

City of Veneta



VENETA, OREGON

Audit Report

June 30, 2011

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF VENETA

88184 Eighth Street
P.O. Box 458
Veneta, Oregon 97487
(541) 935-2191

CITY OFFICIALS

SHARON HOBART	Mayor
88145 9 th Street, Veneta, Oregon 97487	
SANDRA LARSON.	Council President
25456 E. Hunter Road, Veneta, Oregon 97487	
DARRELL L. CARMAN (Resigned December 31, 2010)	Council Member
87689 Blek Drive, Veneta, Oregon 97487	
MARION M. ESTY	Council Member
P.O. Box 969, Veneta, Oregon 97487	
T.J. BROOKER (Resigned December 31, 2010)	Council Member
PO Box 655, Veneta, Oregon 97487	
THOMAS COTTER	Council Member
88098 Huston Road, Veneta, Oregon 97487	
BRITTANY BOOTHE	Council Member
24781 Dunham Avenue, Veneta, Oregon 97487	

CITY ADMINISTRATION

R. RIC INGHAM	City Administrator
SHAUNA HARTZ	Finance Director

CITY OF VENETA

AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Veneta, Oregon

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Veneta, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Veneta, Oregon's management. My responsibility is to express opinions on these financial statements based on my audit.

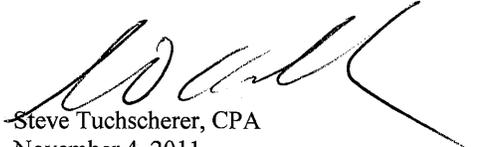
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta, Oregon, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 4, 2011, on my consideration of the City of Veneta, Oregon's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 36 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Veneta, Oregon's financial statements as a whole. The combining and individual non-major and major fund financial statements and additional supporting schedules included in the Other Supplementary Information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major and major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual non-major and major fund financial statements, and additional supporting schedules included in the Other Supplementary Information section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.


Steve Tuchscherer, CPA
November 4, 2011

MANAGEMENT'S DISCUSSION
AND ANALYSIS

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

The management staff of the City of Veneta, Oregon has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. The analysis focuses on changes in the City's financial position as an outcome of the significant financial issues and major financial activities occurring throughout the 2010-11 fiscal year. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

Readers are encouraged to consider the information presented here in conjunction with the City's financial statements which follow this discussion and analysis.

Overview of Financial Statements

The financial information contained in the City's Annual Financial Report is divided into the following sections:

I. Basic Financial Statements.

1. Government-wide Financial Statements. These documents are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements focus on the City's "major" operating funds, as determined by minimum criteria established by the Governmental Accounting Standards Board (GASB), with summary information for "non-major" funds.

The "Statement of Net Assets" presents information on all the City's assets and liabilities; the difference in value between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The "Statement of Activities" focuses on program operations and how these activities changed the City's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples of such items include earned, but uncollected, property taxes and earned, but unused compensated absences.

Further explanation of these statements can be found in the NOTES TO THE BASIC FINANCIAL STATEMENTS, Section 1. (B) and 1. (C).

2. Fund Financial Statements. These reports are designed to exhibit compliance with finance-related legal requirements demonstrated by the use of fund accounting. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives, such as the Parks and Recreation Fund. The City of Veneta currently uses two categories of funds, governmental funds and proprietary (enterprise) funds.
3. 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. The notes are an integral part of the financial statements and should be read in conjunction with them.

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

II. Supplementary Information.

1. Combining Statements. The activities of operating funds with a "non-major" designation are presented in this section. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
2. Budgetary Comparisons. Budgetary information for all funds, except the General Fund, which is presented within the Basic Financial Statements, is presented here.
3. Other Financial Schedules. Property tax information for both the City and the Urban Renewal Agency is included in this sub-section.

III. Reports of Independent Certified Public Accountants

1. Auditor's Comments. Supplemental communication on city compliance and internal controls as required by Oregon statutes.

Government-wide Financial Analysis

As stated earlier, changes in net assets over time is one indicator of whether the City's financial health is improving or declining. There are, however, other non-financial factors, such as changes in the economy and changes in the City's tax base, that influence the City's fiscal health. This report includes a comparison to the prior year to assist the reader in determining the status of the City's fiscal standing from year to year.

Government and Business assets and liabilities (rounded to the nearest \$1,000) were as follows:

	Government:		Business:		Total:		Variance Dollars	Variance %
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010		
Cash and investments	5,915,844	6,289,542	6,250,464	6,300,705	12,166,308	12,590,247	(423,939)	-0.03367
Other assets	560,568	743,798	612,760	539,424	1,173,328	1,283,222	(109,894)	-0.08564
Capital assets	17,119,594	14,582,983	16,679,518	16,544,068	33,799,112	31,127,051	2,672,061	0.085844
Total Assets	23,596,006	21,616,323	23,542,742	23,384,197	47,138,748	45,000,520	2,138,228	0.047516
Current liabilities	(997,174)	(1,013,556)	(518,110)	(444,064)	(1,515,284)	(1,457,620)	(57,664)	0.03956
Non-current liabilities	(3,999,812)	(4,371,760)	(3,806,142)	(3,896,738)	(7,805,954)	(8,268,498)	462,544	-0.05594
Total Liabilities	(4,996,986)	(5,385,316)	(4,324,252)	(4,340,802)	(9,321,238)	(9,726,118)	404,880	-0.04163
Net Assets:								
Invested in capital assets net of related debt	12,729,158	9,835,308	12,782,780	12,559,758	25,511,938	22,395,066	3,116,872	0.139177
Restricted for:								
Debt Service	606,556	830,132	231,298	231,298	837,854	1,061,430	(223,576)	-0.21064
Capital Projects	616,835	-	2,925,119	-	3,541,954	-	3,541,954	
Unrestricted net assets	4,646,471	5,565,567	3,279,293	6,252,339	7,925,764	11,817,906	(3,892,142)	-0.32934
Total Net Assets	18,599,020	16,231,007	19,218,490	19,043,395	37,817,510	35,274,402	2,543,108	7%

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

The City of Veneta reported net assets of \$35,274,402 as of June 30, 2010. For the fiscal year ending June 30, 2011 the net assets totaled \$37,817,510, a net increase of \$2,543,108. The increase is primarily attributable to Lane County's dedication of \$932,400 in infrastructure capital assets, including streets and sidewalks, to the City of Veneta and to the infrastructure investment made by the City in the downtown area. The City's investment in capital assets represents 68.4% of total net assets as of June 30, 2011.

The net asset values shown on the Statement of Net Assets are reduced by depreciation and any related outstanding debt used to acquire those assets. Capital assets include land, buildings, improvements, rights-of-way, equipment and infrastructure.

Government and Business revenues and expenses (rounded to the nearest \$1,000) were as follows:

	Government:		Business:		Totals:		Variance Dollars	Variance %
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010		
<u>Revenues</u>								
Program Revenues:								
Capital grants & contributions	8,902	63,056	-	-	8,902	63,056	(54,154)	-0.8588
Operating grants	167,165	37,368	-	-	167,165	37,368	129,797	3.4735
Charges for services	583,292	292,847	1,630,911	1,464,411	2,214,203	1,757,258	456,945	0.2600
Total Program Revenues	759,359	393,271	1,630,911	1,464,411	2,390,270	1,857,682	532,588	0.2867
General Revenues:								
Property taxes, franchise and public service tax	2,366,334	2,407,777	-	-	2,366,334	2,407,777	(41,443)	-0.0172
Interest & invest earnings	29,930	51,319	29,855	42,912	59,785	94,231	(34,446)	-0.3655
Interfund Transfers	132,500	-	(132,500)	-	-	-	-	-
Other	331,252	161,353	74,447	81,961	405,699	243,314	162,385	0.6674
Total General Revenues	2,860,016	2,620,449	(28,198)	124,873	2,831,818	2,745,322	86,496	0.0315
Total Revenues	3,619,375	3,013,720	1,602,713	1,589,284	5,222,088	4,603,004	619,084	0.1345
<u>Expenses:</u>								
General government	831,829	805,434			831,829	805,434	26,395	0.0328
Public safety	730,809	732,149			730,809	732,149	(1,340)	-0.0018
Highways & streets	196,726	182,662			196,726	182,662	14,064	0.0770
Culture & recreation	243,318	158,261			243,318	158,261	85,057	0.5374
Interest on debt	309,364	197,387	174,729	179,003	484,093	376,390	107,703	0.2861
Water			669,397	798,665	669,397	798,665	(129,268)	-0.1619
Sewer			756,951	852,099	756,951	852,099	(95,148)	-0.1117
Total Expenses	2,312,046	2,075,893	1,601,077	1,829,767	3,913,123	3,905,660	7,463	0.0019

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

Net Assets:

Change in net assets before special items	1,307,329	937,827	1,636	(240,483)	1,308,965	697,344	611,621	0
Equity transfer	(173,458)	-	173,458	-	-	-	-	-
Contributed capital	932,400	-	-	-	932,400	-	932,400	-
Change in net assets	2,066,271	937,827	175,094	(240,483)	2,241,365	697,344	1,544,021	2.2141
Prior period asset addition	301,742				301,742			
Net Assets Beginning of year	16,231,007	18,300,700	19,043,395	16,276,358	35,274,402	34,577,058	697,344	0.0202
Net Assets End of year	18,599,020	19,238,527	19,218,489	16,035,875	37,817,509	35,274,402	2,543,107	0.0721

Governmental Activities: Selected revenue categories in the governmental funds surpassed budget estimates during the 2010-2011 fiscal year. Property taxes collections, \$1,280,087, exceeded budget projections by just a little over \$24,000. Revenue from franchise fees, building permit fees, interest income, and court fines collected were slightly higher than expected; however, the land use fees and the telecommunication license fees were slightly below expectations for the year.

Governmental operating expenditures showed little change from the previous fiscal year. Payments for the GO Bond to construct the Swimming Pool started this year. This caused the total interest expenditure to increase from the 2009-2010 amounts.

Business Activities: The majority of the revenues in the Water and Sewer funds are charges for services. These charges produced 11% more income in fiscal year 2010-11 than in the prior year. The only other revenue source for the business type activities in 2010-11 was interest earnings of almost \$30,000.

Operating expenses, as defined in the Statement of Changes in Net Assets, in the Water fund decreased by 16% compared to the previous fiscal year. The Sewer fund experienced an 11% decrease. The decreases, for the most part, reflect a break in the scope of operational type project expenditures. For example, the work done on the Water Source Investigation and Pipeline projects totaled about \$177,000 in fiscal year 2009-2010 and only \$77,000 in fiscal year 2010-2011.

Capital Asset and Debt Administration

Capital Assets: As of June 30, 2011 the City had invested \$33,799,112 in capital assets, net of depreciation as reflected in the following table, this represents a net increase (additions, dispositions, and depreciation) of \$2,672,062 over the amount invested at June 30, 2010. The major capital asset additions in fiscal year 2010-11 were the infrastructure in the downtown area, dedicated infrastructure on Bolton Hill, upsizing of sewer lines on Territorial Highway, UV component of the sewer plant, and preliminary design work for the upcoming water pipeline project.

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

Government and Business Capital Assets (rounded to the nearest \$1,000) were as follows:

	Government:		Business:		Total:		Variance Dollars	Variance %
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010		
Land	2,560,351	2,560,351	522,009	522,009	3,082,360	3,082,360	-	0.00%
Construction in progress	-	2,761,898	295,655	245,693	295,655	3,007,591	(2,711,936)	-90.17%
Buildings & improvements	3,444,303	887,174	-	-	3,444,303	887,174	2,557,129	288.23%
Utility systems	-	-	19,693,873	19,202,967	19,693,873	19,202,967	490,906	2.56%
Machinery & equipment	127,141	150,612	-	-	127,141	150,612	(23,471)	-15.58%
Vehicles & mobile equipment	124,513	124,513	388,407	323,257	512,920	447,770	65,150	14.55%
Infrastructure	11,485,158	8,527,490	-	-	11,485,158	8,527,490	2,957,668	34.68%
Intangibles	46,494	-	-	-	46,494	-	46,494	0.00%
Other	681,531	652,483	-	-	681,531	652,483	29,048	4.45%
Total	18,469,491	15,664,521	20,899,944	20,293,926	39,369,435	35,958,447	3,410,988	9.49%
Total Depreciation	(1,349,897)	(1,081,538)	(4,220,426)	(3,749,859)	(5,570,323)	(4,831,397)	(738,926)	15.29%
Net Capital Assets	17,119,594	14,582,983	16,679,518	16,544,067	33,799,112	31,127,050	2,672,062	8.58%

Outstanding Debt: The City's long-term debt obligations include general obligation bonds for water system expansion and the Veneta Community Swimming Pool, revenue installment bonds and a note payable for sewer system improvements, two notes for property acquisition and one for infrastructure improvements on Bolton Hill Road.

Government and Business Obligations (rounded to the nearest \$1,000) were as follows:

	Government:		Business:		Total:		Variance Dollars	Variance %
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010		
Long Term Obligations:								
Notes payable	1,006,630	1,132,689	130,004	158,442	1,136,634	1,291,131	(154,497)	-11.97%
Bonds payable	3,383,806	3,614,986	3,766,733	3,825,867	7,150,539	7,440,853	(290,314)	-3.90%
Total Obligations	4,390,436	4,747,675	3,896,737	3,984,309	8,287,173	8,731,984	(444,811)	-5.09%

Information presented in this section includes the long-term debt of the Veneta Urban Renewal Agency. Additional information on the Agency's obligations can be found in the Agency's Annual Report dated June 30, 2011.

For more detailed information about the capital assets and the existing debt of the City, refer to the NOTES TO THE BASIC FINANCIAL STATEMENTS section of this Annual Report.

The Future of the City

Pending Water System Expansion: Providing adequate water resources for our community now and in the future remains a major challenge and priority for the City of Veneta. The City is moving forward with purchasing water, through a yet to be built pipeline, from EWEB to supplement the local well water resources. The preliminary design has been completed and the final design work is expected to be completed late spring or early summer of 2012.

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

Economic Development: The City will continue to explore opportunities to stimulate and/or support economic development. Through the Veneta Urban Renewal Agency, the City has completed the infrastructure development in the downtown area. The City has also secured grant money for the purposes of building the Fern Ridge Service Center on W. Broadway between Territorial Hwy and 2nd Street. The Veneta Farmers Market moved to the Northeast corner of the intersection of Territorial Highway and Luther Lane in the summer of 2010. The new location has proven to be beneficial in the markets continuing success and growth. Some of the projects planned for the 2011-12 fiscal year include completing the UV system expansion at the wastewater plant; continuing the design engineering for the water pipeline and beginning the design work for the Fern Ridge Service Center.

New Funds: The City created one new fund for the upcoming fiscal year (2011-2012). The fund is a Capital Projects type fund and will be used to budget and record financial activity related to the Water Pipeline Construction.

Requests for Information: This analysis is designed to provide a general overview of the City of Veneta's finances for all those with an interest in the City's financial position. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to:

Shauna Hartz, Finance Director
City of Veneta
P.O. Box 458
Veneta, Oregon 97487

BASIC FINANCIAL
STATEMENTS

Government – Wide
Financial Statements

CITY OF VENETA
STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 5,915,844	\$ 6,250,464	\$ 12,166,308
Receivables	433,372	275,788	709,160
Inventory	29,345	26,870	56,215
Prepaid Expenses	97,851	19,011	116,862
Total Current Assets	<u>6,476,412</u>	<u>6,572,133</u>	<u>13,048,545</u>
Restricted Assets:			
Sinking Funds for Debt Service	-	291,091	291,091
Total Restricted Assets	-	291,091	291,091
Capital Assets:			
Land	2,560,351	522,009	3,082,360
Buildings	3,444,303	-	3,444,303
Utility Systems	-	19,989,527	19,989,527
Equipment	933,185	388,408	1,321,593
Intangibles	46,494	-	46,494
Infrastructure	11,485,158	-	11,485,158
Less: Accumulated Depreciation	<u>(1,349,897)</u>	<u>(4,220,426)</u>	<u>(5,570,323)</u>
Total Capital Assets, Net of Depreciation	<u>17,119,594</u>	<u>16,679,518</u>	<u>33,799,112</u>
Total Assets	<u>\$ 23,596,006</u>	<u>\$ 23,542,742</u>	<u>\$ 47,138,748</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	\$ 261,853	\$ 115,685	\$ 377,538
Payroll Liabilities	59,293	2,281	61,574
Assessments and Surcharges Payable	3,022	-	3,022
Interest Payable	143,567	154,005	297,572
Deposits	61,683	15,027	76,710
Retainage Payable	-	13,192	13,192
Deferred Revenue	54,697	93,104	147,801
OPEB Payable	22,434	34,220	56,654
Current Portion of Long-Term Liabilities:			
Notes Payable	130,245	79,772	210,017
Bonds Payable	260,380	10,824	271,204
Total Current Liabilities	<u>997,174</u>	<u>518,110</u>	<u>1,515,284</u>
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	1,622,589	3,704,939	5,327,528
Bonds Payable	2,377,222	101,203	2,478,425
Total Long-Term Liabilities	<u>3,999,812</u>	<u>3,806,142</u>	<u>7,805,954</u>
Total Liabilities	<u>\$ 4,996,986</u>	<u>\$ 4,324,252</u>	<u>\$ 9,321,238</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	\$ 12,729,158	\$ 12,782,780	\$ 25,511,938
Restricted for:			
Debt Service	606,556	291,091	897,647
Capital Projects	616,835	2,925,119	3,541,954
Unrestricted	<u>4,646,471</u>	<u>3,219,499</u>	<u>7,865,970</u>
Total Net Assets	<u>\$ 18,599,020</u>	<u>\$ 19,218,489</u>	<u>\$ 37,817,509</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2011

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>(Expense) Revenue and Change in Net Assets</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 831,829	\$ 98,307	\$ 154,686	\$ -	\$ (578,836)
Public Safety	730,809	-	12,479	-	(718,330)
Public Works	196,726	238,057	-	-	41,331
Culture and Recreation	243,318	246,928	-	8,902	12,512
Interest Expense	309,364	-	-	-	(309,364)
Total Governmental Activities	\$ 2,312,046	\$ 583,292	\$ 167,165	\$ 8,902	\$ (1,552,687)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	\$ 669,397	\$ 677,147	\$ -	\$ -	\$ 7,750
Sewer Utilities	756,951	1,028,211	-	-	271,260
Interest on Long-Term Debt	174,729	-	-	-	(174,729)
Total Business-type Activities	\$1,601,077	\$1,705,358	\$ -	\$ -	\$ 104,281
Total Primary Government	\$3,913,123	\$2,288,650	\$ 167,165	\$ 8,902	\$ (1,448,406)
			<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CHANGES IN NET ASSETS:</u>					
Net (expense) revenue			\$ (1,552,687)	\$ 104,281	\$ (1,448,406)
<u>GENERAL REVENUES:</u>					
Local Sources:					
Property Taxes, levied for general purposes			278,625	-	278,625
Property Taxes, levied for debt service			768,521	-	768,521
Property Taxes, levied for public safety			698,746	-	698,746
Intergovernmental Tax Turnovers			338,283	-	338,283
State Revenue Sharing			38,174	-	38,174
Franchise Taxes			243,985	-	243,985
Interest and Investment Earnings			29,930	29,855	59,785
Other Revenue			331,252	-	331,252
Interfund Transfers			132,500	(132,500)	-
Subtotal - General Revenues			2,860,016	(102,645)	2,757,371
Change in Net Assets before Special Items			1,307,329	1,636	1,308,965
Equity Transfer			(173,458)	173,458	-
Contributed Capital			932,400	-	932,400
Change in Net Assets			2,066,271	175,094	2,241,365
Prior Period Adjustment - Additions to Capital Assets			301,742	-	301,742
Net Assets, July 1, 2010			16,231,007	19,043,395	35,274,402
Net Assets, June 30, 2011			\$ 18,599,020	\$ 19,218,489	\$ 37,817,509

The accompanying notes to the basic financial statements are an integral part of this statement.

Governmental Fund
Financial Statements

CITY OF VENETA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	Component Unit										Total Governmental Funds
	General Fund	Law Enforcement Fund	Street Fund	Reserve - Governmental Fund	Local Improvement Fund	Capital Projects - W. Broadway Development Fund	Capital Projects - New Pool Fund	Urban Renewal General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	
ASSETS:											
Cash and Investments	\$ 765,841	\$ 651,926	\$ 1,242,407	\$ 709,884	\$ 123,402	\$ 44,980	\$ 118	\$ 622,767	\$ 307,319	\$ 1,447,200	\$ 5,915,844
Receivables:											
Accounts	7,199	18,761	-	-	-	-	-	-	-	-	25,960
Loans	-	-	-	-	-	-	-	-	-	13,455	13,455
Assessments	-	-	-	-	93,683	-	-	-	-	-	93,683
Property Tax	15,592	44,894	-	-	-	-	-	41,369	-	16,929	118,784
Franchise Fees	19,793	-	19,793	-	-	-	-	-	-	11,745	51,331
Liens	6,058	-	3,360	-	-	-	-	-	-	-	9,418
Other	11,956	-	34,947	-	-	-	-	-	-	68,518	115,421
Interfund	-	-	-	-	-	-	-	-	-	85,000	85,000
Patronage Capital	5,320	-	-	-	-	-	-	-	-	-	5,320
Prepaid Expenses	-	-	17,838	-	-	-	-	-	-	80,013	97,851
Inventory - Land	29,345	-	-	-	-	-	-	-	-	-	29,345
Total Assets	\$ 861,104	\$ 715,581	\$ 1,318,345	\$ 709,884	\$ 217,085	\$ 44,980	\$ 118	\$ 622,767	\$ 348,688	\$ 1,722,860	\$ 6,561,412
LIABILITIES AND FUND BALANCES:											
Liabilities:											
Accounts Payable	\$ 37,493	\$ 179,831	\$ 4,433	\$ -	\$ -	\$ 17,947	\$ -	\$ 5,932	\$ -	\$ 16,217	\$ 261,853
Assessments and Surcharges Payable	3,022	-	-	-	-	-	-	-	-	-	3,022
Payroll Payable	58,167	-	437	-	-	-	-	-	-	689	59,293
Deposits	-	-	61,683	-	-	-	-	-	-	-	61,683
Deferred Revenue	77,654	43,375	18,730	-	93,683	-	-	-	41,369	88,579	363,390
Interfund Loan Payable	-	-	-	-	-	-	85,000	-	-	-	85,000
Total Liabilities	176,336	223,206	85,283	-	93,683	17,947	85,000	5,932	41,369	105,485	834,241
Fund Balances:											
Restricted for:											
Debt Service	-	-	-	-	123,402	-	-	-	307,319	175,835	606,556
Urban Renewal Projects	-	-	-	-	-	-	-	616,835	-	-	616,835
Committed for:											
Street and Road Projects	-	-	1,233,062	-	-	-	-	-	-	-	1,233,062
Public Safety	-	492,375	-	-	-	-	-	-	-	-	492,375
Parks and Recreation Programs	-	-	-	-	-	-	-	-	-	272,453	272,453
Community Development Projects	-	-	-	709,884	-	-	-	-	-	675,994	1,385,878
Capital Projects	-	-	-	-	-	27,033	(84,882)	-	-	493,093	435,244
Unassigned	684,768	-	-	-	-	-	-	-	-	-	684,768
Total Fund Balances	684,768	492,375	1,233,062	709,884	123,402	27,033	(84,882)	616,835	307,319	1,617,375	5,727,171
Total Liabilities & Fund Balances	\$ 861,104	\$ 715,581	\$ 1,318,345	\$ 709,884	\$ 217,085	\$ 44,980	\$ 118	\$ 622,767	\$ 348,688	\$ 1,722,860	\$ 6,561,412

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

JUNE 30, 2011

Total Fund Balances - Governmental Funds \$ 5,727,171

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$18,469,491	
The accumulated depreciation is -	<u>(1,349,897)</u>	
Net Value of Assets		17,119,594

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes	76,087	
Franchises	30,741	
Other Revenues	<u>201,865</u>	
		308,693

Interest Payable is not recorded in the governmental funds (143,567)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. (4,412,871)

Net Assets of Governmental Activities **\$ 18,599,020**

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2011

	Component Unit										Total Governmental Funds
	General Fund	Law Enforcement Fund	Street Fund	Reserve- Governmental Fund	Local Improvement Fund	Capital Projects - W. Broadway Development Fund	Capital Projects New Pool Fund	Urban Renewal General Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	
REVENUES:											
Taxes and Assessments	\$ 164,140	\$ 698,746	\$ 79,104	\$ -	\$ 35,979	\$ -	\$ -	\$ -	\$ 637,080	\$ 483,176	\$ 2,098,225
Intergovernmental	74,977	-	238,814	-	-	-	-	-	-	62,666	376,457
Franchise Fees	91,171	62,073	91,171	-	-	-	-	-	-	-	244,415
Licenses & Permits	71,858	-	-	-	-	-	-	-	-	-	71,858
Charges for Service	-	-	-	-	-	-	-	-	-	167,060	167,060
Fines and Forfeitures	31,769	-	-	-	-	-	-	-	-	-	31,769
Investment Revenue	2,963	2,885	4,700	3,455	499	-	-	4,421	2,858	8,149	29,930
Grants & Donations	6,164	12,479	-	-	-	-	8,902	-	-	148,522	176,067
Other Revenue	53,189	-	541	-	-	76,280	155,900	-	-	22,119	308,029
Total Revenues	496,231	776,183	414,330	3,455	36,478	76,280	164,802	4,421	639,938	891,692	3,503,810
EXPENDITURES:											
Current Operating:											
General Government	423,351	-	-	-	3,494	-	-	21,367	-	156,010	604,222
Public Safety	-	706,317	-	-	-	-	-	-	-	24,492	730,809
Highway and Streets	-	-	196,726	-	-	-	-	-	-	-	196,726
Culture and Recreation	-	-	-	-	-	-	-	-	-	243,318	243,318
Debt Service											
Principal	-	-	16,868	-	6,500	-	-	-	755,000	178,871	957,239
Interest	-	-	1,701	-	12,571	-	-	-	123,970	97,274	235,516
Capital Outlay	5,523	-	-	-	-	1,525,675	111,302	-	-	50,721	1,693,221
Total Expenditures	428,874	706,317	215,295	-	22,565	1,525,675	111,302	21,367	878,970	750,686	4,661,051
Excess (Deficiency) of Revenues											
Over Expenditures	67,357	69,866	199,035	3,455	13,913	(1,449,395)	53,500	(16,946)	(239,032)	141,006	(1,157,241)
OTHER FINANCING SOURCES (USES):											
Interfund Transfers In	25,958	-	-	-	-	1,581,595	428,200	-	-	145,000	2,180,753
Interfund Transfers (Out)	(100,000)	-	(5,000)	(150,000)	-	-	-	(1,265,053)	-	(528,200)	(2,048,253)
Loan Proceeds In	-	-	-	-	-	-	-	600,000	-	-	600,000
Total Other Financing Sources (Uses)	(74,042)	-	(5,000)	(150,000)	-	1,581,595	428,200	(665,053)	-	(383,200)	732,500
Net Change in Fund Balances	(6,685)	69,866	194,035	(146,545)	13,913	132,200	481,700	(681,999)	(239,032)	(242,194)	(424,741)
FUND BALANCES, July 1, 2010	691,453	422,509	1,039,027	856,429	109,489	(105,167)	(566,582)	1,298,834	546,351	1,859,569	6,151,912
FUND BALANCES, June 30, 2011	\$ 684,768	\$ 492,375	\$ 1,233,062	\$ 709,884	\$ 123,402	\$ 27,033	\$ (84,882)	\$ 616,835	\$ 307,319	\$ 1,617,375	\$ 5,727,171

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2011

Net changes in fund balances - total governmental funds		\$ (424,741)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	\$ 1,744,286	
Less current year depreciation	<u>(268,359)</u>	1,475,927
Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.		
The changes in amounts deferred are as follows:		
Property Taxes	(34,411)	
Franchises	(430)	
Other Revenues	<u>17,903</u>	(16,938)
Expense accruals in the governmental funds do not include all accrued interest expense payable. The change in payables from the prior year to the current year is reconciled here.		
		(73,848)
Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.		
OPEB Obligation		(10,310)
Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Assets		
		-
Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Assets.		
Retirement of debt principal is as follows:		
General Obligations Bonds and Notes Payable	<u>357,239</u>	
Amounts transferred to other funds is not recorded in the fund financial statements.		
		(173,458)
Amounts contributed to governmental activities from other sources is not recorded in the fund financial statements.		
		932,400
Changes in net assets of governmental assets		<u>\$ 2,066,271</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

Proprietary Fund
Financial Statements

CITY OF VENETA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Capital Construction - Enterprise Fund</u>	<u>Reserve - Enterprise Fund</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>					
Current Assets:					
Cash and Investments	\$ 936,479	\$ 839,817	\$ 3,162,585	\$ 1,311,583	\$ 6,250,464
Receivables	93,706	125,167	56,915	-	275,788
Inventory	26,870	-	-	-	26,870
Total Current Assets	<u>1,076,066</u>	<u>964,984</u>	<u>3,219,500</u>	<u>1,311,583</u>	<u>6,572,133</u>
Restricted Assets:					
Sinking Funds for Debt Service	-	291,091	-	-	291,091
Total Restricted Assets	<u>-</u>	<u>291,091</u>	<u>-</u>	<u>-</u>	<u>291,091</u>
Capital Assets:					
Land	265,338	256,671	-	-	522,009
Utility Plants	9,619,841	10,369,686	-	-	19,989,527
Equipment	198,907	189,501	-	-	388,408
Less: Accumulated Depreciation	<u>(1,915,342)</u>	<u>(2,305,084)</u>	<u>-</u>	<u>-</u>	<u>(4,220,426)</u>
Total Capital Assets, Net of Depreciation	<u>8,168,744</u>	<u>8,510,774</u>	<u>-</u>	<u>-</u>	<u>16,679,518</u>
Total Assets	<u>9,244,810</u>	<u>9,766,849</u>	<u>3,219,500</u>	<u>1,311,583</u>	<u>23,542,742</u>
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	41,669	74,016	-	-	115,685
Accrued Compensated Absences	1,176	1,105	-	-	2,281
Interest Payable	1,034	152,971	-	-	154,005
Deposits	15,027	-	-	-	15,027
Retainage Payable	-	13,192	-	-	13,192
Deferred Revenue	-	93,104	-	-	93,104
OPEB Payable	17,167	17,053	-	-	34,220
Current Portion of Long-Term Liabilities					
Note Payable	17,977	61,795	-	-	79,772
Bond Payable	<u>-</u>	<u>10,824</u>	<u>-</u>	<u>-</u>	<u>10,824</u>
Total Current Liabilities	<u>94,050</u>	<u>424,060</u>	<u>-</u>	<u>-</u>	<u>518,110</u>
Long-Term Liabilities:					
Noncurrent Portion of Long-Term Liabilities					
Note Payable	-	3,704,939	-	-	3,704,939
Bond Payable	<u>-</u>	<u>101,203</u>	<u>-</u>	<u>-</u>	<u>101,203</u>
Total Long-Term Liabilities	<u>-</u>	<u>3,806,142</u>	<u>-</u>	<u>-</u>	<u>3,806,142</u>
Total Liabilities	<u>94,050</u>	<u>4,230,202</u>	<u>-</u>	<u>-</u>	<u>4,324,252</u>
<u>NET ASSETS:</u>					
Invested in capital assets, net of related debt	8,150,767	4,632,013	-	-	12,782,780
Restricted for:					
Capital Projects	-	-	3,219,500	-	3,219,500
Debt Service	-	291,091	-	-	291,091
Unrestricted	<u>999,993</u>	<u>613,543</u>	<u>-</u>	<u>1,311,583</u>	<u>2,925,119</u>
Total Net Assets	<u>\$ 9,150,760</u>	<u>\$ 5,536,647</u>	<u>\$ 3,219,500</u>	<u>\$ 1,311,583</u>	<u>\$ 19,218,490</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2011

	Water Fund	Sewer Fund	Capital Construction - Enterprise Fund	Reserve - Enterprise Fund	Total Enterprise Funds
<u>OPERATING REVENUES:</u>					
Charges for Services & Fees	\$ 635,783	\$ 938,498	\$ 130,319	\$ -	\$ 1,704,600
Miscellaneous	611	147	-	-	758
Total Revenues	636,394	938,645	130,319	-	1,705,358
<u>OPERATING EXPENSES:</u>					
Personal Services	327,376	327,195	-	-	654,571
Materials and Supplies	135,665	155,997	-	-	291,662
Depreciation Expense	206,356	273,759	-	-	480,115
Total Operating Expenses	669,397	756,951	-	-	1,426,348
Income (Loss) from Operations	(33,003)	181,694	130,319	-	279,010
<u>NON-OPERATING REVENUES (EXPENSES):</u>					
Investment Revenue	4,369	4,678	15,055	5,753	29,855
Interest Expense	(1,034)	(173,695)	-	-	(174,729)
Total Non-Operating Revenues (Expenses)	3,335	(169,017)	15,055	5,753	(144,874)
Income before Contributions & Transfers	(29,668)	12,677	145,374	5,753	134,136
Transfers to Other Funds	(5,000)	(55,000)	(72,500)	-	(132,500)
Equity Transfers In (Out)	82,136	91,323	-	-	173,459
Changes in Net Assets	47,468	49,000	72,874	5,753	175,095
TOTAL NET ASSETS, June 30, 2010	9,103,292	5,487,647	3,146,626	1,305,830	19,043,395
TOTAL NET ASSETS, June 30, 2011	\$ 9,150,760	\$ 5,536,647	\$ 3,219,500	\$ 1,311,583	\$ 19,218,490

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Capital Construction - Enterprise Fund	Reserve - Enterprise Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 633,050	\$ 949,510	\$ 73,404	\$ -	\$ 1,655,964
Cash Payments for Employee Services	(318,636)	(318,545)	-	-	(637,181)
Cash Payments to Suppliers	(172,644)	(85,968)	-	-	(258,612)
Net Cash Provided (Used) by Operating Activities	141,770	544,997	73,404	-	760,171
<u>Cash Flows from Non-capital Financing Activities:</u>					
Transfer to Other Funds	(5,000)	(55,000)	(72,500)	-	(132,500)
Net Cash Provided (Used) by Non-capital Financing Activities	(5,000)	(55,000)	(72,500)	-	(132,500)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(89,140)	(352,966)	-	-	(442,106)
Principal Paid on Long Term Debt	(17,977)	(69,595)	-	-	(87,572)
Interest Paid on Long Term Debt	(1,813)	(176,276)	-	-	(178,089)
Net Cash Provided (Used) by Capital and Related Financing Activities	(108,930)	(598,837)	-	-	(707,767)
<u>Cash Flows from Investing Activities:</u>					
Investment Income	4,369	4,678	15,055	5,753	29,855
Net Cash Provided (Used) by Investing Activities	4,369	4,678	15,055	5,753	29,855
Cash and Cash Equivalents at July 1, 2010	904,270	1,235,070	3,146,626	1,305,830	6,591,796
Cash and Cash Equivalents at June 30, 2011	\$ 936,479	\$ 1,130,908	\$ 3,162,585	\$ 1,311,583	\$ 6,541,555

Reconciliation of income (loss) from operations

<u>to net cash provided (used) by operating activities:</u>					
Income (loss) from operations	\$ (33,003)	\$ 181,694	\$ 130,319	\$ -	\$ 279,010
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:					
Depreciation	206,356	273,759	-	-	480,115
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	9,817	6,659	(50,999)	-	(34,523)
Decrease (increase) in inventory	(19,802)	-	-	-	(19,802)
Decrease (increase) in prepaid expense	(19,011)	-	-	-	(19,011)
Increase (decrease) in deposits	(13,161)	-	-	-	(13,161)
Increase (decrease) in payables	10,574	78,679	-	-	89,253
Increase (decrease) in deferred revenues	-	4,206	(5,916)	-	(1,710)
Net cash provided (used) by operating activities	\$ 141,770	\$ 544,997	\$ 73,404	\$ -	\$ 760,171

The accompanying notes to the basic financial statements are an integral part of this statement.

Notes to the Basic
Financial Statements

CITY OF VENETA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Veneta, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected four member council. Administration officials are appointed by the council and are responsible for the day-to-day operations of the City.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

A. Reporting Entity

In determining the financial reporting entity, the City of Veneta complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of Veneta has one component unit, the Urban Renewal Agency.

Blended Component Unit. The City has included the financial operations of its Urban Renewal Agency as a blended component unit in the basic financial statements. The Agency is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. The Agency is reported as a special revenue fund and a debt service fund. Complete financial statements for the Agency can be obtained from the Finance Department of the City.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are 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. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

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

Net assets are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Fund Financial Statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Law Enforcement Fund – The Law Enforcement Fund accounts for property tax revenue and expenditures relating to the City's contracted law enforcement services.

Street Fund – The Street Fund accounts for revenues from Franchise Fees, State Highway Funds, and Gas Taxes, and expenditures related to maintaining the streets within the city.

Reserve- Governmental Fund – The Reserve- Governmental Fund accounts for interfund transfers in and out for various governmental projects.

Local Improvement Fund – The Local Improvement Fund accounts for revenues from local improvement assessments and expenditures related to engineering and construction costs and debt service of improvement loans.

Capital Projects Fund – W. Broadway Development – The Capital Construction - W. Broadway Development Fund accounts for the planning, design, and improvements and expansion of West Broadway Avenue.

Capital Projects Fund – New Pool – The Capital Projects Fund - New Pool accounts for the resources and expenditures used to develop and construct the new city pool. Resources were provided by bond proceeds and fundraising/donations.

Urban Renewal General Fund - The Urban Renewal General Fund is the general operating fund of the Urban Renewal Agency. It is used to account for all the financial resources except those required to be accounted for in another fund. The principal source of revenue is interest on investments. Primary expenditures of the Urban Renewal General Fund were made for the City's downtown redevelopment project.

Urban Renewal Debt Service Fund – The Urban Renewal Debt Service Fund accounts for the payment of principal and interest on urban renewal bonds. Resources are provided from tax increment proceeds and interest earnings.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Basis of Presentation (Cont.)

Additionally the City also reports non-major funds within the governmental fund type.

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Non-major special revenue funds include Park and Recreation Fund, Public Works Equipment Fund, Commercial Loan Fund, 911 Agency Fund, Planning Fund, Reserve Fund, Applegate Pioneer Museum Fund, Grants Fund, Inverse Condemnation Fund, Storm Water Drainage Fund, and Zumwalt Campground Fund.

Debt Service Funds account for the accumulation of resources and the payment of debt including principal, interest and other costs. Non-major debt service funds include Debt Service Fund, Debt Service Lease/Purchase Fund.

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or propriety funds). Non-major capital projects funds include the Capital Construction Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities.

Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities.

Other Funds - The Capital Construction Fund– Enterprise and Reserve Fund– Enterprise are used to account for resources and expenditures to be used in the future to benefit the water and/or sewer utilities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net as-

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. Measurement Focus/Basis of Accounting (Cont.)

sets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of personnel, sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

E. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the City to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon,

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

E. Cash and Investments (Cont.)

and numerous other investment instruments.

The City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-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 included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

F. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid in full by May 15.

G. Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

H. Receivables & Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

An allowance for bad debts is not carried in the enterprise funds as the City has strong enforcement procedures including discontinuing services and any uncollectible amounts would be immaterial. An allowance for bad debt is not carried in the governmental funds because the City has determined that any uncollectible amount would be immaterial to the financial statements.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

I. Deferred Revenue

The City reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

J. Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased. The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

K. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability, are segregated in the statements of net assets and are classified as restricted assets on the Statement of Net Assets because their use is limited. For the fiscal year ended June 30, 2011 the City had sinking funds for debt service of \$1,186,237 in restricted assets.

L. Long-Term Debt

All bonds and capital leases to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Assets.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

M. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	40-50 years
Furniture and Office Equipment	3-5 years
Machinery and Equipment	10-20 years
Vehicles	5-10 years
Water and Sewer Systems	40-50 years
Infrastructure	15-65 years

One-half year of depreciation is taken in the year the assets are acquired or retired.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

N. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

O. Equity Classifications:

Government-wide Statements

Equity is classified as net assets, which represents the difference between assets and liabilities. Net assets are displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of June 30, 2011.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for various projects that are to be used for governmental purposes.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the City Council, and does not lapse at year-end. The City did not have any committed resources as of June 30, 2011.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

O. Equity Classifications (Cont):

- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

P. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

2. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain

Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

2. CASH AND INVESTMENTS (CONT.):

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2011, the reported amount of the City's deposits was \$3,557,584 and the bank balance was \$3,657,505. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2011, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2011, the City's investments in financial institutions were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$ 8,899,565</u>	N/A
Total Investments	<u>\$ 8,899,565</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the City's total investments.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2011:

Governmental Activities	June 30, 2010	Additions	Deletions	June 30, 2011
Assets not being depreciated:				
Land	\$ 2,560,351			\$ 2,560,351
Construction-In-Process	2,761,898		2,761,898	-
Assets being depreciated:				
Buildings	887,174	2,557,129		3,444,303
Other	652,483	29,048		681,531
Machinery & Equipment	150,612	4,572	28,043	127,141
Vehicles	124,513			124,513
Intangibles		46,494		46,494
Infrastructure*	8,527,490	2,957,668	-	11,485,158
Total Depreciable Assets	10,342,272	5,594,911	28,043	15,909,140
Less: Accumulated Depreciation				
Buildings	173,136			173,136
Other	192,579			192,579
Machinery & Equipment	106,637			106,637
Vehicles	107,988			107,988
Infrastructure*	501,198	269,859	1,500	769,557
Total Accumulated Depreciation	1,081,538	269,859	1,500	1,349,897
Net Value of Capital Assets Being Depreciated	9,260,734	5,325,052	26,543	14,559,243
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 14,582,983</u>	<u>\$ 5,325,052</u>	<u>\$ 2,788,441</u>	<u>\$ 17,119,594</u>
Business-type Activities				
Assets not being depreciated:				
Land	\$ 522,009	\$ -	\$ -	\$ 522,009
System - Construction-In-Process	219,149	140,073	63,567	295,655
Equipment - Construction-In-Progress	26,544	-	26,544	-
	-	-	-	-
Assets being depreciated:				
Utility Plants	19,202,967	500,454	9,548	19,693,873
Equipment	323,257	65,150	-	388,407
Total Depreciable Assets	19,526,224	565,604	9,548	20,082,280
Less: Accumulated Depreciation				
Utility Plants	3,544,464	480,115	9,548	4,015,031
Equipment	205,395	-	-	205,395
Total Accumulated Depreciation	3,749,859	480,115	9,548	4,220,426
Net Value of Capital Assets Being Depreciated	15,776,365	85,489	-	15,861,854
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 16,544,067</u>	<u>\$ 225,562</u>	<u>\$ 90,111</u>	<u>\$ 16,679,518</u>
Total Net Assets of Primary Government	<u>\$ 31,127,050</u>	<u>\$ 5,550,614</u>	<u>\$ 2,878,552</u>	<u>\$ 33,799,112</u>
Depreciation expense was charged to functions of the primary government as follows:				
Governmental Activities:		Business-Type Activities		
General Government	\$ 269,859		Water Utilities	\$ 206,356
			Sewer Utilities	273,759
Total depreciation expense - governmental activities	<u>\$ 269,859</u>			<u>\$ 480,115</u>

* With the implementation of GASB #34, the City elected the prospective reporting approach for infrastructure assets. Accordingly, only infrastructure assets acquired on July 1, 2003 and thereafter will be presented in the financial statements.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

4. LONG-TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

	Outstanding Balance July 1, 2010	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2011	Due within One Year
GOVERNMENTAL ACTIVITIES					
Note Payable To Siuslaw Bank for the acquisition of land					
Original Balance: \$925,000					
Dated: January 15, 2009					
Interest Rate: 4.95%					
Principal	\$ 832,166	\$ -	\$ 77,911	\$ 754,255	\$ 81,746
Interest	-	40,301	40,301	-	36,467
Totals	\$ 832,166	\$ 40,301	\$ 118,212	\$ 754,255	\$ 118,213
Note Payable To Siuslaw Bank for financing of local improvements to be retired by assessment					
Original Balance: \$223,502					
Dated: June 18, 2009					
Interest Rate: 5.75%					
Principal	\$ 217,227	\$ -	\$ 6,500	\$ 210,727	\$ 6,851
Interest	-	12,571	12,571	-	12,222
Totals	\$ 217,227	\$ 12,571	\$ 19,071	\$ 210,727	\$ 19,073
Note Payable To St. Catherine of Siena Catholic Church for the acquisition of real property.					
<i>Governmental Fund portion of debt is 69.85%, reported here.</i>					
<i>Balance is reported in Business-Type Activities Debt section</i>					
Original Balance: \$238,500					
Dated: July 28, 2009					
Interest Rate: 5.75%					
Principal	\$ 83,296	\$ -	\$ 41,648	\$ 41,648	\$ 41,648
Interest	-	4,199	4,199	-	2,394
Totals	\$ 83,296	\$ 4,199	\$ 45,847	\$ 41,648	\$ 44,043
Urban Renewal Bonds, Series 2001 issued for the purpose of financing various urban renewal projects					
Original Balance: \$3,360,000					
Dated: December 2000					
Interest Rate: Varies 3.90% - 5.675%					
Principal	\$ 2,255,000	\$ -	\$ 155,000	\$ 2,100,000	\$ 165,000
Interest	-	123,445	123,445	-	115,850
Totals	\$ 2,255,000	\$ 123,445	\$ 278,445	\$ 2,100,000	\$ 280,850
General Obligation Water Bonds held by CAPMARK for Water System Construction					
Original Balance: \$1,000,000					
Dated: August 25, 1981					
Interest Rate: 5.00%					
Principal	\$ 259,986	\$ -	\$ 46,180	\$ 213,806	\$ 65,380
Interest	-	11,100	11,100	-	8,239
Totals	\$ 259,986	\$ 11,100	\$ 57,280	\$ 213,806	\$ 73,619

CITY OF VENETA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

4. LONG-TERM DEBT (Cont.):

	Outstanding Balance July 1, 2010	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2011	Due within One Year
General Obligation Bonds held by U.S. National Bank for construction of a new swimming pool facility					
Original Balance: \$1,100,000					
Dated: February 12, 2010					
Interest Rate: 4.45%					
Principal	\$ 1,100,000	\$ -	\$ 30,000	\$ 1,070,000	\$ 30,000
Interest	-	43,375	43,375	-	47,615
Totals	<u>\$ 1,100,000</u>	<u>\$ 43,375</u>	<u>\$ 73,375</u>	<u>\$ 1,070,000</u>	<u>\$ 77,615</u>
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 4,747,675	\$ -	\$ 357,239	\$ 4,390,436	\$ 390,625
Interest	-	234,991	234,991	-	222,788
Totals	<u>\$ 4,747,675</u>	<u>\$ 234,991</u>	<u>\$ 592,230</u>	<u>\$ 4,390,436</u>	<u>\$ 613,412</u>
BUSINESS-TYPE ACTIVITIES					
Note Payable with DEQ for Sewer System Improvements					
Original Balance: \$1,033,420					
Dated: August 14, 2000					
Interest Rate: 3.43%					
Principal	\$ 122,488	\$ -	\$ 10,461	\$ 112,027	\$ 10,824
Interest	-	3,908	3,908	-	3,750
Totals	<u>\$ 122,488</u>	<u>\$ 3,908</u>	<u>\$ 14,369</u>	<u>\$ 112,027</u>	<u>\$ 14,574</u>
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance: \$4,255,700					
Dated August 8, 2000					
Interest Rate - 4.50%					
Principal	\$ 3,825,867	\$ -	\$ 59,134	\$ 3,766,733	\$ 61,795
Interest	-	169,787	169,787	-	169,503
Totals	<u>\$ 3,825,867</u>	<u>\$ 169,787</u>	<u>\$ 228,921</u>	<u>\$ 3,766,733</u>	<u>\$ 231,298</u>
Note Payable To St. Catherine of Siena Catholic Church for the acquisition of real property.					
<i>Business-Type Fund portion of debt is 30.15%, reported here.</i>					
<i>Balance is reported in Governmental Activities Debt section</i>					
Original Balance: \$238,500					
Dated July 28, 2009					
Interest Rate - 5.75%					
Principal	\$ 35,954	\$ -	\$ 17,977	\$ 17,977	\$ 17,977
Interest	-	1,034	1,034	-	1,034
Totals	<u>\$ 35,954</u>	<u>\$ 1,034</u>	<u>\$ 19,011</u>	<u>\$ 17,977</u>	<u>\$ 19,010</u>
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 3,984,309	\$ -	\$ 87,572	\$ 3,896,737	\$ 90,596
Interest	-	174,729	174,729	-	174,287
Totals	<u>\$ 3,984,309</u>	<u>\$ 174,729</u>	<u>\$ 262,301</u>	<u>\$ 3,896,737</u>	<u>\$ 264,882</u>
TOTAL DEBT AGREEMENTS:					
Principal	\$ 8,731,984	\$ -	\$ 444,811	\$ 8,287,173	\$ 481,221
Interest	-	409,720	409,720	-	397,074
Totals	<u>\$ 8,731,984</u>	<u>\$ 409,720</u>	<u>\$ 854,531</u>	<u>\$ 8,287,173</u>	<u>\$ 878,295</u>

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

4. LONG-TERM DEBT (CONT.):

The debt service requirements on the above debt is as follows:

<u>Governmental Activities</u>	<u>Due Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Note Payable with Siuslaw Bank	2012	81,746	36,467	118,213
	2013	86,022	32,191	118,213
	2014	90,421	27,792	118,213
	2015	95,045	23,168	118,213
	2016	99,860	18,352	118,213
	2017-2019	301,298	23,871	325,170
	Total	<u>\$ 754,392</u>	<u>\$ 161,841</u>	<u>\$ 916,232</u>
Note Payable with Siuslaw Bank	2012	\$ 6,851	\$ 12,222	\$ 19,073
	2013	7,287	11,784	19,071
	2014	7,718	11,353	19,071
	2015	8,174	10,897	19,071
	2016	8,630	10,441	19,071
	2017-2021	51,570	43,784	95,355
	2022-2026	68,743	26,611	95,355
	2027-2029	51,759	5,453	57,213
	Total	<u>\$ 210,732</u>	<u>\$ 132,546</u>	<u>\$ 343,279</u>
Note Payable to St. Catherine Siena Catholic Church - Governmental portion	2012	\$ 41,648	\$ 2,394	\$ 44,043
	Total	<u>\$ 41,648</u>	<u>\$ 2,394</u>	<u>\$ 44,043</u>
Urban Renewal Bonds, Series 2001	2012	\$ 165,000	\$ 115,850	\$ 280,850
	2013	175,000	106,981	281,981
	2014	180,000	97,575	277,575
	2015	190,000	87,900	277,900
	2016	200,000	77,688	277,688
	2017-2021	1,190,000	207,844	1,397,844
	Total	<u>2,100,000</u>	<u>693,838</u>	<u>2,793,838</u>
General Obligation Water Bond Debt	2012	\$ 65,380	\$ 8,239	\$ 73,619
	2013	65,380	4,944	70,324
	2014	64,230	1,648	65,878
	Total	<u>\$ 194,990</u>	<u>\$ 14,831</u>	<u>\$ 209,821</u>
General Obligation Bonds - Swimming Pool Facility - Original Balance \$1,000,000	2012	\$ 30,000	\$ 47,615	\$ 77,615
	2013	33,000	46,280	79,280
	2014	36,000	44,812	80,812
	2015	38,000	43,210	81,210
	2016	43,000	41,519	84,519
	2017-2021	272,000	175,597	447,597
	2022-2026	359,000	107,156	466,156
	2027-2029	259,000	23,407	282,407
	Total	<u>\$ 1,070,000</u>	<u>\$ 529,595</u>	<u>\$ 1,599,595</u>

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

4. LONG-TERM DEBT (CONT.):

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<u>Business-Type Activities</u>				
Note Payable with DEQ	2012	\$ 10,824	\$ 3,750	\$ 14,574
	2013	11,198	3,376	14,574
	2014	11,585	2,989	14,574
	2015	11,986	2,588	14,574
	2016	12,401	2,173	14,574
	2017-2020	54,033	4,253	58,286
	Total	<u>\$ 112,027</u>	<u>\$ 19,129</u>	<u>\$ 131,156</u>
Note Payable with USDA Rural Development	2012	\$ 61,795	\$ 169,503	\$ 231,298
	2013	64,576	166,722	231,298
	2014	67,482	163,816	231,298
	2015	70,518	160,780	231,298
	2016	73,692	157,606	231,298
	2017-2021	420,987	735,203	1,156,190
	2022-2026	525,001	631,462	1,156,463
	2027-2031	654,246	502,244	1,156,490
	2032-2036	815,309	341,181	1,156,490
	2037-2041	1,013,127	140,465	1,153,592
Total	<u>\$ 3,766,733</u>	<u>\$ 3,168,982</u>	<u>\$ 6,935,715</u>	
Note Payable to St. Catherine of Siena Catholic Church - Business-type portion	2012	\$ 17,977	\$ 1,034	\$ 19,010
	Total	<u>\$ 17,977</u>	<u>\$ 1,034</u>	<u>\$ 19,010</u>

5. PENSION PLAN:

Plan Description. The City contributes to the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees and the State Legislature.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (“OPSRP”) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the “Pension Program”) and a defined contribution portion (the Individual Account Program or “IAP”). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service.

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member’s IAP, not the member’s PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

CITY OF VENETA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

5. PENSION PLAN (CONT.)

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.pers.state.or.us.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2011 were 5.11% and 6.14% respectively. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

Annual Pension Cost. The City’s contribution to PERS for the years ending June 30, 2011, 2010, and 2009 were \$79,070, \$82,380 and \$88,019 respectively. The contributions actually made are equivalent to the Annual Pension Cost.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Oregon Public Employees Retirement Systems’ (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems’ (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598- 7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.35% of annual covered payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City’s contributions to PERS’ RHIA for the year ended June 30, 2011, was \$14,335, which equaled the required contributions for the year.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the fiscal year ending June 30, 2011, the amount actually contributed to the plans, and changes in the City’s net OPEB obligation:

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) Cont.:

Annual required contribution	\$ 26,949
Interest on net OPEB obligation	576
Adjustment to the annual required contribution	<u>2,879</u>
Annual OPEB cost (expense)	30,404
Contributions made	<u>14,335</u>
Increase in net OPEB obligation	10,310
Net OPEB obligation, beginning of year	<u>12,124</u>
Net OPEB obligation, end of year	<u><u>\$ 22,434</u></u>

7. CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amount, if any, to be immaterial.

8. RISK MANAGEMENT:

To reduce the risk of loss from liability, fire, theft, accident, medical costs, errors and omissions, the City maintains various commercial insurance policies.

The City came under the State Unemployment Act as of July 1, 1974. The City has elected to pay State Unemployment insurance to the State on a reimbursement basis. Unemployment claims paid by the Employment Division of the State of Oregon to former City employees creates a reimbursement liability to the City. Reimbursements paid become expenditures to the fund in which the majority of the employee's wages were charged. The estimated liability for unpaid claims is calculated as the present value of expected but unpaid claims based on historical experience and going concern assessments. The city's estimated liability for unpaid unemployment claims is immaterial. Therefore, no liability amount appears on the City's statement of net assets or balance sheet.

Regular, full-time employees have health care insurance provided by a third-party insurance company. Premiums to the insurance company are primarily paid by employer contributions.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables:

	Interfund Loan Receivable	Interfund Loan Payable
Capital Construction - Governmental Fund		
Capital Projects - New Pool Fund	\$ -	\$ 85,000
Capital Construction	85,000	-
Total	\$ 85,000	\$ 85,000

The amounts payable result from cash deficits and are expected to be made up during the ensuing year.

Interfund transfers for the year ended June 30, 2011 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 100,000	25,958
Park and Recreation Fund	128,200	10,000
Street Fund	5,000	-
Water Fund	5,000	-
Sewer Fund	55,000	-
Storm Drainage Fund	20,000	-
Capital Construction Fund - Governmental	250,000	-
Capital Construction Fund - Enterprise	72,500	-
Public Works Fund	-	15,000
Zumwalt Campground Fund	10,000	-
Commercial Loan Fund	1,000	-
Capital Projects - New Pool	-	428,200
Capital Projects - W. Broadway Development	-	1,581,595
Grants Fund	119,000	-
Inverse Condemnation Fund	-	120,000
Reserve Fund - Governmental	150,000	-
Urban Renewal General Fund	1,265,053	-
Total	\$2,180,753	\$2,180,753

The City makes interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues. The transfers are part of the City's budget preparation and adoption.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

10. DEFERRED REVENUE:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. At June 30, 2011, the various components of deferred revenue consist of the following:

Deferred Revenue - Governmental Funds – Budget Basis:

	General Fund	Law Enforcement Fund	Street Fund	Local Improvement Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Property Taxes	\$ 12,976	\$ 43,375	\$ -	\$ -	\$ 41,369	\$ 20,061	\$ 117,781
Liens	6,058	-	3,359	93,683	-	68,518	171,618
Franchise Tax Assessments	15,371	-	15,371	-	-	-	30,742
Other	43,249	-	-	-	-	-	43,249
Total	\$ 77,654	\$ 43,375	\$ 18,730	\$ 93,683	\$ 41,369	\$ 88,579	\$ 363,390

Deferred Revenue - Business-Type Funds – Budget Basis:

	Water Fund	Sewer Fund	Total
Accounts	\$ 54	\$ 83,864	\$ 83,918
Liens	2,536	9,240	11,776
Total	\$ 2,590	\$ 93,104	\$ 95,694

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:

The City maintains two Enterprise Funds which account for the municipal water and sewer activities. Key financial data for these operations for the year ended June 30, 2011 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Total Assets	\$ 9,244,810	\$ 9,766,849	\$ 19,011,659
Current Assets	1,076,066	964,984	2,041,050
Restricted Assets	-	291,091	291,091
Capital Assets	8,168,744	8,510,774	16,679,518
Total Liabilities	94,050	4,230,202	4,324,252
Current Liabilities	94,050	424,060	518,110
Non-Current Liabilities	-	3,806,142	3,806,142
Total Net Assets	9,150,760	5,536,647	14,687,407
Invested in Capital Assets, net of related debt	8,150,767	4,632,013	12,782,780
Restricted for Debt Service	-	-	-
Unrestricted	999,993	904,634	1,904,627
Operating Revenues	636,394	938,645	1,575,039
Operating Expenses			
Depreciation	206,356	273,759	480,115
Operating Income (Loss)	(33,003)	181,694	148,691
Non-Operating Revenues	4,369	4,678	9,047
Transfers To (From)	(5,000)	(55,000)	(60,000)
Change In Net Assets	47,468	49,000	96,468
Beginning Net Assets	9,103,292	5,487,647	14,590,939
Ending Net Assets	9,150,760	5,536,647	14,687,407
Cash Provided (Used) by:			
Operating Activities	141,770	544,997	686,767
Non Capital Financing Activities	(5,000)	(55,000)	(60,000)
Capital & Related Financing	(108,930)	(598,837)	(707,767)
Investing Activities	4,369	4,678	9,047
Beginning Cash	904,270	1,235,070	2,139,340
Ending Cash	\$ 936,479	\$ 1,130,908	\$ 2,067,387

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF VENETA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Taxes and Assessments	157,501	157,501	164,140	6,639
Intergovernmental	80,317	80,317	74,977	(5,340)
Franchise Fees	84,463	84,463	91,171	6,708
Licenses and Permits	59,976	59,976	71,858	11,882
Fines and Forfeitures	19,865	19,865	31,769	11,904
Investment Revenue	3,177	3,177	2,963	(214)
Grants	6,000	6,000	6,164	164
Other Revenue	39,732	39,732	53,189	13,457
Total Revenues	451,031	451,031	496,231	45,200
<u>EXPENDITURES:</u>				
Personal Services	272,118	272,118	232,858	(39,260)
Materials and Services	268,817	278,817	190,493	(88,324)
Capital Outlay	18,240	18,240	5,523	(12,717)
Contingency	25,000	15,000	-	(15,000)
Total Expenditures	584,175	584,175	428,874	(155,301)
Excess (Deficiency) of Revenues Over Expenditures	(133,144)	(133,144)	67,357	200,501
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	80,859	80,859	25,958	(54,901)
Operating Transfer (Out)	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses):	(19,141)	(19,141)	(74,042)	(54,901)
Net Change in Fund Balance	(152,285)	(152,285)	(6,685)	145,600
FUND BALANCE, July 1, 2010	635,425	635,425	691,453	56,028
FUND BALANCE, June 30, 2011	\$ 483,140	\$ 483,140	\$ 684,768	\$ 201,628

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
	<u>REVENUES:</u>			
Taxes and Assessments	\$ 686,401	\$ 686,401	\$ 698,746	\$ 12,345
Franchise Fee - Telecommunications	71,737	71,737	62,073	(9,664)
Investment Revenue	2,042	2,042	2,885	843
Grants	11,614	11,614	12,479	865
Total Revenues	771,794	771,794	776,183	4,389
<u>EXPENDITURES:</u>				
Materials and Services	709,135	719,135	706,317	(12,818)
Capital Outlay	5,000	5,000	-	(5,000)
Contingency	10,000	-	-	-
Total Expenditures	724,135	724,135	706,317	(17,818)
Net Change in Fund Balance	47,659	47,659	69,866	22,207
FUND BALANCE, July 1, 2010	408,409	408,409	422,509	14,100
FUND BALANCE, June 30, 2011	\$ 456,068	\$ 456,068	\$ 492,375	\$ 36,307

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 75,400	\$ 75,400	\$ 79,104	\$ 3,704
Intergovernmental	248,949	248,949	238,814	(10,135)
Franchise Fees	84,463	84,463	91,171	6,708
Investment Revenue	4,956	4,956	4,700	(256)
Other Revenue	50	50	541	491
Total Revenues	413,818	413,818	414,330	512
<u>EXPENDITURES:</u>				
Personal Services	109,545	119,545	108,340	(11,205)
Materials and Services	242,785	242,785	87,960	(154,825)
Capital Outlay	-	1,000	426	(574)
Debt Service:				
Principal	-	2,500	16,868	14,368
Interest	18,769	18,769	1,701	(17,068)
Contingency	35,000	21,500	-	(21,500)
Total Expenditures	406,099	406,099	215,295	(190,804)
Excess (Deficiency) of Revenues Over Expenditures	7,719	7,719	199,035	191,316
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	18,000	18,000	-	(18,000)
Operating Transfer (Out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	13,000	13,000	(5,000)	(18,000)
Net Change in Fund Balance	20,719	20,719	194,035	173,316
FUND BALANCE, July 1, 2010	991,154	991,154	1,039,027	47,873
FUND BALANCE, June 30, 2011	\$ 1,011,873	\$ 1,011,873	\$ 1,233,062	\$ 221,189

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
RESERVE FUND - GOVERNMENTAL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Investment Revenue	\$ -	\$ -	\$ 3,455	\$ 3,455
Total Revenues	-	-	3,455	3,455
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(150,000)	-
Net Change In Fund Balance	(150,000)	(150,000)	(146,545)	3,455
FUND BALANCE, July 1, 2010	1,006,099	1,006,099	856,429	(149,670)
FUND BALANCE, June 30, 2011	<u>\$ 856,099</u>	<u>\$ 856,099</u>	<u>\$ 709,884</u>	<u>\$ (146,215)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
LOCAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 25,247	\$ 25,247	\$ 35,979	\$ 10,732
Investment Revenue	718	718	499	(219)
Total Revenues	25,965	25,965	36,478	10,513
<u>EXPENDITURES:</u>				
Materials and Services	22,250	22,250	3,494	(18,756)
Capital Outlay	200,000	200,000	-	(200,000)
Debt Service:				
Principal	19,271	19,271	6,500	(12,771)
Interest	22,000	22,000	12,571	(9,429)
Contingency	15,000	15,000	-	(15,000)
Total Expenditures	278,521	278,521	22,565	(255,956)
Excess (Deficiency) of Revenues Over Expenditures	(252,556)	(252,556)	13,913	266,469
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	126,240	126,240	-	(126,240)
Loan Proceeds	222,250	222,250	-	(222,250)
Total Other Financing Sources (Uses)	348,490	348,490	-	(348,490)
Net Change In Fund Balance	95,934	95,934	13,913	(82,021)
FUND BALANCE, July 1, 2010	143,645	143,645	109,489	(34,156)
FUND BALANCE, June 30, 2011	\$ 239,580	\$ 239,579	\$ 123,402	\$ (116,177)

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF VENETA
URBAN RENEWAL GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>REVENUES:</u>				
Investment Revenue	\$ 4,473	\$ 4,473	\$ 4,421	\$ (52)
Total Revenues	4,473	4,473	4,421	(52)
<u>EXPENDITURES:</u>				
Materials and Services	50,900	50,900	21,367	(29,533)
Contingency	20,000	20,000	-	(20,000)
Total Expenditures	70,900	70,900	21,367	(49,533)
Excess (Deficiency) of Revenues Over Expenditures	(66,427)	(66,427)	(16,946)	49,481
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(1,385,329)	(1,385,329)	(1,265,053)	120,276
Loan Proceeds	600,000	600,000	600,000	-
Total Other Financing Sources (Uses):	(785,329)	(785,329)	(665,053)	120,276
Net Change In Fund Balance	(851,756)	(851,756)	(681,999)	169,757
FUND BALANCE, July 1, 2010	894,512	894,512	1,298,834	404,322
FUND BALANCE, June 30, 2011	\$ 42,756	\$ 42,756	\$ 616,835	\$ 574,079

The accompanying notes to the basic financial statements are an integral part of this statement.

OTHER
SUPPLEMENTARY
INFORMATION

Combining and Individual
Fund Financial Statements

Additional Supporting Schedules

Proprietary Funds

CITY OF VENETA

WATER FUND (A Major Fund)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Charges for Services	\$ 611,026	\$ 611,026	\$ 636,335	\$ 25,309
Investment Revenue	5,082	5,082	4,369	(713)
Other Revenue	200	200	611	411
Total Revenues	616,308	616,308	641,315	25,007
<u>EXPENDITURES:</u>				
Personal Services	325,456	345,456	318,636	(26,820)
Materials and Services	1,388,326	1,388,326	223,748	(1,164,578)
Capital Outlay	6,620	6,620	1,058	(5,562)
Debt Service				
Principal	19,989	20,989	17,977	(3,012)
Interest	-	-	1,034	1,034
Contingency	100,000	79,000	-	(79,000)
Total Expenditures	1,840,391	1,840,391	562,453	(1,277,938)
Excess (Deficiency) of Revenues Over Expenditures	(1,224,083)	(1,224,083)	78,862	1,302,945
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	60,000	60,000	-	(60,000)
Operating Transfer (Out)	(5,000)	(5,000)	(5,000)	-
Loan Proceeds	1,065,000	1,065,000	-	(1,065,000)
Total Other Financing Sources (Uses):	1,120,000	1,120,000	(5,000)	(1,125,000)
Net Change In Fund Balance	(104,083)	(104,083)	73,862	177,945
BUDGETARY FUND BALANCE, July 1, 2010	1,016,426	1,016,426	940,707	(75,719)
BUDGETARY FUND BALANCE, June 30, 2011	\$ 912,343	\$ 912,343	\$ 1,014,569	\$ 102,226

Reconciliation to Generally Accepted Accounting Principles Basis:

Net Change in Fund Balance from Above	73,862
Debt Repayment - Principal	17,977
Capital Outlay that is Capitalized	89,141
Depreciation Expense	(206,356)
Change in Deferred Revenue	(552)
OPEB Expense	(8,740)
Equity Transfers In (Out)	82,136
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 47,468</u>

CITY OF VENETA

SEWER FUND (A Major Fund)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
REVENUES:				
Charges for Services	\$ 909,262	\$ 909,262	\$ 938,498	\$ 29,236
Investment Revenue	5,626	5,626	4,678	(948)
Other Revenue	100	100	147	47
Total Revenues	914,988	914,988	943,323	28,335
EXPENDITURES:				
Personal Services	288,266	348,266	318,544	(29,722)
Materials and Services	385,576	385,576	200,449	(185,127)
Capital Outlay	1,224,120	1,224,120	308,515	(915,605)
Debt Service				
Principal	14,586	19,586	69,595	50,009
Interest	231,500	231,500	173,695	(57,805)
Contingency	100,000	35,000	-	(35,000)
Total Expenditures	2,244,048	2,244,048	1,070,798	(1,173,250)
Excess (Deficiency) of Revenues Over Expenditures	(1,329,060)	(1,329,060)	(127,475)	1,201,585
OTHER FINANCING SOURCES (USES):				
Operating Transfer In	1,109,250	1,109,250	-	(1,109,250)
Operating Transfer (Out)	(55,000)	(55,000)	(55,000)	-
Total Other Financing Sources (Uses):	1,054,250	1,054,250	(55,000)	(1,109,250)
Net Change In Fund Balance	(274,810)	(274,810)	(182,475)	92,335
BUDGETARY FUND BALANCE, July 1, 2010	1,125,249	1,125,249	1,104,162	(21,087)
BUDGETARY FUND BALANCE, June 30, 2011	\$ 850,440	\$ 850,440	\$ 921,687	\$ 71,248

Reconciliation to Generally Accepted Accounting Principles Basis:

Net Change in Fund Balance from Above	(182,475)
Debt Repayment - Principal	69,595
Expenditures that are Capitalized	352,967
Depreciation Expense	(273,759)
OPEB Expense	(8,651)
Equity Transfers In (Out)	91,323
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 49,000</u>

CITY OF VENETA

CAPITAL CONSTRUCTION - ENTERPRISE FUND (A Major Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u></u>
<u>REVENUES:</u>				
Taxes and Assessments	\$ 66,910	\$ 66,910	\$ 74,447	\$ 7,537
Investment Revenue	14,940	14,940	14,012	(928)
Total Revenues	81,850	81,850	88,459	6,609
<u>EXPENDITURES:</u>				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	81,850	81,850	88,459	6,609
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(1,295,490)	(1,295,490)	(72,500)	1,222,990
Total Other Financing Sources (Uses):	(1,295,490)	(1,295,490)	(72,500)	1,222,990
Net Change in Fund Balance	(1,213,640)	(1,213,640)	15,959	1,229,599
BUDGETARY FUND BALANCE, July 1, 2010	2,987,967	2,987,967	3,146,626	158,659
BUDGETARY FUND BALANCE, June 30, 2011	\$ 1,774,327	\$ 1,774,327	\$ 3,162,585	\$ 1,388,258

CITY OF VENETA

**RESERVE - ENTERPRISE FUND (A Major Fund)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES:</u>				
Investment Revenue	\$ -	\$ -	\$ 5,753	\$ 5,753
Total Revenues	-	-	5,753	5,753
<u>EXPENDITURES:</u>				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	5,753	5,753
BUDGETARY FUND BALANCE, July 1, 2010	<u>1,305,081</u>	<u>1,305,081</u>	<u>1,305,830</u>	<u>749</u>
BUDGETARY FUND BALANCE, June 30, 2011	<u>\$ 1,305,081</u>	<u>\$ 1,305,081</u>	<u>\$ 1,311,583</u>	<u>\$ 6,502</u>

Non-Major Governmental Funds

CITY OF VENETA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Combined Non-Major Special Revenue- Type Funds	Combined Non-Major Debt Service- Type Funds	Combined Non-Major Capital Projects- Type Funds	Total
<u>ASSETS:</u>				
Cash & Investments	\$ 917,246	\$ 121,861	\$ 408,093	\$1,447,200
Receivables:				
Property Taxes	13,455	-	-	13,455
Interfund Loans	-	-	85,000	85,000
Accounts	11,745	-	-	11,745
Liens	-	-	68,518	68,518
Other	10,126	6,803	-	16,929
Prepaid Expenses	26,205	53,808	-	80,013
Total Assets	\$ 978,777	\$ 182,472	\$ 561,611	\$1,722,860
<u>LIABILITIES:</u>				
Accounts Payable	\$ 16,217	\$ -	\$ -	\$ 16,217
Payroll Payable	689	-	-	689
Deferred Revenue	13,424	6,637	68,518	88,579
Total Liabilities	30,330	6,637	68,518	105,485
<u>FUND BALANCES:</u>				
Restricted for:				
Debt Service	-	175,835	-	175,835
Committed for:				
Parks and Recreation Programs	272,453	-	-	272,453
Community Development Projects	675,994	-	-	675,994
Capital Projects	-	-	493,093	493,093
Total Fund Balances	948,447	175,835	493,093	1,617,375
Total Liabilities and Fund Balances	\$ 978,777	\$ 182,472	\$ 561,611	\$1,722,860

CITY OF VENETA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2011

	Combined Non-Major Special Revenue- Type Funds	Combined Non-Major Debt Service- Type Funds	Combined Non-Major Capital Projects- Type Funds	Total
<u>REVENUES:</u>				
Taxes and Assessments	\$ 285,009	\$ 131,706	\$ 66,461	\$ 483,176
Intergovernmental	62,666	-	-	62,666
Charges for Services	167,060	-	-	167,060
Grants	148,522	-	-	148,522
Investment Revenue	5,129	492	2,528	8,149
Other Revenue	1,908	-	20,211	22,119
Total Receipts	670,294	132,198	89,200	891,692
<u>EXPENDITURES:</u>				
General Government	156,010	-	-	156,010
Public Safety	24,492	-	-	24,492
Culture and Recreation	243,318	-	-	243,318
Debt Service:				
Principal	102,691	76,180	-	178,871
Interest	42,799	54,475	-	97,274
Capital Outlay	50,721	-	-	50,721
Total Expenditures	620,031	130,655	-	750,686
Excess (Deficiency) of Revenues Over Expenditures	50,263	1,543	89,200	141,006
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	145,000	-	-	145,000
Operating Transfers Out	(278,200)	-	(250,000)	(528,200)
Total Other Financing Sources (Uses):	(133,200)	-	(250,000)	(383,200)
Net Change in Fund Balance	(82,937)	1,543	(160,800)	(242,194)
FUND BALANCE, July 1, 2010	1,031,384	174,292	653,893	1,859,569
FUND BALANCE, June 30, 2011	\$ 948,447	\$ 175,835	\$ 493,093	\$ 1,617,375

Non-Major Special
Revenue Funds

CITY OF VENETA
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

	Parks and Recreation Fund	Public Works Equipment Fund	911 Agency Fund	Commercia l Loan Fund	Zumwalt Camp- ground Fund	Planning Fund	Grants Fund	Storm Water Drainage Fund	Inverse Condem- nation Fund	Total
<u>ASSETS:</u>										
Cash & Investments	\$ 170,174	\$ 155,216	\$ -	\$ 196,428	\$ 77,109	\$ 150,517	\$ 780	\$ 151,626	\$ 15,396	\$ 917,246
Receivables:										
Property Taxes	4,178	-	-	-	-	9,277	-	-	-	13,455
Accounts	-	-	5,758	-	-	-	-	5,987	-	11,745
Other	8,734	-	-	-	-	1,392	-	-	-	10,126
Prepaid Expenses	26,205									26,205
Total Assets	\$ 209,291	\$ 155,216	\$ 5,758	\$ 196,428	\$ 77,109	\$ 161,186	\$ 780	\$ 157,613	\$ 15,396	\$ 978,777
<u>LIABILITIES:</u>										
Accounts Payable	\$ 7,212	\$ -	\$ 5,758	\$ -	\$ 2,086	\$ 1,161	\$ -	\$ -	\$ -	\$ 16,217
Payroll Payable	144	-	-	-	-	498	-	47	-	689
Deferred Revenue	4,505	-	-	-	-	8,919	-	-	-	13,424
Total Liabilities	11,861	-	5,758	-	2,086	10,578	-	47	-	30,330
<u>FUND BALANCES:</u>										
Committed for:										
Parks and Recreation Programs	197,430	-	-	-	75,023	-	-	-	-	272,453
Community Development Projects	-	155,216	-	196,428	-	150,608	780	157,566	15,396	675,994
Total Fund Balances	197,430	155,216	-	196,428	75,023	150,608	780	157,566	15,396	948,447
Total Liabilities and Fund Balances	\$ 209,291	\$ 155,216	\$ 5,758	\$ 196,428	\$ 77,109	\$ 161,186	\$ 780	\$ 157,613	\$ 15,396	\$ 978,777

CITY OF VENETA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR SPECIAL REVENUE FUNDS

For The Fiscal Year Ended June 30, 2011

	Parks and Recreation Fund	Public Works Equipment Fund	911 Agency Fund	Commerci al Loan Fund	Zumwalt Camp- ground Fund	Planning Fund	Grants Fund	Storm Water Drainage Fund	Inverse Condemn- ation Fund	Total
REVENUES:										
Taxes and Assessments	\$136,116	\$ -	\$ -	\$ -	\$ -	\$148,893	\$ -	\$ -	\$ -	\$ 285,009
Intergovernmental	38,174	-	24,492	-	-	-	-	-	-	62,666
Charges for Services	56,369	-	-	-	54,443	6,860	-	49,388	-	167,060
Grants	-	-	-	-	-	-	148,522	-	-	148,522
Investment Revenue	1,251	702	-	864	340	1,183	6	640	143	5,129
Other Revenue	1,665	-	-	-	243	-	-	-	-	1,908
Total Receipts	233,575	702	24,492	864	55,026	156,936	148,528	50,028	143	670,294
EXPENDITURES:										
General Government	-	-	-	-	-	112,284	29,522	14,204	-	156,010
Public Safety	-	-	24,492	-	-	-	-	-	-	24,492
Culture and Recreation	207,275	-	-	-	35,156	-	887	-	-	243,318
Capital Outlay	32,328	17,156	-	-	-	1,237	-	-	-	50,721
Debt Service:										
Principal	24,780	-	-	-	-	-	-	-	77,911	102,691
Interest	2,498	-	-	-	-	-	-	-	40,301	42,799
Total Expenditures	266,881	17,156	24,492	-	35,156	113,521	30,409	14,204	118,212	620,031
Excess (Deficiency) of Revenues Over Expenditures	(33,306)	(16,454)	-	864	19,870	43,415	118,119	35,824	(118,069)	50,263
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	10,000	15,000	-	-	-	-	-	-	120,000	145,000
Operating Transfers (Out)	(128,200)	-	-	(1,000)	(10,000)	-	(119,000)	(20,000)	-	(278,200)
Total Other Financing Sources (Uses):	(118,200)	15,000	-	(1,000)	(10,000)	-	(119,000)	(20,000)	120,000	(133,200)
Net Change in Fund Balance	(151,506)	(1,454)	-	(136)	9,870	43,415	(881)	15,824	1,931	(82,937)
FUND BALANCE, July 1, 2010	348,936	156,670	-	196,564	65,153	107,193	1,661	141,742	13,465	1,031,384
FUND BALANCE, June 30, 2011	\$197,430	\$155,216	\$ -	\$196,428	\$ 75,023	\$150,608	\$ 780	\$157,566	\$ 15,396	\$ 948,447

CITY OF VENETA
PARK AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 135,172	\$ 135,172	\$ 136,116	\$ 944
State Revenue Sharing	32,234	32,234	38,174	5,940
Licenses and Permits	-	-	-	-
Charges for Services	45,000	45,000	56,369	11,369
Investment Revenue	1,548	1,548	1,251	(297)
Miscellaneous Revenue	550	550	1,665	1,115
Total Revenues	214,504	214,504	233,575	19,071
<u>EXPENDITURES:</u>				
Personal Services	126,036	126,036	112,070	(13,966)
Materials and Services	82,093	112,093	95,205	(16,888)
Capital Outlay	76,800	66,800	32,328	(34,472)
Debt Service:				
Principal	27,479	27,479	24,780	(2,699)
Interest	-	-	2,498	2,498
Contingency	20,000	-	-	-
Total Expenditures	332,408	332,408	266,881	(65,527)
Excess (Deficiency) of Revenues Over Expenditures	(117,904)	(117,904)	(33,306)	84,598
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	53,000	53,000	10,000	(43,000)
Operating Transfer (Out)	(128,200)	(128,200)	(128,200)	-
Total Other Financing Sources (Uses)	(75,200)	(75,200)	(118,200)	(43,000)
Net Change In Fund Balance	(193,104)	(193,104)	(151,506)	41,598
FUND BALANCE, July 1, 2010	309,653	309,653	348,936	39,283
FUND BALANCE, June 30, 2011	\$ 116,550	\$ 116,550	\$ 197,430	\$ 80,881

CITY OF VENETA
PUBLIC WORKS EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ 775	\$ 775	\$ 702	(73)
Total Revenues	775	775	702	(73)
<u>EXPENDITURES:</u>				
Capital Outlay	28,000	28,000	17,156	(10,844)
Total Expenditures	28,000	28,000	17,156	(10,844)
Excess (Deficiency) of Revenues Over Expenditures	(27,225)	(27,225)	(16,454)	10,771
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	15,000	15,000	15,000	-
Total Other Financing Sources (Uses)	15,000	15,000	15,000	-
Net Change In Fund Balance	(12,225)	(12,225)	(1,454)	10,771
FUND BALANCE, July 1, 2010	155,069	155,069	156,670	1,601
FUND BALANCE, June 30, 2011	\$ 142,844	\$ 142,844	\$ 155,216	\$ 12,372
GAAP Basis Adjustments:				
Net Change In Fund Balances (from above)			\$ (1,454)	
Interfund Loan Proceeds			-	
GAAP Basis Change in Fund Balance			<u>\$ (1,454)</u>	

CITY OF VENETA

911 AGENCY FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES:</u>				
Intergovernmental	\$ 26,825	\$ 26,825	\$ 24,492	\$ (2,333)
Total Revenues	26,825	26,825	24,492	(2,333)
<u>EXPENDITURES:</u>				
Materials and Services	26,825	26,825	24,492	(2,333)
Total Expenditures	26,825	26,825	24,492	(2,333)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
FUND BALANCE, July 1, 2010	-	-	-	-
FUND BALANCE, June 30, 2011	\$ -	\$ -	\$ -	\$ -

CITY OF VENETA
COMMERCIAL LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ 983	\$ 983	\$ 864	\$ (119)
Total Revenues	983	983	864	(119)
<u>EXPENDITURES:</u>				
Materials and Services	103,100	103,100	-	(103,100)
Total Expenditures	103,100	103,100	-	(103,100)
Excess (Deficiency) of Revenues Over Expenditures	(102,117)	(102,117)	864	102,981
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(1,000)	(1,000)	(1,000)	-
Total Other Financing Sources (Uses)	(1,000)	(1,000)	(1,000)	-
Net Change In Fund Balance	(103,117)	(103,117)	(136)	102,981
FUND BALANCE, July 1, 2010	196,535	196,535	196,564	29
FUND BALANCE, June 30, 2011	<u>\$ 93,418</u>	<u>\$ 93,418</u>	<u>\$ 196,428</u>	<u>\$ 103,010</u>

CITY OF VENETA
ZUMWALT CAMPGROUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ 312	\$ 312	\$ 340	\$ 28
Miscellaneous	100	100	243	143
Charges for Services	52,300	52,300	54,443	2,143
Total Revenues	52,712	52,712	55,026	2,314
<u>EXPENDITURES:</u>				
Materials and Services	36,760	36,760	35,156	(1,604)
Contingency	3,500	3,500	-	(3,500)
Total Expenditures	40,260	40,260	35,156	(5,104)
Excess (Deficiency) of Revenues Over Expenditures	12,452	12,452	19,870	7,418
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	(10,000)	(10,000)	(10,000)	-
Net Change In Fund Balances	2,452	2,452	9,870	7,418
FUND BALANCE, July 1, 2010	62,344	62,344	65,153	2,809
FUND BALANCE, June 30, 2011	\$ 64,796	\$ 64,796	\$ 75,023	\$ 10,227

CITY OF VENETA
PLANNING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 155,904	\$ 155,904	\$ 148,893	\$ (7,011)
Charges for Services	6,299	6,299	6,860	561
Investment Revenue	507	507	1,183	676
Total Revenues	162,710	162,710	156,936	(5,774)
<u>EXPENDITURES:</u>				
Personal Services	101,958	101,958	86,056	(15,902)
Materials and Services	73,301	73,301	26,228	(47,073)
Capital Outlay	3,620	3,620	1,237	(2,383)
Contingency	3,000	3,000	-	(3,000)
Total Expenditures	181,879	181,879	113,521	(68,358)
Excess (Deficiency) of Revenues Over Expenditures	(19,169)	(19,169)	43,415	62,584
FUND BALANCE, July 1, 2010	101,485	101,485	107,193	5,708
FUND BALANCE, June 30, 2011	\$ 82,316	\$ 82,316	\$ 150,608	\$ 68,292

CITY OF VENETA

GRANTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Grants	\$ 1,668,000	\$ 1,668,000	\$ 148,522	\$ (1,519,478)
Investment Revenue	-	-	6	6
Total Revenues	1,668,000	1,668,000	148,528	(1,519,472)
<u>EXPENDITURES:</u>				
Materials and Services	48,100	48,100	30,409	(17,691)
Total Expenditures	48,100	48,100	30,409	(17,691)
Excess (Deficiency) of Revenues Over Expenditures	1,619,900	1,619,900	118,119	(1,501,781)
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(1,620,000)	(1,620,000)	(119,000)	1,501,000
Total Other Financing Sources (Uses)	(1,620,000)	(1,620,000)	(119,000)	1,501,000
Net Change In Fund Balance	(100)	(100)	(881)	(781)
FUND BALANCE, July 1, 2010	535	535	1,661	1,126
FUND BALANCE, June 30, 2011	\$ 435	\$ 435	\$ 780	\$ 345

CITY OF VENETA
STORM WATER DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Charges for Services	\$ 50,376	\$ 50,376	\$ 49,388	\$ (988)
Investment Revenue	695	695	640	(55)
Total Revenues	51,071	51,071	50,028	(1,043)
<u>EXPENDITURES:</u>				
Personal Services	10,639	15,639	12,799	(2,840)
Materials and Services	6,293	6,293	1,405	(4,888)
Contingency	10,000	5,000	-	(5,000)
Total Expenditures	26,932	26,932	14,204	(12,728)
Excess (Deficiency) of Revenues Over Expenditures	24,139	24,139	35,824	11,685
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	(20,000)	(20,000)	(20,000)	-
Net Change In Fund Balance	4,139	4,139	15,824	11,685
FUND BALANCE, July 1, 2010	139,089	139,089	141,742	2,653
FUND BALANCE, June 30, 2011	<u>\$ 143,229</u>	<u>\$ 143,229</u>	<u>\$ 157,566</u>	<u>\$ 14,338</u>

CITY OF VENETA
INVERSE CONDEMNATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Investment Revenue	\$ -	\$ -	\$ 143	\$ 143
Total Revenues	-	-	143	143
<u>EXPENDITURES:</u>				
Materials and Services	200	200	-	(200)
Debt Service:				
Principal	77,860	78,860	77,911	(949)
Interest	40,355	40,355	40,301	(54)
Contingency	1,000	-	-	-
Total Expenditures	119,415	119,415	118,212	(1,203)
Excess (Deficiency) of Revenues Over Expenditures	(119,415)	(119,415)	(118,069)	1,346
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	120,000	120,000	120,000	-
Total Other Financing Sources (Uses)	120,000	120,000	120,000	-
Net Change in Fund Balance	585	585	1,931	1,346
FUND BALANCE, July 1, 2010	4,884	4,884	13,465	8,581
FUND BALANCE, June 30, 2011	\$ 5,469	\$ 5,469	\$ 15,396	\$ 9,927

Debt Service Funds
(Major and Non-Major Funds)

CITY OF VENETA

DEBT SERVICE FUND (A Non-Major Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 129,965	\$ 129,965	\$ 131,706	\$ 1,741
Investment Revenue	453	453	492	39
Total Revenues	130,418	130,418	132,198	1,780
<u>EXPENDITURES:</u>				
Debt Service				
Principal	95,780	95,780	76,180	(19,600)
Interest	60,375	60,375	54,475	(5,900)
Total Expenditures	156,155	156,155	130,655	(25,500)
Excess (Deficiency) of Revenues Over Expenditures	(25,737)	(25,737)	1,543	27,280
FUND BALANCE, July 1, 2010	90,539	90,539	174,292	83,753
FUND BALANCE, June 30, 2011	\$ 64,802	\$ 64,802	\$ 175,835	\$ 111,033

CITY OF VENETA

URBAN RENEWAL DEBT SERVICE FUND (A Major Fund) STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For The Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive
			(See Note 1)	(Negative)
<u>REVENUES:</u>				
Taxes	\$ 625,011	\$ 625,011	\$ 637,080	\$ 12,069
Investment Revenue	2,716	2,716	2,858	142
Total Revenues	627,727	627,727	639,938	12,211
<u>EXPENDITURES:</u>				
Debt Service				
Principal	755,000	755,000	755,000	-
Interest	123,795	123,795	123,545	(250)
Fees	450	450	425	(25)
Contingency	2,500	2,500	-	(2,500)
Total Expenditures	881,745	881,745	878,970	(2,775)
Excess (Deficiency) of Revenues Over Expenditures	(254,018)	(254,018)	(239,032)	14,986
FUND BALANCE, July 1, 2010	543,246	543,246	546,351	3,105
FUND BALANCE, June 30, 2011	\$ 289,228	\$ 289,228	\$ 307,319	\$ 18,091

Capital Projects Funds
(Major and Non-Major Funds)

CITY OF VENETA

CAPITAL CONSTRUCTION - GOVERNMENTAL FUND (A Non-Major Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 55,205	\$ 55,205	\$ 66,461	\$ 11,256
Investment Revenue	3,162	3,162	2,528	(634)
Miscellaneous Revenue	9,070	9,070	20,211	11,141
Total Revenues	67,437	67,437	89,200	21,763
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer (Out)	(311,000)	(311,000)	(250,000)	61,000
Interfund Loan (Out)	-	-	(85,000)	(85,000)
Total Other Financing Sources (Uses)	(311,000)	(311,000)	(335,000)	(24,000)
Net Change In Fund Balance	(243,563)	(243,563)	(245,800)	(2,237)
FUND BALANCE, July 1, 2010	632,441	632,441	653,893	21,452
FUND BALANCE, June 30, 2011	\$ 388,878	\$ 388,878	\$ 408,093	\$ 19,215

Reconciliation to Generally Accepted Accounting Principles Basis:

Net Change in Fund Balance from Above	(245,800)
Interfund Loan Out	85,000
Change in Fund Balance as Reported in Governmental Fund Financial Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ (160,800)</u>

CITY OF VENETA

CAPITAL PROJECTS FUND - NEW POOL (A Major Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Reimbursements - Insurance Proceeds	\$ 155,900	\$ 155,900	\$ 155,900	\$ -
Investment Revenue	7	7	-	(7)
Donations	6,700	6,700	8,902	2,202
Total Revenues	162,607	162,607	164,802	2,195
<u>EXPENDITURES:</u>				
Capital Outlay	-	111,305	111,302	(3)
Contingency	5,000	-	-	-
Total Expenditures	5,000	111,305	111,302	(3)
Excess (Deficiency) of Revenues Over Expenditures	157,607	51,302	53,500	2,198
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	428,200	428,200	428,200	-
Interfund Loans	125,000	125,000	85,000	(40,000)
Interfund Loan Payments	(709,315)	(603,010)	-	603,010
Total Other Financing Sources (Uses)	(156,115)	(49,810)	513,200	563,010
Net Change In Fund Balance	1,492	1,492	566,700	565,208
FUND BALANCE, July 1, 2010	1,360	1,360	(566,582)	(567,942)
FUND BALANCE, June 30, 2011	\$ 2,852	\$ 2,852	\$ 118	\$ (2,734)

Reconciliation to Generally Accepted Accounting Principles Basis:

Net Change in Fund Balance from Above	566,700
Interfund Loan In	(85,000)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ 481,700</u>

CITY OF VENETA

CAPITAL PROJECTS FUND - W. BROADWAY DEVELOPMENT (A Major Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES:</u>				
Miscellaneous Revenue	\$ 228,350	\$ 228,350	\$ 76,280	\$ (152,070)
Total Revenues	228,350	228,350	76,280	(152,070)
<u>EXPENDITURES:</u>				
Materials and Services	201,700	201,700	77,230	(124,470)
Capital Outlay	2,832,320	2,832,320	1,448,445	(1,383,875)
Contingency	200,000	200,000	-	(200,000)
Total Expenditures	3,234,020	3,234,020	1,525,675	(1,708,345)
Excess (Deficiency) of Revenues Over Expenditures	(3,005,670)	(3,005,670)	(1,449,395)	1,556,275
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfer In	3,075,470	3,075,470	1,581,595	(1,493,875)
Total Other Financing Sources (Uses)	3,075,470	3,075,470	1,581,595	(1,493,875)
Net Change In Fund Balance	69,800	69,800	132,200	62,400
FUND BALANCE, July 1, 2010	-	-	(105,167)	(105,167)
FUND BALANCE, June 30, 2011	\$ 69,800	\$ 69,800	\$ 27,033	\$ (42,767)

Additional Supporting
Schedules

CITY OF VENETA
SCHEDULE OF PROPERTY TAXES
For The Fiscal Year Ended June 30, 2011

	General Fund Permanent Rate Tax, Subject to Measure 5	Bonds After Measure 5	Bonds Before Measure 5	Total
Assessed Valuation, 2010 -11 Tax Roll	\$210,462,362	\$ 248,086,064	\$210,462,362	
General Fund Permanent Rate Levy, Per \$1,000	0.0056364	-	-	
General Obligation Bond Levy Rate, Per \$1,000	-	-	0.0003076	
General Obligation Bond Levy Rate, Per \$1,000 (Pool)	-	0.0002972	-	
Amount Levy Rates Will Raise	1,186,250	73,731	64,738	1,324,719
Gain From UR Division of Tax Rate Truncation	23	-	12	35
Loss Due to Measure 5 Compression	(4,521)	-	-	(4,521)
Roll Corrections & Omitted Property	19	-	-	19
Net Tax Levy Imposed	<u>\$ 1,181,771</u>	<u>\$ 73,731</u>	<u>\$ 64,750</u>	<u>\$ 1,320,253</u>
	Uncollected Balance July 1, 2010	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2011
2010-11	\$ 1,320,253	\$ (45,314)	\$ 1,236,842	\$ 38,097
2009-10	40,645	(577)	21,576	18,492
2008-09	16,913	(1,272)	6,246	9,395
2007-08	7,301	(406)	3,745	3,150
2006-07	2,274	(117)	1,175	982
2005-06	760	(86)	51	623
2004-05 & Prior	4,621	841	116	5,346
Total Cash Collections	<u>\$ 1,392,767</u>	<u>\$ (46,931)</u>	<u>\$ 1,269,751</u>	<u>\$ 76,085</u>
Less Accrued Revenue - June 30, 2010			(2,292)	
Add Accrued Revenue - June 30, 2011			4,659	
Total Property Tax Revenue			<u>\$ 1,272,118</u>	
Property Tax Revenues & Receivables by Fund:	Prior	Current	Totals	Receivables
General Fund	\$ 6,561	\$ 152,536	\$ 159,097	\$ 12,976
Debt Service Fund	2,244	129,197	131,441	6,637
Law Enforcement Fund	19,888	676,707	696,595	43,375
Parks & Recreation Fund	196	135,896	136,092	4,178
Planning Fund	4,677	144,216	148,893	8,919
TOTALS	<u>\$ 33,566</u>	<u>\$ 1,238,552</u>	<u>\$ 1,272,118</u>	<u>\$ 76,085</u>

URBAN RENEWAL AGENCY OF THE CITY OF VENETA
(A COMPONENT UNIT OF THE CITY OF VENETA)

SCHEDULE OF PROPERTY TAXES

For The Fiscal Year Ended June 31, 2011

	Uncollected Balance July 1, 2010	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2011
2010-11	\$ 655,130	\$ (18,036)	\$ 618,190	\$ 18,904
2009-10	22,373	(962)	11,232	10,179
2008-09	9,330	(654)	3,494	5,182
2007-08	3,845	(178)	2,009	1,659
2006-07	1,255	(62)	651	542
2005-06	464	210	294	380
2004-05 & Prior	4,058	(18)	79	3,961
Total Property Taxes	\$ 696,455	\$ (19,700)	\$ 635,949	\$ 40,807
Less Accrued Revenue - June 30, 2010			(1,219)	
Add Accrued Revenue - June 30, 2011			2,350	
Total Property Tax Revenue			\$ 637,080	
Current Year Property Tax Revenues:	Prior	Current	Total	
Urban Renewal Debt Service Fund	\$ 22,519	\$ 614,561	\$ 637,080	
TOTALS	\$ 22,519	\$ 614,561	\$ 637,080	

CITY OF VENETA

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2011

	Outstanding Balance July 1, 2010	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2011	Due within One Year
GOVERNMENTAL ACTIVITIES					
Note Payable To Siuslaw Bank for the acquisition of land					
Original Balance: \$925,000					
Dated: January 15, 2009					
Interest Rate: 4.95%					
Principal	\$ 832,166	\$ -	\$ 77,911	\$ 754,255	\$ 81,746
Interest	-	40,301	40,301	-	36,467
Totals	\$ 832,166	\$ 40,301	\$ 118,212	\$ 754,255	\$ 118,213
Note Payable To Siuslaw Bank for financing of local improvements to be retired by assessment					
Original Balance: \$223,502					
Dated: June 18, 2009					
Interest Rate: 5.75%					
Principal	\$ 217,227	\$ -	\$ 6,500	\$ 210,727	\$ 6,851
Interest	-	12,571	12,571	-	12,222
Totals	\$ 217,227	\$ 12,571	\$ 19,071	\$ 210,727	\$ 19,073
Note Payable To St. Catherine of Siena Catholic Church					
<i>Governmental Fund portion of debt is 69.85%, reported here.</i>					
<i>Balance is reported in Business-Type Activities Debt section</i>					
Original Balance: \$238,500					
Dated: July 28, 2009					
Interest Rate: 5.75%					
Principal	\$ 83,296	\$ -	\$ 41,648	\$ 41,648	\$ 41,648
Interest	-	4,199	4,199	-	2,394
Totals	\$ 83,296	\$ 4,199	\$ 45,847	\$ 41,648	\$ 44,043
Urban Renewal Bonds, Series 2001 issued for the purpose of financing various urban renewal projects					
Original Balance: \$3,360,000					
Dated: December 2000					
Interest Rate: Varies 3.90% - 5.675%					
Principal	\$ 2,255,000	\$ -	\$ 155,000	\$ 2,100,000	\$ 165,000
Interest	-	123,445	123,445	-	115,850
Totals	\$ 2,255,000	\$ 123,445	\$ 278,445	\$ 2,100,000	\$ 280,850
General Obligation Water Bonds held by CAPMARK for Water System Construction					
Original Balance: \$1,000,000					
Dated: August 25, 1981					
Interest Rate: 5.00%					
Principal	\$ 259,986	\$ -	\$ 46,180	\$ 213,806	\$ 65,380
Interest	-	11,100	11,100	-	8,239
Totals	\$ 259,986	\$ 11,100	\$ 57,280	\$ 213,806	\$ 73,619
General Obligation Bonds held by U.S. National Bank for construction of a new swimming pool facility					
Original Balance: \$1,100,000					
Dated: February 12, 2010					
Interest Rate: 4.45%					
Principal	\$ 1,100,000	\$ -	\$ 30,000	\$ 1,070,000	\$ 30,000
Interest	-	43,375	43,375	-	47,615
Totals	\$ 1,100,000	\$ 43,375	\$ 73,375	\$ 1,070,000	\$ 77,615
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 4,747,675	\$ -	\$ 357,239	\$ 4,390,436	\$ 390,625
Interest	-	234,991	234,991	-	222,788
Totals	\$ 4,747,675	\$ 234,991	\$ 592,230	\$ 4,390,436	\$ 613,412

Continued

CITY OF VENETA

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (Continued)

For the Fiscal Year Ended June 30, 2011

	Outstanding Balance July 1, 2010	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2011	Due within One Year
BUSINESS-TYPE ACTIVITIES					
Note Payable with DEQ for Sewer System					
Original Balance: \$1,033,420					
Dated: August 14, 2000					
Interest Rate: 3.43%					
Principal	\$ 122,488	\$ -	\$ 10,461	\$ 112,027	\$ 10,824
Interest	-	3,908	3,908	-	3,750
Totals	\$ 122,488	\$ 3,908	\$ 14,369	\$ 112,027	\$ 14,574
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance: \$4,255,700					
Dated August 8, 2000					
Interest Rate - 4.50%					
Principal	\$ 3,825,867	\$ -	\$ 59,134	\$ 3,766,733	\$ 61,795
Interest	-	169,787	169,787	-	169,503
Totals	\$ 3,825,867	\$ 169,787	\$ 228,921	\$ 3,766,733	\$ 231,298
Note Payable To St. Catherine of Siena Catholic Church					
<i>Business-Type Fund portion of debt is 30.15%, reported here.</i>					
<i>Balance is reported in Governmental Activities Debt section</i>					
Original Balance: \$238,500					
Dated July 28, 2009					
Interest Rate - 5.75%					
Principal	\$ 35,954	\$ -	\$ 17,977	\$ 17,977	\$ 17,977
Interest	-	1,034	1,034	-	1,034
Totals	\$ 35,954	\$ 1,034	\$ 19,011	\$ 17,977	\$ 19,010
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 3,984,309	\$ -	\$ 87,572	\$ 3,896,737	\$ 90,596
Interest	-	174,729	174,729	-	174,287
Totals	\$ 3,984,309	\$ 174,729	\$ 262,301	\$ 3,896,737	\$ 264,882
TOTAL DEBT AGREEMENTS:					
Principal	\$ 8,731,984	\$ -	\$ 444,811	\$ 8,287,173	\$ 481,221
Interest	-	409,720	409,720	-	397,074
Totals	\$ 8,731,984	\$ 409,720	\$ 854,531	\$ 8,287,173	\$ 878,295

CITY OF VENETA
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT

For the Fiscal Year Ended June 30, 2011

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
<u>Governmental Activities</u>						
Note payable to Siuslaw Bank for the purchase of land	2012	\$ -	\$ 118,213	\$ 81,746	\$ 36,467	\$ 672,509
- Original Balance \$925,000	2013	-	118,213	86,022	32,191	586,488
	2014	-	118,213	90,421	27,792	496,067
	2015	-	118,213	95,045	23,168	401,022
	2016	-	118,213	99,860	18,352	301,162
	2017	-	118,213	105,012	13,200	196,149
	2018	-	118,213	110,383	7,830	85,767
	2019	-	88,745	85,903	2,841	(137)
Totals		-	916,232	754,392	161,841	
Note Payable To Siuslaw Bank for financing of local improvements to be retired by assessment	2012	\$ -	\$ 19,071	\$ 6,851	\$ 12,222	\$ 203,876
- Original Balance \$223,502	2013	-	19,071	7,287	11,784	196,589
	2014	-	19,071	7,718	11,353	188,872
	2015	-	19,071	8,174	10,897	180,697
	2016	-	19,071	8,630	10,441	172,068
	2017	-	19,071	9,168	9,903	162,900
	2018	-	19,071	9,710	9,361	153,189
	2019	-	19,071	10,285	8,786	142,905
	2020	-	19,071	10,871	8,200	132,034
	2021	-	19,071	11,536	7,535	120,497
	2022	-	19,071	12,218	6,852	108,279
	2023	-	19,071	12,941	6,130	95,338
	2024	-	19,071	13,692	5,379	81,646
	2025	-	19,071	14,516	4,554	67,129
	2026	-	19,071	15,375	3,696	51,754
	2027	-	19,071	16,284	2,786	35,470
	2028	-	19,071	17,243	1,828	18,226
	2029	-	19,071	18,232	839	(5)
Totals		-	343,276	210,732	132,546	
Note payable to St. Catherine of Siena Catholic Church for the purchase of land	2012	\$ -	\$ 44,043	\$ 41,648	\$ 2,394	\$ (0)
- Original Balance \$238,500						
<i>Governmental Activities share of debt reported here is 69.85% of total.</i>						
Totals		-	44,043	41,648	2,394	
Urban Renewal Bonds, Series 2001 issued to finance various urban renewal projects	2012	\$ -	\$ 280,850	\$ 165,000	\$ 115,850	\$ 1,935,000
- Original Balance \$3,360,000	2013	-	281,981	175,000	106,981	1,760,000
	2014	-	277,575	180,000	97,575	1,580,000
	2015	-	277,900	190,000	87,900	1,390,000
	2016	-	277,688	200,000	77,688	1,190,000
	2017	-	281,938	215,000	66,938	975,000
	2018	-	279,844	225,000	54,844	750,000
	2019	-	277,188	235,000	42,188	515,000
	2020	-	278,969	250,000	28,969	265,000
	2021	-	279,906	265,000	14,906	-
Totals		-	2,793,838	2,100,000	693,838	
General Obligation Water Bonds held by CAPMARK for Water System Construction	2012	\$ -	\$ 73,619	\$ 65,380	\$ 8,239	\$ 148,426
- Original Balance \$1,000,000	2013	-	70,324	65,380	4,944	83,046
	2014	-	65,878	64,230	1,648	18,816
Totals		-	209,821	194,990	14,831	

CITY OF VENETA
SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT (Continued)

For the Fiscal Year Ended June 30, 2011

	Fiscal Year Ended June 30,	Sinking Fund Requirement	Total Payment	Principal	Interest	Fiscal Year-end Balance
General Obligation Bonds held by U.S. National Bank for construction of a new swimming pool facility	2012	\$ -	\$ 77,615	\$ 30,000	\$ 47,615	\$ 1,040,000
	2013	-	79,280	33,000	46,280	1,007,000
	2014	-	80,812	36,000	44,812	971,000
	2015	-	81,210	38,000	43,210	933,000
	2016	-	84,519	43,000	41,519	890,000
	2017	-	86,605	47,000	39,605	843,000
	2018	-	87,514	50,000	37,514	793,000
	2019	-	89,289	54,000	35,289	739,000
	2020	-	90,886	58,000	32,886	681,000
	2021	-	93,305	63,000	30,305	618,000
	2022	-	92,501	65,000	27,501	553,000
	2023	-	91,609	67,000	24,609	486,000
	2024	-	94,627	73,000	21,627	413,000
	2025	-	93,379	75,000	18,379	338,000
	2026	-	94,041	79,000	15,041	259,000
	2027	-	93,526	82,000	11,526	177,000
	2028	-	94,877	87,000	7,877	90,000
	2029	-	94,005	90,000	4,005	-
Totals		-	1,599,595	1,070,000	529,595	

Business-Type Activities

Note Payable with DEQ for Sewer System Improvements - Original Balance \$1,033,420	2012	\$ -	\$ 14,574	\$ 10,824	\$ 3,750	\$ 101,203
	2013	-	14,574	11,198	3,376	90,005
	2014	-	14,574	11,585	2,989	78,420
	2015	-	14,574	11,986	2,588	66,434
	2016	-	14,574	12,401	2,173	54,033
	2017	-	14,574	12,829	1,745	41,204
	2018	-	14,574	13,273	1,301	27,931
	2019	-	14,574	13,733	841	14,198
	2020	-	14,564	14,198	366	-
Totals			\$ 131,156	\$ 112,027	\$ 19,129	

Note Payable with USDA Rural Development for Sewer System Improvements - Original Balance \$4,255,700

	2012	\$ 231,298	\$ 231,298	\$ 61,795	\$ 169,503	\$ 3,704,938
	2013	231,298	231,298	64,576	166,722	3,640,362
	2014	231,298	231,298	67,482	163,816	3,572,880
	2015	231,298	231,298	70,518	160,780	3,502,362
	2016	231,298	231,298	73,692	157,606	3,428,670
	2017	231,298	231,298	77,008	154,290	3,351,662
	2018	231,298	231,298	80,473	150,825	3,271,189
	2019	231,298	231,298	84,094	147,204	3,187,095
	2020	231,298	230,998	87,579	143,419	3,099,516
	2021	231,298	231,298	91,833	139,465	3,007,683
	2022	231,298	231,298	95,966	135,332	2,911,717
	2023	231,298	231,298	100,284	131,014	2,811,433
	2024	231,298	231,298	104,797	126,501	2,706,636
	2025	231,298	231,271	109,513	121,758	2,597,123
	2026	231,298	231,298	114,441	116,857	2,482,682
	2027	231,298	231,298	119,591	111,707	2,363,091
	2028	231,298	231,298	124,972	106,326	2,238,119
	2029	231,298	231,298	130,596	100,702	2,107,523
	2030	231,298	231,298	136,473	94,825	1,971,050
	2031	231,298	231,298	142,614	88,684	1,828,436
	2032	231,298	231,297	149,031	82,266	1,679,405
	2033	231,298	231,298	155,738	75,560	1,523,667
	2034	231,298	231,299	162,747	68,552	1,360,920
	2035	231,298	231,298	170,070	61,228	1,190,850
	2036	231,298	231,298	177,723	53,575	1,013,127
	2037	231,298	231,298	185,721	45,577	827,406
	2038	231,298	231,298	194,078	37,220	633,328
	2039	231,298	231,298	202,812	28,486	430,516
	2040	231,298	231,298	211,938	19,360	218,578
	2041	231,298	228,400	218,578	9,822	-
Totals			\$ 6,935,715	\$ 3,766,733	\$ 3,168,982	

Note payable to St. Catherine of Siena Catholic Church for the purchase of land - Original Balance \$238,500. Business-Type Activities share of debt reported here is 30.15% of total.

	2012	\$ -	\$ 19,010	\$ 17,977	\$ 1,034	\$ 0
Totals		-	19,010	17,977	1,034	

ACCOMPANYING
INFORMATION

CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION
As of June 30, 2011

To the Governing Body of the City of Veneta
Veneta, Oregon

Oregon Administrative Rule (OAR) 162-010-0120 requires certain other financial information considered necessary for full disclosure of the fiscal affairs of Oregon Municipal corporations. That financial information is set forth in OAR 162-010-0130 through 162-010-0190. The basic financial statements, notes to the financial statements, and supplementary information as listed in the table of contents, provide that information.

Oregon Administrative Rule (OAR) 162-010-0200 requires comments and disclosures relating to our audit of the City's fiscal affairs and compliance with legal requirements as set forth in OAR 162-010-0210 through 162-010-0320. We performed procedures, which may have included samples of transactions, to obtain sufficient audit evidence to support the comments that follow:

ACCOUNTING RECORDS AND INTERNAL CONTROL:

The City's accounting records were in satisfactory condition for audit purposes.

As part of my examination of the financial statements, I obtained an understanding of the accounting system and the internal controls incorporated into that system. The purpose of understanding the accounting system and its controls is to assist in planning the nature and scope of my examination. The process involved in obtaining an understanding of the system is more limited than a study and evaluation necessary to express an opinion on the internal control system as a whole. Accordingly, I do not express an opinion on the system of internal control.

As part of my audit of the basic financial statements, and as required by *Governmental Auditing Standards*, I tested on a limited basis internal controls of the City and adjusted the nature and extent of other auditing procedures as deemed necessary. Although the City's system of internal control is somewhat limited by the number of administrative personnel available, my study did not disclose any conditions which I considered to be a deficiency in the internal controls.

Management has been provided with a separate letter containing certain items I noted during the audit.

COLLATERAL:

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the City currently deposits public funds.

The City has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2011

INDEBTEDNESS:

The City has not exceeded its legal debt limitation as provided by ORS 287A.050. The City was in compliance with all debt covenants and all payments were made on a timely basis.

BUDGET:

Minutes and resolutions of the Budget Committee and City Council were reviewed for compliance of Oregon Budget Law in preparation, adoption and execution of the current year's budget and preparation and adoption of the ensuing year's budget. I found no instances of non-compliance of Oregon Budget Law by the City for the 2010-11 fiscal year or in preparation and adoption of the 2011-12 budget.

INVESTMENTS:

The City is in compliance with legal requirements of ORS 294 pertaining to investment of public funds.

INSURANCE AND FIDELITY BONDS:

I have examined the City's fidelity bonds and insurance coverage at June 30, 2011 and ascertained that such policies appeared to be in force as of that date and appeared to comply with the legal requirements. I recommend periodic review of insurance by qualified individuals, as I do not possess expertise in this area.

PUBLIC CONTRACTING:

The City complied with the requirements of ORS 279 by making every effort to construct public improvements at the least cost to the public agency. Adequate bids and quotes were obtained for all required contracts and purchases.

PROGRAMS FUNDED FROM OUTSIDE SOURCES:

During the fiscal year, the City complied with all appropriate laws, rules, and regulations pertaining to programs funded by the federal government and the State of Oregon. In accordance with *Governmental Auditing Standards*, I issued a report on my consideration of the City of Veneta's compliance and internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2011

HIGHWAY FUNDS:

Based on my review of expenditures of monies received from the State of Oregon for road and highway construction, I am not aware of any instances of noncompliance with respect to Article IX, section 3(a) of the Oregon Constitution, pertaining to the use of receipts from taxes on motor vehicle use fuel. Furthermore, I am not aware of any noncompliance with respect to ORS 294, 368, and 373, pertaining to the use of road funds. My review procedures related to the highway funds included examining on a test basis, documents supporting expenditures in the City's Street Fund.

STATEMENT OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS:

This statement is not applicable to the City.

This report is intended solely for the information of the State of Oregon, Secretary of State, Division of Audits and other state agencies and is not intended and should not be used by anyone other than these specified parties.

Steven L. Tuchscherer, CPA
Steve Tuchscherer, CPA, PC

Roseburg, Oregon
November 4, 2011



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

Honorable Mayor and City Council
City of Veneta, Oregon

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Veneta, as of and for the year ended June 30, 2011, which collectively comprise City of Veneta's basic financial statements and have issued my report thereon dated November 4, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

I noted certain other matters that I reported to management of the City of Veneta in a separate letter dated November 4, 2011.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Steve Tuchscherer, CPA
November 4, 2011