

***CITY OF AMITY, OREGON  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2012***

**CITY OF AMITY, OREGON**  
**CITY OFFICIALS**  
**JUNE 30, 2012**

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<u>Name</u>	<b>MAYOR</b>	<u>Term</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

**CITY OF AMITY, OREGON**  
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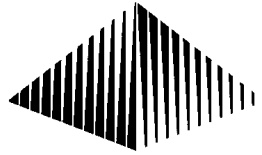
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***FINANCIAL SECTION***



## 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  
P.O. Box 159  
Amity, Oregon 97101

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, 2012, 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.

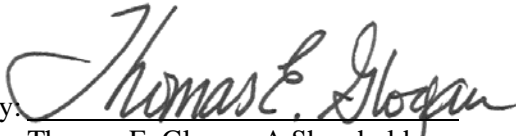
In our opinion, except for the matters discussed above, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate fund information of the City of Amity, Oregon, as of June 30, 2012, 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 19, 2012, 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.

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 (combining and individual fund financial statements and schedules, and other schedules) is presented for purpose of additional analysis and is not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate 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. The other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*GROVE, MUELLER & SWANK, PC*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Thomas E. Glogau, A Shareholder  
December 19, 2012

# CITY OF AMITY, OREGON

## Management's Discussion and Analysis June 30, 2012

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, 2012.

### Financial Highlights

	June 30,		change
	2012	2011	
Net assets	\$ 377,647	\$ 191,747	\$ 185,900
Change in net assets	185,900	(577,288)	763,188
Governmental net assets	241,238	220,485	20,753
Proprietary net assets	136,409	(28,738)	165,147
Change in governmental net assets	20,753	32,991	(12,238)
Change in proprietary net assets	165,147	(610,279)	775,426

### 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 \$377,647 as of June 30, 2012.

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.

**City of Amity**  
**Statement of Net Assets (Modified Cash Basis)**  
**June 30,**

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 245,533	\$ 137,052	\$ 382,585	\$ 104,805	\$ 87,131	\$ 191,936
Other assets	22,975	(643)	22,332	137,299	-	137,299
<b>Total Assets</b>	<b>268,508</b>	<b>136,409</b>	<b>404,917</b>	<b>242,104</b>	<b>87,131</b>	<b>329,235</b>
Other liabilities	27,270	-	27,270	21,619	115,869	137,488
Net Assets:						
Restricted	27,821	12,415	40,236	30,899	8,995	39,894
Unrestricted	213,417	123,994	337,411	189,586	(37,733)	151,853
<b>Total Net Assets</b>	<b>\$ 241,238</b>	<b>\$ 136,409</b>	<b>\$ 377,647</b>	<b>\$ 220,485</b>	<b>\$ (28,738)</b>	<b>\$ 191,747</b>

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

**City of Amity**  
**Statement of Activities (Modified Cash Basis)**  
**Year Ended June 30,**

	2012			2011		
	Government Activities	Business- type Activities	Total	Government Activities	Business- type Activities	Total
<b>Receipts</b>						
Program receipts						
Charges for service	\$ 63,931	\$ 727,632	\$ 791,563	\$ 87,068	\$ 693,111	\$ 780,179
Operating grants	104,018	-	104,018	107,286	-	107,286
Capital grants	-	492,220	492,220	60,224	252,749	312,973
General receipts						
Taxes and assessments	228,499	-	228,499	224,054	-	224,054
Franchise taxes	65,201	-	65,201	61,255	-	61,255
Intergovernmental	35,592	-	35,592	27,967	-	27,967
Proceeds from issuance of debt	-	49,138	49,138	-	28,846	28,846
Miscellaneous	16,176	41,199	57,375	24,837	7,837	32,674
<i>Total receipts</i>	<u>513,417</u>	<u>1,310,189</u>	<u>1,823,606</u>	<u>592,691</u>	<u>982,543</u>	<u>1,575,234</u>
<b>Disbursements</b>						
General government	160,530	-	160,530	185,466	-	185,466
Community development	18,364	-	18,364	37,151	-	37,151
Street	72,079	-	72,079	79,786	-	79,786
Parks	27,399	-	27,399	20,242	-	20,242
Library	17,413	-	17,413	15,916	-	15,916
Public safety	200,445	-	200,445	184,339	-	184,339
Water	-	791,160	791,160	-	1,290,677	1,290,677
Sewer	-	350,316	350,316	-	338,945	338,945
<i>Total disbursements</i>	<u>496,230</u>	<u>1,141,476</u>	<u>1,637,706</u>	<u>522,900</u>	<u>1,629,622</u>	<u>2,152,522</u>
Transfers	3,566	(3,566)	-	(36,800)	36,800	-
Change in net assets	20,753	165,147	185,900	32,991	(610,279)	(577,288)
Net assets, beginning of year	<u>220,485</u>	<u>(28,738)</u>	<u>191,747</u>	<u>187,494</u>	<u>581,541</u>	<u>769,035</u>
Net assets, end of year	<u>\$ 241,238</u>	<u>\$ 136,409</u>	<u>\$ 377,647</u>	<u>\$ 220,485</u>	<u>\$ (28,738)</u>	<u>\$ 191,747</u>

**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. The City's net assets increased by \$185,900 during the fiscal year 2011-2012. This increase is explained in the government and business-type activities as follows:

*Governmental activities:* The City's net assets increased by \$20,753 from governmental activities. This increase was due to a small decrease in receipts combined with a decrease in disbursements and transfers out.

*Business-type activities:* The City's net assets increase by \$165,147 from business-type activities. This increase was due to an increase in charges for services and capital grants combined with a decrease in capital projects disbursements.

**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 \$178,036 as of June 30, 2012. The fund balance increased by \$16,639 during the current fiscal year. This was due mainly to a decrease in administration and finance disbursements. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund disbursements. Fund balance represents 42% of total General Fund disbursements.

*Street Fund.* The majority of Street Fund receipts is funded by State gas tax revenue. The restricted fund balance at the end of the year was \$24,023 which was an increase of \$10,905 from the prior year. This was due mainly to an increase in intergovernmental receipts and a decrease in materials and services disbursements. The fund balance represents 33% 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 \$29,693 due to a transfer from the General Fund. 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 \$2,858,203 at the end of the current fiscal year.

During the current fiscal year, the City's total debt decreased by \$74,121, 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 \$65,034,312; therefore, the current debt limitation for the City of Amity is \$1,951,029. 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 2012-13 fiscal year:

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

## **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, 2012**

	<i><b>Governmental Activities</b></i>	<i><b>Business-type Activities</b></i>	<i><b>Totals</b></i>
<b>ASSETS</b>			
Cash and investments	\$ 245,533	\$ 137,052	\$ 382,585
Taxes receivable	22,332	-	22,332
Due from other funds	643	(643)	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	268,508	136,409	404,917
<b>LIABILITIES</b>			
Payroll withholdings	4,938	-	4,938
Deferred revenue	22,332	-	22,332
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	27,270	-	27,270
<b>NET ASSETS</b>			
Restricted for:			
Construction	1,554	12,415	13,969
Streets	25,839	-	25,839
Public safety	428	-	428
Unrestricted	213,417	123,994	337,411
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 241,238</u>	<u>\$ 136,409</u>	<u>\$ 377,647</u>

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

**CITY OF AMITY, OREGON**  
**STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)**  
**YEAR ENDED JUNE 30, 2012**

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	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental activities:</b>				
General government	\$ 160,530	\$ 2,045	\$ 8,085	\$ -
Community development	18,364	1,252	-	-
Street	72,079	16,816	87,984	-
Parks	27,399	900	-	-
Library	17,413	-	-	-
Public safety	200,445	42,918	7,949	-
<i>Total Governmental activities</i>	496,230	63,931	104,018	-
<b>Business-type activities:</b>				
Water	791,160	337,725	-	492,220
Sewer	350,316	389,907	-	-
<i>Total Business-type activities</i>	1,141,476	727,632	-	492,220
<i>Total Activities</i>	<u>\$ 1,637,706</u>	<u>\$ 791,563</u>	<u>\$ 104,018</u>	<u>\$ 492,220</u>
<b>General Receipts:</b>				
Property taxes				
Franchise taxes				
Intergovernmental				
Proceeds from issuance of debt				
Miscellaneous				
<i>Total General Receipts</i>				
<b>Transfers</b>				
<b>Change in net assets</b>				
<b>Net Assets - beginning of year</b>				
<b>Net Assets - end of year</b>				

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

<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Total</i></b>
\$ (150,400)	\$ -	\$ (150,400)
(17,112)	-	(17,112)
32,721	-	32,721
(26,499)	-	(26,499)
(17,413)	-	(17,413)
(149,578)	-	(149,578)
(328,281)	-	(328,281)
-	38,785	38,785
-	39,591	39,591
-	78,376	78,376
(328,281)	78,376	(249,905)
228,499	-	228,499
65,201	-	65,201
35,592	-	35,592
-	49,138	49,138
16,176	41,199	57,375
345,468	90,337	435,805
3,566	(3,566)	-
20,753	165,147	185,900
220,485	(28,738)	191,747
\$ 241,238	\$ 136,409	\$ 377,647

*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, 2012

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General</u>	<u>Street</u>	<u>Police Equipment Reserve</u>
<b>ASSETS</b>			
Cash and investments	\$ 182,331	\$ 24,023	\$ 29,693
Taxes receivable	22,332	-	-
Due from other funds	643	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 205,306	\$ 24,023	\$ 29,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Payroll withholdings	\$ 4,938	\$ -	\$ -
Deferred revenue	22,332	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	27,270	-	-
<b>Fund Balance:</b>			
Restricted for:			
Capital outlay	-	-	-
Streets	-	24,023	-
Public safety	-	-	-
Committed to:			
Capital outlay	-	-	29,693
Community development	-	-	-
Unassigned	178,036	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	178,036	24,023	29,693
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 205,306	\$ 24,023	\$ 29,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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<i>Other Governmental Funds</i>	<i>Total</i>
\$ 9,486	\$ 245,533
-	22,332
-	643
<u>\$ 9,486</u>	<u>\$ 268,508</u>
\$ -	\$ 4,938
-	22,332
-	27,270
1,554	1,554
1,816	25,839
428	428
-	29,693
5,688	5,688
-	178,036
<u>9,486</u>	<u>241,238</u>
<u>\$ 9,486</u>	<u>\$ 268,508</u>

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

**CITY OF AMITY, OREGON****STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -  
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General</u>	<u>Street</u>	<u>Police Equipment Reserve</u>
<b>RECEIPTS</b>			
Taxes and assessments	\$ 228,499	\$ -	\$ -
Fines and forfeitures	32,341	-	-
Licenses and permits	68,146	-	-
Intergovernmental	62,203	87,984	-
Miscellaneous	16,176	-	-
<i>Total Receipts</i>	407,365	87,984	-
<b>DISBURSEMENTS</b>			
Current			
General government	160,530	-	-
Community development	13,439	-	-
Street	-	72,079	-
Parks	27,399	-	-
Library	17,413	-	-
Public safety	200,445	-	-
<i>Total Disbursements</i>	419,226	72,079	-
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(11,861)	15,905	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	31,500	-	3,000
Transfers out	(3,000)	(5,000)	-
<i>Total Other Financing Sources (Uses)</i>	28,500	(5,000)	3,000
<b>NET CHANGE IN FUND BALANCE</b>	16,639	10,905	3,000
<b>FUND BALANCE, beginning of year</b>	161,397	13,118	26,693
<b>FUND BALANCE, end of year</b>	\$ 178,036	\$ 24,023	\$ 29,693

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<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ 228,499
-	32,341
18,068	86,214
-	150,187
-	16,176
18,068	513,417
-	160,530
4,925	18,364
-	72,079
-	27,399
-	17,413
-	200,445
4,925	496,230
13,143	17,187
-	34,500
(6,438)	(14,438)
(22,934)	3,566
(9,791)	20,753
19,277	220,485
\$ 9,486	\$ 241,238

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

**CITY OF AMITY, OREGON**

**STATEMENT OF FUND NET ASSETS (MODIFIED CASH BASIS) - ENTERPRISE FUNDS**

**JUNE 30, 2012**

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	<u>Water</u>	<u>Sewer</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ -	\$ 39,048	\$ 78,430
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Due to other funds	643	-	-
<b>FUND NET ASSETS:</b>			
Restricted for:			
Construction	-	-	-
Unrestricted	(643)	39,048	78,430
<i>Total Fund Net Assets</i>	<u>\$ (643)</u>	<u>\$ 39,048</u>	<u>\$ 78,430</u>

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<i>Other Business- type Funds</i>	<i>Total</i>
\$ 19,574	\$ 137,052
-	643
12,415	12,415
7,159	123,994
<u>\$ 19,574</u>	<u>\$ 136,409</u>

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

**CITY OF AMITY, OREGON****STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS  
(MODIFIED CASH BASIS) - ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2012**

	<u>Water</u>	<u>Sewer</u>	<u>Capital Projects</u>
<b>OPERATING RECEIPTS</b>			
Charges for services	\$ 327,724	\$ 389,907	\$ -
Miscellaneous	714	79	40,406
<i>Total Operating Receipts</i>	328,438	389,986	40,406
<b>OPERATING DISBURSEMENTS</b>			
Personal services	158,408	119,347	108,060
Materials and services	84,813	90,086	169,189
Capital outlay	-	-	194,264
<i>Total Operating Disbursements</i>	243,221	209,433	471,513
<b>OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS</b>	85,217	180,553	(431,107)
<b>NONOPERATING RECEIPTS (DISBURSEMENTS)</b>			
Proceeds from issuance of debt	-	-	49,138
Debt service:			
Principal	-	-	(5,000)
Interest	-	-	(6,886)
Capital contributions	-	-	492,220
<i>Total Nonoperating Receipts (Disbursements)</i>	-	-	529,472
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	85,217	180,553	98,365
Transfers in	17,414	-	95,934
Transfers out	(97,500)	(185,883)	-
<b>CHANGE IN FUND NET ASSETS</b>	5,131	(5,330)	194,299
<b>FUND NET ASSETS, Beginning of year</b>	(5,774)	44,378	(115,869)
<b>FUND NET ASSETS, End of year</b>	\$ (643)	\$ 39,048	\$ 78,430

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<i>Sewer Bond</i>	<i>Other Business- type Funds</i>	<i>Total</i>
\$ -	\$ 10,001	\$ 727,632
-	-	41,199
-	10,001	768,831
-	-	385,815
-	-	344,088
-	-	194,264
-	-	924,167
-	10,001	(155,336)
-	-	49,138
(66,607)	(51,651)	(123,258)
(74,276)	(12,889)	(94,051)
-	-	492,220
(140,883)	(64,540)	324,049
(140,883)	(54,539)	168,713
140,883	61,000	315,231
-	(35,414)	(318,797)
-	(28,953)	165,147
-	48,527	(28,738)
\$ -	\$ 19,574	\$ 136,409

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



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

There are certain governmental agencies and various service 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 two components: 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 receipts 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.

**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. 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 receipts are property taxes, licenses and permits, franchise fees and State shared revenues. Primary disbursements 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 receipts. Principal receipts are from building permits receipts and primary disbursements are for building inspection services.

*911 Tax Fund*

This fund accounts for 911 receipts. Principal receipts are from 911 receipts and transfers in. Primary disbursements are for dispatch services. There was no activity in this fund during the fiscal year.

*Street SDC Improvement Fund*

This fund accounts for system development charges designated for streets.

*Street Reserve Fund*

This fund accounts for receipts collected from utility customers earmarked for future street projects.

*Street SDC Reimbursement Fund*

This fund accounts for system development charges for past street projects. There was no activity in this fund during the year.

*Storm Drain SDC Improvement Fund*

This fund accounts for system development charges designated for storm drainage. There was no activity in this fund during the year.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation (Continued)*

*Storm Drain SDC Reimbursement Fund*

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

*Parks SDC Improvement Fund*

This fund accounts for system development charges designated for parks. There was no activity in this fund during the fiscal year.

*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 the activity associated with capital projects.

*Sewer Bond Fund*

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

The City reports the following proprietary funds as nonmajor:

*Water Reserve Fund*

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

*Water Line 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation (Continued)*

*Water SDC Fund*

This fund accounts for the collection and use of Water SDC receipts. 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

*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.

*Fund Balance*

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.

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*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 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

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

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Investments*

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

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

Investments are stated at cost, which approximates fair value.

*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 a disbursement when paid. The amount payable for accumulated unpaid vacation and earned but unpaid sick pay at June 30, 2012 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 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, receipts and disbursements as of June 30, 2012. Actual results may differ from those estimates.

**CITY OF AMITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

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**CASH AND INVESTMENTS**

Cash and investments are comprised of the following at June 30, 2012:

	<i>Carrying Value</i>	<i>Fair Value</i>
<b>Cash</b>		
Cash on hand	\$ 400	\$ 400
Deposits with financial institutions	83,787	83,787
<b>Investments</b>		
Local Government Investment Pool	298,398	298,398
	<u>\$ 382,585</u>	<u>\$ 382,585</u>

*Deposits*

The book balance of the City's bank deposits (checking accounts) was \$83,787 and the bank balance was \$107,534 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 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, 2012, 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, 2012, 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

**CITY OF AMITY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2012*

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**CASH AND INVESTMENTS (Continued)**

*Investments (Continued)*

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, 2012**

**LONG-TERM DEBT**

Business-type activity long-term debt transactions for the year ended June 30, 2012 were as follows:

	<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2012</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	\$ 9,066	\$ -	\$ (2,451)	\$ 6,615	\$ 2,667
Water system revenue bonds, series 1975 due in annual installments of \$4,742 including interest at 5.0% through 2015	16,250	-	(3,525)	12,725	4,134
Water system revenue bonds, series 1975 due in annual installments of \$4,150 including interest at 5.0% through 2015	14,073	-	(3,094)	10,979	3,626
State Revolving Fund, due in annual installments of \$53,011 including interest at 1.0%	1,042,041	-	(42,582)	999,459	43,007
State Revolving Fund, wastewater improvement project due in annual installments of \$150,000 to \$145,000 including interest from 3.0% to 5.0%.	1,655,340	-	(66,607)	1,588,733	72,025
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.	150,000	-	(5,000)	145,000	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)	45,554	49,138	-	94,692	-
	<u>\$ 2,932,324</u>	<u>\$ 49,138</u>	<u>\$ (123,259)</u>	<u>\$ 2,858,203</u>	<u>\$ 130,459</u>

**CITY OF AMITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

**LONG-TERM DEBT (Continued)**

Future debt service requirements are as follows:

<u>Year</u>	<i>Total</i>		<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	
2012-13	\$ 130,459	\$ 90,460	\$ 220,919
2013-14	133,010	86,521	219,531
2014-15	134,630	82,626	217,256
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	199,127	776	199,903
Totals	<u>\$ 2,858,203</u>	<u>\$ 894,652</u>	<u>\$ 3,752,855</u>

**PENSION PLAN**

*Plan Description*

The City contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the City's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The City participates in the state and local government rate pool (SLGRP). The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying City employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

**CITY OF AMITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

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**PENSION PLAN (Continued)**

*Funding Policy*

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The City is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate and a police/fire rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2012 were 10.70%, 5.50% and 8.21% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

*Annual Pension Cost*

The City's contributions to PERS for the years ending June 30, 2010, 2011, and 2012 were \$42,262, \$40,702 and \$64,055 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 2012 was as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Receipts	\$ 389,986	\$ 328,438	\$ 718,424
Disbursements	209,433	243,221	452,654
Excess (deficiency) of receipts over disbursements	180,553	85,217	265,770
Total assets	39,048	-	39,048
Total liabilities	-	643	643
Total net assets	39,048	(643)	38,405

**CITY OF AMITY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

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**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	-	5,000
Police Equipment Reserve	3,000	-
Sidewalk Reserve	-	1,496
Street Reserve	-	15,000
Street SDC Improvement	-	6,438
Water	17,414	97,500
Water Bond	61,000	-
Water Reserve	-	17,414
Capital Projects	95,934	-
Waterline Replacement	-	18,000
Sewer	-	185,883
Sewer Bond	140,883	-
	<u>\$ 349,731</u>	<u>\$ 349,731</u>

Transfers are used to (1) move receipts 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 receipts 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, 2012**

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**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, 2012 occurred as follows

<i>Fund / Appropriation category</i>	<i>Appropriation</i>	<i>Disbursement</i>	<i>Variance</i>
<b>General</b>			
Parks	\$ 26,458	\$ 27,399	\$ (941)
<b>Capital Projects</b>			
Debt service - principal	-	5,000	(5,000)
Debt service - interest	-	6,886	(6,886)

At June 30, 2012, the Water Fund had a deficit fund balance of \$643.

**SUBSEQUENT EVENTS**

The City follows the provisions of Accounting Standards Codification (ASC) 855 "Subsequent Events". ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 19, 2012, 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.

**NEW PRONOUNCEMENTS**

The City will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement is effective for fiscal years beginning after December 15, 2011.

GASB Statement No. 68 "Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

***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, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Taxes and assessments	\$ 225,000	\$ 225,000	\$ 228,499	\$ 3,499
Fines and forfeitures	36,100	36,100	32,341	(3,759)
Licenses and permits	64,475	64,475	68,146	3,671
Intergovernmental	52,100	52,100	62,203	10,103
Miscellaneous	13,850	13,850	16,176	2,326
<i>Total Receipts</i>	391,525	391,525	407,365	15,840
<b>DISBURSEMENTS</b>				
Current				
Administration and finance	167,940	167,940	160,530	7,410
Police	198,544	198,544	175,440	23,104
Community Development	21,931	21,931	13,439	8,492
Parks	26,458	26,458	27,399	(941)
Municipal court	28,261	28,261	25,005	3,256
Library	18,664	18,664	17,413	1,251
Contingency	43,501	43,501	-	43,501
<i>Total Disbursements</i>	505,299	505,299	419,226	86,073
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(113,774)	(113,774)	(11,861)	101,913
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	31,500	1,500
Transfers out	(3,000)	(3,000)	(3,000)	-
<i>Total Other Financing Sources and Uses</i>	27,000	27,000	28,500	1,500
<b>NET CHANGE IN FUND BALANCE</b>	(86,774)	(86,774)	16,639	103,413
<b>FUND BALANCE, beginning of year</b>	86,774	86,774	161,397	74,623
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 178,036	\$ 178,036

**CITY OF AMITY, OREGON****SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) -  
BUDGET AND ACTUAL - STREET FUND  
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 87,984	\$ 7,984
<b>DISBURSEMENTS</b>				
Current				
Personal services	47,177	47,177	44,589	2,588
Materials and services	32,900	32,900	27,490	5,410
Contingency	514	514	-	514
<i>Total Disbursements</i>	<u>80,591</u>	<u>80,591</u>	<u>72,079</u>	<u>8,512</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(591)	(591)	15,905	16,496
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,591)	(5,591)	10,905	16,496
<b>FUND BALANCE, beginning of year</b>	<u>5,591</u>	<u>5,591</u>	<u>13,118</u>	<u>7,527</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,023</u>	<u>\$ 24,023</u>



***OTHER SUPPLEMENTARY INFORMATION***

**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, 2012**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 100	\$ 100	\$ -	\$ (100)
<b>DISBURSEMENTS</b>				
Current				
Personal services	29,908	29,908	-	29,908
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(29,808)	(29,808)	-	29,808
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000	3,000	3,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(26,808)	(26,808)	3,000	29,808
<b>FUND BALANCE, beginning of year</b>	26,808	26,808	26,693	(115)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 29,693	\$ 29,693

**CITY OF AMITY, OREGON**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES (MODIFIED CASH BASIS) -**

**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2012**

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	<u>Special Revenue</u>	
	<u>Building Permits</u>	<u>911 Tax</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,688	\$ 428
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>	\$ -	\$ -
<b>Fund Balance:</b>		
Restricted for:		
Capital outlay	-	-
Streets	-	-
Public safety	-	428
Committed to:		
Community development	5,688	-
<i>Total Fund Balance</i>	<u>5,688</u>	<u>428</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 5,688</u>	<u>\$ 428</u>

*Capital Projects*

<i>Storm Drain SDC Improvement</i>	<i>Parks SDC Improvement</i>	<i>Parks SDC Reimbursement</i>	<i>Street Reserve</i>	<i>Total</i>
\$ 795	\$ 687	\$ 72	\$ 1,816	\$ 9,486
-	-	-	-	-
795	687	72	-	1,554
-	-	-	1,816	1,816
-	-	-	-	428
-	-	-	-	5,688
795	687	72	1,816	9,486
\$ 795	\$ 687	\$ 72	\$ 1,816	\$ 9,486

**CITY OF AMITY, OREGON****COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS****YEAR ENDED JUNE 30, 2012**

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	<u>Special Revenue</u>		<u>Capital Projects</u>
	<u>Building Permits</u>	<u>911 Tax</u>	<u>Street SDC Improvement</u>
<b>RECEIPTS</b>			
Licenses and permits	\$ 1,252	\$ -	\$ -
<b>DISBURSEMENTS</b>			
Current			
Community development	4,925	-	-
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(3,673)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	(6,438)
<i>Total Other Financing Sources and Uses</i>	-	-	(6,438)
<b>NET CHANGE IN FUND BALANCE</b>	(3,673)	-	(6,438)
<b>FUND BALANCE, beginning of year</b>	9,361	428	6,438
<b>FUND BALANCE, end of year</b>	<u>\$ 5,688</u>	<u>\$ 428</u>	<u>\$ -</u>

*Capital Projects*

<u><i>Storm Drain SDC Improvement</i></u>	<u><i>Parks SDC Improvement</i></u>	<u><i>Parks SDC Reimbursement</i></u>	<u><i>Sidewalk Reserve</i></u>	<u><i>Street Reserve</i></u>	<u><i>Total</i></u>
\$ -	\$ -	\$ -	\$ -	\$ 16,816	\$ 18,068
-	-	-	-	-	4,925
-	-	-	-	16,816	13,143
-	-	-	-	-	-
-	-	-	-	-	(6,438)
-	-	-	(1,496)	(15,000)	(22,934)
-	-	-	(1,496)	1,816	(9,791)
795	687	72	1,496	-	19,277
<u>\$ 795</u>	<u>\$ 687</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 1,816</u>	<u>\$ 9,486</u>

**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, 2012**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 1,252	\$ (4,748)
<b>DISBURSEMENTS</b>				
Current				
Personal services	1,477	1,477	1,084	393
Materials and services	5,920	5,920	3,841	2,079
Contingency	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>17,397</u>	<u>17,397</u>	<u>4,925</u>	<u>12,472</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,397)	(11,397)	(3,673)	7,724
<b>FUND BALANCE, beginning of year</b>	<u>11,397</u>	<u>11,397</u>	<u>9,361</u>	<u>(2,036)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,688</u>	<u>\$ 5,688</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE**

**(CASH BASIS) - BUDGET AND ACTUAL - 911 FUND**

**YEAR ENDED JUNE 30, 2012**

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	<i>Budget Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	-	-	428	428
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 428	\$ 428

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**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, 2012**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 42,500	\$ 42,500	\$ -	\$ (42,500)
<b>DISBURSEMENTS</b>				
Capital outlay	12,521	12,521	-	12,521
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	29,979	29,979	-	(29,979)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(36,000)	(36,000)	(6,438)	29,562
<b>NET CHANGE IN FUND BALANCE</b>	(6,021)	(6,021)	(6,438)	(417)
<b>FUND BALANCE, beginning of year</b>	6,021	6,021	6,438	417
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -

**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, 2012**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	-	-	795	795
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 795	\$ 795

**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, 2012**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Licenses and permits	\$ 12,300	\$ 12,300	\$ -	\$ (12,300)
<b>DISBURSEMENTS</b>				
Major park improvements	18,958	18,958	-	18,958
<b>NET CHANGE IN FUND BALANCE</b>	(6,658)	(6,658)	-	6,658
<b>FUND BALANCE, beginning of year</b>	6,658	6,658	687	(5,971)
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 687	\$ 687

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**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, 2012**

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	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Licenses and permits	\$ 700	\$ 700	\$ -	\$ (700)
<b>DISBURSEMENTS</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	700	700	-	(700)
<b>FUND BALANCE, beginning of year</b>	(700)	(700)	72	772
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 72	\$ 72

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**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, 2012**

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	<i>Budget Amounts</i>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Miscellaneous	\$ 24	\$ 24	\$ -	\$ (24)
<b>DISBURSEMENTS</b>	-	-	-	-
<b>RECEIPTS OVER (UNDER)</b>				
<b>DISBURSEMENTS</b>	24	24	-	(24)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,520)	(1,520)	(1,496)	24
<b>NET CHANGE IN FUND BALANCE</b>	(1,496)	(1,496)	(1,496)	-
<b>FUND BALANCE, beginning of year</b>	1,496	1,496	1,496	-
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE**

**(CASH BASIS) - BUDGET AND ACTUAL – STREET RESERVE FUND**

**YEAR ENDED JUNE 30, 2012**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Licenses and permits	\$ 19,300	\$ 19,300	\$ 16,816	\$ (2,484)
<b>DISBURSEMENTS</b>	-	-	-	-
<b>RECEIPTS OVER (UNDER)</b>				
<b>DISBURSEMENTS</b>	19,300	19,300	16,816	(2,484)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(15,000)	(15,000)	(15,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	4,300	4,300	1,816	(2,484)
<b>FUND BALANCE, beginning of year</b>	(4,300)	(4,300)	-	4,300
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,816</u>	<u>\$ 1,816</u>

**CITY OF AMITY, OREGON**

**COMBINING STATEMENT OF FUND NET ASSETS (MODIFIED CASH BASIS) –**

**NONMAJOR ENTERPRISE FUNDS**

**JUNE 30, 2012**

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	<u>Water Line Replacement</u>	<u>Water Bond</u>	<u>Sewer Reserve</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 3,305	\$ 7,159	115
<b>LIABILITIES</b>			
Total Liabilities	-	-	-
<b>NET ASSETS:</b>			
Restricted for:			
Construction	3,305	-	115
Unrestricted	-	7,159	-
Total Net Assets	<u>\$ 3,305</u>	<u>\$ 7,159</u>	<u>\$ 115</u>

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<i>Sewer SDC Improvement</i>	<i>Total</i>
8,995	\$ 19,574
-	-
8,995	12,415
-	7,159
<u>\$ 8,995</u>	<u>\$ 19,574</u>



**CITY OF AMITY, OREGON****COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS  
(MODIFIED CASH BASIS) - NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2012**

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	<u>Water Reserve</u>	<u>Water Line Replacement</u>	<u>Water Bond</u>
<b>OPERATING RECEIPTS</b>			
Charges for services	\$ -	\$ 10,001	\$ -
<b>OPERATING DISBURSEMENTS</b>	-	-	-
<b>OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS</b>	-	10,001	-
<b>NONOPERATING RECEIPTS (DISBURSEMENTS)</b>			
Debt service:			
Principal	-	-	(51,651)
Interest	-	-	(12,889)
<i>Total Nonoperating Receipts (Disbursements)</i>	-	-	(64,540)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	-	10,001	(64,540)
Transfers in	-	-	61,000
Transfers out	(17,414)	(18,000)	-
<b>CHANGE IN FUND NET ASSETS</b>	(17,414)	(7,999)	(3,540)
<b>FUND NET ASSETS, Beginning of year</b>	17,414	11,304	10,699
<b>FUND NET ASSETS, End of year</b>	\$ -	\$ 3,305	\$ 7,159

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<u>Sewer Reserve</u>	<u>Sewer SDC Improvement</u>	<u>Total</u>
\$ -	\$ -	\$ 10,001
		-
-	-	10,001
-	-	(51,651)
-	-	(12,889)
-	-	(64,540)
-	-	(54,539)
-	-	61,000
-	-	(35,414)
-	-	(28,953)
115	8,995	48,527
<u>\$ 115</u>	<u>\$ 8,995</u>	<u>\$ 19,574</u>

**CITY OF AMITY, OREGON****SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL - SEWER FUND  
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Charges for services	\$ 402,500	\$ 402,500	\$ 389,907	\$ (12,593)
Miscellaneous	-	-	79	79
<i>Total Receipts</i>	402,500	402,500	389,986	(12,514)
<b>DISBURSEMENTS</b>				
Current				
Personal services	119,388	119,388	119,347	41
Materials and services	101,250	101,250	90,086	11,164
Capital outlay	1,000	1,000	-	1,000
Contingency	15,000	15,000	-	15,000
<i>Total Disbursements</i>	236,638	236,638	209,433	27,205
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	165,862	165,862	180,553	14,691
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(185,883)	(185,883)	(185,883)	-
<b>NET CHANGE IN FUND BALANCE</b>	(20,021)	(20,021)	(5,330)	14,691
<b>FUND BALANCE, beginning of year</b>	23,552	23,552	44,378	20,826
<b>FUND BALANCE, end of year</b>	\$ 3,531	\$ 3,531	\$ 39,048	\$ 35,517

**CITY OF AMITY, OREGON****SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL - WATER FUND  
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Charges for services	\$ 348,000	\$ 348,000	\$ 327,724	\$ (20,276)
Miscellaneous	-	-	714	714
<i>Total Receipts</i>	<u>348,000</u>	<u>348,000</u>	<u>328,438</u>	<u>(19,562)</u>
<b>DISBURSEMENTS</b>				
Current				
Personal services	161,018	161,018	158,408	2,610
Materials and services	100,000	100,000	84,813	15,187
Capital outlay	1,000	1,000	-	1,000
Contingency	1,600	1,600	-	1,600
<i>Total Disbursements</i>	<u>263,618</u>	<u>263,618</u>	<u>243,221</u>	<u>20,397</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	84,382	84,382	85,217	835
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	17,414	17,414	17,414	-
Transfers out	(101,500)	(101,500)	(97,500)	4,000
<i>Total Other Financing Sources and Uses</i>	<u>(84,086)</u>	<u>(84,086)</u>	<u>(80,086)</u>	<u>4,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	296	296	5,131	4,835
<b>FUND BALANCE (DEFICIT), beginning of year</b>	<u>(296)</u>	<u>(296)</u>	<u>(5,774)</u>	<u>(5,478)</u>
<b>FUND BALANCE (DEFICIT), end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (643)</u>	<u>\$ (643)</u>

**CITY OF AMITY, OREGON****SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,116,226	\$ 2,116,226	\$ 492,220	\$ (1,624,006)
Miscellaneous	8,100	8,100	40,406	32,306
<i>Total Receipts</i>	<u>2,124,326</u>	<u>2,124,326</u>	<u>532,626</u>	<u>(1,591,700)</u>
<b>DISBURSEMENTS</b>				
Current				
Personal services	113,346	113,346	108,060	5,286
Materials and services	381,186	381,186	169,189	211,997
Debt service				
Principal	-	-	5,000	(5,000)
Interest	-	-	6,886	(6,886)
Capital outlay	2,132,425	2,132,425	194,264	1,938,161
<i>Total Disbursements</i>	<u>2,626,957</u>	<u>2,626,957</u>	<u>483,399</u>	<u>2,143,558</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(502,631)	(502,631)	49,227	551,858
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	125,520	125,520	95,934	(29,586)
Transfers out	-	-	-	-
Capital contributions	-	-	-	-
Proceeds from issuance of debt	365,000	365,000	49,138	(315,862)
<i>Total Other Financing Sources and Uses</i>	<u>490,520</u>	<u>490,520</u>	<u>145,072</u>	<u>(345,448)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(12,111)	(12,111)	194,299	206,410
<b>FUND BALANCE, beginning of year</b>	<u>12,111</u>	<u>12,111</u>	<u>(115,869)</u>	<u>(127,980)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,430</u>	<u>\$ 78,430</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL - SEWER BOND DEBT FUND  
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>				
Debt service				
Principal	66,607	66,607	66,607	-
Interest	74,276	74,276	74,276	-
<i>Total Disbursements</i>	<u>140,883</u>	<u>140,883</u>	<u>140,883</u>	<u>-</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(140,883)	(140,883)	(140,883)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>140,883</u>	<u>140,883</u>	<u>140,883</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – WATER RESERVE FUND  
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>	-	-	-	-
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(17,414)	(17,414)	(17,414)	-
<b>FUND BALANCE, beginning of year</b>	17,414	17,414	17,414	-
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – WATER LINE REPLACEMENT FUND  
YEAR ENDED JUNE 30, 2012**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Charges for services	\$ 6,810	\$ 6,810	\$ 10,001	\$ 3,191
<b>DISBURSEMENTS</b>	-	-	-	-
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	6,810	6,810	10,001	3,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(18,000)	(18,000)	(18,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(11,190)	(11,190)	(7,999)	3,191
<b>FUND BALANCE, beginning of year</b>	11,190	11,190	11,304	114
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,305</u>	<u>\$ 3,305</u>



**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL - WATER BOND FUND  
YEAR ENDED JUNE 30, 2012**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>				
Debt service				
Principal	52,513	52,513	51,651	862
Interest	12,364	12,364	12,889	(525)
<i>Total Disbursements</i>	<u>64,877</u>	<u>64,877</u>	<u>64,540</u>	<u>337</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(64,877)	(64,877)	(64,540)	337
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>65,000</u>	<u>65,000</u>	<u>61,000</u>	<u>(4,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	123	123	(3,540)	(3,663)
<b>FUND BALANCE, beginning of year</b>	<u>(123)</u>	<u>(123)</u>	<u>10,699</u>	<u>10,822</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,159</u>	<u>\$ 7,159</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – WATER SDC IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2012**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Licenses and permits	\$ 19,000	\$ 19,000	\$ -	\$ (19,000)
<b>DISBURSEMENTS</b>				
Major water system development improvements	19,328	19,328	-	19,328
<b>NET CHANGE IN FUND BALANCE</b>	(328)	(328)	-	328
<b>FUND BALANCE, beginning of year</b>	328	328	-	(328)
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – WATER SDC REIMBURSEMENT FUND  
YEAR ENDED JUNE 30, 2012**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Licenses and permits	\$ 9,100	\$ 9,100	\$ -	\$ (9,100)
<b>DISBURSEMENTS</b>				
Water system reimbursement project	<u>11,423</u>	<u>11,423</u>	<u>-</u>	<u>11,423</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,323)	(2,323)	-	2,323
<b>FUND BALANCE, beginning of year</b>	<u>2,323</u>	<u>2,323</u>	<u>-</u>	<u>(2,323)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL - SEWER RESERVE FUND  
YEAR ENDED JUNE 30, 2012**

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	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Miscellaneous	\$ 115	\$ 115	\$ -	\$ (115)
<b>DISBURSEMENTS</b>	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	115	115	-	(115)
<b>FUND BALANCE, beginning of year</b>	-	-	115	115
<b>FUND BALANCE, end of year</b>	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ -</u>

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – SEWER SDC IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2012**

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	<b><i>Budget Amounts</i></b>			
	<b><i>Original</i></b>	<b><i>Final</i></b>	<b><i>Actual</i></b>	<b><i>Variance</i></b>
<b><i>RECEIPTS</i></b>				
Licenses and permits	\$ 48,700	\$ 48,700	\$ -	\$ (48,700)
<b><i>DISBURSEMENTS</i></b>				
Sewer system major improvement projects	53,648	53,648	-	53,648
<b><i>NET CHANGE IN FUND BALANCE</i></b>	(4,948)	(4,948)	-	4,948
<b><i>FUND BALANCE, beginning of year</i></b>	4,948	4,948	8,995	4,047
<b><i>FUND BALANCE, end of year</i></b>	\$ -	\$ -	\$ 8,995	\$ 8,995

**CITY OF AMITY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS) –  
BUDGET AND ACTUAL – SEWER SDC REIMBURSEMENT FUND  
YEAR ENDED JUNE 30, 2012**

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	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>RECEIPTS</b>				
Licenses and permits	\$ 11,700	\$ 11,700	\$ -	\$ (11,700)
<b>DISBURSEMENTS</b>				
Major improvements	<u>15,747</u>	<u>15,747</u>	<u>-</u>	<u>15,747</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,047)	(4,047)	-	4,047
<b>FUND BALANCE, beginning of year</b>	<u>4,047</u>	<u>4,047</u>	<u>-</u>	<u>(4,047)</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***OTHER SCHEDULES***

**CITY OF AMITY, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2012**

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2011</i>	<i>2011-12 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts &amp; Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2012</i>
2011-2012	\$ -	\$ 234,805	\$ 8	\$ (6,853)	\$ (217,503)	\$ 10,457
2010-2011	11,484	-	-	(1,136)	(4,327)	6,021
2009-2010	4,898	-	-	(181)	(1,499)	3,218
2008-2009	2,812	-	-	(33)	(1,642)	1,137
2007-2008	933	-	-	(4)	(566)	363
2006-2007	334	-	-	(3)	(83)	248
2005-2006	184	-	-	-	(40)	144
Prior Years	785	-	-	(4)	(37)	744
<b>Total</b>	<b>\$ 21,430</b>	<b>\$ 234,805</b>	<b>\$ 8</b>	<b>\$ (8,214)</b>	<b>\$ (225,697)</b>	<b>\$ 22,332</b>



**CITY OF AMITY, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2012**

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	<i><b>Interest Rates</b></i>	<i><b>Date of Issue</b></i>	<i><b>Fiscal Year of Maturity</b></i>
<b><i>BOND PRINCIPAL TRANSACTIONS</i></b>			
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
<b><i>LOAN PRINCIPAL TRANSACTIONS</i></b>			
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
2010 Wastewater System Improvement Loan	4.78%	2010	
			<i><b>Unmatured Interest Outstanding July 1, 2011</b></i>
<b><i>BOND INTEREST TRANSACTIONS</i></b>			
Revenue Bonds			
1974 Water Revenue Bonds	5.0%	1974	\$ 821
1975 Water Revenue Bonds	5.0%	1975	2,230
1975 Water Revenue Bonds	5.0%	1975	2,004
<b><i>LOAN INTEREST TRANSACTIONS</i></b>			
2002 Wastewater Improvement State Revolving Fund	1.0%	2002	123,211
2002 Wastewater Improvement State Revolving Fund	3.0%-5.0%	2003	773,350
2009 Lee Property Loan (US Bank)	2.75%-5.1%	2009	87,086
2010 Wastewater System Improvement Loan	4.78%	2010	-
			\$ 988,702

<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2012</i>
\$ 9,066	\$ -	\$ (2,451)	\$ 6,615
16,250	-	(3,525)	12,725
14,073	-	(3,094)	10,979
1,042,041	-	(42,582)	999,459
1,655,340	-	(66,607)	1,588,733
150,000	-	(5,000)	145,000
45,554	49,138	-	94,692
<b>\$ 2,932,324</b>	<b>\$ 49,138</b>	<b>\$ (123,259)</b>	<b>\$ 2,858,203</b>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2012</i>
\$ -	\$ (446)	\$ 375
-	(1,110)	1,120
-	(912)	1,092
-	(10,420)	112,791
-	(74,276)	699,074
-	(6,886)	80,200
-	-	-
<b>\$ -</b>	<b>\$ (94,050)</b>	<b>\$ 894,652</b>

**CITY OF AMITY, OREGON**  
**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS**  
**JUNE 30, 2012**

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<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>
2012-13	\$ 2,667	\$ 241	\$ 2,908	\$ 4,134	\$ 615	\$ 4,749
2013-14	3,948	134	4,082	4,340	325	4,665
2014-15	-	-	-	4,251	180	4,431
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	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 6,615</b>	<b>\$ 375</b>	<b>\$ 6,990</b>	<b>\$ 12,725</b>	<b>\$ 1,120</b>	<b>\$ 13,845</b>

<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>
\$ 3,626	\$ 531	\$ 4,157	\$ 43,007	\$ 9,995	\$ 53,002
3,808	346	4,154	43,438	9,564	53,002
3,545	215	3,760	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>\$ 10,979</u>	<u>\$ 1,092</u>	<u>\$ 12,071</u>	<u>\$ 999,459</u>	<u>\$ 112,791</u>	<u>\$ 1,112,250</u>

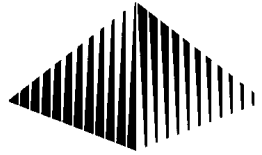
**CITY OF AMITY, OREGON****SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS (Continued)**

JUNE 30, 2012

<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>
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>\$ 1,588,733</u>	<u>\$ 699,074</u>	<u>\$ 2,287,807</u>	<u>\$ 145,000</u>	<u>\$ 80,200</u>	<u>\$ 225,200</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>
\$ -	\$ -	\$ -	\$ 130,459	\$ 90,460	\$ 220,919
-	-	-	133,010	86,521	219,531
-	-	-	134,630	82,626	217,256
-	-	-	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
94,692	-	94,692	94,692	-	94,692
<u>\$ 94,692</u>	<u>\$ -</u>	<u>\$ 94,692</u>	<u>\$ 2,858,203</u>	<u>\$ 894,652</u>	<u>\$ 3,752,855</u>



## 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 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, 2012, and have issued our report thereon dated December 19, 2012. 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. Excess of actual revenues over actual expenditures in the second preceding year were not equal to the beginning balance in the first preceding year for the Water Bond fund.
2. Overexpenditures as noted in the notes to the financial statements.
3. Deficit fund balances as noted in the notes to the financial statements.
4. Failure to turn over uncashed checks to the State Division of Lands in a timely manner.

**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.

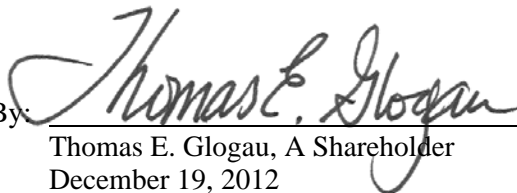
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies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

We issued a separate letter on other recommendations to management dated December 19, 2012.

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:   
Thomas E. Glogau, A Shareholder  
December 19, 2012





## 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2012. 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*.

We issued a separate letter on other recommendations to management dated December 19, 2012.

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 19, 2012