

***CITY OF MT. ANGEL, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010***

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Mt. Angel, Oregon 97362

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City Administrator/City Recorder
Pete Wall

Finance Director
Tracy Grambusch

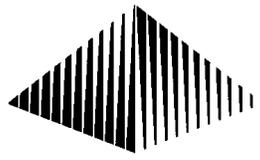
P.O. Box 960
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(503) 581-7788

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, 2010, 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 opinions 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. 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.

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.

The City does not maintain any historical cost and depreciation records for capital assets including infrastructure, and therefore, no information for capital assets is presented in the financial statements.

In our opinion, except for the matter discussed above, 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, 2010, and the respective changes in financial position 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mt. Angel, Oregon's basic financial statements as a whole. The combining and individual fund financial statements and other financial schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other financial schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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



By: _____

Charles A. Swank, A Shareholder
December 2, 2010

CITY OF MT. ANGEL, OREGON

Management's Discussion and Analysis June 30, 2010

As management of the City of Mt. Angel, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010.

Financial Highlights

	June 30,		change
	2010	2009	
Net assets	\$ 3,890,045	\$ 3,480,124	\$ 409,921
Change in net assets	409,921	254,977	154,944
Governmental net assets	1,267,078	1,086,714	180,364
Proprietary net assets	2,622,967	2,393,410	229,557
Change in governmental net assets	180,364	102,605	77,759
Change in proprietary net assets	229,557	152,372	77,185

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Mt. Angel's basic financial statements. The City's basic financial statements consist of 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. These statements include:

The Statement of Net Assets (Modified Cash Basis). The *statement of net assets* presents information on all of the assets and liabilities of the City as of the date on the statement using the modified cash basis of accounting. Net assets are what remain after the liabilities have been paid off or otherwise satisfied. 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.

The Statement of Activities (Modified Cash Basis). The *statement of activities* presents information showing how the net assets of the City changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net assets utilizing the modified cash basis of accounting.

In the government-wide financial statements, the City's basic activities are shown as governmental activities. All basic City government functions are shown here: such as, administration, city hall, legal, parks, streets and police. These activities are primarily financed through property taxes and other intergovernmental activities. The business-type activities of the City includes utility operations.

Fund financial statements. The *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City of Mt. Angel as a whole. 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 of Mt. Angel, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

The fund statements are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on individual activities. Such information may be useful in evaluating a government's specific financing requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. 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 a fiscal year.

Proprietary funds. The City of Mt. Angel charges customers for the utility services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets (modified cash basis) and the Statement of Activities (modified cash basis). In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and *other supplemental information*.

Government-wide Financial Analysis

Statement of Net Assets. The Statement of Net Assets (modified cash basis) is provided on a comparative basis. 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 of Mt. Angel, assets exceeded liabilities by \$3,890,045 as of June 30, 2010.

The City's assets consist mainly of investments, notes receivable, cash, property taxes receivable and lien assessment receivable.

The City's largest liability is for the repayment of long-term debt, but this liability is not recorded on the Statement of Net Assets. Current liabilities consist of deferred revenue and payroll liabilities.

Restricted net assets represent sources that are subject to external restrictions on their use, such as debt service payments or capital projects. Unrestricted net assets are available for general operations of the City.

Net Assets at June 30,

	2010			2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 1,272,088	\$ 2,627,567	\$ 3,899,655	\$ 1,110,460	\$ 2,403,869	\$ 3,514,329
Receivables	423,822	134,234	558,056	420,261	128,009	548,270
Total assets	1,695,910	2,761,801	4,457,711	1,530,721	2,531,878	4,062,599
Other liabilities	428,832	138,834	567,666	444,007	138,468	582,475
Net assets:						
Restricted	124,712	737,889	862,601	75,680	118,003	193,683
Unrestricted	1,142,366	1,885,078	3,027,444	1,011,034	986,711	1,997,745
Total Net Assets	\$ 1,267,078	\$ 2,622,967	\$ 3,890,045	\$ 1,086,714	\$ 1,104,714	\$ 2,191,428

Statement of Activities (Modified Cash Basis). During the current fiscal year, the City's net assets increased by \$409,921 up from \$254,977 in the prior year. The key elements of the change in the City's net assets for the year ended June 30, 2010 are as follows:

- Total receipts increased by \$62,672 over the prior year.
- Disbursements decreased by \$100,126 compared to the prior year.

2010

	Governmental Activities	Business- type Activities	Total
Receipts			
Program receipts			
Fines, fees, and charges for service	\$ 194,701	\$ 1,199,868	\$ 1,394,569
Operating grants and contributions	157,679	57,274	214,953
Capital grants and contributions	25,883	4,715	30,598
General receipts			
Taxes and assessments	641,516	-	641,516
Intergovernmental	130,035	-	130,035
Franchise fees	165,685	-	165,685
Miscellaneous	25,325	19,265	44,590
<i>Total receipts/revenues</i>	<u>1,340,824</u>	<u>1,281,122</u>	<u>2,621,946</u>
Disbursements			
General government	239,355	-	239,355
Court and police	753,218	-	753,218
Community services and development	52,440	-	52,440
Public works	206,253	-	206,253
Library	89,320	-	89,320
Interest on long-term debt	4,074	-	4,074
Water	-	510,322	510,322
Sewer	-	396,210	396,210
<i>Total Disbursements</i>	<u>1,344,660</u>	<u>906,532</u>	<u>2,251,192</u>
Loan repayment	-	39,167	39,167
Transfers	184,200	(184,200)	-
Change in net assets	180,364	229,557	409,921
Net assets, beginning of year	<u>1,086,714</u>	<u>2,393,410</u>	<u>3,480,124</u>
Net assets, end of year	<u>\$ 1,267,078</u>	<u>\$ 2,622,967</u>	<u>\$ 3,890,045</u>

2009

Governmental Activities	Business- type Activities	Total
\$ 187,916	\$ 1,182,936	\$ 1,370,852
150,216	8,683	158,899
9,620	-	9,620
604,101	-	604,101
141,674	-	141,674
165,809	-	165,809
59,002	49,317	108,319
<u>1,318,338</u>	<u>1,240,936</u>	<u>2,559,274</u>
211,301	-	211,301
766,215	-	766,215
58,490	-	58,490
249,336	-	249,336
75,862	-	75,862
-	-	-
-	558,571	558,571
-	431,543	431,543
<u>1,361,204</u>	<u>990,114</u>	<u>2,351,318</u>
-	47,020	47,020
145,470	(145,470)	-
<u>102,604</u>	<u>152,372</u>	<u>254,976</u>
<u>984,110</u>	<u>2,241,038</u>	<u>3,225,148</u>
<u>\$ 1,086,714</u>	<u>\$ 2,393,410</u>	<u>\$ 3,480,124</u>

Financial Analysis of the City of Mt. Angel's Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. 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 a fiscal year.

The City's governmental funds reported combined ending fund balances of \$1,267,078 at June 30, 2010, an increase of \$180,364 in comparison with prior year.

General Fund. The General Fund is the primary operating fund of the City. Unreserved fund balance was \$629,528 as of June 30, 2010. The fund balance increased by \$121,698 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 59% of total General Fund expenditures.

Street Fund. The majority of Street Fund activity was capital projects funded by State gas tax revenue.

General Fund Budgetary Highlights

The General Fund budget was increased by \$129,982 during the year to account for additional intergovernmental revenues and a higher beginning cash carryover.

Debt Administration

Long-term debt. The City had total revenue-backed bonded debt outstanding of \$722,470 at the end of the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The assessed valuation of the City of Mt. Angel is \$147,758,379, therefore, the current debt limitation for the City of Mt. Angel is \$4,432,751. The City had no outstanding general obligation debt.

Additional information on the City of Mt. Angel's long-term debt can be found in the notes to the basic financial statements of this report.

Economic Factors and the Next Year's Budget

The City of Mt. Angel's Budget Committee considered all the following factors while preparing the City budget for the 2010-11 fiscal year:

- a. Prior history of revenue and expenditures,
- b. Capital projects in the water and sewer,
- c. Expected property tax revenue,

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City Administrator
City of Mt. Angel
PO Box 960
Mt. Angel, Oregon 97362

BASIC FINANCIAL STATEMENTS

CITY OF MT. ANGEL, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2010

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
<i>ASSETS</i>			
Cash and investments	\$ 1,272,088	\$ 2,627,567	\$ 3,899,655
Accounts receivable	454	134,234	134,688
Property taxes receivable	47,675	-	47,675
Notes receivable	350,849	-	350,849
Assessment liens receivable	24,844	-	24,844
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	1,695,910	2,761,801	4,457,711
<i>LIABILITIES</i>			
Payroll liabilities	5,464	-	5,464
Deposits	-	10,825	10,825
Deferred revenue	423,368	128,009	551,377
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	428,832	138,834	567,666
<i>NET ASSETS</i>			
Restricted for:			
Debt service	1,986	121,732	123,718
Construction	116,980	616,157	733,137
Grants and donations	5,746	-	5,746
Unrestricted	1,142,366	1,885,078	3,027,444
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	\$ 1,267,078	\$ 2,622,967	\$ 3,890,045
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2010

	<u>Disbursements</u>	<u>Program Receipts</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government	\$ 239,353	\$ 991	\$ -
Court and police	753,218	139,696	841
Community services and development	52,440	29,833	-
Library	89,320	19,113	-
Public works	206,253	5,068	156,838
Interest on long-term debt	4,074	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Governmental Activities</i>	1,344,658	194,701	157,679
Business-type activities:			
Water	510,322	482,245	57,274
Sewer	396,210	717,623	-
	<hr/>	<hr/>	<hr/>
<i>Total Business-type Activities</i>	906,532	1,199,868	57,274
	<hr/>	<hr/>	<hr/>
<i>Total Activities</i>	<u>\$ 2,251,190</u>	<u>\$ 1,394,569</u>	<u>\$ 214,953</u>
General receipts:			
Property taxes			
Intergovernmental			
Franchise fees			
Miscellaneous			
<i>Total General Receipts</i>			
Transfers			
Interfund loan repayment			
Change in net assets			
Net assets, July 1, 2009			
Net assets, June 30, 2010			

<i>Net (Disbursements) Receipts and Changes in Net Assets</i>			
<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ (238,362)	\$ -	\$ (238,362)
-	(612,681)	-	(612,681)
-	(22,607)	-	(22,607)
2,000	(68,207)	-	(68,207)
23,883	(20,464)	-	(20,464)
-	(4,074)	-	(4,074)
25,883	(966,395)	-	(966,395)
3,144	-	32,341	32,341
1,571	-	322,984	322,984
4,715	-	355,325	355,325
<u>\$ 30,598</u>	<u>(966,395)</u>	<u>355,325</u>	<u>(611,070)</u>
	641,516	-	641,516
	130,035	-	130,035
	165,685	-	165,685
	25,325	19,263	44,588
	962,561	19,263	981,824
	184,200	(184,200)	-
	-	39,167	39,167
	180,366	229,555	409,921
	1,086,712	2,393,412	3,480,124
<u>\$ 1,267,078</u>	<u>\$ 2,622,967</u>	<u>\$ 3,890,045</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, 2010

	<u>General</u>	<u>Street</u>	<u>Housing Rehabilitaiton</u>
ASSETS			
Cash and investments	\$ 634,538	\$ 48,068	\$ 109,272
Accounts receivable	454	-	-
Property taxes receivable	47,675	-	-
Notes receivable	-	-	350,849
Assessment liens receivable	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 682,667</u>	<u>\$ 48,068</u>	<u>\$ 460,121</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll withholdings	\$ 5,464	\$ -	\$ -
Deferred revenue	47,675	-	350,849
	<hr/>	<hr/>	<hr/>
Total Liabilities	53,139	-	350,849
Fund Balances			
Unreserved, reported in:			
General fund	629,528	-	-
Special revenue funds	-	48,068	109,272
Debt service fund	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>629,528</u>	<u>48,068</u>	<u>109,272</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 682,667</u>	<u>\$ 48,068</u>	<u>\$ 460,121</u>

<i>Capital Improvement</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 260,428	\$ 219,782	\$ 1,272,088
-	-	454
-	-	47,675
-	-	350,849
-	24,844	24,844
<u>\$ 260,428</u>	<u>\$ 244,626</u>	<u>\$ 1,695,910</u>
\$ -	\$ -	\$ 5,464
-	24,844	423,368
-	24,844	428,832
-	-	629,528
260,428	217,796	635,564
-	1,986	1,986
<u>260,428</u>	<u>219,782</u>	<u>1,267,078</u>
<u>\$ 260,428</u>	<u>\$ 244,626</u>	<u>\$ 1,695,910</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, 2010**

	<u>General</u>	<u>Street</u>	<u>Housing Rehabilitation</u>
RECEIPTS			
Taxes and assessments	\$ 641,516	\$ -	\$ -
Licenses and permits	182,384	-	-
Charges for services	58,736	-	-
Intergovernmental	119,910	180,721	-
Fines and forfeitures	72,303	-	-
Miscellaneous	35,533	317	826
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	1,110,382	181,038	826
DISBURSEMENTS			
General government	200,235	-	-
Court and police	696,419	-	-
Community services and development	40,622	-	628
Library	73,394	-	-
Public works	9,264	116,966	-
Capital outlay	41,818	45,941	-
Debt service			
Principal	-	31,167	-
Interest	-	3,693	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	1,061,752	197,767	628
RECEIPTS OVER (UNDER) DISBURSEMENTS			
	48,630	(16,729)	198
OTHER FINANCING SOURCES (USES)			
Transfers in	125,064	50,000	-
Transfers out	(51,996)	(4,103)	(24,081)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	73,068	45,897	(24,081)
NET CHANGE IN FUND BALANCES			
	121,698	29,168	(23,883)
FUND BALANCES, Beginning of year			
	507,830	18,900	133,155
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year			
	\$ 629,528	\$ 48,068	\$ 109,272
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Capital Improvement</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 3,708	\$ 645,224
-	3,100	185,484
-	-	58,736
-	38,849	339,480
-	-	72,303
1,865	1,054	39,595
<hr/>	<hr/>	<hr/>
1,865	46,711	1,340,822
-	-	200,235
-	-	696,419
-	-	41,250
-	-	73,394
-	33,002	159,232
38,109	5,019	130,887
-	8,000	39,167
-	381	4,074
<hr/>	<hr/>	<hr/>
38,109	46,402	1,344,658
<hr/>	<hr/>	<hr/>
(36,244)	309	(3,836)
17,000	107,316	299,380
-	(35,000)	(115,180)
<hr/>	<hr/>	<hr/>
17,000	72,316	184,200
<hr/>	<hr/>	<hr/>
(19,244)	72,625	180,364
279,672	147,157	1,086,714
<hr/>	<hr/>	<hr/>
\$ 260,428	\$ 219,782	\$ 1,267,078
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF MT. ANGEL, OREGON**STATEMENT OF NET ASSETS- ENTERPRISE FUNDS (MODIFIED CASH BASIS)**

JUNE 30, 2010

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Utility Reserve</u>	<u>Sewer Reserve</u>
ASSETS				
Cash and investments	\$ 220,674	\$ 211,704	\$ 680,407	\$ 776,893
Accounts receivable	60,037	74,197	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	280,711	285,901	680,407	776,893
LIABILITIES				
Deposits	4,651	6,174	-	-
Deferred revenue	59,976	68,033	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	64,627	74,207	-	-
NET ASSETS				
Restricted for:				
Debt service	-	-	-	-
Construction	-	-	-	-
Unrestricted	216,084	211,694	680,407	776,893
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 216,084</u>	<u>\$ 211,694</u>	<u>\$ 680,407</u>	<u>\$ 776,893</u>

<i>Water Utility SDC</i>	<i>Revenue Bond Debt Service</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 370,681	\$ 121,732	\$ 245,476	\$ 2,627,567
-	-	-	134,234
<hr/>	<hr/>	<hr/>	<hr/>
370,681	121,732	245,476	2,761,801
-	-	-	10,825
-	-	-	128,009
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	138,834
<hr/>	<hr/>	<hr/>	<hr/>
-	121,732	-	121,732
370,681	-	245,476	616,157
-	-	-	1,885,078
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 370,681</u>	<u>\$ 121,732</u>	<u>\$ 245,476</u>	<u>\$ 2,622,967</u>

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

CITY OF MT. ANGEL, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS - ENTERPRISE FUNDS
(MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2010**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Utility Reserve</u>
OPERATING RECEIPTS			
Charges for services	\$ 482,245	\$ 717,623	\$ -
Miscellaneous	811	531	4,012
<i>Total Operating Receipts</i>	<u>483,056</u>	<u>718,154</u>	<u>4,012</u>
OPERATING DISBURSEMENTS			
Personal services	168,460	259,141	-
Materials and services	96,431	64,763	-
Capital outlay	13,689	67,306	10,000
<i>Total Operating Disbursements</i>	<u>278,580</u>	<u>391,210</u>	<u>10,000</u>
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	204,476	326,944	(5,988)
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Intergovernmental receipts	-	-	-
Debt service disbursements			
Principal	-	-	-
Interest	-	-	-
<i>Total Nonoperating Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	204,476	326,944	(5,988)
OTHER FINANCING SOURCES (USES)			
Capital contributions	-	-	-
Transfers in	-	-	183,750
Transfers out	(270,987)	(244,033)	(33,590)
Interfund loan repayment	-	-	-
CHANGE IN NET ASSETS	<u>(66,511)</u>	<u>82,911</u>	<u>144,172</u>
NET ASSETS, Beginning of year	<u>282,595</u>	<u>128,783</u>	<u>536,235</u>
NET ASSETS, End of year	<u>\$ 216,084</u>	<u>\$ 211,694</u>	<u>\$ 680,407</u>

<i>Sewer Reserve</i>	<i>Water Utility SDC</i>	<i>Revenue Bond Debt Service</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ -	\$ 1,199,868
8,846	2,684	747	1,634	19,265
8,846	2,684	747	1,634	1,219,133
-	-	-	-	427,601
-	72,668	-	-	233,862
5,000	569	67,180	67,180	230,924
5,000	73,237	67,180	67,180	892,387
3,846	(70,553)	(66,433)	(65,546)	326,746
-	57,274	-	-	57,274
-	-	(38,276)	-	(38,276)
-	-	(43,049)	-	(43,049)
-	57,274	(81,325)	-	(24,051)
3,846	(13,279)	(147,758)	(65,546)	302,695
-	3,144	67,180	1,571	71,895
38,750	-	108,320	67,180	398,000
-	(33,590)	-	-	(582,200)
39,167	-	-	-	39,167
81,763	(43,725)	27,742	3,205	229,557
695,130	414,406	93,990	242,271	2,393,410
\$ 776,893	\$ 370,681	\$ 121,732	\$ 245,476	\$ 2,622,967

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

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 Net Assets (Modified Cash Basis) presents all the assets and liabilities of the City, including capital assets and related debt. Net assets, representing assets less liabilities, is shown in three components. Investment in capital assets, less related outstanding debt used to acquire them, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

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.

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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. 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.

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. The City does not maintain historical cost and depreciation records for capital assets, therefore, capital assets and the related debt obligations are not recorded. Debt obligations are presented in the notes to the financial statements. 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.

Enterprise funds distinguish between operating receipts and disbursements and nonoperating items. Operating receipts and disbursements result from providing services to customers in connection with ongoing utility operations. The principal operating receipts are charges to customers for service. Operating disbursements include payroll and related costs, materials and supplies, and capital outlay. All receipts not considered operating are reported as nonoperating items.

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. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following major governmental funds:

- General Fund
- Street Fund
- Housing Rehabilitation Fund
- Capital Improvement Fund

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

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

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, 2010. 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.

Notes receivable and assessment liens receivable are all recorded at the gross receivable amounts. Collection could be over a period of years. Collectability has not been evaluated as all amounts are offset by an equal deferred revenue amount.

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Accumulated unpaid vacation pay is accrued, but not recorded. Earned but unpaid sick pay is recorded as a disbursement when paid.

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.

Use of Restricted Assets

When disbursements are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted assets to be spent first.

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.

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 Fund

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

Retirement Reserve Fund

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

Community Development Fund

This fund accounts for Community Development Block Grant monies used for community projects.

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 Community Development Block Grant monies used for home improvement loans to qualified residents in low-income housing.

Parks SDC Fund

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

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Debt Service Fund

Bancroft Sinking Fund

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

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 Fund

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

Revenue Bond Debt Service Fund

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

Water Utility Fund

This fund accounts for operation of the water public utility.

Sewer Utility Fund

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

Water / Sewer Utility Reserve Funds

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 SDC Fund

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

CITY OF MT. ANGEL, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2010

ORGANIZATION AND OPERATION (Continued)

Proprietary Fund Type (Continued)

Enterprise Funds (Continued)

Storm SDC Fund

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

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2010:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	143,683	143,683
Investments		
Local Government Investment Pool	3,755,472	3,755,472
	<u>\$ 3,899,655</u>	<u>\$ 3,899,655</u>

Deposits

At June 30, 2010, the City's deposits with various financial institutions had a bank value of \$191,869.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2010, none of the City's bank balances were exposed to custodial credit risk.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

CASH AND INVESTMENTS (Continued)

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, 2010, 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.

Custodial 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.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

LONG-TERM OBLIGATIONS

Business-type fund activities long-term debt transactions for the year ended June 30, 2010 were as follows:

	<i>Outstanding July 1, 2009</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2010</i>	<i>Next Year Requirements</i>
1992 Farmers Home Administration - \$1,250,000 original issue, payable payable \$81,325 annually, including interest at 5%	\$ 765,519	\$ -	\$ (43,049)	\$ 722,470	\$ 45,201

Required debt service reserves are maintained in the Revenue Bond Debt Service Fund. The City's reserves totaled \$121,732 as of June 30, 2010.

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

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 45,201	\$ 36,124	\$ 81,325
2012	47,462	33,863	81,325
2013	49,835	31,490	81,325
2014	52,326	28,999	81,325
2015	54,943	26,382	81,325
2016-2020	318,772	87,853	406,625
2021-2022	153,931	11,712	165,643
	<u>\$ 722,470</u>	<u>\$ 256,423</u>	<u>\$ 978,893</u>

In the prior year, the Sewer Reserve Fund loaned the Bancroft Sinking Fund \$56,833 with variable interest based on the LGIP interest rate. The remaining balance will be repaid through interfund transfers as follows:

<i>Fiscal Year Ending June 30,</i>	
2011	\$ 7,000
2012	7,000
2013	7,000
2014	7,000
2015	21,833
	<u>\$ 49,833</u>

CITY OF MT. ANGEL, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2010

LONG-TERM OBLIGATIONS (Continued)

In a prior year, the Sewer Reserve Fund loaned the Street Fund \$147,319 with variable interest based on the LGIP interest rate. The remaining balance will be repaid through interfund transfers as follows:

<i>Fiscal Year</i>		
<i>Ending</i>		
<u><i>June 30,</i></u>		
2011	\$	32,164
2012		33,134
2013		18,949
		<hr/>
	\$	84,247
		<hr/> <hr/>

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. As an independent employer, the City of Mt. Angel is considered to be participating in an agent-multiple employer plan for purposes of the Tier 1/Tier 2 pension liabilities and a cost sharing plan for purposes of their OPSRP pension liabilities.

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.oregon.gov/PERS.

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

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. The City has elected to contribute the 6.0% "pick-up."

In addition to the 6.0% "pick-up," the City contributed .03% of Tier1/Tier2 subject payroll and (6.75)% of OPSRP general service and OPSRP police and fire subject payroll for the fiscal year ended June 30, 2010. This contribution rate was determined as part of the December 31, 2007 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation. Subject salary for the year was \$737,514 and the City's total payroll was \$839,814.

Funding Policy

<u>Year Ended June 30,</u>	<u>Amount</u>	<u>% of Required Contribution</u>
2010	\$ 98,157	100%
2009	161,883	100%
2008	134,972	100%

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuation's UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8% per year, projected salary increase of 3.75%, health cost inflation graded from 7% in 2010 to 4.5% in 2029, and a consumer price inflation component of 2.75%.

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.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2010

INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 125,064	\$ 51,996
Street Fund	50,000	4,103
Housing Rehabilitation Fund	-	24,081
Capital Improvement Fund	17,000	-
Street Reserve Fund	24,081	-
Retirement Reserve Fund	49,870	-
State Revenue Sharing Fund	-	35,000
Unemployment Fund	33,365	-
Revenue Bond Debt Service Fund	108,320	-
Water Utility Fund	-	270,987
Sewer Utility Fund	-	244,033
Sewer Reserve Fund	38,750	-
Water Utility Reserve Fund	183,750	33,590
Water Utility SDC Fund	-	33,590
Utility Construction Fund	67,180	-
	<u>\$ 697,380</u>	<u>\$ 697,380</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

GASB PRONOUNCEMENTS ISSUED, NOT YET IN EFFECT

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on future financial statements.

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 will be effective for the District Beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types.

SUBSEQUENT EVENTS

The City adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 2, 2010, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MT. ANGEL, OREGON**SCHEDULE OF FUNDING PROGRESS – PUBLIC EMPLOYEES RETIREMENT SYSTEM**JUNE 30, 2010

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

<i>Actuarial Valuation Ending December 31</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Liability (UAL)</i>	<i>Funded Percent</i>	<i>Covered Payroll</i>	<i>UAL as a Percentage of Covered Payroll</i>
2004	\$ 3,340,694	\$ 3,921,466	\$ 580,772	85%	\$ 663,130	88%
2005	3,834,293	3,712,860	(121,433)	103%	661,826	(18%)
2006	4,314,552	3,749,738	(564,814)	115%	697,185	(81%)
2007	4,829,585	3,996,812	(832,773)	121%	685,789	(121%)
2008	3,684,050	4,162,510	478,460	89%	818,818	58%
2009	3,759,794	3,886,213	126,419	97%	715,310	(18%)

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 601,500	\$ 601,500	\$ 641,516	\$ 40,016
Licenses and permits	175,500	175,500	182,384	6,884
Charges for services	61,705	61,705	58,736	(2,969)
Intergovernmental	55,500	108,319	119,910	11,591
Fines and forfeitures	44,050	44,050	72,303	28,253
Miscellaneous	16,550	23,313	35,533	12,220
<i>Total Receipts</i>	954,805	1,014,387	1,110,382	95,995
DISBURSEMENTS				
Administration	187,763	232,763	210,171	22,592
Police	746,282	819,864	691,775	128,089
Library	86,814	98,214	84,301	13,913
Parks	27,300	27,300	11,550	15,750
Court	30,238	30,238	23,333	6,905
Oktoberfest	43,842	43,842	40,622	3,220
Contingency	263,153	263,153	-	263,153
<i>Total Disbursements</i>	1,385,392	1,515,374	1,061,752	453,622
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(430,587)	(500,987)	48,630	549,617
OTHER FINANCING SOURCES (USES)				
Transfers in	135,000	135,000	125,064	(9,936)
Transfers out	(56,289)	(56,289)	(51,996)	4,293
<i>Total Other Financing Sources (Uses)</i>	78,711	78,711	73,068	(5,643)
NET CHANGE IN FUND BALANCE	(351,876)	(422,276)	121,698	543,974
FUND BALANCE, Beginning of year	351,876	422,276	507,830	85,554
FUND BALANCE, End of year	\$ -	\$ -	\$ 629,528	\$ 629,528

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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 165,000	\$ 190,000	\$ 180,721	\$ (9,279)
Miscellaneous	60	60	317	257
<i>Total Receipts</i>	165,060	190,060	181,038	(9,022)
DISBURSEMENTS				
Personal services	70,364	70,364	57,688	12,676
Materials and services	82,100	82,100	59,278	22,822
Capital outlay	27,000	52,000	45,941	6,059
Debt service	35,001	35,001	34,860	141
Contingency	98	98	-	98
<i>Total Disbursements</i>	214,563	239,563	197,767	41,796
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,503)	(49,503)	(16,729)	32,774
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(4,391)	(4,391)	(4,103)	288
<i>Total Other Financing Sources (Uses)</i>	45,609	45,609	45,897	288
NET CHANGE IN FUND BALANCE	(3,894)	(3,894)	29,168	33,062
FUND BALANCE, Beginning of year	3,894	3,894	18,900	15,006
FUND BALANCE, End of year	\$ -	\$ -	\$ 48,068	\$ 48,068

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 51,500	\$ 51,500	\$ 826	\$ (50,674)
DISBURSEMENTS				
Materials and services	164,219	161,218	628	160,590
RECEIPTS OVER (UNDER) DISBURSEMENTS	(112,719)	(109,718)	198	109,916
OTHER FINANCING SOURCES (USES)				
Transfers out	(21,080)	(24,081)	(24,081)	-
NET CHANGE IN FUND BALANCE	(133,799)	(133,799)	(23,883)	109,916
FUND BALANCE, Beginning of year	133,799	133,799	133,155	(644)
FUND BALANCE, End of year	\$ -	\$ -	\$ 109,272	\$ 109,272

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 1,700	\$ 1,700	\$ 1,865	\$ 165
DISBURSEMENTS				
Capital outlay	180,855	180,855	38,109	142,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	(179,155)	(179,155)	(36,244)	142,911
OTHER FINANCING SOURCES (USES)				
Transfers in	17,000	17,000	17,000	-
NET CHANGE IN FUND BALANCE	(162,155)	(162,155)	(19,244)	142,911
FUND BALANCE, Beginning of year	162,155	162,155	279,672	117,517
FUND BALANCE, End of year	\$ -	\$ -	\$ 260,428	\$ 260,428

OTHER SUPPLEMENTAL INFORMATION

CITY OF MT. ANGEL, OREGON

**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>State Revenue Sharing</u>	<u>Unemployment</u>	<u>Retirement Reserve</u>	<u>Library Endowment</u>
ASSETS				
Cash and investments	\$ 50,979	\$ 32,934	\$ 49,877	\$ 5,746
Assessment liens receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 50,979</u>	<u>\$ 32,934</u>	<u>\$ 49,877</u>	<u>\$ 5,746</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unreserved, reported in:				
General fund	-	-	-	-
Special revenue funds	50,979	32,934	49,877	5,746
Debt service fund	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>50,979</u>	<u>32,934</u>	<u>49,877</u>	<u>5,746</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 50,979</u>	<u>\$ 32,934</u>	<u>\$ 49,877</u>	<u>\$ 5,746</u>

<i>Transportation SDC</i>	<i>Street Reserve</i>	<i>Park SDC</i>	<i>Community Development</i>	<i>Bancroft Sinking</i>	<i>Totals</i>
\$ 42,608	\$ 24,148	\$ 2,156	\$ 9,348	\$ 1,986	\$ 219,782
-	-	-	-	24,844	24,844
<u>\$ 42,608</u>	<u>\$ 24,148</u>	<u>\$ 2,156</u>	<u>\$ 9,348</u>	<u>\$ 26,830</u>	<u>\$ 244,626</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,844	\$ 24,844
-	-	-	-	-	-
42,608	24,148	2,156	9,348	-	217,796
-	-	-	-	1,986	1,986
<u>42,608</u>	<u>24,148</u>	<u>2,156</u>	<u>9,348</u>	<u>1,986</u>	<u>219,782</u>
<u>\$ 42,608</u>	<u>\$ 24,148</u>	<u>\$ 2,156</u>	<u>\$ 9,348</u>	<u>\$ 26,830</u>	<u>\$ 244,626</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, 2010**

	<u>State Revenue Sharing</u>	<u>Unemployment</u>	<u>Retirement Reserve</u>	<u>Library Endowment</u>
RECEIPTS				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	3,100	-	-	-
Intergovernmental	38,849	-	-	-
Miscellaneous	333	162	7	38
<i>Total Receipts</i>	<u>42,282</u>	<u>162</u>	<u>7</u>	<u>38</u>
DISBURSEMENTS				
Materials and services	11,818	21,184	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Disbursements</i>	<u>11,818</u>	<u>21,184</u>	<u>-</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>30,464</u>	<u>(21,022)</u>	<u>7</u>	<u>38</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	33,365	49,870	-
Transfers out	(35,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(35,000)</u>	<u>33,365</u>	<u>49,870</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(4,536)</u>	<u>12,343</u>	<u>49,877</u>	<u>38</u>
FUND BALANCES, Beginning of year	<u>55,515</u>	<u>20,591</u>	<u>-</u>	<u>5,708</u>
FUND BALANCES, End of year	<u>\$ 50,979</u>	<u>\$ 32,934</u>	<u>\$ 49,877</u>	<u>\$ 5,746</u>

<i>Transportation SDC</i>	<i>Street Reserve</i>	<i>Parks SDC</i>	<i>Community Development</i>	<i>Bancroft Sinking</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ -	\$ 3,708	\$ 3,708
-	-	-	-	-	3,100
-	-	-	-	-	38,849
285	67	14	96	52	1,054
285	67	14	96	3,760	46,711
-	-	-	-	-	33,002
-	-	-	5,019	-	5,019
-	-	-	-	8,000	8,000
-	-	-	-	381	381
-	-	-	5,019	8,381	46,402
285	67	14	(4,923)	(4,621)	309
-	24,081	-	-	-	107,316
-	-	-	-	-	(35,000)
-	24,081	-	-	-	72,316
285	24,148	14	(4,923)	(4,621)	72,625
42,323	-	2,142	14,271	6,607	147,157
\$ 42,608	\$ 24,148	\$ 2,156	\$ 9,348	\$ 1,986	\$ 219,782

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 800	\$ 800	\$ 3,100	\$ 2,300
Intergovernmental	24,500	24,500	38,849	14,349
Miscellaneous	100	100	333	233
<i>Total Receipts</i>	<u>25,400</u>	<u>25,400</u>	<u>42,282</u>	<u>16,882</u>
DISBURSEMENTS				
Materials and services	33,800	33,800	11,818	21,982
Contingency	8,427	8,427	-	8,427
<i>Total Disbursements</i>	<u>42,227</u>	<u>42,227</u>	<u>11,818</u>	<u>30,409</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(16,827)</u>	<u>(16,827)</u>	<u>30,464</u>	<u>47,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(51,827)</u>	<u>(51,827)</u>	<u>(4,536)</u>	<u>47,291</u>
FUND BALANCE, Beginning of year	<u>51,827</u>	<u>51,827</u>	<u>55,515</u>	<u>3,688</u>
FUND BALANCE, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,979</u></u>	<u><u>\$ 50,979</u></u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL – UNEMPLOYMENT FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 180	\$ 180	\$ 162	\$ (18)
DISBURSEMENTS				
Materials and services	54,027	54,027	21,184	32,843
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53,847)	(53,847)	(21,022)	32,825
OTHER FINANCING SOURCES (USES)				
Transfers in	33,500	33,500	33,365	(135)
NET CHANGE IN FUND BALANCE	(20,347)	(20,347)	12,343	32,690
FUND BALANCE, Beginning of year	20,347	20,347	20,591	244
FUND BALANCE, End of year	\$ -	\$ -	\$ 32,934	\$ 32,934

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL – RETIREMENT RESERVE FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 7	\$ 7	\$ 7	\$ -
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	7	7	7	-
OTHER FINANCING SOURCES (USES)				
Transfers in	49,870	49,870	49,870	-
NET CHANGE IN FUND BALANCE	49,877	49,877	49,877	-
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ 49,877</u>	<u>\$ 49,877</u>	<u>\$ 49,877</u>	<u>\$ -</u>

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ (5,707)	\$ 38	\$ 5,745
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(5,707)	38	5,745
FUND BALANCE, Beginning of year	-	5,707	5,708	1
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,746</u>	<u>\$ 5,746</u>

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 285	\$ 285
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	285	285
FUND BALANCE, Beginning of year	-	-	42,323	42,323
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,608</u>	<u>\$ 42,608</u>

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 67	\$ 67
DISBURSEMENTS				
Capital outlay	-	24,081	-	24,081
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(24,081)	67	24,148
OTHER FINANCING SOURCES (USES)				
Transfers in	-	24,081	24,081	-
NET CHANGE IN FUND BALANCE	-	-	24,148	24,148
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,148</u>	<u>\$ 24,148</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - PARKS SDC FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 10	\$ 10	\$ 14	\$ 4
DISBURSEMENTS				
Capital outlay	947	947	-	947
RECEIPTS OVER (UNDER) DISBURSEMENTS	(937)	(937)	14	951
FUND BALANCE, Beginning of year	937	937	2,142	1,205
FUND BALANCE, End of year	\$ -	\$ -	\$ 2,156	\$ 2,156

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 50	\$ 50	\$ 96	\$ 46
DISBURSEMENTS				
Capital outlay	14,238	14,238	5,019	9,219
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,188)	(14,188)	(4,923)	9,265
FUND BALANCE, Beginning of year	14,188	14,188	14,271	83
FUND BALANCE, End of year	\$ -	\$ -	\$ 9,348	\$ 9,348

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL – BANCROFT SINKING FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes and assessments	\$ 2,950	\$ 2,950	\$ 3,708	\$ 758
Miscellaneous	50	50	52	2
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	3,000	3,000	3,760	760
DISBURSEMENTS				
Debt service	8,850	8,850	8,381	469
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,850)	(5,850)	(4,621)	1,229
FUND BALANCE, Beginning of year	6,077	6,077	6,607	530
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 227	\$ 227	\$ 1,986	\$ 1,759
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF MT. ANGEL, OREGON

**COMBINING STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2010**

	<u>Sewer SDC</u>	<u>Storm SDC</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 227,647	\$ 17,829	\$ 245,476
LIABILITIES			
	-	-	-
NET ASSETS			
Restricted for:			
Construction	227,647	17,829	245,476
<i>Total Net Assets</i>	<u>\$ 227,647</u>	<u>\$ 17,829</u>	<u>\$ 245,476</u>

CITY OF MT. ANGEL, OREGON

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS
(MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2010**

	<u>Sewer SDC</u>	<u>Utility Construction</u>	<u>Storm SDC</u>	<u>Totals</u>
OPERATING RECEIPTS				
Miscellaneous	\$ 1,515	\$ -	\$ 119	\$ 1,634
OPERATING DISBURSEMENTS				
Capital outlay	-	67,180	-	67,180
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	1,515	(67,180)	119	(65,546)
Capital contributions	1,571		-	1,571
Transfers in	-	67,180	-	67,180
CHANGE IN NET ASSETS	3,086	-	119	3,205
NET ASSETS, Beginning of year	224,561	-	17,710	242,271
NET ASSETS, End of year	<u>\$ 227,647</u>	<u>\$ -</u>	<u>\$ 17,829</u>	<u>\$ 245,476</u>

CITY OF MT. ANGEL, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL – WATER UTILITY FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 496,500	\$ 496,500	\$ 482,245	\$ (14,255)
Miscellaneous	2,600	2,600	811	(1,789)
<i>Total Receipts</i>	499,100	499,100	483,056	(16,044)
DISBURSEMENTS				
Personal services	201,852	201,852	168,460	33,392
Materials and services	118,200	118,200	96,431	21,769
Capital outlay	19,000	19,000	13,689	5,311
Contingency	152,036	152,036	-	152,036
<i>Total Disbursements</i>	491,088	491,088	278,580	212,508
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,012	8,012	204,476	196,464
OTHER FINANCING SOURCES (USES)				
Transfers out	(279,040)	(279,040)	(270,987)	8,053
CHANGE IN NET ASSETS	(271,028)	(271,028)	(66,511)	204,517
NET ASSETS, Beginning of year	271,028	271,028	282,595	11,567
NET ASSETS, End of year	\$ -	\$ -	\$ 216,084	\$ 216,084

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL - SEWER UTILITY FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for services	\$ 672,000	\$ 672,000	\$ 717,623	\$ 45,623
Miscellaneous	1,500	1,500	531	(969)
<i>Total Receipts</i>	<u>673,500</u>	<u>673,500</u>	<u>718,154</u>	<u>44,654</u>
DISBURSEMENTS				
Personal services	307,968	307,968	259,141	48,827
Materials and services	87,050	87,050	64,763	22,287
Capital outlay	80,000	80,000	67,306	12,694
Contingency	50,420	50,420	-	50,420
<i>Total Disbursements</i>	<u>525,438</u>	<u>525,438</u>	<u>391,210</u>	<u>134,228</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>148,062</u>	<u>148,062</u>	<u>326,944</u>	<u>178,882</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(247,722)</u>	<u>(247,722)</u>	<u>(244,033)</u>	<u>3,689</u>
CHANGE IN NET ASSETS	<u>(99,660)</u>	<u>(99,660)</u>	<u>82,911</u>	<u>182,571</u>
NET ASSETS, Beginning of year	<u>99,660</u>	<u>99,660</u>	<u>128,783</u>	<u>29,123</u>
NET ASSETS, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,694</u>	<u>\$ 211,694</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL – WATER UTILITY RESERVE FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 4,012	\$ 1,012
DISBURSEMENTS				
Capital outlay	690,168	686,578	10,000	676,578
RECEIPTS OVER (UNDER) DISBURSEMENTS	(687,168)	(683,578)	(5,988)	677,590
OTHER FINANCING SOURCES (USES)				
Transfers in	183,750	183,750	183,750	-
Transfers out	(30,000)	(33,590)	(33,590)	-
<i>Total Other Financing Sources (Uses)</i>	<u>153,750</u>	<u>150,160</u>	<u>150,160</u>	<u>-</u>
CHANGE IN NET ASSETS	(533,418)	(533,418)	144,172	677,590
NET ASSETS, Beginning of year	<u>533,418</u>	<u>533,418</u>	<u>536,235</u>	<u>2,817</u>
NET ASSETS, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,407</u>	<u>\$ 680,407</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL – SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 6,384	\$ 6,384	\$ 8,846	\$ 2,462
DISBURSEMENTS				
Capital outlay	779,695	779,695	5,000	774,695
RECEIPTS OVER (UNDER) DISBURSEMENTS	(773,311)	(773,311)	3,846	777,157
OTHER FINANCING SOURCES (USES)				
Transfers in	38,750	38,750	38,750	-
Interfund loan repayment	39,167	39,167	39,167	-
<i>Total Other Financing Sources (Uses)</i>	77,917	77,917	77,917	-
CHANGE IN NET ASSETS	(695,394)	(695,394)	81,763	777,157
NET ASSETS, Beginning of year	695,394	695,394	695,130	(264)
NET ASSETS, End of year	\$ -	\$ -	\$ 776,893	\$ 776,893

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL – WATER UTILITY SDC
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Licenses and permits	\$ -	\$ -	\$ 3,144	\$ 3,144
Intergovernmental	75,000	75,000	57,274	(17,726)
Miscellaneous	3,500	3,500	2,684	(816)
<i>Total Receipts</i>	78,500	78,500	63,102	(15,398)
DISBURSEMENTS				
Materials and services	82,200	82,200	72,668	9,532
Capital outlay	362,548	358,958	569	358,389
<i>Total Disbursements</i>	444,748	441,158	73,237	367,921
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(366,248)	(362,658)	(10,135)	352,523
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(33,590)	(33,590)	-
CHANGE IN NET ASSETS				
	(396,248)	(396,248)	(43,725)	352,523
NET ASSETS, Beginning of year				
	396,248	396,248	414,406	18,158
NET ASSETS, End of year				
	\$ -	\$ -	\$ 370,681	\$ 370,681

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL - REVENUE BOND DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 1,500	\$ 1,500	\$ 747	\$ (753)
DISBURSEMENTS				
Debt service	81,325	81,325	81,325	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,825)	(79,825)	(80,578)	(753)
OTHER FINANCING SOURCES (USES)				
Transfers in	108,320	108,320	108,320	-
CHANGE IN NET ASSETS	28,495	28,495	27,742	(753)
NET ASSETS, Beginning of year	93,494	93,494	93,990	496
NET ASSETS, End of year	\$ 121,989	\$ 121,989	\$ 121,732	\$ (257)

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL - SEWER SDC FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 50	\$ 50	\$ 1,571	\$ 1,521
Miscellaneous	1,550	1,550	1,515	(35)
<i>Total Receipts</i>	1,600	1,600	3,086	1,486
DISBURSEMENTS				
Capital outlay	219,652	219,652	-	219,652
CHANGE IN NET ASSETS	(218,052)	(218,052)	3,086	221,138
NET ASSETS, Beginning of year	218,052	218,052	224,561	6,509
NET ASSETS, End of year	\$ -	\$ -	\$ 227,647	\$ 227,647

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL – UTILITY CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Capital outlay	60,000	67,180	67,180	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(60,000)	(67,180)	(67,180)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	67,180	67,180	-
CHANGE IN NET ASSETS	-	-	-	-
NET ASSETS, Beginning of year	-	-	-	-
NET ASSETS, End of year	\$ -	\$ -	\$ -	\$ -

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) -
BUDGET AND ACTUAL - STORM SDC FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 120	\$ 120	\$ 119	\$ (1)
DISBURSEMENTS				
Capital outlay	14,228	14,228	-	14,228
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,108)	(14,108)	119	14,227
NET ASSETS, Beginning of year	<u>14,108</u>	<u>14,108</u>	<u>17,710</u>	<u>3,602</u>
NET ASSETS, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,829</u>	<u>\$ 17,829</u>

OTHER SCHEDULES

CITY OF MT. ANGEL, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2010

<i>Tax Year</i>	<i>2009-2010 Levy</i>	<i>Uncollected Balance July 1, 2009</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balance June 30, 2010</i>
2009-2010	\$ 657,067	\$ -	\$ 275	\$ (18,689)	\$ (611,393)	\$ 27,260
2008-2009	-	26,469	-	(575)	(13,967)	11,927
2007-2008	-	8,589	-	(199)	(3,345)	5,045
2006-2007	-	3,760	-	(164)	(1,848)	1,748
2005-2006	-	1,265	-	(168)	(680)	417
2004-2005	-	404	-	(134)	(10)	260
2003-2004	-	310	-	(126)	(3)	181
Prior years	-	1,191	-	(288)	(66)	837
Total	\$ 657,067	\$ 41,988	\$ 275	\$ (20,343)	\$ (631,312)	\$ 47,675

CITY OF MT. ANGEL, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
JUNE 30, 2010

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Fiscal Year of Maturity</i></u>
<i>PRINCIPAL TRANSACTIONS</i>			
1992 FHA Loan	5.0%	1992	2021-22

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Unmatured Interest July 1, 2009</i></u>
<i>INTEREST TRANSACTIONS</i>			
1992 FHA Loan	5.0%	1992	\$ 294,699

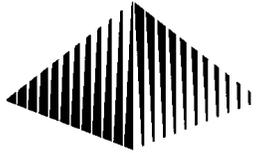
<i>Outstanding July 1, 2009</i>	<i>Loans Issued</i>	<i>Loans Paid</i>	<i>Outstanding June 30, 2010</i>
\$ 765,519	\$ -	\$ (43,049)	\$ 722,470

<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2010</i>
\$ -	\$ (38,276)	\$ 256,423

CITY OF MT. ANGEL, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 2010

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>1993 FHA Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 45,201	\$ 36,124	\$ 81,325
2012	47,462	33,863	81,325
2013	49,835	31,490	81,325
2014	52,326	28,999	81,325
2015	54,943	26,382	81,325
2016	57,690	23,635	81,325
2017	60,574	20,751	81,325
2018	63,603	17,722	81,325
2019	66,783	14,542	81,325
2020	70,122	11,203	81,325
2021	73,628	7,697	81,325
2022	80,303	4,015	84,318
	<u>\$ 722,470</u>	<u>\$ 256,423</u>	<u>\$ 978,893</u>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
City of Mt. Angel, Oregon
Mt. Angel, Oregon

We have audited the basic financial statements of the City of Mt. Angel, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Mt. Angel, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the City does not maintain historical cost or depreciation records for capital assets.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did issue a separate significant deficiency letter to management dated December 2, 2010.

This report is intended solely for the information and use of the City Council and management of the City of Mt. Angel, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Charles A. Swank, A Shareholder
December 2, 2010