

CITY OF AMITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2023

CITY OF AMITY

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CITY OF AMITY

JUNE 30, 2023

CITY OFFICIALS

TERM EXPIRES

Rachel King	Mayor	December 31, 2024
Melissa Bojorquez	Council Member	December 31, 2024
Caleb Shields	Council Member	December 31, 2026
April Dyche	Council Member	December 31, 2024
Sandy McArthur	Council Member	December 31, 2024
Alice Thompson	Council Member	December 31, 2026

All city officials receive their mail at the address listed below.

CITY ADMINISTRATOR

Nathan Frarck

CITY RECORDER

Natasha Johnson

MAILING ADDRESS

P.O. Box 159
Amity, Oregon 97101

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Amity
Amity, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Amity as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Amity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Amity, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Amity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Amity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Amity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Amity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although 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 required supplementary information 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 General Fund Budgetary Comparison Schedule presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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, and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Amity's basic financial statements. The accompanying schedule of revenues, expenditures, and change in fund balance (budgetary basis) and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and change in fund balance (budgetary basis) and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the City of Amity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Amity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Amity's internal control over financial reporting and compliance.

Report on Other Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 6, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to consider an opinion on compliance.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
December 6, 2023

By 
Russell T. Ries, Partner

**CITY OF AMITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

As management of the City of Amity, we offer readers of the financial statements this narrative overview and analysis of the financial activities for fiscal year ended June 30, 2023.

	Financial Highlights	
	June 30	
	2023	2022
Net position	\$10,461,484	\$ 10,142,764
Change in net position	318,720	1,203,240
Governmental net position	2,884,061	2,506,106
Proprietary net position	7,577,423	7,636,658
Change in governmental net position	377,955	(131,316)
Change in proprietary net position	(59,235)	1,334,556

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 required and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. This 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 Position. This presents information on the assets and liabilities of the City as of the date on the statement utilizing U.S. GAAP. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities. The statement of activities presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position utilizing U.S. GAAP.

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, general government, community development, street, parks, library, and public safety. 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 (Enterprise) 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 and supplemental information.

Government-wide Financial Analysis

Statement of Net Position. The Statement of Net Position is provided on a comparative basis. As noted earlier, net position 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 \$10,461,484 as of June 30, 2023.

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

CITY OF AMITY STATEMENT OF NET POSITION JUNE 30,

	2023			2022		
	Governmental	Business-Type		Governmental	Business-Type	
	Activities	Activities	Total	Activities	Activities	Total
ASSETS						
Other assets	\$ 1,277,201	\$ 6,634,367	\$ 7,911,568	\$ 840,020	\$ 9,784,065	\$ 10,624,085
Capital assets	<u>1,917,108</u>	<u>11,440,592</u>	<u>13,357,700</u>	<u>1,953,739</u>	<u>8,315,204</u>	<u>10,268,943</u>
Total assets	<u>3,194,309</u>	<u>18,074,959</u>	<u>21,269,268</u>	<u>2,793,759</u>	<u>18,099,269</u>	<u>20,893,028</u>
DEFERRED OUTFLOWS						
Pension Items	<u>147,971</u>	<u>142,168</u>	<u>290,139</u>	<u>40,998</u>	<u>39,391</u>	<u>80,389</u>
LIABILITIES						
Other	60,648	2,289,268	2,349,916	38,353	2,086,871	2,125,224
Long-term	<u>274,857</u>	<u>8,232,534</u>	<u>8,507,391</u>	<u>158,238</u>	<u>8,288,249</u>	<u>8,446,487</u>
Total Liabilities	<u>335,505</u>	<u>10,521,802</u>	<u>10,857,307</u>	<u>196,591</u>	<u>10,375,120</u>	<u>10,571,711</u>
DEFERRED INFLOWS						
Pension Items	<u>122,714</u>	<u>117,902</u>	<u>240,616</u>	<u>132,060</u>	<u>126,882</u>	<u>258,942</u>
NET POSITION						
Invested in capital assets, net of debt	1,837,108	6,204,121	8,041,229	1,863,739	6,565,517	8,429,256
Restricted	719,956	403,492	1,123,448	663,706	388,603	1,052,309
Unrestricted	<u>327,297</u>	<u>969,810</u>	<u>1,297,107</u>	<u>(21,339)</u>	<u>682,538</u>	<u>661,199</u>
Total Net Position	<u>\$ 2,884,061</u>	<u>7,577,423</u>	<u>10,461,484</u>	<u>\$ 2,506,106</u>	<u>7,636,658</u>	<u>10,142,764</u>

Statement of Activities. The changes in the City's net position are as follows:

**CITY OF AMITY
STATEMENTS OF ACTIVITIES
JUNE 30,**

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 143,187	\$ 1,374,583	\$ 1,517,770	\$ 186,304	\$ 1,100,344	\$ 1,286,648
Operating grants	251,402		251,402	164,962		164,962
Capital grants	191,463		191,463	112,375	1,003,998	1,116,373
General revenues						
Taxes and assessments	344,517		344,517	320,880		320,880
Franchise taxes	179,122		179,122	171,091		171,091
Intergovernmental	65,594		65,594	60,740		60,740
Miscellaneous	148,219	16,237	164,456	22,061	4,979	27,040
Total revenues	1,323,504	1,390,820	2,714,324	1,038,413	2,109,321	3,147,734
Expenditures						
General government	347,024		347,024	260,421		260,421
Community development	65,765		65,765	54,770		54,770
Street	183,644		183,644	161,572		161,572
Parks	38,296		38,296	46,186		46,186
Library	5,811		5,811	17,193		17,193
Public safety	303,036		303,036	325,229		325,229
Interest on long-term debt	1,973		1,973	4,358		4,358
Water		840,647	840,647		566,392	566,392
Sewer		609,408	609,408		508,373	508,373
Total expenditures	945,549	1,450,055	2,395,604	869,729	1,074,765	1,944,494
Transfers				(300,000)	300,000	
Change in net position	377,955	(59,235)	318,720	(131,316)	1,334,556	1,203,240
Net position, beginning of year	2,506,106	7,636,658	10,142,764	2,637,422	6,302,102	8,939,524
Net position, end of year	\$ 2,884,061	\$ 7,577,423	\$ 10,461,484	\$ 2,506,106	\$ 7,636,658	\$ 10,142,764

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's net position increased by \$318,720 during the fiscal year 2022-2023.

Governmental activities: The City's net position increased by \$377,955 from governmental activities.

Business-type activities: The City's net position decreased by \$59,235 from business-type activities.

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. At the end of the fiscal year, a fund balance of \$503,783 was reported by the General Fund. The fund balance increased by \$355,940 from the previous year primarily due to increased intergovernmental revenue.

Street Fund. The majority of Street Fund revenues are State gas tax revenue. The fund balance at the end of the year was \$199,002 which was an increase of \$35,971 from the prior year due to decreased capital outlay.

SDC Fund. This fund accounts for system development charges designated for streets, parks, storm, water, and sewer. The fund balance at the end of the year was \$924,146 which was an increase of \$34,868 from the prior year.

Proprietary (Enterprise) funds. The focus of the City's enterprise funds is to account for the acquisition, operations and maintenance of the sewer and water systems. These funds are predominately self-supported through user charges to customers.

Water Fund. This fund accounts for the operations of the City's water system. The balance in this fund decreased by \$3,338,734 during the year. Operating loss was \$22,208, and \$0 was transferred in from the General fund.

Sewer Fund. This fund accounts for the operations of the City's sewer system. The balance in this fund increased by \$151,050 during the year. Operating income was \$147,023 and \$0 was transferred in from the General fund.

Debt Administration

Long-term debt. The City had total debt outstanding of \$8,115,318 at the end of the current fiscal year. During the current fiscal year, the City's total debt decreased by \$187,369.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The City had no outstanding general obligation debt as of June 30, 2023.

City of Amity Outstanding Debt

	Governmental Activities		Business type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Bond Anticipation	\$ -	\$ -	\$6,473,000	\$6,473,000	\$6,473,000	\$6,473,000
Loans	70,000	80,000	957,318	1,024,687	1,027,318	1,104,687
Refunding bonds	-	-	615,000	725,000	615,000	725,000
Total	<u>\$70,000</u>	<u>\$80,000</u>	<u>\$8,045,318</u>	<u>\$8,222,687</u>	<u>\$8,115,318</u>	<u>\$8,302,687</u>

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 2023-2024 fiscal year:

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

Requests for Information

This financial report is designed to provide 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

**CITY OF AMITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 1,227,482	\$ 6,457,291	\$ 7,684,773
Receivables	24,541	177,076	201,617
Prepays	25,178		25,178
Capital assets:			
Land and projects in progress	1,106	5,391,367	5,392,473
Other capital assets, net of depreciation	1,916,002	6,049,225	7,965,227
Total assets	3,194,309	18,074,959	21,269,268
DEFERRED OUTFLOWS			
Pension Items	147,971	142,168	290,139
LIABILITIES			
Accounts payable	53,762	79,291	133,053
Accrued interest payable		175,989	175,989
Unearned grant revenue		1,950,500	1,950,500
Customer deposits		76,872	76,872
Compensated absences	6,886	6,616	13,502
Net pension liability	194,857	187,216	382,073
Due within one year:			
Property loan	10,000		10,000
State revolving loans		68,475	68,475
Full faith and credit		115,000	115,000
Bond anticipation note		6,473,000	6,473,000
Due in more than one year:			
Property loan	70,000		70,000
State revolving loans		888,843	888,843
Full faith and credit		500,000	500,000
Total Liabilities	335,505	10,521,802	10,857,307
DEFERRED INFLOWS			
Pension Items	122,714	117,902	240,616
NET POSITION			
Invested in capital assets, net of debt	1,837,108	6,204,121	8,041,229
Restricted for:			
Construction	520,654	403,492	924,146
Streets	199,002		199,002
Unrestricted	327,297	969,810	1,297,107
Total Net Position	\$ 2,884,061	\$ 7,577,423	\$ 10,461,484

(See accompanying notes to basic financial statements)

**CITY OF AMITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues						Totals
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 347,024	\$	\$	\$ 191,463	\$ (155,561)	\$	(155,561)
Community development	65,765	17,103	6,253		(42,409)		(42,409)
Streets	183,644	18,440	234,785		69,581		69,581
Parks	38,296	5,450	8,703		(24,143)		(24,143)
Library	5,811		1,661		(4,150)		(4,150)
Public safety	303,036	102,194			(200,842)		(200,842)
Interest on long-term debt	1,973				(1,973)		(1,973)
	<u>945,549</u>	<u>143,187</u>	<u>251,402</u>	<u>191,463</u>	<u>(359,497)</u>	<u>0</u>	<u>(359,497)</u>
Business-Type Activities							
Water	840,647	650,903				(189,744)	(189,744)
Sewer	609,408	723,680				114,272	114,272
Total	<u>\$ 2,395,604</u>	<u>\$ 1,517,770</u>	<u>\$ 251,402</u>	<u>\$ 191,463</u>	<u>(359,497)</u>	<u>(75,472)</u>	<u>(434,969)</u>
GENERAL REVENUES							
Property taxes					344,517		344,517
Franchise taxes					179,122		179,122
Intergovernmental					65,594		65,594
Miscellaneous					148,219	16,237	164,456
					<u>737,452</u>	<u>16,237</u>	<u>753,689</u>
TRANSFERS IN (OUT)							
CHANGE IN NET POSITION					377,955	(59,235)	318,720
NET POSITION, beginning of year					<u>2,506,106</u>	<u>7,636,658</u>	<u>10,142,764</u>
NET POSITION, end of year					<u>\$ 2,884,061</u>	<u>\$ 7,577,423</u>	<u>\$ 10,461,484</u>

(See accompanying notes to basic financial statements)

CITY OF AMITY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Street Fund	Capital Projects SDC Fund	Totals
ASSETS				
Cash	\$ 488,964	\$ 217,864	\$ 924,146	\$ 1,630,974
Receivables	22,185	2,356		24,541
Prepays	25,178			25,178
Total assets	\$ 536,327	\$ 220,220	\$ 924,146	\$ 1,680,693
LIABILITIES				
Accounts payable	\$ 32,544	\$ 21,218		\$ 53,762
FUND BALANCES				
Nonspendable	25,178			25,178
Restricted:				
Streets		199,002		199,002
Construction			924,146	924,146
Unassigned	478,605			478,605
	503,783	199,002	924,146	1,626,931
Total	\$ 536,327	\$ 220,220	\$ 924,146	\$ 1,680,693

Reconciliation of Balance Sheet
to Statement of Net Position:

Fund balances	\$ 1,626,931
The cost of capital assets purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole.	
Net Capital Assets	1,917,108
Pension related assets, deferred outflows, liabilities and deferred inflows are recognized on the Statement of Net Position but not in the governmental funds.	
Deferred outflows for pension items	147,971
Net pension liability	(194,857)
Deferred inflows for pension items	(122,714)
Water and sewer unspent SDC funds in the SDC Fund	(403,492)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities are reported in the Statement of Net Position.	(86,886)
Net Position of Governmental Activities	\$ 2,884,061

(See accompanying notes to basic financial statements)

CITY OF AMITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Street Fund	Capital Projects SDC Fund	Totals
REVENUES				
Taxes and assessments	\$ 425,625	\$	\$	\$ 425,625
Licenses, permits and fees	197,885		34,868	232,753
Intergovernmental	262,510	234,785		497,295
Fines and forfeitures	20,090			20,090
Charges for services		18,440		18,440
Miscellaneous	144,190			144,190
Total	1,050,300	253,225	34,868	1,338,393
EXPENDITURES:				
Current:				
General	682,387			682,387
Streets		153,021		153,021
Capital outlay		64,233		64,233
Debt service	11,973			11,973
Total	694,360	217,254	0	911,614
RECEIPTS OVER (UNDER)				
EXPENDITURES	355,940	35,971	34,868	426,779
OTHER FINANCING SOURCES (USES):				
Transfers in (out)				0
NET CHANGE IN FUND BALANCE	355,940	35,971	34,868	426,779
FUND BALANCE, beginning of year	147,843	163,031	889,278	1,200,152
FUND BALANCE, end of year	\$ 503,783	199,002	924,146	1,626,931
Reconciliation of Statement of Receipts, Expenditures and Changes In Fund Balances to Statement of Activities:				
Net Change in Fund Balances - Total Governmental Funds			\$	426,779
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their useful lives and reported as depreciation.				
Net Capital Asset Additions			64,233	
Depreciation expense			(100,864)	(36,631)
Net change in pension related deferred outflows, liabilities and deferred inflows				(10,300)
Water and sewer SDC revenues Included In SDC Fund				(14,889)
Change in accrued compensated absences				2,996
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long- term debt in the Statement of Activities.				
Loan principal payments				10,000
Change in Net Position of Governmental Activities			\$	377,955

(See accompanying notes to basic financial statements)

CITY OF AMITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - COMBINED
JUNE 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 5,886,603	\$ 570,688	\$ 6,457,291
Receivables	84,839	92,237	177,076
Prepays			
Capital assets:			
Land and projects in progress	5,381,867	9,500	5,391,367
Other capital assets, net of depreciation	<u>2,667,827</u>	<u>3,381,398</u>	<u>6,049,225</u>
 Total assets	 <u>14,021,136</u>	 <u>4,053,823</u>	 <u>18,074,959</u>
 DEFERRED OUTFLOWS			
Pension items	<u>90,988</u>	<u>51,180</u>	<u>142,168</u>
 LIABILITIES			
Accounts payable	55,928	23,363	79,291
Accrued interest payable	166,559	9,430	175,989
Unearned grant revenue	1,950,500		1,950,500
Customer deposits	35,361	41,511	76,872
Compensated absences	3,374	3,242	6,616
Net pension liability	119,818	67,398	187,216
Due within one year:			0
State revolving loans	47,982	20,493	68,475
Full faith and credit		115,000	115,000
Bond anticipation note	6,473,000		6,473,000
Due in more than one year:			0
State revolving loans	454,017	434,826	888,843
Full faith and credit		500,000	500,000
Bond anticipation note			0
Total Liabilities	<u>9,306,539</u>	<u>1,215,263</u>	<u>10,521,802</u>
 DEFERRED INFLOWS			
Pension items	<u>75,457</u>	<u>42,445</u>	<u>117,902</u>
 NET POSITION			
Invested in capital assets, net of debt	3,883,542	2,320,579	6,204,121
Restricted for:			
Construction	217,759	185,733	403,492
Streets			
Unrestricted	<u>628,827</u>	<u>340,983</u>	<u>969,810</u>
 Total Net Position	 \$ <u>4,730,128</u>	 \$ <u>2,847,295</u>	 <u>7,577,423</u>

(See accompanying notes to basic financial statements)

**CITY OF AMITY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - COMBINED
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES:			
Sales to customers	\$ 647,570	\$ 712,124	\$ 1,359,694
SDC charges	<u>3,333</u>	<u>11,556</u>	<u>14,889</u>
Total operating revenues	<u>650,903</u>	<u>723,680</u>	<u>1,374,583</u>
OPERATING EXPENSES:			
Personal services	173,181	100,816	273,997
Materials and services	239,577	247,111	486,688
Depreciation expense	<u>260,353</u>	<u>228,730</u>	<u>489,083</u>
Total operating expenses	<u>673,111</u>	<u>576,657</u>	<u>1,249,768</u>
Operating income	<u>(22,208)</u>	<u>147,023</u>	<u>124,815</u>
Non-operating revenues (expenses):			
Capital grants			0
Miscellaneous income	16,237		16,237
Interest expense	<u>(167,536)</u>	<u>(32,751)</u>	<u>(200,287)</u>
Total non-operating revenues (expenses)	<u>(151,299)</u>	<u>(32,751)</u>	<u>(184,050)</u>
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>
Change in net position	(173,507)	114,272	(59,235)
Net Position, beginning of year	<u>4,903,635</u>	<u>2,733,023</u>	<u>7,636,658</u>
Net Position, end of year	\$ <u>4,730,128</u>	\$ <u>2,847,295</u>	\$ <u>7,577,423</u>

(See accompanying notes to basic financial statements)

**CITY OF AMITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - COMBINED
FOR THE YEAR ENDED JUNE 30, 2023**

	Water	Sewer	Total
Cash flows from operating activities			
Receipts from customers	\$ 639,890	\$ 699,644	\$ 1,339,534
Payments to suppliers	(202,000)	(210,880)	(412,880)
Payments to employees	(172,969)	(103,505)	(276,474)
Net cash provided by operating activities	<u>264,921</u>	<u>385,259</u>	<u>650,180</u>
Cash flows from capital and related financing activities			
Loan proceeds	347,143		347,143
Capital grants			0
Acquisition of capital assets	(3,586,206)	(41,265)	(3,627,471)
Principal paid on long-term debt	(47,507)	(129,862)	(177,369)
Interest paid on long-term debt	(5,493)	(39,331)	(44,824)
Net cash provided by capital and related financing activities	<u>(3,292,063)</u>	<u>(210,458)</u>	<u>(3,502,521)</u>
Cash flows from noncapital financing activities			
Transfer from other fund			
Cash flows from investing activities			
Miscellaneous non-operating receipts	<u>16,237</u>		<u>16,237</u>
Net cash provided by investing activities	<u>16,237</u>		<u>16,237</u>
Net Increase (decrease) In cash and investments	(3,010,905)	174,801	(2,836,104)
Cash Balance-July 1, 2022	<u>8,897,508</u>	<u>395,887</u>	<u>9,293,395</u>
Cash Balance-June 30, 2023	<u>\$ 5,886,603</u>	<u>\$ 570,688</u>	<u>\$ 6,457,291</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (22,208)	\$ 147,023	\$ 124,815
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in receivables	(11,013)	(24,036)	(35,049)
Change in accounts payable	27,205	18,092	45,297
Change in miscellaneous accruals	10,584	15,450	26,034
Depreciation expense	<u>260,353</u>	<u>228,730</u>	<u>489,083</u>
Net cash provided by operating activities	<u>\$ 264,921</u>	<u>\$ 385,259</u>	<u>\$ 650,180</u>

(See accompanying notes to basic financial statements)

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Non-exchange Transactions”.

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 Position and the Statement of Activities.

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

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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, special revenue, debt service and capital projects) and proprietary (enterprise) type funds. 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, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Government accounting standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures 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 revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police services, community development, parks, library, and general administration.

Street Fund

This fund accounts for street maintenance and improvements. Primary sources of revenues are from motor vehicle fuel taxes and grants; expenditures are for street maintenance and improvements.

SDC Fund

This fund accounts for system development charges designated for streets, parks, storm, water, and sewer. Principal revenues are from SDC collections and primary expenditures are system improvements and repairs.

The City reports the following major proprietary (enterprise) 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.

Water Fund

This fund accounts for the operation of the City's water system. Principal revenues are from customer charges.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Sewer Fund

This fund accounts for the operation of the City's sewer system. Principal revenues are from customer charges.

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 purposes, 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 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 expenditures are paid for purposes in which both net position – restricted and net position – unrestricted are available, the City deems net position – restricted to be spent first.

Definitions of Governmental Fund Types

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

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

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

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Cash and Cash Equivalents

The City maintains cash and cash equivalents 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 position as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturing of three months or less from the date of acquisition to be cash and cash equivalents.

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.

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are stated at cost, which approximates fair value.

Property Taxes

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. 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.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The City defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of two years. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: 5 to 50 years.

Retirement Plans

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance will be amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignation and retirements.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Budgets and Budgetary Accounting

The City adopts the budget on a program basis for all funds. Therefore, cash expenditures of a fund may not legally exceed that fund's appropriations by program. The City Council may amend the budget to expend unforeseen revenues 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. Expenditures exceeded appropriations in the following funds: General - \$7,852 (personal services), Street - \$411 (materials and services) and Sewer - \$25,011 (materials and services) and \$5,993 (debt service).

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 affect reported amounts of certain assets, liabilities, revenues and expenditures as of June 30, 2023. Actual results may differ from those estimates.

NOTE B – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are comprised of the following at June 30, 2023:

Cash	
Cash on hand	\$ 400
Deposits with financial institutions	3,535,505
Investments	
Local Government Investment Pool	4,148,868
	<u>\$ 7,684,773</u>

Deposits

The book balance of the City's bank deposits was \$3,535,505 and the bank balance was \$3,552,401 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 returns. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial 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 through 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

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE B – CASH AND CASH EQUIVALENTS (Continued):

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, 2023, only \$250,000 of the City's bank balances were covered by the FDIC.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participating 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, 2023, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. The 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
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE C – CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

GOVERNMENTAL ACTIVITIES

<u>Non-Depreciable Capital Assets</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Land	\$ 1,106	\$ -	\$ -	\$ 1,106
Construction in progress	-	-	-	-
Total	1,106	-	-	1,106
 <u>Depreciable Capital Assets</u>				
Infrastructure	2,432,050	64,233	-	2,496,283
Buildings & land improvements	514,026	-	-	514,026
Vehicles & equipment	547,022	-	-	547,022
Total	3,493,098	64,233	-	3,557,331
 <u>Less Accumulated Depreciation For:</u>				
Infrastructure	(731,116)	(83,141)	-	(814,257)
Buildings & land improvements	(283,203)	(13,979)	-	(297,182)
Vehicles & equipment	(526,146)	(3,744)	-	(529,890)
Total	(1,540,465)	(100,864)	-	(1,641,329)
 Total Depreciable Capital Assets, Net of Depreciation	\$ 1,952,633	\$ (36,631)	\$ -	\$ 1,916,002
 Total Capital Assets, Net of Depreciation	\$ 1,953,739	\$ (36,631)	\$ -	\$ 1,917,108

CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE C -- CAPITAL ASSETS (Continued):

BUSINESS-TYPE ACTIVITIES

<u>Non-Depreciable Capital</u>	Balance			Balance
<u>Assets</u>	July 1, 2022	Additions	Deletions	June 30, 2023
Land	\$ 33,638	\$ 15,000	\$ -	\$ 48,638
Construction in progress	1,784,523	3,558,206	-	5,342,729
Total	<u>1,818,161</u>	<u>3,573,206</u>	<u>-</u>	<u>5,391,367</u>
 <u>Depreciable Capital Assets</u>				
Water system	5,674,180	-	-	5,674,180
Sewer system	7,117,337	41,265	-	7,158,602
Vehicles & equipment	801,452	-	-	801,452
Total	<u>13,592,969</u>	<u>41,265</u>	<u>-</u>	<u>13,634,234</u>
 <u>Less Accumulated</u>				
<u>Depreciation For:</u>				
Water system	(3,246,565)	(226,161)	-	(3,472,726)
Sewer system	(3,570,138)	(228,840)	-	(3,798,978)
Vehicles & equipment	(279,223)	(34,082)	-	(313,305)
Total	<u>(7,095,926)</u>	<u>(489,083)</u>	<u>-</u>	<u>(7,585,009)</u>
 Total Depreciable Capital Assets, Net of Depreciation	<u>\$ 6,497,043</u>	<u>\$ (447,818)</u>	<u>\$ -</u>	<u>\$ 6,049,225</u>
 Total Capital Assets, Net of Depreciation	<u>\$ 8,315,204</u>	<u>\$ 3,125,388</u>	<u>\$ -</u>	<u>\$ 11,440,592</u>
 TOTAL CAPITAL ASSETS, ALL ACTIVITIES	<u>\$ 10,268,943</u>	<u>\$ 3,088,757</u>	<u>\$ -</u>	<u>\$ 13,357,700</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	\$ 100,864
Business-Type Activities:	\$ 489,083

The major capital expenditures for fiscal year 22-23 included the project for the Salt Creek waterline. Construction project commitments at June 30, 2022 totaled \$5,000,000.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – LONG-TERM DEBT:

Long-term debt transactions for the year were as follows:

	Outstanding July 1, 2022	Issued	Matured/ Redeemed During Year	Outstanding June 30, 2023	Due Within One Year
<i>Governmental Activities</i>					
<i>Direct Borrowing</i>					
Lee Property Loan (US Bank)	\$ 80,000	\$ -	\$ (10,000)	\$ 70,000	\$ 10,000
<i>Business-Type Activities</i>					
<i>Direct Borrowing</i>					
2002 Safe Drinking Water State Revolving Fund	\$ 549,506	\$ -	\$ (47,507)	\$ 501,999	\$ 47,982
2009 Safe Drinking Water State Revolving Fund	475,181	-	(19,862)	455,319	20,493
Full Faith and Credit Refunding Obligations	725,000		(110,000)	615,000	115,000
<i>Water Revenue</i>					
2022 Bond Anticipation Note	6,473,000	-	-	6,473,000	6,473,000
	<u>\$8,222,687</u>	<u>\$ -</u>	<u>\$ (177,369)</u>	<u>\$ 8,045,318</u>	<u>\$ 6,656,475</u>

Notes from Direct Borrowings – Governmental Activities

Lee Property Loan (US Bank): The City entered into this agreement on June 1, 2010. The total loan amount is \$160,000 due in installments of \$5,000 or \$10,000, depending on the 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. In the event of default, the loan becomes immediately due and payable.

Notes from Direct Borrowings – Business-Type Activities

2002 Safe Drinking Water State Revolving Fund Loan: The City entered into this agreement on December 4, 2002. The principal amount of the loan is \$2,161,500. Annual debt service payments range from \$139,000 to \$150,000. The purpose of this loan was to cover costs directly related to “water projects”. In the event of default, the loan becomes immediately due and payable.

2009 Safe Drinking Water State Revolving Fund Loan: The City entered into this agreement on October 30, 2009. The principal amount of the loan is \$203,080. Due in annual installments of \$53,002 including interest at 1% through 2032. The loan was received for the purpose of improving the City’s wastewater treatment facility. In the event of default, the loan becomes immediately due and payable.

Full Faith and Credit Refunding Loan: The City entered into this agreement on April 11, 2013. The amount of the loan was \$1,600,000. Annual debt service payments range from \$129,000 to \$135,000. The loan was received for uses related to the improvements of the City’s wastewater system financed by the City’s Oregon Bond loan dated December 4, 2002. In the event of default, the loan becomes immediately due and payable.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – LONG-TERM DEBT:

2022 Water Revenue Bond Anticipation Note: The City entered into this agreement on June 23, 2022. The principal amount of the note is \$6,473,000. The outstanding balance, plus accrued interest (2.48%) shall be paid at the earlier to occur of (1) the City's receipt of the proceeds of the bonds, and (2) the maturity date of June 15, 2024. The loan was received to undertake improvements to the City's water system. USDA loan proceeds of \$6,473,000 with 40 year debt service payments at interest rates of 2.00% and 2.75% will be used to satisfy this anticipation note.

Future debt service requirements are as follows:

Governmental Activities

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,000	\$ 3,675	\$ 13,675
2025	10,000	3,175	13,175
2026	10,000	2,675	12,675
2027	10,000	2,175	12,175
2028	10,000	1,675	11,675
2029 - 2030	20,000	3,221	23,221
	<u>\$ 70,000</u>	<u>\$ 16,596</u>	<u>\$ 86,596</u>

Business Type Activities

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,656,475	\$ 358,611	\$ 7,015,086
2025	69,607	35,748	105,355
2026	315,767	30,607	346,374
2027	71,956	25,436	97,392
2028	328,175	19,755	347,930
2029 - 2033	385,289	57,049	442,338
2034 - 2038	150,553	26,775	177,328
2039 - 2040	67,497	3,434	70,931
	<u>\$ 8,045,318</u>	<u>\$ 557,415</u>	<u>\$ 8,602,733</u>

NOTE E – PENSION PLAN:

Plan description – City employees re provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE E – PENSION PLAN (Continued):

Benefits provided – PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55 [50]. Tier One benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years, and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE E – PENSION PLAN (Continued):

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2023 were 10.28% for Tier One/Tier Two employees, 3.98% for OPSRP general service employees, and 8.34% for OPSRP police/fire employees. The City's total contributions to PERS were \$18,670 for fiscal year ended June 30, 2023.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2023 were based on the December 31, 2019 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP) a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals - At June 30, 2023, the City reported a net pension liability of \$382,073 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on a December 31, 2020 actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00249525% as of the June 30, 2022 measurement date, compared to 0.00111812% as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$38,754. At June 30, 2023, the City's deferred outflows of resources and deferred inflows under GAAP accounting of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,547	\$ 2,383
Changes in assumptions	59,949	548
Net difference between projected and actual earnings on pension plan investments	-	68,307
Changes in proportion and differences between employer contributions and proportionate share of contributions	192,973	169,378
District contributions subsequent to the measurement date	18,670	N/A
	<u>\$ 290,139</u>	<u>\$ 240,616</u>

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE E – PENSION PLAN (Continued):

\$18,670 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (9,136)
2025	(9,678)
2026	(19,251)
2027	54,429
2028	14,490
	<u>\$ 30,853</u>

Actuarial Cost Method and Assumptions

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting changes, if available.

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.40 percent compounded annually. This assumption represents the same of the inflation assumption and a real wage growth assumption of 100 basis points.
Investment rate of return	6.90 percent, net of pension plan investment expense, including inflation
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service

Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub – 2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE E – PENSION PLAN (Continued):

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a 2020 actuarial experience study published July 20, 2021.

Assumed Asset Allocation:

Asset Class/Strategy	<u>OIC Target</u>
Debt Securities	20.0%
Public Equity	32.5%
Private Equity	17.5%
Real Estate	12.5%
Rent Assets	7.50%
Diversifying Strategies	7.50%
Risk Parity	2.5%
Total	100.00%

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: <http://www.oregon.gov/pers/documents/financials/ACFR/2022-annual-comprehensive-financial-report.pdf>.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 5.90%, 6.90%, and 7.90%.

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset)	\$ 677,573	\$ 382,073	\$ 134,753

Pension Plan Fiduciary Net Position – Detailed information about PERS' net position is available in its separately issued financial report.

Defined Contribution Plan: OPSRP Individual Account Program (OPSRP IAP)

Benefits

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE E – PENSION PLAN (Continued):

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An Individual Account Program (IAP) member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completed 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump-sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City has not chosen to pay the employees contributions to the plan. Six percent of covered payroll is a payroll withheld for general service employees.

NOTE F – TRANSFERS:

	<u>Transfer In</u>	<u>Transfers Out</u>
General	\$ -	\$ -
SDC	-	-
Water	-	-
Sewer	-	-
	<u> </u>	<u> </u>

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

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

**CITY OF AMITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE G – 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. No insurance claims settled in each of the prior three years have exceeded policy coverage.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
Taxes and assessments	\$ 405,000	\$ 405,000	\$ 425,625	\$ 20,625
Licenses, permits and fees	173,500	173,500	197,885	24,385
Intergovernmental	67,000	67,000	262,510	195,510
Fines and forfeitures	15,000	15,000	20,090	5,090
Miscellaneous	40,230	40,230	144,190	103,960
Total revenues	<u>700,730</u>	<u>700,730</u>	<u>1,050,300</u>	<u>349,570</u>
EXPENDITURES				
Personnel services	169,913	169,913	177,765	(7,852)
Materials and services	528,950	528,950	504,622	24,328
Capital outlay				0
Debt service	15,200	15,200	11,973	3,227
Contingency				0
Total expenditures	<u>714,063</u>	<u>714,063</u>	<u>694,360</u>	<u>19,703</u>
Excess of revenues over (under) expenditures	(13,333)	(13,333)	355,940	369,273
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				0
Excess of revenues and other sources over (under) expenditures and other uses	(13,333)	(13,333)	355,940	369,273
FUND BALANCE, beginning of year	<u>103,408</u>	<u>103,408</u>	<u>147,843</u>	<u>44,435</u>
FUND BALANCE, end of year	<u>\$ 90,075</u>	<u>\$ 90,075</u>	<u>\$ 503,783</u>	<u>\$ 413,708</u>

**CITY OF AMITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30	(a) Employer's proportion of the net pension liability(asset)(NPL)	(b) Employer's proportionate share of the net pension liability(asset)(NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.00249525%	\$ 382,073	\$ 324,488	117.75%	84.50%
2022	0.00111812%	\$ 133,800	\$ 259,753	51.51%	87.60%
2021	0.00162540%	\$ 354,718	\$ 214,923	165.05%	75.80%
2020	0.00201536%	\$ 348,609	\$ 254,018	137.24%	80.20%
2019	0.00238095%	\$ 360,683	\$ 302,917	119.07%	82.10%
2018	0.00192561%	\$ 259,573	\$ 287,274	90.36%	83.10%
2017	0.00387868%	\$ 582,280	\$ 280,639	207.49%	80.53%
2016	0.00466380%	\$ 267,770	\$ 427,072	62.70%	91.88%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ 18,670	\$ 18,670	\$ -	\$ 295,047	6.33%
2022	\$ 20,203	\$ 20,203	\$ -	\$ 324,488	6.23%
2021	\$ 27,648	\$ 27,648	\$ -	\$ 259,753	10.65%
2020	\$ 18,964	\$ 18,964	\$ -	\$ 214,923	8.83%
2019	\$ 11,586	\$ 11,586	\$ -	\$ 254,018	4.57%
2018	\$ 13,799	\$ 13,799	\$ -	\$ 302,917	4.56%
2017	\$ 21,250	\$ 21,250	\$ -	\$ 287,274	7.40%
2016	\$ 25,332	\$ 25,332	\$ -	\$ 280,639	9.03%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SUPPLEMENTARY INFORMATION

CITY OF AMITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STREET FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 20,000	\$ 20,000	\$ 18,440	\$ (1,560)
Intergovernmental	235,000	235,000	234,785	(215)
Total receipts	255,000	255,000	253,225	(1,775)
EXPENDITURES				
Personnel services	75,750	75,750	57,210	18,540
Materials and services	95,400	95,400	95,811	(411)
Capital outlay	100,000	100,000	64,233	35,767
Contingency				
Total cash expenditures	271,150	271,150	217,254	53,896
Excess of receipts over (under) expenditures	(16,150)	(16,150)	35,971	52,121
FUND BALANCE (restated), beginning of year	199,812	199,812	163,031	(36,781)
FUND BALANCE, end of year	\$ 183,662	\$ 183,662	\$ 199,002	\$ 15,340

CITY OF AMITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SDC FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
SDC fees	\$ 80,000	\$ 80,000	\$ 34,868	\$ (45,132)
EXPENDITURES				
Personnel services				
Materials and services				
Capital outlay				
Contingency				
Total expenditures	<u>0</u>	<u>0</u>	<u></u>	<u>0</u>
Excess of receipts over (under) expenditures	80,000	80,000	34,868	(45,132)
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	80,000	80,000	34,868	(45,132)
FUND BALANCE, beginning of year	<u>830,489</u>	<u>830,489</u>	<u>889,278</u>	<u>58,789</u>
FUND BALANCE, end of year	\$ <u>910,489</u>	\$ <u>910,489</u>	\$ <u>924,146</u>	\$ <u>13,657</u>

CITY OF AMITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - WATER FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 538,500	\$ 538,500	\$ 647,570	\$ 109,070
Intergovernmental	1,200,000	1,200,000		(1,200,000)
Miscellaneous	1,000	1,000	16,237	15,237
Total revenues	<u>1,739,500</u>	<u>1,739,500</u>	<u>663,807</u>	<u>(1,075,693)</u>
EXPENDITURES				
Personnel services	196,200	196,200	172,969	23,231
Materials and services	225,150	225,150	190,366	34,784
Capital outlay	11,183,000	11,183,000	3,586,206	7,596,794
Debt service	53,000	53,000	53,000	0
Contingency				0
Total expenditures	<u>11,657,350</u>	<u>11,657,350</u>	<u>4,002,541</u>	<u>7,654,809</u>
Excess of revenues over (under) expenditures	(9,917,850)	(9,917,850)	(3,338,734)	6,579,116
Other financing sources (uses)				
Loan proceeds	9,767,000	9,767,000	0	(9,767,000)
Operating transfers in			0	
Operating transfers out				
	<u>9,767,000</u>	<u>9,767,000</u>	<u>0</u>	<u>(9,767,000)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(150,850)	(150,850)	(3,338,734)	(3,187,884)
FUND BALANCE, beginning of year	<u>1,267,772</u>	<u>1,267,772</u>	<u>6,879,476</u>	<u>5,611,704</u>
FUND BALANCE, end of year	\$ <u>1,116,922</u>	\$ <u>1,116,922</u>	\$ <u>3,540,742</u>	\$ <u>2,423,820</u>

CITY OF AMITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 593,500	\$ 593,500	\$ 712,124	\$ 118,624
Miscellaneous	1,000	1,000		(1,000)
Total revenues	<u>594,500</u>	<u>594,500</u>	<u>712,124</u>	<u>117,624</u>
EXPENDITURES				
Personnel services	155,700	155,700	103,505	52,195
Materials and services	222,100	222,100	247,111	(25,011)
Capital outlay	42,250	42,250	41,265	985
Debt service	163,200	163,200	169,193	(5,993)
Contingency				0
Total cash expenditures	<u>583,250</u>	<u>583,250</u>	<u>561,074</u>	<u>22,176</u>
Excess of revenues over (under) expenditures	11,250	11,250	151,050	139,800
Other financing sources (uses)				
Loan proceeds				0
Operating transfers in (out)				
Excess of revenues and other sources over (under) expenditures and other uses	11,250	11,250	151,050	139,800
FUND BALANCE, beginning of year	<u>174,236</u>	<u>174,236</u>	<u>232,244</u>	<u>58,008</u>
FUND BALANCE, end of year	\$ <u>185,486</u>	\$ <u>185,486</u>	\$ <u>383,294</u>	\$ <u>197,808</u>

**CITY OF AMITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760		\$ 3,577,073
Department of the Treasury Passed Through State of Oregon Coronavirus State and Local Fiscal Revenue Funds	21.027	SLFRP4454	191,463
Total expenditures of federal awards			\$ 3,768,536

See accompanying notes to schedule of expenditures of federal awards.

CITY OF AMITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Amity under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Amity, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Amity.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

City of Amity has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' 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**

To the City Council
City of Amity
Amity, Oregon

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund, of the City of Amity as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

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

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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 *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
December 6, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the City Council
City of Amity
Amity, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Amity's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Amity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Amity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreement applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Amity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
December 6, 2023

**CITY OF AMITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City of Amity were prepared in accordance with U.S. GAAP.
2. No significant deficiencies are reported. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Amity were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are disclosed. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the City of Amity expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was Water and Waste Disposal Systems for Rural Communities/CFDA 10.760.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Amity was not determined to be a low-risk auditee.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Amity, Oregon (the City), as of and for the year ended June 30, 2023, and have issued our report thereon dated December 6, 2023.

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 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 Chapter 279A, 279B, 279C).**

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 expenditures exceeded appropriations in the following funds: General - \$7,852 (personal services), Street - \$411 (materials and services), and Sewer - \$25,011 (material and services) and \$5,993 (debt services).

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.

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

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants
West Linn, Oregon

By 
Russell T. Ries, Partner

December 6, 2023