

CITY OF AMITY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2005

AUDITS MUNICIPALITIES

	Date	Initial
Rec'd	7-6-06	JF
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CITY OF AMITY, OREGON
CITY OFFICIALS
JUNE 30, 2005

MAYOR

Robert Wiro
P.O. Box 159
Amity, Oregon 97101

Term Expires

January 1, 2007

COUNCIL MEMBERS

Rudy van Soolen
c/o P.O. Box 159
Amity, Oregon 97101

January 1, 2009

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, 2009

Walter Homen
c/o P.O. Box 159
Amity, Oregon 97101

January 1, 2009

James Clark
c/o P.O. Box 159
Amity, Oregon 97101

January 1, 2009

CITY STAFF

City Attorney

Jerry Hart
P.O. Box 159
Amity, Oregon 97101

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BASIC FINANCIAL STATEMENTS



GROVE, MUELLER & SWANK, P.C.

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

The Honorable 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, 2005, 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, 2005, 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.

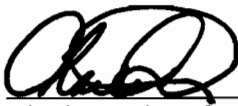
In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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.

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
December 8, 2005

CITY OF AMITY, OREGON**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)****JUNE 30, 2005**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 211,284	\$ 197,904	\$ 409,188
Property taxes receivable	11,338	-	11,338
Capital assets	777,683	8,106,277	8,883,960
<i>Total Assets</i>	<u>1,000,305</u>	<u>8,304,181</u>	<u>9,304,486</u>
LIABILITIES			
Deferred revenue	11,338	-	11,338
Noncurrent liabilities:			
Due within one year:			
Loan payable	-	105,823	105,823
Bonds payable	-	16,915	16,915
Due in more than one year:			
Loan payable	-	3,227,850	3,227,850
Bonds payable	-	102,083	102,083
<i>Total Liabilities</i>	<u>11,338</u>	<u>3,452,671</u>	<u>3,464,009</u>
NET ASSETS			
Investment in capital assets (net of related debt)	777,683	4,653,606	5,431,289
Fund net assets			
Reserved for special purposes	124,571	133,598	258,169
Unrestricted	86,713	64,306	151,019
<i>Total Fund Net Assets</i>	<u>211,284</u>	<u>197,904</u>	<u>409,188</u>
<i>Total Net Assets</i>	<u>\$ 988,967</u>	<u>\$ 4,851,510</u>	<u>\$ 5,840,477</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, 2005

		Program Receipts	
		Fees, Fines and Charges for Services	Operating Grants and Contributions
	Disbursements		
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government	\$ 131,818	\$ 14,284	\$ -
Community development	15,283	-	-
Street	87,379	117,872	297
Parks	7,646	10,751	-
Public safety	233,762	32,485	109,198
<i>Total governmental activities</i>	<u>475,888</u>	<u>175,392</u>	<u>109,495</u>
Business-type activities:			
Sewer	386,533	326,462	-
Water	779,931	382,760	-
<i>Total business-type activities</i>	<u>1,166,464</u>	<u>709,222</u>	<u>-</u>
<i>Total activities</i>	<u>\$ 1,642,352</u>	<u>\$ 884,614</u>	<u>\$ 109,495</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, 2004</i>			
<i>Fund net assets, June 30, 2005</i>			

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (117,534)	\$ -	\$ (117,534)
(15,283)	-	(15,283)
30,790	-	30,790
3,105	-	3,105
(92,079)	-	(92,079)
(191,001)	-	(191,001)
-	(60,071)	(60,071)
-	(397,171)	(397,171)
-	(457,242)	(457,242)
(191,001)	(457,242)	(648,243)
171,376	-	171,376
40,503	-	40,503
25,719	-	25,719
-	470,959	470,959
19,252	6,459	25,711
256,850	477,418	734,268
65,849	20,176	86,025
145,435	177,728	323,163
\$ 211,284	\$ 197,904	\$ 409,188

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, 2005**

	<u>General</u>	<u>Street</u>
ASSETS		
Cash and investments	\$ 59,865	\$ 63,272
Property taxes receivable	11,338	-
	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 71,203</u>	<u>\$ 63,272</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenue	\$ 11,338	\$ -
Fund Balances		
Unreserved, reported in:		
General fund	59,865	-
Special revenue funds	-	63,272
	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>59,865</u>	<u>63,272</u>
	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 71,203</u>	<u>\$ 63,272</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
<hr/>	<hr/>
\$ 88,147	\$ 211,284
-	11,338
<hr/>	<hr/>
\$ 88,147	\$ 222,622
<hr/> <hr/>	<hr/> <hr/>
\$ -	\$ 11,338
-	59,865
88,147	151,419
<hr/>	<hr/>
88,147	211,284
<hr/>	<hr/>
\$ 88,147	\$ 222,622
<hr/> <hr/>	<hr/> <hr/>

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, 2005**

	<u>General</u>	<u>Street</u>
RECEIPTS		
Taxes and assessments	\$ 171,376	\$ -
Licenses and permits	14,864	-
Intergovernmental	175,420	71,715
Fines and forfeitures	32,485	-
Miscellaneous	18,976	326
	<hr/>	<hr/>
<i>Total Receipts</i>	413,121	72,041
DISBURSEMENTS		
Current		
General government	130,927	-
Community development	15,283	-
Street	-	60,412
Parks	7,646	-
Public safety	233,180	-
Capital outlay	891	26,967
	<hr/>	<hr/>
<i>Total Disbursements</i>	387,927	87,379
RECEIPTS OVER (UNDER) DISBURSEMENTS	25,194	(15,338)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(2,027)	(6,500)
	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(2,027)	(6,500)
NET CHANGE IN FUND BALANCES	23,167	(21,838)
FUND BALANCES, Beginning of year	<hr/> 36,698	<hr/> 85,110
FUND BALANCES, End of year	<hr/> \$ 59,865	<hr/> \$ 63,272

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 171,376
56,299	71,163
-	247,135
-	32,485
276	19,578
56,575	541,737
-	130,927
-	15,283
-	60,412
-	7,646
-	233,180
582	28,440
582	475,888
55,993	65,849
8,527	8,527
-	(8,527)
8,527	-
64,520	65,849
23,627	145,435
\$ 88,147	\$ 211,284

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, 2005**

	<u>Sewer</u>	<u>Water</u>	<u>Water Capital Project</u>
ASSETS			
Cash and investments	\$ 35,540	\$ -	\$ -
Due from other funds	17,152	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$ 52,692</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ -	\$ 84,466	\$ 7,575
Fund Balances			
Unreserved (Deficit)	52,692	(84,466)	(7,575)
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>52,692</u>	<u>(84,466)</u>	<u>(7,575)</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 52,692</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 162,364	\$ 197,904
143,506	160,658
<u>\$ 305,870</u>	<u>\$ 358,562</u>
\$ 68,617	\$ 160,658
237,253	197,904
<u>237,253</u>	<u>197,904</u>
<u>\$ 305,870</u>	<u>\$ 358,562</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, 2005**

	<u>Sewer</u>	<u>Water</u>	<u>Water Capital Project</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	281,203	300,819	-
Miscellaneous	2,288	1,895	-
	<u>283,491</u>	<u>302,714</u>	<u>-</u>
<i>Total Receipts</i>	283,491	302,714	-
DISBURSEMENTS			
Personal services	107,348	117,981	-
Materials and services	96,553	111,775	62,471
Capital outlay	20,358	-	402,399
Debt service	-	13,228	-
	<u>224,259</u>	<u>242,984</u>	<u>464,870</u>
<i>Total Disbursements</i>	224,259	242,984	464,870
RECEIPTS OVER (UNDER) DISBURSEMENTS	59,232	59,730	(464,870)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	470,959
Transfers in	-	15,000	-
Transfers out	(150,000)	(65,000)	-
	<u>(150,000)</u>	<u>(50,000)</u>	<u>470,959</u>
<i>Total Other Financing Sources (Uses)</i>	(150,000)	(50,000)	470,959
NET CHANGE IN FUND BALANCES	(90,768)	9,730	6,089
FUND BALANCES (Deficit), Beginning of year	143,460	(94,196)	(13,664)
FUND BALANCES (Deficit), End of year	<u>\$ 52,692</u>	<u>\$ (84,466)</u>	<u>\$ (7,575)</u>

<i>Other Enterprise Funds</i>		<i>Totals</i>	
<hr/>		<hr/>	
\$	88,991	\$	88,991
	38,209		620,231
	2,276		6,459
<hr/>		<hr/>	
	129,476		715,681
	-		225,329
	-		270,799
	13,576		436,333
	220,775		234,003
<hr/>		<hr/>	
	234,351		1,166,464
<hr/>		<hr/>	
	(104,875)		(450,783)
	-		470,959
	215,000		230,000
	(15,000)		(230,000)
<hr/>		<hr/>	
	200,000		470,959
<hr/>		<hr/>	
	95,125		20,176
	142,128		177,728
<hr/>		<hr/>	
\$	237,253	\$	197,904
<hr/>		<hr/>	

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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

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. 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.

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

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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.

Street Reserve Fund

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

Street SDC Fund

This fund accounts for system development changes designated for streets.

Storm SDC Fund

This fund accounts for system development changes designated for storm drainage.

Parks SDC Fund

This fund accounts for system development changes designated for parks.

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.

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Water Fund

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

OECD Debt (Water Capital Project)

This fund accounts for the accumulation of resources and payment of principal and interest on the OECD loan. Interest earnings and grant revenue 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.

Water Replacement Line Fund

This fund accounts for money set aside for future uses. Principal receipts are from transfers in and primary disbursements are for water line replacement.

Measurement Focus and Basis of Accounting

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

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

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.

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, 2005. 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.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Long-Term Debt*

In the government-wide financial statements long-term debt is reported as a liability. Payment of principal and interest is charged to expenditures when paid. The backhoe lease and truck note are reported as business-type long-term debt. Repayments are made from the Sewer and Water funds.

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 not recorded. Interest is not capitalized as a cost of construction of capital 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, 2005 was \$51,197.

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 comprised of the following at June 30, 2005:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	62,976	62,976
Investments		
Local Government Investment Pool	345,812	345,812
	<u>\$ 409,188</u>	<u>\$ 409,188</u>

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2005**

CASH AND INVESTMENTS (Continued)*Deposits*

At year end, the book balance of the City's bank deposits (checking accounts) is \$62,976 and the bank balance is \$108,259. 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.

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, 2005, 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.

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2005 is as follows:

	<i>Balances July 1, 2004</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2005</i>
Plant, Property and Equipment				
Sewer Fund	\$ 3,394,428	\$ 433,149	\$ -	\$ 3,827,577
Water Fund	4,265,472	13,228	-	4,278,700
	<u>\$ 7,659,900</u>	<u>\$ 446,377</u>	<u>\$ -</u>	<u>\$ 8,106,277</u>

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2005**

CAPITAL ASSETS (Continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2005 are as follows:

	<i>Balances July 1, 2004</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2005</i>
Land and buildings	\$ 264,705	\$ -	\$ -	\$ 264,705
Equipment	485,859	27,119	-	512,978
	<u>\$ 750,564</u>	<u>\$ 27,119</u>	<u>\$ -</u>	<u>\$ 777,683</u>

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2005****LONG-TERM DEBT**

Business-type activity long-term debt transactions for the year ended June 30, 2005 were as follows:

	<i>Original Issue</i>	<i>Balance July 1, 2004</i>	<i>Issued</i>
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	\$ 18,000	\$ -
Water system revenue bonds, series 1970 due in annual installments of \$4,407 including interest at 5.0% through 2010	75,000	21,386	-
Water system revenue bonds, series 1974 due in annual installments of \$2,964 including interest at 5.0% through 2014	50,000	23,180	-
Water system revenue bonds, series 1975 due in annual installments of \$4,742 including interest at 5.0% through 2015	80,000	38,882	-
Water system revenue bonds, series 1975 due in annual installments of \$4,150 including interest at 5.0% through 2015	70,000	33,910	-
Oregon Economic & Community Development Department Water Master Plan loan, due in annual installments of \$3,385 including interest at 6.0%	18,894	9,047	-
State Revolving Fund, due in annual installments of \$53,011 including interest at 1.0%	1,368,084	1,328,754	-
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	2,077,128	-
Government Capital Corporation long term lease for four excavators and trailer due in annual installments of \$8,666 including interest at 5%	43,330	22,948	-
		<u>\$ 3,573,235</u>	<u>\$ -</u>

<i>Principal Paid</i>	<i>Balance June 30, 2005</i>	<i>Next Year Requirement</i>
\$ 6,000	\$ 12,000	\$ 6,000
3,344	18,042	3,505
1,745	21,435	1,895
2,808	36,074	2,938
2,464	31,446	2,577
2,842	6,205	3,013
39,717	1,289,037	40,522
54,365	2,022,763	54,645
7,279	15,669	7,643
<u>\$ 120,564</u>	<u>\$ 3,452,671</u>	<u>\$ 122,738</u>

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

LONG-TERM DEBT (Continued)

Future maturities of unmatured principal and interest for the fiscal years ending June 30 are as follows.

<u>Year</u>	<u>Total</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2005-06	122,338	105,910	228,248
2006-07	129,136	102,517	231,653
2007-08	113,194	98,703	211,897
2008-09	114,511	95,886	210,397
2010-2014	609,387	432,439	1,041,826
2015-2019	645,913	340,345	986,258
2020-2024	752,852	227,030	979,882
2025-2029	758,497	79,825	838,322
2030-2033	206,843	5,198	212,041
Totals	<u>\$ 3,452,671</u>	<u>\$ 1,487,853</u>	<u>\$ 4,940,524</u>

PENSION PLAN

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

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

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

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

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2005

PENSION PLAN (Continued)

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. The City contributed 7.52% of covered payroll to PERS for the fiscal year ended June 30, 2005. This contribution rate was determined as part of the December 31, 2001 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). The next actuarial valuation is scheduled to be conducted as of December 31, 2003 and was not available at the time these financial statements were completed. This valuation is to be used to establish rates as of July 1, 2005.

For the year ended June 30, 2005, the City's subject salary was \$319,834 and the total payroll was \$319,934.

Contribution information is as follows:

<u><i>Year Ended June 30,</i></u>	<u><i>Employer Contributions</i></u>
2005	\$ 40,445
2004	19,733
2003	35,859

Information about the City's funding progress is presented as required supplementary information in this report. The actuarial value of assets is equal to market value. Liabilities and contributions are calculated using the entry age actuarial cost method. The unfunded actuarial liability is amortized as a level percentage of covered payroll with a closed group fixed term method over a 28 year period. The significant actuarial assumptions used in the December 31, 2001 valuation include (1) a rate of return on present and future investments of 8% per year, (2) projected salary increases of 4.25% per year attributable to general wage adjustments, with additional increases for merit and longevity that vary by age and service, (3) projected automatic cost of living benefit increases of 2% per year, and (4) demographics assumptions that have been chosen to best estimate emerging experience of system members.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2005****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 2005 was as follows:

	<u><i>Sewer</i></u>	<u><i>Water</i></u>	<u><i>Total</i></u>
Receipts	\$ 479,580	\$ 466,101	\$ 945,681
Disbursements	536,533	859,931	1,396,464
Excess (deficiency) of receipts over disbursements	(56,953)	(393,830)	(450,783)
Total assets	3,987,068	4,317,113	8,304,181
Total liabilities	19,834	3,432,837	3,452,671
Total fund balances	3,967,442	884,068	4,851,510

TRANSFERS

	<u>In</u>	<u>Out</u>
General	\$ -	\$ 2,027
Street	-	6,500
Police Equipment	2,027	-
Sidewalk reserve	5,000	-
Street Reserve	1,500	-
Water	15,000	65,000
Water Bond	65,000	-
Water Reserve	-	15,000
Sewer	-	150,000
Sewer Bond	150,000	-
	<u>\$ 238,527</u>	<u>\$ 238,527</u>

Transfers between funds are for purposes determined by the City Council.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2005

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	Parks	\$ 67
Street	Personal service	2,250
Water	Personal service	5,538
	Debt service	9,328
Water Capital	Capital outlay	286,070
Sewer	Personal service	855

At June 30, 2005, the Water Capital Projects Fund had an accumulated deficit of \$7,575, the Water Fund had an accumulated deficit of \$84,466, and the Sewer Bonded Debt had an accumulated deficit of \$68,617.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM****JUNE 30, 2005**

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>
12/31/99	\$ 905,182	\$ 806,816	\$ (98,366)	112%	\$ 166,865	(59)%
12/31/01	1,264,644	1,037,331	(227,314)	122	204,015	(111)
12/31/03	1,689,592	1,674,975	(14,617)	101	289,249	(5)

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, 2005**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Taxes and assessments	\$ 151,339	\$ 151,339	\$ 171,376	\$ 20,037
Licenses and permits	46,780	46,780	14,864	(31,916)
Intergovernmental	174,532	174,532	175,420	888
Fines and forfeitures	32,250	32,250	32,485	235
Miscellaneous	11,125	11,125	18,976	7,851
<i>Total Receipts</i>	416,026	416,026	413,121	(2,905)
DISBURSEMENTS				
Administration	126,961	126,961	116,299	10,662
Community development and planning	35,100	35,100	30,802	4,298
Municipal court	33,786	33,786	30,857	2,929
Library	16,472	16,472	-	16,472
Parks	7,579	7,579	7,646	(67)
Police	217,950	217,950	202,323	15,627
Contingency	6,500	6,500	-	6,500
<i>Total Disbursements</i>	444,348	444,348	387,927	56,421
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(28,322)	(28,322)	25,194	53,516
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,027)	(2,027)	(2,027)	-
NET CHANGE IN FUND BALANCE	(30,349)	(30,349)	23,167	53,516
FUND BALANCE, Beginning of year	75,000	75,000	36,698	(38,302)
FUND BALANCE, End of year	\$ 44,651	\$ 44,651	\$ 59,865	\$ 15,214

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, 2005**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 94,871	\$ 94,871	\$ 71,715	\$ (23,156)
Miscellaneous	875	875	326	(549)
<i>Total Receipts</i>	95,746	95,746	72,041	(23,705)
DISBURSEMENTS				
Personal services	22,514	22,514	24,764	(2,250)
Materials and services	47,167	47,167	35,648	11,519
Capital outlay	28,250	28,250	26,967	1,283
Contingency	7,500	7,500	-	7,500
<i>Total Disbursements</i>	105,431	105,431	87,379	18,052
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(9,685)	(9,685)	(15,338)	(5,653)
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,500)	(6,500)	(6,500)	-
NET CHANGE IN FUND BALANCE	(16,185)	(16,185)	(21,838)	(5,653)
FUND BALANCE, Beginning of year	60,000	60,000	85,110	25,110
FUND BALANCE, End of year	\$ 43,815	\$ 43,815	\$ 63,272	\$ 19,457

OTHER SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2005**

	<u>911</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
ASSETS			
Cash and investments	\$ 418	\$ 16,224	\$ 8,647
<i>Total Assets</i>	<u>\$ 418</u>	<u>\$ 16,224</u>	<u>\$ 8,647</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>	\$ -	\$ -	\$ -
Fund Balances			
Unreserved, reported in:			
Special revenue funds	<u>418</u>	<u>16,224</u>	<u>8,647</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 418</u>	<u>\$ 16,224</u>	<u>\$ 8,647</u>

<i>Street Reserve</i>	<i>Street SDC</i>	<i>Storm SDC</i>	<i>Parks SDC</i>	<i>Totals</i>
\$ 1,559	\$ 41,118	\$ 10,010	\$ 10,171	\$ 88,147
<u>\$ 1,559</u>	<u>\$ 41,118</u>	<u>\$ 10,010</u>	<u>\$ 10,171</u>	<u>\$ 88,147</u>
\$ -	\$ -	\$ -	\$ -	\$ -
1,559	41,118	10,010	10,171	88,147
<u>\$ 1,559</u>	<u>\$ 41,118</u>	<u>\$ 10,010</u>	<u>\$ 10,171</u>	<u>\$ 88,147</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, 2005**

	<u>911</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Miscellaneous	-	174	43
	<u>-</u>	<u>174</u>	<u>43</u>
<i>Total Receipts</i>	-	174	43
DISBURSEMENTS			
Current			
Capital outlay	-	582	-
	<u>-</u>	<u>582</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(408)	43
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,027	5,000
	<u>-</u>	<u>2,027</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	-	1,619	5,043
FUND BALANCES, Beginning of year	<u>418</u>	<u>14,605</u>	<u>3,604</u>
FUND BALANCES, End of year	<u>\$ 418</u>	<u>\$ 16,224</u>	<u>\$ 8,647</u>

<i>Street Reserve</i>	<i>Street SDC</i>	<i>Storm SDC</i>	<i>Parks SDC</i>	<i>Totals</i>
\$ - 59	\$ 36,118 -	\$ 10,010 -	\$ 10,171 -	\$ 56,299 276
59	36,118	10,010	10,171	56,575
-	-	-	-	582
59	36,118	10,010	10,171	55,993
1,500	-	-	-	8,527
1,559	36,118	10,010	10,171	64,520
-	5,000	-	-	23,627
<u>\$ 1,559</u>	<u>\$ 41,118</u>	<u>\$ 10,010</u>	<u>\$ 10,171</u>	<u>\$ 88,147</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, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of year	-	-	418	418
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, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 1,720	\$ 1,720	\$ 174	\$ (1,546)
DISBURSEMENTS				
Materials and services	15,870	15,870	-	15,870
Capital outlay	2,527	2,527	582	1,945
<i>Total Disbursements</i>	<u>18,397</u>	<u>18,397</u>	<u>582</u>	<u>17,815</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(16,677)	(16,677)	(408)	16,269
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,027</u>	<u>2,027</u>	<u>2,027</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(14,650)	(14,650)	1,619	16,269
FUND BALANCE, Beginning of year	<u>14,650</u>	<u>14,650</u>	<u>14,605</u>	<u>(45)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,224</u>	<u>\$ 16,224</u>

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 54	\$ 54	\$ 43	\$ (11)
DISBURSEMENTS				
Capital outlay	8,654	8,654	-	8,654
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(8,600)	(8,600)	43	8,643
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCE	(3,600)	(3,600)	5,043	8,643
FUND BALANCE, Beginning of year	3,600	3,600	3,604	4
FUND BALANCE, End of year	\$ -	\$ -	\$ 8,647	\$ 8,647

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 75	\$ 75	\$ 59	\$ (16)
DISBURSEMENTS				
Capital outlay	6,575	6,575	-	6,575
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	(6,500)	59	6,559
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500	1,500	1,500	-
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	1,559	6,559
FUND BALANCE, Beginning of year	5,000	5,000	-	(5,000)
FUND BALANCE, End of year	\$ -	\$ -	\$ 1,559	\$ 1,559

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET SDC FUND****YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 6,570	\$ 6,570	\$ 36,118	\$ 29,548
DISBURSEMENTS				
Capital outlay	6,570	6,570	-	6,570
NET CHANGE IN FUND BALANCE	-	-	36,118	36,118
FUND BALANCE, Beginning of year	-	-	5,000	5,000
FUND BALANCE, End of year	\$ -	\$ -	\$ 41,118	\$ 41,118

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STORM SDC FUND****YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 10,010	\$ (9,990)
DISBURSEMENTS				
Capital outlay	20,000	20,000	-	20,000
NET CHANGE IN FUND BALANCE	-	-	10,010	10,010
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 10,010	\$ 10,010

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARKS SDC FUND****YEAR ENDED JUNE 30, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 5,570	\$ 5,570	\$ 10,171	\$ 4,601
<i>DISBURSEMENTS</i>				
Capital outlay	5,570	5,570	-	5,570
<i>FUND BALANCE, Beginning of year</i>	-	-	-	-
<i>FUND BALANCE, End of year</i>	\$ -	\$ -	\$ 10,171	\$ 10,171

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS****JUNE 30, 2005**

	<i>Sewer Bond Debt</i>	<i>Sewer Reserve</i>	<i>Sewer SDC</i>
<i>ASSETS</i>			
Cash and investments	\$ -	\$ 20,261	\$ 86,538
Due from other funds	-	68,617	-
<i>Total Assets</i>	<u>\$ -</u>	<u>\$ 88,878</u>	<u>\$ 86,538</u>
<i>LIABILITIES AND FUND BALANCES</i>			
<i>Liabilities</i>			
Due to other funds	\$ 68,617	\$ -	\$ -
<i>Fund Balances</i>			
Unreserved (Deficit)	(68,617)	88,878	86,538
<i>Total Liabilities and Fund Balances</i>	<u>\$ -</u>	<u>\$ 88,878</u>	<u>\$ 86,538</u>

<i>Water Bond Debt</i>	<i>Water Reserve</i>	<i>Water SDC</i>	<i>Water Replacement Line</i>	<i>Totals</i>
\$ 8,505	\$ -	\$ 47,060	\$ -	\$ 162,364
-	25,203	-	49,686	143,506
<u>\$ 8,505</u>	<u>\$ 25,203</u>	<u>\$ 47,060</u>	<u>\$ 49,686</u>	<u>\$ 305,870</u>
\$ -	\$ -	\$ -	\$ -	\$ 68,617
<u>8,505</u>	<u>25,203</u>	<u>47,060</u>	<u>49,686</u>	<u>237,253</u>
<u>\$ 8,505</u>	<u>\$ 25,203</u>	<u>\$ 47,060</u>	<u>\$ 49,686</u>	<u>\$ 305,870</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, 2005**

	<i>Sewer Bond Debt</i>	<i>Sewer Reserve</i>	<i>Sewer SDC</i>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ 45,259
Charges for services	-	-	-
Miscellaneous	-	380	450
<i>Total Receipts</i>	-	380	45,709
DISBURSEMENTS			
Capital outlay	-	10,391	-
Debt service	151,883	-	-
<i>Total Disbursements</i>	151,883	10,391	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(151,883)	(10,011)	45,709
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	150,000	-	-
NET CHANGE IN FUND BALANCES	(1,883)	(10,011)	45,709
FUND BALANCES (Deficit), Beginning of year	(66,734)	98,889	40,829
FUND BALANCES (Deficit), End of year	<u>\$ (68,617)</u>	<u>\$ 88,878</u>	<u>\$ 86,538</u>

<i>Water Bond Debt</i>	<i>Water Reserve</i>	<i>Water SDC</i>	<i>Water Replacement Line</i>	<i>Totals</i>
\$ -	\$ -	\$ 43,732	\$ -	\$ 88,991
-	-	-	38,209	38,209
-	510	521	415	2,276
-	510	44,253	38,624	129,476
-	3,185	-	-	13,576
68,892	-	-	-	220,775
68,892	3,185	-	-	234,351
(68,892)	(2,675)	44,253	38,624	(104,875)
65,000	-	-	-	215,000
-	(15,000)	-	-	(15,000)
65,000	(15,000)	-	-	200,000
(3,892)	(17,675)	44,253	38,624	95,125
12,397	42,878	2,807	11,062	142,128
<u>\$ 8,505</u>	<u>\$ 25,203</u>	<u>\$ 47,060</u>	<u>\$ 49,686</u>	<u>\$ 237,253</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, 2005**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 267,400	\$ 267,400	\$ 281,203	\$ 13,803
Intergovernmental	25,000	25,000	-	(25,000)
Miscellaneous	3,100	3,100	2,288	(812)
<i>Total Receipts</i>	295,500	295,500	283,491	(12,009)
DISBURSEMENTS				
Personal services	106,493	106,493	107,348	(855)
Materials and services	113,080	113,080	96,553	16,527
Capital outlay	23,750	23,750	20,358	3,392
Debt service	3,900	3,900	-	3,900
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	262,223	262,223	224,259	37,964
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	33,277	33,277	59,232	25,955
OTHER FINANCING SOURCES (USES)				
Transfers out	(150,000)	(150,000)	(150,000)	-
NET CHANGE IN FUND BALANCE				
	(116,723)	(116,723)	(90,768)	25,955
FUND BALANCE, Beginning of year				
	140,000	140,000	143,460	3,460
FUND BALANCE, End of year				
	\$ 23,277	\$ 23,277	\$ 52,692	\$ 29,415

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Charges for services	\$ 5,675	\$ 5,675	\$ -	\$ (5,675)
DISBURSEMENTS				
Debt service	156,675	156,675	151,883	4,792
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(151,000)	(151,000)	(151,883)	(883)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
NET CHANGE IN FUND BALANCE	(1,000)	(1,000)	(1,883)	(883)
FUND BALANCE (Deficit), Beginning of year	1,000	1,000	(66,734)	(67,734)
FUND BALANCE (Deficit), End of year	\$ -	\$ -	\$ (68,617)	\$ (68,617)

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 480	\$ 480	\$ 380	\$ (100)
DISBURSEMENTS				
Capital outlay	32,480	32,480	10,391	22,089
NET CHANGE IN FUND BALANCE	(32,000)	(32,000)	(10,011)	21,989
FUND BALANCE, Beginning of year	32,000	32,000	98,889	66,889
FUND BALANCE, End of year	\$ -	\$ -	\$ 88,878	\$ 88,878

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 45,259	\$ 20,259
Miscellaneous	570	570	450	(120)
<i>Total Receipts</i>	25,570	25,570	45,709	20,139
DISBURSEMENTS				
Capital outlay	63,570	63,570	-	63,570
<i>Total Disbursements</i>	63,570	63,570	-	63,570
FUND BALANCE, Beginning of year	38,000	38,000	40,829	2,829
FUND BALANCE, End of year	\$ -	\$ -	\$ 86,538	\$ 86,538

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, 2005**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	258,180	\$ 258,180	\$ 300,819	\$ 42,639
Intergovernmental	40,000	40,000	-	(40,000)
Miscellaneous	1,750	1,750	1,895	145
<i>Total Receipts</i>	299,930	299,930	302,714	2,784
DISBURSEMENTS				
Personal services	112,443	112,443	117,981	(5,538)
Materials and services	124,310	124,310	111,775	12,535
Capital outlay	27,550	27,550	-	27,550
Debt service	3,900	3,900	13,228	(9,328)
Contingency	2,999	2,999	-	2,999
<i>Total Disbursements</i>	271,202	271,202	242,984	28,218
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	28,728	28,728	59,730	31,002
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	-
Transfers out	(65,000)	(65,000)	(65,000)	-
<i>Total Other Financing Sources (Uses)</i>	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	(21,272)	(21,272)	9,730	31,002
FUND BALANCE (Deficit), Beginning of year	50,000	50,000	(94,196)	(144,196)
FUND BALANCE (Deficit), End of year	28,728	\$ 28,728	\$ (84,466)	\$ (113,194)

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Charges for services	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
DISBURSEMENTS				
Debt service	90,001	90,001	68,892	21,109
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,001)	(80,001)	(68,892)	11,109
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	65,000	-
NET CHANGE IN FUND BALANCE	(15,001)	(15,001)	(3,892)	11,109
FUND BALANCE, Beginning of year	15,001	15,001	12,397	(2,604)
FUND BALANCE, End of year	\$ -	\$ -	\$ 8,505	\$ 8,505

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 645	\$ 645	\$ 510	\$ (135)
DISBURSEMENTS				
Capital outlay	28,645	28,645	3,185	25,460
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(28,000)	(28,000)	(2,675)	25,325
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,000)	(15,000)	(15,000)	-
NET CHANGE IN FUND BALANCE	(43,000)	(43,000)	(17,675)	25,325
FUND BALANCE, Beginning of year	43,000	43,000	42,878	(122)
FUND BALANCE, End of year	\$ -	\$ -	\$ 25,203	\$ 25,203

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 43,732	\$ 23,732
Miscellaneous	660	660	521	(139)
<i>Total Receipts</i>	20,660	20,660	44,253	23,593
DISBURSEMENTS				
Capital outlay	22,760	22,760	-	22,760
NET CHANGE IN FUND BALANCE	(2,100)	(2,100)	44,253	46,353
FUND BALANCE, Beginning of year	2,100	2,100	2,807	707
FUND BALANCE, End of year	\$ -	\$ -	\$ 47,060	\$ 47,060

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Charges for services	\$ 35,000	\$ 35,000	\$ 38,209	\$ 3,209
Miscellaneous	525	525	415	(110)
<i>Total Receipts</i>	35,525	35,525	38,624	3,099
DISBURSEMENTS				
Capital outlay	45,525	45,525	-	45,525
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	(10,000)	38,624	48,624
FUND BALANCE, Beginning of year	-	-	11,062	11,062
FUND BALANCE, End of year	\$ (10,000)	\$ (10,000)	\$ 49,686	\$ 59,686

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, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 375,000	\$ 375,000	\$ -	\$ (375,000)
DISBURSEMENTS				
Materials and services	75,000	75,000	62,471	12,529
Capital outlay	116,329	116,329	402,399	(286,070)
<i>Total Disbursements</i>	<u>191,329</u>	<u>191,329</u>	<u>464,870</u>	<u>(273,541)</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	183,671	183,671	(464,870)	(648,541)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	470,959	470,959
NET CHANGE IN FUND BALANCE	183,671	183,671	6,089	(177,582)
FUND BALANCE (Deficit), Beginning of year	<u>(183,671)</u>	<u>(183,671)</u>	<u>(13,664)</u>	<u>170,007</u>
FUND BALANCE (Deficit), End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,575)</u>	<u>\$ (7,575)</u>

CITY OF AMITY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2005

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2004</i>	<i>2004-05 Levy</i>	<i>Added To Rolls</i>	<i>Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2005</i>
2004-2005	\$ -	\$ 166,392	\$ 50	\$ 4,789	\$ 155,233	\$ 6,420
2003-2004	6,051	-	-	57	3,709	2,285
2002-2003	2,589	-	-	40	1,261	1,288
2001-2002	1,434	-	-	2	828	604
2000-2001	675	-	-	1	473	201
1999-2000	146	-	-	(1)	43	104
1998-1999	108	-	-	(1)	20	89
Prior Years	398	-	-	-	51	347
Total	<u>\$ 11,401</u>	<u>\$ 166,392</u>	<u>\$ 50</u>	<u>\$ 4,887</u>	<u>\$ 161,618</u>	<u>\$ 11,338</u>

CITY OF AMITY, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2005

	<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>LOAN 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, 2004</i>
<i>BOND INTEREST TRANSACTIONS</i>			
1967 Sewer Revenue Bonds	5.0%	1967	\$ 1,332
1970 Water Revenue Bonds	5.0%	1970	3,647
1974 Water Revenue Bonds	5.0%	1974	6,839
1975 Water Revenue Bonds	5.0%	1975	12,334
1975 Water Revenue Bonds	5.0%	1975	10,711
<i>LOAN INTEREST TRANSACTIONS</i>			
Oregon Economic & Community Development Water Master Plan Loan	6.0%	1997	1,106
State Revolving Fund	1.0%	2000	208,554
State Revolving Fund	3.0%-5.0%	2003	1,349,157
Government Capital Corporation Lease	5.0%	2002	3,050
			<i>\$ 1,596,730</i>

<i>Outstanding July 1, 2004</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2005</i>
\$ 18,000	\$ -	\$ 6,000	\$ 12,000
21,386	-	3,344	18,042
23,180	-	1,745	21,435
38,882	-	2,808	36,074
33,910	-	2,464	31,446
9,047	-	2,842	6,205
1,328,754	-	39,717	1,289,037
2,077,128	-	54,365	2,022,763
22,948	-	7,279	15,669
<u>\$ 3,573,235</u>	<u>\$ -</u>	<u>\$ 120,564</u>	<u>\$ 3,452,671</u>

<i>New Issues</i>	<i>Interest Coupons Paid</i>	<i>Unmatured Interest June 30, 2005</i>
\$ -	\$ 675	\$ 657
-	977	2,670
-	1,061	5,778
-	1,865	10,469
-	1,626	9,085
-	543	563
-	13,285	195,269
-	87,458	1,261,699
-	1,387	1,663
<u>\$ -</u>	<u>\$ 108,877</u>	<u>\$ 1,487,853</u>

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 2005

Year	1967 Sewer Revenue Bonds			1970 Water Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-	2,936	148	3,084
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	-	-	-	-	-	-
2032-33	-	-	-	-	-	-
Totals	<u>\$ 12,000</u>	<u>\$ 657</u>	<u>\$ 12,657</u>	<u>\$ 18,042</u>	<u>\$ 2,670</u>	<u>\$ 20,712</u>

1974 Water Revenue			1975 Water Revenue		
Bonds			Bonds		
Principal	Interest	Total	Principal	Interest	Total
\$ 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
3,336	165	3,501	4,340	402	4,742
-	-	-	3,680	185	3,865
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 21,435	\$ 5,778	\$ 27,213	\$ 36,074	\$ 10,469	\$ 46,543

CITY OF AMITY, OREGON**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)****JUNE 30, 2005**

Year	1975 Water Revenue Bond			OECD Water Master Plan Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	3,029	152	3,181	-	-	-
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	-	-	-	-	-	-
2032-33	-	-	-	-	-	-
Totals	<u>\$ 31,446</u>	<u>\$ 9,085</u>	<u>\$ 40,531</u>	<u>\$ 6,205</u>	<u>\$ 563</u>	<u>\$ 6,768</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>
\$ 40,122	\$ 12,890	\$ 53,012	\$ 54,645	\$ 85,827	\$ 140,472
40,522	12,489	53,011	59,935	84,188	144,123
40,927	12,084	53,011	60,233	82,390	142,623
41,336	11,675	53,011	60,540	80,583	141,123
41,750	11,261	53,011	65,856	78,767	144,623
42,167	10,844	53,011	66,214	76,594	142,808
42,589	10,422	53,011	66,607	74,276	140,883
43,015	9,996	53,011	72,025	71,878	143,903
43,445	9,566	53,011	72,476	69,177	141,653
43,879	9,132	53,011	77,962	66,351	144,313
44,318	8,693	53,011	78,481	63,232	141,713
44,761	8,250	53,011	84,033	60,014	144,047
45,209	7,802	53,011	84,630	56,443	141,073
45,661	7,350	53,011	90,270	52,741	143,011
46,118	6,893	53,011	95,957	48,678	144,635
46,579	6,432	53,011	96,691	44,264	140,955
47,045	5,966	53,011	102,476	39,720	142,196
47,515	5,496	53,011	108,306	34,852	143,158
47,990	5,021	53,011	114,175	29,708	143,883
48,470	4,541	53,011	120,086	24,284	144,370
48,955	4,056	53,011	126,040	18,580	144,620
49,444	3,567	53,011	127,039	12,593	139,632
49,939	3,072	53,011	138,086	6,559	144,645
50,438	2,573	53,011	-	-	-
50,943	2,068	53,011	-	-	-
51,452	1,559	53,011	-	-	-
51,967	1,045	53,012	-	-	-
52,481	526	53,007	-	-	-
<u>\$ 1,289,037</u>	<u>\$ 195,269</u>	<u>\$ 1,484,306</u>	<u>\$ 2,022,763</u>	<u>\$ 1,261,699</u>	<u>\$ 3,284,462</u>

CITY OF AMITY, OREGON**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)**

JUNE 30, 2005

Year	Government Capital Corp			Total		
	Lease					
	Principal	Interest	Total	Principal	Interest	Total
2005-06	\$ 7,643	\$ 1,023	\$ 8,666	\$ 122,338	\$ 105,910	\$ 228,248
2006-07	8,026	640	8,666	129,136	102,517	231,653
2007-08	-	-	-	113,194	98,703	211,897
2008-09	-	-	-	114,511	95,886	210,397
2009-10	-	-	-	119,550	93,024	212,574
2010-11	-	-	-	117,838	89,837	207,675
2011-12	-	-	-	119,127	86,623	205,750
2012-13	-	-	-	125,467	83,303	208,770
2013-14	-	-	-	127,405	79,652	207,057
2014-15	-	-	-	128,550	75,820	204,370
2015-16	-	-	-	122,799	71,925	194,724
2016-17	-	-	-	128,794	68,264	197,058
2017-18	-	-	-	129,839	64,245	194,084
2018-19	-	-	-	135,931	60,091	196,022
2019-20	-	-	-	142,075	55,571	197,646
2020-21	-	-	-	143,270	50,696	193,966
2021-22	-	-	-	149,521	45,686	195,207
2022-23	-	-	-	155,821	40,348	196,169
2023-24	-	-	-	162,165	34,729	196,894
2024-25	-	-	-	168,556	28,825	197,381
2025-26	-	-	-	174,995	22,636	197,631
2026-27	-	-	-	176,483	16,160	192,643
2027-28	-	-	-	188,025	9,631	197,656
2028-29	-	-	-	50,438	2,573	53,011
2029-30	-	-	-	50,943	2,068	53,011
2030-31	-	-	-	51,452	1,559	53,011
2031-32	-	-	-	51,967	1,045	53,012
2032-33	-	-	-	52,481	526	53,007
Totals	\$ 15,669	\$ 1,663	\$ 17,332	\$ 3,452,671	\$ 1,487,853	\$ 4,940,524

CITY OF AMITY, OREGON

INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS YEAR ENDED JUNE 30, 2005

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, 2005, and have issued our report thereon dated December 8, 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 no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements at June 30, 2005.

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, 2005.

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, 2005. The City's adoption of its budget for the fiscal year ending June 30, 2006 was not in compliance with Local Budget Law (ORS 294) and as noted in the notes to the financial statements. The City is being assisted by the State of Oregon in resolving the deficiency.

CITY OF AMITY, OREGON

INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

(Continued)

YEAR ENDED JUNE 30, 2005

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2005. 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, 2005.

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.

Other Matters

Amounts shown as due to other funds may represent unauthorized interfund borrowing.

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

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

By: 

Charles A. Swank, A Shareholder
December 8, 2005

Figure 1 is a schematic diagram of the experimental setup. It shows a subject seated at a table, looking at a video screen. A camera is positioned above the screen. A target is placed on the table. A ruler is placed on the table. A scale bar is shown on the right.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200 • Salem, Oregon 97301
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***INDEPENDENT AUDITOR'S REPORT 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, 2005, and have issued our report thereon dated December 8, 2005. Our report was qualified as the City does not maintain historical cost or depreciation records for capital 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
December 8, 2005



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 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, 2005. 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, 2005.

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
December 8, 2005

CITY OF AMITY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

<u><i>Federal Grantor/Program Title</i></u>	<u><i>Federal CFDA Number</i></u>	<u><i>Expenditures</i></u>
<i>U.S. Environmental Protection Agency</i> Capitalization Grants for Drinking Water State Revolving Fund	66.468	\$ 291,467
<i>U.S. Department of Housing and Urban Development</i> Community Development Block Grant -	14.228	198,435
<i>U.S. Department of Justice</i> Public Safety Partnership and Community Policing Grant (COPS)	16.710	<u>108,198</u>
<i>Total Federal Financial Assistance Expenditures</i>		<u>\$ 598,100</u>

CITY OF AMITY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

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, 2005.

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 from Federal sources totaling \$3,318,005 at June 30, 2005.

CITY OF AMITY, OREGON
SUMMARY OF AUDIT RESULTS
YEAR ENDED JUNE 30, 2005

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:

CFDA Numbers

Name of Federal Program or Cluster

66.468

Capitalization Grants for Drinking Water

16.710

Public Safety Partnership and Community Policing Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.