Net change in total OPEB liability	98,435
Total OPEB Liability - beginning	1,955,732
Total OPEB Liability - ending	2,054,167
Covered employee payroll	16,125,297
Total OPEB liability as a percentage of covered employee payroll	12.7%

Public Service Utility:

	12/31/2018
Service cost	31,306
Interest	15,851
Changes in assumptions	-
Benefit payments	(48,391)
Net change in total OPEB liability	(1,234)
Total OPEB Liability - beginning	473,038
Total OPEB Liability - ending	471,804
Covered employee payroll	4,375,925
Total OPEB liability as a percentage of covered employee payroll	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	6/30/2018	.1521%	$ 8,437,884	$ 276,797	$ 8,714,681	$ 11,429,880	73.8%	79.5%
PEPFF	6/30/2018	.6748%	$ 7,192,673	N/A	$ 7,192,673	$ 7,207,246	99.8%	79.5%
GERF	6/30/2017	.1544%	$ 9,920,633	$ 124,766	$ 10,045,399	$ 10,310,813	96.2%	75.9%
PEPFF	6/30/2017	.683%	$ 9,221,313	N/A	$ 9,221,313	$ 8,075,441	114.2%	75.9%
GERF	6/30/2016	.1453%	$ 11,797,639	$ 154,084	$ 11,951,723	$ 9,034,080	130.6%	68.9%
PEPFF	6/30/2016	.645%	$ 25,884,972	N/A	$ 25,884,972	$ 6,450,180	401.3%	68.9%
GERF	6/30/2015	.1416%	$ 7,338,447	N/A	$ 7,338,447	$ 8,503,085	86.3%	78.2%
PEPFF	6/30/2015	.649%	$ 7,374,159	N/A	$ 7,374,159	$ 6,799,858	108.5%	78.2%

Public Service Utility:

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (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	6/30/2018	.0712%	$ 3,949,884	$ 129,501	$ 4,079,385	$ 4,484,756	113.5%	79.5%
GERF	6/30/2017	.0715%	$ 4,564,514	$ 57,367	$ 4,621,881	$ 7,092,367	155.4%	75.9%
GERF	6/30/2016	.0706%	$ 5,732,370	$ 74,844	$ 5,807,214	$ 6,664,177	116.3%	68.9%
GERF	6/30/2015	.0686%	$ 3,555,208	N/A	$ 3,555,208	$ 6,393,326	179.8%	78.2%

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

Schedule of Employer's 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	12/31/2018	$ 777,774	$ 777,774	$ -	$10,737,644	7.2%
PEPFF	12/31/2018	$ 1,196,569	$ 1,196,569	$ -	$ 8,402,666	14.2%
GERF	12/31/2017	$ 700,910	$ 700,910	$ -	$10,140,633	6.9%
PEPFF	12/31/2017	$ 1,167,768	$ 1,167,768	$ -	$ 7,777,052	15.0%
GERF	12/31/2016	$ 645,126	$ 645,126	$ -	$ 9,546,541	6.8%
PEPFF	12/31/2016	$ 1,103,542	$ 1,103,542	$ -	$ 7,253,057	15.2%
GERF	12/31/2015	$ 683,737	$ 683,737	$ -	$ 8,923,750	7.7%
PEPFF	12/31/2015	$ 1,023,130	$ 1,023,130	$ -	$ 6,612,690	15.5%

Public Service Utility:

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
GERF	12/31/2018	$ 358,722	$ 358,722	$ -	$ 5,038,230	7.1%
GERF	12/31/2017	$ 345,294	$ 345,294	$ -	$ 4,808,451	7.2%
GERF	12/31/2016	$ 335,637	$ 335,637	$ -	$ 4,567,832	7.3%
GERF	12/31/2015	$ 311,115	$ 311,115	$ -	$ 4,192,691	7.4%

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

PROPOSAL SALE DATE: December 4, 2019

City of Moorhead, Minnesota

$7,260,000* General Obligation Improvement Bonds, Series 2019A

For the Series 2019A Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $7,151,100) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2034	_______%	_______%	_______%
2022	_______%	_______%	_______%	2035	_______%	_______%	_______%
2023	_______%	_______%	_______%	2036	_______%	_______%	_______%
2024	_______%	_______%	_______%	2037	_______%	_______%	_______%
2025	_______%	_______%	_______%	2038	_______%	_______%	_______%
2026	_______%	_______%	_______%	2039	_______%	_______%	_______%
2027	_______%	_______%	_______%	2040	_______%	_______%	_______%
2028	_______%	_______%	_______%	2041	_______%	_______%	_______%
2029	_______%	_______%	_______%	2042	_______%	_______%	_______%
2030	_______%	_______%	_______%	2043	_______%	_______%	_______%
2031	_______%	_______%	_______%	2044	_______%	_______%	_______%
2032	_______%	_______%	_______%	2045	_______%	_______%	_______%
2033	_______%	_______%	_______%	2046	_______%	_______%	_______%

Designation of Term Maturities

Years of Term Maturities _______________ _______________
_______________ _______________

In making this offer on the sale date of December 4, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated November 13, 2019, amended and supplemented by a Notice to Bidders dated November 19 2019, including the City's right to modify the principal amount of the Series 2019A Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Series 2019A Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Series 2019A Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $____________________________

TRUE INTEREST RATE: ______________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _________________.

Account Members

____
Account Manager

By: ___________________________

Phone: ________________________

The foregoing proposal has been accepted by the City.

Attest: _______________________________ Date: ________________________________

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@bakertilly.com

PROPOSAL SALE DATE: December 4, 2019

City of Moorhead, Minnesota
$6,275,000* General Obligation Improvement Refunding Bonds, Series 2019B

For the Series 2019B Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $6,231,075) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2027	_______%	_______%	_______%
2022	_______%	_______%	_______%	2028	_______%	_______%	_______%
2023	_______%	_______%	_______%	2029	_______%	_______%	_______%
2024	_______%	_______%	_______%	2030	_______%	_______%	_______%
2025	_______%	_______%	_______%	2031	_______%	_______%	_______%
2026	_______%	_______%	_______%	2032	_______%	_______%	_______%

Designation of Term Maturities

Years of Term Maturities ______________ ______________
______________ ______________

In making this offer on the sale date of December 4, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated November 13, 2019 including the City's right to modify the principal amount of the Series 2019B Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Series 2019B Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Series 2019B Bonds

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $____________________________

TRUE INTEREST RATE: ______________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _________________.

Account Members

____
Account Manager

By: ___________________________

Phone: ________________________

....

The foregoing proposal has been accepted by the City.

Attest: _______________________________ Date: ________________________________

....

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@bakertilly.com

PROPOSAL SALE DATE: December 4, 2019

Moorhead Economic Development Authority, Minnesota
$1,645,000* General Obligation Tax Increment Refunding Bonds, Series 2019A

For the Authority Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $1,628,550) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2025	_______%	_______%	_______%
2022	_______%	_______%	_______%	2026	_______%	_______%	_______%
2023	_______%	_______%	_______%	2027	_______%	_______%	_______%
2024	_______%	_______%	_______%	2028	_______%	_______%	_______%

Designation of Term Maturities

Years of Term Maturities ______________ ______________
______________ ______________

In making this offer on the sale date of December 4, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated November 13, 2019 including the Authority's right to modify the principal amount of the Authority Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Authority Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Authority Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $___________________________

TRUE INTEREST RATE: ______________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _________________.

Account Members

____
Account Manager

By: ___________________________

Phone: ________________________

The foregoing proposal has been accepted by the Authority.

Attest: ______________________________ Date: ______________________________

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@bakertilly.com