

CITY OF OAK GROVE, MINNESOTA

ANNUAL FINANCIAL REPORT

December 31, 2006

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CITY OF OAK GROVE, MINNESOTA
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INTRODUCTORY SECTION

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CITY OF OAK GROVE, MINNESOTA

ORGANIZATION

December 31, 2006

	<u>Term Expires</u>
Mayor: Oscar Olson	December 31, 2006
Council Members: Ron Sivigny	December 31, 2006
Cindy Norling	December 31, 2006
Brad Le Tourneau	December 31, 2008
James Iund	December 31, 2008
City Administrator: Edward Treska	Appointed
City Finance Director: Clara D. Thorne	Appointed
City Planner: Sam Lucast	
Director of Public Works: Tim Smith	
Engineer - BDM Consulting Engineers and Surveyors, PLC. Brian Miller	Appointed
Attorney - Kennedy & Graven, Chartered Robert J. V. Vose	Appointed

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FINANCIAL SECTION

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Tautges Redpath, Ltd.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Oak Grove, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Oak Grove, Minnesota, as of and for the year ended December 31, 2006 which collectively comprise the City of Oak Grove, Minnesota's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oak Grove, Minnesota's management. Our responsibility is to express opinions 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Oak Grove, Minnesota's internal control over financial reporting. Accordingly, we express no such opinion. 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, each major fund, and the aggregate remaining fund information of the City of Oak Grove, Minnesota, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

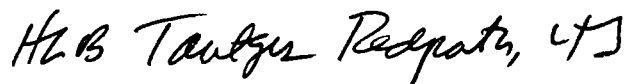
In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2007, on our consideration of the City of Oak Grove, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

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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 an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information and the schedule of funding progress on pages 11 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



HLB TAUTGES REDPATH, LTD.
White Bear Lake, Minnesota

August 29, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Oak Grove, Minnesota (the City) this section of the City's annual financial report presents a discussion and analysis of the City's financial activities during the fiscal year ended December 31, 2006.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$16,130,260 (Net assets). Of this amount \$9,275,248 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net assets increased by \$896,705.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,263,923.

At the end of the current fiscal year the general fund balance was \$2,363,790 all of which is undesignated.

The General Fund balance increased by \$86,437, which was a \$542,437 change from the final budget. This is a result of higher than expected revenues and expenditures of various departments coming in under budget.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

Management's Discussion and Analysis

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are statements 1 and 2 of this report.

Fund Financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The City maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the following major funds:

- General Fund
- West Lake George Project
- Equipment Replacement Fund
- Road Improvements

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Management's Discussion and Analysis

The City adopts an annual appropriated budget for its General Fund.

A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are statements 3 through 5 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected by the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund statement is Statement 6.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Statement 6.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules are presented as Statements 8 and 9.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$16,130,260 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$5,744,653 or 36% percent) reflects its investment in capital assets (e.g. land, improvements, buildings and structures, machinery and equipment, and furniture and fixtures) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis

City of Oak Grove, Minnesota's Net Assets

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Current and other assets	\$10,997,442	\$10,057,983
Capital assets	8,961,273	8,833,090
Total assets	<u>\$19,958,715</u>	<u>\$18,891,073</u>
Other liabilities	\$3,357,343	\$3,475,890
Long-term liabilities outstanding	471,112	474,645
Total liabilities	<u>\$3,828,455</u>	<u>\$3,950,535</u>
Net assets:		
Invested in capital assets, net of related debt	\$5,744,653	\$5,357,200
Restricted	1,110,359	1,044,287
Unrestricted	9,275,248	8,539,051
Total net assets	<u>\$16,130,260</u>	<u>\$14,940,538</u>

A portion of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Management's Discussion and Analysis

Governmental Activities

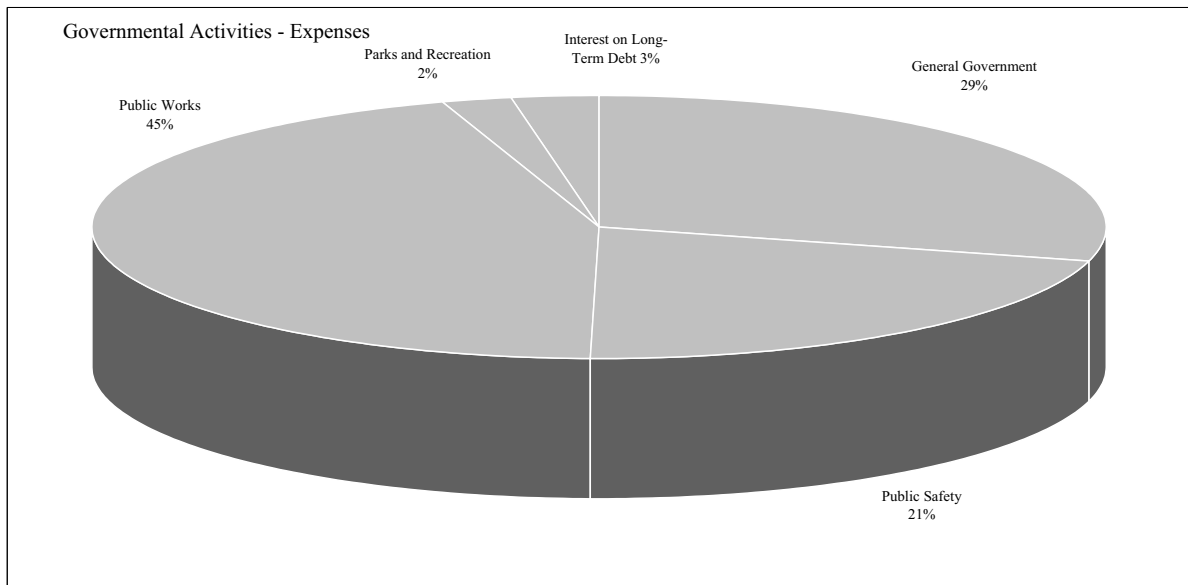
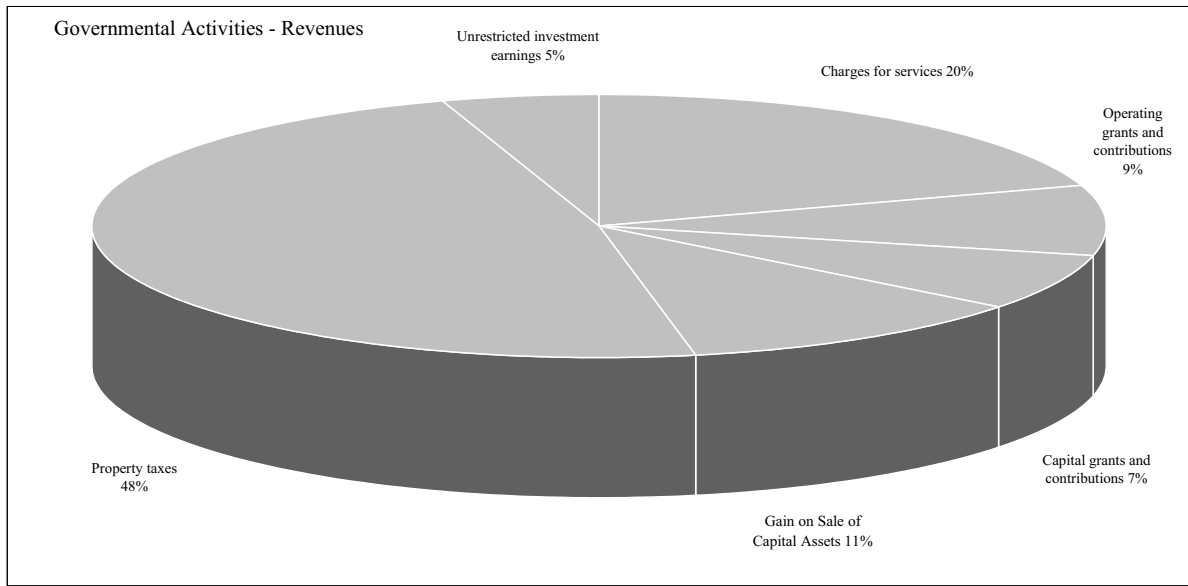
Governmental activities increased the City's net assets by \$896,705 during 2006. Key elements of this increase are as follows:

City of Oak Grove, Minnesota's Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$935,396	\$566,252
Operating grants and contributions	403,346	202,993
Capital grants and contributions	(25,226)	393,042
General revenues:		
General property taxes	2,254,282	2,141,839
Grants and contributions not restricted to specific programs	330,936	265,496
Unrestricted investment earnings	236,042	-
Gain on sale of property	539,081	-
Total revenues	<u>4,673,857</u>	<u>3,935,393</u>
Expenses:		
General government	1,101,376	918,886
Public safety	796,115	1,007,509
Public works	1,692,924	822,752
Parks and recreation	83,110	51,752
Interest on long-term debt	103,627	119,059
Total expenses	<u>3,777,152</u>	<u>2,919,958</u>
Increase in net assets before transfers	896,705	1,015,435
Transfers	-	(13,880)
Change in net assets	<u>896,705</u>	<u>1,001,555</u>
Net assets - January 1, as previously reported	14,940,538	13,938,983
Prior period adjustment	293,017	-
Net assets - January 1, as restated	<u>15,233,555</u>	<u>13,938,983</u>
Net assets - December 31	<u>\$16,130,260</u>	<u>\$14,940,538</u>

Management's Discussion and Analysis

Below are specific graphs which provide comparisons of the governmental activities revenues and expenditures:



Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,263,923.

The general fund increased by \$86,437 in 2006, which was a \$542,437 change from the final budget. This is a result of higher than expected revenues and expenditures of various departments coming in under budget.

The West Lake George Fund decreased by (\$294,678) during 2006.

The Equipment Replacement Fund decreased by (\$510,097) during 2006. This fund receives an annual transfer from the general fund.

The Road Improvements Fund increased by \$250,000 during 2006.

The Asset Depreciation Fund decreased by \$564,039 during 2006.

The nonmajor special revenue funds increased by \$302,698 during 2006.

The nonmajor debt service funds decreased by (\$23,123) during 2006.

The nonmajor capital project fund increased by \$326,518 during 2006.

Budgetary Highlights

General Fund

The expenditure budget was amended to provide for changes in activity that occurred during the year. The revenue budget was amended to recognize increased property taxes expected which are offset by the State of Minnesota's market value credit and for additional miscellaneous revenue collected.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$8,961,272 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, infrastructure, machinery and equipment and furniture and fixtures.

City of Oak Grove, Minnesota's Capital Assets (Net of Depreciation)

	Governmental Activities	
	2006	2005
Land	\$2,212,392	\$2,152,947
Buildings and improvements	974,735	899,792
Furniture and fixtures	4,907	20,485
Machinery and equipment	948,918	899,856
Infrastructure	3,533,772	1,821,890
Construction in progress	1,286,549	3,038,119
Total	<u>\$8,961,273</u>	<u>\$8,833,089</u>

Additional information on the City's capital assets can be found in Note 4.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$3,216,600, a decrease of \$259,270 from 2005.

Additional long-term debt in the amount of \$140,723 for compensated absences was also outstanding at the end of 2006.

City of Oak Grove, Minnesota's Outstanding Debt

General obligation improvement bonds and compensated absences:

	Governmental Activities	
	2006	2005
Fire equipment certificates	\$42,500	\$127,500
Special assessment bonds	774,120	948,390
General obligation temporary improvement bonds	2,400,000	2,400,000
Compensated absences	140,723	-
Total	<u>\$3,357,343</u>	<u>\$3,475,890</u>

Management's Discussion and Analysis

State statutes limit the amount of general obligation debt a Minnesota city may issue to 2% of total estimated market value. Of the City's outstanding debt, none is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 5.

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 19990 Nightingale Street NW, Oak Grove, MN 55011.

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BASIC FINANCIAL STATEMENTS

CITY OF OAK GROVE, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2006

Statement 1

	Governmental Activities	
	2006	2005
Assets:		
Cash and investments	\$8,421,114	\$8,941,659
Accrued interest receivable	56,308	51,328
Accounts receivable - net	184,447	10,687
Property taxes receivable	111,572	104,326
Special assessments receivable	752,232	843,598
Due from other governments	36,463	106,385
Land held for resale	1,435,306	-
Capital assets (net of accumulated depreciation):		
Land	2,212,392	2,152,947
Machinery and equipment	948,918	135,700
Buildings and improvements	974,735	765,606
Furniture and fixtures	4,907	918,828
Infrastructure	3,533,772	1,821,890
Construction in progress	1,286,549	3,038,119
Total assets	<u>19,958,715</u>	<u>18,891,073</u>
Liabilities:		
Accrued interest payable	8,679	16,000
Accounts and contracts payable	396,000	405,976
Salaries payable	66,433	52,669
Noncurrent liabilities:		
Due within one year	2,589,870	259,270
Due in more than one year	767,473	3,216,620
Total liabilities	<u>3,828,455</u>	<u>3,950,535</u>
Net assets:		
Invested in capital assets, net of related debt	5,744,653	5,357,200
Restricted for debt service	1,110,359	1,044,287
Unrestricted	9,275,248	8,539,051
Total net assets	<u>\$16,130,260</u>	<u>\$14,940,538</u>

The accompanying notes are an integral part of these financial statements.

CITY OF OAK GROVE, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Statement 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	2006	2005
Primary government:						
Governmental activities:						
General government	\$1,101,376	\$38,402	\$ -	\$ -	(\$1,062,974)	(\$846,770)
Public safety	796,115	302,773	67,397	-	(425,945)	(516,094)
Public works	1,692,924	564,638	334,389	(25,226)	(819,123)	(403,790)
Parks and recreation	83,110	29,583	1,560	-	(51,967)	126,509
Interest on long-term debt	103,627	-	-	-	(103,627)	(119,059)
Total primary government	<u>\$3,777,152</u>	<u>\$935,396</u>	<u>\$403,346</u>	<u>(\$25,226)</u>	<u>(2,463,636)</u>	<u>(1,759,204)</u>
General revenues:						
Property taxes and tax increments					2,167,262	\$2,053,693
Property taxes levied for debt service					87,020	89,330
Grants and contributions not restricted to specific programs					330,936	365,771
Unrestricted investment earnings					236,042	265,845
Gain on sale of property					539,081	-
Transfers					-	(13,880)
Total general revenues and transfers					<u>3,360,341</u>	<u>2,760,759</u>
Change in net assets					<u>896,705</u>	<u>1,001,555</u>
Net assets - beginning, as previously reported					14,940,538	13,938,983
Prior period adjustment					293,017	-
Net assets - beginning, as restated					<u>15,233,555</u>	<u>13,938,983</u>
Net assets - ending					<u>\$16,130,260</u>	<u>\$14,940,538</u>

The accompanying notes are an integral part of these financial statements.

	100 - General Fund	260/330 - West Lake George Project Fund	312/314/320 - Equipment Replacement Fund	218 - Road Improvement Fund	310 - Asset Depreciation Fund	Other Governmental Funds	Total Governmental Funds	
							2006	2005
Assets:								
Cash and investments	\$1,707,653	\$3,767	\$1,942,657	\$1,990,283	\$ -	\$2,776,754	\$8,421,114	\$9,141,821
Accrued interest receivable	56,308	-	-	-	-	-	56,308	51,328
Accounts receivable - net	3,350	-	-	-	-	206,625	209,975	10,687
Property taxes receivable	107,179	-	-	-	-	4,393	111,572	104,326
Special assessments receivable	15,374	-	-	-	-	736,858	752,232	843,598
Due from other governments	3,010	-	-	-	-	7,925	10,935	106,385
Due from other funds	694,935	-	-	-	-	2,094	697,029	-
Land held for resale	-	-	-	-	1,435,306	-	1,435,306	1,651,625
Total assets	\$2,587,809	\$3,767	\$1,942,657	\$1,990,283	\$1,435,306	\$3,734,649	\$11,694,471	\$11,909,770
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$60,199	\$25,953	\$257,180	\$ -	\$ -	\$52,668	\$396,000	\$405,976
Due to other governments	-	-	-	-	-	-	-	-
Salaries payable	66,433	-	-	-	-	-	66,433	52,669
Due to other funds	41	255,710	-	-	125,993	315,285	697,029	200,162
Deferred revenue	97,346	-	-	-	1,435,306	738,434	2,271,086	2,560,756
Total liabilities	224,019	281,663	257,180	0	1,561,299	1,106,387	3,430,548	3,219,563
Fund balance:								
Reserved for debt service	-	-	-	-	-	515,312	515,312	601,576
Unreserved:								
Designated reported in:								
Special Revenue Funds	-	-	-	-	-	1,297,532	1,297,532	920,321
Capital Projects Funds	-	-	1,685,477	1,990,283	-	1,026,755	4,702,515	4,961,199
Undesignated reported in:								
General Fund	2,363,790	-	-	-	-	-	2,363,790	2,277,353
Capital Project Funds	-	(277,896)	-	-	(125,993)	(211,337)	(615,226)	(70,242)
Total fund balance	2,363,790	(277,896)	1,685,477	1,990,283	(125,993)	2,628,262	8,263,923	8,690,207
Total liabilities and fund balance	\$2,587,809	\$3,767	\$1,942,657	\$1,990,283	\$1,435,306	\$3,734,649	\$11,694,471	\$11,909,770
Fund balance reported above							\$8,263,923	\$8,690,207
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:								
Capital assets								
Less accumulated depreciation							14,999,424	14,406,727
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.							(6,038,152)	(5,573,637)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.							2,271,087	909,131
Bonds payable							(3,216,620)	(3,475,890)
Accrued interest							(8,679)	(16,000)
Compensated absences							(140,723)	-
Net assets of governmental activities							\$16,130,260	\$14,940,538

The accompanying notes are an integral part of these financial statements.

CITY OF OAK GROVE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

Statement 4

	100 - General Fund	260/330 -	312/314/320 -	218 - Road Improvement Fund	310 - Asset Depreciation Fund	Other Governmental Funds	Total Governmental Funds	
		West Lake George Project Fund	Equipment Replacement Fund				2006	2005
Revenues:								
General property taxes	\$2,150,806	\$ -	\$ -	\$ -	\$ -	\$88,173	\$2,238,979	\$2,142,843
Special assessments	1,112	-	-	-	-	190,724	191,836	223,374
Intergovernmental	507,881	192,470	-	-	-	5,208	705,559	653,742
Licenses and permits	312,550	-	-	-	-	-	312,550	446,002
Fines and forfeitures	17,544	-	-	-	-	-	17,544	-
Charges for services	73,986	-	-	-	-	382,918	456,904	49,461
Investment income	191,912	1,076	-	-	-	43,054	236,042	265,845
Miscellaneous	40,256	-	2,415	-	1,907	183	44,761	289,637
Total revenues	3,296,047	193,546	2,415	0	1,907	710,260	4,204,175	4,070,904
Expenditures:								
Current:								
General government	735,907	-	-	-	-	8,991	744,898	914,215
Public safety	649,059	-	-	-	-	448	649,507	855,886
Public works	1,012,853	140,235	96,191	-	2,211	371,653	1,623,143	477,873
Parks and recreation	46,089	-	-	-	-	-	46,089	39,045
Community development	-	-	-	-	-	15,853	15,853	13,661
Capital outlay	-	414,807	927,413	-	483,735	108,472	1,934,427	1,620,590
Debt service:								
Principal	-	-	-	-	-	259,270	259,270	318,380
Interest and other	-	63,182	-	-	-	45,240	108,422	119,059
Total expenditures	2,443,908	618,224	1,023,604	0	485,946	809,927	5,381,609	4,358,709
Revenues over (under) expenditures	852,139	(424,678)	(1,021,189)	0	(484,039)	(99,667)	(1,177,434)	(287,805)
Other financing sources (uses):								
Transfers in	198,253	130,000	511,092	250,000	50,000	373,229	1,512,574	787,339
Transfers out	(963,955)	-	-	-	(130,000)	(418,619)	(1,512,574)	(801,219)
Sale of property	-	-	-	-	-	751,150	751,150	-
Total other financing sources (uses)	(765,702)	130,000	511,092	250,000	(80,000)	705,760	751,150	(13,880)
Net change in fund balance	86,437	(294,678)	(510,097)	250,000	(564,039)	606,093	(426,284)	(301,685)
Fund balance - January 1	2,277,353	16,782	2,195,574	1,740,283	438,046	2,022,169	8,690,207	8,991,892
Fund balance - December 31	\$2,363,790	(\$277,896)	\$1,685,477	\$1,990,283	(\$125,993)	\$2,628,262	\$8,263,923	\$8,690,207

The accompanying notes are an integral part of these financial statements.

CITY OF OAK GROVE, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Statement 5

	<u>2006</u>	<u>2005</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	(\$426,284)	(\$301,685)
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 for capital assets used in governmental activities exceeded depreciation in the current year.		
Capital outlay	1,419,805	1,620,590
Depreciation expense	(503,534)	(501,752)
Bond proceeds provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.		
Bond principal repayments	259,270	318,380
Revenues that provide current financial resources of the governmental funds, but were earned in prior years, are not reported as revenues in the current year statement of activities.		
Property taxes and special assessments	(73,351)	(133,978)
Land held for resale	(216,319)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Accrued interest	7,321	-
Compensated absences	(55,782)	-
Land held for resale	485,579	-
Change in net assets of governmental activities (Statement 2)	<u>\$896,705</u>	<u>\$1,001,555</u>

The accompanying notes are an integral part of these financial statements.

CITY OF OAK GROVE, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006

Statement 6

	<u>2006</u>	<u>2005</u>
Assets:		
Cash and investments	\$31,048	\$37,576
Receivables from developers	-	57,390
Total assets	<u>\$31,048</u>	<u>\$94,966</u>
Liabilities:		
Accounts payable	\$6,516	\$ -
Deposits Payable	24,532	94,966
Total liabilities	<u>\$31,048</u>	<u>\$94,966</u>

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oak Grove, Minnesota was incorporated under the laws of the State of Minnesota. The governing body consists of a mayor and four council members. The accompanying financial statements present the City and its component units entities for which the City is considered to be financially accountable.

The financial statements of the City of Oak Grove, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include those of the City of Oak Grove, Minnesota (the City) (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

COMPONENT UNITS

The City of Oak Grove, Minnesota has one component unit – the Economic Development Authority (EDA). The EDA is considered a component unit because the governing board is substantively the same as that of the City and because the City is in a relationship of financial benefit or burden with the entity.

The financial position and results of operations of the EDA component unit is presented using the blended method. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations. The component unit includes Governmental Funds using the modified accrual basis of accounting, and as such is reported as a Special Revenue Fund. Separate financial statements for the EDA are not prepared.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

function. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 provider have been met.

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 government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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 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 government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road Improvement Fund* is used to account for funds set aside from property taxes for the construction and sealcoating of City roads.

The *Equipment Replacement Funds* are financed primarily by taxes and is used for replacement of the City's equipment.

The *West Lake George Fund* consists of the West Lake George Construction Fund and Debt Service Fund.

The *Asset Depreciation Fund* accounts for capital asset replacement.

Additionally, the City reports the following fund type:

Agency Funds are used to account for monies on behalf of Developers Escrow and Cable television.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. 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.

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

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. Budgeted expenditure appropriations lapse at year end. Financial controls for Debt Service Funds are achieved through bond indenture provisions. Project-length financial plans are adopted for all Capital Project Funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The finance director submits to the City Council a proposed operating budget, which includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The preliminary property tax levy is legally enacted through passage of a resolution and certified to the county by September 15 of each year.
4. The final budget is legally adopted through the passage of a resolution by December 20 of each year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The City Council may authorize the transfer of budgeted amounts between funds.
7. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is the fund level. For management purposes, budgetary control is maintained at the department level. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where the need has been properly demonstrated, the City Administrator can make an adjustment within the department budget. Therefore, there is a constant review process and expenditures are not approved until it has been determined that 1) adequate funds were appropriated, 2) the expenditure is still necessary, and 3) funds are available.

Budgeted amounts are as originally adopted by the City Council. Revenues exceeding budgeted amounts are sometimes used for supplemental appropriations during the year. Neither the revenue nor the expenditure budget is adjusted to reflect these items. The City did not make any supplemental appropriations during the year.

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivable in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received.

Investments are stated at fair value, based upon quoted market prices as of the balance sheet date.

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January are fully offset by deferred revenue because they are not available to finance current expenditures.

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are remitted to the City in payment of delinquent special assessments. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. All remaining delinquent and deferred assessments receivable in governmental funds are offset by deferred revenues.

I. INVENTORIES

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. The City does not maintain material amounts of inventories of goods and supplies.

J. LAND HELD FOR RESALE

Land is acquired by the City for subsequent resale for redevelopment purposes. Land held for resale is reported as an asset at the lower of cost or estimated realizable value in the fund that acquired it. Because governmental funds use the modified accrual basis of accounting, deferred revenue of an equal amount is also reported on the respective governmental fund balance sheet. When the land is subsequently sold, miscellaneous income is recognized for the amount of the sale.

K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., streets, wastewater system and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has not reported infrastructure for all streets and bridges, etc. retroactively. The City reports as street infrastructure only those streets financed by assessments since Oak Grove became a City in 1993. 2003-2005 Minnesota State Aid financed streets are capitalized.

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 projected are constructed.

Property, plant and equipment of the government is depreciated using the straight line method over the following estimated useful lives:

Buildings	20 – 60 years
Building improvements	10 – 35 years
Wastewater sewer system	50 years
Streets	10 years
Vehicles and equipment	2 – 15 years
Furniture	10 years
Office equipment	5 – 10 years
Park improvements	20 years

L. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay, compensatory pay, and accumulated sick leave benefits that is vested as severance pay is accrued when incurred in the government-wide and proprietary fund financial statements.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The liability for accrued compensated absences including accumulated vacation leave and sick leave is estimated at \$140,723 at December 31, 2006.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium, if significant, or discount. Bond issuance costs, if significant, are reported as deferred charges and amortized over the term of the related debt. There were no significant bond costs during 2006.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. 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.

O. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

P. 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.

Q. RECLASSIFICATIONS

Certain amounts in the prior year have been reclassified to conform with the current year presentation.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

At December 31, 2006 the carrying amount of the City's deposits with financial institutions was \$934,033. Of these deposits, \$104,190 were uncollateralized.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance 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 or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

As of December 31, 2006 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Certificates of deposit	N/A	\$2,191,763	\$286,332	\$1,555,818	\$349,613	\$ -
Federal Home Loan Bank	AAA	505,376	-	425,096	80,280	-
Federal Home Loan Mtg. Corp.	AAA	784,980	-	-	784,980	-
Federal National Mortgage Assn.	N/A	953,683	-	365,275	588,408	-
Money market	N/A	3,143,095	3,143,095	-	-	-
Total		\$7,578,897	\$3,429,427	\$2,346,189	\$1,803,281	\$0
Total investments						\$7,578,897
Deposits						934,033
Total cash and investments						<u>\$8,512,930</u>

(1) These investments have call dates that occur in less than one year.
(2) These investments are not callable.

C. INVESTMENT RISKS

The City’s investment policy is to follow Minnesota State Statutes as described above which reduces the City’s exposure to credit, custodial credit, and interest rate risks. Specific risk information for the City is as follows:

Interest rate risk – The City’s investment policy requires the City to invest City funds in order to attain a market rate of return while preserving and protecting the capital of the overall portfolio.

Credit risk – The City does not have a formal investment policy that further limits the ratings of their investments from those that are authorized by Minnesota Statutes.

Concentration of credit risk – The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City’s investments are in various holdings as follows:

Federal Home Loan Bank	6.7%
Federal Home Loan Mortgage Corp.	10.4%
Federal National Mortgage Assn. Notes	12.6%

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2006 are as follows:

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Special assessments receivable	<u>\$11,514</u>	<u>\$551,859</u>	<u>\$563,373</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$81,972	\$ -
Delinquent property taxes receivable (Nonmajor Funds)	3,387	-
Special assessments not yet due (General Fund)	15,374	-
Special assessments not yet due (Nonmajor Funds)	735,047	-
Land held for resale (Nonmajor Funds)	<u>1,435,306</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$2,271,086</u></u>	<u><u>\$0</u></u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Note 4 CAPITAL ASSETS

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

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$2,152,947	\$59,445	\$ -	\$2,212,392
Construction in progress	<u>3,038,119</u>	<u>1,160,737</u>	<u>(2,912,307)</u>	<u>1,286,549</u>
Total capital assets, not being depreciated	<u>5,191,066</u>	<u>1,220,182</u>	<u>(2,912,307)</u>	<u>3,498,941</u>
Capital assets, being depreciated:				
Buildings and improvements	1,341,996	119,737	(11,216)	1,450,517
Furniture and fixtures	119,761	-	(27,359)	92,402
Machinery and equipment	2,777,034	226,560	(18,161)	2,985,433
Infrastructure	<u>4,976,870</u>	<u>1,995,262</u>	<u>-</u>	<u>6,972,132</u>
Total capital assets, being depreciated	<u>9,215,661</u>	<u>2,341,559</u>	<u>(56,736)</u>	<u>11,500,484</u>
Less accumulated depreciation for:				
Buildings and improvements	442,204	39,447	(5,869)	475,782
Furniture and fixtures	99,276	3,209	(14,990)	87,495
Machinery and equipment	1,877,178	177,498	(18,161)	2,036,515
Infrastructure	<u>3,154,980</u>	<u>283,380</u>	<u>-</u>	<u>3,438,360</u>
Total accumulated depreciation	<u>5,573,638</u>	<u>503,534</u>	<u>(39,020)</u>	<u>6,038,152</u>
Total capital assets being depreciated - net	<u>3,642,023</u>	<u>1,838,025</u>	<u>(17,716)</u>	<u>5,462,332</u>
Governmental activities capital assets - net	<u>\$8,833,089</u>	<u>\$3,058,207</u>	<u>(\$2,930,023)</u>	<u>\$8,961,273</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$26,848
Public safety	106,971
Public works	355,505
Parks and recreation	<u>14,210</u>
Total depreciation expense - governmental activities	<u>\$503,534</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Note 5 LONG-TERM DEBT

The long-term debt obligations outstanding at year end are summarized as follows:

As of December 31, 2006, the long-term debt of the financial reporting entity consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Authorized And Issued	Outstanding 12/31/06
Governmental Activities:					
General Obligation Bonds:					
G.O. Equipment Certificates, Series 2001A	9/01/01	12/30/11	4.45%	\$425,000	\$42,500
G.O. Temporary Bonds, Series 2004A	12/01/04	12/01/07	2.50%	2,400,000	2,400,000
Total General Obligation Bonds				<u>2,825,000</u>	<u>2,442,500</u>
General Improvement Bonds:					
G.O. Improvement Bonds, Series 1996A	6/1/1996	6/01/06	6.00%	2,395,000	-
G.O. Improvement Bonds, Series 1998A	7/1/1998	1/01/09	4.35%	59,000	11,800
G.O. Improvement Bonds, Series 1999A	7/1/1999	7/01/09	4.60% - 4.90%	246,000	73,800
G.O. Improvement Bonds, Series 1999B	10/18/1999	12/31/09	4.41%	103,000	30,900
G.O. Improvement Bonds, Series 2000A	8/21/2000	12/30/10	5.00%	113,000	45,200
G.O. Improvement Bonds, Series 20001A	7/11/2001	12/30/11	4.40%	355,000	177,500
G.O. Improvement Bonds, Series 2002A	8/20/2002	12/30/12	5.00%	334,200	200,520
G.O. Improvement Bonds, Series 2004A	9/1/2004	9/01/14	2.45% - 4.30%	293,000	234,400
Total General Improvement Bonds				<u>3,898,200</u>	<u>774,120</u>
Compensated absences payable	N/A	N/A	N/A	N/A	140,723
Total City indebtedness				<u>\$6,723,200</u>	<u>\$3,357,343</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Annual debt service requirements to maturity for long-term debt are as follows:

	<u>Governmental Activities</u>		<u>All Other General</u>	
	<u>G.O. Improvement Bonds</u>		<u>Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$147,370	\$31,577	\$2,442,500	\$60,946
2008	150,320	25,403	-	-
2009	147,370	18,716	-	-
2010	109,520	12,877	-	-
2011	98,220	8,122	-	-
2012	62,720	4,537	-	-
2013	29,300	2,490	-	-
2014	29,300	1,260	-	-
Total	\$774,120	\$104,983	\$2,442,500	\$60,946

It is not practicable to determine the specific year for payment of accrued compensated absences.

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2006, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>12/31/05</u>			<u>12/31/06</u>	<u>One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$2,527,500	\$ -	(\$85,000)	\$2,442,500	\$2,442,500
G.O. improvement bonds	948,390	-	(174,270)	774,120	147,370
Compensated absences	84,941	59,897	(4,115)	140,723	-
Total governmental activities	<u>\$3,560,831</u>	<u>\$59,897</u>	<u>(\$263,385)</u>	<u>\$3,357,343</u>	<u>\$2,589,870</u>

For the governmental activities, compensated absences are generally liquidated by the general fund. All long-term bonded indebtedness outstanding at December 31, 2006 is backed by the full faith and credit of the City. Delinquent assessments receivable at December 31, 2006 were \$4,023.

General obligation improvement bonds are primarily from assessments with any deficiency to be provided by general property tax revenues. The general credit of the City is obligated only to the extent that liens foreclosed against properties involved in the special assessment district are insufficient to retire outstanding bonds.

In 2001 equipment certificates of \$425,000 were issued at 4.45% maturing at \$42,500 in 2002, then \$85,000 each year until February 2007, when the final \$42,500 is payable.

The general obligation temporary bonds 2004A of \$2,400,000 were issued on December 21, 2004. The interest rate is 2.5%. The costs at issuance were minor and were expensed in 2004. These bonds mature on December 7, 2007. The proceeds of these bonds will finance certain land costs and cost of improvements of the West Lake George Improvement Project.

Note 6 PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

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) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are 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 Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

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 terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or 1-800-652-9026.

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets 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 were required to contribute 9.10% and 5.50%, respectively, of their annual covered salary in 2006. PEPFF members were required to contribute 7.0% of their annual covered salary in 2006. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.0% for Coordinated Plan PERF members, and 10.5% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2006, 2005 and 2004 were \$44,026, \$38,975 and \$34,724, respectively.

C. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED CONTRIBUTION

PLAN DESCRIPTION

Three council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent of the assets in each member's account annually.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Total contributions made by the City during fiscal year 2006 were:

	Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
PEDCP	<u>\$615</u>	<u>\$615</u>	<u>5.0%</u>	<u>5.0%</u>	5.0%

Note 7 DUE TO/FROM OTHER FUNDS AND TRANSFERS

Amounts reported as due to/from other funds at December 31, 2006 are as follows:

Fund	Receivable	Payable
General Fund	\$694,935	\$41
West Lake George Project Fund	-	255,710
Asset Depreciation Fund	-	125,993
Other governmental funds	<u>2,094</u>	<u>315,285</u>
Total	<u>\$697,029</u>	<u>\$697,029</u>

Due to/from other funds are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year.

The funds will be repaid as grant revenue, developer contributions and accounts receivables are received.

Interfund transfers:

	Transfers In	Transfers Out
General Fund	\$198,253	\$963,955
West Lake George Project	130,000	-
Equipment Replacement Fund	511,092	-
Road Improvement Fund	250,000	-
Asset Depreciation Fund	50,000	130,000
Other governmental funds	<u>373,229</u>	<u>418,619</u>
Total	<u>\$1,512,574</u>	<u>\$1,512,574</u>

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. All of the City's interfund transfers fall under that category. All of the 2006 transfers are considered routine and consistent with previous practices.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Note 8 DEFICIT FUND BALANCES

The City has deficit fund balances in the following individual funds at December 31, 2006.

Governmental Activities:	
West Lake George Project Fund	\$277,896
Swan Lake/1993 Foxridge 1994 Fund	23,331
MSA Construction Fund	101,670
Asset Depreciation Fund	125,993
Hillcrest/Rogers Improvement Fund	25,834
2005 Road Projects Fund	81,780
T.I.F. West Lake George Acquisition Fund	<u>2,053</u>
Total governmental activities	<u><u>\$638,557</u></u>

These deficits will be eliminated through special assessments, future bond proceeds and transfers from other funds.

Note 9 COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage for City employees and councilmembers is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess various amounts. The City retains risk for deductible portions. These deductibles are considered immaterial to the financial statements.

The City continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

B. LITIGATION

The City attorney has indicated that any existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2006.

D. TAX INCREMENT DISTRICTS

The City's tax increment district is subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Note 10 DESIGNATIONS AND RESERVATIONS OF FUND EQUITY

At December 31, 2006 the City had designated and reserved portions of its various fund equities through legal restriction and City council authorization. Major fund equity appropriations at December 31, 2006 are shown on the various balance sheets as segregations of the fund equity. A summary of such designations is as follows:

	December 31, 2006
Other governmental funds:	
Reserved for debt service	\$515,312
Designated for special revenue funds	1,297,532
Designated for capital improvements	<u>4,702,515</u>
 Total other governmental funds	 <u><u>\$6,515,359</u></u>

Note 11 COMMITTED CONTRACTS

At December 31, 2006, the City had commitments of \$262,621 for uncompleted construction contracts.

Note 12 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 43 *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans.* The requirements of this Statement for OPEB plan reporting are effective *one year prior* to the effective date of the related Statement # 45 for the employer (single-employer plan) or for the largest participating employer in the plan (multiple-employer plan).

Statement No. 45 *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension Plans.* Implementation is required in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. This Statement is effective for periods beginning after December 15, 2006, for *phase 1 governments* (those with total annual revenues of \$100 million or more); after December 15, 2007, for *phase 2 governments* (those with total annual revenues of \$10 million or more but less than \$100 million); and after December 15, 2008, for *phase 3 governments* (those with total annual revenues of less than \$10 million). Early implementation is encouraged.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2006.

Statement No. 49 *Accounting and Financial Reporting for Pollution Remediation Obligation.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2007.

The effect these standards may have on future financial statements is not determinable at this time.

Note 13 PRIOR PERIOD ADJUSTMENT

The City purchased land held for resale for the West Lake George Project in 2004. This land was purchased for redevelopment of homes to be sold when developed. The purchase of this land was never recorded as an asset in prior years. The land is offset with deferred revenue in the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK GROVE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
For The Year Ended December 31, 2006
With Comparative Actual Amounts For The Year Ended December 31, 2005

	Budgeted	Amounts	2006 Actual	Variance with	2005 Actual
	Original	Final	Amounts	Final Budget -	Amounts
				(Negative)	
Revenues:					
Property taxes	\$2,300,464	\$2,169,752	\$2,150,806	(\$18,946)	\$2,052,509
Intergovernmental:					
State:					
M.S.A. maintenance	98,000	98,000	118,319	20,319	120,293
Local government aid	200,000	200,000	200,000	-	200,000
Fire aid	-	-	56,790	56,790	-
Market value homestead credit	-	130,712	130,712	-	156,929
PERA aid	-	-	2,060	2,060	2,060
Total intergovernmental	298,000	428,712	507,881	79,169	479,282
Licenses and permits:					
Building permits	420,397	420,397	312,550	(107,847)	419,621
Other	-	-	-	-	14,390
Total licenses, permits and fees	420,397	420,397	312,550	(107,847)	434,011
Other:					
Charges for services	-	-	73,986	73,986	49,461
Special assessments	-	-	1,112	1,112	-
Investment income	52,000	52,000	191,912	139,912	201,340
Fines and forfeitures	15,000	15,000	17,544	2,544	11,991
Refunds and reimbursements	-	-	35,108	35,108	21,651
U.R.R.W.M.O.	-	-	-	-	17,836
Miscellaneous	-	-	5,148	5,148	-
Total other	67,000	67,000	324,810	257,810	302,279
Total revenues	3,085,861	3,085,861	3,296,047	210,186	3,268,081
Expenditures:					
General government:					
City council, administrative and finance	788,365	788,365	618,183	170,182	481,958
Elections	15,690	15,690	16,943	(1,253)	76
City hall	-	-	-	-	52,796
Assessing	-	-	-	-	29,177
Total general government	804,055	804,055	635,126	168,929	564,007
Public safety:					
Police protection	340,570	340,570	339,562	1,008	312,827
Animal control	2,500	2,500	3,717	(1,217)	1,502
Fire protection:					
Personal services	167,360	167,360	198,951	(31,591)	140,078
Supplies, other services and prevention	75,900	75,900	49,015	26,885	43,831
Maintenance and repair	42,100	42,100	44,764	(2,664)	54,800
Capital outlay	13,700	13,700	13,050	650	11,245
Total fire protection	299,060	299,060	305,780	(6,720)	249,954
Total public safety	642,130	642,130	649,059	(6,929)	564,283

CITY OF OAK GROVE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
For The Year Ended December 31, 2006
With Comparative Actual Amounts For The Year Ended December 31, 2005

	Budgeted Amounts		2006 Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
Expenditures: (continued)					
Streets and highways:					
Wages and fringe	\$195,330	\$195,330	\$276,443	(\$81,113)	\$272,511
Supplies, maintenance and services	297,400	297,400	319,433	(22,033)	154,351
Street improvements	140,000	140,000	56,002	83,998	51,011
Total streets and highways	<u>632,730</u>	<u>632,730</u>	<u>651,878</u>	<u>(19,148)</u>	<u>477,873</u>
Planning and zoning	<u>235,489</u>	<u>235,489</u>	<u>163,323</u>	<u>72,166</u>	<u>159,314</u>
Building department:					
Building inspector wages and fringe	148,614	148,614	149,425	(811)	175,352
Other	34,600	34,600	48,227	(13,627)	40,161
Total building department	<u>183,214</u>	<u>183,214</u>	<u>197,652</u>	<u>(14,438)</u>	<u>215,513</u>
Parks and recreation:					
Maintenance	30,014	30,014	35,743	(5,729)	39,045
Capital outlay	20,000	20,000	10,346	9,654	-
Total parks and recreation	<u>50,014</u>	<u>50,014</u>	<u>46,089</u>	<u>3,925</u>	<u>39,045</u>
Other expenditures:					
Legal fees	105,000	105,000	100,781	4,219	112,406
Engineering	-	-	-	-	22,850
U.R.R.W.M.O.	-	-	-	-	21,479
Total other expenditures	<u>105,000</u>	<u>105,000</u>	<u>100,781</u>	<u>4,219</u>	<u>156,735</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,744</u>
Total expenditures	<u>2,652,632</u>	<u>2,652,632</u>	<u>2,443,908</u>	<u>208,724</u>	<u>2,190,514</u>
Revenues over expenditures	<u>433,229</u>	<u>433,229</u>	<u>852,139</u>	<u>418,910</u>	<u>1,077,567</u>
Other financing sources (uses):					
Transfers in	41,863	41,863	198,253	156,390	-
Transfers out	(931,092)	(931,092)	(963,955)	(32,863)	(633,426)
Total other financing sources and uses	<u>(889,229)</u>	<u>(889,229)</u>	<u>(765,702)</u>	<u>123,527</u>	<u>(633,426)</u>
Net change in fund balances	<u>(\$456,000)</u>	<u>(\$456,000)</u>	<u>86,437</u>	<u>\$542,437</u>	<u>444,141</u>
Fund balances - beginning			<u>2,277,353</u>		<u>1,833,212</u>
Fund balances - ending			<u>\$2,363,790</u>		<u>\$2,277,353</u>

CITY OF OAK GROVE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2006

Note A LEGAL COMPLIANCE – BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF OAK GROVE, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Statement 8

December 31, 2006

With Comparative Totals For December 31, 2005

Assets	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2006	2005
Cash and investments	\$1,145,486	\$535,826	\$1,095,442	\$2,776,754	\$2,137,890
Accounts receivable	181,097	-	25,528	206,625	10,687
Property taxes receivable	-	4,393	-	4,393	4,325
Special assessments:					
Current and unremitted	-	1,810	94,796	96,606	116,714
Delinquent	-	4,023	-	4,023	4,084
Allowance	-	-	-	-	(4,084)
Deferred	294	603,723	-	604,017	637,093
Deferred green acres	-	32,212	-	32,212	43,233
Deferred other	-	-	-	-	30,073
Due from other governments	7,925	-	-	7,925	93,472
Due from other funds	2,053	-	41	2,094	-
Land held for resale	-	-	-	-	1,651,625
Total assets	\$1,336,855	\$1,181,987	\$1,215,807	\$3,734,649	\$4,725,112
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$10,877	\$ -	\$41,791	\$52,668	\$25,688
Due to other governments	-	-	-	-	-
Due to other funds	28,152	23,331	263,802	315,285	200,162
Deferred revenue	294	643,344	94,796	738,434	2,477,093
Total liabilities	39,323	666,675	400,389	1,106,387	2,702,943
Fund balance:					
Reserved for debt service	-	515,312	-	515,312	538,435
Designated	1,297,532	-	1,026,755	2,324,287	1,513,559
Undesignated	-	-	(211,337)	(211,337)	(29,825)
Total fund balance	1,297,532	515,312	815,418	2,628,262	2,022,169
Total liabilities and fund balance	\$1,336,855	\$1,181,987	\$1,215,807	\$3,734,649	\$4,725,112

CITY OF OAK GROVE, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Statement 9

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

With Comparative Totals For The Year Ended December 31, 2005

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2006	2005
Revenues:					
Property taxes	\$ -	\$87,020	\$1,153	\$88,173	\$90,334
Special assessments	-	167,573	23,151	190,724	223,374
Intergovernmental	25,160	5,233	(25,185)	5,208	174,460
Investment income	18,259	13,848	10,947	43,054	43,665
Fees and contributions	382,918	-	-	382,918	-
Other	-	-	183	183	249,050
Total revenues	<u>426,337</u>	<u>273,674</u>	<u>10,249</u>	<u>710,260</u>	<u>780,883</u>
Expenditures:					
Sanitation	38,434	-	-	38,434	29,967
Human services	8,991	-	-	8,991	8,340
Recycling	45,877	-	-	45,877	46,016
Streets and highways	74,077	-	213,265	287,342	-
Public safety	448	-	-	448	-
Community development	15,853	-	-	15,853	13,768
Capital outlay	72,822	-	35,650	108,472	301,820
Debt service:					
Other professional	-	996	-	996	1,126
Bond principal	-	259,270	-	259,270	318,380
Interest on bonds	-	44,244	-	44,244	57,483
Total expenditures	<u>256,502</u>	<u>304,510</u>	<u>248,915</u>	<u>809,927</u>	<u>776,900</u>
Revenues over (under) expenditures	<u>169,835</u>	<u>(30,836)</u>	<u>(238,666)</u>	<u>(99,667)</u>	<u>3,983</u>
Other financing sources (uses):					
Transfers in	132,863	220,366	20,000	373,229	371,456
Transfers out	-	(212,653)	(205,966)	(418,619)	(167,793)
Sale of property	-	-	751,150	751,150	-
Total other financing sources (uses)	<u>132,863</u>	<u>7,713</u>	<u>565,184</u>	<u>705,760</u>	<u>203,663</u>
Net change in fund balance	302,698	(23,123)	326,518	606,093	207,646
Fund balance - January 1	<u>994,834</u>	<u>538,435</u>	<u>488,900</u>	<u>2,022,169</u>	<u>1,814,523</u>
Fund balance - December 31	<u>\$1,297,532</u>	<u>\$515,312</u>	<u>\$815,418</u>	<u>\$2,628,262</u>	<u>\$2,022,169</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2006
With Comparative Totals For December 31, 2005

	204/205 - Gambling Fund and Oak Wilt Grant Fund	210 - Cable TV Operating Fund	212/214 - Public Benefit and Park Development Fund
Assets			
Cash and investments	\$3,230	\$181,049	\$484,549
Accounts receivable	-	12,484	-
Special assessments receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Total assets	\$3,230	\$193,533	\$484,549
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$425	\$ -	\$ -
Due to other governments	-	-	-
Salaries payable	-	-	-
Due to other funds	2,154	-	-
Deferred revenue	-	-	-
Total liabilities	2,579	0	0
Fund balance:			
Unreserved:			
Designated	651	193,533	484,549
Undesignated	-	-	-
Total fund balance	651	193,533	484,549
Total liabilities and fund balance	\$3,230	\$193,533	\$484,549

200 - Recycling Fund	301/302 - Lake George Collector Fund	206/208 - Fire Contract and Fire Safe House Fund	230 - Utility Billing	General Fund Oak Grove E.D.A	Totals Nonmajor Special Revenue Funds	
					2006	2005
\$249,465	\$5,415	\$18,269	\$30,185	\$173,324	\$1,145,486	\$988,464
-	26,172	-	142,441	-	181,097	10,687
-	294	-	-	-	294	-
7,925	-	-	-	-	7,925	15,071
-	-	-	-	2,053	2,053	-
<u>\$257,390</u>	<u>\$31,881</u>	<u>\$18,269</u>	<u>\$172,626</u>	<u>\$175,377</u>	<u>\$1,336,855</u>	<u>\$1,014,222</u>
\$660	\$3,487	\$ -	\$5,810	\$495	\$10,877	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	13,827	-	-	12,171	28,152	19,388
-	294	-	-	-	294	-
<u>660</u>	<u>17,608</u>	<u>0</u>	<u>5,810</u>	<u>12,666</u>	<u>39,323</u>	<u>19,388</u>
256,730	14,273	18,269	166,816	162,711	1,297,532	926,264
-	-	-	-	-	-	68,570
<u>256,730</u>	<u>14,273</u>	<u>18,269</u>	<u>166,816</u>	<u>162,711</u>	<u>1,297,532</u>	<u>994,834</u>
<u>\$257,390</u>	<u>\$31,881</u>	<u>\$18,269</u>	<u>\$172,626</u>	<u>\$175,377</u>	<u>\$1,336,855</u>	<u>\$1,014,222</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2006
With Comparative Totals For The Year Ended December 31, 2005

	204/205 - Gambling Fund and Oak Wilt Grant Fund	210 - Cable TV Operating Fund	212/214 - Public Benefit and Park Development Fund
Revenues:			
Intergovernmental	\$3,260	\$ -	\$1,560
Investment income	-	-	13,745
Fees and contributions	2,118	46,528	25,675
Total revenues	<u>5,378</u>	<u>46,528</u>	<u>40,980</u>
Expenditures:			
Sanitation	5,839	-	-
Human services	-	8,991	-
Recycling	-	-	-
Parks capital outlay	-	-	-
Streets and highways	-	-	-
Public safety	-	-	-
Community Development	-	-	-
Capital outlay	-	26,868	45,954
Total expenditures	<u>5,839</u>	<u>35,859</u>	<u>45,954</u>
Revenues over (under) expenditures	<u>(461)</u>	<u>10,669</u>	<u>(4,974)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(461)	10,669	(4,974)
Fund balance - January 1	<u>1,112</u>	<u>182,864</u>	<u>489,523</u>
Fund balance - December 31	<u>\$651</u>	<u>\$193,533</u>	<u>\$484,549</u>

200 - Recycling Fund	301/302 - Lake George Collector Fund	206/208 - Fire Contract and Fire Safe House Fund	230 - Utility Billing	General Fund Oak Grove E.D.A	Totals Nonmajor Special Revenue Funds	
					2006	2005
\$20,340	\$ -	\$ -	\$ -	\$ -	\$25,160	\$42,293
-	168	-	293	4,053	18,259	17,038
22,480	45,927	1,050	239,140	-	382,918	249,050
<u>42,820</u>	<u>46,095</u>	<u>1,050</u>	<u>239,433</u>	<u>4,053</u>	<u>426,337</u>	<u>308,381</u>
-	32,595	-	-	-	38,434	29,967
-	-	-	-	-	8,991	8,340
45,877	-	-	-	-	45,877	46,016
-	-	-	-	-	-	-
-	-	-	74,077	-	74,077	-
-	-	448	-	-	448	-
-	-	-	-	15,853	15,853	13,768
-	-	-	-	-	72,822	66,832
<u>45,877</u>	<u>32,595</u>	<u>448</u>	<u>74,077</u>	<u>15,853</u>	<u>256,502</u>	<u>164,923</u>
<u>(3,057)</u>	<u>13,500</u>	<u>602</u>	<u>165,356</u>	<u>(11,800)</u>	<u>169,835</u>	<u>143,458</u>
26,149	6,714	-	-	100,000	132,863	130,045
-	-	-	-	-	-	(167,793)
<u>26,149</u>	<u>6,714</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>132,863</u>	<u>(37,748)</u>
23,092	20,214	602	165,356	88,200	302,698	105,710
233,638	(5,941)	17,667	1,460	74,511	994,834	889,124
<u>\$256,730</u>	<u>\$14,273</u>	<u>\$18,269</u>	<u>\$166,816</u>	<u>\$162,711</u>	<u>\$1,297,532</u>	<u>\$994,834</u>

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CITY OF OAK GROVE, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2006

With Comparative Totals For December 31, 2005

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	250 - Fire Equipment Certificates Fund	500/501/503 - Pines 1989, Xavis 1986, and Forest Glen/R.C.B 1991 Fund	502 - Ramblin Rum 1990 Fund	504/505 - Seelye Brooke/Reggie Ridge 1992 Fund	506 - 2004 Sleepy Hollow 1992 Fund
Assets					
Cash and investments	\$69,624	\$9,539	\$11,884	\$3,114	\$ -
Property taxes receivable	4,393	-	-	-	-
Special assessments:					
Current and unremitted	-	-	-	-	-
Delinquent	-	-	-	-	-
Allowance	-	-	-	-	-
Deferred	-	-	4,919	-	-
Deferred green acres	-	-	-	8,628	-
Deferred other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$74,017	\$9,539	\$16,803	\$11,742	\$0
Liabilities and Fund Balance					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	3,386	-	4,919	8,628	-
Total liabilities	3,386	0	4,919	8,628	0
Fund balance:					
Reserved for debt service	70,631	9,539	11,884	3,114	-
Total fund balance	70,631	9,539	11,884	3,114	0
Total liabilities and fund balance	\$74,017	\$9,539	\$16,803	\$11,742	\$0

CITY OF OAK GROVE, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2006

With Comparative Totals For December 31, 2005

	517 - 219th/Woodbine 2000 Fund	518 - Fern Hills 2001 Fund	516 - Seelye Brooke 1999 Fund	507/508 - Swan Lake/1993 Foxridge 1994 Fund	513 - Green Estate/Hickey Lake 1996 Fund
Assets					
Cash and investments	\$26,701	\$72,837	\$35,984	\$ -	\$39,694
Property taxes receivable	-	-	-	-	-
Special assessments:					
Current and Unremitted	-	-	-	-	238
Delinquent	508	1,812	196	-	449
Allowance	-	-	-	-	-
Deferred	24,157	125,272	24,147	-	-
Deferred green acres	-	-	-	19,653	-
Deferred other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$51,366	\$199,921	\$60,327	\$19,653	\$40,381
Liabilities and Fund Balance					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$23,331	\$ -
Deferred revenue	24,665	127,084	24,343	19,653	449
Total liabilities	24,665	127,084	24,343	42,984	449
Fund balance:					
Reserved for debt service	26,701	72,837	35,984	(23,331)	39,932
Total fund balance	26,701	72,837	35,984	(23,331)	39,932
Total liabilities and fund balance	\$51,366	\$199,921	\$60,327	\$19,653	\$40,381

509 - Walden 1995 Fund	510 - Cedar Creek/Birds Eye 1995 Fund	511/512 - Blackfoot / Maxi 1995 Fund	514/515 - 1999 Briarwood / 1998 River Shores Fund	519 - 2002 Road Project Assessment Fund	521/523 - 2005 Fund	Totals Nonmajor Debt Service Funds	
						2006	2005
\$ -	\$409	\$8,493	\$89,691	\$112,295	\$55,561	\$535,826	\$569,466
-	-	-	-	-	-	4,393	4,325
-	-	-	470	322	780	1,810	4,522
-	201	857	-	-	-	4,023	4,084
-	-	-	-	-	-	-	(4,084)
-	-	-	48,922	132,603	243,703	603,723	637,093
-	-	3,931	-	-	-	32,212	43,233
-	-	-	-	-	-	-	30,073
-	-	-	-	-	-	-	-
<u>\$0</u>	<u>\$610</u>	<u>\$13,281</u>	<u>\$139,083</u>	<u>\$245,220</u>	<u>\$300,044</u>	<u>\$1,181,987</u>	<u>\$1,288,712</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$23,331	\$37,001
-	201	4,788	48,922	132,603	243,703	643,344	713,276
<u>0</u>	<u>201</u>	<u>4,788</u>	<u>48,922</u>	<u>132,603</u>	<u>243,703</u>	<u>666,675</u>	<u>750,277</u>
-	409	8,493	90,161	112,617	56,341	515,312	538,435
<u>0</u>	<u>409</u>	<u>8,493</u>	<u>90,161</u>	<u>112,617</u>	<u>56,341</u>	<u>515,312</u>	<u>538,435</u>
<u>\$0</u>	<u>\$610</u>	<u>\$13,281</u>	<u>\$139,083</u>	<u>\$245,220</u>	<u>\$300,044</u>	<u>\$1,181,987</u>	<u>\$1,288,712</u>

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CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2006
With Comparative Totals For The Year Ended December 31, 2005

	250 - Fire Equipment Certificates Fund	500/501/503 - Pines 1989, Xavis 1986, and Forest Glen/R.C.B 1991 Fund	502 - Ramblin Rum 1990 Fund	504/505 - Seelye Brooke/Reggie Ridge 1992 Fund	506 - 2004 Sleepy Hollow 1992 Fund
Revenues:					
Property taxes	\$87,020	\$ -	\$ -	\$ -	\$ -
Special assessments	-	2,523	7,081	-	-
Intergovernmental	5,233	-	-	-	-
Investment income	763	206	291	86	-
Total revenues	<u>93,016</u>	<u>2,729</u>	<u>7,372</u>	<u>86</u>	<u>0</u>
Expenditures:					
Debt service:					
Other professional	-	-	-	60	-
Bond principal	85,000	-	-	-	-
Interest on bonds	4,728	-	-	-	-
Total expenditures	<u>89,728</u>	<u>0</u>	<u>0</u>	<u>60</u>	<u>0</u>
Revenues over (under) expenditures	<u>3,288</u>	<u>2,729</u>	<u>7,372</u>	<u>26</u>	<u>0</u>
Other financing sources (uses):					
Transfers in	-	14,400	-	-	-
Transfers out	-	(47,730)	-	(18,119)	(18,430)
Total other financing sources (uses)	<u>0</u>	<u>(33,330)</u>	<u>0</u>	<u>(18,119)</u>	<u>(18,430)</u>
Net increase (decrease) in fund balance	3,288	(30,601)	7,372	(18,093)	(18,430)
Fund balance - January 1	<u>67,343</u>	<u>40,140</u>	<u>4,512</u>	<u>21,207</u>	<u>18,430</u>
Fund balance - December 31	<u>\$70,631</u>	<u>\$9,539</u>	<u>\$11,884</u>	<u>\$3,114</u>	<u>\$0</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2006
With Comparative Totals For The Year Ended December 31, 2005

	517 - 219th/Woodbine 2000 Fund	518 - Fern Hills 2001 Fund	516 - Seelye Brooke 1999 Fund	507/508 - Swan Lake/1993 Foxridge 1994 Fund	513 - Green Estate/Hickey Lake 1996 Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	7,116	32,400	8,000	-	11,950
Intergovernmental	-	-	-	-	-
Investment income	904	2,066	1,103	-	1,092
Total revenues	<u>8,020</u>	<u>34,466</u>	<u>9,103</u>	<u>0</u>	<u>13,042</u>
Expenditures:					
Debt service:					
Other professional	54	211	80	85	(57)
Bond principal	11,300	35,500	10,300	-	23,950
Interest on bonds	2,684	8,591	1,732	645	719
Total expenditures	<u>14,038</u>	<u>44,302</u>	<u>12,112</u>	<u>730</u>	<u>24,612</u>
Revenues over (under) expenditures	<u>(6,018)</u>	<u>(9,836)</u>	<u>(3,009)</u>	<u>(730)</u>	<u>(11,570)</u>
Other financing sources (uses):					
Transfers in	20,726	44,828	29,370	-	-
Transfers out	-	-	-	(1,539)	-
Total other financing sources (uses)	<u>20,726</u>	<u>44,828</u>	<u>29,370</u>	<u>(1,539)</u>	<u>0</u>
Net increase (decrease) in fund balance	14,708	34,992	26,361	(2,269)	(11,570)
Fund balance - January 1	<u>11,993</u>	<u>37,845</u>	<u>9,623</u>	<u>(21,062)</u>	<u>51,502</u>
Fund balance - December 31	<u>\$26,701</u>	<u>\$72,837</u>	<u>\$35,984</u>	<u>(\$23,331)</u>	<u>\$39,932</u>

509 - Walden 1995 Fund	510 - Cedar Creek/Birds Eye 1995 Fund	511/512 - Blackfoot / Maxi 1995 Fund	514/515 - 1999 Briarwood / 1998 River Shores Fund	519 - 2002 Road Project Assessment Fund	521/523 - 2005 Fund	Totals Nonmajor Debt Service Funds	
						2006	2005
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$87,020	\$89,330
-	193	-	22,018	30,091	46,201	167,573	200,243
-	-	-	-	-	-	5,233	6,782
-	-	236	2,615	3,266	1,220	13,848	13,964
<u>0</u>	<u>193</u>	<u>236</u>	<u>24,633</u>	<u>33,357</u>	<u>47,421</u>	<u>273,674</u>	<u>310,319</u>
-	-	-	154	217	192	996	1,126
-	-	-	30,500	33,420	29,300	259,270	318,380
-	-	-	4,819	10,862	9,464	44,244	57,483
<u>0</u>	<u>0</u>	<u>0</u>	<u>35,473</u>	<u>44,499</u>	<u>38,956</u>	<u>304,510</u>	<u>376,989</u>
0	193	236	(10,840)	(11,142)	8,465	(30,836)	(66,670)
-	-	-	58,733	52,309	-	220,366	-
(19,272)	(43,703)	(63,860)	-	-	-	(212,653)	-
<u>(19,272)</u>	<u>(43,703)</u>	<u>(63,860)</u>	<u>58,733</u>	<u>52,309</u>	<u>0</u>	<u>7,713</u>	<u>0</u>
(19,272)	(43,510)	(63,624)	47,893	41,167	8,465	(23,123)	(66,670)
19,272	43,919	72,117	42,268	71,450	47,876	538,435	605,105
<u>\$0</u>	<u>\$409</u>	<u>\$8,493</u>	<u>\$90,161</u>	<u>\$112,617</u>	<u>\$56,341</u>	<u>\$515,312</u>	<u>\$538,435</u>

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CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2006
 With Comparative Totals For December 31, 2005

	403 - Future Road Fund	219 - Park and Trail Maintenance Fund	414 - 219th / Woodbine Improvements Fund	418 - 2004 Road Projects Fund
Assets				
Cash and investments	\$274,465	\$40,000	\$ -	\$32,792
Special assessments receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$274,465	\$40,000	\$0	\$32,792
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$1,143
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	0	0	0	1,143
Fund balance (deficit):				
Unreserved:				
Designated	274,465	40,000	-	31,649
Undesignated	-	-	-	-
Total fund balance (deficit)	274,465	40,000	0	31,649
Total liabilities and fund balance	\$274,465	\$40,000	\$0	\$32,792

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2006
With Comparative Totals For December 31, 2005

	415 - Fern Hills Improvements Fund	416 - 2002 Road Projects Fund	216 - MSA Construction Fund	411 - River Shores Improvements Fund
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	-	-	-
Due from other governments	-	-	25,528	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$0	\$0	\$25,528	\$0
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$2,556	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	124,642	-
Deferred revenue	-	-	-	-
Total liabilities	0	0	127,198	0
Fund balance (deficit):				
Unreserved:				
Designated	-	-	-	-
Undesignated	-	-	(101,670)	-
Total fund balance (deficit)	0	0	(101,670)	0
Total liabilities and fund balance	\$0	\$0	\$25,528	\$0

412/413 - Seeley Brooks Esates/Briarwood/D avis Improvements Fund	417 - Hillcrest / Rogers Improvements Fund	419/420/522 - 2005 Road Projects Fund	T.I.F. West Lake George Administration	T.I.F West Lake George Acquisition	Totals Nonmajor Capital Project Funds	
					2006	2005
					\$ -	\$40,109
-	39,144	55,652	-	-	94,796	112,192
-	-	-	-	-	25,528	78,401
-	-	-	41	-	41	-
					-	1,651,625
<u>\$0</u>	<u>\$79,253</u>	<u>\$83,109</u>	<u>\$680,660</u>	<u>\$0</u>	<u>\$1,215,807</u>	<u>\$2,422,178</u>
\$ -	\$ -	\$38,073	\$19	\$ -	\$41,791	\$1,577
-	-	-	-	-	-	24,111
-	65,943	71,164	-	2,053	263,802	143,773
-	39,144	55,652	-	-	94,796	1,763,817
<u>0</u>	<u>105,087</u>	<u>164,889</u>	<u>19</u>	<u>2,053</u>	<u>400,389</u>	<u>1,933,278</u>
-	-	-	680,641	-	1,026,755	587,295
-	(25,834)	(81,780)	-	(2,053)	(211,337)	(98,395)
<u>0</u>	<u>(25,834)</u>	<u>(81,780)</u>	<u>680,641</u>	<u>(2,053)</u>	<u>815,418</u>	<u>488,900</u>
<u>\$0</u>	<u>\$79,253</u>	<u>\$83,109</u>	<u>\$680,660</u>	<u>\$0</u>	<u>\$1,215,807</u>	<u>\$2,422,178</u>

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CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2006
With Comparative Totals For The Year Ended December 31, 2005

	403 - Future Road Fund	219 - Park and Trail Maintenance Fund	414 - 219th / Woodbine Improvements Fund	418 - 2004 Road Projects Fund
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Intergovernmental:				
Prior year estimate change	-	-	-	-
Current year revenue	-	-	-	-
Investment income	7,589	-	-	1,867
Other	-	-	-	-
Total revenues	<u>7,589</u>	<u>0</u>	<u>0</u>	<u>1,867</u>
Expenditures:				
Engineering	-	-	-	1,310
Contractors	-	-	-	27,055
Legal	-	-	-	-
Capital outlay	-	-	-	-
Professional services:				
Maintenance and other	-	-	3,390	-
Total expenditures	<u>0</u>	<u>0</u>	<u>3,390</u>	<u>28,365</u>
Revenues over (under) expenditures	<u>7,589</u>	<u>0</u>	<u>(3,390)</u>	<u>(26,498)</u>
Other financing sources (uses):				
Transfers in	-	20,000	-	-
Transfers out	-	-	(20,726)	-
Gain or (loss) on sale of property	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>20,000</u>	<u>(20,726)</u>	<u>0</u>
Net change in fund balance	7,589	20,000	(24,116)	(26,498)
Fund balance (deficit) - January 1	<u>266,876</u>	<u>20,000</u>	<u>24,116</u>	<u>58,147</u>
Fund balance (deficit) - December 31	<u>\$274,465</u>	<u>\$40,000</u>	<u>\$0</u>	<u>\$31,649</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2006
With Comparative Totals For The Year Ended December 31, 2005

	415 - Fern Hills Improvements Fund	416 - 2002 Road Projects Fund	216 - MSA Construction Fund	411 - River Shores Improvements Fund
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Intergovernmental:				
Prior year estimate change	-	-	(25,226)	-
Current year revenue	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total revenues	<u>0</u>	<u>0</u>	<u>(25,226)</u>	<u>0</u>
Expenditures:				
Engineering	-	-	76,444	-
Contractors	-	-	-	-
Legal	-	-	-	-
Capital outlay	-	-	-	-
Professional services:				
Maintenance and other	10,650	10,026	-	1,770
Total expenditures	<u>10,650</u>	<u>10,026</u>	<u>76,444</u>	<u>1,770</u>
Revenues over (under) expenditures	<u>(10,650)</u>	<u>(10,026)</u>	<u>(101,670)</u>	<u>(1,770)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(44,828)	(52,309)	-	(11,650)
Gain or (loss) on sale of property	-	-	-	-
Total other financing sources (uses)	<u>(44,828)</u>	<u>(52,309)</u>	<u>0</u>	<u>(11,650)</u>
Net change in fund balance	(55,478)	(62,335)	(101,670)	(13,420)
Fund balance (deficit) - January 1	<u>55,478</u>	<u>62,335</u>	<u>-</u>	<u>13,420</u>
Fund balance (deficit) - December 31	<u>\$0</u>	<u>\$0</u>	<u>(\$101,670)</u>	<u>\$0</u>

412/413 - Seeley Brooks Esates/Briarwood/ Davis Improvements Fund	417 - Hillcrest / Rogers Improvements Fund	419/420/522 - 2005 Road Projects Fund	T.I.F. West Lake George Administration	T.I.F West Lake George Acquisition	Totals Nonmajor Capital Project Funds	
					2006	2005
\$ -	\$ -	\$ -	\$1,153	\$ -	\$1,153	\$1,004
-	7,381	15,770	-	-	23,151	23,131
-	-	-	-	-	(25,226)	-
-	-	-	41	-	41	125,385
-	965	526	-	-	10,947	12,663
-	-	-	183	-	183	-
<u>0</u>	<u>8,346</u>	<u>16,296</u>	<u>1,377</u>	<u>0</u>	<u>10,249</u>	<u>162,183</u>
-	-	12,254	-	-	90,008	47,550
-	-	-	-	-	27,055	160,044
-	-	-	50,934	-	50,934	20,329
-	-	35,650	-	-	35,650	-
-	-	-	-	-	-	-
10,470	1,898	2,211	4,853	-	45,268	7,065
<u>10,470</u>	<u>1,898</u>	<u>50,115</u>	<u>55,787</u>	<u>0</u>	<u>248,915</u>	<u>234,988</u>
<u>(10,470)</u>	<u>6,448</u>	<u>(33,819)</u>	<u>(54,410)</u>	<u>0</u>	<u>(238,666)</u>	<u>(72,805)</u>
-	-	-	-	-	20,000	241,411
(76,453)	-	-	-	-	(205,966)	-
-	-	-	751,150	-	751,150	-
<u>(76,453)</u>	<u>0</u>	<u>0</u>	<u>751,150</u>	<u>0</u>	<u>565,184</u>	<u>241,411</u>
(86,923)	6,448	(33,819)	696,740	0	326,518	168,606
<u>86,923</u>	<u>(32,282)</u>	<u>(47,961)</u>	<u>(16,099)</u>	<u>(2,053)</u>	<u>488,900</u>	<u>320,294</u>
<u>\$0</u>	<u>(\$25,834)</u>	<u>(\$81,780)</u>	<u>\$680,641</u>	<u>(\$2,053)</u>	<u>815,418</u>	<u>\$488,900</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING BALANCE SHEET
FIDUCIARY FUNDS
 December 31, 2006
 With Comparative Totals For December 31, 2005

Statement 16

	8000 - Developer Escrow	605 - Cable TV Escrow	Totals Fiduciary Funds	
			2006	2005
Assets:				
Cash and investments	\$25,289	\$5,759	\$31,048	\$37,576
Receivables from developers	-	-	-	57,390
Total assets	<u>\$25,289</u>	<u>\$5,759</u>	<u>\$31,048</u>	<u>\$94,966</u>
Liabilities:				
Accounts payable	\$6,357	\$159	\$6,516	\$ -
Deposits payable	18,932	5,600	24,532	94,966
Total liabilities	<u>\$25,289</u>	<u>\$5,759</u>	<u>\$31,048</u>	<u>\$94,966</u>

The accompanying notes are an integral part of these financial statements.

CITY OF OAK GROVE, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006
With Comparative Totals For The Year Ended December 31, 2005

Statement 17

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<u>Developer Escrow</u>				
Assets:				
Cash and investments	\$31,976	\$25,289	\$31,976	\$25,289
Receivables from developers	57,390	-	57,390	-
Total assets	<u>\$89,366</u>	<u>\$25,289</u>	<u>\$89,366</u>	<u>\$25,289</u>
Liabilities:				
Accounts payable	\$ -	\$6,357	\$ -	\$6,357
Deposits payable	89,366	18,932	89,366	18,932
Total liabilities	<u>\$89,366</u>	<u>\$25,289</u>	<u>\$89,366</u>	<u>\$25,289</u>
<u>Cable TV Escrow</u>				
Assets:				
Cash and investments	\$5,600	\$5,759	\$5,600	\$5,759
Liabilities:				
Accounts payable	\$ -	\$159	\$ -	\$159
Deposits payable	5,600	-	-	5,600
Total liabilities	<u>\$5,600</u>	<u>\$159</u>	<u>\$0</u>	<u>\$5,759</u>
<u>Totals</u>				
Assets:				
Cash and investments	\$37,576	\$31,048	\$37,576	\$31,048
Receivables from developers	57,390	-	57,390	-
Total assets	<u>\$94,966</u>	<u>\$31,048</u>	<u>\$94,966</u>	<u>\$31,048</u>
Liabilities:				
Accounts payable	\$ -	\$6,516	\$ -	\$6,516
Deposits payable	94,966	18,932	89,366	24,532
Total liabilities	<u>\$94,966</u>	<u>\$25,448</u>	<u>\$89,366</u>	<u>\$31,048</u>

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