

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE CITY OF
MORA, MINNESOTA
FOR THE
FISCAL YEAR ENDED
December 31, 2005

PREPARED BY FINANCE DEPARTMENT
MASON HJELLE, DIRECTOR OF FINANCE
MEMBER GOVERNMENT FINANCE OFFICERS ASSOCIATION
OF THE UNITED STATES AND CANADA

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City of Mora, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2005

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City of Mora, Minnesota
INTRODUCTORY SECTION
December 31, 2005

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City of Mora, MN
101 Lake Street South
Mora, MN 55051
320-679-1511

April 15, 2006

The Honorable Mayor
Members of the City Council
Members of the Public Utilities Commission

I am submitting the comprehensive annual financial report of the City of Mora, Minnesota and Mora Municipal Utilities for the fiscal year ended December 31, 2005. The staff of the city's finance department prepared this report pursuant to Minnesota Statute 471.697, Subdivision 1. The City of Mora is responsible for the accuracy, the completeness, and the fairness of this report. I believe the report is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial position and the results of operations of the City and Mora Municipal Utilities. The report includes all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial condition.

The comprehensive annual financial report consists of three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the government's organizational chart, and a list of principal officials. The financial section includes the independent auditor's report, managements' discussion and analysis, financial statements, and financial schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

For a discussion of the financial information, please refer to the management's discussion and analysis.

General Information

The city is a municipal corporation, incorporated May 19, 1882. It operates as an optional plan A statutory city under authority of Minnesota Statutes, Chapter 412. This option utilizes a strong council/weak mayor form of government with elections of a mayor and four council members to staggered four-year terms. The council and the public utilities commission hire a city administrator to handle the day-to-day affairs of the city. An appointed clerk-treasurer (finance director) is responsible for the city and utility accounting and financial reporting system.

Mora, the county seat of Kanabec County, is located approximately 65 miles north of Minneapolis and St. Paul at the intersection of Minnesota Highways No. 65 and 23. The city has a population of 3,560 according to the 2005 state demographer's report. The city covers an area of 4.31 square miles.

Accounting System and Budgetary Control

This report, with its accompanying financial statements and statistical tables, was prepared in conformance with statement 1, governmental accounting and financial reporting principles developed by the Governmental Accounting Standards Board.

Specific funds account for all financial transactions of the city. The city's accounting records are maintained on the accrual or the modified accrual basis, as appropriate. The notes to the financial statements (Note 1) present a summary of the significant accounting policies.

In developing and evaluating the city's accounting system, internal controls are evaluated. The city's internal accounting controls adequately safeguard the assets and provide proper recording of all financial transactions.

Formal budgeting is used as a management control device for the General Fund and the special revenue funds. Beginning in 1990, all cities, counties, and school districts in Minnesota were required to comply with a Truth In Taxation process in accordance with the 1989 Special Session Tax Bill. The city held its TNT meeting on December 3, 2005.

Reporting Entity and Its Services

This report contains the financial information relating to all funds and account groups of the City of Mora and its component units. The City of Mora provides a full range of municipal services. This includes police, fire protection, building inspection, streets, storm drainage, electricity, water, wastewater treatment, recreation, cemetery, liquor sales, municipal airport, public improvements, and general administrative services.

General Government Functions (Form B)

The General Fund is used to account for all financial transactions not included in another fund. The fund includes expenditures for government, public safety, streets, recreation, airport, insurance, and contributions.

Table III of the statistical section of this report shows property tax levies and collections for the past ten years. Property tax levies were allocated as follows:

	2005	2004	2003	2002
General Fund	\$207,228	\$207,228	\$177,228	\$191,323
Debt Service Fund	\$203,112	\$197,054	\$176,363	\$162,366

Special Revenue Funds (Forms C, D, E, F, G, H, I, and J)

Cemetery Fund

Twenty percent of the price of a lot is transferred to a fund balance account designated for permanent care. Street department personnel and seasonal summer employees maintain the cemetery. Interments are performed on a contract basis.

EPC Tax Increment Fund

The EPC Tax Increment Fund accounts for the receipt and the disbursement of tax increments from Redevelopment TIF District No. 1-7 (1994 EPC expansion.) The city pays EPC 90% of the tax increments received. The city retains the remaining 10% as reimbursement for costs associated with the facilitation of the project expansion. All obligations to EPC end in the year 2008.

Economic Development Authority

The Economic Development Authority, included as a component unit of the City of Mora, was established on March 3, 1992 and reconstituted in 2004. The EDA is governed by a board of seven commissioners who represent the city council, the utilities commission, and the community.

Economic Development Revolving Loan Fund

The Economic Development Revolving Loan Fund was established in 1995 to account for a \$500,000 grant from the MN Economic Recovery Grant program. The city in turn loaned the \$500,000 to EPC for equipment and machinery purchases. The first \$100,000 of loan principal was repaid to the city in 2005. The repaid funds have been used to establish a revolving loan fund. The purpose of the revolving loan fund is to further economic development and to create jobs for low and moderate income persons.

Tax Increment District No. 2-2

Tax Increment District No. 2-2 Fund was created to account for the TIF revenue note of \$772,000 issued February 2, 1998. These funds were reimbursed to Intrepid Development Corporation for eligible costs of site improvements on the former creamery site at Park Street and Forest Avenue. The note is payable solely from tax increments received from the fifty-five unit Park Forest Estates apartment building.

Tax Increment District No. 1-8

Tax Increment District No. 1-8 Fund was established in 2001 to account for the tax increments from TIF 1-8, Whispering Pines Apartments at 500 West Maple Avenue. Ninety per cent of the increment is paid to the developer, Torborg Builders, on a \$154,107 pay-as-you-go note.

Tax Increment District No. 1-9

Tax Increment District No. 1-9 Fund was established in 2001 to account for the tax increments from TIF 1-9, North Crest Townhomes at 501 Ninth Street. The city purchased the land for the project for \$30,000. Through tax increments, the city was reimbursed. North Crest Townhomes began receiving increment payments in 2004.

Tax Increment District No. 2-10

Tax Increment District No. 2-10 was established in 2003 for the clinic expansion adjacent to the hospital. The city will begin receiving tax increments in 2004. Ninety per cent of the increments is paid to Kanabec County on a pay-as-you-go note.

Debt Service Funds (Form L)

See Note 5 in Notes to the Financial Statements and Schedule 1, Combined Schedule of Bonds Payable.

Capital Projects Funds (Form M)

The capital project funds have been established to account for the acquisition or construction of capital facilities other than those financed by enterprise funds.

Future Fire Equipment Fund

The Future Fire Equipment Fund is used to record the annual contributions from the city and the surrounding townships. The funds are invested until expenditures for the capital items are authorized by the city council.

Future Improvement Fund

To avoid incurring debt, the city established the Future Improvement Fund in 1984. The council has set aside money for projects listed in the capital improvement plan.

Enterprise Funds (Forms N, O, P, and Q)

Enterprise funds are established for the North Country Bottle Shop and for the Electric, Water, and Wastewater Funds of Mora Municipal Utilities. These funds compile the pertinent financial information and show the profitability of each of these specific activities.

Supplementary Financial Information

Schedules of bonds payable, gross sales, net profit, transfers out, and retained earnings for the proprietary funds are included in this section. Schedules of sources and uses of public funds for the city's tax increment districts are also included.

Statistical Section

The statistical section presents data for the last ten fiscal years relating to expenditures, revenue, tax levies, tax collections, and various social and economic trends. This section is intended to serve investors and others interested in the financial statistics of the City of Mora.

Debt Administration

In 2003, the city's bond rating from Moody's Investors Service was raised from Baa3 to Baa2. Moody's cited strong expansion in taxable resources, ample developable land, affordable debt, and strong financial management as reasons for the improvement in the rating. Under state law the general obligation debt is subject to a legal limitation as shown on Table IX.

Cash Management

A portion of the city's cash is invested in certificates of deposit and in US government and federal agency bonds. These investments, which are stated at fair market value, have maturities ranging from thirty days to ten years.

Risk Management

As a member of the League of Minnesota Cities, the City of Mora purchases all its insurance (property, casualty, liability, and workers' compensation) through the League of Minnesota Cities Insurance Trust (LMCIT). The only function of LMCIT is to provide adequate and proper insurance for cities in Minnesota. LMCIT offers expanded coverage at a low premium and pays annual dividends to its members.

Independent Audit

Minnesota statutes require an annual audit by the state auditor or an independent certified public accountant. The city selected the CPA firm of Althoff & Nordquist, LLC to complete the audit for 2005. The auditor's opinion is included in this report.

Certificates of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mora, Minnesota for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. The certificate of achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose content conforms to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year. The City of Mora has received a certificate of achievement for twenty-one consecutive years. We believe our current CAFR conforms to certificate of achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The finance department staff contributed significantly to this report. I wish to thank Carol Allman, Kelly Erickson, and Wendy Akkerman for their assistance and for their dedication to the City of Mora. I also thank the mayor, the city council members, and the public utilities commissioners for handling the financial operations of the city in a responsible and progressive manner.

Respectfully submitted,

Mason Hjelle
Clerk/Treasurer-Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mora,
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

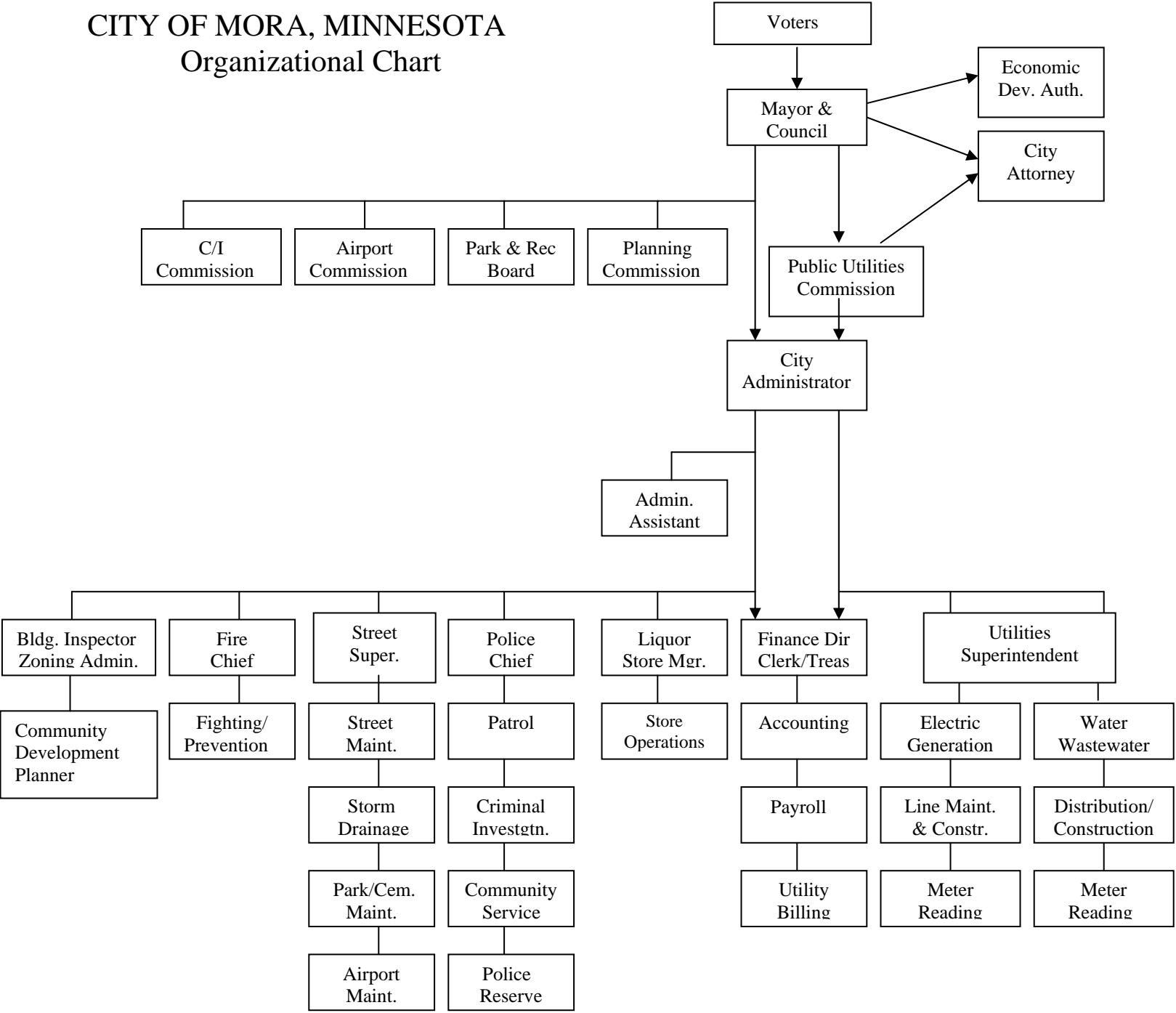
President

Jeffrey R. Emen

Executive Director

CITY OF MORA, MINNESOTA

Organizational Chart



CITY OF MORA, MINNESOTA

ORGANIZATION

Elected Officials

Roger Crawford..... Mayor
Greg Ardner..... Council Person
David Chmiel..... Council Person
Mark Gravich..... Council Person
Robert Jensen..... Council Person

Appointed Officials

Joel Dhein..... City Administrator
Mason Hjelle.....Director of Finance-City Clerk/Treasurer
Joe Loren..... City Attorney - Prosection
Joel Jamnik - Campbell Knutson P.A. City Attorney - Civil

Public Utilities

George Baldwin..... Chairman
Dennis Schulz..... Commissioner
Steve Ahlness..... Commissioner

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City of Mora, Minnesota
FINANCIAL SECTION
December 31, 2005

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Althoff and Nordquist, LLC

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CARL D. NORDQUIST, JR., C.P.A.
ROBERT R. ALTHOFF, C.P.A.
MARCUS R. ALTHOFF, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF C.P.A.'S
MINNESOTA SOCIETY OF C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Mora, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the City of Mora, Minnesota, as of and for the year ended December 31, 2005 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mora, Minnesota's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - types activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the City of Mora, Minnesota, as of December 31, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 16, 2006 on our consideration of the City of Mora, Minnesota's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The CPA. Never Underestimate The Value.®

The Management's Discussion and Analysis on pages 5 through 13, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mora, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Althoff & Nordquist, LLC
Pine City, Minnesota
March 16, 2006

City of Mora, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2005

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City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

We are providing readers with this narrative overview and analysis of the financial activities of the City of Mora for the fiscal year ended December 31, 2005. We encourage readers to use the information presented here in conjunction with the additional information contained in the city's letter of transmittal and in the financial statements.

Financial Highlights

- * At the close of the fiscal year, the assets of the City of Mora exceeded its liabilities by \$19,824,177 (net assets). Of this amount, \$6,083,594 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.
- * The city's total net assets decreased by \$1,535,443 in 2005.
- * At the close of the fiscal year, governmental fund balances totaled \$252,473.
- * As of December 31, 2005, the unreserved fund balance of the General Fund was \$660,150. This amount was 30.4% of the General Fund's total expenditures in 2005.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the city's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The city also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The city's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the city's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the city-wide statement of financial position presenting information that includes all of the city's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city as a whole is improving or deteriorating. Evaluation of the overall economic health of the city would extend to other non-financial factors such as diversification of the taxpayer base or the condition of city infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the city's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the city's distinct activities or functions on revenues provided by the city's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the city that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, culture and recreation. Business-type activities include electric utilities, water utilities, waste water utilities, and municipal liquor store.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The city uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the city's most significant funds rather than the city as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The city has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the city's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major capital project and debt service funds. Budgetary comparison schedules for other special revenue, capital project and debt service funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the city's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the city charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The city currently has only enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the city organization such as water utilities.

Notes to the financial statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the city as a whole.

The city's net assets as fiscal year-end are \$19,824,177. This is a \$1,535,443 decrease over last year's net net assets of \$21,359,620. The following table provides a summary of the city's net assets at December 31:

Summary of Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 2,603,053	\$ 2,894,742	\$ 6,497,328	\$ 5,873,735	\$ 9,100,381	\$ 8,768,477
Capital assets	7,786,171	7,577,478	10,263,664	10,735,077	18,049,835	18,312,555
Total Assets	10,389,224	10,472,220	16,760,992	16,608,812	27,150,216	27,081,032
Long-term liabilities	2,439,708	2,755,000	506,330	409,881	2,946,038	3,164,881
Other liabilities	2,765,000	2,519,531	1,615,000	37,000	4,380,000	2,556,531
Total Liabilities	5,204,708	5,274,531	2,121,330	446,881	7,326,038	5,721,412
Net Assets:						
Invested in capital assets, net of related debt	5,021,171	2,888,628	8,648,664	10,735,077	13,669,835	13,623,705
Restricted	(1,489,667)	963,044	1,599,906	1,504,361	110,239	2,467,405
Unrestricted	1,653,011	1,346,017	4,391,092	3,922,493	6,044,103	5,268,510
Total Net Assets	\$ 5,184,515	\$ 5,197,689	\$ 14,639,662	\$ 16,161,931	\$ 19,824,177	\$ 21,359,620

The city reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$13,174 for governmental activities and \$1,522,269 for business-type activities. The city's overall financial position declined during 2005.

Change in Net Assets. The city's total revenues for the year ended were \$1,970,090. The city's total program expenses were \$2,535,034. The following table provides a summary of the city's changes in net assets for the year ended December 31, 2005:

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Financial Analysis of the City as a Whole (Continued)

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues						
Charge for services	\$ 364,277	\$ 444,295	\$ 7,357,048	\$ 6,924,354	\$ 7,721,325	\$ 7,368,649
Operating grants and contributions	941,401	863,111	--	--	941,401	863,111
Capital grants and contributions	5,000	10,129	--	--	5,000	10,129
General revenues						
Property taxes	436,268	343,892	--	--	436,268	343,892
Tax increment	148,010	146,614	--	156,999	148,010	303,613
Investment earnings	70,134	74,129	170,073	2,382	240,207	76,511
Other revenue	--	27,359	--	--	--	27,359
Total Revenue	<u>1,965,090</u>	<u>1,909,529</u>	<u>7,527,121</u>	<u>7,083,735</u>	<u>9,492,211</u>	<u>8,993,264</u>
Program Expenses:						
General government	555,039	312,937	--	--	555,039	312,937
Public safety	792,290	667,498	--	--	792,290	667,498
Public works	494,774	964,629	--	--	494,774	964,629
Cemetery	41,811	33,280	--	--	41,811	33,280
Culture and recreation	224,631	202,773	--	--	224,631	202,773
Housing & ED	181,044	91,172	--	--	181,044	91,172
Capital projects	13,865	21,921	--	--	13,865	21,921
Miscellaneous	115,722	270,890	--	--	115,722	270,890
Interest on long-term debt	115,858	145,446	--	--	115,858	145,446
Liquor	--	--	1,824,006	1,770,031	1,824,006	1,770,031
Electric	--	--	4,114,267	3,859,887	4,114,267	3,859,887
Water	--	--	439,609	390,981	439,609	390,981
Wastewater	--	--	499,738	471,425	499,738	471,425
Total Expenses	<u>2,535,034</u>	<u>2,710,546</u>	<u>6,877,620</u>	<u>6,492,324</u>	<u>9,412,654</u>	<u>9,202,870</u>
Increase in net assets before transfers	(569,944)	(801,017)	649,501	591,411	79,557	(209,606)
Transfers	556,770	749,908	(556,770)	(749,908)	--	--
Change in net assets	(13,174)	(51,109)	92,731	(158,497)	79,557	(209,606)
Prior period adjustment	--	--	(1,615,000)	--	79,557	--
Beginning net assets	<u>5,197,689</u>	<u>5,248,798</u>	<u>16,161,931</u>	<u>16,320,428</u>	<u>21,359,620</u>	<u>21,569,226</u>
Ending net assets	<u><u>\$ 5,184,515</u></u>	<u><u>\$ 5,197,689</u></u>	<u><u>#####</u></u>	<u><u>#####</u></u>	<u><u>#####</u></u>	<u><u>#####</u></u>

Significant changes in fund balances and in total net assets:

The fund balances of the Maple Avenue Improvement Fund and the City Hall Improvement Fund decreased significantly in 2005. The projects were still in progress as of the end of the year. The projects are scheduled to be completed in 2006, when they will be funded by bond sales or by transfers from other funds.

The total net assets of the Water Fund and the Wastewater Fund each decreased by \$807,500 due to a prior-period adjustment. The adjustment was made to include the bonds for the Arthur township water and wastewater extension bonds on the proprietary fund statement of net assets.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Budgetary Highlights

Over the course of the year, the city made no changes to its annual expenditure budget. Significant budgetary variances between the final amended budget and actual results;

City Council - The city council purchased about four acres of land for \$76,034. The property, which is located west of the city garage, was purchased as a site for future city building projects. The purchase was not budgeted in 2005.

Library Building - The city purchased property east of the library for \$115,533 for library parking and possible library expansion. The purchase was not budgeted in 2005.

Fire Fighting - The fire department purchased an aerial-ladder fire truck which cost \$96,821 and a 2004 pickup truck which cost \$28,402. The truck purchases were not budgeted. The amount of the purchases was offset by an unbudgeted transfer from the Future Fire Equipment Fund. This unbudgeted transfer created a positive variance in intergovernmental revenue.

Street Department - The street department purchased a street sweeper for \$124,702 and a dump truck box for \$58,802. The total capital outlay for the street department varied from the budgeted amount but was offset by a transfer from the Future Improvement Fund.

A schedule showing the original and final budget amounts compared to the city's actual financial activity for the major funds is included in a later section of this report.

Capital Assets and Debt Administration

Capital Assets . As of December 31, 2005, the city had invested \$18,049,835 in capital assets, including buildings, facilities, vehicles, and equipment. This amount represents a net increase prior to depreciation of \$383,998 from last year. Total depreciation expense for the year was \$838,285. The following table provides a summary of the city's capital assets for the year ended:

	Capital Assets					
	Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Non-Depreciable Assets:						
Land	\$ 959,615	\$ 768,048	\$ 233,662	\$ 233,662	\$ 1,193,277	\$ 1,001,710
Construction in progress	--	--	--	--	--	--
Depreciable Assets:						
Buildings	1,950,277	1,998,194	1,245,118	1,247,268	3,195,395	3,245,462
Infrastructure	1,986,136	2,066,566	--	--	1,986,136	2,066,566
Improvements	1,767,968	1,861,229	7,382,575	7,655,862	9,150,543	9,517,091
Machinery, equipment, vehicles	1,122,175	883,441	1,402,309	1,598,285	2,524,484	2,481,726
Total	<u>\$ 7,786,171</u>	<u>\$ 7,577,478</u>	<u>\$ 10,263,664</u>	<u>\$ 10,735,077</u>	<u>\$ 18,049,835</u>	<u>\$ 18,312,555</u>

For further information, please refer to Note 3: D Capital Assets, pages 45-46.

Debt administration . At year end, the city had \$4,380,000 in general obligation bonds and other long-term debt outstanding, of which \$362,000 is due within one year. The following table presents a summary of the city's outstanding long-term debt for the year ended.

	Outstanding Bonds					
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 2,765,000	\$ 4,688,850	\$ --	\$ --	\$ 2,765,000	\$ 4,688,850
Revenue bonds	--	--	1,615,000	37,000	1,615,000	37,000
Total	<u>\$ 2,765,000</u>	<u>\$ 4,688,850</u>	<u>\$ 1,615,000</u>	<u>\$ 37,000</u>	<u>\$ 4,380,000</u>	<u>\$ 4,725,850</u>

For further information please refer to Note 3: F Long-term Debt, pages 47-49.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration (Continued)

The City of Mora maintains a Baa2 bond rating from Moody's Investor Service.

Factors Bearing on the City's Future

City Council

On January 4, 2005, Greg Ardner, Scott Moe, and Mark Gravich were sworn in for four-year terms on the city council. Gravich began his first term; Ardner and Moe had served previously.

The council purchased about four acres of land from Arliss Krawiecki for \$79,034. The property, which is located west of the city garage, was purchased as a site for future city building projects.

Since he was moving to Whited Township, Scott Moe resigned his council position in April. The city council appointed Dave Chmiel to serve until 12-31-06.

Community Development Planner

The city council approved hiring a community development planner to allow the present building official more time for building inspections. In April, Beth Thorp was hired to fill the position.

Capital Assets

The street department purchased a 2005 Elgin Pelican street sweeper for \$124,702.

Dennis Zwilling paid off the contract for deed on the old liquor store building.

The Mora Area Fire Department purchased an aerial-ladder fire truck as recommended by ISO. The 1991 KME Firestix, which cost \$96,821, was necessary to fight fires in taller buildings.

The fire department also purchased a 2004 Dodge pickup truck for \$23,433. The truck was needed for fighting grass fires in rural areas.

The police department purchased a 2005 Chevrolet Impala squad car for \$21,818, including painting and transferring equipment.

The parks department and the cemetery jointly purchased a Groundmaster 4WD mower for \$14,768.

The street department purchased a J-Craft dump truck box for \$58,802.

Development Project in Arthur Township

The city council and the planning commission reviewed the proposal for the "Kadlec Estates" housing development in the Arthur Township orderly annexation area. The developer withdrew the proposal after a review by the city council and Arthur town board.

In December, this property was sold to Paul Belkholm, Inc. The new owner filed a petition for annexation, which was approved at the 1-3-06 council meeting.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Factors Bearing on the City's Future (Continued)

Early Annexation of Arthur Area

On February 14, the city council presented an early annexation proposal to the Arthur Town Board. The town board decided not to accept the proposal.

JOBZ

Creative Marketing Concepts, Inc. was granted JOBZ status for a publication and e-commerce facility at 999 East Maple Avenue. The agreement with the city required CMC to create at least five jobs in order to receive the JOBZ tax-exempt advantages.

Kanabec State Bank TIF District

The Mora Economic Development Authority began the establishment of a TIF district for the Land O'Lakes property along Highway 23 East. Tax increments from the district will be used to reimburse the city and Kanabec State Bank for the costs of demolition and pollution cleanup needed to prepare the site for a new bank building and highway 23 improvements.

Library

The city purchased property east of the library for \$115,533 for library parking and possible library expansion. East Central Regional Library contributed \$10,000 to the purchase, while the seller of the property made a \$10,000 contribution toward a new library.

Tax Levy/Property Taxes

After the TNT hearing in December, the city council approved a total tax levy of \$470,515, which was \$60,175 higher than the 2005 levy. The increase was expected to cause an increase in the property tax rate of about 5%.

Parks

The city street department graded and graveled an additional half-mile of walking and biking trail from Trailview School to Highway 65. Paving the trail addition was budgeted for 2006.

HRA

After a public hearing, the city council voted to annex the HRA's sixteen acres in Arthur Township adjacent to the east side of the city. The annexation was needed for the HRA to receive city water and sewer services and to qualify for a grant a senior apartment building.

Library Park Bandshell

The city council agreed to take the necessary planning steps and to contribute \$25,000 toward the building of a bandshell.

City Hall

Prestige Builders was awarded the bid for the renovation of city hall. Renovation included converting the fire department garage and the old council room into a new entrance and new office space. The project was nearly completed in December, with city staff moving into the new space in January 2006.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Factors Bearing on the City's Future (Continued)

Edgewood Mobile Home Park

With a sheriff's sale of the park scheduled for January 2006, the city council considered buying the property in order to clean up and improve the area. The cost to purchase the park was expected to be about \$810,000. The council members decided not to bid at the sheriff's sale, but to research the options for buying the park after the sale.

Industrial Parks

There were no lots sold in the industrial parks in 2005.

Airport

The city council authorized the staff to begin land acquisition for the runway extension and crosswind runway relocation project. Negotiations with landowners continued into 2006.

Highway 23 Frontage Road Plan

A plan to improve the frontage roads and the access to Highway 23 east of Highway 65 was approved by the council and MnDOT. MnDOT agreed to fund 63% of the cost of the 3/4 million dollar project.

Construction Activity

Thirty commercial building permits with a total valuation of \$1,324,485 were issued in 2005. One of the permits was for a new office building at 820 Howe Avenue.

One-hundred-thirty-one residential permits with a total valuation of \$3,581,850 were issued. Twenty-four of these were for new single-family homes, including nineteen in the Fox Run development.

An addition at Glen's Tire, a renovation of city hall, and additional ambulance garage space at Kanabec Hospital were three of the largest projects.

Fox Run Development-Second Addition

The city council approved the final plat and the development agreement for the second addition of the Fox Run development. Second-addition streets and utilities were nearly completed in 2005, and one building permit for a single-family home was issued.

Police

Because of the lack of use of the dog, the K-9 program was terminated in April. The dog was given to the K-9 officer.

East Maple Avenue Project

The \$1.8 million sewer, water, storm water, and street improvement project was substantially completed in November. Property owners will be assessed about 25% of the costs of the project.

City of Mora, Minnesota
Management's Discussion and Analysis (Unaudited)

Factors Bearing on the City's Future (Continued)

Orderly Annexation Agreement with Comfort Township

Comfort Township officials and city staff discussed the orderly annexation of six sections of Comfort Township adjacent to the city. City staff presented township officials with a draft of an agreement in June. The city and the township had not signed a formal agreement by the end of the year.

Water and Sewer Revenue Bond

The city issued a \$1,615,000 general obligation water and sewer revenue bond which was purchased by the USDA in June. The funds were used to pay the temporary bonds which were issued in 2003 to finance the Arthur Township sewer and water extension project. The bond will be repaid with water and sewer revenues and assessments over forty years at 4.25%.

Birch Park Development

The city council approved Ivory Street Development's proposal for a development on North Wood Street. The Birch Park plan included lots for nine homes and continuation of North Birch Street to Fourth Street.

Board of Review

The city council transferred its Board of Review responsibility to the county assessor starting in 2006. This alternative review process required the county assessor to hold an open book meeting to review taxpayers' concerns over their property values and classifications. The city council's 2006 Board of Review meeting was, thereby, eliminated.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City of Mora finances. Individuals or firms with questions about this report should direct inquiries to the Office of the Finance Director, 101 Lake Street South, Mora, MN 55051.

CITY OF MORA, MINNESOTA
BASIC FINANCIAL STATEMENTS
December 31, 2005

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City of Mora, Minnesota
Statement of Net Assets
December 31, 2005

	Governmental Activities	Business - Type Activities	2005 Total	2004 Total
ASSETS				
Cash and investments	\$ 2,220,972	\$ 1,567,153	\$ 3,788,125	\$ 5,500,515
Interest receivable	5,164	25,346	30,510	39,363
Tax receivable - delinquent	--	--	--	2,113
Accounts receivable	53,398	514,512	567,910	524,228
Due from other funds	(2,283,999)	2,283,999	--	--
Due from other governmental units	14,283	--	14,283	896
Inventory	--	314,618	314,618	325,739
Note receivable-current	--	--	--	3,297
Loan receivable	171,084	--	171,084	219,187
Prepaid items	46,783	35,844	82,627	78,484
Contract receivable-current portion	--	--	--	524
Other	--	--	--	124
Special assessments	--	155,950	155,950	--
Restricted Assets:				
Temporary restricted:				
Cash and investments	91,369	1,114,915	1,206,284	1,107,813
Permanently restricted:				
Cash and investments	--	484,991	484,991	484,991
Capital assets, (net of accumulated depreciation)	7,786,171	10,263,664	18,049,835	18,312,555
Contract receivable-long term	--	--	--	98,411
Total assets	<u>8,105,225</u>	<u>16,760,992</u>	<u>24,866,217</u>	<u>27,081,032</u>
LIABILITIES				
Accounts payable	24,197	274,200	298,397	291,952
Contracts payable	--	--	--	1,567
Accrued wages payable	46,120	30,350	76,470	67,248
Accrued interest	84,923	--	84,923	144,723
Customer meter deposits	--	45,830	45,830	62,087
Deposits for contractors	470	--	470	2,304
Unearned revenue	--	155,950	155,950	42,889
Noncurrent liabilities:				
Due within one year	355,000	17,000	372,000	1,970,850
Due in more than one year	2,410,000	1,598,000	4,008,000	2,755,000
Total liabilities	<u>2,920,710</u>	<u>2,121,330</u>	<u>5,042,040</u>	<u>5,721,412</u>
NET ASSETS				
Invested in capital assets, net of selected debt	5,021,171	8,648,664	13,669,835	13,623,705
Restricted for:				
Future operations	(1,919,719)	1,599,906	(319,813)	1,992,804
Debt service	430,052	--	430,052	474,601
Unrestricted	1,653,011	4,391,092	6,044,103	5,268,510
Total net assets	<u>\$ 5,184,515</u>	<u>\$ 14,639,662</u>	<u>\$ 19,824,177</u>	<u>\$ 21,359,620</u>

See notes to financial statements.

City of Mora, Minnesota
Statement of Activities
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 555,039	\$ 20,215	\$ 907,085	\$ --
Public safety	792,290	175,862	34,316	--
Public works	494,774	7,512	--	--
Cemetery	41,811	37,894	--	--
Culture and recreation	224,631	122,794	--	--
Housing & economic development	181,044	--	--	--
Capital projects	13,865	--	--	5,000
Miscellaneous	115,722	--	--	--
Interest on long-term debt	115,858	--	--	--
Total governmental activities	<u>2,535,034</u>	<u>364,277</u>	<u>941,401</u>	<u>5,000</u>
Business - type - activities:				
Liquor	1,824,006	2,094,751	--	--
Electric	4,114,267	4,199,368	--	--
Water	439,609	411,665	--	--
Wastewater	499,738	651,264	--	--
Total business - type activities	<u>6,877,620</u>	<u>7,357,048</u>	<u>--</u>	<u>--</u>
Totals	<u>\$ 9,412,654</u>	<u>\$ 7,721,325</u>	<u>\$ 941,401</u>	<u>\$ 5,000</u>

General revenues:
 Property taxes
 Tax increment
 Unrestricted investments earnings
 Gain on sale of capital assets
 Transfers
 Total general revenues and transfers

Changes in net assets
 Prior Period Adjustment
 Net assets - beginning
 Net assets - ending

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets			
Governmental Activities	Business - Type Activities	Total	2004 Total
\$ 372,261	\$ --	\$ 372,261	\$ 638,604
(582,112)	--	(582,112)	(502,353)
(487,262)	--	(487,262)	(963,577)
(3,917)	--	(3,917)	570
(101,837)	--	(101,837)	(129,750)
(181,044)	--	(181,044)	(91,172)
(8,865)	--	(8,865)	(11,792)
(115,722)	--	(115,722)	(219,766)
(115,858)	--	(115,858)	(113,775)
<u>(1,224,356)</u>	<u>--</u>	<u>(1,224,356)</u>	<u>(1,393,011)</u>
--	270,745	270,745	257,838
--	85,101	85,101	5,743
--	(27,944)	--	14,694
--	151,526	151,526	153,755
<u>--</u>	<u>479,428</u>	<u>507,372</u>	<u>432,030</u>
<u>(1,224,356)</u>	<u>479,428</u>	<u>(716,984)</u>	<u>(960,981)</u>
436,268	--	436,268	343,892
148,010	--	148,010	146,614
70,134	170,073	240,207	231,128
--	--	--	29,741
556,770	(556,770)	--	--
<u>1,211,182</u>	<u>(386,697)</u>	<u>824,485</u>	<u>751,375</u>
(13,174)	92,731	79,557	(209,606)
--	(1,615,000)	(1,615,000)	--
5,197,689	16,161,931	21,359,620	21,569,226
<u>\$ 5,184,515</u>	<u>\$ 14,639,662</u>	<u>\$ 19,824,177</u>	<u>\$ 21,359,620</u>

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**CITY OF MORA, MINNESOTA
FUND FINANCIAL STATEMENTS
December 31, 2005**

City of Mora, Minnesota
Governmental Funds
Balance Sheet
December 31, 2005

		Capital Projects		Debt Service
	General Fund	Maple Ave Improvements 2005	City Hall Improvements 2005	Wastewater Plant
ASSETS				
Cash and investments	\$ 853,731	\$ --	\$ 1,277	\$ 376,168
Interest receivable	4,234	--	--	--
Taxes receivable - delinquent	18,754	--	--	1,922
Accounts receivable	48,234	--	--	--
Special assessment receivable -				--
Delinquent	143	--	--	--
Deferred	51	--	--	--
Due from other funds	--	--	--	--
Due from other governmental units	4,697	--	--	--
Note receivable-current	149,605	--	--	--
Loans to HRA	17,817	--	--	--
Loan to Fire Department	3,662	--	--	--
Prepaid insurance	46,098	--	--	--
Other	--	--	--	--
Cash restricted	--	--	--	--
Total assets	<u>\$ 1,147,026</u>	<u>\$ --</u>	<u>\$ 1,277</u>	<u>\$ 378,090</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 23,088	\$ --	\$ --	\$ --
Contracts payable	--	--	--	--
Due to other funds	--	1,280,369	729,070	--
Accrued vacation wages	46,120	--	--	--
Deposits for developers	469	--	--	--
Deferred revenues	17,199	--	--	1,685
Total liabilities	<u>86,876</u>	<u>1,280,369</u>	<u>729,070</u>	<u>1,685</u>
Fund Balances:				
Reserved for:				
Capital projects	--	(1,280,369)	(727,793)	--
Other purposes	--	--	--	--
Debt Service	--	--	--	376,404
Unreserved, undesignated, reported in:				
General fund	660,150	--	--	--
Special revenue funds	--	--	--	--
Capital projects	400,000	--	--	--
Total fund balances	<u>1,060,150</u>	<u>(1,280,369)</u>	<u>(727,793)</u>	<u>376,404</u>
Total liabilities and fund balances	<u>\$ 1,147,026</u>	<u>\$ --</u>	<u>\$ 1,277</u>	<u>\$ 378,089</u>

See notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 989,796	\$ 2,220,972
930	5,164
5,226	25,902
5,164	53,398
1,357	1,500
--	51
1,080	1,080
8,506	13,203
--	149,605
--	17,817
--	3,662
685	46,783
--	--
91,369	91,369
<u>\$ 1,104,113</u>	<u>\$ 2,630,506</u>

\$ 1,109	\$ 24,197
--	--
274,560	2,283,999
--	46,120
--	469
4,363	23,247
<u>280,032</u>	<u>2,378,032</u>

--	(2,008,162)
88,443	88,443
53,648	430,052
--	660,150
187,664	187,664
494,326	894,326
<u>824,081</u>	<u>252,473</u>
<u>\$ 1,104,113</u>	<u>\$ 2,630,505</u>

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City of Mora, Minnesota
 Reconciliation of Net Assets in the
 Government-wide Financial Statements and Fund Balances
 in the Fund Basis Financial Statements
 December 31, 2005

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

Total governmental fund balances (page 22)	\$ 252,473
---	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	13,560,651	
Less: accumulated depreciation	<u>(5,774,480)</u>	7,786,171

Other long-term assets are not available to pay for current - personal expenditures and, therefore, are deferred with funds.

Delinquent property taxes	(25,902)
Deferred special assessments	(1,551)

Interest on long-term debt is not accrued in governmental funds but rather recognized as an expenditure when due

(84,923)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest	23,247
Bonds payable	<u>(2,765,000)</u>

Net assets of governmental activities (page 16)	<u><u>\$ 5,184,515</u></u>
---	----------------------------

See notes to financial statements.

City of Mora, Minnesota
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2005

		Capital Projects		Debt Service
	General	Maple Ave	City Hall	Wastewater
	Fund	Improvements	Improvements	Plant
		2005	2005	
REVENUES				
Property taxes	\$ 232,660	\$ --	\$ --	\$ 51,917
Tax increments	--	--	--	--
Licenses and permits	67,333	--	--	--
Special assessments	--	--	--	--
Intergovernmental	758,369	--	--	--
Charges for services	231,358	--	--	--
Fines	37,987	--	--	--
Investment earnings	38,696	--	--	2,981
Sale of assets	8,128	--	--	--
Contracts	--	--	--	--
Miscellaneous	31,360	--	--	--
Total revenues	<u>1,405,891</u>	<u>--</u>	<u>--</u>	<u>54,898</u>
EXPENDITURES				
Current:				
General government	555,039	--	--	--
Public safety	792,290	--	--	--
Public works	483,618	--	--	--
Cemetery	--	--	--	--
Culture and recreation	224,632	--	--	--
Housing and economic development	--	--	--	--
Capital projects	--	1,189,958	705,125	--
Miscellaneous	110,927	4,048	747	--
Debt Service:				
Principal	--	--	--	205,000
Interest and other charges	--	--	--	41,220
Total expenditures	<u>2,166,506</u>	<u>1,194,006</u>	<u>705,872</u>	<u>246,220</u>
Excess (deficiency) of revenues over (under) expenditures	(760,615)	(1,194,006)	(705,872)	(191,322)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	--	--	--	--
Transfers in	772,818	--	--	205,000
Transfers out	(38,470)	--	--	--
Total other financing sources (uses)	<u>734,348</u>	<u>--</u>	<u>--</u>	<u>205,000</u>
Net change in fund balances	(26,267)	(1,194,006)	(705,872)	13,678
Fund balances - beginning	1,086,417	(86,363)	(21,921)	362,726
Fund balances - ending	<u>\$ 1,060,150</u>	<u>\$ (1,280,369)</u>	<u>\$ (727,793)</u>	<u>\$ 376,404</u>

See notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 151,691	\$ 436,268
148,010	148,010
--	67,333
11,817	11,817
183,032	941,401
59,055	290,413
--	37,987
28,457	70,134
--	8,128
--	--
60,596	91,956
<u>642,658</u>	<u>2,103,447</u>
--	555,039
--	792,290
11,156	494,774
41,811	41,811
--	224,632
181,044	181,044
120,273	2,015,356
--	115,722
1,735,000	1,940,000
74,638	115,858
<u>2,163,922</u>	<u>6,476,526</u>
(1,521,264)	(4,373,079)
1,615,000	1,615,000
296,042	1,273,860
(678,620)	(717,090)
<u>1,232,422</u>	<u>2,171,770</u>
(288,842)	(2,201,309)
1,112,923	2,453,782
<u>\$ 824,081</u>	<u>\$ 252,473</u>

City of Mora, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2005

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

Net changes in fund balances - total governmental funds (page 26)	\$ (2,201,309)
---	----------------

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. This is the amount by which capital outlays exceeded depreciation in the current period.	1,863,135
---	-----------

This issuance of long-term debt (e.g., 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.	(1,615,000)
--	-------------

Long-term debt payments for current year	1,940,000
--	-----------

Changes in net assets of governmental activities (page 18)	\$ (13,174)
--	-------------

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 212,228	\$ 212,228	\$ 232,660	\$ 20,432
Licenses and permits	45,900	45,900	67,333	21,433
Intergovernmental	621,607	621,607	758,369	136,762
Charges for services	307,373	307,373	231,358	(76,015)
Fines	26,300	26,300	37,987	11,687
Investment earnings	35,000	35,000	38,696	3,696
Sale of assets	10,000	10,000	8,128	(1,872)
Miscellaneous	10,600	10,600	31,360	20,760
Total revenues	1,269,008	1,269,008	1,405,891	136,883
EXPENDITURES				
Current:				
General government:				
Council	47,444	47,444	124,468	(77,024)
City administrator	66,305	66,305	65,585	720
Elections	--	--	--	--
Finance director	117,590	117,590	114,922	2,668
Assessing	9,300	9,300	10,682	(1,382)
Attorney	27,400	27,400	27,400	--
Planning and zoning	52,588	52,588	55,514	(2,926)
City hall building	10,473	10,473	14,037	(3,564)
Library building	22,939	22,939	142,431	(119,492)
Total general government	354,039	354,039	555,039	(201,000)
Public safety:				
Building inspection	60,081	60,081	67,242	(7,161)
Police protection	501,008	501,008	510,692	(9,684)
Fire protection	73,764	73,764	214,356	(140,592)
Total public safety	634,853	634,853	792,290	(157,437)
Public works:				
Street department	461,245	461,245	460,820	425
Street lighting	25,000	25,000	22,798	2,202
Total public safety	486,245	486,245	483,618	2,627
Culture and recreation:				
Swimming pool	172,299	172,299	164,308	7,991
Park areas	59,445	59,445	60,324	(879)
Total Culture and recreation	231,744	231,744	224,632	7,112
Miscellaneous:				
Forestry and nursery	700	700	--	700
Shade tree program	2,740	2,740	2,195	545
Airport	48,685	48,685	32,479	16,206
Loan Pine Community Center	57,342	57,342	67,655	(10,313)
Unallocated operating expenses	23,883	23,883	8,598	15,285
Total Miscellaneous	133,350	133,350	110,927	22,423
Total expenditures	1,840,231	1,840,231	2,166,506	(326,275)
Excess (deficiency) of revenues over (under) expenditures	(571,223)	(571,223)	(760,615)	(189,392)

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 599,200	\$ 599,200	\$ 772,818	\$ 173,618
Transfers out	(38,470)	(38,470)	(38,470)	--
Total other financing sources (uses)	560,730	560,730	734,348	173,618
Net change in fund balances	(10,493)	(10,493)	(26,267)	(15,774)
Fund balances - beginning	1,086,417	1,086,417	1,086,417	--
Fund balances - ending	\$ 1,075,924	\$ 1,075,924	\$ 1,060,150	\$ (15,774)

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Net Assets
December 31, 2005

	Business - Type Activities - Enterprise Funds				
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 583,152	\$ 671,294	\$ 167,166	\$ 145,541	\$ 1,567,153
Interest receivable	1,337	22,651	1,358	--	25,346
Accounts receivable	10,142	379,558	62,589	62,223	514,512
Due from other funds	--	2,283,999	--	--	2,283,999
Inventory	171,740	135,503	7,375	--	314,618
Prepaid items	5,060	22,444	3,486	4,854	35,844
Special assessments	--	--	49,170	106,780	155,950
Total current assets	<u>771,431</u>	<u>3,515,449</u>	<u>291,144</u>	<u>319,398</u>	<u>4,897,422</u>
Noncurrent assets:					
Restricted cash and investments	--	484,991	643,952	470,963	1,599,906
Total restricted assets	<u>--</u>	<u>484,991</u>	<u>643,952</u>	<u>470,963</u>	<u>1,599,906</u>
Capital assets:					
Plant in service	246,146	8,675,648	4,655,678	6,271,840	19,849,312
Less: accumulated depreciation	<u>(162,245)</u>	<u>(5,823,148)</u>	<u>(1,378,180)</u>	<u>(2,222,075)</u>	<u>(9,585,648)</u>
Total Capital assets (net of accumulated depreciation)	83,901	2,852,500	3,277,498	4,049,765	10,263,664
Contract receivable-long term	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total noncurrent assets	<u>83,901</u>	<u>3,337,491</u>	<u>3,921,450</u>	<u>4,520,728</u>	<u>11,863,570</u>
Total assets	<u>855,332</u>	<u>6,852,940</u>	<u>4,212,594</u>	<u>4,840,126</u>	<u>16,760,992</u>
LIABILITIES					
Current liabilities:					
Accounts payable	18,228	247,937	4,303	3,732	274,200
Accrual wages payable	4,373	18,677	3,650	3,650	30,350
Revenue bonds payable	--	--	807,500	807,500	1,615,000
Total current liabilities	<u>22,601</u>	<u>266,614</u>	<u>815,453</u>	<u>814,882</u>	<u>1,919,550</u>
Noncurrent liabilities:					
Customer meter deposits	--	45,330	--	500	45,830
Unearned revenue	--	--	49,170	106,780	155,950
Total noncurrent liabilities	<u>--</u>	<u>45,330</u>	<u>49,170</u>	<u>107,280</u>	<u>201,780</u>
Total liabilities	<u>22,601</u>	<u>311,944</u>	<u>864,623</u>	<u>922,162</u>	<u>2,121,330</u>
NET ASSETS					
Invested in capital assets, net of related debt	83,901	2,852,500	2,469,998	3,242,265	8,648,664
Restricted for future operations	--	484,991	643,952	470,963	1,599,906
Unrestricted	748,830	3,203,505	234,021	204,736	4,391,092
Total net assets	<u>\$ 832,731</u>	<u>\$ 6,540,996</u>	<u>\$3,347,971</u>	<u>\$ 3,917,964</u>	<u>\$ 14,639,662</u>

See notes to financial statements.

City of Mora, Minnesota
 Proprietary Funds
 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 For the Year Ended December 31, 2005

	Business- Type Activities - Enterprise Funds				
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total
Operating revenues:					
Sales and charges for services	\$ 2,089,631	\$ 3,632,674	\$ 402,091	\$ 649,939	\$ 6,774,335
Miscellaneous	5,120	566,694	9,574	1,325	582,713
Total operating revenues	<u>2,094,751</u>	<u>4,199,368</u>	<u>411,665</u>	<u>651,264</u>	<u>7,357,048</u>
Operating expenses:					
Cost of sales	1,572,287	--	--	--	1,572,287
Maintenance and operations	243,309	3,891,108	331,494	321,222	4,787,133
Depreciation	8,410	223,159	106,117	178,516	516,202
Total operating expenses	<u>1,824,006</u>	<u>4,114,267</u>	<u>437,611</u>	<u>499,738</u>	<u>6,875,622</u>
Operating income	<u>270,745</u>	<u>85,101</u>	<u>(25,946)</u>	<u>151,526</u>	<u>481,426</u>
Nonoperating revenues (expenses):					
Interest earnings	8,673	87,246	18,854	12,411	127,184
Interest and fiscal changes	42,889	--	--	--	42,889
Interest and fiscal charges paid	--	--	(1,998)	--	(1,998)
Total nonoperating revenues (expenses)	<u>51,562</u>	<u>87,246</u>	<u>16,856</u>	<u>12,411</u>	<u>168,075</u>
Income before transfers	<u>322,307</u>	<u>172,347</u>	<u>(9,090)</u>	<u>163,937</u>	<u>649,501</u>
Transfers in	--	--	66,158	66,158	132,316
Transfers out	(270,000)	(150,000)	(29,946)	(239,140)	(689,086)
Changes in net assets	52,307	22,347	27,122	(9,045)	92,731
Prior period adjustment	--	--	(807,500)	(807,500)	(1,615,000)
Total net assets - beginning	780,424	6,518,649	4,128,349	4,734,509	16,161,931
Total net assets - ending	<u>\$ 832,731</u>	<u>\$ 6,540,996</u>	<u>\$ 3,347,971</u>	<u>\$ 3,917,964</u>	<u>\$ 14,639,662</u>

See notes to financial statements.

City of Mora Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2005

	Business - Type Activities - Enterprise Funds				
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total Current Year
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,135,985	\$ 4,197,667	\$ 425,122	\$ 653,715	\$ 7,412,489
Cash payments to suppliers	(1,675,405)	(6,160,032)	(233,778)	(218,032)	(8,287,247)
Cash payments to employees	(139,413)	(44,849)	(94,585)	(99,630)	(378,477)
Other operating revenues	5,120	--	--	--	5,120
Other operating expenses	--	--	(1,998)	--	(1,998)
Net cash provided by operating activities	<u>326,287</u>	<u>(2,007,214)</u>	<u>94,761</u>	<u>336,053</u>	<u>(1,250,113)</u>
CASH FLOWS FROM NONCAPITAL FINANCING:					
Transfers in (out)	(270,000)	(150,000)	36,212	(172,982)	(556,770)
Net cash provided by (used in) negotiated activities	<u>(270,000)</u>	<u>(150,000)</u>	<u>36,212</u>	<u>(172,982)</u>	<u>(556,770)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment on bonds	--	--	(37,000)	--	(37,000)
Acquisition of capital assets	(7,337)	--	(18,303)	(19,152)	(44,792)
Proceeds from sale of capital assets	--	--	--	--	--
Net cash provided (used in) capital and related financing activities	<u>(7,337)</u>	<u>--</u>	<u>(55,303)</u>	<u>(19,152)</u>	<u>(81,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	<u>51,562</u>	<u>87,246</u>	<u>18,854</u>	<u>12,411</u>	<u>170,073</u>
Net increase (decrease) in cash and cash equivalents	100,512	(2,069,968)	94,524	156,330	(1,718,602)
Cash at Beginning of Year, including restricted cash	482,640	3,226,253	716,594	460,174	4,885,661
Cash at End of Year, including restricted cash	<u>\$ 583,152</u>	<u>\$ 1,156,285</u>	<u>\$ 811,118</u>	<u>\$ 616,504</u>	<u>\$ 3,167,059</u>

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2005

	Business - Type Activities - Enterprise Funds				
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total Current Year
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 270,745	\$ 85,101	\$ (25,946)	\$ 151,526	\$ 481,426
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	8,410	223,159	106,117	178,516	516,202
Other income	--	2	(1,998)	--	(1,996)
(Increase) decrease in interest receivable	100	1,701	102	--	1,903
(Increase) decrease in accounts receivable	(3,915)	(34,650)	13,457	2,451	(22,657)
(Increase) decrease in other receivables	--	(2,275,500)	--	--	(2,275,500)
(Increase) decrease in contracts receivable	98,935	--	--	--	98,935
(Increase) decrease in inventory	(5,282)	17,084	(680)	--	11,122
(Increase) decrease in prepaid insurance	(350)	612	(41)	(268)	(47)
Increase (decrease) in accounts payable	1,075	(10,390)	3,277	3,232	(2,806)
Increase (decrease) in accrued wages payable	(542)	2,424	473	96	2,451
Increase (decrease) in deferred revenue	(42,889)	--	--	--	(42,889)
Increase (decrease) in other liabilities	--	(16,757)	--	500	(16,257)
Total adjustments	55,542	(2,092,315)	120,707	184,527	(1,731,539)
Net cash provided (used) by operating activities	\$ 326,287	\$ (2,007,214)	\$ 94,761	\$ 336,053	\$ (1,250,113)

See notes to financial statements.

CITY OF MORA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the City of Mora, Minnesota have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies follow:

A. Reporting Entity

The City of Mora (government) is a municipal corporation governed by an elected mayor and four council members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the governments operations.

Blended Component Unit. The Economic Development Authority (EDA) serves all the citizens of the government and is governed by a board comprised of the governments elected council. The council approves and controls all financing of the Authority. City personnel handle all financial and fiscal matters. No separated audited financial statements are issued.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund and always reports as a major fund. It accounts for all financial resources of the City, except those required to be accounted for in another

Maple Avenue Improvements - Capital Projects

City Hall Improvements - Capital Projects

G.O. Waste Water Facility - Debt Service

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) are reported as a major fund.

The City reports the following major proprietary funds:

The *liquor fund* accounts for the operation of the City liquor store.

The *electric utility fund* accounts for the operation of the city owned electric utility system.

The *water utility fund* accounts for the operation of the City owned water utility system.

The *wastewater utility fund* accounts for the operations of the City owned waste water treatment plant.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Auditing Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments

Cash balances from all funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at fair value, based upon quoted market prices at the reporting.

Cash and cash equivalents for purposes of the general purpose financial statements includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and payables (Continued)

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

Property tax levies are set by the City Council in December in each year and are certified to Kanabec County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, of the following year, and are recorded as receivables by the City at that date. Revenues from property taxes are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of January, June, and December.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The net amount of delinquent taxes receivable are fully offset by deferred revenue in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

Special assessment:

Special assessment receivable - delinquent represent the past year of uncollected special assessments and is offset by deferred revenues. Special assessment receivable - deferred are those assessments for property owner improvements made by the City. These assessments are made at various times by City resolution and are collectible over period ranging from one to fifteen years and bear interest at 6% to 8% annually. These are also offset by deferred revenues.

Accounts receivable:

Based on historical collection experience, no allowance has been made for doubtful accounts. Accounts that are determined to be uncollectible are expensed during the period.

3. Inventory

Inventories of the Enterprise Funds are valued at cost (on the first in, first out method), or market, whichever is lower.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Restricted assets and prepaid items

Restricted assets are deposits held for specifically required purposes and are offset by fund balance reserve accounts.

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.

5. Capital assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more the \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested debt proceeds over the same period.

Property, plant, and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

Assets	Useful Life in Years
Land	Not depreciated
Buildings	40
Infrastructure	20-50
Other improvements	30
Machinery and equipment	5-15

6. Use of estimates

The preparation of financial statements in accordance with generally a accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Compensated absences benefits

Vacation pay is recorded as expenditure when earned in both the Governmental and Proprietary Fund Types. Vacation days may be accrued to one and one-half times annual vacation earned.

Sick pay can be accumulated up to a maximum of one hundred days; however, current City policy is loss of sick pay upon termination of employment. Because of this fact, sick pay is recognized as an expenditure when payment is made. The amount of actual sick pay on an annual basis is nil.

8. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are immaterial and are expensed in the year of bond issuance.

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 received, are reported as debt service expenditures.

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

10. Comparative Data/Reclassification

No comparative data is presented for the prior year.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

Note 2: Stewardship, Compliance, and Accountability

A. Budgetary Information

1. Formal budgetary information is employed as a management control device during the year for the General Fund, Special Revenue, Debt Service and Utility Funds. Budgetary control for Capital Projects is accomplished through the use of project controls.
2. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
3. Annual budgets are adopted for the General and Special Revenue, Debt Service, and Utility Funds.
4. The level of control is the fund.
5. All budgeted appropriations lapse at the end of the year.
6. The city's administrator may approve transfers between allowances within a funds budget. The extent of such revision is not limited except that the fund's total budget may not be exceeded.

The City Council may increase the budget for expenditures of any fund as the city does not have any ordinances restricting increases. Budgets as adopted, however, are not automatically changed unless it has been demonstrated that a specific need exists and adequate funds are available.

Encumbrance accounting is not employed in governmental funds.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds

A. Deposits

In accordance with Minnesota Statutes, the City maintains deposits with national banks, insured state banks or thrift institutions as authorized by the City Council.

Balances at December 31, 2005 are as follows:

Peoples National Bank - Checking	\$ 306,018
Kanabec State Bank - HiFi	559,423
Kanabec State Bank - HiFi	962,453
Wachovia & Smith Barney	3,633,526
Cash on Hand	2,425
Total Deposits	<u>\$ 5,463,845</u>

Minnesota Statutes requires that all City deposits be insured, secured by surety bond or collateralized, and the market value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state or local government obligations and legal investments described in Section B. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging institution's trust department or agent in the name of the City or applicable public

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally the City's investing activities are managed under the custody of the City Treasurer and the City Council. The City does not believe that either Credit risk or Interest rate risk pose a material

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

B. Investments

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Share of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

B. Investments (Continued)

The City investments are categorized above to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City of its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

C. Receivable

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Debt Service	Municipal Liquor	Electric Utility	Water Utility	Wastewater Utility	Nonmajor and other Funds	Total
Receivables:								
Interest	\$ 4,234	\$ --	\$ 1,337	\$ 22,651	\$ 1,358	\$ --	\$ 930	\$ 30,510
Taxes-delinquent	18,754	5,226	--	--	--	--	--	23,980
Accounts	47,046	--	10,142	379,558	62,589	62,223	--	561,558
Special assessments	51	1,357	--	--	49,170	106,780	--	157,358
Intergovernmental	4,697	1,666	2,284,000	--	--	--	7,920	2,298,283
Loan receivable	<u>171,083</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>171,083</u>
Gross receivables	245,865	8,249	2,295,479	402,209	113,117	169,003	8,850	3,242,772
Less: allowance for *Uncollectibles	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net total receivables	<u>\$ 245,865</u>	<u>\$ 8,249</u>	<u>\$ 2,295,479</u>	<u>\$ 402,209</u>	<u>\$ 113,117</u>	<u>\$ 169,003</u>	<u>\$ 8,850</u>	<u>\$ 3,242,772</u>

* Based on historical collection experience no allowance has been made for doubtful accounts. Accounts that are determined to be uncollectible are expensed during the period.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital assets activity for the year ended December 31, 2005 was as follows:

Governmental Activities	Beginning Balances	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 768,048	\$ 191,567	\$ --	\$ 959,615
Construction in progress	--	--	--	--
Total capital assets, not being depreciated	<u>768,048</u>	<u>191,567</u>	<u>--</u>	<u>959,615</u>
Capital assets, being depreciated:				
Land Improvements	3,245,160	--	--	3,245,160
Buildings	2,605,587	--	--	2,605,587
Infrastructure	4,590,533	--	--	4,590,533
Machinery, Equipment, Vehicles	1,820,547	340,344	1,135	2,159,756
Total capital assets, being depreciated	<u>12,261,827</u>	<u>340,344</u>	<u>1,135</u>	<u>12,601,036</u>
Less: accumulated depreciation for:				
Land Improvements	1,383,931	93,261	--	1,477,192
Buildings	607,393	47,917	--	655,310
Infrastructure	2,523,967	80,430	--	2,604,397
Machinery, Equipment, Vehicles	937,106	100,475	--	1,037,581
Total accumulated depreciation	<u>5,452,397</u>	<u>322,083</u>	<u>--</u>	<u>5,774,480</u>
Total capital assets, being depreciated, net	<u>6,809,430</u>	<u>18,261</u>	<u>1,135</u>	<u>6,826,556</u>
Governmental activities capital assets, net	<u>\$ 7,577,478</u>	<u>\$ 18,261</u>	<u>\$ 1,135</u>	<u>\$ 7,786,171</u>

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

<u>Business - Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 233,662	\$ --	\$ --	\$ 233,662
Total capital assets, not being depreciated	<u>233,662</u>	<u>--</u>	<u>--</u>	<u>233,662</u>
Capital assets, being depreciated:				
Buildings	2,537,579	1,650	--	2,539,229
Other Improvements	10,435,673	18,788	487	10,453,974
Equipment and fixtures	<u>6,601,296</u>	<u>24,838</u>	<u>--</u>	<u>6,626,134</u>
Total capital assets, being depreciated	<u>19,574,548</u>	<u>45,276</u>	<u>487</u>	<u>19,619,337</u>
Less: accumulated depreciated for:				
Buildings	1,290,311	3,800	--	1,294,111
Other Improvements	2,779,811	291,588	--	3,071,399
Equipment and fixtures	<u>5,003,011</u>	<u>220,814</u>	<u>--</u>	<u>5,223,825</u>
Total accumulated depreciation	<u>9,073,133</u>	<u>516,202</u>	<u>--</u>	<u>9,589,335</u>
Total capital assets being depreciated, net	<u>10,501,415</u>	<u>(470,926)</u>	<u>487</u>	<u>10,030,002</u>
Business - type activities capital assets, net	<u>\$ 10,735,077</u>	<u>\$ (470,926)</u>	<u>\$ 487</u>	<u>\$ 10,263,664</u>

Depreciation expense was changed to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 17,905
Public safety	62,500
Public works	222,881
Culture and recreation	8,926
Cemetery	1,978
Miscellaneous	<u>7,893</u>
Total depreciation expense - governmental activities	<u>\$ 322,083</u>
<u>Business - Type Activities</u>	
Electric utility	\$ 223,159
Water utility	106,117
Sewer utility	178,516
Liquor	<u>8,410</u>
Total depreciation expense - business - type activities	<u>\$ 516,202</u>

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2005 is as follows:
Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	Storm Water Utility	\$ 5,228
	Fire Equipment	8
	Arthur Extension	15,666
	SE Utility Extension	8,500
	Maple Ave Improvements	1,280,369
	City Hall Improvements	729,070
	Airport Acquisition	46,878
	Airport Environmental	40,464
	Hwy 23-65	16,788
	Street Reconstruction	141,028
		<u>\$ 2,283,999</u>
Total		<u>\$ 2,283,999</u>

Interfund transfers:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer out:				
General Fund	\$ --	\$ --	\$ 38,740	\$ 38,740
Nonmajor governmental Funds	372,818	239,373	--	612,191
Enterprise funds	400,000	135,291	153,795	689,086
Total Transfers out	<u>\$ 772,818</u>	<u>\$ 374,664</u>	<u>\$ 192,535</u>	<u>\$ 1,340,017</u>

F. Long-Term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$10,275,000.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 15-year bonds with amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2.5 - 6.2%	\$ 1,360,000
Governmental Activities-refunding	3.0 - 5.125	1,405,000
Business Type Activities	--	<u>1,615,000</u>
Total		<u><u>\$ 4,380,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	355,000	84,923	17,000	35,339
2007	355,000	75,505	18,000	68,638
2008	305,000	67,025	18,000	67,915
2009	310,000	59,025	19,000	67,234
2010	310,000	59,025	20,000	66,385
2011-2019	1,130,000	225,281	1,523,000	1,469,672
Total	<u><u>\$ 2,765,000</u></u>	<u><u>\$ 570,784</u></u>	<u><u>\$ 1,615,000</u></u>	<u><u>\$ 1,775,183</u></u>

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-type activities. The original amount for G.O. water revenue bonds issued in prior years was \$1,615,000 to both expand existing wastewater treatment facilities and construct additional facilities. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Water & Sewer	4.250%	\$ 1,615,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 17,000	\$ 35,339

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3.: Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

The following is a summary of the following changes in long-term debt obligations for the year ended December 31, 2005:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds:					
G.O. Improvement Bonds of 1996	\$ 75,000	\$ --	\$ 25,000	\$ 50,000	\$ 25,000
G.O. Fire Station Bonds	1,290,000	--	60,000	1,230,000	70,000
G.O. Street Reconstruction Bonds	115,000	--	35,000	80,000	40,000
G.O. Temporary Loan Bonds	1,615,000	--	1,615,000	--	--
G.O. Refunding Bonds of 1994A	--	--	--	--	--
G.O. Equipment Certificates 1999A	--	--	--	--	--
G.O. Refunding Bonds, Series 2003B	1,610,000	--	205,000	1,405,000	220,000
Total general obligation bonds-					
Governmental activities long-term					
liabilities	<u>\$ 4,705,000</u>	<u>\$ --</u>	<u>\$ 1,940,000</u>	<u>\$ 2,765,000</u>	<u>\$ 355,000</u>
BUSINESS - TYPE ACTIVITIES					
G.O. water & sewer revenue bonds	--	1,615,000	--	1,615,000	17,000
G.O. water revenue bonds of 1995	37,000	--	37,000	--	--
Total bonds payable Business -					
type activities long-term liabilities	<u>\$ 37,000</u>	<u>\$ 1,615,000</u>	<u>\$ 37,000</u>	<u>\$ 1,615,000</u>	<u>\$ 17,000</u>

G. Restricted Assets

Restricted assets are deposits held for specifically required purposes and are offset by fund balance reserve accounts. Balances at December 31, 2004, and descriptions are as follows:

<u>Governmental Funds</u>	
Special Revenues - Cemetery	\$ 88,443
<u>Enterprise Funds</u>	
Electric Utility	484,991
Water Utility	643,952
Wastewater Utility	470,963
Total Restricted Assets	<u>\$ 1,688,349</u>

H. Tax Increment Financing

Pursuant to Minnesota Statutes (Section 469.175, Subd. 6) the City is required to disclose information relating to its tax increment districts.

The City of Mora is the administrating authority for the following tax increment financing districts: Redevelopment Districts No. 1-7, No. 2-1, and No. 2-2; Housing District No. 1, and Tax Increment Financing Districts No. 1-8, No. 1-9

1. Redevelopment District No. 1-7 within Development District No. 1 (EPC)

Redevelopment Tax Increment Financing District No. 1-7 established June 21, 1994 under authority of Minnesota Statutes 469.174 Subdivision 10 (a)(1) is a redevelopment district within the Development District No. 1. The duration of the district is 22 years to December 31, 2017.

City of Mora, Minnesota
Notes to the Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

H. Tax Increment Financing (Continued)

The City, on November 19, 1996, elected to make a contribution of unrestricted funds to pay project costs equal to or in excess of 5% of the tax increment revenues granted from the district for the purpose of exempting the City from any Local Government Aid/Homestead and Agricultural Credit Aid penalty provisions otherwise applicable pursuant to Minnesota Statutes Section 273.1399

Certification Request Date	6/23/1994
Year First Increment Received	1996
Date of Required Decertification	12/31/2017
Tax Increment Revenue - 2005	\$ 14,826
Current Net Tax Capacity	57,864
Original Net Tax Capacity	45,564
Captured Net Tax Capacity	12,300
Captured Net Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	12,300
Financial Obligations:	
Limited Revenue Note – Original Obligation	1,044,887
Outstanding Revenue Note at 12-31-05	1,044,887

2. Redevelopment District No. 2-1 (Downtown)

Redevelopment District No. 2-1 was established in 1985 within Development District No. 2 under the authority of Minnesota Statutes 273.73, Subdivision 10, paragraph (a) (1). The district was decertified in 2004.

Certification Request Date	07/03/85
Year First Increment Received	1,987
Date of Required Decertification	41,274
Tax Increment Revenue - 2005	\$ --
Current Net Tax Capacity	--
Original Net Tax Capacity	--
Captured Net Tax Capacity	--
Captured Net Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	--

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

H. Tax Increment Financing (Continued)

3. Redevelopment District No. 2-2 (Intrepid)

Redevelopment Tax Increment Financing District No. 2-2 is a redevelopment district established in 1995 within Development District No. 2 under the authority of Minnesota Statutes 469.174, Subdivision (10)(a)(1). The duration of the district is 25 years.

Certification Request Date	4/26/1995
Year First Increment Received	2000
Date of Required Decertification	12/31/2025
Tax Increment Revenue - 2005	\$ 51,749
Current Net Tax Capacity	41,561
Original Net Tax Capacity	4,516
Captured Net Tax Capacity	37,045
Captured Net Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	37,045
Financial Obligations:	
Limited Revenue Note – Original Obligation	772,000
Outstanding Revenue Note 12-31-05	827,333

4. Tax Increment Financing District No. 1-8 within Development District No. 1 (Torborg)

Tax Increment Financing District No. 1-8, a housing district within Development District No. 1, was established January 5, 1999 under authority of Minnesota Statutes, Section 469.124 through 469.134 and 469.174 through 469.179, all inclusive, as amended. The duration of the district is 25 years to December 31, 2026.

The City has elected to make a qualifying contribution in accordance with Minnesota Statutes, Section 273.1399, subdd 6 (d) in order to qualify District No. 1-8 for exemption from state aid losses as set forth in Section 273.139.

Certification Request Date	03/03/99
Year First Increment Received	2001
Date of Required Decertification	12/31/2026
Tax Increment Revenue - 2005	\$ 12,710
Current Net Tax Capacity	10,570
Original Net Tax Capacity	25
Captured Net Tax Capacity	10,545
Captured Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	10,545
Financial Obligations:	
Limited Revenue Note – Original Obligation	152,107
Outstanding Revenue Note 12-31-05	152,107

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

H, Tax Increment Financing (Continued)

5. Tax Increment Financing District No. 1-9 within Development District No. 1 (Northcrest)

Tax Increment Financing District No. 1-9, a qualified housing district within Development District No. 1 was established March 6, 2001 under authority of Minnesota Statutes 469.124 through 469.134, inclusive, as amended, and M.S. Section 469.174 through 469.179, inclusive, as amended. The Duration of the district is 15 years from the receipt of the first tax increment.

Certification Request Date	6/27/2001
Year First Increment Received	2003
Date of Required Decertification	12/31/2017
Tax Increment Revenue - 2005	\$ 22,041
Current Net Tax Capacity – estimated upon completion	18,435
Original Net Tax Capacity	149
Captured Net Tax Capacity – estimated upon completion	18,286
Captured Tax Capacity, shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority – estimated upon completion	18,286

6. Tax Increment Financing District No. 2-10 (Kanabec Hospital)

Tax Increment Financing District No. 2-10 was established in 2001 under the authority of Minnesota Statutes 469.174, Subdivision 10. The duration of the district is 25 years after receipt of the first increment.

Certification Request Date	6/29/2001
Year First Increment Received	N/A
Date of Required Decertification	12/31/2028
Tax Increment Revenue-2005	\$ 22,041
Current Net Tax Capacity	171,876
Original Net Tax Capacity	54,968
Captured Net Tax Capacity	116,908
Captured Net Tax Capacity shared with other taxing jurisdiction	--
Captured Tax Capacity retained by authority	116,908
Financial Obligations:	
Limited Revenue Note-Original Obligation	700,000
Outstanding Revenue Note at 12/31/2005	653,175

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

I. Electric Utility Rate Stabilization

A rate stabilization program was established in 1984 by setting aside excess cash reserves, shown each year as a non-operating expense on the Statement of Revenues and Expenses, to be used at a later date to minimize the effect of wholesale rate increases.

J. Federal Financial Assistance Programs

During the year ended December 31, 2005, the City incurred less than \$300,000 in federal expenditures. Therefore, the City does have to comply with the Single Audit requirements issued by the Comptroller General of the United States.

K. Contingencies and Commitments

In connection with the normal conduct of its affairs, the City is involved in various claims or litigations. It is the opinion of the City attorney that the final settlement of these matters will not materially affect the financial statements of the City.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

L. Electric Utility Commitments

The Public Utilities Commission purchases power from Southern Minnesota Municipal Power Agency (SMMPA) under a power sales contract which extends to April 1, 2030. Under the terms of the contract, the Commission is obligated to buy all the electrical power and energy needed to operate the electric utilities through the term of the contract. In addition, on January 1, 1995, the Public Utilities Commission entered into a Capacity Purchase Agreement with SMMPA, whereby SMMPA is entitled to the exclusive use of the net electric generating capability of the Diesel Generating Facilities and the electric energy associated therewith. The agreement can be cancelled by either party upon a five-year notice. Under the terms of the agreement, SMMPA is responsible for all costs associated with operations, maintenance, repairs, and liabilities of operating the Diesel Generating Facilities.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

Note 3: Detailed Notes on All Funds (Continued)

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Risk Management - Claims and Judgements

Significant losses are covered by commercial insurance for all major programs. These programs are life, health, property and liability, workers' compensation, unemployment, and disability. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts, if any, have not exceeded insurance coverage for the current year or the three prior years.

O. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in certain individual funds for the year ended December 31, 2005 as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Over</u>
General Fund	2,166,505	1,405,891	760,614
Special Revenue Funds:			
Cemetery	41,811	37,894	3,917
EDA	37,084	9,359	27,725
Capital Projects:			
Arthur extension	310	--	310
Airport land acquisition	46,878	--	46,878
Airport environmental	40,464	--	40,464
Hwy 23-65	16,788	--	16,788
Debt Service:			--
Maple Avenue	28,456	23,746	4,710

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

P. Defined Benefit Pension Plan - Statewide

1. Public Employees Retirement Association

a. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) which is a cost-sharing multiple-employer retirement plan. The plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by *social security* and Basic members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's 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 Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (*Method 1*) or a level accrual formula (*Method 2*). Under *Method 1*, the annuity accrual rate for a Basic member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Using *Method 2*, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all PERF members whose annuity is calculated using *Method 1*, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

P. Defined Benefit Pension Plan - Statewide (Continued)

1. Public Employees Retirement Association (Continued)

a. Plan Description (Continued)

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminate their public service.

PERA issues a publicly available financial report that included financial statements and required supplementary information for PERF. That report may be obtained by writing to:

PERA
514 St. Peter Street #200
St. Paul, Minnesota 55102
651-296-7460
800-652-9026

b. Funding Policy

Minnesota Statutes Chapter 353 set the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.1% and 5.1%, respectively, of their annual covered salary. PERF members are required to contribute 5.83% of their annual covered salary. The City of Mora is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 5.53% for Coordinated Plan PERF members, and 9.3% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2005, 2004, and 2003 were \$60,165, \$57,734, and \$54,216 respectively. The City's contributions to the public Employees Police and Fire Fund for the years ending December 31, 2005, 2004 and 2003 were \$-0-, \$27,811 and \$23,039, respectively. The City's contributions were equal to the contractually required contributions for each year set by state statute.

2. Mora Firefighters Relief Association

a. Plan Description

Members of the Mora Volunteer Fire Department are covered by a lump sum pension benefit or defined contribution plan. The Association administers this lump sum pension. Since this is a volunteer fire department, no salaries are involved.

All active volunteer firemen are covered. Minimum requirements for service pension are retirement age 50, an active member of the volunteer fire department for 10 years and an active member of the Association for 10 years. Minnesota state law controls the amount of pension and the handling and disbursement of these funds.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 3: Detailed Notes on All Funds (Continued)

P. Defined Benefit Pension Plan - Statewide (Continued)

2. Mora Firefighters Relief Association (Continued)

b. Related Party Transactions

During 2005, and as of December 2005, the Association held no securities by the city or other related parties.

c. Contributions

The total lump sum benefit for the 29 members as of December 31, 2005 was \$650,049. Pension assets totaled \$599,086, leaving a unfunded amount of \$50,963. Members do not contribute to the plan. Funding comes from 2% state aid and interest earnings on investments. During 2005 the state aid received by the Fire Relief was \$52,475.

NOTE 4: Change in Accounting Principle

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The City was required to implement GASB 34 no later than the year ended December 31, 2004. The City elected to implement GASB 34, including the infrastructure-related portion, during 2004. The most significant effects of implementing GASB 34 during 2004 were as follows:

- * Government-wide financial statements are prepared using full accrual accounting for all the City's activities.
- * Infrastructure and construction in progress for governmental activities has been capitalized and all capital assets are depreciated on the government-wide financial statements.
- * The basic fund financial statements focus on major funds rather than fund types.
- * *A Management Discussion and Analysis (MD&A)* is included as required supplementary information.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2005

NOTE 4: Change in Accounting Principle (Continued)

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

The City also implemented the following pronouncements during 2004, which did not have a material effect on the accompanying financial statements:

- * GASB Statement 36, *Recipient Reporting for Certain Shared Nonexchange Revenues* - an Amendment to GASB Statement 33.
- * GASB Statement 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* - an Amendment of GASB Statements No. 21 and No. 34.
- * GASB Statement 38, *Certain Financial Statement Note Disclosures* .

Note 5: Prior Period Adjustment

A prior period adjustment was needed to account for the issuance of revenues bonds to replace the temporary bond issuance originally accounted for in the Debt service fund. The adjustment affected the Water Utility Fund and Wastewater Utility Fund, both of which are proprietary funds. The revenues generated from these funds will be used to cover the principal and interest payments of this bond over its life.

City of Mora, Minnesota
COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES
December 31, 2005

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City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2005

	Special Revenue Funds			
	Storm Water Utility	Cemetery Fund	EDA	ED Revolving Loan
ASSETS				
Cash and investments	\$ 689	\$ 41,041	\$ 23,998	\$ 92,810
Accounts receivable	2,140	--	3,024	--
Interest receivable	--	930	--	--
Taxes receivable - delinquent	--	--	--	--
Special assessments receivable - Delinquent	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	6,840	--
Note receivable	--	--	--	--
Prepaid insurance	--	583	102	--
Total Current Assets	<u>2,829</u>	<u>42,554</u>	<u>33,964</u>	<u>92,810</u>
Restricted Assets:				
Cash and investments	--	91,369	--	--
Total Restricted Assets	<u>--</u>	<u>91,369</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 2,829</u>	<u>\$ 133,923</u>	<u>\$ 33,964</u>	<u>\$ 92,810</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 1,109	\$ --
Due to other funds	5,228	--	--	--
Deferred revenue	--	--	--	--
Total liabilities	<u>5,228</u>	<u>--</u>	<u>1,109</u>	<u>--</u>
Fund Balances:				
Reserved for Debt service	--	--	--	--
Reserved for other purposes	--	88,443	--	--
Unreserved	(2,399)	45,480	32,855	92,810
Total fund balances	<u>(2,399)</u>	<u>133,923</u>	<u>32,855</u>	<u>92,810</u>
Total liabilities and fund balances	<u>\$ 2,829</u>	<u>\$ 133,923</u>	<u>\$ 33,964</u>	<u>\$ 92,810</u>

TIF 1-7 EPC	TIF 2-2 Intrepid	TIF 1-8 Torborg Apartments	TIF 1-9 Housing CMHP	TIF 2-10 Clinic	Total
\$ 5,794	\$ 9,671	\$ 3,157	\$ --	\$ 296	\$ 177,456
--	--	--	--	--	5,164
--	--	--	--	--	930
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	6,840
--	--	--	--	--	--
--	--	--	--	--	685
<u>5,794</u>	<u>9,671</u>	<u>3,157</u>	<u>--</u>	<u>296</u>	<u>191,075</u>
--	--	--	--	--	91,369
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>91,369</u>
<u>\$ 5,794</u>	<u>\$ 9,671</u>	<u>\$ 3,157</u>	<u>\$ --</u>	<u>\$ 296</u>	<u>\$ 282,444</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,109
--	--	--	--	--	5,228
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,337</u>
--	--	--	--	--	--
--	--	--	--	--	88,443
<u>5,794</u>	<u>9,671</u>	<u>3,157</u>	<u>--</u>	<u>296</u>	<u>187,664</u>
<u>5,794</u>	<u>9,671</u>	<u>3,157</u>	<u>--</u>	<u>296</u>	<u>276,107</u>
<u>\$ 5,794</u>	<u>\$ 9,671</u>	<u>\$ 3,157</u>	<u>\$ --</u>	<u>\$ 296</u>	<u>\$ 282,444</u>

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2005

	Capital Projects Funds			
	Future Fire Equipment	Future Improvements	Arthur Extension	SE Utility Extension
ASSETS				
Cash and investments	\$ --	\$ 637,360	\$ --	\$ --
Accounts receivable	--	--	--	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	--	--	--	--
Special assessments receivable -				
Delinquent	--	--	--	--
Due from other funds	1,080	--	--	--
Due from other governments	--	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	--	--	--
Total Current Assets	<u>1,080</u>	<u>637,360</u>	<u>--</u>	<u>--</u>
Restricted Assets:				
Cash and investments	--	--	--	--
Total Restricted Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 1,080</u>	<u>\$ 637,360</u>	<u>\$ --</u>	<u>\$ --</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Due to other funds	8	--	15,666	8,500
Deferred revenue	--	--	--	--
Total liabilities	<u>8</u>	<u>--</u>	<u>15,666</u>	<u>8,500</u>
Fund Balances:				
Reserved for Debt service	--	--	--	--
Reserved for other purposes	--	--	--	--
Unreserved	1,072	637,360	(15,666)	(8,500)
Total fund balances	<u>1,072</u>	<u>637,360</u>	<u>(15,666)</u>	<u>(8,500)</u>
Total liabilities and fund balances	<u>\$ 1,080</u>	<u>\$ 637,360</u>	<u>\$ --</u>	<u>\$ --</u>

Street Projects 2004	Airport Land Acquisition 2004	Airport Environmental Assessment	Hwy 23-65	Total
\$ --	\$ (15,810)	\$ --	\$ --	\$ 621,550
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	1,080
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	(15,810)	--	--	622,630
--	--	--	--	--
--	--	--	--	--
\$ --	\$ (15,810)	\$ --	\$ --	\$ 622,630
\$ --	\$ --	\$ --	\$ --	\$ --
--	46,878	40,464	16,788	128,304
--	--	--	--	--
--	46,878	40,464	16,788	128,304
--	--	--	--	--
--	--	--	--	--
--	(62,688)	(40,464)	(16,788)	494,326
--	(62,688)	(40,464)	(16,788)	494,326
\$ --	\$ (15,810)	\$ --	\$ --	\$ 622,630

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2005

	Debt Service Funds			
	Ninth Street Improvements	Maple Avenue	Aquatic Center	Street Reconstruction 2003
ASSETS				
Cash and investments	\$ --	\$ 45,417	\$ --	\$ 42,200
Accounts receivable	--	--	--	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	--	785	--	2,209
Special assessments receivable - Delinquent	--	1,357	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	--	--	--
Total Current Assets	--	47,559	--	44,409
Restricted Assets:				
Cash and investments	--	--	--	--
Total Restricted Assets	--	--	--	--
Total assets	\$ --	\$ 47,559	\$ --	\$ 44,409
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Due to other funds	--	--	--	--
Deferred revenue	--	684	--	1,960
Total liabilities	--	684	--	1,960
Fund Balances:				
Reserved for Debt service	--	46,875	--	42,449
Reserved for other purposes	--	--	--	--
Unreserved	--	--	--	--
Total fund balances	--	46,875	--	42,449
Total liabilities and fund balances	\$ --	\$ 47,559	\$ --	\$ 44,409

Arthur Extension	Fire Station 2003	Street Construction 2004	Total	Total Nonmajor Governmental Funds
\$ --	\$ 103,173	\$ --	\$ 190,790	\$ 989,796
--	--	--	--	5,164
--	--	--	--	930
--	1,564	668	5,226	5,226
--	--	--	1,357	1,357
--	--	--	--	1,080
--	1,666	--	1,666	8,506
--	--	--	--	--
--	--	--	--	685
--	106,403	668	199,039	1,012,744
--	--	--	--	91,369
--	--	--	--	91,369
\$ --	\$ 106,403	\$ 668	\$ 199,039	\$ 1,104,113
\$ --	\$ --	\$ --	\$ --	\$ 1,109
--	--	141,028	141,028	274,560
--	1,190	529	4,363	4,363
--	1,190	141,557	145,391	280,032
--	105,213	(140,889)	53,648	53,648
--	--	--	--	88,443
--	--	--	--	681,990
--	105,213	(140,889)	53,648	824,081
\$ --	\$ 106,403	\$ 668	\$ 199,039	\$ 1,104,113

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2005

	Special Revenue Funds			
	Storm Water Utility	Cemetery Fund	EDA	ED Revolving Loan
REVENUES				
Property taxes	\$ --	\$ --	\$ --	\$ --
Tax increments	--	--	--	--
Special assessments	--	--	--	--
Charges for services	24,480	34,575	--	--
Intergovernmental revenue	--	--	6,840	--
Interest earnings	--	3,069	239	1,994
Miscellaneous -				
Contributions	--	--	2,280	--
Other	--	250	--	--
Total revenues	<u>24,480</u>	<u>37,894</u>	<u>9,359</u>	<u>1,994</u>
EXPENDITURES				
Public works	11,156	--	--	--
Cemetery	--	41,811	--	--
Housing development	--	--	--	--
Economic development	--	--	37,084	127
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>11,156</u>	<u>41,811</u>	<u>37,084</u>	<u>127</u>
Excess (deficiency) of revenues over (under) expenditures	13,324	(3,917)	(27,725)	1,867
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	--	--	--	--
Transfers in	--	7,384	40,000	--
Transfers out	--	(4,500)	--	--
Total other financing sources (uses)	<u>--</u>	<u>2,884</u>	<u>40,000</u>	<u>--</u>
Net change in fund balances	13,324	(1,033)	12,275	1,867
Fund balances - beginning	<u>(15,723)</u>	<u>134,956</u>	<u>20,580</u>	<u>90,943</u>
Fund balances - ending	<u>\$ (2,399)</u>	<u>\$ 133,923</u>	<u>\$ 32,855</u>	<u>\$ 92,810</u>

TIF 1-7 EPC	TIF 2-2 Intrepid	TIF 1-8 Torborg	TIF 1-9 CMHP	TIF 2-10 Clinic	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
14,826	51,748	12,710	22,041	46,685	148,010
--	--	--	--	--	--
--	--	--	--	--	59,055
--	--	--	--	--	6,840
395	186	247	--	--	6,130
--	--	--	--	--	2,280
--	--	--	--	--	250
<u>15,221</u>	<u>51,934</u>	<u>12,957</u>	<u>22,041</u>	<u>\$ 46,685</u>	<u>222,565</u>
--	--	--	--	--	11,156
--	--	--	--	--	41,811
--	49,191	12,710	21,290	--	83,191
14,826	--	--	--	45,816	97,853
--	--	--	--	--	--
--	--	--	--	--	--
<u>14,826</u>	<u>49,191</u>	<u>12,710</u>	<u>21,290</u>	<u>45,816</u>	<u>234,011</u>
395	2,743	247	751	869	(11,446)
--	--	--	--	--	--
--	--	--	--	--	47,384
--	--	--	--	--	(4,500)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>42,884</u>
395	2,743	247	751	869	31,438
<u>5,399</u>	<u>6,928</u>	<u>2,910</u>	<u>(751)</u>	<u>(573)</u>	<u>244,669</u>
<u>\$ 5,794</u>	<u>\$ 9,671</u>	<u>\$ 3,157</u>	<u>\$ --</u>	<u>\$ 296</u>	<u>\$ 276,107</u>

City of Mora, Minnesota
Nonmajor Governmental Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Capital Project Funds			
	Future Fire Equipment	Future Improvements	Arthur Extension	SE Utility Extention
REVENUES				
Property taxes	\$ --	\$ --	\$ --	\$ --
Tax increments	--	--	--	--
Special assessments	--	--	--	--
Charges for services	--	--	--	--
Intergovernmental revenue	33,030	--	--	--
Interest earnings	499	8,695	--	--
Miscellaneous -				
Contributions	--	5,000	--	--
Other	--	1,088	--	--
Total revenues	<u>33,529</u>	<u>14,783</u>	<u>--</u>	<u>--</u>
EXPENDITURES				
Public works	--	--	--	--
Cemetery	--	--	--	--
Housing development	--	--	--	--
Economic development	--	--	--	--
Debt service	--	--	--	--
Capital projects	477	--	15,666	--
Total expenditures	<u>477</u>	<u>--</u>	<u>15,666</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	33,052	14,783	(15,666)	--
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	--	--	--	--
Transfers in	11,970	11,000	--	--
Transfers out	(125,224)	(233,630)	--	--
Total other financing sources (uses)	<u>(113,254)</u>	<u>(222,630)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(80,202)	(207,847)	(15,666)	--
Fund balances - beginning	<u>81,274</u>	<u>845,207</u>	<u>--</u>	<u>(8,500)</u>
Fund balances - ending	<u>\$ 1,072</u>	<u>\$ 637,360</u>	<u>\$ (15,666)</u>	<u>\$ (8,500)</u>

Street Projects 2004	Airport Land Acquisition 2004	Airport Environmental Assesment	Hwy 23-65	Total
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	33,030
--	--	--	--	9,194
--	--	--	--	5,000
--	--	--	--	1,088
--	--	--	--	48,312
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	46,878	40,464	16,788	120,273
--	46,878	40,464	16,788	120,273
--	(46,878)	(40,464)	(16,788)	(71,961)
--	--	--	--	--
161,602	--	--	--	184,572
--	(15,810)	--	--	(374,664)
161,602	(15,810)	--	--	(190,092)
161,602	(62,688)	(40,464)	(16,788)	(262,053)
(161,602)	--	--	--	756,379
\$ --	\$ (62,688)	\$ (40,464)	\$ (16,788)	\$ 494,326

City of Mora, Minnesota
Nonmajor Governmental Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2005

	Debt Service Funds			
	Ninth Street Improvements	Maple Avenue	Aquatic Center	Street Reconstruction 2003
REVENUES				
Property taxes	\$ --	\$ 21,847	\$ --	\$ 43,104
Tax increments	--	--	--	--
Special assessments	--	697	--	--
Charges for services	--	--	--	--
Intergovernmental revenue	--	--	--	--
Interest earnings	--	1,202	129	--
Miscellaneous -				
Contributions	--	--	--	--
Other	--	--	--	--
Total revenues	<u>--</u>	<u>23,746</u>	<u>129</u>	<u>43,104</u>
EXPENDITURES				
Public works	--	--	--	--
Cemetery	--	--	--	--
Housing development	--	--	--	--
Economic development	--	--	--	--
Debt service	--	28,456	--	37,612
Capital projects	--	--	--	--
Total expenditures	<u>--</u>	<u>28,456</u>	<u>--</u>	<u>37,612</u>
Excess (deficiency) of revenues over (under) expenditures	--	(4,710)	129	5,492
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	--	--	--	--
Transfers in	--	--	--	--
Transfers out	(277)	--	(5,260)	--
Total other financing sources (uses)	<u>(277)</u>	<u>--</u>	<u>(5,260)</u>	<u>--</u>
Net change in fund balances	(277)	(4,710)	(5,131)	5,492
Fund balances - beginning	<u>277</u>	<u>51,585</u>	<u>5,131</u>	<u>36,957</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ 46,875</u>	<u>\$ --</u>	<u>\$ 42,449</u>

Arthur Extension	Fire Station	Street Construction 2004	Total	Total Nonmajor Governmental Funds
\$ --	\$ 66,027	\$ 20,713	\$ 151,691	\$ 151,691
--	--	--	--	148,010
11,120	--	--	11,817	11,817
--	--	--	--	59,055
143,162	--	--	143,162	183,032
11,802	--	--	13,133	28,457
--	--	--	--	--
--	51,978	--	51,978	59,258
--	--	--	--	1,338
<u>166,084</u>	<u>118,005</u>	<u>20,713</u>	<u>371,781</u>	<u>642,658</u>
--	--	--	--	11,156
--	--	--	--	41,811
--	--	--	--	83,191
--	--	--	--	97,853
1,638,845	104,725	--	1,809,638	1,809,638
--	--	--	--	120,273
<u>1,638,845</u>	<u>104,725</u>	<u>--</u>	<u>1,809,638</u>	<u>2,163,922</u>
(1,472,761)	13,280	20,713	(1,437,857)	(1,521,264)
1,615,000	--	--	1,615,000	1,615,000
64,086	--	--	64,086	296,042
(132,317)	--	(161,602)	(299,456)	(678,620)
<u>1,546,769</u>	<u>--</u>	<u>(161,602)</u>	<u>1,379,630</u>	<u>1,232,422</u>
74,008	13,280	(140,889)	(58,227)	(288,842)
<u>(74,008)</u>	<u>91,933</u>	<u>--</u>	<u>111,875</u>	<u>1,112,923</u>
<u>\$ --</u>	<u>\$ 105,213</u>	<u>\$ (140,889)</u>	<u>\$ 53,648</u>	<u>\$ 824,081</u>

City of Mora, Minnesota
Storm Water Utility - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Storm Water Fees	\$ 25,000	\$ 24,480	\$ (520)
Interest	250		(250)
Total revenues	<u>25,250</u>	<u>24,480</u>	<u>(770)</u>
EXPENDITURES			
Professional services	15,000	6,156	8,844
Miscellaneous	750	--	750
Capital Outlay	--	5,000	(5,000)
Total expenditures	<u>15,750</u>	<u>11,156</u>	<u>4,594</u>
Net change in fund balances	9,500	13,324	(5,364)
Fund balances - beginning	<u>(15,723)</u>	<u>(15,723)</u>	<u>--</u>
Fund balances - ending	<u><u>\$ (6,223)</u></u>	<u><u>\$ (2,399)</u></u>	<u><u>\$ (5,364)</u></u>

City of Mora, Minnesota
 Cemetery Fund - Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interments	\$ 28,000	\$ 19,950	\$ (8,050)
Perpetual Care	3,750	2,925	(825)
Sale of lots	15,000	11,700	(3,300)
Investment earnings	2,000	3,069	1,069
Miscellaneous	250	250	--
Total revenues	<u>49,000</u>	<u>37,894</u>	<u>(11,106)</u>
EXPENDITURES			
Professional services	22,875	17,375	(5,500)
Salaries	12,644	13,313	669
Capital outlay	9,000	7,384	(1,616)
Miscellaneous	5,913	3,739	(2,174)
Total expenditures	<u>50,432</u>	<u>41,811</u>	<u>(8,621)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,432)	(3,917)	(2,485)
OTHER FINANCING SOURCES (USES)			
Transfer in	9,000	7,384	(1,616)
Transfer out	(4,500)	(4,500)	--
Total other financing sources (uses)	<u>4,500</u>	<u>2,884</u>	<u>(1,616)</u>
Net change in fund balances	3,068	(1,033)	(4,101)
Fund balances - beginning	<u>134,956</u>	<u>134,956</u>	<u>--</u>
Fund balances - ending	<u>\$ 138,024</u>	<u>\$ 133,923</u>	<u>\$ (4,101)</u>

City of Mora, Minnesota
Economic Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
State Grants & Aids	\$ --	\$ 6,840	\$ 6,840
Contributions	--	2,280	2,280
Investment earnings	250	239	(11)
Total revenues	<u>250</u>	<u>9,359</u>	<u>9,109</u>
EXPENDITURES			
Professional services	28,270	10,771	17,499
Salaries	1,808	21,078	(19,270)
Miscellaneous	7,250	5,235	2,015
Total expenditures	<u>37,328</u>	<u>37,084</u>	<u>244</u>
Excess (deficiency) of revenues over (under) expenditures	(37,078)	(27,725)	9,353
OTHER FINANCING SOURCES (USES)			
Transfer in	40,000	40,000	--
Total other financing sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>--</u>
Net change in fund balance	2,922	12,275	9,353
Fund balances - beginning	<u>20,580</u>	<u>20,580</u>	<u>--</u>
Fund balances - ending	<u>\$ 23,502</u>	<u>\$ 32,855</u>	<u>\$ 9,353</u>

City of Mora, Minnesota
Economic Development Revolving Loan - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 1,000	\$ 1,994	\$ 994
Total revenues	<u>1,000</u>	<u>1,994</u>	<u>994</u>
EXPENDITURES			
Professional services	--	127	127
Total expenditures	<u>--</u>	<u>127</u>	<u>127</u>
Net change in fund balances	1,000	1,867	867
Fund balances - beginning	<u>90,943</u>	<u>90,943</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 91,943</u></u>	<u><u>\$ 92,810</u></u>	<u><u>\$ 867</u></u>

City of Mora, Minnesota
TIF 1-7 EPC - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ 15,000	\$ 14,826	\$ (174)
Investment earnings	400	395	(5)
Total revenues	<u>15,400</u>	<u>15,221</u>	<u>(179)</u>
EXPENDITURES			
Professional services	1,900	1,483	(417)
Economic development	13,500	13,343	(157)
Miscellaneous	--	--	--
Total expenditures	<u>15,400</u>	<u>14,826</u>	<u>(574)</u>
Net change in fund balances	--	395	395
Fund balances - beginning	<u>5,399</u>	<u>5,399</u>	<u>--</u>
Fund balances - ending	<u>\$ 5,399</u>	<u>\$ 5,794</u>	<u>\$ 395</u>

City of Mora, Minnesota
TIF 2-2 Intrepid - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ 37,000	\$ 51,748	\$ 14,748
Investment earnings	200	186	(14)
Total revenues	<u>37,200</u>	<u>51,934</u>	<u>14,734</u>
EXPENDITURES			
Professional services	2,000	2,460	460
Housing development	35,000	46,731	11,731
Miscellaneous	--	--	--
Total expenditures	<u>37,000</u>	<u>49,191</u>	<u>12,191</u>
Net changes in fund balances	200	2,743	2,543
Fund balances - beginning	<u>6,928</u>	<u>6,928</u>	<u>--</u>
Fund balances - ending	<u>\$ 7,128</u>	<u>\$ 9,671</u>	<u>\$ 2,543</u>

City of Mora, Minnesota
TIF 1-8 Torborg Apartments - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ 12,000	\$ 12,710	\$ 710
Investment earnings	100	247	147
Total revenues	<u>12,100</u>	<u>12,957</u>	<u>857</u>
EXPENDITURES			
Professional services	2,500	3,033	533
Housing development	11,000	9,677	(1,323)
Miscellaneous	--	--	--
Total expenditures	<u>13,500</u>	<u>12,710</u>	<u>(790)</u>
Net change to fund balances	(1,400)	247	1,647
Fund balances - beginning	<u>2,910</u>	<u>2,910</u>	<u>--</u>
Fund balances - ending	<u>\$ 1,510</u>	<u>\$ 3,157</u>	<u>\$ 1,647</u>

City of Mora, Minnesota
TIF 1-9 Housing CMHP - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ 25,000	\$ 22,041	\$ (2,959)
Total revenues	<u>25,000</u>	<u>22,041</u>	<u>(2,959)</u>
EXPENDITURES			
Professional services	2,500	351	(2,149)
Housing development	22,500	20,939	(1,561)
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>25,000</u>	<u>21,290</u>	<u>(3,710)</u>
Net change to fund balances	--	751	751
Fund balances - beginning	<u>(751)</u>	<u>(751)</u>	<u>--</u>
Fund balances - ending	<u>\$ (751)</u>	<u>\$ --</u>	<u>\$ 751</u>

City of Mora, Minnesota
TIF 2-10 Clinic - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 46,685	\$ 46,685
Total revenues	<u> --</u>	<u>46,685</u>	<u>46,685</u>
EXPENDITURES			
Professional services	--	4,052	4,052
Economic development	--	41,764	41,764
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u> --</u>	<u>45,816</u>	<u>45,816</u>
Net change to fund balances	--	869	869
Fund balances - beginning	<u>(573)</u>	<u>(573)</u>	<u>--</u>
Fund balances - ending	<u>\$ (573)</u>	<u>\$ 296</u>	<u>\$ 869</u>

City of Mora, Minnesota
 Future Fire Equipment - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ 33,030	\$ 33,030
Interest earnings	--	499	499
Total revenues	--	33,529	33,529
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	477	477
Miscellaneous	--	--	--
Total expenditures	--	477	477
Excess (deficiency) of revenues over (under) expenditures	--	33,052	33,052
OTHER FINANCING SOURCES (USES)			
Transfers in	--	11,970	11,970
Transfers out	--	(125,224)	(125,224)
Total other financing sources (uses)	--	(113,254)	(113,254)
Net change in fund balances	--	(80,202)	(80,202)
Fund balances - beginning	81,274	81,274	--
Fund balances - ending	\$ 81,274	\$ 1,072	\$ (80,202)

City of Mora, Minnesota
 Future Improvements - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	8,695	8,695
Miscellaneous	--	6,088	6,088
Total revenues	<u>--</u>	<u>14,783</u>	<u>14,783</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	--	14,783	14,783
OTHER FINANCING SOURCES (USES)			
Transfers in	11,500	11,000	(500)
Transfers out	<u>(109,500)</u>	<u>(233,630)</u>	<u>(124,130)</u>
Total other financing sources (uses)	<u>(98,000)</u>	<u>(222,630)</u>	<u>(124,630)</u>
Net change in fund balances	(98,000)	(207,847)	(109,847)
Fund balances - beginning	<u>845,207</u>	<u>845,207</u>	<u>--</u>
Fund balances - ending	<u>\$ 747,207</u>	<u>\$ 637,360</u>	<u>\$ (109,847)</u>

City of Mora, Minnesota
 Arthur Extension - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	310	310
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>310</u>	<u>310</u>
Excess (deficiency) of revenues over (under) expenditures	--	(310)	(310)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	(15,356)	(15,356)
Total other financing sources (uses)	<u>--</u>	<u>(15,356)</u>	<u>(15,356)</u>
Net change in fund balances	--	(15,666)	(15,666)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ (15,666)</u>	<u>\$ (15,666)</u>

City of Mora, Minnesota
SE Utility Extension - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	--	--	--
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	--	--
Fund balances - beginning	<u>(8,500)</u>	<u>(8,500)</u>	<u>--</u>
Fund balances - ending	<u><u>\$ (8,500)</u></u>	<u><u>\$ (8,500)</u></u>	<u><u>\$ --</u></u>

City of Mora, Minnesota
 2004 Street Project - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	--	--	--
OTHER FINANCING SOURCES (USES)			
Transfers in	--	161,602	161,602
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>161,602</u>	<u>161,602</u>
Net change in fund balances	--	161,602	161,602
Fund balances - beginning	<u>(161,602)</u>	<u>(161,602)</u>	<u>--</u>
Fund balances - ending	<u>\$ (161,602)</u>	<u>\$ --</u>	<u>\$ 161,602</u>

City of Mora, Minnesota
 Airport Land Acquisition - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	46,878	46,878
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>46,878</u>	<u>46,878</u>
Excess (deficiency) of revenues over (under) expenditures	--	(46,878)	(46,878)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	(15,810)	(15,810)
Total other financing sources (uses)	<u>--</u>	<u>(15,810)</u>	<u>(15,810)</u>
Net change in fund balances	--	(62,688)	(62,688)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ (62,688)</u>	<u>\$ (62,688)</u>

City of Mora, Minnesota
 Airport Environmental Assessment - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	40,464	40,464
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>40,464</u>	<u>40,464</u>
Excess (deficiency) of revenues over (under) expenditures	--	(40,464)	(40,464)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(40,464)	(40,464)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u><u>\$ --</u></u>	<u><u>\$ (40,464)</u></u>	<u><u>\$ (40,464)</u></u>

City of Mora, Minnesota
 Highway 23-65 - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	16,788	16,788
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>16,788</u>	<u>16,788</u>
Excess (deficiency) of revenues over (under) expenditures	--	(16,788)	(16,788)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(16,788)	(16,788)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ (16,788)</u>	<u>\$ (16,788)</u>

City of Mora, Minnesota
 Ninth Street Improvements - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ --	\$ --	\$ --
Special assessments	--	--	--
Federal grants	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Principal	--	--	--
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	--	--	--
OTHER FINANCING SOURCES (USES)			
Interest income		--	--
Proceeds from bond sale		--	--
Transfer in (out)	--	(277)	(277)
Total other financing sources (uses)	<u>--</u>	<u>(277)</u>	<u>(277)</u>
Net change in fund balances	--	(277)	(277)
Fund balances - beginning	--	277	277
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

City of Mora, Minnesota
Maple Avenue - Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 20,000	\$ 21,847	\$ 1,847
Special assessments	--	697	697
Investment earnings	--	1,202	1,202
Total revenues	<u>20,000</u>	<u>23,746</u>	<u>3,746</u>
EXPENDITURES			
Principal	25,000	25,000	--
Interest	<u>3,500</u>	<u>3,456</u>	<u>(44)</u>
Total expenditures	<u>28,500</u>	<u>28,456</u>	<u>(44)</u>
Net change in fund balances	(8,500)	(4,710)	3,790
Fund balances - beginning	<u>51,585</u>	<u>51,585</u>	<u>--</u>
Fund balances - ending	<u>\$ 43,085</u>	<u>\$ 46,875</u>	<u>\$ 3,790</u>

City of Mora, Minnesota
 Aquatic Center - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ --	\$ --	\$ --
Investment earnings	--	129	129
Total revenues	--	129	129
EXPENDITURES			
Principal	--	--	--
Interest	--	--	--
Total expenditures	--	--	--
Excess (deficiency) of revenues over (under) expenditures	--	129	129
OTHER FINANCING SOURCES (USES)			
Transfer out	--	(5,260)	(5,260)
Total Other Financing Sources (Uses)	--	(5,260)	(5,260)
Net change in fund balances	--	(5,131)	(5,131)
Fund balances - beginning	5,131	5,131	--
Fund balances - ending	\$ 5,131	\$ --	\$ (5,131)

City of Mora, Minnesota
 2003 Street Reconstruction - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 44,100	\$ 43,104	\$ (996)
Interest	800	--	(800)
Total revenues	<u>44,900</u>	<u>43,104</u>	<u>(1,796)</u>
EXPENDITURES			
Principal	35,000	35,000	--
Interest	2,500	2,437	(63)
Miscellaneous	190	175	(15)
Total expenditures	<u>37,690</u>	<u>37,612</u>	<u>(78)</u>
Net change in fund balances	7,210	5,492	(1,718)
Fund balances - beginning	<u>36,957</u>	<u>36,957</u>	<u>--</u>
Fund balances - ending	<u>\$ 44,167</u>	<u>\$ 42,449</u>	<u>\$ (1,718)</u>

City of Mora, Minnesota
 Arthur Extension - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ --	\$ --	\$ --
Special assessments	--	11,120	11,120
Federal grants	--	143,162	143,162
Total revenues	--	154,282	154,282
EXPENDITURES			
Principal	--	1,615,000	1,615,000
Interest	--	23,845	23,845
Miscellaneous	--	--	--
Total expenditures	--	1,638,845	1,638,845
Excess (deficiency) of revenues over (under) expenditures	--	(1,484,563)	(1,484,563)
OTHER FINANCING SOURCES (USES)			
Interest income	--	11,802	11,802
Proceeds from bond sale	--	1,615,000	1,615,000
Transfer in (out)	--	(68,231)	(68,231)
Total other financing sources (uses)	--	1,558,571	1,558,571
Net change in fund balances	--	74,008	74,008
Fund balances - beginning	(74,008)	(74,008)	--
Fund balances - ending	\$ (74,008)	\$ --	\$ 74,008

City of Mora, Minnesota
 Fire Station 2003 - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 67,512	\$ 66,027	\$ (1,485)
Township contributions	51,978	51,978	--
Interest	2,000	--	(2,000)
Total revenues	<u>121,490</u>	<u>118,005</u>	<u>(3,485)</u>
EXPENDITURES			
Principal	60,000	60,000	--
Interest	44,000	44,550	550
Miscellaneous	190	175	(15)
Total expenditures	<u>104,190</u>	<u>104,725</u>	<u>535</u>
Excess (deficiency) of revenues over (under) expenditures	17,300	13,280	(4,020)
OTHER FINANCING SOURCES (USES)			
Transfer in	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	17,300	13,280	(4,020)
Fund balances - beginning	<u>91,933</u>	<u>91,933</u>	<u>--</u>
Fund balances - ending	<u>\$ 109,233</u>	<u>\$ 105,213</u>	<u>\$ (4,020)</u>

City of Mora, Minnesota
 2004 Street Construction - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 21,500	\$ 20,713	\$ (787)
Township contributions	--	--	--
Federal grants	--	--	--
Total revenues	<u>21,500</u>	<u>20,713</u>	<u>(787)</u>
EXPENDITURES			
Principal	--	--	--
Interest	6,000	--	(6,000)
Miscellaneous	--	--	--
Total expenditures	<u>6,000</u>	<u>--</u>	<u>(6,000)</u>
Excess (deficiency) of revenues over (under) expenditures	15,500	20,713	5,213
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	--	(161,602)	(161,602)
Total other financing sources (uses)	<u>--</u>	<u>(161,602)</u>	<u>(161,602)</u>
Net change in fund balances	15,500	(140,889)	(156,389)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ 15,500</u>	<u>\$ (140,889)</u>	<u>\$ (156,389)</u>

City of Mora, Minnesota
Municipal Liquor Store - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings-Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ --	\$ 2,089,631	\$ (2,089,631)
Total Operating Revenues	<u>--</u>	<u>2,089,631</u>	<u>(2,089,631)</u>
Operating Expenses:			
Cost of sales	--	1,572,287	(1,572,287)
Employee services	--	167,813	(167,813)
Supplies	--	64,496	(64,496)
Other services & charges	--	11,000	(11,000)
Depreciation	--	8,410	(8,410)
Total Operating Expenses	<u>--</u>	<u>1,824,006</u>	<u>(1,824,006)</u>
Operating Income (Loss)	--	265,625	(265,625)
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	--	8,673	(8,673)
Gain on sale of fixed assets	--	42,889	(42,889)
Miscellaneous	--	5,120	(5,120)
Total Non-Operating Revenues	<u>--</u>	<u>56,682</u>	<u>(56,682)</u>
Income before Transfers	--	322,307	(322,307)
Transfers:			
Transfers (out)	--	(270,000)	270,000
Total Transfers	<u>--</u>	<u>(270,000)</u>	<u>270,000</u>
Net Income (Loss)	--	52,307	(52,307)
Retained Earnings, January 1	<u>780,424</u>	<u>780,424</u>	<u>--</u>
Retained Earnings, December 31	<u>\$ 780,424</u>	<u>\$ 832,731</u>	<u>\$ (52,307)</u>

City of Mora, Minnesota
Electric Utility Fund - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings-Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 3,500,000	\$ 3,632,674	\$ (132,674)
Total Operating Revenues	<u>3,500,000</u>	<u>3,632,674</u>	<u>(132,674)</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	441,248	391,683	49,565
Supplies	423,632	298,759	124,873
Other services & charges	2,750,000	3,200,666	(450,666)
Depreciation	250,000	223,159	26,841
Total Operating Expenses	<u>3,864,880</u>	<u>4,114,267</u>	<u>(249,387)</u>
Operating Income (Loss)	(364,880)	(481,593)	116,713
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	100,000	87,246	12,754
Gain on sale of fixed assets	--	--	--
Miscellaneous	426,000	566,694	(140,694)
Total Non-Operating Revenues	<u>526,000</u>	<u>653,940</u>	<u>(127,940)</u>
Income before Transfers	161,120	172,347	(11,227)
Transfers:			
Transfers (out)	(150,000)	(150,000)	--
Total Transfers	<u>(150,000)</u>	<u>(150,000)</u>	<u>--</u>
Net Income (Loss)	11,120	22,347	(11,227)
Retained Earnings, January 1	<u>6,518,649</u>	<u>6,518,649</u>	<u>--</u>
Retained Earnings, December 31	<u>\$ 6,529,769</u>	<u>\$ 6,540,996</u>	<u>\$ (11,227)</u>

City of Mora, Minnesota
Water Utility Fund - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings-Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 384,000	\$ 402,091	\$ (18,091)
Total Operating Revenues	<u>384,000</u>	<u>402,091</u>	<u>(18,091)</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	175,513	174,524	989
Supplies	95,658	121,886	(26,228)
Other services & charges	50,000	35,084	14,916
Depreciation	90,000	106,117	(16,117)
Total Operating Expenses	<u>411,171</u>	<u>437,611</u>	<u>(26,440)</u>
Operating Income (Loss)	(27,171)	(35,520)	8,349
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	18,000	18,854	(854)
Gain on sale of fixed assets	--	--	--
Miscellaneous	475	7,576	(7,101)
Total Non-Operating Revenues	<u>18,475</u>	<u>26,430</u>	<u>(7,955)</u>
Income before Operating Transfers	(8,696)	(9,090)	394
Operating Transfers:			
Transfer in	--	66,158	(66,158)
Transfers (out)	(60,000)	(29,946)	(30,054)
Total Operating Transfers	<u>(60,000)</u>	<u>36,212</u>	<u>(96,212)</u>
Net Income (Loss)	(68,696)	27,122	(95,818)
Prior Period Adjustment	--	(807,500)	(807,500)
Retained Earnings, January 1	<u>4,128,349</u>	<u>4,128,349</u>	<u>--</u>
Retained Earnings, December 31	<u>\$ 4,059,653</u>	<u>\$ 3,347,971</u>	<u>\$ (903,318)</u>

City of Mora, Minnesota
Wastewater Utility Fund - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings-Budget and Actual
For the Year Ended December 31, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 619,000	\$ 649,939	\$ (30,939)
Total Operating Revenues	<u>619,000</u>	<u>649,939</u>	<u>(30,939)</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	175,513	179,853	(4,340)
Supplies	135,290	113,036	22,254
Other services & charges	30,000	28,333	1,667
Depreciation	<u>170,000</u>	<u>178,516</u>	<u>(8,516)</u>
Total Operating Expenses	<u>510,803</u>	<u>499,738</u>	<u>11,065</u>
Operating Income (Loss)	108,197	150,201	(42,004)
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	10,000	12,411	(2,411)
Gain on sale of fixed assets	--	--	--
Miscellaneous	<u>2,000</u>	<u>1,325</u>	<u>675</u>
Total Non-Operating Revenues	<u>12,000</u>	<u>13,736</u>	<u>(1,736)</u>
Income before Operating Transfers	120,197	163,937	(43,740)
Operating Transfers:			
Transfer in	--	66,158	(66,158)
Transfers (out)	<u>(273,000)</u>	<u>(239,140)</u>	<u>(33,860)</u>
Total Operating Transfers	<u>(273,000)</u>	<u>(172,982)</u>	<u>(100,018)</u>
Net Income (Loss)	(152,803)	(9,045)	(143,758)
Prior Period Adjustment	--	(807,500)	(807,500)
Retained Earnings, January 1	<u>4,734,509</u>	<u>4,734,509</u>	<u>--</u>
Retained Earnings, December 31	<u>\$ 4,581,706</u>	<u>\$ 3,917,964</u>	<u>\$ (951,258)</u>

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2005

FINANCIAL SECTION (CONTINUED)

SCHEDULES

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF MORA

COMBINED SCHEDULE OF BONDS PAYABLE
For the Year Ended December 31, 2005

<u>General Obligation Bonds</u>	<u>Interest Rates & Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Payment</u>	<u>Authorization</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
\$220,000 G.O. Improvement Bonds, 1996	4.45%; 4.65%; 4.90%; 5.00%; 5.10%; 5.20%; 5.30%; 5.45%; 5.50%; 5.60%; (2/1, 8/1)	8/8/96	2/1/07	25,000 (2004-07)*	220,000	220,000	170,000	50,000
G.O. Refunding Bonds, Series 2003B	2.40% to 3.25% (2/1, 8/1)	12/3/03	2/1/11	1,610,000 (2004-09)	1,610,000	1,610,000	205,000	1,405,000
G.O. Fire Station Bonds, Series 2003	2.50% to 4.20% (2/1, 8/1)	12/3/03	2/1/19	1,290,000 (2004-19)	1,290,000	1,290,000	60,000	1,230,000
G.O. Street Reconstruction Bonds, Series 2003	2.50% (2/1, 8/1)	12/3/03	2/1/07	115,000 (2004-06)	115,000	115,000	35,000	80,000
G.O. Temporary Loan Bonds, series 2003	2.75% (12/1, 6/1)	9/15/03	12/1/05	1,442,748 (2005)	1,615,000	1,615,000 **	1,615,000	--
Total General Obligation Bonds					4,850,000	4,850,000	2,085,000	2,765,000
<u>Other Long-Term Debt</u>								
\$175,000 G.O. Equipment Certificate, Series 1999A	4.40%; 4.50%; 4.60%; 4.70%; 4.80% (5/5, 11/5)	5/5/99	5/5/04	35,000 (2004)*	175,000	175,000	175,000	--
Total General Obligation Debt					5,025,000	5,025,000	2,260,000	2,765,000
<u>Revenue Bonds</u>								
\$300,000 G.O. Water Revenue Bonds of 1995	4.20%; 4.35%; 4.50%; 4.65% 4.80%; 4.90%; 5.00%; 5.15%; (5/1, 11/1)	11/1/95	11/1/05	73,000 (2004-05)	300,000	300,000	300,000	--
\$1,615,000 G.O. Water & Sewer Revenue Bonds of 2005	4.25% (1/1)	6/21/05	1/1/45	17,000 (2006)	1,615,000	1,615,000	--	1,615,000
Total Revenue Bonds					1,915,000	1,915,000	300,000	1,615,000
Total Bonds Payable					\$ 6,940,000	\$ 6,940,000	\$ 2,560,000	\$ 4,380,000

* Yearly Payment

** Includes bond discount of \$16,150.

CITY OF MORA, MINNESOTA

MUNICIPAL LIQUOR STORE FUND

Schedule of Gross Sales, Net Profit, Transfers Out, and Retained Earnings
Last Ten Fiscal Years

<u>Year</u>	<u>Gross Sales</u>	<u>Net Profit</u>	<u>Transfers Out</u>	<u>Retained Earnings</u>
1996	1,437,344	204,861	195,000	813,855
1997	1,466,152	219,151	195,000	838,006
1998	1,571,080	233,902	430,000	641,908
1999	1,709,491	253,822	205,000	690,730
2000	1,887,025	290,081	230,000	750,811
2001	1,971,198	281,629	260,000	772,440
2002	2,044,642	281,934	260,000	794,374
2003	2,021,408	247,304	270,000	771,678
2004	2,026,853	278,745	270,000	780,423
2005	2,089,631	322,307	270,000	832,731

CITY OF MORA, MINNESOTA

ELECTRIC UTILITY ENTERPRISE FUND

Schedule of Gross Sales, Net Profit, Transfer In, Transfers Out, and Retained Earnings
Last Ten Fiscal Years

<u>Year</u>	<u>Gross Sales</u>	<u>Net Profit</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Retained Earnings</u>
1996	4,040,786	558,351	--	120,500	4,705,660
1997	3,989,195	417,918	--	136,600	4,986,978
1998	4,292,970	393,197	--	276,600	5,103,575
1999	4,531,904	577,166	--	188,600	5,492,141
2000	4,215,396	407,463	--	144,100	5,755,504
2001	3,940,218	263,886	59,209	236,384	5,842,215
2002	3,603,273	368,351	20,791	130,850	6,100,507
2003	3,684,942	(45,253)	--	163,036	5,892,218
2004	3,974,016	114,129	--	150,000	5,856,347
2005	3,632,674	172,347	--	150,000	5,878,696

CITY OF MORA, MINNESOTA

ELECTRIC UTILITY FUND

Schedule of Services, Billing, KWH, and Revenues per KWH
For the Year Ended December 31, 2005

	Service	Amount	KWH	Revenues KWH
City Residential	1,618	\$ 799,782.00	11,113,644	0.0720
Rural Residential	101	90,851.00	1,217,369	0.0746
Small Commercial	208	503,785.00	7,023,884	0.0717
Large Commercial	30	787,348.00	12,100,237	0.0651
Industrial	4	1,421,034.00	23,812,756	0.0597
Government	21	48,996.00	1,022,177	0.0479
Street Lights	1	21,499.00	312,028	0.0689
Security Lights	146	15,519.00	178,694	0.0868
Wind Power	14	614.00	--	--
Total Retail Sales	2,143	\$ 3,689,428.00	56,780,789	0.0650
Cost of Power:				
Purchased Power		\$ 2,997,799.91		
Cost per KWH Sold		0.052796		
Total KWH Purchased		59,236,130		
Less: Station Power		<u>262,100</u>		
Net KWH to Feeders		58,974,030		
Less: Line Loss-3.72%		<u>2,193,241</u>		
KWH to Customers		<u><u>56,780,789</u></u>		

Peak Demand: 11,867 KW-- 5:00 P.M.--August 2, 2005.

CITY OF MORA, MINNESOTA

WATER UTILITY ENTERPRISE FUND

Schedule of Gross Sales, Net Profit, Transfers In, Transfers Out, and Retained Earnings
Last Ten Fiscal Years

Year	Gross Sales	Net Profit	Transfers In	Transfers Out	Retained Earnings
1996	263,060	80,861	--	--	947,251
1997	281,674	69,705	--	--	1,016,956
1998	286,476	85,198	--	--	1,102,154
1999	286,222	66,309	--	--	1,168,463
2000	321,758	78,791	--	--	1,247,254
2001	331,716	105,536	--	127,650	1,225,140
2002	363,207	119,135	--	--	1,344,275
2003	374,261	48,739	--	--	1,393,014
2004	424,726	33,745	--	58,428	1,368,331
2005	402,091	(9,090)	66,158	29,946	1,395,452

CITY OF MORA, MINNESOTA

WASTEWATER UTILITY ENTERPRISE FUND

Schedule of Gross Sales, Net Profit, Transfers In, Transfers Out, and Retained Earnings
Last Ten Fiscal Years

<u>Year</u>	<u>Gross Sales</u>	<u>Net Profit</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Retained Earnings</u>
1996	457,135	82,690	--	205,000	542,666
1997	510,091	145,440	--	205,000	483,106
1998	511,820	120,697	--	215,000	388,803
1999	507,382	105,903	--	205,000	289,706
2000	547,051	144,919	--	205,000	229,625
2001	563,822	189,519	100,033	235,795	283,382
2002	584,879	189,992	--	205,000	268,374
2003	594,661	148,308	--	205,000	211,682
2004	636,217	164,792	--	271,480	104,994
2005	649,939	163,937	66,158	239,140	95,948

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR REDEVELOPMENT DISTRICT NO. 1-7
 A TAX INCREMENT DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2005

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for In Prior Years Amount	2005 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 3,200,000	\$ --	\$ 374,844	\$ 14,826
Interest on invested funds	--	--	8,806	395
Total Sources of Funds	<u>3,200,000</u>	<u>--</u>	<u>383,650</u>	<u>15,221</u>
Uses of Funds:				
Land/building acquisition	70,182	--	--	--
Site improvements/preparation costs	1,402,468	--	--	--
Installation of public utilities	127,350	--	30,477	--
Loan/note interest payments	1,300,000	--	337,485	13,343
Administrative costs	<u>300,000</u>	<u>--</u>	<u>10,289</u>	<u>1,483</u>
Total Uses of Funds	<u>3,200,000</u>	<u>--</u>	<u>378,251</u>	<u>14,826</u>
District Balance (Deficiency)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,399</u>	<u>\$ 395</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR REDEVELOPMENT DISTRICT NO. 2-1
 A TAX INCREMENT FINANCE DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 2
 For the Fiscal Year Ended December 31, 2005

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2005 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 335,000	\$ 90,000	\$ 90,427	\$ --
Real estate sales	--	--	--	--
Total Sources of Funds	<u>335,000</u>	<u>90,000</u>	<u>90,427</u>	<u>--</u>
Uses of Funds:				
Land/building acquisition	20,000	30,500	30,499	--
Site improvements	180,000	40,000	40,000	--
Parking facilities	--	9,100	9,015	--
Streets & sidewalks	135,000	8,200	7,579	--
Administrative costs	--	2,200	2,224	--
Excess increments returned to county auditor	--	--	1,110	--
Total Uses of Funds	<u>335,000</u>	<u>90,000</u>	<u>90,427</u>	<u>--</u>
District Balance (Deficiency)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR REDEVELOPMENT DISTRICT NO. 2-2
 A TAX INCREMENT FINANCE DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 2
 For the Fiscal Year Ended December 31, 2005

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2005 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 4,059,927	\$ --	\$ 250,435	\$ 51,749
Loan proceeds	1,430,000	--	772,000	--
Interest on invested funds	--	--	7,454	186
Total Sources of Funds	<u>5,489,927</u>	<u>--</u>	<u>1,029,889</u>	<u>51,935</u>
Uses of Funds:				
Land/building acquisition	375,000	--	77,800	--
Site improvements	400,000	--	214,823	--
Installation of public facilities	50,000	--	90,900	--
Parking facilities	325,000	--	331,255	--
Streets & sidewalks	50,000	--	57,222	--
Loan principal payments	1,387,413	--	--	--
Loan/note interest payments	2,266,522	--	237,913	46,732
Administrative costs	230,000	--	13,048	2,460
Total Uses of Funds	<u>5,083,935</u>	<u>--</u>	<u>1,022,961</u>	<u>49,192</u>
District Balance (Deficiency)	<u>\$ 405,992</u>	<u>\$ --</u>	<u>\$ 6,928</u>	<u>\$ 2,743</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR HOUSING DISTRICT NO. 1-8
 A TAX INCREMENT FINANCING DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2005

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2005 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 400,000	\$ --	\$ 49,937	\$ 12,710
Interest on invested funds	--	--	779	247
Local contribution	40,000	--	--	--
Total Sources of Funds	440,000	--	50,716	12,957
Uses of Funds:				
Land/building acquisition	40,000	10,000	--	--
Construction costs	--	130,000	--	--
Site improvements/preparation costs	200,000	100,000	--	--
Installation of public utilities	20,000	20,000	--	--
Loan/note interest payments	140,000	140,000	37,896	9,677
Administrative costs	40,000	40,000	9,910	3,033
Total Uses of Funds	440,000	440,000	47,806	12,710
District Balance (Deficiency)	\$ --	\$ (440,000)	\$ 2,910	\$ 247

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR TAX INCREMENT FINANCING DISTRICT NO. 1-9
 A QUALIFIED HOUSING DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2005

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2005 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 704,000	\$ --	\$ 45,339	\$ 22,041
Interfund loans	30,000	--	30,000	--
Total Sources of Funds	<u>734,000</u>	<u>--</u>	<u>75,339</u>	<u>22,041</u>
Uses of Funds:				
Land/building acquisition	30,000	--	30,000	--
Site improvements	395,000	--	--	--
Installation of public utilities	10,000	--	--	--
Streets & sidewalks	10,000	--	--	--
Loan principal payments	30,000	--	30,000	--
Loan/note interest payments	223,000	--	13,072	20,939
Administrative costs	36,000	--	3,018	351
Total Uses of Funds	<u>734,000</u>	<u>--</u>	<u>76,090</u>	<u>21,290</u>
District Balance (Deficiency)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (751)</u>	<u>\$ 751</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR TAX INCREMENT FINANCING DISTRICT NO. 2-10
 A QUALIFIED HOUSING DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2005

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2005 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 3,000,000	\$ --	\$ 5,343	\$ 46,685
Local contributions	150,000	--	--	--
Total Sources of Funds	3,150,000	--	5,343	46,685
Uses of Funds:				
Land/building acquisition	550,000	--	--	--
Site improvements	500,000	--	--	--
Loan/note interest payments	1,980,000	--	5,061	41,764
Administrative costs	120,000	--	855	4,052
Total Uses of Funds	3,150,000	--	5,916	45,816
District Balance (Deficiency)	\$ --	\$ --	\$ (573)	\$ 869

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CITY OF MORA, MINNESOTA

ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2005

STATISTICAL SECTION

STATISTICAL DATA TABLES

The statistical section presents comparative data. The data includes information on statutory debt limitations and on overlapping debt. The statistical tables reflect social and economic data, financial trends and the fiscal capacity of the city. This section is intended to serve investors in city bonds and other interested in financial statistics of municipal government.

CITY OF MORA, MINNESOTA

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years

Year	General Government	Public Safety	Public Works	Culture and Recreation	Miscellaneous*	Total
1996	225,766	479,644	272,880	120,620	97,069	1,195,979
1997	204,878	511,951	386,434	135,906	121,623	1,360,792
1998	216,295	554,798	294,118	125,465	133,098	1,323,774
1999	245,333	545,665	333,319	184,861	479,740	1,788,918
2000	274,751	584,332	295,322	229,000	142,883	1,526,288
2001	246,703	652,110	287,787	240,235	205,884	1,632,719
2002	280,150	715,734	285,858	229,556	81,880	1,593,178
2003	251,489	747,978	342,125	263,708	100,823	1,706,823
2004	229,350	694,648	383,424	281,614	104,117	1,693,153
2005	555,039	792,290	483,618	224,631	110,927	2,166,505

* Miscellaneous - includes airport.

(1) Includes General Fund expenditures only.

CITY OF MORA, MINNESOTA
GENERAL REVENUES BY SOURCE
Last Ten Fiscal Years (1)

Year	Taxes	Special Assessments	Licenses and Permits	Inter- governmental Revenue	Charges for Services	Fines and Forfeits	Miscellaneous Revenue	Total
1996	152,098	2,290	38,809	553,808	112,500	35,831	70,488	965,824
1997	187,227	3,072	32,563	648,847	126,219	36,359	76,166	1,110,453
1998	182,330	15,137	48,181	648,995	94,338	33,496	64,162	1,086,639
1999	195,697	6,769	34,880	1,038,070	159,403	45,980	45,563	1,526,362
2000	207,413	6,017	40,082	694,802	175,192	40,071	83,502	1,247,079
2001	263,057	25,635	49,702	697,146	208,769	30,317	99,287	1,373,913
2002	194,791	2,093	68,999	789,728	193,456	29,860	64,056	1,342,983
2003	182,936	243	38,002	832,833	259,732	22,266	49,672	1,385,684
2004	201,301	--	92,093	1,137,798	242,864	36,732	91,743	1,802,531
2005	232,660	--	67,338	758,369	231,358	37,987	31,360	1,359,072

(1) Includes General Fund revenues only.

CITY OF MORA, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes as a Percentage of Current Levy
1996	208,601	203,706	97.65%	4,557	208,263	99.84%	338	0.16%
1997	219,558	213,220	97.11%	5,634	218,854	99.68%	704	0.32%
1998	238,613	231,901	97.19%	5,932	237,833	99.67%	780	0.33%
1999	258,920	250,302	96.67%	7,549	257,851	99.59%	1,069	0.41%
2000	305,876	293,093	95.82%	11,362	304,455	99.54%	1,421	0.46%
2001	363,712	346,393	95.24%	13,453	359,846	98.94%	3,866	1.06%
2002	364,242	352,532	96.79%	3,521	356,053	97.75%	8,189	2.25%
2003	360,522	344,290	95.50%	10,027	344,290	95.50%	16,232	4.50%
2004	412,218	392,013	95.10%	--	392,013	95.10%	20,205	4.90%
2005	410,340	384,438	93.69%	--	384,438	93.69%	25,902	6.31%

(1) Real estate and mobile home property tax levy less state paid Homestead and Agricultural Credit Aid (HACA).

(2) On records of Kanabec County auditor.

This schedule reflects property tax levies and collections only.

CITY OF MORA, MINNESOTA

SPECIAL ASSESSMENTS LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Year	Total Assessed	Current Assessments Collected	Percent of Total	Delinquent Assessments Collected	Total Collections	Percent Total Collections Total Assessed	Total Delinquent by Each Year (1)
1996	15,158	13,376	88.24%	--	13,376 *	88.24%	--
1997	13,584	11,717	86.26%	165	11,882 *	87.47%	--
1998	24,467	22,638	92.52%	206	22,844 *	93.37%	--
1999	13,320	12,705	95.38%	615	13,320	100.00%	--
2000	8,465	8,465	100.00%	--	8,465	100.00%	--
2001	35,190	35,150	99.89%	40	35,190	100.00%	--
2002	2,360	2,297	97.33%	63	2,360	100.00%	--
2003	1,271	1,251	98.43%	20	1,271	100.00%	--
2004	893	833	93.28%	60	893	100.00%	--
2005	2,900	2,844	98.07%	--	2,844	98.07%	56

(1) On records of Kanabec County auditor.

* \$11,028 special assessments written off in year 1993-98. Parcel conveyed to City in 1999 in lieu of payment.

This schedule reflects special assessments levies and collections only.

CITY OF MORA, MINNESOTA

TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Year	Real Property Net Tax Capacity (1)	Estimated Market Value	Personal Property Tax Capacity	Estimated Market Value	Total Net Tax Capacity (1)	Total Estimated Market Value (1)
1996	1,452,482	70,656,600	37,428	878,500	1,489,910	71,535,100
1997	1,544,102	79,507,500	35,519	837,000	1,579,621	80,344,500
1998	1,441,440	80,732,200	31,146	839,200	1,472,586	81,571,400
1999	1,352,012	82,477,600	27,763	849,100	1,379,775	83,326,700
2000	1,393,401	85,790,300	26,548	882,300	1,419,949	86,672,600
2001	1,462,649	91,106,600	24,150	811,800	1,486,799	91,918,400
2002	1,219,159	99,771,900	14,538	834,000	1,233,697	100,605,900
2003	1,318,795	110,325,500	18,356	1,078,000	1,337,151	111,403,500
2004	1,555,620	130,541,700	18,256	1,073,100	1,573,876	131,614,800
2005	1,851,352	162,724,100	14,460	1,165,000	1,865,812	163,889,100

(1) Includes TIF parcels

CITY OF MORA, MINNESOTA

TAX CAPACITY PERCENT OF OVERLAPPING TAXING DISTRICTS
Last Ten Fiscal Years

Year	Tax Capacity County (1)	City Percent of County Tax Capacity	Tax Capacity City (1)	City Percent School Tax Capacity	Tax Capacity School (1)
1996	4,735,610	31%	1,489,910	42%	3,516,840
1997	5,152,092	31%	1,579,621	41%	3,821,191
1998	5,168,582	28%	1,472,586	39%	3,775,818
1999	5,274,410	26%	1,379,775	37%	3,760,200
2000	5,606,544	25%	1,419,949	35%	4,040,505
2001	6,135,613	24%	1,486,799	34%	4,420,354
2002	5,890,992	21%	1,233,697	30%	4,074,143
2003	6,659,897	20%	1,337,151	29%	4,584,610
2004	7,870,920	20%	1,573,876	29%	5,445,344
2005	7,954,179	23%	1,865,812	34%	5,523,621

(1) Includes TIF Parcels.

DIRECT AND OVERLAPPING PROPERTY TAX RATES AND TAX LEVIES
ALL OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Direct and Overlapping Tax Rates as a Percentage of Net Tax Capacity

<u>Year</u>	<u>City</u>	<u>School</u>	<u>County</u>	<u>Region</u>	<u>Total</u>
1996	14.020%	53.854%	76.652%	0.248%	144.774%
1997	14.346%	52.401%	75.257%	0.221%	142.225%
1998	16.620%	51.595%	78.189%	0.215%	146.619%
1999	19.105%	54.982%	82.911%	0.244%	157.242%
2000	22.550%	54.658%	75.244%	0.238%	152.690%
2001	25.381%	53.941%	78.973%	0.219%	158.514%
2002	30.800%	21.140%	96.589%	0.270%	148.799%
2003	28.437%	19.922%	92.225%	0.264%	140.848%
2004	27.045%	17.256%	82.960%	0.229%	127.490%
2005	23.888%	15.963%	80.918%	0.201%	120.970%

Direct and Overlapping Tax Levies

<u>Year*</u>	<u>City</u>	<u>School</u>	<u>County</u>	<u>Region</u>	<u>Total</u>
1996	205,142	1,879,577	3,598,716	11,662	5,695,097
1997	214,899	1,959,586	3,815,903	11,181	6,001,569
1998	234,378	1,916,191	3,987,927	10,949	6,149,445
1999	253,588	1,569,029	4,318,931	12,725	6,154,273
2000	298,756	2,156,761	4,312,521	154,146	6,922,184
2001	354,417	2,335,625	4,774,104	159,717	7,623,863
2002	353,589	864,192	5,890,992	196,691	7,305,464
2003	353,591	913,331	6,142,069	202,592	7,611,583
2004	404,282	939,630	6,529,868	208,670	8,082,450
2005	410,340	1,215,114	7,710,675	214,930	9,551,059

* Due and payable

CITY OF MORA, MINNESOTA

RATIO OF NET GENERAL BONDED DEBT
TO TAX CAPACITY AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Year	Population	Tax Capacity (1)	Gross Bonded Debt	Debt Service Monies Available	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Tax Capacity (1)	Net Bonded Debt per Capita
1996	2,999	1,463,205	5,024,200	744,519	3,841,500	438,181	.30:1	146.11
1997	2,999	1,497,974	4,622,500	627,899	3,811,200	183,401	.12:1	61.15
1998	3,105	1,410,214	4,178,800	467,434	3,536,100	175,266	.12:1	56.44
1999	3,113	1,327,339	4,004,100	398,962	3,163,100	442,038	.33:1	142.00
2000	3,193	1,324,860	3,613,400	375,003	2,839,100	399,297	.30:1	125.05
2001	3,235	1,396,387	3,206,200	358,109	2,115,000	529,391	.38:1	163.65
2002	3,304	1,147,991	2,782,000	387,529	1,945,000	499,971	.44:1	151.33
2003	3,421	1,243,428	6,435,748	2,029,295	3,125,748	1,280,705	1.03:1	374.37
2004	3,444	1,494,826	4,742,000	548,610	3,262,000	931,390	.62:1	370.44
2005	3,560	1,865,812	4,380,000	7,971,444	3,020,000	562,856	.30:1	158.11

(1) Excludes captured tax capacity \$26,705 in 1996, \$81,647 in 1997, \$62,372 in 1998, \$52,436 in 1999, \$95,089 in 2000, \$90,412 in 2001, \$85,706 in 2002, \$93,723 in 2003, \$79,050 in 2004, \$116,908 in 2005.

CITY OF MORA, MINNESOTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2005

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
City of Mora	\$ 4,380,000	100.00%	\$ 4,380,000
Kanabec County	10,655,000	23.00%	2,450,650
Independent School District #332	5,655,000	34.00%	1,922,700
Total Direct and Overlapping Debt	\$ 20,690,000	42.31%	\$ 8,753,350

CITY OF MORA, MINNESOTA

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2005

The "Net Debt" of a local governmental unit is for the purpose of the statutory debt limit only. Net debt represents the bonded indebtedness payable principally from general property taxes, less debt service fund cash and investments reserved for the payment of these bonds. The statutory limitation on net debt is 2% of the most recent market value of taxable property within the municipality. Pursuant to Minnesota Statutes 1976, Section 475.53 the City's net debt is computed as follows:

Total Bonded Debt		\$ 4,380,000
Less:		
	Special Assessments Bonds	50,000
	1995 Water Revenue Bonds	--
	2005 GO Water & Sewer Revenue Bonds	1,615,000
	2003 Temporary Bonds	--
	2003B Refunding Bonds	<u>1,405,000</u>
	Net G.O. Bonded Debt	<u>\$ 1,310,000</u>
DEBT LIMIT:	2% X Market Value	
	2% X \$163,889,100	\$ 3,277,782
	Less: Net G.O. Bonded Debt	<u>1,310,000</u>
	Legal Debt Margin	<u><u>\$ 1,967,782</u></u>

CITY OF MORA, MINNESOTA

RATIO OF ANNUAL DEBT SERVICES EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

Year	Principal	Interest	Total Debt Service	Total General Expenditure	Ratio of Debt Service to General Expenditures (Percent)
1996	--	--	--	1,195,979	--
1997	--	--	--	1,360,792	--
1998	--	--	--	1,323,774	--
1999	--	4,025	4,025	1,788,918	0.225%
2000	35,000	7,280	42,280	1,526,288	2.770%
2001	35,000	5,722	40,722	1,632,719	2.494%
2002	35,000	4,130	39,130	1,593,178	2.460%
2003	35,000	2,502	37,502	1,706,123	2.200%
2004	35,000	31,849	66,849	1,693,153	3.948%
2005	95,000	46,988	141,988	2,166,505	6.553%

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CITY OF MORA, MINNESOTA

SCHEDULE OF INSURANCE IN FORCE
For the Fiscal Year End of 2005

Types of Coverage & Name of Company	Number	Period
Liquor Liability - LMCIT	LLC 1357	7/01/05-06
Worker's Compensation Insurance - LMCIT	200047320	6/30/05-06
Multiperil - City and Utility - LMCIT	CMC-26261	7/1/05-06
Comprehensive Law Enforcement	Included in Multiperil.	
Tank Leak - Municipal Airport - LMCIT	MPS-1538	7/1/05-06
Open Meeting Law Defense - LMCIT	OML-3742	7/1/05-06
Municipal Excess Liability - LMCIT	MEL-5302	7/1/05-06

Table XI

<u>Details of Coverage</u>	<u>Coinsurance</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Liquor Liability		1,000,000	4,145
Standard Worker's Compensation	Statutory	1,000,000	52,480
(A) Multiperil bodily injury/property damage CSL	A	1,000,000	102,270
(B) Equipment	B	Actual Cash Value	
(C) Products	C	1,000,000	
(D) Blanket building & contents-city & utility	D	26,280,948	
(E) Theft money security	E	100,000	
(F) Auto each occurrence	F	1,000,000	
(G) Fire damage	G	50,000	
(H) Depositor forgery	H	100,000	
(I) Faithful performance bonds	I	200,000	
(J) Public officials & employees	J	1,000,000	
Tank Release of Fuel		212,500	439
Reimbursable Costs		50,000	424
Excess of Minimum Coverage		1,000,000	1,350

CITY OF MORA, MINNESOTA

PRINCIPAL CITY OFFICIALS
SALARY AND SURETY BONDS
For the Fiscal Year Ended December 31, 2005

Roger Crawford	Mayor	\$ 4,000
Greg Ardner	Council Person	2,400
David Chmiel	Council Person	2,400
Mark Gravich	Council Person	2,400
Robert Jensen	Council Person	2,400
Joel Dhein	Administrator	64,018
Mason Hjelle	Clerk/Treasurer	56,122
Campbell Knutson	City Attorney - Civil	8,749
Joe Loren	City Attorney - Prosecution	27,400
George Baldwin	Utilities Commissioner - Chairman	1,800
Dennis Schulz	Utilities Commissioner	1,500
Steve Ahlness	Utilities Commissioner	1,500
Robert Jagusch	Utilities Superintendent	66,043
Steven Froehlich	Pool Manager	19,835
Gene Anderson	Street Superintendent	56,588
Chris Olson	Chief of Police	56,122
Gene Anderson	Fire Chief	3,726
Daniel Greene	Liquor Store Manager	51,198

The City has a public officials liability policy for \$1,000,000.

CITY OF MORA, MINNESOTA

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Year	Population (1)	Per Capita Income (1)	Median Age (1)	Education Level % 12 Years or More	School Enrollments K-12 (2)	County Unemployment Rate (Percent) (3)
1996	2,999	N/A	N/A	N/A	2,033	9.6%
1997	2,999	N/A	N/A	N/A	2,039	7.7%
1998	3,105	N/A	N/A	N/A	2,049	6.6%
1999	3,113	19,347	N/A	N/A	1,993	6.3%
2000	3,193	19,947	40	78	1,950	8.2%
2001	3,235	20,411	N/A	N/A	1,940	9.2%
2002	3,304	N/A	N/A	N/A	1,931	9.4%
2003	3,421	N/A	N/A	N/A	1,888	12.0%
2004	3,444	N/A	N/A	N/A	1,889	8.2%
2005	3,560	N/A	N/A	N/A	1,862	7.8%

(1) State Demographer.

(2) Independent School District #332.

(3) State of Minnesota Department of Economic Security (December figures).

N/A=not available

CITY OF MORA, MINNESOTA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
Last Ten Fiscal Years

Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2) (In Thousands)	Property Value (3)	
	Number of Units	Value	Number of Units	Value		Commercial/ Industrial	Residential
1996	48	5,068,470	85	1,034,400	183,695	21,241,300	48,096,900
1997	41	1,588,790	65	3,518,640	206,839	22,331,200	53,314,130
1998	23	5,588,900	83	935,085	196,627	21,241,300	49,051,300
1999	23	1,270,100	90	1,800,050	195,228	22,656,100	59,600,400
2000	24	2,031,000	89	1,861,350	196,558	24,653,300	61,911,900
2001	28	1,235,000	122	4,313,250	252,947	22,866,700	59,618,700
2002	30	6,476,995	125	4,832,200	268,567	22,569,100	74,512,200
2003	32	2,439,875	89	2,002,000	305,256	23,863,000	84,991,500
2004	39	3,396,300	225	* 4,816,950 *	369,501	29,445,900	99,128,700
2005	30	1,324,485	131	3,581,850	352,127	32,735,400	104,276,300

(1) Based on building permits issued by Building Inspection Department. Property values are estimated construction costs.

(2) Bank deposits included balances in 2 commercial banks and 1 co-operative credit union.

(3) Data provided by County Assessor's Office.

* 120 permits were for roofing needed after a hailstorm.

CITY OF MORA, MINNESOTA

Table XV

FIVE LARGEST TAXPAYERS
December 31, 2005

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Net Tax Capacity</u>	<u>Percentage of Total Net Tax Capacity</u>
Engineered Polymers Corp.	Plastic Injection Molding	\$ 58,190	3.12%
Kanabec County	Clinic	44,243	2.37%
Gorham Housing Partners	Apartments	41,561	2.23%
Jonathan S. Miner	Industrial	33,489	1.79%
Coborn's Inc.	Retail Store	<u>32,578</u>	<u>1.75%</u>
		<u>\$ 210,061</u>	<u>11.26%</u>

CITY OF MORA, MINNESOTA
MISCELLANEOUS STATISTICAL DATA

Date of Corporation	May 19, 1882
First Charter Adopted	Statutory City
Form of Government	Mayor - Council (Plan A)
Area	4.31 Square Miles 2,757 Acres 108 Acres - Water 2,649 Acres - Land

BUILDING PERMITS		
<u>Year</u>	<u>Numbers</u>	<u>Estimated Costs</u>
1996	133	6,102,870
1997	106	5,107,430
1998	106	6,523,985
1999	113	3,070,150
2000	113	3,892,350
2001	150	5,548,250
2002	155	11,309,195
2003	121	4,441,875
2004	264*	8,213,250
2005	161	4,906,335

*Includes 120 permits for roofing required after a hailstorm.

CITY OF MORA, MINNESOTA

Table XVI
(Continued)

MISCELLANEOUS STATISTICAL DATA

Education:

Number of schools by type:	
High school (Grades 7-12)	1
Elementary school (4-6)	1
Elementary school (K-3)	1
Number of public administrative personnel	5.75
Number of public school teachers	132
Number of clerical support personnel	10
Number of support personnel	103
Number of students enrolled for 2003-2004 K-12 school year	1,862

Recreation:

Number of parks	5
Number of playgrounds	3
Number of swimming pools	1
Number of tennis courts	11
Number of baseball/softball fields	8
Number of skateboard parks	1

Elections:

Federal, state, and local general election-November 2, 2004	
Number of registered voters	2,171
Number of votes cast	1,738

CITY OF MORA

Table XVI
(Continued)

MISCELLANEOUS STATISTICAL DATA

Employees (City & Utility):

Full-time	28
Part-time (includes 28 firefighters)	39
Seasonal (parks, pool, & cemetery)	37

Electric Department:

Number of customers	1,896
Average daily consumption in kwh	155,564
Annual retail sales	\$ 3,632,674

Water Department:

Number of customers	1,143
Average daily consumption in gallons	271,090
Annual sales	\$ 402,091

Wastewater Department:

Number of customers	1,182
Annual sales	\$ 649,939

Fire Protection:

Number of stations	1
Number of volunteer firefighters	28

Police Protection:

Number of stations	1
Number of employees - full-time	6
- part-time	3
- reserves	3
Vehicular patrol units	6
Part 1 crimes - year ended 12/31/05	199
Part 2 crimes - year ended 12/31/05	485
Total part 1 and 2 crimes	684
Total arrests for part 1 and part 2 crimes	359
Jail facilities for adults plus separate quarters for juveniles (1)	15

(1) Function of Kanabec County.

CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004

AUDITOR'S REPORT SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE MINNESOTA LEGAL COMPLIANCE AUDIT GUIDE

Honorable Mayor and Common Council
City of Mora, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mora, Minnesota as of and for the year ended December 31, 2005, which collectively comprise the City of Mora, Minnesota's basic financial statements and have issued our report thereon dated March 15, 2006. 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, and the provisions of a *Legal Compliance Audit Guide*, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 665.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Mora's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would material in relation to the employees in the normal course of performing their aligned function. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mora's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. The *Legal Compliance Audit Guide* covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all the listed categories. The results of our test indicate that for the items tested, the City complied with the material terms and condition of applicable legal provisions.

Further for the items not tested, based on our audit, the procedures referred to above, nothing came to our attention to indicate that the City had not complied with such legal provision.

This report is intended for the information of the audit committee, management, and federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Althoff & Nordquist, LLC
Pine City, Minnesota
March 15, 2006