

CITY OF OAK GROVE, MINNESOTA

ANNUAL FINANCIAL REPORT

December 31, 2007

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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, 2007

	<u>Term Expires</u>
Mayor: James Iund	December 31, 2010
Council Members: Mike Wylie	December 31, 2010
Kristen Anderson	December 31, 2010
Brad Le Tourneau	December 31, 2008
Jim Marinan	December 31, 2008
City Administrator: Chantell Knauss	Appointed
City Finance Director: Clara D. Thorne	Appointed
City Planner: Sam Lucast	Appointed
Director of Public Works: Tim Smith	Appointed
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, 2007 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 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2008, 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 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.

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The Management's Discussion and Analysis and the budgetary comparison information, as listed in the table of contents, 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 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 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 & []

HLB TAUTGES REDPATH, LTD.
White Bear Lake, Minnesota

August 6, 2008

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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, 2007.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$17,025,993 (Net assets). Of this amount \$9,198,579 (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 \$895,733.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,246,635.

At the end of the current fiscal year the general fund balance was \$2,662,646 all of which is undesignated.

The General Fund balance increased by \$298,856, which was a \$298,856 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 six 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
- Asset Replacement
- Road Improvement
- TIF West Lake George Administration
- MSA Construction

Management's Discussion and Analysis

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.

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 \$17,025,993 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$6,812,295 or 40% 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	
	2007	2006
Current and other assets	\$10,979,801	\$10,997,442
Capital assets	9,591,095	8,961,273
Total assets	<u>\$20,570,896</u>	<u>\$19,958,715</u>
Other liabilities	\$808,024	\$3,060,982
Long-term liabilities outstanding	2,736,879	767,473
Total liabilities	<u>\$3,544,903</u>	<u>\$3,828,455</u>
Net assets:		
Invested in capital assets, net of related debt	\$6,812,295	\$5,744,653
Restricted	1,015,119	1,110,359
Unrestricted	9,198,579	9,275,248
Total net assets	<u>\$17,025,993</u>	<u>\$16,130,260</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

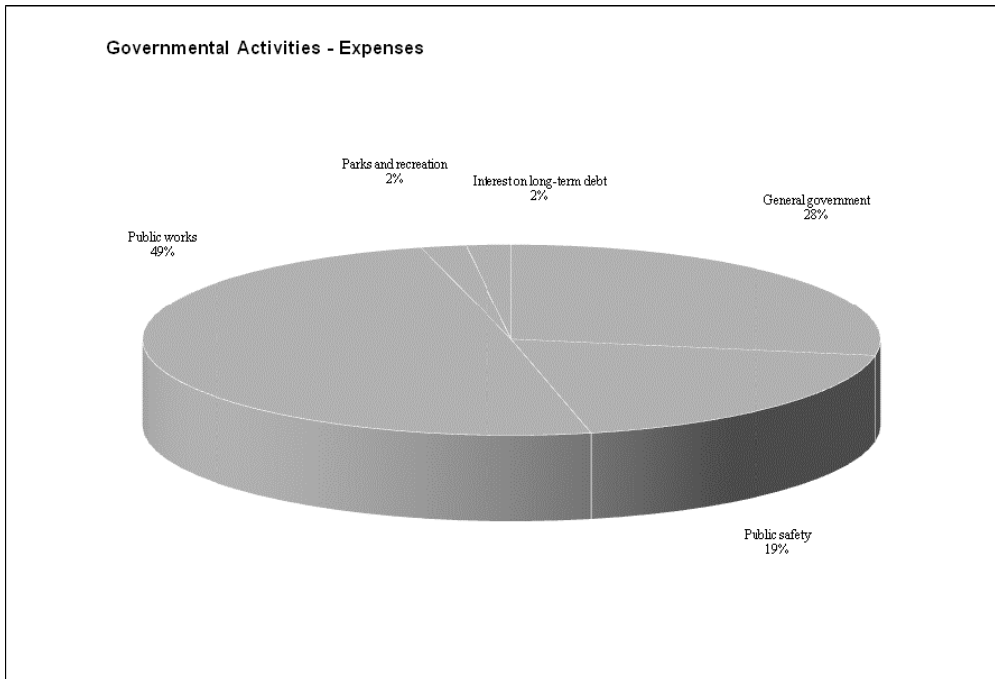
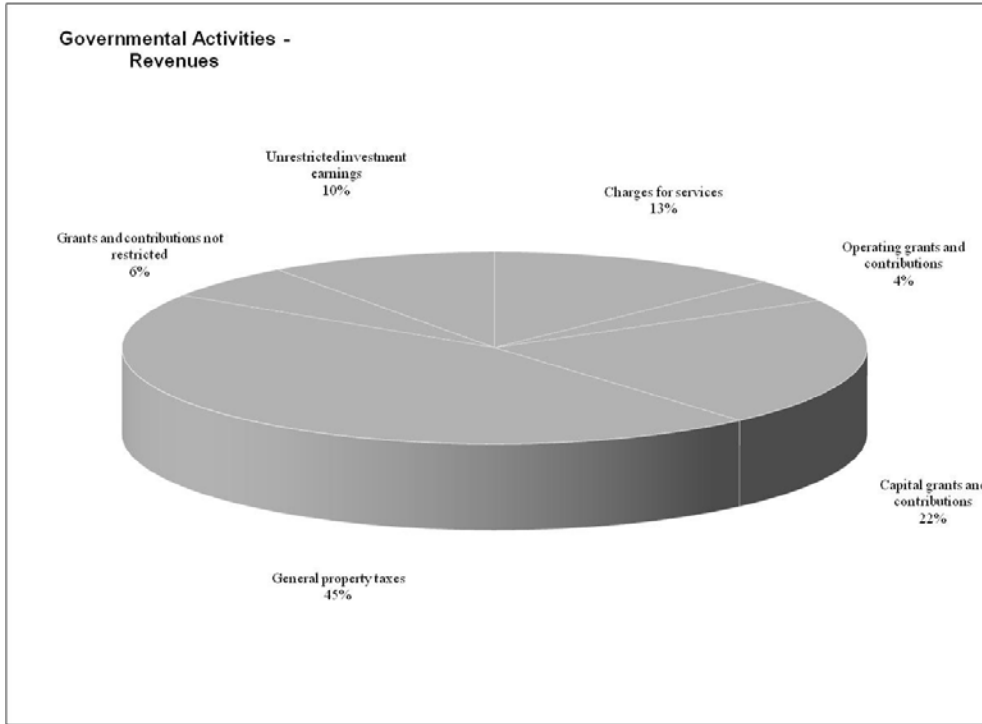
Governmental activities increased the City's net assets by \$895,733 during 2007. Key elements of this increase are as follows:

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

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$687,739	\$935,396
Operating grants and contributions	195,669	403,346
Capital grants and contributions	1,180,869	(25,226)
General revenues:		
General property taxes	2,433,213	2,254,282
Grants and contributions not restricted to specific programs	312,826	330,936
Unrestricted investment earnings	460,255	236,042
Gain on sale of property	-	539,081
Miscellaneous	3,767	-
Total revenues	<u>5,274,338</u>	<u>4,673,857</u>
Expenses:		
General government	1,206,767	1,101,376
Public safety	814,899	796,115
Public works	2,169,447	1,692,924
Parks and recreation	83,151	83,110
Interest on long-term debt	104,341	103,627
Total expenses	<u>4,378,605</u>	<u>3,777,152</u>
Increase in net assets before transfers	895,733	896,705
Transfers	<u>-</u>	<u>-</u>
Change in net assets	<u>895,733</u>	<u>896,705</u>
Net assets - January 1, as previously reported	16,130,260	14,940,538
Prior period adjustment	-	293,017
Net assets - January 1, as restated	<u>16,130,260</u>	<u>15,233,555</u>
Net assets - December 31	<u>\$17,025,993</u>	<u>\$16,130,260</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 \$8,246,635.

The general fund increased by \$298,856 in 2007, which was a \$298,856 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 Project Fund decreased by (\$50,495) during 2007.

The Asset Replacement Fund increased by \$385,894 during 2007. This fund receives an annual transfer from the general fund.

The Road Improvement Fund had no change during 2007.

The TIF West lake George Administration Fund decreased by (\$759,615) during 2007.

The MSA Construction Fund decreased by (\$13,190) during 2007.

The nonmajor special revenue funds increased by \$159,896 during 2007.

The nonmajor debt service funds decreased by (\$46,115) during 2007.

The nonmajor capital project fund increased by \$7,481 during 2007.

Budgetary Highlights

General Fund

The expenditure budget was amended to provide for changes in activity that occurred during the year.

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, 2007, amounts to \$9,591,095 (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	
	12/31/2007	12/31/2006
Land	\$2,281,069	\$2,212,392
Buildings and improvements	1,872,733	974,735
Furniture and fixtures	2,153	4,907
Machinery and equipment	909,466	948,918
Infrastructure	3,842,332	3,533,772
Construction in progress	683,342	1,286,549
Total	\$9,591,095	\$8,961,273

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 \$2,778,800, a decrease of \$437,820 from 2006.

Additional long-term debt in the amount of \$159,049 for compensated absences was also outstanding at the end of 2007.

City of Oak Grove, Minnesota's Outstanding Debt

General obligation improvement bonds and compensated absences:

	Governmental Activities	
	12/31/2007	12/31/2006
Fire equipment certificates	\$ -	\$42,500
General obligation temporary improvement bonds	-	2,400,000
General obligation capital improvement bonds	465,000	-
Taxable general obligation tax increment bonds	1,690,000	-
Special assessment bonds	623,800	774,120
Compensated absences	159,049	140,723
Total	\$2,937,849	\$3,357,343

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, 19900 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, 2007

Statement 1

	Governmental Activities	
	2007	2006
Assets:		
Cash and investments	\$8,273,229	\$8,421,114
Accrued interest receivable	51,375	56,308
Accounts receivable - net	65,033	184,447
Property taxes receivable	128,082	111,572
Special assessments receivable	654,443	752,232
Due from fiduciary fund	43,951	-
Due from other governments	329,060	36,463
Prepaid items	37,066	-
Unamortized debt issuance costs	64,696	-
Land held for resale	1,332,866	1,435,306
Capital assets (net of accumulated depreciation):		
Land	2,281,069	2,212,392
Machinery and equipment	909,466	948,918
Buildings and improvements	1,872,733	974,735
Furniture and fixtures	2,153	4,907
Infrastructure	3,842,332	3,533,772
Construction in progress	683,342	1,286,549
Total assets	<u>20,570,896</u>	<u>19,958,715</u>
Liabilities:		
Accrued interest payable	17,072	8,679
Accounts and contracts payable	424,654	396,000
Salaries payable	62,830	66,433
Due to other governments	22,560	-
Due to fiduciary funds	79,938	-
Compensated absences payable:		
Due within one year	52,097	-
Due in more than one year	106,952	140,723
Bonds payable:		
Due within one year	148,873	2,589,870
Due in more than one year	2,629,927	626,750
Total liabilities	<u>3,544,903</u>	<u>3,828,455</u>
Net assets:		
Invested in capital assets, net of related debt	6,812,295	5,744,653
Restricted for debt service	1,015,119	1,110,359
Unrestricted	9,198,579	9,275,248
Total net assets	<u><u>\$17,025,993</u></u>	<u><u>\$16,130,260</u></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, 2007

Statement 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	2007	2006
Primary government:						
Governmental activities:						
General government	\$1,206,767	\$92,285	\$2,060	\$ -	(\$1,112,422)	(\$1,062,974)
Public safety	814,899	26,555	41,467	-	(746,877)	(425,945)
Public works	2,169,447	560,899	152,142	1,180,869	(275,537)	(819,123)
Parks and recreation	83,151	8,000	-	-	(75,151)	(51,967)
Interest on long-term debt	104,341	-	-	-	(104,341)	(103,627)
Total primary government	<u>\$4,378,605</u>	<u>\$687,739</u>	<u>\$195,669</u>	<u>\$1,180,869</u>	<u>(2,314,328)</u>	<u>(2,463,636)</u>
General revenues:						
Property taxes					2,401,733	\$2,167,262
Property taxes levied for debt service					31,480	87,020
Grants and contributions not restricted to specific programs					312,826	330,936
Unrestricted investment earnings					460,255	236,042
Gain on sale of property					-	539,081
Miscellaneous					3,767	-
Total general revenues and transfers					<u>3,210,061</u>	<u>3,360,341</u>
Change in net assets					<u>895,733</u>	<u>896,705</u>
Net assets - beginning, as previously reported					16,130,260	14,940,538
Prior period adjustment					-	293,017
Net assets - beginning, as restated					<u>16,130,260</u>	<u>15,233,555</u>
Net assets - ending					<u>\$17,025,993</u>	<u>\$16,130,260</u>

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

CITY OF OAK GROVE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	<u>100 - General Fund</u>	<u>260/330 - West Lake George Project Fund</u>
Assets:		
Cash and investments	\$1,733,778	\$31,042
Accrued interest receivable	51,375	-
Accounts receivable - net	13,277	-
Property taxes receivable	123,016	1,066
Special assessments receivable	15,374	-
Due from other governments	7,891	-
Due from other funds	997,943	-
Prepaid items	37,066	-
Land held for resale	-	-
Total assets	<u>\$2,979,720</u>	<u>\$32,108</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$67,264	\$27,608
Salaries payable	62,830	-
Due to other funds	-	332,101
Due to other governments	-	-
Due to fiduciary fund	79,938	-
Deferred revenue	107,042	790
Total liabilities	<u>317,074</u>	<u>360,499</u>
Fund balance:		
Reserved for debt service	-	-
Unreserved:		
Designated reported in:		
Special Revenue Funds	-	-
Capital Projects Funds	-	-
Undesignated reported in:		
General Fund	2,662,646	-
Capital Project Funds	-	(328,391)
Total fund balance	<u>2,662,646</u>	<u>(328,391)</u>
Total liabilities and fund balance	<u>\$2,979,720</u>	<u>\$32,108</u>

Fund balance reported above

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

 Delinquent taxes

 Assessments not yet due or delinquent

 Land held for resale

 Deferred charges on bonds

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

 Bonds payable

 Accrued interest

 Compensated absences

Net assets of governmental activities

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

310/312/314/320 -

Asset Replacement Fund	218 - Road Improvement Fund	351 TIF West Lake George Administration	216 - MSA Construction Fund	Other Governmental Funds	Total Governmental Funds	
					2007	2006
\$2,112,921	\$1,990,283	\$ -	\$ -	\$2,405,205	\$8,273,229	\$8,421,114
-	-	-	-	-	51,375	56,308
-	-	-	-	51,756	65,033	209,975
-	-	-	-	4,000	128,082	111,572
-	-	-	-	639,069	654,443	752,232
-	-	-	317,223	3,946	329,060	10,935
-	-	-	-	2,053	999,996	697,029
-	-	-	-	-	37,066	-
-	-	1,332,866	-	-	1,332,866	1,435,306
<u>\$2,112,921</u>	<u>\$1,990,283</u>	<u>\$1,332,866</u>	<u>\$317,223</u>	<u>\$3,106,029</u>	<u>\$11,871,150</u>	<u>\$11,694,471</u>
\$41,550	\$ -	\$ -	\$267,661	\$20,571	\$424,654	\$396,000
-	-	-	-	-	62,830	66,433
125,993	-	78,974	164,422	254,555	956,045	697,029
-	-	-	-	22,560	22,560	-
-	-	-	-	-	79,938	-
-	-	1,332,866	-	637,790	2,078,488	2,271,086
<u>167,543</u>	<u>0</u>	<u>1,411,840</u>	<u>432,083</u>	<u>935,476</u>	<u>3,624,515</u>	<u>3,430,548</u>
-	-	-	-	469,197	469,197	515,312
-	-	-	-	1,457,428	1,457,428	1,297,532
2,071,371	1,990,283	(759,615)	-	364,195	3,666,234	4,702,515
-	-	-	-	-	2,662,646	2,363,790
(125,993)	-	680,641	(114,860)	(120,267)	(8,870)	(615,226)
<u>1,945,378</u>	<u>1,990,283</u>	<u>(78,974)</u>	<u>(114,860)</u>	<u>2,170,553</u>	<u>8,246,635</u>	<u>8,263,923</u>
<u>\$2,112,921</u>	<u>\$1,990,283</u>	<u>\$1,332,866</u>	<u>\$317,223</u>	<u>\$3,106,029</u>	<u>\$11,871,150</u>	<u>\$11,694,471</u>
					\$8,246,635	\$8,263,923
					16,167,651	14,999,424
					(6,576,556)	(6,038,152)
					95,455	85,358
					650,167	750,423
					1,332,866	1,435,306
					64,696	-
					(2,778,800)	(3,216,620)
					(17,072)	(8,679)
					(159,049)	(140,723)
					<u>\$17,025,993</u>	<u>\$16,130,260</u>

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, 2007

	<u>100 - General Fund</u>	<u>260/330 - West Lake George Project Fund</u>
Revenues:		
General property taxes	\$2,325,297	\$28,238
Special assessments	-	-
Intergovernmental	478,712	-
Licenses and permits	307,538	-
Fines and forfeitures	16,964	-
Charges for services	20,523	-
Investment income	345,452	-
Franchise fees	52,142	-
Miscellaneous	19,332	-
Total revenues	<u><u>3,565,960</u></u>	<u><u>28,238</u></u>
Expenditures:		
Current:		
General government	1,071,560	18,100
Public safety	897,221	-
Public works	716,148	8,260
Parks and recreation	13,778	-
Community development	-	-
Capital outlay	-	33,331
Debt service:		
Principal	-	2,400,000
Interest and other	-	60,449
Bond issuance cost	-	48,593
Total expenditures	<u><u>2,698,707</u></u>	<u><u>2,568,733</u></u>
Revenues over (under) expenditures	<u><u>867,253</u></u>	<u><u>(2,540,495)</u></u>
Other financing sources (uses):		
Transfers in	15,909	800,000
Transfers out	(584,306)	-
Bonds issued	-	1,690,000
Gain on sale of property	-	-
Total other financing sources (uses)	<u><u>(568,397)</u></u>	<u><u>2,490,000</u></u>
Net change in fund balance	298,856	(50,495)
Fund balance - January 1	<u><u>2,363,790</u></u>	<u><u>(277,896)</u></u>
Fund balance - December 31	<u><u><u>\$2,662,646</u></u></u>	<u><u><u>(\$328,391)</u></u></u>

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

310/312/314/320 - Asset Replacement Fund	218 - Road Improvement Fund	351 TIF West Lake George Administration	216 - MSA Construction Fund	Other Governmental Funds	Total Governmental Funds	
					2007	2006
\$ -	\$ -	\$ -	\$ -	\$69,581	\$2,423,116	\$2,238,979
-	-	-	-	171,509	171,509	191,836
-	-	-	1,109,615	27,508	1,615,835	705,559
-	-	-	-	-	307,538	312,550
-	-	-	-	-	16,964	17,544
-	-	-	-	272,107	292,630	456,904
-	-	-	-	114,803	460,255	236,042
-	-	-	-	-	52,142	-
1,408	-	-	-	3,767	24,507	44,761
<u>1,408</u>	<u>0</u>	<u>0</u>	<u>1,109,615</u>	<u>659,275</u>	<u>5,364,496</u>	<u>4,204,175</u>
-	-	-	-	7,615	1,097,275	744,898
-	-	-	-	695	897,916	649,507
28,497	-	39,749	399,361	241,610	1,433,625	1,623,143
-	-	-	-	-	13,778	46,089
-	-	-	-	16,034	16,034	15,853
613,506	-	-	723,444	34,545	1,404,826	1,934,427
-	-	-	-	192,820	2,592,820	259,270
-	-	-	-	35,499	95,948	108,422
16,103	-	-	-	-	64,696	-
<u>658,106</u>	<u>0</u>	<u>39,749</u>	<u>1,122,805</u>	<u>528,818</u>	<u>7,616,918</u>	<u>5,381,609</u>
<u>(656,698)</u>	<u>0</u>	<u>(39,749)</u>	<u>(13,190)</u>	<u>130,457</u>	<u>(2,252,422)</u>	<u>(1,177,434)</u>
577,592	-	-	-	6,714	1,400,215	1,512,574
-	-	(800,000)	-	(15,909)	(1,400,215)	(1,512,574)
465,000	-	-	-	-	2,155,000	-
-	-	80,134	-	-	80,134	751,150
<u>1,042,592</u>	<u>0</u>	<u>(719,866)</u>	<u>0</u>	<u>(9,195)</u>	<u>2,235,134</u>	<u>751,150</u>
385,894	0	(759,615)	(13,190)	121,262	(17,288)	(426,284)
<u>1,559,484</u>	<u>1,990,283</u>	<u>680,641</u>	<u>(101,670)</u>	<u>2,049,291</u>	<u>8,263,923</u>	<u>8,690,207</u>
<u>\$1,945,378</u>	<u>\$1,990,283</u>	<u>(\$78,974)</u>	<u>(\$114,860)</u>	<u>\$2,170,553</u>	<u>\$8,246,635</u>	<u>\$8,263,923</u>

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, 2007
Statement 5

	<u>2007</u>	<u>2006</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)	(\$17,288)	(\$426,284)
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	1,404,826	1,419,805
Expenses not capitalized	(236,600)	-
Depreciation expense	(538,404)	(503,534)
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	2,592,820	259,270
Bond issued	(2,155,000)	-
Amortization of deferred charges	64,696	-
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	(90,158)	(73,351)
Land held for resale	(102,440)	(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 payable	(8,393)	7,321
Compensated absences payable	(18,326)	(55,782)
Land held for resale	-	485,579
Change in net assets of governmental activities (Statement 2)	<u>\$895,733</u>	<u>\$896,705</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, 2007

Statement 6

	<u>2007</u>	<u>2006</u>
Assets:		
Cash and investments	\$5,473	\$31,048
Receivables from city	79,938	-
Receivables from developers	45,483	-
Total assets	<u>\$130,894</u>	<u>\$31,048</u>
Liabilities:		
Accounts payable	\$22,871	\$6,516
Deposits payable	64,072	24,532
Due to other funds	43,951	-
Total liabilities	<u>\$130,894</u>	<u>\$31,048</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 unit 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 *West Lake George Project Fund* consists of the West Lake George Construction Fund and Debt Service Fund.

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

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

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

The *T.I.F. West Lake George Administration Fund* accounts for land purchased for the West Lake George Project and other administrative purposes.

The *MSA Construction Fund* is maintained according to state statute to account for maintenance and construction of municipal state aid street systems.

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, revenue 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.

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.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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. Beginning in July 2007 the City’s policy was amended to a Personal Time Off (PTO) leave policy where vacation and sick were combined into one type of leave pay. All compensatory pay and PTO benefits that are 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 Extended Medical Benefits (EMB).

The liability for accrued compensated absences including compensatory pay and PTO leave is estimated at \$159,049 at December 31, 2007.

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.

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;

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

- 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, 2007 the carrying amount of the City’s deposits with financial institutions was \$5,810,166. Of these deposits, \$0 were uncollateralized.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds.

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.
- 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.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

- 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, 2007 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
Federal Home Loan Bank	AAA	\$521,321	\$50,032	\$421,289	\$50,000	\$ -
Federal Home Loan Mtg. Corp.	AAA	971,684	145,014	-	826,670	-
Federal National Mortgage Assn.	N/A	975,531	100,031	374,845	500,655	-
Total		<u>\$2,468,536</u>	<u>\$295,077</u>	<u>\$796,134</u>	<u>\$1,377,325</u>	<u>\$0</u>
Total investments						\$2,468,536
Deposits						5,810,166
Total cash and investments						<u>\$8,278,702</u>

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.

Custodial credit risk - investments – For investments, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of December 31, 2007, all investments of the City were insured, registered and held by the City or its agent in the City's name.

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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:

Certificates of Deposit	26.2%
Federal Home Loan Bank	6.3%
Federal Home Loan Mortgage Corp.	11.7%
Federal National Mortgage Assn. Notes	11.8%
Money Market	41.5%

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2007 are as follows:

	<u>Major Fund</u>		
	General Fund	Nonmajor Funds	Total
Property taxes receivable	\$38,211	\$2,011	\$40,222
Special assessments receivable	11,603	482,306	493,909
Total	<u>\$49,814</u>	<u>\$484,317</u>	<u>\$534,131</u>

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)	\$91,668	\$ -
Delinquent property taxes receivable (Nonmajor Funds)	3,787	-
Special assessments not yet due (General Fund)	15,374	-
Special assessments not yet due (Nonmajor Funds)	634,793	-
Land held for resale (Nonmajor Funds)	<u>1,332,866</u>	-
Total deferred/unearned revenue for governmental funds	<u>\$2,078,488</u>	<u>\$0</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 4 CAPITAL ASSETS

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$2,212,392	\$68,677	\$ -	\$2,281,069
Construction in progress	1,286,549	919,790	(1,522,997)	683,342
Total capital assets, not being depreciated	<u>3,498,941</u>	<u>988,467</u>	<u>(1,522,997)</u>	<u>2,964,411</u>
Capital assets, being depreciated:				
Buildings and improvements	1,450,517	965,625	-	2,416,142
Furniture and fixtures	92,402	-	-	92,402
Machinery and equipment	2,985,433	188,817	(48,606)	3,125,644
Infrastructure	6,972,132	596,920	-	7,569,052
Total capital assets, being depreciated	<u>11,500,484</u>	<u>1,751,362</u>	<u>(48,606)</u>	<u>13,203,240</u>
Less accumulated depreciation for:				
Buildings and improvements	475,782	67,627	-	543,409
Furniture and fixtures	87,495	2,754	-	90,249
Machinery and equipment	2,036,515	179,663	-	2,216,178
Infrastructure	3,438,360	288,360	-	3,726,720
Total accumulated depreciation	<u>6,038,152</u>	<u>538,404</u>	<u>0</u>	<u>6,576,556</u>
Total capital assets being depreciated - net	<u>5,462,332</u>	<u>1,212,958</u>	<u>(48,606)</u>	<u>6,626,684</u>
Governmental activities capital assets - net	<u>\$8,961,273</u>	<u>\$2,201,425</u>	<u>(\$1,571,603)</u>	<u>\$9,591,095</u>

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

Governmental activities:	
General government	\$33,807
Public safety	123,005
Public works	369,958
Parks and recreation	11,634
Total depreciation expense - governmental activities	<u>\$538,404</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 5 LONG-TERM DEBT

The City issues general obligation bonds and equipment certificates to provide funds for the acquisition and construction of major capital facilities. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. The long-term debt obligations outstanding at year end are summarized as follows:

A. GOVERNMENTAL ACTIVITIES

As of December 31, 2007, the long-term debt of the financial reporting entity consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Authorized And Issued	Outstanding 12/31/07
Governmental Activities:					
General Obligation Bonds:					
G.O. Capital Improvement Plan Bonds Series 2007A	11/15/07	11/15/18	3.55-4.00%	\$465,000	\$465,000
Taxable G.O. Tax Increment Bond Series 2007B	11/15/07	11/15/28	4.75-6.00%	1,690,000	1,690,000
Total General Obligation Bonds				<u>2,155,000</u>	<u>2,155,000</u>
General Improvement Bonds:					
G.O. Improvement Bonds, Series 1998A	7/1/1998	1/01/09	4.35%	59,000	5,900
G.O. Improvement Bonds, Series 1999A	7/1/1999	7/01/09	4.60% - 4.90%	246,000	49,200
G.O. Improvement Bonds, Series 1999B	10/18/1999	12/31/09	4.41%	103,000	20,600
G.O. Improvement Bonds, Series 2000A	8/21/2000	12/30/10	5.00%	113,000	33,900
G.O. Improvement Bonds, Series 2001A	7/11/2001	12/30/11	4.40%	355,000	142,000
G.O. Improvement Bonds, Series 2002A	8/20/2002	12/30/12	5.00%	334,200	167,100
G.O. Improvement Bonds, Series 2004B	9/1/2004	9/01/14	2.45% - 4.30%	293,000	205,100
Total General Improvement Bonds				<u>1,503,200</u>	<u>623,800</u>
Compensated absences payable	N/A	N/A	N/A	N/A	159,049
Total City indebtedness				<u>\$3,658,200</u>	<u>\$2,937,849</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

Year Ending December 31	Governmental Activities			
	G.O. Improvement Bonds		All Other General Obligation Bonds	
	Governmental Activities			
	Principal	Interest	Principal	Interest
2008	\$147,370	\$25,403	(\$1,447)	\$80,377
2009	147,370	18,716	63,553	111,696
2010	109,520	12,877	88,553	108,465
2011	98,220	8,122	98,553	104,463
2012	62,720	4,537	103,553	100,100
2013	29,300	2,490	103,553	95,435
2014	29,300	1,260	108,553	90,489
2015	-	-	113,553	85,275
2016	-	-	118,553	79,706
2017	-	-	128,553	73,650
2018	-	-	133,902	67,188
2019	-	-	83,902	61,444
2020	-	-	88,902	56,413
2021	-	-	88,902	51,238
2022	-	-	98,902	45,775
2023	-	-	103,902	39,750
2024	-	-	108,902	33,300
2025	-	-	113,902	26,550
2026	-	-	118,902	19,500
2027	-	-	128,902	12,000
2028	-	-	135,000	4,050
Total	<u>\$623,800</u>	<u>\$73,406</u>	<u>\$2,129,542</u>	<u>\$1,346,862</u>

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

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

B. CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Deletions	Balance 12/31/07	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$2,442,500	\$2,129,542	(\$2,442,500)	\$2,129,542	(\$1,447)
G.O. improvement bonds	774,120	-	(150,320)	623,800	150,320
Compensated absences	140,723	256,919	(238,593)	159,049	52,097
Total governmental activities	<u>\$3,357,343</u>	<u>\$2,386,461</u>	<u>(\$2,831,413)</u>	<u>\$2,912,391</u>	<u>\$200,970</u>

For the governmental activities, compensated absences are generally liquidated by the general fund. All long-term bonded indebtedness outstanding at December 31, 2007 is backed by the full faith and credit of the City. Delinquent assessments receivable at December 31, 2007 were \$1,388.

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.

On November 15, 2007, the City issued \$465,000 General Obligation Capital Improvement Plan Bonds, Series 2007A with interest rates ranging between 3.55% and 4.00%. The first interest payment on the bonds is August 1, 2008, and will be made semi-annually on February 1 and August 1. Principal on the bonds will be due on February 1 in the years 2009 through 2018. The City issued the bonds for the purpose of financing costs of improvement to one of the City's public works buildings and city hall. It is the City's intent to levy ad valorem tax upon all taxable property in the city for the purpose of paying the principal of and interest on the Bonds.

On November 15, 2007, the City issued \$1,690,000 Taxable General Obligation Tax Increment Bonds, Series 2007B with interest rates ranging between 4.75% and 6.00%. The first interest payment on the bonds is August 1, 2008, and will be made semi-annually on February 1 and August 1. Principal on the bonds will be due on February 1 in the years 2009 through 2028. Proceeds from the sale of the Bonds and interest earning thereon will be used to reimburse the City the costs of land acquisition, site improvements, and public infrastructure within the Redevelopment Project Area No. 1 (TIF District) that are eligible for payment with tax increment revenues. The Oak Grove Economic Development Authority pledges to the payment of the principal of and interest on the Bonds, all tax increments derived from the TIF District and received by the EDA. In addition, it is the City's intent to levy ad valorem tax upon all taxable property in the City for the purpose of paying the principal of and interest on the Bonds in excess of tax increment revenues pledged.

C. REVENUES PLEDGED

Taxable G.O. Tax Increment Bonds, Series 2007B. The Oak Grove Economic Development Authority pledges to the payment of the principal of and interest on the Bonds, all tax increments derived from the TIF District and received by the EDA. Proceeds from the sale of the Bonds and interest earning thereon will be used to reimburse the City the costs of land acquisition, site improvements, and public infrastructure within the Redevelopment Project Area No. 1 (TIF District) that are eligible for payment with tax increment revenues. Tax increments were projected to produce 27% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,928,449 payable through February 2028. For the current year, principal and interest paid and total tax increment revenues were \$0 and \$0, respectively.

G.O. Improvement Bonds, Series 1998A. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in July 1998. Proceeds from the bonds provided financing for River Shores 2nd and 3rd Addition street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$6,095, payable through January 2009. For the current year, principal and interest paid and total special assessment revenues were \$6,355 and \$3,268, respectively.

G.O. Improvement Bonds, Series 1999A. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in July 1999. Proceeds from the bonds provided financing for Briarwood, Davis and Cedarside Street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$51,598, payable through July 2009. For the current year, principal and interest paid and total special assessment revenues were \$27,564 and \$15,031, respectively.

G.O. Improvement Bonds, Series 1999B. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in October 1999. Proceeds from the bonds provided financing for Seeley Brook Estates, 218th and 219th street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$21,754, payable through December 2009. For the current year, principal and interest paid and total special assessment revenues were \$11,570 and \$7,419, respectively.

G.O. Improvement Bonds, Series 2000A. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in August 2000. Proceeds from the bonds provided financing for 219th and Woodbine Street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$36,866, payable through December 2010. For the current year, principal and interest paid and total special assessment revenues were \$13,419 and \$7,572, respectively.

G.O. Improvement Bonds, Series 2001A. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in July 2001. Proceeds from the bonds provided financing for Will Rogers, Cedar Acres and Fern Hills street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$154,496, payable through July 2011. For the current year,

principal and interest paid and total special assessment revenues were \$42,529 and \$27,490, respectively.

G.O. Improvement Bonds, Series 2002A. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in August 2002. Proceeds from the bonds provided financing for 222nd Lane, Hickey Lake Woods 2nd Addition, Pines and Pines 2nd Addition, Riverwood Hills North, Sycamore Street and 209th street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$187,987, payable through July 2012. For the current year, principal and interest paid and total special assessment revenues were \$42,610 and \$23,446, respectively.

G.O. Improvement Bonds, Series 2004B. The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in September 2004. Proceeds from the bonds provided financing for Sycamore Terrace, Bangsund and CharMar Street construction. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$238,211, payable through September 2014. For the current year, principal and interest paid and total special assessment revenues were \$2,460,000 and \$26,134, respectively.

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 5.75%, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6%. PEPFF members were required to contribute 7.8% of their annual covered salary in 2007. That rate will increase to 8.6% in 2008. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.25% for Coordinated Plan PERF members, and 11.7% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.5% and 12.9%, respectively, effective January 1, 2008. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2007, 2006 and 2005 were \$53,249, \$44,026 and \$38,975, respectively.

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

PLAN DESCRIPTION

Two 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, 2007

Total contributions made by the City during fiscal year 2007 were:

	Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
PEDCP	<u>\$440</u>	<u>\$440</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, 2007 are as follows:

Fund	Receivable	Payable
General Fund	\$997,943	\$ -
West Lake George Project Fund	-	332,101
Asset Replacement Fund	-	125,993
TIF West Lake George Administration	-	78,974
MSA Construction Fund	-	164,422
Fiduciary Fund	-	43,951
Other governmental funds	<u>2,053</u>	<u>254,555</u>
Total	<u>\$999,996</u>	<u>\$999,996</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	\$15,909	\$584,306
West Lake George Project	800,000	-
Asset Replacement Fund	577,592	-
TIF West Lake George Administration	-	800,000
Other governmental funds	<u>6,714</u>	<u>15,909</u>
Total	<u>\$1,400,215</u>	<u>\$1,400,215</u>

CITY OF OAK GROVE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 2007 transfers are considered routine and consistent with previous practices.

At December 31, 2007, the City made the following one-time transfer:

A transfer of \$800,000 was made from the TIF West Lake George Administration Fund to the West Lake George Project Fund to fund the payoff of the 2004A G.O. Temporary Bonds.

Note 8 DEFICIT FUND BALANCES

The City has deficit fund balances in the following individual funds at December 31, 2007.

Governmental Activities:	
West Lake George Project	\$328,391
TIF West Lake George Administration	78,974
MSA Construction Fund	114,860
Hillcrest/Rogers Improvement Fund	16,850
Swan Lake / 1993 Foxridge 1994	24,712
2005 Road Projects	73,855
TIF West Lake George Acquisition	2,053
Oneida Street 2007 Construction	<u>27,509</u>
Total governmental activities	<u><u>\$667,204</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, 2007.

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, 2007

Note 10 DESIGNATIONS AND RESERVATIONS OF FUND EQUITY

At December 31, 2007 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, 2007 are shown on the various balance sheets as segregations of the fund equity. A summary of such designations is as follows:

	<u>December 31,</u> <u>2007</u>
Other governmental funds:	
Reserved for debt service	\$469,197
Designated for special revenue funds	1,457,428
Designated for capital improvements	<u>364,195</u>
 Total other governmental funds	 <u><u>\$2,290,820</u></u>

Note 11 COMMITTED CONTRACTS

At December 31, 2007, the City had commitments of \$ 228,465 for uncompleted construction contracts. In addition, the developers for the Deer Ridge and Cedar Brook Estates residential development have an obligation to complete outstanding public improvements in the amounts of \$446,200 and \$112,813, respectively. In 2008, the City received a confession of judgment against TSM Development, Inc., and Contractors Cooperative Finance Company for outstanding improvements in the Deer Ridge development. As of December 31, 2007 the City has written-off bad debts in the amount of \$79,938 for expense incurred related to these developments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK GROVE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
For The Year Ended December 31, 2007
With Comparative Actual Amounts For The Year Ended December 31, 2006

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget -	2006 Actual Amounts
	Original	Final		Positive (Negative)	
Revenues:					
Property taxes	\$2,330,788	\$2,330,788	\$2,325,297	(\$5,491)	\$2,150,806
Intergovernmental:					
State:					
M.S.A. maintenance	137,800	137,800	124,634	(13,166)	118,319
Local government aid	200,000	200,000	200,000	-	200,000
Fire aid	-	-	39,192	39,192	56,790
Market value homestead credit	115,486	115,486	112,826	(2,660)	130,712
PERA aid	-	-	2,060	2,060	2,060
Total intergovernmental	453,286	453,286	478,712	25,426	507,881
Licenses and permits	268,750	268,750	307,538	38,788	312,550
Other:					
Charges for services	33,300	33,300	20,523	(12,777)	73,986
Special assessments	-	-	-	-	1,112
Investment income	212,000	212,000	345,452	133,452	191,912
Fines and forfeitures	9,000	9,000	16,964	7,964	17,544
Franchise fees	40,000	40,000	52,142	12,142	-
Miscellaneous	-	-	19,332	19,332	40,256
Total other	294,300	294,300	454,413	160,113	324,810
Total revenues	3,347,124	3,347,124	3,565,960	218,836	3,296,047
Expenditures:					
General government:					
Mayor and council	29,603	29,603	28,475	1,128	23,713
Administration	430,136	422,408	411,302	11,106	444,831
Legal services	123,000	123,000	96,549	26,451	101,925
Finance	280,150	280,150	259,616	20,534	130,470
Elections	-	-	-	-	16,943
Planning and zoning	299,595	299,595	195,680	103,915	181,348
Bad debts/developer default	-	-	79,938	(79,938)	-
Total general government	1,162,484	1,154,756	1,071,560	83,196	899,230
Public safety:					
Animal control	2,100	2,100	4,498	(2,398)	3,717
Building inspections	187,311	187,311	214,286	(26,975)	197,652
Fire Management	304,590	304,590	324,249	(19,659)	305,780
Police Services	355,364	355,364	354,188	1,176	339,562
Total public safety	849,365	849,365	897,221	(47,856)	846,711

CITY OF OAK GROVE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
For The Year Ended December 31, 2007
With Comparative Actual Amounts For The Year Ended December 31, 2006

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Positive (Negative)	2006 Actual Amounts
	Original	Final			
Parks	\$13,547	\$13,547	\$13,778	(\$231)	\$46,089
Public works:					
Government buildings and grounds	96,149	97,149	73,099	24,050	71,972
Administration	458,773	465,501	473,680	(8,179)	379,516
Streets and highways	155,500	155,500	126,098	29,402	112,664
Engineering services	27,000	27,000	43,271	(16,271)	87,726
Total public works	737,422	745,150	716,148	29,002	651,878
Total expenses	2,762,818	2,762,818	2,698,707	64,111	2,443,908
Revenues over expenditures	584,306	584,306	867,253	282,947	852,139
Other financing sources (uses):					
Transfers in	-	-	15,909	15,909	198,253
Transfers out	(584,306)	(584,306)	(584,306)	-	(963,955)
Total other financing sources (uses)	(584,306)	(584,306)	(568,397)	15,909	(765,702)
Net change in fund balances	\$0	\$0	298,856	\$298,856	86,437
Fund balances - beginning			2,363,790		2,277,353
Fund balances - ending			\$2,662,646		\$2,363,790

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CITY OF OAK GROVE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2007

Note A **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 fund 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, 2007

With Comparative Totals For December 31, 2006

Assets	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2007	2006
Cash and investments	\$1,456,227	\$489,495	\$459,483	\$2,405,205	\$2,096,135
Accounts receivable - net	51,756	-	-	51,756	181,097
Property taxes receivable	2,997	1,003	-	4,000	4,393
Special assessments receivable:					
Current and unremitted	-	4,276	105,336	109,612	96,900
Delinquent	-	1,388	-	1,388	4,023
Deferred	7,948	487,909	-	495,857	603,723
Deferred green acres	-	32,212	-	32,212	32,212
Due from other governments	3,946	-	-	3,946	7,925
Due from other funds	2,053	-	-	2,053	2,053
Total assets	\$1,524,927	\$1,016,283	\$564,819	\$3,106,029	\$3,028,461
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$20,571	\$ -	\$ -	\$20,571	\$50,093
Due to other funds	14,288	24,712	215,555	254,555	190,643
Due to other governments	22,560	-	-	22,560	-
Deferred revenue	10,080	522,374	105,336	637,790	738,434
Total liabilities	67,499	547,086	320,891	935,476	979,170
Fund balance:					
Reserved for debt service	-	469,197	-	469,197	515,312
Designated	1,457,428	-	364,195	1,821,623	1,643,646
Undesignated	-	-	(120,267)	(120,267)	(109,667)
Total fund balance	1,457,428	469,197	243,928	2,170,553	2,049,291
Total liabilities and fund balance	\$1,524,927	\$1,016,283	\$564,819	\$3,106,029	\$3,028,461

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, 2007

With Comparative Totals For The Year Ended December 31, 2006

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2007	2006
Revenues:					
General property taxes	\$66,339	\$3,242	\$ -	\$69,581	\$87,020
Special assessments	294	147,854	23,361	171,509	190,724
Intergovernmental	27,508	-	-	27,508	30,393
Investment income	64,809	27,341	22,653	114,803	43,054
Charges for services	272,107	-	-	272,107	382,918
Other	-	3,767	-	3,767	-
Total revenues	431,057	182,204	46,014	659,275	734,109
Expenditures:					
Sanitation	60,318	-	-	60,318	38,434
Human services	7,615	-	-	7,615	8,991
Recycling	20,528	-	-	20,528	45,877
Streets and highways	141,125	-	19,639	160,764	155,111
Public safety	695	-	-	695	448
Community development	16,034	-	-	16,034	15,853
Capital outlay	15,651	-	18,894	34,545	108,472
Debt service:					
Other professional	-	2,784	-	2,784	996
Bond principal	-	192,820	-	192,820	259,270
Interest on bonds	-	32,715	-	32,715	44,244
Total expenditures	261,966	228,319	38,533	528,818	677,696
Revenues over (under) expenditures	169,091	(46,115)	7,481	130,457	56,413
Other financing sources (uses):					
Transfers in	6,714	-	-	6,714	373,229
Transfers out	(15,909)	-	-	(15,909)	(418,619)
Total other financing sources (uses)	(9,195)	0	0	(9,195)	(45,390)
Net change in fund balance	159,896	(46,115)	7,481	121,262	11,023
Fund balance - January 1	1,297,532	515,312	236,447	2,049,291	2,038,268
Fund balance - December 31	<u>\$1,457,428</u>	<u>\$469,197</u>	<u>\$243,928</u>	<u>\$2,170,553</u>	<u>\$2,049,291</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007
With Comparative Totals For December 31, 2006

	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	\$6,587	\$196,907	\$506,217
Accounts receivable - net	1,309	-	-
Property taxes receivable	-	-	-
Special assessments receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	<u>7,896</u>	<u>196,907</u>	<u>506,217</u>
Total assets			
	<u><u>\$7,896</u></u>	<u><u>\$196,907</u></u>	<u><u>\$506,217</u></u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$943	\$989	\$ -
Due to other governments	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<u>943</u>	<u>989</u>	<u>0</u>
Total liabilities	<u>943</u>	<u>989</u>	<u>0</u>
Fund balance:			
Unreserved:			
Designated	<u>6,953</u>	<u>195,918</u>	<u>506,217</u>
	<u>6,953</u>	<u>195,918</u>	<u>506,217</u>
Total liabilities and fund balance	<u><u>\$7,896</u></u>	<u><u>\$196,907</u></u>	<u><u>\$506,217</u></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	
					2007	2006
\$269,535	\$29,605	\$1,765	\$188,567	\$257,044	\$1,456,227	\$1,145,486
-	29,224	-	21,223	-	51,756	181,097
-	-	-	-	2,997	2,997	-
-	2,536	-	5,412	-	7,948	294
3,946	-	-	-	-	3,946	7,925
-	-	-	-	2,053	2,053	2,053
<u>\$273,481</u>	<u>\$61,365</u>	<u>\$1,765</u>	<u>\$215,202</u>	<u>\$262,094</u>	<u>\$1,524,927</u>	<u>\$1,336,855</u>
\$ -	\$5,783	\$ -	\$12,856	\$ -	\$20,571	\$10,877
-	-	-	-	22,560	22,560	-
-	14,288	-	-	-	14,288	28,152
-	2,536	-	5,412	2,132	10,080	294
<u>0</u>	<u>22,607</u>	<u>0</u>	<u>18,268</u>	<u>24,692</u>	<u>67,499</u>	<u>39,323</u>
<u>273,481</u>	<u>38,758</u>	<u>1,765</u>	<u>196,934</u>	<u>237,402</u>	<u>1,457,428</u>	<u>1,297,532</u>
<u>\$273,481</u>	<u>\$61,365</u>	<u>\$1,765</u>	<u>\$215,202</u>	<u>\$262,094</u>	<u>\$1,524,927</u>	<u>\$1,336,855</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, 2007
With Comparative Totals For The Year Ended December 31, 2006

	204/205 - Gambling Fund and Oak Wilt Grant Fund	210 - Cable TV Operating Fund	212/214 - Public Benefit and Park Development Fund
Revenues:			
General property taxes	-	-	-
Special assessments	-	-	-
Intergovernmental	\$6,312	\$ -	\$ -
Investment income	-	-	28,819
Charges for services	2,405	10,000	8,000
Total revenues	<u>8,717</u>	<u>10,000</u>	<u>36,819</u>
Expenditures:			
Sanitation	2,415	-	-
Human services	-	7,615	-
Recycling	-	-	-
Streets and highways	-	-	-
Public safety	-	-	-
Community development	-	-	-
Capital outlay	-	-	15,151
Total expenditures	<u>2,415</u>	<u>7,615</u>	<u>15,151</u>
Revenues over (under) expenditures	<u>6,302</u>	<u>2,385</u>	<u>21,668</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	6,302	2,385	21,668
Fund balance - January 1	<u>651</u>	<u>193,533</u>	<u>484,549</u>
Fund balance - December 31	<u><u>\$6,953</u></u>	<u><u>\$195,918</u></u>	<u><u>\$506,217</u></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	
					2007	2006
-	-	-	-	66,339	66,339	-
-	294	-	-	-	294	-
\$21,196	\$ -	\$ -	\$ -	\$ -	\$27,508	\$25,160
-	2,350	-	9,254	24,386	64,809	18,259
16,083	73,030	100	162,489	-	272,107	382,918
<u>37,279</u>	<u>75,674</u>	<u>100</u>	<u>171,743</u>	<u>90,725</u>	<u>431,057</u>	<u>426,337</u>
-	57,903	-	-	-	60,318	38,434
-	-	-	-	-	7,615	8,991
20,528	-	-	-	-	20,528	45,877
-	-	-	141,125	-	141,125	74,077
-	-	695	-	-	695	448
-	-	-	-	16,034	16,034	15,853
-	-	-	500	-	15,651	72,822
<u>20,528</u>	<u>57,903</u>	<u>695</u>	<u>141,625</u>	<u>16,034</u>	<u>261,966</u>	<u>256,502</u>
<u>16,751</u>	<u>17,771</u>	<u>(595)</u>	<u>30,118</u>	<u>74,691</u>	<u>169,091</u>	<u>169,835</u>
-	6,714	-	-	-	6,714	132,863
-	-	(15,909)	-	-	(15,909)	-
<u>0</u>	<u>6,714</u>	<u>(15,909)</u>	<u>0</u>	<u>0</u>	<u>(9,195)</u>	<u>132,863</u>
16,751	24,485	(16,504)	30,118	74,691	159,896	302,698
256,730	14,273	18,269	166,816	162,711	1,297,532	994,834
<u>\$273,481</u>	<u>\$38,758</u>	<u>\$1,765</u>	<u>\$196,934</u>	<u>\$237,402</u>	<u>\$1,457,428</u>	<u>\$1,297,532</u>

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CITY OF OAK GROVE, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2007

With Comparative Totals For December 31, 2006

Statement 12

Page 1 of 2

	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	517 - 219th/Woodbine 2000 Fund
Assets					
Cash and investments	\$31,346	\$10,441	\$12,545	\$3,298	\$22,299
Property taxes receivable	1,003	-	-	-	-
Special assessments:					
Current and unremitted	-	-	-	-	-
Delinquent	-	-	-	-	244
Deferred	-	-	4,709	-	18,118
Deferred green acres	-	-	-	8,628	-
Total assets	\$32,349	\$10,441	\$17,254	\$11,926	\$40,661
Liabilities and Fund Balance					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	865	-	4,709	8,628	18,362
Total liabilities	865	0	4,709	8,628	18,362
Fund balance:					
Reserved for debt service	31,484	10,441	12,545	3,298	22,299
Total liabilities and fund balance	\$32,349	\$10,441	\$17,254	\$11,926	\$40,661

CITY OF OAK GROVE, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2007

With Comparative Totals For December 31, 2006

	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	510 - Cedar Creek/Birds Eye 1995 Fund
Assets					
Cash and investments	\$65,235	\$35,160	\$ -	\$42,808	\$424
Property taxes receivable	-	-	-	-	-
Special assessments:					
Current and unremitted	2,845	-	-	-	-
Delinquent	737	-	-	-	189
Deferred	97,831	16,539	-	-	-
Deferred green acres	-	-	19,653	-	-
Total assets	\$166,648	\$51,699	\$19,653	\$42,808	\$613
Liabilities and Fund Balance					
Liabilities:					
Due to other funds	\$ -	\$ -	\$24,712	\$ -	\$ -
Deferred revenue	98,568	16,539	19,653	-	189
Total liabilities	98,568	16,539	44,365	0	189
Fund balance:					
Reserved for debt service	68,080	35,160	(24,712)	42,808	424
Total liabilities and fund balance	\$166,648	\$51,699	\$19,653	\$42,808	\$613

511/512 - Blackfoot / Maxi 1995 Fund	514/515 - 1999 Briarwood / 1998 River Shores Fund	519 - 2002 Road Project Assessment Fund	521/523 - 2005 Fund	261 2007A GO Cap Improvement Bonds	262 2007B Tax GO Tax Increment Bonds	Totals Nonmajor Debt Service Funds	
						2007	2006
\$10,061	\$81,110	\$103,074	\$67,895	\$600	\$3,199	\$489,495	\$535,826
-	-	-	-	-	-	1,003	4,393
-	226	294	911	-	-	4,276	1,810
-	218	-	-	-	-	1,388	4,023
-	30,290	110,664	209,758	-	-	487,909	603,723
3,931	-	-	-	-	-	32,212	32,212
<u>\$13,992</u>	<u>\$111,844</u>	<u>\$214,032</u>	<u>\$278,564</u>	<u>\$600</u>	<u>\$3,199</u>	<u>\$1,016,283</u>	<u>\$1,181,987</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$24,712	\$23,331
3,931	30,508	110,664	209,758	-	-	522,374	643,344
<u>3,931</u>	<u>30,508</u>	<u>110,664</u>	<u>209,758</u>	<u>0</u>	<u>0</u>	<u>547,086</u>	<u>666,675</u>
<u>10,061</u>	<u>81,336</u>	<u>103,368</u>	<u>68,806</u>	<u>600</u>	<u>3,199</u>	<u>469,197</u>	<u>515,312</u>
<u>\$13,992</u>	<u>\$111,844</u>	<u>\$214,032</u>	<u>\$278,564</u>	<u>\$600</u>	<u>\$3,199</u>	<u>\$1,016,283</u>	<u>\$1,181,987</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, 2007
With Comparative Totals For The Year Ended December 31, 2006

	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	517 - 219th/Woodbine 2000 Fund
Revenues:					
General property taxes	\$2,145	\$ -	\$ -	\$ -	\$70
Special assessments	-	337	-	-	7,572
Intergovernmental	-	-	-	-	-
Investment income	2,154	565	702	184	1,452
Miscellaneous	-	-	-	-	-
Total revenues	<u>4,299</u>	<u>902</u>	<u>702</u>	<u>184</u>	<u>9,094</u>
Expenditures:					
Debt service:					
Other professional	-	-	41	-	77
Bond principal	42,500	-	-	-	11,300
Interest on bonds	946	-	-	-	2,119
Total expenditures	<u>43,446</u>	<u>0</u>	<u>41</u>	<u>0</u>	<u>13,496</u>
Revenues over (under) expenditures	<u>(39,147)</u>	<u>902</u>	<u>661</u>	<u>184</u>	<u>(4,402)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in fund balance	<u>(39,147)</u>	<u>902</u>	<u>661</u>	<u>184</u>	<u>(4,402)</u>
Fund balance - January 1	<u>70,631</u>	<u>9,539</u>	<u>11,884</u>	<u>3,114</u>	<u>26,701</u>
Fund balance - December 31	<u>\$31,484</u>	<u>\$10,441</u>	<u>\$12,545</u>	<u>\$3,298</u>	<u>\$22,299</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, 2007
With Comparative Totals For The Year Ended December 31, 2006

	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	510 - Cedar Creek/Birds Eye 1995 Fund
Revenues:					
General property taxes	\$605	\$23	\$ -	\$49	\$3
Special assessments	33,853	8,742	-	449	12
Intergovernmental	-	-	-	-	-
Investment income	3,508	2,074	-	2,378	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>37,966</u>	<u>10,839</u>	<u>0</u>	<u>2,876</u>	<u>15</u>
Expenditures:					
Debt service:					
Other professional	194	93	1,381	-	-
Bond principal	35,500	10,300	-	-	-
Interest on bonds	7,029	1,270	-	-	-
Total expenditures	<u>42,723</u>	<u>11,663</u>	<u>1,381</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>(4,757)</u>	<u>(824)</u>	<u>(1,381)</u>	<u>2,876</u>	<u>15</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in fund balance	(4,757)	(824)	(1,381)	2,876	15
Fund balance - January 1	<u>72,837</u>	<u>35,984</u>	<u>(23,331)</u>	<u>39,932</u>	<u>409</u>
Fund balance - December 31	<u><u>\$68,080</u></u>	<u><u>\$35,160</u></u>	<u><u>(\$24,712)</u></u>	<u><u>\$42,808</u></u>	<u><u>\$424</u></u>

511/512 - Blackfoot / Maxi 1995 Fund	514/515 - 1999 Briarwood / 1998 River Shores Fund	519 - 2002 Road Project Assessment Fund	521/523 - 2005 Fund	261 2007A GO Cap Improvement Bonds	262 2007B Tax GO Tax Increment Bonds	Totals Nonmajor Debt Service Funds	
						2007	2006
\$236	\$26	(\$7)	\$92	\$ -	\$ -	\$3,242	\$87,020
857	20,592	27,859	47,581	-	-	147,854	167,573
-	-	-	-	-	-	-	5,233
532	4,650	5,808	3,302	16	16	27,341	13,848
-	-	-	-	584	3,183	3,767	-
<u>1,625</u>	<u>25,268</u>	<u>33,660</u>	<u>50,975</u>	<u>600</u>	<u>3,199</u>	<u>182,204</u>	<u>273,674</u>
57	179	298	464	-	-	2,784	996
-	30,500	33,420	29,300	-	-	192,820	259,270
-	3,414	9,191	8,746	-	-	32,715	44,244
<u>57</u>	<u>34,093</u>	<u>42,909</u>	<u>38,510</u>	<u>0</u>	<u>0</u>	<u>228,319</u>	<u>304,510</u>
1,568	(8,825)	(9,249)	12,465	600	3,199	(46,115)	(30,836)
-	-	-	-	-	-	-	220,366
-	-	-	-	-	-	-	(212,653)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,713</u>
1,568	(8,825)	(9,249)	12,465	600	3,199	(46,115)	(23,123)
8,493	90,161	112,617	56,341	-	-	515,312	538,435
<u>\$10,061</u>	<u>\$81,336</u>	<u>\$103,368</u>	<u>\$68,806</u>	<u>\$600</u>	<u>\$3,199</u>	<u>\$469,197</u>	<u>\$515,312</u>

CITY OF OAK GROVE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2007
With Comparative Totals For December 31, 2006

	403 - Future Road Fund	219 - Park and Trail Maintenance Fund	418 - 2004 Road Projects Fund
Assets			
Cash and investments	\$290,715	\$40,000	\$33,480
Special assessments receivable	-	-	-
Total assets	\$290,715	\$40,000	\$33,480
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	0	0	0
Fund balance (deficit):			
Unreserved:			
Designated	290,715	40,000	33,480
Undesignated	-	-	-
Total fund balance (deficit)	290,715	40,000	33,480
Total liabilities and fund balance	\$290,715	\$40,000	\$33,480

417/520 - Hillcrest / Rogers Improvements Fund	419/420/522 - 2005 Road Projects Fund	352 TIF West Lake George Acquisition	421/524 Oneida St 2007 Construction	Totals Nonmajor Capital Project Funds	
				2007	2006
\$52,997	\$42,291	\$ -	\$ -	\$459,483	\$414,823
30,365	44,971	-	30,000	105,336	94,796
<u>\$83,362</u>	<u>\$87,262</u>	<u>\$0</u>	<u>\$30,000</u>	<u>\$564,819</u>	<u>\$509,619</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$39,216
69,847	116,146	2,053	27,509	215,555	139,160
30,365	44,971	-	30,000	105,336	94,796
<u>100,212</u>	<u>161,117</u>	<u>2,053</u>	<u>57,509</u>	<u>320,891</u>	<u>273,172</u>
-	-	-	-	364,195	346,114
(16,850)	(73,855)	(2,053)	(27,509)	(120,267)	(109,667)
<u>(16,850)</u>	<u>(73,855)</u>	<u>(2,053)</u>	<u>(27,509)</u>	<u>243,928</u>	<u>236,447</u>
<u>\$83,362</u>	<u>\$87,262</u>	<u>\$0</u>	<u>\$30,000</u>	<u>\$564,819</u>	<u>\$509,619</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, 2007
With Comparative Totals For The Year Ended December 31, 2006

	403 - Future Road Fund	219 - Park and Trail Maintenance Fund	418 - 2004 Road Projects Fund
Revenues:			
Special assessments	\$ -	\$ -	\$ -
Investment income	16,250	-	1,872
Total revenues	<u>16,250</u>	<u>0</u>	<u>1,872</u>
Expenditures:			
Engineering	-	-	41
Contractors	-	-	-
Capital outlay	-	-	-
Maintenance and other	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>41</u>
Revenues over (under) expenditures	<u>16,250</u>	<u>0</u>	<u>1,831</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	16,250	0	1,831
Fund balance (deficit) - January 1	<u>274,465</u>	<u>40,000</u>	<u>31,649</u>
Fund balance (deficit) - December 31	<u><u>\$290,715</u></u>	<u><u>\$40,000</u></u>	<u><u>\$33,480</u></u>

417/520 - Hillcrest / Rogers Improvements Fund	419/420/522 - 2005 Road Projects Fund	352 TIF West Lake George Acquisition	421/524 Oneida St 2007 Construction	Totals Nonmajor Capital Project Funds	
				2007	2006
\$10,345	\$13,016	\$ -	\$ -	\$23,361	\$23,151
2,650	1,881	-	-	22,653	10,947
<u>12,995</u>	<u>14,897</u>	<u>0</u>	<u>0</u>	<u>46,014</u>	<u>34,098</u>
-	599	-	7,332	7,972	13,564
-	-	-	-	-	27,055
-	-	-	18,894	18,894	35,650
<u>4,011</u>	<u>6,373</u>	<u>-</u>	<u>1,283</u>	<u>11,667</u>	<u>40,415</u>
<u>4,011</u>	<u>6,972</u>	<u>0</u>	<u>27,509</u>	<u>38,533</u>	<u>116,684</u>
<u>8,984</u>	<u>7,925</u>	<u>0</u>	<u>(27,509)</u>	<u>7,481</u>	<u>(82,586)</u>
-	-	-	-	-	20,000
-	-	-	-	-	(205,966)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(185,966)</u>
8,984	7,925	0	(27,509)	7,481	(268,552)
<u>(25,834)</u>	<u>(81,780)</u>	<u>(2,053)</u>	<u>-</u>	<u>236,447</u>	<u>504,999</u>
<u>(\$16,850)</u>	<u>(\$73,855)</u>	<u>(\$2,053)</u>	<u>(\$27,509)</u>	<u>243,928</u>	<u>\$236,447</u>

CITY OF OAK GROVE, MINNESOTA

SUBCOMBINING BALANCE SHEET

FIDUCIARY FUNDS

December 31, 2007

With Comparative Totals For December 31, 2006

Statement 16

	800 - Developer Escrow	605 - Cable TV Escrow	Totals Fiduciary Funds	
			2007	2006
Assets:				
Cash and investments	\$ -	\$5,473	\$5,473	\$31,048
Receivables from city	79,938	-	79,938	-
Receivables from developers	45,483	-	45,483	-
Total assets	<u>\$125,421</u>	<u>\$5,473</u>	<u>\$130,894</u>	<u>\$31,048</u>
Liabilities:				
Accounts payable	\$22,557	\$314	\$22,871	\$6,516
Deposits payable	58,913	5,159	64,072	24,532
Due to other funds	43,951	-	43,951	-
Total liabilities	<u>\$125,421</u>	<u>\$5,473</u>	<u>\$130,894</u>	<u>\$31,048</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

Statement 17

For The Year Ended December 31, 2007
 With Comparative Totals For The Year Ended December 31, 2006

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<u>Developer Escrow</u>				
Assets:				
Cash and investments	\$25,289	\$ -	\$25,289	\$ -
Receivables from city	-	79,938	-	79,938
Receivables from developers	-	45,483	-	45,483
Total assets	<u>\$25,289</u>	<u>\$125,421</u>	<u>\$25,289</u>	<u>\$125,421</u>
Liabilities:				
Accounts payable	\$6,357	\$22,557	\$6,357	\$22,557
Deposits payable	18,932	39,981	-	58,913
Due to other funds	-	43,951	-	43,951
Total liabilities	<u>\$25,289</u>	<u>\$106,489</u>	<u>\$6,357</u>	<u>\$125,421</u>
<u>Cable TV Escrow</u>				
Assets:				
Cash and investments	<u>\$5,759</u>	<u>\$ -</u>	<u>\$286</u>	<u>\$5,473</u>
Liabilities:				
Accounts payable	\$159	\$314	\$159	\$314
Deposits payable	5,600	-	441	5,159
Total liabilities	<u>\$5,759</u>	<u>\$314</u>	<u>\$600</u>	<u>\$5,473</u>
<u>Totals</u>				
Assets:				
Cash and investments	\$31,048	\$ -	\$25,575	\$5,473
Receivables from city	-	79,938	-	79,938
Receivables from developers	-	45,483	-	45,483
Total assets	<u>\$31,048</u>	<u>\$125,421</u>	<u>\$25,575</u>	<u>\$130,894</u>
Liabilities:				
Accounts payable	\$6,516	\$22,871	\$6,516	\$22,871
Deposits payable	24,532	39,981	441	64,072
Due to other funds	-	43,951	-	43,951
Total liabilities	<u>\$31,048</u>	<u>\$106,803</u>	<u>\$6,957</u>	<u>\$130,894</u>

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