

***CITY OF MT. ANGEL, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006***

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City Administrator/City Recorder
Gene Miles



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200 • Salem, Oregon 97301
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
and Members of the City Council
City of Mt. Angel, Oregon

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mt. Angel, Oregon, as of June 30, 2006, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described below, 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 opinion.

As described in the summary of significant accounting policies of the notes to the financial statements, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Oregon, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for the matters discussed below, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mt. Angel, Oregon, as of June 30, 2006, and the respective changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

The City does not maintain historical cost and depreciation records for capital assets, including infrastructure. We were unable to apply alternative procedures to satisfy ourselves regarding the historical cost and depreciation of capital assets. Consequently the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2006 on our consideration of the City's internal control over financial reporting and 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.

The required supplementary information is not a required part of the basic financial statements, but is supplementary information required by generally accepted accounting principles in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Accounting standards generally accepted in the United States of America require that financial statements include Management's Discussion and Analysis as supplemental information. Management has not presented the required Management's Discussion and Analysis.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Mt. Angel. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, A Shareholder
November 2, 2006

CITY OF MT. ANGEL, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 1,224,331	\$ 1,874,049	\$ 3,098,380
Restricted cash	-	120,889	120,889
Accounts receivable	364	129,235	129,599
Municipal court receivable	377,342	-	377,342
Property taxes receivable	29,024	-	29,024
Notes receivable	507,371	-	507,371
Assessment liens receivable	44,551	-	44,551
Capital assets	1,210,834	9,654,808	10,865,642
	<u>3,393,817</u>	<u>11,778,981</u>	<u>15,172,798</u>
<i>Total Assets</i>			
LIABILITIES			
Payroll liabilities	15,929	-	15,929
Deposits	-	13,495	13,495
Deferred revenue	958,288	136,805	1,095,093
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	68,339	68,339
Due in more than one year:			
Bonds payable	-	1,052,563	1,052,563
	<u>974,217</u>	<u>1,271,202</u>	<u>2,245,419</u>
<i>Total Liabilities</i>			
NET ASSETS			
Investment in capital assets (net of related debt)	1,210,834	8,533,906	9,744,740
Fund net assets			
Restricted for special purposes	434,037	946,151	1,380,188
Unrestricted	774,729	1,027,722	1,802,451
	<u>1,208,766</u>	<u>1,973,873</u>	<u>3,182,639</u>
<i>Total Fund Net Assets</i>			
<i>Total Net Assets</i>	<u>\$ 2,419,600</u>	<u>\$ 10,507,779</u>	<u>\$ 12,927,379</u>

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

CITY OF MT. ANGEL, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2006

	<u>Disbursements</u>	<u>Program Receipts</u>	
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
<i>Governmental activities:</i>			
General government	\$ 165,837	\$ 145,889	\$ 22,500
Court and police	647,320	143,836	9,858
Community services and development	91,756	136,175	-
Library	50,180	14,782	4,563
Public works	235,904	72,143	175,465
	<hr/>	<hr/>	<hr/>
<i>Total governmental activities</i>	1,190,997	512,825	212,386
<i>Business-type activities:</i>			
Water	402,008	549,582	-
Sewer	424,820	674,532	-
	<hr/>	<hr/>	<hr/>
<i>Total business-type activities</i>	826,828	1,224,114	-
	<hr/>	<hr/>	<hr/>
<i>Total activities</i>	<u>\$ 2,017,825</u>	<u>\$ 1,736,939</u>	<u>\$ 212,386</u>
<i>General receipts:</i>			
Property taxes			
Intergovernmental			
Miscellaneous			
<i>Total general receipts</i>			
<i>Transfers</i>			
<i>Change in fund net assets</i>			
<i>Fund net assets, July 1, 2005</i>			
<i>Fund net assets, June 30, 2006</i>			

*Net (Disbursements) Receipts and
Changes in Fund Net Assets*

<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ 2,552	\$ -	\$ 2,552
500	(493,126)	-	(493,126)
-	44,419	-	44,419
-	(30,835)	-	(30,835)
25,000	36,704	-	36,704
25,500	(440,286)	-	(440,286)
-	-	147,574	147,574
-	-	249,712	249,712
-	-	397,286	397,286
<u>\$ 25,500</u>	(440,286)	397,286	(43,000)
	507,395	-	507,395
	70,279	-	70,279
	165,035	67,636	232,671
	742,709	67,636	810,345
	(14,863)	14,863	-
	287,560	479,785	767,345
	921,206	1,494,088	2,415,294
	<u>\$ 1,208,766</u>	<u>\$ 1,973,873</u>	<u>\$ 3,182,639</u>

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

CITY OF MT. ANGEL, OREGON

STATEMENT OF ASSETS AND LIABILITIES - GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)

JUNE 30, 2006

	<u>General</u>	<u>Street</u>	<u>Community Development</u>
ASSETS			
Cash and investments	\$ 371,288	\$ 90,914	\$ 43,100
Accounts receivable	364	-	-
Municipal court receivable	377,342	-	-
Property taxes receivable	29,024	-	-
Notes receivable	-	-	507,371
Assessment liens receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 778,018</u>	<u>\$ 90,914</u>	<u>\$ 550,471</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll withholdings	\$ 15,929	\$ -	\$ -
Deferred revenue	406,366	-	507,371
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	422,295	-	507,371
Fund Balances			
Unreserved, reported in:			
General fund	355,723	-	-
Special revenue funds	-	90,914	43,100
Debt service fund	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>355,723</u>	<u>90,914</u>	<u>43,100</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 778,018</u>	<u>\$ 90,914</u>	<u>\$ 550,471</u>

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ 374,300	\$ 344,729	\$ 1,224,331
-	-	364
-	-	377,342
-	-	29,024
-	-	507,371
-	44,551	44,551
<u>\$ 374,300</u>	<u>\$ 389,280</u>	<u>\$ 2,182,983</u>
\$ -	\$ -	\$ 15,929
-	44,551	958,288
-	44,551	974,217
-	-	355,723
374,300	332,966	841,280
-	11,763	11,763
<u>374,300</u>	<u>344,729</u>	<u>1,208,766</u>
<u>\$ 374,300</u>	<u>\$ 389,280</u>	<u>\$ 2,182,983</u>

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

CITY OF MT. ANGEL, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Street</u>	<u>Community Development</u>
RECEIPTS			
Taxes and assessments	\$ 507,395	\$ -	\$ -
Licenses and permits	226,192	-	-
Charges for services	58,072	-	-
Intergovernmental	68,365	200,465	67,805
Fines and forfeitures	79,446	-	-
Miscellaneous	48,900	3,291	5,259
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	988,370	203,756	73,064
DISBURSEMENTS			
General government	132,860	-	-
Court and police	632,462	-	-
Community services & development	38,282	-	-
Library	42,227	-	-
Public works	5,709	153,248	-
Capital outlay	24,596	39,205	29,964
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	876,136	192,453	29,964
RECEIPTS OVER (UNDER) DISBURSEMENTS	112,234	11,303	43,100
OTHER FINANCING SOURCES (USES)			
Transfers in	110,358	50,000	-
Transfers out	(119,463)	(60,000)	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(9,105)	(10,000)	-
NET CHANGE IN FUND BALANCES	103,129	1,303	43,100
FUND BALANCES, Beginning of year	252,594	89,611	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	\$ 355,723	\$ 90,914	\$ 43,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ -	\$ 18,492	\$ 525,887
-	67,352	293,544
-	-	58,072
-	64,533	401,168
-	-	79,446
12,589	65,264	135,303
<hr/>	<hr/>	<hr/>
12,589	215,641	1,493,420
-	222	133,082
-	-	632,462
-	52,772	91,054
-	-	42,227
-	7,236	166,193
-	30,506	124,271
-	1,708	1,708
<hr/>	<hr/>	<hr/>
-	92,444	1,190,997
<hr/>	<hr/>	<hr/>
12,589	123,197	302,423
127,811	6,912	295,081
-	(130,481)	(309,944)
<hr/>	<hr/>	<hr/>
127,811	(123,569)	(14,863)
<hr/>	<hr/>	<hr/>
140,400	(372)	287,560
233,900	345,101	921,206
<hr/>	<hr/>	<hr/>
\$ 374,300	\$ 344,729	\$ 1,208,766

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

CITY OF MT. ANGEL, OREGON

STATEMENT OF ASSETS AND LIABILITIES - PROPRIETARY FUNDS (MODIFIED CASH BASIS)

JUNE 30, 2006

	<u>Revenue Bond Debt Service</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
ASSETS			
Cash and investments	\$ 79,124	\$ 294,921	\$ 130,091
Restricted cash	120,889	-	-
Accounts receivable	-	61,795	67,440
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 200,013</u>	<u>\$ 356,716</u>	<u>\$ 197,531</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits	\$ -	\$ 3,913	\$ 9,582
Deferred revenue	-	73,153	63,652
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	-	77,066	73,234
Fund Balances			
Unreserved	200,013	279,650	124,297
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>200,013</u>	<u>279,650</u>	<u>124,297</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 200,013</u>	<u>\$ 356,716</u>	<u>\$ 197,531</u>

<i>Sewer Utility Reserve</i>	<i>Water Utility SDC</i>	<i>Other Proprietary Funds</i>	<i>Totals</i>
\$ 591,279	\$ 254,842	\$ 523,792	\$ 1,874,049
-	-	-	120,889
-	-	-	129,235
<u>\$ 591,279</u>	<u>\$ 254,842</u>	<u>\$ 523,792</u>	<u>\$ 2,124,173</u>
\$ -	\$ -	\$ -	\$ 13,495
-	-	-	136,805
-	-	-	150,300
<u>591,279</u>	<u>254,842</u>	<u>523,792</u>	<u>1,973,873</u>
<u>591,279</u>	<u>254,842</u>	<u>523,792</u>	<u>1,973,873</u>
<u>\$ 591,279</u>	<u>\$ 254,842</u>	<u>\$ 523,792</u>	<u>\$ 2,124,173</u>

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

CITY OF MT. ANGEL, OREGON

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
 PROPRIETARY FUNDS (MODIFIED CASH BASIS)
 YEAR ENDED JUNE 30, 2006**

	<i>Revenue Bond Debt Service</i>	<i>Water Utility</i>	<i>Sewer Utility</i>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	-	460,238	621,276
Miscellaneous	8,476	8,313	3,439
<i>Total Receipts</i>	<u>8,476</u>	<u>468,551</u>	<u>624,715</u>
DISBURSEMENTS			
Personal services	-	161,938	235,763
Materials and services	-	108,044	77,420
Capital outlay	-	11,137	24,043
Debt service	120,889	-	-
<i>Total Disbursements</i>	<u>120,889</u>	<u>281,119</u>	<u>337,226</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(112,413)	187,432	287,489
OTHER FINANCING SOURCES (USES)			
Transfers in	123,000	-	-
Transfers out	-	(187,752)	(252,936)
<i>Total Other Financing Sources (Uses)</i>	<u>123,000</u>	<u>(187,752)</u>	<u>(252,936)</u>
NET CHANGE IN FUND BALANCES	10,587	(320)	34,553
FUND BALANCES, Beginning of year	<u>189,426</u>	<u>279,970</u>	<u>89,744</u>
FUND BALANCES, End of year	<u>\$ 200,013</u>	<u>\$ 279,650</u>	<u>\$ 124,297</u>

<i>Sewer Utility Reserve</i>	<i>Water Utility SDC</i>	<i>Other Proprietary Funds</i>	<i>Totals</i>
\$ -	\$ 89,344	\$ 53,256	\$ 142,600
-	-	-	1,081,514
25,163	7,501	14,744	67,636
25,163	96,845	68,000	1,291,750
-	-	-	397,701
-	-	71,026	256,490
-	-	16,568	51,748
-	-	-	120,889
-	-	87,594	826,828
25,163	96,845	(19,594)	464,922
62,551	-	270,000	455,551
-	-	-	(440,688)
62,551	-	270,000	14,863
87,714	96,845	250,406	479,785
503,565	157,997	273,386	1,494,088
<u>\$ 591,279</u>	<u>\$ 254,842</u>	<u>\$ 523,792</u>	<u>\$ 1,973,873</u>

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mt. Angel, Oregon is governed by an elected mayor and six council members who comprise the City Council. The City Council exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city administrator. All significant activities and organizations for which the City is financially accountable are included in the financial statements.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying financial statements.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general receipts*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental (general, special revenue, and debt service) and proprietary type (enterprise) funds. Major individual governmental funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

Measurement Focus and Basis of Accounting

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. The government-wide and proprietary fund financial statements are reported using the economic resources and accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when the liability is incurred. The governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become both measurable and available, while expenditures are recorded when the related liability is incurred.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The City's policy is to prepare its financial statements on the basis of modified cash receipts and disbursements. Consequently, certain receipts and the related assets are recognized when received rather than when earned, and certain disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Also, assets that are measurable, but not yet collected are recorded on the City's statement of assets and liabilities as an asset and deferred revenue. Capital assets and the related debt obligations are recorded. Depreciation is not recorded on capital assets. The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.445), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

The City has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." The City has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed under GASB No. 20, the City has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, receipts and disbursements. The various funds are reported by generic classification within the financial statements.

Generally accepted accounting principles set forth minimum criteria (percentage of the assets liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. The City electively added funds as major funds, which either had debt outstanding or specific community focus. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- General Fund
- Street Fund
- Capital Improvement Fund
- Community Development Fund

The City reports the following business-type funds as major funds

- Revenue Bond Debt Service
- Water Utility
- Water Utility SDC
- Sewer Utility
- Sewer Utility Reserve

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, receipts and disbursements as of and for the year ended June 30, 2006. Actual results may differ from such estimates.

Cash and Investments

The City maintains cash and investments in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as cash and investments.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current year are recorded as receivable at year-end. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years. Property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenues.

Municipal court receivables, notes receivable and assessment liens receivable are all recorded at the gross receivable amounts. Collection could be over a period of years. No revenue has been recognized on these amounts as of June 30, 2006. Collectibility has not been evaluated as all amounts are offset by an equal deferred revenue amount.

Capital Assets

Capital assets (items costing in excess of \$1,000 and lasting more than one year) are valued at estimated historical cost or actual historical cost. Capital assets are recorded as expenditures in the fund financial statements. Maintenance and repairs of capital assets are charged to expenditures as incurred and are not capitalized.

Purchases of public domain capital assets (streets, sidewalks, lighting systems, curbs, gutters and similar assets) that are immovable and of value only to the City as a governmental unit are reported as expenditures as incurred and are not capitalized.

Long-Term Debt

Long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities on the Statement of Net Assets (Modified Cash Basis). Bond premiums, discounts, and issuance costs are reported as disbursements when paid.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Accumulated unpaid vacation pay is not reported on the Statement of Net Assets (Modified Cash Basis). Earned but unpaid sick pay is recorded as an expenditure when paid. Accrued compensated absences at June 30, 2006 were \$43,244.

Budgets and Budgetary Accounting

The City adopts the budget on a departmental basis for the General Fund and an object basis for other funds. Therefore, cash disbursements of a fund may not legally exceed that department/object's appropriations for cash disbursements. The City Council may amend the budget to expend unforeseen receipts by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

ORGANIZATION AND OPERATION

The City's financial operations are accounted for in the following funds:

Governmental Fund Types

General Fund

This fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

Special Revenue Funds

These funds account for revenue derived from specific taxes or other earmarked revenue sources, including Federal and State grant awards, which are legally restricted to finance particular functions or activities.

Youth Commission Fund

This fund accounts for the receipt and expenditure of monies designed for the youth commission.

Street Fund

This fund accounts for receipts received from state gasoline taxes which are to be expended as outlined in Article IX, Section 3 of the Constitution of the State of Oregon.

Street Reserve Fund

This fund accounts for monies set aside by the City Council and designated for street projects.

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

State Revenue Sharing Fund

This fund accounts for monies received from the State of Oregon as State Revenue Sharing.

Capital Improvement Fund

This fund accounts for money set aside by the City Council and designated for capital improvements.

Unemployment Reserve Fund

This fund accounts for monies set aside by the City Council and designated for the payment of unemployment benefits.

Community Development Fund

This fund accounts for Community Development Block Grant monies used for home improvement loans to qualified residents.

Library Endowment Fund

This fund accounts for the receipt and use of funds designated for the library.

Transportation SDC Fund

This fund accounts for system development fees collected for future transportation capital improvement projects.

Housing Rehabilitation Fund

This fund accounts for loans and repayment of loans for home repair and improvement projects for low-income housing.

Park System SDC Fund

This fund accounts for system development fees collected for future parks capital improvement projects.

Debt Service Fund

Debt Service Funds are used to accumulate resources for payment of general long-term debt. Property taxes are the primary revenue source.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

ORGANIZATION AND OPERATION (Continued)

Proprietary Fund Type

Enterprise Funds

These funds account for the financing of predominantly self-supporting activities which render services on a user charge basis to the general public.

Utility Construction

This fund is used to account for water and sewer construction projects.

Revenue Bond Debt Service

This fund accounts for the principal and interest payments on the Water General Obligation bonds.

Water Utility

This fund accounts for operation of the water public utility.

Sewer Utility

This fund accounts for the operation of the sewer public utility.

Water / Sewer Utility Reserve

These funds are used to accumulate resources for utility related capital projects.

Water Utility SDC Fund

This fund accounts for system development fees collected for future water utility capital improvement projects.

Sewer Utility SDC Fund

This fund accounts for system development fees collected for future sewer utility capital improvement projects.

Storm Sewer SDC Fund

This fund accounts for system development fees collected for future storm sewer capital improvement projects.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2006:

	<u>Carrying Value</u>	<u>Fair Value</u>
<i>Cash</i>		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	229,529	229,529
<i>Investments</i>		
Local Government Investment Pool	2,989,240	2,989,240
	<u>\$ 3,219,269</u>	<u>\$ 3,219,269</u>

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) was \$229,529 and the bank balance was \$271,867. The difference is due to transactions in process. Of these deposits, \$100,000 was covered by federal depository insurance, the remaining amount is collateralized in accordance with Oregon Revised Statutes.

Custodial Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Oregon laws require governmental deposits to be made in banks to be protected either by depository insurance or the financial institution is required to maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the face value of the certificate issued by the pool manager. When such securities are deposited with the pool manager, covered funds are considered fully collateralized under Oregon law. The collateral is held by a state-sponsored pool manager which is a commercial bank in the name of the pool manager, with the collateral certificate issued by the pool manager in the name of the City. This does not constitute full collateral of deposits, but meets Oregon legal requirements.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2006, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-loan diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

NOTES RECEIVABLE

The City has loaned money to qualifying property owners' (notes) through a federally funded low-income housing rehabilitation program. The notes are non-interest bearing and become a lien against the property, payable upon sale of the property or death of the owner.

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2006 is as follows:

	<i>Balances</i> <i>July 1,</i> <i>2005</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances</i> <i>June 30,</i> <i>2006</i>
Water systems	\$ 3,176,367	\$ 11,136	\$ -	\$ 3,187,503
Sewer systems	6,451,267	16,038	-	6,467,305
	<u>\$ 9,627,634</u>	<u>\$ 27,174</u>	<u>\$ -</u>	<u>\$ 9,654,808</u>

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2006 are as follows:

	<i>Balances July 1, 2005</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2006</i>
Land and improvements	\$ 54,390	\$ -	\$ -	\$ 54,390
Buildings	416,598	-	-	416,598
Equipment	733,542	6,304	-	739,846
	<u>\$ 1,204,530</u>	<u>\$ 6,304</u>	<u>\$ -</u>	<u>\$ 1,210,834</u>

LONG-TERM OBLIGATIONS

Business-type activities fund long-term debt transactions for the year ended June 30, 2006 were as follows:

	<i>Outstanding July 1, 2005</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2006</i>	<i>Next Year Requirements</i>
<i>Business-type activities</i>					
→ 1993 Farmers Home Administration - payable \$81,325 annually, including interest at 5%	\$ 922,653	\$ -	\$ (33,802)	\$ 888,851	\$ 35,492
State Revolving Loan Fund - payable biannually \$20,219, including interest at 3%	263,935	-	(31,883)	232,052	32,847
	<u>\$ 1,186,588</u>	<u>\$ -</u>	<u>\$ (65,685)</u>	<u>\$ 1,120,903</u>	<u>\$ 68,339</u>

Required debt service reserves are maintained in the Revenue Bond Debt Service Fund. At June 30, 2006 the City's reserves totaled \$120,889.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

LONG-TERM OBLIGATIONS (Continued)

The future maturities of unmatured principal and interest for the fiscal years ending June 30 are as follows:

Business-type Activities

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 68,339	\$ 52,550	\$ 120,889
2008	71,107	49,782	120,889
2009	73,993	46,896	120,889
2010	77,002	43,887	120,889
2011	80,143	40,746	120,889
2012-16	307,884	158,062	465,946
2017-21	319,452	87,173	406,625
2022	122,983	7,540	130,523
	<u>\$ 1,120,903</u>	<u>\$ 486,636</u>	<u>\$ 1,607,539</u>

In a prior year, the Sewer Reserve Fund loaned the Bancroft Bond Fund \$95,175 with interest at 1.2%. The balance will be repaid through interfund transfers as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 5,919	\$ 1,080	\$ 6,999
2008	5,990	1,010	7,000
2009	73,266	938	74,204
	<u>\$ 85,175</u>	<u>\$ 3,028</u>	<u>\$ 88,203</u>

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

LONG-TERM OBLIGATIONS (Continued)

In a prior year, the Sewer Reserve Fund loaned the General Fund \$121,250 with interest at 1.5%. Payments to be repaid through interfund transfers as follows:

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	12,739	1,261	14,000
2008	71,312	1,070	72,382
	<u>\$ 84,051</u>	<u>\$ 2,331</u>	<u>\$ 86,382</u>

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the Pension Program) and a defined contribution portion (the Individual Account Program or IAP). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.state.or.us.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

PENSION PLAN (Continued)

Funding Policy

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution.

Annual Pension Cost

All participating employers are required by law to submit the contributions as adopted by OPERB. For the fiscal year ended June 30, 2006, the City's annual pension expenditures including the 6% employee contribution was \$144,199, based on subject salary of \$638,401 with total payroll of \$723,749.

The City's pension liability and the annual required contribution rate were determined using the entity age cost method. The assumptions utilized in the valuation include an investment return of 8.0%, an investment return of 8.5% on variable programs, projected salary increase of 4.0%, health cost inflation graded from 8.0% in 2005 to 5% in 2011, and a consumer price inflation component of 3.0%.

The unfunded actuarial liability (UAL) created by this method is amortized as an increasing dollar amount over a period of twenty-four years. This is different from the prior method of amortization in that the liability was previously amortized as a level percentage of PERS covered payroll. The change in amortization method was in response to anticipated future declines in PERS covered payroll, since new hires will be participating in OPSRP.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

The Oregon Legislative Assembly created a second level or Tier of OPERS benefits that modified service and disability retirement allowances payable to persons who established PERS membership on or after January 1, 1996 (Tier Two members). Future interest credits on all member contributions in Tier One and Tier Two Regular Accounts are assumed to accrue at an annual rate of 8.0%, compounded annually.

The following table presents three-year trend information for the City's employee pension plan:

<i>Fiscal Year Ending June 30</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2004	\$ 82,075	100%	\$ -
2005	109,778	100%	-
2006	144,199	100%	-

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 110,358	\$ 119,463
Youth Commission	-	2,670
Street	50,000	60,000
Street Reserve	-	10,000
State Revenue Sharing	-	20,000
Capital Improvement	127,811	-
Unemployment Reserve	6,912	-
Transportation SDC	-	60,000
Housing Rehabilitation	-	27,811
Bancroft Sinking	-	10,000
Library Endowment	-	-
Utility Construction	170,000	-
Revenue Bonded Debt	123,000	-
Water Utility	-	187,752
Sewer Utility	-	252,936
Water Utility Reserve	100,000	-
Sewer Utility Reserve	62,551	-
	<u>\$ 750,632</u>	<u>\$ 750,632</u>

Interfund transfers are used to pay administrative services, provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources.

CONTINGENCIES

Portions of sick pay accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2006, city employees had accumulated 433 days of sick leave.

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage. The City maintains a special revenue fund to cover unemployment insurance claims.

From time to time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

CITY OF MT. ANGEL, OREGON
SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2006

The following table presents a schedule of funding progress for the City's defined benefit pension plan:

<u>Actuarial Valuation Ending December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability (UAL)</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
12/31/01	\$ 3,035,719	\$ 2,600,472	\$ (435,247)	117%	\$ 708,595	(61)%
12/31/03	3,022,238	3,476,144	453,906	87	575,197	79
12/31/04	3,340,694	3,921,466	580,772	85	663,130	88

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 489,000	\$ 489,000	\$ 507,395	\$ 18,395
Licenses and permits	161,907	201,907	226,192	24,285
Charges for services	56,122	65,980	58,072	(7,908)
Intergovernmental	60,430	60,430	68,365	7,935
Fines and forfeitures	76,500	76,500	79,446	2,946
Miscellaneous	20,943	22,193	48,900	26,707
<i>Total Receipts</i>	<u>864,902</u>	<u>916,010</u>	<u>988,370</u>	<u>72,360</u>
DISBURSEMENTS				
Administration	111,330	151,344	135,560	15,784
Police	664,149	674,407	623,892	50,515
Library	79,985	80,585	48,563	32,022
Parks	26,150	26,400	5,709	20,691
Court	27,365	27,365	23,428	3,937
Oktoberfest	46,400	46,400	38,984	7,416
Contingency	100,000	100,000	-	100,000
<i>Total Disbursements</i>	<u>1,055,379</u>	<u>1,106,501</u>	<u>876,136</u>	<u>230,365</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(190,477)	(190,491)	112,234	302,725
OTHER FINANCING SOURCES (USES)				
Transfers in	96,931	96,945	110,358	13,413
Transfers out	(119,452)	(119,452)	(119,463)	(11)
<i>Total Other Financing Sources (Uses)</i>	<u>(22,521)</u>	<u>(22,507)</u>	<u>(9,105)</u>	<u>13,402</u>
NET CHANGE IN FUND BALANCE	(212,998)	(212,998)	103,129	316,127
FUND BALANCE, Beginning of year	212,998	212,998	252,594	39,596
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,723</u>	<u>\$ 355,723</u>

CITY OF MT. ANGEL, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 201,500	\$ 201,500	\$ 200,465	\$ (1,035)
Miscellaneous	2,000	2,000	3,291	1,291
<i>Total Receipts</i>	<u>203,500</u>	<u>203,500</u>	<u>203,756</u>	<u>256</u>
DISBURSEMENTS				
Personal services	85,283	85,283	78,213	7,070
Materials and services	84,100	84,100	75,035	9,065
Capital outlay	54,500	54,500	39,205	15,295
Contingency	55,725	55,725	-	55,725
<i>Total Disbursements</i>	<u>279,608</u>	<u>279,608</u>	<u>192,453</u>	<u>87,155</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,108)	(76,108)	11,303	87,411
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(60,000)	(60,000)	(60,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(86,108)	(86,108)	1,303	87,411
FUND BALANCE, Beginning of year	<u>86,108</u>	<u>86,108</u>	<u>89,611</u>	<u>3,503</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,914</u>	<u>\$ 90,914</u>

CITY OF MT. ANGEL, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 500,000	\$ 522,500	\$ 67,805	\$ (454,695)
Miscellaneous	-	5,000	5,259	259
<i>Total Receipts</i>	500,000	527,500	73,064	(454,436)
DISBURSEMENTS				
Capital outlay	540,000	567,500	29,964	537,536
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(40,000)	(40,000)	43,100	83,100
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	-	(40,000)
NET CHANGE IN FUND BALANCE				
	-	-	43,100	43,100
FUND BALANCE, Beginning of year				
	-	-	-	-
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 43,100	\$ 43,100

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 3,200	\$ 3,200	\$ 12,589	\$ 9,389
<i>Total Receipts</i>	3,200	3,200	12,589	9,389
DISBURSEMENTS				
Capital outlay	360,888	363,083	-	363,083
RECEIPTS OVER (UNDER) DISBURSEMENTS	(357,688)	(359,883)	12,589	372,472
OTHER FINANCING SOURCES (USES)				
Transfers in	125,616	127,811	127,811	-
NET CHANGE IN FUND BALANCE	(232,072)	(232,072)	140,400	372,472
FUND BALANCE, Beginning of year	232,072	232,072	233,900	1,828
FUND BALANCE, End of year	\$ -	\$ -	\$ 374,300	\$ 374,300

CITY OF MT. ANGEL, OREGON
COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Street Reserve</u>	<u>State Revenue Sharing</u>	<u>Unemployment Reserve</u>
ASSETS			
Cash and investments	\$ 47,542	\$ 44,706	\$ 19,393
Assessment liens receivable	-	-	-
	<u>47,542</u>	<u>44,706</u>	<u>19,393</u>
<i>Total Assets</i>	<u>\$ 47,542</u>	<u>\$ 44,706</u>	<u>\$ 19,393</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue	\$ -	\$ -	\$ -
Fund Balances			
Unreserved, reported in:			
Special revenue funds	47,542	44,706	19,393
Debt services funds	-	-	-
	<u>47,542</u>	<u>44,706</u>	<u>19,393</u>
<i>Total Fund Balances</i>	<u>47,542</u>	<u>44,706</u>	<u>19,393</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 47,542</u>	<u>\$ 44,706</u>	<u>\$ 19,393</u>

<i>Library Endowment</i>	<i>Transportation SDC</i>	<i>Housing Rehabilitation</i>	<i>Park System SDC</i>	<i>Debt Service</i>	<i>Totals</i>
\$ 26,960 -	\$ 113,827 -	\$ 71,314 -	\$ 9,224 -	\$ 11,763 44,551	\$ 344,729 44,551
<u>\$ 26,960</u>	<u>\$ 113,827</u>	<u>\$ 71,314</u>	<u>\$ 9,224</u>	<u>\$ 56,314</u>	<u>\$ 389,280</u>
\$ -	\$ -	\$ -	\$ -	\$ 44,551	\$ 44,551
26,960 -	113,827 -	71,314 -	9,224 -	- 11,763	332,966 11,763
<u>26,960</u>	<u>113,827</u>	<u>71,314</u>	<u>9,224</u>	<u>11,763</u>	<u>344,729</u>
<u>\$ 26,960</u>	<u>\$ 113,827</u>	<u>\$ 71,314</u>	<u>\$ 9,224</u>	<u>\$ 56,314</u>	<u>\$ 389,280</u>

CITY OF MT. ANGEL, OREGON

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2006

	<u>Youth Commission</u>	<u>Street Reserve</u>	<u>State Revenue Sharing</u>
RECEIPTS			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	12,916
Intergovernmental	-	-	64,533
Miscellaneous	8	2,298	1,435
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	8	2,298	78,884
DISBURSEMENTS			
Current operating			
General government	-	-	-
Community services & development	-	-	52,772
Public works	-	7,236	-
Capital outlay	-	-	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	-	7,236	52,772
RECEIPTS OVER (UNDER) DISBURSEMENTS			
	8	(4,938)	26,112
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(2,670)	(10,000)	(20,000)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(2,670)	(10,000)	(20,000)
NET CHANGE IN FUND BALANCES			
	(2,662)	(14,938)	6,112
FUND BALANCES, Beginning of year			
	<hr/>	<hr/>	<hr/>
	2,662	62,480	38,594
FUND BALANCES, End of year			
	<hr/>	<hr/>	<hr/>
	\$ -	\$ 47,542	\$ 44,706

<u>Unemployment Reserve</u>	<u>Library Endowment</u>	<u>Transportation SDC</u>	<u>Housing Rehabilitaiton</u>	<u>Parks System SDC</u>	<u>Debt Service</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,492	\$ 18,492
-	-	52,401	-	2,035	-	67,352
-	-	-	-	-	-	64,533
654	1,072	4,080	55,020	306	391	65,264
654	1,072	56,481	55,020	2,341	18,883	215,641
222	-	-	-	-	-	222
-	-	-	-	-	-	52,772
-	-	-	-	-	-	7,236
-	-	-	30,506	-	-	30,506
-	-	-	-	-	1,708	1,708
222	-	-	30,506	-	1,708	92,444
432	1,072	56,481	24,514	2,341	17,175	123,197
6,912	-	-	-	-	-	6,912
-	-	(60,000)	(27,811)	-	(10,000)	(130,481)
6,912	-	(60,000)	(27,811)	-	(10,000)	(123,569)
7,344	1,072	(3,519)	(3,297)	2,341	7,175	(372)
12,049	25,888	117,346	74,611	6,883	4,588	345,101
<u>\$ 19,393</u>	<u>\$ 26,960</u>	<u>\$ 113,827</u>	<u>\$ 71,314</u>	<u>\$ 9,224</u>	<u>\$ 11,763</u>	<u>\$ 344,729</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - YOUTH COMMISSION FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 10	\$ 10	\$ 8	\$ (2)
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	10	10	8	(2)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,656)	(2,670)	(2,670)	-
NET CHANGE IN FUND BALANCE	(2,646)	(2,660)	(2,662)	(2)
FUND BALANCE, Beginning of year	2,646	2,660	2,662	2
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

CITY OF MT. ANGEL, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - STREET RESERVE FUND
YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 1,750	\$ 1,750	\$ 2,298	\$ 548
DISBURSEMENTS				
Materials and services	7,500	7,500	7,236	264
Capital outlay	5,500	5,500	-	5,500
Contingency	11,126	11,126	-	11,126
<i>Total Disbursements</i>	<u>24,126</u>	<u>24,126</u>	<u>7,236</u>	<u>16,890</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(22,376)	(22,376)	(4,938)	17,438
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(10,000)</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	(52,376)	(52,376)	(14,938)	37,438
FUND BALANCE, Beginning of year	<u>52,376</u>	<u>52,376</u>	<u>62,480</u>	<u>10,104</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,542</u>	<u>\$ 47,542</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - STATE REVENUE SHARING FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 12,916	\$ 6,916
Intergovernmental	26,500	59,000	64,533	5,533
Miscellaneous	575	575	1,435	860
<i>Total Receipts</i>	<u>33,075</u>	<u>65,575</u>	<u>78,884</u>	<u>13,309</u>
DISBURSEMENTS				
Materials and services	23,900	56,400	52,772	3,628
Contingency	15,736	15,736	-	15,736
<i>Total Disbursements</i>	<u>39,636</u>	<u>72,136</u>	<u>52,772</u>	<u>19,364</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,561)	(6,561)	26,112	32,673
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(20,000)	(20,000)	-
NET CHANGE IN FUND BALANCE	(26,561)	(26,561)	6,112	32,673
FUND BALANCE, Beginning of year	<u>26,561</u>	<u>26,561</u>	<u>38,594</u>	<u>12,033</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,706</u>	<u>\$ 44,706</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - UNEMPLOYMENT RESERVE FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 100	\$ 100	\$ 654	\$ 554
DISBURSEMENTS				
Materials and services	18,600	18,600	222	18,378
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,500)	(18,500)	432	18,932
OTHER FINANCING SOURCES (USES)				
Transfers in	6,925	6,925	6,912	(13)
NET CHANGE IN FUND BALANCE	(11,575)	(11,575)	7,344	18,919
FUND BALANCE, Beginning of year	11,575	11,575	12,049	474
FUND BALANCE, End of year	\$ -	\$ -	\$ 19,393	\$ 19,393

CITY OF MT. ANGEL, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -

BUDGET AND ACTUAL - LIBRARY ENDOWMENT FUND

YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 325	\$ 325	\$ 1,072	\$ 747
DISBURSEMENTS	-	-	-	-
NET CHANGE IN FUND BALANCE	325	325	1,072	747
FUND BALANCE, Beginning of year	(325)	(325)	25,888	26,213
FUND BALANCE, End of year	\$ -	\$ -	\$ 26,960	\$ 26,960

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - TRANSPORTATION SDC FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 12,500	\$ 12,500	\$ 52,401	\$ 39,901
Miscellaneous	1,500	1,500	4,080	2,580
<i>Total Receipts</i>	14,000	14,000	56,481	42,481
DISBURSEMENTS				
Capital outlay	66,825	66,825	-	66,825
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(52,825)	(52,825)	56,481	109,306
OTHER FINANCING SOURCES (USES)				
Transfers out	(60,000)	(60,000)	(60,000)	-
NET CHANGE IN FUND BALANCE				
	(112,825)	(112,825)	(3,519)	109,306
FUND BALANCE, Beginning of year				
	112,825	112,825	117,346	4,521
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 113,827	\$ 113,827

CITY OF MT. ANGEL, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - HOUSING REHABILITATION FUND
YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 51,200	\$ 51,200	\$ 55,020	\$ 3,820
DISBURSEMENTS				
Capital outlay	107,626	105,431	30,506	74,925
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(56,426)	(54,231)	24,514	78,745
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,616)	(27,811)	(27,811)	-
NET CHANGE IN FUND BALANCE	(82,042)	(82,042)	(3,297)	78,745
FUND BALANCE, Beginning of year	82,042	82,042	74,611	(7,431)
FUND BALANCE, End of year	\$ -	\$ -	\$ 71,314	\$ 71,314

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - PARK SYSTEM SDC FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 1,600	\$ 1,600	\$ 2,035	\$ 435
Miscellaneous	150	150	306	156
<i>Total Receipts</i>	1,750	1,750	2,341	591
DISBURSEMENTS				
Capital outlay	8,711	8,711	-	8,711
NET CHANGE IN FUND BALANCE	(6,961)	(6,961)	2,341	9,302
FUND BALANCE, Beginning of year	6,961	6,961	6,883	(78)
FUND BALANCE, End of year	\$ -	\$ -	\$ 9,224	\$ 9,224

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 6,500	\$ 9,500	\$ 18,492	\$ 8,992
Miscellaneous	300	300	391	91
<i>Total Receipts</i>	6,800	9,800	18,883	9,083
DISBURSEMENTS				
Debt service	1,903	1,903	1,708	195
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	4,897	7,897	17,175	9,278
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,097)	(10,097)	(10,000)	97
NET CHANGE IN FUND BALANCE				
	(2,200)	(2,200)	7,175	9,375
FUND BALANCE, Beginning of year				
	2,200	2,200	4,588	2,388
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 11,763	\$ 11,763

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - REVENUE BONDED DEBT FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 8,476	\$ 7,276
DISBURSEMENTS				
Debt service	120,889	120,889	120,889	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119,689)	(119,689)	(112,413)	7,276
OTHER FINANCING SOURCES (USES)				
Transfers in	123,000	123,000	123,000	-
NET CHANGE IN FUND BALANCE	3,311	3,311	10,587	7,276
FUND BALANCE, Beginning of year	187,627	187,627	189,426	1,799
FUND BALANCE, End of year	<u>\$ 190,938</u>	<u>\$ 190,938</u>	<u>\$ 200,013</u>	<u>\$ 9,075</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 365,000	\$ 365,000	\$ 460,238	\$ 95,238
Miscellaneous	3,000	3,000	8,313	5,313
<i>Total Receipts</i>	<u>368,000</u>	<u>368,000</u>	<u>468,551</u>	<u>100,551</u>
DISBURSEMENTS				
Personal services	169,339	169,339	161,938	7,401
Materials and services	114,900	137,900	108,044	29,856
Capital outlay	31,500	32,500	11,137	21,363
Contingency	134,847	134,847	-	134,847
<i>Total Disbursements</i>	<u>450,586</u>	<u>474,586</u>	<u>281,119</u>	<u>193,467</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,586)	(106,586)	187,432	294,018
OTHER FINANCING SOURCES (USES)				
Transfers out	(138,000)	(138,000)	(187,752)	(49,752)
<i>Total Other Financing Sources (Uses)</i>	<u>(138,000)</u>	<u>(138,000)</u>	<u>(187,752)</u>	<u>(49,752)</u>
NET CHANGE IN FUND BALANCE	(220,586)	(244,586)	(320)	244,266
FUND BALANCE, Beginning of year	<u>220,586</u>	<u>244,586</u>	<u>279,970</u>	<u>35,384</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,650</u>	<u>\$ 279,650</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for services	\$ 599,500	\$ 599,500	\$ 621,276	\$ 21,776
Miscellaneous	3,702	3,702	3,439	(263)
<i>Total Receipts</i>	<u>603,202</u>	<u>603,202</u>	<u>624,715</u>	<u>21,513</u>
DISBURSEMENTS				
Personal services	241,833	248,833	235,763	13,070
Materials and services	78,300	81,300	77,420	3,880
Capital outlay	80,000	70,000	24,043	45,957
Contingency	34,437	34,437	-	34,437
<i>Total Disbursements</i>	<u>434,570</u>	<u>434,570</u>	<u>337,226</u>	<u>97,344</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	168,632	168,632	287,489	118,857
OTHER FINANCING SOURCES (USES)				
Transfers out	(260,600)	(260,600)	(252,936)	7,664
<i>Total Other Financing Sources (Uses)</i>	<u>(260,600)</u>	<u>(260,600)</u>	<u>(252,936)</u>	<u>7,664</u>
NET CHANGE IN FUND BALANCE	(91,968)	(91,968)	34,553	126,521
FUND BALANCE, Beginning of year	<u>91,968</u>	<u>91,968</u>	<u>89,744</u>	<u>(2,224)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,297</u>	<u>\$ 124,297</u>

CITY OF MT. ANGEL, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -

BUDGET AND ACTUAL - SEWER UTILITY RESERVE FUND

YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 7,375	\$ 7,375	\$ 25,163	\$ 17,788
DISBURSEMENTS				
Materials and services	510,809	510,809	-	510,809
Capital outlay	25,000	25,000	-	25,000
<i>Total Disbursements</i>	<u>535,809</u>	<u>535,809</u>	<u>-</u>	<u>535,809</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(528,434)	(528,434)	25,163	553,597
OTHER FINANCING SOURCES (USES)				
Transfers in	57,651	57,651	62,551	4,900
NET CHANGE IN FUND BALANCE	(470,783)	(470,783)	87,714	558,497
FUND BALANCE, Beginning of year	<u>470,783</u>	<u>470,783</u>	<u>503,565</u>	<u>32,782</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,279</u>	<u>\$ 591,279</u>

CITY OF MT. ANGEL, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -

BUDGET AND ACTUAL - WATER UTILITY SDC FUND

YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 89,344	\$ 74,344
Miscellaneous	2,000	2,000	7,501	5,501
<i>Total Receipts</i>	17,000	17,000	96,845	79,845
DISBURSEMENTS				
Capital outlay	177,445	177,445	-	177,445
NET CHANGE IN FUND BALANCE	(160,445)	(160,445)	96,845	257,290
FUND BALANCE, Beginning of year	160,445	160,445	157,997	(2,448)
FUND BALANCE, End of year	\$ -	\$ -	\$ 254,842	\$ 254,842

CITY OF MT. ANGEL, OREGON

COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -

NONMAJOR PROPRIETARY FUNDS

JUNE 30, 2006

	<u>Utility Construction</u>	<u>Water Utility Reserve</u>	<u>Sewer Utility SDC</u>
ASSETS			
Cash and investments	\$ 144,644	\$ 153,385	\$ 206,780
	<u>144,644</u>	<u>153,385</u>	<u>206,780</u>
<i>Total Assets</i>	<u>\$ 144,644</u>	<u>\$ 153,385</u>	<u>\$ 206,780</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
Fund Balances			
Unreserved	144,644	153,385	206,780
	<u>144,644</u>	<u>153,385</u>	<u>206,780</u>
<i>Total Fund Balances</i>	<u>144,644</u>	<u>153,385</u>	<u>206,780</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 144,644</u>	<u>\$ 153,385</u>	<u>\$ 206,780</u>

<i>Storm Sewer SDC</i>	<i>Totals</i>
\$ 18,983	\$ 523,792
<u>\$ 18,983</u>	<u>\$ 523,792</u>
\$ -	\$ -
<u>18,983</u>	<u>523,792</u>
<u>18,983</u>	<u>523,792</u>
<u>\$ 18,983</u>	<u>\$ 523,792</u>

CITY OF MT. ANGEL, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006**

	<u>Utility Construction</u>	<u>Water Utility Reserve</u>	<u>Sewer Utility SDC</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ 49,704
Miscellaneous	4,116	3,213	6,765
<i>Total Receipts</i>	4,116	3,213	56,469
DISBURSEMENTS			
Materials and services	71,026	-	-
Capital outlay	16,568	-	-
<i>Total Disbursements</i>	87,594	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(83,478)	3,213	56,469
OTHER FINANCING SOURCES (USES)			
Transfers in	170,000	100,000	-
NET CHANGE IN FUND BALANCES	86,522	103,213	56,469
FUND BALANCES, Beginning of year	58,122	50,172	150,311
FUND BALANCES, End of year	<u>\$ 144,644</u>	<u>\$ 153,385</u>	<u>\$ 206,780</u>

<i>Storm Sewer SDC</i>		<i>Totals</i>	
\$	3,552	\$	53,256
	650		14,744
	4,202		68,000
	-		71,026
	-		16,568
	-		87,594
	4,202		(19,594)
	-		270,000
	4,202		250,406
	14,781		273,386
\$	18,983	\$	523,792

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - UTILITY CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 4,116	\$ 2,116
DISBURSEMENTS				
Materials and services	225,252	221,252	71,026	150,226
Capital outlay	15,000	19,000	16,568	2,432
<i>Total Disbursements</i>	<u>240,252</u>	<u>240,252</u>	<u>87,594</u>	<u>152,658</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(238,252)	(238,252)	(83,478)	154,774
OTHER FINANCING SOURCES (USES)				
Transfers in	170,000	170,000	170,000	-
NET CHANGE IN FUND BALANCE	(68,252)	(68,252)	86,522	154,774
FUND BALANCE, Beginning of year	<u>68,252</u>	<u>68,252</u>	<u>58,122</u>	<u>(10,130)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,644</u>	<u>\$ 144,644</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - WATER UTILITY RESERVE FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 800	\$ 800	\$ 3,213	\$ 2,413
DISBURSEMENTS				
Capital outlay	99,187	99,187	-	99,187
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,387)	(98,387)	3,213	101,600
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	100,000	50,000
NET CHANGE IN FUND BALANCE	(48,387)	(48,387)	103,213	151,600
FUND BALANCE, Beginning of year	48,387	48,387	50,172	1,785
FUND BALANCE, End of year	\$ -	\$ -	\$ 153,385	\$ 153,385

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - SEWER UTILITY SDC FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 49,704	\$ 34,704
Miscellaneous	1,800	1,800	6,765	4,965
<i>Total Receipts</i>	16,800	16,800	56,469	39,669
DISBURSEMENTS				
Capital outlay	162,116	162,116	-	162,116
NET CHANGE IN FUND BALANCE	(145,316)	(145,316)	56,469	201,785
FUND BALANCE, Beginning of year	145,316	145,316	150,311	4,995
FUND BALANCE, End of year	\$ -	\$ -	\$ 206,780	\$ 206,780

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - STORM WATER SDC FUND
YEAR ENDED JUNE 30, 2006**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 2,900	\$ 2,900	\$ 3,552	\$ 652
Miscellaneous	300	300	650	350
<i>Total Receipts</i>	3,200	3,200	4,202	1,002
DISBURSEMENTS				
Capital outlay	17,603	17,603	-	17,603
NET CHANGE IN FUND BALANCE	(14,403)	(14,403)	4,202	18,605
FUND BALANCE, Beginning of year	14,403	14,403	14,781	378
FUND BALANCE, End of year	\$ -	\$ -	\$ 18,983	\$ 18,983

CITY OF MT. ANGEL, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2006

<u>Tax Year</u>	<u>2005-2006 Levy</u>	<u>Uncollected Balance July 1, 2005</u>	<u>Added To Rolls</u>	<u>Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balance June 30, 2006</u>
2005-2006	\$ 514,200	\$ -	\$ 196	\$ 13,827	\$ 484,326	\$ 16,243
2004-2005	-	18,154	-	267	11,577	6,310
2003-2004	-	6,814	-	1,041	2,412	3,361
2002-2003	-	3,987	-	1,192	1,227	1,568
2001-2002	-	1,861	-	58	1,435	368
2000-2001	-	462	-	17	154	291
1999-2000	-	250	-	9	103	138
Prior Years	-	854	-	13	96	745
Total	\$ 514,200	\$ 32,382	\$ 196	\$ 16,424	\$ 501,330	\$ 29,024

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CITY OF MT. ANGEL, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
JUNE 30, 2006

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Fiscal Year of Maturity</u>
PRINCIPAL TRANSACTIONS			
1993 FHA Loan	5.0%	1993	2021-22
SRF Loan	3.0%	1998	2012-13
			<i>Unmatured Interest Outstanding July 1, 2005</i>
	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Interest Outstanding July 1, 2005</u>
INTEREST TRANSACTIONS			
1993 FHA Loan	5.0%	1993	\$ 509,070
SRF Loan	3.0%	1998	32,770
			<u>\$ 541,840</u>

<i>Outstanding July 1, 2005</i>	<i>Bonds Issued</i>	<i>Bonds Paid</i>	<i>Outstanding June 30, 2006</i>
\$ 922,653	\$ -	\$ 33,802	\$ 888,851
263,935	-	31,883	232,052
<u>\$ 1,186,588</u>	<u>\$ -</u>	<u>\$ 65,685</u>	<u>\$ 1,120,903</u>

<i>New Issues</i>	<i>Interest Coupons Paid/ Refunded</i>	<i>Unmatured Interest June 30, 2006</i>
\$ -	\$ 47,523	\$ 461,547
-	7,681	25,089
<u>\$ -</u>	<u>\$ 55,204</u>	<u>\$ 486,636</u>

CITY OF MT. ANGEL, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 2006

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>1993 FHA Loan</i>			<i>State Revolving Fund Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2007	\$ 35,492	\$ 45,833	\$ 81,325	\$ 32,847	\$ 6,717	\$ 39,564
2008	37,267	44,058	81,325	33,840	5,724	39,564
2009	39,130	42,195	81,325	34,863	4,701	39,564
2010	41,086	40,239	81,325	35,916	3,648	39,564
2011	43,141	38,184	81,325	37,002	2,562	39,564
2012	45,298	36,027	81,325	38,120	1,444	39,564
2013	47,563	33,762	81,325	19,464	293	19,757
2014	49,941	31,384	81,325	-	-	-
2015	52,438	28,887	81,325	-	-	-
2016	55,060	26,265	81,325	-	-	-
2017	57,813	23,512	81,325	-	-	-
2018	60,703	20,622	81,325	-	-	-
2019	63,739	17,586	81,325	-	-	-
2020	66,925	14,400	81,325	-	-	-
2021	70,272	11,053	81,325	-	-	-
2022	122,983	7,540	130,523	-	-	-
	<u>\$ 888,851</u>	<u>\$ 461,547</u>	<u>\$ 1,350,398</u>	<u>\$ 232,052</u>	<u>\$ 25,089</u>	<u>\$ 257,141</u>

<i>Totals</i>		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 68,339	\$ 52,550	\$ 120,889
71,107	49,782	120,889
73,993	46,896	120,889
77,002	43,887	120,889
80,143	40,746	120,889
83,418	37,471	120,889
67,027	34,055	101,082
49,941	31,384	81,325
52,438	28,887	81,325
55,060	26,265	81,325
57,813	23,512	81,325
60,703	20,622	81,325
63,739	17,586	81,325
66,925	14,400	81,325
70,272	11,053	81,325
122,983	7,540	130,523
<u>\$ 1,120,903</u>	<u>\$ 486,636</u>	<u>\$ 1,607,539</u>

CITY OF MT. ANGEL, OREGON
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
YEAR ENDED JUNE 30, 2006

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

Significant Accounting Policies

The significant accounting policies followed in preparing the City's financial statements are summarized in the notes to the financial statements.

Organization and Fund Structure

The organization and fund structure of the City is documented on the title page and in the notes to the financial statements.

Internal Accounting Control and Accounting Records

We have audited the basic financial statements of Mt. Angel, Oregon, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 2, 2006. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. The City does not maintain adequate historical cost and depreciation records for capital assets.

Indebtedness

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2006.

Adequacy of Collateral Securing Depository Balances

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was not sufficient at times during the year ended June 30, 2006.

Budget Compliance

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation, adoption and execution of its budget and tax levy for fiscal years ending June 30, 2006 and 2007.

CITY OF MT. ANGEL, OREGON

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)

YEAR ENDED JUNE 30, 2006

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2006. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2006.

Public Contracting and Purchasing

Our review of the City's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the City was in compliance.

Highway Funds

The City complied with the legal requirements of Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 294, 368 and 373 as they pertain to the use of road funds.

Programs Funded From Outside Sources

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by the other governmental agencies. The City is in compliance with the guidelines in all material respect.

Schedule of Accountability of Independently Elected Officials

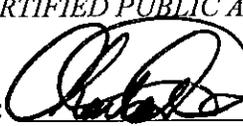
There are no elected City officials who collect or receive funds on behalf of the City.

Financial Reporting Requirements

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

This report is intended for the information of the City Council and management of City of Mt. Angel, federal, State of Oregon and pass-through funding agencies, and the State of Oregon Division of Audits and is not intended to be and should not be used by anyone other than those specified parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, A Shareholder
November 2, 2006