

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE CITY OF
MORA, MINNESOTA
FOR THE
FISCAL YEAR ENDED
December 31, 2011

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

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For the Year Ended December 31, 2011
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City of Mora, Minnesota

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City of Mora, Minnesota
INTRODUCTORY SECTION
December 31, 2011

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CITY OF MORA MORA MUNICIPAL UTILITIES

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Fax 320.679.3862

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

June 30, 2012

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, 2011. 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 of Mora 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. The city conducts 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 3571 according to the 2010 U.S. Census Department's report. The city covers an area of 4.31 square miles.

Local Economy

In 2011 the local economy showed signs of both improvement and continued struggle.

Many construction jobs lost in recent years did not redevelop. Unemployment remained high at 10.8% but was down from the 12.8% figure in 2010.

There were no new homes started in 2010. Home foreclosures continued, but property tax delinquency dropped from 6.5% to 4.5%. Market values declined by about 8%.

Mora's plastics manufacturing plant expanded by constructing a 35,000 square foot warehouse in the industrial park. A local plumbing and mechanical firm built an 8,760 square foot office and shop in the industrial park.

The boat manufacturing plant opened in 2010 closed in 2011.

The largest industrial, commercial, and service employers added 51 employees, an increase of about 3%.

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. Because of inherent limitations, no set of control procedures can absolutely assure that all issues, including fraud, have been eliminated or detected. Inherent limitations exist through the possibilities of faulty judgments, errors, circumvention, collusion, and management override.

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. In 2009 and subsequent years, the TNT requirements allowed public input on the budget and levy to be taken during a regular city council meeting. The council formally accepted public input at its meeting on December 20, 2011.

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 including law enforcement, 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 General Fund includes expenditures for public safety, streets,

culture, recreation, airport, and administration.

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:

	2011	2010	2009	2008	2007
General Fund	\$337,780	\$339,376	\$359,565	\$362,312	\$333,850
Debt Service Funds	\$244,007	\$242,411	\$222,222	\$185,838	\$166,866
Total Levy	\$581,787	\$581,787	\$581,787	\$548,150	\$500,716

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

Cemetery Fund

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

EPC Tax Increment Fund 1-7

The EPC (Engineered Polymers Corporation) TIF 1-7 Fund accounted for the receipt and the disbursement of tax increments from Redevelopment District No. 1-7 (1994 EPC expansion.) Through June 2010, the city paid EPC ninety per cent of the tax increments received. The city retained the remaining ten per cent as reimbursement for costs associated with the facilitation of the project expansion. All obligations to EPC ended in the year 2010. The district was decertified in 2011.

Economic Development Authority Fund

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

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 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 Fund No. 2-2

TIF 2-2 was created to account for a 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 Fund No. 1-8

TIF 1-8 was established in 2001 to account for the tax increments from TIF District 1-8, Whispering Pines Apartments at 500 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 Fund No. 1-9

TIF 1-9 was established in 2001 to account for the tax increments from TIF District 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. In 2011 the city made the final payment to North Crest Townhomes, and the district was decertified.

Tax Increment Fund No. 2-10

TIF 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 semi-annually on a pay-as-you-go note.

Tax Increment Fund No. 1-11

TIF 1-11 was established in 2006 for the demolition of an ice cream plant, site preparations for a Kanabec State Bank building, and frontage road construction. Through tax increments which began in 2009, the city and the bank will be reimbursed for allowable expenditures.

Debt Service Funds

See Notes to the Financial Statements and Table 9, Ratios of Outstanding Debt by Type.

Capital Projects Funds

The capital project funds have been established to account for the acquisition or construction of capital facilities other than facilities of 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 capital items are authorized by the city council.

Future Improvement Fund

To reduce the need to incur debt, the city established the Future Improvement Fund in 1984. The council has set aside money for projects listed in capital improvement plans.

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 business-type activities.

Debt Administration

In 2009, Standard & Poor's assigned the city an A+ bond rating and viewed the rating

as stable. S & P cited stable employment in health and government, adequate income indicators, and very strong financial reserves as rationale for the A+ rating. Under state law the general obligation debt is subject to a legal limitation as shown in the statistical section.

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 2011. 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, 2010. 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 CAFR whose content conforms to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Mason Hjelle, 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, 2010

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.



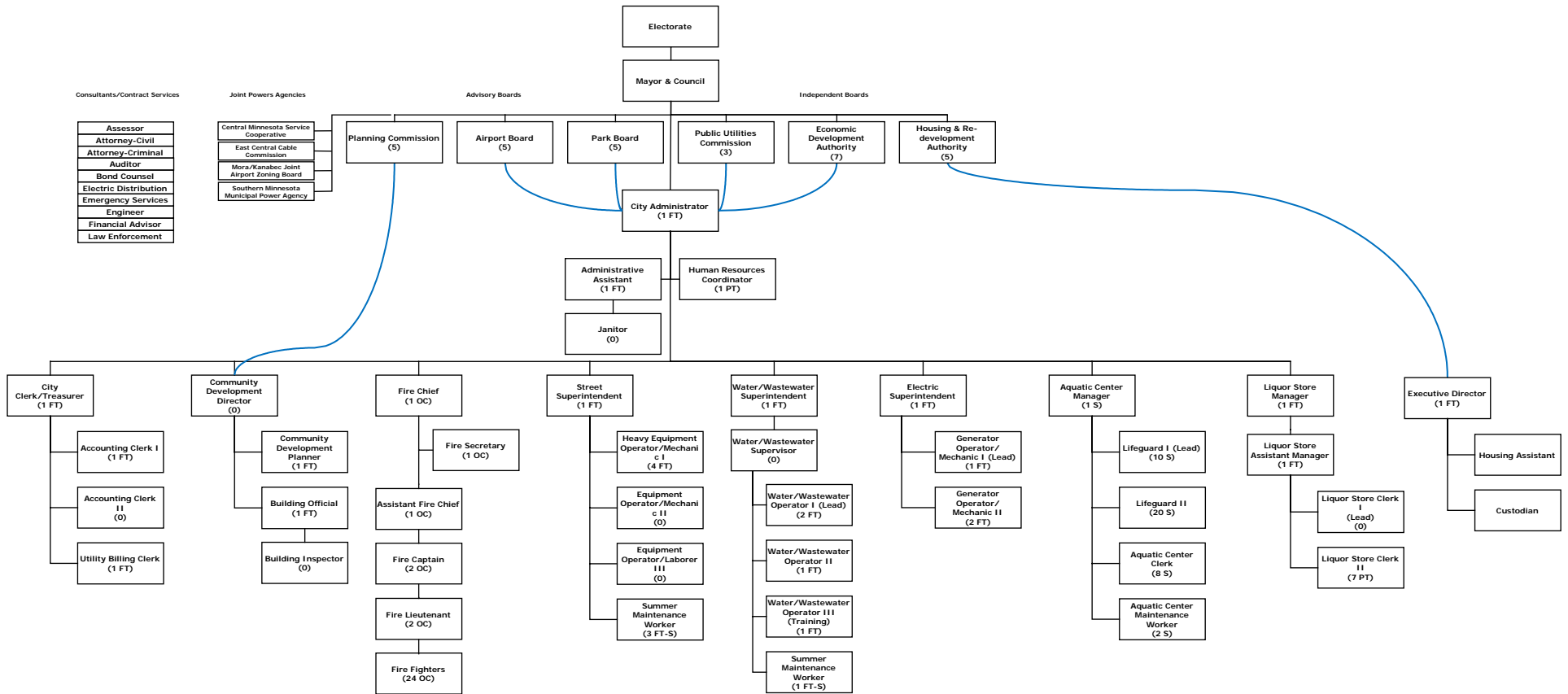
Linda C. Danison

President

Jeffrey R. Enen

Executive Director

CITY OF MORA, KANABEC COUNTY, MINNESOTA
Staff Organizational Chart
February, 2011
 ver. 5.0



Number indicates positions authorized
 FT = Full-Time
 PT = Part-Time
 OC = On-Call
 S = Seasonal

City of Mora, Minnesota
Organization
December 31, 2011

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..... Chair
Dennis Schulz..... Commissioner
Steve Ahlness..... Commissioner

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City of Mora, Minnesota
FINANCIAL SECTION
December 31, 2011

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Althoff and Nordquist, LLC

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MINNESOTA SOCIETY OF C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the City of Mora, Minnesota, as of and for the year ended December 31, 2011 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, 2011, 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.

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the year ended December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2012 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 and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.



America Counts on CPAs®

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.

A handwritten signature in cursive script, appearing to read "Althoff & Nordquist, LLC".

Althoff & Nordquist, LLC
Pine City, Minnesota
June 15, 2012

City of Mora, Minnesota
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
December 31, 2011

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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, 2011. 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 \$25,831,955 (net assets). Of this amount, \$6,369,991 (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 \$3,062 in 2011.
- * At the close of the fiscal year, governmental fund balances totaled \$821,829.
- * As of December 31, 2011, the unreserved fund balance of the General Fund was \$1,055,865. This amount was 40.5% of the General Fund's total expenditures in 2011.

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 debt service fund. 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 of fiscal year-end were \$25,831,955. This was a \$1,816 increase over last year's net assets of \$25,830,139. 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 2,584,182	\$ 706,268	\$ 8,951,544	\$ 10,382,145	\$ 11,535,726	\$ 11,088,413
Capital assets (net)	12,574,478	12,601,163	12,339,240	11,887,377	24,913,718	24,488,540
Total Assets	<u>15,158,660</u>	<u>13,307,431</u>	<u>21,290,784</u>	<u>22,269,522</u>	<u>36,449,444</u>	<u>35,576,953</u>
Other liabilities	1,623,571	181,388	2,527,423	2,455,086	4,150,994	2,636,474
Long-term liabilities	3,496,495	3,001,995	2,970,000	4,108,305	6,466,495	7,110,300
Total Liabilities	<u>5,120,066</u>	<u>3,183,383</u>	<u>5,497,423</u>	<u>6,563,391</u>	<u>10,617,489</u>	<u>9,746,774</u>
Net Assets:						
Invested in capital assets,						
net of related debt	9,077,983	9,599,168	7,569,240	5,878,027	16,647,223	15,477,195
Restricted	746,871	589,192	2,067,870	2,067,870	2,814,741	2,657,062
Unrestricted	213,740	(64,312)	6,156,251	7,760,194	6,369,991	7,695,882
Total Net Assets	<u>\$ 10,038,594</u>	<u>\$ 10,124,048</u>	<u>\$ 15,793,361</u>	<u>\$ 15,706,091</u>	<u>\$ 25,831,955</u>	<u>\$ 25,830,139</u>

The city reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$85,454 for governmental activities and increased by \$88,516 for business-type activities. The city's overall financial position improved during 2011 primarily due to the city keeping expenditures under control and successfully sticking to the planned budget as much as possible.

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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charge for services	\$ 737,833	\$ 847,532	\$ 9,217,454	\$ 9,188,698	\$ 9,955,287	\$ 10,036,230
Operating grants and contributions	1,305,081	939,449	--	--	1,305,081	939,449
Capital grants and contributions	--	42,385	--	--	--	42,385
General revenues						
Property taxes	576,629	535,245	--	--	576,629	535,245
Tax increment	174,918	191,721	--	--	174,918	191,721
Investment earnings	41,750	88,976	196,135	235,076	237,885	324,052
Other revenue	831,656	1,439	--	--	831,656	1,439
Total Revenue	<u>3,667,867</u>	<u>2,646,747</u>	<u>9,413,589</u>	<u>9,423,774</u>	<u>13,081,456</u>	<u>12,070,521</u>
Program Expenses:						
General government	514,691	482,961	--	--	514,691	482,961
Public safety	1,340,101	885,754	--	--	1,340,101	885,754
Public works	899,165	880,659	--	--	899,165	880,659
Cemetery	58,501	54,568	--	--	58,501	54,568
Culture and recreation	327,637	247,197	--	--	327,637	247,197
Housing & ED	(56,110)	64,152	--	--	(56,110)	64,152
Capital projects	111,995	(122,296)	--	--	111,995	(122,296)
Miscellaneous	711,552	--	--	--	711,552	--
Interest on long-term debt	115,789	138,026	--	--	115,789	138,026
Liquor	--	--	2,475,319	2,325,488	2,475,319	2,325,488
Electric	--	--	5,136,409	5,168,762	5,136,409	5,168,762
Water	--	--	606,161	552,514	606,161	552,514
Wastewater	--	--	807,184	787,295	807,184	787,295
Total Expenses	<u>4,023,321</u>	<u>2,631,021</u>	<u>9,025,073</u>	<u>8,834,059</u>	<u>13,048,394</u>	<u>11,465,080</u>
Increase in net assets before transfers	(355,454)	15,726	388,516	589,715	33,062	605,441
Miscellaneous	--	--	(30,000)	(30,000)	(30,000)	(30,000)
Transfers	270,000	270,000	(270,000)	(270,000)	--	--
Change in net assets	(85,454)	285,726	88,516	289,715	3,062	575,441
Prior period adjustment	--	--	--	--	--	--
Beginning net assets	10,124,048	9,838,322	15,704,845	15,415,130	25,828,893	25,253,452
Ending net assets	<u>\$ 10,038,594</u>	<u>\$ 10,124,048</u>	<u>\$ 15,793,361</u>	<u>\$ 15,704,845</u>	<u>\$ 25,831,955</u>	<u>\$ 25,828,893</u>

Financial Analysis of the City as a Whole (Continued)

Significant Changes in Total Net Assets:

The total net assets for the governmental activities and the business-type activities did not change significantly in 2011.

Budgetary Highlights and Changes in Fund Balance/Net Assets for the Major Funds:

Over the course of the year, the city made changes to its annual budget to account for LGA and Market Value Homestead Credit reduction of \$114,585.

Significant budgetary variances between the final amended budgets and actual results are explained below:

General Fund:

Intergovernmental revenues were over budget by \$192,202 because of unbudgeted federal grants received for radio upgrades.

Fire protection expenses were over budget by \$497,537 because of unbudgeted purchases of a fire truck and radio equipment.

Park department expenses were over budget by \$24,249 largely because of costs for renovating the city's Dala horse.

Swimming pool expenses were under budget by \$22,318 because less natural gas was needed to heat the pool and employees worked fewer hours than expected.

Transfers In were over budget by \$332,859 because of unbudgeted transfers from Future Fire Equipment Fund for the purchase of the fire truck.

As a result of these budget differences, the General Fund fund balance increased by \$40,592 in 2011.

Liquor Fund:

Sales revenues were \$340,636 below budget. The new liquor store did not create sales as predicted.

The cost of employee services was \$31,914 over budget, because more employee hours than expected were needed to operate the new store.

As a result of these differences, the liquor store incurred a net loss and reduction in fund balance of \$93,215 in 2011.

Electric Fund:

Electric sales were higher than the budgeted amount by \$200,516. Increased usage by the city's largest industrial customer accounted for most of that amount.

The cost of electricity purchased for resale cost less than budgeted by \$48,934.

Depreciation was \$35,519 less than budgeted because many capital assets were fully depreciated in 2010.

The miscellaneous wage and power plant expense reimbursement from SMMPA increased because plant wages and expenses increased.

These amounts contributed to the \$242,455 net income and corresponding net assets increase for the Electric Fund.

Water Fund:

The expenses for other services and charges were under budget by \$48,147. Lower than anticipated professional fees and interest on bonds accounted for most of that amount.

The lower expenses reduced the budgeted net loss to \$34,341.

Wastewater Fund:

Miscellaneous expenses including repairs and maintenance, electricity, and equipment purchases caused a net loss of \$26,383.

Schedules comparing the final budgeted amounts to the city's actual financial activity for the major funds are included in a later section of this report.

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

Capital Assets and Debt Administration

Capital Assets. As of December 31, 2011, the city had invested \$24,913,718 in capital assets, including buildings, facilities, vehicles, and equipment. This amount represents a net decrease prior to depreciation of \$1,582,486 from last year. Total depreciation expense for the year was \$1,248,404. 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	
	2011	2010	2011	2010	2011	2010
Non-Depreciable Assets:						
Land	\$ 1,529,679	\$ 1,498,434	\$ 359,892	\$ 359,892	\$ 1,889,571	\$ 1,858,326
Construction in progress	--	--	--	--	--	--
Depreciable Assets:						
Buildings	2,330,169	2,393,404	2,643,501	2,843,042	4,973,670	5,236,446
Infrastructure	4,518,380	4,418,550	--	--	4,518,380	4,418,550
Improvements	3,497,056	3,630,907	6,723,627	6,930,811	10,220,683	10,561,718
Machinery, equipment, vehicles	699,194	659,868	2,612,220	1,753,592	3,311,414	2,413,460
Total	<u>\$ 12,574,478</u>	<u>\$ 12,601,163</u>	<u>\$ 12,339,240</u>	<u>\$ 11,887,337</u>	<u>\$ 24,913,718</u>	<u>\$ 24,488,500</u>

For further information, please refer to Note 3: D Capital Assets, pages 57-58.

Debt administration. At year end, the city had \$6,466,495 in general obligation bonds and other long-term debt outstanding, of which \$314,000 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	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 3,496,495	\$ 3,696,995	\$ --	\$ --	\$ 3,496,495	\$ 3,696,995
Revenue bonds	--	--	2,970,000	4,108,300	2,970,000	4,108,300
Total	<u>\$ 3,496,495</u>	<u>\$ 3,696,995</u>	<u>\$ 2,970,000</u>	<u>\$ 4,108,300</u>	<u>\$ 6,466,495</u>	<u>\$ 7,805,295</u>

For further information please refer to Note 3: F Long-term Debt, pages 60-62.

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

Capital Assets and Debt Administration (Continued)

The City of Mora maintains an A+ bond rating from Standard and Poor's.

Factors Bearing on the City's Future

City Council

After a three-week state government shutdown, the MN legislature reduced the city's 2011 state aid to the General Fund by \$114,585. The council approved the same amount in budget reductions as recommended by the budget committee..

The city council adopted a fund balance policy which required that the General Fund maintain a fund balance of 40% - 50% of annual expenditures.

In May, the council approved the sale of \$695,000 of general obligation bonds to finance the 2008 - 2011 street reconstruction projects. Moody's Investors Service reviewed and assigned a rating of A1 to the bonds.

In order to receive additional LGA and be exempt from levy limits, the council members decided to participate in the Local Performance and Reporting Program. The city surveyed citizens concerning their opinions of city services,

Fire Department

In March, the council approved purchasing a new pumper truck at a cost of about \$397,000. The truck was to be delivered in 2012.

Capital Projects

The city completed reconstruction of Clark Street in accordance with the 2010 - 2014 street reconstruction plan. The cost of the curb, gutter, and overlay project was \$148,978.

Administration

The city completed its 2011 pay equity report. The report showed no violations by the city.

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

Factors Bearing on the City's Future (Continued)

Public Utilities Commission

In April, Mora Municipal Utilities completed a \$1.6 million water plant renovation project. The Minnesota Public Facilities Authority financed the project for 20 years at 1.862%. The PUC members decided to raise water rates by 5% per year for five years to pay for the renovation.

Since MMU's investments were earning about 2% less than the cost of the interest on the Arthur Extension Area Bonds, the PUC moved to pay off the \$761,500 balance of the Water Fund portion of the bonds. The PUC planned to consider paying off the Wastewater Fund bond balance in 2012.

Contacting the City's Financial Management

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

CITY OF MORA, MINNESOTA
BASIC FINANCIAL STATEMENTS
December 31, 2011

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City of Mora, Minnesota
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business - Type Activities	2011 Total	Component Unit EDA
ASSETS				
Cash and investments	\$ 839,409	\$ 3,562,513	\$ 4,401,922	\$ 40,257
Due from other governments	60,085	--	60,085	--
Accounts receivable	160,694	958,704	1,119,398	--
Due from other funds	1,443,451	--	1,443,451	--
Inventory	--	479,128	479,128	--
Loan receivable - Liquor Fund	--	1,800,000	1,800,000	--
Prepaid items	49,689	37,614	87,303	53
Special assessments	--	45,715	45,715	--
Restricted Assets:				
Temporary restricted:				
Cash and investments	30,854	1,469,366	1,500,220	--
Permanently restricted:				
Cash and investments	--	598,504	598,504	--
Capital assets, (net of accumulated depreciation)				
Land	1,529,679	359,892	1,889,571	--
Building, machinery, equipment	11,044,799	11,979,348	23,024,147	--
Total assets	<u>15,158,660</u>	<u>21,290,784</u>	<u>36,449,444</u>	<u>40,310</u>
LIABILITIES				
Due to other funds	\$ 1,443,451	\$ --	\$ 1,443,451	\$ --
Accounts payable	447	575,847	576,294	--
Other payables	47,541	51,516	99,057	3,930
Accrued interest	129,632	--	129,632	--
Loan payable - Electric Fund	--	1,800,000	1,800,000	--
Customer meter deposits	--	54,340	54,340	--
Deposits for contractors	2,500	--	2,500	--
Unearned revenue	--	45,720	45,720	--
Noncurrent liabilities:				
Due within one year	210,500	103,500	314,000	--
Due in more than one year	3,285,995	2,866,500	6,152,495	--
Total liabilities	<u>5,120,066</u>	<u>5,497,423</u>	<u>10,617,489</u>	<u>3,930</u>
NET ASSETS				
Invested in capital assets, net of selected debt	9,077,983	7,569,240	16,647,223	--
Restricted for:				
Debt service	652,354	--	652,354	--
Special revenue - Cemetery	94,517	--	94,517	--
Future operations:				
Liquor	--	103,998	103,998	--
Electric Utility	--	598,504	598,504	--
Water Utility	--	781,759	781,759	--
Waste Water Utility	--	583,609	583,609	--
Unrestricted:				
Unrestricted	213,740	6,156,251	6,369,991	36,380
Total net assets	<u>\$ 10,038,594</u>	<u>\$ 15,793,361</u>	<u>\$ 25,831,955</u>	<u>\$ 36,380</u>

See notes to financial statements.

City of Mora, Minnesota
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ (514,691)	\$ 673,684	\$ 20,000	\$ --
Public safety	(1,340,101)	64,149	1,067,560	--
Public works	(899,165)	--	84,835	--
Cemetery	(58,501)	--	--	--
Culture and recreation	(327,637)	--	132,686	--
Housing & economic development	56,110	--	--	--
Capital projects	(111,995)	--	--	--
Interest on long-term debt	(827,341)	--	--	--
Total governmental activities	<u>(4,023,321)</u>	<u>737,833</u>	<u>1,305,081</u>	<u>--</u>
Business - type - activities:				
Liquor	(2,475,319)	2,645,500	--	--
Electric	(5,166,409)	5,267,408	--	--
Water	(606,161)	547,318	--	--
Wastewater	(807,184)	757,228	--	--
Total business - type activities	<u>(9,055,073)</u>	<u>9,217,454</u>	<u>--</u>	<u>--</u>
Total Primary Government	<u>\$ (13,078,394)</u>	<u>\$ 9,955,287</u>	<u>\$ 1,305,081</u>	<u>\$ --</u>
Component Unit				
Economic Development Authority	(49,930)	--	--	--
Total Component Unit	<u>\$ (49,930)</u>	<u>--</u>	<u>--</u>	<u>--</u>
General revenues and expenses:				
Property taxes				
Tax increment				
Unrestricted investments earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues, expenses and transfers				
Changes in net assets				
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	Component Unit EDA
\$ 178,993	\$ --	\$ 178,993	\$ --
(208,392)	--	(208,392)	--
(814,330)	--	(814,330)	--
(58,501)	--	(58,501)	--
(194,951)	--	(194,951)	--
56,110	--	56,110	--
(111,995)	--	(111,995)	--
(827,341)	--	(827,341)	--
<u>(1,980,407)</u>	<u>--</u>	<u>(1,980,407)</u>	<u>--</u>
--	170,181	170,181	--
--	100,999	100,999	--
--	(58,843)	(58,843)	--
--	(49,956)	(49,956)	--
<u>--</u>	<u>162,381</u>	<u>162,381</u>	<u>--</u>
<u>(1,980,407)</u>	<u>162,381</u>	<u>(1,818,026)</u>	<u>--</u>
--	--	--	(49,930)
<u>--</u>	<u>--</u>	<u>--</u>	<u>(49,930)</u>
576,629	--	576,629	--
174,918	--	174,918	--
41,750	196,135	237,885	908
667,798	--	667,798	--
163,858	--	163,858	50,000
270,000	(270,000)	--	--
<u>1,894,953</u>	<u>(73,865)</u>	<u>1,821,088</u>	<u>50,908</u>
(85,454)	88,516	3,062	978
10,124,048	15,704,845	25,828,893	35,402
<u>\$ 10,038,594</u>	<u>\$ 15,793,361</u>	<u>\$ 25,831,955</u>	<u>\$ 36,380</u>

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CITY OF MORA, MINNESOTA
FUND FINANCIAL STATEMENTS
December 31, 2011

City of Mora, Minnesota
Governmental Funds
Balance Sheet
December 31, 2011

Form B-1

	General Fund	NonMajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 839,409	\$ --	\$ 839,409
Taxes receivable - delinquent	52,096	27,175	79,271
Accounts receivable	120,781	39,913	160,694
Special assessment receivables -			
Delinquent	--	--	--
Deferred	--	526,476	526,476
Due from other governmental units	19,302	40,783	60,085
Due from other funds	70,216	1,373,235	1,443,451
Prepaid insurance	48,911	778	49,689
Cash restricted	--	30,854	30,854
Total assets	<u>\$ 1,150,715</u>	<u>\$ 2,039,214</u>	<u>\$ 3,189,929</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ --	\$ 1,443,451	\$ 1,443,451
Accounts payable	447	--	447
Other payables	47,541	--	47,541
Deposits from developers	2,500	--	2,500
Deferred revenues	44,362	829,799	874,161
Total liabilities	<u>94,850</u>	<u>2,273,250</u>	<u>2,368,100</u>
Fund Balances:			
Nonspendable	48,911	778	49,689
Restricted	--	652,354	652,354
Committed	--	--	--
Assigned	--	94,517	94,517
Unassigned	1,006,954	(981,685)	25,269
Total fund balances	<u>1,055,865</u>	<u>(234,036)</u>	<u>821,829</u>
Total liabilities and fund balances	<u>\$ 1,150,715</u>	<u>\$ 2,039,214</u>	<u>\$ 3,189,929</u>

See notes to financial statements.

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, 2011

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

	2011	2010
Total governmental fund balances	\$ 821,829	\$ 521,865
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	21,290,350	20,736,644
Less: accumulated depreciation	<u>(8,715,872)</u>	<u>(8,135,481)</u>
	12,574,478	12,601,163
Other long-term assets are not available to pay for current - personal expenditures and, therefore, are deferred with funds.		
Delinquent property taxes	(79,271)	(85,728)
Deferred special assessments	(526,476)	(536,743)
Deferred revenues	874,161	741,275
Interest on long-term debt is not accrued in governmental funds but rather recognized as an expenditure when due	(129,632)	(115,789)
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>(3,496,495)</u>	<u>(3,001,995)</u>
Net assets of governmental activities (page 29)	<u><u>\$ 10,038,594</u></u>	<u><u>\$ 10,124,048</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, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 315,954	\$ 243,151	\$ 559,105
Tax increments	1,783	173,135	174,918
Licenses and permits	42,635	--	42,635
Special assessments	--	17,524	17,524
Intergovernmental	984,604	325,486	1,310,090
Charges for services	605,858	67,826	673,684
Fines	21,514	--	21,514
Investment earnings	23,925	17,825	41,750
Sale of assets	--	--	--
Miscellaneous	21,705	804,942	826,647
Total revenues	<u>2,017,978</u>	<u>1,649,889</u>	<u>3,667,867</u>
EXPENDITURES			
Current:			
General government	485,693	--	485,693
Public safety	1,225,978	--	1,225,978
Public works	519,073	20,472	539,545
Cemetery	--	53,438	53,438
Culture and recreation	268,377	--	268,377
Housing and economic development	--	80,173	80,173
Capital projects	--	556,111	556,111
Miscellaneous	109,590	--	109,590
Debt Service:			
Principal	--	200,500	200,500
Interest and other charges	--	118,498	118,498
Total expenditures	<u>2,608,711</u>	<u>1,029,192</u>	<u>3,637,903</u>
Excess (deficiency) of revenues over (under) expenditures	(590,733)	620,697	29,964
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	--	--	--
Miscellaneous income (expense)	--	--	--
Transfers in	673,137	602,072	1,275,209
Transfers out	(41,812)	(963,397)	(1,005,209)
Total other financing sources (uses)	<u>631,325</u>	<u>(361,325)</u>	<u>270,000</u>
Net change in fund balances	40,592	259,372	299,964
Fund balances - beginning	1,015,273	(493,408)	521,865
Fund balances - ending	<u>\$ 1,055,865</u>	<u>\$ (234,036)</u>	<u>\$ 821,829</u>

See notes to financial statements.

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, 2011

Form B-4

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

	<u>2011</u>	<u>2010</u>
Net changes in fund balances - total governmental funds	\$ 299,964	\$ (255,635)

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 (for additional information see Note 3D of the Notes to Financial Statements, page 47).

Capital Outlays	553,706	800,217
Depreciation Expense	<u>(580,391)</u>	<u>(577,913)</u>
	(26,685)	222,304
Other miscellaneous items	149,610	119,985
Change in accrued interest payable	(13,843)	7,072
Long-term debt payments for current year	<u>(494,500)</u>	<u>192,000</u>
Changes in net assets of governmental activities (page 30)	<u><u>\$ (85,454)</u></u>	<u><u>\$ 285,726</u></u>

See notes to financial statements.

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Property taxes	\$ 343,280	\$ 314,906	\$ 317,737	\$ 2,831
Licenses and permits	42,910	45,585	42,635	(2,950)
Intergovernmental	879,613	793,402	984,604	191,202
Charges for services	605,045	605,045	605,858	813
Fines	15,500	15,500	21,514	6,014
Investment earnings	30,000	30,000	23,925	(6,075)
Sale of assets	--	--	--	--
Miscellaneous	19,200	19,200	21,705	2,505
Total revenues	1,935,548	1,823,638	2,017,978	194,340
EXPENDITURES				
Current:				
General government:				
General	99,441	94,441	84,050	10,391
Council	35,807	34,807	30,580	4,227
City administrator	87,651	78,356	83,093	(4,737)
Elections	--	--	--	--
Finance director	144,322	141,904	139,857	2,047
Attorney	36,800	35,700	34,979	721
Personnel	10,000	10,000	9,891	109
Planning and zoning	57,787	57,787	54,971	2,816
City hall building	22,901	22,901	25,199	(2,298)
Library building	16,067	16,067	23,073	(7,006)
Total general government	510,776	491,963	485,693	6,270
Public safety:				
Building inspection	72,003	72,003	71,648	355
Police protection	622,942	578,942	564,457	14,485
Fire protection	110,336	110,336	589,873	(479,537)
Total public safety	805,281	761,281	1,225,978	(464,697)
Public works:				
Street department	482,672	482,672	484,967	(2,295)
Street lighting	37,000	37,000	34,106	2,894
Total public works	519,672	519,672	519,073	599
Culture and recreation:				
Swimming pool	187,463	187,463	165,145	22,318
Park areas	88,140	78,983	103,232	(24,249)
Total Culture and recreation	275,603	266,446	268,377	(1,931)
Miscellaneous:				
Forestry and nursery	--	--	--	--
Shade tree program	--	--	--	--
Airport	115,167	115,167	109,590	5,577
Loan Pine Community Center	--	--	--	--
Unallocated operating expenses	--	--	--	--
Total Miscellaneous	115,167	115,167	109,590	5,577
Total expenditures	2,226,499	2,154,529	2,608,711	(454,182)
Excess (deficiency) of revenues over (under) expenditures	(290,951)	(330,891)	(590,733)	(259,842)

City of Mora, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 340,278	\$ 355,518	\$ 673,137	\$ 317,619
Transfers out	(45,195)	(20,495)	(41,812)	(21,317)
Total other financing sources (uses)	295,083	335,023	631,325	296,302
Net change in fund balances	4,132	4,132	40,592	36,460
Fund balances - beginning	1,015,273	1,015,273	1,015,273	--
Fund balances - ending	<u>\$ 1,019,405</u>	<u>\$ 1,019,405</u>	<u>\$ 1,055,865</u>	<u>\$ 36,460</u>

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Net Assets
December 31, 2011

	Business - Type Activities - Enterprise Funds				
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 190,463	\$ 3,084,050	\$ 585,705	\$ 288,000	\$ 4,148,218
Interest receivable	--	--	--	--	--
Accounts receivable	24,390	678,765	152,035	103,514	958,704
Note receivable	--	1,800,000	--	--	1,800,000
Inventory	329,720	145,652	3,756	--	479,128
Prepaid items	8,163	19,253	4,213	5,985	37,614
Special assessments	--	--	14,318	31,397	45,715
Total current assets	<u>552,736</u>	<u>5,727,720</u>	<u>760,027</u>	<u>428,896</u>	<u>7,469,379</u>
Noncurrent assets:					
Restricted cash and investments	103,998	598,504	36,189	583,609	1,322,300
Total restricted assets	<u>103,998</u>	<u>598,504</u>	<u>36,189</u>	<u>583,609</u>	<u>1,322,300</u>
Capital assets:					
Plant in service	2,030,828	4,907,735	6,296,094	6,450,428	19,685,085
Less: accumulated depreciation	(264,895)	(2,675,185)	(1,640,265)	(2,765,500)	(7,345,845)
Total Capital assets (net of accumulated depreciation)	<u>1,765,933</u>	<u>2,232,550</u>	<u>4,655,829</u>	<u>3,684,928</u>	<u>12,339,240</u>
Total noncurrent assets	<u>1,869,931</u>	<u>2,831,054</u>	<u>4,692,018</u>	<u>4,268,537</u>	<u>13,661,540</u>
Total assets	<u>2,422,667</u>	<u>8,558,774</u>	<u>5,452,045</u>	<u>4,697,433</u>	<u>21,130,919</u>
LIABILITIES					
Current liabilities:					
Accounts payable	29,623	355,599	18,497	12,268	415,987
Accrual wages payable	14,442	11,280	12,897	12,897	51,516
Note payable	1,800,000	--	--	--	1,800,000
Revenue bonds payable	--	--	87,525	15,975	103,500
Total current liabilities	<u>1,844,065</u>	<u>366,879</u>	<u>118,919</u>	<u>41,140</u>	<u>2,371,003</u>
Noncurrent liabilities:					
Customer meter deposits	--	54,340	--	--	54,340
Revenue bonds payable	--	--	1,836,769	1,029,731	2,866,500
Unearned revenue	--	--	14,318	31,397	45,715
Total noncurrent liabilities	<u>--</u>	<u>54,340</u>	<u>1,851,087</u>	<u>1,061,128</u>	<u>2,966,555</u>
Total liabilities	<u>1,844,065</u>	<u>421,219</u>	<u>1,970,006</u>	<u>1,102,268</u>	<u>5,337,558</u>
NET ASSETS					
Invested in capital assets, net of related debt	(34,067)	2,232,550	2,731,559	2,639,198	7,569,240
Restricted:					
Future operations	103,998	598,504	36,189	583,609	1,322,300
Unrestricted:					
Unreserved	<u>508,671</u>	<u>5,306,501</u>	<u>714,291</u>	<u>372,358</u>	<u>6,901,821</u>
Total net assets	<u>\$ 578,602</u>	<u>\$ 8,137,555</u>	<u>\$ 3,482,039</u>	<u>\$ 3,595,165</u>	<u>\$ 15,793,361</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, 2011

	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	\$ 2,642,864	\$ 4,827,516	\$ 539,339	\$ 746,177	\$ 8,755,896
Less cost of goods sold	(1,961,735)	--	--	--	(1,961,735)
Miscellaneous	2,636	439,892	7,979	11,051	461,558
Total operating revenues	<u>683,765</u>	<u>5,267,408</u>	<u>547,318</u>	<u>757,228</u>	<u>7,255,719</u>
Operating expenses:					
Cost of sales	192,554	4,293,066	--	--	4,485,620
Interest Paid	61,750	379	65,117	45,850	173,096
Maintenance and operations	193,890	702,483	332,264	507,973	1,736,610
Depreciation	65,390	140,481	208,780	253,361	668,012
Total operating expenses	<u>513,584</u>	<u>5,136,409</u>	<u>606,161</u>	<u>807,184</u>	<u>7,063,338</u>
Operating income	<u>170,181</u>	<u>130,999</u>	<u>(58,843)</u>	<u>(49,956)</u>	<u>192,381</u>
Nonoperating revenues (expenses):					
Interest earnings	6,604	141,456	24,502	23,573	196,135
Miscellaneous expense	--	(30,000)	--	--	(30,000)
Total nonoperating revenues (expenses)	<u>6,604</u>	<u>111,456</u>	<u>24,502</u>	<u>23,573</u>	<u>166,135</u>
Income (loss) before transfers	<u>176,785</u>	<u>242,455</u>	<u>(34,341)</u>	<u>(26,383)</u>	<u>358,516</u>
Transfers in	--	--	--	--	--
Transfers out	<u>(270,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(270,000)</u>
Changes in net assets	<u>(93,215)</u>	<u>242,455</u>	<u>(34,341)</u>	<u>(26,383)</u>	<u>88,516</u>
Total net assets - beginning	<u>671,817</u>	<u>7,895,100</u>	<u>3,516,380</u>	<u>3,621,548</u>	<u>15,704,845</u>
Total net assets - ending	<u>\$ 578,602</u>	<u>\$ 8,137,555</u>	<u>\$ 3,482,039</u>	<u>\$ 3,595,165</u>	<u>\$ 15,793,361</u>

See notes to financial statements.

City of Mora Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2011

	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	\$ 2,602,463	\$ 5,495,118	\$ 1,545,383	\$ 773,089	\$ 10,416,053
Cash payments for interest expense	(61,750)	(379)	(65,117)	(45,850)	(173,096)
Cash payments to suppliers	(2,248,315)	(4,781,112)	(177,619)	(306,993)	(7,514,039)
Cash payments to employees	(192,554)	(213,024)	(149,491)	(202,385)	(757,454)
Net cash provided by operating activities	99,844	500,603	1,153,156	217,861	1,971,464
CASH FLOWS FROM NONCAPITAL FINANCING:					
Miscellaneous in (out)	--	(30,000)	--	--	(30,000)
Transfers in (out)	(270,000)	--	--	--	(270,000)
Net cash provided by (used in) negotiated activities	(270,000)	(30,000)	--	--	(300,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond principal payments	--	--	(846,350)	(291,950)	(1,138,300)
Acquisition of capital assets	(5,488)	(136,383)	(772,956)	(206,303)	(1,121,130)
Proceeds from sale of capital assets	--	--	--	--	--
Net cash provided (used in) capital and related financing activities	(5,488)	(136,383)	(1,619,306)	(498,253)	(2,259,430)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	6,604	141,456	24,502	23,537	196,099
Net increase (decrease) in cash and cash equivalents	(169,040)	475,676	(441,648)	(256,855)	(391,867)
Cash at Beginning of Year, including restricted cash	463,501	3,206,878	1,063,542	1,128,464	5,862,385
Cash at End of Year, including restricted cash	\$ 294,461	\$ 3,682,554	\$ 621,894	\$ 871,609	\$ 5,470,518

See notes to financial statements.

City of Mora, Minnesota
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2011

	Business - Type Activities - Enterprise Funds				Total Current Year
	Municipal Liquor Fund	Electric Utility Fund	Water Utility Fund	Wastewater Utility Fund	
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 170,181	\$ 130,999	\$ (58,843)	\$ (49,956)	\$ 192,381
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	65,390	140,481	208,780	253,361	668,012
(Increase) decrease in interest receivable	1,995	13,927	5,705	4,614	26,241
(Increase) decrease in accounts receivable	(9,962)	67,673	984,776	3,373	1,045,860
(Increase) decrease in other receivables	--	100,000	2,691	7,183	109,874
(Increase) decrease in inventory	(37,088)	38,513	5,376	--	6,801
(Increase) decrease in prepaid insurance	2,018	7,597	(483)	691	9,823
Increase (decrease) in accounts payable	5,964	(8,014)	5,330	3,263	6,543
Increase (decrease) in accrued wages payable	1,346	302	2,515	2,515	6,678
Increase (decrease) in other liabilities	(100,000)	9,125	(2,691)	(7,183)	(100,749)
Total adjustments	(70,337)	369,604	1,211,999	267,817	1,779,083
Net cash provided (used) by operating activities	\$ 99,844	\$ 500,603	\$ 1,153,156	\$ 217,861	\$ 1,971,464

See notes to financial statements.

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CITY OF MORA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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.

Component Unit. The Economic Development Authority (EDA) is responsible for improving the community economic condition through job creation, tax base growth, and other means. The EDA is financially supported by the City of Mora, and is managed by an appointed Board of 7 Directors, with one seat reserved for a member of the City Council. The EDA does not provide services exclusively or almost exclusively to the City, therefore is considered a Component Unit of the City of Mora. The EDA does not issue separate financial statements for the component unit.

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 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, 2011

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 fund.

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, 2011

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, 2011

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, November, and December.

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

Special assessment:

Special assessment receivable - delinquent represent the past year of uncollected special assessments and is offset by deferred revenues. Special assessment receivable - deferred are those assessments for property owner improvements made by the City. These assessments are made at various times by City resolution and are collectible over periods ranging from one to thirty years and bear interest at 6% to 7% 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, 2011

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	30
Infrastructure	20-50
Other improvements	10-30
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, 2011

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

7. Other Payables - Compensated Absences

Vacation pay is recorded as an expenditure when earned in both the Governmental and Proprietary Fund Types. Vacation days may be accrued to one and one-half times annual vacation earned. Sick pay can be accumulated up to a maximum of one hundred days. A percentage of sick pay is recognized as an expenditure when an employee reaches the required years of service. Payables for compensated absences decreased from \$107,078 in 2010 to \$100,563 in 2011.

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, 2011

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, 2011

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, 2011 are as follows:

Peoples National Bank - Checking	\$ 83,571
Kanabec State Bank - HiFi	1,229,006
Wells Fargo	1,981,324
Morgan Stanley & Smith Barney	2,683,163
People's National Bank - CD	561,639
Cash on Hand	2,200
Total Deposits	<u>\$ 6,540,903</u>

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

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

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

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 in accordance with the city's investment policy. The City does not believe that either Credit risk or Interest rate risk pose a material risk.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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.
- (h) The City's investment policy restricts the terms of investments.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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	Municipal Liquor	Electric Utility	Water Utility	Wastewater Utility	Nonmajor and other Funds	Total
Receivables:							
Interest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Taxes-delinquent	52,096	--	--	--	--	27,175	79,271
Accounts	121,118	24,343	637,743	152,034	103,514	39,913	1,078,665
Special assessments	--	--	--	14,318	31,397	526,476	572,191
Intergovernmental	19,302	--	--	--	--	40,783	60,085
Loan receivable	--	--	1,800,000	--	--	--	1,800,000
Gross receivables	192,516	24,343	2,437,743	166,352	134,911	634,347	3,590,212
Less: Allowance for Uncollectibles*	--	--	--	--	--	--	--
Net total receivables	<u>\$ 192,516</u>	<u>\$ 24,343</u>	<u>\$ 2,437,743</u>	<u>\$ 166,352</u>	<u>\$ 134,911</u>	<u>\$ 634,347</u>	<u>\$ 3,590,212</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, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital assets activity for the year ended December 31, 2011 was as follows:

Governmental Activities	Beginning Balances	Increase	Decrease*	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,498,434	\$ 37,245	\$ 6,000	\$ 1,529,679
Construction in progress	--	--	--	--
Total capital assets, not being depreciated	<u>1,498,434</u>	<u>37,245</u>	<u>6,000</u>	<u>1,529,679</u>
Capital assets, being depreciated:				
Land Improvements	5,770,728	25,044	--	5,795,772
Buildings	3,348,670	--	--	3,348,670
Infrastructure	7,665,504	282,838	--	7,948,342
Machinery, Equipment, Vehicles	2,453,308	214,579	--	2,667,887
Total capital assets, being depreciated	<u>19,238,210</u>	<u>522,461</u>	<u>--</u>	<u>19,760,671</u>
Less: accumulated depreciation for:				
Land Improvements	2,139,821	158,895	--	2,298,716
Buildings	955,266	63,235	--	1,018,501
Infrastructure	3,246,954	183,008	--	3,429,962
Machinery, Equipment, Vehicles	1,793,440	175,253	--	1,968,693
Total accumulated depreciation	<u>8,135,481</u>	<u>580,391</u>	<u>--</u>	<u>8,715,872</u>
Total capital assets, being depreciated, net	<u>11,102,729</u>	<u>(57,930)</u>	<u>--</u>	<u>11,044,799</u>
Governmental activities capital assets, net	<u>\$ 12,601,163</u>	<u>\$ (20,685)</u>	<u>\$ 6,000</u>	<u>\$ 12,574,478</u>

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

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Business - Type Activities	Beginning Balances	Increase	Decrease*	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 359,892	\$ --	\$ --	\$ 359,892
Construction in progress	--	--	--	--
Total capital assets, not being depreciated	<u>359,892</u>	<u>--</u>	<u>--</u>	<u>359,892</u>
Capital assets, being depreciated:				
Buildings	4,366,665	122,229	253,087	4,235,807
Other Improvements	11,201,156	223,359	345,675	11,078,840
Equipment and fixtures	5,862,318	978,027	2,829,800	4,010,545
Total capital assets, being depreciated	<u>21,430,139</u>	<u>1,323,615</u>	<u>3,428,562</u>	<u>19,325,192</u>
Less: accumulated depreciation for:				
Buildings	1,523,624	119,985	51,303	1,592,306
Other Improvements	4,270,345	430,543	345,675	4,355,213
Equipment and fixtures	4,109,975	117,485	2,829,135	1,398,325
Total accumulated depreciation	<u>9,903,944</u>	<u>668,013</u>	<u>3,226,113</u>	<u>7,345,844</u>
Total capital assets being depreciated, net	<u>11,526,195</u>	<u>655,602</u>	<u>202,449</u>	<u>11,979,348</u>
Business - type activities capital assets, net	<u>\$ 11,886,087</u>	<u>\$ 655,602</u>	<u>\$ 202,449</u>	<u>\$ 12,339,240</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 28,998
Public safety	114,123
Public works	359,620
Culture and recreation	59,260
Cemetery	5,063
Miscellaneous	13,327
Total depreciation expense - governmental activities	<u>\$ 580,391</u>
<u>Business - Type Activities</u>	
Electric utility	\$ 140,481
Water utility	208,781
Wastewater utility	253,361
Liquor	65,390
Total depreciation expense - business - type activities	<u>\$ 668,013</u>

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

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

E. Interfund receivables, payables, and transfers

The following are the balances of due to or from other funds at December 31, 2011.

	Due To	Due From
	\$	\$
General Fund	--	70,216
Special Revenue Funds:		
Sotrm Water Utility	1,407	--
Cemetart Fund	--	68,593
ED Revolving Loan	--	48,566
TIF 2-2 Interpid	--	9,985
TIF 1-8 Torborg	--	3,276
TIF 2-10 Clinic	--	464
TIF 1-11 KSB	15,137	--
TIF 1-14 HRA/Nelson	15,079	--
Capital Projects Fund:		
Future Fire Equipment	12,539	--
Future Improvements	--	332,677
City Hall Improvements	--	1,409
Highway 23 E. Frontage	332,640	--
Howe Ave. Construction	184,303	--
Downtown Feed Mill	151,471	--
Airport Kastenbauer House	175,886	--
Police Stateion	11,190	--
Crosswind	19,994	--
Spriglake Trail	99,229	--
Parker	363,738	--
Trail Tunnel	23,593	--
Hwy 23 E. Commercial	37,245	--
Debt Service Funds:		
2003 Fire Station	--	113,254
2004 Street Reconstruction	--	19,209
Maple Ave. East	--	138,324
2006 Street Reconstruction	--	40,054
2007 Airport Eastside	--	133,784
2008-2011 Street Reconstruction	--	168,981
HRA Eastwood	--	294,659
	<u>\$ 1,443,451</u>	<u>\$ 1,443,451</u>

The above amounts are due to overdraft cash balances of various funds.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

E. Interfund receivables, payables, and transfers (continued)

Interfund transfers out:

General Fund	\$ (41,812)
Nonmajor governmental funds	(963,397)
Enterprise	<u>(270,000)</u>
Total transfers out	<u><u>\$ (1,275,209)</u></u>

Interfund transfers in:

General Fund	\$ 673,137
Nonmajor governmental funds	590,072
Debt Service	<u>12,000</u>
Total transfers out	<u><u>\$ 1,275,209</u></u>

The following is a general description of the interfund transfers:

General Fund:

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

Enterprise Funds:

Transfers from the Liquor Fund were completed to 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.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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 10 to 40 - 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%	\$ 785,000
Governmental Activities	4.00%	1,180,000
Governmental Activities	4.00%	836,495
Governmental Activities	1.7 - 3.2%	695,000
Business-Type Activities	--	1,050,500
Business-Type Activities	--	358,500
Business-Type Activities	1.862%	1,561,000
Total		<u>\$ 6,466,495</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>
2012	\$ 210,500	\$ 129,632	\$ 103,500	\$ 56,140
2013	280,500	118,033	117,000	85,046
2014	294,000	108,446	120,000	81,905
2015	307,500	98,266	123,000	78,636
2016	292,500	87,931	125,000	75,347
2017-2021	1,227,500	286,037	663,500	322,312
2022-2026	692,000	111,266	740,000	225,132
2027-2031	191,995	7,088	558,000	124,223
2032-2036	--	--	135,500	78,277
2037-2041	--	--	166,500	46,896
2042-2044	--	--	118,000	10,180
Total	<u>\$ 3,496,495</u>	<u>\$ 946,699</u>	<u>\$ 2,970,000</u>	<u>\$ 1,184,094</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. waste water revenue bonds issued in prior years was \$1,980,000 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%	\$ 740,500
Water & Sewer	4.000%	\$ 310,000

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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

F. Long-Term Debt (Continued)

The following is a summary of changes in long-term debt obligations for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds:					
G.O. Fire Station Bonds	\$ 865,000	\$ --	\$ 80,000	\$ 785,000	\$ 85,000
G.O. Bond, Series 2006A	1,255,000	--	75,000	1,180,000	80,000
G.O. Bonds, Series 2008A	881,995	--	45,500	836,495	45,500
G.O. Street, Series 2011A	695,000	--	--	695,000	--
Total general obligation bonds-					
Governmental activities long-term liabilities	<u>\$ 3,696,995</u>	<u>\$ --</u>	<u>\$ 200,500</u>	<u>\$ 3,496,495</u>	<u>\$ 210,500</u>
BUSINESS - TYPE ACTIVITIES					
G.O. Water & sewer revenue bonds	325,000	--	15,000	310,000	15,000
G.O. Water & sewer revenue bonds	1,523,000	--	782,500	740,500	--
G.O. Refunding Bonds, Series 2003B	255,000	--	255,000	--	--
G.O. Bonds, Series 2008A	378,000	--	19,500	358,500	19,500
G.O. Water Rev. Note 2010	1,627,300	--	66,300	1,561,000	69,000
Total bonds payable Business - type activities long-term liabilities	<u>\$ 4,108,300</u>	<u>\$ --</u>	<u>\$ 1,138,300</u>	<u>\$ 2,970,000</u>	<u>\$ 103,500</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, 2011 and descriptions are as follows:

<u>Governmental Funds</u>	
Debt Service	\$ 652,354
Special Revenue - Cemetery	94,517
<u>Enterprise Funds - Unrestricted, Designated</u>	
Liquor	103,998
Electric Utility	598,504
Water Utility	781,759
Wastewater Utility	583,609
Total	<u>\$ 2,814,741</u>

H. Tax Increment Financing

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

The City of Mora is the administrating authority for the following tax increment financing districts: Redevelopment Districts No. 1-7, No. 2-10, and No. 2-2; Housing District No. 1-8, and Tax Increment Financing Districts No. 1-11, No. 1-14, and No. 1-9. Administrative authority for Tax Increment Financing Districts No. 1-12, and No. 1-13 are pending City Council approval.

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. In accordance with the development agreement, increment payments to EPC ended in June 2010.

City of Mora, Minnesota
Notes to the Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

H. Tax Increment Financing (Continued)

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

Certification Request Date	6/23/1994
Year First Increment Received	1996
Date of Required Decertification	12/31/2017
Tax Increment Revenue - 2011	\$ --
Current Net Tax Capacity	59,476
Base Net Tax Capacity	45,564
Captured Net Tax Capacity	13,912
Captured Net Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	13,912
Financial Obligations:	
Limited Revenue Note – Original Obligation	1,044,887
Outstanding Revenue Note at 12-31-11	1,044,887

In accordance with the development agreement, the district was decertified in 2011.

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	2008
Date of Required Decertification	2033
Tax Increment Revenue - 2011	\$ 43,894
Current Net Tax Capacity	83,935
Base Net Tax Capacity	43,214
Captured Net Tax Capacity	40,721
Captured Net Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	40,721
Financial Obligations:	
Limited Revenue Note - Original Obligation	450,000
Outstanding Revenue Note at 12-31-11	346,460

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

H. Tax Increment Financing (Continued)

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

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

Certification Request Date	4/26/1995
Year First Increment Received	2000
Date of Required Decertification	12/31/2025
Tax Increment Revenue - 2011	\$ 51,213
Current Net Tax Capacity	41,124
Base Net Tax Capacity	750
Captured Net Tax Capacity	40,374
Captured Net Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	40,374
Financial Obligations:	
Limited Revenue Note – Original Obligation	772,000
Outstanding Revenue Note 12-31-11	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 - 2011	\$ 14,125
Current Net Tax Capacity	11,140
Base Net Tax Capacity	25
Captured Net Tax Capacity	11,115
Captured Tax Capacity shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	11,115
Financial Obligations:	
Limited Revenue Note – Original Obligation	152,107
Outstanding Revenue Note 12-31-11	152,107

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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 (CMHP)

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

Certification Request Date	6/27/2001
Year First Increment Received	2003
Date of Required Decertification	12/31/2017
Tax Increment Revenue - 2011	\$ 14,809
Current Net Tax Capacity	11,764
Base Net Tax Capacity	89
Captured Net Tax Capacity	11,675
Captured Tax Capacity, shared with other taxing jurisdictions	--
Captured Tax Capacity retained by authority	11,765
Financial Obligations:	
Limited Revenue Note-Original Obligation	--
Outstanding Revenue Note at 12-31-11	--

TIF Nistrict No. 1-9 was decertified during 2011.

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

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

Certification Request Date	6/29/2001
Year First Increment Received	2004
Date of Required Decertification	12/31/2029
Tax Increment Revenue-2011	\$ 49,095
Current Net Tax Capacity	43,418
Base Net Tax Capacity	4,714
Captured Net Tax Capacity	38,704
Captured Net Tax Capacity shared with other taxing jurisdiction	--
Captured Tax Capacity retained by authority	38,704
Financial Obligations:	
Limited Revenue Note-Original Obligation	700,000
Outstanding Revenue Note at 12-31-11	403,125

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

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, to be used at a later date to minimize the effect of wholesale rate increases.

J. 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. The City expects such amounts, if any, to be immaterial.

K. 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, 2050. 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.

L. 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.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

Note 3: Detailed Notes on All Funds(Continued)

M. 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.

N. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in certain individual funds for the year ended December 31, 2011 as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Over</u>
General Fund	\$ 2,608,711	\$ 2,017,978	\$ 590,733
Special Revenue Funds:			
Storm Water Utility	112,888	54,718	58,170
Cemetery	53,438	33,950	19,488
TIF 1-7 EPC	13,608	--	13,608
TIF 1-9 CMHP	14,860	14,809	51
TIF 2-10 Clinic	49,096	49,094	2
Capital Projects:			
Highway 23 - E	38,317	--	38,317
Downtown Feed Mill	90	--	90
Street Construction 2008	10,494	--	10,494
Airport - Kastenbauer House	6,231	5,600	631
2011 Street Reconstruction	143,384	--	143,384
Hwy 23 E. Commercial Lots	37,245	--	37,245
Debt Service:			
Street Construction 2004	17,937	17,191	746
Maple Avenue East	79,750	78,498	1,252
Street Construction 2006	26,400	25,348	1,052

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds(Continued)

O. 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 & 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 age, and years of service and salary for any five successive years of allowable 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 before retirement benefits begin.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE 3: Detailed Notes on All Funds (Continued)

O. 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, 6.5% 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, 2011, 2010, and 2009 were \$87,836, \$85,882, and \$78,972 respectively. The City's contributions to the public Employees Police and Fire Fund for the years ending December 31, 2011, 2010, and 2009 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 firefighters 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, 2011

NOTE 3: Detailed Notes on All Funds(Continued)

O. Defined Benefit Pension Plan - Statewide(Continued)

2. Mora Firefighters Relief Association(Continued)

b. Related Party Transactions

During 2011, and as of December 2011, the Association held no securities by the city or other related parties.

c. Contributions

The total lump sum benefit for the 28 members as of December 31, 2011 was \$577,546. Pension assets totaled \$661,475. Members do not contribute to the plan. Funding comes from 2% state aid and interest earnings on investments.

NOTE 4: Deficit Fund Balances

The following nonmajor funds had deficit fund balances at December 31, 2011:

Special Revenue Funds:

TIF 1-11 Kanabec State Bank	\$ (15,137)
TIF 1-14 HRA/Nelson	(15,079)

Capital Project Funds:

Highway 23 E. Frontage Road	(332,640)
Howe Avenue Reconstruction	(184,303)
Downtown Feed Mill Redevelopment	(151,471)
Airport Kastenbauer House	(175,886)
Police Station	(11,190)
Crosswind	(19,994)
Spring Lake Park	(99,229)
Parker	(363,738)
Trail tunnel	(23,593)
Hwy 23 E. Commercial Lots	(37,245)

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE: 5 Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to current year's presentation. There was no affect on total Net Assets or Fund Balance.

NOTE: 6 GASB 54 Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

1. Nonspendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the City Council (the City's highest level of decision making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not me the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Fund Balance Policy of the City includes classifying its fund balances in its various funds in one or more of the five classifications: nonspendable, restricted, committed, assigned, and unassigned.

The City will strive to maintain a minimum general fund balance of 40% - 50% of annual expenditures.

If resources from more than one fund balance classification could be spent, the city will strive to spend resources from fund balance classifications in the following order (first to last): Restricted, Committed, Assigned, and Unassigned.

A majority vote of the city council is required prior to December 31 each year, to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the Council.

The city council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The Council also delegates the power to assign fund balances to the following: City Administrator and Director of Finance. Assignments so made shall be reported to the council on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the city council.

Any appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

The city council will conduct an annual review of the sufficiency of the minimum general fund balance level.

City of Mora, Minnesota
Notes to Financial Statements
December 31, 2011

NOTE: 6 GASB 54 Fund Balance Reporting (continued)

Fund Balances - Pre-GASB 54 - Governmental Funds

	General Fund	NonMajor Governmental Funds	Total Governmental Funds
Reserved for:			
Special revenue funds - Cemetery	\$ --	\$ 94,517	\$ 94,517
Debt Service	--	652,354	652,354
Unreserved, undesignated, reported in:			
General fund	1,055,865	--	1,055,865
Special revenue funds	--	76,289	76,289
Capital projects	--	(1,057,196)	(1,057,196)
Total Fund Balance	<u>\$ 1,055,865</u>	<u>(234,036)</u>	<u>821,829</u>

Fund Balances - Resated GASB 54 Categories

Nonspendable:			
Prepaid expenses	\$ 48,911	\$ 778	\$ 49,689
Restricted for:			
Debt Service	--	652,354	652,354
Committed for:	--	--	--
Assigned for:			
Special revenue - Cemetery	--	94,517	94,517
Unassigned for:			
Unassigned	1,006,954	(981,685)	25,269
Total Fund Balances	<u>\$ 1,055,865</u>	<u>\$ (234,036)</u>	<u>\$ 821,829</u>

City of Mora, Minnesota
OTHER SUPPLEMENTARY INFORMATION
December 31, 2011

City of Mora, Minnesota
 Component Unit - Economic Development Authority
 Balance Sheet
 For the Year Ended December 31, 2011

	<u>EDA</u>
ASSETS	
Cash and Investments	\$ 40,258
Prepaid Insurance	<u>53</u>
Total Assets	<u><u>\$ 40,311</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 3,931
Total Liabilities	<u>3,931</u>
 Fund Balance:	
Unreserved	<u>36,380</u>
Total Fund Balance	<u><u>36,380</u></u>
 Total Liabilities and Fund Balance	<u><u>\$ 40,311</u></u>

See notes to financial statements.

City of Mora, Minnesota
 Component Unit - Economic Development Authority
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended December 31, 2011

	EDA
REVENUES	
State grants and aids	\$ --
Contributions	50,000
Investment earnings	908
Total revenues	<u>50,908</u>
EXPENDITURES	
Salaries	43,706
Professional services	2,102
Supplies	48
Miscellaneous	4,074
Total expenditures	<u>49,930</u>
Excess (deficiency) of revenues over (under) expenditures	978
OTHER FINANCING SOURCES (USES)	
Miscellaneous income	<u>--</u>
Total other financing sources (uses)	<u>--</u>
Net change in fund balance	978
Fund balances - beginning	<u>35,402</u>
Fund balances - ending	<u><u>\$ 36,380</u></u>

See notes to financial statements.

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City of Mora, Minnesota
COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2011

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.

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 1-14 HRA Fund - To account for the revenue and expenses, including tax increments received and distributed for a senior complex.

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.

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

Highway 23 E. Frontage Road - To account for revenues and expenditures related to the highway project.

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

Downtown Feed Mill Fund - To account for revenue and expenses related to the feed mill acquisition and demolition project.

2008 Street Construction Fund - To account for revenue and expenses related to the 2008 Street Reconstruction Project.

Capital Projects Funds - (Continued)

Airport Kastenbauer House Fund - To account for revenue and expenses related to the purchase of a house and 2 acres for future airport expansion.

Police Station Fund - To account for revenue and expenses related to the police station building project.

Crosswind - To account for revenues and expenses related to construction of a crosswind runway at the Mora airport

Spring Lake Trail - To account for revenues and expenses related to construction of a recreational trail.

Parker - To account for revenues and expenses related to development of the Parker property along Highway 65 South.

Trail Tunnel - To account for revenues and expenses related to development of the Trail Tunnel.

2010 Street Reconstruction - To account for revenues and expenses related to development of the Street Reconstruction.

2011 Street Reconstruction - To account for revenues and expenses related to development of the Street Reconstruction.

Hwy 23 E. Commercial Lots - To account for revenues and expenses related to purchase and development.

Debt Service Funds

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.

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

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

2007 Eastside - To account for revenues and expenditures related to the Eastside project bonds.

2008-2011 Street Reconstruction Fund - To account for revenues and expenditures, including tax collections and bond payments for the 2008-2011 Street Reconstruction bonds.

HRA Eastwood - To account for the revenues and expenditures, including bond payments for Eastwood.

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2011

	Special Revenue Funds			
	220	225	230	235
	Storm		ED	
	Water	Cemetery	Revolving	TIF 1-7
	Utility	Fund	Loan	EPC
ASSETS				
Cash and investments	\$ --	\$ --	\$ --	\$ --
Accounts receivable	3,360	--	36,553	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	--	--	--	--
Special assessments receivable -				
Delinquent	--	--	--	--
Due from other funds	--	68,593	48,566	--
Due from other governments	--	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	778	--	--
Total Current Assets	<u>3,360</u>	<u>69,371</u>	<u>85,119</u>	<u>--</u>
Restricted Assets:				
Cash and investments	--	30,854	--	--
Total Restricted Assets	<u>--</u>	<u>30,854</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 3,360</u>	<u>\$ 100,225</u>	<u>\$ 85,119</u>	<u>\$ --</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Due to other funds	1,407	--	--	--
Deferred revenue	--	--	--	--
Total liabilities	<u>1,407</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:				
Nonspendable	--	778	--	--
Restricted	--	--	--	--
Committed	--	--	--	--
Assigned	--	94,517	--	--
Unassigned	1,953	4,930	85,119	--
Total fund balances	<u>1,953</u>	<u>100,225</u>	<u>85,119</u>	<u>--</u>
Total liabilities and fund balances	<u>\$ 3,360</u>	<u>\$ 100,225</u>	<u>\$ 85,119</u>	<u>\$ --</u>

Special Revenue Funds				
237	245	246	247	248
TIF 2-2 Intrepid	TIF 1-8 Torborg	TIF 1-9 CMHP	TIF 2-10 Clinic	TIF 1-11 KSB
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
9,985	3,276	--	464	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
9,985	3,276	--	464	--
--	--	--	--	--
--	--	--	--	--
\$ 9,985	\$ 3,276	\$ --	\$ 464	\$ --
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	15,137
--	--	--	--	--
--	--	--	--	15,137
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
9,985	3,276	--	464	(15,137)
9,985	3,276	--	464	(15,137)
\$ 9,985	\$ 3,276	\$ --	\$ 464	\$ --

251	
TIF 1-14 HRA/Nelson	Total
\$ --	\$ --
--	39,913
--	--
--	--
--	--
--	--
--	130,884
--	--
--	--
--	778
--	171,575
--	30,854
--	30,854
\$ --	\$ 202,429
\$ --	\$ --
15,079	31,623
--	--
15,079	31,623
--	778
--	--
--	--
--	94,517
(15,079)	75,511
(15,079)	170,806
\$ --	\$ 202,429

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2011

Form E-1
(Continued)

	Capital Projects Funds			
	407	409	429	434
	Future Fire Equipment	Future Improvements	City Hall Improvements	Highway 23 E. Frontage
ASSETS				
Cash and investments	\$ --	\$ --	\$ --	\$ --
Accounts receivable	--	--	--	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	--	--	--	--
Special assessments receivable - Delinquent	--	--	--	--
Due from other funds	--	332,677	1,409	--
Due from other governments	20,546	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	--	--	--
Total Current Assets	<u>20,546</u>	<u>332,677</u>	<u>1,409</u>	<u>--</u>
Restricted Assets:				
Cash and investments	--	--	--	--
Total Restricted Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 20,546</u>	<u>\$ 332,677</u>	<u>\$ 1,409</u>	<u>\$ --</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Due to other funds	12,539	--	--	332,640
Deferred revenue	--	--	--	--
Total liabilities	<u>12,539</u>	<u>--</u>	<u>--</u>	<u>332,640</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	--	--	--	--
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	8,007	332,677	1,409	(332,640)
Total fund balances	<u>8,007</u>	<u>332,677</u>	<u>1,409</u>	<u>(332,640)</u>
Total liabilities and fund balances	<u>\$ 20,546</u>	<u>\$ 332,677</u>	<u>\$ 1,409</u>	<u>\$ --</u>

Continued on Next Page

[illegible]

Capital Projects Funds						
445	446	447	448	449	450	
Spring Lake Trail	Parker	Trail Tunnel	2010 Street Reconstruction	2011 Street Reconstruction	Hwy 23 E Commercial	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	334,086
--	--	--	--	--	--	20,546
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	354,632
--	--	--	--	--	--	--
--	--	--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 354,632
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
99,229	363,738	23,593	--	--	37,245	1,411,828
--	--	--	--	--	--	--
99,229	363,738	23,593	--	--	37,245	1,411,828
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
(99,229)	(363,738)	(23,593)	--	--	(37,245)	(1,057,196)
(99,229)	(363,738)	(23,593)	--	--	(37,245)	(1,057,196)
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 354,632

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2011

Form E-1
(Continued)

	Debt Service Funds			
	525	526	527	528
	Fire	Street	Maple	Street
	Station	Construction	Avenue	Construction
	2003	2004	East	2006
ASSETS				
Cash and investments	\$ --	\$ --	\$ --	\$ --
Accounts receivable	--	--	--	--
Interest receivable	--	--	--	--
Taxes receivable - delinquent	8,029	2,370	5,648	3,550
Special assessments receivable -				
Delinquent	--	--	248,082	--
Due from other funds	113,254	19,209	138,324	40,054
Due from other governments	20,237	--	--	--
Note receivable	--	--	--	--
Prepaid insurance	--	--	--	--
Total Current Assets	<u>141,520</u>	<u>21,579</u>	<u>392,054</u>	<u>43,604</u>
Restricted Assets:				
Cash and investments	--	--	--	--
Total Restricted Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 141,520</u>	<u>\$ 21,579</u>	<u>\$ 392,054</u>	<u>\$ 43,604</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Due to other funds	--	--	--	--
Deferred revenue	6,515	1,957	242,911	2,939
Total liabilities	<u>6,515</u>	<u>1,957</u>	<u>242,911</u>	<u>2,939</u>
Fund Balances:				
Nonspendable	--	--	--	--
Restricted	135,005	19,622	149,143	40,665
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
Total fund balances	<u>135,005</u>	<u>19,622</u>	<u>149,143</u>	<u>40,665</u>
Total liabilities and fund balances	<u>\$ 141,520</u>	<u>\$ 21,579</u>	<u>\$ 392,054</u>	<u>\$ 43,604</u>

Continued on Next Page

529 Airport Eastside 2007	530 2008-2010 Street Reconstruction	531 HRA Eastwood	Total	Total Nonmajor Governmental Funds
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	39,913
--	--	--	--	--
6,122	1,456	--	27,175	27,175
278,394	--	--	526,476	526,476
133,784	168,981	294,659	908,265	1,373,235
--	--	--	20,237	40,783
--	--	--	--	--
--	--	--	--	778
418,300	170,437	294,659	1,482,153	2,008,360
--	--	--	--	30,854
--	--	--	--	30,854
\$ 418,300	\$ 170,437	\$ 294,659	\$ 1,482,153	\$ 2,039,214
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	1,443,451
282,038	1,031	292,408	829,799	829,799
282,038	1,031	292,408	829,799	2,273,250
--	--	--	--	778
136,262	169,406	2,251	652,354	652,354
--	--	--	--	--
--	--	--	--	94,517
--	--	--	--	(981,685)
136,262	169,406	2,251	652,354	(234,036)
\$ 418,300	\$ 170,437	\$ 294,659	\$ 1,482,153	\$ 2,039,214

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2011

	Special Revenue Funds			
	220	225	230	235
	Storm Water Utility	Cemetery Fund	ED Revolving Loan	TIF 1-7 EPC
REVENUES				
Property taxes	\$ --	\$ --	\$ --	\$ --
Tax increments	--	--	--	--
Special assessments	--	--	--	--
Charges for services	36,606	31,220	--	--
Intergovernmental revenue	--	--	--	--
Interest earnings	1,467	1,725	3,647	--
Miscellaneous -				
Contributions	--	--	--	--
Other	16,645	1,005	--	--
Total revenues	<u>54,718</u>	<u>33,950</u>	<u>3,647</u>	<u>--</u>
EXPENDITURES				
Public works	20,472	--	--	--
Cemetery	--	53,438	--	--
Housing development	--	--	--	--
Economic development	--	--	--	13,608
Debt service	--	--	--	--
Capital projects	92,416	--	--	--
Total expenditures	<u>112,888</u>	<u>53,438</u>	<u>--</u>	<u>13,608</u>
Excess (deficiency) of revenues over (under) expenditures	(58,170)	(19,488)	3,647	(13,608)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	--	--	--	--
Transfers in	--	12,000	--	--
Transfers out	(10,000)	(4,700)	--	--
Total other financing sources (uses)	<u>(10,000)</u>	<u>7,300</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(68,170)	(12,188)	3,647	(13,608)
Fund balances - beginning	<u>70,123</u>	<u>112,413</u>	<u>81,472</u>	<u>13,608</u>
Fund balances - ending	<u>\$ 1,953</u>	<u>\$ 100,225</u>	<u>\$ 85,119</u>	<u>\$ --</u>

Special Revenue Funds				
237	245	246	247	248
TIF 2-2 Intrepid	TIF 1-8 Torborg	TIF 1-9 CMHP	TIF 2-10 Clinic	TIF 1-11 KSB
\$ --	\$ --	\$ --	\$ --	\$ --
51,213	14,125	14,809	49,094	43,894
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
51,213	14,125	14,809	\$ 49,094	43,894
--	--	--	--	--
--	--	--	--	--
51,213	14,100	14,860	--	--
--	--	--	49,096	41,310
--	--	--	--	--
--	--	--	--	--
51,213	14,100	14,860	49,096	41,310
--	25	(51)	(2)	2,584
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	25	(51)	(2)	2,584
9,985	3,251	51	466	(17,721)
\$ 9,985	\$ 3,276	\$ --	\$ 464	\$ (15,137)

251	
TIF 1-14 HRA/Nelson	Total
\$ --	\$ --
--	173,135
--	--
--	67,826
--	--
--	6,839
--	--
4,000	21,650
4,000	269,450
--	20,472
--	53,438
--	80,173
--	104,014
--	--
--	92,416
--	350,513
4,000	(81,063)
--	--
--	12,000
--	(14,700)
--	(2,700)
4,000	(83,763)
(19,079)	254,569
\$ (15,079)	\$ 170,806

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, 2011

	Capital Project Funds			
	407	409	429	434
	Future Fire Equipment	Future Improvements	City Hall Improvements 2005	Highway 23-E
REVENUES				
Property taxes	\$ --	\$ --	\$ --	\$ --
Tax increments	--	--	--	--
Special assessments	--	--	--	--
Charges for services	--	--	--	--
Intergovernmental revenue	53,624	--	--	--
Interest earnings	--	4,781	--	--
Miscellaneous -				
Contributions	22,341	--	--	--
Other	--	39,678	--	--
Total revenues	<u>75,965</u>	<u>44,459</u>	<u>--</u>	<u>--</u>
EXPENDITURES				
Public works	--	--	--	--
Cemetery	--	--	--	--
Housing development	--	--	--	--
Economic development	--	--	--	--
Debt service	--	--	--	--
Capital projects	172	--	--	38,317
Total expenditures	<u>172</u>	<u>--</u>	<u>--</u>	<u>38,317</u>
Excess (deficiency) of revenues over (under) expenditures	75,793	44,459	--	(38,317)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	--	--	--	--
Transfers in	20,495	6,017	--	--
Transfers out	(352,956)	(62,181)	--	--
Total other financing sources (uses)	<u>(332,461)</u>	<u>(56,164)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(256,668)	(11,705)	--	(38,317)
Fund balances - beginning	<u>264,675</u>	<u>344,382</u>	<u>1,409</u>	<u>(294,323)</u>
Fund balances - ending	<u>\$ 8,007</u>	<u>\$ 332,677</u>	<u>\$ 1,409</u>	<u>\$ (332,640)</u>

Capital Projects Funds					
439 Howe Avenue Reconstruction	440 Downtown Feed Mill Redevelopment	441 Street Construction 2008	442 Airport Kastenbauer House	443 Police Station	444 Crosswind
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
34,156	--	--	--	--	84,835
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	5,600	13,000	--
<u>34,156</u>	<u>--</u>	<u>--</u>	<u>5,600</u>	<u>13,000</u>	<u>84,835</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
33,773	90	10,494	6,231	1,921	63,010
<u>33,773</u>	<u>90</u>	<u>10,494</u>	<u>6,231</u>	<u>1,921</u>	<u>63,010</u>
383	(90)	(10,494)	(631)	11,079	21,825
--	--	--	--	--	--
--	10,000	266,043	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>10,000</u>	<u>266,043</u>	<u>--</u>	<u>--</u>	<u>--</u>
383	9,910	255,549	(631)	11,079	21,825
<u>(184,686)</u>	<u>(161,381)</u>	<u>(255,549)</u>	<u>(175,255)</u>	<u>(22,269)</u>	<u>(41,819)</u>
<u>\$ (184,303)</u>	<u>\$ (151,471)</u>	<u>\$ --</u>	<u>\$ (175,886)</u>	<u>\$ (11,190)</u>	<u>\$ (19,994)</u>

Capital Projects Funds						
445	446	447	448	449	450	
Spring Lake Trail	Parker	Trail Tunnel	2010 Street Reconstruction	2011 Street Reconstruction	Hwy 23 E. Commercial	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
100,000	--	--	--	--	--	272,615
--	--	--	--	--	--	4,781
--	--	--	--	--	--	22,341
10,000	--	--	--	--	--	68,278
<u>110,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>368,015</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
25,044	--	--	--	143,384	37,245	359,681
<u>25,044</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>143,384</u>	<u>37,245</u>	<u>359,681</u>
84,956	--	--	--	(143,384)	(37,245)	8,334
--	--	--	--	--	--	--
10,000	--	--	118,539	148,978	--	580,072
--	--	--	--	--	--	(415,137)
<u>10,000</u>	<u>--</u>	<u>--</u>	<u>118,539</u>	<u>148,978</u>	<u>--</u>	<u>164,935</u>
94,956	--	--	118,539	5,594	(37,245)	173,269
<u>(194,185)</u>	<u>(363,738)</u>	<u>(23,593)</u>	<u>(118,539)</u>	<u>(5,594)</u>	<u>--</u>	<u>(1,230,465)</u>
<u>\$ (99,229)</u>	<u>\$ (363,738)</u>	<u>\$ (23,593)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (37,245)</u>	<u>\$ (1,057,196)</u>

City of Mora, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2011

	Debt Service Funds			
	525 Fire Station 2003	526 Street Construction 2004	527 Maple Avenue East	528 Street Construction 2006
REVENUES				
Property taxes	\$ 63,542	\$ 17,191	\$ 59,991	\$ 25,304
Tax increments	--	--	--	--
Special assessments	--	--	16,704	--
Charges for services	--	--	--	--
Intergovernmental revenue	52,871	--	--	--
Interest earnings	1,088	--	1,803	44
Miscellaneous -				
Contributions	--	--	--	--
Other	--	--	--	--
Total revenues	<u>117,501</u>	<u>17,191</u>	<u>78,498</u>	<u>25,348</u>
EXPENDITURES				
Public works	--	--	--	--
Cemetery	--	--	--	--
Housing development	--	--	--	--
Economic development	--	--	--	--
Debt service	112,500	17,937	79,750	26,400
Capital projects	--	--	--	--
Total expenditures	<u>112,500</u>	<u>17,937</u>	<u>79,750</u>	<u>26,400</u>
Excess (deficiency) of revenues over (under) expenditures	5,001	(746)	(1,252)	(1,052)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	--	--	--	--
Transfers in	--	--	10,000	--
Transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>10,000</u>	<u>--</u>
Net change in fund balances	5,001	(746)	8,748	(1,052)
Fund balances - beginning	<u>130,004</u>	<u>20,368</u>	<u>140,395</u>	<u>41,717</u>
Fund balances - ending	<u>\$ 135,005</u>	<u>\$ 19,622</u>	<u>\$ 149,143</u>	<u>\$ 40,665</u>

529 East Side 2007	530 2008-2010 Street Reconstrcution	531 HRA Eastwood	Total	Total Nonmajor Governmental Funds
\$ 58,996	\$ 18,127	\$ --	\$ 243,151	\$ 243,151
--	--	--	--	173,135
820	--	--	17,524	17,524
--	--	--	--	67,826
--	--	--	52,871	325,486
1,492	--	1,778	6,205	17,825
--	--	--	--	22,341
24,875	667,798	--	692,673	782,601
86,183	685,925	1,778	1,012,424	1,649,889
--	--	--	--	20,472
--	--	--	--	53,438
--	--	--	--	80,173
--	--	--	--	104,014
82,411	--	--	318,998	318,998
--	--	--	--	452,097
82,411	--	--	318,998	1,029,192
3,772	685,925	1,778	693,426	620,697
--	--	--	--	--
--	--	--	10,000	602,072
--	(533,560)	--	(533,560)	(963,397)
--	(533,560)	--	(523,560)	(361,325)
3,772	152,365	1,778	169,866	259,372
132,490	17,041	473	482,488	(493,408)
\$ 136,262	\$ 169,406	\$ 2,251	\$ 652,354	\$ (234,036)

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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, 2011

City of Mora, Minnesota
Storm Water Utility - Special Revenue Fund - 220
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Storm water fees	\$ 36,900	\$ 36,606	\$ (294)
Investment earnings	1,000	1,467	467
Miscellaneous	--	16,645	16,645
Total revenues	<u>37,900</u>	<u>54,718</u>	<u>16,818</u>
EXPENDITURES			
Professional services	3,000	4,099	(1,099)
Miscellaneous	10,030	16,373	(6,343)
Capital outlay	--	92,416	(92,416)
Total expenditures	<u>13,030</u>	<u>112,888</u>	<u>(99,858)</u>
Excess (deficiency) of revenues over (under) expenditures	24,870	(58,170)	(83,040)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	(10,000)	(10,000)	--
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>--</u>
Net change in fund balances	14,870	(68,170)	(83,040)
Fund balances - beginning	<u>70,123</u>	<u>70,123</u>	<u>--</u>
Fund balances - ending	<u>\$ 84,993</u>	<u>\$ 1,953</u>	<u>\$ (83,040)</u>

City of Mora, Minnesota
Cemetery Fund - Special Revenue Fund - 225
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interments	\$ 19,000	\$ 15,470	\$ (3,530)
Perpetual care	3,000	3,150	150
Sale of lots	12,000	12,600	600
Miscellaneous	800	1,005	205
Investment earnings	4,000	1,725	(2,275)
Total revenues	<u>38,800</u>	<u>33,950</u>	<u>(4,850)</u>
EXPENDITURES			
Professional services	6,250	5,380	(870)
Salaries	23,509	26,602	3,093
Capital outlay	12,000	14,147	2,147
Miscellaneous	7,954	7,309	(645)
Total expenditures	<u>49,713</u>	<u>53,438</u>	<u>3,725</u>
Excess (deficiency) of revenues over (under) expenditures	(10,913)	(19,488)	(8,575)
OTHER FINANCING SOURCES (USES)			
Transfers in	12,000	12,000	--
Transfers out	(4,700)	(4,700)	--
Total other financing sources (uses)	<u>7,300</u>	<u>7,300</u>	<u>--</u>
Net change in fund balances	(3,613)	(12,188)	(8,575)
Fund balances - beginning	<u>112,413</u>	<u>112,413</u>	<u>--</u>
Fund balances - ending	<u>\$ 108,800</u>	<u>\$ 100,225</u>	<u>\$ (8,575)</u>

City of Mora, Minnesota
Economic Development Revolving Loan - Special Revenue Fund - 230
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Miscellaneous	\$ --	\$ --	\$ --
Investment earnings	4,250	3,647	(603)
Total revenues	<u>4,250</u>	<u>3,647</u>	<u>(603)</u>
EXPENDITURES			
Professional services	--	--	--
Dues and subscriptions	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	4,250	3,647	(603)
Fund balances - beginning	<u>81,472</u>	<u>81,472</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 85,722</u></u>	<u><u>\$ 85,119</u></u>	<u><u>\$ (603)</u></u>

City of Mora, Minnesota
TIF 1-7 EPC - Special Revenue Fund - 235
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ --	\$ --
Investment earnings	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Economic development	--	--	--
Miscellaneous	<u>--</u>	<u>13,608</u>	<u>13,608</u>
Total expenditures	<u>--</u>	<u>13,608</u>	<u>13,608</u>
 Net change in fund balances	 --	 (13,608)	 (13,608)
 Fund balances - beginning	 <u>13,608</u>	 <u>13,608</u>	 <u>--</u>
 Fund balances - ending	 <u><u>\$ 13,608</u></u>	 <u><u>\$ --</u></u>	 <u><u>\$ (13,608)</u></u>

City of Mora, Minnesota
TIF 2-2 Intrepid - Special Revenue Fund - 237
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 51,213	\$ 51,213
Investment earnings	--	--	--
Total revenues	<u>--</u>	<u>51,213</u>	<u>51,213</u>
EXPENDITURES			
Professional services	--	2,561	2,561
Housing development	--	48,652	48,652
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>51,213</u>	<u>51,213</u>
Net changes in fund balances	--	--	--
Fund balances - beginning	<u>9,985</u>	<u>9,985</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 9,985</u></u>	<u><u>\$ 9,985</u></u>	<u><u>\$ --</u></u>

City of Mora, Minnesota
TIF 1-8 Torborg Apartments - Special Revenue Fund - 245
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 14,125	\$ 14,125
Investment earnings	--	--	--
Total revenues	<u>--</u>	<u>14,125</u>	<u>14,125</u>
EXPENDITURES			
Professional services	--	3,172	3,172
Housing development	--	10,928	10,928
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>14,100</u>	<u>14,100</u>
Net change to fund balances	--	25	25
Fund balances - beginning	<u>3,251</u>	<u>3,251</u>	<u>--</u>
Fund balances - ending	<u>\$ 3,251</u>	<u>\$ 3,276</u>	<u>\$ 25</u>

City of Mora, Minnesota
TIF 1-9 Housing CMHP - Special Revenue Fund - 246
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 14,809	\$ 14,809
Total revenues	<u>--</u>	<u>14,809</u>	<u>14,809</u>
EXPENDITURES			
Professional services	--	740	740
Housing development	--	11,577	11,577
Interest	--	--	--
Miscellaneous	--	2,543	2,543
Total expenditures	<u>--</u>	<u>14,860</u>	<u>14,860</u>
Net change to fund balances	--	(51)	(51)
Fund balances - beginning	<u>51</u>	<u>51</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 51</u></u>	<u><u>\$ --</u></u>	<u><u>\$ (51)</u></u>

City of Mora, Minnesota
TIF 2-10 Clinic - Special Revenue Fund - 247
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 49,094	\$ 49,094
Total revenues	<u> --</u>	<u>49,094</u>	<u>49,094</u>
EXPENDITURES			
Professional services	--	4,910	4,910
Economic development	--	44,186	44,186
Interest	--	--	--
Miscellaneous	<u> --</u>	<u> --</u>	<u> --</u>
Total expenditures	<u> --</u>	<u>49,096</u>	<u>49,096</u>
Net change to fund balances	--	(2)	(2)
Fund balances - beginning	<u>466</u>	<u>466</u>	<u>--</u>
Fund balances - ending	<u>\$ 466</u>	<u>\$ 464</u>	<u>\$ (2)</u>

City of Mora, Minnesota
TIF 1-11 Kanabec State Bank - Special Revenue Fund - 248
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ 43,894	\$ 43,894
Total revenues	<u>--</u>	<u>43,894</u>	<u>43,894</u>
EXPENDITURES			
Professional services	--	--	--
Economic development	--	--	--
Interest	--	--	--
Miscellaneous	<u>--</u>	<u>41,310</u>	<u>41,310</u>
Total expenditures	<u>--</u>	<u>41,310</u>	<u>41,310</u>
Net change to fund balances	--	2,584	2,584
Fund balances - beginning	<u>(28,430)</u>	<u>(17,721)</u>	<u>10,709</u>
Fund balances - ending	<u><u>\$ (28,430)</u></u>	<u><u>\$ (15,137)</u></u>	<u><u>\$ 13,293</u></u>

City of Mora, Minnesota
TIF 1-14 HRA/Nelson - Special Revenue Fund - 251
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Tax increments	\$ --	\$ --	\$ --
Misc income	--	4,000	--
Total revenues	--	4,000	--
EXPENDITURES			
Professional services	--	--	--
Economic development	--	--	--
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	--	--	--
Net change to fund balances	--	4,000	--
Fund balances - beginning	(19,079)	(19,079)	--
Fund balances - ending	<u>\$ (19,079)</u>	<u>\$ (15,079)</u>	<u>\$ --</u>

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

Capital Projects Funds
December 31, 2011

City of Mora, Minnesota
 Future Fire Equipment - Capital Projects Fund - 407
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ 53,624	\$ 53,624
Contributions	--	22,341	22,341
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>75,965</u>	<u>75,965</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	--	--
Miscellaneous	<u>--</u>	<u>172</u>	<u>172</u>
Total expenditures	<u>--</u>	<u>172</u>	<u>172</u>
Excess (deficiency) of revenues over (under) expenditures	--	75,793	75,793
OTHER FINANCING SOURCES (USES)			
Transfers in	--	20,495	20,495
Transfers out	<u>--</u>	<u>(352,956)</u>	<u>(352,956)</u>
Total other financing sources (uses)	<u>--</u>	<u>(332,461)</u>	<u>(332,461)</u>
Net change in fund balances	--	(256,668)	(256,668)
Fund balances - beginning	<u>203,152</u>	<u>264,675</u>	<u>61,523</u>
Fund balances - ending	<u>\$ 203,152</u>	<u>\$ 8,007</u>	<u>\$ (195,145)</u>

City of Mora, Minnesota
 Future Improvements - Capital Projects Fund - 409
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Interest earnings	--	4,781	4,781
Miscellaneous	--	39,678	39,678
Total revenues	<u>--</u>	<u>44,459</u>	<u>44,459</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	--	44,459	44,459
OTHER FINANCING SOURCES (USES)			
Transfers in	--	6,017	6,017
Transfers out	<u>--</u>	<u>(62,181)</u>	<u>(62,181)</u>
Total other financing sources (uses)	<u>--</u>	<u>(56,164)</u>	<u>(56,164)</u>
Net change in fund balances	--	(11,705)	(11,705)
Fund balances - beginning	<u>344,382</u>	<u>344,382</u>	<u>--</u>
Fund balances - ending	<u>\$ 344,382</u>	<u>\$ 332,677</u>	<u>\$ (11,705)</u>

City of Mora, Minnesota
City Hall Improvements 2005 - Capital Projects Fund - 429
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Interest earnings	--	--	--
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>1,409</u>	<u>1,409</u>	<u>--</u>
Fund balances - ending	<u>\$ 1,409</u>	<u>\$ 1,409</u>	<u>\$ --</u>

City of Mora, Minnesota
Highway 23-E - Capital Project Fund - 434
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	38,317	38,317
Miscellaneous	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>38,317</u>	<u>38,317</u>
Excess (deficiency) of revenues over (under) expenditures	--	(38,317)	(38,317)
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	--	(38,317)	(38,317)
Fund balances - beginning	<u>(294,323)</u>	<u>(294,323)</u>	<u>--</u>
Fund balances - ending	<u>\$ (294,323)</u>	<u>\$ (332,640)</u>	<u>\$ (38,317)</u>

City of Mora, Minnesota
 Howe Avenue Reconstruction - Capital Project Fund - 439
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Special assessments	\$ --	\$ 34,156	\$ 34,156
Miscellaneous	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>34,156</u>	<u>34,156</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	33,773	33,773
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>33,773</u>	<u>33,773</u>
Excess (deficiency) of revenues over (under) expenditures	--	383	383
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	383	383
Fund balances - beginning	<u>(184,686)</u>	<u>(184,686)</u>	<u>--</u>
Fund balances - ending	<u>\$ (184,686)</u>	<u>\$ (184,303)</u>	<u>\$ 383</u>

City of Mora, Minnesota
Downtown Feed Mill Redevelopment - Capital Project Fund - 440
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	90	90
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>90</u>	<u>90</u>
Excess (deficiency) of revenues over (under) expenditures	--	(90)	(90)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	10,000	10,000
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balances	--	9,910	9,910
Fund balances - beginning	<u>(161,381)</u>	<u>(161,381)</u>	<u>--</u>
Fund balances - ending	<u>\$ (161,381)</u>	<u>\$ (151,471)</u>	<u>\$ 9,910</u>

City of Mora, Minnesota
 Street Construction 2008 - Capital Project Fund - 441
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	10,494	10,494
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>10,494</u>	<u>10,494</u>
Excess (deficiency) of revenues over (under) expenditures	--	(10,494)	(10,494)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	266,043	266,043
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>266,043</u>	<u>266,043</u>
Net change in fund balances	--	255,549	255,549
Fund balances - beginning	<u>(255,549)</u>	<u>(255,549)</u>	<u>--</u>
Fund balances - ending	<u>\$ (255,549)</u>	<u>\$ --</u>	<u>\$ 255,549</u>

City of Mora, Minnesota
 Airport Kastenbauer House - Capital Project Fund - 442
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	5,600	5,600
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>5,600</u>	<u>5,600</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	540	540
Miscellaneous	--	5,691	5,691
Total expenditures	<u>--</u>	<u>6,231</u>	<u>6,231</u>
Excess (deficiency) of revenues over (under) expenditures	--	(631)	(631)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(631)	(631)
Fund balances - beginning	<u>(175,255)</u>	<u>(175,255)</u>	<u>--</u>
Fund balances - ending	<u>\$ (175,255)</u>	<u>\$ (175,886)</u>	<u>\$ (631)</u>

City of Mora, Minnesota
 Police Station - Capital Project Fund - 443
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	13,000	13,000
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>13,000</u>	<u>13,000</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	1,921	1,921
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>1,921</u>	<u>1,921</u>
Excess (deficiency) of revenues over (under) expenditures	--	11,079	11,079
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	11,079	11,079
Fund balances - beginning	<u>(22,269)</u>	<u>(22,269)</u>	<u>--</u>
Fund balances - ending	<u>\$ (22,269)</u>	<u>\$ (11,190)</u>	<u>\$ 11,079</u>

City of Mora, Minnesota
 Crosswind - Capital Project Fund - 444
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ 84,835	\$ 84,835
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>84,835</u>	<u>84,835</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	63,010	63,010
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>63,010</u>	<u>63,010</u>
Excess (deficiency) of revenues over (under) expenditures	--	21,825	21,825
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	21,825	21,825
Fund balances - beginning	<u>(41,819)</u>	<u>(41,819)</u>	<u>--</u>
Fund balances - ending	<u>\$ (41,819)</u>	<u>\$ (19,994)</u>	<u>\$ 21,825</u>

City of Mora, Minnesota
Spring Lake Trail - Capital Project Fund - 445
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ 100,000	\$ 100,000
Miscellaneous	--	10,000	10,000
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>110,000</u>	<u>110,000</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	25,044	25,044
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>25,044</u>	<u>25,044</u>
Excess (deficiency) of revenues over (under) expenditures	--	84,956	84,956
OTHER FINANCING SOURCES (USES)			
Transfers in	--	10,000	10,000
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balances	--	94,956	94,956
Fund balances - beginning	<u>(194,185)</u>	<u>(194,185)</u>	<u>--</u>
Fund balances - ending	<u>\$ (194,185)</u>	<u>\$ (99,229)</u>	<u>\$ 94,956</u>

City of Mora, Minnesota
Parker - Capital Project Fund - 446
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
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>(363,738)</u>	<u>(363,738)</u>	<u>--</u>
Fund balances - ending	<u>\$ (363,738)</u>	<u>\$ (363,738)</u>	<u>\$ --</u>

City of Mora, Minnesota
Trail Tunnel - Capital Project Fund - 447
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
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>(23,593)</u>	<u>(23,593)</u>	<u>--</u>
Fund balances - ending	<u>\$ (23,593)</u>	<u>\$ (23,593)</u>	<u>\$ --</u>

City of Mora, Minnesota
 2010 Street Reconstruction - Capital Project Fund - 448
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
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	--	118,539	118,539
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>118,539</u>	<u>118,539</u>
Net change in fund balances	--	118,539	118,539
Fund balances - beginning	<u>(118,539)</u>	<u>(118,539)</u>	<u>--</u>
Fund balances - ending	<u>\$ (118,539)</u>	<u>\$ --</u>	<u>\$ 118,539</u>

City of Mora, Minnesota
 2011 Street Reconstruction - Capital Project Fund - 449
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	143,384	143,384
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>143,384</u>	<u>143,384</u>
Excess (deficiency) of revenues over (under) expenditures	--	(143,384)	(143,384)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	148,978	148,978
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>148,978</u>	<u>148,978</u>
Net change in fund balances	--	5,594	5,594
Fund balances - beginning	<u>(5,594)</u>	<u>(5,594)</u>	<u>--</u>
Fund balances - ending	<u>\$ (5,594)</u>	<u>\$ --</u>	<u>\$ 5,594</u>

City of Mora, Minnesota
Hwy 23 E. Commercial Losts - Capital Project Fund - 450
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ --	\$ --	\$ --
Miscellaneous	--	--	--
Contributions	--	--	--
Interest earnings	--	--	--
Total revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES			
Professional services	--	--	--
Capital projects	--	37,245	37,245
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>37,245</u>	<u>37,245</u>
Excess (deficiency) of revenues over (under) expenditures	--	(37,245)	(37,245)
OTHER FINANCING SOURCES (USES)			
Transfers in	--	--	--
Transfers out	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	(37,245)	(37,245)
Fund balances - beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ (37,245)</u>	<u>\$ (37,245)</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, 2011

City of Mora, Minnesota
 Fire Station 2003 - Debt Service Fund - 525
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 68,669	\$ 63,542	\$ (5,127)
intergovernmental revenues	52,871	52,871	--
Interest earnings	2,000	1,088	(912)
Total revenues	<u>123,540</u>	<u>117,501</u>	<u>(6,039)</u>
EXPENDITURES			
Principal	80,000	80,000	--
Interest	32,150	32,150	--
Miscellaneous	425	350	(75)
Total expenditures	<u>112,575</u>	<u>112,500</u>	<u>(75)</u>
Excess (deficiency) of revenues over (under) expenditures	10,965	5,001	(5,964)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	10,965	5,001	(5,964)
Fund balances - beginning	<u>130,004</u>	<u>130,004</u>	<u>--</u>
Fund balances - ending	<u>\$ 140,969</u>	<u>\$ 135,005</u>	<u>\$ (5,964)</u>

City of Mora, Minnesota
 Street Construction 2004 - Debt Service Fund - 526
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 18,480	\$ 17,191	\$ (1,289)
Interest earnings	200		(200)
Total revenues	<u>18,680</u>	<u>17,191</u>	<u>(1,489)</u>
EXPENDITURES			
Principal	15,000	15,000	--
Interest	2,900	2,900	--
Miscellaneous	--	37	37
Total expenditures	<u>17,900</u>	<u>17,937</u>	<u>37</u>
Excess (deficiency) of revenues over (under) expenditures	780	(746)	(1,526)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	780	(746)	(1,526)
Fund balances - beginning	<u>20,368</u>	<u>20,368</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 21,148</u></u>	<u><u>\$ 19,622</u></u>	<u><u>\$ (1,526)</u></u>

City of Mora, Minnesota
Maple Avenue East - Debt Service Fund - 527
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 50,126	\$ 59,991	\$ 9,865
Special assessments	26,000	16,704	(9,296)
Interest earnings	2,000	1,803	(197)
Total revenues	<u>78,126</u>	<u>78,498</u>	<u>372</u>
EXPENDITURES			
Principal	40,000	40,000	--
Interest	39,400	39,400	--
Miscellaneous	375	350	(25)
Total expenditures	<u>79,775</u>	<u>79,750</u>	<u>(25)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,649)	(1,252)	397
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	10,000	10,000	--
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>--</u>
Net change in fund balances	8,351	8,748	397
Fund balances - beginning	<u>140,395</u>	<u>140,395</u>	<u>--</u>
Fund balances - ending	<u>\$ 148,746</u>	<u>\$ 149,143</u>	<u>\$ 397</u>

City of Mora, Minnesota
 Street Construction 2006 - Debt Service Fund - 528
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 27,300	\$ 25,304	\$ (1,996)
Interest earnings	1,000	44	(956)
Total revenues	<u>28,300</u>	<u>25,348</u>	<u>(2,952)</u>
EXPENDITURES			
Principal	20,000	20,000	--
Interest	6,400	6,400	--
Miscellaneous	--	--	--
Total expenditures	<u>26,400</u>	<u>26,400</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	1,900	(1,052)	(2,952)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	1,900	(1,052)	(2,952)
Fund balances - beginning	<u>41,717</u>	<u>41,717</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 43,617</u></u>	<u><u>\$ 40,665</u></u>	<u><u>\$ (2,952)</u></u>

Eastside 2007 - Debt Service Fund - 529
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 59,432	\$ 58,996	\$ (436)
Special assessments	22,200	820	(21,380)
Interest earnings	2,000	1,492	(508)
Miscellaneous	--	24,875	24,875
Total revenues	83,632	86,183	2,551
EXPENDITURES			
Principal	45,500	45,500	--
Interest	36,486	36,486	--
Miscellaneous	450	425	(25)
Total expenditures	82,436	82,411	(25)
Excess (deficiency) of revenues over (under) expenditures	1,196	3,772	2,576
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	--	--	--
Total other financing sources (uses)	--	--	--
Net change in fund balances	1,196	3,772	2,576
Fund balances - beginning	132,490	132,490	--
Fund balances - ending	\$ 133,686	\$ 136,262	\$ 2,576

City of Mora, Minnesota
 2008 - 2010 Street Reconstruction - Debt Service Fund - 530
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 20,000	\$ 18,127	\$ (1,873)
Investment earnings	--	667,798	667,798
Total revenues	<u>20,000</u>	<u>685,925</u>	<u>665,925</u>
EXPENDITURES			
Principal	--	--	--
Interest	19,830	--	(19,830)
Fiscal agent fees	425	--	(425)
Total expenditures	<u>20,255</u>	<u>--</u>	<u>(20,255)</u>
Excess (deficiency) of revenues over (under) expenditures	(255)	685,925	686,180
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	--	(533,560)	(533,560)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(533,560)</u>	<u>(533,560)</u>
Net change in fund balances	(255)	152,365	152,620
Fund balances - beginning	<u>17,041</u>	<u>17,041</u>	<u>--</u>
Fund balances - ending	<u><u>\$ 16,786</u></u>	<u><u>\$ 169,406</u></u>	<u><u>\$ 152,620</u></u>

City of Mora, Minnesota
HRA Eastwood - Debt Service Fund - 531
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ --	\$ --	\$ --
Special assessments	--	--	--
Investment earnings	--	1,778	1,778
Total revenues	<u>--</u>	<u>1,778</u>	<u>1,778</u>
EXPENDITURES			
Principal	--	--	--
Interest	--	--	--
Miscellaneous	--	--	--
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	--	1,778	1,778
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	--	1,778	--
Fund balances - beginning	<u>--</u>	<u>473</u>	<u>473</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ 2,251</u>	<u>\$ 473</u>

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

Enterprise Funds
December 31, 2011

City of Mora, Minnesota
Municipal Liquor Store - Enterprise Fund - 609
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 2,983,500	\$ 2,642,864	\$ 340,636
Less cost of goods sold	\$ (2,263,000)	\$ (1,961,735)	\$ (301,265)
Total Operating Revenues	<u>720,500</u>	<u>681,129</u>	<u>39,371</u>
Operating Expenses:			
Employee services	209,973	241,887	(31,914)
Supplies	30,600	24,256	6,344
Other services and charges	168,020	182,051	(14,031)
Depreciation	<u>66,000</u>	<u>65,390</u>	<u>610</u>
Total Operating Expenses	<u>474,593</u>	<u>513,584</u>	<u>(38,991)</u>
Operating Income (Loss)	245,907	167,545	(78,362)
Add: Non-Operating Revenues:			
Commissions	400	1,428	1,028
Interest earned	2,000	6,604	4,604
Miscellaneous	<u>2,000</u>	<u>1,208</u>	<u>(792)</u>
Total Non-Operating Revenues	<u>4,400</u>	<u>9,240</u>	<u>4,840</u>
Income before Transfers	250,307	176,785	(73,522)
Transfers:			
Transfers in (out)	<u>(270,000)</u>	<u>(270,000)</u>	<u>--</u>
Total Transfers	<u>(270,000)</u>	<u>(270,000)</u>	<u>--</u>
Net Income (Loss)	(19,693)	(93,215)	(73,522)
Net Assets, January 1	<u>671,817</u>	<u>671,817</u>	<u>--</u>
Net Assets, December 31	<u>\$ 652,124</u>	<u>\$ 578,602</u>	<u>\$ (73,522)</u>

City of Mora, Minnesota
Electric Utility Fund - Enterprise Fund - 651
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 4,627,000	\$ 4,827,516	\$ (200,516)
Total Operating Revenues	<u>4,627,000</u>	<u>4,827,516</u>	<u>(200,516)</u>
Operating Expenses:			
Cost of sales	4,342,275	4,293,066	49,209
Employee services	327,758	307,510	20,248
Supplies	5,750	15,593	(9,843)
Other services & charges	387,558	379,759	7,799
Depreciation	<u>176,000</u>	<u>140,481</u>	<u>35,519</u>
Total Operating Expenses	<u>5,239,341</u>	<u>5,136,409</u>	<u>102,932</u>
Operating Income (Loss)	(612,341)	(308,893)	(303,448)
Add: Non-Operating Revenues and Expenses:			
Miscellaneous expenses	(30,000)	(30,000)	--
Commissions	--	--	--
Discounts earned	--	--	--
Interest earned	160,000	141,456	18,544
Gain on sale of fixed assets	--	3,481	(3,481)
Miscellaneous - wage & power plant reimbursement	<u>382,653</u>	<u>436,411</u>	<u>(53,758)</u>
Total Non-Operating Revenues	<u>512,653</u>	<u>551,348</u>	<u>(38,695)</u>
Income before Transfers	(99,688)	242,455	(342,143)
Transfers and other expenses:			
Transfers in (out)	<u>--</u>	<u>--</u>	<u>--</u>
Total Transfers	<u>--</u>	<u>--</u>	<u>--</u>
Net Income (Loss)	(99,688)	242,455	(342,143)
Net Assets, January 1	<u>7,895,100</u>	<u>7,895,100</u>	<u>--</u>
Net Assets, December 31	<u>\$ 7,795,412</u>	<u>\$ 8,137,555</u>	<u>\$ (342,143)</u>

City of Mora, Minnesota
Water Utility Fund - Enterprise Fund - 652
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 558,750	\$ 539,339	\$ 19,411
Total Operating Revenues	<u>558,750</u>	<u>539,339</u>	<u>19,411</u>
Operating Expenses:			
Cost of sales	--	--	--
Employee services	224,873	208,247	16,626
Supplies	64,130	71,158	(7,028)
Other services & charges	166,123	117,976	48,147
Depreciation	<u>209,000</u>	<u>208,780</u>	<u>220</u>
Total Operating Expenses	<u>664,126</u>	<u>606,161</u>	<u>57,965</u>
Operating Income (Loss)	(105,376)	(66,822)	(38,554)
Add: Non-Operating Revenues:			
Special assessments	2,100	3,908	(1,808)
Discounts earned	--	--	--
Interest earned	20,000	24,502	(4,502)
Gain on sale of fixed assets	--	1,200	(1,200)
Miscellaneous	<u>2,000</u>	<u>2,871</u>	<u>(871)</u>
Total Non-Operating Revenues	<u>24,100</u>	<u>32,481</u>	<u>(8,381)</u>
Income before Operating Transfers	(81,276)	(34,341)	(46,935)
Operating Transfers:			
Transfers in	--	--	--
Transfers (out)	<u>--</u>	<u>--</u>	<u>--</u>
Total Operating Transfers	<u>--</u>	<u>--</u>	<u>--</u>
Net Income (Loss)	(81,276)	(34,341)	(46,935)
Net Assets, January 1	<u>3,516,380</u>	<u>3,516,380</u>	<u>--</u>
Net Assets, December 31	<u>\$ 3,435,104</u>	<u>\$ 3,482,039</u>	<u>\$ (46,935)</u>

City of Mora, Minnesota
Wastewater Utility Fund - Enterprise Fund - 653
Schedule of Revenues, Expenditures, and Changes in Net Assets-Budget and Actual
For the Year Ended December 31, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 752,000	\$ 746,177	\$ 5,823
Total Operating Revenues	<u>752,000</u>	<u>746,177</u>	<u>5,823</u>
Operating Expenses:			
Employee services	293,037	282,643	10,394
Supplies	104,530	114,587	(10,057)
Other services and charges	159,531	156,593	2,938
Depreciation	250,000	253,361	(3,361)
Total Operating Expenses	<u>807,098</u>	<u>807,184</u>	<u>(86)</u>
Operating Income (Loss)	(55,098)	(61,007)	5,909
Add: Non-Operating Revenues:			
Special assessments	7,900	7,184	716
Discounts earned	--	--	--
Interest earned	30,000	23,573	6,427
Gain on sale of fixed assets	--	1,320	(1,320)
Miscellaneous	34,910	2,547	32,363
Total Non-Operating Revenues	<u>72,810</u>	<u>34,624</u>	<u>38,186</u>
Income before Operating Transfers	17,712	(26,383)	44,095
Operating Transfers:			
Transfers in	--	--	--
Transfers (out)	--	--	--
Total Operating Transfers	<u>--</u>	<u>--</u>	<u>--</u>
Net Income (Loss)	17,712	(26,383)	44,095
Net Assets, January 1	<u>3,621,548</u>	<u>3,621,548</u>	<u>--</u>
Net Assets, December 31	<u>\$ 3,639,260</u>	<u>\$ 3,595,165</u>	<u>\$ 44,095</u>

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011

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>
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
2008	2,267,126	243,060	270,000	761,487
2009	2,383,815	255,822	270,000	747,309
2010	2,506,404	194,508	270,000	671,817
2011	2,641,618	175,539	270,000	578,602

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>
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
2008	4,644,804	411,128	--	20,000	7,325,138
2009	4,584,541	322,752	--	--	7,647,890
2010	4,822,950	247,210	--	--	7,895,100
2011	4,827,516	242,455	--	--	8,137,555

City of Mora, Minnesota

Electric Utility Fund
 Schedule of Services, Billing, KWH, and Revenues per KWH
 For the Year Ended December 31, 2011

	Service	Amount	KWH	Revenues KWH
City Residential	1,480	\$ 1,084,873	10,271,995	0.1056
Rural Residential	107	126,592	1,214,485	0.1042
Small Commercial	204	673,963	6,976,987	0.0966
Large Commercial	28	1,078,848	12,396,644	0.0870
Industrial	4	1,703,339	21,897,040	0.0778
Government	27	73,856	1,122,804	0.0658
Street Lights	N/A	30,513	330,998	0.0922
Security Lights	N/A	18,078	77,958	0.2319
Wind Power	N/A	2,424	N/A	--
Total Retail Sales	1,850	\$ 4,792,486	54,288,911	0.0883
Cost of Power:				
Purchased Power		\$ 3,089,064		
Cost per KWH Sold		0.056900		
Total KWH Purchased		57,916,177		
Less: Station Power		(506,727)		
Net KWH to Feeders		57,409,450		
Less: Total Retail Sales		(54,288,911)		
Line Loss	5.45%	\$ 3,120,539		

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

<u>Year</u>	<u>Gross Sales</u>	<u>Income Before Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Assets</u>
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
2008	442,940	(24,556)	--	--	3,405,390
2009	504,535	70,186	--	--	3,475,576
2010	551,411	40,804	--	--	3,516,380
2011	539,339	(34,341)	--	--	3,482,039

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>
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 *
2008	795,073	145,017	--	--	3,454,975
2009	779,758	89,380	--	--	3,544,355
2010	815,205	77,193	--	--	3,621,548
2011	746,177	(26,383)	--	--	3,595,165

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

CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011

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)

Table 1

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

	Fiscal Year*					
	2006	2007	2008	2009	2010	2011
Governmental Activities						
Invested in capital assets, net of related debt	\$ 5,587,118	\$ 9,049,016	\$ 8,457,166	\$ 9,194,864	\$ 9,599,168	\$ 9,077,983
Restricted	693,843	387,763	434,461	243,525	589,192	746,871
Unrestricted	1,092,618	923,873	799,883	399,933	(64,312)	213,740
Total governmental activities net assets	7,373,579	10,360,652	9,691,510	9,838,322	10,124,048	10,038,594
Business-type activities						
Invested in capital assets, net of related debt	8,636,906	8,349,640	7,022,525	7,473,809	5,878,027	7,569,240
Restricted	--	--	2,023,921	2,005,897	2,067,870	2,067,870
Unrestricted	6,206,235	6,112,701	5,900,544	5,935,424	7,760,194	6,156,251
Total business-type activities net assets	14,843,141	14,462,341	14,946,990	15,415,130	15,706,091	15,793,361
Total Primary Government	\$ 22,216,720	\$ 24,822,993	\$ 24,638,500	\$ 25,253,452	\$ 25,830,139	\$ 25,831,955

* Previous years data not available.

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

Table 2

	Fiscal Year*					
	2006	2007	2008	2009	2010	2011
Governmental Activities						
General government	\$ 428,118	\$ 495,842	\$ 509,568	\$ 521,710	\$ 482,961	\$ 514,691
Public safety	368,624	880,843	968,290	993,186	885,754	1,340,101
Public works	37,276	649,551	726,335	1,005,869	880,659	899,165
Cemetery	19,715	48,595	72,685	66,702	54,568	58,501
Culture and recreation	205,117	279,803	326,874	224,822	247,197	327,637
Housing and economic development	239,505	189,464	228,581	183,266	64,152	(56,110)
Capital projects	336,546	(1,029)	1,280,120	(206,895)	(122,296)	111,995
Miscellaneous	--	--	--	--	--	--
Interest on long term debt	132,833	103,365	125,864	124,586	138,026	827,341
Total governmental activities expenditures	1,767,734	2,646,434	4,238,317	2,913,246	2,631,021	4,023,321
Business-type activities						
Liquor	1,985,734	1,977,770	2,046,371	2,153,910	2,324,242	2,475,319
Electric	4,551,322	5,397,147	5,031,885	4,881,937	5,168,762	5,166,409
Water	429,607	496,699	558,998	528,492	552,514	606,161
Wastewater	615,184	656,818	717,145	790,109	787,295	807,184
Total business-type activities expenses	7,581,847	8,528,434	8,354,399	8,354,448	8,832,813	9,055,073
Total primary government expenses	9,349,581	11,174,868	12,592,716	11,267,694	11,463,834	13,078,394
Program Revenues						
Governmental activities						
Charges for services:						
General government	1,117,369	942,471	798,197	670,879	427,318	673,684
Public safety	--	--	--	97,331	179,246	64,149
Public works	--	--	--	45,952	46,846	--
Cemetery	--	--	73,929	42,440	33,475	--
Culture and recreation	--	--	116,962	104,203	126,918	--
Housing & economic development	--	--	--	50	33,729	--
Operating grants and contributions	1,169,152	2,828,888	1,520,293	1,007,007	939,449	1,305,081
Capital grants and contributions	--	--	--	--	42,385	--
Total governmental activities program revenues	2,286,521	3,771,359	2,509,381	1,967,862	1,829,366	2,042,914
Business-type activities						
Charges for services						
Liquor	2,239,951	2,230,868	2,271,548	2,390,937	2,509,291	2,645,500
Electric	5,094,489	5,367,985	5,283,769	5,026,367	5,288,455	5,267,408
Water	475,504	481,330	489,423	541,726	557,885	547,318
Wastewater	762,235	844,683	814,478	826,516	833,067	757,228
Total business-type activities program revenues	8,572,179	8,924,866	8,859,218	8,785,546	9,188,698	9,217,454
Total primary government program revenues	10,858,700	12,696,225	11,368,599	10,753,408	11,018,064	11,260,368
Net Revenue (Expense)						
Governmental activities	518,787	1,124,925	(1,728,936)	(945,384)	(801,655)	(1,980,407)
Business-type activities	960,332	396,432	504,819	431,098	355,885	162,381
Total primary government net expense	\$ 1,479,119	\$ 1,521,357	\$ (1,224,117)	\$ (514,286)	\$ (445,770)	\$ (1,818,026)

* Previous years data not available.

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

Table 2
(Continued)

	Fiscal Year*					
	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes						
Property taxes	\$ 479,292	\$ 504,338	\$ 545,600	\$ 592,363	\$ 535,245	\$ 576,629
Franchise taxes						
Tax increments	135,836	133,876	135,418	169,466	191,721	174,918
Gain on sale of capital assets	23,000	2,665	1,270	2,320	1,439	163,858
Unrestricted grants and contributions						
Payments in lieu of taxes						
Investment earnings	47,997	124,755	116,099	81,049	88,976	41,750
Miscellaneous				(20,000)	--	667,798
Transfers	984,152	(86,486)	290,000	270,000	270,000	270,000
Total governmental activities	1,670,277	679,148	1,088,387	1,095,198	1,087,381	1,894,953
Business-type activities						
Investment earnings	227,299	321,282	269,830	337,042	235,076	196,135
Miscellaneous	--	--	--	(30,000)	(30,000)	--
Transfers	(984,152)	86,486	(290,000)	(270,000)	(270,000)	(270,000)
Total business-type activities	(756,853)	407,768	(20,170)	37,042	(64,924)	(73,865)
Total primary government	913,424	1,086,916	1,068,217	1,132,240	1,022,457	1,821,088
Changes in Net Assets						
Governmental activities	2,795,202	679,148	1,088,387	1,095,198	1,087,381	1,894,953
Business-type activities	(360,421)	407,768	(20,170)	37,042	(64,924)	(73,865)
Prior period adjustment	--	--	--	--	--	--
Total primary government	\$ 2,434,781	\$ 1,086,916	\$ 1,068,217	\$ 1,132,240	\$ 1,022,457	\$ 1,821,088

* Previous years data not available.

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

Table 3

	Fiscal Year*					
	2006	2007	2008	2009	2010	2011
General Fund						
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	759,788	899,082	930,747	987,173	1,015,273	1,055,865
Total general fund	759,788	899,082	930,747	987,173	1,015,273	1,055,865
All Other Governmental Funds						
Reserved	94,324	96,534	100,314	103,914	106,704	94,517
Unreserved, reported in:						
Special revenue funds	168,355	157,727	137,444	142,587	147,863	76,289
Capital project funds	248,714	(18,919)	(28,736)	(595,785)	(1,230,467)	(1,057,196)
Debt service funds	599,519	293,229	334,147	139,611	482,488	652,354
Total all other governmental funds	1,110,912	528,571	543,169	(209,673)	(493,412)	(234,036)
Total all governmental funds	\$ 1,870,700	\$ 1,427,653	\$ 1,473,916	\$ 777,500	\$ 521,861	\$ 821,829

* Previous years data not available.

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

Table 4

	Fiscal Year*					
	2006	2007	2008	2009	2010	2011
Revenues						
Property taxes	\$ 479,292	\$ 504,338	\$ 545,600	\$ 592,363	\$ 535,245	\$ 559,105
Tax increments	135,836	133,876	135,418	169,466	191,721	174,918
Licenses & permits	65,810	73,975	80,946	53,097	29,949	42,635
Special assessments	110,450	77,964	172,510	(43,299)	84,052	17,524
Intergovernmental	1,169,152	2,828,888	1,347,783	945,504	966,409	1,310,090
Charges for services	331,094	448,959	732,639	620,280	341,153	673,684
Fines	40,614	47,854	58,541	33,709	21,943	21,514
Investment earnings	47,997	124,755	116,099	81,049	123,334	41,750
Other revenues	274,490	296,384	118,232	357,891	352,940	826,647
Total revenues	2,654,735	4,536,993	3,307,768	2,810,060	2,646,746	3,667,867
Expenditures						
General government	521,072	463,645	484,113	475,954	505,796	485,693
Public safety	688,003	804,374	887,682	848,291	870,618	1,225,978
Public works	398,490	371,848	433,600	479,673	457,389	539,545
Cemetery	36,523	36,521	59,957	43,824	48,790	53,438
Culture and recreation	255,546	275,778	322,631	217,196	252,742	268,377
Housing and economic development	239,505	189,464	219,971	168,014	172,578	80,173
Capital projects	1,135,542	2,476,495	1,237,951	1,111,316	527,375	556,111
Miscellaneous	46,057	62,914	1,008,374	58,525	--	109,590
Debt service						
Principal	437,982	135,000	140,000	195,500	212,833	200,500
Interest & other expenditures	49,851	77,515	97,235	127,590	124,265	118,498
Total expenditures	3,808,571	4,893,554	4,891,514	3,725,883	3,172,386	3,637,903
Excess of revenues over (under) expenditures	(1,153,836)	(356,561)	(1,583,746)	(915,823)	(525,640)	29,964
Other Financing Sources (Uses)						
Proceeds from borrowing	1,787,911	--	1,337,249	--	--	--
Miscellaneous	--	--	--	(20,000)	--	--
Transfers in	391,408	438,823	1,103,716	391,408	421,724	1,275,209
Transfers out	(121,408)	(525,309)	(810,957)	(121,408)	(151,724)	(1,005,209)
Total other financing sources (uses)	2,057,911	(86,486)	1,630,008	250,000	270,000	270,000
Net change in fund balances	\$ 904,075	\$ (443,047)	\$ 46,262	\$ (665,823)	\$ (255,640)	\$ 299,964
Debt service as a percentage of non-capital expenditures	18.3%	8.8%	6.5%	12.4%	12.7%	10.4%

* 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 Tax Capacity of Taxable Property	Total Direct Tax Rate
2002	74,512,200	22,569,100	*	NA	97,081,300	1,233,697	30.800%
2003	84,991,500	23,863,000	*	NA	108,854,500	1,337,151	28.437%
2004	99,128,700	29,445,900	*	NA	128,574,600	1,573,876	27.045%
2005	104,276,300	32,735,400	*	NA	137,011,700	1,865,812	23.888%
2006	113,236,200	36,692,000	*	NA	149,928,200	1,979,692	25.423%
2007	127,839,600	28,845,500	8,299,000	23,218,000	156,685,100	2,132,536	24.852%
2008	131,635,700	29,678,700	8,389,000	23,747,400	193,450,800	2,228,546	25.982%
2009	132,458,400	31,618,900	8,343,800	24,602,800	197,023,900	2,316,294	26.817%
2010	145,936,500	33,040,700	8,339,700	6,702,600	194,019,500	2,128,231	27.336%
2011	133,890,500	31,354,500	7,891,100	4,617,000	177,753,100	1,974,492	29.465%

Figures from Kanabec County Assessor

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			
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
2008	17.173	8.809	25.982	14.911	73.333	0.151	114.377
2009	16.574	10.243	26.817	15.540	74.595	0.150	117.102
2010	15.946	11.390	27.336	15.999	74.510	0.155	118.000
2011	17.107	12.358	29.465	17.347	80.318	0.175	127.305

Table 7

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

Taxpayer	2011			2002		
	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity
Engineered Polymers	\$ 58,240	1	2.95%	\$ 64,956	1	8.28%
Living Services Foundation	48,563	2	2.46%	20,284	4	1.62%
Kanabec State Bank	44,982	3	2.28%			
Kanabec County	43,418	4	2.20%			
Gorham Housing Partners	41,124	5	2.08%	42,732	2	3.32%
Minmor (Fingerhut)	33,488	6	1.70%	33,834	3	3.81%
Greater MN Credit Union	32,982	7	1.67%			
Coborn's	32,522	8	1.65%	17,790	5	1.55%
Daniel G. Kamin	16,484	9	0.83%			
Living Solutions II	15,794	10	0.80%			
Total	\$ 367,597		18.62%	\$ 179,596		15.64%
Total Net Tax Capacity	\$ 1,974,492			\$ 1,147,991		

Figures from the Kanabec County Assessor

Table 8

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

Fiscal Year	General Fund Levy	Debt Service Levy	Taxes Levied for Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
				Amount	Percentage of Levy		Amount	Percentage of Levy	
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%	19,823	404,282	100.00%	--
2005	207,228	203,112	410,340	384,438	93.69%	25,788	410,226	99.97%	114
2006	261,991	208,524	470,515	451,726	96.01%	18,555	470,281	99.95%	234
2007	333,850	166,866	500,716	484,649	96.79%	14,863	499,512	99.76%	1,204
2008	362,312	185,838	548,150	514,486	93.86%	22,708	537,194	98.00%	10,956
2009	359,565	222,222	581,787	546,087	93.86%	22,611	568,698	97.75%	13,089
2010	339,376	242,411	581,787	543,800	93.47%	20,921	564,721	97.07%	17,066
2011	337,780	244,007	581,787	555,633	95.50%	NA	555,633	95.50%	26,154

*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 Government Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Equipment Certificates	Electric Bonds	Water Bonds	Wastewater Bonds			
2002	--	120,000	70,000	540,000	107,000	1,945,000	2,782,000	3.7%	842
2003	1,405,000	100,000	35,000	--	880,500	4,187,500	6,608,000	8.4%	1,932
2004	1,405,000	75,000	--	--	844,500	2,417,500	4,742,000	5.6%	1,377
2005	1,310,000	50,000	--	--	807,500	2,212,500	4,380,000	4.9%	1,230
2006	1,560,000	1,500,000	--	--	807,500	1,992,500	5,860,000	6.4%	1,642
2007	1,450,000	1,475,000	--	--	790,000	1,755,000	5,470,000	5.4%	1,533
2008	1,345,000	2,815,000	--	--	781,000	1,516,000	6,457,000	6.0%	1,746
2009	1,225,000	2,705,000	--	--	771,500	1,271,500	5,973,000	NA	1,615
2010	1,115,000	2,590,000	--	--	2,388,800	1,016,500	7,110,300	NA	1,991
2011	1,695,000	2,470,000	--	--	1,561,000	740,500	6,466,500	NA	1,811

NA-not available

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

Fiscal Year	General Obligation Bonds	Taxable Market Value	GO Bond Percentage of Taxable Market		Population	Per Capita
				Value		
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	188,202,100	0.77%		3568	406
2008	1,345,000	193,450,800	0.70%		3699	364
2009	1,225,000	197,023,900	0.62%		3699	331
2010	1,115,000	194,019,500	0.57%		3571	312
2011	1,695,000	177,753,100	0.95%		3571	475

City of Mora, Minnesota
Direct and Overlapping Governmental Activities Debt

Governmental Unit	Direct Debt Outstanding (not including business-type activities	Overlapping Debt Outstanding	Direct and Overlapping Debt	Taxable Net Tax Capacity	Taxable Net Tax Capacity Within the City's Boundaries	Percentage of Direct & Overlapping Debt Applicable to the City*	City's Estimated Share of Debt
City of Mora	\$ 3,496,495	\$ --	\$ 3,496,495	\$ 1,947,492	\$ 1,974,492	100.00%	\$ 3,496,495
Kanabec County	--	13,165,000	13,165,000	13,005,991	1,974,492	15.18%	1,998,632
Independent School District	--	4,670,000	4,670,000	8,631,516	1,974,492	22.88%	1,068,280
Total	\$ 3,496,495	\$ 17,835,000	\$ 21,331,495				\$ 6,563,407

Figures from Kanabec County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The City of Mora lies wholly within the geographic boundaries of Kanabec County and ISD #332. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Mora. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered.

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable net tax capacities. Applicable percentages were estimated by determining the portion of another governmental unit's NTC that is within the city's boundaries and dividing that amount by each unit's NTC.

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

Fiscal Year	Assessed Market Value	Debt Limit (2-3%)	Debt Applicable to Limit	Legal Debt Margin	Debt % of Limit
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	188,202,100	3,764,042	1,450,000	2,314,042	38.52%
2008	193,450,800	5,803,524	1,345,000	4,458,524	23.18%
2009	197,023,900	5,910,717	1,225,000	4,685,717	20.73%
2010	194,019,500	5,820,585	1,115,000	4,705,585	19.16%
2011	177,753,100	5,332,593	1,695,000	3,637,593	31.79%

Statutory debt limit increased from 2% to 3% in 2008.

City of Mora, Minnesota
Pledged-Revenue Coverage
Last Seven 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%
2008	476,640	558,998	--	15,630	43,122	0%	795,073	717,145	77,928	242,370	63,403	25%	--	--	--	0%
2009	504,534	434,349	70,186	28,025	42,120	100%	779,758	690,378	89,380	260,475	66,739	27%	--	--	--	0%
2010	551,411	510,607	40,804	27,865	48,752	53%	815,205	738,761	76,444	270,135	58,327	23%	--	--	--	0%
2011	539,339	573,680	\$ (34,341)	846,325	56,920	-4%	746,177	772,560	(26,383)	281,475	49,545	-8%	--	--	--	0%

* Previous years data not available.

Table 14

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

Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	Per Cent HS Degree of Higher (4)	Per Cent BA Degree or Higher (4)	School Enrollment (5)	Unemployment Rate (6)
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	84,570,864	24,556	37.9	NA	NA	1,889	8.20%
2005	3,560	87,330,360	24,531	37.8	NA	NA	1,862	7.80%
2006	3,568	91,194,512	25,559	37.8	NA	NA	1,870	8.50%
2007	3,568	100,671,120	28,215	NA	NA	NA	1,858	10.70%
2008	3,699	108,247,536	29,264	NA	NA	NA	1,865	14.10%
2009	3,635	NA	NA	39.7	87.3	14.4	1,770	13.10%
2010	3,571	NA	NA	NA	NA	NA	1,778	12.80%
2011	3,571	NA	NA	NA	NA	NA	1,777	10.80%

NA-not available

Table 15

City of Mora, Minnesota
Principal Employers
Current Year and Four Years Ago

Employer	2011			2007		
	Employees	Rank	% of Total	Employees	Rank	% of Total
Kanabec Hospital	373	1	14.9	309	1	12.4
Mora Public Schools	327	2	13.1	303	2	12.1
Engineered Polymers Corporation	221	3	8.8	200	3	8.0
Kanabec County	214	4	8.6	180	4	7.2
Coborn's, Inc.	163	5	6.5	143	5	5.7
Villa Health Care Center	160	6	6.4	105	8	4.2
Miner Group International	112	7	4.5	115	6	4.6
Lakes & Pines Community Action Council	109	8	4.4	101	9	4.0
City of Mora	87	9	3.5	114	7	4.6
RJ Mechanical	80	10	3.2	NA	NA	NA
Industries, Inc.	NA	NA	NA	90	10	3.6
	<u>1846.0</u>		<u>73.9</u>	<u>1660.0</u>		<u>66.4</u>

Data from community development planner.

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	1	1	1	1	0	0	0
Building	1	1	1	1	1	1	1	1	1	1
Police - contracted with the sheriff starting in 2010										
Officers	5	5	6	6	6	6	6	6	6	7
Civilians	0	0	1	1	1	1	1	1	1	1
Streets & Parks	5	5	5	5	5	4	4	4	4	4
Aquatic Center	1	1	1	1	1	1	1	1	1	1
Electric	3	4	4	5	7	7	6	6	6	6
Water/Wastewater	5	5	5	4	4	4	4	4	4	4
Liquor Store	2	2	2	2	2	2	1	1	1	1
Total	27	28	30	30	32	31	29	28	28	29

Data from finance department.
City payroll records.

Table 17

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

Function/Program	2011	2010	2009	Fiscal Year * 2008	2007	2006
Police - contracted with the sheriff starting March 1, 2010						
Physical arrests	908	594	246	319	285	294
Parking violations	158	105	77	175	246	57
Traffic violations	1,359	604	262	1,025	753	537
Fire						
Emergency responses	75	69	56	75	97	87
Fires extinguished	43	31	29	23	46	43
Inspections	7	8	8	8	10	7
Public Works						
Street resurfacing (miles)	.49	1.28	1.22	None	.84	1.38
Potholes repaired	167	319	213	189	225	209
Library						
Volumes in collection	30,000	30,000	30,000	30,000	21,000	20,000
Total volumes borrowed	87,000	89,800	92,000	89,919	89,924	N/A
Water						
Total connections	1,179	1,178	1,177	1,160	1,151	1,150
Water-main breaks	--	3	2	3	1	2

NA-not available

* Previous years data not available.

** Contracted with Sheriff's office in 2010.

Data from City of Mora department heads.

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

	2011	2010	2009	Fiscal Year* 2008	2007	2006
Function/Program						
Police **						
Stations	1	1	1	1	1	1
Patrol units	5	5	6	6	6	6
Fire Stations	1	1	1	1	1	1
Other Public Works						
Streets (miles)	24.16	24.16	24.16	23.60	23.60	21.70
Street lights	458	458	458	458	458	458
Parks and recreation						
Acreage	28.44	28.44	28.44	28.44	28.44	28.44
Playgrounds	4	4	4	4	4	4
Baseball/softball fields	3	3	3	3	3	3
Walking/biking trails(miles)	4.80	4.80	2.50	2.50	2.50	2.00
Water						
Water mains (miles)	18.00	18.00	18.00	18.00	18.00	16.00
Fire hydrants	281	281	281	279	279	258
Storage capacity (gallons)	700,000	700,000	700,000	700,000	700,000	700,000
Wastewater						
Sanitary sewers (miles)	16.00	16.00	16.00	16.00	16.00	14.00
Storm sewers (miles)	6.87	6.87	6.87	6.83	6.83	6.83
Treatment capacity (gallons/day)	800,000	800,000	800,000	800,000	800,000	800,000

* Previous years data not available.

** Contracted with Sheriff's office in 2010.

Data from City of Mora department heads.

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CITY OF MORA, MINNESOTA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011

AUDITOR'S REPORT SECTION

City of Mora
Mora, Minnesota
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass Through <u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Other Identifying Number</u>	<u>Federal Expenditures</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed Through the Minnesota Public Facilities Authority			
Drinking Water State Revolving Fund	66.468	N/A	\$ 985,893
			<hr/>
Total Environmental Protection Agency			<u>985,893</u>
Total Expenditures of Federal Awards			<u><u>\$ 985,893</u></u>

City of Mora
Mora, Minnesota
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mora, 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 preparation of, the basic financial statements.

NOTE 2: SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3: OTHER IDENTIFYING NUMBER

Other identifying number was not applicable to the program where indicated or was not able to be found. This is not a weakness, since it does not affect the amounts received or expended.

City of Mora
Mora, Minnesota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

SECTION SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion(s) issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Reportable conditions(s) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditor's opinion(s) issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number(s)</u>
Drinking Water State Revolving Fund	66.468

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

SECTION FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

Althoff and Nordquist, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited th City of Mora, Minnesota's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The 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 compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally ascpeted in the United States of America, the standards applicable to finacnial 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 Organization's. 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 for our opinion. Our audit does not provide legal determination on the City of Mora, Minneste's comliance with those requirements.

In our opinion the City of Mora, Minnesota complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.



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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify and 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, 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 & Nordquist LLC
Pine City, Minnesota
June 15, 2012

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mora, Minnesota as of and for the year ended December 31, 2011, which collectively comprise the City of Mora, Minnesota's basic financial statements and have issued our report thereon dated June 15, 2012. 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 State Auditor pursuant to Minnesota Statutes Section 6.65.

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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any 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 grant 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 tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. The *Legal Compliance Audit Guide* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements, miscellaneous provisions, and Tax Increment Financing. 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 solely for the information and use of the audit committee, management, others within the entity, 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
June 15, 2012

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