

City of Amity

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***CITY OF AMITY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2004***

CITY OF AMITY, OREGON
CITY OFFICIALS
JUNE 30, 2004

<u>MAYOR</u>	<u>Term Expires</u>
Robert Wiro P.O. Box 159 Amity, Oregon 97101	January 1, 2005
<u>COUNCIL MEMBERS</u>	
Rudy van Soolen c/o P.O. Box 159 Amity, Oregon 97101	January 1, 2005
Robert Hantke c/o P.O. Box 159 Amity, Oregon 97101	January 1, 2007
Lisa Prado c/o P.O. Box 159 Amity, Oregon 97101	January 1, 2005
Terri Druery c/o P.O. Box 159 Amity, Oregon 97101	January 1, 2005
Walter Homen c/o P.O. Box 159 Amity, Oregon 97101	January 1, 2007
James Clark c/o P.O. Box 159 Amity, Oregon 97101	January 1, 2007

CITY STAFF

City Attorney

John Beckfield
P.O. Box 159
Amity, Oregon 97101

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Wiro, Mayor
and Members of the City Council
City of Amity, Oregon

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Amity, Oregon, as of June 30, 2004, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

Except as noted below, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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.

In our opinion, except for the matters discussed below, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Amity, Oregon, as of June 30, 2004, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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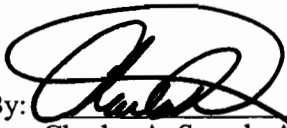
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The required supplementary information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited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

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Amity's basic financial statements. The individual fund financial statements and schedules are listed in the table of contents as supplemental information and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in the notes to the financial statements.

GROVE, MUELLER & SWANK, PC
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Charles A. Swank, A Shareholder
January 24, 2005

BASIC FINANCIAL STATEMENTS

CITY OF AMITY, OREGON
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2004

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 145,434	\$ 177,728	\$ 323,162
Property taxes receivable	11,402	-	11,402
Capital assets	750,564	7,659,900	8,410,464
<i>Total Assets</i>	<u>907,400</u>	<u>7,837,628</u>	<u>8,745,028</u>
LIABILITIES			
Deferred revenue	11,402	-	11,402
Noncurrent liabilities:			
Due within one year:			
Loan payable	-	144,330	144,330
Bonds payable	-	16,396	16,396
Due in more than one year:			
Loan payable	-	3,293,547	3,293,547
Bonds payable	-	118,962	118,962
<i>Total Liabilities</i>	<u>11,402</u>	<u>3,573,235</u>	<u>3,584,637</u>
NET ASSETS			
Investment in capital assets (net of related debt)	750,564	4,086,665	4,837,229
Fund net assets			
Restricted	90,528	-	90,528
Unrestricted	54,906	177,728	232,634
<i>Total Fund Net Assets</i>	<u>145,434</u>	<u>177,728</u>	<u>323,162</u>
<i>Total Net Assets</i>	<u>\$ 895,998</u>	<u>\$ 4,264,393</u>	<u>\$ 5,160,391</u>

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

CITY OF AMITY, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2004

		Program Receipts		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Disbursements			
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 121,757	\$ 23,351	\$ -	\$ -
Community development	23,826	-	-	-
Street	76,727	65,621	53,609	-
Parks	6,093	11,218	-	-
Library	12,470	-	-	-
Public safety	244,453	29,008	57,440	-
<i>Total governmental activities</i>	<u>485,326</u>	<u>129,198</u>	<u>111,049</u>	<u>-</u>
Business-type activities:				
Sewer	404,525	279,667	-	-
Water	2,986,245	294,085	-	770,189
<i>Total business-type activities</i>	<u>3,390,770</u>	<u>573,752</u>	<u>-</u>	<u>770,189</u>
<i>Total activities</i>	<u>\$ 3,876,096</u>	<u>\$ 702,950</u>	<u>\$ 111,049</u>	<u>\$ 770,189</u>
General receipts:				
Property taxes				
Franchise fees				
Intergovernmental				
Loan proceeds				
Miscellaneous				
<i>Total general receipts</i>				
Change in fund net assets				
<i>Fund net assets, July 1, 2003</i>				
<i>Fund net assets, June 30, 2004</i>				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (98,406)	\$ -	\$ (98,406)
(23,826)	-	(23,826)
42,503	-	42,503
5,125	-	5,125
(12,470)	-	(12,470)
(158,005)	-	(158,005)
<u>(245,079)</u>	<u>-</u>	<u>(245,079)</u>
-	(124,858)	(124,858)
-	(1,921,971)	(1,921,971)
<u>-</u>	<u>(2,046,829)</u>	<u>(2,046,829)</u>
(245,079)	(2,046,829)	(2,291,908)
154,065	-	154,065
51,618	-	51,618
25,316	-	25,316
-	2,047,885	2,047,885
22,080	35,621	57,701
<u>253,079</u>	<u>2,083,506</u>	<u>2,336,585</u>
8,000	36,677	44,677
137,434	141,051	278,485
<u>\$ 145,434</u>	<u>\$ 177,728</u>	<u>\$ 323,162</u>

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

CITY OF AMITY, OREGON**STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS****JUNE 30, 2004**

	<u>General</u>	<u>Street</u>
ASSETS		
Cash and investments	\$ 36,697	\$ 85,110
Property taxes receivable	11,402	-
	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 48,099</u>	<u>\$ 85,110</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenue	\$ 11,402	\$ -
	<hr/>	<hr/>
<i>Total Liabilities</i>	11,402	-
Fund Balances		
Unreserved, reported in:		
General fund	36,697	-
Special revenue funds	-	85,110
	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>36,697</u>	<u>85,110</u>
	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 48,099</u>	<u>\$ 85,110</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 23,627	\$ 145,434
-	11,402
<u>\$ 23,627</u>	<u>\$ 156,836</u>
\$ -	\$ 11,402
-	11,402
-	36,697
23,627	108,737
<u>23,627</u>	<u>145,434</u>
<u>\$ 23,627</u>	<u>\$ 156,836</u>

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

CITY OF AMITY, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Street</u>
RECEIPTS		
Taxes and assessments	\$ 154,065	\$ -
Licenses and permits	34,569	-
Intergovernmental	134,374	119,230
Fines and forfeitures	23,450	-
Miscellaneous	22,018	35
	<hr/>	<hr/>
<i>Total Receipts</i>	368,476	119,265
DISBURSEMENTS		
Current		
General government	119,719	-
Community development	23,826	-
Street	-	53,492
Parks	6,093	-
Library	12,470	-
Public safety	233,572	-
Capital outlay	2,038	22,369
Debt service	-	866
	<hr/>	<hr/>
<i>Total Disbursements</i>	397,718	76,727
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,242)	42,538
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(1,000)	(6,200)
	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(1,000)	(6,200)
NET CHANGE IN FUND BALANCES	(30,242)	36,338
FUND BALANCES, Beginning of year	66,939	48,772
	<hr/>	<hr/>
FUND BALANCES, End of year	\$ 36,697	\$ 85,110
	<hr/>	<hr/>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 154,065
-	34,569
5,558	259,162
-	23,450
27	22,080
<hr/>	
5,585	493,326
-	119,719
-	23,826
-	53,492
-	6,093
-	12,470
10,881	244,453
-	24,407
-	866
<hr/>	
10,881	485,326
<hr/>	
(5,296)	8,000
7,200	7,200
-	(7,200)
<hr/>	
7,200	-
<hr/>	
1,904	8,000
21,723	137,434
<hr/>	
\$ 23,627	\$ 145,434
<hr/>	

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

CITY OF AMITY, OREGON**STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - ENTERPRISE FUNDS****JUNE 30, 2004**

	<u>Sewer</u>	<u>Water</u>	<u>Water Capital Project</u>
ASSETS			
Cash and investments	\$ 35,600	\$ -	\$ -
Due from other funds	107,860	(94,196)	(13,664)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$ 143,460</u>	<u>\$ (94,196)</u>	<u>\$ (13,664)</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
Fund Balances			
Unreserved (Deficit)	143,460	(94,196)	(13,664)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>143,460</u>	<u>(94,196)</u>	<u>(13,664)</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 143,460</u>	<u>\$ (94,196)</u>	<u>\$ (13,664)</u>

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 142,128	\$ 177,728
-	-
<u>\$ 142,128</u>	<u>\$ 177,728</u>
\$ -	\$ -
142,128	177,728
<u>142,128</u>	<u>177,728</u>
<u>\$ 142,128</u>	<u>\$ 177,728</u>

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

CITY OF AMITY, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2004**

	<u>Sewer</u>	<u>Water</u>	<u>Water Capital Project</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	247,022	219,433	-
Intergovernmental	-	-	770,189
Miscellaneous	10,169	25,201	-
	<u>257,191</u>	<u>244,634</u>	<u>770,189</u>
<i>Total Receipts</i>	257,191	244,634	770,189
DISBURSEMENTS			
Personal services	88,458	112,168	-
Materials and services	104,985	128,575	142,486
Capital outlay	45,910	12,827	2,434,634
Debt service	3,900	3,900	-
	<u>243,253</u>	<u>257,470</u>	<u>2,577,120</u>
<i>Total Disbursements</i>	243,253	257,470	2,577,120
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,938	(12,836)	(1,806,931)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	2,047,885
Transfers in	-	-	145,503
Transfers out	(98,000)	(180,503)	-
	<u>(98,000)</u>	<u>(180,503)</u>	<u>2,193,388</u>
<i>Total Other Financing Sources (Uses)</i>	(98,000)	(180,503)	2,193,388
NET CHANGE IN FUND BALANCES	(84,062)	(193,339)	386,457
FUND BALANCES(Deficit), Beginning of year	<u>227,522</u>	<u>99,143</u>	<u>(400,121)</u>
FUND BALANCES (Deficit), End of year	<u>\$ 143,460</u>	<u>\$ (94,196)</u>	<u>\$ (13,664)</u>

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 59,590	\$ 59,590
47,707	514,162
-	770,189
251	35,621
107,548	1,379,562
-	200,626
-	376,046
76,171	2,569,542
236,756	244,556
312,927	3,390,770
(205,379)	(2,011,208)
-	2,047,885
133,000	278,503
-	(278,503)
133,000	2,047,885
(72,379)	36,677
214,507	141,051
<u>\$ 142,128</u>	<u>\$ 177,728</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Amity, Oregon (the "City") is governed by an elected mayor and six council members who comprise the City Council. The City provides various services as authorized by its charter, including water and sewer utilities.

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 basic financial statements.

Basic Financial Statements

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

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

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental fund types (general and special revenue) and proprietary type funds (enterprise). Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

Basis of Presentation

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

The City reports the following major governmental funds:

General Fund

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

Street Fund

This fund accounts for street maintenance and improvements. Primary source of receipts are from motor vehicle fuel taxes and disbursements are for street maintenance and improvements.

The City reports the following nonmajor funds:

911 Fund

This fund accounts for 911 revenue. Principal receipts are from 911 revenue received and transfers in. Primary disbursements are for dispatch services.

Police Equipment Fund

This fund accounts for money set aside for police equipment. Principal receipts are from transfers in and primary disbursements are for police equipment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Sidewalk Reserve Fund

This fund accounts for money set aside for sidewalk repairs. Principal receipts are from transfers in and primary disbursements are for sidewalk repairs and improvements.

The City reports the following major proprietary funds. These funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following proprietary funds as major funds:

Sewer Fund

This fund accounts for the operation of the City's sewer system.

Water Fund

This fund accounts for the operation of the City's water system.

OECDL Debt (Water Capital Project)

This fund accounts for the accumulation of resources and payment of principal and interest on the OECDL loan. Interest earnings and transfers from other funds are the primary source of receipts.

The City reports the following proprietary funds as nonmajor:

Sewer Bond Fund

This fund accounts for sewer debt service activity. Principal receipts are from transfers in and primary disbursements are for sewer debt service.

Sewer Reserve Fund

This fund accounts for money set aside for future uses. Principal receipts are from transfers in and primary disbursements are for capital outlay.

Sewer SDC

This fund accounts for the collection and use of Sewer SDC charges. Principal receipts are from SDC charges collected and primary disbursements are for system development.

Water Bond Fund

This fund accounts for water debt service activity. Principal receipts are from transfers in and primary disbursements are for water debt services.

Water Reserve Fund

This fund accounts for money set aside for future purposes. Principal receipts are from transfers in and primary disbursements are for capital outlay.

Water SDC

This fund accounts for the collection and use of Water SDC revenue. Principal receipts are from SDC charges collected and primary disbursements are for system development.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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, 2004. Actual results may differ from such estimates.

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 tax receivables are offset by deferred revenue and, accordingly, have not been recorded as revenues.

Capital Assets

Capital assets (items costing more than \$500 and lasting more than one year) are reported in the applicable governmental or business-type activities of the government-wide financial statements. In the fund statements, capital assets are charged as expenditures as purchased. Capital assets are recorded at cost or estimated historical cost where records are available. Donated assets are recorded at estimated market value at date of donation. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is recorded for business-type activities. Interest is not capitalized as a cost of construction of fixed assets.

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

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid. The amount payable for accumulated unpaid vacation and earned but unpaid sick pay at June 30, 2004 was \$33,905.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The City adopts the budget on a department basis for the General Fund, and an object basis for other funds. Therefore, cash disbursements of a fund may not legally exceed that fund's appropriations for specific departments or objects. 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.

CASH AND INVESTMENTS

Cash and investments are reflected on the Statement of Net Assets (Modified Cash Basis) at June 30, 2004 as follows:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 200	\$ 200
Deposits with financial institutions	75,466	75,466
Investments		
Local Government Investment Pool	247,496	247,249
	<u>\$ 323,162</u>	<u>\$ 322,915</u>

Deposits

The City's deposits are categorized below to give an indication of the level of risk. Category 1 are deposits that are insured or collateralized with securities held by the City or by an agent of the City in the City's name. Category 2 are deposits that are collateralized with securities that are held by the pledging financial institution's trust department (City's counterparty) or agent in the City's name. Category 3 are deposits that are not collateralized.

At year end, the book balance of the City's bank deposits (checking accounts) is \$75,466 and the bank balance is \$103,831. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes. Oregon statutes require each depository, throughout the period of its possession of public funds, to maintain on deposit securities having a value not less than 25% of the certificates issued by its collateral pool manager. At June 30, 2004, \$100,000 of the City's deposits were category 1, and \$3,831 were category 3.

Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

CASH AND INVESTMENTS (Continued)

Investments (continued)

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, 2004, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was equal to 99.9% of the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to classification. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2004 is as follows:

	<i>Balances</i> <i>July 1,</i> <i>2003</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances</i> <i>June 30,</i> <i>2004</i>
Plant, Property and Equipment				
Sewer Fund	\$ 959,794	\$ 2,434,634	\$ -	\$ 3,394,428
Water Fund	4,182,975	82,497	-	4,265,472
	<u>\$ 5,142,769</u>	<u>\$ 2,517,131</u>	<u>\$ -</u>	<u>\$ 7,659,900</u>

The changes in the capital assets for governmental activities for the year ended June 30, 2004 are as follows:

	<i>Balances</i> <i>July 1,</i> <i>2003</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances</i> <i>June 30,</i> <i>2004</i>
Land and buildings	\$ 262,667	\$ 2,038	\$ -	\$ 264,705
Equipment	411,080	74,779	-	485,859
	<u>\$ 673,747</u>	<u>\$ 76,817</u>	<u>\$ -</u>	<u>\$ 750,564</u>

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

PENSION PLAN

City employees participate in the Oregon Public Employee's Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan. All the City employees are eligible to participate in the system after completing six months of service. Total payroll was \$285,637 and covered payroll was \$248,244 for the year ended June 30, 2004. PERS is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238. The PERS retirement allowance, payable monthly for life, may be selected from twelve retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 73, Portland, Oregon 97207-0073.

For fiscal year 2003-04, the City's annual pension cost of \$39,539 for PERS was equal to the City's required and actual contributions. The required contributions and liabilities were determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. Because all PERS employers are required by law to submit the contributions adopted by the Retirement Board, and the employer contributions are calculated in conformance with the standards of Statement No. 27, there is no net pension obligation. The contributions actually made are the equivalent to the annual pension cost. Significant actuarial assumptions used in the valuation include (1) a rate of return on the investment of present and future assets of 8.5% per year; (b) projected annual salary increases for inflation and merit of 4.25% per year; (c) projected automatic post-retirement benefit increases of 2.0% per year; and (d) demographic assumptions that have been chosen to reflect the best estimate of emerging experience of the members of PERS. The unfunded actuarial liability is amortized as a level percentage of covered payroll over a thirty year period on an open basis.

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

<i>Fiscal Year Ending</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2002	\$ 19,733	100%	\$ -
2003	35,859	100	-
2004	39,539	100	-

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

LONG-TERM DEBT

Proprietary fund long-term debt transactions for the year ended June 30, 2004 were as follows:

	<u>Original Issue</u>	<u>Balance July 1, 2003</u>	<u>Issued</u>
Sewer system revenue bonds series 1967 due in annual installments of \$5,000 to \$6,000 including interest at 5.0% through 2007	\$ 138,000	\$ 24,000	\$ -
Water system revenue bonds, series 1970 due in annual installments of \$4,407 including interest at 5.0% through 2010	75,000	25,376	-
Water system revenue bonds, series 1974 due in annual installments of \$2,964 including interest at 5.0% through 2014	50,000	24,993	-
Water system revenue bonds, series 1975 due in annual installments of \$4,742 including interest at 5.0% through 2015	80,000	41,808	-
Water system revenue bonds, series 1975 due in annual installments of \$4,150 including interest at 5.0% through 2015	70,000	36,476	-
Oregon Economic & Community Development Department Water Master Plan loan, due in annual installments of \$3,385 including interest at 6.0%	18,894	11,728	-
State Revolving Fund, due in annual installments of \$53,011 including interest at 1.0%	1,368,084	1,368,084	-
State Revolving Fund, wastewater improvement project due in due in annual installments of \$150,000 to \$145,000 including interest from 3.0% to 5.0%.	2,131,220	83,335	2,047,885
Government Capital Corporation long term lease for four excavators and trailer due in annual installments of \$8,666 including interest at 5%	43,330	29,881	-
		<u>\$ 1,645,681</u>	<u>\$ 2,047,885</u>

<i><u>Principal Paid</u></i>	<i><u>Balance June 30, 2004</u></i>	<i><u>Next Year Requirement</u></i>
\$ 6,000	\$ 18,000	\$ 6,000
3,990	21,386	3,338
1,813	23,180	1,805
2,926	38,882	2,798
2,566	33,910	2,455
2,681	9,047	2,842
39,330	1,328,754	79,844
54,092	2,077,128	54,365
6,933	22,948	7,279
<u>\$ 120,331</u>	<u>\$ 3,573,235</u>	<u>\$ 160,726</u>

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

LONG-TERM DEBT (Continued)

Future maturities of unmatured principal and interest for the fiscal years ending June 30 are as follows. This schedule assumes 100% drawdown of the OECD Wastewater Improvement loan.

<u>Year</u>	<u>Total</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2004-05	\$ 160,726	\$ 122,108	\$ 282,834
2005-06	122,738	105,509	228,247
2006-07	129,541	102,112	231,653
2007-08	113,603	98,294	211,897
2008-09	114,925	95,472	210,397
2010-2014	611,462	430,310	1,041,772
2015-2019	648,171	338,106	986,277
2020-2024	755,204	224,678	979,882
2025-2029	760,970	77,352	838,322
2030-2032	155,895	3,127	159,022
Totals	<u>\$ 3,573,235</u>	<u>\$ 1,597,068</u>	<u>\$ 5,170,303</u>

ENTERPRISE FUND DISCLOSURES

The following disclosures of certain information concerning individual funds is required by accounting principles generally accepted in the United States of America as part of the basic financial statements.

The City maintains ten Enterprise Funds which provide sewer and water services. Segment information for fiscal year 2004 was as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Receipts	\$ 387,947	\$ 3,318,003	\$ 3,705,950
Disbursements	502,525	3,166,748	3,669,273
Excess (deficiency) of receipts over disbursements	(114,578)	151,255	36,677
Total assets	3,610,873	4,226,755	7,837,628
Total liabilities	29,474	3,543,761	3,573,235
Total fund balances	3,581,399	682,994	4,264,393

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2004

TRANSFERS

	In	Out
General	\$ -	\$ 1,000
Street	-	6,200
Police Equipment	1,000	-
Sidewalk reserve	1,200	-
Street Reserve	5,000	-
Water	-	180,503
Water Bond	34,000	-
Water Reserve	1,000	-
OECD Grant	145,503	-
Sewer	-	98,000
Sewer Bond	78,000	-
Sewer Equipment	20,000	-
	<u>\$ 285,703</u>	<u>\$ 285,703</u>

OVER-EXPENDITURE OF APPROPRIATIONS AND DEFICIT FUND BALANCES

The City had the following appropriation over-expenditures during the year:

<i>Fund</i>	<i>Department/Category</i>	<i>Amount</i>
General	Community development and planning	\$ 1,026
Water	Materials and services	27,375
	Capital outlay	1,827
Water SDC	Capital outlay	13,258
Sewer	Materials and services	17,435
Sewer Bonded Debt	Debt service	772

At June 30, 2004, the Water Capital Projects Fund had an accumulated deficit of \$13,664, the Water Fund had an accumulated deficit of \$94,196, and the Sewer Bonded Debt had an accumulated deficit of \$66,733.

CITY OF AMITY, OREGON
SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2004

The following presents three-year trend information 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>
12/31/97	\$ 406,148	\$ 358,409	\$ (47,739)	113%	\$ 176,687	(27)%
12/31/99	905,182	806,816	(98,366)	112	166,865	(59)
12/31/01	906,533	941,986	35,453	96	204,015	17

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Taxes and assessments	\$ 131,131	\$ 131,131	\$ 154,065	\$ 22,934
Licenses and permits	87,100	87,100	34,569	(52,531)
Intergovernmental	138,960	138,960	134,374	(4,586)
Fines and forfeitures	71,330	71,330	23,450	(47,880)
Miscellaneous	9,400	9,400	22,018	12,618
<i>Total Receipts</i>	437,921	437,921	368,476	(69,445)
DISBURSEMENTS				
Administration	130,895	130,895	119,033	11,862
Community development and planning	22,800	22,800	23,826	(1,026)
Land and building	3,150	3,150	2,724	426
Municipal court	67,405	67,405	31,717	35,688
Library	14,495	14,495	12,470	2,025
Parks	9,815	9,815	6,093	3,722
Police	243,670	243,670	201,855	41,815
Contingency	10,000	10,000	-	10,000
<i>Total Disbursements</i>	502,230	502,230	397,718	104,512
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(64,309)	(64,309)	(29,242)	35,067
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(1,000)	-
NET CHANGE IN FUND BALANCE	(65,309)	(65,309)	(30,242)	35,067
FUND BALANCE, Beginning of year	120,000	120,000	66,939	(53,061)
FUND BALANCE, End of year	\$ 54,691	\$ 54,691	\$ 36,697	\$ (17,994)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 80,263	\$ 80,263	\$ 119,230	\$ 38,967
Miscellaneous	1,375	1,375	35	(1,340)
<i>Total Receipts</i>	81,638	81,638	119,265	37,627
DISBURSEMENTS				
Personal services	29,427	29,427	19,438	9,989
Materials and services	34,300	34,300	34,054	246
Capital outlay	25,000	25,000	22,369	2,631
Debt service	867	867	866	1
Contingency	2,000	2,000	-	2,000
<i>Total Disbursements</i>	91,594	91,594	76,727	14,867
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(9,956)	(9,956)	42,538	52,494
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,200)	(6,200)	(6,200)	-
NET CHANGE IN FUND BALANCE	(16,156)	(16,156)	36,338	52,494
FUND BALANCE, Beginning of year	25,000	25,000	48,772	23,772
FUND BALANCE, End of year	\$ 8,844	\$ 8,844	\$ 85,110	\$ 76,266

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2004**

	<u>911</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
ASSETS			
Cash and investments	\$ 418	\$ 14,605	\$ 3,604
<i>Total Assets</i>	<u>\$ 418</u>	<u>\$ 14,605</u>	<u>\$ 3,604</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
Fund Balances			
Unreserved, reported in:			
Special revenue funds	<u>418</u>	<u>14,605</u>	<u>3,604</u>
<i>Total Fund Balances</i>	<u>418</u>	<u>14,605</u>	<u>3,604</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 418</u>	<u>\$ 14,605</u>	<u>\$ 3,604</u>

<i><u>Street Reserve</u></i>	<i><u>Totals</u></i>
\$ 5,000	\$ 23,627
<u>\$ 5,000</u>	<u>\$ 23,627</u>
\$ -	\$ -
 5,000	 23,627
<u>5,000</u>	<u>23,627</u>
<u>\$ 5,000</u>	<u>\$ 23,627</u>

CITY OF AMITY, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2004**

	<u>911</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
RECEIPTS			
Intergovernmental	\$ 5,558	\$ -	\$ -
Miscellaneous	6	18	3
	<u>5,564</u>	<u>18</u>	<u>3</u>
<i>Total Receipts</i>	5,564	18	3
DISBURSEMENTS			
Public safety	10,881	-	-
	<u>10,881</u>	<u>-</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,317)	18	3
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,000	1,200
	<u>-</u>	<u>1,000</u>	<u>1,200</u>
NET CHANGE IN FUND BALANCES	(5,317)	1,018	1,203
FUND BALANCES, Beginning of year	5,735	13,587	2,401
	<u>5,735</u>	<u>13,587</u>	<u>2,401</u>
FUND BALANCES, End of year	<u>\$ 418</u>	<u>\$ 14,605</u>	<u>\$ 3,604</u>

<i>Street Reserve</i>	<i>Totals</i>
\$ -	\$ 5,558
-	27
-	5,585
-	10,881
-	(5,296)
5,000	7,200
5,000	1,904
-	21,723
<u>\$ 5,000</u>	<u>\$ 23,627</u>

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - 911 FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 6,394	\$ 6,394	\$ 5,558	\$ (836)
Miscellaneous	75	75	6	(69)
<i>Total Receipts</i>	6,469	6,469	5,564	(905)
DISBURSEMENTS				
Materials and services	11,469	11,469	10,881	588
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(5,000)	(5,317)	(317)
FUND BALANCE, Beginning of year	5,000	5,000	5,735	735
FUND BALANCE, End of year	\$ -	\$ -	\$ 418	\$ 418

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - POLICE EQUIPMENT RESERVE FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 203	\$ 203	\$ 18	\$ (185)
DISBURSEMENTS				
Materials and services	14,754	14,754	-	14,754
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,551)	(14,551)	18	14,569
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	1,000	-
NET CHANGE IN FUND BALANCE	(13,551)	(13,551)	1,018	14,569
FUND BALANCE, Beginning of year	13,551	13,551	13,587	36
FUND BALANCE, End of year	\$ -	\$ -	\$ 14,605	\$ 14,605

CITY OF AMITY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SIDEWALK RESERVE FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Miscellaneous	\$ 36	\$ 36	\$ 3	\$ (33)
DISBURSEMENTS				
Capital outlay	3,633	3,633	-	3,633
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(3,597)	(3,597)	3	3,600
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200	1,200	1,200	-
NET CHANGE IN FUND BALANCE	(2,397)	(2,397)	1,203	3,600
FUND BALANCE, Beginning of year	2,397	2,397	2,401	4
FUND BALANCE, End of year	\$ -	\$ -	\$ 3,604	\$ 3,604

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET RESERVE FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Capital outlay	5,000	5,000	-	5,000
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(5,000)	(5,000)	-	5,000
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCE	-	-	5,000	5,000
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 5,000	\$ 5,000

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - NONMAJOR****ENTERPRISE FUNDS****JUNE 30, 2004**

	<i>Sewer Bond Debt</i>	<i>Sewer Reserve</i>	<i>Sewer SDC</i>
ASSETS			
Cash and investments	\$ -	\$ 32,156	\$ 40,829
Due from other funds	(66,733)	66,733	-
<i>Total Assets</i>	<u>\$ (66,733)</u>	<u>\$ 98,889</u>	<u>\$ 40,829</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Unrestricted (Deficit)	(66,733)	98,889	40,829
<i>Total Fund Balances</i>	<u>(66,733)</u>	<u>98,889</u>	<u>40,829</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ (66,733)</u>	<u>\$ 98,889</u>	<u>\$ 40,829</u>

<i>Water Bond Debt</i>	<i>Water Reserve</i>	<i>Water SDC</i>	<i>Water Replacement Line</i>	<i>Totals</i>
\$ 12,397	\$ 42,877	\$ 2,807	\$ 11,062	\$ 142,128
-	-	-	-	-
<u>\$ 12,397</u>	<u>\$ 42,877</u>	<u>\$ 2,807</u>	<u>\$ 11,062</u>	<u>\$ 142,128</u>
\$ -	\$ -	\$ -	\$ -	\$ -
12,397	42,877	2,807	11,062	142,128
<u>12,397</u>	<u>42,877</u>	<u>2,807</u>	<u>11,062</u>	<u>142,128</u>
<u>\$ 12,397</u>	<u>\$ 42,877</u>	<u>\$ 2,807</u>	<u>\$ 11,062</u>	<u>\$ 142,128</u>

CITY OF AMITY, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2004**

	<i>Sewer Bond Debt</i>	<i>Sewer Reserve</i>	<i>Sewer SDC</i>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ 29,654
Charges for services	2,991	-	-
Miscellaneous	-	86	25
<i>Total Receipts</i>	2,991	86	29,679
DISBURSEMENTS			
Capital outlay	-	4,500	-
Debt service	156,772	-	-
<i>Total Disbursements</i>	156,772	4,500	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(153,781)	(4,414)	29,679
OTHER FINANCING SOURCES (USES)			
Transfers in	78,000	20,000	-
NET CHANGE IN FUND BALANCES	(75,781)	15,586	29,679
FUND BALANCES, Beginning of year	9,048	83,303	11,150
FUND BALANCES (Deficit), End of year	<u>\$ (66,733)</u>	<u>\$ 98,889</u>	<u>\$ 40,829</u>

<i>Water Bond Debt</i>	<i>Water Reserve</i>	<i>Water SDC</i>	<i>Water Replacement Line</i>	<i>Totals</i>
\$ -	\$ -	\$ 29,936	\$ -	\$ 59,590
9,807	-	-	34,909	47,707
44	64	32	-	251
9,851	64	29,968	34,909	107,548
-	4,244	43,580	23,847	76,171
79,984	-	-	-	236,756
79,984	4,244	43,580	23,847	312,927
(70,133)	(4,180)	(13,612)	11,062	(205,379)
34,000	1,000	-	-	133,000
(36,133)	(3,180)	(13,612)	11,062	(72,379)
48,530	46,057	16,419	-	214,507
<u>\$ 12,397</u>	<u>\$ 42,877</u>	<u>\$ 2,807</u>	<u>\$ 11,062</u>	<u>\$ 142,128</u>

CITY OF AMITY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 215,200	\$ 215,200	\$ 247,022	\$ 31,822
Miscellaneous	3,799	3,799	10,169	6,370
<i>Total Receipts</i>	218,999	218,999	257,191	38,192
DISBURSEMENTS				
Personal services	108,905	108,905	88,458	20,447
Materials and services	87,550	87,550	104,985	(17,435)
Capital outlay	49,000	49,000	45,910	3,090
Debt service	3,900	3,900	3,900	-
Contingency	40,000	27,000	-	27,000
<i>Total Disbursements</i>	289,355	276,355	243,253	33,102
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(70,356)	(57,356)	13,938	71,294
OTHER FINANCING				
SOURCES (USES)				
Transfers out	(85,000)	(98,000)	(98,000)	-
NET CHANGE IN FUND BALANCE	(155,356)	(155,356)	(84,062)	71,294
FUND BALANCE, Beginning of year	186,621	186,621	227,522	40,901
FUND BALANCE, End of year	\$ 31,265	\$ 31,265	\$ 143,460	\$ 112,195

CITY OF AMITY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER BOND DEBT FUND
YEAR ENDED JUNE 30, 2004

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 5,000	\$ 5,000	\$ 2,991	\$ (2,009)
DISBURSEMENTS				
Debt service	143,000	156,000	156,772	(772)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,000)	(151,000)	(153,781)	(2,781)
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	78,000	78,000	-
NET CHANGE IN FUND BALANCE	(73,000)	(73,000)	(75,781)	(2,781)
FUND BALANCE, Beginning of year	73,000	73,000	9,048	(63,952)
FUND BALANCE (Deficit), End of year	\$ -	\$ -	\$ (66,733)	\$ (66,733)

CITY OF AMITY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,247	\$ 1,247	\$ 86	\$ (1,161)
DISBURSEMENTS				
Capital outlay	104,408	104,408	4,500	99,908
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(103,161)	(103,161)	(4,414)	98,747
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
NET CHANGE IN FUND BALANCE	(83,161)	(83,161)	15,586	98,747
FUND BALANCE, Beginning of year	83,161	83,161	83,303	142
FUND BALANCE, End of year	\$ -	\$ -	\$ 98,889	\$ 98,889

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 5,510	\$ 5,510	\$ 29,654	\$ 24,144
Miscellaneous	257	257	25	(232)
Total Receipts	5,767	5,767	29,679	23,912
DISBURSEMENTS				
Capital outlay	22,869	22,869	-	22,869
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(17,102)	(17,102)	29,679	46,781
FUND BALANCE, Beginning of year	17,102	17,102	11,150	(5,952)
FUND BALANCE, End of year	\$ -	\$ -	\$ 40,829	\$ 40,829

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 201,500	\$ 201,500	\$ 219,433	\$ 17,933
Miscellaneous	2,750	2,750	25,201	22,451
<i>Total Receipts</i>	204,250	204,250	244,634	40,384
DISBURSEMENTS				
Personal services	123,853	123,853	112,168	11,685
Materials and services	101,200	101,200	128,575	(27,375)
Capital outlay	11,000	11,000	12,827	(1,827)
Debt service	3,900	3,900	3,900	-
Contingency	14,799	14,799	-	14,799
<i>Total Disbursements</i>	254,752	254,752	257,470	(2,718)
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	(50,502)	(50,502)	(12,836)	37,666
OTHER FINANCING SOURCES (USES)				
Transfers out	(35,000)	(35,000)	(180,503)	(145,503)
NET CHANGE IN FUND BALANCE	(85,502)	(85,502)	(193,339)	(107,837)
FUND BALANCE, Beginning of year	150,000	150,000	99,143	(50,857)
FUND BALANCE (Deficit), End of year	\$ 64,498	\$ 64,498	\$ (94,196)	\$ (158,694)

CITY OF AMITY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER BOND DEBT FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Charges for services	\$ 20,000	\$ 20,000	\$ 9,807	\$ (10,193)
Miscellaneous	675	675	44	(631)
<i>Total Receipts</i>	20,675	20,675	9,851	(10,824)
DISBURSEMENTS				
Debt service	99,675	99,675	79,984	19,691
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,000)	(79,000)	(70,133)	8,867
OTHER FINANCING SOURCES (USES)				
Transfers in	34,000	34,000	34,000	-
NET CHANGE IN FUND BALANCE	(45,000)	(45,000)	(36,133)	8,867
FUND BALANCE, Beginning of year	45,000	45,000	48,530	3,530
FUND BALANCE, End of year	\$ -	\$ -	\$ 12,397	\$ 12,397

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER RESERVE FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 690	\$ 690	\$ 64	\$ (626)
<i>DISBURSEMENTS</i>				
Capital outlay	46,690	46,690	4,244	42,446
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	(46,000)	(46,000)	(4,180)	41,820
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers in	1,000	1,000	1,000	-
<i>NET CHANGE IN FUND BALANCE</i>	(45,000)	(45,000)	(3,180)	41,820
<i>FUND BALANCE, Beginning of year</i>	46,000	46,000	46,057	57
<i>FUND BALANCE, End of year</i>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 42,877</u>	<u>\$ 41,877</u>

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER SDC FUND****YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 7,614	\$ 7,614	\$ 29,936	\$ 22,322
Miscellaneous	336	336	32	(304)
<i>Total Receipts</i>	7,950	7,950	29,968	22,018
DISBURSEMENTS				
Capital outlay	30,322	30,322	43,580	(13,258)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,372)	(22,372)	(13,612)	8,760
FUND BALANCE, Beginning of year	22,372	22,372	16,419	(5,953)
FUND BALANCE, End of year	\$ -	\$ -	\$ 2,807	\$ 2,807

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER REPLACEMENT LINE FUND****YEAR ENDED JUNE 30, 2004**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 34,500	\$ 34,500	\$ 34,909	\$ 409
DISBURSEMENTS				
Capital outlay	34,500	34,500	23,847	10,653
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	-	-	11,062	11,062
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 11,062	\$ 11,062

CITY OF AMITY, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2004

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Intergovernmental	\$ 770,000	\$ 770,000	\$ 770,189	\$ 189
DISBURSEMENTS				
Materials and services	252,900	252,900	142,486	110,414
Capital outlay	2,747,100	2,747,100	2,434,634	312,466
<i>Total Disbursements</i>	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,577,120</u>	<u>422,880</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(2,230,000)	(2,230,000)	(1,806,931)	423,069
OTHER FINANCING SOURCES (USES)				
Loan proceeds	2,230,000	2,230,000	2,047,885	(182,115)
Transfers in	-	-	145,503	145,503
<i>Total Other Financing Sources (Uses)</i>	<u>2,230,000</u>	<u>2,230,000</u>	<u>2,193,388</u>	<u>(36,612)</u>
NET CHANGE IN FUND BALANCE	-	-	386,457	386,457
FUND BALANCE (Deficit), Beginning of year	-	-	(400,121)	(400,121)
FUND BALANCE (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,664)</u>	<u>\$ (13,664)</u>

CITY OF AMITY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2004

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2003</i>	<i>2003-04 Levy</i>	<i>Added To Rolls</i>	<i>Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2004</i>
2003-2004	\$ -	\$ 156,457	\$ 27	\$ 4,134	\$ 146,298	\$ 6,052
2002-2003	6,233	-	-	1,958	1,686	2,589
2001-2002	2,724	-	-	21	1,269	1,434
2000-2001	1,407	-	-	19	713	675
1999-2000	518	-	-	17	355	146
1998-1999	163	-	-	24	31	108
1997-1998	114	-	-	26	19	69
Prior Years	398	-	-	54	15	329
Total	<u>\$ 11,557</u>	<u>\$ 156,457</u>	<u>\$ 27</u>	<u>\$ 6,253</u>	<u>\$ 150,386</u>	<u>\$ 11,402</u>

CITY OF AMITY, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2004

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>
<i>BOND PRINCIPAL TRANSACTIONS</i>			
1967 Sewer Revenue Bonds	5.0%	1967	2006-07
1970 Water Revenue Bonds	5.0%	1970	2009-10
1974 Water Revenue Bonds	5.0%	1974	2013-14
1975 Water Revenue Bonds	5.0%	1975	2014-15
1975 Water Revenue Bonds	5.0%	1975	2014-15
<i>CONTRACT PRINCIPAL TRANSACTIONS</i>			
Oregon Economic & Community Development Water Master Plan Loan	6.0%	1997	2006-07
State Revolving Fund	1.0%	2000	2031-32
State Revolving Fund	3.0%-5.0%	2003	2027-28
Government Capital Corporation Lease	5.0%	2002	2006-07
			<i>Unmatured Interest Outstanding July 1, 2003</i>
<i>BOND INTEREST TRANSACTIONS</i>			
1967 Sewer Revenue Bonds	5.0%	1967	\$ 2,250
1970 Water Revenue Bonds	5.0%	1970	5,298
1974 Water Revenue Bonds	5.0%	1974	8,249
1975 Water Revenue Bonds	5.0%	1975	14,698
1975 Water Revenue Bonds	5.0%	1975	12,774
<i>CONTRACT INTEREST TRANSACTIONS</i>			
Oregon Economic & Community Development Water Master Plan Loan	6.0%	1997	1,810
State Revolving Fund	1.0%	2000	222,235
State Revolving Fund	3.0%-5.0%	2003	1,444,919
Government Capital Corporation Lease	5.0%	2002	4,783
			<hr/>
			\$ 1,717,016

<i>Outstanding July 1, 2003</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2004</i>
\$ 24,000	\$ -	\$ 6,000	\$ 18,000
25,376	-	3,990	21,386
24,993	-	1,813	23,180
41,808	-	2,926	38,882
36,476	-	2,566	33,910
11,728	-	2,681	9,047
1,368,084	-	39,330	1,328,754
83,335	2,047,885	54,092	2,077,128
29,881	-	6,933	22,948
<u>\$ 1,645,681</u>	<u>\$ 2,047,885</u>	<u>\$ 120,331</u>	<u>\$ 3,573,235</u>

<i>New Issues</i>	<i>Interest Coupons Paid/ Refunded</i>	<i>Unmatured Interest June 30, 2004</i>
\$ -	\$ 918	\$ 1,332
-	1,559	3,739
-	1,312	6,937
-	2,285	12,413
-	1,994	10,780
-	704	1,106
-	19,804	202,431
-	95,762	1,349,157
-	1,733	3,050
<u>\$ -</u>	<u>\$ 126,071</u>	<u>\$ 1,590,945</u>

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
YEAR ENDED JUNE 30, 2004

<i>Year</i>	<i>1967 Sewer Revenue Bonds</i>			<i>1970 Water Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2004-05	\$ 6,000	\$ 675	\$ 6,675	\$ 3,338	\$ 1,069	\$ 4,407
2005-06	6,000	450	6,450	3,505	902	4,407
2006-07	6,000	207	6,207	3,680	727	4,407
2007-08	-	-	-	3,864	543	4,407
2008-09	-	-	-	4,057	350	4,407
2009-10	-	-	-	2,942	148	3,090
2010-11	-	-	-	-	-	-
2011-12	-	-	-	-	-	-
2012-13	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
2022-23	-	-	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
Totals	<u>\$ 18,000</u>	<u>\$ 1,332</u>	<u>\$ 19,332</u>	<u>\$ 21,386</u>	<u>\$ 3,739</u>	<u>\$ 25,125</u>

1974 Water Revenue Bonds			1975 Water Revenue Bonds		
Principal	Interest	Total	Principal	Interest	Total
\$ 1,805	\$ 1,159	\$ 2,964	\$ 2,798	\$ 1,944	\$ 4,742
1,895	1,069	2,964	2,938	1,804	4,742
1,990	974	2,964	3,085	1,657	4,742
2,090	874	2,964	3,239	1,503	4,742
2,194	770	2,964	3,401	1,341	4,742
2,304	660	2,964	3,571	1,171	4,742
2,419	545	2,964	3,749	993	4,742
2,540	424	2,964	3,937	805	4,742
2,667	297	2,964	4,134	608	4,742
3,276	165	3,441	4,340	402	4,742
-	-	-	3,690	185	3,875
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 23,180	\$ 6,937	\$ 30,117	\$ 38,882	\$ 12,413	\$ 51,295

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)
YEAR ENDED JUNE 30, 2004

Year	1975 Water Revenue Bond			OECD Water Master Plan Loan		
	Principal	Interest	Total	Principal	Interest	Total
2004-05	\$ 2,455	\$ 1,695	\$ 4,150	\$ 2,842	\$ 543	\$ 3,385
2005-06	2,577	1,573	4,150	3,013	372	3,385
2006-07	2,706	1,444	4,150	3,192	191	3,383
2007-08	2,841	1,309	4,150	-	-	-
2008-09	2,983	1,167	4,150	-	-	-
2009-10	3,133	1,017	4,150	-	-	-
2010-11	3,289	861	4,150	-	-	-
2011-12	3,454	696	4,150	-	-	-
2012-13	3,626	524	4,150	-	-	-
2013-14	3,808	342	4,150	-	-	-
2014-15	3,038	152	3,190	-	-	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
2022-23	-	-	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
Totals	<u>\$ 33,910</u>	<u>\$ 10,780</u>	<u>\$ 44,690</u>	<u>\$ 9,047</u>	<u>\$ 1,106</u>	<u>\$ 10,153</u>

<i>Safe Drinking Water Revolving Loan</i>			<i>OECD Wastewater Improvement Loan</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 79,844	\$ 20,055	\$ 99,899	\$ 54,365	\$ 87,458	\$ 141,823
40,522	12,489	53,011	54,645	85,827	140,472
40,927	12,084	53,011	59,935	84,188	144,123
41,336	11,675	53,011	60,233	82,390	142,623
41,750	11,261	53,011	60,540	80,583	141,123
42,167	10,844	53,011	65,856	78,767	144,623
42,589	10,422	53,011	66,214	76,594	142,808
43,015	9,996	53,011	66,607	74,276	140,883
43,445	9,566	53,011	72,025	71,878	143,903
43,879	9,132	53,011	72,476	69,177	141,653
44,318	8,693	53,011	77,962	66,351	144,313
44,761	8,250	53,011	78,481	63,232	141,713
45,209	7,802	53,011	84,033	60,014	144,047
45,661	7,350	53,011	84,630	56,443	141,073
46,118	6,893	53,011	90,270	52,741	143,011
46,579	6,432	53,011	95,957	48,678	144,635
47,045	5,966	53,011	96,691	44,264	140,955
47,515	5,496	53,011	102,476	39,720	142,196
47,990	5,021	53,011	108,306	34,852	143,158
48,470	4,541	53,011	114,175	29,708	143,883
48,955	4,056	53,011	120,086	24,284	144,370
49,444	3,567	53,011	126,040	18,580	144,620
49,939	3,072	53,011	127,039	12,593	139,632
50,438	2,573	53,011	138,086	6,559	144,645
50,943	2,068	53,011	-	-	-
51,452	1,559	53,011	-	-	-
51,967	1,044	53,011	-	-	-
52,476	524	53,000	-	-	-
<u>\$ 1,328,754</u>	<u>\$ 202,431</u>	<u>\$ 1,531,185</u>	<u>\$ 2,077,128</u>	<u>\$ 1,349,157</u>	<u>\$ 3,426,285</u>

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)
YEAR ENDED JUNE 30, 2004

<i>Year</i>	<i>Government Capital Corp</i>			<i>Total</i>		
	<i>Lease</i>					
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2004-05	\$ 7,279	\$ 1,387	\$ 8,666	\$ 160,726	\$ 115,985	\$ 276,711
2005-06	7,643	1,023	8,666	122,738	105,509	228,247
2006-07	8,026	640	8,666	129,541	102,112	231,653
2007-08	-	-	-	113,603	98,294	211,897
2008-09	-	-	-	114,925	95,472	210,397
2009-10	-	-	-	119,973	92,607	212,580
2010-11	-	-	-	118,260	89,415	207,675
2011-12	-	-	-	119,553	86,197	205,750
2012-13	-	-	-	125,897	82,873	208,770
2013-14	-	-	-	127,779	79,218	206,997
2014-15	-	-	-	129,008	75,381	204,389
2015-16	-	-	-	123,242	71,482	194,724
2016-17	-	-	-	129,242	67,816	197,058
2017-18	-	-	-	130,291	63,793	194,084
2018-19	-	-	-	136,388	59,634	196,022
2019-20	-	-	-	142,536	55,110	197,646
2020-21	-	-	-	143,736	50,230	193,966
2021-22	-	-	-	149,991	45,216	195,207
2022-23	-	-	-	156,296	39,873	196,169
2023-24	-	-	-	162,645	34,249	196,894
2024-25	-	-	-	169,041	28,340	197,381
2025-26	-	-	-	175,484	22,147	197,631
2026-27	-	-	-	176,978	15,665	192,643
2027-28	-	-	-	188,524	9,132	197,656
2028-29	-	-	-	50,943	2,068	53,011
2029-30	-	-	-	51,452	1,559	53,011
2030-31	-	-	-	51,967	1,044	53,011
2031-32	-	-	-	52,476	524	53,000
Totals	\$ 22,948	\$ 3,050	\$ 25,998	\$ 3,573,235	\$ 1,590,945	\$ 5,164,180

CITY OF AMITY, OREGON

**INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
YEAR ENDED JUNE 30, 2004**

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

Significant Accounting Policies

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

Organization and Fund Structure

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

Internal Accounting Control

We have audited the basic financial statements of the City of Amity as of and for the year ended June 30, 2004, and have issued our report thereon dated January 24, 2005. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

The City does not maintain historical cost and depreciation records for capital assets.

Indebtedness

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 264.250 (3). We noted that the City failed to make the scheduled December 2003 payment of \$53,011 on the State Revolving Fund loan.

Adequacy of Collateral Securing Depository Balances

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was insufficient at times during the year ended June 30, 2004.

Budget Compliance

The City has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation, adoption and execution of its budget and tax levy for fiscal years ending June 30, 2004 and 2005, except as noted in the notes to the financial statements.

CITY OF AMITY, OREGON
INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
(Continued)
YEAR ENDED JUNE 30, 2004

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2004. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 295, as it pertains to investment of public funds, during the year ended June 30, 2004.

Public Contracting and Purchasing

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

Programs Funded from Outside Sources

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by the other governmental agencies. The City is in compliance with the guidelines in all material respects, except for failure to make the December 2003 loan payment, as noted above.

Financial Reporting Requirements

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

Highway Funds

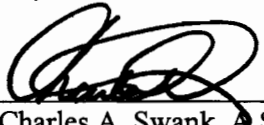
The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 294, 368 and 373 as they pertain to the use of road funds.

Schedule of Accountability of Independently Elected Officials

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

This report is intended for the City Council and management of the City of Amity.

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

By: 
Charles A. Swank, A Shareholder
January 24, 2005

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Robert Wiro, Mayor
and Members of the City Council
City of Amity, Oregon

We have audited the basic financial statements of City of Amity, as of and for the year ended June 30, 2004, and have issued our report thereon dated January 24, 2005. Our report was qualified as the City does not maintain historical cost or depreciation records for fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control over Financial Reporting

In planning and performing our audit, we considered City of Amity's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting, and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Amity's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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


CERTIFIED PUBLIC ACCOUNTANTS
Salem, Oregon
January 24, 2005

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Robert Wiro, Mayor
and Members of the City Council
City of Amity, Oregon

Compliance

We have audited the compliance of City of Amity with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal programs are identified in the summary of audit results. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Amity's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Amity's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control over Compliance

The management of City of Amity, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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


CERTIFIED PUBLIC ACCOUNTANTS
Salem, Oregon
January 24, 2005

CITY OF AMITY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Fund	66.468	\$ 2,229,105
U.S. Department of Housing and Urban Development Community Development Block Grant	14.228	<u>188,616</u>
<i>Total Federal Financial Assistance Expenditures</i>		<u>\$ 2,417,721</u>

CITY OF AMITY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Amity, Oregon's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City of Amity, Oregon, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues, expenditures and changes in the City of Amity, Oregon.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City of Amity, Oregon are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the City of Amity, Oregon for the year ended June 30, 2004.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

Loans Outstanding

The City of Amity has outstanding loans to the EPA totalling \$2,077,128 at June 30, 2004.

CITY OF AMITY, OREGON
SUMMARY OF AUDIT RESULTS
YEAR ENDED JUNE 30, 2004

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Qualified
Qualification was for lack of historical cost records of capital assets	
Internal control reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.