

CITY OF AMITY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

CITY OF AMITY, OREGON
CITY OFFICIALS
JUNE 30, 2007

MAYOR

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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
(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, 2007, 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 opinions.

As described in the summary of significant accounting policies of the notes to the financial statements, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Oregon, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The City does not maintain 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.

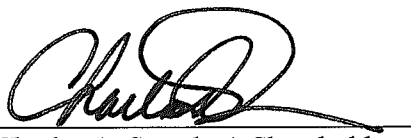
In our opinion, except for the matters discussed above, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Amity, Oregon, as of June 30, 2007, 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 required supplementary information listed in the table of contents 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 combining statements and individual fund financial schedules are listed in the table of contents in required supplementary and other supplementary information 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
July 11, 2008

CITY OF AMITY, OREGON**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)****JUNE 30, 2007**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 288,396	\$ 345,452	\$ 633,848
Property taxes receivable	10,716	-	10,716
Capital assets	811,792	8,338,635	9,150,427
<i>Total Assets</i>	<u>1,110,904</u>	<u>8,684,087</u>	<u>9,794,991</u>
LIABILITIES			
Accrued liabilities	1,923	-	1,923
Deferred revenue	10,716	-	10,716
Noncurrent liabilities:			
Due within one year:			
Loan payable	-	101,153	101,153
Bonds payable	-	12,034	12,034
Due in more than one year:			
Loan payable	-	3,015,223	3,015,223
Bonds payable	-	73,080	73,080
<i>Total Liabilities</i>	<u>12,639</u>	<u>3,201,490</u>	<u>3,214,129</u>
NET ASSETS			
Investment in capital assets (net of related debt)	811,792	5,137,145	5,948,937
Fund net assets			
Restricted for special purposes	153,066	134,040	287,106
Unrestricted	133,407	211,412	344,819
<i>Total Fund Net Assets</i>	<u>286,473</u>	<u>345,452</u>	<u>631,925</u>
<i>Total Net Assets</i>	<u>\$ 1,098,265</u>	<u>\$ 5,482,597</u>	<u>\$ 6,580,862</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, 2007**

		Program Receipts	
		Fees, Fines and Charges for Services	Operating Grants and Contributions
	<u>Disbursements</u>		
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government	\$ 160,736	\$ 97,206	\$ -
Community development	13,578	-	-
Street	90,713	77,585	12,500
Parks	927	2,737	-
Library	14,701	-	-
Public safety	188,168	60,047	1,149
<i>Total governmental activities</i>	<u>468,823</u>	<u>237,575</u>	<u>13,649</u>
Business-type activities:			
Sewer	306,279	331,008	21,799
Water	426,472	354,288	130,918
<i>Total business-type activities</i>	<u>732,751</u>	<u>685,296</u>	<u>152,717</u>
<i>Total activities</i>	<u>\$ 1,201,574</u>	<u>\$ 922,871</u>	<u>\$ 166,366</u>
General receipts:			
Property taxes			
Intergovernmental			
Miscellaneous			
<i>Total general receipts</i>			
Change in fund net assets			
Fund net assets, July 1, 2006			
Fund net assets, June 30, 2007			

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (63,530)	\$ -	\$ (63,530)
(13,578)	-	(13,578)
(628)	-	(628)
1,810	-	1,810
(14,701)	-	(14,701)
(126,972)	-	(126,972)
(217,599)	-	(217,599)
-	46,528	46,528
-	58,734	58,734
-	105,262	105,262
(217,599)	105,262	(112,337)
197,972	-	197,972
29,536	-	29,536
34,793	12,573	47,366
262,301	12,573	274,874
44,702	117,835	162,537
241,771	227,617	469,388
\$ 286,473	\$ 345,452	\$ 631,925

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, 2007**

	<i>General</i>	<i>Street</i>	<i>Street SDC</i>
ASSETS			
Cash and investments	\$ 108,428	\$ 67,904	\$ 46,045
Property taxes receivable	10,716	-	-
Due from other funds	548	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u><u>\$ 119,692</u></u>	<u><u>\$ 67,904</u></u>	<u><u>\$ 46,045</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accrued liabilities	\$ 1,923	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	10,716	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	12,639	-	-
Fund Balances			
Unreserved, reported in:			
General fund	107,053	-	-
Special revenue funds	-	67,904	46,045
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u><u>107,053</u></u>	<u><u>67,904</u></u>	<u><u>46,045</u></u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 119,692</u></u>	<u><u>\$ 67,904</u></u>	<u><u>\$ 46,045</u></u>

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 66,019	\$ 288,396
-	10,716
-	548
<u>\$ 66,019</u>	<u>\$ 299,660</u>
\$ -	\$ 1,923
548	548
-	10,716
<u>-</u>	<u>10,716</u>
548	13,187
-	107,053
65,471	179,420
<u>65,471</u>	<u>179,420</u>
65,471	286,473
<u>65,471</u>	<u>286,473</u>
\$ 66,019	\$ 299,660
<u>\$ 66,019</u>	<u>\$ 299,660</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, 2007**

	<i>General</i>	<i>Street</i>	<i>Street SDC</i>
RECEIPTS			
Taxes and assessments	\$ 197,972	\$ -	\$ -
Licenses and permits	98,206	-	2,048
Intergovernmental	30,685	81,801	-
Fines and forfeitures	60,047	-	-
Miscellaneous	28,213	5,849	170
<i>Total Receipts</i>	415,123	87,650	2,218
DISBURSEMENTS			
Personal services	220,083	39,962	-
Materials and services	158,027	33,478	-
Capital outlay	-	17,273	-
<i>Total Disbursements</i>	378,110	90,713	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	37,013	(3,063)	2,218
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(4,000)	-
<i>Total Other Financing Sources (Uses)</i>	-	(4,000)	-
NET CHANGE IN FUND BALANCES	37,013	(7,063)	2,218
FUND BALANCES, Beginning of year	70,040	74,967	43,827
FUND BALANCES, End of year	\$ 107,053	\$ 67,904	\$ 46,045

<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 197,972
7,973	108,227
-	112,486
-	60,047
561	34,793
8,534	513,525
-	260,045
-	191,505
-	17,273
-	468,823
8,534	44,702
4,000	4,000
-	(4,000)
4,000	-
12,534	44,702
52,937	241,771
\$ 65,471	\$ 286,473

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, 2007**

	<u><i>Sewer</i></u>	<u><i>Water</i></u>	<u><i>Sewer Bond</i></u>
<i>ASSETS</i>			
Cash and investments	\$ 44,108	\$ 54,536	\$ 2,118
Capital assets	3,904,847	4,433,788	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 3,948,955</u>	<u>\$ 4,488,324</u>	<u>\$ 2,118</u>
<i>LIABILITIES AND NET ASSETS</i>			
<i>Liabilities</i>			
Loans and bonds payable	\$ -	\$ 3,201,490	\$ -
<i>Net Assets</i>			
Investment in capital assets (net of related debt)	3,904,847	1,232,298	-
Fund net assets	44,108	54,536	2,118
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>3,948,955</u>	<u>1,286,834</u>	<u>2,118</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Net Assets</i>	<u>\$ 3,948,955</u>	<u>\$ 4,488,324</u>	<u>\$ 2,118</u>

<i>Water Bond</i>	<i>Water Line Replacement</i>	<i>Sewer SDC</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 15,214	\$ 54,183	\$ 107,318	\$ 67,975	\$ 345,452
-	-	-	-	8,338,635
<u>\$ 15,214</u>	<u>\$ 54,183</u>	<u>\$ 107,318</u>	<u>\$ 67,975</u>	<u>\$ 8,684,087</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,201,490
-	-	-	-	5,137,145
15,214	54,183	107,318	67,975	345,452
<u>15,214</u>	<u>54,183</u>	<u>107,318</u>	<u>67,975</u>	<u>5,482,597</u>
<u>\$ 15,214</u>	<u>\$ 54,183</u>	<u>\$ 107,318</u>	<u>\$ 67,975</u>	<u>\$ 8,684,087</u>

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

CITY OF AMITY, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS****(MODIFIED CASH BASIS) - ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2007**

	<u>Sewer</u>	<u>Water</u>	<u>Sewer Bond</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Charges for services	323,213	324,806	-
Intergovernmental	21,799	130,918	-
Miscellaneous	1,495	2,702	-
	<u>346,507</u>	<u>458,426</u>	<u>-</u>
<i>Total Receipts</i>	346,507	458,426	-
DISBURSEMENTS			
Personal services	72,967	84,428	-
Materials and services	80,444	135,654	-
Capital outlay	-	71,543	-
Debt service	-	-	150,348
	<u>153,411</u>	<u>291,625</u>	<u>150,348</u>
<i>Total Disbursements</i>	153,411	291,625	150,348
RECEIPTS OVER (UNDER) DISBURSEMENTS	193,096	166,801	(150,348)
OTHER FINANCING SOURCES (USES)			
Transfers in	34,500	-	219,000
Transfers out	(219,000)	(79,969)	-
	<u>(184,500)</u>	<u>(79,969)</u>	<u>219,000</u>
<i>Total Other Financing Sources (Uses)</i>	(184,500)	(79,969)	219,000
NET CHANGE IN FUND NET ASSETS	8,596	86,832	68,652
FUND NET ASSETS (Deficit), Beginning of year	35,512	(32,296)	(66,534)
FUND NET ASSETS, End of year	<u>\$ 44,108</u>	<u>\$ 54,536</u>	<u>\$ 2,118</u>

<i>Water Bond</i>	<i>Water Line Replacement</i>	<i>Sewer SDC</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ -	\$ -	\$ 7,795	\$ 6,236	\$ 14,031
-	23,246	-	-	671,265
-	-	-	-	152,717
-	1,716	1,716	4,944	12,573
-	24,962	9,511	11,180	850,586
-	-	-	-	157,395
-	-	-	-	216,098
-	24,667	-	40,375	136,585
72,325	-	-	-	222,673
72,325	24,667	-	40,375	732,751
(72,325)	295	9,511	(29,195)	117,835
73,000	-	-	6,969	333,469
-	-	-	(34,500)	(333,469)
73,000	-	-	(27,531)	-
675	295	9,511	(56,726)	117,835
14,539	53,888	97,807	124,701	227,617
\$ 15,214	\$ 54,183	\$ 107,318	\$ 67,975	\$ 345,452

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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

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 Net Assets (Modified Cash Basis) presents all the assets and liabilities of the City, including capital assets and related debt. Net assets, representing assets less liabilities, is shown in three components. Investment in capital assets, less related outstanding debt used to acquire them, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental 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.

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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.

Street SDC Fund

This fund accounts for system development changes designated for streets.

The City reports the following nonmajor governmental 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.

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.

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Sewer Fund

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

Water Fund

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

Water Bond Fund

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

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 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.

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.

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.

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.

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. 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.

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, 2007. Actual results may differ from such estimates.

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2007 was \$47,050.

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.

Use of Restricted Assets

When disbursements are paid for purposes in which both restricted and unrestricted net assets are available, the City deems restricted net assets to be spent first.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007**

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2007:

Cash

Cash on hand	\$	400
Deposits with financial institutions		282,473

Investments

Local Government Investment Pool		350,975
		<hr/>
	\$	633,848
		<hr/>

Deposits

At year end, the book balance of the City's bank deposits (checking accounts) is \$282,473 and the bank balance is \$300,245. 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, 2007, 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.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007****CASH AND INVESTMENTS (Continued)***Custodial Credit Risk - Investments (Continued)*

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. The LGIP is not rated for credit quality.

CAPITAL ASSETS

The summary of capital assets for the governmental activities for the year ended June 30, 2007 is as follows:

	<i>Balances July 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2007</i>
Plant, Property and Equipment				
Sewer Fund	\$ 3,902,327	\$ 2,520	\$ -	\$ 3,904,847
Water Fund	4,299,723	134,065	-	4,433,788
	<u>\$ 8,202,050</u>	<u>\$ 136,585</u>	<u>\$ -</u>	<u>\$ 8,338,635</u>

The changes in the capital assets for business-type activities for the year ended June 30, 2007 are as follows:

	<i>Balances July 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2007</i>
Land and buildings	\$ 293,544	\$ -	\$ -	\$ 293,544
Equipment	518,248	-	-	518,248
	<u>\$ 811,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 811,792</u>

Information to distinguish from non-depreciable capital assets was not available.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007****LONG-TERM DEBT**

Business-type activity long-term debt transactions for the year ended June 30, 2007 were as follows:

	<i>Original Issue</i>	<i>Balance July 1, 2006</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	\$ 6,000	\$ -
Water system revenue bonds, series 1970 due in annual installments of \$4,407 including interest at 5.0% through 2010	75,000	14,621	-
Water system revenue bonds, series 1974 due in annual installments of \$2,964 including interest at 5.0% through 2014	50,000	19,709	-
Water system revenue bonds, series 1975 due in annual installments of \$4,742 including interest at 5.0% through 2015	80,000	33,303	-
Water system revenue bonds, series 1975 due in annual installments of \$4,150 including interest at 5.0% through 2015	70,000	28,942	-
Oregon Economic & Community Development Department Water Master Plan loan, due in annual installments of \$3,385 including interest at 6.0%	18,894	3,193	-
State Revolving Fund, due in annual installments of \$53,011 including interest at 1.0%	1,368,084	1,248,708	-
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	1,968,118	-
		<u>\$ 3,322,594</u>	<u>\$ -</u>

<i><u>Principal Paid</u></i>	<i><u>Balance June 30, 2007</u></i>	<i><u>Next Year Requirement</u></i>
\$ (6,000)	\$ -	\$ -
(3,680)	10,941	3,864
(1,990)	17,719	2,090
(3,085)	30,218	3,239
(2,706)	26,236	2,841
(3,193)	-	-
(40,515)	1,208,193	40,920
(59,935)	1,908,183	60,233
<u>\$ (121,104)</u>	<u>\$ 3,201,490</u>	<u>\$ 113,187</u>

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2007

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>
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
2012-2017	633,388	379,183	1,012,571
2017-2022	700,596	276,284	976,880
2022-2027	837,979	142,694	980,673
2027-2032	392,781	16,875	409,656
2032-2033	52,477	560	53,037
Totals	<u>\$ 3,201,490</u>	<u>\$ 1,279,736</u>	<u>\$ 4,481,226</u>

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System ("PERS"), a cost-sharing 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.oregon.gov/PERS.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007**

PENSION PLAN (Continued)*Funding Policy*

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6.0% "pick-up."

In addition to the 6.0% "pick-up," the City contributed 10.58% of covered payroll to PERS for the fiscal year ended June 30, 2007. This contribution rate was determined as part of the December 31, 2003 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). Subject salary for the year was \$268,854 and the City's total payroll was \$278,380.

<u><i>Year Ended June 30,</i></u>	<u><i>Employer Contributions</i></u>
2007	\$ 44,423
2006	59,934
2005	40,445

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuation's UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8.0% per year, projected salary increase of 4.25%, health cost inflation graded from 8.5% in 2004 to 0% in 2011, and a consumer price inflation component of 3.25%.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

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 2007 was as follows:

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2007****ENTERPRISE FUND DISCLOSURES (Continued)**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Receipts	\$ 357,309	\$ 493,277	\$ 850,586
Disbursements	306,279	426,472	732,751
Excess (deficiency) of receipts over disbursements	51,030	66,805	117,835
Total assets	4,089,420	4,594,667	8,684,087
Total liabilities	-	3,201,490	3,201,490
Total net assets	4,089,420	1,393,177	5,482,597

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>
Sidewalk Reserve	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Street Reserve	2,000	-	-	-	2,000
Water Bond	-	73,000	-	-	73,000
Water Reserve	-	3,000	-	-	3,000
OECD Grant	-	3,969	-	-	3,969
Sewer	-	-	-	34,500	34,500
Sewer Bond	-	-	219,000	-	219,000
	<u>\$ 4,000</u>	<u>\$ 79,969</u>	<u>\$ 219,000</u>	<u>\$ 34,500</u>	<u>\$ 337,469</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, 2007**

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>
General	Personal services	\$ 4,892
	Materials and services	15,024
Water	Materials and services	42,754
	Capital outlay	58,043
	Transfers out	3,969
Water SDC	Capital outlay	37,855
Sewer	Materials and services	7,644
Sewer Debt	Debt service	18

At June 30, 2007, the Street Reserve Fund had an accumulated deficit of \$548.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Taxes and assessments	\$ 176,384	\$ 176,384	\$ 197,972	\$ 21,588
Licenses and permits	108,160	108,160	98,206	(9,954)
Intergovernmental	30,300	30,300	30,685	385
Fines and forfeitures	22,550	22,550	60,047	37,497
Miscellaneous	11,300	11,300	28,213	16,913
<i>Total Receipts</i>	348,694	348,694	415,123	66,429
DISBURSEMENTS				
Personal services	215,191	215,191	220,083	(4,892)
Materials and services	143,003	143,003	158,027	(15,024)
Capital outlay	500	500	-	500
Contingency	5,300	5,300	-	5,300
<i>Total Disbursements</i>	363,994	363,994	378,110	(14,116)
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(15,300)	(15,300)	37,013	52,313
FUND BALANCE, Beginning of year	25,000	25,000	70,040	45,040
FUND BALANCE, End of year	\$ 9,700	\$ 9,700	\$ 107,053	\$ 97,353

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 93,000	\$ 93,000	\$ 81,801	\$ (11,199)
Miscellaneous	300	300	5,849	5,549
<i>Total Receipts</i>	93,300	93,300	87,650	(5,650)
DISBURSEMENTS				
Personal services	48,180	48,180	39,962	8,218
Materials and services	42,425	42,425	33,478	8,947
Capital outlay	26,100	26,100	17,273	8,827
Contingency	10,000	10,000	-	10,000
<i>Total Disbursements</i>	126,705	126,705	90,713	35,992
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(33,405)	(33,405)	(3,063)	30,342
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,000)	(4,000)	(4,000)	-
NET CHANGE IN FUND BALANCE	(37,405)	(37,405)	(7,063)	30,342
FUND BALANCE, Beginning of year	62,000	62,000	74,967	12,967
FUND BALANCE, End of year	\$ 24,595	\$ 24,595	\$ 67,904	\$ 43,309

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 6,570	\$ 6,570	\$ 2,048	\$ (4,522)
Miscellaneous	40	40	170	130
<i>Total Receipts</i>	6,610	6,610	2,218	(4,392)
DISBURSEMENTS				
Materials and services	13,258	13,258	-	13,258
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(6,648)	(6,648)	2,218	8,866
FUND BALANCE, Beginning of year	30,118	30,118	43,827	13,709
FUND BALANCE, End of year	\$ 23,470	\$ 23,470	\$ 46,045	\$ 22,575

OTHER SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2007**

	<u>911</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
ASSETS			
Cash and investments	\$ 418	\$ 13,983	\$ 12,919
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Fund Balances (Deficit)			
Unreserved, reported in:			
Special revenue funds	418	13,983	12,919
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 418</u>	<u>\$ 13,983</u>	<u>\$ 12,919</u>

<i>Street Reserve</i>	<i>Storm SDC</i>	<i>Parks SDC</i>	<i>Totals</i>
<u>\$ -</u>	<u>\$ 24,494</u>	<u>\$ 14,205</u>	<u>\$ 66,019</u>
\$ 548	\$ -	\$ -	\$ 548
<u>(548)</u>	<u>24,494</u>	<u>14,205</u>	<u>65,471</u>
<u>\$ -</u>	<u>\$ 24,494</u>	<u>\$ 14,205</u>	<u>\$ 66,019</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, 2007**

	<u>911</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Miscellaneous	-	221	170
	<hr/>	<hr/>	<hr/>
<i>Total Receipts</i>	-	221	170
DISBURSEMENTS	<hr/>	<hr/>	<hr/>
	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	221	170
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	2,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	-	221	2,170
FUND BALANCES (Deficit), Beginning of year	418	13,762	10,749
	<hr/>	<hr/>	<hr/>
FUND BALANCES (Deficit), End of year	<u>\$ 418</u>	<u>\$ 13,983</u>	<u>\$ 12,919</u>

<i>Street Reserve</i>	<i>Storm SDC</i>	<i>Parks SDC</i>	<i>Totals</i>
\$ - 170	\$ 6,236 -	\$ 1,737 -	\$ 7,973 561
170	6,236	1,737	8,534
-	-	-	-
170	6,236	1,737	8,534
2,000	-	-	4,000
2,170	6,236	1,737	12,534
(2,718)	18,258	12,468	52,937
\$ (548)	\$ 24,494	\$ 14,205	\$ 65,471

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 50	\$ 50	\$ 221	\$ 171
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	50	50	221	171
FUND BALANCE, Beginning of year	10,000	10,000	13,762	3,762
FUND BALANCE, End of year	\$ 10,050	\$ 10,050	\$ 13,983	\$ 3,933

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, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 40	\$ 40	\$ 170	\$ 130
DISBURSEMENTS				
Capital outlay	5,000	5,000	-	5,000
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(4,960)	(4,960)	170	5,130
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	2,000	1,000
NET CHANGE IN FUND BALANCE	(3,960)	(3,960)	2,170	6,130
FUND BALANCE, Beginning of year	5,000	5,000	10,749	5,749
FUND BALANCE, End of year	\$ 1,040	\$ 1,040	\$ 12,919	\$ 11,879

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Miscellaneous	\$ 40	\$ 40	\$ 170	\$ 130
DISBURSEMENTS				
Materials and services	1,500	1,500	-	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,460)	(1,460)	170	1,630
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	2,000	-
NET CHANGE IN FUND BALANCE	540	540	2,170	1,630
FUND BALANCE (Deficit), Beginning of year	1,500	1,500	(2,718)	(4,218)
FUND BALANCE, End of year	\$ 2,040	\$ 2,040	\$ (548)	\$ (2,588)

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 8,000	\$ 8,000	\$ 6,236	\$ (1,764)
<i>DISBURSEMENTS</i>				
Capital outlay	8,000	8,000	-	8,000
<i>RECEIPTS OVER (UNDER)</i>				
<i>DISBURSEMENTS</i>	-	-	6,236	6,236
<i>FUND BALANCE, Beginning of year</i>	10,100	10,100	18,258	8,158
<i>FUND BALANCE, End of year</i>	\$ 10,100	\$ 10,100	\$ 24,494	\$ 14,394

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, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 7,245	\$ 7,245	\$ 1,737	\$ (5,508)
DISBURSEMENTS				
Capital outlay	4,000	4,000	-	4,000
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	3,245	3,245	1,737	(1,508)
FUND BALANCE, Beginning of year	7,245	7,245	12,468	5,223
FUND BALANCE, End of year	\$ 10,490	\$ 10,490	\$ 14,205	\$ 3,715

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) - NONMAJOR
ENTERPRISE FUNDS****JUNE 30, 2007**

	<u><i>Sewer Reserve</i></u>	<u><i>Water Capital Project</i></u>	<u><i>Water Reserve</i></u>
<i>ASSETS</i>			
Cash and investments	\$ 31,029	\$ -	\$ 10,224
	<u> </u>	<u> </u>	<u> </u>
<i>LIABILITIES AND NET ASSETS</i>			
<i>Liabilities</i>	\$ -	\$ -	\$ -
<i>Net Assets</i>			
Unreserved	31,029	-	10,224
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 31,029</u>	<u>\$ -</u>	<u>\$ 10,224</u>

<i>Water SDC</i>	<i>Totals</i>
<u>\$ 26,722</u>	<u>\$ 67,975</u>
\$ -	\$ -
<u>26,722</u>	<u>67,975</u>
<u>\$ 26,722</u>	<u>\$ 67,975</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, 2007**

	<i>Sewer Reserve</i>	<i>Water Capital Project</i>	<i>Water Reserve</i>
RECEIPTS			
Licenses and permits	\$ -	\$ -	\$ -
Miscellaneous	1,291	-	1,716
<i>Total Receipts</i>	1,291	-	1,716
DISBURSEMENTS			
Capital outlay	2,520	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,229)	-	1,716
OTHER FINANCING SOURCES (USES)			
Transfers in	-	3,969	3,000
Transfers out	(34,500)	-	-
<i>Total Other Financing Sources (Uses)</i>	(34,500)	3,969	3,000
NET CHANGE IN FUND BALANCES	(35,729)	3,969	4,716
FUND BALANCES (Deficit), Beginning of year	66,758	(3,969)	5,508
FUND BALANCES (Deficit), End of year	\$ 31,029	\$ -	\$ 10,224

<i>Water SDC</i>	<i>Totals</i>
\$ 6,236	\$ 6,236
1,937	4,944
8,173	11,180
37,855	40,375
(29,682)	(29,195)
-	6,969
-	(34,500)
-	(27,531)
(29,682)	(56,726)
56,404	124,701
\$ 26,722	\$ 67,975

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 305,000	\$ 305,000	\$ 323,213	\$ 18,213
Intergovernmental	-	-	21,799	21,799
Miscellaneous	850	850	1,495	645
<i>Total Receipts</i>	305,850	305,850	346,507	40,657
DISBURSEMENTS				
Personal services	83,574	83,574	72,967	10,607
Materials and services	72,800	72,800	80,444	(7,644)
Contingency	1,000	1,000	-	1,000
<i>Total Disbursements</i>	157,374	157,374	153,411	3,963
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	148,476	148,476	193,096	44,620
OTHER FINANCING SOURCES (USES)				
Transfers in	74,000	74,000	34,500	(39,500)
Transfers out	(219,000)	(219,000)	(219,000)	-
<i>Total Other Financing Sources (Uses)</i>	(145,000)	(145,000)	(184,500)	(39,500)
NET CHANGE IN FUND BALANCE	3,476	3,476	8,596	5,120
FUND BALANCE, Beginning of year	42,000	42,000	35,512	(6,488)
FUND BALANCE, End of year	\$ 45,476	\$ 45,476	\$ 44,108	\$ (1,368)

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Debt service	150,330	150,330	150,348	(18)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150,330)	(150,330)	(150,348)	(18)
OTHER FINANCING SOURCES (USES)				
Transfers in	219,000	219,000	219,000	-
NET CHANGE IN FUND BALANCE	68,670	68,670	68,652	(18)
FUND BALANCE (Deficit), Beginning of year	(68,617)	(68,617)	(66,534)	2,083
FUND BALANCE, End of year	\$ 53	\$ 53	\$ 2,118	\$ 2,065

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, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 300	\$ 300	\$ 1,291	\$ 991
DISBURSEMENTS				
Capital outlay	6,900	6,900	2,520	4,380
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,600)	(6,600)	(1,229)	5,371
OTHER FINANCING SOURCES (USES)				
Transfers in	2,500	2,500	-	(2,500)
Transfers out	(37,000)	(37,000)	(34,500)	2,500
<i>Total Other Financing Sources (Uses)</i>	(34,500)	(34,500)	(34,500)	-
NET CHANGE IN FUND BALANCE	(41,100)	(41,100)	(35,729)	5,371
FUND BALANCE, Beginning of year	73,000	73,000	66,758	(6,242)
FUND BALANCE, End of year	\$ 31,900	\$ 31,900	\$ 31,029	\$ (871)

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 25,000	\$ 25,000	\$ 7,795	\$ (17,205)
Miscellaneous	400	400	1,716	1,316
<i>Total Receipts</i>	25,400	25,400	9,511	(15,889)
DISBURSEMENTS				
Capital outlay	50,000	50,000	-	50,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,600)	(24,600)	9,511	34,111
FUND BALANCE, Beginning of year	50,000	50,000	97,807	47,807
FUND BALANCE, End of year	\$ 25,400	\$ 25,400	\$ 107,318	\$ 81,918

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, 2007**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<i>RECEIPTS</i>				
Charges for services	\$ 333,500	\$ 333,500	\$ 324,806	\$ (8,694)
Intergovernmental	-	-	130,918	130,918
Miscellaneous	1,390	1,390	2,702	1,312
<i>Total Receipts</i>	334,890	334,890	458,426	123,536
<i>DISBURSEMENTS</i>				
Personal services	90,736	90,736	84,428	6,308
Materials and services	92,900	92,900	135,654	(42,754)
Capital outlay	13,500	13,500	71,543	(58,043)
Contingency	4,000	4,000	-	4,000
<i>Total Disbursements</i>	201,136	201,136	291,625	(90,489)
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	133,754	133,754	166,801	33,047
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(76,000)	(76,000)	(79,969)	(3,969)
<i>NET CHANGE IN FUND BALANCE</i>	57,754	57,754	86,832	29,078
<i>FUND BALANCE (Deficit), Beginning of year</i>	(34,000)	(34,000)	(32,296)	1,704
<i>FUND BALANCE, End of year</i>	\$ 23,754	\$ 23,754	\$ 54,536	\$ 30,782

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, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Debt service	72,657	72,657	72,325	332
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(72,657)	(72,657)	(72,325)	332
OTHER FINANCING SOURCES (USES)				
Transfers in	73,000	73,000	73,000	-
NET CHANGE IN FUND BALANCE	343	343	675	332
FUND BALANCE, Beginning of year	-	-	14,539	14,539
FUND BALANCE, End of year	\$ 343	\$ 343	\$ 15,214	\$ 14,871

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, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 400	\$ 400	\$ 1,716	\$ 1,316
DISBURSEMENTS				
Capital outlay	1,500	1,500	-	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	(1,100)	1,716	2,816
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	3,000	(1,000)
NET CHANGE IN FUND BALANCE	2,900	2,900	4,716	1,816
FUND BALANCE, Beginning of year	15,000	15,000	5,508	(9,492)
FUND BALANCE, End of year	\$ 17,900	\$ 17,900	\$ 10,224	\$ (7,676)

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 6,236	\$ (13,764)
Miscellaneous	450	450	1,937	1,487
<i>Total Receipts</i>	20,450	20,450	8,173	(12,277)
DISBURSEMENTS				
Capital outlay	-	-	37,855	(37,855)
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	20,450	20,450	(29,682)	(50,132)
FUND BALANCE, Beginning of year	60,695	60,695	56,404	(4,291)
FUND BALANCE, End of year	\$ 81,145	\$ 81,145	\$ 26,722	\$ (54,423)

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS				
Charges for services	\$ 18,000	\$ 18,000	\$ 23,246	\$ 5,246
Miscellaneous	400	400	1,716	1,316
<i>Total Receipts</i>	18,400	18,400	24,962	6,562
DISBURSEMENTS				
Capital outlay	25,000	25,000	24,667	333
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(6,600)	(6,600)	295	6,895
FUND BALANCE, Beginning of year	25,220	25,220	53,888	28,668
FUND BALANCE, End of year	\$ 18,620	\$ 18,620	\$ 54,183	\$ 35,563

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	7,575	7,575	3,969	(3,606)
NET CHANGE IN FUND BALANCE	7,575	7,575	3,969	(3,606)
FUND BALANCE (Deficit), Beginning of year	(7,575)	(7,575)	(3,969)	3,606
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

CITY OF AMITY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2007

<i><u>Tax Year</u></i>	<i><u>Uncollected Balances July 1, 2006</u></i>	<i><u>2006-07 Levy</u></i>	<i><u>Added To Rolls</u></i>	<i><u>Interest, Discounts & Adjustments</u></i>	<i><u>Turnovers</u></i>	<i><u>Uncollected Balances June 30, 2007</u></i>
2006-2007	\$ -	\$ 197,986	\$ 205	\$ (8,546)	\$ (183,539)	\$ 6,106
2005-2006	6,212	-	-	(3,353)	(727)	2,132
2004-2005	2,104	-	-	(17)	(970)	1,117
2003-2004	1,154	-	-	(17)	(616)	521
2002-2003	554	-	-	(19)	(349)	186
2001-2002	191	-	-	(34)	(35)	122
2000-2001	147	-	-	(12)	(25)	110
Prior Years	485	-	-	(31)	(32)	422
Total	<u>\$ 10,847</u>	<u>\$ 197,986</u>	<u>\$ 205</u>	<u>\$ (12,029)</u>	<u>\$ (186,293)</u>	<u>\$ 10,716</u>

CITY OF AMITY, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2007

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>
BOND PRINCIPAL TRANSACTIONS			
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

LOAN PRINCIPAL TRANSACTIONS

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

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest Outstanding July 1, 2006</i>
BOND INTEREST TRANSACTIONS			
1967 Sewer Revenue Bonds	5.0%	1967	\$ 207
1970 Water Revenue Bonds	5.0%	1970	1,845
1974 Water Revenue Bonds	5.0%	1974	4,745
1975 Water Revenue Bonds	5.0%	1975	8,728
1975 Water Revenue Bonds	5.0%	1975	7,641
LOAN INTEREST TRANSACTIONS			
Oregon Economic & Community Development Water Master Plan Loan	6.0%	1997	191
State Revolving Fund	1.0%	2000	182,382
State Revolving Fund	3.0%-5.0%	2003	1,175,872
			<hr/>
			\$ 1,381,611
			<hr/>

<i>Outstanding July 1, 2006</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2007</i>
\$ 6,000	\$ -	\$ (6,000)	\$ -
14,621	-	(3,680)	10,941
19,709	-	(1,990)	17,719
33,303	-	(3,085)	30,218
28,942	-	(2,706)	26,236
3,193	-	(3,193)	-
1,248,708	-	(40,515)	1,208,193
1,968,118	-	(59,935)	1,908,183
\$ 3,322,594	\$ -	\$ (121,104)	\$ 3,201,490

<i>New Issues</i>	<i>Interest Coupons Paid</i>	<i>Unmatured Interest June 30, 2007</i>
\$ -	\$ (207)	\$ -
-	(727)	1,118
-	(974)	3,771
-	(1,657)	7,071
-	(1,444)	6,197
-	(191)	-
-	(12,487)	169,895
-	(84,188)	1,091,684
\$ -	\$ (101,875)	\$ 1,279,736

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 2007

<u>Year</u>	<i>1970 Water Revenue</i>			<i>1974 Water Revenue</i>		
	<i>Bonds</i>			<i>Bonds</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007-08	\$ 3,864	\$ 543	\$ 4,407	\$ 2,090	\$ 874	\$ 2,964
2008-09	4,057	350	4,407	2,194	770	2,964
2009-10	3,020	225	3,245	2,304	660	2,964
2010-11	-	-	-	2,419	545	2,964
2011-12	-	-	-	2,540	424	2,964
2012-13	-	-	-	2,667	297	2,964
2013-14	-	-	-	3,505	201	3,706
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>\$ 10,941</u>	<u>\$ 1,118</u>	<u>\$ 12,059</u>	<u>\$ 17,719</u>	<u>\$ 3,771</u>	<u>\$ 21,490</u>

1975 Water Revenue Bonds			1975 Water Revenue Bond		
Principal	Interest	Total	Principal	Interest	Total
\$ 3,239	\$ 1,503	\$ 4,742	\$ 2,841	\$ 1,309	\$ 4,150
3,401	1,341	4,742	2,983	1,167	4,150
3,571	1,171	4,742	3,133	1,017	4,150
3,749	993	4,742	3,289	861	4,150
3,937	805	4,742	3,454	696	4,150
4,134	608	4,742	3,626	524	4,150
4,340	402	4,742	3,808	342	4,150
3,847	248	4,095	3,102	281	3,383
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 30,218	\$ 7,071	\$ 37,289	\$ 26,236	\$ 6,197	\$ 32,433

CITY OF AMITY, OREGON**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)****JUNE 30, 2007**

Year	Safe Drinking Water Revolving Loan			OECD Wastewater Improvement Loan		
	Principal	Interest	Total	Principal	Interest	Total
2007-08	\$ 40,920	12,082	\$ 53,002	\$ 60,233	\$ 82,390	\$ 142,623
2008-09	41,329	11,673	53,002	60,540	80,583	141,123
2009-10	41,743	11,259	53,002	65,856	78,767	144,623
2010-11	42,160	10,842	53,002	66,214	76,594	142,808
2011-12	42,582	10,420	53,002	66,607	74,276	140,883
2012-13	43,007	9,995	53,002	72,025	71,878	143,903
2013-14	43,438	9,564	53,002	72,476	69,177	141,653
2014-15	43,872	9,130	53,002	77,962	66,351	144,313
2015-16	44,311	8,691	53,002	78,481	63,232	141,713
2016-17	44,754	8,248	53,002	84,033	60,014	144,047
2017-18	45,201	7,801	53,002	84,630	56,443	141,073
2018-19	45,653	7,349	53,002	90,270	52,741	143,011
2019-20	46,110	6,892	53,002	95,957	48,678	144,635
2020-21	46,571	6,431	53,002	96,691	44,264	140,955
2021-22	47,037	5,965	53,002	102,476	39,720	142,196
2022-23	47,507	5,495	53,002	108,306	34,852	143,158
2023-24	47,982	5,020	53,002	114,175	29,708	143,883
2024-25	48,462	4,540	53,002	120,086	24,284	144,370
2025-26	48,946	4,056	53,002	126,040	18,580	144,620
2026-27	49,436	3,566	53,002	127,039	12,593	139,632
2027-28	49,930	3,072	53,002	138,086	6,559	144,645
2028-29	50,430	2,573	53,003	-	-	-
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>\$ 1,208,193</u>	<u>\$ 169,895</u>	<u>\$ 1,378,088</u>	<u>\$ 1,908,183</u>	<u>\$ 1,091,684</u>	<u>\$ 2,999,867</u>

		<i>Total</i>	
<i>Principal</i>		<i>Interest</i>	<i>Total</i>
\$	113,187	98,701	211,888
	114,504	95,884	210,388
	119,627	93,099	212,726
	117,831	89,835	207,666
	119,120	86,621	205,741
	125,459	83,302	208,761
	127,567	79,686	207,253
	128,783	76,010	204,793
	122,792	71,923	194,715
	128,787	68,262	197,049
	129,831	64,244	194,075
	135,923	60,090	196,013
	142,067	55,570	197,637
	143,262	50,695	193,957
	149,513	45,685	195,198
	155,813	40,347	196,160
	162,157	34,728	196,885
	168,548	28,824	197,372
	174,986	22,636	197,622
	176,475	16,159	192,634
	188,016	9,631	197,647
	50,430	2,573	53,003
	50,934	2,068	53,002
	51,443	1,559	53,002
	51,958	1,044	53,002
	52,477	560	53,037
\$	3,201,490	\$ 1,279,736	\$ 4,481,226

CITY OF AMITY, OREGON

INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS YEAR ENDED JUNE 30, 2007

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, 2007, and have issued our report thereon dated July 11, 2008. 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. We issued our separate letter on significant deficiencies and other matters dated July 11, 2008.

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, 2007.

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, 2007.

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 year ending June 30, 2007. The City's adopted budget for the fiscal year ending June 30, 2007 was not in compliance with Local Budget Law (ORS 294) because budgeted resources did not equal budgeted requirements in the General, Street Reserve, Water, Sewer and Sewer Reserve Funds. Also, in the adopted 2006-07 budget, budgeted transfers in did not equal budgeted transfers out. The City was also not in compliance with Local Budget Law as noted in the notes to the financial statements. The City complied with Local Budget Law in the preparation and adoption of its budget and tax levy for the fiscal year ending June 30, 2008.

CITY OF AMITY, OREGON

INDEPENDENT AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

(Continued)

YEAR ENDED JUNE 30, 2007

Insurance and Fidelity Bonds

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2007. 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, 2007.

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 received 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
July 11, 2008