

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE CITY OF
MORA, MINNESOTA
FOR THE
FISCAL YEAR ENDED
December 31, 2006

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, 2006
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City of Mora, Minnesota

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City of Mora, Minnesota
INTRODUCTORY SECTION
December 31, 2006

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CITY OF MORA MORA MUNICIPAL UTILITIES

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Fax 320.679.3862

320.679.1451

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

April 15, 2007

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, 2006. 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, management's 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 (fourth class) under authority of Minnesota Statutes, Chapter 412. This option utilizes a strong council/weak mayor form of government with bi-annual 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 3568 according to the 2006 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 one, 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, the debt service funds, and certain 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. Since the City of Mora's levy increase was within guidelines established by the Minnesota Department of Revenue, the city was not required to hold a TNT meeting in 2006.

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:

	2006	2005	2004	2003
General Fund	\$261,991	\$207,228	\$207,228	\$177,228
Debt Service Fund	\$208,524	\$203,112	\$197,054	\$176,363

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 ninety per cent of the tax increments received. The city retains the remaining ten per cent 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 eight commissioners who represent the city council, the public 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 project adjacent to Kanabec Hospital. The city began receiving tax increments in 2004. Ninety per cent of the increments is paid to Kanabec County on a pay-as-you-go note.

Tax Increment District No. 1-11

Tax Increment District No. 1-11 was established in 2006 for the demolition of the ice cream plant and site preparations for a Kanabec State Bank building. The city and the bank will be reimbursed for allowable expenditures through tax increments.

Debt Service Funds (Form L)

See Notes to the Financial Statements and Schedule I, 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 2006, the city's bond rating from Moody's Investors Service was raised from Baa2 to Baa1. 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.

Financial Policies' Impact on 2006 Financial Statements

The City of Mora's policy to require a one-per-cent issuing fee for conduit financing resulted in \$78,500 of unbudgeted revenue in 2006.

Long-Term Financial Planning

The city council frequently updates the city's street reconstruction, capital improvement, and fire vehicle replacement plans. The city staff prepares a debt service fund projection schedule which shows the impact of financing on the debt service tax levies.

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 2006. The auditor's opinion is included in this report.

Certificate 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, 2005. The certificate of achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

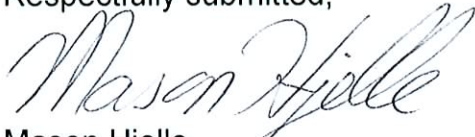
In order to be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose content conforms to program standards. The report must satisfy both generally accepted accounting principles and applicable legal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

A handwritten signature in cursive script, reading "Mason Hjelle". The signature is written in dark ink and is positioned above the printed name and title.

Mason Hjelle
Clerk/Treasurer-Finance Director

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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, 2005

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.

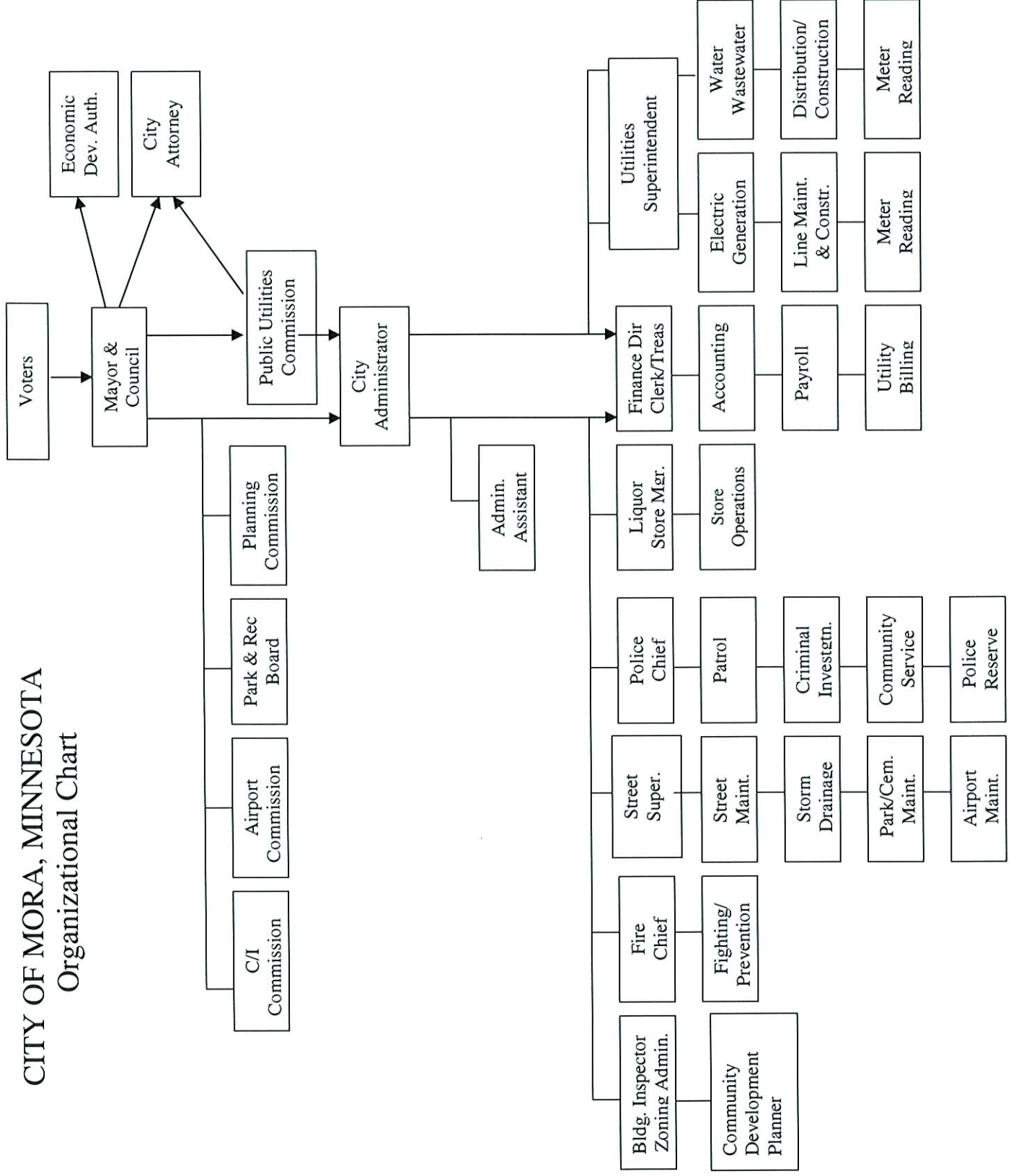


President

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 - Prosecution
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, 2006

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Althoff and Nordquist, LLC

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MEMBERS
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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, 2006 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, 2006, 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 May 15, 2007 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, budgetary comparison, supplementary financial information, 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, schedules, budgetary comparison, and supplementary financial information 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.

A handwritten signature in cursive script, likely reading "Althoff & Nordquist, LLC", written in dark ink.

Althoff & Nordquist, LLC
Pine City, Minnesota
May 15, 2007

City of Mora, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006

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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, 2006. 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 \$22,216,720 (net assets). Of this amount, \$5,653,241 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.
- * The city's total net assets increased by \$2,392,543 in 2006.
- * At the close of the fiscal year, governmental fund balances totaled \$1,870,700.
- * As of December 31, 2006, the unreserved fund balance of the General Fund was \$759,788. This amount was 39.8% of the General Fund's total expenditures in 2006.

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, such as, Water Utilities, are provided to customers external to the city organization.

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 \$22,216,720. This is a \$2,392,543 increase over last year's net assets of \$19,824,177. 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 1,938,810	\$ 319,054	\$ 6,807,285	\$ 6,497,328	\$ 8,746,095	\$ 6,816,382
Capital assets (net)	9,467,118	7,786,171	10,616,906	10,263,664	20,084,024	18,049,835
Total Assets	11,405,928	8,105,225	17,424,191	16,760,992	28,830,119	24,866,217
Other liabilities	507,349	155,710	618,050	506,330	1,125,399	662,040
Long-term liabilities	3,525,000	2,765,000	1,963,000	1,615,000	5,488,000	4,380,000
Total Liabilities	4,032,349	2,920,710	2,581,050	2,121,330	6,613,399	5,042,040
Net Assets:						
Invested in capital assets, net of related debt	5,587,118	5,021,171	8,636,906	8,648,664	14,224,024	13,669,835
Restricted	693,843	(1,489,667)	1,645,612	1,599,906	2,339,455	110,239
Unrestricted	1,092,618	1,653,011	4,560,623	4,391,092	5,653,241	6,044,103
Total Net Assets	\$ 7,373,579	\$ 5,184,515	\$ 14,843,141	\$ 14,639,662	\$ 22,216,720	\$ 19,824,177

The city reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$2,189,064 for governmental activities and \$203,479 for business-type activities. The city's overall financial position improved during 2006.

Change in Net Assets. The city's total revenues for the year ended were \$2,972,646. The city's total program expenses were \$1,767,734. The following table provides a summary of the city's changes in net assets for the year ended December 31, 2006:

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	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues						
Charge for services	\$ 437,518	\$ 364,277	\$ 8,572,179	\$ 7,357,048	\$ 9,009,697	\$ 7,721,325
Operating grants and contributions	1,169,152	941,401	--	--	1,169,152	941,401
Capital grants and contributions	--	5,000	--	--	--	5,000
General revenues						
Property taxes	479,292	436,268	--	--	479,292	436,268
Tax increment	135,836	148,010	--	--	135,836	148,010
Investment earnings	47,997	70,134	227,299	170,073	275,296	240,207
Other revenue	702,851	--	--	--	702,851	--
Total Revenue	<u>2,972,646</u>	<u>1,965,090</u>	<u>8,799,478</u>	<u>7,527,121</u>	<u>11,772,124</u>	<u>9,492,211</u>
Program Expenses:						
General government	420,214	555,039	--	--	420,214	555,039
Public safety	368,624	792,290	--	--	368,624	792,290
Public works	340,559	494,774	--	--	340,559	494,774
Cemetery	19,715	41,811	--	--	19,715	41,811
Culture and recreation	205,117	224,631	--	--	205,117	224,631
Housing & ED	280,672	181,044	--	--	280,672	181,044
Capital projects	--	13,865	--	--	--	13,865
Miscellaneous	--	115,722	--	--	--	115,722
Interest on long-term debt	132,833	115,858	--	--	132,833	115,858
Liquor	--	--	1,985,734	1,824,006	1,985,734	1,824,006
Electric	--	--	4,551,322	4,114,267	4,551,322	4,114,267
Water	--	--	459,607	439,609	459,607	439,609
Wastewater	--	--	615,184	499,738	615,184	499,738
Total Expenses	<u>1,767,734</u>	<u>2,535,034</u>	<u>7,611,847</u>	<u>6,877,620</u>	<u>9,379,581</u>	<u>9,412,654</u>
Increase in net assets before transfers	1,204,912	(569,944)	1,187,631	649,501	2,392,543	79,557
Transfers	984,152	556,770	(984,152)	(556,770)	--	--
Change in net assets	2,189,064	(13,174)	203,479	92,731	2,392,543	79,557
Prior period adjustment	--	--	--	(1,615,000)	--	(1,615,000)
Beginning net assets	5,184,515	5,197,689	14,639,662	16,161,931	19,824,177	21,359,620
Ending net assets	<u>\$ 7,373,579</u>	<u>\$ 5,184,515</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>

Significant changes in fund balances and in total net assets:

The total net assets of governmental activities increased significantly in 2006. The increase resulted from additional revenues from special assessments, bond sales, and a transfer from the Electric Fund to the City Hall Capital Project Fund. Reductions in program expenses also contributed to the increase in 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 are explained below:

The city transferred an unbudgeted \$526,394 from the General Fund to the City Hall Capital Project Fund to cover renovation costs. This amount included \$400,000 which had been previously restricted for the project.

The city council purchased additional land when obtaining property for the airport runway extension. The \$84,550 cost of the land was not budgeted.

The city received an unbudgeted fee of \$75,820 for a conduit financing issue.

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, 2006, the city had invested \$20,084,024 in capital assets, including buildings, facilities, vehicles, and equipment. This amount represents a net increase prior to depreciation of \$2,948,469 from last year. Total depreciation expense for the year was \$917,967. 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	
	2006	2005	2006	2005	2006	2005
Non-Depreciable Assets:						
Land	\$ 1,289,673	\$ 959,615	\$ 233,662	\$ 233,662	\$ 1,523,335	\$ 1,193,277
Construction in progress	--	--	--	--	--	--
Depreciable Assets:						
Buildings	2,469,309	1,950,277	1,443,334	1,245,118	3,912,643	3,195,395
Infrastructure	2,941,400	1,986,136	--	--	2,941,400	1,986,136
Improvements	1,674,707	1,767,968	7,625,027	7,382,575	9,299,734	9,150,543
Machinery, equipment, vehicles	1,092,029	1,122,175	1,314,883	1,402,309	2,406,912	2,524,484
Total	<u>\$ 9,467,118</u>	<u>\$ 7,786,171</u>	<u>\$ 10,616,906</u>	<u>\$ 10,263,664</u>	<u>\$ 20,084,024</u>	<u>\$ 18,049,835</u>

For further information, please refer to Note 3: D Capital Assets, pages 47-48.

Debt administration. At year end, the city had \$5,860,000 in general obligation bonds and other long-term debt outstanding, of which \$372,000 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	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 3,880,000	\$ 2,765,000	\$ --	\$ --	\$ 3,880,000	\$ 2,765,000
Revenue bonds	--	--	1,980,000	1,615,000	1,980,000	1,615,000
Total	<u>\$ 3,880,000</u>	<u>\$ 2,765,000</u>	<u>\$ 1,980,000</u>	<u>\$ 1,615,000</u>	<u>\$ 5,860,000</u>	<u>\$ 4,380,000</u>

For further information please refer to Note 3: F Long-term Debt, pages 49-51.

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

Capital Assets and Debt Administration (Continued)

The City of Mora maintains a Baa1 bond rating from Moody's Investor Service.

Factors Bearing on the City's Future

City Council

At the November 7th general election, Greg Ardner was elected to a four-year term as mayor. Beth Hallin was elected to a four-year city council position, and Dave Chmiel was elected to a two-year council term. In January 2007, Ardner resigned from his city council position to accept the mayoral position. The council appointed Mike Johnson to serve the remaining two years of Ardner's council position.

The city council and the city staff reviewed and made recommendations for the revisions of the ordinance code. The new code was scheduled to be adopted in 2007.

The city council accepted a proposal from the East Central Regional Development Center to complete a comprehensive plan for the city.

After a public hearing, the city council approved a street project and financing plan for projects which total about \$925,000.

The city council considered many locations for a police station or a library but did not make any final decisions.

During budget considerations, the city approved a 2% natural gas franchise fee to begin in 2007. At a latter meeting, the fee was set at \$2.87 monthly per customer.

Liquor Store

The city council reserved \$100,000 in Liquor Fund investments and retained earnings for a new building. A similar amount was approved to be reserved in 2007.

Public Utilities Commission

The PUC and the City of Quamba reached an agreement for Mora Municipal Utilities to accept sewage from Quamba through a pressurized line along Highway 23. SHE began a feasibility study on installing water and sewer lines across the airport to establish a collection point for the Quamba sewage and to provide services to the airport.

Virchow Krause & Co. completed a study on water and sewer rates for MMU. The PUC raised water rates 5% and sewer rates 20% to reach the break-even points indicated in the study.

Annexation

The city annexed 173 acres of land for airport runway extension and development.

By petition of the owner, the city annexed a 50-acre tract in the Arthur Township orderly annexation area.

The city also annexed a 5-acre parcel by petition of the owner.

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

Factors Bearing on the City's Future (Continued)

Highway 23

MnDOT and the city council reached an agreement for improving the frontage road and intersections along Highway 23 east of Mora. The project was to be funded by MnDOT and through tax increments.

Maple Avenue Project

Redstone Construction completed the \$1.6 million water, sewer, storm water, and street project on Maple Avenue East. Property owners were assessed \$422,000 for the improvements.

Bond Issue

The city issued \$1,835,000 of G.O. special assessment bonds to finance the Maple Avenue project and the street reconstruction projects from 2004 and 2006. Bond payments were to be made from tax levies, assessment revenues, water revenue, sewer revenues, and storm water fees.

Zoning

Acting on a recommendation from the planning commission, the council approved a new low-density residential R-4 designation. The R-4 classification required lots of at least one acre with 180 feet of frontage.

Airport

The city council purchased 173 acres for development of the airport. Except for 31 acres, the FAA agreed to fund 95% of the cost of the purchase.

The airport environmental assessment was completed, major land holdings were acquired, and FAA funding was apportioned. Construction on the runway extension was expected to start in June 2007.

Industrial Park

CMP Custom Molding purchased Lot 6 Block 1 in the Industrial Park Second Addition for \$18,000. CMP planned to construct a building for plastics manufacturing in 2007.

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.

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CITY OF MORA, MINNESOTA
BASIC FINANCIAL STATEMENTS
December 31, 2006

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City of Mora, Minnesota
Statement of Net Assets
December 31, 2006

	Governmental Activities	Business - Type Activities	2006 Total	2005 Total
ASSETS				
Cash and investments	\$ 1,512,271	\$ 3,903,992	\$ 5,416,263	\$ 3,788,125
Interest receivable	1,100	34,927	36,027	30,510
Accounts receivable	116,475	536,869	653,344	567,910
Due from other governmental units	15,725	--	15,725	14,283
Inventory	--	404,447	404,447	314,618
Loan receivable	151,567	--	151,567	171,084
Prepaid items	47,349	36,594	83,943	82,627
Special assessments	--	144,844	144,844	155,950
Restricted Assets:				
Temporary restricted:				
Cash and investments	94,323	1,244,992	1,339,315	1,206,284
Permanently restricted:				
Cash and investments	--	500,620	500,620	484,991
Capital assets, (net of accumulated depreciation)	9,467,118	10,616,906	20,084,024	18,049,835
Total assets	<u>11,405,928</u>	<u>17,424,191</u>	<u>28,830,119</u>	<u>24,866,217</u>
LIABILITIES				
Accounts payable	27,920	374,530	402,450	298,397
Accrued wages payable	48,455	31,546	80,001	76,470
Accrued interest	75,505	--	75,505	84,923
Customer meter deposits	--	50,130	50,130	45,830
Deposits for contractors	469	--	469	470
Unearned revenue	--	144,844	144,844	155,950
Noncurrent liabilities:				
Due within one year	355,000	17,000	372,000	372,000
Due in more than one year	3,525,000	1,963,000	5,488,000	4,008,000
Total liabilities	<u>4,032,349</u>	<u>2,581,050</u>	<u>6,613,399</u>	<u>5,042,040</u>
NET ASSETS				
Invested in capital assets, net of selected debt	5,587,118	8,636,906	14,224,024	13,669,835
Restricted for:				
Debt service	599,519	--	599,519	430,052
Other purposes	94,324	--	94,324	(319,813)
Unrestricted:				
Unrestricted - designated	--	1,645,612	1,645,612	--
Unrestricted - undesignated	1,092,618	4,560,623	5,653,241	6,044,103
Total net assets	<u>\$ 7,373,579</u>	<u>\$ 14,843,141</u>	<u>\$ 22,216,720</u>	<u>\$ 19,824,177</u>

See notes to financial statements.

City of Mora, Minnesota
Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 420,214	\$ 437,518	\$ 712,526	\$ --
Public safety	368,624	--	456,626	--
Public works	340,559	--	--	--
Cemetery	19,715	--	--	--
Culture and recreation	205,117	--	--	--
Housing & economic development	280,672	--	--	--
Capital projects	--	--	--	--
Interest on long-term debt	132,833	--	--	--
Total governmental activities	<u>1,767,734</u>	<u>437,518</u>	<u>1,169,152</u>	<u>--</u>
Business - type - activities:				
Liquor	1,985,734	2,239,951	--	--
Electric	4,551,322	5,094,489	--	--
Water	459,607	475,504	--	--
Wastewater	615,184	762,235	--	--
Total business - type activities	<u>7,611,847</u>	<u>8,572,179</u>	<u>--</u>	<u>--</u>
Totals	<u>\$ 9,379,581</u>	<u>\$ 9,009,697</u>	<u>\$ 1,169,152</u>	<u>\$ --</u>

General revenues:
 Property taxes
 Tax increment
 Unrestricted investments earnings
 Gain on sale of capital assets
 Other revenues
 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	2005 Total
\$ 729,830	\$ --	\$ 729,830	\$ 256,539
88,002	--	88,002	(582,112)
(340,559)	--	(340,559)	(487,262)
(19,715)	--	(19,715)	(3,917)
(205,117)	--	(205,117)	(101,837)
(280,672)	--	(280,672)	(181,044)
--	--	--	(8,865)
(132,833)	--	(132,833)	(115,858)
(161,064)	--	(161,064)	(1,224,356)
--	254,217	254,217	270,745
--	543,167	543,167	85,101
--	15,897	--	(27,944)
--	147,051	147,051	151,526
--	960,332	944,435	479,428
(161,064)	960,332	783,371	(744,928)
479,292	--	479,292	436,268
135,836	--	135,836	148,010
47,997	227,299	275,296	240,207
23,000	--	23,000	--
679,851	--	679,851	--
984,152	(984,152)	--	--
2,350,128	(756,853)	1,593,275	824,485
2,189,064	203,479	2,392,543	79,557
--	--	--	(1,615,000)
5,184,515	14,639,662	19,824,177	21,359,620
\$ 7,373,579	\$ 14,843,141	\$ 22,216,720	\$ 19,824,177

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CITY OF MORA, MINNESOTA
FUND FINANCIAL STATEMENTS
December 31, 2006

City of Mora, Minnesota
Governmental Funds
Balance Sheet
December 31, 2006

		Capital Projects		Debt Service
	General Fund	Maple Ave Improvements 2005	City Hall Improvements 2005	Maple Ave. 2005
ASSETS				
Cash and investments	\$ 521,125	\$ --	\$ 3,318	\$ 26,124
Interest receivable	--	--	--	--
Taxes receivable - delinquent	22,562	--	--	880
Accounts receivable	105,431	--	--	--
Special assessment receivable -				--
Delinquent	--	--	--	--
Deferred	--	--	--	312,224
Due from other governmental units	896	--	--	--
Loans to HRA	149,605	--	--	--
Loan to Fire Department	1,962	--	--	--
Prepaid insurance	46,603	--	--	--
Cash restricted	--	--	--	--
Total assets	<u>\$ 848,184</u>	<u>\$ --</u>	<u>\$ 3,318</u>	<u>\$ 339,228</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Cash in bank - overdraft	\$ --	\$ --	\$ --	\$ --
Accounts payable	22,901	--	--	--
Accrued vacation wages	48,455	--	--	--
Deposits for developers	469	--	--	--
Deferred revenues	16,571	--	--	313,104
Total liabilities	<u>88,396</u>	<u>--</u>	<u>--</u>	<u>313,104</u>
Fund Balances:				
Reserved for:				
Other purposes	--	--	--	--
Debt Service	--	--	--	26,124
Unreserved, undesignated, reported in:				
General fund	759,788	--	--	--
Special revenue funds	--	--	--	--
Capital projects	--	--	3,318	--
Total fund balances	<u>759,788</u>	<u>--</u>	<u>3,318</u>	<u>26,124</u>
Total liabilities and fund balances	<u>\$ 848,184</u>	<u>\$ --</u>	<u>\$ 3,318</u>	<u>\$ 339,228</u>

See notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,281,909	\$ 1,832,476
1,100	1,100
5,823	29,265
11,044	116,475
1,357	1,357
--	312,224
14,829	15,725
--	149,605
--	1,962
746	47,349
94,323	94,323
<u>\$ 1,411,131</u>	<u>\$ 2,601,861</u>

\$ 320,205	\$ 320,205
5,019	27,920
--	48,455
--	469
4,437	334,112
<u>329,661</u>	<u>731,161</u>

94,324	94,324
573,395	599,519
--	759,788
168,355	168,355
245,396	248,714
<u>1,081,470</u>	<u>1,870,700</u>
<u>\$ 1,411,131</u>	<u>\$ 2,601,861</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, 2006

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

Total governmental fund balances (page 22)	\$ 1,870,700
---	--------------

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

Governmental capital assets	15,636,825	
Less: accumulated depreciation	<u>(6,169,707)</u>	9,467,118

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

Delinquent property taxes	(29,265)
Deferred special assessments	(313,581)

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

(75,505)

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	334,112
Bonds payable	<u>(3,880,000)</u>

Net assets of governmental activities (page 16)	<u><u>\$ 7,373,579</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, 2006

		Capital Projects		Debt Service
	General	Maple Ave	City Hall	Maple Ave
	Fund	Improvements	Improvements	Maple Ave
		2005	2005	2005
REVENUES				
Property taxes	\$ 273,822	\$ --	\$ --	\$ 20,817
Tax increments	--	--	--	--
Licenses and permits	65,810	--	--	--
Special assessments	--	--	--	109,791
Intergovernmental	712,526	--	--	--
Charges for services	270,559	--	--	--
Fines	40,614	--	--	--
Investment earnings	21,597	--	--	51
Sale of assets	23,000	--	--	--
Contracts	88,715	--	--	--
Miscellaneous	84,133	--	9,587	--
Total revenues	<u>1,580,776</u>	<u>--</u>	<u>9,587</u>	<u>130,659</u>
EXPENDITURES				
Current:				
General government	521,072	--	--	--
Public safety	688,003	--	--	--
Public works	398,434	--	--	--
Cemetery	--	--	--	--
Culture and recreation	255,546	--	--	--
Housing and economic development	--	--	--	--
Capital projects	--	220,015	116,531	--
Miscellaneous	45,996	61	--	--
Debt Service:				
Principal	--	--	--	--
Interest and other charges	--	37,360	12,491	--
Total expenditures	<u>1,909,051</u>	<u>257,436</u>	<u>129,022</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(328,275)	(257,436)	(119,435)	130,659
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	--	--	--	1,433,270
Transfers in	592,650	1,537,805	850,546	--
Transfers out	(564,737)	--	--	(1,537,805)
Total other financing sources (uses)	<u>27,913</u>	<u>1,537,805</u>	<u>850,546</u>	<u>(104,535)</u>
Net change in fund balances	(300,362)	1,280,369	731,111	26,124
Fund balances - beginning	1,060,150	(1,280,369)	(727,793)	--
Fund balances - ending	<u>\$ 759,788</u>	<u>\$ --</u>	<u>\$ 3,318</u>	<u>\$ 26,124</u>

See notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 184,653	\$ 479,292
135,836	135,836
--	65,810
659	110,450
456,626	1,169,152
60,535	331,094
--	40,614
26,349	47,997
--	23,000
--	88,715
69,055	162,775
<u>933,713</u>	<u>2,654,735</u>
--	521,072
--	688,003
56	398,490
36,523	36,523
--	255,546
239,505	239,505
--	336,546
798,996	845,053
437,982	437,982
--	49,851
<u>1,513,062</u>	<u>3,808,571</u>
(579,349)	(1,153,836)
354,641	1,787,911
511,602	3,492,603
(405,909)	(2,508,451)
<u>460,334</u>	<u>2,772,063</u>
(119,015)	1,618,227
1,200,485	252,473
<u>\$ 1,081,470</u>	<u>\$ 1,870,700</u>

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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, 2006

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

Net changes in fund balances - total governmental funds (page 26)	\$ 1,618,227
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.	1,680,947
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.	(1,470,000)
Other miscellaneous items	4,890
Long-term debt payments for current year	<u>355,000</u>
Changes in net assets of governmental activities (page 18)	<u><u>\$ 2,189,064</u></u>

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 265,991	\$ 265,991	\$ 273,822	\$ 7,831
Licenses and permits	57,800	57,800	65,810	8,010
Intergovernmental	633,406	633,406	712,526	79,120
Charges for services	325,009	325,009	270,559	(54,450)
Fines	30,000	30,000	40,614	10,614
Investment earnings	30,000	30,000	21,597	(8,403)
Sale of assets	--	--	23,000	23,000
Miscellaneous	8,500	8,500	172,848	164,348
Total revenues	<u>1,350,706</u>	<u>1,350,706</u>	<u>1,580,776</u>	<u>230,070</u>
EXPENDITURES				
Current:				
General government:				
Council	38,121	38,121	128,362	(90,241)
City administrator	72,404	72,404	68,811	3,593
Elections	3,400	3,400	3,126	274
Finance director	124,487	124,487	117,709	6,778
Assessing	12,000	12,000	11,400	600
Attorney	30,000	30,000	27,400	2,600
Planning and zoning	76,738	76,738	72,905	3,833
City hall building	13,970	13,970	19,941	(5,971)
Library building	23,480	23,480	71,418	(47,938)
Total general government	<u>394,600</u>	<u>394,600</u>	<u>521,072</u>	<u>(126,472)</u>
Public safety:				
Building inspection	64,653	64,653	63,880	773
Police protection	520,719	520,719	536,758	(16,039)
Fire protection	89,735	89,735	87,365	2,370
Total public safety	<u>675,107</u>	<u>675,107</u>	<u>688,003</u>	<u>(12,896)</u>
Public works:				
Street department	414,224	414,224	372,389	41,835
Street lighting	25,000	25,000	26,045	(1,045)
Total public safety	<u>439,224</u>	<u>439,224</u>	<u>398,434</u>	<u>40,790</u>
Culture and recreation:				
Swimming pool	173,719	173,719	155,209	18,510
Park areas	75,682	75,682	100,337	(24,655)
Total Culture and recreation	<u>249,401</u>	<u>249,401</u>	<u>255,546</u>	<u>(6,145)</u>
Miscellaneous:				
Forestry and nursery	500	500	--	500
Shade tree program	1,350	1,350	3,026	(1,676)
Airport	55,221	55,221	42,970	12,251
Loan Pine Community Center	--	--	--	--
Unallocated operating expenses	24,804	24,804	--	24,804
Total Miscellaneous	<u>81,875</u>	<u>81,875</u>	<u>45,996</u>	<u>35,879</u>
Total expenditures	<u>1,840,207</u>	<u>1,840,207</u>	<u>1,909,051</u>	<u>(68,844)</u>
Excess (deficiency) of revenues over (under) expenditures	(489,501)	(489,501)	(328,275)	161,226

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 559,500	\$ 559,500	\$ 592,650	\$ 33,150
Transfers out	(20,000)	(20,000)	(564,737)	(544,737)
Total other financing sources (uses)	539,500	539,500	27,913	(511,587)
Net change in fund balances	49,999	49,999	(300,362)	(350,361)
Fund balances - beginning	1,060,150	1,060,150	1,060,150	--
Fund balances - ending	<u>\$ 1,110,149</u>	<u>\$ 1,110,149</u>	<u>\$ 759,788</u>	<u>\$ (350,361)</u>

See notes to financial statements.

City of Mora, Minnesota
Maple Avenue East 2005 - Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 22,050	\$ 20,817	\$ (1,233)
Special assessments	--	109,791	109,791
Investment earnings	--	51	51
Total revenues	<u>22,050</u>	<u>130,659</u>	<u>108,609</u>
EXPENDITURES			
Principal	--	--	--
Interest	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenue over (under) expenditures	22,050	130,659	108,609
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	--	1,433,270	1,433,270
Transfer out	--	(1,537,805)	(1,537,805)
Total other financing sources (uses)	<u>--</u>	<u>(104,535)</u>	<u>(104,535)</u>
Net change in fund balances	22,050	26,124	4,074
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ 22,050</u>	<u>\$ 26,124</u>	<u>\$ 4,074</u>

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Net Assets
December 31, 2006

	Business - Type Activities - Enterprise Funds				
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 406,256	\$ 3,027,998	\$ 292,815	\$ 176,923	\$ 3,903,992
Interest receivable	1,580	31,741	1,606	--	34,927
Accounts receivable	12,551	330,815	47,485	146,018	536,869
Inventory	189,144	206,041	9,262	--	404,447
Prepaid items	5,311	22,966	3,376	4,941	36,594
Special assessments	--	--	45,573	99,271	144,844
Total current assets	<u>614,842</u>	<u>3,619,561</u>	<u>400,117</u>	<u>427,153</u>	<u>5,061,673</u>
Noncurrent assets:					
Restricted cash and investments	100,000	500,620	655,267	489,725	1,745,612
Total restricted assets	<u>100,000</u>	<u>500,620</u>	<u>655,267</u>	<u>489,725</u>	<u>1,745,612</u>
Capital assets:					
Plant in service	234,988	9,075,216	4,958,861	6,430,452	20,699,517
Less: accumulated depreciation	(144,738)	(6,054,446)	(1,485,981)	(2,397,446)	(10,082,611)
Total Capital assets	<u>90,250</u>	<u>3,020,770</u>	<u>3,472,880</u>	<u>4,033,006</u>	<u>10,616,906</u>
(net of accumulated depreciation)	<u>90,250</u>	<u>3,020,770</u>	<u>3,472,880</u>	<u>4,033,006</u>	<u>10,616,906</u>
Total noncurrent assets	<u>190,250</u>	<u>3,521,390</u>	<u>4,128,147</u>	<u>4,522,731</u>	<u>12,362,518</u>
Total assets	<u>805,092</u>	<u>7,140,951</u>	<u>4,528,264</u>	<u>4,949,884</u>	<u>17,424,191</u>
LIABILITIES					
Current liabilities:					
Accounts payable	18,373	287,011	34,825	34,321	374,530
Accrual wages payable	5,014	16,130	5,201	5,201	31,546
Revenue bonds payable	--	--	1,049,519	930,481	1,980,000
Total current liabilities	<u>23,387</u>	<u>303,141</u>	<u>1,089,545</u>	<u>970,003</u>	<u>2,386,076</u>
Noncurrent liabilities:					
Customer meter deposits	--	50,130	--	--	50,130
Unearned revenue	--	--	45,573	99,271	144,844
Total noncurrent liabilities	<u>--</u>	<u>50,130</u>	<u>45,573</u>	<u>99,271</u>	<u>194,974</u>
Total liabilities	<u>23,387</u>	<u>353,271</u>	<u>1,135,118</u>	<u>1,069,274</u>	<u>2,581,050</u>
NET ASSETS					
Invested in capital assets, net					
of related debt	90,250	3,020,770	2,423,361	3,102,525	8,636,906
Unrestricted:					
Designated for future operations	100,000	500,620	655,267	489,725	1,745,612
Undesignated	591,455	3,266,290	314,518	288,360	4,460,623
Total net assets	<u>\$ 781,705</u>	<u>\$ 6,787,680</u>	<u>\$3,393,146</u>	<u>\$ 3,880,610</u>	<u>\$ 14,843,141</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, 2006

	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	\$ 2,235,390	\$ 4,210,821	\$ 414,887	\$ 725,104	\$ 7,586,202
Miscellaneous	4,561	883,668	60,617	37,131	985,977
Total operating revenues	<u>2,239,951</u>	<u>5,094,489</u>	<u>475,504</u>	<u>762,235</u>	<u>8,572,179</u>
Operating expenses:					
Cost of sales	1,687,527	--	--	--	1,687,527
Maintenance and operations	289,938	4,320,024	351,806	439,812	5,401,580
Depreciation	8,269	231,298	107,801	175,372	522,740
Total operating expenses	<u>1,985,734</u>	<u>4,551,322</u>	<u>459,607</u>	<u>615,184</u>	<u>7,611,847</u>
Operating income	<u>254,217</u>	<u>543,167</u>	<u>15,897</u>	<u>147,051</u>	<u>960,332</u>
Nonoperating revenues (expenses):					
Interest earnings	14,757	162,669	29,278	20,595	227,299
Total nonoperating revenues (expenses)	<u>14,757</u>	<u>162,669</u>	<u>29,278</u>	<u>20,595</u>	<u>227,299</u>
Income before transfers	268,974	705,836	45,175	167,646	1,187,631
Transfers in	--	--	--	--	--
Transfers out	(320,000)	(459,152)	--	(205,000)	(984,152)
Changes in net assets	(51,026)	246,684	45,175	(37,354)	203,479
Total net assets - beginning	832,731	6,540,996	3,347,971	3,917,964	14,639,662
Total net assets - ending	<u>\$ 781,705</u>	<u>\$ 6,787,680</u>	<u>\$ 3,393,146</u>	<u>\$ 3,880,610</u>	<u>\$ 14,843,141</u>

See notes to financial statements.

City of Mora Minnesota
 Proprietary Funds
 Statement of Cash Flows
 For the Year Ended December 31, 2006

	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		\$ 7,417,871	\$ 490,360	\$ 675,440	\$ 8,583,671
Cash payments to suppliers		(3,936,333)	(152,301)	(229,455)	(4,318,089)
Cash payments to employees		(413,183)	(172,311)	(176,573)	(762,067)
Other operating revenues		--	--	--	--
Other operating expenses	239,965			--	239,965
Net cash provided by operating activities	239,965	3,068,355	165,748	269,412	3,743,480
	239,965				
CASH FLOWS FROM NONCAPITAL FINANCING:					
Transfers in (out)	(320,000)	(459,152)	--	(205,000)	(984,152)
Net cash provided by (used in) negotiated activities	(320,000)	(459,152)	--	(205,000)	(984,152)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond issue proceeds	--	--	242,019	122,981	365,000
Acquisition of capital assets	(8,618)	(399,549)	(290,081)	(157,844)	(856,092)
Proceeds from sale of capital assets	--	--	--	--	--
Net cash provided (used in) capital and related financing activities	(8,618)	(399,549)	(48,062)	(34,863)	(491,092)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	14,757	162,669	29,278	20,595	227,299
Net increase (decrease) in cash and cash equivalents	(73,896)	2,372,323	146,964	50,144	2,495,535
Cash at Beginning of Year, including restricted cash	583,152	1,156,285	811,118	616,504	3,167,059
Cash at End of Year, including restricted cash	\$ 509,256	\$ 3,528,608	\$ 958,082	\$ 666,648	\$ 5,662,594

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2006

	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)	\$ 254,217	\$ 543,167	\$ 15,897	\$ 147,050	\$ 960,331
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	8,269	231,298	107,801	175,372	522,740
Other income	--	--	--	--	--
(Increase) decrease in interest receivable	(243)	(9,090)	(248)	--	(9,581)
(Increase) decrease in accounts receivable	(2,410)	48,742	15,104	(86,795)	(25,359)
(Increase) decrease in other receivables	--	2,284,000	--	--	2,284,000
(Increase) decrease in contracts receivable	--	--	--	--	--
(Increase) decrease in inventory	(20,404)	(70,539)	(1,887)	--	(92,830)
(Increase) decrease in prepaid insurance	(251)	(552)	110	(87)	(780)
Increase (decrease) in accounts payable	145	39,076	30,522	32,321	102,064
Increase (decrease) in accrued wages payable	642	(2,547)	(1,551)	1,551	(1,905)
Increase (decrease) in deferred revenue	--	--	--	--	--
Increase (decrease) in other liabilities	--	4,800	--	--	4,800
Total adjustments	(14,252)	2,525,188	149,851	122,362	2,783,149
Net cash provided (used) by operating activities	\$ 239,965	\$ 3,068,355	\$ 165,748	\$ 269,412	\$ 3,743,480

See notes to financial statements.

CITY OF MORA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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 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, 2006

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 - To account for revenue and expenditures related to the street, storm water, water, and sewer project on Maple Avenue East.

City Hall Improvements - Capital Projects - To account for revenues and expenditures related to the renovation of city hall.

Maple Avenue - 2005 - Debt Service - To account for revenues and expenditures, including tax collections and bond payments for the Maple Avenue East bonds.

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, 2006

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, 2006

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

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, 2006

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 equipment with an initial individual cost of more the \$5,000 and land, buildings, improvements, and infrastructure with an individual cost more than \$25,000. 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.

<u>Assets</u>	<u>Useful Life in Years</u>
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 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, 2006

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. Vacation pay increased from \$76,470 in 2005 to \$80,001 in 2006.

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, 2006

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 (other than TIF funds), 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 (other than TIF funds) are adopted on a basis consistent with generally accepted accounting principles.
3. Annual budgets are adopted for the General and Special Revenue (other than TIF funds), Debt Service,
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 fund's 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.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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, 2006 are as follows:

Peoples National Bank - Checking	\$ 68,278
Kanabec State Bank - HiFi	1,178,231
Kanabec State Bank - HiFi	2,208,777
Wachovia & Smith Barney	3,798,487
Cash on Hand	2,425
Total Deposits	<u>\$ 7,256,198</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, 2006

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, 2006

NOTE 3: Detailed Notes on All Funds (Continued)

C. Receivables

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	\$ --	\$ --	\$ 1,580	\$ 31,741	\$ 1,606	\$ --	\$ 1,100	\$ 36,027
Taxes-delinquent	22,562	880	--	--	--	--	5,823	29,265
Accounts	105,431	--	12,551	330,815	47,485	146,018	11,044	653,344
Special assessments	--	312,224	--	--	45,573	99,271	1,357	458,425
Intergovernmental	896	--	--	--	--	--	14,829	15,725
Loan receivable	<u>151,567</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>151,567</u>
Gross receivables	280,456	313,104	14,131	362,556	94,664	245,289	34,153	1,344,353
Less: allowance for *Uncollectibles	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net total receivables	<u>\$ 280,456</u>	<u>\$ 313,104</u>	<u>\$ 14,131</u>	<u>\$ 362,556</u>	<u>\$ 94,664</u>	<u>\$ 245,289</u>	<u>\$ 34,153</u>	<u>\$ 1,344,353</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, 2006

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital assets activity for the year ended December 31, 2006 was as follows:

Governmental Activities	Beginning Balances	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 959,615	\$ 522,805	\$ 192,747	\$ 1,289,673
Construction in progress	--	--	--	--
Total capital assets, not being depreciated	<u>959,615</u>	<u>522,805</u>	<u>192,747</u>	<u>1,289,673</u>
Capital assets, being depreciated:				
Land Improvements	3,245,160	--	--	3,245,160
Buildings	2,605,587	571,664	--	3,177,251
Infrastructure	4,590,533	1,052,296	--	5,642,829
Machinery, Equipment, Vehicles	2,159,756	122,156	--	2,281,912
Total capital assets, being depreciated	<u>12,601,036</u>	<u>1,746,116</u>	<u>--</u>	<u>14,347,152</u>
Less: accumulated depreciation for:				
Land Improvements	1,477,192	93,261	--	1,570,453
Buildings	655,310	52,632	--	707,942
Infrastructure	2,604,397	97,032	--	2,701,429
Machinery, Equipment, Vehicles	1,037,581	152,302	--	1,189,883
Total accumulated depreciation	<u>5,774,480</u>	<u>395,227</u>	<u>--</u>	<u>6,169,707</u>
Total capital assets, being depreciated, net	<u>6,826,556</u>	<u>1,350,889</u>	<u>--</u>	<u>8,177,445</u>
Governmental activities capital assets, net	<u><u>\$ 7,786,171</u></u>	<u><u>\$ 1,873,694</u></u>	<u><u>\$ 192,747</u></u>	<u><u>\$ 9,467,118</u></u>

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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	2,539,229	317,392	--	2,856,621
Other Improvements	10,453,974	535,347	8,422	10,980,899
Equipment and fixtures	6,626,134	19,556	17,355	6,628,335
Total capital assets, being depreciated	<u>19,619,337</u>	<u>872,295</u>	<u>25,777</u>	<u>20,465,855</u>
Less: accumulated depreciated for:				
Buildings	1,294,111	127,598	8,422	1,413,287
Other Improvements	3,071,399	284,473	--	3,355,872
Equipment and fixtures	5,223,825	110,669	21,042	5,313,452
Total accumulated depreciation	<u>9,589,335</u>	<u>522,740</u>	<u>29,464</u>	<u>10,082,611</u>
Total capital assets being depreciated, net	<u>10,030,002</u>	<u>349,555</u>	<u>(3,687)</u>	<u>10,383,244</u>
Business - type activities capital assets, net	<u>\$ 10,263,664</u>	<u>\$ 349,555</u>	<u>\$ (3,687)</u>	<u>\$ 10,616,906</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 23,714
Public safety	75,093
Public works	272,707
Culture and recreation	11,857
Cemetery	3,952
Miscellaneous	7,904
Total depreciation expense - governmental activities	<u>\$ 395,227</u>
<u>Business - Type Activities</u>	
Electric utility	\$ 231,298
Water utility	107,801
Wastewater utility	175,372
Liquor	8,269
Total depreciation expense - business - type activities	<u>\$ 522,740</u>

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

NOTE 3: Detailed Notes on All Funds (Continued)

E. Interfund receivables, payables, and transfers

There were no balances due to or from other funds at December 31, 2006.

Interfund transfers:

	General Fund	Capital Projects	Nonmajor Governmental	Total
Transfer out:				
General Fund	\$ --	\$ 526,394	\$ 38,343	\$ 564,737
Nonmajor governmental Funds	142,650	1,801,065	--	1,943,715
Enterprise funds	450,000	329,152	205,000	984,152
Total Transfers out	<u>\$ 592,650</u>	<u>\$ 2,656,611</u>	<u>\$ 243,343</u>	<u>\$ 3,492,604</u>

The following is a general description of the interfund transfers:

General Fund:

Transfers from the general fund were completed to fund various programs accounted for in other funds in accordance with budgetary authorization.

Enterprise Funds:

Transfers from the enterprises funds were completed to cover costs of the City Hall renovation, fund economic development activities, reduce property tax rates, and receive franchise fee.

Other Transfers:

During the year a transfer was completed to the Maple Avenue East Capital Project Fund for \$1,537,805. This was completed to close the Capital Project to Debt Service.

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, 2006

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%	\$ 1,225,000
Governmental Activities	4.00%	\$ 1,470,000
Governmental Activities-refunding	3.0 - 5.125	1,185,000
Business Type Activities	--	1,980,000
Total		<u>\$ 5,860,000</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>
2007	355,000	75,505	17,000	68,638
2008	370,000	131,215	28,000	83,853
2009	385,000	115,525	33,000	81,524
2010	395,000	103,513	34,000	79,986
2011	410,000	90,638	35,000	78,578
2012-2016	880,000	315,425	189,000	370,581
2017-2021	645,000	145,905	234,000	328,204
2022-2026	360,000	60,600	286,000	275,503
2027-2031	80,000	3,200	236,000	217,477
2032-2037	--	--	260,000	167,538
2037-2041	--	--	320,000	107,452
2042-2045	--	--	308,000	33,447
Total	<u>\$ 3,880,000</u>	<u>\$ 1,041,526</u>	<u>\$ 1,980,000</u>	<u>\$ 1,892,781</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
Water & Sewer	4.000%	\$ 365,000

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	\$ 68,638

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds:					
G.O. Improvement Bonds of 1996	\$ 50,000	\$ --	\$ 25,000	\$ 25,000	\$ 25,000
G.O. Fire Station Bonds	1,230,000	--	70,000	1,160,000	70,000
G.O. Street Reconstruction Bonds	80,000	--	40,000	40,000	40,000
G.O. Refunding Bonds, Series 2003B	1,405,000	--	220,000	1,185,000	220,000
G.O. Bond Series 2006A	--	1,470,000	--	1,470,000	--
Total general obligation bonds-					
Governmental activities long-term liabilities	<u>\$ 2,765,000</u>	<u>\$ 1,470,000</u>	<u>\$ 355,000</u>	<u>\$ 3,880,000</u>	<u>\$ 355,000</u>
BUSINESS - TYPE ACTIVITIES					
G.O. water & sewer revenue bonds	--	365,000	--	365,000	--
G.O. water & sewer revenue bonds	<u>1,615,000</u>	<u>--</u>	<u>--</u>	<u>1,615,000</u>	<u>17,000</u>
Total bonds payable Business -					
type activities long-term liabilities	<u>\$ 1,615,000</u>	<u>\$ 365,000</u>	<u>\$ --</u>	<u>\$ 1,980,000</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, 2006, and descriptions are as follows:

<u>Governmental Funds</u>	
Special Revenue - Cemetery	\$ 94,324
<u>Enterprise Funds - Unrestricted, Designated</u>	
Liquor	100,000
Electric Utility	500,620
Water Utility	655,267
Wastewater Utility	489,725
Total	<u>\$ 1,839,936</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. 2-10, and No. 2-2; Housing District No. 1-8, and Tax Increment Financing Districts No. 1-11, No. 1-9 and 2-10.

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, 2006

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 - 2006	\$ 15,306
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 12-31-06	1,044,887

2. Redevelopment District No. 1-11 (Kanabec State Bank)

Redevelopment District No. 1-11 was established in 2006 within Development District No. 1 under the authority of Minnesota Statutes 273.73, Subdivision 10, paragraph (a) (1).

Certification Request Date	10/03/06
Year First Increment Received	N/A
Date of Required Decertification	N/A
Tax Increment Revenue - 2005	\$ --
Current Net Tax Capacity	N/A
Original Net Tax Capacity	N/A
Captured Net Tax Capacity	N/A
Captured Net Tax Capacity shared with other taxing jurisdictions	N/A
Captured Tax Capacity retained by authority	N/A

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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 - 2006	\$ 49,126
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 12-31-06	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 - 2006	\$ 12,648
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 12-31-06	152,107

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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 - 2006	\$ 13,206
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-2006	\$ 45,552
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 12/31/2006	612,179

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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, 2006, 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, 2006

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 Judgments

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, 2006 as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Over</u>
General Fund	1,909,051	1,580,776	328,275
Special Revenue Funds:			
EDA	69,505	22,852	46,653
TIF 2-11	34,165	--	34,165
Capital Projects:			
Arthur extension	62	--	62
Airport land acquisition	443,342	409,640	33,702
Airport construction	29,790	--	29,790
Hwy 23-65	94,817	--	94,817
Quamba interceptor	12,326	--	12,326
Street construction 2006	218,659	--	218,659
Maple Ave. 2005	257,436	--	257,436
City Hall 2005	129,022	9,587	119,435
Debt Service:			--
Maple Avenue	28,456	23,746	4,710
G.O. Waste Water	256,120	52,349	203,771

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2006

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, 2006

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, 2006, 2005, and 2004 were \$63,361, \$60,165, and \$57,734 respectively. The City's contributions to the public Employees Police and Fire Fund for the years ending December 31, 2006, 2005 and 2004 were \$-0-, \$-0- and \$27,811, 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, 2006

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 2006, and as of December 2006, the Association held no securities by the city or other related parties.

c. Contributions

The total lump sum benefit for the 27 members as of December 31, 2006 was \$602,785. Pension assets totaled \$640,796. Members do not contribute to the plan. Funding comes from 2% state aid and interest earnings on investments. During 2006 the state aid received by the Fire Relief was \$56,121.

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City of Mora, Minnesota
COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2006

Special Revenue Funds

Storm Water Utility Fund - To account for revenues and expenditures related to storm water activities.

Cemetery Fund - To account for revenues and expenditures related to the cemetery.

EDA - To account for the revenues and expenditures related to the activities of the EDA.

Economic Development Revolving Loan Fund - To account for funds acquired and loaned to local businesses for economic development.

TIF 1-7 EPC Fund - To account for revenues and expenditures, including tax increments received and distributed for Engineered Polymers' economic development project.

TIF 2-2 Intrepid Fund - To account for revenues and expenditures, including tax increments received and distributed for Intrepid's Senior Housing project.

TIF 1-8 Torborg Fund - To account for revenues and expenditures, including tax increments received and distributed for Torborg's housing project.

TIF 1-9 CMHP Fund - To account for revenues and expenditures, including tax increments received and distributed for Central Minnesota Housing Partnership's low income apartment development.

TIF 2-10 Clinic Fund - To account for revenues and expenditures, including tax increments received and distributed for Kanabec Hospital's clinic expansion.

TIF 1-11 KSB Fund - To account for revenues and expenditures, including tax increments received and distributed for Kanabec State Bank's building project and for Highway 23 improvements.

Capital Project Funds

Future Fire Equipment Fund - To establish a fund for future purchases of fire fighting equipment.

Future Improvements Fund - To establish a fund for future purchases of capital assets.

Arthur Extension Fund - To account for revenue and expenditures related to the extension of water and sewer services to the annexation area in Arthur Township.

SE Utility Extension Fund - To account for revenues and expenditures related to the extension of water and sewer services to the southeast section of the city.

Airport Land Acquisition Fund - To account for revenues and expenditures related to land acquisition for the runway extension project.

Capital Project Funds - (continued)

Airport Environmental Assessment Fund - To account for the revenues and expenditures related to the environmental assessment for the runway extension project.

Airport Construction Fund - To account for the revenues and expenditures related to the runway extension project.

Highway 23 East Fund - To account for revenues and expenditures related to the frontage road improvements along Highway 23 East.

Quamba Interceptor Fund - To account for the revenues and expenditures related to the extension of sewer services to accept effluent from the City of Quamba.

2006 Street Reconstruction Fund - To account for revenues and expenditures related to the 2006 street reconstruction project.

Debt Service Funds

Wastewater Facility Fund - To account for revenues and expenditures, including tax collections and bond payments for the 2003 Wastewater Refunding Bonds.

1996 Maple Avenue Improvements Fund - To account for revenues and expenditures, including tax collections and bond payments for the 1996 Maple Avenue West improvements.

2003 Street Reconstruction Fund - To account for revenues and expenditures, including tax collections and bond payments for the 2003 street reconstruction bonds.

2003 Fire Station Fund - To account for revenues and expenditures, including tax collections and bond payments for the 2003 Fire Station bonds.

2004 Street Project Fund - To account for revenues and expenditures, including tax collections and bond payments for the 2004 Street Reconstruction bonds.

2006 Street Reconstruction Fund - To account for revenues and expenditures, including tax collections and bond payments for the 2006 Street Reconstruction bonds.

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006

	Special Revenue Funds			
	Storm Water Utility	Cemetery Fund	EDA	ED Revolving Loan
ASSETS				
Cash and investments	\$ 19,788	\$ 38,383	\$ 6,548	\$ 94,568
Accounts receivable	2,242	175	5,310	--
Interest receivable	--	1,100	--	--
Taxes receivable - delinquent	--	--	--	--
Special assessments receivable - Delinquent	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	14,829	--
Note receivable	--	--	--	--
Prepaid insurance	--	627	119	--
Total Current Assets	<u>22,030</u>	<u>40,285</u>	<u>26,806</u>	<u>94,568</u>
Restricted Assets:				
Cash and investments	--	94,323	--	--
Total Restricted Assets	<u>--</u>	<u>94,323</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 22,030</u>	<u>\$ 134,608</u>	<u>\$ 26,806</u>	<u>\$ 94,568</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash in bank - overdraft	\$ --	\$ --	\$ --	\$ --
Accounts payable	--	--	604	--
Due to other funds	--	--	--	--
Deferred revenue	--	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>604</u>	<u>--</u>
Fund Balances:				
Reserved for Debt service	--	--	--	--
Reserved for other purposes	--	94,324	--	--
Unreserved	22,030	40,284	26,202	94,568
Total fund balances	<u>22,030</u>	<u>134,608</u>	<u>26,202</u>	<u>94,568</u>
Total liabilities and fund balances	<u>\$ 22,030</u>	<u>\$ 134,608</u>	<u>\$ 26,806</u>	<u>\$ 94,568</u>

TIF 1-7 EPC	TIF 2-2 Intrepid	TIF 1-8 Torborg Apartments	TIF 1-9 Housing CMHP	TIF 2-10 Clinic	TIF 1-11 KSB	Total
\$ 6,145	\$ 9,837	\$ 3,157	\$ 1	\$ 296	\$ --	\$ 178,723
--	--	--	--	--	--	7,727
--	--	--	--	--	--	1,100
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	14,829
--	--	--	--	--	--	--
--	--	--	--	--	--	746
<u>6,145</u>	<u>9,837</u>	<u>3,157</u>	<u>1</u>	<u>296</u>	<u>--</u>	<u>203,125</u>
--	--	--	--	--	--	94,323
--	--	--	--	--	--	94,323
<u>\$ 6,145</u>	<u>\$ 9,837</u>	<u>\$ 3,157</u>	<u>\$ 1</u>	<u>\$ 296</u>	<u>\$ --</u>	<u>\$ 297,448</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 30,165	\$ 30,165
--	--	--	--	--	4,000	4,604
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>34,165</u>	<u>34,769</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	94,324
<u>6,145</u>	<u>9,837</u>	<u>3,157</u>	<u>1</u>	<u>296</u>	<u>(34,165)</u>	<u>168,355</u>
<u>6,145</u>	<u>9,837</u>	<u>3,157</u>	<u>1</u>	<u>296</u>	<u>(34,165)</u>	<u>262,679</u>
<u>\$ 6,145</u>	<u>\$ 9,837</u>	<u>\$ 3,157</u>	<u>\$ 1</u>	<u>\$ 296</u>	<u>\$ --</u>	<u>\$ 297,448</u>

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006

	Capital Projects Funds			
	Future Fire Equipment	Future Improvements	Arthur Extension	SE Utility Extension
ASSETS				
Cash and investments	\$ 48,720	\$ 486,379	\$ --	\$ --
Accounts receivable	--	--	--	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	--	--	--	--
Special assessments receivable - Delinquent	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	--	--	--
Total Current Assets	<u>48,720</u>	<u>486,379</u>	<u>--</u>	<u>--</u>
Restricted Assets:				
Cash and investments	--	--	--	--
Total Restricted Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u><u>\$ 48,720</u></u>	<u><u>\$ 486,379</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash in bank - overdraft	\$ --	\$ --	\$ 15,728	\$ 8,500
Accounts payable	--	--	--	--
Due to other funds	--	--	--	--
Deferred revenue	--	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>15,728</u>	<u>8,500</u>
Fund Balances:				
Reserved for Debt service	--	--	--	--
Reserved for other purposes	--	--	--	--
Unreserved	<u>48,720</u>	<u>486,379</u>	<u>(15,728)</u>	<u>(8,500)</u>
Total fund balances	<u>48,720</u>	<u>486,379</u>	<u>(15,728)</u>	<u>(8,500)</u>
Total liabilities and fund balances	<u><u>\$ 48,720</u></u>	<u><u>\$ 486,379</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

Airport Land Acquisition 2004	Airport Environmental Assessment	Airport Construction 2006	Hwy 23-65	Quamba Interceptor	Street Construction 2006	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 535,099
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	535,099
--	--	--	--	--	--	--
--	--	--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 535,099
\$ 71,290	\$ 40,464	\$ 29,790	\$ 111,605	\$ 12,326	\$ --	\$ 289,703
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
71,290	40,464	29,790	111,605	12,326	--	289,703
--	--	--	--	--	--	--
--	--	--	--	--	--	--
(71,290)	(40,464)	(29,790)	(111,605)	(12,326)	--	245,396
(71,290)	(40,464)	(29,790)	(111,605)	(12,326)	--	245,396
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 535,099

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006

	Debt Service Funds			
	G.O. Waste Water Facility	Maple Avenue	Street Construction 2003	Fire Station 2003
ASSETS				
Cash and investments	\$ 376,485	\$ 31,909	\$ 39,419	\$ 107,438
Accounts receivable	2,488	--	--	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	--	678	1,944	3,201
Special assessments receivable - Delinquent	--	1,357	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	--	--	--
Total Current Assets	<u>378,973</u>	<u>33,944</u>	<u>41,363</u>	<u>110,639</u>
Restricted Assets:				
Cash and investments	--	--	--	--
Total Restricted Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 378,973</u>	<u>\$ 33,944</u>	<u>\$ 41,363</u>	<u>\$ 110,639</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash in bank - overdraft	\$ --	\$ --	\$ --	\$ --
Accounts payable	--	--	--	--
Due to other funds	--	--	--	--
Deferred revenue	1,340	400	1,023	1,674
Total liabilities	<u>1,340</u>	<u>400</u>	<u>1,023</u>	<u>1,674</u>
Fund Balances:				
Reserved for Debt service	377,633	33,544	40,340	108,965
Reserved for other purposes	--	--	--	--
Unreserved	--	--	--	--
Total fund balances	<u>377,633</u>	<u>33,544</u>	<u>40,340</u>	<u>108,965</u>
Total liabilities and fund balances	<u>\$ 378,973</u>	<u>\$ 33,944</u>	<u>\$ 41,363</u>	<u>\$ 110,639</u>

Street Construction 2004	Street Construction 2006	Total	Total Nonmajor Governmental Funds
\$ --	\$ 12,836	\$ 568,087	\$ 1,281,909
829	--	3,317	11,044
--	--	--	1,100
--	--	5,823	5,823
--	--	1,357	1,357
--	--	--	--
--	--	--	14,829
--	--	--	--
--	--	--	746
829	12,836	578,584	1,316,808
--	--	--	94,323
--	--	--	94,323
\$ 829	\$ 12,836	\$ 578,584	\$ 1,411,131
\$ 337	\$ --	\$ 337	\$ 320,205
415	--	415	5,019
--	--	--	--
--	--	4,437	4,437
752	--	5,189	329,661
77	12,836	573,395	573,395
--	--	--	94,324
--	--	--	413,751
77	12,836	573,395	1,081,470
\$ 829	\$ 12,836	\$ 578,584	\$ 1,411,131

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2006

	Special Revenue Funds			
	Storm Water Utility	Cemetery Fund	EDA	ED Revolving Loan
REVENUES				
Property taxes	\$ --	\$ --	\$ --	\$ --
Tax increments	--	--	--	--
Special assessments	--	--	--	--
Charges for services	24,485	36,050	--	--
Intergovernmental revenue	--	--	14,829	--
Interest earnings	--	4,928	213	1,758
Miscellaneous -				
Contributions	--	--	7,810	--
Other	--	730	--	--
Total revenues	<u>24,485</u>	<u>41,708</u>	<u>22,852</u>	<u>1,758</u>
EXPENDITURES				
Public works	56	--	--	--
Cemetery	--	36,523	--	--
Housing development	--	--	--	--
Economic development	--	--	69,505	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>56</u>	<u>36,523</u>	<u>69,505</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	24,429	5,185	(46,653)	1,758
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	--	--	--	--
Transfers in	--	--	40,000	--
Transfers out	--	(4,500)	--	--
Total other financing sources (uses)	<u>--</u>	<u>(4,500)</u>	<u>40,000</u>	<u>--</u>
Net change in fund balances	24,429	685	(6,653)	1,758
Fund balances - beginning	<u>(2,399)</u>	<u>133,923</u>	<u>32,855</u>	<u>92,810</u>
Fund balances - ending	<u>\$ 22,030</u>	<u>\$ 134,608</u>	<u>\$ 26,202</u>	<u>\$ 94,568</u>

TIF 1-7 EPC	TIF 2-2 Intrepid	TIF 1-8 Torborg	TIF 1-9 CMHP	TIF 2-10 Clinic	TIF 2-11 KSB	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
15,306	49,126	12,648	13,204	45,552	--	135,836
--	--	--	--	--	--	--
--	--	--	--	--	--	60,535
--	--	--	--	--	--	14,829
351	166	--	--	--	--	7,416
--	--	--	--	--	--	7,810
--	--	--	--	--	--	730
<u>15,657</u>	<u>49,292</u>	<u>12,648</u>	<u>13,204</u>	<u>\$ 45,552</u>	<u>\$ --</u>	<u>227,156</u>
--	--	--	--	--	--	56
--	--	--	--	--	--	36,523
--	49,126	12,648	13,203	--	--	74,977
15,306	--	--	--	45,552	34,165	164,528
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>15,306</u>	<u>49,126</u>	<u>12,648</u>	<u>13,203</u>	<u>45,552</u>	<u>34,165</u>	<u>276,084</u>
351	166	--	1	--	(34,165)	(48,928)
--	--	--	--	--	--	--
--	--	--	--	--	--	40,000
--	--	--	--	--	--	(4,500)
--	--	--	--	--	--	35,500
351	166	--	1	--	(34,165)	(13,428)
<u>5,794</u>	<u>9,671</u>	<u>3,157</u>	<u>--</u>	<u>296</u>	<u>--</u>	<u>276,107</u>
<u>\$ 6,145</u>	<u>\$ 9,837</u>	<u>\$ 3,157</u>	<u>\$ 1</u>	<u>\$ 296</u>	<u>\$ (34,165)</u>	<u>\$ 262,679</u>

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Capital Project Funds			
	Future Fire Equipment	Future Improvements	Arthur Extension	SE Utility Extension
REVENUES				
Property taxes	\$ --	\$ --	\$ --	\$ --
Tax increments	--	--	--	--
Special assessments	--	--	--	--
Charges for services	--	--	--	--
Intergovernmental revenue	32,157	--	--	--
Interest earnings	148	14,932	--	--
Miscellaneous -				
Contributions	2,500	--	--	--
Other	--	6,837	--	--
Total revenues	<u>34,805</u>	<u>21,769</u>	<u>--</u>	<u>--</u>
EXPENDITURES				
Public works	--	--	--	--
Cemetery	--	--	--	--
Housing development	--	--	--	--
Economic development	--	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	62	--
Total expenditures	<u>--</u>	<u>--</u>	<u>62</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	34,805	21,769	(62)	--
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	--	--	--	--
Transfers in	12,843	10,000	--	--
Transfers out	--	(182,750)	--	--
Total other financing sources (uses)	<u>12,843</u>	<u>(172,750)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	47,648	(150,981)	(62)	--
Fund balances - beginning	<u>1,072</u>	<u>637,360</u>	<u>(15,666)</u>	<u>(8,500)</u>
Fund balances - ending	<u>\$ 48,720</u>	<u>\$ 486,379</u>	<u>\$ (15,728)</u>	<u>\$ (8,500)</u>

Airport Land Acquisition 2004	Airport Environmental Assessment	Airport Construction 2006	Hwy 23-65	Quamba Interceptor	Street Construction 2006	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
409,640	--	--	--	--	--	441,797
--	--	--	--	--	--	15,080
--	--	--	--	--	--	2,500
--	--	--	--	--	--	6,837
<u>409,640</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>466,214</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
443,342	--	29,790	94,817	12,326	218,659	798,996
<u>443,342</u>	<u>--</u>	<u>29,790</u>	<u>94,817</u>	<u>12,326</u>	<u>218,659</u>	<u>798,996</u>
(33,702)	--	(29,790)	(94,817)	(12,326)	(218,659)	(332,782)
--	--	--	--	--	--	--
25,100	--	--	--	--	218,659	266,602
--	--	--	--	--	--	(182,750)
<u>25,100</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>218,659</u>	<u>83,852</u>
(8,602)	--	(29,790)	(94,817)	(12,326)	--	(248,930)
<u>(62,688)</u>	<u>(40,464)</u>	<u>--</u>	<u>(16,788)</u>	<u>--</u>	<u>--</u>	<u>494,326</u>
<u>\$ (71,290)</u>	<u>\$ (40,464)</u>	<u>\$ (29,790)</u>	<u>\$ (111,605)</u>	<u>\$ (12,326)</u>	<u>\$ --</u>	<u>\$ 245,396</u>

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2006

	Debt Service Funds			
	G.O. Waste Water Facility	Maple Avenue	Street Construction 2003	Fire Station 2003
REVENUES				
Property taxes	\$ 49,528	\$ 12,065	\$ 39,566	\$ 65,674
Tax increments	--	--	--	--
Special assessments	--	659	--	--
Charges for services	--	--	--	--
Intergovernmental revenue	--	--	--	--
Interest earnings	2,821	1,032	--	--
Miscellaneous -				
Contributions	--	--	--	51,178
Other	--	--	--	--
Total revenues	<u>52,349</u>	<u>13,756</u>	<u>39,566</u>	<u>116,852</u>
EXPENDITURES				
Public works	--	--	--	--
Cemetery	--	--	--	--
Housing development	--	--	--	--
Economic development	--	--	--	--
Debt service	256,120	27,087	41,675	113,100
Capital projects	--	--	--	--
Total expenditures	<u>256,120</u>	<u>27,087</u>	<u>41,675</u>	<u>113,100</u>
Excess (deficiency) of revenues over (under) expenditures	(203,771)	(13,331)	(2,109)	3,752
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	--	--	--	--
Transfers in	205,000	--	--	--
Transfers out	--	--	--	--
Total other financing sources (uses)	<u>205,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	1,229	(13,331)	(2,109)	3,752
Fund balances - beginning	<u>376,404</u>	<u>46,875</u>	<u>42,449</u>	<u>105,213</u>
Fund balances - ending	<u>\$ 377,633</u>	<u>\$ 33,544</u>	<u>\$ 40,340</u>	<u>\$ 108,965</u>

Street Construction 2004	Street Construction 2006	Total	Total Nonmajor Governmental Funds
\$ 17,820	\$ --	\$ 184,653	\$ 184,653
--	--	--	135,836
--	--	659	659
--	--	--	60,535
--	--	--	456,626
--	--	3,853	26,349
--	--	--	--
--	--	51,178	61,488
--	--	--	7,567
<u>17,820</u>	<u>--</u>	<u>240,343</u>	<u>933,713</u>
--	--	--	56
--	--	--	36,523
--	--	--	74,977
--	--	--	164,528
--	--	437,982	437,982
--	--	--	798,996
<u>--</u>	<u>--</u>	<u>437,982</u>	<u>1,513,062</u>
17,820	--	(197,639)	(579,349)
123,146	231,495	354,641	354,641
--	--	205,000	511,602
--	(218,659)	(218,659)	(405,909)
<u>123,146</u>	<u>12,836</u>	<u>340,982</u>	<u>460,334</u>
140,966	12,836	143,343	(119,015)
(140,889)	--	430,052	1,200,485
<u>\$ 77</u>	<u>\$ 12,836</u>	<u>\$ 573,395</u>	<u>\$ 1,081,470</u>

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**SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE - BUDGET and ACTUAL**

Special Revenue Funds

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Storm Water Fees	\$ 25,000	\$ 24,485	\$ (515)
Interest	250		(250)
Total revenues	<u>25,250</u>	<u>24,485</u>	<u>(765)</u>
EXPENDITURES			
Professional services	15,000	9	14,991
Miscellaneous	5,000	47	4,953
Capital Outlay	5,000	--	5,000
Total expenditures	<u>25,000</u>	<u>56</u>	<u>24,944</u>
Net change in fund balances	250	24,429	(25,709)
Fund balances - beginning	<u>(2,399)</u>	<u>(2,399)</u>	<u>--</u>
Fund balances - ending	<u><u>\$ (2,149)</u></u>	<u><u>\$ 22,030</u></u>	<u><u>\$ (25,709)</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interments	\$ 17,000	\$ 20,800	\$ 3,800
Perpetual Care	2,750	3,305	555
Sale of lots	10,000	11,945	1,945
Investment earnings	3,000	4,928	1,928
Miscellaneous	250	730	480
Total revenues	<u>33,000</u>	<u>41,708</u>	<u>8,708</u>
EXPENDITURES			
Professional services	11,100	18,045	6,945
Salaries	13,293	13,364	71
Capital outlay	--	--	--
Miscellaneous	4,259	5,114	855
Total expenditures	<u>28,652</u>	<u>36,523</u>	<u>7,871</u>
Excess (deficiency) of revenues over (under) expenditures	4,348	5,185	837
OTHER FINANCING SOURCES (USES)			
Transfer in	--	--	--
Transfer out	<u>(4,500)</u>	<u>(4,500)</u>	<u>--</u>
Total other financing sources (uses)	<u>(4,500)</u>	<u>(4,500)</u>	<u>--</u>
Net change in fund balances	(152)	685	837
Fund balances - beginning	<u>133,923</u>	<u>133,923</u>	<u>--</u>
Fund balances - ending	<u>\$ 133,771</u>	<u>\$ 134,608</u>	<u>\$ 837</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
State Grants & Aids	\$ --	\$ 14,829	\$ 14,829
Contributions	--	7,810	7,810
Investment earnings	250	213	(37)
Total revenues	<u>250</u>	<u>22,852</u>	<u>22,602</u>
EXPENDITURES			
Professional services	32,482	21,201	11,281
Supplies	6,984	35,073	(28,089)
Miscellaneous	3,500	13,231	(9,731)
Total expenditures	<u>42,966</u>	<u>69,505</u>	<u>(26,539)</u>
Excess (deficiency) of revenues over (under) expenditures	(42,716)	(46,653)	(3,937)
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	(2,716)	(6,653)	(3,937)
Fund balances - beginning	<u>32,855</u>	<u>32,855</u>	<u>--</u>
Fund balances - ending	<u>\$ 30,139</u>	<u>\$ 26,202</u>	<u>\$ (3,937)</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ --	\$ 1,758	\$ 1,758
Total revenues	<u> --</u>	<u> 1,758</u>	<u> 1,758</u>
EXPENDITURES			
Professional services	<u> --</u>	<u> --</u>	<u> --</u>
Total expenditures	<u> --</u>	<u> --</u>	<u> --</u>
Net change in fund balances	--	1,758	1,758
Fund balances - beginning	<u> 92,810</u>	<u> 92,810</u>	<u> --</u>
Fund balances - ending	<u> \$ 92,810</u>	<u> \$ 94,568</u>	<u> \$ 1,758</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 15,306	\$ 15,306
Investment earnings	--	351	351
Total revenues	--	15,657	15,657
EXPENDITURES			
Professional services	--	1,531	1,531
Economic development	--	13,775	13,775
Miscellaneous	--	--	--
Total expenditures	--	15,306	15,306
 Net change in fund balances	 --	 351	 351
Fund balances - beginning	5,794	5,794	--
Fund balances - ending	\$ 5,794	\$ 6,145	\$ 351

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, 2006

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 49,126	\$ 49,126
Investment earnings	--	166	166
Total revenues	<u>--</u>	<u>49,292</u>	<u>49,292</u>
EXPENDITURES			
Professional services	--	2,456	2,456
Housing development	--	46,670	46,670
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>49,126</u>	<u>49,126</u>
Net changes in fund balances	--	166	166
Fund balances - beginning	<u>9,671</u>	<u>9,671</u>	<u>--</u>
Fund balances - ending	<u>\$ 9,671</u>	<u>\$ 9,837</u>	<u>\$ 166</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 12,648	\$ 12,648
Investment earnings	--	--	--
Total revenues	--	12,648	12,648
EXPENDITURES			
Professional services	--	3,027	3,027
Housing development	--	9,621	9,621
Miscellaneous	--	--	--
Total expenditures	--	12,648	12,648
Net change to fund balances	--	--	--
Fund balances - beginning	3,157	3,157	--
Fund balances - ending	\$ 3,157	\$ 3,157	\$ --

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 13,204	\$ 13,204
Total revenues	<u>--</u>	<u>13,204</u>	<u>13,204</u>
EXPENDITURES			
Professional services	--	660	660
Housing development	--	12,543	12,543
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>13,203</u>	<u>13,203</u>
Net change to fund balances	--	1	1
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ 1</u>	<u>\$ 1</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 45,552	\$ 45,552
Total revenues	<u>--</u>	<u>45,552</u>	<u>45,552</u>
EXPENDITURES			
Professional services	--	4,555	4,555
Economic development	--	40,997	40,997
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>45,552</u>	<u>45,552</u>
Net change to fund balances	--	--	--
Fund balances - beginning	<u>296</u>	<u>296</u>	<u>--</u>
Fund balances - ending	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ --</u>

City of Mora, Minnesota
TIF 1-11 Kanabec State Bank - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ --	\$ --
Total revenues	<u> --</u>	<u> --</u>	<u> --</u>
EXPENDITURES			
Professional services	--	34,014	34,014
Economic development	--	--	--
Interest	--	--	--
Miscellaneous	--	151	151
Total expenditures	<u> --</u>	<u>34,165</u>	<u>34,165</u>
Net change to fund balances	--	(34,165)	(34,165)
Fund balances - beginning	<u> --</u>	<u> --</u>	<u> --</u>
Fund balances - ending	<u> \$ --</u>	<u> \$ (34,165)</u>	<u> \$ (34,165)</u>

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**SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE - BUDGET and ACTUAL**

Capital Project Funds

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ 32,157	\$ 32,157	\$ --
Contributions	--	2,500	2,500
Interest earnings	500	148	(352)
Total revenues	<u>32,657</u>	<u>34,805</u>	<u>2,148</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	32,657	34,805	2,148
OTHER FINANCING SOURCES (USES)			
Transfers in	12,843	12,843	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>12,843</u>	<u>12,843</u>	<u>--</u>
Net change in fund balances	45,500	47,648	2,148
Fund balances - beginning	<u>1,072</u>	<u>1,072</u>	<u>--</u>
Fund balances - ending	<u>\$ 46,572</u>	<u>\$ 48,720</u>	<u>\$ 2,148</u>

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	14,932	14,932
Miscellaneous	--	6,837	6,837
Total revenues	<u>--</u>	<u>21,769</u>	<u>21,769</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	--	21,769	21,769
OTHER FINANCING SOURCES (USES)			
Transfers in	11,500	10,000	(1,500)
Transfers out	<u>(109,500)</u>	<u>(182,750)</u>	<u>(73,250)</u>
Total other financing sources (uses)	<u>(98,000)</u>	<u>(172,750)</u>	<u>(74,750)</u>
Net change in fund balances	(98,000)	(150,981)	(52,981)
Fund balances - beginning	<u>637,360</u>	<u>637,360</u>	<u>--</u>
Fund balances - ending	<u>\$ 539,360</u>	<u>\$ 486,379</u>	<u>\$ (52,981)</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, 2006

	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	--	62	62
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>62</u>	<u>62</u>
Excess (deficiency) of revenues over (under) expenditures	--	(62)	(62)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(62)	(62)
Fund balances - beginning	<u>(15,666)</u>	<u>(15,666)</u>	<u>--</u>
Fund balances - ending	<u>\$ (15,666)</u>	<u>\$ (15,728)</u>	<u>\$ (62)</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, 2006

	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
 Airport Land Acquisition - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ 409,640	\$ 409,640
Interest earnings	--	--	--
Miscellaneous	--	--	--
Total revenues	<u>--</u>	<u>409,640</u>	<u>409,640</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	443,342	443,342
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>443,342</u>	<u>443,342</u>
Excess (deficiency) of revenues over (under) expenditures	--	(33,702)	(33,702)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	25,100	25,100
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>25,100</u>	<u>25,100</u>
Net change in fund balances	--	(8,602)	(8,602)
Fund balances - beginning	<u>(62,688)</u>	<u>(62,688)</u>	<u>--</u>
Fund balances - ending	<u>\$ (62,688)</u>	<u>\$ (71,290)</u>	<u>\$ (8,602)</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, 2006

	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>(40,464)</u>	<u>(40,464)</u>	<u>--</u>
Fund balances - ending	<u>\$ (40,464)</u>	<u>\$ (40,464)</u>	<u>\$ --</u>

City of Mora, Minnesota
 2006 Airport Construction - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006

	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	--	29,790	29,790
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>29,790</u>	<u>29,790</u>
Excess (deficiency) of revenues over (under) expenditures	--	(29,790)	(29,790)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(29,790)	(29,790)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ (29,790)</u>	<u>\$ (29,790)</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, 2006

	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	--	94,817	94,817
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>94,817</u>	<u>94,817</u>
Excess (deficiency) of revenues over (under) expenditures	--	(94,817)	(94,817)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(94,817)	(94,817)
Fund balances - beginning	<u>(16,788)</u>	<u>(16,788)</u>	<u>--</u>
Fund balances - ending	<u><u>\$ (16,788)</u></u>	<u><u>\$ (111,605)</u></u>	<u><u>\$ (94,817)</u></u>

City of Mora, Minnesota
 Quamba Interceptor - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006

	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	--	12,326	12,326
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>12,326</u>	<u>12,326</u>
Excess (deficiency) of revenues over (under) expenditures	--	(12,326)	(12,326)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(12,326)	(12,326)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ (12,326)</u>	<u>\$ (12,326)</u>

City of Mora, Minnesota
 2006 Street Construction - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006

	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	--	218,659	218,659
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>218,659</u>	<u>218,659</u>
Excess (deficiency) of revenues over (under) expenditures	--	(218,659)	(218,659)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	218,659	218,659
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>218,659</u>	<u>218,659</u>
Net change in fund balances	--	--	--
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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**SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE - BUDGET and ACTUAL**

Debt Service Funds

City of Mora, Minnesota
 G. O. Waste Water Facility - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 50,000	\$ 49,528	\$ (472)
Investment earnings	2,000	2,821	821
Total revenues	<u>52,000</u>	<u>52,349</u>	<u>349</u>
EXPENDITURES			
Principal	220,000	220,000	--
Interest	35,770	35,770	--
Fiscal agent fees	350	350	--
Total expenditures	<u>256,120</u>	<u>256,120</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(204,120)	(203,771)	349
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	205,000	205,000	--
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>205,000</u>	<u>--</u>
Net change in fund balances	880	1,229	349
Fund balances - beginning	<u>376,404</u>	<u>376,404</u>	<u>--</u>
Fund balances - ending	<u>\$ 377,284</u>	<u>\$ 377,633</u>	<u>\$ 349</u>

City of Mora, Minnesota
Maple Avenue West - Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 12,000	\$ 12,065	\$ 65
Special assessments	--	659	659
Investment earnings	500	1,032	532
Total revenues	<u>12,500</u>	<u>13,756</u>	<u>1,256</u>
EXPENDITURES			
Principal	25,000	25,000	--
Interest	2,088	2,087	(1)
Total expenditures	<u>27,088</u>	<u>27,087</u>	<u>(1)</u>
Net change in fund balances	(14,588)	(13,331)	1,257
Fund balances - beginning	<u>46,875</u>	<u>46,875</u>	<u>--</u>
Fund balances - ending	<u>\$ 32,287</u>	<u>\$ 33,544</u>	<u>\$ 1,257</u>

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 40,000	\$ 39,566	\$ (434)
Interest	--	--	--
Total revenues	<u>40,000</u>	<u>39,566</u>	<u>(434)</u>
EXPENDITURES			
Principal	40,000	40,000	--
Interest	1,500	1,500	--
Miscellaneous	175	175	--
Total expenditures	<u>41,675</u>	<u>41,675</u>	<u>--</u>
Net change in fund balances	(1,675)	(2,109)	(434)
Fund balances - beginning	<u>42,449</u>	<u>42,449</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 40,774</u></u>	<u><u>\$ 40,340</u></u>	<u><u>\$ (434)</u></u>

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 66,474	\$ 65,674	\$ (800)
Township contributions	51,179	51,178	(1)
Interest	1,000	--	(1,000)
Total revenues	<u>118,653</u>	<u>116,852</u>	<u>(1,801)</u>
EXPENDITURES			
Principal	70,000	70,000	--
Interest	42,925	42,925	--
Miscellaneous	175	175	--
Total expenditures	<u>113,100</u>	<u>113,100</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	5,553	3,752	(1,801)
OTHER FINANCING SOURCES (USES)			
Transfer in	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	5,553	3,752	(1,801)
Fund balances - beginning	<u>105,213</u>	<u>105,213</u>	<u>--</u>
Fund balances - ending	<u>\$ 110,766</u>	<u>\$ 108,965</u>	<u>\$ (1,801)</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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 18,000	\$ 17,820	\$ (180)
Township contributions	--	--	--
Federal grants	--	--	--
Total revenues	<u>18,000</u>	<u>17,820</u>	<u>(180)</u>
EXPENDITURES			
Principal	--	--	--
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	18,000	17,820	(180)
OTHER FINANCING SOURCES (USES)			
Proceeds from Bonds	--	123,146	123,146
Transfer in (out)	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>123,146</u>	<u>123,146</u>
Net change in fund balances	18,000	140,966	122,966
Fund balances - beginning	<u>(140,889)</u>	<u>(140,889)</u>	<u>--</u>
Fund balances - ending	<u>\$ (122,889)</u>	<u>\$ 77</u>	<u>\$ 122,966</u>

City of Mora, Minnesota
 2006 Street Construction - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ --	\$ --	\$ --
Township contributions	--	--	--
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)			
Proceeds from Bonds		231,495	231,495
Transfer in (out)	--	(218,659)	(218,659)
Total other financing sources (uses)	<u>--</u>	<u>12,836</u>	<u>12,836</u>
Net change in fund balances	--	12,836	12,836
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ 12,836</u>	<u>\$ 12,836</u>

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**STATEMENT OF REVENUES, EXPENDITURES and
CHANGES IN NET ASSETS - BUDGET and ACTUAL**

Enterprise Funds

City of Mora, Minnesota
Municipal Liquor Store - Enterprise Fund
Statement of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ --	\$ 2,235,390	\$ (2,235,390)
Total Operating Revenues	<u>--</u>	<u>2,235,390</u>	<u>(2,235,390)</u>
Operating Expenses:			
Cost of sales	--	1,687,527	(1,687,527)
Employee services	--	186,547	(186,547)
Supplies	--	82,309	(82,309)
Other services & charges	--	21,082	(21,082)
Depreciation	--	8,269	(8,269)
Total Operating Expenses	<u>--</u>	<u>1,985,734</u>	<u>(1,985,734)</u>
Operating Income (Loss)	--	249,656	(249,656)
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	--	14,757	(14,757)
Gain on sale of fixed assets	--	--	--
Miscellaneous	--	4,561	(4,561)
Total Non-Operating Revenues	<u>--</u>	<u>19,318</u>	<u>(19,318)</u>
Income before Transfers	--	268,974	(268,974)
Transfers:			
Transfers (out)	--	(320,000)	320,000
Total Transfers	<u>--</u>	<u>(320,000)</u>	<u>320,000</u>
Net Income (Loss)	--	(51,026)	51,026
Net Assets, January 1	<u>832,731</u>	<u>832,731</u>	<u>--</u>
Net Assets, December 31	<u>\$ 832,731</u>	<u>\$ 781,705</u>	<u>\$ 51,026</u>

City of Mora, Minnesota
Electric Utility Fund - Enterprise Fund
Statement of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 4,550,000	\$ 4,210,821	\$ 339,179
Total Operating Revenues	<u>4,550,000</u>	<u>4,210,821</u>	<u>339,179</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	474,817	413,183	61,634
Supplies	410,080	407,395	2,685
Other services & charges	3,665,000	3,499,446	165,554
Depreciation	250,000	231,298	18,702
Total Operating Expenses	<u>4,799,897</u>	<u>4,551,322</u>	<u>248,575</u>
Operating Income (Loss)	(249,897)	(340,501)	90,604
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	100,000	162,669	(62,669)
Gain on sale of fixed assets	--	--	--
Miscellaneous	424,000	883,668	(459,668)
Total Non-Operating Revenues	<u>524,000</u>	<u>1,046,337</u>	<u>(522,337)</u>
Income before Transfers	274,103	705,836	(431,733)
Transfers:			
Transfers (out)	(150,000)	(459,152)	309,152
Total Transfers	<u>(150,000)</u>	<u>(459,152)</u>	<u>309,152</u>
Net Income (Loss)	124,103	246,684	(122,581)
Net Assets, January 1	<u>6,540,996</u>	<u>6,540,996</u>	<u>--</u>
Net Assets, December 31	<u>\$ 6,665,099</u>	<u>\$ 6,787,680</u>	<u>\$ (122,581)</u>

City of Mora, Minnesota
Water Utility Fund - Enterprise Fund
Statement of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 406,550	\$ 414,887	\$ (8,337)
Total Operating Revenues	<u>406,550</u>	<u>414,887</u>	<u>(8,337)</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	210,211	172,311	37,900
Supplies	135,940	127,500	8,440
Other services & charges	26,000	51,995	(25,995)
Depreciation	95,000	107,801	(12,801)
Total Operating Expenses	<u>467,151</u>	<u>459,607</u>	<u>7,544</u>
Operating Income (Loss)	(60,601)	(44,720)	(15,881)
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	18,000	29,278	(11,278)
Gain on sale of fixed assets	--	--	--
Miscellaneous	1,000	60,617	(59,617)
Total Non-Operating Revenues	<u>19,000</u>	<u>89,895</u>	<u>(70,895)</u>
Income before Operating Transfers	(41,601)	45,175	(86,776)
Operating Transfers:			
Transfer in	--	--	--
Transfers (out)	(30,000)	--	(30,000)
Total Operating Transfers	<u>(30,000)</u>	<u>--</u>	<u>(30,000)</u>
Net Income (Loss)	(71,601)	45,175	(116,776)
Net Assets, January 1	<u>3,347,971</u>	<u>3,347,971</u>	<u>--</u>
Net Assets, December 31	<u>\$ 3,276,370</u>	<u>\$ 3,393,146</u>	<u>\$ (116,776)</u>

City of Mora, Minnesota
Wastewater Utility Fund - Enterprise Fund
Statement of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual
For the Year Ended December 31, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 647,000	\$ 725,104	\$ (78,104)
Total Operating Revenues	<u>647,000</u>	<u>725,104</u>	<u>(78,104)</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	210,211	176,573	33,638
Supplies	132,340	211,245	(78,905)
Other services & charges	25,250	51,994	(26,744)
Depreciation	<u>170,000</u>	<u>175,372</u>	<u>(5,372)</u>
Total Operating Expenses	<u>537,801</u>	<u>615,184</u>	<u>(77,383)</u>
Operating Income (Loss)	109,199	109,920	(721)
Add: Non-Operating Revenues:			
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	10,000	20,595	(10,595)
Gain on sale of fixed assets	--	--	--
Miscellaneous	<u>2,000</u>	<u>37,131</u>	<u>(35,131)</u>
Total Non-Operating Revenues	<u>12,000</u>	<u>57,726</u>	<u>(45,726)</u>
Income before Operating Transfers	121,199	167,646	(46,447)
Operating Transfers:			
Transfer in	--	--	--
Transfers (out)	<u>(222,000)</u>	<u>(205,000)</u>	<u>(17,000)</u>
Total Operating Transfers	<u>(222,000)</u>	<u>(205,000)</u>	<u>(17,000)</u>
Net Income (Loss)	(100,801)	(37,354)	(63,447)
Net Assets, January 1	<u>3,917,964</u>	<u>3,917,964</u>	<u>--</u>
Net Assets, December 31	<u>\$ 3,817,163</u>	<u>\$ 3,880,610</u>	<u>\$ (63,447)</u>

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006

FINANCIAL SECTION (CONTINUED)

SCHEDULES

SUPPLEMENTARY FINANCIAL INFORMATION

These supplementary schedules are included to provide management additional information for financial analysis.

CITY OF MORA

COMBINED SCHEDULE OF BONDS PAYABLE
For the Year Ended December 31, 2006

General Obligation Bonds	Interest Rates & Dates	Issue Date	Final Maturity Date	Payment	Authorization	Issued	Retired	Outstanding
\$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	195,000	25,000
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	425,000	1,185,000
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	130,000	1,160,000
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	75,000	40,000
G.O. Construction Bonds, Series 2006	4.0% (2/1)	12/28/06	2/1/27	125,000 (2008)	1,470,000	1,470,000	--	1,470,000
Total General Obligation Bonds					4,705,000	4,705,000	825,000	3,880,000
Revenue Bonds								
G.O. Water & Sewer revenue bonds 2006	4% (2/1)	12/28/06	2/1/27	17,000 (2008)	365,000	365,000	--	365,000
\$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					1,980,000	1,980,000	--	1,980,000
Total Bonds Payable					\$ 6,685,000	\$ 6,685,000	\$ 825,000	\$ 5,860,000

* Yearly Payment

CITY OF MORA, MINNESOTA

MUNICIPAL LIQUOR STORE FUND

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

<u>Year</u>	<u>Gross Sales</u>	<u>Income Before Transfers</u>	<u>Transfers Out</u>	<u>Net Assets</u>
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
2006	2,235,390	268,974	320,000	781,705

CITY OF MORA, MINNESOTA

ELECTRIC UTILITY ENTERPRISE FUND

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

<u>Year</u>	<u>Gross Sales</u>	<u>Income Before Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Assets</u>
1997	3,989,195	417,918	--	136,600	5,649,280
1998	4,292,970	393,197	--	276,600	5,765,877
1999	4,531,904	577,166	--	188,600	6,154,443
2000	4,215,396	407,463	--	144,100	6,417,806
2001	3,940,218	263,886	59,209	236,384	6,504,517
2002	3,603,273	368,351	20,791	130,850	6,762,809
2003	3,684,942	(45,253)	--	163,036	6,554,520
2004	3,974,016	114,129	--	150,000	6,518,649
2005	3,632,674	172,347	--	150,000	6,540,996
2006	4,210,821	705,836	--	459,152	6,787,680

CITY OF MORA, MINNESOTA

ELECTRIC UTILITY FUND

Schedule of Services, Billing, KWH, and Revenues per KWH

For the Year Ended December 31, 2006

	Service	Amount	KWH	Revenues KWH
City Residential	1,531	\$ 1,001,006.00	11,014,122	0.0909
Rural Residential	106	110,251.00	1,235,524	0.0892
Small Commercial	212	605,374.00	7,295,966	0.0830
Large Commercial	27	940,619.00	12,551,244	0.0749
Industrial	4	1,453,244.00	20,476,931	0.0710
Government	20	57,759.00	1,033,699	0.0559
Street Lights	1	24,454.00	308,574	0.0792
Security Lights	80	17,384.00	200,092	0.0869
Wind Power	12	730.00	--	--
Total Retail Sales	1,993	\$ 4,210,821.00	54,116,152	0.0778
Cost of Power:				
Purchased Power		\$ 3,366,149.85		
Cost per KWH Sold		0.062202		
Total KWH Purchased		56,824,377		
Less: Station Power		<u>(312,365)</u>		
Net KWH to Feeders		56,512,012		
Less: Total Retail Sales		<u>(54,116,152)</u>		
Line Loss	4.24%	<u><u>2,395,860</u></u>		

Peak Demand: 12,284 KW-- 3:00 P.M.--July 31, 2006.

CITY OF MORA, MINNESOTA

WATER UTILITY ENTERPRISE FUND

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

Year	Gross Sales	Income Before Transfers	Transfers In	Transfers Out	Net Assets
1997	281,674	69,705	--	--	2,969,474
1998	286,476	85,198	--	--	3,054,672
1999	286,222	66,309	--	--	3,120,981
2000	321,758	78,791	--	--	3,199,772
2001	331,716	105,536	--	127,650	3,177,658
2002	363,207	119,135	--	--	3,296,793
2003	374,261	48,739	--	--	3,345,532
2004	424,726	33,745	--	58,428	3,320,849
2005	402,091	(9,090)	66,158	29,946	3,347,971
2006	414,887	45,175	--	--	3,393,146

CITY OF MORA, MINNESOTA

WASTEWATER UTILITY ENTERPRISE FUND
 Schedule of Gross Sales, Net Profit, Transfers In, Transfers Out, and Net Assets
 Last Ten Fiscal Years

<u>Year</u>	<u>Gross Sales</u>	<u>Income Before Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Assets</u>
1997	510,091	145,440	--	205,000	4,305,121
1998	511,820	120,697	--	215,000	4,210,818
1999	507,382	105,903	--	205,000	4,111,721
2000	547,051	144,919	--	205,000	4,051,640
2001	563,822	189,519	100,033	235,795	4,105,397
2002	584,879	189,992	--	205,000	4,090,389
2003	594,661	148,308	--	205,000	4,033,697
2004	636,217	164,792	--	271,480	3,927,009
2005	649,939	163,937	66,158	239,140	3,917,964
2006	725,104	167,646	--	205,000	3,880,610

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR REDEVELOPMENT DISTRICT NO. 1-7 - EPC
 A TAX INCREMENT DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2006

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for In Prior Years Amount	2006 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 3,200,000	\$ --	\$ 389,670	\$ 15,306
Interest on invested funds	--	--	9,201	351
Total Sources of Funds	<u>3,200,000</u>	<u>--</u>	<u>398,871</u>	<u>15,657</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	--	350,828	15,306
Administrative costs	<u>300,000</u>	<u>--</u>	<u>11,772</u>	<u>--</u>
Total Uses of Funds	<u>3,200,000</u>	<u>--</u>	<u>393,077</u>	<u>15,306</u>
District Balance (Deficiency)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,794</u>	<u>\$ 351</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR REDEVELOPMENT DISTRICT NO. 2-2 - INTREPID
 A TAX INCREMENT FINANCE DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 2
 For the Fiscal Year Ended December 31, 2006

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2006 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 4,059,927	\$ --	\$ 302,184	\$ 49,126
Loan proceeds	1,430,000	--	772,000	--
Interest on invested funds	--	--	7,640	166
Total Sources of Funds	<u>5,489,927</u>	<u>--</u>	<u>1,081,824</u>	<u>49,292</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	--	284,645	49,126
Administrative costs	230,000	--	15,508	--
Total Uses of Funds	<u>5,083,935</u>	<u>--</u>	<u>1,072,153</u>	<u>49,126</u>
District Balance (Deficiency)	<u>\$ 405,992</u>	<u>\$ --</u>	<u>\$ 9,671</u>	<u>\$ 166</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR HOUSING DISTRICT NO. 1-8 - TORBORG
 A TAX INCREMENT FINANCING DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2006

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2006 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 400,000	\$ --	\$ 62,647	\$ 12,648
Interest on invested funds	--	--	1,026	--
Local contribution	40,000	--	--	--
Total Sources of Funds	440,000	--	63,673	12,648
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	47,573	12,648
Administrative costs	40,000	40,000	12,943	--
Total Uses of Funds	440,000	440,000	60,516	12,648
District Balance (Deficiency)	\$ --	\$ (440,000)	\$ 3,157	\$ --

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR TAX INCREMENT FINANCING DISTRICT NO. 1-9 - CMHP
 A QUALIFIED HOUSING DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2006

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2006 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 704,000	\$ --	\$ 67,380	\$ 13,204
Interfund loans	30,000	--	30,000	--
Total Sources of Funds	<u>734,000</u>	<u>--</u>	<u>97,380</u>	<u>13,204</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	--	34,011	13,203
Administrative costs	36,000	--	3,369	--
Total Uses of Funds	<u>734,000</u>	<u>--</u>	<u>97,380</u>	<u>13,203</u>
District Balance (Deficiency)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1</u>

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR TAX INCREMENT FINANCING DISTRICT NO. 2-10 - HOSPITAL
 A QUALIFIED HOUSING DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 1
 For the Fiscal Year Ended December 31, 2006

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2006 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ 3,000,000	\$ --	\$ 52,028	\$ 45,552
Local contributions	150,000	--	--	--
Total Sources of Funds	3,150,000	--	52,028	45,552
Uses of Funds:				
Land/building acquisition	550,000	--	--	--
Site improvements	500,000	--	--	--
Loan/note interest payments	1,980,000	--	46,825	45,552
Administrative costs	120,000	--	4,907	--
Total Uses of Funds	3,150,000	--	51,732	45,552
District Balance (Deficiency)	\$ --	\$ --	\$ 296	\$ --

CITY OF MORA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
 FOR REDEVELOPMENT DISTRICT NO. 1-11 - KSB
 A TAX INCREMENT FINANCE DISTRICT WITHIN DEVELOPMENT DISTRICT NO. 2
 For the Fiscal Year Ended December 31, 2006

	Original TIF Plan Budget Amount	Cumulative Modified TIF Plan Budget Amount	Accounted for in Prior Years Amount	2006 Current Year Amount
Sources of Funds:				
Tax increment revenues	\$ --	\$ --	\$ --	\$ --
Real estate sales	--	--	--	--
Total Sources of Funds	--	--	--	--
Uses of Funds:				
Land/building acquisition	--	--	--	--
Site improvements	--	--	--	34,165
Parking facilities	--	--	--	--
Streets & sidewalks	--	--	--	--
Administrative costs	--	--	--	--
Excess increments returned to county auditor	--	--	--	--
Total Uses of Funds	--	--	--	34,165
District Balance (Deficiency)	\$ --	\$ --	\$ --	\$ (34,165)

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006

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
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
2006	521,072	688,003	398,434	255,546	45,996	1,909,051

* 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
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
2006	273,822	--	65,810	712,526	270,559	40,614	172,848	1,536,179

(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
1997	219,558	213,220	97.11%	5,658	218,878	99.69%	680	0.31%
1998	238,613	231,901	97.19%	6,106	238,007	99.75%	606	0.25%
1999	258,920	250,302	96.67%	7,883	258,185	99.72%	735	0.28%
2000	305,876	293,093	95.82%	11,996	305,089	99.74%	787	0.26%
2001	363,712	346,393	95.24%	15,937	362,330	99.62%	1,382	0.38%
2002	364,242	352,532	96.79%	10,381	362,913	99.64%	1,329	0.36%
2003	360,522	344,290	95.50%	15,222	359,512	99.72%	1,010	0.28%
2004	412,218	392,013	95.10%	18,067	410,080	99.48%	2,138	0.52%
2005	410,340	384,438	93.69%	22,705	407,143	99.22%	3,197	0.78%
2006	476,159	455,442	95.10%	--	455,442	95.65%	20,717	4.35%

(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)
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
2006	659	659	100.00%	--	659	100.00%	--

(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)	Real Property Estimated Market Value	Personal Property Tax Capacity	Personal Property Estimated Market Value	Total Net Tax Capacity (1)	Total Estimated Market Value (1)
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
2006	1,961,716	170,757,600	17,976	1,059,100	1,979,692	171,816,700

(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)
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
2006	10,805,579	18%	1,979,692	27%	7,461,869

(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>
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%
2006	25.423%	16.003%	75.711%	0.180%	117.317%

Direct and Overlapping Tax Levies

<u>Year*</u>	<u>City</u>	<u>School</u>	<u>County</u>	<u>Region</u>	<u>Total</u>
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
2006	476,159	1,173,625	8,081,033	221,378	9,952,195

* 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
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	3,193	1,396,387	3,206,200	358,109	2,115,000	529,391	.38:1	163.65
2002	3,235	1,147,991	2,782,000	387,529	1,945,000	499,971	.44:1	151.33
2003	3,304	1,243,428	6,435,748	2,029,295	3,125,748	1,280,705	1.03:1	374.37
2004	3,421	1,494,826	4,742,000	548,610	3,262,000	931,390	.62:1	370.44
2005	3,444	1,865,812	4,380,000	797,144	3,020,000	562,856	.30:1	158.11
2006	3,560	1,863,488	5,860,000	595,230	3,165,000	2,099,770	1.13:1	589.82

(1) Excludes captured tax capacity \$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, \$116,204 in 2006.

CITY OF MORA, MINNESOTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2006

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
City of Mora	\$ 5,860,000	100.00%	\$ 5,860,000
Kanabec County	10,320,000	18.00%	1,857,600
Independent School District #332	5,210,000	27.00%	1,406,700
Total Direct and Overlapping Debt	\$ 21,390,000	42.66%	\$ 9,124,300

CITY OF MORA, MINNESOTA

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2006

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		\$ 5,860,000
Less:		
	Special Assessments Bonds	1,135,000
	2006 GO Waste & Sewer Revenue Bonds	365,000
	2005 GO Water & Sewer Revenue Bonds	1,615,000
	2003B Refunding Bonds	<u>1,185,000</u>
	Net G.O. Bonded Debt	<u>\$ 1,560,000</u>
DEBT LIMIT:	2% X Market Value	
	2% X \$171,816,700	\$ 3,436,334
	Less: Net G.O. Bonded Debt	<u>1,560,000</u>
	Legal Debt Margin	<u><u>\$ 1,876,334</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)
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%
2006	110,000	44,425	154,425	2,473,788	6.242%

SCHEDULE OF INSURANCE IN FORCE
For the Fiscal Year End of 2006

Types of Coverage & Name of Company	Number	Period
Liquor Liability - LMCIT	LLC 1541	7/01/06-07
Worker's Compensation Insurance - LMCIT	200047321	6/30/06-07
Multiperil - City and Utility - LMCIT	CMC-27342	7/1/06-07
Comprehensive Law Enforcement	Included in Multiperil.	
Open Meeting Law Defense - LMCIT	OML-4112	7/1/06-07
Municipal Excess Liability - LMCIT	MEL-5574	7/1/06-07

Table XI
(Continued)

<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	59,571
(A) Multiperil bodily injury/property damage CSL	A	1,000,000	98,456
(B) Equipment	B	Actual Cash Value	
(C) Products	C	1,000,000	
(D) Blanket building & contents-city & utility	D	29,635,820	
(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	
Reimbursable Costs		50,000	372
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, 2006

Roger Crawford	Mayor	\$ 4,000
Greg Ardner	Council Person	3,500
David Chmiel	Council Person	3,500
Mark Gravich	Council Person	3,500
Robert Jensen	Council Person	3,500
Joel Dhein	Administrator	68,685
Mason Hjelle	Clerk/Treasurer	60,336
Campbell Knutson	City Attorney - Civil	8,812
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	68,685
Steven Froehlich	Pool Manager	19,439
Gene Anderson	Street Superintendent	58,852
Chris Olson	Chief of Police	60,336
Gene Anderson	Fire Chief	2,400
Daniel Greene	Liquor Store Manager	53,246

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)
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	22,060	N/A	N/A	1,940	9.2%
2002	3,304	22,723	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%
2006	3,560	N/A	N/A	N/A	1,870	8.5%

(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
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
2006	35	4,148,900	78	1,668,300	354,268	36,692,000	113,236,200

(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, 2006

<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	\$ 59,054	2.98%
Kanabec County	Clinic	44,547	2.25%
Gorham Housing Partners	Apartments	42,776	2.16%
Minmor, LLC	Industrial	34,816	1.76%
Coborn's Inc.	Retail Store	<u>33,982</u>	<u>1.72%</u>
		<u>\$ 215,175</u>	<u>10.87%</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>
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
2006	113	5,817,200

*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	6
Number of public school teachers	132
Number of clerical support personnel	10
Number of support personnel	107
Number of students enrolled for 2006-2007 K-12 school year	1,870

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, 2006	
Number of registered voters	1,948
Number of votes cast	1,317

CITY OF MORA

Table XVI
(Continued)

MISCELLANEOUS STATISTICAL DATA

Employees (City & Utility):

Full-time	31
Part-time (includes 28 firefighters)	38
Seasonal (parks, pool, & cemetery)	35

Electric Department:

Number of customers	1,900
Average daily consumption in kwh	148,263
Annual retail sales	\$ 4,210,821

Water Department:

Number of customers	1,150
Average daily consumption in gallons	280,360
Annual sales	\$ 400,245

Wastewater Department:

Number of customers	1,163
Annual sales	\$ 673,805

Fire Protection:

Number of stations	1
Number of volunteer firefighters	27

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 12/31/06	239
Part 2 crimes - year ended 12/31/06	330
Total part 1 and 2 crimes	568
Total arrests for part 1 and part 2 crimes	294
Jail facilities for adults plus separate quarters for juveniles (1)	15

(1) Function of Kanabec County.

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006

AUDITOR'S REPORT SECTION

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Althoff and Nordquist, LLC

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MARCUS R. ALTHOFF, C.P.A.

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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, 2006, which collectively comprise the City of Mora, Minnesota's basic financial statements and have issued our report thereon dated May 15, 2007. 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
May 15, 2007

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