

***CITY OF MT. ANGEL, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2009***

CITY OFFICIALS

Rick Schiedler, Mayor
P.O. Box 364
107 Gregory Lane
Mt. Angel, Oregon 97362

Darren Beyer, Councilor
P.O. Box 960
Mt. Angel, OR 97362

Ray Eder, Council President
575 S Main Street
Mt. Angel, Oregon 97362

Teresa Kintz, Councilor
P.O. Box 960
Mt. Angel, OR 97362

Michael Donohue, Councilor
655 S Pershing Street
Mt. Angel, Oregon 97362

Andy Otte, Councilor
P.O. Box 960
Mt. Angel, OR 97362

Kelly Grassman, Councilor
P.O. Box 960
Mt. Angel, OR 97362

City Administrator/City Recorder
Pete Wall

Finance Director
Tracy Grambusch

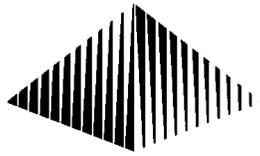
P.O. Box 960
Mt. Angel, OR 97362

CITY OF MT. ANGEL, OREGON
TABLE OF CONTENTS

	<u>Page</u>
<i>INTRODUCTORY SECTION</i>	
City Officials	
 <i>FINANCIAL SECTION</i>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets (Modified Cash Basis)	7
Statement of Activities (Modified Cash Basis)	8
Fund Financial Statements	
Statement of Assets and Liabilities - Governmental Funds (Modified Cash Basis)	9
Statement of Receipts, Disbursements and Changes in Fund Balances - Governmental Funds (Modified Cash Basis)	10
Statement of Assets and Liabilities - Enterprise Funds (Modified Cash Basis)	11
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Enterprise Funds (Modified Cash Basis)	12
Notes to Basic Financial Statements	13-25
 Required Supplementary Information	
Schedule of Receipts, Disbursements and Changes in Fund Balance (Cash Basis) - Budget and Actual	
General Fund	26
Street Fund	27
Housing Rehabilitation Fund	28
 Other Supplementary Information	
Combining Statement of Assets and Liabilities (Modified Cash Basis) - Nonmajor Governmental Funds	29
Combining Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Nonmajor Governmental Funds	30
Schedules of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - Nonmajor Governmental Funds - Budget and Actual	
Capital Improvement	31
Street Reserve Fund	32
State Revenue Sharing Fund	33
Unemployment Reserve Fund	34
Library Endowment Fund	35
Transportation SDC Fund	36
Park System SDC Fund	37
Debt Service Fund	38
Community Development Fund	39
Schedules of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - Major Proprietary Funds - Budget and Actual	
Water Fund	40
Sewer Fund	41
Revenue Bonded Debt Service Fund	42
Combining Statement of Assets and Liabilities (Modified Cash Basis) - Nonmajor Proprietary Funds	43
Combining Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Nonmajor Proprietary Funds	44

CITY OF MT. ANGEL, OREGON
TABLE OF CONTENTS (Continued)

	<u>Page</u>
<i>FINANCIAL SECTION (Continued)</i>	
Other Supplementary Information (Continued)	
Schedules of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) -	
Nonmajor Proprietary Funds - Budget and Actual	
Water Utility Reserve Fund	45
Sewer Utility Reserve Fund	46
Water Utility SDC Fund	47
Sewer Utility SDC Fund	48
Storm Water SDC Fund	49
Other Schedules	
Schedule of Property Tax Transactions	50
Schedule of Long-term Debt Transactions	51
Schedule of Future Debt Service Requirements	52
 <i>COMPLIANCE SECTION</i>	
Audit Comments and Disclosures Required By State Regulations	53-55



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

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, 2009, 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 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 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, 2009, 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.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The schedules of receipts, disbursements and changes in fund balance – General, Street and Housing Rehabilitation Funds and other supplementary information are presented for purpose of additional analysis and are not required parts of the basic financial statements of the City of Mt. Angel, Oregon. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in the notes to the financial statements.

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

By: 
Charles A. Swank, A Shareholder
November 24, 2009

CITY OF MT. ANGEL, OREGON

Management's Discussion and Analysis June 30, 2009

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, 2009.

Financial Highlights

	June 30,		change
	2009	2008	
Net assets	\$ 15,104,378	\$ 14,558,554	\$ 545,824
Governmental fund balances	907,861	764,845	143,016
Proprietary fund balances	2,565,656	2,460,304	105,352

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). This presents information on the assets and liabilities of the City as of the date on the statement utilizing the modified cash basis of accounting. Net assets are what remain after the liabilities have been paid 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 cash basis 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.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful in obtaining an understanding of each fund’s activity.

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.

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

	Net Assets at June 30,					
	2009			2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 1,110,460	\$ 2,403,869	\$ 3,514,329	\$ 990,475	\$ 2,252,564	\$ 3,243,039
Receivables	420,261	128,009	548,270	435,974	134,590	570,564
Interfund loans	(172,246)	172,246	-	(219,266)	219,266	-
Capital assets	2,288,819	10,107,561	12,396,380	2,262,208	10,043,080	12,305,288
Total assets	3,647,294	12,811,685	16,458,979	3,469,391	12,649,500	16,118,891
Other liabilities	444,007	181,517	625,524	442,338	221,978	664,316
Long-term debt	-	722,470	722,470	-	896,021	896,021
Total liabilities	444,007	903,987	1,347,994	442,338	1,117,999	1,560,337
Net assets:						
Invested in capital assets, net of related debt	2,288,819	9,342,042	11,630,861	2,262,208	9,071,197	11,333,405
Restricted	69,073	656,677	725,750	17,056	839,204	856,260
Unrestricted	838,788	1,908,979	2,747,767	747,789	1,621,100	2,368,889
Total Net Assets	\$ 3,196,680	\$ 11,907,698	\$ 15,104,378	\$ 3,027,053	\$ 11,531,501	\$ 14,558,554

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 \$15,110,985 as of June 30, 2009.

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.

Statement of Activities (Modified Cash Basis). The key elements of the change in the City’s net assets for the year ended June 30, 2009 are as follows:

	Changes in Fund Net Assets For the years ended June 30,					
	2009			2008		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Receipts						
Charges for service	\$ 59,271	\$ 1,150,860	\$ 1,210,131	\$ 57,105	\$ 1,130,323	\$ 1,187,428
Taxes and assessments	607,951	-	607,951	575,980	-	575,980
Intergovernmental	318,774	8,683	327,457	561,684	-	561,684
Licenses and permits	206,157	32,076	238,233	268,248	65,396	333,644
Miscellaneous	68,488	49,317	117,805	230,483	95,829	326,312
Fines and forfeitures	57,695	-	57,695	56,448	-	56,448
<i>Total Receipts</i>	<u>1,318,336</u>	<u>1,240,936</u>	<u>2,559,272</u>	<u>1,749,948</u>	<u>1,291,548</u>	<u>3,041,496</u>
Disbursements						
Personal services	816,029	480,702	1,296,731	723,551	415,301	1,138,852
Materials and services	419,318	194,293	613,611	381,070	711,937	1,093,007
Capital outlay	74,865	65,947	140,812	567,936	95,945	663,881
Debt service	50,990	249,171	300,161	12,752	120,889	133,641
<i>Total Disbursements</i>	<u>1,361,202</u>	<u>990,113</u>	<u>2,351,315</u>	<u>1,685,309</u>	<u>1,344,072</u>	<u>3,029,381</u>
Transfers	145,470	(98,450)	47,020	(146,784)	146,784	-
Change in fund net assets	102,604	152,373	254,977	(82,145)	94,260	12,115
Fund net assets – July 1	984,110	2,241,037	3,225,147	1,058,947	2,146,779	3,205,726
Fund net assets – June 30	1,086,714	2,393,410	3,480,124	976,802	2,241,039	3,217,841
Interfund loans	(172,246)	172,246	-	(219,266)	219,266	-
Capital assets	2,288,819	10,107,561	12,396,380	2,262,208	10,043,080	12,305,288
Long-term debt	-	(765,519)	(765,519)	-	(971,884)	(971,884)
Net assets	<u>\$ 3,203,287</u>	<u>\$ 11,907,698</u>	<u>\$ 15,110,985</u>	<u>\$ 3,019,744</u>	<u>\$ 11,531,501</u>	<u>\$ 14,551,245</u>

Financial Analysis of the City of Mt. Angel’s Government 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.

General Fund Budget

There were changes to the General Fund budget during the year. The General Fund had an excess of disbursements over receipts of approximately \$3,198.

Significant Fund Transactions

The Street Fund undertook several projects in the current year.

Capital Assets

At June 30, 2009, the City had approximately \$12.4 million invested in a broad range of capital assets, including land, buildings and improvements, equipment, roads, water and sewer lines. Governmental funds had additions to capital assets totaling \$26,611. Business-type funds had additions to capital assets totaling \$64,481.

Additional information on the City of Mt. Angel's capital assets can be found in the notes to the basic financial statements of this report.

Debt Administration

Long-term debt. At the end of the current fiscal year, the City had total revenue-backed bonded debt outstanding of \$765,519. During the current fiscal year, the City's total debt decreased by \$206,364, net.

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 2009-10 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, 2009

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 1,110,460	\$ 2,403,869	\$ 3,514,329
Accounts receivable	454	128,009	128,463
Property taxes receivable	41,988	-	41,988
Notes receivable	350,849	-	350,849
Assessment liens receivable	26,970	-	26,970
Interfund loans	(172,246)	172,246	-
Capital assets	2,288,819	10,107,561	12,396,380
<i>Total Assets</i>	<u>3,647,294</u>	<u>12,811,685</u>	<u>16,458,979</u>
LIABILITIES			
Payroll liabilities	24,200	-	24,200
Deposits	-	10,459	10,459
Deferred revenue	419,807	128,009	547,816
Noncurrent liabilities:			
Due within one year:			
Notes payable	-	43,049	43,049
Due in more than one year:			
Notes payable	-	722,470	722,470
<i>Total Liabilities</i>	<u>444,007</u>	<u>903,987</u>	<u>1,347,994</u>
NET ASSETS			
Investment in capital assets (net of related debt)	2,288,819	9,342,042	11,630,861
Fund net assets			
Restricted for:			
Debt service	-	-	-
Construction	63,365	656,677	720,042
Grants and donations	5,708	-	5,708
Unrestricted	838,788	1,908,979	2,747,767
<i>Total Fund Net Assets</i>	<u>907,861</u>	<u>2,565,656</u>	<u>3,473,517</u>
<i>Total Net Assets</i>	<u>\$ 3,196,680</u>	<u>\$ 11,907,698</u>	<u>\$ 15,104,378</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, 2009

	<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	\$ 211,301	\$ 1,164	\$ -
Court and police	766,214	111,998	1,441
Community services and development	58,490	34,359	-
Library	75,862	25,363	-
Public works	249,336	15,032	148,775
<i>Total Governmental Activities</i>	1,361,203	187,916	150,216
Business-type activities:			
Water	558,571	515,946	8,683
Sewer	431,543	666,990	-
<i>Total Business-type Activities</i>	990,114	1,182,936	8,683
<i>Total Activities</i>	<u>\$ 2,351,317</u>	<u>\$ 1,370,852</u>	<u>\$ 158,899</u>
General receipts:			
Property taxes			
Intergovernmental			
Franchise fees			
Miscellaneous			
<i>Total General Receipts</i>			
Transfers			
Interfund loan repayment			
Change in fund net assets			
Fund net assets, July 1, 2008			
Fund net assets, June 30, 2009			
Interfund Loans			
Capital Assets			
Long-term Debt			
Net Assets			

<i>Net (Disbursements) Receipts and Changes in Fund Net Assets</i>			
<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ -	\$ (210,137)	\$ -	\$ (210,137)
-	(652,775)	-	(652,775)
-	(24,131)	-	(24,131)
1,000	(49,499)	-	(49,499)
8,620	(76,909)	-	(76,909)
9,620	(1,013,451)	-	(1,013,451)
-	-	(33,942)	(33,942)
-	-	235,447	235,447
-	-	201,505	201,505
<u>\$ 9,620</u>	<u>(1,013,451)</u>	<u>201,505</u>	<u>(811,946)</u>
	604,101	-	604,101
	141,674	-	141,674
	165,809	-	165,809
	59,002	49,317	108,319
	970,586	49,317	1,019,903
	145,470	(145,470)	-
	-	47,020	47,020
	102,605	152,372	254,977
	984,109	2,241,038	3,225,147
	1,086,714	2,393,410	3,480,124
	(172,246)	172,246	-
	2,288,819	10,107,561	12,396,380
	-	(765,519)	(765,519)
	<u>\$ 3,203,287</u>	<u>\$ 11,907,698</u>	<u>\$ 15,110,985</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, 2009

	<u>General</u>	<u>Street</u>	<u>Housing Rehabilitaiton</u>
ASSETS			
Cash and investments	\$ 531,576	\$ 18,900	\$ 133,155
Accounts receivable	454	-	-
Property taxes receivable	41,988	-	-
Notes receivable	-	-	350,849
Assessment liens receivable	-	-	-
	<u>574,018</u>	<u>18,900</u>	<u>484,004</u>
<i>Total Assets</i>	<u>\$ 574,018</u>	<u>\$ 18,900</u>	<u>\$ 484,004</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll withholdings	\$ 24,200	\$ -	\$ -
Deferred revenue	41,988	-	350,849
	<u>66,188</u>	<u>-</u>	<u>350,849</u>
<i>Total Liabilities</i>	66,188	-	350,849
Fund Balances			
Unreserved, reported in:			
General fund	507,830	-	-
Special revenue funds	-	18,900	133,155
Debt service fund	-	-	-
	<u>507,830</u>	<u>18,900</u>	<u>133,155</u>
<i>Total Fund Balances</i>	<u>507,830</u>	<u>18,900</u>	<u>133,155</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 574,018</u>	<u>\$ 18,900</u>	<u>\$ 484,004</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 426,829	\$ 1,110,460
-	454
-	41,988
-	350,849
26,970	26,970
<u>\$ 453,799</u>	<u>\$ 1,530,721</u>
\$ -	\$ 24,200
26,970	419,807
26,970	444,007
-	507,830
420,222	572,277
6,607	6,607
<u>426,829</u>	<u>1,086,714</u>
<u>\$ 453,799</u>	<u>\$ 1,530,721</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, 2009**

	<u>General</u>	<u>Street</u>	<u>Housing Rehabilitation</u>
RECEIPTS			
Taxes and assessments	\$ 604,101	\$ -	\$ -
Licenses and permits	194,702	-	-
Charges for services	59,271	-	-
Intergovernmental	130,405	157,395	-
Fines and forfeitures	57,695	-	-
Miscellaneous	31,179	388	24,082
	<u>1,077,353</u>	<u>157,783</u>	<u>24,082</u>
<i>Total Receipts</i>	1,077,353	157,783	24,082
DISBURSEMENTS			
General government	185,130	-	-
Court and police	754,663	-	-
Community services & development	41,918	-	22,960
Library	58,971	-	-
Public works	13,072	139,870	-
Capital outlay	26,797	25,998	-
Debt service	-	35,000	-
	<u>-</u>	<u>35,000</u>	<u>-</u>
<i>Total Disbursements</i>	1,080,551	200,868	22,960
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,198)	(43,085)	1,122
OTHER FINANCING SOURCES (USES)			
Transfers in	95,470	50,000	-
Transfers out	(99,214)	-	(8,002)
	<u>(3,744)</u>	<u>50,000</u>	<u>(8,002)</u>
<i>Total Other Financing Sources (Uses)</i>	(3,744)	50,000	(8,002)
NET CHANGE IN FUND BALANCES	(6,942)	6,915	(6,880)
FUND BALANCES, Beginning of year	514,772	11,985	140,035
FUND BALANCES, End of year	<u>\$ 507,830</u>	<u>\$ 18,900</u>	<u>\$ 133,155</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 3,850	\$ 607,951
11,455	206,157
-	59,271
30,974	318,774
-	57,695
12,839	68,488
<hr/>	
59,118	1,318,336
-	185,130
-	754,663
-	64,878
-	58,971
18,763	171,705
22,070	74,865
15,990	50,990
<hr/>	
56,823	1,361,202
<hr/>	
2,295	(42,866)
107,216	252,686
-	(107,216)
<hr/>	
107,216	145,470
<hr/>	
109,511	102,604
317,318	984,110
<hr/>	
\$ 426,829	\$ 1,086,714
<hr/> <hr/>	

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

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

JUNE 30, 2009

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Revenue Bonded Debt</u>
ASSETS			
Cash and investments	\$ 286,016	\$ 135,821	\$ 93,990
Accounts receivable	59,976	68,033	-
Capital assets	3,271,502	6,836,059	-
	<u>3,617,494</u>	<u>7,039,913</u>	<u>93,990</u>
<i>Total Assets</i>	<u>\$ 3,617,494</u>	<u>\$ 7,039,913</u>	<u>\$ 93,990</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits	\$ 3,421	\$ 7,038	\$ -
Deferred revenue	59,976	68,033	-
Noncurrent liabilities:			
Due within one year:			
Notes payable	-	43,049	-
Due in more than one year:			
Notes payable	-	722,470	-
	<u>63,397</u>	<u>840,590</u>	<u>-</u>
<i>Total Liabilities</i>	63,397	840,590	-
Net Assets			
Investment in capital assets (net of related debt)	3,271,502	6,070,540	-
Restricted for:			
Construction	-	-	-
Unrestricted	282,595	128,783	93,990
	<u>3,554,097</u>	<u>6,199,323</u>	<u>93,990</u>
<i>Total Net Assets</i>	<u>3,554,097</u>	<u>6,199,323</u>	<u>93,990</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 3,617,494</u>	<u>\$ 7,039,913</u>	<u>\$ 93,990</u>

Total fund balances
Add: interfund loans

Fund net assets

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 1,888,042	\$ 2,403,869
-	128,009
-	10,107,561
<u>\$ 1,888,042</u>	<u>\$ 12,639,439</u>
\$ -	\$ 10,459
-	128,009
-	43,049
-	722,470
<u>-</u>	<u>903,987</u>
-	9,342,042
656,677	656,677
1,231,365	1,736,733
<u>1,888,042</u>	<u>11,735,452</u>
<u>\$ 1,888,042</u>	<u>\$ 12,639,439</u>
	<u>\$ 11,735,452</u>
	172,246
	<u>\$ 11,907,698</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 NET ASSETS -
ENTERPRISE FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2009**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Revenue Bonded Debt</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	495,458	655,402	-
Intergovernmental	-	-	-
Miscellaneous	5,029	2,473	3,497
	<u>500,487</u>	<u>657,875</u>	<u>3,497</u>
<i>Total Receipts</i>	500,487	657,875	3,497
DISBURSEMENTS			
Personal services	196,067	284,635	-
Materials and services	100,044	84,302	-
Capital outlay	3,342	56,035	-
Debt service	-	-	249,171
	<u>299,453</u>	<u>424,972</u>	<u>249,171</u>
<i>Total Disbursements</i>	299,453	424,972	249,171
RECEIPTS OVER (UNDER) DISBURSEMENTS	201,034	232,903	(245,674)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	120,000
Transfers out	(220,555)	(239,915)	-
Interfund loan repayment	-	-	-
	<u>(220,555)</u>	<u>(239,915)</u>	<u>120,000</u>
<i>Total Other Financing Sources (Uses)</i>	(220,555)	(239,915)	120,000
NET CHANGE IN FUND NET ASSETS	(19,521)	(7,012)	(125,674)
FUND NET ASSETS, Beginning of year	<u>302,116</u>	<u>135,795</u>	<u>219,664</u>
FUND NET ASSETS, End of year	<u>\$ 282,595</u>	<u>\$ 128,783</u>	<u>\$ 93,990</u>

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 32,076	\$ 32,076
-	1,150,860
8,683	8,683
38,318	49,317
<hr/>	
79,077	1,240,936
-	480,702
9,947	194,293
6,570	65,947
-	249,171
<hr/>	
16,517	990,113
<hr/>	
62,560	250,823
195,000	315,000
-	(460,470)
47,020	47,020
<hr/>	
242,020	(98,450)
<hr/>	
304,580	152,373
1,583,462	2,241,037
<hr/>	
<u>\$ 1,888,042</u>	<u>\$ 2,393,410</u>

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, 2009

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. 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. 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
- Housing Rehabilitation Fund

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

Water Utility
Sewer Utility
Revenue Bonded Debt

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, 2009. 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. 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.

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

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.

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 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.

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

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.

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.

CITY OF MT. ANGEL, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2009

ORGANIZATION AND OPERATION (Continued)

Proprietary Fund Type (Continued)

Enterprise Funds (Continued)

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.

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2009:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash		
Cash on hand	\$ 500	\$ 500
Deposits with financial institutions	240,595	240,595
Investments		
Local Government Investment Pool	3,273,234	3,273,234
	<u>\$ 3,514,329</u>	<u>\$ 3,514,329</u>

Deposits

At year end, the book balance of the City’s bank deposits (checking accounts) was \$240,595 and the bank balance was \$255,292. The difference is due to transactions in process.

Custodial Risk – Deposits

Deposits are insured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

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, 2009, 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, 2009

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2009 is as follows:

	<i>Balances July 1, 2008</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2009</i>
Water systems	\$ 3,257,962	\$ 13,540	\$ -	\$ 3,271,502
Sewer systems	6,785,118	50,941	-	6,836,059
	<u>\$ 10,043,080</u>	<u>\$ 64,481</u>	<u>\$ -</u>	<u>\$ 10,107,561</u>

The changes in the capital assets for governmental activities for the year ended June 30, 2009 are as follows:

	<i>Balances July 1, 2008</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2009</i>
Land and improvements	\$ 54,390	\$ -	\$ -	\$ 54,390
Buildings	1,402,397	7,070	-	1,409,467
Equipment	805,421	19,541	-	824,962
	<u>\$ 2,262,208</u>	<u>\$ 26,611</u>	<u>\$ -</u>	<u>\$ 2,288,819</u>

LONG-TERM OBLIGATIONS

Business-type fund activities long-term debt transactions for the year ended June 30, 2009 were as follows:

	<i>Outstanding July 1, 2008</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2009</i>	<i>Next Year Requirements</i>
1992 Farmers Home Administration - payable \$81,325 annually, including interest at 5%	\$ 806,518	\$ -	\$ (40,999)	\$ 765,519	\$ 43,049
State Revolving Loan Fund - payable biannually \$20,219, including interest at 3%	165,365	-	(165,365)	-	-
	<u>\$ 971,883</u>	<u>\$ -</u>	<u>\$ (206,364)</u>	<u>\$ 765,519</u>	<u>\$ 43,049</u>

Required debt service reserves are maintained in the Revenue Bond Debt Service Fund. At June 30, 2009 the City's reserves totaled \$93,990.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

LONG-TERM OBLIGATIONS (Continued)

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>
2010	\$ 43,049	\$ 38,276	\$ 81,325
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
2015-2019	303,593	103,032	406,625
2020-2022	224,053	22,915	246,968
	<u>\$ 765,519</u>	<u>\$ 294,699</u>	<u>\$ 1,060,218</u>

In the current year, the Sewer Utility Reserve Fund loaned the Debt Service 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>	
2010	7,000
2011	7,000
2012	7,000
2013	7,000
2014	7,000
2015	21,833
	<u>\$ 56,833</u>

CITY OF MT. ANGEL, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2009

LONG-TERM OBLIGATIONS (Continued)

In a prior year, the Sewer Utility Reserve Fund loaned the Street Fund \$147,319 with 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>	
<i>June 30,</i>	
2010	\$ 31,166
2011	32,164
2012	33,134
2013	18,949
	<hr/>
	\$ 115,413
	<hr/> <hr/>

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (“OPERS”), a cost-sharing multiple-employer defined benefit pension plan. The 2003 legislature adopted certain changes in the Oregon Public Employee Retirement System, and created a new system for all people hired after August 29, 2003. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB) governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Funding Status

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

PENSION PLAN (Continued)

Funding Status (Continued)

The City is required by statute to contribute actuarially computed amounts as determined by OPERS. OPERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer. For rate changes implemented July 1, 2005, the PERB voted to phase in the rate changes for PERS (for most employers a rate increase). On July 1, 2007 the City's rate was adjusted to 13.74% for Tier 1/Tier 2, 11.87% for OPSRP General Service, and 15.14% for OPSRP Police and Fire percent based on the 2005 valuation.

Annual Pension Cost

The City's contributions to PERS for the fiscal years ending June 30, 2007, 2008, and 2009 were \$160,779, \$134,972, and \$161,883, respectively, which equaled the required contribution for the year.

INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 95,470	\$ 99,214
Street	50,000	-
House Rehab	-	8,002
Capital Improv	106,857	-
Debt Service	-	-
Unemployment Res	359	-
Rev Bond Debt	120,000	-
Water	-	220,555
Sewer	-	239,915
Sewer Reserve	45,000	-
Water Reserve	150,000	-
	<u>\$ 567,686</u>	<u>\$ 567,686</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.

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits expenditures of a fund in excess of Council approved appropriations. The City Council approves appropriations by department for the General Fund and by major object class (personnel services, materials and services, capital outlay and debt service) for all other funds.

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2009 occurred as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Water			
Transfer out	\$ 220,000	\$ 220,555	\$ (555)
Sewer			
Materials and services	80,400	84,302	(3,902)

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.

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. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", issued June 30, 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for measurement, recognition, and display of other postemployment benefits, expenses, and related liabilities or assets, note disclosures, and if applicable, required supplementary information in the financial reports.

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.

REQUIRED SUPPLEMENTAL INFORMATION

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, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 562,000	\$ 562,000	\$ 604,101	\$ 42,101
Licenses and permits	191,700	191,700	194,702	3,002
Charges for services	60,500	60,500	59,271	(1,229)
Intergovernmental	111,218	120,459	130,405	9,946
Fines and forfeitures	52,600	52,600	57,695	5,095
Miscellaneous	27,400	30,000	31,179	1,179
<i>Total Receipts</i>	1,005,418	1,017,259	1,077,353	60,094
DISBURSEMENTS				
Administration	203,685	236,685	193,119	43,566
Police	790,660	792,101	742,512	49,589
Library	88,513	98,913	68,792	30,121
Parks	11,650	31,650	14,508	17,142
Court	32,398	32,398	19,702	12,696
Oktoberfest	44,400	44,400	41,918	2,482
Contingency	260,000	260,000	-	260,000
<i>Total Disbursements</i>	1,431,306	1,496,147	1,080,551	415,596
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(425,888)	(478,888)	(3,198)	475,690
OTHER FINANCING SOURCES (USES)				
Transfers in	90,000	110,000	95,470	(14,530)
Transfers out	(99,255)	(99,255)	(99,214)	41
<i>Total Other Financing Sources (Uses)</i>	(9,255)	10,745	(3,744)	(14,489)
NET CHANGE IN FUND BALANCE	(435,143)	(468,143)	(6,942)	461,201
FUND BALANCE, Beginning of year	435,143	468,143	514,772	46,629
FUND BALANCE, End of year	\$ -	\$ -	\$ 507,830	\$ 507,830

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 189,281	\$ 214,281	\$ 157,395	\$ (56,886)
Miscellaneous	1,000	1,000	388	(612)
<i>Total Receipts</i>	<u>190,281</u>	<u>215,281</u>	<u>157,783</u>	<u>(57,498)</u>
DISBURSEMENTS				
Personal services	91,373	91,373	81,010	10,363
Materials and services	81,525	81,525	58,860	22,665
Capital outlay	42,200	67,200	25,998	41,202
Debt service	38,625	38,625	35,000	3,625
Contingency	7,032	7,032	-	7,032
<i>Total Disbursements</i>	<u>260,755</u>	<u>285,755</u>	<u>200,868</u>	<u>84,887</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(70,474)	(70,474)	(43,085)	27,389
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(20,474)	(20,474)	6,915	27,389
FUND BALANCE, Beginning of year	<u>20,474</u>	<u>20,474</u>	<u>11,985</u>	<u>(8,489)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,900</u>	<u>\$ 18,900</u>

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 54,600	\$ 54,600	\$ 24,082	\$ (30,518)
DISBURSEMENTS				
Materials and services	180,305	172,303	22,960	149,343
RECEIPTS OVER (UNDER) DISBURSEMENTS	(125,705)	(117,703)	1,122	118,825
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(8,002)	(8,002)	-
NET CHANGE IN FUND BALANCE	(125,705)	(125,705)	(6,880)	118,825
FUND BALANCE, Beginning of year	144,305	144,305	140,035	(4,270)
FUND BALANCE, End of year	<u>\$ 18,600</u>	<u>\$ 18,600</u>	<u>\$ 133,155</u>	<u>\$ 114,555</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF MT. ANGEL, OREGON

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

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>Capital Improvement</u>	<u>State Revenue Sharing</u>	<u>Unemployment Reserve</u>
ASSETS			
Cash and investments	\$ 279,672	\$ 55,515	\$ 20,591
Assessment liens receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 279,672</u>	<u>\$ 55,515</u>	<u>\$ 20,591</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue	\$ -	\$ -	\$ -
Fund Balances			
Unreserved, reported in:			
Special revenue funds	279,672	55,515	20,591
Debt services fund	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 279,672</u>	<u>\$ 55,515</u>	<u>\$ 20,591</u>

<u><i>Library Endowment</i></u>	<u><i>Transportation SDC</i></u>	<u><i>Park System SDC</i></u>	<u><i>Debt Service</i></u>	<u><i>Community Development</i></u>	<u><i>Totals</i></u>
\$ 5,708	\$ 42,323	\$ 2,142	\$ 6,607	\$ 14,271	\$ 426,829
-	-	-	26,970	-	26,970
<u>\$ 5,708</u>	<u>\$ 42,323</u>	<u>\$ 2,142</u>	<u>\$ 33,577</u>	<u>\$ 14,271</u>	<u>\$ 453,799</u>
\$ -	\$ -	\$ -	\$ 26,970	\$ -	\$ 26,970
5,708	42,323	2,142	-	14,271	420,222
-	-	-	6,607	-	6,607
<u>\$ 5,708</u>	<u>\$ 42,323</u>	<u>\$ 2,142</u>	<u>\$ 33,577</u>	<u>\$ 14,271</u>	<u>\$ 453,799</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, 2009**

	<u>Capital Improvement</u>	<u>State Revenue Sharing</u>	<u>Unemployment Reserve</u>
RECEIPTS			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	1,901	-
Intergovernmental	-	30,974	-
Miscellaneous	4,152	830	454
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	4,152	33,705	454
DISBURSEMENTS			
Materials and services	-	16,572	2,191
Capital outlay	4,000	-	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	4,000	16,572	2,191
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	152	17,133	(1,737)
OTHER FINANCING SOURCES (USES)			
Transfers in	106,857	-	359
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	107,009	17,133	(1,378)
FUND BALANCES, Beginning of year	172,663	38,382	21,969
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	<u>\$ 279,672</u>	<u>\$ 55,515</u>	<u>\$ 20,591</u>

<i>Library Endowment</i>	<i>Transportation SDC</i>	<i>Parks System SDC</i>	<i>Debt Service</i>	<i>Community Development</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ 3,850	\$ -	\$ 3,850
-	9,169	385	-	-	11,455
-	-	-	-	-	30,974
5,708	722	240	405	328	12,839
5,708	9,891	625	4,255	328	59,118
-	-	-	-	-	18,763
-	-	11,000	-	7,070	22,070
-	-	-	15,990	-	15,990
-	-	11,000	15,990	7,070	56,823
5,708	9,891	(10,375)	(11,735)	(6,742)	2,295
-	-	-	-	-	107,216
5,708	9,891	(10,375)	(11,735)	(6,742)	109,511
-	32,432	12,517	18,342	21,013	317,318
\$ 5,708	\$ 42,323	\$ 2,142	\$ 6,607	\$ 14,271	\$ 426,829

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 5,500	\$ 5,500	\$ 4,152	\$ (1,348)
DISBURSEMENTS				
Capital outlay	169,085	177,087	4,000	173,087
RECEIPTS OVER (UNDER) DISBURSEMENTS	(163,585)	(171,587)	152	171,739
OTHER FINANCING SOURCES (USES)				
Transfers in	98,855	106,857	106,857	-
NET CHANGE IN FUND BALANCE	(64,730)	(64,730)	107,009	171,739
FUND BALANCE, Beginning of year	174,730	174,730	172,663	(2,067)
FUND BALANCE, End of year	\$ 110,000	\$ 110,000	\$ 279,672	\$ 169,672

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Capital outlay	1	1	-	1
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1)	(1)	-	1
FUND BALANCE, Beginning of year	1	1	-	(1)
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 3,000	\$ 3,000	\$ 1,901	\$ (1,099)
Intergovernmental	29,000	29,000	30,974	1,974
Miscellaneous	5,000	5,000	830	(4,170)
<i>Total Receipts</i>	37,000	37,000	33,705	(3,295)
DISBURSEMENTS				
Materials and services	47,300	47,300	16,572	30,728
Contingency	10,060	10,060	-	10,060
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(20,360)	(20,360)	17,133	37,493
FUND BALANCE, Beginning of year				
	20,360	20,360	38,382	18,022
FUND BALANCE, End of year				
	\$ -	\$ -	\$ 55,515	\$ 55,515

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 1,100	\$ 1,100	\$ 454	\$ (646)
DISBURSEMENTS				
Materials and services	23,635	23,635	2,191	21,444
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,535)	(22,535)	(1,737)	20,798
OTHER FINANCING SOURCES (USES)				
Transfers in	400	400	359	(41)
NET CHANGE IN FUND BALANCE	(22,135)	(22,135)	(1,378)	20,757
FUND BALANCE, Beginning of year	22,135	22,135	21,969	(166)
FUND BALANCE, End of year	\$ -	\$ -	\$ 20,591	\$ 20,591

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 5,708	\$ 5,708
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	5,708	5,708
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,708</u>	<u>\$ 5,708</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 10,480	\$ 10,480	\$ 9,169	\$ (1,311)
Miscellaneous	4,300	4,300	722	(3,578)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	14,780	14,780	9,891	(4,889)
DISBURSEMENTS	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,780	14,780	9,891	(4,889)
FUND BALANCE, Beginning of year	35,340	35,340	32,432	(2,908)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 50,120	\$ 50,120	\$ 42,323	\$ (7,797)
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 480	\$ 480	\$ 385	\$ (95)
Miscellaneous	440	440	240	(200)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	920	920	625	(295)
DISBURSEMENTS				
Capital outlay	12,000	12,000	11,000	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,080)	(11,080)	(10,375)	705
FUND BALANCE, Beginning of year	12,513	12,513	12,517	4
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 1,433	\$ 1,433	\$ 2,142	\$ 709
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes and assessments	\$ 4,000	\$ 4,000	\$ 3,850	\$ (150)
Miscellaneous	300	300	405	105
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	4,300	4,300	4,255	(45)
DISBURSEMENTS				
Debt service	16,064	16,064	15,990	74
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,764)	(11,764)	(11,735)	29
FUND BALANCE, Beginning of year	11,764	11,764	18,342	6,578
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ -	\$ -	\$ 6,607	\$ 6,607
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 328	\$ 328
DISBURSEMENTS				
Capital outlay	<u>9,714</u>	<u>9,714</u>	<u>7,070</u>	<u>2,644</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,714)	(9,714)	(6,742)	2,972
FUND BALANCE, Beginning of year	<u>9,714</u>	<u>9,714</u>	<u>21,013</u>	<u>11,299</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,271</u>	<u>\$ 14,271</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, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 477,000	\$ 477,000	\$ 495,458	\$ 18,458
Miscellaneous	6,000	6,000	5,029	(971)
<i>Total Receipts</i>	483,000	483,000	500,487	17,487
DISBURSEMENTS				
Personal services	211,191	211,191	196,067	15,124
Materials and services	121,143	121,143	100,044	21,099
Capital outlay	17,000	17,000	3,342	13,658
Contingency	159,568	159,568	-	159,568
<i>Total Disbursements</i>	508,902	508,902	299,453	209,449
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,902)	(25,902)	201,034	226,936
OTHER FINANCING SOURCES (USES)				
Transfers out	(220,000)	(220,000)	(220,555)	(555)
NET CHANGE IN FUND BALANCE	(245,902)	(245,902)	(19,521)	226,381
FUND BALANCE, Beginning of year	245,902	245,902	302,116	56,214
FUND BALANCE, End of year	\$ -	\$ -	\$ 282,595	\$ 282,595

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, 2009**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Charges for services	\$ 631,270	\$ 651,270	\$ 655,402	\$ 4,132
Miscellaneous	7,000	7,000	2,473	(4,527)
<i>Total Receipts</i>	638,270	658,270	657,875	(395)
DISBURSEMENTS				
Personal services	302,961	302,961	284,635	18,326
Materials and services	80,400	80,400	84,302	(3,902)
Capital outlay	80,000	80,000	56,035	23,965
Contingency	48,725	48,725	-	48,725
<i>Total Disbursements</i>	512,086	512,086	424,972	87,114
RECEIPTS OVER (UNDER) DISBURSEMENTS	126,184	146,184	232,903	86,719
OTHER FINANCING SOURCES (USES)				
Transfers out	(235,000)	(255,000)	(239,915)	15,085
NET CHANGE IN FUND BALANCE	(108,816)	(108,816)	(7,012)	101,804
FUND BALANCE, Beginning of year	108,816	108,816	135,795	26,979
FUND BALANCE, End of year	\$ -	\$ -	\$ 128,783	\$ 128,783

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - REVENUE BONDED DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 3,497	\$ 497
DISBURSEMENTS				
Debt service	332,716	332,716	249,171	83,545
RECEIPTS OVER (UNDER) DISBURSEMENTS	(329,716)	(329,716)	(245,674)	84,042
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
NET CHANGE IN FUND BALANCE	(209,716)	(209,716)	(125,674)	84,042
FUND BALANCE, Beginning of year	220,311	220,311	219,664	(647)
FUND BALANCE, End of year	\$ 10,595	\$ 10,595	\$ 93,990	\$ 83,395

CITY OF MT. ANGEL, OREGON

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

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2009

	<i>Water Utility Reserve</i>	<i>Sewer Utility Reserve</i>	<i>Water Utility SDC</i>
<i>ASSETS</i>			
Cash and investments	\$ 536,235	\$ 695,130	\$ 414,406
<i>Total Assets</i>	<u>\$ 536,235</u>	<u>\$ 695,130</u>	<u>\$ 414,406</u>
<i>LIABILITIES AND FUND BALANCES</i>			
<i>Liabilities</i>	\$ -	\$ -	\$ -
<i>Fund Balances</i>			
Unreserved	<u>536,235</u>	<u>695,130</u>	<u>414,406</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 536,235</u>	<u>\$ 695,130</u>	<u>\$ 414,406</u>

<i>Sewer Utility SDC</i>	<i>Storm Sewer SDC</i>	<i>Totals</i>
\$ 224,561	\$ 17,710	\$ 1,888,042
<u>\$ 224,561</u>	<u>\$ 17,710</u>	<u>\$ 1,888,042</u>
\$ -	\$ -	\$ -
224,561	17,710	1,888,042
<u>\$ 224,561</u>	<u>\$ 17,710</u>	<u>\$ 1,888,042</u>

CITY OF MT. ANGEL, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2009**

	<i>Water Utility Reserve</i>	<i>Sewer Utility Reserve</i>	<i>Water Utility SDC</i>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ 20,488
Intergovernmental	-	-	8,683
Miscellaneous	8,817	16,605	8,105
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	8,817	16,605	37,276
DISBURSEMENTS			
Materials and services	-	-	9,947
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	-	-	9,947
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,817	16,605	27,329
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	45,000	-
Interfund loan repayment	-	47,020	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	158,817	108,625	27,329
FUND BALANCES, Beginning of year	377,418	586,505	387,077
	<hr/>	<hr/>	<hr/>
FUND BALANCES, End of year	\$ 536,235	\$ 695,130	\$ 414,406
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Sewer Utility SDC</i>	<i>Storm Sewer SDC</i>	<i>Totals</i>
\$ 10,916	\$ 672	\$ 32,076
-	-	8,683
4,387	404	38,318
15,303	1,076	79,077
-	-	9,947
-	6,570	6,570
-	6,570	16,517
15,303	(5,494)	62,560
-	-	195,000
-	-	47,020
15,303	(5,494)	304,580
209,258	23,204	1,583,462
<u>\$ 224,561</u>	<u>\$ 17,710</u>	<u>\$ 1,888,042</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 8,000	\$ 8,000	\$ 8,817	\$ 817
DISBURSEMENTS				
Capital outlay	524,400	524,400	-	524,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(516,400)	(516,400)	8,817	525,217
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
NET CHANGE IN FUND BALANCE	(366,400)	(366,400)	158,817	525,217
FUND BALANCE, Beginning of year	373,151	373,151	377,418	4,267
FUND BALANCE, End of year	\$ 6,751	\$ 6,751	\$ 536,235	\$ 529,484

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, 2009**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 28,575	\$ 28,575	\$ 16,605	\$ (11,970)
DISBURSEMENTS				
Capital outlay	896,357	896,357	-	896,357
RECEIPTS OVER (UNDER) DISBURSEMENTS	(867,782)	(867,782)	16,605	884,387
OTHER FINANCING SOURCES (USES)				
Transfers in	45,000	45,000	45,000	-
Interfund loan repayment	45,114	45,114	47,020	1,906
NET CHANGE IN FUND BALANCE	(777,668)	(777,668)	108,625	886,293
FUND BALANCE, Beginning of year	782,668	782,668	586,505	(196,163)
FUND BALANCE, End of year	\$ 5,000	\$ 5,000	\$ 695,130	\$ 690,130

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, 2009**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 18,704	\$ 18,704	\$ 20,488	\$ 1,784
Intergovernmental	75,000	75,000	8,683	(66,317)
Miscellaneous	10,780	10,780	8,105	(2,675)
<i>Total Receipts</i>	104,484	104,484	37,276	(67,208)
DISBURSEMENTS				
Materials and services	90,200	90,200	9,947	80,253
Capital outlay	384,800	384,800	-	384,800
<i>Total Disbursements</i>	475,000	475,000	9,947	465,053
RECEIPTS OVER (UNDER) DISBURSEMENTS	(370,516)	(370,516)	27,329	397,845
FUND BALANCE, Beginning of year	384,416	384,416	387,077	2,661
FUND BALANCE, End of year	\$ 13,900	\$ 13,900	\$ 414,406	\$ 400,506

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, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 16,287	\$ 16,287	\$ 10,916	\$ (5,371)
Miscellaneous	5,200	5,200	4,387	(813)
<i>Total Receipts</i>	21,487	21,487	15,303	(6,184)
DISBURSEMENTS				
Capital outlay	221,433	221,433	-	221,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	(199,946)	(199,946)	15,303	215,249
FUND BALANCE, Beginning of year	209,446	209,446	209,258	(188)
FUND BALANCE, End of year	\$ 9,500	\$ 9,500	\$ 224,561	\$ 215,061

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 768	\$ 768	\$ 672	\$ (96)
Miscellaneous	1,200	1,200	404	(796)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	1,968	1,968	1,076	(892)
DISBURSEMENTS				
Capital outlay	25,863	25,863	6,570	19,293
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,895)	(23,895)	(5,494)	18,401
FUND BALANCE, Beginning of year	26,895	26,895	23,204	(3,691)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 3,000	\$ 3,000	\$ 17,710	\$ 14,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

OTHER SCHEDULES

CITY OF MT. ANGEL, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2009

<u>Tax Year</u>	<u>Uncollected Balances July 1, 2008</u>	<u>2008-2009 Levy</u>	<u>Added To Rolls</u>	<u>Interest, Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balances June 30, 2009</u>
2008-2009	\$ -	\$ 620,838	\$ 169	\$ (17,092)	\$ (577,444)	\$ 26,471
2007-2008	20,759	-	-	(320)	(11,852)	8,587
2006-2007	6,697	-	-	(78)	(2,859)	3,760
2005-2006	3,366	-	-	(43)	(2,057)	1,266
2004-2005	1,530	-	-	(129)	(997)	404
2003-2004	428	-	-	(16)	(102)	310
2002-2003	355	-	-	(46)	(71)	238
Prior Years	1,039	-	-	(14)	(73)	952
Total	\$ 34,174	\$ 620,838	\$ 169	\$ (17,738)	\$ (595,455)	\$ 41,988

CITY OF MT. ANGEL, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
JUNE 30, 2009

	<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
SRF Loan	3.0%	1993	2012-13

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Unmatured Interest Outstanding July 1, 2008</i></u>
<i>INTEREST TRANSACTIONS</i>			
1992 FHA Loan	5.0%	1992	\$ 335,025
SRF Loan	3.0%	1993	12,648
			<u>\$ 347,673</u>

<i>Outstanding July 1, 2008</i>	<i>Loans Issued</i>	<i>Loans Paid</i>	<i>Outstanding June 30, 2009</i>
\$ 806,518	\$ -	\$ (40,999)	\$ 765,519
165,365	-	(165,365)	-
<hr/>	<hr/>	<hr/>	<hr/>
\$ 971,883	\$ -	\$ (206,364)	\$ 765,519
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2009</i>
\$ -	\$ (40,326)	\$ 294,699
-	(12,648)	-
<hr/>	<hr/>	<hr/>
\$ -	\$ (52,974)	\$ 294,699
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF MT. ANGEL, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 2009

<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>
2010	\$ 43,049	\$ 38,276	\$ 81,325
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>\$ 765,519</u>	<u>\$ 294,699</u>	<u>\$ 1,060,218</u>

COMPLIANCE SECTION

CITY OF MT. ANGEL, OREGON

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

YEAR ENDED JUNE 30, 2009

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 as follows.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Mt. Angel (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 24, 2009. Our opinion was qualified for historical cost records for capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Significant Accounting Policies

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

Internal Control Over Financial Reporting

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 opinions 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified a deficiency in internal control that we considered a significant deficiency and communicated it in our letter dated November 24, 2009.

CITY OF MT. ANGEL, OREGON

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)

YEAR ENDED JUNE 30, 2009

Adequacy of Accounting Records

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements. The City does not maintain historical cost records for capital assets.

Indebtedness

The City has no general obligation bonded debt. 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 loan agreements, at June 30, 2009.

Adequacy of Collateral Securing Depository Balances

The City has complied with ORS 295 relating to depository balances during the year ended June 30, 2009.

Budget Compliance

The City has complied with Local Budget Law (ORS 294) in the preparation, adoption and execution of its budget and tax levy for fiscal years ending June 30, 2009 and 2010, except as noted.

Insurance Policies and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage.

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, 2009.

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.

Programs Funded from Outside Sources and Financial Reporting Requirements

The City did not receive or spend significant amounts on programs funded wholly or partially by other governmental agencies during the year, except the fuel tax noted below.

Highway Funds

The City has complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel.

CITY OF MT. ANGEL, OREGON

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)
YEAR ENDED JUNE 30, 2009

This report is intended for the information of the City Council and management of City of Mt. Angel, and the Oregon Secretary of State Audits Division, 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 24, 2009