

***CITY OF MT. ANGEL, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2012***

CITY OFFICIALS

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Mt. Angel, Oregon 97362

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Mt. Angel, Oregon 97362

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City Administrator/City Recorder
Susan Muir

Finance Director
Chaunee Seifried

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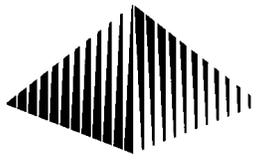
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Mt. Angel
P.O. Box 960
Mt. Angel, Oregon 97362

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, 2012, 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.

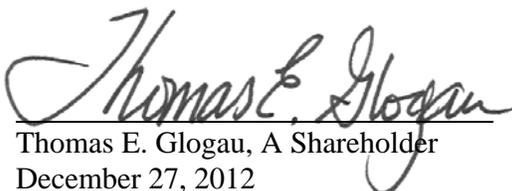
In our opinion, except for the matter discussed above, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mt. Angel, Oregon, as of June 30, 2012, 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 management's discussion and analysis (MD&A)(pages 3 through 7), the schedule of funding progress – public employees retirement system (page 29), the General Fund budgetary to reporting reconciliations (pages 30 through 31), and the budgetary comparison information (pages 32 through 37) 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 MD&A and schedule of funding progress – public employees retirement system 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. The General Fund budgetary to reporting reconciliations and the budgetary comparison information is the responsibility of management and was derived from and relates 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental information is the responsibility of management and was derived from and relates 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.

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

By: 
Thomas E. Glogau, A Shareholder
December 27, 2012

CITY OF MT. ANGEL, OREGON

Management's Discussion and Analysis June 30, 2012

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, 2012.

Financial Highlights

	June 30,		change
	2012	2011	
Net assets	\$ 4,833,966	\$ 4,485,183	\$ 348,783
Change in net assets	348,783	595,138	(246,355)
Governmental net assets	1,723,007	1,600,039	122,968
Proprietary net assets	3,110,959	2,885,144	225,815
Change in governmental net assets	122,968	332,961	(209,993)
Change in proprietary net assets	225,815	262,177	(36,362)

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 related to schedules of receipts, disbursements and changes in fund balance - budget and actual for the General Fund and major special revenue funds.

The combining statements for the nonmajor funds and schedules of receipts, disbursements and changes in fund balance - budget and actual for governmental not presented as required supplementary information and proprietary funds are presented following the required supplementary information. There are also other schedules to assist the reader in understanding financial statements following the budgetary 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 \$4,833,966 as of June 30, 2012.

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

Statement of Net Assets (Modified Cash Basis)
June 30,

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Cash and investments	\$ 1,723,329	\$ 3,120,697	\$ 4,844,026	\$ 1,602,138	\$ 2,899,242	\$ 4,501,380
Receivables	411,468	-	411,468	426,002	120,157	546,159
Total Assets	2,134,797	3,120,697	5,255,494	2,028,140	3,019,399	5,047,539
Other liabilities	411,790	9,738	421,528	428,101	134,255	562,356
Net Assets:						
Restricted	155,005	659,477	814,482	116,478	772,958	889,436
Unrestricted	1,568,002	2,451,482	4,019,484	1,483,561	2,112,186	3,595,747
Total Net Assets	\$ 1,723,007	\$ 3,110,959	\$ 4,833,966	\$ 1,600,039	\$ 2,885,144	\$ 4,485,183

Statement of Activities (Modified Cash Basis)
Year Ended June 30,

	2012			2011		
	Government Activities	Business- type Activities	Total	Government Activities	Business- type Activities	Total
Receipts						
Program receipts						
Charges for service	\$ 188,227	\$ 1,188,327	\$ 1,376,554	\$ 237,077	\$ 1,228,779	\$ 1,465,856
Operating grants	181,484	-	181,484	191,324	19,042	210,366
Capital grants	23,843	6,339	30,182	22,958	14,239	37,197
General receipts						
Taxes and assessments	675,559	-	675,559	657,528	-	657,528
Franchise taxes	160,187	-	160,187	132,911	-	132,911
Intergovernmental	104,649	-	104,649	174,521	-	174,521
Miscellaneous	32,297	15,860	48,157	40,332	15,739	56,071
<i>Total receipts</i>	<u>1,366,246</u>	<u>1,210,526</u>	<u>2,576,772</u>	<u>1,456,651</u>	<u>1,277,799</u>	<u>2,734,450</u>
Disbursements						
General government	180,949	-	180,949	227,927	-	227,927
Court and police	817,590	-	817,590	786,640	-	786,640
Community services and development	50,373	-	50,373	55,936	-	55,936
Library	77,775	-	77,775	72,313	-	72,313
Public works	273,349	-	273,349	220,965	-	220,965
Interest on long-term debt	-	-	-	2,943	-	2,943
Water	-	383,366	383,366	-	386,905	386,905
Sewer	-	444,587	444,587	-	385,683	385,683
<i>Total disbursements</i>	<u>1,400,036</u>	<u>827,953</u>	<u>2,227,989</u>	<u>1,366,724</u>	<u>772,588</u>	<u>2,139,312</u>
Transfers	203,551	(203,551)	-	282,338	(282,338)	-
Loan repayment	(46,793)	46,793	-	(39,304)	39,304	-
Change in net assets	122,968	225,815	348,783	332,961	262,177	595,138
Net assets, beginning of year	1,600,039	2,885,144	4,485,183	1,267,078	2,622,967	3,890,045
Net assets, end of year	\$ 1,723,007	\$ 3,110,959	\$ 4,833,966	\$ 1,600,039	\$ 2,885,144	\$ 4,485,183

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, *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 \$1,723,007 at June 30, 2012, an increase of \$122,968 in comparison with prior year.

General Fund. The General Fund is the primary operating fund of the City. The budgetary fund balance was \$924,890 as of June 30, 2012. The fund balance increased by \$34,655 during the current fiscal year primarily due an increase in property tax receipts as compared to the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund disbursements. Fund balance represents 79% of total General Fund disbursements.

Street Fund. The majority of Street Fund activity was capital projects funded by State gas tax revenue. The budgetary fund balance was \$95,379 as of June 30, 2012, which represents an increase of \$27,124 as compared to the prior year. The primary reason for the change was a decrease in capital outlay.

Housing Rehabilitation Fund. This fund accounts for Community Development Block Grant monies used for home improvement loans to qualified residents in low-income housing. The budgetary fund balance was \$117,240 as of June 30, 2012, which represents an increase of \$8,232 as compared to the prior year. The primary reason for the change was an increase in miscellaneous receipts.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The City's unrestricted net assets as of year-end amounted to \$2,451,482, which was 79% of the City's total proprietary net assets. Fund net assets of each major proprietary fund are as follows:

• Water Utility	\$193,375
• Sewer Utility	\$241,947
• Water Utility Reserve	\$842,657
• Sewer Reserve	\$1,033,068
• Water Utility SDC	\$406,118

Total business-type net assets increased \$225,815 in the current fiscal year. Significant issues regarding proprietary funds are as follow:

- The Water Utility Fund reported a \$16,719 increase in fund net assets. The increase is primarily due to operating income of \$169,874 offset by transfers out of \$154,266.
- The Sewer Utility Fund reported an \$18,704 decrease in fund net assets. The decrease is primarily due to operating income of \$273,888 offset by transfers out of \$294,085.
- The Water Utility Reserve Fund reported a \$66,042 increase in fund net assets primarily due to transfers in of \$62,000.
- The Sewer Reserve Fund reported a \$134,804 increase in fund net assets primarily due to transfers in of \$84,800 and interfund loan repayments of \$46,793.
- The Water Utility SDC Fund reported a \$7,035 increase in fund net assets primarily due to capital contributions of \$4,993.

General Fund Budgetary Highlights

The General Fund budget was increased by \$4,100 during the year to account for additional miscellaneous receipts.

Debt Administration

Long-term debt. The City had total revenue-backed bonded debt outstanding of \$629,807 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 \$298,551,853; therefore, the current debt limitation for the City of Mt. Angel is \$8,956,556. 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 2012-13 fiscal year:

- a. Prior history of receipts and disbursements,
- b. Capital projects in the water and sewer funds,
- c. Expected property tax receipts

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, 2012

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 1,723,329	\$ 3,120,697	\$ 4,844,026
Property taxes receivable	50,600	-	50,600
Notes receivable	342,849	-	342,849
Assessment liens receivable	18,019	-	18,019
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	2,134,797	3,120,697	5,255,494
LIABILITIES			
Payroll withholdings	322	-	322
Deferred revenue	411,468	-	411,468
Deposits	-	9,738	9,738
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	411,790	9,738	421,528
NET ASSETS			
Restricted for:			
Capital outlay	49,321	659,477	708,798
Parks	10,305	-	10,305
Streets	95,379	-	95,379
Unrestricted	1,568,002	2,451,482	4,019,484
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 1,723,007</u>	<u>\$ 3,110,959</u>	<u>\$ 4,833,966</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, 2012

FUNCTIONS/PROGRAMS	Disbursements	Program Receipts		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 180,949	\$ 1,641	\$ -	\$ -
Court and police	817,590	119,344	2,538	-
Community services and development	50,373	34,851	-	-
Library	77,775	23,154	-	1,000
Public works	273,349	9,237	178,946	22,843
<i>Total Governmental activities</i>	1,400,036	188,227	181,484	23,843
Business-type activities:				
Water	383,366	471,916	-	4,993
Sewer	444,587	716,411	-	1,346
<i>Total Business-type activities</i>	827,953	1,188,327	-	6,339
<i>Total Activities</i>	<u>\$ 2,227,989</u>	<u>\$ 1,376,554</u>	<u>\$ 181,484</u>	<u>\$ 30,182</u>
General Receipts:				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General Receipts</i>				
Transfers				
Interfund loan repayment				
Change in net assets				
Net Assets - beginning of year				
Net Assets - end of year				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (179,308)	\$ -	\$ (179,308)
(695,708)	-	(695,708)
(15,522)	-	(15,522)
(53,621)	-	(53,621)
(62,323)	-	(62,323)
(1,006,482)	-	(1,006,482)
-	93,543	93,543
-	273,170	273,170
-	366,713	366,713
(1,006,482)	366,713	(639,769)
675,559	-	675,559
160,187	-	160,187
104,649	-	104,649
32,297	15,860	48,157
972,692	15,860	988,552
203,551	(203,551)	-
(46,793)	46,793	-
122,968	225,815	348,783
1,600,039	2,885,144	4,485,183
\$ 1,723,007	\$ 3,110,959	\$ 4,833,966

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

CITY OF MT. ANGEL, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES - GOVERNMENTAL FUNDS****(MODIFIED CASH BASIS)****JUNE 30, 2012**

	<u>General</u>	<u>Street</u>	<u>Housing Rehabilitation</u>
ASSETS			
Cash and investments	\$ 925,212	\$ 95,379	\$ 117,240
Taxes receivable	50,600	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	342,849
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 975,812	\$ 95,379	\$ 460,089
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Payroll withholdings	\$ 322	\$ -	\$ -
Deferred revenue	50,600	-	342,849
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	50,922	-	342,849
 Fund Balance:			
Restricted for:			
Capital outlay	-	-	-
Parks	-	-	-
Streets	-	95,379	-
Committed to:			
Capital outlay	-	-	-
Community development	2,394	-	117,240
Unassigned	922,496	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	924,890	95,379	117,240
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 975,812	\$ 95,379	\$ 460,089
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Other</i>		
<i>Governmental</i>		<i>Total</i>
<i>Funds</i>		
\$ 585,498	\$	1,723,329
-		50,600
18,019		18,019
-		342,849
<hr/>		
\$ 603,517	\$	2,134,797
<hr/>		
\$ -	\$	322
18,019		411,468
<hr/>		
18,019		411,790
49,321		49,321
10,305		10,305
-		95,379
468,431		468,431
57,441		177,075
-		922,496
<hr/>		
585,498		1,723,007
<hr/>		
\$ 603,517	\$	2,134,797
<hr/>		

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

CITY OF MT. ANGEL, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Street</u>	<u>Housing Rehabilitation</u>
RECEIPTS			
Taxes and assessments	\$ 675,559	\$ -	\$ -
Fines and forfeitures	71,458	-	-
Licenses and permits	193,284	-	-
Charges for services	52,621	-	-
Intergovernmental	96,201	201,788	-
Miscellaneous	12,884	3,719	8,582
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	1,102,007	205,507	8,582
DISBURSEMENTS			
Current			
General government	157,621	-	-
Court and police	24,860	-	-
Community services and development	859,878	-	-
Public Works	36,811	147,136	-
Debt service			
Interest	-	233	-
Capital outlay	91,083	6,000	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	1,170,253	153,369	-
RECEIPTS OVER (UNDER)	(68,246)	52,138	8,582
OTHER FINANCING SOURCES (USES)			
Transfers in	210,776	50,000	-
Transfers out	(107,875)	(35,000)	(350)
Interfund loan repayments	-	(40,014)	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	102,901	(25,014)	(350)
NET CHANGE IN FUND BALANCE	34,655	27,124	8,232
FUND BALANCE, beginning of year	890,235	68,255	109,008
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 924,890	\$ 95,379	\$ 117,240
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Other Governmental Funds</i>		<i>Total</i>	
\$	5,242	\$	680,801
	-		71,458
	3,615		196,899
	-		52,621
	27,606		325,595
	13,686		38,871
	<hr/>		<hr/>
	50,149		1,366,245
	15,074		172,695
	10,059		34,919
	-		859,878
	24,385		208,332
	221		454
	26,674		123,757
	<hr/>		<hr/>
	76,413		1,400,035
	(26,264)		(33,790)
	146,828		407,604
	(60,828)		(204,053)
	(6,779)		(46,793)
	<hr/>		<hr/>
	79,221		156,758
	<hr/>		<hr/>
	52,957		122,968
	532,541		1,600,039
	<hr/>		<hr/>
\$	585,498	\$	1,723,007
	<hr/> <hr/>		<hr/> <hr/>

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

CITY OF MT. ANGEL, OREGON

COMBINING STATEMENT OF FUND NET ASSETS- PROPRIETARY FUNDS (MODIFIED CASH BASIS)

JUNE 30, 2012

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Utility Reserve</u>
ASSETS			
Current assets:			
Cash and investments	\$ 197,484	\$ 247,576	\$ 842,657
 LIABILITIES			
Current liabilities:			
Deposits	4,109	5,629	-
 FUND NET ASSETS:			
Restricted for:			
Construction	-	-	-
Unrestricted	193,375	241,947	842,657
 <i>Total Fund Net Assets</i>	 \$ 193,375	 \$ 241,947	 \$ 842,657

<u><i>Sewer Reserve</i></u>	<u><i>Water Utility SDC</i></u>	<u><i>Other Business- type Funds</i></u>	<u><i>Total</i></u>
\$ 1,033,068	\$ 406,118	\$ 393,794	\$ 3,120,697
-	-	-	9,738
-	406,118	253,359	659,477
1,033,068	-	140,435	2,451,482
<u>\$ 1,033,068</u>	<u>\$ 406,118</u>	<u>\$ 393,794</u>	<u>\$ 3,110,959</u>

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

CITY OF MT. ANGEL, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2012**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Utility Reserve</u>
OPERATING RECEIPTS			
Charges for services	\$ 471,916	\$ 716,411	\$ -
OPERATING DISBURSEMENTS			
Personal services	193,463	254,691	-
Materials and services	98,406	70,653	-
Capital outlay	10,173	117,179	-
<i>Total Operating Disbursements</i>	<u>302,042</u>	<u>442,523</u>	<u>-</u>
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	169,874	273,888	-
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Investment earnings	1,111	1,493	4,042
Debt service:			
Principal	-	-	-
Interest	-	-	-
<i>Total Nonoperating Receipts (Disbursements)</i>	<u>1,111</u>	<u>1,493</u>	<u>4,042</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	170,985	275,381	4,042
Transfers in	-	-	62,000
Transfers out	(154,266)	(294,085)	-
Capital contributions	-	-	-
Interfund loan repayment	-	-	-
CHANGE IN FUND NET ASSETS	16,719	(18,704)	66,042
FUND NET ASSETS, Beginning of year	<u>176,656</u>	<u>260,651</u>	<u>776,615</u>
FUND NET ASSETS, End of year	<u>\$ 193,375</u>	<u>\$ 241,947</u>	<u>\$ 842,657</u>

<i>Sewer Reserve</i>	<i>Water Utility SDC</i>	<i>Other Business- type Funds</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 1,188,327
-	-	-	448,154
-	-	63	169,122
2,000	-	-	129,352
2,000	-	63	746,628
(2,000)	-	(63)	441,699
5,211	2,042	1,961	15,860
-	-	(47,462)	(47,462)
-	-	(33,863)	(33,863)
5,211	2,042	(79,364)	(65,465)
3,211	2,042	(79,427)	376,234
84,800	-	98,000	244,800
-	-	-	(448,351)
-	4,993	1,346	6,339
46,793	-	-	46,793
134,804	7,035	19,919	225,815
898,264	399,083	373,875	2,885,144
\$ 1,033,068	\$ 406,118	\$ 393,794	\$ 3,110,959

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 receipts 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Governmental Fund type fund balances are now reported in the following classifications. In governmental funds, the City's policy is to first apply the disbursement toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Special Revenue Funds whose primary source of funding is transfers from the General Fund be reported as part of the General Fund. Therefore, in the Governmental Funds Statement of Assets and Liabilities and the Statement of Receipts, Disbursements and Changes in Fund Balances, the Unemployment, Retirement Reserve and Street Reserve Funds have been combined with the General Fund.

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

CITY OF MT. ANGEL, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), 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.

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, 2012. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Deferred Revenues (Continued)

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.

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 receipts are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

For reporting purposes, the General Fund also consists of the following activities:

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.

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

General Fund (Continued)

Street Reserve Fund

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

Special Revenue Funds

These funds account for receipts 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. The City has the following Special Revenue Funds:

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.

Housing Rehabilitation Fund

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

State Revenue Sharing Fund

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

Library Endowment Fund

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

Saalfeld Trust Fund

The Saalfeld family donated some land to the City to be used for a park. They also donated funds for the upkeep of the park.

Capital Projects Funds

Capital Improvement Fund

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

Transportation SDC Fund

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

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

ORGANIZATION AND OPERATION (Continued)

Governmental Fund Types (Continued)

Capital Projects Funds (Continued)

Parks Fund

This fund accounts for park fees and donations collected for park development.

Parks SDC Fund

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

Vehicle Replacement Fund

This fund accounts for money set aside by the City Council and designated for vehicle purchases.

Bancroft Sinking Fund

This fund accounts for collection of local improvement assessments. Since the underlying debt was retired the fund is use for capital projects.

Proprietary Fund Types

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.

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.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

ORGANIZATION AND OPERATION (Continued)

Proprietary Fund Types (Continued)

Enterprise Funds (Continued)

Sewer SDC Fund

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

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, 2012:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash		
Cash on hand	\$ 650	\$ 650
Deposits with financial institutions	101,816	101,816
Investments		
Local Government Investment Pool	4,741,560	4,741,560
	<u>\$ 4,844,026</u>	<u>\$ 4,844,026</u>

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) was \$101,816 and the bank balance was \$188,689. The difference is due to transactions in process. Bank deposits are secured 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.

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 unlimited insurance for the City's deposits with financial institutions for the aggregate of all non-interest bearing accounts and up to \$250,000 for the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). 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

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

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, 2012, none of the City's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

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, 2012, 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-load 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.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

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.

LONG-TERM OBLIGATIONS

Business-type fund activities long-term debt transactions for the year ended June 30, 2012 were as follows:

	<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2012</i>	<i>Next Year Requirements</i>
1992 Farmers Home Administration - \$1,250,000 original issue, payable payable \$81,325 annually, including interest at 5%	\$ 677,269	\$ -	\$ (47,462)	\$ 629,807	\$ 49,835

Required debt service reserves are maintained in the Revenue Bond Debt Service Fund. The City's reserves totaled \$140,435 as of June 30, 2012. The City was in compliance at June 30, 2012.

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>
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
2017-2022	354,439	55,179	409,618
	<u>\$ 629,807</u>	<u>\$ 186,436</u>	<u>\$ 816,243</u>

In prior years, the Sewer Reserve Fund loaned \$56,833 to the Bancroft Sinking Fund and \$147,319 to the Street Fund with variable interest based on the LGIP interest rate. The interfund loan activity for the year ended June 30, 2012 was as follows:

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

LONG-TERM OBLIGATIONS (Continued)

	<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Paid During Year</i>	<i>Outstanding June 30, 2012</i>	<i>Next Year Requirements</i>
Sewer Fund to Bancroft Sinking Fund	\$ 41,833	\$ -	\$ (6,779)	\$ 35,054	\$ 6,825
Sewer Fund to Street Fund	51,942	-	(40,014)	11,928	11,928
	<u>\$ 93,775</u>	<u>\$ -</u>	<u>\$ (46,793)</u>	<u>\$ 46,982</u>	<u>\$ 18,753</u>

The remaining balance of the interfund loan from the Sewer Reserve Fund to the Bancroft Sinking Fund will be repaid through interfund transfers as follows:

<i>Fiscal Year Ending June 30,</i>	
2013	\$ 6,825
2014	7,000
2015	7,000
2016	7,000
2017	7,229
	<u>\$ 35,054</u>

The remaining balance of the interfund loan from the Sewer Reserve Fund to the Street Fund is scheduled to be paid in full through interfund transfers during the year ending June 30, 2013.

PENSION PLAN

Plan Description

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

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) a cost-sharing multiple-employer defined benefit and defined contribution pension plan. OPSRP is effective for all employees hired on or after August 29, 2003. The City participates in the state and local government rate pool (SLGRP). 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, years of service, and a factor that varies based on type of service (general versus police or fire).

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

PENSION PLAN (Continued)

Plan Description (Continued)

The defined contribution portion of OPSRP is provided to all members who are PERS or OPSRP eligible. State statute requires that covered employees contribute 6.0% of their annual covered salary to the IAP plan effective January 1, 2004. Statute allows that the employer may elect to pay any or all of the employees' required IAP contributions. Those employees who had established a PERS membership prior to the creation of OPSRP will retain their existing PERS accounts, but member contributions made after the beginning of 2004 will be deposited into the member's IAP account.

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, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

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 12.99% of Tier1/Tier2 subject payroll and 1.12% of OPSRP general service and OPSRP police and fire subject payroll for the fiscal year ended June 30, 2012. This contribution rate was determined as part of the December 31, 2009 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation. Subject salary for the year was \$814,389 and the City's total payroll was \$918,927.

Annual Pension Cost

The City's contributions were equal to the annual required contributions. The City's annual contributions for the year ended June 30, 2012, 2011 and 2010, were as follows:

<u><i>Year Ended</i></u> <u><i>June 30,</i></u>	<u><i>Amount</i></u>	<u><i>% of Required</i></u> <u><i>Contribution</i></u>
2012	\$ 114,552	100%
2011	96,077	100%
2010	98,157	100%

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded accrued 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 6.9% in 2011 to 4.5% in 2029, and a consumer price inflation component of 2.75%.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

PENSION PLAN (Continued)

Annual Pension Cost (Continued)

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.

INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 210,776	\$ 107,875
Street Fund	50,000	35,000
Housing Rehabilitation Fund	-	350
State Revenue Sharing Fund	-	30,000
Saalfeld Trust Fund	19,078	-
Capital Improvement Fund	6,750	-
Parks Fund	37,000	30,828
Vehicle Replacement Fund	76,000	-
Boncroft Sinking Fund	8,000	-
Water Utility Fund	-	154,266
Sewer Utility Fund	-	294,085
Sewer Reserve Fund	84,800	-
Water Utility Reserve Fund	62,000	-
Revenue Bond Debt Service Fund	98,000	-
	<u>\$ 652,404</u>	<u>\$ 652,404</u>

Transfers are used to (1) move receipts 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.

CITY OF MT. ANGEL, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

CONTINGENCIES (Continued)

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.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2012 occurred as follows:

<u>Fund/Appropriation Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Parks			
Personal services	\$ 11,288	\$ 13,244	\$ (1,956)
Street			
Interfund loan repayment	33,338	40,014	(6,676)

NEW PRONOUNCEMENTS

The City will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.” This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement is effective for fiscal years beginning after June 15, 2012.

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

SUBSEQUENT EVENTS

The City follows the provisions of Accounting Standards Codification, "Subsequent Events" (ASC 855). ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 27, 2012, 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, 2012

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>
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%)
2010	4,098,119	3,915,133	(182,986)	105%	634,125	(29%)
2011	4,075,365	4,266,957	191,592	96%	814,389	24%

CITY OF MT. ANGEL, OREGON

**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS STATEMENT OF ASSETS
AND LIABILITIES (MODIFIED CASH BASIS) – GENERAL FUND
JUNE 30, 2012**

	<u>General Fund</u>	<u>Unemployment Reserve</u>	<u>Retirement Reserve</u>
ASSETS			
Cash and investments	\$ 785,450	\$ 30,153	\$ 107,215
Taxes receivable	50,600	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 836,050	\$ 30,153	\$ 107,215
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Payroll withhdings	\$ 322	\$ -	\$ -
Deferred revenue	50,600	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	50,922	-	-
Fund Balance:			
Committed to:			
Community development	-	-	-
Unassigned	785,128	30,153	107,215
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	785,128	30,153	107,215
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 836,050	\$ 30,153	\$ 107,215
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Street Reserve</u>	<u>Total (reported as General Fund)</u>
\$ 2,394	\$ 925,212
-	50,600
\$ 2,394	\$ 975,812
\$ -	\$ 322
-	50,600
-	50,922
2,394	2,394
-	922,496
2,394	924,890
\$ 2,394	\$ 975,812

CITY OF MT. ANGEL, OREGON**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS STATEMENT OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND BALANCES (MODIFIED CASH BASIS) – GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Unemployment Reserve</u>	<u>Retirement Reserve</u>
RECEIPTS			
Taxes and assessments	\$ 675,559	\$ -	\$ -
Fines and forfeitures	71,458	-	-
Licenses and permits	193,284	-	-
Fees for services	52,621	-	-
Intergovernmental	96,201	-	-
Miscellaneous	12,013	107	545
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	1,101,136	107	545
DISBURSEMENTS			
Current			
General government	155,214	2,407	-
Court and police	24,860	-	-
Community services and development	859,878	-	-
Public works	36,811	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Disbursements</i>	1,076,763	2,407	-
RECEIPTS OVER (UNDER) DISBURSEMENTS			
	<hr/>	<hr/>	<hr/>
	24,373	(2,300)	545
OTHER FINANCING SOURCES (USES)			
Transfers in	126,451	15,080	-
Transfers out	(107,875)	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources and Uses</i>	18,576	15,080	-
NET CHANGE IN FUND BALANCE			
	<hr/>	<hr/>	<hr/>
	42,949	12,780	545
FUND BALANCE, beginning of year			
	<hr/>	<hr/>	<hr/>
	742,179	17,373	106,670
FUND BALANCE, end of year			
	<hr/>	<hr/>	<hr/>
	\$ 785,128	\$ 30,153	\$ 107,215
	<hr/>	<hr/>	<hr/>

<u>Street Reserve</u>	<u>Total (reported as General Fund)</u>
\$ -	\$ 675,559
-	71,458
-	193,284
-	52,621
-	96,201
219	12,884
<hr/>	
219	1,102,007
-	157,621
-	24,860
-	859,878
-	36,811
91,083	91,083
<hr/>	
91,083	1,170,253
<hr/>	
(90,864)	(68,246)
<hr/>	
69,245	210,776
-	(107,875)
<hr/>	
69,245	102,901
<hr/>	
(21,619)	34,655
24,013	890,235
<hr/>	
\$ 2,394	\$ 924,890
<hr/> <hr/>	

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 625,500	\$ 625,500	\$ 675,559	\$ 50,059
Fines and forfeitures	49,850	49,850	71,458	21,608
Licenses and permits	177,500	177,500	193,284	15,784
Charges for services	58,083	58,083	52,621	(5,462)
Intergovernmental	65,740	65,740	96,201	30,461
Miscellaneous	18,100	22,200	12,013	(10,187)
<i>Total Receipts</i>	994,773	998,873	1,101,136	102,263
DISBURSEMENTS				
Current				
Administration	220,391	220,391	155,214	65,177
Planning	863,475	866,075	782,103	83,972
Building inspection	100,331	100,331	77,775	22,556
Law enforcement	29,777	29,777	24,860	4,917
Parks	42,483	42,483	36,811	5,672
Fire	345,434	345,434	-	345,434
<i>Total Disbursements</i>	1,601,891	1,604,491	1,076,763	527,728
RECEIPTS OVER (UNDER) DISBURSEMENTS	(607,118)	(605,618)	24,373	629,991
OTHER FINANCING SOURCES (USES)				
Transfers in	142,000	142,000	126,451	(15,549)
Transfers out	(99,395)	(100,895)	(107,875)	(6,980)
<i>Total Other Financing Sources and Uses</i>	42,605	41,105	18,576	(22,529)
NET CHANGE IN FUND BALANCE	(564,513)	(564,513)	42,949	607,462
FUND BALANCE, beginning of year	564,513	564,513	742,179	177,666
FUND BALANCE, end of year	\$ -	\$ -	\$ 785,128	\$ 785,128

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 100	\$ 100	\$ 107	\$ 7
DISBURSEMENTS				
Current				
Materials and services	30,933	30,933	2,407	28,526
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(30,833)	(30,833)	(2,300)	28,533
OTHER FINANCING SOURCES (USES)				
Transfers in	15,080	15,080	15,080	-
NET CHANGE IN FUND BALANCE	(15,753)	(15,753)	12,780	28,533
FUND BALANCE, beginning of year	15,753	15,753	17,373	1,620
FUND BALANCE, end of year	\$ -	\$ -	\$ 30,153	\$ 30,153

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, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 140	\$ 140	\$ 545	\$ 405
DISBURSEMENTS				
Current				
Personal services	108,908	108,908	-	108,908
NET CHANGE IN FUND BALANCE	(108,768)	(108,768)	545	109,313
FUND BALANCE, beginning of year	108,768	108,768	106,670	(2,098)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,215</u>	<u>\$ 107,215</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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 65	\$ 65	\$ 219	\$ 154
DISBURSEMENTS				
Capital outlay	93,400	93,400	91,083	2,317
RECEIPTS OVER (UNDER) DISBURSEMENTS	(93,335)	(93,335)	(90,864)	2,471
OTHER FINANCING SOURCES (USES)				
Transfers in	69,209	69,209	69,245	36
NET CHANGE IN FUND BALANCE	(24,126)	(24,126)	(21,619)	2,507
FUND BALANCE, beginning of year	24,126	24,126	24,013	(113)
FUND BALANCE, end of year	\$ -	\$ -	\$ 2,394	\$ 2,394

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Intergovernmental	\$ 170,000	\$ 170,000	\$ 201,788	\$ 31,788
Miscellaneous	200	1,700	3,719	2,019
<i>Total Receipts</i>	170,200	171,700	205,507	33,807
DISBURSEMENTS				
Current				
Personal services	94,793	94,793	68,787	26,006
Materials and services	82,130	82,130	78,349	3,781
Debt Service				
Interest	1,662	1,662	233	1,429
Capital outlay	25,000	31,000	6,000	25,000
Contingency	9,020	4,520	-	4,520
<i>Total Disbursements</i>	212,605	214,105	153,369	60,736
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,405)	(42,405)	52,138	94,543
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(35,000)	(35,000)	(35,000)	-
Interfund loan repayment	(33,338)	(33,338)	(40,014)	(6,676)
<i>Total Other Financing Sources and Uses</i>	(18,338)	(18,338)	(25,014)	(6,676)
NET CHANGE IN FUND BALANCE	(60,743)	(60,743)	27,124	87,867
FUND BALANCE, beginning of year	60,743	60,743	68,255	7,512
FUND BALANCE, end of year	\$ -	\$ -	\$ 95,379	\$ 95,379

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 50,350	\$ 50,350	\$ 8,582	\$ (41,768)
DISBURSEMENTS				
Current				
Materials and services	158,678	158,678	-	158,678
RECEIPTS OVER (UNDER) DISBURSEMENTS	(108,328)	(108,328)	8,582	116,910
OTHER FINANCING SOURCES (USES)				
Transfers out	(350)	(350)	(350)	-
NET CHANGE IN FUND BALANCE	(108,678)	(108,678)	8,232	116,910
FUND BALANCE, beginning of year	108,678	108,678	109,008	330
FUND BALANCE, end of year	\$ -	\$ -	\$ 117,240	\$ 117,240

OTHER SUPPLEMENTAL INFORMATION

CITY OF MT. ANGEL, OREGON

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

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	<i>Special Revenue</i>			
	<u><i>State Revenue Sharing</i></u>	<u><i>Library Endowment</i></u>	<u><i>Saalfeld Trust Fund</i></u>	<u><i>Capital Improvement</i></u>
ASSETS				
Cash and investments	\$ 14,981	\$ 8,805	\$ 10,305	\$ 265,734
Assessment liens receivable	-	-	-	-
<i>Total Assets</i>	<u>\$ 14,981</u>	<u>\$ 8,805</u>	<u>\$ 10,305</u>	<u>\$ 265,734</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
Fund Balance:				
Restricted for:				
Capital outlay	-	-	-	-
Parks	-	-	10,305	-
Committed to:				
Capital outlay	-	-	-	265,734
Community development	14,981	8,805	-	-
<i>Total Fund Balance</i>	<u>14,981</u>	<u>8,805</u>	<u>10,305</u>	<u>265,734</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 14,981</u>	<u>\$ 8,805</u>	<u>\$ 10,305</u>	<u>\$ 265,734</u>

Capital Projects

Transportation SDC	Parks Fund	Parks SDC	Vehicle Replacement	Bancroft Sinking	Total
\$ 47,003	\$ 33,655	\$ 2,318	\$ 195,928	\$ 6,769	\$ 585,498
-	-	-	-	18,019	18,019
\$ 47,003	\$ 33,655	\$ 2,318	\$ 195,928	\$ 24,788	\$ 603,517
-	-	-	-	18,019	18,019
47,003	-	2,318	-	-	49,321
-	-	-	-	-	10,305
-	-	-	195,928	6,769	468,431
-	33,655	-	-	-	57,441
47,003	33,655	2,318	195,928	6,769	585,498
\$ 47,003	\$ 33,655	\$ 2,318	\$ 195,928	\$ 24,788	\$ 603,517

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, 2012**

	<i>Special Revenue</i>			
	<i>State Revenue</i>	<i>Library Endowment</i>	<i>Saalfeld Trust Fund</i>	<i>Capital Improvement</i>
RECEIPTS				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	2,250	-	-	-
Intergovernmental	27,606	-	-	-
Miscellaneous	126	3,029	45	1,360
<i>Total Receipts</i>	29,982	3,029	45	1,360
DISBURSEMENTS				
Current				
General government	13,562	-	1,512	-
Court and police	-	-	-	-
Parks	-	-	-	-
Debt Service				
Interest	-	-	-	-
Capital outlay	-	-	7,306	19,368
<i>Total Disbursements</i>	13,562	-	8,818	19,368
RECEIPTS OVER (UNDER) DISBURSEMENTS	16,420	3,029	(8,773)	(18,008)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19,078	6,750
Transfers out	(30,000)	-	-	-
Interfund loan repayment	-	-	-	-
<i>Total Other Financing Sources and Uses</i>	(30,000)	-	19,078	6,750
NET CHANGE IN FUND BALANCE	(13,580)	3,029	10,305	(11,258)
FUND BALANCE, beginning of year	28,561	5,776	-	276,992
FUND BALANCE, end of year	\$ 14,981	\$ 8,805	\$ 10,305	\$ 265,734

Capital Projects

Transportation SDC	Parks Fund	Parks SDC	Vehicle Replacement	Bancroft Sinking	Total
\$ -	\$ -	\$ -	\$ -	\$ 5,242	\$ 5,242
1,310	-	55	-	-	3,615
-	-	-	-	-	27,606
236	8,111	11	755	13	13,686
1,546	8,111	66	755	5,255	50,149
-	-	-	-	-	15,074
-	-	-	10,059	-	10,059
-	24,385	-	-	-	24,385
-	-	-	-	221	221
-	-	-	-	-	26,674
-	24,385	-	10,059	221	76,413
1,546	(16,274)	66	(9,304)	5,034	(26,264)
-	37,000	-	76,000	8,000	146,828
-	(30,828)	-	-	-	(60,828)
-	-	-	-	(6,779)	(6,779)
-	6,172	-	76,000	1,221	79,221
1,546	(10,102)	66	66,696	6,255	52,957
45,457	43,757	2,252	129,232	514	532,541
\$ 47,003	\$ 33,655	\$ 2,318	\$ 195,928	\$ 6,769	\$ 585,498

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	\$ 500	\$ 500	\$ 2,250	\$ 1,750
Intergovernmental	26,250	26,250	27,606	1,356
Taxes and assessments	-	-	-	-
Miscellaneous	90	90	126	36
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	26,840	26,840	29,982	3,142
DISBURSEMENTS				
Current				
Materials and services	19,036	19,036	13,562	5,474
	<hr/>	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,804	7,804	16,420	8,616
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(30,000)	(30,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(22,196)	(22,196)	(13,580)	8,616
FUND BALANCE, beginning of year	22,196	22,196	28,561	6,365
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ -	\$ 14,981	\$ 14,981
	<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 – LIBRARY ENDOWMENT FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 2	\$ 2	\$ 3,029	\$ 3,027
DISBURSEMENTS				
Capital outlay	5,750	5,750	-	5,750
NET CHANGE IN FUND BALANCE	(5,748)	(5,748)	3,029	8,777
FUND BALANCE, beginning of year	5,748	5,748	5,776	28
FUND BALANCE, end of year	\$ -	\$ -	\$ 8,805	\$ 8,805

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL – SAALFELD TRUST FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 75	\$ 75	\$ 45	\$ (30)
DISBURSEMENTS				
Current				
Materials and services	5,980	5,980	1,512	4,468
Capital outlay	13,173	13,173	7,306	5,867
<i>Total Disbursements</i>	<u>19,153</u>	<u>19,153</u>	<u>8,818</u>	<u>10,335</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,078)	(19,078)	(8,773)	10,305
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>19,078</u>	<u>19,078</u>	<u>19,078</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	10,305	10,305
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,305</u>	<u>\$ 10,305</u>

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 800	\$ 800	\$ 1,360	\$ 560
DISBURSEMENTS				
Capital outlay	191,223	191,223	19,368	171,855
RECEIPTS OVER (UNDER) DISBURSEMENTS	(190,423)	(190,423)	(18,008)	172,415
OTHER FINANCING SOURCES (USES)				
Transfers in	6,750	6,750	6,750	-
NET CHANGE IN FUND BALANCE	(183,673)	(183,673)	(11,258)	172,415
FUND BALANCE, beginning of year	273,673	273,673	276,992	3,319
FUND BALANCE, end of year	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 265,734</u>	<u>\$ 175,734</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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 50	\$ 50	\$ 1,310	\$ 1,260
Miscellaneous	95	95	236	141
<i>Total Receipts</i>	145	145	1,546	1,401
DISBURSEMENTS				
Capital outlay	45,568	45,568	-	45,568
NET CHANGE IN FUND BALANCE	(45,423)	(45,423)	1,546	-
FUND BALANCE, beginning of year	45,423	45,423	45,457	34
FUND BALANCE, end of year	\$ -	\$ -	\$ 47,003	\$ 47,003

CITY OF MT. ANGEL, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - PARKS FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,124	\$ 1,124	\$ 8,111	\$ 6,987
DISBURSEMENTS				
Current				
Personal services	11,288	11,288	13,244	(1,956)
Materials and services	22,200	22,200	11,141	11,059
Capital outlay	6,500	6,500	-	6,500
Contingency	5,000	5,000	-	5,000
<i>Total Disbursements</i>	<u>44,988</u>	<u>44,988</u>	<u>24,385</u>	<u>20,603</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(43,864)	(43,864)	(16,274)	27,590
OTHER FINANCING SOURCES (USES)				
Transfers in	37,000	37,000	37,000	-
Transfers out	(30,828)	(30,828)	(30,828)	-
<i>Total Other Financing Sources and Uses</i>	<u>6,172</u>	<u>6,172</u>	<u>6,172</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(37,692)	(37,692)	(10,102)	-
FUND BALANCE, beginning of year	<u>37,692</u>	<u>37,692</u>	<u>43,757</u>	<u>6,065</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,655</u>	<u>\$ 33,655</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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 50	\$ 50	\$ 55	\$ 5
Miscellaneous	10	10	11	1
<i>Total Receipts</i>	60	60	66	6
DISBURSEMENTS				
Capital outlay	2,636	2,636	-	2,636
NET CHANGE IN FUND BALANCE	(2,576)	(2,576)	66	-
FUND BALANCE, beginning of year	2,576	2,576	2,252	(324)
FUND BALANCE, end of year	\$ -	\$ -	\$ 2,318	\$ 2,318

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL – VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 200	\$ 200	\$ 755	\$ 555
DISBURSEMENTS				
Capital outlay	205,294	205,294	10,059	195,235
RECEIPTS OVER (UNDER) DISBURSEMENTS	(205,094)	(205,094)	(9,304)	195,790
OTHER FINANCING SOURCES (USES)				
Transfers in	76,000	76,000	76,000	-
NET CHANGE IN FUND BALANCE	(129,094)	(129,094)	66,696	195,790
FUND BALANCE, beginning of year	129,094	129,094	129,232	138
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,928</u>	<u>\$ 195,928</u>

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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Taxes and assessments	\$ 3,025	\$ 3,025	\$ 5,242	\$ 2,217
Miscellaneous	10	10	13	3
<i>Total Receipts</i>	3,035	3,035	5,255	2,220
DISBURSEMENTS				
Debt service				
Interest	645	645	221	424
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	2,390	2,390	5,034	2,644
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	8,000	8,000	-
Interfund loan repayments	(10,423)	(10,423)	(6,779)	3,644
<i>Total Other Financing Sources and Uses</i>	(2,423)	(2,423)	1,221	3,644
NET CHANGE IN FUND BALANCE	(33)	(33)	6,255	6,288
FUND BALANCE, beginning of year	33	33	514	481
FUND BALANCE, end of year	\$ -	\$ -	\$ 6,769	\$ 6,769

CITY OF MT. ANGEL, OREGON

COMBINING STATEMENT OF FUND NET ASSETS (MODIFIED CASH BASIS) –

NONMAJOR PROPRIETARY FUNDS

JUNE 30, 2012

	<u><i>Revenue Bond Debt Service</i></u>	<u><i>Sewer Utility SDC</i></u>	<u><i>Storm Water SDC</i></u>
ASSETS			
<i>Current assets:</i>			
Cash and investments	\$ 140,435	\$ 235,057	\$ 18,302
LIABILITIES			
	-	-	
Invested in capital assets, net of related debt	-	-	-
Restricted for construction	-	235,057	18,302
Unrestricted	140,435	-	-
	-	-	
<i>Total Fund Net Assets</i>	<u>\$ 140,435</u>	<u>\$ 235,057</u>	<u>\$ 18,302</u>

Total

\$ 393,794

-

253,359

140,435

\$ 393,794

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, 2012**

	<u>Revenue Bond Debt Service</u>	<u>Sewer Utility SDC</u>	<u>Storm Water SDC</u>
OPERATING RECEIPTS	\$ -	\$ -	\$ -
OPERATING DISBURSEMENTS			
Materials and services	-	63	-
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	-	(63)	-
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Investment earnings	687	1,182	92
Debt service:			
Interest	(33,863)	-	-
<i>Total Nonoperating Receipts (Disbursements)</i>	<u>(80,638)</u>	<u>1,182</u>	<u>92</u>
INCOME BEFORE CONTRIBUTIONS	(80,638)	1,119	92
Transfers in	98,000	-	-
Capital contributions	-	1,250	96
CHANGE IN FUND NET ASSETS	17,362	2,369	188
FUND NET ASSETS, Beginning of year	<u>123,073</u>	<u>232,688</u>	<u>18,114</u>
FUND NET ASSETS, End of year	<u>\$ 140,435</u>	<u>\$ 235,057</u>	<u>\$ 18,302</u>

Total

\$ -

63

(63)

1,961

(33,863)

(79,364)

(79,427)

98,000

1,346

19,919

373,875

\$ 393,794

CITY OF MT. ANGEL, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL – WATER UTILITY FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 488,000	\$ 488,000	\$ 471,916	\$ (16,084)
Investment earnings	350	350	1,111	761
<i>Total Receipts</i>	488,350	488,350	473,027	(15,323)
DISBURSEMENTS				
Current				
Personal services	237,966	237,966	193,463	44,503
Materials and services	132,700	132,700	98,406	34,294
Capital outlay	28,500	28,500	10,173	18,327
Contingency	61,417	61,417	-	61,417
<i>Total Disbursements</i>	460,583	460,583	302,042	158,541
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,767	27,767	170,985	143,218
OTHER FINANCING SOURCES (USES)				
Transfers out	(166,600)	(166,600)	(154,266)	12,334
NET CHANGE IN FUND BALANCE	(138,833)	(138,833)	16,719	155,552
FUND BALANCE, beginning of year	138,833	138,833	176,656	37,823
FUND BALANCE, end of year	\$ -	\$ -	\$ 193,375	\$ 193,375

CITY OF MT. ANGEL, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - SEWER UTILITY FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 700,000	\$ 743,000	\$ 716,411	\$ (26,589)
Investment earnings	300	300	1,493	1,193
<i>Total Receipts</i>	700,300	743,300	717,904	(25,396)
DISBURSEMENTS				
Current				
Personal services	284,363	284,363	254,691	29,672
Materials and services	97,100	97,100	70,653	26,447
Capital outlay	90,000	133,000	117,179	15,821
Contingency	82,132	82,132	-	82,132
<i>Total Disbursements</i>	553,595	596,595	442,523	154,072
RECEIPTS OVER (UNDER) DISBURSEMENTS	146,705	146,705	275,381	128,676
OTHER FINANCING SOURCES (USES)				
Transfers out	(297,300)	(297,300)	(294,085)	3,215
NET CHANGE IN FUND BALANCE	(150,595)	(150,595)	(18,704)	131,891
FUND BALANCE, beginning of year	150,595	150,595	260,651	110,056
FUND BALANCE, end of year	\$ -	\$ -	\$ 241,947	\$ 241,947

CITY OF MT. ANGEL, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL – WATER UTILITY RESERVE FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Investment earnings	\$ 2,000	\$ 2,000	\$ 4,042	\$ 2,042
DISBURSEMENTS				
Current				
Materials and services	200	200	-	200
Capital outlay	839,707	839,707	-	839,707
<i>Total Disbursements</i>	<u>839,907</u>	<u>839,907</u>	<u>-</u>	<u>839,907</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(837,907)	(837,907)	4,042	841,949
OTHER FINANCING SOURCES (USES)				
Transfers in	62,000	62,000	62,000	-
NET CHANGE IN FUND BALANCE	(775,907)	(775,907)	66,042	841,949
FUND BALANCE, beginning of year	<u>775,907</u>	<u>775,907</u>	<u>776,615</u>	<u>708</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 842,657</u>	<u>\$ 842,657</u>

CITY OF MT. ANGEL, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL – SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Investment earnings	\$ 6,082	\$ 6,082	\$ 5,211	\$ (871)
DISBURSEMENTS				
Current				
Materials and services	200	200	-	200
Capital outlay	1,026,586	1,026,586	2,000	1,024,586
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(1,020,704)	(1,020,704)	3,211	1,023,915
OTHER FINANCING SOURCES (USES)				
Transfers in	84,800	84,800	84,800	-
Interfund loan repayment	38,167	38,167	46,793	8,626
<i>Total Other Financing Sources and Uses</i>	<u>122,967</u>	<u>122,967</u>	<u>131,593</u>	<u>8,626</u>
NET CHANGE IN FUND BALANCE	(897,737)	(897,737)	134,804	1,032,541
FUND BALANCE, beginning of year	<u>897,737</u>	<u>897,737</u>	<u>898,264</u>	<u>527</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,033,068</u>	<u>\$ 1,033,068</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL – REVENUE BOND DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Investment earnings	\$ 200	\$ 200	\$ 687	\$ 487
DISBURSEMENTS				
Debt service				
Principal	33,863	33,863	47,462	(13,599)
Interest	177,269	177,269	33,863	143,406
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(210,932)	(210,932)	(80,638)	130,294
OTHER FINANCING SOURCES (USES)				
Transfers in	98,000	98,000	98,000	-
NET CHANGE IN FUND BALANCE				
	(112,932)	(112,932)	17,362	130,294
FUND BALANCE, beginning of year				
	122,932	122,932	123,073	141
FUND BALANCE, end of year				
	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 140,435</u>	<u>\$ 130,435</u>

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - WATER UTILITY SDC FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 50	\$ 50	\$ 4,993	\$ 4,943
Investment earnings	1,400	1,400	2,042	642
<i>Total Receipts</i>	1,450	1,450	7,035	5,585
DISBURSEMENTS				
Current				
Materials and services	398,596	398,596	-	398,596
NET CHANGE IN FUND BALANCE	(397,146)	(397,146)	7,035	404,181
FUND BALANCE, beginning of year	397,146	397,146	399,083	1,937
FUND BALANCE, end of year	\$ -	\$ -	\$ 406,118	\$ 406,118

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - SEWER SDC FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 50	\$ 50	\$ 1,250	\$ 1,200
Investment earnings	900	900	1,182	282
<i>Total Receipts</i>	950	950	2,432	1,482
DISBURSEMENTS				
Current				
Materials and services	233,449	233,449	63	233,386
NET CHANGE IN FUND BALANCE	(232,499)	(232,499)	2,369	234,868
FUND BALANCE, beginning of year	232,499	232,499	232,688	189
FUND BALANCE, end of year	\$ -	\$ -	\$ 235,057	\$ 235,057

CITY OF MT. ANGEL, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - STORM SDC FUND
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Licenses and permits	\$ 50	\$ 50	\$ 96	\$ 46
Investment earnings	45	45	92	47
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	95	95	188	93
DISBURSEMENTS				
Capital outlay	18,201	18,201	-	18,201
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(18,106)	(18,106)	188	18,294
FUND BALANCE, beginning of year	18,106	18,106	18,114	8
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ -	\$ -	\$ 18,302	\$ 18,302
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

OTHER SCHEDULES

CITY OF MT. ANGEL, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2012

<u>Tax Year</u>	<u>2011-2012 Levy</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Added To Rolls</u>	<u>Interest, Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ 683,595	\$ -	\$ 80	\$ (19,743)	\$ (639,334)	\$ 24,598
2010-2011	-	27,623	3	(2,755)	(11,840)	13,031
2009-2010	-	13,973	-	(2,249)	(3,946)	7,778
2008-2009	-	7,295	-	(63)	(4,310)	2,922
2007-2008	-	2,217	-	(29)	(1,531)	657
2006-2007	-	517	-	(32)	(117)	368
2005-2006	-	297	-	(19)	(46)	232
Prior years	-	1,078	-	(13)	(51)	1,014
Total	<u>\$ 683,595</u>	<u>\$ 53,000</u>	<u>\$ 83</u>	<u>\$ (24,903)</u>	<u>\$ (661,175)</u>	<u>\$ 50,600</u>

CITY OF MT. ANGEL, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2012

	<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
			<i>Unmatured Interest</i>
	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>July 1, 2011</i></u>
<i>INTEREST TRANSACTIONS</i>			
1992 FHA Loan	5.0%	1992	<u><u>\$ 220,299</u></u>

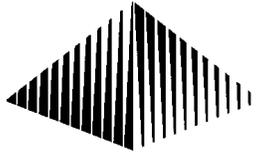
<i>Outstanding July 1, 2011</i>	<i>Loans Issued</i>	<i>Loans Paid</i>	<i>Outstanding June 30, 2012</i>
\$ 677,269	\$ -	\$ (47,462)	\$ 629,807

<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2012</i>
\$ -	\$ (33,863)	\$ 186,436

CITY OF MT. ANGEL, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
JUNE 30, 2012

<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>
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>\$ 629,807</u>	<u>\$ 186,436</u>	<u>\$ 816,243</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
P.O. Box 960
Mt. Angel, Oregon 97362

We have audited the basic financial statements of the City of Mt. Angel, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated December 27, 2012. 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 as follows:

- 1) The City does not maintain historical cost or depreciation records for capital assets.
- 2) Overexpenditures as indicated in the notes to the financial statements.
- 3) The City should consider changing the classification of their interfund loan repayments. Currently, the loan repayments in the Street and Bancroft Sinking Funds are budgeted as materials and services. A better classification would be to classify the repayments as either transfers out or other financing uses.
- 4) The City may not have been in compliance with ORS chapters 223.297 to 223.314 as it relates to the planning and accounting for system development charges (SDC's).

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.

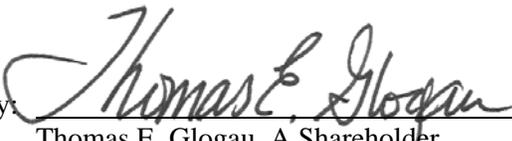
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies 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 27, 2012.

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: 
Thomas E. Glogau, A Shareholder
December 27, 2012