

***CITY OF AMITY, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018***

CITY OF AMITY, OREGON
CITY OFFICIALS
JUNE 30, 2018

<u>Name</u>	MAYOR	<u>Term</u>
Michael Cape		December 31, 2020

CITY COUNCIL MEMBERS

Caralyn Miller		December 31, 2020
William Daley		December 21, 2018
Rudy Van Soolen		December 31, 2020
Dawn King		December 31, 2018
Max Walker		December 31, 2020
Joshua Simonson		December 31, 2018

CITY ADMINISTRATOR

Justin Hogue

CITY RECORDER

Jackie Loos

P.O. Box 159
Amity, Oregon 97101

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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amity, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these modified cash basis financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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 the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amity, Oregon as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes to the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The supplemental information and management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information as listed in the table of contents 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 16, 2018 on our consideration of the City's 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 provide an opinion on compliance.

GROVE, MUELLER & SWANK, PC
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Devan W. Esch, A Shareholder
November 16, 2018

CITY OF AMITY, OREGON

Management's Discussion and Analysis June 30, 2018

As management of the City of Amity, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018.

Financial Highlights

	June 30,		change
	2018	2017	
Net position	\$ 515,176	\$ 297,253	\$ 217,923
Change in net position	217,923	74,418	143,505
Governmental net position	305,054	233,800	71,254
Proprietary net position	210,122	63,453	146,669
Change in governmental net position	71,254	29,033	42,221
Change in proprietary net position	146,669	45,385	101,284

Overview of the Financial Statements

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

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

The Statement of Net Position (Modified Cash Basis). This presents information on the assets and liabilities of the City as of the date on the statement utilizing the modified cash basis of accounting. Net 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 (Modified Cash Basis). 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 the modified cash basis of accounting.

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

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

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

Proprietary (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 *other supplemental information*, including the budgetary comparison schedules, the combining nonmajor fund financial statements, and other schedules.

Government-wide Financial Analysis

Statement of Net Position. The Statement of Net Position (modified cash basis) 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 \$515,176 as of June 30, 2018.

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
Statements of Net Position (Modified Cash Basis)
June 30,**

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 307,694	\$ 210,122	\$ 517,816	\$ 235,071	\$ 63,453	\$ 298,524
Other liabilities	2,640	-	2,640	1,271	-	1,271
Net Position:						
Restricted	161,540	94,503	256,043	118,299	134,580	252,879
Unrestricted	143,514	115,619	259,133	115,501	(71,127)	44,374
Total Net Position	\$ 305,054	\$ 210,122	\$ 515,176	\$ 233,800	\$ 63,453	\$ 297,253

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

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

	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program revenues						
Charges for service	\$ 88,370	\$ 931,622	\$1,019,992	\$ 87,472	\$ 832,459	\$ 919,931
Operating grants	113,634	-	113,634	102,618	-	102,618
Capital grants	37,810	221,819	259,629	28,235	247,790	276,025
General revenues						
Taxes and assessments	269,005	-	269,005	255,521	-	255,521
Franchise taxes	114,567	-	114,567	80,770	-	80,770
Intergovernmental	62,577	-	62,577	49,208	-	49,208
Miscellaneous	35,746	1,066	36,812	25,429	7,421	32,850
<i>Total revenues</i>	<u>721,709</u>	<u>1,154,507</u>	<u>1,876,216</u>	<u>629,253</u>	<u>1,087,670</u>	<u>1,716,923</u>
Expenses						
General government	187,313	-	187,313	170,180	-	170,180
Community development	65,424	-	65,424	56,413	-	56,413
Street	81,270	-	81,270	81,434	-	81,434
Parks	43,651	-	43,651	42,075	-	42,075
Library	25,211	-	25,211	24,842	-	24,842
Public safety	239,146	-	239,146	203,326	-	203,326
Interest on long-term debt	8,440	-	8,440	2,950	-	2,950
Water	-	529,557	529,557	-	601,133	601,133
Sewer	-	478,281	478,281	-	460,152	460,152
<i>Total expenses</i>	<u>650,455</u>	<u>1,007,838</u>	<u>1,658,293</u>	<u>581,220</u>	<u>1,061,285</u>	<u>1,642,505</u>
Transfers	-	-	-	(19,000)	19,000	-
Change in net position	71,254	146,669	217,923	29,033	45,385	74,418
Net position, beginning of year	233,800	63,453	297,253	204,767	18,068	222,835
Net position, end of year	<u>\$ 305,054</u>	<u>\$ 210,122</u>	<u>\$ 515,176</u>	<u>\$ 233,800</u>	<u>\$ 63,453</u>	<u>\$ 297,253</u>

Financial Analysis of the City's Governmental 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 \$217,923 during the fiscal year 2017-2018.

Governmental activities: The City's net position increased by \$71,254 from governmental activities.

Business-type activities: The City's net position increased by \$146,669 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 of Amity. Fund balance was \$55,655 as of June 30, 2018. The fund balance increased by \$9,034 during the current fiscal year. A decrease in fund balance was budgeted at \$74,429. Actual revenues were more than budget revenues, and actual expenditures were less than budget. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 11% of total General Fund expenditures.

Street Fund. The majority of Street Fund revenues are State gas tax revenue. The fund balance at the end of the year was \$65,947 which was an increase of \$21,206 from the prior year. The fund balance represents 81% of total Street Fund expenditures.

Street SDC Improvement Fund. This fund accounts for system development charges designated for streets. The fund balance at the end of the year was \$49,881 which was an increase of \$20,965 from the prior year. There were no expenditures or transfers during the year.

Parks SDC Improvement Fund: This fund accounts for system development charges for past park projects. Principal revenues are from SDC collections. The fund balance at the end of the year was \$33,224 which was an increase of \$8,848 from the prior year. There were no expenditures or transfers during the 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 \$20,566 during the year. Operating income was \$105,644 and \$122,670 was transferred out to other utility funds.

Sewer Fund. This fund accounts for the operations of the City's sewer system. The balance in this fund decreased by \$33,251 during the year. Operating income was \$136,638 and \$166,349 was transferred out to other utility funds.

Water Bond Debt Fund. This fund accounts for water debt service activity. The balance in this fund increased by \$69,668 during the year due to a transfer from the water fund.

Water Capital Projects Fund. This fund accounts for activities associated with capital projects. The balance in this fund increased by \$51,985 during the year due to fees collected.

Water SDC Improvement Fund. This fund accounts for the use of Water SDC fees. The balance in this fund increased by \$22,072 during the year due to fees collected and no expenditures.

Sewer Bond Fund. This fund accounts for debt service on sewer-related debt. The balance in this fund increased by \$1,445 during the year.

Other proprietary (enterprise) funds paid for debt service and capital outlay, funded primarily by transfers from other funds.

General Fund Budget

There were two supplemental budgets approved by City Council during the year.

Debt Administration

Long-term debt. The City had total debt outstanding of \$2,538,835 at the end of the current fiscal year. During the current fiscal year, the City's total debt decreased by \$162,220, net.

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, 2018.

City of Amity Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Loans	\$ 115,210	\$ 120,210	\$ 1,283,625	\$ 1,345,845	\$ 1,398,835	\$ 1,466,055
Refunding bonds	-	-	1,140,000	1,235,000	1,140,000	1,235,000
Total	\$ 115,210	\$ 120,210	\$ 2,423,625	\$ 2,580,845	\$ 2,538,835	\$ 2,701,055

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 2018-19 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 present the user (citizens, taxpayers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

BASIC FINANCIAL STATEMENTS

CITY OF AMITY, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 307,694	\$ 210,122	\$ 517,816
LIABILITIES			
Payroll withholdings	2,640	-	2,640
NET POSITION			
Restricted for:			
Customer deposits	-	66,512	66,512
Construction	17,105	27,991	45,096
Streets	78,060	-	78,060
Public safety	428	-	428
Community development	65,947	-	65,947
Unrestricted	143,514	115,619	259,133
<i>Total Net Position</i>	<u>\$ 305,054</u>	<u>\$ 210,122</u>	<u>\$ 515,176</u>

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

CITY OF AMITY, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 187,313	\$ 13,117	\$ 10,157	\$ -
Community development	65,424	33,812	-	-
Street	81,270	18,486	103,477	28,409
Parks	43,651	1,500	-	9,401
Library	25,211	-	-	-
Public safety	239,146	21,455	-	-
Interest on long-term debt	8,440	-	-	-
<i>Total Governmental activities</i>	650,455	88,370	113,634	37,810
Business-type activities:				
Water	529,557	485,403	-	181,373
Sewer	478,281	446,219	-	40,446
<i>Total Business-type activities</i>	1,007,838	931,622	-	221,819
<i>Total Activities</i>	<u>\$ 1,658,293</u>	<u>\$ 1,019,992</u>	<u>\$ 113,634</u>	<u>\$ 259,629</u>
General Revenues:				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General Revenues</i>				
Change in net position				
Net position - beginning of year				
Net position - end of year				

*Net (Expenses) Revenues
and Changes in Net Position*

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
\$ (164,039)	\$ -	\$ (164,039)
(31,612)	-	(31,612)
69,102	-	69,102
(32,750)	-	(32,750)
(25,211)	-	(25,211)
(217,691)	-	(217,691)
(8,440)	-	(8,440)
(410,641)	-	(410,641)
-	137,219	137,219
-	8,384	8,384
-	145,603	145,603
(410,641)	145,603	(265,038)
269,005	-	269,005
114,567	-	114,567
62,577	-	62,577
35,746	1,066	36,812
481,895	1,066	482,961
71,254	146,669	217,923
233,800	63,453	297,253
\$ 305,054	\$ 210,122	\$ 515,176
\$ 305,054	\$ 210,122	\$ 515,176

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

CITY OF AMITY, OREGON

BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS

JUNE 30, 2018

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General</u>	<u>Street</u>	<u>Street SDC Improvement</u>
ASSETS			
Cash and cash equivalents	\$ 58,295	\$ 65,947	\$ 49,881
LIABILITIES AND FUND BALANCE			
Liabilities:			
Payroll withholdings	\$ 2,640	\$ -	\$ -
Fund Balance:			
Restricted for:			
Construction	-	-	-
Streets	-	-	49,881
Public safety	-	-	-
Community development	-	65,947	-
Committed to:			
Capital outlay	-	-	-
Debt service	-	-	-
Community development	4,836	-	-
Unassigned	50,819	-	-
<i>Total Fund Balance</i>	<u>55,655</u>	<u>65,947</u>	<u>49,881</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 58,295</u>	<u>\$ 65,947</u>	<u>\$ 49,881</u>

<i>Capital Projects</i>		
<i>Park SDC Improvement</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 33,224	\$ 100,347	\$ 307,694
\$ -	\$ -	\$ 2,640
-	17,105	17,105
-	28,179	78,060
-	428	428
-	-	65,947
33,224	48,404	81,628
-	6,231	6,231
-	-	4,836
-	-	50,819
33,224	100,347	305,054
\$ 33,224	\$ 100,347	\$ 307,694

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

CITY OF AMITY, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

		<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>General</u>	<u>Street</u>	<u>Street SDC Improvement</u>
REVENUES			
Taxes and assessments	\$ 269,005	\$ -	\$ -
Fines and forfeitures	21,455	-	-
Licenses and permits	129,184	-	20,965
Charges for services	-	-	-
Intergovernmental	72,234	103,477	-
Miscellaneous	27,076	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	518,954	103,477	20,965
EXPENDITURES			
General government	503,920	-	-
Street	-	81,271	-
Debt payments			
Principal	-	-	-
Interest	-	-	-
Capital acquisitions	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	503,920	81,271	-
REVENUES OVER (UNDER) EXPENDITURES			
	15,034	22,206	20,965
OTHER FINANCING SOURCES (USES)			
Transfers in	4,836	-	-
Transfers out	(10,836)	(1,000)	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(6,000)	(1,000)	-
NET CHANGE IN FUND BALANCE			
	9,034	21,206	20,965
FUND BALANCE, beginning of year			
	46,621	44,741	28,916
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year			
	\$ 55,655	\$ 65,947	\$ 49,881
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital Projects

<i>Parks SDC Improvement</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ -	\$ -	\$ 269,005
-	-	21,455
8,848	41,809	200,806
-	18,486	18,486
-	-	175,711
-	9,170	36,246
8,848	69,465	721,709
-	32,464	536,384
-	-	81,271
-	5,000	5,000
-	8,440	8,440
-	19,360	19,360
-	65,264	650,455
8,848	4,201	71,254
-	7,000	11,836
-	-	(11,836)
-	7,000	-
8,848	11,201	71,254
24,376	89,146	233,800
\$ 33,224	\$ 100,347	\$ 305,054

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

CITY OF AMITY, OREGON**STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) – PROPRIETARY (ENTERPRISE) FUNDS
JUNE 30, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Water Bond Debt</u>	<u>Water Capital Projects</u>
ASSETS				
Cash and cash equivalents	\$ 23,150	\$ -	\$ 69,386	\$ -
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	23,150	-	69,386	-
LIABILITIES				
Due to other funds	-	86,247	-	34,578
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION:				
Restricted for:				
Customer deposits	33,256	33,256	-	-
Construction	-	-	-	-
Unrestricted	(10,106)	(119,503)	69,386	(34,578)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	\$ 23,150	\$ (86,247)	\$ 69,386	\$ (34,578)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Water SDC Improvement</i>	<i>Sewer Bond</i>	<i>Other Business- type Funds</i>	<i>Total</i>
\$ 75,812	\$ 2,745	\$ 39,029	\$ 210,122
-	-	122,158	122,158
75,812	2,745	161,187	332,280
-	1,333	-	122,158
-	-	-	66,512
-	-	27,991	27,991
75,812	1,412	133,196	115,619
<u>\$ 75,812</u>	<u>\$ 1,412</u>	<u>\$ 161,187</u>	<u>\$ 210,122</u>

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

CITY OF AMITY, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) – PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Water</u>	<u>Sewer</u>	<u>Water Bond Debt</u>
OPERATING REVENUES			
Charges for services	\$ 475,125	\$ 446,219	\$ -
Miscellaneous	810	256	-
<i>Total Operating Revenues</i>	475,935	446,475	-
OPERATING EXPENSES			
Personnel services	129,505	101,520	-
Materials and services	240,786	208,317	-
<i>Total Operating Expenses</i>	370,291	309,837	-
OPERATING INCOME	105,644	136,638	-
NONOPERATING ITEMS			
Capital acquisitions	(3,540)	(3,540)	-
Debt payments			
Principal	-	-	(45,201)
Interest	-	-	(7,801)
<i>Total Nonoperating Items</i>	(3,540)	(3,540)	(53,002)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	-	-
Transfers in	-	-	122,670
Transfers out	(122,670)	(166,349)	-
CHANGE IN NET POSITION	(20,566)	(33,251)	69,668
NET POSITION (Deficit), beginning of year	43,716	(52,996)	(282)
NET POSITION (Deficit), end of year	\$ 23,150	\$ (86,247)	\$ 69,386

<i>Water Capital Projects</i>	<i>Water SDC Improvement</i>	<i>Sewer Bond</i>	<i>Other Business- type Funds</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 10,278	\$ 931,622
-	-	-	-	1,066
-	-	-	10,278	932,688
434	-	-	-	231,459
5	-	-	-	449,108
439	-	-	-	680,567
(439)	-	-	10,278	252,121
(102,285)	-	-	-	(109,365)
-	-	(112,019)	-	(157,220)
-	-	(52,885)	-	(60,686)
(102,285)	-	(164,904)	-	(327,271)
154,709	22,072	-	45,038	221,819
-	-	166,349	-	289,019
-	-	-	-	(289,019)
51,985	22,072	1,445	55,316	146,669
(86,563)	53,740	(33)	105,871	63,453
\$ (34,578)	\$ 75,812	\$ 1,412	\$ 161,187	\$ 210,122

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

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.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

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 (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) 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 (Modified Cash Basis) 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*.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 protection, insurance and general administration. For reporting purposes, the General Fund also includes the Tourism Fund. This fund receives transfers from the General Fund. There were no expenditures in the current year.

Street Fund

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

Street SDC Improvement Fund

This fund accounts for system development charges designated for streets. Principal revenues are from SDC collections and primary expenditures are street repairs and maintenance.

Parks SDC Improvement Fund

This fund accounts for system development charges designated for parks. Principal revenue is from system development charges and primary expenditures are for parks improvement projects.

The City reports the following nonmajor governmental funds:

Street SDC Reimbursement Fund

This fund accounts for system development charges for past street projects. Principal revenues are from SDC collections.

Building Fund

This fund accounts for building permits revenues. Principal revenues are from building permits revenues and primary expenditures are for building inspection services.

911 Tax Fund

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

Street Reserve Fund

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Storm Drain SDC Improvement Fund

This fund accounts for system development charges designated for storm drainage. Principal revenues are from SDC collections and primary expenditures are for storm drainage repairs and maintenance.

Storm Drain SDC Reimbursement Fund

This fund accounts for system development charges for past storm drainage projects. Principal revenues are from SDC collections.

Parks SDC Reimbursement Fund

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

Police Equipment Reserve Fund

This fund accounts for money set aside for police equipment. Principal revenues are from transfers in and primary expenditures are for police equipment.

Sidewalk Reserve Fund

This fund accounts for money set aside for sidewalks. Transfers in are the primary revenue source.

General Bond Debt Fund

This fund accounts for debt service payments on the Lee property note. Principal revenues are from rental income and transfers from the General Fund.

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.

Sewer Fund

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

Water Bond Debt Fund

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

Water Capital Project Fund

This fund accounts for the activity associated with capital projects. The principal revenues are from grants and primary expenditures are for capital projects.

Water SDC Improvement Fund

This fund accounts for the collection and use of Water SDC revenues. There were no expenditures from this fund during the fiscal year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Sewer Bond Fund

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

The City reports the following proprietary funds as nonmajor:

Water Line Replacement Fund

This fund accounts for money set aside for future uses. Principal revenues are from transfers in and primary expenses are for water line replacement.

Water SDC Reimbursement Fund

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

Sewer SDC Reimbursement Fund

This fund accounts for system development charges for past sewer system projects. There were no expenditures in this fund during the fiscal year.

Sewer SDC Improvement Fund

This fund accounts for the collection and use of Sewer SDC charges. There were no expenditures from this fund during the fiscal year.

Fund Balance

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

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

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

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

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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. Budgetary Special Revenue Funds whose primary source of funding is transfers from the General Fund must be reported as part of the General Fund. Therefore, in the Governmental Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances, the Tourism Fund has been combined with the General Fund.

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

Debt Service Funds account for payments on the City's governmental debt.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, long-term liabilities such as debt are only reported in the notes to the financial statements. Capital assets are not reported in the financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

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 items.

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 maturity of three months or less from the date of acquisition to be cash and cash equivalents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

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.

Capital Assets

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported on the government-wide Statement of Net Position, the Enterprise Fund Statements of Fund Net Position, or the notes to the financial statements.

Long-Term Debt

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures / expenses when paid.

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid. The amount payable for accumulated unpaid vacation and earned but unpaid sick pay at June 30, 2018 was not available.

Budgets and Budgetary Accounting

The City adopts the budget on an object basis (personnel services, materials and services, capital outlay, debt service) for all funds. Therefore, cash expenditures of a fund may not legally exceed that fund's appropriations for specific objects. 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.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reporting amounts of certain assets, liabilities, revenues and expenditures as of June 30, 2018. Actual results may differ from those estimates.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2018:

Cash	
Cash on hand	\$ 400
Deposits with financial institutions	92,175
Investments	
Local Government Investment Pool	425,241
	<hr/>
	\$ 517,816
	<hr/> <hr/>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$92,175 and the bank balance was \$123,653 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides 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 though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2018, all of the City's bank balances were covered by FDIC insurance.

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. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2018, 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.

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CASH AND CASH EQUIVALENTS (Continued)

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.

LONG-TERM DEBT

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2017</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2018</i>	<i>Due Within One Year</i>
<i>Governmental Activities</i>					
Lee Property Loan (US Bank) Due in annual installments of \$5,000 or \$10,000 (depending on year). Interest rates are 2.75%, 4.10%, 4.65%, and 5.10% for the four underlying debt issues due in 5, 10, 15, and 20 years respectively.	\$ 120,210	\$ -	\$ (5,000)	\$ 115,210	\$ 5,210

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM DEBT (Continued)

	<i>Outstanding July 1, 2017</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2018</i>	<i>Due Within One Year</i>
<i>Business-type Activities</i>					
2002 Safe Drinking Water State Revolving Fund, due in annual installments of \$53,002 including interest at 1.0% through 2032	\$ 780,078	\$ -	\$ (45,201)	\$ 734,877	\$ 45,653
2009 Safe Drinking Water State Revolving Fund 4.78% interest rate with a maturity date of approximately 25 years with the first payment on December 1 following the completion date	565,767	-	(17,019)	548,748	14,466
Full Faith and Credit Refunding Obligations 2.0% - 3.5% interest rate with a maturity date of December 1, 2027	1,235,000	-	(95,000)	1,140,000	100,000
	<u>\$ 2,580,845</u>	<u>\$ -</u>	<u>\$ (157,220)</u>	<u>\$ 2,423,625</u>	<u>\$ 160,119</u>

The City is required by the 2002 Safe Drinking Water loan agreement to submit GAAP financial statements within ninety days after the close of each fiscal year. The City did not meet this requirement.

Future debt service requirements are as follows:

Governmental Activities

<i>Year</i>	<i>Total</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018-19	\$ 5,210	\$ 5,850	\$ 11,060
2019-20	10,000	5,625	15,625
2020-21	10,000	5,175	15,175
2021-22	10,000	4,675	14,675
2022-23	10,000	4,175	14,175
2023-2027	50,000	13,270	63,270
2028-2031	20,000	3,326	23,326
Totals	<u>\$ 115,210</u>	<u>\$ 42,096</u>	<u>\$ 157,306</u>

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM DEBT (Continued)

Business-type Activities

<u>Year</u>	<u>Total</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018-19	\$ 160,119	\$ 65,802	\$ 225,921
2019-20	166,267	62,473	228,740
2020-21	167,453	58,794	226,247
2021-22	168,678	54,812	223,490
2022-23	174,943	50,453	225,396
2024-2028	960,715	175,949	1,136,664
2029-2033	384,181	82,073	466,254
2034-2038	160,319	41,716	202,035
2039-2040	80,950	(136)	80,814
Totals	<u>\$ 2,423,625</u>	<u>\$ 591,936</u>	<u>\$ 3,015,561</u>

PENSION PLAN

Plan Description - City employees are 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: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

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 if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two 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].

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

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).

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 2018 were 8.33% for Tier One/Tier Two employees, 4.02% for OPSRP general service employees, and 8.79% for OPSRP police/fire employees. The City's total contributions to PERS were \$14,885 for fiscal year ended June 30, 2018.

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 2018 were based on the December 31, 2015 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, 2018, the City reported a net pension liability of \$259,573 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on a December 31, 2015 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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

projected contributions of all participating employers, as actuarially determined. The City’s proportion was 0.00193% as of the June 30, 2017 measurement date, compared to 0.00388% as of June 30, 2016.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2015 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.50%, and mortality rates based on the RP-2000 sex-distinct mortality tables, with generational adjustments per scale BB. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2014.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.50%, 7.50%, and 8.50%.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 442,360	\$ 259,573	\$ 106,729

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

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$18,175 for the year ended June 30, 2018. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

Changes in Plan Provisions Subsequent to Measurement Date – The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

CITY OF AMITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums administered by City/County Insurance Services (CIS), and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined health insurance benefit plan. The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs. The total OPEB liability was estimated at June 30, 2018 by Milliman Actuarial Services for both plans. Management has determined that the total OPEB liability is not material to the financial statements taken as a whole.

TRANSFERS

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

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ -	\$ 10,836
Tourism	4,836	-
Street	-	1,000
Police Equipment Reserve	3,000	-
General Bond Debt	3,000	-
Sidewalk Reserve	1,000	-
Water	-	122,670
Water Bond	122,670	-
Sewer	-	166,349
Sewer Bond	166,349	-
	<u>\$ 300,855</u>	<u>\$ 300,855</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 are reclassified as transfers for the fund financial statements.

CONTINGENCIES

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

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

CITY OF AMITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

OVER-EXPENDITURE OF APPROPRIATIONS AND DEFICIT FUND BALANCES

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

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2018 occurred as follows:

<i>Fund / Appropriation category</i>	<i>Appropriation</i>	<i>Disbursement</i>	<i>Variance</i>
General			
Materials and services	\$ 162,700	\$ 173,774	\$ (11,074)
Building			
Personnel services	5,772	6,213	(441)
General Bond Debt			
Debt service			
Interest	5,900	8,440	(2,540)
Water			
Materials and services	217,900	240,786	(22,886)
Sewer			
Materials and services	169,180	208,317	(39,137)
Capital outlay	-	3,540	(3,540)
Water Capital Projects			
Personnel services	-	434	(434)
Materials and services	-	5	(5)

The following funds reported deficit fund balances as of June 30, 2018:

	<i>Deficit Fund Balance</i>
Water Capital Projects	\$ (34,578)
Sewer	(86,247)
	<u>\$ (120,825)</u>

SUPPLEMENTAL INFORMATION

CITY OF AMITY, OREGON

**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUND – GENERAL FUND
BALANCE SHEET (MODIFIED CASH BASIS)**

JUNE 30, 2018

	<u>Budgetary funds</u>		
	<u>General Fund</u>	<u>Tourism</u>	<u>Total (reported as General Fund)</u>
ASSETS			
Cash and cash equivalents	\$ 53,459	\$ 4,836	\$ 58,295
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Payroll withhdings	\$ 2,640	\$ -	\$ 2,640
Fund Balance:			
Committed to:			-
Community development	-	4,836	4,836
Unassigned	50,819	-	50,819
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	50,819	4,836	55,655
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 53,459	\$ 4,836	\$ 58,295
	<hr/>	<hr/>	<hr/>

CITY OF AMITY, OREGON**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUND – GENERAL FUND****STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND BALANCES****YEAR ENDED JUNE 30, 2018**

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General Fund</i>	<i>Tourism</i>	
REVENUES			
Taxes and assessments	\$ 269,005	\$ -	\$ 269,005
Fines and forfeitures	21,455	-	21,455
Licenses and permits	129,184	-	129,184
Intergovernmental	72,234	-	72,234
Miscellaneous	27,076	-	27,076
<i>Total Revenues</i>	518,954	-	518,954
EXPENDITURES			
Current			
Administration and finance	503,920	-	503,920
Police	-	-	-
<i>Total Expenditures</i>	503,920	-	503,920
REVENUES OVER (UNDER) EXPENDITURES	15,034	-	15,034
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,836	4,836
Transfers out	(10,836)	-	(10,836)
<i>Total Other Financing Sources and Uses</i>	(10,836)	4,836	(6,000)
NET CHANGE IN FUND BALANCE	4,198	4,836	9,034
FUND BALANCE, beginning of year	46,621	-	46,621
FUND BALANCE, end of year	\$ 50,819	\$ 4,836	\$ 55,655

CITY OF AMITY, OREGON

COMBINING BALANCE SHEET (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>Special Revenue</u>		
	<u>Street SDC Reimbursement</u>	<u>Building</u>	<u>911 Tax</u>
ASSETS			
Cash and cash equivalents	\$ 3,206	\$ 22,865	\$ 428
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE			
Liabilities:	\$ -	\$ -	\$ -
Fund Balance:			
Restricted for:			
Capital acquisitions	-	-	-
Streets	-	-	-
Public safety	-	-	428
Committed to:			
Capital outlay	3,206	22,865	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	3,206	22,865	428
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 3,206	\$ 22,865	\$ 428
	<hr/>	<hr/>	<hr/>

Capital Projects

<u>Street Reserve</u>	<u>Storm Drain SDC Improvement</u>	<u>Storm Drain SDC Reimbursement</u>	<u>Parks SDC Reimbursement</u>	<u>Police Equipment Reserve</u>	<u>Sidewalk Reserve</u>
\$ 27,179	\$ 15,563	\$ 307	\$ 1,235	\$ 22,333	\$ 1,000
-	-	-	-	-	-
-	15,563	307	1,235	-	-
27,179	-	-	-	-	1,000
-	-	-	-	-	-
-	-	-	-	22,333	-
-	-	-	-	-	-
27,179	15,563	307	1,235	22,333	1,000
\$ 27,179	\$ 15,563	\$ 307	\$ 1,235	\$ 22,333	\$ 1,000

CITY OF AMITY, OREGON

COMBINING BALANCE SHEET (MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

(Continued)

JUNE 30, 2018

	<u>Debt Service</u>	
	<u>General Bond</u>	<u>Total</u>
	<u>Debt</u>	
ASSETS		
Cash and cash equivalents	\$ 6,231	\$ 100,347
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE		
Liabilities:	\$ -	\$ -
Fund Balance:		
Restricted for:		
Capital outlay	-	17,105
Streets	-	28,179
Public safety	-	428
Committed to:		
Capital outlay	-	48,404
Debt service	6,231	6,231
	<hr/>	<hr/>
Total Fund Balance	6,231	100,347
	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 6,231	\$ 100,347
	<hr/>	<hr/>

CITY OF AMITY, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<i>Special Revenue</i>		
	<i>Street SDC Reimbursement</i>	<i>Building</i>	<i>911 Tax</i>
REVENUES			
Licenses and permits	\$ 2,037	\$ 33,812	\$ -
Charges for services	-	-	-
Miscellaneous	-	-	-
<i>Total Revenues</i>	2,037	33,812	-
EXPENDITURES			
General government	-	32,464	-
Debt payments			
Principal	-	-	-
Interest	-	-	-
Capital acquisitions	-	-	-
<i>Total Expenditures</i>	-	32,464	-
REVENUES OVER (UNDER) EXPENDITURES	2,037	1,348	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCE	2,037	1,348	-
FUND BALANCE, beginning of year	1,169	21,517	428
FUND BALANCE, end of year	\$ 3,206	\$ 22,865	\$ 428

Capital Projects

<i>Street Reserve</i>	<i>Storm Drain SDC Improvement</i>	<i>Storm Drain SDC Reimbursement</i>	<i>Parks SDC Reimbursement</i>	<i>Police Equipment Reserve</i>	<i>Sidewalk Reserve</i>
\$ -	\$ 5,358	\$ 49	\$ 553	\$ -	\$ -
18,486	-	-	-	-	-
-	-	-	-	-	-
18,486	5,358	49	553	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	19,360	-
-	-	-	-	19,360	-
18,486	5,358	49	553	(19,360)	-
-	-	-	-	3,000	1,000
18,486	5,358	49	553	(16,360)	1,000
8,693	10,205	258	682	38,693	-
<u>\$ 27,179</u>	<u>\$ 15,563</u>	<u>\$ 307</u>	<u>\$ 1,235</u>	<u>\$ 22,333</u>	<u>\$ 1,000</u>

CITY OF AMITY, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2018**

	<u>Debt Service</u>	
	<u>General Bond Debt</u>	<u>Total</u>
REVENUES		
Licenses and permits	\$ -	\$ 41,809
Charges for services	-	18,486
Miscellaneous	9,170	9,170
	<hr/>	<hr/>
<i>Total Revenues</i>	9,170	69,465
EXPENDITURES		
General government	-	32,464
Debt payments		
Principal	5,000	5,000
Interest	8,440	8,440
Capital acquisitions	-	19,360
	<hr/>	<hr/>
<i>Total Expenditures</i>	13,440	65,264
REVENUES OVER (UNDER) EXPENDITURES	(4,270)	4,201
OTHER FINANCING SOURCES (USES)		
Transfers in	3,000	7,000
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(1,270)	11,201
FUND BALANCE, beginning of year	7,501	89,146
	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 6,231	\$ 100,347
	<hr/> <hr/>	<hr/> <hr/>

CITY OF AMITY, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 255,000	\$ 255,000	\$ 269,005	\$ 14,005
Fines and forfeitures	20,450	20,450	21,455	1,005
Licenses and permits	116,100	116,100	129,184	13,084
Intergovernmental	55,170	61,470	72,234	10,764
Miscellaneous	12,500	12,500	27,076	14,576
<i>Total Revenues</i>	459,220	465,520	518,954	53,434
EXPENDITURES				
Personnel services	334,859	334,859	330,146	4,713
Materials and services	157,700	162,700	173,774	(11,074)
Contingency	25,289	27,179	-	27,179
<i>Total Expenditures</i>	517,848	524,738	503,920	20,818
REVENUES OVER (UNDER) EXPENDITURES	(58,628)	(59,218)	15,034	74,252
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000	-	(5,000)
Transfers out	(20,801)	(25,211)	(10,836)	14,375
<i>Total Other Financing Sources (Uses)</i>	(20,801)	(20,211)	(10,836)	9,375
NET CHANGE IN FUND BALANCE	(79,429)	(79,429)	4,198	83,627
FUND BALANCE, beginning of year	79,429	79,429	46,621	(32,808)
FUND BALANCE, end of year	\$ -	\$ -	\$ 50,819	\$ 50,819

CITY OF AMITY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - TOURISM FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	840	5,250	4,836	(414)
NET CHANGE IN FUND BALANCE	840	5,250	4,836	(414)
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ 840	\$ 5,250	\$ 4,836	\$ (414)

CITY OF AMITY, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET FUND****YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 93,730	\$ 93,730	\$ 103,477	\$ 9,747
Miscellaneous	300	300	-	(300)
<i>Total Revenues</i>	94,030	94,030	103,477	9,447
EXPENDITURES				
Personnel services	51,155	51,155	51,011	144
Materials and services	40,920	40,920	30,260	10,660
Capital outlay	3,000	3,000	-	3,000
Contingency	29,505	29,505	-	29,505
<i>Total Expenditures</i>	124,580	124,580	81,271	43,309
REVENUES OVER (UNDER) EXPENDITURES	(30,550)	(30,550)	22,206	52,756
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(1,000)	-
NET CHANGE IN FUND BALANCE	(31,550)	(31,550)	21,206	52,756
FUND BALANCE, beginning of year	31,550	31,550	44,741	13,191
FUND BALANCE, end of year	\$ -	\$ -	\$ 65,947	\$ 65,947

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET SDC IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 20,965	\$ 965
EXPENDITURES				
Capital outlay	48,936	48,936	-	48,936
NET CHANGE IN FUND BALANCE	(28,936)	(28,936)	20,965	49,901
FUND BALANCE, beginning of year	28,936	28,936	28,916	(20)
FUND BALANCE, end of year	\$ -	\$ -	\$ 49,881	\$ 49,881

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 7,000	\$ 7,000	\$ 8,848	\$ 1,848
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	7,000	7,000	8,848	1,848
FUND BALANCE, beginning of year	24,376	24,376	24,376	-
FUND BALANCE, end of year	\$ 31,376	\$ 31,376	\$ 33,224	\$ 1,848

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET SDC REIMBURSEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,000	\$ 3,000	\$ 2,037	\$ (963)
EXPENDITURES				
Capital outlay	4,169	4,169	-	4,169
NET CHANGE IN FUND BALANCE	(1,169)	(1,169)	2,037	3,206
FUND BALANCE, beginning of year	1,169	1,169	1,169	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,206	\$ 3,206

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – BUILDING FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 50,000	\$ 50,000	\$ 33,812	\$ (16,188)
Miscellaneous	150	150	-	(150)
<i>Total Revenues</i>	50,150	50,150	33,812	(16,338)
EXPENDITURES				
Personnel services	5,772	5,772	6,213	(441)
Materials and services	40,100	40,100	26,251	13,849
Contingency	14,476	14,476	-	14,476
<i>Total Expenditures</i>	60,348	60,348	32,464	27,884
NET CHANGE IN FUND BALANCE	(10,198)	(10,198)	1,348	11,546
FUND BALANCE, beginning of year	10,198	10,198	21,517	11,319
FUND BALANCE, end of year	\$ -	\$ -	\$ 22,865	\$ 22,865

CITY OF AMITY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - 911 FUND
YEAR ENDED JUNE 30, 2018**

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

CITY OF AMITY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – STREET RESERVE FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 18,000	\$ 18,000	\$ 18,486	\$ 486
EXPENDITURES				
Capital outlay	26,056	26,056	-	26,056
NET CHANGE IN FUND BALANCE	(8,056)	(8,056)	18,486	26,542
FUND BALANCE, beginning of year	8,056	8,056	8,693	637
FUND BALANCE, end of year	\$ -	\$ -	\$ 27,179	\$ 27,179

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – STORM DRAIN SDC IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 8,000	\$ 8,000	\$ 5,358	\$ (2,642)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	8,000	8,000	5,358	(2,642)
FUND BALANCE, beginning of year	10,205	10,205	10,205	-
FUND BALANCE, end of year	<u>\$ 18,205</u>	<u>\$ 18,205</u>	<u>\$ 15,563</u>	<u>\$ (2,642)</u>

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – STORM DRAIN SDC REIMBURSEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 100	\$ 100	\$ 49	\$ (51)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	100	100	49	(51)
FUND BALANCE, beginning of year	258	258	258	-
FUND BALANCE, end of year	<u>\$ 358</u>	<u>\$ 358</u>	<u>\$ 307</u>	<u>\$ (51)</u>

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – PARKS SDC REIMBURSEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ (682)	\$ (682)	\$ 553	\$ 1,235
EXPENDITURES	-	-	-	
NET CHANGE IN FUND BALANCE	(682)	(682)	553	1,235
FUND BALANCE, beginning of year	682	682	682	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,235	\$ 1,235

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – POLICE EQUIPMENT RESERVE FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay	-	20,000	19,360	640
REVENUES OVER (UNDER) EXPENDITURES	-	(20,000)	(19,360)	640
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Transfers out	-	(5,000)	-	5,000
<i>Total Other Financing Sources and Uses</i>	3,000	(2,000)	3,000	5,000
NET CHANGE IN FUND BALANCE	3,000	(22,000)	(16,360)	5,640
FUND BALANCE, beginning of year	38,693	38,693	38,693	-
FUND BALANCE, end of year	\$ 41,693	\$ 16,693	\$ 22,333	\$ 5,640

CITY OF AMITY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – SIDEWALK RESERVE FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	1,000	-
NET CHANGE IN FUND BALANCE	1,000	1,000	1,000	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ 1,000	\$ 1,000	\$ 1,000	\$ -

CITY OF AMITY, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL – GENERAL BOND DEBT FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 9,170	\$ 9,170	\$ 9,170	\$ -
EXPENDITURES				
Debt service				
Principal	5,000	5,000	5,000	-
Interest	5,900	5,900	8,440	(2,540)
<i>Total Expenditures</i>	10,900	10,900	13,440	(2,540)
REVENUES OVER (UNDER) EXPENDITURES	(1,730)	(1,730)	(4,270)	(2,540)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
NET CHANGE IN FUND BALANCE	1,270	1,270	(1,270)	(2,540)
FUND BALANCE, beginning of year	4,551	4,551	7,501	2,950
FUND BALANCE, end of year	\$ 5,821	\$ 5,821	\$ 6,231	\$ 410

CITY OF AMITY, OREGON

**COMBINING STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) –
NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS**

JUNE 30, 2018

	<u>Water Line Replacement</u>	<u>Water SDC Reimbursement</u>	<u>Sewer SDC Reimbursement</u>
ASSETS			
Cash and cash equivalents	\$ 6,653	\$ 12,842	\$ 4,385
Due from other funds	34,578	-	87,580
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	41,231	12,842	91,965
LIABILITIES			
	<hr/>	<hr/>	<hr/>
	-	-	-
NET POSITION			
Restricted for:			
Construction	-	12,842	-
Unrestricted	41,231	-	91,965
	<hr/>	<hr/>	<hr/>
<i>Total Net Position</i>	\$ 41,231	\$ 12,842	\$ 91,965
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Sewer SDC Improvement</i>	<i>Total</i>
\$ 15,149	\$ 39,029
-	122,158
15,149	161,187
-	-
15,149	27,991
-	133,196
<u>\$ 15,149</u>	<u>\$ 161,187</u>

CITY OF AMITY, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) - NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS
YEAR ENDED JUNE 30, 2018**

	<u><i>Water Line Replacement</i></u>	<u><i>Water SDC Reimbursement</i></u>	<u><i>Sewer SDC Reimbursement</i></u>
OPERATING REVENUES			
Charges for services	\$ 10,278	\$ -	\$ -
OPERATING EXPENSES	-	-	-
OPERATING INCOME	10,278	-	-
Capital contributions	-	4,592	34,750
CHANGE IN NET POSITION	10,278	4,592	34,750
NET POSITION, beginning of year	30,953	8,250	57,215
NET POSITION, end of year	<u>\$ 41,231</u>	<u>\$ 12,842</u>	<u>\$ 91,965</u>

<i>Sewer SDC Improvement</i>	<i>Total</i>
\$ -	\$ 10,278
-	-
-	10,278
5,696	45,038
5,696	55,316
9,453	105,871
<u>\$ 15,149</u>	<u>\$ 161,187</u>

CITY OF AMITY, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) – BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 505,645	\$ 505,645	\$ 475,125	\$ (30,520)
Miscellaneous	2,500	2,500	810	(1,690)
<i>Total Revenues</i>	508,145	508,145	475,935	(32,210)
EXPENDITURES				
Personnel services	140,699	140,699	129,505	11,194
Materials and services	167,900	217,900	240,786	(22,886)
Capital outlay	10,000	10,000	3,540	6,460
Contingency	66,759	16,759	-	16,759
<i>Total Expenditures</i>	385,358	385,358	373,831	11,527
REVENUES OVER (UNDER) EXPENDITURES	122,787	122,787	102,104	(20,683)
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,150)	(140,150)	(122,670)	17,480
CHANGE IN FUND BALANCE	(17,363)	(17,363)	(20,566)	(3,203)
FUND BALANCE, beginning of year	17,363	17,363	43,716	26,353
FUND BALANCE, end of year	\$ -	\$ -	\$ 23,150	\$ 23,150

CITY OF AMITY, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) – BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 551,131	\$ 551,131	\$ 446,219	\$ (104,912)
Miscellaneous	1,920	1,920	256	(1,664)
<i>Total Revenues</i>	553,051	553,051	446,475	(106,576)
EXPENDITURES				
Personnel services	106,804	106,804	101,520	5,284
Materials and services	169,180	169,180	208,317	(39,137)
Capital outlay	-	-	3,540	(3,540)
Contingency	62,586	58,139	-	58,139
<i>Total Expenditures</i>	338,570	334,123	313,377	20,746
REVENUES OVER (UNDER) EXPENDITURES	214,481	218,928	133,098	(85,830)
OTHER FINANCING SOURCES (USES)				
Transfers out	(161,902)	(166,349)	(166,349)	-
CHANGE IN FUND BALANCE	52,579	52,579	(33,251)	(85,830)
FUND BALANCE (Deficit), beginning of year	(52,579)	(52,579)	(52,996)	(417)
FUND BALANCE (Deficit), end of year	\$ -	\$ -	\$ (86,247)	\$ (86,247)

CITY OF AMITY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) – BUDGET AND ACTUAL - WATER BOND DEBT FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal	45,201	45,201	45,201	-
Interest	78,020	78,020	7,801	70,219
<i>Total Expenditures</i>	123,221	123,221	53,002	70,219
REVENUES OVER (UNDER) EXPENDITURES	(123,221)	(123,221)	(53,002)	70,219
OTHER FINANCING SOURCES (USES)				
Transfers in	140,150	140,150	122,670	(17,480)
CHANGE IN FUND BALANCE	16,929	16,929	69,668	52,739
FUND BALANCE (Deficit), beginning of year	551	551	(282)	(833)
FUND BALANCE, end of year	\$ 17,480	\$ 17,480	\$ 69,386	\$ 51,906

CITY OF AMITY, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – WATER CAPITAL PROJECTS FUND****YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 3,167,242	\$ 3,167,242	\$ 154,709	\$ (3,012,533)
Miscellaneous	1,000	1,000	-	(1,000)
<i>Total Revenues</i>	<u>3,168,242</u>	<u>3,168,242</u>	<u>154,709</u>	<u>(3,013,533)</u>
EXPENDITURES				
Personnel services	-	-	434	(434)
Materials and services	-	-	5	(5)
Capital outlay	3,167,242	3,167,242	102,285	3,064,957
<i>Total Expenditures</i>	<u>3,167,242</u>	<u>3,167,242</u>	<u>102,724</u>	<u>3,064,518</u>
REVENUES OVER (UNDER) EXPENDITURES	1,000	1,000	51,985	50,985
OTHER FINANCING SOURCES (USES)				
Transfers in	13,961	13,961	-	(13,961)
CHANGE IN FUND BALANCE	14,961	14,961	51,985	37,024
FUND BALANCE (Deficit), beginning of year	<u>(14,961)</u>	<u>(14,961)</u>	<u>(86,563)</u>	<u>(71,602)</u>
FUND BALANCE (Deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,578)</u>	<u>\$ (34,578)</u>

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – WATER SDC IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 22,072	\$ 2,072
EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	20,000	20,000	22,072	2,072
FUND BALANCE, beginning of year	46,842	46,842	53,740	6,898
FUND BALANCE, end of year	\$ 66,842	\$ 66,842	\$ 75,812	\$ 8,970

CITY OF AMITY, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – SEWER BOND FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal	112,019	112,019	112,019	-
Interest	51,103	55,550	52,885	2,665
<i>Total Expenditures</i>	<u>163,122</u>	<u>167,569</u>	<u>164,904</u>	<u>2,665</u>
REVENUES OVER (UNDER) EXPENDITURES	(163,122)	(167,569)	(164,904)	2,665
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>161,902</u>	<u>166,349</u>	<u>166,349</u>	<u>-</u>
CHANGE IN FUND BALANCE	(1,220)	(1,220)	1,445	2,665
FUND BALANCE (Deficit), beginning of year	<u>1,220</u>	<u>1,220</u>	<u>(33)</u>	<u>(1,253)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,412</u>	<u>\$ 1,412</u>

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – WATER LINE REPLACEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 10,278	\$ 278
EXPENDITURES				
Capital outlay	40,685	40,685	-	40,685
CHANGE IN FUND BALANCE	(30,685)	(30,685)	10,278	40,963
FUND BALANCE, beginning of year	30,685	30,685	30,953	268
FUND BALANCE, end of year	\$ -	\$ -	\$ 41,231	\$ 41,231

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – WATER SDC REIMBURSEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 4,592	\$ (408)
EXPENDITURES				
	-	-	-	-
CHANGE IN FUND BALANCE	5,000	5,000	4,592	(408)
FUND BALANCE, beginning of year	6,816	6,816	8,250	1,434
FUND BALANCE, end of year	<u>\$ 11,816</u>	<u>\$ 11,816</u>	<u>\$ 12,842</u>	<u>\$ 1,026</u>

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – SEWER SDC REIMBURSEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 34,750	\$ 14,750
EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	20,000	20,000	34,750	14,750
FUND BALANCE, beginning of year	50,489	50,489	57,215	6,726
FUND BALANCE, end of year	<u>\$ 70,489</u>	<u>\$ 70,489</u>	<u>\$ 91,965</u>	<u>\$ 21,476</u>

CITY OF AMITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) – BUDGET AND ACTUAL – SEWER SDC IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2018

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 5,696	\$ 696
EXPENDITURES				
Capital outlay	-	-	-	-
CHANGE IN FUND BALANCE	5,000	5,000	5,696	696
FUND BALANCE, beginning of year	7,256	7,256	9,453	2,197
FUND BALANCE, end of year	\$ 12,256	\$ 12,256	\$ 15,149	\$ 2,893

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Amity, Oregon as of and for the year ended June 30, 2018, and have issued our report thereon dated November 16, 2018.

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 Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

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

1. The City had overexpenditures as noted in the notes to the financial statements.
2. The City had deficit fund balances as noted in the notes to the financial statements.
3. The City failed to meet loan covenant reporting requirements as noted in the notes to the financial statements.
4. The City failed to comply with ORS 98.336 in turning over outstanding checks more than two years old to the State Division of Lands.
5. The City does not maintain historical cost or depreciation records for capital assets.

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 to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

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

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

By: 

Devan W. Esch, A Shareholder
November 16, 2018