

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE CITY OF
MORA, MINNESOTA
FOR THE
FISCAL YEAR ENDED
December 31, 2007

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
INTRODUCTORY SECTION
December 31, 2007



CITY OF MORA

MORA MUNICIPAL UTILITIES

101 Lake Street South
Mora, MN 55051-1588

ci.mora.mn.us



320.679.1511

Fax 320.679.3862

320.679.1451

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

May 30, 2008

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, 2007. 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. The city held its TNT hearing on December 3, 2007.

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:

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| General Fund | \$333,850 | \$261,991 | \$207,228 | \$207,228 | \$177,228 |
| Debt Service Fund | \$166,866 | \$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.

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 in the statistical section.

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.

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 2007. 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, 2006. 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 that conforms to generally accepted accounting principles and applicable legal requirements.

ent is valid for a period of one year. The City of Mora has
achievement for twenty-two consecutive years. We believe our
o certificate of achievement program requirements, and we are

accepted accounting prin

A certificate of achievement
received a certificate of a
current CAFR conforms t
submitting it to GFOA.

Acknowledgments

staff contributed significantly to this report. I wish to thank
son, and Wendy Akkerman for their assistance and for their
Mora. I also thank the mayor, the city council members, and
ssioners for handling the financial operations of the city in a
ive manner.

The finance department
Carol Allman, Kelly Erick
dedication to the City of
the public utilities commi
responsible and progress

Respectfully submitted,


Mason Hjelle
City Clerk-Treasurer

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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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

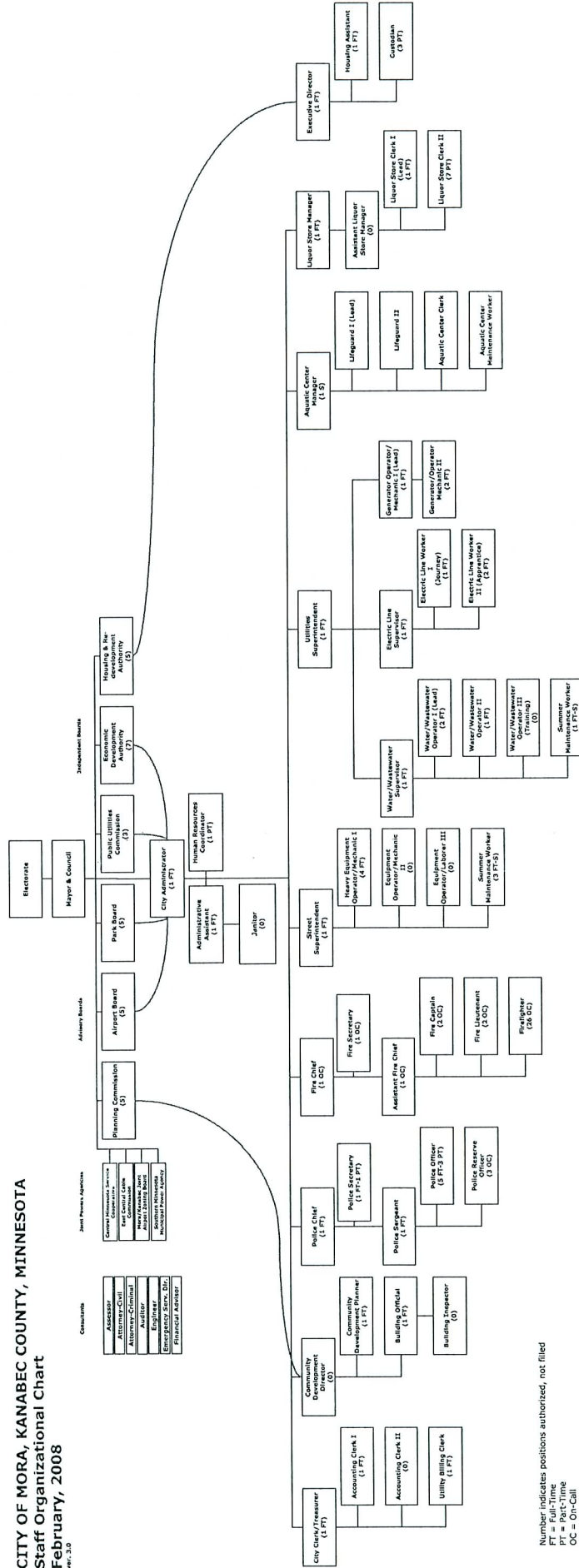
Executive Director

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APPENDIX B Organizational Chart

CITY OF MORA, KANABEC COUNTY, MINNESOTA Staff Organizational Chart February, 2008

ver. 3.0



Number indicates positions authorized, not filled
 FT = Full-Time
 PT = Part-Time
 OC = On-Call
 S = Seasonal

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City of Mora, Minnesota
Organization
December 31, 2007

Elected Officials

Greg Ardner..... Mayor
Beth Hallin..... Council Person
David Chmiel..... Council Person
Mark Gravich..... Council Person
Mike Johnson..... Council Person

Appointed Officials

Joel Dhein..... City Administrator
Mason Hjelle..... Director of Finance-City Clerk/Treasurer
Amy Brosnahan..... 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, 2007

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Althoff and Nordquist, LLC

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the City of Mora, Minnesota, as of and for the year ended December 31, 2007 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, 2007, 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, 2008 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 and budgetary information on pages 5 through 13 and 20 through 21, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Mora, Minnesota.

The combining and individual nonmajor fund financial statements, schedules, budgetary comparison, schedule of expenditures of federal awards, 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.



Althoff & Nordquist, LLC
Pine City, Minnesota
May 15, 2008

City of Mora, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2007

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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, 2007. 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 \$24,824,993 (net assets). Of this amount, \$5,180,332 (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 \$2,608,273 in 2007.
- * At the close of the fiscal year, governmental fund balances totaled \$1,427,663.
- * As of December 31, 2007, the unreserved fund balance of the General Fund was \$899,082. This amount was 45.6% of the General Fund's total expenditures in 2007. The unreserved fund balance increased by \$139,294 in 2007.

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 were \$26,009,993. This was a \$3,793,273 increase over last year's net assets of \$22,216,720. 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 | |
|-----------------------------|----------------------------|--------------|-----------------------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other assets | \$ 1,567,888 | \$ 1,938,810 | \$ 7,702,083 | \$ 6,807,285 | \$ 9,269,971 | \$ 8,746,095 |
| Capital assets (net) | 11,609,016 | 9,467,118 | 11,255,640 | 10,616,906 | 22,864,656 | 20,084,024 |
| Total Assets | 13,176,904 | 11,405,928 | 18,957,723 | 17,424,191 | 32,134,627 | 28,830,119 |
| Other liabilities | 254,252 | 507,349 | 1,585,382 | 618,050 | 1,839,634 | 1,125,399 |
| Long-term liabilities | 2,560,000 | 3,525,000 | 2,910,000 | 1,963,000 | 5,470,000 | 5,488,000 |
| Total Liabilities | 2,814,252 | 4,032,349 | 4,495,382 | 2,581,050 | 7,309,634 | 6,613,399 |
| Net Assets: | | | | | | |
| Invested in capital assets, | | | | | | |
| net of related debt | 9,049,016 | 5,587,118 | 8,349,640 | 8,636,906 | 17,398,656 | 14,224,024 |
| Restricted | 389,763 | 693,843 | 1,856,242 | 1,645,612 | 2,246,005 | 2,339,455 |
| Unrestricted | 923,873 | 1,092,618 | 4,256,459 | 4,560,623 | 5,180,332 | 5,653,241 |
| Total Net Assets | \$ 10,362,652 | \$ 7,373,579 | \$ 14,462,341 | \$ 14,843,141 | \$ 24,824,993 | \$ 22,216,720 |

The city reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$2,989,073 for governmental activities and decreased by (\$380,800) for business-type activities. A prior period adjustment to transfer debt increased governmental net assets and reduced business-type net assets by \$1,185,000. The city's overall financial position improved during 2007.

Change in Net Assets. The city's total revenues for the year ended were \$4,536,993. The city's total program expenses were \$1,461,434. The following table provides a summary of the city's changes in net assets for the year ended December 31, 2007:

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 | |
|---|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charge for services | \$ 942,471 | \$ 1,117,369 | \$ 8,924,866 | \$ 8,572,179 | \$ 9,867,337 | \$ 9,689,548 |
| Operating grants and contributions | 2,828,888 | 1,169,152 | -- | -- | 2,828,888 | 1,169,152 |
| Capital grants and contributions | -- | -- | -- | -- | -- | -- |
| General revenues | | | | | | |
| Property taxes | 504,338 | 479,292 | -- | -- | 504,338 | 479,292 |
| Tax increment | 133,876 | 135,836 | -- | -- | 133,876 | 135,836 |
| Investment earnings | 124,755 | 47,997 | 321,282 | 227,299 | 446,037 | 275,296 |
| Other revenue | 2,665 | 23,000 | -- | -- | 2,665 | 23,000 |
| Total Revenue | 4,536,993 | 2,972,646 | 9,246,148 | 8,799,478 | 13,783,141 | 11,772,124 |
| Program Expenses: | | | | | | |
| General government | 495,842 | 420,214 | -- | -- | 495,842 | 420,214 |
| Public safety | 880,843 | 368,624 | -- | -- | 880,843 | 368,624 |
| Public works | 649,551 | 37,276 | -- | -- | 649,551 | 37,276 |
| Cemetery | 48,595 | 19,715 | -- | -- | 48,595 | 19,715 |
| Culture and recreation | 279,803 | 205,117 | -- | -- | 279,803 | 205,117 |
| Housing & ED | 189,464 | 239,505 | -- | -- | 189,464 | 239,505 |
| Capital projects | (1,029) | 336,546 | -- | -- | (1,029) | 336,546 |
| Miscellaneous | -- | 7,904 | -- | -- | -- | 7,904 |
| Interest on long-term debt | 103,365 | 132,833 | -- | -- | 103,365 | 132,833 |
| Liquor | -- | -- | 1,977,770 | 1,985,734 | 1,977,770 | 1,985,734 |
| Electric | -- | -- | 5,397,147 | 4,551,322 | 5,397,147 | 4,551,322 |
| Water | -- | -- | 496,699 | 459,607 | 496,699 | 459,607 |
| Wastewater | -- | -- | 656,818 | 615,184 | 656,818 | 615,184 |
| Total Expenses | 2,646,434 | 1,767,734 | 8,528,434 | 7,611,847 | 11,174,868 | 9,379,581 |
| Increase in net assets before transfers | 1,890,559 | 1,204,912 | 717,714 | 1,187,631 | 2,608,273 | 2,392,543 |
| Transfers | (86,486) | 984,152 | 86,486 | (984,152) | -- | -- |
| Change in net assets | 1,804,073 | 2,189,064 | 804,200 | 203,479 | 2,608,273 | 2,392,543 |
| Prior period adjustment | 1,185,000 | -- | (1,185,000) | -- | -- | -- |
| Beginning net assets | 7,373,579 | 5,184,515 | 14,843,141 | 14,639,662 | 22,216,720 | 19,824,177 |
| Ending net assets | \$ 10,362,652 | \$ 7,373,579 | \$ 14,462,341 | \$ 14,843,141 | \$ 24,824,993 | \$ 22,216,720 |

Significant changes in fund balances and in total net assets:

The total net assets of governmental activities increased significantly in 2007. Airport construction grants totaling \$1,931,500 contributed to the increase. Adding capital assets to the capital asset schedule also contributed to the increase by causing a credit balance in capital project expenses.

The prior-period adjustment was made to transfer debt from the Wastewater Debt Service Fund to the Wastewater Fund.

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:

Wastewater Debt Service Fund expenditures were \$250,840 below budget because debt was transferred to the Wastewater Fund. Bond payments were made from the Wastewater Fund, not from the debt service fund.

Liquor store revenues were \$95,286 below budget because of a five-month highway closing and detour.

Electricity sales and costs of sales exceeded budgeted amounts because customer usage increased by over 6% during the year.

Wastewater transfers-in exceeded the budgeted amount because the \$376,486 transfer from the Wastewater Debt Service Fund was not budgeted. The transfer was made to close the debt service fund and transfer cash and investments to the Wastewater Fund.

Wastewater revenues exceeded the budgeted amount because customer usage increased by over 5%.

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, 2007, the city had invested \$22,864,656 in capital assets, including buildings, facilities, vehicles, and equipment. This amount represents a net increase prior to depreciation of \$3,506,662 from last year, \$2,048,027 of this amount was invested in an airport runway extension project. Total depreciation expense for the year was \$948,815. 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 | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Non-Depreciable Assets: | | | | | | |
| Land | \$ 1,447,461 | \$ 1,289,673 | \$ 233,662 | \$ 233,662 | \$ 1,681,123 | \$ 1,523,335 |
| Construction in progress | -- | -- | -- | -- | -- | -- |
| Depreciable Assets: | | | | | | |
| Buildings | 2,411,025 | 2,469,309 | 1,396,422 | 1,443,334 | 3,807,447 | 3,912,643 |
| Infrastructure | 3,066,823 | 2,941,400 | -- | -- | 3,066,823 | 2,941,400 |
| Improvements | 3,603,872 | 1,674,707 | 8,313,888 | 7,625,027 | 11,917,760 | 9,299,734 |
| Machinery, equipment, vehicles | 1,079,835 | 1,092,029 | 1,311,668 | 1,314,883 | 2,391,503 | 2,406,912 |
| Total | <u>\$ 11,609,016</u> | <u>\$ 9,467,118</u> | <u>\$ 11,255,640</u> | <u>\$ 10,616,906</u> | <u>\$ 22,864,656</u> | <u>\$ 20,084,024</u> |

For further information, please refer to Note 3: D Capital Assets, pages 46-47.

Debt administration. At year end, the city had \$5,470,000 in general obligation bonds and other long-term debt outstanding, of which \$398,000 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 | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| General obligation bonds | \$ 2,560,000 | \$ 3,880,000 | \$ -- | \$ -- | \$ 2,560,000 | \$ 3,880,000 |
| Revenue bonds | -- | -- | 2,910,000 | 1,980,000 | 2,910,000 | 1,980,000 |
| Total | <u>\$ 2,560,000</u> | <u>\$ 3,880,000</u> | <u>\$ 2,910,000</u> | <u>\$ 1,980,000</u> | <u>\$ 5,470,000</u> | <u>\$ 5,860,000</u> |

For further information please refer to Note 3: F Long-term Debt, pages 48-50.

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

The city council approved the final plat of Eldris, a 32-lot housing development with private streets in the northern part of the city. Development of the area began in August, with one home nearly completed in 2007.

The city council approved an agreement that provided for Kanabec State Bank to recover up to \$450,000 of site improvement costs through tax increment financing. The agreement also provided for the city to receive a portion of the tax increments to fund the Highway 23 East improvement project.

The council approved Ordinance No. 357, which adopted a new ordinance code for the city of Mora.

The council created and filled positions for an additional full-time police officer and a part-time human resources coordinator.

The city council approved the final plat for Eastwood, the Mora HRA's senior housing campus on the east side of Mora.

The city was awarded a \$250,000 DEED grant for acquisition and demolition of the feed mill and adjacent property. The project continued into 2008.

Liquor Store

The city council designated \$100,000 in the Liquor Fund investments and retained earnings for a new building. A similar amount had been reserved in 2006.

Public Utility Commission

To reduce budget deficits, the PUC agreed to raise electric rates 6% and water rates 10% in January 2008.

The city and Mora Municipal Utilities installed water and sewer lines in the northeast area of the city. The \$695,000 project provided services to the airport, the east portion of the industrial park, and residential and HRA properties south of Highway 23. The project also included the Quamba Interceptor, which provided a connection point for effluent from the City of Quamba.

Annexations

By petition of the owner, the city annexed a 65-acre tract in Arthur Township north of Mora.

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

Factors Bearing on the City's Future (Continued)

Annexations (continued)

By petition of the owners, the city annexed 39 acres along Highway 65 South.

The city council and Arthur reached an agreement for early annexation of the designated annexation area south of Mora. The annexation, which had been planned for 2011, was completed in December.

In accordance with agreements to provide water and sewer services, the city annexed the Oslin and Mattson Road area of Arthur Township.

Airport

The runway was extended 800 feet to provide a total runway length of 4,800 feet. The FAA funded 95% of the cost of the project.

Industrial Park

CMP Custom Molding constructed a building on Lot 6 Block 1 in the Industrial Park Second Addition. The 9,200 square-foot building was designed for plastics manufacturing.

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, 2007

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City of Mora, Minnesota
Statement of Net Assets
December 31, 2007

| | Governmental Activities | Business - Type Activities | 2007 Total | 2006 Total |
|---|----------------------------|----------------------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash and investments | \$ -- | \$ 4,517,387 | \$ 4,517,387 | \$ 5,416,263 |
| Interest receivable | 10,408 | 40,117 | 50,525 | 36,027 |
| Accounts receivable | 62,587 | 692,085 | 754,672 | 653,344 |
| Due from other governmental units | 205,927 | -- | 205,927 | 15,725 |
| Due from other funds | 997,918 | -- | 997,918 | -- |
| Inventory | -- | 447,935 | 447,935 | 404,447 |
| Loan receivable | 149,605 | -- | 149,605 | 151,567 |
| Prepaid items | 44,909 | 33,171 | 78,080 | 83,943 |
| Special assessments | -- | 115,146 | 115,146 | 144,844 |
| Restricted Assets: | | | | |
| Temporary restricted: | | | | |
| Cash and investments | 96,534 | 1,355,622 | 1,452,156 | 1,339,315 |
| Permanently restricted: | | | | |
| Cash and investments | -- | 500,620 | 500,620 | 500,620 |
| Capital assets, (net of accumulated depreciation) | | | | |
| Land | 1,447,461 | 233,662 | 1,681,123 | 1,523,335 |
| Building, machinery, equipment | 10,161,555 | 11,021,978 | 21,183,533 | 18,560,689 |
| Total assets | <u>13,176,904</u> | <u>18,957,723</u> | <u>32,134,627</u> | <u>28,830,119</u> |
| LIABILITIES | | | | |
| Cash in bank - overdraft | \$ 70,548 | \$ -- | \$ 70,548 | \$ -- |
| Accounts payable | 26,330 | 396,917 | 423,247 | 402,450 |
| Accrued wages payable | 52,540 | 34,081 | 86,621 | 80,001 |
| Accrued interest | 103,365 | -- | 103,365 | 75,505 |
| Due to other funds | -- | 997,918 | 997,918 | -- |
| Customer meter deposits | -- | 41,320 | 41,320 | 50,130 |
| Deposits for contractors | 1,469 | -- | 1,469 | 469 |
| Unearned revenue | -- | 115,146 | 115,146 | 144,844 |
| Noncurrent liabilities: | | | | |
| Due within one year | 140,000 | 258,000 | 398,000 | 372,000 |
| Due in more than one year | 2,420,000 | 2,652,000 | 5,072,000 | 5,488,000 |
| Total liabilities | <u>2,814,252</u> | <u>4,495,382</u> | <u>7,309,634</u> | <u>6,613,399</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of selected debt | 9,049,016 | 8,349,640 | 17,398,656 | 14,224,024 |
| Restricted for: | | | | |
| Debt service | 293,229 | -- | 293,229 | 599,519 |
| Special revenue | 96,534 | -- | 96,534 | 94,324 |
| Future operations | -- | 1,856,242 | 1,856,242 | 1,645,612 |
| Unrestricted: | | | | |
| Unrestricted - undesignated | 923,873 | 4,256,459 | 5,180,332 | 5,653,241 |
| Total net assets | <u>\$ 10,362,652</u> | <u>\$ 14,462,341</u> | <u>\$ 24,824,993</u> | <u>\$ 22,216,720</u> |

See notes to financial statements.

City of Mora, Minnesota
Statement of Activities
For the Year Ended December 31, 2007

| Functions/Programs | Expenses | Charges for Services | Program Revenues | |
|----------------------------------|----------------------|----------------------------|---|---|
| | | | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 495,842 | \$ 942,471 | \$ 741,857 | \$ -- |
| Public safety | 880,843 | -- | 2,087,031 | -- |
| Public works | 649,551 | -- | -- | -- |
| Cemetery | 48,595 | -- | -- | -- |
| Culture and recreation | 279,803 | -- | -- | -- |
| Housing & economic development | 189,464 | -- | -- | -- |
| Capital projects | (1,029) | -- | -- | -- |
| Interest on long-term debt | 103,365 | -- | -- | -- |
| Total governmental activities | <u>2,646,434</u> | <u>942,471</u> | <u>2,828,888</u> | <u>--</u> |
| Business - type - activities: | | | | |
| Liquor | 1,977,770 | 2,230,868 | -- | -- |
| Electric | 5,397,147 | 5,367,985 | -- | -- |
| Water | 496,699 | 481,330 | -- | -- |
| Wastewater | 656,818 | 844,683 | -- | -- |
| Total business - type activities | <u>8,528,434</u> | <u>8,924,866</u> | <u>--</u> | <u>--</u> |
| Totals | <u>\$ 11,174,868</u> | <u>\$ 9,867,337</u> | <u>\$ 2,828,888</u> | <u>\$ --</u> |

General revenues:

- Property taxes
- Tax increment
- Unrestricted investments earnings
- Gain on sale of capital assets

Transfers

 Total general revenues and transfers

Changes in net assets

 Prior period adjustment

Net assets - beginning

Net assets - ending

See notes to financial statements.

| Net (Expenses) Revenues and Changes in Net Assets | | | |
|--|----------------------------------|----------------------|----------------------|
| Governmental Activities | Business - Type Activities | Total | 2006 Total |
| \$ 1,188,486 | \$ -- | \$ 1,188,486 | \$ 1,401,777 |
| 1,206,188 | -- | 1,206,188 | 88,002 |
| (649,551) | -- | (649,551) | (37,276) |
| (48,595) | -- | (48,595) | (19,715) |
| (279,803) | -- | (279,803) | (205,117) |
| (189,464) | -- | (189,464) | (239,505) |
| 1,029 | -- | 1,029 | (336,546) |
| (103,365) | -- | (103,365) | (132,833) |
| <u>1,124,925</u> | <u>--</u> | <u>1,124,925</u> | <u>518,787</u> |
| -- | 253,098 | 253,098 | 254,217 |
| -- | (29,162) | (29,162) | 543,167 |
| -- | (15,369) | (15,369) | 15,897 |
| -- | 187,865 | 187,865 | 147,051 |
| <u>--</u> | <u>396,432</u> | <u>396,432</u> | <u>960,332</u> |
| <u>1,124,925</u> | <u>396,432</u> | <u>1,521,357</u> | <u>1,479,119</u> |
| 504,338 | -- | 504,338 | 479,292 |
| 133,876 | -- | 133,876 | 135,836 |
| 124,755 | 321,282 | 446,037 | 275,296 |
| 2,665 | -- | 2,665 | 23,000 |
| (86,486) | 86,486 | -- | -- |
| <u>679,148</u> | <u>407,768</u> | <u>1,086,916</u> | <u>913,424</u> |
| 1,804,073 | 804,200 | 2,608,273 | 2,392,543 |
| 1,185,000 | (1,185,000) | -- | -- |
| 7,373,579 | 14,843,141 | 22,216,720 | 19,824,177 |
| <u>\$ 10,362,652</u> | <u>\$ 14,462,341</u> | <u>\$ 24,824,993</u> | <u>\$ 22,216,720</u> |

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**CITY OF MORA, MINNESOTA
FUND FINANCIAL STATEMENTS
December 31, 2007**

City of Mora, Minnesota
Governmental Funds
Balance Sheet
December 31, 2007

| | | Capital Projects | | Debt Service |
|--|-------------------|------------------|---------------------|-------------------|
| | General | Airport | East Side | |
| | Fund | Construction | Utility | Maple Ave |
| | | 2006 | Extension | 2005 |
| ASSETS | | | | |
| Cash and investments | \$ 712,800 | \$ -- | \$ -- | \$ 99,896 |
| Interest receivable | 4,334 | -- | -- | 344 |
| Taxes receivable - delinquent | 26,357 | -- | -- | 1,924 |
| Accounts receivable | 59,418 | -- | -- | -- |
| Special assessment receivables - | | | | |
| Delinquent | -- | -- | -- | 608 |
| Deferred | -- | -- | -- | 297,419 |
| Due from other governmental units | 2,672 | 98,736 | 82,799 | -- |
| Due from other funds | -- | -- | 997,918 | -- |
| Loans to HRA | 149,605 | -- | -- | -- |
| Loan to fire department | -- | -- | -- | -- |
| Prepaid insurance | 44,222 | -- | -- | -- |
| Cash restricted | -- | -- | -- | -- |
| | | | | |
| Total assets | <u>\$ 999,408</u> | <u>\$ 98,736</u> | <u>\$ 1,080,717</u> | <u>\$ 400,191</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Cash in bank - overdraft | \$ -- | \$ 214,663 | \$ 946,535 | \$ -- |
| Accounts payable | 25,761 | -- | -- | -- |
| Other payables | 52,540 | -- | -- | -- |
| Deposits for developers | 1,469 | -- | -- | -- |
| Deferred revenues | 20,556 | -- | -- | 298,470 |
| Total liabilities | <u>100,326</u> | <u>214,663</u> | <u>946,535</u> | <u>298,470</u> |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Special revenue funds | -- | -- | -- | -- |
| Debt Service | -- | -- | -- | 101,721 |
| Unreserved, undesignated, reported in: | | | | |
| General fund | 899,082 | -- | -- | -- |
| Special revenue funds | -- | -- | -- | -- |
| Capital projects | -- | (115,927) | 134,182 | -- |
| Total fund balances | <u>899,082</u> | <u>(115,927)</u> | <u>134,182</u> | <u>101,721</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$ 999,408</u> | <u>\$ 98,736</u> | <u>\$ 1,080,717</u> | <u>\$ 400,191</u> |

See notes to financial statements.

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 999,995 | \$ 1,812,691 |
| 5,730 | 10,408 |
| 7,176 | 35,457 |
| 3,169 | 62,587 |
| 1,357 | 1,965 |
| -- | 297,419 |
| 21,720 | 205,927 |
| | 997,918 |
| -- | 149,605 |
| -- | -- |
| 687 | 44,909 |
| 96,534 | 96,534 |
| <u>\$ 1,136,368</u> | <u>\$ 3,715,420</u> |

| | |
|----------------|------------------|
| \$ 722,041 | \$ 1,883,239 |
| 569 | 26,330 |
| -- | 52,540 |
| -- | 1,469 |
| 5,163 | 324,189 |
| <u>727,773</u> | <u>2,287,767</u> |

| | |
|---------------------|---------------------|
| 96,534 | 96,534 |
| 191,508 | 293,229 |
| -- | 899,082 |
| 157,727 | 157,727 |
| (37,174) | (18,919) |
| <u>408,595</u> | <u>1,427,653</u> |
| <u>\$ 1,136,368</u> | <u>\$ 3,715,420</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, 2007

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

| | | |
|--|--------------------|-----------------------------|
| Total governmental fund balances (page 21) | | \$ 1,427,653 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Governmental capital assets | 17,979,727 | |
| Less: accumulated depreciation | <u>(6,370,711)</u> | 11,609,016 |
| Other long-term assets are not available to pay for current - personal expenditures and, therefore, are deferred with funds. | | |
| Delinquent property taxes | | (35,457) |
| Deferred special assessments | | (299,384) |
| Deferred revenues | | 324,189 |
| Interest on long-term debt is not accrued in governmental funds but rather recognized as an expenditure when due | | (103,365) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | | <u>(2,560,000)</u> |
| Net assets of governmental activities (page 15) | | <u><u>\$ 10,362,652</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, 2007

| | | Capital Projects | | Debt Service |
|--|-------------------|---------------------|-------------------|-------------------|
| | General | Airport | East Side | |
| | Fund | Construction | Utility | Maple Ave |
| | | 2006 | Extension | 2005 |
| REVENUES | | | | |
| Property taxes | \$ 336,070 | \$ -- | \$ -- | \$ 50,502 |
| Tax increments | -- | -- | -- | -- |
| Licenses and permits | 59,217 | -- | -- | -- |
| Special assessments | -- | -- | 63,387 | 14,577 |
| Intergovernmental | 766,622 | 1,931,500 | 82,799 | -- |
| Charges for services | 540,704 | -- | -- | -- |
| Fines | 47,854 | -- | -- | -- |
| Investment earnings | 41,688 | -- | -- | 29,453 |
| Sale of assets | 2,665 | -- | -- | -- |
| Miscellaneous | 37,636 | 500 | -- | -- |
| Total revenues | <u>1,832,456</u> | <u>1,932,000</u> | <u>146,186</u> | <u>94,532</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 463,645 | -- | -- | -- |
| Public safety | 804,374 | -- | -- | -- |
| Public works | 365,657 | -- | -- | -- |
| Cemetery | -- | -- | -- | -- |
| Culture and recreation | 275,778 | -- | -- | -- |
| Housing and economic development | -- | -- | -- | -- |
| Capital projects | -- | 2,018,137 | (322) | -- |
| Miscellaneous | 60,249 | -- | -- | 2,665 |
| Debt Service: | | | | |
| Principal | -- | -- | -- | -- |
| Interest and other charges | -- | -- | -- | 26,270 |
| Total expenditures | <u>1,969,703</u> | <u>2,018,137</u> | <u>(322)</u> | <u>28,935</u> |
| Excess (deficiency) of revenues over (under) expenditures | (137,247) | (86,137) | 146,508 | 65,597 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of long-term debt | -- | -- | -- | -- |
| Transfers in | 336,182 | -- | -- | 10,000 |
| Transfers out | (59,641) | -- | -- | -- |
| Total other financing sources (uses) | <u>276,541</u> | <u>--</u> | <u>--</u> | <u>10,000</u> |
| Net change in fund balances | 139,294 | (86,137) | 146,508 | 75,597 |
| Fund balances - beginning | 759,788 | (29,790) | (12,326) | 26,124 |
| Fund balances - ending | <u>\$ 899,082</u> | <u>\$ (115,927)</u> | <u>\$ 134,182</u> | <u>\$ 101,721</u> |

See notes to financial statements.

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 117,766 | \$ 504,338 |
| 133,876 | 133,876 |
| -- | 59,217 |
| -- | 77,964 |
| 72,732 | 2,853,653 |
| 60,955 | 601,659 |
| -- | 47,854 |
| 53,614 | 124,755 |
| -- | 2,665 |
| 92,876 | 131,012 |
| <u>531,819</u> | <u>4,536,993</u> |
| -- | 463,645 |
| -- | 804,374 |
| 6,191 | 371,848 |
| 36,521 | 36,521 |
| -- | 275,778 |
| 189,464 | 189,464 |
| 458,680 | 2,476,495 |
| -- | 62,914 |
| 135,000 | 135,000 |
| 51,245 | 77,515 |
| <u>877,101</u> | <u>4,893,554</u> |
| (345,282) | (356,561) |
| -- | -- |
| 92,641 | 438,823 |
| <u>(465,668)</u> | <u>(525,309)</u> |
| <u>(373,027)</u> | <u>(86,486)</u> |
| (718,309) | (443,047) |
| 1,126,904 | 1,870,700 |
| <u>\$ 408,595</u> | <u>\$ 1,427,653</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, 2007

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

| | |
|---|----------------------------|
| Net changes in fund balances - total governmental funds (page 25) | \$ (443,047) |
| 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. | 2,141,898 |
| Other miscellaneous items | (1,918) |
| Change in accrued interest payable | (27,860) |
| Long-term debt payments for current year | <u>135,000</u> |
| Changes in net assets of governmental activities (page 17) | <u><u>\$ 1,804,073</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, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | Amounts | |
| REVENUES | | | | |
| Property taxes | \$ 339,350 | \$ 339,350 | \$ 336,070 | \$ (3,280) |
| Licenses and permits | 60,590 | 60,590 | 59,217 | (1,373) |
| Intergovernmental | 754,287 | 754,287 | 766,622 | 12,335 |
| Charges for services | 549,710 | 549,710 | 540,704 | (9,006) |
| Fines | 27,000 | 27,000 | 47,854 | 20,854 |
| Investment earnings | 6,000 | 6,000 | 41,688 | 35,688 |
| Sale of assets | -- | -- | 2,665 | 2,665 |
| Miscellaneous | 7,960 | 7,960 | 37,636 | 29,676 |
| Total revenues | <u>1,744,897</u> | <u>1,744,897</u> | <u>1,832,456</u> | <u>87,559</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Council | 51,046 | 51,046 | 90,458 | (39,412) |
| City administrator | 79,334 | 79,334 | 88,233 | (8,899) |
| Elections | -- | -- | -- | -- |
| Finance director | 125,155 | 125,155 | 126,192 | (1,037) |
| Assessing | 12,000 | 12,000 | 11,859 | 141 |
| Attorney | 30,000 | 30,000 | 28,270 | 1,730 |
| Planning and zoning | 62,688 | 62,688 | 67,915 | (5,227) |
| City hall building | 22,602 | 22,602 | 29,727 | (7,125) |
| Library building | 30,590 | 30,590 | 20,991 | 9,599 |
| Total general government | <u>413,415</u> | <u>413,415</u> | <u>463,645</u> | <u>(50,230)</u> |
| Public safety: | | | | |
| Building inspection | 67,288 | 67,288 | 66,385 | 903 |
| Police protection | 611,838 | 611,838 | 637,239 | (25,401) |
| Fire protection | 93,364 | 93,364 | 100,750 | (7,386) |
| Total public safety | <u>772,490</u> | <u>772,490</u> | <u>804,374</u> | <u>(31,884)</u> |
| Public works: | | | | |
| Street department | 372,655 | 372,655 | 336,331 | 36,324 |
| Street lighting | 29,000 | 29,000 | 29,326 | (326) |
| Total public safety | <u>401,655</u> | <u>401,655</u> | <u>365,657</u> | <u>35,998</u> |
| Culture and recreation: | | | | |
| Swimming pool | 180,912 | 180,912 | 168,149 | 12,763 |
| Park areas | 113,456 | 113,456 | 107,629 | 5,827 |
| Total Culture and recreation | <u>294,368</u> | <u>294,368</u> | <u>275,778</u> | <u>18,590</u> |
| Miscellaneous: | | | | |
| Forestry and nursery | 600 | 600 | -- | 600 |
| Shade tree program | 1,475 | 1,475 | -- | 1,475 |
| Airport | 71,836 | 71,836 | 50,700 | 21,136 |
| Loan Pine Community Center | -- | -- | -- | -- |
| Unallocated operating expenses | 60,451 | 60,451 | 9,549 | 50,902 |
| Total Miscellaneous | <u>134,362</u> | <u>134,362</u> | <u>60,249</u> | <u>74,113</u> |
| Total expenditures | <u>2,016,290</u> | <u>2,016,290</u> | <u>1,969,703</u> | <u>46,587</u> |
| Excess (deficiency) of revenues over (under) expenditures | (271,393) | (271,393) | (137,247) | 134,146 |

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | Budgeted Amounts | | Actual | Variance with |
|---------------------------------------|------------------|------------|------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 338,760 | \$ 338,760 | \$ 336,182 | \$ (2,578) |
| Transfers out | (20,000) | (20,000) | (59,641) | (39,641) |
| Total other financing sources (uses) | 318,760 | 318,760 | 276,541 | (42,219) |
| Net change in fund balances | 47,367 | 47,367 | 139,294 | 91,927 |
| Fund balances - beginning | 759,788 | 759,788 | 759,788 | -- |
| Fund balances - ending | \$ 807,155 | \$ 807,155 | \$ 899,082 | \$ 91,927 |

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Net Assets
December 31, 2007

| | Business - Type Activities - Enterprise Funds | | | | |
|---|---|-----------------------------|--------------------------|-------------------------------|----------------------|
| | Municipal Liquor Fund | Electric Utility Fund | Water Utility Fund | Wastewater Utility Fund | Total |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 284,952 | \$ 3,087,910 | \$ 402,488 | \$ 742,037 | \$ 4,517,387 |
| Interest receivable | 3,180 | 23,489 | 6,808 | 6,640 | 40,117 |
| Accounts receivable | 14,415 | 547,168 | 44,801 | 85,701 | 692,085 |
| Inventory | 201,717 | 235,717 | 10,501 | -- | 447,935 |
| Prepaid items | 5,939 | 19,672 | 3,445 | 4,115 | 33,171 |
| Special assessments | -- | -- | 32,829 | 82,317 | 115,146 |
| Total current assets | <u>510,203</u> | <u>3,913,956</u> | <u>500,872</u> | <u>920,810</u> | <u>5,845,841</u> |
| Noncurrent assets: | | | | | |
| Restricted cash and investments | 210,630 | 500,620 | 655,267 | 489,725 | 1,856,242 |
| Total restricted assets | <u>210,630</u> | <u>500,620</u> | <u>655,267</u> | <u>489,725</u> | <u>1,856,242</u> |
| Capital assets: | | | | | |
| Plant in service | 245,999 | 7,729,499 | 4,962,202 | 6,320,710 | 19,258,410 |
| Less: accumulated depreciation | (154,528) | (4,800,334) | (1,168,423) | (1,879,485) | (8,002,770) |
| Total Capital assets (net of accumulated depreciation) | <u>91,471</u> | <u>2,929,165</u> | <u>3,793,779</u> | <u>4,441,225</u> | <u>11,255,640</u> |
| Total noncurrent assets | <u>302,101</u> | <u>3,429,785</u> | <u>4,449,046</u> | <u>4,930,950</u> | <u>13,111,882</u> |
| Total assets | <u>812,304</u> | <u>7,343,741</u> | <u>4,949,918</u> | <u>5,851,760</u> | <u>18,957,723</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 19,020 | 352,369 | 9,449 | 16,079 | 396,917 |
| Accrual wages payable | 4,857 | 16,042 | 6,591 | 6,591 | 34,081 |
| Due to other funds | -- | -- | 439,084 | 558,834 | 997,918 |
| Revenue bonds payable | -- | -- | 88,933 | 169,067 | 258,000 |
| Total current liabilities | <u>23,877</u> | <u>368,411</u> | <u>544,057</u> | <u>750,571</u> | <u>1,686,916</u> |
| Noncurrent liabilities: | | | | | |
| Customer meter deposits | -- | 41,320 | -- | -- | 41,320 |
| Revenue bonds payable | -- | -- | 943,086 | 1,708,914 | 2,652,000 |
| Unearned revenue | -- | -- | 32,829 | 82,317 | 115,146 |
| Total noncurrent liabilities | <u>--</u> | <u>41,320</u> | <u>32,829</u> | <u>1,791,231</u> | <u>2,808,466</u> |
| Total liabilities | <u>23,877</u> | <u>409,731</u> | <u>576,886</u> | <u>2,541,802</u> | <u>4,495,382</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 94,471 | 2,929,165 | 2,762,760 | 2,563,244 | 8,349,640 |
| Restricted: | | | | | |
| Future operations | 210,630 | 500,620 | 655,267 | 489,725 | 1,856,242 |
| Unrestricted: | | | | | |
| Undesignated | 483,326 | 3,504,225 | 11,919 | 256,989 | 4,256,459 |
| Total net assets | <u>\$ 788,427</u> | <u>\$ 6,934,010</u> | <u>\$3,429,946</u> | <u>\$ 3,309,958</u> | <u>\$ 14,462,341</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, 2007

| | 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 | \$ 2,227,864 | \$ 4,640,605 | \$ 414,191 | \$ 789,515 | \$ 8,072,175 |
| Miscellaneous | 3,004 | 727,380 | 67,139 | 55,168 | 852,691 |
| Total operating revenues | <u>2,230,868</u> | <u>5,367,985</u> | <u>481,330</u> | <u>844,683</u> | <u>8,924,866</u> |
| Operating expenses: | | | | | |
| Cost of sales | 1,683,024 | -- | -- | -- | 1,683,024 |
| Maintenance and operations | 284,956 | 5,162,777 | 378,514 | 472,815 | 6,299,062 |
| Depreciation | 9,790 | 234,370 | 118,185 | 184,003 | 546,348 |
| Total operating expenses | <u>1,977,770</u> | <u>5,397,147</u> | <u>496,699</u> | <u>656,818</u> | <u>8,528,434</u> |
| Operating income | <u>253,098</u> | <u>(29,162)</u> | <u>(15,369)</u> | <u>187,865</u> | <u>396,432</u> |
| Nonoperating revenues (expenses): | | | | | |
| Interest earnings | 23,624 | 195,492 | 52,169 | 49,997 | 321,282 |
| Total nonoperating revenues (expenses) | <u>23,624</u> | <u>195,492</u> | <u>52,169</u> | <u>49,997</u> | <u>321,282</u> |
| Income before transfers | <u>276,722</u> | <u>166,330</u> | <u>36,800</u> | <u>237,862</u> | <u>717,714</u> |
| Transfers in | -- | -- | -- | 376,486 | 376,486 |
| Transfers out | <u>(270,000)</u> | <u>(20,000)</u> | <u>--</u> | <u>--</u> | <u>(290,000)</u> |
| Changes in net assets | 6,722 | 146,330 | 36,800 | 614,348 | 804,200 |
| Prior period adjustment | -- | -- | -- | (1,185,000) | (1,185,000) |
| Total net assets - beginning | 781,705 | 6,787,680 | 3,393,146 | 3,880,610 | 14,843,141 |
| Total net assets - ending | <u>\$ 788,427</u> | <u>\$ 6,934,010</u> | <u>\$ 3,429,946</u> | <u>\$ 3,309,958</u> | <u>\$ 14,462,341</u> |

See notes to financial statements.

City of Mora Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2007

| | Business - Type Activities - Enterprise Funds | | | | |
|--|---|-----------------------------|----------------------------|-------------------------------|----------------------------|
| | Municipal Liquor Fund | Electric Utility Fund | Water Utility Fund | Wastewater Utility Fund | Total Current Year |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 2,229,004 | \$ 5,151,632 | \$ 484,014 | \$ 905,000 | \$ 8,769,650 |
| Cash payments to suppliers | (1,788,263) | (4,598,696) | 242,752 | 278,293 | (5,865,914) |
| Cash payments to employees | (194,028) | (525,751) | (212,678) | (214,940) | (1,147,397) |
| Net cash provided by operating activities | <u>246,713</u> | <u>27,185</u> | <u>514,088</u> | <u>968,353</u> | <u>1,756,339</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING: | | | | | |
| Transfers in (out) | (270,000) | (20,000) | -- | 376,486 | 86,486 |
| Net cash provided by (used in) negotiated activities | <u>(270,000)</u> | <u>(20,000)</u> | <u>--</u> | <u>376,486</u> | <u>86,486</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Bond principal payments | -- | -- | (17,500) | (237,500) | (255,000) |
| Acquisition of capital assets | (11,011) | (142,765) | (439,084) | (592,222) | (1,185,082) |
| Proceeds from sale of capital assets | -- | -- | -- | -- | -- |
| Net cash provided (used in) capital and related financing activities | <u>(11,011)</u> | <u>(142,765)</u> | <u>(456,584)</u> | <u>(829,722)</u> | <u>(1,440,082)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest income | <u>23,624</u> | <u>195,492</u> | <u>52,169</u> | <u>49,997</u> | <u>321,282</u> |
| Net increase (decrease) in cash and cash equivalents | (10,674) | 59,912 | 109,673 | 565,114 | 724,025 |
| Cash at Beginning of Year, including restricted cash | <u>506,256</u> | <u>3,528,618</u> | <u>948,082</u> | <u>666,648</u> | <u>5,649,604</u> |
| Cash at End of Year, including restricted cash | <u><u>\$ 495,582</u></u> | <u><u>\$ 3,588,530</u></u> | <u><u>\$ 1,057,755</u></u> | <u><u>\$ 1,231,762</u></u> | <u><u>\$ 6,373,629</u></u> |

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2007

| | 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) | \$ 253,098 | \$ (29,162) | \$ (15,369) | \$ 187,865 | \$ 396,432 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 9,790 | 234,370 | 118,185 | 184,003 | 546,348 |
| (Increase) decrease in interest receivable | (1,600) | 8,252 | (5,202) | (6,640) | (5,190) |
| (Increase) decrease in accounts receivable | (1,864) | (216,353) | 2,684 | 60,317 | (155,216) |
| (Increase) decrease in other receivables | -- | -- | 12,744 | 16,954 | 29,698 |
| (Increase) decrease in inventory | (12,573) | (29,676) | (1,239) | -- | (43,488) |
| (Increase) decrease in prepaid insurance | (628) | 3,294 | (69) | 826 | 3,423 |
| Increase (decrease) in accounts payable | 647 | 65,358 | (25,376) | (18,242) | 22,387 |
| Increase (decrease) in accrued wages payable | (157) | (88) | 1,390 | 1,390 | 2,535 |
| Increase (decrease) in other liabilities | -- | (8,810) | 426,340 | 541,880 | 959,410 |
| Total adjustments | (6,385) | 56,347 | 529,457 | 780,488 | 1,359,907 |
| Net cash provided (used) by operating activities | \$ 246,713 | \$ 27,185 | \$ 514,088 | \$ 968,353 | \$ 1,756,339 |

See notes to financial statements.

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CITY OF MORA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

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 appointed by the government's 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, 2007

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

Airport Construction 2006 - Capital Projects - To account for revenue and expenditures related to the airport construction expansion project.

East Side Utility Extension - Capital Projects - To account for revenues and expenditures related to the East Side utility extension project.

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, 2007

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, 2007

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, 2007

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, 2007

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

7. Other Payables

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 \$80,601 in 2006 to \$87,183 in 2007. Balances for 26 employees increased by \$11,361, while balances for 13 employees decreased by \$4,779. About \$38,275 of the compensated absences is due within one year.

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

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, 2007

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), Debt Service, and Utility Funds are adopted annually on a basis consistent with generally accepted accounting principles.
3. The level of control is the fund.
4. All budgeted appropriations lapse at the end of the year.
5. 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, 2007

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, 2007 are as follows:

| | |
|----------------------------------|---------------------|
| Peoples National Bank - Checking | \$ (8,931) |
| Kanabec State Bank - HiFi | 100,935 |
| Kanabec State Bank - HiFi | 730,325 |
| Wachovia & Smith Barney | 5,478,450 |
| Greater Minnesota Credit Union | 96,736 |
| Cash on Hand | 2,100 |
| Total Deposits | <u>\$ 6,399,615</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

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

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, 2007

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, 2007

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 | \$ 4,334 | \$ 344 | \$ 3,180 | \$ 23,489 | \$ 6,808 | \$ 6,640 | \$ 5,730 | \$ 50,525 |
| Taxes-delinquent | 26,357 | 1,924 | -- | -- | -- | -- | 7,176 | 35,457 |
| Accounts | 59,418 | -- | 14,415 | 547,168 | 44,801 | 85,701 | 3,169 | 754,672 |
| Special assessments | -- | 298,027 | -- | -- | 32,829 | 82,317 | 1,357 | 414,530 |
| Intergovernmental | 2,672 | -- | -- | -- | -- | -- | 203,255 | 205,927 |
| Loan receivable | <u>149,605</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>149,605</u> |
| Gross receivables | 242,386 | 300,295 | 17,595 | 570,657 | 84,438 | 174,658 | 220,687 | 1,610,716 |
| Less: allowance for *Uncollectibles | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Net total receivables | <u>\$ 242,386</u> | <u>\$ 300,295</u> | <u>\$ 17,595</u> | <u>\$ 570,657</u> | <u>\$ 84,438</u> | <u>\$ 174,658</u> | <u>\$ 220,687</u> | <u>\$ 1,610,716</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, 2007

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital assets activity for the year ended December 31, 2007 was as follows:

| Governmental Activities | Beginning Balances | Increase | Decrease* | Ending Balances |
|--|-----------------------|---------------------|----------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,289,673 | \$ 157,788 | \$ -- | \$ 1,447,461 |
| Construction in progress | -- | -- | -- | -- |
| Total capital assets, not being depreciated | <u>1,289,673</u> | <u>157,788</u> | <u>--</u> | <u>1,447,461</u> |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 3,245,160 | 2,048,027 | -- | 5,293,187 |
| Buildings | 3,177,251 | -- | -- | 3,177,251 |
| Infrastructure | 5,642,829 | 245,660 | -- | 5,888,489 |
| Machinery, Equipment, Vehicles | 2,281,912 | 92,891 | 201,464 | 2,173,339 |
| Total capital assets, being depreciated | <u>14,347,152</u> | <u>2,386,578</u> | <u>201,464</u> | <u>16,532,266</u> |
| Less: accumulated depreciation for: | | | | |
| Land Improvements | 1,570,453 | 118,862 | -- | 1,689,315 |
| Buildings | 707,942 | 58,284 | -- | 766,226 |
| Infrastructure | 2,701,429 | 120,237 | -- | 2,821,666 |
| Machinery, Equipment, Vehicles | 1,189,883 | 105,085 | 201,464 | 1,093,504 |
| Total accumulated depreciation | <u>6,169,707</u> | <u>402,468</u> | <u>201,464</u> | <u>6,370,711</u> |
| Total capital assets, being depreciated, net | <u>8,177,445</u> | <u>1,984,110</u> | <u>--</u> | <u>10,161,555</u> |
| Governmental activities capital assets, net | <u>\$ 9,467,118</u> | <u>\$ 2,141,898</u> | <u>\$ --</u> | <u>\$ 11,609,016</u> |

* Assets which were sold, traded in, or junked were removed.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

| <u>Business - Type Activities</u> | <u>Beginning Balances</u> | <u>Increase</u> | <u>Decrease*</u> | <u>Ending Balances</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 | 2,856,621 | 13,304 | 184,203 | 2,685,722 |
| Other Improvements | 10,980,899 | 997,918 | 717,126 | 11,261,691 |
| Equipment and fixtures | <u>6,628,335</u> | <u>108,862</u> | <u>1,659,861</u> | <u>5,077,336</u> |
| Total capital assets, being depreciated | <u>20,465,855</u> | <u>1,120,084</u> | <u>2,561,190</u> | <u>19,024,749</u> |
| Less: accumulated depreciated for: | | | | |
| Buildings | 1,413,287 | 68,016 | 192,003 | 1,289,300 |
| Other Improvements | 3,355,872 | 323,292 | 731,361 | 2,947,803 |
| Equipment and fixtures | <u>5,313,452</u> | <u>155,039</u> | <u>1,702,823</u> | <u>3,765,668</u> |
| Total accumulated depreciation | <u>10,082,611</u> | <u>546,347</u> | <u>2,626,187</u> | <u>8,002,771</u> |
| Total capital assets being depreciated, net | <u>10,383,244</u> | <u>573,737</u> | <u>(64,997)</u> | <u>11,021,978</u> |
| Business - type activities capital assets, net | <u>\$ 10,616,906</u> | <u>\$ 573,737</u> | <u>\$ (64,997)</u> | <u>\$ 11,255,640</u> |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|-------------------|
| <u>Governmental Activities</u> | |
| General government | \$ 24,148 |
| Public safety | 76,469 |
| Public works | 277,703 |
| Culture and recreation | 12,074 |
| Cemetery | 4,025 |
| Miscellaneous | <u>8,049</u> |
| Total depreciation expense - governmental activities | <u>\$ 402,468</u> |
| <u>Business - Type Activities</u> | |
| Electric utility | \$ 234,370 |
| Water utility | 118,185 |
| Wastewater utility | 184,002 |
| Liquor | <u>9,790</u> |
| Total depreciation expense - business - type activities | <u>\$ 546,347</u> |

* Assets which were sold, traded-in, or junked were removed.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

NOTE 3: Detailed Notes on All Funds (Continued)

E. Interfund receivables, payables, and transfers

There were balances due to or from other funds at December 31, 2007 as follows:

| | <u>Capital Projects</u> | <u>Enterprise Funds</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Due from other funds | | |
| East side utility extension | \$ 997,918 | \$ -- |
| Due to other funds: | | |
| Water utility fund | -- | 439,084 |
| Wastewater utility fund | -- | 558,834 |
| | <u>\$ 997,918</u> | <u>\$ 997,918</u> |

Interfund transfers:

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental</u> | <u>Total</u> |
|-----------------------------|-------------------------|-----------------------------|----------------------------------|-------------------|
| Transfer out: | | | | |
| General fund | \$ -- | \$ 59,641 | \$ -- | \$ 59,641 |
| Nonmajor governmental funds | -- | -- | 465,668 | 465,668 |
| Enterprise funds | 270,000 | 20,000 | -- | 290,000 |
| Total transfers out | <u>\$ 270,000</u> | <u>\$ 79,641</u> | <u>\$ 465,668</u> | <u>\$ 815,309</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 fund economic development activities and reduce property tax rates.

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, 2007

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% | \$ 1,090,000 |
| Governmental Activities | 4.00% | \$ 1,470,000 |
| Business Type - refunding | 3.0 - 5.125 | 965,000 |
| Business Type Activities | -- | 1,963,000 |
| Total | | <u>\$ 5,488,000</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> |
| 2008 | \$ 140,000 | \$ 103,365 | \$ 258,000 | \$ 108,828 |
| 2009 | 150,000 | 93,425 | 268,000 | 100,393 |
| 2010 | 150,000 | 87,875 | 279,000 | 91,948 |
| 2011 | 155,000 | 82,350 | 290,000 | 82,722 |
| 2012 | 165,000 | 76,463 | 36,000 | 77,128 |
| 2013-2017 | 900,000 | 280,712 | 193,000 | 362,890 |
| 2018-2022 | 525,000 | 121,755 | 245,000 | 318,342 |
| 2023-2027 | 375,000 | 46,200 | 299,000 | 263,636 |
| 2028-2032 | -- | -- | 220,000 | 207,509 |
| 2033-2037 | -- | -- | 271,000 | 156,551 |
| 2038-2042 | -- | -- | 333,000 | 93,789 |
| 2043-2045 | -- | -- | 236,000 | 20,357 |
| Total | <u>\$ 2,560,000</u> | <u>\$ 892,145</u> | <u>\$2,928,000</u> | <u>\$ 1,884,093</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% | \$1,598,000 |
| 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> |
|--|------------------|-----------------|
| 2007 | \$ 258,000 | \$ 108,828 |

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

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, 2007:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---------------------------------------|----------------------|---------------------|---------------------|---------------------|--------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| General obligation bonds | | | | | |
| G.O. Improvement Bonds of 1996 | \$ 25,000 | \$ -- | \$ 25,000 | \$ -- | \$ -- |
| G.O. Fire Station Bonds | 1,160,000 | -- | 70,000 | 1,090,000 | 75,000 |
| G.O. Street Reconstruction Bonds | 40,000 | -- | 40,000 | -- | -- |
| G.O. Refunding Bonds, Series 2003B | 1,185,000 | -- | 1,185,000 | -- | -- |
| G.O. Bond Series 2006A | 1,470,000 | -- | -- | 1,470,000 | 65,000 |
| Total general obligation bonds- | | | | | |
| Governmental activities long-term | | | | | |
| liabilities | <u>\$ 3,880,000</u> | <u>\$ --</u> | <u>\$ 1,320,000</u> | <u>\$ 2,560,000</u> | <u>\$ 140,000</u> |
| BUSINESS - TYPE ACTIVITIES | | | | | |
| G.O. Water & sewer revenue bonds | 365,000 | -- | -- | 365,000 | 10,000 |
| G.O. Water & sewer revenue bonds | 1,615,000 | -- | 35,000 | 1,580,000 | 18,000 |
| G.O. Refunding Bonds, Series 2003B | -- | 1,185,000 | 220,000 | 965,000 | 230,000 |
| Total bonds payable Business - | | | | | |
| type activities long-term liabilities | <u>\$ 1,980,000</u> | <u>\$ 1,185,000</u> | <u>\$ 255,000</u> | <u>\$ 2,910,000</u> | <u>\$ 258,000</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, 2007, and descriptions are as follows:

| | |
|--|---------------------|
| <u>Governmental Funds</u> | |
| Special Revenue - Cemetery | \$ 96,534 |
| <u>Enterprise Funds - Unrestricted, Designated</u> | |
| Liquor | 210,630 |
| Electric Utility | 500,620 |
| Water Utility | 655,267 |
| Wastewater Utility | 489,725 |
| Total | <u>\$ 1,952,776</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 administering 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, No. 1-12 and No. 1-13.

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, 2007

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 | 06/23/1994 |
| Year First Increment Received | 1996 |
| Date of Required Decertification | 12/31/2017 |
| Tax Increment Revenue - 2007 | \$ 15,116 |
| 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 12-31-07 | 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, 2007

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 | 04/26/1995 |
| Year First Increment Received | 2000 |
| Date of Required Decertification | 12/31/2025 |
| Tax Increment Revenue - 2007 | \$ 48,209 |
| 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 12-31-07 | 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 - 2007 | \$ 12,566 |
| 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 12-31-07 | 152,107 |

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

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 | 06/27/2001 |
| Year First Increment Received | 2003 |
| Date of Required Decertification | 12/31/2017 |
| Tax Increment Revenue - 2007 | \$ 13,096 |
| 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 | 06/29/2001 |
| Year First Increment Received | N/A |
| Date of Required Decertification | 12/31/2028 |
| Tax Increment Revenue-2007 | \$ 44,889 |
| 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 12/31/2007 | 571,779 |

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

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, 2007, the City incurred greater 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, 2007

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, 2007 as follows:

| | <u>Expenditures</u> | <u>Appropriations</u> | <u>Over</u> |
|--------------------------|---------------------|-----------------------|-------------|
| General Fund | \$ 1,969,703 | \$ 1,832,456 | \$ 137,247 |
| Special Revenue Funds: | | | |
| EDA | 47,008 | 5,000 | 42,008 |
| TIF 2-11 | 135 | -- | 135 |
| TIF 1-7 EPC | 15,117 | 15,116 | 1 |
| TIF 2-2 Intrepid | 48,210 | 48,209 | 1 |
| TIF 1-9 CMHP | 13,097 | 13,096 | 1 |
| TIF 1-12 Industrial | 6,262 | -- | 6,262 |
| TIF 1-13 Dalbec | 2,180 | -- | 2,180 |
| Capital Projects: | | | |
| City Hall Improvements | 1,469 | -- | 1,469 |
| Airport construction | 2,018,137 | 1,932,000 | 86,137 |
| Hwy 23-65 | 168,364 | -- | 168,364 |
| Street construction 2007 | 245,660 | -- | 245,660 |
| Howe Ave. Reconstruction | 43,187 | -- | 43,187 |
| Debt Service: | | | -- |
| Maple Avenue | 25,700 | 345 | 25,355 |

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2007

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, 2007

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, 2007, 2006, and 2005 were \$74,787, \$63,361, and \$60,165 respectively. The City's contributions to the public Employees Police and Fire Fund for the years ending December 31, 2007, 2006 and 2005 were \$-0-, \$-0- and \$-0-, 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, 2007

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 2007, and as of December 2007, 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, 2007 was \$656,701. Pension assets totaled \$705,969. Members do not contribute to the plan. Funding comes from 2% state aid and interest earnings on investments. During 2007 the state aid received by the Fire Relief was \$48,539.

NOTE 4: DEED Grant

Schedule of deed funds for the year ended December 31, 2007 are as follows:

Revenues:

| | | |
|--|----|----|
| LOL environmental assessment grant | \$ | -- |
| Infrastructure grant - industrial park | | -- |
| Feed mill environmental assessment | | -- |
| Feed mill redevelopment grant | | -- |

Expenditures:

| | |
|--|---------|
| LOL environmental assessment grant | -- |
| Infrastructure grant - industrial park | 114,214 |
| Feed mill environmental assessment | -- |
| Feed mill redevelopment grant | -- |

NOTE 5: Prior Period Adjustment

The \$1,185,000 wastewater fund prior period adjustment was made to show 2003 refunding bonds as a liability on the balance sheet. The bonds had previously been paid through the wastewater debt service fund. The bonds had not been carried as a liability on the debt service fund balance sheet.

City of Mora, Minnesota
COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2007

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.

TIF 1-12 Industrial Park - To account for revenues and expenditures, including tax increments received and distributed for Industrial Park expansion.

TIF 1-13 Dalbec - To account for revenues and expenditures, including tax increments received and distributed for Dalbec project.

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.

City Hall Improvements - To account for revenues and expenditures related to the city hall improvements.

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.

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

2007 Street Reconstruction Fund - To account for revenues and expenditures related to the 2007 street reconstruction project.

Howe Avenue Fund - To account for revenues and expenditures related to the 2008 water and sewer 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, 2007

| | Special Revenue Funds | | | | |
|--------------------------------------|---------------------------|-------------------|------------------|-------------------------|-----------------|
| | Storm Water Utility | Cemetery Fund | EDA | ED Revolving Loan | TIF 1-7 EPC |
| ASSETS | | | | | |
| Cash and investments | \$ 25,100 | \$ 32,528 | \$ 24,724 | \$ 94,568 | \$ 6,144 |
| Accounts receivable | 2,669 | 500 | -- | -- | -- |
| Interest receivable | -- | 829 | -- | -- | -- |
| Taxes receivable - delinquent | -- | -- | -- | -- | -- |
| Special assessments receivable - | | | | | |
| Delinquent | -- | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- | -- |
| Due from other governments | -- | -- | -- | -- | -- |
| Note receivable | -- | -- | -- | -- | -- |
| Prepaid insurance | -- | 648 | 39 | -- | -- |
| Total Current Assets | <u>27,769</u> | <u>34,505</u> | <u>24,763</u> | <u>94,568</u> | <u>6,144</u> |
| Restricted Assets: | | | | | |
| Cash and investments | -- | 96,534 | -- | -- | -- |
| Total Restricted Assets | <u>--</u> | <u>96,534</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Total Assets | <u>\$ 27,769</u> | <u>\$ 131,039</u> | <u>\$ 24,763</u> | <u>\$ 94,568</u> | <u>\$ 6,144</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Cash in bank - overdraft | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Accounts payable | -- | -- | 569 | -- | -- |
| Due to other funds | -- | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- | -- |
| Total liabilities | <u>--</u> | <u>--</u> | <u>569</u> | <u>--</u> | <u>--</u> |
| Fund Balances: | | | | | |
| Reserved for debt service | -- | -- | -- | -- | -- |
| Reserved for other purposes | -- | 96,534 | -- | -- | -- |
| Unreserved | 27,769 | 34,505 | 24,194 | 94,568 | 6,144 |
| Total fund balances | <u>27,769</u> | <u>131,039</u> | <u>24,194</u> | <u>94,568</u> | <u>6,144</u> |
| Total liabilities and fund balances | <u>\$ 27,769</u> | <u>\$ 131,039</u> | <u>\$ 24,763</u> | <u>\$ 94,568</u> | <u>\$ 6,144</u> |

| TIF 2-2 Intrepid | TIF 1-8 Torborg Apartments | TIF 1-9 Housing CMHP | TIF 2-10 Clinic | TIF 1-11 KSB | TIF 1-12 Industrial | TIF 1-13 Dalbec | Total |
|---------------------|----------------------------------|----------------------------|--------------------|-----------------|------------------------|--------------------|------------|
| \$ 9,836 | \$ 3,157 | \$ -- | \$ 296 | \$ -- | \$ -- | \$ -- | \$ 196,353 |
| -- | -- | -- | -- | -- | -- | -- | 3,169 |
| -- | -- | -- | -- | -- | -- | -- | 829 |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | 687 |
| 9,836 | 3,157 | -- | 296 | -- | -- | -- | 201,038 |
| -- | -- | -- | -- | -- | -- | -- | 96,534 |
| -- | -- | -- | -- | -- | -- | -- | 96,534 |
| \$ 9,836 | \$ 3,157 | \$ -- | \$ 296 | \$ -- | \$ -- | \$ -- | \$ 297,572 |
| \$ -- | \$ -- | \$ -- | \$ -- | \$ 34,300 | \$ 6,262 | \$ 2,180 | \$ 42,742 |
| -- | -- | -- | -- | -- | -- | -- | 569 |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | 34,300 | 6,262 | 2,180 | 43,311 |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | 96,534 |
| 9,836 | 3,157 | -- | 296 | (34,300) | (6,262) | (2,180) | 157,727 |
| 9,836 | 3,157 | -- | 296 | (34,300) | (6,262) | (2,180) | 254,261 |
| \$ 9,836 | \$ 3,157 | \$ -- | \$ 296 | \$ -- | \$ -- | \$ -- | \$ 297,572 |

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007

| | Capital Projects Funds | | | |
|--|-----------------------------|--------------------------|---------------------|----------------------------|
| | Future Fire Equipment | Future Improvements | Arthur Extension | SE Utility Extension |
| ASSETS | | | | |
| Cash and investments | \$ 113,066 | \$ 503,149 | \$ -- | \$ -- |
| Accounts receivable | -- | -- | -- | -- |
| Interest receivable | 594 | 3,675 | -- | -- |
| Taxes receivable - delinquent | -- | -- | -- | -- |
| Special assessments receivable - Delinquent | -- | -- | -- | -- |
| Due from other funds | -- | -- | -- | -- |
| Due from other governments | 1,203 | -- | -- | -- |
| Note receivable | -- | -- | -- | -- |
| Prepaid insurance | -- | -- | -- | -- |
| Total Current Assets | <u>114,863</u> | <u>506,824</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>\$ 114,863</u></u> | <u><u>\$ 506,824</u></u> | <u><u>\$ --</u></u> | <u><u>\$ --</u></u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Cash in bank - overdraft | \$ -- | \$ -- | \$ -- | \$ -- |
| Accounts payable | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- |
| Deferred revenue | -- | -- | -- | -- |
| Total liabilities | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund Balances: | | | | |
| Reserved for debt service | -- | -- | -- | -- |
| Reserved for other purposes | -- | -- | -- | -- |
| Unreserved | 114,863 | 506,824 | -- | -- |
| Total fund balances | <u>114,863</u> | <u>506,824</u> | <u>--</u> | <u>--</u> |
| Total liabilities and fund balances | <u><u>\$ 114,863</u></u> | <u><u>\$ 506,824</u></u> | <u><u>\$ --</u></u> | <u><u>\$ --</u></u> |

| City Hall Improvements | Airport Land Acquisition | Airport Environmental Assessment | Hwy 23-65 | Street Reconstruction 2007 | Howe Avenue Reconstruction | Total |
|------------------------------|--------------------------------|--|------------------|----------------------------------|----------------------------------|-------------------|
| \$ 1,849 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 618,064 |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | 4,269 |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | 18,589 | -- | -- | -- | -- | 19,792 |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| <u>1,849</u> | <u>18,589</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>642,125</u> |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| <u>\$ 1,849</u> | <u>\$ 18,589</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 642,125</u> |
| | | | | | | |
| \$ -- | \$ 70,019 | \$ 40,464 | \$ 279,969 | \$ 245,660 | \$ 43,187 | \$ 679,299 |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| <u>--</u> | <u>70,019</u> | <u>40,464</u> | <u>279,969</u> | <u>245,660</u> | <u>43,187</u> | <u>679,299</u> |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| <u>1,849</u> | <u>(51,430)</u> | <u>(40,464)</u> | <u>(279,969)</u> | <u>(245,660)</u> | <u>(43,187)</u> | <u>(37,174)</u> |
| <u>1,849</u> | <u>(51,430)</u> | <u>(40,464)</u> | <u>(279,969)</u> | <u>(245,660)</u> | <u>(43,187)</u> | <u>(37,174)</u> |
| <u>\$ 1,849</u> | <u>\$ 18,589</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 642,125</u> |

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2007

| | Debt Service Funds | | | |
|--|---------------------------------|-------------------------|--------------------------------|-------------------------|
| | G.O. Waste Water Facility | West Maple Avenue | Street Construction 2003 | Fire Station 2003 |
| ASSETS | | | | |
| Cash and investments | \$ 2,521 | \$ 6,832 | \$ 755 | \$ 115,936 |
| Accounts receivable | -- | -- | -- | -- |
| Interest receivable | -- | -- | -- | 397 |
| Taxes receivable - delinquent | 928 | 268 | 731 | 3,389 |
| Special assessments receivable - Delinquent | -- | 1,357 | -- | -- |
| Due from other funds | -- | -- | -- | -- |
| Due from other governments | -- | -- | -- | 1,928 |
| Note receivable | -- | -- | -- | -- |
| Prepaid insurance | -- | -- | -- | -- |
| Total Current Assets | <u>3,449</u> | <u>8,457</u> | <u>1,486</u> | <u>121,650</u> |
| Restricted Assets: | | | | |
| Cash and investments | -- | -- | -- | -- |
| Total Restricted Assets | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Total assets | <u>\$ 3,449</u> | <u>\$ 8,457</u> | <u>\$ 1,486</u> | <u>\$ 121,650</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Cash in bank - overdraft | \$ -- | \$ -- | \$ -- | \$ -- |
| Accounts payable | -- | -- | -- | -- |
| Due to other funds | -- | -- | -- | -- |
| Deferred revenue | 928 | 268 | 731 | 2,206 |
| Total liabilities | <u>928</u> | <u>268</u> | <u>731</u> | <u>2,206</u> |
| Fund Balances: | | | | |
| Reserved for debt service | 2,521 | 8,189 | 755 | 119,444 |
| Reserved for other purposes | -- | -- | -- | -- |
| Unreserved | -- | -- | -- | -- |
| Total fund balances | <u>2,521</u> | <u>8,189</u> | <u>755</u> | <u>119,444</u> |
| Total liabilities and fund balances | <u>\$ 3,449</u> | <u>\$ 8,457</u> | <u>\$ 1,486</u> | <u>\$ 121,650</u> |

| Street Construction 2004 | Street Construction 2006 | Total | Total Nonmajor Governmental Funds |
|--------------------------------|--------------------------------|-------------------|--|
| \$ 21,081 | \$ 38,453 | \$ 185,578 | \$ 999,995 |
| -- | -- | -- | 3,169 |
| 67 | 168 | 632 | 5,730 |
| 1,009 | 851 | 7,176 | 7,176 |
| -- | -- | 1,357 | 1,357 |
| -- | -- | -- | -- |
| -- | -- | 1,928 | 21,720 |
| -- | -- | -- | -- |
| -- | -- | -- | 687 |
| <u>22,157</u> | <u>39,472</u> | <u>196,671</u> | <u>1,039,834</u> |
| -- | -- | -- | 96,534 |
| -- | -- | -- | 96,534 |
| <u>\$ 22,157</u> | <u>\$ 39,472</u> | <u>\$ 196,671</u> | <u>\$ 1,136,368</u> |
| \$ -- | \$ -- | \$ -- | \$ 722,041 |
| -- | -- | -- | 569 |
| -- | -- | -- | -- |
| 638 | 392 | 5,163 | 5,163 |
| <u>638</u> | <u>392</u> | <u>5,163</u> | <u>727,773</u> |
| 21,519 | 39,080 | 191,508 | 191,508 |
| -- | -- | -- | 96,534 |
| -- | -- | -- | 120,553 |
| <u>21,519</u> | <u>39,080</u> | <u>191,508</u> | <u>408,595</u> |
| <u>\$ 22,157</u> | <u>\$ 39,472</u> | <u>\$ 196,671</u> | <u>\$ 1,136,368</u> |

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

| | Special Revenue Funds | | | | |
|--|------------------------|-------------------|------------------|-------------------------|-----------------|
| | Storm Water Utility | Cemetery Fund | EDA | ED Revolving Loan | TIF 1-7 EPC |
| REVENUES | | | | | |
| Property taxes | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Tax increments | -- | -- | -- | -- | 15,116 |
| Special assessments | -- | -- | -- | -- | -- |
| Charges for services | 30,430 | 30,525 | -- | -- | -- |
| Intergovernmental revenue | -- | -- | 5,000 | -- | -- |
| Interest earnings | -- | 6,397 | -- | -- | -- |
| Miscellaneous - | | | | | |
| Contributions | -- | -- | -- | -- | -- |
| Other | -- | 530 | -- | -- | -- |
| Total revenues | <u>30,430</u> | <u>37,452</u> | <u>5,000</u> | <u>--</u> | <u>15,116</u> |
| EXPENDITURES | | | | | |
| Public works | 6,191 | -- | -- | -- | -- |
| Cemetery | -- | 36,521 | -- | -- | -- |
| Housing development | -- | -- | -- | -- | -- |
| Economic development | -- | -- | 47,008 | -- | 15,117 |
| Debt service | -- | -- | -- | -- | -- |
| Capital projects | -- | -- | -- | -- | -- |
| Total expenditures | <u>6,191</u> | <u>36,521</u> | <u>47,008</u> | <u>--</u> | <u>15,117</u> |
| Excess (deficiency) of revenues over (under) expenditures | 24,239 | 931 | (42,008) | -- | (1) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from long-term debt | -- | -- | -- | -- | -- |
| Transfers in | -- | -- | 40,000 | -- | -- |
| Transfers out | (18,500) | (4,500) | -- | -- | -- |
| Total other financing sources (uses) | <u>(18,500)</u> | <u>(4,500)</u> | <u>40,000</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 5,739 | (3,569) | (2,008) | -- | (1) |
| Fund balances - beginning | <u>22,030</u> | <u>134,608</u> | <u>26,202</u> | <u>94,568</u> | <u>6,145</u> |
| Fund balances - ending | <u>\$ 27,769</u> | <u>\$ 131,039</u> | <u>\$ 24,194</u> | <u>\$ 94,568</u> | <u>\$ 6,144</u> |

| TIF 2-2 Intrepid | TIF 1-8 Torborg | TIF 1-9 CMHP | TIF 2-10 Clinic | TIF 1-11 KSB | TIF 1-12 Industrial | TIF 1-13 Dalbec | Total |
|---------------------|--------------------|-----------------|--------------------|-----------------|------------------------|--------------------|------------|
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| 48,209 | 12,566 | 13,096 | 44,889 | -- | -- | -- | 133,876 |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | 60,955 |
| -- | -- | -- | -- | -- | -- | -- | 5,000 |
| -- | -- | -- | -- | -- | -- | -- | 6,397 |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | 530 |
| 48,209 | 12,566 | 13,096 | 44,889 | \$ -- | \$ -- | \$ -- | 206,758 |
| -- | -- | -- | -- | -- | -- | -- | 6,191 |
| -- | -- | -- | -- | -- | -- | -- | 36,521 |
| 48,210 | 12,566 | 13,097 | -- | -- | -- | 2,180 | 76,053 |
| -- | -- | -- | 44,889 | 135 | 6,262 | -- | 113,411 |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| 48,210 | 12,566 | 13,097 | 44,889 | 135 | 6,262 | 2,180 | 232,176 |
| (1) | -- | (1) | -- | (135) | (6,262) | (2,180) | (25,418) |
| -- | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | 40,000 |
| -- | -- | -- | -- | -- | -- | -- | (23,000) |
| -- | -- | -- | -- | -- | -- | -- | 17,000 |
| (1) | -- | (1) | -- | (135) | (6,262) | (2,180) | (8,418) |
| 9,837 | 3,157 | 1 | 296 | (34,165) | -- | -- | 262,679 |
| \$ 9,836 | \$ 3,157 | \$ -- | \$ 296 | \$ (34,300) | \$ (6,262) | \$ (2,180) | \$ 254,261 |

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, 2007

| | 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 | 47,872 | -- | -- | -- |
| Interest earnings | 3,143 | 33,659 | -- | -- |
| Miscellaneous - | | | | |
| Contributions | 2,000 | -- | -- | -- |
| Other | -- | 21,955 | 15,728 | -- |
| Total revenues | <u>53,015</u> | <u>55,614</u> | <u>15,728</u> | <u>--</u> |
| EXPENDITURES | | | | |
| Public works | -- | -- | -- | -- |
| Cemetery | -- | -- | -- | -- |
| Housing development | -- | -- | -- | -- |
| Economic development | -- | -- | -- | -- |
| Debt service | -- | -- | -- | -- |
| Capital projects | -- | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | 53,015 | 55,614 | 15,728 | -- |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from long-term debt | -- | -- | -- | -- |
| Transfers in | 13,128 | 31,013 | -- | 8,500 |
| Transfers out | -- | (66,182) | -- | -- |
| Total other financing sources (uses) | <u>13,128</u> | <u>(35,169)</u> | <u>--</u> | <u>8,500</u> |
| Net change in fund balances | 66,143 | 20,445 | 15,728 | 8,500 |
| Fund balances - beginning | <u>48,720</u> | <u>486,379</u> | <u>(15,728)</u> | <u>(8,500)</u> |
| Fund balances - ending | <u>\$ 114,863</u> | <u>\$ 506,824</u> | <u>\$ --</u> | <u>\$ --</u> |

| City Hall Improvements | Airport Land Acquisition 2004 | Airport Environmental Assessment | Hwy 23-65 | Street Reconstruction 2007 | Howe Avenue Reconstruction | Total |
|---------------------------|-------------------------------------|--|--------------|----------------------------------|----------------------------------|-------------|
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | 19,860 | -- | -- | -- | -- | 67,732 |
| -- | -- | -- | -- | -- | -- | 36,802 |
| -- | -- | -- | -- | -- | -- | 2,000 |
| -- | -- | -- | -- | -- | -- | 37,683 |
| -- | 19,860 | -- | -- | -- | -- | 144,217 |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- |
| 1,469 | -- | -- | 168,364 | 245,660 | 43,187 | 458,680 |
| 1,469 | -- | -- | 168,364 | 245,660 | 43,187 | 458,680 |
| (1,469) | 19,860 | -- | (168,364) | (245,660) | (43,187) | (314,463) |
| -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | 52,641 |
| -- | -- | -- | -- | -- | -- | (66,182) |
| -- | -- | -- | -- | -- | -- | (13,541) |
| (1,469) | 19,860 | -- | (168,364) | (245,660) | (43,187) | (328,004) |
| 3,318 | (71,290) | (40,464) | (111,605) | -- | -- | 290,830 |
| \$ 1,849 | \$ (51,430) | \$ (40,464) | \$ (279,969) | \$ (245,660) | \$ (43,187) | \$ (37,174) |

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

| | Debt Service Funds | | | |
|--|---------------------------------|-------------------------|--------------------------------|-------------------------|
| | G.O. Waste Water Facility | West Maple Avenue | Street Construction 2003 | Fire Station 2003 |
| REVENUES | | | | |
| Property taxes | \$ 1,374 | \$ 345 | \$ 1,090 | \$ 68,016 |
| Tax increments | -- | -- | -- | -- |
| Special assessments | -- | -- | -- | -- |
| Charges for services | -- | -- | -- | -- |
| Intergovernmental revenue | -- | -- | -- | -- |
| Interest earnings | -- | -- | -- | 1,150 |
| Miscellaneous - | | | | |
| Contributions | -- | -- | -- | 52,663 |
| Other | -- | -- | -- | -- |
| Total revenues | <u>1,374</u> | <u>345</u> | <u>1,090</u> | <u>121,829</u> |
| EXPENDITURES | | | | |
| Public works | -- | -- | -- | -- |
| Cemetery | -- | -- | -- | -- |
| Housing development | -- | -- | -- | -- |
| Economic development | -- | -- | -- | -- |
| Debt service | -- | 25,700 | 40,675 | 111,350 |
| Capital projects | -- | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>25,700</u> | <u>40,675</u> | <u>111,350</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,374 | (25,355) | (39,585) | 10,479 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from long-term debt | -- | -- | -- | -- |
| Transfers in | -- | -- | -- | -- |
| Transfers out | (376,486) | -- | -- | -- |
| Total other financing sources (uses) | <u>(376,486)</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | (375,112) | (25,355) | (39,585) | 10,479 |
| Fund balances - beginning | <u>377,633</u> | <u>33,544</u> | <u>40,340</u> | <u>108,965</u> |
| Fund balances - ending | <u>\$ 2,521</u> | <u>\$ 8,189</u> | <u>\$ 755</u> | <u>\$ 119,444</u> |

| Street Construction 2004 | Street Construction 2006 | Total | Total Nonmajor Governmental Funds |
|--------------------------------|--------------------------------|-------------------|--|
| \$ 21,260 | \$ 25,681 | \$ 117,766 | \$ 117,766 |
| -- | -- | -- | 133,876 |
| -- | -- | -- | -- |
| -- | -- | -- | 60,955 |
| -- | -- | -- | 72,732 |
| 3,140 | 6,125 | 10,415 | 53,614 |
| -- | -- | -- | -- |
| -- | -- | 52,663 | 54,663 |
| -- | -- | -- | 38,213 |
| <u>24,400</u> | <u>31,806</u> | <u>180,844</u> | <u>531,819</u> |
| -- | -- | -- | 6,191 |
| -- | -- | -- | 36,521 |
| -- | -- | -- | 76,053 |
| -- | -- | -- | 113,411 |
| 2,958 | 5,562 | 186,245 | 186,245 |
| -- | -- | -- | 458,680 |
| <u>2,958</u> | <u>5,562</u> | <u>186,245</u> | <u>877,101</u> |
| 21,442 | 26,244 | (5,401) | (345,282) |
| -- | -- | -- | -- |
| -- | -- | -- | 92,641 |
| -- | -- | (376,486) | (465,668) |
| <u>--</u> | <u>--</u> | <u>(376,486)</u> | <u>(373,027)</u> |
| 21,442 | 26,244 | (381,887) | (718,309) |
| <u>77</u> | <u>12,836</u> | <u>573,395</u> | <u>1,126,904</u> |
| <u>\$ 21,519</u> | <u>\$ 39,080</u> | <u>\$ 191,508</u> | <u>\$ 408,595</u> |

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City of Mora, Minnesota
SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE - BUDGET and ACTUAL

Special Revenue Funds
December 31, 2007

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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Storm water fees | \$ 31,000 | \$ 30,430 | \$ (570) |
| Investment earnings | -- | -- | -- |
| Total revenues | <u>31,000</u> | <u>30,430</u> | <u>(570)</u> |
| EXPENDITURES | | | |
| Professional services | 5,500 | 745 | 4,755 |
| Miscellaneous | -- | 500 | (500) |
| Capital outlay | 5,000 | 4,946 | 54 |
| Total expenditures | <u>10,500</u> | <u>6,191</u> | <u>4,309</u> |
| Excess (deficiency) of revenues over (under) expenditures | 20,500 | 24,239 | 3,739 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | (10,000) | (18,500) | 8,500 |
| Total other financing sources (uses) | <u>(10,000)</u> | <u>(18,500)</u> | <u>8,500</u> |
| Net change in fund balances | 10,500 | 5,739 | (4,761) |
| Fund balances - beginning | <u>22,030</u> | <u>22,030</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 32,530</u> | <u>\$ 27,769</u> | <u>\$ (4,761)</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Interments | \$ 28,000 | \$ 19,475 | \$ (8,525) |
| Perpetual care | 4,250 | 2,210 | (2,040) |
| Sale of lots | 17,000 | 8,840 | (8,160) |
| Investment earnings | 1,500 | 6,397 | 4,897 |
| Miscellaneous | 750 | 530 | (220) |
| Total revenues | <u>51,500</u> | <u>37,452</u> | <u>(14,048)</u> |
| EXPENDITURES | | | |
| Professional services | 17,875 | 11,725 | (6,150) |
| Salaries | 13,751 | 15,867 | 2,116 |
| Capital outlay | -- | -- | -- |
| Miscellaneous | 15,529 | 8,929 | (6,600) |
| Total expenditures | <u>47,155</u> | <u>36,521</u> | <u>(10,634)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 4,345 | 931 | (3,414) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | -- | (4,500) | (4,500) |
| Total other financing sources (uses) | <u>--</u> | <u>(4,500)</u> | <u>(4,500)</u> |
| Net change in fund balances | 4,345 | (3,569) | (7,914) |
| Fund balances - beginning | <u>134,608</u> | <u>134,608</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 138,953</u> | <u>\$ 131,039</u> | <u>\$ (7,914)</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| State grants & aids | \$ 4,329 | \$ 5,000 | \$ 671 |
| Contributions | 2,650 | -- | (2,650) |
| Investment earnings | 250 | -- | (250) |
| Total revenues | <u>7,229</u> | <u>5,000</u> | <u>(2,229)</u> |
| EXPENDITURES | | | |
| Professional services | 34,860 | 34,276 | 584 |
| Supplies | 14,711 | 9,719 | 4,992 |
| Miscellaneous | 3,070 | 3,013 | 57 |
| Total expenditures | <u>52,641</u> | <u>47,008</u> | <u>5,633</u> |
| Excess (deficiency) of revenues over (under) expenditures | (45,412) | (42,008) | 3,404 |
| 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 balances | (5,412) | (2,008) | 3,404 |
| Fund balances - beginning | <u>26,202</u> | <u>26,202</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 20,790</u> | <u>\$ 24,194</u> | <u>\$ 3,404</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--|-------------------------|---|
| REVENUES | | | |
| Investment earnings | \$ 2,500 | \$ -- | \$ (2,500) |
| Total revenues | <u>2,500</u> | <u>--</u> | <u>(2,500)</u> |
| EXPENDITURES | | | |
| Professional services | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 2,500 | -- | (2,500) |
| Fund balances - beginning | <u>94,568</u> | <u>94,568</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ 97,068</u></u> | <u><u>\$ 94,568</u></u> | <u><u>\$ (2,500)</u></u> |

City of Mora, Minnesota
TIF 1-7 EPC - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|--|----------------------------|---|
| REVENUES | | | |
| Tax increments | \$ -- | \$ 15,116 | \$ 15,116 |
| Investment earnings | -- | -- | -- |
| Total revenues | <u>--</u> | <u>15,116</u> | <u>15,116</u> |
| EXPENDITURES | | | |
| Professional services | -- | 1,512 | 1,512 |
| Economic development | -- | 13,605 | 13,605 |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>15,117</u> | <u>15,117</u> |
| Net change in fund balances | -- | (1) | (1) |
| Fund balances - beginning | <u>6,145</u> | <u>6,145</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ 6,145</u></u> | <u><u>\$ 6,144</u></u> | <u><u>\$ (1)</u></u> |

City of Mora, Minnesota
TIF 2-2 Intrepid - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------|--|------------------------|---|
| REVENUES | | | |
| Tax increments | \$ -- | \$ 48,209 | \$ 48,209 |
| Investment earnings | -- | -- | -- |
| Total revenues | <u>--</u> | <u>48,209</u> | <u>48,209</u> |
| EXPENDITURES | | | |
| Professional services | -- | 2,411 | 2,411 |
| Housing development | -- | 45,799 | 45,799 |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>48,210</u> | <u>48,210</u> |
| Net changes in fund balances | -- | (1) | (1) |
| Fund balances - beginning | <u>9,837</u> | <u>9,837</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ 9,837</u></u> | <u><u>\$ 9,836</u></u> | <u><u>\$ (1)</u></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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--|-------------------|---|
| REVENUES | | | |
| Tax increments | \$ -- | \$ 12,566 | \$ 12,566 |
| Investment earnings | -- | -- | -- |
| Total revenues | <u>--</u> | <u>12,566</u> | <u>12,566</u> |
| EXPENDITURES | | | |
| Professional services | -- | 3,019 | 3,019 |
| Housing development | -- | 9,547 | 9,547 |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>12,566</u> | <u>12,566</u> |
| Net change to fund balances | -- | -- | -- |
| Fund balances - beginning | <u>3,157</u> | <u>3,157</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 3,157</u> | <u>\$ 3,157</u> | <u>\$ --</u> |

City of Mora, Minnesota
TIF 1-9 Housing CMHP - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--|---------------------|---|
| REVENUES | | | |
| Tax increments | \$ -- | \$ 13,096 | \$ 13,096 |
| Total revenues | <u>--</u> | <u>13,096</u> | <u>13,096</u> |
| EXPENDITURES | | | |
| Professional services | -- | 655 | 655 |
| Housing development | -- | 12,442 | 12,442 |
| Interest | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>13,097</u> | <u>13,097</u> |
| Net change to fund balances | -- | (1) | (1) |
| Fund balances - beginning | <u>1</u> | <u>1</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ 1</u></u> | <u><u>\$ --</u></u> | <u><u>\$ (1)</u></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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--|-------------------|---|
| REVENUES | | | |
| Tax increments | \$ -- | \$ 44,889 | \$ 44,889 |
| Total revenues | <u> --</u> | <u>44,889</u> | <u>44,889</u> |
| EXPENDITURES | | | |
| Professional services | -- | 4,489 | 4,489 |
| Economic development | -- | 40,400 | 40,400 |
| Interest | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u> --</u> | <u>44,889</u> | <u>44,889</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, 2007

| | 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 | -- | 135 | 135 |
| Economic development | -- | -- | -- |
| Interest | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u> --</u> | <u> 135</u> | <u> 135</u> |
| Net change to fund balances | -- | (135) | (135) |
| Fund balances - beginning | <u>(34,165)</u> | <u>(34,165)</u> | <u> --</u> |
| Fund balances - ending | <u><u> \$ (34,165)</u></u> | <u><u> \$ (34,300)</u></u> | <u><u> \$ (135)</u></u> |

City of Mora, Minnesota
TIF 1-12 Industrial Park - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | 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 | -- | 6,180 | 6,180 |
| Economic development | -- | -- | -- |
| Interest | -- | -- | -- |
| Miscellaneous | <u> --</u> | <u> 82</u> | <u> 82</u> |
| Total expenditures | <u> --</u> | <u> 6,262</u> | <u> 6,262</u> |
| Net change to fund balances | -- | (6,262) | (6,262) |
| Fund balances - beginning | <u> --</u> | <u> --</u> | <u> --</u> |
| Fund balances - ending | <u> \$ --</u> | <u> \$ (6,262)</u> | <u> \$ (6,262)</u> |

City of Mora, Minnesota
TIF 1-13 Dalbec - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | 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 | -- | 2,180 | 2,180 |
| Economic development | -- | -- | -- |
| Interest | -- | -- | -- |
| Miscellaneous | <u>--</u> | <u>--</u> | <u>--</u> |
| Total expenditures | <u>--</u> | <u>2,180</u> | <u>2,180</u> |
| Net change to fund balances | -- | (2,180) | (2,180) |
| Fund balances - beginning | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ --</u></u> | <u><u>\$ (2,180)</u></u> | <u><u>\$ (2,180)</u></u> |

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City of Mora, Minnesota
SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE - BUDGET and ACTUAL

Capital Project Funds
December 31, 2007

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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Intergovernmental revenues | \$ -- | \$ 47,872 | \$ 47,872 |
| Contributions | -- | 2,000 | 2,000 |
| Interest earnings | -- | 3,143 | 3,143 |
| Total revenues | <u>--</u> | <u>53,015</u> | <u>53,015</u> |
| EXPENDITURES | | | |
| Professional services | -- | -- | -- |
| Capital projects | -- | -- | -- |
| Miscellaneous | <u>--</u> | <u>--</u> | <u>--</u> |
| Total expenditures | <u>--</u> | <u>--</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | 53,015 | 53,015 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | 13,128 | 13,128 |
| Transfers out | <u>--</u> | <u>--</u> | <u>--</u> |
| Total other financing sources (uses) | <u>--</u> | <u>13,128</u> | <u>13,128</u> |
| Net change in fund balances | -- | 66,143 | 66,143 |
| Fund balances - beginning | <u>48,720</u> | <u>48,720</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 48,720</u> | <u>\$ 114,863</u> | <u>\$ 66,143</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Intergovernmental revenues | \$ -- | \$ -- | \$ -- |
| Interest earnings | 10,000 | 33,659 | 23,659 |
| Miscellaneous | -- | 21,955 | 21,955 |
| Total revenues | <u>10,000</u> | <u>55,614</u> | <u>45,614</u> |
| EXPENDITURES | | | |
| Professional services | -- | -- | -- |
| Capital projects | -- | -- | -- |
| Miscellaneous | <u>--</u> | <u>--</u> | <u>--</u> |
| Total expenditures | <u>--</u> | <u>--</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | 10,000 | 55,614 | 45,614 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | 31,013 | 31,013 |
| Transfers out | <u>--</u> | <u>(66,182)</u> | <u>(66,182)</u> |
| Total other financing sources (uses) | <u>--</u> | <u>(35,169)</u> | <u>(35,169)</u> |
| Net change in fund balances | 10,000 | 20,445 | 10,445 |
| Fund balances - beginning | <u>486,379</u> | <u>486,379</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 496,379</u> | <u>\$ 506,824</u> | <u>\$ 10,445</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Intergovernmental revenues | \$ -- | \$ -- | \$ -- |
| Interest earnings | -- | -- | -- |
| Miscellaneous | -- | 15,728 | 15,728 |
| Total revenues | <u>--</u> | <u>15,728</u> | <u>15,728</u> |
| EXPENDITURES | | | |
| Professional services | -- | -- | -- |
| Capital projects | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>--</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | 15,728 | 15,728 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | -- | 15,728 | 15,728 |
| Fund balances - beginning | <u>(15,728)</u> | <u>(15,728)</u> | <u>--</u> |
| Fund balances - ending | <u>\$ (15,728)</u> | <u>\$ --</u> | <u>\$ 15,728</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, 2007

| | 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 | -- | 8,500 | 8,500 |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>8,500</u> | <u>8,500</u> |
| Net change in fund balances | -- | 8,500 | 8,500 |
| Fund balances - beginning | <u>(8,500)</u> | <u>(8,500)</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ (8,500)</u></u> | <u><u>\$ --</u></u> | <u><u>\$ 8,500</u></u> |

City of Mora, Minnesota
City Hall Improvements 2005 - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | 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 | -- | 1,469 | 1,469 |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>1,469</u> | <u>1,469</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | (1,469) | (1,469) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | -- | (1,469) | (1,469) |
| Fund balances - beginning | <u>3,318</u> | <u>3,318</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 3,318</u> | <u>\$ 1,849</u> | <u>\$ (1,469)</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|---------------------------|---|
| REVENUES | | | |
| Intergovernmental revenues | \$ -- | \$ 19,860 | \$ 19,860 |
| Interest earnings | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total revenues | <u>--</u> | <u>19,860</u> | <u>19,860</u> |
| EXPENDITURES | | | |
| Professional services | -- | -- | -- |
| Capital projects | -- | -- | -- |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>--</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | 19,860 | 19,860 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | -- | 19,860 | 19,860 |
| Fund balances - beginning | <u>(71,290)</u> | <u>(71,290)</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ (71,290)</u></u> | <u><u>\$ (51,430)</u></u> | <u><u>\$ 19,860</u></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, 2007

| | 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><u>\$ (40,464)</u></u> | <u><u>\$ (40,464)</u></u> | <u><u>\$ --</u></u> |

City of Mora, Minnesota
Highway 23-65 - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

| | 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 | -- | 168,364 | 168,364 |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>168,364</u> | <u>168,364</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | (168,364) | (168,364) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | -- | (168,364) | (168,364) |
| Fund balances - beginning | <u>(111,605)</u> | <u>(111,605)</u> | <u>--</u> |
| Fund balances - ending | <u>\$ (111,605)</u> | <u>\$ (279,969)</u> | <u>\$ (168,364)</u> |

City of Mora, Minnesota
 Street Reconstruction 2007 - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2007

| | 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 | -- | 245,660 | 245,660 |
| Miscellaneous | <u>--</u> | <u>--</u> | <u>--</u> |
| Total expenditures | <u>--</u> | <u>245,660</u> | <u>245,660</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | (245,660) | (245,660) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | <u>--</u> | <u>--</u> | <u>--</u> |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | -- | (245,660) | (245,660) |
| Fund balances - beginning | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ --</u></u> | <u><u>\$ (245,660)</u></u> | <u><u>\$ (245,660)</u></u> |

City of Mora, Minnesota
 Howe Avenue Reconstruction - Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2007

| | 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 | -- | 43,187 | 43,187 |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>--</u> | <u>43,187</u> | <u>43,187</u> |
| Excess (deficiency) of revenues over (under) expenditures | -- | (43,187) | (43,187) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | -- | -- | -- |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | -- | (43,187) | (43,187) |
| Fund balances - beginning | <u>--</u> | <u>--</u> | <u>--</u> |
| Fund balances - ending | <u>\$ --</u> | <u>\$ (43,187)</u> | <u>\$ (43,187)</u> |

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City of Mora, Minnesota
SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN FUND BALANCE - BUDGET and ACTUAL

Debt Service Funds
December 31, 2007

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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Property taxes | \$ -- | \$ 1,374 | \$ 1,374 |
| Investment earnings | 2,000 | -- | (2,000) |
| Total revenues | <u>2,000</u> | <u>1,374</u> | <u>(626)</u> |
| EXPENDITURES | | | |
| Principal | 220,000 | -- | (220,000) |
| Interest | 30,490 | -- | (30,490) |
| Fiscal agent fees | 350 | -- | (350) |
| Total expenditures | <u>250,840</u> | <u>--</u> | <u>(250,840)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (248,840) | 1,374 | 250,214 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | 205,000 | (376,486) | (581,486) |
| Total Other Financing Sources (Uses) | <u>205,000</u> | <u>(376,486)</u> | <u>(581,486)</u> |
| Net change in fund balances | (43,840) | (375,112) | (331,272) |
| Fund balances - beginning | <u>377,633</u> | <u>377,633</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 333,793</u> | <u>\$ 2,521</u> | <u>\$ (331,272)</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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--|-------------------|---|
| REVENUES | | | |
| Property taxes | \$ -- | \$ 345 | \$ 345 |
| Special assessments | -- | -- | -- |
| Investment earnings | 500 | -- | (500) |
| Total revenues | <u>500</u> | <u>345</u> | <u>(155)</u> |
| EXPENDITURES | | | |
| Principal | 25,000 | 25,000 | -- |
| Interest | 700 | 700 | -- |
| Total expenditures | <u>25,700</u> | <u>25,700</u> | <u>--</u> |
| Net change in fund balances | (25,200) | (25,355) | (155) |
| Fund balances - beginning | <u>33,544</u> | <u>33,544</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 8,344</u> | <u>\$ 8,189</u> | <u>\$ (155)</u> |

City of Mora, Minnesota
 Street Reconstruction 2003 - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--|-------------------|---|
| REVENUES | | | |
| Property taxes | \$ -- | \$ 1,090 | \$ 1,090 |
| Interest | -- | -- | -- |
| Total revenues | -- | 1,090 | 1,090 |
| EXPENDITURES | | | |
| Principal | -- | 40,000 | 40,000 |
| Interest | -- | 500 | 500 |
| Miscellaneous | -- | 175 | 175 |
| Total expenditures | -- | 40,675 | 40,675 |
| Net change in fund balances | -- | (39,585) | (39,585) |
| Fund balances - beginning | 40,340 | 40,340 | -- |
| Fund balances - ending | \$ 40,340 | \$ 755 | \$ (39,585) |

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, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Property taxes | \$ 68,402 | \$ 68,016 | \$ (386) |
| Township contributions | 52,663 | 52,663 | -- |
| Interest | -- | 1,150 | 1,150 |
| Total revenues | <u>121,065</u> | <u>121,829</u> | <u>764</u> |
| EXPENDITURES | | | |
| Principal | 70,000 | 70,000 | -- |
| Interest | 41,175 | 41,175 | -- |
| Miscellaneous | 175 | 175 | -- |
| Total expenditures | <u>111,350</u> | <u>111,350</u> | <u>--</u> |
| Excess (deficiency) of revenues over (under) expenditures | 9,715 | 10,479 | 764 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 9,715 | 10,479 | 764 |
| Fund balances - beginning | <u>108,965</u> | <u>108,965</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 118,680</u> | <u>\$ 119,444</u> | <u>\$ 764</u> |

City of Mora, Minnesota
 Street Construction 2004 - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------------|---|
| REVENUES | | | |
| Property taxes | \$ 21,481 | \$ 21,260 | \$ (221) |
| Interest | -- | 3,140 | 3,140 |
| Total revenues | <u>21,481</u> | <u>24,400</u> | <u>2,919</u> |
| EXPENDITURES | | | |
| Principal | 30,000 | -- | (30,000) |
| Interest | 7,639 | 2,958 | (4,681) |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>37,639</u> | <u>2,958</u> | <u>(34,681)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (16,158) | 21,442 | 37,600 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | (16,158) | 21,442 | 37,600 |
| Fund balances - beginning | <u>77</u> | <u>77</u> | <u>--</u> |
| Fund balances - ending | <u><u>\$ (16,081)</u></u> | <u><u>\$ 21,519</u></u> | <u><u>\$ 37,600</u></u> |

City of Mora, Minnesota
 Street Construction 2006 - Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--|-------------------|---|
| REVENUES | | | |
| Property taxes | \$ 26,525 | \$ 25,681 | \$ (844) |
| Interest | -- | 6,125 | 6,125 |
| Total revenues | <u>26,525</u> | <u>31,806</u> | <u>5,281</u> |
| EXPENDITURES | | | |
| Principal | 18,300 | -- | (18,300) |
| Interest | 11,500 | 5,562 | (5,938) |
| Miscellaneous | -- | -- | -- |
| Total expenditures | <u>29,800</u> | <u>5,562</u> | <u>(24,238)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,275) | 26,244 | 29,519 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (out) | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | (3,275) | 26,244 | 29,519 |
| Fund balances - beginning | <u>12,836</u> | <u>12,836</u> | <u>--</u> |
| Fund balances - ending | <u>\$ 9,561</u> | <u>\$ 39,080</u> | <u>\$ 29,519</u> |

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City of Mora, Minnesota
SCHEDULE OF REVENUES, EXPENDITURES and
CHANGES IN NET ASSETS - BUDGET and ACTUAL

Enterprise Funds
December 31, 2007

City of Mora, Minnesota
Municipal Liquor Store - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------|--|-------------------|---|
| Operating Revenues: | | | |
| Sales | \$ 2,323,150 | \$ 2,227,864 | \$ 95,286 |
| Total Operating Revenues | <u>2,323,150</u> | <u>2,227,864</u> | <u>95,286</u> |
| Operating Expenses: | | | |
| Cost of sales | 1,731,000 | 1,683,024 | 47,976 |
| Employee services | 177,063 | 194,028 | (16,965) |
| Supplies | 67,321 | 66,281 | 1,040 |
| Other services & charges | 31,480 | 24,647 | 6,833 |
| Depreciation | 8,000 | 9,790 | (1,790) |
| Total Operating Expenses | <u>2,014,864</u> | <u>1,977,770</u> | <u>37,094</u> |
| Operating Income (Loss) | 308,286 | 250,094 | 58,192 |
| Add: Non-Operating Revenues: | | | |
| Commissions | 300 | -- | 300 |
| Discounts earned | 1,200 | -- | 1,200 |
| Interest earned | 10,000 | 23,624 | (13,624) |
| Gain on sale of fixed assets | -- | -- | -- |
| Miscellaneous | 6,500 | 3,004 | 3,496 |
| Total Non-Operating Revenues | <u>18,000</u> | <u>26,628</u> | <u>(8,628)</u> |
| Income before Transfers | 326,286 | 276,722 | 49,564 |
| Transfers: | | | |
| Transfers in (out) | (270,000) | (270,000) | -- |
| Total Transfers | <u>(270,000)</u> | <u>(270,000)</u> | <u>--</u> |
| Net Income (Loss) | 56,286 | 6,722 | 49,564 |
| Net Assets, January 1 | <u>781,705</u> | <u>781,705</u> | <u>--</u> |
| Net Assets, December 31 | <u>\$ 837,991</u> | <u>\$ 788,427</u> | <u>\$ 49,564</u> |

City of Mora, Minnesota
Electric Utility Fund - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------------|--|---------------------|---|
| Operating Revenues: | | | |
| Sales | \$ 4,200,000 | \$ 4,640,605 | \$ (440,605) |
| Total Operating Revenues | <u>4,200,000</u> | <u>4,640,605</u> | <u>(440,605)</u> |
| Operating Expenses: | | | |
| Cost of sales | 3,400,000 | 4,039,261 | (639,261) |
| Employee services | 520,302 | 525,751 | (5,449) |
| Supplies | 161,761 | 199,631 | (37,870) |
| Other services & charges | 415,900 | 398,134 | 17,766 |
| Depreciation | <u>242,863</u> | <u>234,370</u> | <u>8,493</u> |
| Total Operating Expenses | <u>4,740,826</u> | <u>5,397,147</u> | <u>(656,321)</u> |
| Operating Income (Loss) | (540,826) | (756,542) | 215,716 |
| Add: Non-Operating Revenues: | | | |
| Commissions | -- | -- | -- |
| Discounts earned | -- | -- | -- |
| Interest earned | 130,000 | 195,492 | (65,492) |
| Gain on sale of fixed assets | -- | -- | -- |
| Miscellaneous - Wage Reimbursement | <u>640,869</u> | <u>727,380</u> | <u>(86,511)</u> |
| Total Non-Operating Revenues | <u>770,869</u> | <u>922,872</u> | <u>(152,003)</u> |
| Income before Transfers | 230,043 | 166,330 | 63,713 |
| Transfers: | | | |
| Transfers in (out) | <u>(20,000)</u> | <u>(20,000)</u> | <u>--</u> |
| Total Transfers | <u>(20,000)</u> | <u>(20,000)</u> | <u>--</u> |
| Net Income (Loss) | 210,043 | 146,330 | 63,713 |
| Net Assets, January 1 | <u>6,787,680</u> | <u>6,787,680</u> | <u>--</u> |
| Net Assets, December 31 | <u>\$ 6,997,723</u> | <u>\$ 6,934,010</u> | <u>\$ 63,713</u> |

City of Mora, Minnesota
Water Utility Fund - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--|---------------------|---|
| Operating Revenues: | | | |
| Sales | \$ 410,000 | \$ 414,191 | \$ (4,191) |
| Total Operating Revenues | <u>410,000</u> | <u>414,191</u> | <u>(4,191)</u> |
| Operating Expenses: | | | |
| Cost of sales | -- | -- | -- |
| Employee services | 218,167 | 212,678 | 5,489 |
| Supplies | 97,371 | 117,147 | (19,776) |
| Other services & charges | 54,358 | 48,689 | 5,669 |
| Depreciation | <u>112,384</u> | <u>118,185</u> | <u>(5,801)</u> |
| Total Operating Expenses | <u>482,280</u> | <u>496,699</u> | <u>(14,419)</u> |
| Operating Income (Loss) | (72,280) | (82,508) | 10,228 |
| Add: Non-Operating Revenues: | | | |
| Special assessments | 21,040 | 37,266 | (16,226) |
| Discounts earned | -- | -- | -- |
| Interest earned | 30,000 | 52,169 | (22,169) |
| Gain on sale of fixed assets | -- | -- | -- |
| Miscellaneous | <u>30,200</u> | <u>29,873</u> | <u>327</u> |
| Total Non-Operating Revenues | <u>81,240</u> | <u>119,308</u> | <u>(38,068)</u> |
| Income before Operating Transfers | 8,960 | 36,800 | (27,840) |
| Operating Transfers: | | | |
| Transfers in | -- | -- | -- |
| Transfers (out) | <u>(18,059)</u> | <u>--</u> | <u>(18,059)</u> |
| Total Operating Transfers | <u>(18,059)</u> | <u>--</u> | <u>(18,059)</u> |
| Net Income (Loss) | (9,099) | 36,800 | (45,899) |
| Net Assets, January 1 | <u>3,393,146</u> | <u>3,393,146</u> | <u>--</u> |
| Net Assets, December 31 | <u>\$ 3,384,047</u> | <u>\$ 3,429,946</u> | <u>\$ (45,899)</u> |

City of Mora, Minnesota
Wastewater Utility Fund - Enterprise Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual
For the Year Ended December 31, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--|---------------------|---|
| Operating Revenues: | | | |
| Sales | \$ 731,000 | \$ 789,515 | \$ (58,515) |
| Total Operating Revenues | <u>731,000</u> | <u>789,515</u> | <u>(58,515)</u> |
| Operating Expenses: | | | |
| Cost of sales | -- | -- | -- |
| Employee services | 218,167 | 214,940 | 3,227 |
| Supplies | 55,850 | 58,375 | (2,525) |
| Other services & charges | 168,272 | 199,500 | (31,228) |
| Depreciation | 184,141 | 184,003 | 138 |
| Total Operating Expenses | <u>626,430</u> | <u>656,818</u> | <u>(30,388)</u> |
| Operating Income (Loss) | 104,570 | 132,697 | (28,127) |
| Add: Non-Operating Revenues: | | | |
| Special assessments | 30,080 | 45,935 | (15,855) |
| Discounts earned | -- | -- | -- |
| Interest earned | 20,000 | 49,997 | (29,997) |
| Gain on sale of fixed assets | -- | -- | -- |
| Miscellaneous | 4,100 | 9,233 | (5,133) |
| Total Non-Operating Revenues | <u>54,180</u> | <u>105,165</u> | <u>(50,985)</u> |
| Income before Operating Transfers | 158,750 | 237,862 | (79,112) |
| Operating Transfers: | | | |
| Transfers in* | -- | 376,486 | (376,486) |
| Transfers (out) | (9,176) | -- | (9,176) |
| Total Operating Transfers | <u>(9,176)</u> | <u>376,486</u> | <u>(385,662)</u> |
| Net Income (Loss) | 149,574 | 614,348 | (464,774) |
| Prior Period Adjustment** | -- | (1,185,000) | 1,185,000 |
| Net Assets, January 1 | <u>3,880,610</u> | <u>3,880,610</u> | <u>--</u> |
| Net Assets, December 31 | <u>\$ 4,030,184</u> | <u>\$ 3,309,958</u> | <u>\$ 720,226</u> |

* To close the Wastewater Debt Service Fund.

** To transfer debt to the Wastewater Fund.

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

FINANCIAL SECTION (CONTINUED)

SCHEDULES

SUPPLEMENTARY FINANCIAL INFORMATION

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

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> |
|-------------|--------------------|------------------------------------|----------------------|-----------------------|
| 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 |
| 2007 | 2,227,864 | 276,722 | 270,000 | 788,427 |

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> |
|-------------|--------------------|------------------------------------|---------------------|----------------------|-----------------------|
| 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 |
| 2007 | 4,640,605 | 166,330 | -- | 20,000 | 6,934,010 |

City of Mora, Minnesota

Electric Utility Fund
 Schedule of Services, Billing, KWH, and Revenues per KWH
 For the Year Ended December 31, 2007

| | Service | Amount | KWH | Revenues KWH |
|--------------------------|---------|---------------------|------------|-----------------|
| City Residential | 1,515 | \$ 1,054,636 | 11,141,825 | 0.0947 |
| Rural Residential | 106 | 116,798 | 1,247,768 | 0.0936 |
| Small Commercial | 216 | 650,359 | 7,524,032 | 0.0864 |
| Large Commercial | 28 | 1,004,340 | 12,731,104 | 0.0789 |
| Industrial | 4 | 1,705,445 | 23,350,562 | 0.0730 |
| Government | 20 | 63,691 | 1,099,317 | 0.0579 |
| Street Lights | N/A | 26,556 | 315,483 | 0.0842 |
| Security Lights | N/A | 18,060 | 47,304 | 0.3818 |
| Wind Power | N/A | 720 | -- | -- |
| Total Retail Sales | 1,889 | \$ 4,640,605 | 57,457,395 | 0.0808 |
| Cost of Power: | | | | |
| Purchased Power | | \$4,039,261.00 | | |
| Cost per KWH Sold | | 0.070300 | | |
| Total KWH Purchased | | 61,068,837 | | |
| Less: Station Power | | (486,174) | | |
| Net KWH to Feeders | | 60,582,663 | | |
| Less: Total Retail Sales | | (57,457,395) | | |
| Line Loss | 5.16% | <u>\$ 3,125,268</u> | | |

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 |
|------|-------------|----------------------------|--------------|---------------|---------------|
| 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 |
| 2007 | 414,191 | 36,800 | -- | -- | 3,429,946 |

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> |
|-------------|--------------------|------------------------------------|---------------------|----------------------|-----------------------|
| 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 |
| 2007 | 789,515 | 237,862 | 376,486 | -- | 3,309,958 * |

* Prior period adjustment for bonds payable \$1,185,000.

CITY OF MORA, MINNESOTA

ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

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 others interested in financial statistics of municipal government.

Objectives of Statistical Section Information

Financial trends information is intended to assist users in understanding and assessing how government's financial position has changed over time. (Tables 1-4)

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenues. (Tables 5-8)

Debt capacity information is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt. (Tables 9-13)

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which a government operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments. (Tables 14-15)

Operating information is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition. (Tables 16-18)

City of Mora, Minnesota
Net Assets by Component
Last Three Fiscal Years

Table 1

| | Fiscal Year* | | |
|---|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 |
| Governmental Activities | | | |
| Invested in capital assets, net of related debt | \$ 5,021,171 | \$ 5,587,118 | \$ 9,049,016 |
| Restricted | (1,489,667) | 693,843 | 389,763 |
| Unrestricted | 1,653,011 | 1,092,618 | 923,873 |
| Total governmental activities net assets | 5,184,515 | 7,373,579 | 10,362,652 |
| Business-type activities | | | |
| Invested in capital assets, net of related debt | 8,648,664 | 8,636,906 | 8,349,640 |
| Restricted | 1,599,906 | -- | -- |
| Unrestricted | 4,391,092 | 6,206,235 | 6,112,701 |
| Total business-type activities net assets | 14,639,662 | 14,843,141 | 14,462,341 |

* Previous years data not available.

City of Mora, Minnesota
Changes in Net Assets
Last Three Fiscal Years

Table 2

| | Fiscal Year* | | |
|---|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 |
| Governmental Activities | | | |
| General government | \$ 555,039 | \$ 428,118 | \$ 495,842 |
| Public safety | 792,290 | 368,624 | 880,843 |
| Public works | 494,774 | 37,276 | 649,551 |
| Cemetery | 41,811 | 19,715 | 48,595 |
| Culture and recreation | 224,631 | 205,117 | 279,803 |
| Housing and economic development | 181,044 | 239,505 | 189,464 |
| Capital projects | 13,865 | 336,546 | (1,029) |
| Miscellaneous | 115,722 | -- | -- |
| Interest on long term debt | 115,858 | 132,833 | 103,365 |
| Total governmental activities expenditures | 2,535,034 | 1,767,734 | 2,646,434 |
| Business-type activities | | | |
| Liquor | 1,824,006 | 1,985,734 | 1,977,770 |
| Electric | 4,114,267 | 4,551,322 | 5,397,147 |
| Water | 439,609 | 459,607 | 496,699 |
| Wastewater | 499,738 | 615,184 | 656,818 |
| Total business-type activities expenses | 6,877,620 | 7,611,847 | 8,528,434 |
| Total primary government expenses | 9,412,654 | 9,379,581 | 11,174,868 |
| Program Revenues | | | |
| Governmental activities | | | |
| Charges for services | 364,277 | 1,117,369 | 942,471 |
| Operating grants and contributions | 941,401 | 1,169,152 | 2,828,888 |
| Capital grants and contributions | 5,000 | -- | -- |
| Total governmental activities program revenues | 1,310,678 | 2,286,521 | 3,771,359 |
| Business-type activities | | | |
| Charges for services | | | |
| Liquor | 2,094,751 | 2,239,951 | 2,230,868 |
| Electric | 4,199,368 | 5,094,489 | 5,367,985 |
| Water | 411,665 | 475,504 | 481,330 |
| Wastewater | 651,264 | 762,235 | 844,683 |
| Total business-type activities program revenues | 7,357,048 | 8,572,179 | 8,924,866 |
| Total primary government program revenues | 8,667,726 | 10,858,700 | 12,696,225 |
| Net Revenue (Expense) | | | |
| Governmental activities | (1,224,356) | 518,787 | 1,124,925 |
| Business-type activities | 507,372 | 960,332 | 396,432 |
| Total primary government net expense | \$ (716,984) | \$ 1,479,119 | \$ 1,521,357 |

* Previous years data not available.

City of Mora, Minnesota
Change in Net Assets
Last Three Fiscal Years

Table 2
(Continued)

| | Fiscal Year* | | |
|---|----------------|--------------|--------------|
| | 2005 | 2006 | 2007 |
| General Revenues and Other Changes in Net Assets | | | |
| Governmental Activities | | | |
| Taxes | | | |
| Property taxes | \$ 436,268 | \$ 479,292 | \$ 504,338 |
| Franchise taxes | | | |
| Tax increments | 148,010 | 135,836 | 133,876 |
| Gain on sale of capital assets | | 23,000 | 2,665 |
| Unrestricted grants and contributions | | | |
| Payments in lieu of taxes | | | |
| Investment earnings | 70,134 | 47,997 | 124,755 |
| Miscellaneous | | | |
| Transfers | 556,770 | 984,152 | (86,486) |
| Total governmental activities | 1,211,182 | 1,670,277 | 679,148 |
| Business-type activities | | | |
| Investment earnings | 170,073 | 227,299 | 321,282 |
| Transfers | (556,770) | (984,152) | 86,486 |
| Total business-type activities | (386,697) | (756,853) | 407,768 |
| Total primary government | 824,485 | 913,424 | 1,086,916 |
| Changes in Net Assets | | | |
| Governmental activities | (13,174) | 2,189,064 | 1,804,073 |
| Business-type activities | 92,731 | 203,479 | 804,200 |
| Prior period adjustment | (1,615,000) | -- | -- |
| Total primary government | \$ (1,535,443) | \$ 2,392,543 | \$ 2,608,273 |

* Previous years data not available.

City of Mora, Minnesota
Fund Balances, Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)

Table 3

| | 2005 | 2006 | 2007 |
|------------------------------------|-------------|--------------|--------------|
| General Fund | | | |
| Reserved | \$ 400,000 | \$ -- | \$ -- |
| Unreserved | 660,150 | 759,788 | 899,082 |
| Total general fund | 1,060,150 | 759,788 | 899,082 |
| All Other Governmental Funds | | | |
| Reserved | 88,443 | 94,324 | 96,534 |
| Unreserved, reported in: | | | |
| Special revenue funds | 187,664 | 168,355 | 157,727 |
| Capital project funds | (1,513,836) | 248,714 | (18,919) |
| Debt service funds | 430,052 | 599,519 | 293,229 |
| Total all other governmental funds | (807,677) | 1,110,912 | 528,571 |
| Total all governmental funds | \$ 252,473 | \$ 1,870,700 | \$ 1,427,653 |

* Previous years data not available.

City of Mora, Minnesota
Changes in Fund Balances, Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)

Table 4

| | 2005 | 2006 | 2007 |
|---|----------------|--------------|--------------|
| Revenues | | | |
| Property taxes | \$ 436,268 | \$ 479,292 | \$ 504,338 |
| Tax increments | 148,010 | 135,836 | 133,876 |
| Licenses & permits | 67,333 | 65,810 | 73,975 |
| Special assessments | 11,817 | 110,450 | 77,964 |
| Intergovernmental | 941,401 | 1,169,152 | 2,828,888 |
| Charges for services | 290,413 | 331,094 | 448,959 |
| Fines | 37,987 | 40,614 | 47,854 |
| Investment earnings | 70,134 | 47,997 | 124,755 |
| Other revenues | 100,084 | 274,490 | 296,384 |
| Total revenues | 2,103,447 | 2,654,735 | 4,536,993 |
| Expenditures | | | |
| General government | 555,039 | 521,072 | 463,645 |
| Public safety | 792,290 | 688,003 | 804,374 |
| Public works | 494,774 | 398,490 | 371,848 |
| Cemetery | 41,811 | 36,523 | 36,521 |
| Culture and recreation | 224,632 | 255,546 | 275,778 |
| Housing and economic development | 181,044 | 239,505 | 189,464 |
| Capital projects | 2,015,356 | 1,135,542 | 2,476,495 |
| Miscellaneous | 115,722 | 46,057 | 62,914 |
| Debt service | | | |
| Principal | 1,940,000 | 437,982 | 135,000 |
| Interest & other expenditures | 115,858 | 49,851 | 77,515 |
| Total expenditures | 6,476,526 | 3,808,571 | 4,893,554 |
| Excess of revenues over (under) expenditures | (4,373,079) | (1,153,836) | (356,561) |
| Other Financing Sources (Uses) | | | |
| Proceeds from borrowing | 1,615,000 | 1,787,911 | -- |
| Transfers in | 1,273,860 | 3,492,603 | 438,823 |
| Transfers out | (717,090) | (2,508,451) | (525,309) |
| Total other financing sources (uses) | 2,171,770 | 2,772,063 | (86,486) |
| Net change in fund balances | \$ (2,201,309) | \$ 1,618,227 | \$ (443,047) |
| Debt service as a percentage of non-capital expenditures | 46.1% | 18.3% | 8.8% |

* Previous years data not available.

City of Mora, Minnesota
Taxable Assessed Value of Taxable Property
Last Ten Fiscal Years

Table 5

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Other Taxable Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------|-------------------------|------------------------|------------------------|---------------------------|---------------------------------|--------------------------|
| 1998 | \$ 49,051,300 | \$21,241,300 | * | NA | \$ 70,292,600 | 146.619% |
| 1999 | 59,600,400 | 22,656,100 | * | NA | 82,256,500 | 157.242% |
| 2000 | 61,911,900 | 24,653,300 | * | NA | 86,565,200 | 152.690% |
| 2001 | 59,618,700 | 22,866,700 | * | NA | 82,485,400 | 158.514% |
| 2002 | 74,512,200 | 22,569,100 | * | NA | 97,081,300 | 148.799% |
| 2003 | 84,991,500 | 23,863,000 | * | NA | 108,854,500 | 140.848% |
| 2004 | 99,128,700 | 29,445,900 | * | NA | 128,574,600 | 127.490% |
| 2005 | 104,276,300 | 32,735,400 | * | NA | 137,011,700 | 120.970% |
| 2006 | 113,236,200 | 36,692,000 | * | NA | 149,928,200 | 117.317% |
| 2007 | 150,595,200 | 29,678,700 | 8,389,000 | 4,787,900 | 193,450,800 | 114.083% |

2007 residential includes apartments

Figures from Kanabec County Assessor

* Previous years data not available.

City of Mora, Minnesota
Direct and Overlapping Property Tax Rates
as a % of Net Tax Capacity
Last Ten Fiscal Years

| Fiscal Year | General Fund | Debt Service | Total City Tax | | County | Region (ECRDC) | Total Tax Rate |
|-------------|--------------|--------------|----------------|--------|--------|-------------------|----------------|
| | | | Rate | School | | | |
| 1998 | 12.446 | 4.174 | 16.620 | 51.595 | 78.189 | 0.215 | 146.619 |
| 1999 | 14.360 | 4.745 | 19.105 | 54.982 | 82.911 | 0.244 | 157.242 |
| 2000 | 14.693 | 7.857 | 22.550 | 54.658 | 75.244 | 0.238 | 152.690 |
| 2001 | 17.926 | 7.455 | 25.381 | 53.941 | 78.973 | 0.219 | 158.514 |
| 2002 | 16.657 | 14.143 | 30.800 | 21.140 | 96.589 | 0.270 | 148.799 |
| 2003 | 14.253 | 14.184 | 28.437 | 19.922 | 92.225 | 0.264 | 140.848 |
| 2004 | 13.863 | 13.182 | 27.045 | 17.256 | 82.960 | 0.229 | 127.490 |
| 2005 | 12.064 | 11.824 | 23.888 | 15.963 | 80.918 | 0.201 | 120.970 |
| 2006 | 14.237 | 11.186 | 25.423 | 16.003 | 75.711 | 0.180 | 117.317 |
| 2007 | 16.570 | 8.282 | 24.852 | 15.579 | 73.490 | 0.162 | 114.083 |

Table 7

City of Mora, Minnesota
Principal Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | 2007 | | | 1998 | | |
|-------------------------------|---------------------|------|---|---------------------|------|---|
| | Net Tax Capacity | Rank | Percentage of Total City Tax Capacity | Net Tax Capacity | Rank | Percentage of Total City Tax Capacity |
| Engineered Polymers | \$ 59,488 | 1 | 2.79% | \$ 134,050 | 1 | 9.51% |
| Kanabec County | 46,372 | 2 | 2.17% | | | |
| Gorham Housing Partners | 43,161 | 3 | 2.02% | | | |
| Minmor (Fingerhut) | 34,684 | 4 | 1.63% | 68,306 | 2 | 4.84% |
| Coborn's | 33,094 | 5 | 1.55% | | | |
| Greater MN Credit Union | 29,738 | 6 | 1.39% | | | |
| Long Term Health Care | 28,165 | 7 | 1.32% | | | |
| Housing Alternatives | 22,059 | 8 | 1.03% | 19,932 | 5 | 1.41% |
| Daniel G. Kamin (Pamida) | 16,954 | 9 | 0.80% | 25,102 | 3 | 1.78% |
| Federated Co-ops Utilicorp | 15,794 | 10 | 0.74% | 21,392 | 4 | 1.52% |
| Total | \$ 329,509 | | 15.45% | \$ 268,782 | | 19.06% |
| Total Net Tax Capacity 2007 | \$ 2,132,536 | | | | | |

* Previous years data not available.

Table 8

City of Mora, Minnesota
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Collected within the Fiscal Year of the Levy | | | | | | Total Collections to Date | | | Outstanding Delinquent Taxes |
|-------------|---|--------------|------------------|------------|---------------|---------------------|---------------------------|---------------|--------|------------------------------------|
| | General Fund | Debt Service | Taxes Levied for | Amount | Percentage of | Collections in | Amount | Percentage of | | |
| | Levy | Levy | Fiscal Year* | | Levy | Subsequent Years | | Levy | | |
| 1998 | \$ 175,516 | \$ 58,869 | \$ 234,385 | \$ 227,800 | 97.19% | \$ 6,541 | \$ 234,341 | 99.98% | 44 | |
| 1999 | 190,600 | 62,977 | 253,577 | 245,130 | 96.67% | 8,393 | 253,523 | 99.98% | 54 | |
| 2000 | 194,667 | 104,094 | 298,761 | 286,268 | 95.82% | 12,428 | 298,696 | 99.98% | 65 | |
| 2001 | 250,318 | 104,094 | 354,412 | 337,550 | 95.24% | 16,787 | 354,337 | 99.98% | 75 | |
| 2002 | 191,223 | 162,366 | 353,589 | 342,222 | 96.79% | 11,367 | 353,589 | 100.00% | -- | |
| 2003 | 177,228 | 176,363 | 353,591 | 337,662 | 95.50% | 15,929 | 353,591 | 100.00% | -- | |
| 2004 | 207,228 | 197,054 | 404,282 | 384,459 | 95.10% | 19,489 | 403,948 | 99.92% | 334 | |
| 2005 | 207,228 | 203,112 | 410,340 | 384,438 | 93.69% | 24,572 | 409,010 | 99.68% | 1,330 | |
| 2006 | 261,991 | 208,524 | 470,515 | 451,726 | 96.01% | 12,257 | 463,983 | 98.61% | 6,532 | |
| 2007 | 333,850 | 166,866 | 500,716 | 484,649 | 96.79% | -- | 484,649 | 96.79% | 16,067 | |

*Mobile home taxes not included because they are not levied.

Table 9

City of Mora, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Special Assessment Bonds | Electric Bonds | Water Bonds | Wastewater Bonds | Equipment Certificates | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------------|--------------------------------|----------------|-------------|---------------------|---------------------------|-----------------------------|----------------------------------|-------------|
| 1998 | \$ -- | \$ 241,800 | \$ 1,140,000 | \$ 227,000 | \$ 2,570,000 | \$ -- | \$ 4,178,800 | NA | \$ 1,345.83 |
| 1999 | -- | 200,100 | 1,000,000 | 199,000 | 2,430,000 | 175,000 | 4,004,100 | 7.17% | 1,286.25 |
| 2000 | -- | 168,400 | 855,000 | 170,000 | 2,280,000 | 140,000 | 3,613,400 | NA | 1,131.66 |
| 2001 | -- | 144,200 | 700,000 | 139,000 | 2,115,000 | 105,000 | 3,203,200 | NA | 990.17 |
| 2002 | -- | 120,000 | 540,000 | 107,000 | 1,945,000 | 70,000 | 2,782,000 | NA | 842.01 |
| 2003 | 1,405,000 | 100,000 | -- | 880,500 | 4,187,500 | 35,000 | 6,608,000 | NA | 1,931.60 |
| 2004 | 1,405,000 | 75,000 | -- | 844,500 | 2,417,500 | -- | 4,742,000 | NA | 1,376.89 |
| 2005 | 1,310,000 | 50,000 | -- | 807,500 | 2,212,500 | -- | 4,380,000 | NA | 1,230.34 |
| 2006 | 1,560,000 | 1,500,000 | -- | 807,500 | 1,992,500 | -- | 5,860,000 | NA | 1,642.38 |
| 2007 | 1,450,000 | 1,475,000 | -- | 790,000 | 1,755,000 | -- | 5,470,000 | NA | 1,533.07 |

NA-not available

City of Mora, Minnesota
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General | | Taxable Market | | GO Bond Percentage of Taxable Market | Population | Per Capita | |
|-------------|------------------|-----------|----------------|-------------|--|------------|------------|-----|
| | Obligation Bonds | | Value | | Value | | | |
| 1998 | \$ | -- | \$ | 81,571,400 | 0.00% | 3105 | \$ | -- |
| 1999 | | -- | | 83,326,700 | 0.00% | 3113 | | -- |
| 2000 | | -- | | 86,672,600 | 0.00% | 3193 | | -- |
| 2001 | | -- | | 91,918,400 | 0.00% | 3235 | | -- |
| 2002 | | -- | | 100,605,900 | 0.00% | 3304 | | -- |
| 2003 | | 1,405,000 | | 111,403,500 | 1.26% | 3421 | | 411 |
| 2004 | | 1,405,000 | | 131,614,800 | 1.07% | 3444 | | 408 |
| 2005 | | 1,310,000 | | 163,889,100 | 0.80% | 3560 | | 368 |
| 2006 | | 1,560,000 | | 171,816,700 | 0.91% | 3568 | | 437 |
| 2007 | | 1,450,000 | | 193,450,800 | 0.75% | 3568 | | 406 |

City of Mora, Minnesota
Direct and Overlapping Governmental Activities Debt

| Governmental Unit | Debt Outstanding | Tax Capacity | Percentage Applicable to the City | City's Estimated Share of Debt |
|-----------------------------|---------------------|--------------|---|-----------------------------------|
| City of Mora | \$ 5,470,000 | \$ 2,132,536 | 100.00% | \$ 5,470,000 |
| Kanabec County | 10,060,000 | 12,288,406 | 17.35% | 1,745,817 |
| Independent School District | 4,740,000 | 8,375,727 | 25.46% | 1,206,847 |
| Total | | | | <u>\$ 8,422,664</u> |

Figures from Kanabec County Auditor

City of Mora, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

| Fiscal Year | Assessed Market Value | Debt Limit (2%) | Debt Applicable to Limit | Legal Debt Margin | Debt % of Limit |
|-------------|--------------------------|-----------------|-----------------------------|----------------------|-----------------|
| 1998 | \$ 81,571,400 | \$ 1,631,428 | \$ -- | \$ 1,631,428 | 0.00% |
| 1999 | 83,326,700 | 1,666,534 | 175,000 | 1,491,534 | 10.50% |
| 2000 | 86,672,600 | 1,733,452 | 140,000 | 1,593,452 | 8.08% |
| 2001 | 91,918,400 | 1,838,368 | 105,000 | 1,733,368 | 5.71% |
| 2002 | 100,605,900 | 2,012,118 | 70,000 | 1,942,118 | 3.48% |
| 2003 | 111,403,600 | 2,228,072 | 1,440,000 | 788,072 | 64.63% |
| 2004 | 131,614,800 | 2,632,296 | 1,405,000 | 1,227,296 | 53.38% |
| 2005 | 163,889,100 | 3,277,782 | 1,310,000 | 1,967,782 | 39.97% |
| 2006 | 171,816,700 | 3,436,334 | 1,560,000 | 1,876,334 | 45.40% |
| 2007 | 193,450,800 | 3,869,016 | 1,450,000 | 2,419,016 | 37.48% |

City of Mora, Minnesota
Pledged-Revenue Coverage
Last Three Fiscal Years*

| Fiscal Year | Water Revenue Bonds | | | | | | Wastewater Revenue Bonds | | | | | | Special Assessment Bonds | | | |
|----------------|-------------------------------|--------------------------------|-----------------------------|-----------|----------|----------|-------------------------------|--------------------------------|-----------------------------|-----------|----------|----------|-----------------------------|-----------|----------|----------|
| | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Principal | Interest | Coverage | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Principal | Interest | Coverage | Special Ass't Collection | Principal | Interest | Coverage |
| 2005 | \$ 411,665 | \$ 437,611 | \$ (25,946) | \$ 37,000 | \$ 1,998 | | \$ 651,264 | \$ 499,738 | \$ 151,526 | \$ -- | \$ -- | | \$ -- | \$ -- | \$ -- | |
| 2006 | 475,504 | 459,607 | 15,897 | -- | 51,995 | 31% | 762,235 | 615,184 | 147,051 | -- | 51,995 | 283% | 109,791 | -- | -- | 0% |
| 2007 | 533,499 | 496,699 | 36,800 | 17,500 | 48,490 | 56% | 789,515 | 656,818 | 132,697 | 237,500 | 83,438 | 41% | 14,577 | -- | 26,270 | 55% |

* Previous years data not available.

Table 14

City of Mora, Minnesota
Demographic and Economic Statistics
Last Ten Calendar Years

| Year | Population | Personal Income | Per Capita Personal Income | Median Age | Per Cent HS Degree of Higher | Per Cent BA Degree or Higher | School Enrollment | Unemployment Rate |
|------|------------|-----------------|----------------------------------|------------|------------------------------------|------------------------------------|----------------------|----------------------|
| 1998 | 3,105 | NA | NA | NA | NA | NA | 2,049 | 6.60% |
| 1999 | 3,113 | \$ 63,937,907 | \$ 20,539 | NA | NA | NA | 1,993 | 6.30% |
| 2000 | 3,193 | 69,201,889 | 21,673 | 38.0 | 78.4 | 13.8 | 1,950 | 8.20% |
| 2001 | 3,235 | 70,723,570 | 21,862 | 38.1 | NA | NA | 1,940 | 9.20% |
| 2002 | 3,304 | 75,228,776 | 22,769 | 38.2 | NA | NA | 1,931 | 9.40% |
| 2003 | 3,421 | 78,871,155 | 23,055 | 37.9 | NA | NA | 1,888 | 12.00% |
| 2004 | 3,444 | 84,591,528 | 24,562 | 37.9 | NA | NA | 1,889 | 8.20% |
| 2005 | 3,560 | 88,679,600 | 24,910 | 37.8 | NA | NA | 1,862 | 7.80% |
| 2006 | 3,568 | NA | NA | 37.8 | NA | NA | 1,870 | 8.50% |
| 2007 | 3,568 | NA | NA | NA | NA | NA | 1,858 | 10.70% |

NA-not available

City of Mora, Minnesota
Principal Employers

| Employer | 2007 | |
|--|-----------|------|
| | Employees | Rank |
| Kanabec Hospital | 309 | 1 |
| Mora Public Schools | 303 | 2 |
| Engineered Polymers Corporation | 200 | 3 |
| Kanabec County | 180 | 4 |
| Coborns, Inc. | 143 | 5 |
| Miner Group International | 115 | 6 |
| City of Mora | 114 | 7 |
| Villa Health Care Center | 105 | 8 |
| Lakes & Pines Community Action Council | 101 | 9 |
| Industries, Inc. | 90 | 10 |

City of Mora, Minnesota
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|---------------------|--|------|------|------|------|------|------|------|------|------|
| | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
| General Government | | | | | | | | | | |
| Management Services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Planning | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police | | | | | | | | | | |
| Officers | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 6 | 6 |
| Civilians | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Streets & Parks | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Aquatic Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Electric | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water/Wastewater | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Liquor Store | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 32 | 31 | 29 | 28 | 28 | 29 | 29 | 29 | 28 | 28 |

Table 17

City Of Mora, Minnesota
Operating Indicators by Function/Program
Last Two Fiscal Years

| Function/Program | <u>2007</u> | <u>2006</u> |
|----------------------------|-------------|-------------|
| Police | | |
| Physical arrests | 285 | 294 |
| Parking violations | 246 | 57 |
| Traffic violations | 753 | 537 |
| Fire | | |
| Emergency responses | 97 | 87 |
| Fires extinguished | 46 | 43 |
| Inspections | 10 | 7 |
| Public Works | | |
| Street resurfacing (miles) | .84 | 1 |
| Potholes repaired | 225 | 209 |
| Library | | |
| Volumes in collection | 21,000 | 20,000 |
| Total volumes borrowed | 89,924 | NA |
| Water | | |
| Total connections | 1,151 | 1,150 |
| Water-main breaks | 1 | 2 |

NA-not available

* Previous years data not available.

City of Mora, Minnesota
Capital Asset Statistics by Function/Program
Last Two Fiscal Years

| Function/Program | <u>2007</u> | <u>2006</u> |
|----------------------------------|-------------|-------------|
| Police | | |
| Stations | 1 | 1 |
| Patrol units | 6 | 6 |
| Fire Stations | 1 | 1 |
| Other Public Works | | |
| Streets (miles) | 23.6 | 21.7 |
| Street lights | 458 | 458 |
| Parks and recreation | | |
| Acreage | 28.44 | 28.44 |
| Playgrounds | 4 | 4 |
| Baseball/softball fields | 3 | 3 |
| Water | | |
| Water mains (miles) | 18 | 16 |
| Fire hydrants | 279 | 258 |
| Storage capacity (gallons) | 700,000 | 700,000 |
| Wastewater | | |
| Sanitary sewers (miles) | 15.50 | 14 |
| Storm sewers (miles) | 6.83 | 6.83 |
| Treatment capacity (gallons/day) | 800,000,000 | 800,000,000 |

* Previous years data not available.

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

AUDITOR'S REPORT SECTION

City of Mora, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

| Federal Funding Source | Purpose | State Administering Department | CFDA Number | Grant Name | State Number |
|---------------------------------|--------------------------------|--------------------------------------|----------------|---------------------------------------|-----------------|
| Department of Transportation | Airport Runway Extension | MNDOT | 20.205 | Highway Planning & Construction | None |

Revenues:

| | |
|--------------------|------------------|
| Federal - indirect | \$ 1,931,500 |
| Total Revenues | <u>1,931,500</u> |

Expenditures:

| | |
|--|------------------|
| Program services and other related costs | 1,931,500 |
| Total Expenditures | <u>1,931,500</u> |

| | |
|-------------------------------------|----|
| Excess of Revenue over Expenditures | -- |
|-------------------------------------|----|

| | |
|--------------------|-----------|
| Balance, January 1 | <u>--</u> |
|--------------------|-----------|

| | |
|----------------------|---------------------|
| Balance, December 31 | <u><u>\$ --</u></u> |
|----------------------|---------------------|

City of Mora, Minnesota
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Mora, Minnesota and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* . Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the presentation of the general purpose financial statements.

City of Mora, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

Summary of Auditor's Results

Financial Statements

| | |
|---|---------------|
| Type of auditor report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness identified? | No |
| Reportable condition identified not considered to be material weakness? | None Reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weakness identified? | No |
| Reportable condition identified not considered to be material weakness? | None Reported |

| | |
|---|-------------|
| Type of auditor's report issued on compliance for major programs: | Unqualified |
|---|-------------|

| | |
|---|----|
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | No |
|---|----|

Identification of major programs:

Name

Highway Planning & Construction

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
|--|-----------|

| | |
|--|-----|
| Auditee qualified on low-risk Auditee? | Yes |
|--|-----|

Financial Statement Findings

No matters were reported.

Federal Award Findings and Questions Costs

No matters were reported.

Althoff and Nordquist, LLC

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MARCUS R. ALTHOFF, C.P.A.

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Common Council
City of Mora, Minnesota

Compliance

We have audited the compliance of the City of Mora, Minnesota with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. City of Mora, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Mora, Minnesota's management. Our responsibility is to express an opinion on the City of Mora, Minnesota's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mora, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis of our opinion. Our audit does not provide a legal determination on the City of Mora, Minnesota's compliance with those requirements.

In our opinion, the City of Mora, Minnesota complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.



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Internal Control Over Compliance


The management of the City of Mora, Minnesota is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mora, Minnesota's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mora, Minnesota's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Althoff and Nordquist, LLC
Pine City, Minnesota
May 15, 2008

Althoff and Nordquist, LLC

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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, 2007, which collectively comprise the City of Mora, Minnesota's basic financial statements and have issued our report thereon dated May 15, 2008. 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, Minnesota's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mora, Minnesota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mora, Minnesota's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Mora, Minnesota's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Mora, Minnesota's financial statements that is more than inconsequential will not be prevented or detected by the City of Mora, Minnesota's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Mora, Minnesota's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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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, 2008

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