

***CITY OF AMITY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006***

Rec'd 10-3-07 g Initial
DIS 10-3-07 g
Muni 10-3-07 mn
Scanned
Comments

CITY OF AMITY, OREGON
CITY OFFICIALS
JUNE 30, 2006

MAYOR

Vacant
P.O. Box 159
Amity, Oregon 97101

COUNCIL MEMBERS

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

Michael Cape
c/o P.O. Box 159
Amity, Oregon 97101

Lisa Prado
c/o P.O. Box 159
Amity, Oregon 97101

Kristina Shields
c/o P.O. Box 159
Amity, Oregon 97101

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

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

CITY OF AMITY, OREGON
TABLE OF CONTENTS

| | <i>Page</i> |
|--|-------------|
| <i>INTRODUCTORY SECTION</i> | |
| City Officials | |
| Table of Contents | |
| <i>FINANCIAL SECTION</i> | |
| Independent Auditor's Report | 1-2 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Assets (Modified Cash Basis) | 3 |
| Statement of Activities (Modified Cash Basis) | 4 |
| Fund Financial Statements | |
| Statement of Assets and Liabilities (Modified Cash Basis) - Governmental Funds | 5 |
| Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Governmental Funds | 6 |
| Statement of Assets and Liabilities (Modified Cash Basis) - Enterprise Funds | 7 |
| Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Enterprise Funds | 8 |
| Notes to Basic Financial Statements | 9-20 |
| Required Supplementary Information | |
| Schedule of Funding Progress - Public Employees Retirement System | 21 |
| Schedule of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Budget and Actual | |
| General Fund | 22 |
| Street Fund | 23 |
| Other Supplementary Information | |
| Combining Statement of Assets and Liabilities (Modified Cash Basis) - Nonmajor Governmental Funds | 24 |
| Combining Statement of Receipts, Disbursements and Changes in Fund Balance (Modified Cash Basis) - Nonmajor Governmental Funds | 25 |
| Schedule of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Budget and Actual | |
| 911 Fund | 26 |
| Police Equipment Reserve Fund | 27 |
| Sidewalk Reserve Fund | 28 |
| Street Reserve Fund | 29 |
| Street SDC Fund | 30 |
| Storm SDC Fund | 31 |
| Parks SDC Fund | 32 |
| Combining Statement of Assets and Liabilities (Modified Cash Basis) - Nonmajor Enterprise Funds | 33 |
| Combining Statement of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Nonmajor Enterprise Funds | 34 |
| Schedule of Receipts, Disbursements and Changes in Fund Balances (Modified Cash Basis) - Budget and Actual | |
| Sewer Fund | 35 |
| Sewer Bond Debt Fund | 36 |
| Sewer Reserve Fund | 37 |
| Sewer SDC Fund | 38 |
| Water Fund | 39 |
| Water Bond Debt Fund | 40 |
| Water Reserve Fund | 41 |
| Water SDC Fund | 42 |
| Water Replacement Line Fund | 43 |
| Water Capital Project Fund | 44 |

CITY OF AMITY, OREGON
TABLE OF CONTENTS (Continued)

| | <i><u>Page</u></i> |
|---|--------------------|
| <i>FINANCIAL SECTION (Continued)</i> | |
| Other Supplementary Information (Continued) | |
| Schedule of Property Tax Transactions | 45 |
| Schedule of Long-Term Debt Transactions | 46 |
| Schedule of Future Bonded Debt Requirements | 47-49 |
| <i>INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</i> | 50-51 |

BASIC FINANCIAL STATEMENTS



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Cape, 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, 2006, 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. 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 opinion.

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, 2006, 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.

The Schedule of Funding Progress – Public Employees Retirement System 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 in required supplemental and other supplementary information and are presented for purposes of additional analysis and are 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
August 21, 2007

CITY OF AMITY, OREGON**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)****JUNE 30, 2006**

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|--|---|--|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 241,771 | \$ 227,617 | \$ 469,388 |
| Property taxes receivable | 10,847 | - | 10,847 |
| Capital assets | 811,792 | 8,202,050 | 9,013,842 |
| <i>Total Assets</i> | <u>1,064,410</u> | <u>8,429,667</u> | <u>9,494,077</u> |
| LIABILITIES | | | |
| Deferred revenue | 10,847 | - | 10,847 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Loan payable | - | 103,643 | 103,643 |
| Bonds payable | - | 17,461 | 17,461 |
| Due in more than one year: | | | |
| Loan payable | - | 3,116,376 | 3,116,376 |
| Bonds payable | - | 85,114 | 85,114 |
| <i>Total Liabilities</i> | <u>10,847</u> | <u>3,322,594</u> | <u>3,333,441</u> |
| NET ASSETS | | | |
| Investment in capital assets (net of related debt) | 811,792 | 4,879,456 | 5,691,248 |
| Fund net assets | | | |
| Restricted for special purposes | 149,938 | 154,211 | 304,149 |
| Unrestricted | 91,833 | 73,406 | 165,239 |
| <i>Total Fund Net Assets</i> | <u>241,771</u> | <u>227,617</u> | <u>469,388</u> |
| <i>Total Net Assets</i> | <u>\$ 1,053,563</u> | <u>\$ 5,107,073</u> | <u>\$ 6,160,636</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, 2006**

| | | Program Receipts | | |
|---------------------------------------|----------------------|---|---|---|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| | Disbursements | | | |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental activities: | | | | |
| General government | \$ 150,358 | \$ 88,178 | \$ - | \$ - |
| Community development | 27,098 | - | - | - |
| Street | 100,717 | 82,811 | 38,145 | - |
| Parks | 9,033 | 3,027 | - | - |
| Library | 16,052 | - | - | - |
| Public safety | 218,743 | 30,000 | 71,474 | - |
| | | | | |
| <i>Total governmental activities</i> | <u>522,001</u> | <u>204,016</u> | <u>109,619</u> | <u>-</u> |
| Business-type activities: | | | | |
| Sewer | 363,885 | 322,947 | - | - |
| Water | 376,705 | 356,684 | - | 69,434 |
| | | | | |
| <i>Total business-type activities</i> | <u>740,590</u> | <u>679,631</u> | <u>-</u> | <u>69,434</u> |
| | | | | |
| <i>Total activities</i> | <u>\$ 1,262,591</u> | <u>\$ 883,647</u> | <u>\$ 109,619</u> | <u>\$ 69,434</u> |
| General receipts: | | | | |
| Property taxes | | | | |
| Intergovernmental | | | | |
| Miscellaneous | | | | |
| | | | | |
| <i>Total general receipts</i> | | | | |
| Change in fund net assets | | | | |
| Fund net assets, July 1, 2005 | | | | |
| Fund net assets, June 30, 2006 | | | | |

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

| <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|---|--|----------------------|
| \$ (62,180) | \$ - | \$ (62,180) |
| (27,098) | - | (27,098) |
| 20,239 | - | 20,239 |
| (6,006) | - | (6,006) |
| (16,052) | - | (16,052) |
| (117,269) | - | (117,269) |
| <u>(208,366)</u> | <u>-</u> | <u>(208,366)</u> |
| - | (40,938) | (40,938) |
| - | 49,413 | 49,413 |
| <u>-</u> | <u>8,475</u> | <u>8,475</u> |
| (208,366) | 8,475 | (199,891) |
| 176,271 | - | 176,271 |
| 29,960 | - | 29,960 |
| 32,622 | 21,238 | 53,860 |
| <u>238,853</u> | <u>21,238</u> | <u>260,091</u> |
| 30,487 | 29,713 | 60,200 |
| 211,284 | 197,904 | 409,188 |
| <u>\$ 241,771</u> | <u>\$ 227,617</u> | <u>\$ 469,388</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, 2006**

| | <u>General</u> | <u>Street</u> |
|--|------------------|------------------|
| ASSETS | | |
| Cash and investments | \$ 67,322 | \$ 74,967 |
| Property taxes receivable | 10,847 | - |
| Due from other funds | 2,718 | - |
| | <hr/> | <hr/> |
| <i>Total Assets</i> | <u>\$ 80,887</u> | <u>\$ 74,967</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Due to other funds | \$ - | \$ - |
| Deferred revenue | 10,847 | - |
| | <hr/> | <hr/> |
| <i>Total Liabilities</i> | 10,847 | - |
| Fund Balances | | |
| Unreserved, reported in: | | |
| General fund | 70,040 | - |
| Special revenue funds | - | 74,967 |
| | <hr/> | <hr/> |
| <i>Total Fund Balances</i> | <u>70,040</u> | <u>74,967</u> |
| | <hr/> | <hr/> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 80,887</u> | <u>\$ 74,967</u> |

| <i>Other Governmental Funds</i> | <i>Totals</i> |
|---|-------------------|
| \$ 99,482 | \$ 241,771 |
| - | 10,847 |
| - | 2,718 |
| <u>\$ 99,482</u> | <u>\$ 255,336</u> |
| | |
| \$ 2,718 | \$ 2,718 |
| - | 10,847 |
| <u>2,718</u> | <u>13,565</u> |
| | |
| - | 70,040 |
| 96,764 | 171,731 |
| <u>96,764</u> | <u>241,771</u> |
| | |
| <u>\$ 99,482</u> | <u>\$ 255,336</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, 2006**

| | <u>General</u> | <u>Street</u> |
|--|------------------|------------------|
| RECEIPTS | | |
| Taxes and assessments | \$ 176,271 | \$ - |
| Licenses and permits | 88,908 | - |
| Intergovernmental | 101,434 | 109,354 |
| Fines and forfeitures | 30,000 | - |
| Miscellaneous | 31,989 | 645 |
| | <hr/> | <hr/> |
| <i>Total Receipts</i> | 428,602 | 109,999 |
| DISBURSEMENTS | | |
| Personal services | 250,612 | 28,524 |
| Materials and services | 167,452 | 39,582 |
| Capital outlay | 363 | 28,839 |
| Debt service | - | 1,359 |
| | <hr/> | <hr/> |
| <i>Total Disbursements</i> | 418,427 | 98,304 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 10,175 | 11,695 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | - | 4,000 |
| Transfers out | - | (4,000) |
| | <hr/> | <hr/> |
| <i>Total Other Financing Sources (Uses)</i> | - | - |
| NET CHANGE IN FUND BALANCES | 10,175 | 11,695 |
| FUND BALANCES, Beginning of year | 59,865 | 63,272 |
| | <hr/> | <hr/> |
| FUND BALANCES, End of year | <u>\$ 70,040</u> | <u>\$ 74,967</u> |

| <i>Other Governmental Funds</i> | <i>Totals</i> |
|--|----------------------|
| \$ - | \$ 176,271 |
| 13,254 | 102,162 |
| - | 210,788 |
| - | 30,000 |
| 633 | 33,267 |
| <hr/> | <hr/> |
| 13,887 | 552,488 |
| | |
| - | 279,136 |
| - | 207,034 |
| 5,270 | 34,472 |
| - | 1,359 |
| <hr/> | <hr/> |
| 5,270 | 522,001 |
| <hr/> | <hr/> |
| | |
| 8,617 | 30,487 |
| | |
| 4,000 | 8,000 |
| (4,000) | (8,000) |
| <hr/> | <hr/> |
| - | - |
| <hr/> | <hr/> |
| 8,617 | 30,487 |
| | |
| 88,147 | 211,284 |
| <hr/> | <hr/> |
| \$ 96,764 | \$ 241,771 |
| <hr/> | <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, 2006**

| | <u><i>Sewer</i></u> | <u><i>Water</i></u> | <u><i>Sewer Bond</i></u> |
|--|-------------------------|------------------------|------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 35,512 | \$ - | \$ - |
| Due from other funds | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Assets</i> | <u><u>\$ 35,512</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ 32,296 | \$ 66,534 |
| Fund Balances | | | |
| Unreserved (Deficit) | 35,512 | (32,296) | (66,534) |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Fund Balances</i> | <u><u>35,512</u></u> | <u><u>(32,296)</u></u> | <u><u>(66,534)</u></u> |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Liabilities and Fund Balances</i> | <u><u>\$ 35,512</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

| <i>Water Bond</i> | <i>Other Enterprise Funds</i> | <i>Totals</i> |
|------------------------------|--|----------------------|
| \$ 14,539 | \$ 177,566 | \$ 227,617 |
| - | 102,799 | 102,799 |
| <u>\$ 14,539</u> | <u>\$ 280,365</u> | <u>\$ 330,416</u> |
| | | |
| \$ - | \$ 3,969 | \$ 102,799 |
| | | |
| <u>14,539</u> | <u>276,396</u> | <u>227,617</u> |
| | | |
| <u>14,539</u> | <u>276,396</u> | <u>227,617</u> |
| | | |
| <u>\$ 14,539</u> | <u>\$ 280,365</u> | <u>\$ 330,416</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, 2006**

| | <u>Sewer</u> | <u>Water</u> | <u>Sewer Bond</u> |
|---|------------------|--------------------|-----------------------|
| RECEIPTS | | | |
| Licenses and permits | \$ - | \$ - | \$ - |
| Charges for services | 312,638 | 324,487 | - |
| Intergovernmental | - | - | - |
| Miscellaneous | 13,228 | 3,175 | - |
| | <u>325,866</u> | <u>327,662</u> | <u>-</u> |
| <i>Total Receipts</i> | 325,866 | 327,662 | - |
| DISBURSEMENTS | | | |
| Personal services | 104,662 | 112,360 | - |
| Materials and services | 93,319 | 89,486 | - |
| Capital outlay | 300 | - | - |
| Debt service | 7,760 | 7,759 | 146,922 |
| | <u>206,041</u> | <u>209,605</u> | <u>146,922</u> |
| <i>Total Disbursements</i> | 206,041 | 209,605 | 146,922 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 119,825 | 118,057 | (146,922) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 12,000 | 12,000 | 149,005 |
| Transfers out | (149,005) | (77,887) | - |
| | <u>(137,005)</u> | <u>(65,887)</u> | <u>149,005</u> |
| <i>Total Other Financing Sources (Uses)</i> | (137,005) | (65,887) | 149,005 |
| NET CHANGE IN FUND BALANCES | (17,180) | 52,170 | 2,083 |
| FUND BALANCES (Deficit), Beginning of year | <u>52,692</u> | <u>(84,466)</u> | <u>(68,617)</u> |
| FUND BALANCES (Deficit), End of year | <u>\$ 35,512</u> | <u>\$ (32,296)</u> | <u>\$ (66,534)</u> |

| <i>Water Bond</i> | <i>Other Enterprise Funds</i> | <i>Totals</i> |
|------------------------------|--|----------------------|
| \$ - | \$ 18,557 | \$ 18,557 |
| - | 23,949 | 661,074 |
| - | 69,434 | 69,434 |
| - | 4,835 | 21,238 |
| - | 116,775 | 770,303 |
| - | - | 217,022 |
| - | 2,000 | 184,805 |
| - | 104,169 | 104,469 |
| 71,853 | - | 234,294 |
| 71,853 | 106,169 | 740,590 |
| (71,853) | 10,606 | 29,713 |
| 77,887 | - | 250,892 |
| - | (24,000) | (250,892) |
| 77,887 | (24,000) | - |
| 6,034 | (13,394) | 29,713 |
| 8,505 | 289,790 | 197,904 |
| \$ 14,539 | \$ 276,396 | \$ 227,617 |

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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

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, 2006

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, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Water Fund

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

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.

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.

The City reports the following proprietary funds as nonmajor:

OECD Debt (Water Capital Project) Fund

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

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 Fund

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 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 Fund

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.

Waterline Replacement 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, 2006

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, 2006. 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, 2006

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, 2006 was \$49,679.

Budgets and Budgetary Accounting

The City adopts the budget on an object basis. Therefore, cash disbursements of a fund may not legally exceed that fund's appropriations for specific 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, 2006:

| | <i>Carrying Value</i> | <i>Fair Value</i> |
|--------------------------------------|---------------------------|-----------------------|
| Cash | | |
| Cash on hand | \$ 400 | \$ 400 |
| Deposits with financial institutions | 183,643 | 183,643 |
| Investments | | |
| Local Government Investment Pool | 285,345 | 285,345 |
| | <u>\$ 469,388</u> | <u>\$ 469,388</u> |

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2006

CASH AND INVESTMENTS (Continued)

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) is \$183,643 and the bank balance is \$201,229. 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

At June 30, 2006, 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 classification. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

Custodial Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Oregon laws require governmental deposits to be made in banks to be protected either by depository insurance or the financial institution is required to maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the face value of the certificate issued by the pool manager. When such securities are deposited with the pool manager, covered funds are considered fully collateralized under Oregon law. The collateral is held by a state-sponsored pool manager which is a commercial bank in the name of the pool manager, with the collateral certificate issued by the pool manager in the name of the City. This does not constitute full collateral of deposits, but meets Oregon legal requirements.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2006

CAPITAL ASSETS

The summary of capital assets for the governmental activities for the year ended June 30, 2006 is as follows:

| | <i>Balances July 1, 2005</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2006</i> |
|--------------------|---|-------------------------|---------------------------|--|
| Land and buildings | \$ 264,705 | \$ 28,839 | \$ - | \$ 293,544 |
| Equipment | 512,978 | 5,270 | - | 518,248 |
| | <u>\$ 777,683</u> | <u>\$ 34,109</u> | <u>\$ -</u> | <u>\$ 811,792</u> |

The changes in the capital assets for business-type activities for the year ended June 30, 2006 are as follows:

| | <i>Balances July 1, 2005</i> | <i>Additions</i> | <i>Retirements</i> | <i>Balances June 30, 2006</i> |
|-------------------------------|---|-------------------------|---------------------------|--|
| Plant, Property and Equipment | | | | |
| Sewer Fund | \$ 3,827,577 | \$ 74,750 | \$ - | \$ 3,902,327 |
| Water Fund | 4,278,700 | 21,023 | - | 4,299,723 |
| | <u>\$ 8,106,277</u> | <u>\$ 95,773</u> | <u>\$ -</u> | <u>\$ 8,202,050</u> |

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2006****LONG-TERM DEBT**

Business-type activity long-term debt transactions for the year ended June 30, 2006 were as follows:

| | <i>Original Issue</i> | <i>Balance July 1, 2005</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 | \$ 12,000 | \$ - |
| Water system revenue bonds, series 1970 due in annual installments of \$4,407 including interest at 5.0% through 2010 | 75,000 | 18,042 | - |
| Water system revenue bonds, series 1974 due in annual installments of \$2,964 including interest at 5.0% through 2014 | 50,000 | 21,435 | - |
| Water system revenue bonds, series 1975 due in annual installments of \$4,742 including interest at 5.0% through 2015 | 80,000 | 36,074 | - |
| Water system revenue bonds, series 1975 due in annual installments of \$4,150 including interest at 5.0% through 2015 | 70,000 | 31,446 | - |
| Oregon Economic & Community Development Department Water Master Plan loan, due in annual installments of \$3,385 including interest at 6.0% | 18,894 | 6,205 | - |
| State Revolving Fund, due in annual installments of \$53,011 including interest at 1.0% | 1,367,862 | 1,289,037 | - |
| State Revolving Fund, wastewater improvement project due in annual installments of \$150,000 to \$145,000 including interest from 3.0% to 5.0%. | 2,131,220 | 2,022,763 | - |
| Government Capital Corporation long term lease for four excavators and trailer due in annual installments of \$8,666 including interest at 5% | 43,330 | 15,669 | - |
| | | <u>\$ 3,452,671</u> | <u>\$ -</u> |

| <i><u>Principal Paid</u></i> | <i><u>Balance June 30, 2006</u></i> | <i><u>Next Year Requirement</u></i> |
|----------------------------------|---|---|
| \$ 6,000 | \$ 6,000 | \$ 6,000 |
| 3,421 | 14,621 | 3,680 |
| 1,726 | 19,709 | 1,990 |
| 2,771 | 33,303 | 3,085 |
| 2,504 | 28,942 | 2,706 |
| 3,012 | 3,193 | 3,193 |
| 40,329 | 1,248,708 | 40,515 |
| 54,645 | 1,968,118 | 59,935 |
| 15,669 | - | - |
| <u>\$ 130,077</u> | <u>\$ 3,322,594</u> | <u>\$ 121,104</u> |

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2006****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>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2006-2007 | \$ 121,104 | \$ 101,875 | \$ 222,979 |
| 2007-2008 | 113,187 | 98,701 | 211,888 |
| 2008-2009 | 114,504 | 95,884 | 210,388 |
| 2009-2010 | 119,627 | 93,099 | 212,726 |
| 2010-2011 | 117,831 | 89,835 | 207,666 |
| 2011-2016 | 623,721 | 397,542 | 1,021,263 |
| 2016-2021 | 679,870 | 298,861 | 978,731 |
| 2021-2026 | 811,017 | 172,220 | 983,237 |
| 2026-2031 | 517,298 | 31,989 | 549,287 |
| 2031-2033 | 104,435 | 1,604 | 106,039 |
| Totals | <u>\$ 3,322,594</u> | <u>\$ 1,381,610</u> | <u>\$ 4,704,204</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, 2006

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, 2006. 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, 2006, the City's subject salary was \$329,916 and the total payroll was \$329,916.

Contribution information is as follows:

| <u>Year Ended June 30,</u> | <u>Employer Contributions</u> |
|--------------------------------|-----------------------------------|
| 2006 | \$ 59,934 |
| 2005 | 40,445 |
| 2004 | 19,733 |

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, 2006****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 2006 was as follows:

| | <u>Sewer</u> | <u>Water</u> | <u>Total</u> |
|---|--------------|--------------|--------------|
| Receipts | \$ 498,942 | \$ 522,253 | \$ 1,021,195 |
| Disbursements | 524,890 | 466,592 | 991,482 |
| Excess (deficiency) of receipts over disbursements | (25,948) | 55,661 | 29,713 |
| Total assets | 133,543 | 94,074 | 227,617 |
| Total fund balances | 133,543 | 94,074 | 227,617 |

TRANSFERS

| <u>Transfers to:</u> | <u>Transfers from:</u> | | | | |
|----------------------|------------------------|------------------|-------------------|-----------------------|-------------------|
| | <u>Street</u> | <u>Water</u> | <u>Sewer</u> | <u>All Others</u> | <u>Total</u> |
| Street | \$ - | \$ - | \$ - | \$ 4,000 | \$ 4,000 |
| Sidewalk Reserve | 2,000 | - | - | - | 2,000 |
| Street Reserve | 2,000 | - | - | - | 2,000 |
| Water | - | - | - | 12,000 | 12,000 |
| Water Bond | - | 77,887 | - | - | 77,887 |
| Sewer | - | - | - | 12,000 | 12,000 |
| Sewer Bond | - | - | 149,005 | - | 149,005 |
| | <u>\$ 4,000</u> | <u>\$ 77,887</u> | <u>\$ 149,005</u> | <u>\$ 28,000</u> | <u>\$ 258,892</u> |

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

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2006**

OVER-EXPENDITURE OF APPROPRIATIONS AND DEFICIT FUND BALANCES

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

| <i>Fund</i> | <i>Category</i> | <i>Amount</i> |
|--------------------|------------------------|----------------------|
| Street | Personal services | \$ 976 |
| | Materials and services | 2,236 |
| | Capital outlay | 3,839 |
| Street Reserve | Capital outlay | 2,413 |
| Water | Materials and services | 18,356 |
| Water Capital | Materials and services | 2,000 |
| | Capital outlay | 63,828 |
| Sewer | Materials and services | 31,871 |

At June 30, 2006, the Water Capital Projects Fund had an accumulated deficit of \$3,969, the Water Fund had an accumulated deficit of \$32,296, the Sewer Bonded Debt had an accumulated deficit of \$66,534, and the Street Reserve Fund had an accumulated deficit of \$2,718.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM****JUNE 30, 2006**

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

| <i><u>Actuarial Valuation Ending December 31</u></i> | <i><u>Actuarial Value of Assets</u></i> | <i><u>Actuarial Accrued Liability</u></i> | <i><u>Unfunded Actuarial Liability (UAL)</u></i> | <i><u>Funded Percent</u></i> | <i><u>Covered Payroll</u></i> | <i><u>UAL as a Percentage of Covered Payroll</u></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, 2006**

| | <i>Budgeted Amounts</i> | | | |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Variance</i> |
| RECEIPTS | | | | |
| Taxes and assessments | \$ 175,884 | \$ 175,884 | \$ 176,271 | \$ 387 |
| Licenses and permits | 67,050 | 67,050 | 88,908 | 21,858 |
| Intergovernmental | 116,573 | 116,573 | 101,434 | (15,139) |
| Fines and forfeitures | 35,200 | 35,200 | 30,000 | (5,200) |
| Miscellaneous | 5,720 | 5,720 | 31,989 | 26,269 |
| <i>Total Receipts</i> | 400,427 | 400,427 | 428,602 | 28,175 |
| DISBURSEMENTS | | | | |
| Personal services | 268,534 | 268,534 | 250,612 | 17,922 |
| Materials and services | 173,067 | 173,067 | 167,452 | 5,615 |
| Capital outlay | 3,100 | 3,100 | 363 | 2,737 |
| <i>Total Disbursements</i> | 444,701 | 444,701 | 418,427 | 26,274 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (44,274) | (44,274) | 10,175 | 54,449 |
| FUND BALANCE, Beginning of year | 149,351 | 149,351 | 59,865 | (89,486) |
| FUND BALANCE, End of year | \$ 105,077 | \$ 105,077 | \$ 70,040 | \$ (35,037) |

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, 2006**

| | <i>Budgeted Amounts</i> | | | |
|---|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Variance</i> |
| RECEIPTS | | | | |
| Intergovernmental | \$ 93,000 | \$ 93,000 | \$ 109,354 | \$ 16,354 |
| Miscellaneous | 260 | 260 | 645 | 385 |
| <i>Total Receipts</i> | 93,260 | 93,260 | 109,999 | 16,739 |
| DISBURSEMENTS | | | | |
| Personal services | 27,548 | 27,548 | 28,524 | (976) |
| Materials and services | 37,350 | 37,350 | 39,582 | (2,232) |
| Capital outlay | 25,000 | 25,000 | 28,839 | (3,839) |
| Debt service | 4,000 | 4,000 | 1,359 | 2,641 |
| Contingency | 2,000 | 2,000 | - | 2,000 |
| <i>Total Disbursements</i> | 95,898 | 95,898 | 98,304 | (2,406) |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (2,638) | (2,638) | 11,695 | 14,333 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,000 | 4,000 | 4,000 | - |
| Transfers out | (4,000) | (4,000) | (4,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (2,638) | (2,638) | 11,695 | 14,333 |
| FUND BALANCE, Beginning of year | 22,107 | 22,107 | 63,272 | 41,165 |
| FUND BALANCE, End of year | \$ 19,469 | \$ 19,469 | \$ 74,967 | \$ 55,498 |

OTHER SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2006**

| | <u>911</u> | <u>Police Equipment Reserve</u> | <u>Sidewalk Reserve</u> |
|--|---------------|---|-----------------------------|
| ASSETS | | | |
| Cash and investments | \$ 418 | \$ 13,762 | \$ 10,749 |
| <i>Total Assets</i> | <u>\$ 418</u> | <u>\$ 13,762</u> | <u>\$ 10,749</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ - | \$ - |
| Fund Balances | | | |
| Unreserved, reported in: | | | |
| Special revenue funds | 418 | 13,762 | 10,749 |
| <i>Total Fund Balances</i> | <u>418</u> | <u>13,762</u> | <u>10,749</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 418</u> | <u>\$ 13,762</u> | <u>\$ 10,749</u> |

| <i>Street Reserve</i> | <i>Street SDC</i> | <i>Storm SDC</i> | <i>Parks SDC</i> | <i>Totals</i> |
|---------------------------|-----------------------|----------------------|----------------------|---------------|
| \$ - | \$ 43,827 | \$ 18,258 | \$ 12,468 | \$ 99,482 |
| \$ - | \$ 43,827 | \$ 18,258 | \$ 12,468 | \$ 99,482 |
| \$ 2,718 | \$ - | \$ - | \$ - | \$ 2,718 |
| (2,718) | 43,827 | 18,258 | 12,468 | 96,764 |
| (2,718) | 43,827 | 18,258 | 12,468 | 96,764 |
| \$ - | \$ 43,827 | \$ 18,258 | \$ 12,468 | \$ 99,482 |

CITY OF AMITY, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2006**

| | <u>911</u> | <u>Police Equipment Reserve</u> | <u>Sidewalk Reserve</u> |
|--|---------------|---|-----------------------------|
| RECEIPTS | | | |
| Licenses and permits | \$ - | \$ - | \$ - |
| Miscellaneous | - | 395 | 102 |
| <i>Total Receipts</i> | - | 395 | 102 |
| DISBURSEMENTS | | | |
| Capital outlay | - | 2,857 | - |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | - | (2,462) | 102 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | 2,000 |
| Transfers out | - | - | - |
| <i>Total Other Financing Sources (Uses)</i> | - | - | 2,000 |
| NET CHANGE IN FUND BALANCES | - | (2,462) | 2,102 |
| FUND BALANCES, Beginning of year | 418 | 16,224 | 8,647 |
| FUND BALANCES, End of year | <u>\$ 418</u> | <u>\$ 13,762</u> | <u>\$ 10,749</u> |

| <i>Street Reserve</i> | <i>Street SDC</i> | <i>Storm SDC</i> | <i>Parks SDC</i> | <i>Totals</i> |
|---------------------------|-----------------------|----------------------|----------------------|------------------|
| \$ - 136 | \$ 2,709 - | \$ 8,248 - | \$ 2,297 - | \$ 13,254 633 |
| 136 | 2,709 | 8,248 | 2,297 | 13,887 |
| 2,413 | - | - | - | 5,270 |
| (2,277) | 2,709 | 8,248 | 2,297 | 8,617 |
| 2,000 (4,000) | - - | - - | - - | 4,000 (4,000) |
| (2,000) | - | - | - | - |
| (4,277) | 2,709 | 8,248 | 2,297 | 8,617 |
| 1,559 | 41,118 | 10,010 | 10,171 | 88,147 |
| \$ (2,718) | \$ 43,827 | \$ 18,258 | \$ 12,468 | \$ 96,764 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | - | - | - | - |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | - | - | - | - |
| 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, 2006**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 100 | \$ 100 | \$ 395 | \$ 295 |
| DISBURSEMENTS | | | | |
| Capital outlay | 8,250 | 8,250 | 2,857 | 5,393 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (8,150) | (8,150) | (2,462) | 5,688 |
| FUND BALANCE, Beginning of year | 16,524 | 16,524 | 16,224 | (300) |
| FUND BALANCE, End of year | \$ 8,374 | \$ 8,374 | \$ 13,762 | \$ 5,388 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 25 | \$ 25 | \$ 102 | \$ 77 |
| DISBURSEMENTS | | | | |
| Capital outlay | 10,679 | 10,679 | - | 10,679 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (10,654) | (10,654) | 102 | 10,756 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,000 | 2,000 | 2,000 | - |
| NET CHANGE IN FUND BALANCE | (8,654) | (8,654) | 2,102 | 10,756 |
| FUND BALANCE, Beginning of year | 8,654 | 8,654 | 8,647 | (7) |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 10,749 | \$ 10,749 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|----------------|-------------------|-------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 35 | \$ 35 | \$ 136 | \$ 101 |
| DISBURSEMENTS | | | | |
| Materials and services | 4,535 | 4,535 | - | 4,535 |
| Capital outlay | - | - | 2,413 | (2,413) |
| <i>Total Disbursements</i> | <u>4,535</u> | <u>4,535</u> | <u>2,413</u> | <u>2,122</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (4,500) | (4,500) | (2,277) | 2,223 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,000 | 2,000 | 2,000 | - |
| Transfers out | (4,000) | (4,000) | (4,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,000)</u> | <u>(2,000)</u> | <u>(2,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (6,500) | (6,500) | (4,277) | 2,223 |
| FUND BALANCE, Beginning of year | <u>6,500</u> | <u>6,500</u> | <u>1,559</u> | <u>(4,941)</u> |
| FUND BALANCE (DEFICIT), End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (2,718)</u> | <u>\$ (2,718)</u> |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 6,570 | \$ 6,570 | \$ 2,709 | \$ (3,861) |
| DISBURSEMENTS | | | | |
| Materials and services | 6,570 | 6,570 | - | 6,570 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | - | - | 2,709 | 2,709 |
| FUND BALANCE, Beginning of year | 30,118 | 30,118 | 41,118 | 11,000 |
| FUND BALANCE, End of year | \$ 30,118 | \$ 30,118 | \$ 43,827 | \$ 13,709 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|------------------|------------------|-----------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 8,000 | \$ 8,000 | \$ 8,248 | \$ 248 |
| DISBURSEMENTS | | | | |
| Capital outlay | 8,000 | 8,000 | - | 8,000 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | - | - | 8,248 | 8,248 |
| FUND BALANCE, Beginning of year | 10,100 | 10,100 | 10,010 | (90) |
| FUND BALANCE, End of year | <u>\$ 10,100</u> | <u>\$ 10,100</u> | <u>\$ 18,258</u> | <u>\$ 8,158</u> |

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, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|--------------|------------------|------------------|
| | <u>Original</u> | <u>Final</u> | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 7,245 | \$ 7,245 | \$ 2,297 | \$ (4,948) |
| DISBURSEMENTS | | | | |
| Capital outlay | 7,245 | 7,245 | - | 7,245 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | - | - | 2,297 | 2,297 |
| FUND BALANCE, Beginning of year | - | - | 10,171 | 10,171 |
| FUND BALANCE, End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,468</u> | <u>\$ 12,468</u> |

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - NONMAJOR
ENTERPRISE FUNDS****JUNE 30, 2006**

| | <u><i>Sewer Reserve</i></u> | <u><i>Sewer SDC</i></u> | <u><i>Water Capital Project</i></u> |
|--|---------------------------------|-----------------------------|---|
| ASSETS | | | |
| Cash and investments | \$ 224 | \$ 97,807 | \$ - |
| Due from other funds | 66,534 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Assets</i> | <u>\$ 66,758</u> | <u>\$ 97,807</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ - | \$ 3,969 |
| Fund Balances | | | |
| Unreserved (Deficit) | 66,758 | 97,807 | (3,969) |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Fund Balances</i> | <u>66,758</u> | <u>97,807</u> | <u>(3,969)</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 66,758</u> | <u>\$ 97,807</u> | <u>\$ -</u> |

| <i>Water Reserve</i> | <i>Water SDC</i> | <i>Water Replacement Line</i> | <i>Totals</i> |
|---------------------------------|-----------------------------|--|----------------------|
| \$ 5,508 | \$ 20,139 | \$ 53,888 | \$ 177,566 |
| - | 36,265 | - | 102,799 |
| <u>\$ 5,508</u> | <u>\$ 56,404</u> | <u>\$ 53,888</u> | <u>\$ 280,365</u> |
| \$ - | \$ - | \$ - | \$ 3,969 |
| <u>5,508</u> | <u>56,404</u> | <u>53,888</u> | <u>276,396</u> |
| <u>5,508</u> | <u>56,404</u> | <u>53,888</u> | <u>276,396</u> |
| <u>\$ 5,508</u> | <u>\$ 56,404</u> | <u>\$ 53,888</u> | <u>\$ 280,365</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, 2006**

| | <i>Sewer Reserve</i> | <i>Sewer SDC</i> | <i>Water Capital Project</i> |
|---|---------------------------------|-----------------------------|---|
| RECEIPTS | | | |
| Licenses and permits | \$ - | \$ 10,309 | \$ - |
| Charges for services | - | - | - |
| Intergovernmental | - | - | 69,434 |
| Miscellaneous | 802 | 960 | - |
| <i>Total Receipts</i> | 802 | 11,269 | 69,434 |
| DISBURSEMENTS | | | |
| Materials and services | - | - | 2,000 |
| Capital outlay | 10,922 | - | 63,828 |
| <i>Total Disbursements</i> | 10,922 | - | 65,828 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (10,120) | 11,269 | 3,606 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (12,000) | - | - |
| NET CHANGE IN FUND BALANCES | (22,120) | 11,269 | 3,606 |
| FUND BALANCES (Deficit), Beginning of year | 88,878 | 86,538 | (7,575) |
| FUND BALANCES (Deficit), End of year | \$ 66,758 | \$ 97,807 | \$ (3,969) |

| <i>Water Reserve</i> | <i>Water SDC</i> | <i>Water Replacement Line</i> | <i>Totals</i> |
|---------------------------------|-----------------------------|--|----------------------|
| \$ - | \$ 8,248 | \$ - | \$ 18,557 |
| - | - | 23,949 | 23,949 |
| - | - | - | 69,434 |
| 1,096 | 1,096 | 881 | 4,835 |
| 1,096 | 9,344 | 24,830 | 116,775 |
| - | - | - | 2,000 |
| 8,791 | - | 20,628 | 104,169 |
| 8,791 | - | 20,628 | 106,169 |
| (7,695) | 9,344 | 4,202 | 10,606 |
| (12,000) | - | - | (24,000) |
| (19,695) | 9,344 | 4,202 | (13,394) |
| 25,203 | 47,060 | 49,686 | 289,790 |
| <u>\$ 5,508</u> | <u>\$ 56,404</u> | <u>\$ 53,888</u> | <u>\$ 276,396</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, 2006**

| | <i>Budgeted Amounts</i> | | | |
|---|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Variance</i> |
| RECEIPTS | | | | |
| Charges for services | \$ 295,400 | \$ 295,400 | \$ 312,638 | \$ 17,238 |
| Miscellaneous | 1,000 | 1,000 | 13,228 | 12,228 |
| <i>Total Receipts</i> | 296,400 | 296,400 | 325,866 | 29,466 |
| DISBURSEMENTS | | | | |
| Personal services | 116,331 | 116,331 | 104,662 | 11,669 |
| Materials and services | 61,448 | 61,448 | 93,319 | (31,871) |
| Capital outlay | 1,000 | 1,000 | 300 | 700 |
| Debt service | 12,000 | 12,000 | 7,760 | 4,240 |
| <i>Total Disbursements</i> | 190,779 | 190,779 | 206,041 | (15,262) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 105,621 | 105,621 | 119,825 | 14,204 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 12,000 | 12,000 | 12,000 | - |
| Transfers out | (149,005) | (149,005) | (149,005) | - |
| <i>Total Other Financing Sources (Uses)</i> | (137,005) | (137,005) | (137,005) | - |
| NET CHANGE IN FUND BALANCE | (31,384) | (31,384) | (17,180) | 14,204 |
| FUND BALANCE, Beginning of year | 41,717 | 41,717 | 52,692 | 10,975 |
| FUND BALANCE, End of year | \$ 10,333 | \$ 10,333 | \$ 35,512 | \$ 25,179 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | | | | |
| Debt service | 149,005 | 149,005 | 146,922 | 2,083 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (149,005) | (149,005) | (146,922) | 2,083 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 149,005 | 149,005 | 149,005 | - |
| NET CHANGE IN FUND BALANCE | - | - | 2,083 | 2,083 |
| FUND BALANCE (Deficit), Beginning of year | - | - | (68,617) | (68,617) |
| FUND BALANCE (Deficit), End of year | \$ - | \$ - | \$ (66,534) | \$ (66,534) |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 200 | \$ 200 | \$ 802 | \$ 602 |
| DISBURSEMENTS | | | | |
| Capital outlay | 15,530 | 15,530 | 10,922 | 4,608 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (15,330) | (15,330) | (10,120) | 5,210 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (12,000) | (12,000) | (12,000) | - |
| NET CHANGE IN FUND BALANCE | (27,330) | (27,330) | (22,120) | 5,210 |
| FUND BALANCE, Beginning of year | 27,330 | 27,330 | 88,878 | 61,548 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 66,758 | \$ 66,758 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 25,000 | \$ 25,000 | \$ 10,309 | \$ (14,691) |
| Miscellaneous | 240 | 240 | 960 | 720 |
| <i>Total Receipts</i> | 25,240 | 25,240 | 11,269 | (13,971) |
| DISBURSEMENTS | | | | |
| Capital outlay | 53,710 | 53,710 | - | 53,710 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (28,470) | (28,470) | 11,269 | 39,739 |
| FUND BALANCE, Beginning of year | 78,470 | 78,470 | 86,538 | 8,068 |
| FUND BALANCE, End of year | \$ 50,000 | \$ 50,000 | \$ 97,807 | \$ 47,807 |

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, 2006**

| | <i>Budgeted Amounts</i> | | | |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Variance</i> |
| RECEIPTS | | | | |
| Charges for services | 298,500 | \$ 298,500 | \$ 324,487 | \$ 25,987 |
| Miscellaneous | 1,325 | 1,325 | 3,175 | 1,850 |
| <i>Total Receipts</i> | 299,825 | 299,825 | 327,662 | 27,837 |
| DISBURSEMENTS | | | | |
| Personal services | 112,760 | 112,760 | 112,360 | 400 |
| Materials and services | 71,130 | 71,130 | 89,486 | (18,356) |
| Capital outlay | 500 | 500 | - | 500 |
| Debt service | 12,000 | 12,000 | 7,759 | 4,241 |
| <i>Total Disbursements</i> | 196,390 | 196,390 | 209,605 | (13,215) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | | | | |
| | 103,435 | 103,435 | 118,057 | 14,622 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 12,000 | 12,000 | 12,000 | - |
| Transfers out | (77,887) | (77,887) | (77,887) | - |
| <i>Total Other Financing Sources (Uses)</i> | (65,887) | (65,887) | (65,887) | - |
| NET CHANGE IN FUND BALANCE | 37,548 | 37,548 | 52,170 | 14,622 |
| FUND BALANCE (Deficit), Beginning of year | (92,500) | (92,500) | (84,466) | 8,034 |
| FUND BALANCE (Deficit), End of year | (54,952) | \$ (54,952) | \$ (32,296) | \$ 22,656 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | | | | |
| Debt service | 77,887 | 77,887 | 71,853 | 6,034 |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | (77,887) | (77,887) | (71,853) | 6,034 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 77,887 | 77,887 | 77,887 | - |
| Total Other Financing Sources (Uses) | 77,887 | 77,887 | 77,887 | - |
| NET CHANGE IN FUND BALANCE | - | - | 6,034 | 6,034 |
| FUND BALANCE, Beginning of year | - | - | - | - |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 6,034 | \$ 6,034 |

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, 2006**

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 275 | \$ 275 | \$ 1,096 | \$ 821 |
| DISBURSEMENTS | | | | |
| Capital outlay | 12,968 | 12,968 | 8,791 | 4,177 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (12,693) | (12,693) | (7,695) | 4,998 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (12,000) | (12,000) | (12,000) | - |
| NET CHANGE IN FUND BALANCE | (24,693) | (24,693) | (19,695) | 4,998 |
| FUND BALANCE, Beginning of year | 24,693 | 24,693 | 25,203 | 510 |
| FUND BALANCE, End of year | \$ - | \$ - | \$ 5,508 | \$ 5,508 |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Licenses and permits | \$ 20,000 | \$ 20,000 | \$ 8,248 | \$ (11,752) |
| Miscellaneous | 275 | 275 | 1,096 | 821 |
| <i>Total Receipts</i> | 20,275 | 20,275 | 9,344 | (10,931) |
| DISBURSEMENTS | - | - | - | - |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 20,275 | 20,275 | 9,344 | (10,931) |
| FUND BALANCE, Beginning of year | 40,420 | 40,420 | 47,060 | 6,640 |
| FUND BALANCE, End of year | \$ 60,695 | \$ 60,695 | \$ 56,404 | \$ (4,291) |

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, 2006**

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|------------------|------------------|------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Charges for services | \$ 36,000 | \$ 36,000 | \$ 23,949 | \$ (12,051) |
| Miscellaneous | 220 | 220 | 881 | 661 |
| <i>Total Receipts</i> | 36,220 | 36,220 | 24,830 | (11,390) |
| DISBURSEMENTS | | | | |
| Capital outlay | 60,703 | 60,703 | 20,628 | 40,075 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (24,483) | (24,483) | 4,202 | 28,685 |
| FUND BALANCE, Beginning of year | 49,703 | 49,703 | 49,686 | (17) |
| FUND BALANCE, End of year | <u>\$ 25,220</u> | <u>\$ 25,220</u> | <u>\$ 53,888</u> | <u>\$ 28,668</u> |

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, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|--------------|---------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ - | \$ - | \$ 69,434 | \$ 69,434 |
| DISBURSEMENTS | | | | |
| Materials and services | - | - | 2,000 | (2,000) |
| Capital outlay | - | - | 63,828 | (63,828) |
| | | | | |
| Total Disbursements | - | - | 65,828 | (65,828) |
| | | | | |
| RECEIPTS OVER (UNDER) | | | | |
| DISBURSEMENTS | - | - | 3,606 | 3,606 |
| | | | | |
| FUND BALANCE (Deficit), Beginning of year | - | - | (7,575) | (7,575) |
| | | | | |
| FUND BALANCE (Deficit), End of year | \$ - | \$ - | \$ (3,969) | \$ (3,969) |

CITY OF AMITY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2006

| <i>Tax Year</i> | <i>2005-2006 Levy</i> | <i>Uncollected Balance July 1, 2005</i> | <i>Adjustment & Added To Rolls</i> | <i>Discounts & Adjustments</i> | <i>Turnovers</i> | <i>Uncollected Balance June 30, 2006</i> |
|------------------------|----------------------------------|--|---|---|-------------------------|---|
| 2005-2006 | \$ 179,946 | \$ - | \$ 157 | \$ 4,845 | \$ 169,047 | \$ 6,211 |
| 2004-2005 | - | 6,420 | - | 218 | 4,098 | 2,104 |
| 2003-2004 | - | 2,284 | - | 123 | 1,007 | 1,154 |
| 2002-2003 | - | 1,289 | - | 45 | 689 | 555 |
| 2001-2002 | - | 604 | - | 176 | 237 | 191 |
| 2000-2001 | - | 200 | - | 171 | (118) | 147 |
| 1999-2000 | - | 104 | - | 165 | (137) | 76 |
| Prior Years | - | 451 | - | 700 | (658) | 409 |
| Total | <u>\$ 179,946</u> | <u>\$ 11,352</u> | <u>\$ 157</u> | <u>\$ 6,443</u> | <u>\$ 174,165</u> | <u>\$ 10,847</u> |

CITY OF AMITY, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2006

| | <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, 2005</i> |
| <i>BOND INTEREST TRANSACTIONS</i> | | | |
| 1967 Sewer Revenue Bonds | 5.0% | 1967 | \$ 657 |
| 1970 Water Revenue Bonds | 5.0% | 1970 | 2,670 |
| 1974 Water Revenue Bonds | 5.0% | 1974 | 5,778 |
| 1975 Water Revenue Bonds | 5.0% | 1975 | 10,469 |
| 1975 Water Revenue Bonds | 5.0% | 1975 | 9,085 |
| <i>LOAN INTEREST TRANSACTIONS</i> | | | |
| Oregon Economic & Community Development Water Master Plan Loan | 6.0% | 1997 | 563 |
| State Revolving Fund | 1.0% | 2000 | 195,269 |
| State Revolving Fund | 3.0%-5.0% | 2003 | 1,261,699 |
| Government Capital Corporation Lease | 5.0% | 2002 | 1,663 |
| | | | <i>\$ 1,487,853</i> |

| <i>Outstanding July 1, 2005</i> | <i>Issued</i> | <i>Paid</i> | <i>Outstanding June 30, 2006</i> |
|---|---------------|-------------------|--|
| \$ 12,000 | \$ - | \$ 6,000 | \$ 6,000 |
| 18,042 | - | 3,421 | 14,621 |
| 21,435 | - | 1,726 | 19,709 |
| 36,074 | - | 2,771 | 33,303 |
| 31,446 | - | 2,504 | 28,942 |
| 6,205 | - | 3,012 | 3,193 |
| 1,289,037 | - | 40,329 | 1,248,708 |
| 2,022,763 | - | 54,645 | 1,968,118 |
| 15,669 | - | 15,669 | - |
| <u>\$ 3,452,671</u> | <u>\$ -</u> | <u>\$ 130,077</u> | <u>\$ 3,322,594</u> |

| <i>New Issues</i> | <i>Interest Coupons Paid</i> | <i>Unmatured Interest June 30, 2006</i> |
|-----------------------|----------------------------------|---|
| \$ - | \$ 450 | \$ 207 |
| - | 825 | 1,845 |
| - | 1,033 | 4,745 |
| - | 1,741 | 8,728 |
| - | 1,444 | 7,641 |
| - | 372 | 191 |
| - | 12,888 | 182,381 |
| - | 85,827 | 1,175,872 |
| - | 1,663 | - |
| <u>\$ -</u> | <u>\$ 106,243</u> | <u>\$ 1,381,610</u> |

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 2006

| <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> |
| 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 | - | - | - | 3,020 | 225 | 3,245 |
| 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>\$ 6,000</u> | <u>\$ 207</u> | <u>\$ 6,207</u> | <u>\$ 14,621</u> | <u>\$ 1,845</u> | <u>\$ 16,466</u> |

— —

CITY OF AMITY, OREGON**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)****JUNE 30, 2006**

| <i>Year</i> | <i>1975 Water Revenue Bond</i> | | | <i>OECDD Water Master Plan Loan</i> | | |
|-------------|------------------------------------|-----------------|------------------|---|-----------------|-----------------|
| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2006-07 | 2,706 | 1,444 | 4,150 | 3,193 | 191 | 3,384 |
| 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 | 3,102 | 281 | 3,383 | - | - | - |
| 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>\$ 28,942</u> | <u>\$ 7,641</u> | <u>\$ 36,583</u> | <u>\$ 3,193</u> | <u>\$ 191</u> | <u>\$ 3,384</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> |
| 40,515 | 12,487 | 53,002 | 59,935 | 84,188 | 144,123 |
| 40,920 | 12,082 | 53,002 | 60,233 | 82,390 | 142,623 |
| 41,329 | 11,673 | 53,002 | 60,540 | 80,583 | 141,123 |
| 41,743 | 11,259 | 53,002 | 65,856 | 78,767 | 144,623 |
| 42,160 | 10,842 | 53,002 | 66,214 | 76,594 | 142,808 |
| 42,582 | 10,420 | 53,002 | 66,607 | 74,276 | 140,883 |
| 43,007 | 9,995 | 53,002 | 72,025 | 71,878 | 143,903 |
| 43,438 | 9,564 | 53,002 | 72,476 | 69,177 | 141,653 |
| 43,872 | 9,130 | 53,002 | 77,962 | 66,351 | 144,313 |
| 44,311 | 8,691 | 53,002 | 78,481 | 63,232 | 141,713 |
| 44,754 | 8,248 | 53,002 | 84,033 | 60,014 | 144,047 |
| 45,201 | 7,801 | 53,002 | 84,630 | 56,443 | 141,073 |
| 45,653 | 7,349 | 53,002 | 90,270 | 52,741 | 143,011 |
| 46,110 | 6,892 | 53,002 | 95,957 | 48,678 | 144,635 |
| 46,571 | 6,431 | 53,002 | 96,691 | 44,264 | 140,955 |
| 47,037 | 5,965 | 53,002 | 102,476 | 39,720 | 142,196 |
| 47,507 | 5,495 | 53,002 | 108,306 | 34,852 | 143,158 |
| 47,982 | 5,020 | 53,002 | 114,175 | 29,708 | 143,883 |
| 48,462 | 4,540 | 53,002 | 120,086 | 24,284 | 144,370 |
| 48,946 | 4,056 | 53,002 | 126,040 | 18,580 | 144,620 |
| 49,436 | 3,566 | 53,002 | 127,039 | 12,593 | 139,632 |
| 49,930 | 3,072 | 53,002 | 138,086 | 6,559 | 144,645 |
| 50,430 | 2,572 | 53,002 | - | - | - |
| 50,934 | 2,068 | 53,002 | - | - | - |
| 51,443 | 1,559 | 53,002 | - | - | - |
| 51,958 | 1,044 | 53,002 | - | - | - |
| 52,477 | 560 | 53,037 | - | - | - |
| <u>\$ 1,248,708</u> | <u>\$ 182,381</u> | <u>\$ 1,431,089</u> | <u>\$ 1,968,118</u> | <u>\$ 1,175,872</u> | <u>\$ 3,143,990</u> |

CITY OF AMITY, OREGON**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)****JUNE 30, 2006**

| <i>Year</i> | <i>Total</i> | | |
|-------------|---------------------|---------------------|---------------------|
| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2006-07 | 121,104 | 101,875 | 222,979 |
| 2007-08 | 113,187 | 98,701 | 211,888 |
| 2008-09 | 114,504 | 95,884 | 210,388 |
| 2009-10 | 119,627 | 93,099 | 212,726 |
| 2010-11 | 117,831 | 89,835 | 207,666 |
| 2011-12 | 119,120 | 86,621 | 205,741 |
| 2012-13 | 125,459 | 83,302 | 208,761 |
| 2013-14 | 127,567 | 79,686 | 207,253 |
| 2014-15 | 128,783 | 76,010 | 204,793 |
| 2015-16 | 122,792 | 71,923 | 194,715 |
| 2016-17 | 128,787 | 68,262 | 197,049 |
| 2017-18 | 129,831 | 64,244 | 194,075 |
| 2018-19 | 135,923 | 60,090 | 196,013 |
| 2019-20 | 142,067 | 55,570 | 197,637 |
| 2020-21 | 143,262 | 50,695 | 193,957 |
| 2021-22 | 149,513 | 45,685 | 195,198 |
| 2022-23 | 155,813 | 40,347 | 196,160 |
| 2023-24 | 162,157 | 34,728 | 196,885 |
| 2024-25 | 168,548 | 28,824 | 197,372 |
| 2025-26 | 174,986 | 22,636 | 197,622 |
| 2026-27 | 176,475 | 16,159 | 192,634 |
| 2027-28 | 188,016 | 9,631 | 197,647 |
| 2028-29 | 50,430 | 2,572 | 53,002 |
| 2029-30 | 50,934 | 2,068 | 53,002 |
| 2030-31 | 51,443 | 1,559 | 53,002 |
| 2031-32 | 51,958 | 1,044 | 53,002 |
| 2032-33 | 52,477 | 560 | 53,037 |
| Totals | <u>\$ 3,322,594</u> | <u>\$ 1,381,610</u> | <u>\$ 4,704,204</u> |

CITY OF AMITY, OREGON

INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS YEAR ENDED JUNE 30, 2006

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, 2006, and have issued our report thereon dated August 21, 2007. 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, 2006.

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, 2006.

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, 2006. 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). The City is being assisted by the State of Oregon in resolving the deficiency. The City was also not in compliance with Local Budget Law 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, 2006

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2006. 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, 2006.

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.

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
August 21, 2007