

CITY OF AMITY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2011

CITY OF AMITY, OREGON
CITY OFFICIALS
JUNE 30, 2011

<u><i>Name</i></u>	<i>MAYOR</i>	<u><i>Term</i></u>
Michael Cape c/o P.O. Box 159. Amity, Oregon 97101		December 31, 2012

CITY COUNCIL MEMBERS

Katherine King c/o P.O. Box 159 Amity, Oregon 97101	December 31, 2012
Carmel Ball c/o P.O. Box 159 Amity, Oregon 97101	December 31, 2014
Karen Dahl c/o P.O. Box 159 Amity, Oregon 97101	December 31, 2012
Walter Homen c/o P.O. Box 159 Amity, Oregon 97101	December 31, 2014
Rudy van Soolen c/o P.O. Box 159 Amity, Oregon 97101	December 31, 2012
Mina Hansen c/o P.O. Box 159 Amity, Oregon 97101	December 31, 2014

CITY ADMINISTRATOR

Larry Layton
P.O. Box 159
Amity, Oregon 97101

CITY RECORDER

Jennifer Elkins
P.O. Box 159
Amity, Oregon 97101

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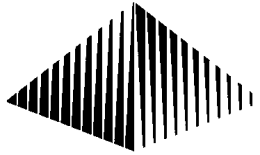
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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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 the aggregate remaining fund information of the City of Amity, Oregon, as of June 30, 2011, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The City does not maintain historical cost and depreciation records for capital assets including infrastructure, and therefore, no information for capital assets is presented in the financial statements.

In our opinion, except for the 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 the aggregate fund information of the City of Amity, Oregon, as of June 30, 2011, 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.


In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in the notes to the financial statements, during the year ended June 30, 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 3 through 6) and budgetary comparison information (pages 26 through 27) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information on pages 26 through 27 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The other supplementary information is presented for purpose of additional analysis and is not a required part of the financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

GROVE, MUELLER & SWANK, PC
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Charles A. Swank, A Shareholder
December 22, 2011

CITY OF AMITY, OREGON

Management's Discussion and Analysis June 30, 2011

As management of the City of Amity, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011.

Financial Highlights

	June 30,		change
	2011	2010	
Net assets	\$ 191,747	\$ 769,035	\$ (577,288)
Change in net assets	(577,288)	131,537	(708,825)
Governmental net assets	220,485	187,494	32,991
Change in governmental net assets	32,991	(110,457)	143,448
Proprietary net assets	(28,738)	581,541	(610,279)
Change in proprietary net assets	(610,279)	241,994	(852,273)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Amity's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Assets (Modified Cash Basis). This presents information on the assets and liabilities of the City as of the date on the statement utilizing the modified cash basis of accounting. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (Modified Cash Basis). The *statement of activities* presents information showing how the net assets of the City changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net assets utilizing the modified cash basis of accounting.

In the government-wide financial statements, the City's basic activities are shown as governmental activities. All basic City government functions are shown here: such as, administration, city hall, legal, parks, streets and police. These activities are primarily financed through property taxes and other intergovernmental activities. The business-type activities of the City include utility operations.

Fund financial statements. The *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City of Amity as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Amity, like state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful in obtaining an understanding of each fund's activity.

Proprietary funds. The City of Amity charges customers for the utility services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and *other supplemental information*.

Government-wide Financial Analysis

Statement of Net Assets. The Statement of Net Assets (modified cash basis) is provided on a comparative basis. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Amity, assets exceeded liabilities by \$191,747 as of June 30, 2011.

Restricted net assets represent sources that are subject to external restrictions on their use, such as debt service payments or capital projects. Unrestricted net assets are available for general operations of the City.

Statements of Net Assets at June 30,

	2011			2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 104,805	\$ 87,131	\$ 191,936	\$ 193,239	\$ 581,541	\$ 774,780
Receivables	21,430	-	21,430	20,881	-	20,881
Total assets	242,104	(28,738)	213,366	214,120	581,541	795,661
Liabilities	21,619	-	21,619	26,626	-	26,626
Net assets:						
Restricted	30,899	8,995	39,894	25,216	36,550	61,766
Unrestricted	189,586	(37,733)	151,853	162,278	544,991	707,269
Total Net Assets	<u>\$ 220,485</u>	<u>\$ (28,738)</u>	<u>\$ 191,747</u>	<u>\$ 187,494</u>	<u>\$ 581,541</u>	<u>\$ 769,035</u>

Statement of Activities (Modified Cash Basis). The changes in the City's net assets are as follows:

Statements of Activities For the years ended June 30,						
	2011			2010		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Receipts						
Program receipts						
Fees, fines and charges for services	\$ 87,068	\$ 693,111	\$ 780,179	\$ 53,098	\$ 651,720	\$ 704,818
Operating grants and contributions	19,301	-	19,301	12,889	-	12,889
Capital grants and contributions	60,224	252,749	312,973	20,138	48,460	68,598
General receipts						
Property taxes	224,054	-	224,054	214,358	-	214,358
Franchise fees	61,255	-	61,255	64,325	-	64,325
Intergovernmental	115,952	-	115,952	97,014	-	97,014
Loan proceeds	-	28,846	28,846	-	186,416	186,416
Miscellaneous	24,837	7,837	32,674	24,032	125,750	149,782
<i>Total Receipts</i>	592,691	982,543	1,575,234	485,854	1,012,346	1,498,200
Disbursements						
General government	341,982	-	341,982	370,303	-	370,303
Community development	37,151	-	37,151	27,716	-	27,716
Street	72,425	-	72,425	79,763	-	79,763
Parks	20,242	-	20,242	28,083	-	28,083
Library	5,575	-	5,575	4,723	-	4,723
Public Safety	45,525	-	45,525	41,422	-	41,422
Sewer	-	338,945	338,945	-	329,967	329,967
Water	-	1,290,677	1,290,677	-	484,686	484,686
<i>Total Disbursements</i>	522,900	1,629,622	2,152,522	552,010	814,653	1,366,663
Transfers	(36,800)	36,800	-	(44,301)	44,301	-
Change in net assets	32,991	(610,279)	(577,288)	(110,457)	241,994	131,537
Net assets – July 1	187,494	581,541	769,035	297,951	339,547	637,498
Net assets June 30	\$ 220,485	\$ (28,738)	\$ 191,747	\$ 187,494	\$ 581,541	\$ 769,035

Financial Analysis of the City of Amity's Government Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

General Fund. The General Fund is the primary operating fund of the City of Amity. Unassigned fund balance was \$161,397 **Error! Not a valid link.** as of June 30, 2011. The fund balance increased by \$31,094 **Error! Not a valid link.** during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 39% of total General Fund disbursements.

Street Fund. The majority of Street Fund revenue is funded by State gas tax revenue. The restricted fund balance at the end of the year was \$13,118 which was an increase of \$5,341 from the prior year. The fund balance represents 18% of total Street Fund disbursements.

Police Equipment Reserve. The Police Equipment Reserve fund is funded by transfers from the General Fund. There were no disbursements from this fund in the current year, so the balance increased \$3,000 to \$26,693. This balance is committed to capital outlay.

General Fund Budget

There were no changes to the General Fund budget during the year.

Debt Administration

Long-term debt. The City had total debt outstanding of \$2,942,032 at the end of the current fiscal year.

During the current fiscal year, the City's total debt decreased by \$98,817, net.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The assessed valuation of the City of Amity is \$63,387,266; therefore, the current debt limitation for the City of Amity is \$1,901,618. The City had no outstanding general obligation debt.

Additional information on the City of Amity's long-term debt can be found in the notes to the basic financial statements of this report.

Economic Factors and the Next Year's Budget

The City of Amity's Budget Committee considered all the following factors while preparing the City budget for the 2011-12 fiscal year:

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

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City Recorder
City of Amity
P. O. Box 159
Amity, Oregon 97101

BASIC FINANCIAL STATEMENTS

CITY OF AMITY, OREGON**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)****JUNE 30, 2011**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 104,805	\$ 87,131	\$ 191,936
Property taxes receivable	21,430	-	21,430
Due from other funds	115,869	(115,869)	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	242,104	(28,738)	213,366
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Payroll withholdings payable	189	-	189
Deferred revenue	21,430	-	21,430
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	21,619	-	21,619
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Fund net assets			
Restricted for:			
Streets	13,118	-	13,118
Capital outlay	7,992	8,995	16,987
Building permits	9,361	-	9,361
Emergency services	428	-	428
Unrestricted	189,586	(37,733)	151,853
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	\$ 220,485	\$ (28,738)	\$ 191,747
	<hr/>	<hr/>	<hr/>

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, 2011

		Program Receipts		
	Disbursements	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 341,982	\$ 1,800	\$ 11,071	\$ -
Community development	37,151	34,203	-	-
Street	72,425	-	-	55,604
Parks	20,242	1,300	-	4,620
Library	5,575	-	-	-
Public safety	45,525	49,765	8,230	-
<i>Total governmental activities</i>	<u>522,900</u>	<u>87,068</u>	<u>19,301</u>	<u>60,224</u>
Business-type activities:				
Sewer	338,945	348,947	-	20,886
Water	1,290,677	344,164	-	231,863
<i>Total business-type activities</i>	<u>1,629,622</u>	<u>693,111</u>	<u>-</u>	<u>252,749</u>
<i>Total activities</i>	<u>\$ 2,152,522</u>	<u>\$ 780,179</u>	<u>\$ 19,301</u>	<u>\$ 312,973</u>
General receipts:				
Property taxes				
Franchise fees				
Intergovernmental				
Loan proceeds				
Miscellaneous				
<i>Total general receipts</i>				
Transfers				
Change in net assets				
Net assets, July 1, 2010				
Net assets, June 30, 2011				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (329,111)	\$ -	\$ (329,111)
(2,948)	-	(2,948)
(16,821)	-	(16,821)
(14,322)	-	(14,322)
(5,575)	-	(5,575)
12,470	-	12,470
(356,307)	-	(356,307)
-	30,888	30,888
-	(714,650)	(714,650)
-	(683,762)	(683,762)
(356,307)	(683,762)	(1,040,069)
224,054	-	224,054
61,255	-	61,255
115,952	-	115,952
-	28,846	28,846
24,837	7,837	32,674
426,098	36,683	462,781
(36,800)	36,800	-
32,991	(610,279)	(577,288)
187,494	581,541	769,035
\$ 220,485	\$ (28,738)	\$ 191,747

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, 2011**

		<i>Special Revenue</i>	<i>Capital Projects</i>
	<i>General</i>	<i>Street</i>	<i>Police Equipment Reserve</i>
ASSETS			
Cash and investments	\$ 45,717	\$ 13,118	\$ 26,693
Property taxes receivable	21,430	-	-
Due from other funds	115,869	-	-
<i>Total Assets</i>	<u>\$ 183,016</u>	<u>\$ 13,118</u>	<u>\$ 26,693</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Payroll withholdings payable	\$ 189	\$ -	\$ -
Deferred revenue	21,430	-	-
<i>Total Liabilities</i>	21,619	-	-
Fund Balances			
Restricted for:			
Streets	-	13,118	-
Capital outlay	-	-	-
Building permits	-	-	-
Emergency services	-	-	-
Committed to:			
Capital outlay	-	-	26,693
Unassigned	161,397	-	-
<i>Total Fund Balances</i>	<u>161,397</u>	<u>13,118</u>	<u>26,693</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 183,016</u>	<u>\$ 13,118</u>	<u>\$ 26,693</u>

<i>Other Governmental Funds</i>	<i>Totals</i>
<hr/>	<hr/>
\$ 19,277	\$ 104,805
-	21,430
-	115,869
<hr/>	<hr/>
\$ 19,277	\$ 242,104
<hr/> <hr/>	<hr/> <hr/>
\$ -	\$ 189
-	21,430
<hr/>	<hr/>
-	21,619
-	13,118
7,992	7,992
9,361	9,361
428	428
1,496	28,189
-	161,397
<hr/>	<hr/>
19,277	220,485
<hr/>	<hr/>
\$ 19,277	\$ 242,104
<hr/> <hr/>	<hr/> <hr/>

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

CITY OF AMITY, OREGON**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

		<i>Special Revenue</i>	<i>Capital Projects</i>
	<i>General</i>	<i>Street</i>	<i>Police Equipment Reserve</i>
RECEIPTS			
Taxes and assessments	\$ 224,054	\$ -	\$ -
Licenses and permits	64,355	-	-
Intergovernmental	56,505	79,204	-
Fines and forfeitures	43,372	-	-
Miscellaneous	28,211	2,562	-
<i>Total Receipts</i>	416,497	81,766	-
DISBURSEMENTS			
Current operating			
Personal services	254,324	42,799	-
Materials and services	159,579	28,932	-
Capital outlay	-	694	-
<i>Total Disbursements</i>	413,903	72,425	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,594	9,341	-
OTHER FINANCING SOURCES (USES)			
Transfers in	31,500	-	3,000
Transfers out	(3,000)	(4,000)	-
<i>Total Other Financing Sources (Uses)</i>	28,500	(4,000)	3,000
NET CHANGE IN FUND BALANCES	31,094	5,341	3,000
FUND BALANCES, Beginning of year	130,303	7,777	23,693
FUND BALANCES, End of year	\$ 161,397	\$ 13,118	\$ 26,693

<i>Other Governmental Funds</i>	<i>Totals</i>
<u> </u>	<u> </u>
\$ -	\$ 224,054
94,428	158,783
-	135,709
-	43,372
-	30,773
<u> </u>	<u> </u>
94,428	592,691
1,057	298,180
29,271	217,782
6,244	6,938
<u> </u>	<u> </u>
36,572	522,900
<u> </u>	<u> </u>
57,856	69,791
-	34,500
(64,300)	(71,300)
<u> </u>	<u> </u>
(64,300)	(36,800)
<u> </u>	<u> </u>
(6,444)	32,991
25,721	187,494
<u> </u>	<u> </u>
<u><u>\$ 19,277</u></u>	<u><u>\$ 220,485</u></u>

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

CITY OF AMITY, OREGON**STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) - ENTERPRISE FUNDS****JUNE 30, 2011**

	<i><u>Sewer</u></i>	<i><u>Water</u></i>	<i><u>Capital Projects</u></i>	<i><u>Water Reserve</u></i>
ASSETS				
Cash and investments	\$ 38,604	\$ -	\$ -	\$ 17,414
Due from other funds	<u>5,774</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Assets</i>	44,378	-	-	17,414
LIABILITIES				
Due to other funds	<u>-</u>	<u>5,774</u>	<u>115,869</u>	<u>-</u>
NET ASSETS				
Restricted for:				
Construction	-	-	-	-
Unrestricted	<u>44,378</u>	<u>(5,774)</u>	<u>(115,869)</u>	<u>17,414</u>
<i>Total Net Assets</i>	<u><u>\$ 44,378</u></u>	<u><u>\$ (5,774)</u></u>	<u><u>\$ (115,869)</u></u>	<u><u>\$ 17,414</u></u>

<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ 31,113	\$ 87,131
-	5,774
31,113	92,905
-	121,643
8,995	8,995
22,118	(37,733)
\$ 31,113	\$ (28,738)

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, 2011**

	<i><u>Sewer</u></i>	<i><u>Water</u></i>	<i><u>Capital Projects</u></i>
OPERATING RECEIPTS			
Charges for services	\$ 348,947	\$ 322,708	\$ -
Miscellaneous	200	300	7,337
	<u>349,147</u>	<u>323,008</u>	<u>7,337</u>
<i>Total Operating Receipts</i>	349,147	323,008	7,337
OPERATING DISBURSEMENTS			
Personal services	108,359	149,741	79,386
Materials and services	86,420	85,084	65,109
Capital outlay	1,358	1,358	683,363
	<u>196,137</u>	<u>236,183</u>	<u>827,858</u>
<i>Total Operating Disbursements</i>	196,137	236,183	827,858
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	153,010	86,825	(820,521)
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Debt service disbursements			
Principal	-	-	(10,000)
Interest	-	-	(7,575)
Proceeds from issuance of loans	-	-	28,846
	<u>-</u>	<u>-</u>	<u>28,846</u>
<i>Total Nonoperating Receipts (Disbursements)</i>	-	-	11,271
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	153,010	86,825	(809,250)
Capital contributions	-	-	224,653
Transfers in	-	-	125,308
Transfers out	(124,808)	(101,358)	-
	<u>28,202</u>	<u>(14,533)</u>	<u>(459,289)</u>
CHANGE IN NET ASSETS	28,202	(14,533)	(459,289)
NET ASSETS, Beginning of year	16,176	8,759	343,420
NET ASSETS, End of year	<u>\$ 44,378</u>	<u>\$ (5,774)</u>	<u>\$ (115,869)</u>

<i>Water Reserve</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>
\$ -	\$ 21,456	\$ 693,111
-	-	7,837
-	21,456	700,948
-	-	337,486
24,141	-	260,754
-	120,401	806,480
24,141	120,401	1,404,720
(24,141)	(98,945)	(703,772)
-	(117,663)	(127,663)
-	(89,664)	(97,239)
-	-	28,846
-	(207,327)	(196,056)
(24,141)	(306,272)	(899,828)
-	28,096	252,749
-	207,666	332,974
-	(70,008)	(296,174)
(24,141)	(140,518)	(610,279)
41,555	171,631	581,541
\$ 17,414	\$ 31,113	\$ (28,738)

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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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 entities 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, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government accounting standards set forth minimum criteria (percentage of the assets, liabilities, receipts or disbursements of either fund category or the government and enterprise combined) for the determination of major funds. 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.

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.

The City reports the following nonmajor governmental funds:

Building Permits Fund

This fund accounts for building permits revenue. Principal receipts are from building permits revenue received and primary disbursements are for building inspection services.

911 Fund

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

Street SDC Improvement Fund

This fund accounts for system development charges designated for streets.

Street Reserve Fund

There was no activity in this fund during the fiscal year.

Street SDC Reimbursement Fund

There was no activity in this fund during the fiscal year.

Storm Drain SDC Improvement Fund

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

Storm Drain SDC Reimbursement Fund

There was no activity in this fund during the fiscal year.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Parks SDC Improvement Fund

This fund accounts for system development charges designated for parks.

Parks SDC Reimbursement Fund

There was no activity in this fund during the fiscal year.

Sidewalk Reserve Fund

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

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

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.

Capital Project Fund

This fund accounts for all the activity associated with capital projects.

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.

The City reports the following proprietary funds as nonmajor:

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.

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.

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.

Water SDC Reimbursement Fund

There was no activity in this fund during the fiscal year

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

Sewer SDC Reimbursement Fund

There was no activity in this fund during the fiscal year.

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.

Fund Balance

In the year ended June 30, 2011, the City adopted GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

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

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

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used.

The City Council can modify or rescind the commitment at any time through taking a similar formal action.

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

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

Definitions of Governmental Fund Types

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

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

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

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

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. 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

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed under GASB No. 20, the City has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

Enterprise funds distinguish between operating receipts and disbursements and nonoperating items. Operating receipts and disbursements result from providing services to customers in connection with ongoing utility operations. The principal operating receipts are charges to customers for service. Operating disbursements include payroll and related costs, materials and supplies, and capital outlay. All receipts not considered operating are reported as nonoperating items.

Cash and Investments

The City maintains cash and investments in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as cash and investments.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Receivables and Deferred Revenues

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current year are recorded as receivable at year-end. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

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

Long-Term Debt

Long-term debt is presented only in the notes to the financial statements.

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, 2011 was not available.

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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reporting amounts of certain assets, liabilities, revenues and expenditures as of June 30, 2011. Actual results may differ from those estimates.

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2011:

	<i>Carrying Value</i>	<i>Fair Value</i>
<i>Cash</i>		
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	23,591	23,591
<i>Investments</i>		
Local Government Investment Pool	167,945	167,945
	<u>\$ 191,936</u>	<u>\$ 191,936</u>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$23,591 and the bank balance was \$69,073 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides unlimited insurance for the City's deposits with financial institutions for the aggregate of all non-interest bearing accounts and up to \$250,000 for the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure,

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2011, none of the City's bank balances were exposed to custodial credit risk as part of the Public Funds Collateralization Program.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2011, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

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

Custodial Risk - Investments

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

The 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, 2011****LONG-TERM DEBT**

Business-type activity long-term debt transactions for the year ended June 30, 2011 were as follows:

	<i>Outstanding July 1, 2010</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2011</i>	<i>Due Within One Year</i>
Water system revenue bonds, series 1974 due in annual installments of \$2,964 including interest at 5.0% through 2014	\$ 11,387	\$ -	\$ (2,321)	\$ 9,066	\$ 2,540
Water system revenue bonds, series 1975 due in annual installments of \$4,742 including interest at 5.0% through 2015	19,943	-	(3,693)	16,250	3,937
Water system revenue bonds, series 1975 due in annual installments of \$4,150 including interest at 5.0% through 2015	17,348	-	(3,275)	14,073	3,454
State Revolving Fund, due in annual installments of \$53,011 including interest at 1.0%	1,084,201	-	(42,160)	1,042,041	42,582
State Revolving Fund, wastewater improvement project due in annual installments of \$150,000 to \$145,000 including interest from 3.0% to 5.0%.	1,721,554	-	(66,214)	1,655,340	66,607
Lee Property Loan (US Bank) Due in annual installments of \$5,000 or \$10,000 (depending on year). Interest rates are 2.75%, 4.10%, 4.65%, and 5.10% for the four underlying debt issues due in 5, 10, 15, and 20 years respectively.	160,000	-	(10,000)	150,000	5,000
Wastewater System Improvement Loan 4.78% interest rate with a maturity date of approximately 25 years with the first payment on December 1 following the completion date (no later than 10/30/2012)	26,416	28,846	-	55,262	-
	<u>\$ 3,040,849</u>	<u>\$ 28,846</u>	<u>\$ (127,663)</u>	<u>\$ 2,942,032</u>	<u>\$ 124,120</u>

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<u>Year</u>	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011-12	\$ 124,120	\$ 91,062	\$ 215,182
2012-13	130,459	90,460	220,919
2013-14	132,921	86,521	219,442
2014-15	133,858	82,626	216,484
2015-16	127,792	78,448	206,240
2016-2021	714,870	327,886	1,042,756
2021-2026	861,017	190,595	1,051,612
2026-2031	557,298	37,340	594,638
2031-2033	159,697	776	160,473
Totals	<u>\$ 2,942,032</u>	<u>\$ 985,714</u>	<u>\$ 3,927,746</u>

PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System ("OPERS"), a cost-sharing multiple-employer defined benefit pension plan. The 2003 legislature adopted certain changes in the Oregon Public Employee Retirement System, and created a new system for all people hired after August 29, 2003. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB) governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Funding Status

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

PENSION PLAN (Continued)

Funding Status (Continued)

The City is required by statute to contribute actuarially computed amounts as determined by OPERS. OPERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer. On July 1, 2009 the City rates were 9.13% for Tier 1/Tier 2, 2.44% for OPSRP General Service, and 5.15% for OPSRP Police and Fire percent based on the 2007 valuation.

Annual Pension Cost

The City's contributions to PERS for the fiscal years ending June 30, 2009, 2010, and 2011 were \$47,306, \$42,262, and \$40,702, respectively, which equaled the required contribution for the year.

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 2011 was as follows:

	<u><i>Sewer</i></u>	<u><i>Water</i></u>	<u><i>Total</i></u>
Receipts	\$ 349,147	\$ 351,801	\$ 700,948
Disbursements	338,945	1,290,677	1,629,622
Excess (deficiency) of receipts over disbursements	10,202	(938,876)	(928,674)
Total assets	64,792	28,113	92,905
Total net assets	64,792	(93,530)	(28,738)

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

TRANSFERS

Interfund transfers in and out for all funds were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 31,500	\$ 3,000
Street	-	4,000
Police Equipment Reserve	3,000	-
Sidewalk Reserve	-	1,300
Street SDC Improvement	-	40,000
Storm Drain SDC Improvement	-	23,000
Water	-	101,358
Water Bond	64,858	-
Water SDC Improvement	-	19,651
OECD Grant	125,308	-
Waterline Replacement	-	14,357
Sewer	-	124,808
Sewer Bond	142,808	-
Sewer SDC Improvement	-	36,000
	<u>\$ 367,474</u>	<u>\$ 367,474</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.

Budgetary charges that do not represent services provided are reclassified as transfers for the fund financial statements.

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. There were no open claims at the time of this report.

From time to time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

CITY OF AMITY, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2011**

OVER-EXPENDITURE OF APPROPRIATIONS AND DEFICIT FUND BALANCES

Oregon law prohibits disbursements of a fund in excess of Council approved appropriations.

Disbursements in excess of appropriations in individual funds for the year ended June 30, 2011 occurred as follows

<i>Fund / Appropriation category</i>	<i>Appropriation</i>	<i>Disbursement</i>	<i>Variance</i>
Building			
Materials and services	\$ 5,920	\$ 29,271	\$ (23,351)
Waterline Replacement			
Transfers out	-	14,357	(14,357)
Capital Projects			
Debt service	-	17,575	(17,575)
Sewer Bond			
Debt service	-	142,808	(142,808)

At June 30, 2011, the following funds had deficit fund balances:

Water Fund
Capital Projects Fund

SUBSEQUENT EVENTS

The City follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 22, 2011, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS) -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Taxes and assessments	\$ 215,877	\$ 215,877	\$ 224,054	\$ 8,177
Licenses and permits	70,500	70,500	64,355	(6,145)
Intergovernmental	53,851	53,851	56,505	2,654
Fines and forfeitures	32,100	32,100	43,372	11,272
Miscellaneous	14,000	14,000	28,211	14,211
<i>Total Receipts</i>	386,328	386,328	416,497	30,169
DISBURSEMENTS				
Personal services	288,466	288,466	254,324	34,142
Materials and services	182,005	182,005	159,579	22,426
Contingency	55,000	55,000	-	55,000
<i>Total Disbursements</i>	525,471	525,471	413,903	111,568
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(139,143)	(139,143)	2,594	141,737
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	31,500	1,500
Transfers out	(3,000)	(3,000)	(3,000)	-
<i>Total Other Financing Sources (Uses)</i>	27,000	27,000	28,500	1,500
NET CHANGE IN FUND BALANCE	(112,143)	(112,143)	31,094	143,237
FUND BALANCE, Beginning of year	138,600	138,600	130,303	(8,297)
FUND BALANCE, End of year	\$ 26,457	\$ 26,457	\$ 161,397	\$ 134,940

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -****BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 79,204	\$ (796)
Miscellaneous	1,110	1,110	2,562	1,452
<i>Total Receipts</i>	81,110	81,110	81,766	656
DISBURSEMENTS				
Personal services	45,486	45,486	42,799	2,687
Materials and services	30,500	30,500	28,932	1,568
Capital outlay	1,500	1,500	694	806
Contingency	4,000	4,000	-	4,000
<i>Total Disbursements</i>	81,486	81,486	72,425	9,061
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(376)	(376)	9,341	9,717
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,000)	(4,000)	(4,000)	-
NET CHANGE IN FUND BALANCE	(4,376)	(4,376)	5,341	9,717
FUND BALANCE, Beginning of year	5,400	5,400	7,777	2,377
FUND BALANCE, End of year	\$ 1,024	\$ 1,024	\$ 13,118	\$ 12,094

OTHER SUPPLEMENTARY INFORMATION

CITY OF AMITY, OREGON**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -****NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2011**

	<i>Special Revenue Funds</i>	
	<i>Building Permits</i>	<i>911</i>
<i>ASSETS</i>		
Cash and investments	\$ 9,361	\$ 428
<i>LIABILITIES AND FUND BALANCES</i>		
<i>Liabilities</i>	\$ -	\$ -
<i>Fund Balances</i>		
Restricted for		
Capital outlay	-	-
Building permits	9,361	-
Emergency services	-	428
Committed to capital outlay	-	-
<i>Total Fund Balances</i>	9,361	428
<i>Total Liabilities and Fund Balances</i>	\$ 9,361	\$ 428

<i>Capital Project Funds</i>					
<i>Street SDC Improvement</i>	<i>Storm Drain SDC Improvement</i>	<i>Parks SDC Improvement</i>	<i>Parks SDC Reimbursement</i>	<i>Sidewalk Reserve</i>	<i>Totals</i>
\$ 6,438	\$ 795	\$ 687	\$ 72	\$ 1,496	\$ 19,277
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,438	795	687	72	-	7,992
-	-	-	-	-	9,361
-	-	-	-	-	428
-	-	-	-	1,496	1,496
6,438	795	687	72	1,496	19,277
\$ 6,438	\$ 795	\$ 687	\$ 72	\$ 1,496	\$ 19,277

CITY OF AMITY, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2011**

	<i>Special Revenue Funds</i>	
	<i>Building Permits</i>	<i>911</i>
<i>RECEIPTS</i>		
Licenses and permits	\$ 34,203	\$ -
<i>DISBURSEMENTS</i>		
Current Operating		
Personal services	1,057	-
Materials and services	29,271	-
Capital outlay	-	-
<i>Total Disbursements</i>	30,328	-
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	3,875	-
<i>OTHER FINANCING SOURCES (USES)</i>		
Transfers out	-	-
<i>NET CHANGE IN FUND BALANCES</i>	3,875	-
<i>FUND BALANCES, Beginning of year</i>	5,486	428
<i>FUND BALANCES, End of year</i>	\$ 9,361	\$ 428

<i>Capital Project Funds</i>					
<i>Street SDC Improvement</i>	<i>Storm Drain SDC Improvement</i>	<i>Parks SDC Improvement</i>	<i>Parks SDC Rmbrs</i>	<i>Sidewalk Reserve</i>	<i>Totals</i>
\$ 36,593	\$ 19,012	\$ 4,620	\$ -	\$ -	\$ 94,428
-	-	-	-	-	1,057
-	-	-	-	-	29,271
-	-	6,244	-	-	6,244
-	-	6,244	-	-	36,572
36,593	19,012	(1,624)	-	-	57,856
(40,000)	(23,000)	-	-	(1,300)	(64,300)
(3,407)	(3,988)	(1,624)	-	(1,300)	(6,444)
9,845	4,783	2,311	72	2,796	25,721
\$ 6,438	\$ 795	\$ 687	\$ 72	\$ 1,496	\$ 19,277

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – POLICE EQUIPMENT RESERVE FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 115	\$ 115	\$ -	\$ (115)
<i>DISBURSEMENTS</i>	-	-	-	-
<i>RECEIPTS OVER (UNDER)</i>				
<i>DISBURSEMENTS</i>	115	115	-	(115)
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers in	3,000	3,000	3,000	-
<i>NET CHANGE IN FUND BALANCE</i>	3,115	3,115	3,000	(115)
<i>FUND BALANCE, Beginning of year</i>	20,058	20,058	23,693	3,635
<i>FUND BALANCE, End of year</i>	\$ 23,173	\$ 23,173	\$ 26,693	\$ 3,520

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – BUILDING PERMITS FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 34,203	\$ 28,203
Miscellaneous	10	10	-	(10)
<i>Total Receipts</i>	6,010	6,010	34,203	28,193
<i>DISBURSEMENTS</i>				
Personal services	1,427	1,427	1,057	370
Materials and services	5,920	5,920	29,271	(23,351)
<i>Total Disbursements</i>	7,347	7,347	30,328	(22,981)
<i>NET CHANGE IN FUND BALANCE</i>	(1,337)	(1,337)	3,875	5,212
<i>FUND BALANCE, Beginning of year</i>	2,000	2,000	5,486	3,486
<i>FUND BALANCE, End of year</i>	\$ 663	\$ 663	\$ 9,361	\$ 8,698

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL - 911 FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of year	-	-	428	428
FUND BALANCE, End of year	\$ -	\$ -	\$ 428	\$ 428

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -
BUDGET AND ACTUAL - STREET SDC IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			
	Original	Final	Actual	Variance
RECEIPTS				
Licenses and permits	\$ 40,000	\$ 40,000	\$ 36,593	\$ (3,407)
Miscellaneous	400	400	-	(400)
<i>Total Receipts</i>	40,400	40,400	36,593	(3,807)
DISBURSEMENTS				
Materials and services	200	200	-	200
Capital outlay	500	500	-	500
<i>Total Disbursements</i>	700	700	-	700
RECEIPTS OVER (UNDER) DISBURSEMENTS	39,700	39,700	36,593	(3,107)
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,000)	(40,000)	(40,000)	-
NET CHANGE IN FUND BALANCE	(300)	(300)	(3,407)	(3,107)
FUND BALANCE, Beginning of year	5,126	5,126	9,845	4,719
FUND BALANCE, End of year	\$ 4,826	\$ 4,826	\$ 6,438	\$ 1,612

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – STREET SDC REIMBURSEMENT FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 500	\$ 500	\$ -	\$ (500)
<i>DISBURSEMENTS</i>				
Materials and services	200	200	-	200
<i>NET CHANGE IN FUND BALANCE</i>	300	300	-	(300)
<i>FUND BALANCE, Beginning of year</i>	-	-	-	-
<i>FUND BALANCE, End of year</i>	\$ 300	\$ 300	\$ -	\$ (300)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAIN SDC IMPROVEMENT FUND****YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		
RECEIPTS				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 19,012	\$ (988)
Miscellaneous	200	200	-	(200)
<i>Total Receipts</i>	20,200	20,200	19,012	(1,188)
DISBURSEMENTS				
Materials and services	200	200	-	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,000	20,000	19,012	(988)
OTHER FINANCING SOURCES (USES)				
Transfers out	(47,450)	(47,450)	(23,000)	24,450
NET CHANGE IN FUND BALANCE	(27,450)	(27,450)	(3,988)	23,462
FUND BALANCE, Beginning of year	29,250	29,250	4,783	(24,467)
FUND BALANCE, End of year	\$ 1,800	\$ 1,800	\$ 795	\$ (1,005)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – STORM DRAIN SDC REIMBURSEMENT FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 200	\$ 200	\$ -	\$ (200)
<i>DISBURSEMENTS</i>				
Materials and services	200	200	-	200
<i>NET CHANGE IN FUND BALANCE</i>	-	-	-	-
<i>FUND BALANCE, Beginning of year</i>	800	800	-	(800)
<i>FUND BALANCE, End of year</i>	\$ 800	\$ 800	\$ -	\$ (800)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC IMPROVEMENT FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 10,500	\$ 10,500	\$ 4,620	\$ (5,880)
Miscellaneous	75	75	-	(75)
<i>Total Receipts</i>	10,575	10,575	4,620	(5,955)
<i>DISBURSEMENTS</i>				
Materials and services	200	200	-	200
Capital outlay	22,975	22,975	6,244	16,731
<i>Total Disbursements</i>	23,175	23,175	6,244	16,931
<i>NET CHANGE IN FUND BALANCE</i>	(12,600)	(12,600)	(1,624)	10,976
<i>FUND BALANCE, Beginning of year</i>	12,600	12,600	2,311	(10,289)
<i>FUND BALANCE, End of year</i>	\$ -	\$ -	\$ 687	\$ 687

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC REIMBURSEMENT FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 644	\$ 644	\$ -	\$ (644)
<i>DISBURSEMENTS</i>				
Materials and services	200	200	-	200
<i>RECEIPTS OVER (UNDER)</i>				
<i>DISBURSEMENTS</i>	444	444	-	(444)
<i>NET CHANGE IN FUND BALANCE</i>	444	444	-	(444)
<i>FUND BALANCE, Beginning of year</i>	-	-	72	72
<i>FUND BALANCE, End of year</i>	\$ 444	\$ 444	\$ 72	\$ (372)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(CASH BASIS) - BUDGET AND ACTUAL – SIDEWALK RESERVE FUND****YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 100	\$ 100	\$ -	\$ (100)
<i>DISBURSEMENTS</i>	-	-	-	-
<i>RECEIPTS OVER (UNDER)</i>				
<i>DISBURSEMENTS</i>	100	100	-	(100)
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(1,300)	(1,300)	(1,300)	-
<i>NET CHANGE IN FUND BALANCE</i>	(1,200)	(1,200)	(1,300)	(100)
<i>FUND BALANCE, Beginning of year</i>	1,200	1,200	2,796	1,596
<i>FUND BALANCE, End of year</i>	\$ -	\$ -	\$ 1,496	\$ 1,496

CITY OF AMITY, OREGON**COMBINING STATEMENT OF NET ASSETS (MODIFIED CASH BASIS) - NONMAJOR****ENTERPRISE FUNDS****JUNE 30, 2011**

	<u><i>Waterline Replacement</i></u>	<u><i>Water Bond Debt</i></u>	<u><i>Sewer Reserve</i></u>
<i>ASSETS</i>			
Cash and investments	\$ 11,304	\$ 10,699	\$ 115
	<u> </u>	<u> </u>	<u> </u>
<i>LIABILITIES</i>			
	-	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>NET ASSETS</i>			
Restricted for construction	-	-	-
Unrestricted	11,304	10,699	115
	<u> </u>	<u> </u>	<u> </u>
<i>Total Net Assets</i>	<u><u>\$ 11,304</u></u>	<u><u>\$ 10,699</u></u>	<u><u>\$ 115</u></u>

<i>Sewer SDC Improvement</i>	<i>Totals</i>
\$ 8,995	\$ 31,113
-	-
8,995	8,995
-	22,118
\$ 8,995	\$ 31,113

CITY OF AMITY, OREGON**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS****(MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2011**

	<u><i>Waterline Replacement</i></u>	<u><i>Water Bond Debt</i></u>	<u><i>Water SDC Improvement</i></u>
OPERATING RECEIPTS			
Charges for services	\$ 21,456	\$ -	\$ -
OPERATING DISBURSEMENTS			
Capital outlay	120,401	-	-
OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	(98,945)	-	-
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Debt service:			
Principal	-	(51,449)	-
Interest	-	(13,070)	-
<i>Total Nonoperating Receipts (Disbursements)</i>	-	(64,519)	-
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(98,945)	(64,519)	-
Capital contributions	-	-	7,210
Transfers in	-	64,858	-
Transfers out	(14,357)	-	(19,651)
CHANGE IN NET ASSETS	(113,302)	339	(12,441)
NET ASSETS, Beginning of year	124,606	10,360	12,441
NET ASSETS, End of year	\$ 11,304	\$ 10,699	\$ -

<i>Sewer Reserve</i>	<i>Sewer SDC Improvement</i>	<i>Sewer Bond Debt</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ 21,456
-	-	-	120,401
-	-	-	(98,945)
-	-	(66,214)	(117,663)
-	-	(76,594)	(89,664)
-	-	(142,808)	(207,327)
-	-	(142,808)	(306,272)
-	20,886	-	28,096
-	-	142,808	207,666
-	(36,000)	-	(70,008)
-	(15,114)	-	(140,518)
115	24,109	-	171,631
<u>\$ 115</u>	<u>\$ 8,995</u>	<u>\$ -</u>	<u>\$ 31,113</u>

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Charges for services	\$ 320,000	\$ 320,000	\$ 348,947	\$ 28,947
Miscellaneous	-	-	200	200
<i>Total Receipts</i>	320,000	320,000	349,147	29,147
DISBURSEMENTS				
Personal services	116,159	116,159	108,359	7,800
Materials and services	88,900	88,900	86,420	2,480
Capital outlay	1,500	1,500	1,358	142
Contingency	12,000	12,000	-	12,000
<i>Total Disbursements</i>	218,559	218,559	196,137	22,422
RECEIPTS OVER (UNDER) DISBURSEMENTS				
	101,441	101,441	153,010	51,569
OTHER FINANCING SOURCES (USES)				
Transfers out	(124,808)	(124,808)	(124,808)	-
NET CHANGE IN NET ASSETS	(23,367)	(23,367)	28,202	51,569
NET ASSETS, Beginning of year	25,000	25,000	16,176	(8,824)
NET ASSETS, End of year	\$ 1,633	\$ 1,633	\$ 44,378	\$ 42,745

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<i>RECEIPTS</i>				
Charges for services	\$ 335,000	\$ 335,000	\$ 322,708	\$ (12,292)
Miscellaneous	540	540	300	(240)
<i>Total Receipts</i>	335,540	335,540	323,008	(12,532)
<i>DISBURSEMENTS</i>				
Personal services	155,725	155,725	149,741	5,984
Materials and services	100,800	100,800	85,084	15,716
Capital outlay	1,500	1,500	1,358	142
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	273,025	273,025	236,183	36,842
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	62,515	62,515	86,825	24,310
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(101,358)	(101,358)	(101,358)	-
<i>NET CHANGE IN NET ASSETS</i>	(38,843)	(38,843)	(14,533)	24,310
<i>NET ASSETS, Beginning of year</i>	40,000	40,000	8,759	(31,241)
<i>NET ASSETS, End of year</i>	\$ 1,157	\$ 1,157	\$ (5,774)	\$ (6,931)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS				
Intergovernmental	\$ 1,140,000	\$ 1,140,000	\$ 224,653	\$ (915,347)
Miscellaneous	5,000	5,000	7,337	2,337
<i>Total Receipts</i>	1,145,000	1,145,000	231,990	(913,010)
DISBURSEMENTS				
Personal services	85,603	85,603	79,386	6,217
Materials and services	74,500	74,500	65,109	9,391
Capital outlay	1,391,600	1,391,600	683,363	708,237
Debt service	-	-	17,575	(17,575)
Contingency	66,179	66,179	-	66,179
<i>Total Disbursements</i>	1,617,882	1,617,882	845,433	772,449
RECEIPTS OVER (UNDER) DISBURSEMENTS	(472,882)	(472,882)	(613,443)	(140,561)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	400,000	400,000	28,846	(371,154)
Transfers in	150,107	150,107	125,308	(24,799)
<i>Total Other Financing Sources (Uses)</i>	550,107	550,107	154,154	(395,953)
NET CHANGE IN NET ASSETS	77,225	77,225	(459,289)	(536,514)
NET ASSETS, Beginning of year	14,275	14,275	343,420	329,145
NET ASSETS, End of year	\$ 91,500	\$ 91,500	\$ (115,869)	\$ (207,369)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - SEWER BOND DEBT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Debt service				
Principal	-	-	66,214	(66,214)
Interest	-	-	76,594	(76,594)
<i>Total Disbursements</i>	-	-	142,808	(142,808)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	(142,808)	(142,808)
OTHER FINANCING SOURCES (USES)				
Transfers in	142,808	142,808	142,808	-
NET CHANGE IN NET ASSETS	142,808	142,808	-	(142,808)
NET ASSETS, Beginning of year	-	-	-	-
NET ASSETS, End of year	\$ 142,808	\$ 142,808	\$ -	\$ (142,808)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - WATERLINE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<i>RECEIPTS</i>				
Charges for services	\$ -	\$ -	\$ 21,456	\$ 21,456
Miscellaneous	575	575	-	(575)
<i>Total Receipts</i>	575	575	21,456	20,881
<i>DISBURSEMENTS</i>				
Capital outlay	143,575	143,575	120,401	23,174
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	(143,000)	(143,000)	(98,945)	44,055
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	-	-	(14,357)	(14,357)
<i>NET CHANGE IN NET ASSETS</i>	(143,000)	(143,000)	(113,302)	29,698
<i>NET ASSETS, Beginning of year</i>	120,000	120,000	124,606	4,606
<i>NET ASSETS, End of year</i>	\$ (23,000)	\$ (23,000)	\$ 11,304	\$ 34,304

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - WATER BOND DEBT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Debt service				
Principal	51,617	51,617	51,449	168
Interest	13,241	13,241	13,070	171
<i>Total Disbursements</i>	64,858	64,858	64,519	339
RECEIPTS OVER (UNDER) DISBURSEMENTS	(64,858)	(64,858)	(64,519)	339
OTHER FINANCING SOURCES (USES)				
Transfers in	64,858	64,858	64,858	-
NET CHANGE IN NET ASSETS	-	-	339	339
NET ASSETS, Beginning of year	-	-	10,360	10,360
NET ASSETS, End of year	\$ -	\$ -	\$ 10,699	\$ 10,699

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - WATER RESERVE FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Miscellaneous	\$ 23,000	\$ 23,000	\$ -	\$ (23,000)
<i>DISBURSEMENTS</i>				
Materials and services	42,000	42,000	24,141	17,859
<i>NET CHANGE IN NET ASSETS</i>	(19,000)	(19,000)	(24,141)	(5,141)
<i>NET ASSETS, Beginning of year</i>	42,000	42,000	41,555	(445)
<i>NET ASSETS, End of year</i>	\$ 23,000	\$ 23,000	\$ 17,414	\$ (5,586)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - WATER SDC IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<i>RECEIPTS</i>				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 7,210	\$ (2,790)
Miscellaneous	200	200	-	(200)
<i>Total Receipts</i>	10,200	10,200	7,210	(2,990)
<i>DISBURSEMENTS</i>				
Materials and services	200	200	-	200
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	10,000	10,000	7,210	(2,790)
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(20,000)	(20,000)	(19,651)	349
<i>NET CHANGE IN NET ASSETS</i>	(10,000)	(10,000)	(12,441)	(2,441)
<i>NET ASSETS, Beginning of year</i>	11,000	11,000	12,441	1,441
<i>NET ASSETS, End of year</i>	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - WATER SDC REIMBURSEMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>	\$ -	\$ -	\$ -	\$ -
<i>DISBURSEMENTS</i>				
Materials and services	200	200	-	200
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	(200)	(200)	-	200
<i>NET CHANGE IN NET ASSETS</i>	(200)	(200)	-	200
<i>NET ASSETS, Beginning of year</i>	2,778	2,778	-	(2,778)
<i>NET ASSETS, End of year</i>	\$ 2,578	\$ 2,578	\$ -	\$ (2,578)

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
NET CHANGE IN NET ASSETS	-	-	-	-
NET ASSETS, Beginning of year	-	-	115	115
NET ASSETS, End of year	\$ -	\$ -	\$ 115	\$ 115

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL - SEWER SDC IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 17,000	\$ 17,000	\$ 20,886	\$ 3,886
<i>DISBURSEMENTS</i>	-	-	-	-
<i>RECEIPTS OVER (UNDER) DISBURSEMENTS</i>	17,000	17,000	20,886	3,886
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(36,000)	(36,000)	(36,000)	-
<i>NET CHANGE IN NET ASSETS</i>	(19,000)	(19,000)	(15,114)	3,886
<i>NET ASSETS, Beginning of year</i>	19,043	19,043	24,109	5,066
<i>NET ASSETS, End of year</i>	\$ 43	\$ 43	\$ 8,995	\$ 8,952

CITY OF AMITY, OREGON**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS (CASH BASIS) –
BUDGET AND ACTUAL – SEWER SDC REIMBURSEMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>RECEIPTS</i>				
Licenses and permits	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
<i>DISBURSEMENTS</i>				
Materials and services	400	400	-	400
Capital outlay	4,600	4,600	-	4,600
<i>Total Disbursements</i>	5,000	5,000	-	5,000
<i>NET CHANGE IN NET ASSETS</i>	-	-	-	-
<i>NET ASSETS, Beginning of year</i>	-	-	-	-
<i>NET ASSETS, End of year</i>	\$ -	\$ -	\$ -	\$ -

CITY OF AMITY, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2011

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2010</i>	<i>2010-11 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2011</i>
2010-2011	\$ -	\$ 228,860	\$ 37	\$ (5,937)	\$ (211,475)	\$ 11,485
2009-2010	11,465	-	-	(100)	(6,467)	4,898
2008-2009	5,482	-	-	(144)	(2,525)	2,813
2007-2008	2,187	-	-	(21)	(1,233)	933
2006-2007	700	-	-	(20)	(347)	333
2005-2006	217	-	-	(18)	(16)	183
2004-2005	158	-	-	(2)	(16)	140
Prior Years	672	-	-	(14)	(13)	645
Total	<u>\$ 20,881</u>	<u>\$ 228,860</u>	<u>\$ 37</u>	<u>\$ (6,256)</u>	<u>\$ (222,092)</u>	<u>\$ 21,430</u>

CITY OF AMITY, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2011

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>
BOND PRINCIPAL TRANSACTIONS			
Revenue Bonds			
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			
2002 Wastewater Improvement State Revolving Fund	1.0%	2002	2031-32
2002 Wastewater Improvement State Revolving Fund	3.0%-5.0%	2002	2027-28
2009 Lee Property Loan (US Bank)	2.75%-5.1%	2009	2029-30
2009 Wastewater System Improvement Loan	4.78%	2010	
	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest Outstanding July 1, 2010</i>
BOND INTEREST TRANSACTIONS			
Revenue Bonds			
1974 Water Revenue Bonds	5.0%	1974	\$ 1,331
1975 Water Revenue Bonds	5.0%	1975	2,853
1975 Water Revenue Bonds	5.0%	1975	2,575
LOAN INTEREST TRANSACTIONS			
2002 Wastewater Improvement State Revolving Fund	1.0%	2002	134,053
2002 Wastewater Improvement State Revolving Fund	3.0%-5.0%	2003	849,944
2009 Lee Property Loan (US Bank)	2.75%-5.1%	2009	92,197
2009 Wastewater System Improvement Loan	4.78%	2010	-
			<hr/>
			\$ 1,082,953
			<hr/>

<i>Outstanding July 1, 2010</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2011</i>
\$ 11,387	\$ -	\$ (2,321)	\$ 9,066
19,943	-	(3,693)	16,250
17,348	-	(3,275)	14,073
1,084,201	-	(42,160)	1,042,041
1,721,554	-	(66,214)	1,655,340
160,000	-	(10,000)	150,000
26,416	28,846	-	55,262
<u>\$ 3,040,849</u>	<u>\$ 28,846</u>	<u>\$ (127,663)</u>	<u>\$ 2,942,032</u>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2011</i>
\$ -	\$ (513)	\$ 818
-	(928)	1,925
-	(787)	1,788
-	(10,842)	123,211
-	(76,594)	773,350
-	(7,575)	84,622
-	-	-
<u>\$ -</u>	<u>\$ (97,239)</u>	<u>\$ 985,714</u>

CITY OF AMITY, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
JUNE 30, 2011

<i>Year</i>	<i>1974 Water Revenue Bonds</i>			<i>1975 Water Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011-12	\$ 2,540	\$ 443	\$ 2,983	\$ 3,937	\$ 805	\$ 4,742
2012-13	2,667	241	2,908	4,134	615	4,749
2013-14	3,859	134	3,993	4,340	325	4,665
2014-15	-	-	-	3,839	180	4,019
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	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-
Totals	<u>\$ 9,066</u>	<u>\$ 818</u>	<u>\$ 9,884</u>	<u>\$ 16,250</u>	<u>\$ 1,925</u>	<u>\$ 18,175</u>

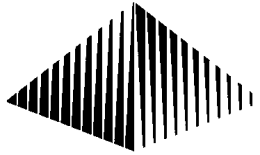
<i>1975 Water Revenue Bonds</i>			<i>2002 Wastewater Improvement State Revolving Loan</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 3,454	\$ 696	\$ 4,150	\$ 42,582	\$ 10,420	\$ 53,002
3,626	531	4,157	43,007	9,995	53,002
3,808	346	4,154	43,438	9,564	53,002
3,185	215	3,400	43,872	9,130	53,002
-	-	-	44,311	8,691	53,002
-	-	-	44,754	8,248	53,002
-	-	-	45,201	7,801	53,002
-	-	-	45,653	7,349	53,002
-	-	-	46,110	6,892	53,002
-	-	-	46,571	6,431	53,002
-	-	-	47,037	5,965	53,002
-	-	-	47,507	5,495	53,002
-	-	-	47,982	5,020	53,002
-	-	-	48,462	4,540	53,002
-	-	-	48,946	4,056	53,002
-	-	-	49,436	3,566	53,002
-	-	-	49,930	3,072	53,002
-	-	-	50,430	2,573	53,003
-	-	-	50,934	2,068	53,002
-	-	-	51,443	1,559	53,002
-	-	-	51,958	776	52,734
-	-	-	52,477	-	52,477
-	-	-	-	-	-
<u>\$ 14,073</u>	<u>\$ 1,788</u>	<u>\$ 15,861</u>	<u>\$ 1,042,041</u>	<u>\$ 123,211</u>	<u>\$ 1,165,252</u>

CITY OF AMITY, OREGON**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)****JUNE 30, 2011**

<i>Year</i>	<i>2002 Wastewater Improvement State Revolving Loan</i>			<i>2009 Lee Property Loan (US Bank)</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011-12	\$ 66,607	\$ 74,276	\$ 140,883	\$ 5,000	\$ 4,422	\$ 9,422
2012-13	72,025	71,878	143,903	5,000	7,200	12,200
2013-14	72,476	69,177	141,653	5,000	6,975	11,975
2014-15	77,962	66,351	144,313	5,000	6,750	11,750
2015-16	78,481	63,232	141,713	5,000	6,525	11,525
2016-17	84,033	60,014	144,047	5,000	6,300	11,300
2017-18	84,630	56,443	141,073	5,000	6,075	11,075
2018-19	90,270	52,741	143,011	5,000	5,850	10,850
2019-20	95,957	48,678	144,635	10,000	5,625	15,625
2020-21	96,691	44,264	140,955	10,000	5,175	15,175
2021-22	102,476	39,720	142,196	10,000	4,675	14,675
2022-23	108,306	34,852	143,158	10,000	4,175	14,175
2023-24	114,175	29,708	143,883	10,000	3,675	13,675
2024-25	120,086	24,284	144,370	10,000	3,175	13,175
2025-26	126,040	18,580	144,620	10,000	2,675	12,675
2026-27	127,039	12,593	139,632	10,000	2,140	12,140
2027-28	138,086	6,559	144,645	10,000	1,605	11,605
2028-29	-	-	-	10,000	1,070	11,070
2029-30	-	-	-	10,000	535	10,535
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
2032-33	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-
Totals	<u>\$ 1,655,340</u>	<u>\$ 773,350</u>	<u>\$ 2,428,690</u>	<u>\$ 150,000</u>	<u>\$ 84,622</u>	<u>\$ 234,622</u>

2010 Wastewater System Improvement

<i>Loan</i>			<i>Total</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 124,120	\$ 91,062	\$ 215,182
-	-	-	130,459	90,460	220,919
-	-	-	132,921	86,521	219,442
-	-	-	133,858	82,626	216,484
-	-	-	127,792	78,448	206,240
-	-	-	133,787	74,562	208,349
-	-	-	134,831	70,319	205,150
-	-	-	140,923	65,940	206,863
-	-	-	152,067	61,195	213,262
-	-	-	153,262	55,870	209,132
-	-	-	159,513	50,360	209,873
-	-	-	165,813	44,522	210,335
-	-	-	172,157	38,403	210,560
-	-	-	178,548	31,999	210,547
-	-	-	184,986	25,311	210,297
-	-	-	186,475	18,299	204,774
-	-	-	198,016	11,236	209,252
-	-	-	60,430	3,643	64,073
-	-	-	60,934	2,603	63,537
-	-	-	51,443	1,559	53,002
-	-	-	51,958	776	52,734
-	-	-	52,477	-	52,477
55,262	-	55,262	55,262	-	55,262
<u>\$ 55,262</u>	<u>\$ -</u>	<u>\$ 55,262</u>	<u>\$ 2,942,032</u>	<u>\$ 985,714</u>	<u>\$ 3,927,746</u>



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Mayor and City Council
City of Amity
P. O. Box 159
Amity, Oregon 97101

We have audited the basic financial statements of the City of Amity, Oregon as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Amity, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. The City does not maintain historical cost or depreciation records for capital assets.
2. Excess of actual revenues over actual expenditures in the second preceding year were not equal to the beginning balance in the first preceding year, and the 2010-11 adopted budget data in the 2011-12 budget did not agree to the adopted 2010-11 budget.
3. Overexpenditures as noted in the notes to the financial statements
4. Failure to turn over uncashed checks to the State Department of Lands in a timely manner.
5. Deficit fund balances.

OAR 162-10-0230 Internal Control


In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the mayor and council members and management of the City of Amity, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Charles A. Swank, A Shareholder
December 22, 2011



GROVE, MUELLER & SWANK, P.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Amity
P. O. Box 159
Amity, Oregon 97101

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amity as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2011. Our report was qualified for no historical cost and depreciation records for capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of the City of Amity, the State of Oregon Division of Audits, Federal awarding agencies and passthrough entities and is not intended to be and should not be used by anyone other than those specified parties.


CERTIFIED PUBLIC ACCOUNTANTS
December 22, 2011