

VENETA

oregon

Inc. 1962

CITY OF VENETA
Lane County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2015



Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

436 1st Avenue W | PO Box 1072
Albany, Oregon 97321 | (541) 223-5555

**CITY OF VENETA
Lane County, Oregon**

CITY OFFICIALS

June 30, 2015

MAYOR

Sandra Larson
25456 E. Hunter Road
Veneta, Oregon 97487

CITY COUNCIL

Thomas Laing
P.O. Box 1304
Veneta, Oregon 97487

Thomas Cotter - President
88098 Huston Road
Veneta, Oregon 97487

Victoria Hedenstrom
25206 Irenic Drive
Veneta, Oregon 97487

Tim Brooker
(elected January 2015)
P.O. Box 655
Veneta, Oregon 97487

Brittany Boothe
(term ended December 2014)
24781 Dunham Avenue
Veneta, Oregon 97487

CITY ADMINISTRATOR

R. Ric Ingham

FINANCE DIRECTOR

Shauna Hartz

CITY OF VENETA
Lane County, Oregon

TABLE OF CONTENTS

June 30, 2015

	<u>Page Number</u>
INTRODUCTORY SECTION	
Title Page	
City Officials	
Table of Contents	
 FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Funds.....	18-19
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	20
Statement of Cash Flows - Proprietary Funds.....	21-22
Notes to Basic Financial Statements.....	23-52
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability	53
Schedule of City Contributions	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -	
General Fund.....	54
Parks and Recreation Fund	55
Street Fund	56
Veneta Urban Renewal Agency - General Fund	57
Veneta Urban Renewal Agency - Debt Service Fund	58
Other Supplementary Information - Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	60
Combining Statement of Net Position - Nonmajor Enterprise Funds	61

	<u>Page Number</u>
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	62
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Law Enforcement Fund.....	64
Planning Fund	65
Storm-Water Fund	66
Capital Construction Fund	67
Inverse Condemnation Fund.....	68
Zumwalt Campground Fund.....	69
Business Assistance Loan/Grant Fund	70
Local Improvements Fund.....	71
Pool Facilities Fund.....	72
Public Works Equipment Reserve Fund.....	73
West Broadway Fund	74
Pipeline Fund.....	75
Governmental Reserve Fund.....	76
Debt Service Fund.....	77
Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual –	
Water Fund	78
Sewer Fund	79
Water Capital Construction Fund	80
Sewer Capital Construction Fund	81
Enterprise Capital Construction Fund.....	82
Enterprise Reserve Fund.....	83

OTHER FINANCIAL SCHEDULES

Schedule of Property Tax Transactions	84
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**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY FEDERAL AND
STATE REGULATIONS**

Independent Auditor’s Report Required by Oregon State Regulations	85-86
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87-88

FINANCIAL SECTION



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Billie Jo Smith, Mayor
and Members of the City Council
City of Veneta
Veneta, Oregon 97487

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta, Lane County, Oregon as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta, Lane County, Oregon as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as the provisions of GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability and City contributions, and the budgetary comparison information on pages 4 through 11 and 53-58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Veneta's basic financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The schedule of property tax transactions has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

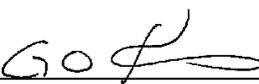
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City of Veneta's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 8, 2016 on our tests of the City's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:  _____
Glen O. Kearns, CPA

Albany, Oregon
March 8, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the City of Veneta, Lane County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2015, total net position of the City of Veneta amounted to \$43,344,729. Of this amount, \$27,120,371 was invested in capital assets, net of related debt. The remaining balance included \$6,196,419 restricted for various purposes and \$10,027,939 of unrestricted net position.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$8,145,584.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include water and sewer services.

The government-wide financial statements can be found on pages 12 through 13 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing 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. All of the funds of the City of Veneta can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on the balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Parks and Recreation, Street, Urban Renewal General, and Urban Renewal Debt Service Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Veneta adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains six enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its water and sewer utility operations.

The basic proprietary fund financial statements can be found on pages 18 through 22 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General, Street, and Stabilization Funds. This required supplementary information can be found on pages 53 through 58 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental and proprietary funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 59 through 83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2015, the City's assets exceeded liabilities by \$43,344,729.

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

City's Net Position

The City's net position increased by \$685,740 during the current fiscal year. This increase is primarily due to an increase in pension credits and property tax revenue. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 7,621,721	\$ 8,155,927	\$ 4,998,150	\$ 7,744,413	\$ 12,619,871	\$ 15,900,340
Restricted assets	1,608,811	-	3,596,295	705,572	5,205,106	705,572
Net capital assets	18,401,688	18,637,534	25,517,105	26,106,019	43,918,793	44,743,553
Total assets	27,632,220	26,793,461	34,111,550	34,556,004	61,743,770	61,349,465
Deferred Outflows of Resources						
	37,049	37,807	28,816	29,405	65,865	67,212
Liabilities						
Current liabilities	983,899	689,097	828,290	769,216	1,812,189	1,458,313
Noncurrent liabilities	2,480,075	3,059,897	13,727,320	14,178,656	16,207,395	17,238,553
Total liabilities	3,463,974	3,748,994	14,555,610	14,947,872	18,019,584	18,696,866
Deferred Inflows of Resources						
	267,578	51,068	177,744	9,754	445,322	60,822
Net position						
Net investment in capital assets	15,588,860	15,510,475	11,531,511	11,870,522	27,120,371	27,380,997
Restricted for various purposes	2,828,805	1,658,289	3,367,614	3,644,687	6,196,419	5,302,976
Unrestricted	5,520,052	5,862,442	4,507,887	4,112,574	10,027,939	9,975,016
Total net position	\$ 23,937,717	\$ 23,031,206	\$ 19,407,012	\$ 19,627,783	\$ 43,344,729	\$ 42,658,989

City's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Program revenues						
Charges for services	\$ 560,760	\$ 523,093	\$ 2,126,928	\$ 2,246,774	\$ 2,687,688	\$ 2,769,867
Operating grants and contributions	13,997	40,934	-	-	13,997	40,934
Capital grants and contributions	-	475,658	-	-	-	475,658
Total program revenues	<u>574,757</u>	<u>1,039,685</u>	<u>2,126,928</u>	<u>2,246,774</u>	<u>2,701,685</u>	<u>3,286,459</u>
General revenues						
Property taxes - general	1,277,221	1,205,557	-	-	1,277,221	1,205,557
Property taxes - debt service	812,490	750,592	-	-	812,490	750,592
Franchise fees	220,725	279,822	-	-	220,725	279,822
Motor fuel taxes	370,591	442,492	-	-	370,591	442,492
Alcohol and cigarette taxes	73,519	-	-	-	73,519	-
Intergovernmental	44,718	43,039	-	-	44,718	43,039
Investment earnings	15,898	32,909	41,773	40,377	57,671	73,286
Rents and leases	73,862	-	19,033	-	92,895	-
Miscellaneous	6,192	4,098	7,935	-	14,127	4,098
Pension credit	102,191	-	79,482	-	181,673	-
Total general revenues	<u>2,997,407</u>	<u>2,758,509</u>	<u>148,223</u>	<u>40,377</u>	<u>3,145,630</u>	<u>2,798,886</u>
Total revenues	<u>3,572,164</u>	<u>3,798,194</u>	<u>2,275,151</u>	<u>2,287,151</u>	<u>5,847,315</u>	<u>6,085,345</u>
Program expenses						
General government	1,004,936	942,006	-	-	1,004,936	942,006
Public safety	838,295	750,380	-	-	838,295	750,380
Public works	20,399	232,438	-	-	20,399	232,438
Highways and streets	308,076	-	-	-	308,076	-
Culture and recreation	280,056	267,632	-	-	280,056	267,632
Interest on long-term debt	98,891	160,478	-	417,403	98,891	577,881
Water	-	-	1,654,041	1,556,184	1,654,041	1,556,184
Sewer	-	-	956,881	708,251	956,881	708,251
Total program expenses	<u>2,550,653</u>	<u>2,352,934</u>	<u>2,610,922</u>	<u>2,681,838</u>	<u>5,161,575</u>	<u>5,034,772</u>
Transfers	<u>(115,000)</u>	<u>66,796</u>	<u>115,000</u>	<u>(66,796)</u>	<u>-</u>	<u>-</u>
Change in net position	906,511	1,512,056	(220,771)	(461,483)	685,740	1,050,573
Net position - beginning of year, as restated	<u>23,031,206</u>	<u>21,519,150</u>	<u>19,627,783</u>	<u>20,089,266</u>	<u>42,658,989</u>	<u>41,608,416</u>
Net position - end of year	<u>\$ 23,937,717</u>	<u>\$ 23,031,206</u>	<u>\$ 19,407,012</u>	<u>\$ 19,627,783</u>	<u>\$ 43,344,729</u>	<u>\$ 42,658,989</u>

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$8,145,584. Of this amount, \$1,073,923 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$1,073,923. This entire amount constitutes unassigned fund balance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary funds amounted to \$19,407,012 at year-end. Of this amount, \$11,531,511 was invested in capital assets, net of related debt. The remaining balance included \$3,367,614 restricted for various purposes and \$4,507,887 of unrestricted net position.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and three approved appropriation transfers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2015 amounted to \$18,401,688 and \$25,517,105, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and structures, equipment and vehicles, land improvements, and infrastructure. The total depreciation expense related to the City's investment in capital assets for its governmental activities and business-type activities during the current fiscal year was \$340,966 and \$687,904, respectively.

Additional information on the City's capital assets can be found on pages 36 through 38 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Liabilities

At the end of the current fiscal year, the City had total debt outstanding of \$16,798,422. This amount is comprised of general obligation bonds, notes payable, and revenue bonds. The City's total debt decreased by \$564,552 during the current fiscal year. Additional information on the City's long-term liabilities can be found on pages 40 through 43.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the City was aware of the following circumstances that could affect its future financial health:

- Property tax revenue continues to be relatively stable as does most of the other revenue not directly tied to user fees. Rates for sewer are not expected to change in FY 2016; however, it is expected that storm-waters will increase by 2% July 1, 2015 and water rates will increase by 2% in January 2016.
- The increases are needed to ensure the City can maintain operations at the current service levels. The increased revenue for water services also ensure that the City can pay for purchasing water, meet future demands for new and upgrading facilities and make the required debt service payments of \$431,000 per year.
- Single family residential construction again exceeded expectations during FY 2015. This trend is expected to continue in the upcoming fiscal year because there are now approximately 80 buildable lots available. Based on the land use applications currently being processed there could be another increase in building activity in the summer of 2017.
- The City of Veneta has made it a practice to maintain infrastructure on a regular schedule thereby saving money in the long run and operating at a high efficiency level. Routine maintenance costs do not have a noticeable impact on the budget; however, large maintenance projects can be expensive. Examples of such projects are street overlays, water tank refurbishing/recoating, and replacement of plant components. The needs and priority are set by the Public Works Department staff and communicated to the Finance Department during the budget preparation process.
- Capital projects planned in the upcoming year include installation of sewer infrastructure in an area not previously serviced. A Local Improvement District will be formed which allows the City to be reimbursed by the owners of the benefited properties.
- All of the above factors were considered when preparing the budget for the 2015-2016 fiscal year.

**CITY OF VENETA
Lane County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

- During the current fiscal year, unassigned fund balance in the general fund increased to \$1,073,923. The City of Veneta has appropriated \$140,701 of this amount for spending in the 2016 fiscal year budget. The planned reduction of fund balance continues the City's conservative methods for budgeting. In reality, due to careful monitoring, the fund balance has remained fairly stable or increased slightly.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Finance Director at the following address: P.O. Box 458, Veneta, Oregon 97487.

BASIC FINANCIAL STATEMENTS

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 7,039,195	\$ 4,599,167	\$ 11,638,362
Receivables	131,033	266,585	397,618
Property taxes receivable	109,058	-	109,058
Liens receivable	77,860	16,025	93,885
Court fines receivable	125,016	-	125,016
Prepaid expenses	180	-	180
Inventories	-	30,790	30,790
Total current assets	<u>7,482,342</u>	<u>4,912,567</u>	<u>12,394,909</u>
Restricted assets	1,608,811	3,596,295	5,205,106
Pension asset	110,034	85,583	195,617
Assets held for sale	29,345	-	29,345
Capital assets not being depreciated	2,683,962	850,030	3,533,992
Capital assets being depreciated, net	<u>15,717,726</u>	<u>24,667,075</u>	<u>40,384,801</u>
Total assets	<u>27,632,220</u>	<u>34,111,550</u>	<u>61,743,770</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>37,049</u>	<u>28,816</u>	<u>65,865</u>
LIABILITIES			
Current liabilities			
Accounts payable	360,727	90,196	450,923
Accrued liabilities	140,655	-	140,655
Compensated absences	35,596	7,846	43,442
Accrued interest	52,485	383,301	435,786
Deposits	61,683	88,673	150,356
Long-term debt, current portion	<u>332,753</u>	<u>258,274</u>	<u>591,027</u>
Total current liabilities	<u>983,899</u>	<u>828,290</u>	<u>1,812,189</u>
Noncurrent liabilities			
Long-term debt, less current portion	<u>2,480,075</u>	<u>13,727,320</u>	<u>16,207,395</u>
Total liabilities	<u>3,463,974</u>	<u>14,555,610</u>	<u>18,019,584</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in proportion and contributions - PERS	217,762	169,371	387,133
Unearned revenue	<u>49,816</u>	<u>8,373</u>	<u>58,189</u>
Total deferred inflows of resources	<u>267,578</u>	<u>177,744</u>	<u>445,322</u>
NET POSITION			
Net investment in capital assets	\$ 15,588,860	\$ 11,531,511	\$ 27,120,371
Restricted for various purposes	2,828,805	3,367,614	6,196,419
Unrestricted	<u>5,520,052</u>	<u>4,507,887</u>	<u>10,027,939</u>
Total net position	<u>\$ 23,937,717</u>	<u>\$ 19,407,012</u>	<u>\$ 43,344,729</u>

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating	Governmental Activities	Business-Type Activities	
			Grants and Contributions			
Governmental activities						
General government	\$ 1,004,936	\$ 335,179	\$ 6,427	\$ (663,330)	\$ -	\$ (663,330)
Public safety	838,295	49,923	-	(788,372)	-	(788,372)
Public works	20,399	11,491	-	(8,908)	-	(8,908)
Highways and streets	308,076	400	7,000	(300,676)	-	(300,676)
Culture and recreation	280,056	163,767	570	(115,719)	-	(115,719)
Interest on long-term debt	98,891	-	-	(98,891)	-	(98,891)
Total governmental activities	<u>\$ 2,550,653</u>	<u>\$ 560,760</u>	<u>\$ 13,997</u>	<u>(1,975,896)</u>	<u>-</u>	<u>(1,975,896)</u>
Business-type activities						
Water	\$ 1,654,041	\$ 1,072,354	\$ -	-	(581,687)	(581,687)
Sewer	956,881	1,054,574	-	-	97,693	97,693
Total business-type activities	<u>\$ 2,610,922</u>	<u>\$ 2,126,928</u>	<u>\$ -</u>	<u>-</u>	<u>(483,994)</u>	<u>(483,994)</u>
General revenues						
Property taxes levied for general purposes				1,277,221	-	1,277,221
Property taxes levied for debt service				812,490	-	812,490
Franchise fees				220,725	-	220,725
Motor fuel taxes				370,591	-	370,591
Alcohol and cigarette taxes				73,519	-	73,519
Intergovernmental				44,718	-	44,718
Investment earnings				15,898	41,773	57,671
Rents and leases				73,862	19,033	92,895
Miscellaneous				6,192	7,935	14,127
Pension credit				102,191	79,482	181,673
Total general revenues				<u>2,997,407</u>	<u>148,223</u>	<u>3,145,630</u>
Transfers				<u>(115,000)</u>	<u>115,000</u>	<u>-</u>
Change in net position				906,511	(220,771)	685,740
Net position - beginning, as restated				<u>23,031,206</u>	<u>19,627,783</u>	<u>42,658,989</u>
Net position - ending				<u>\$ 23,937,717</u>	<u>\$ 19,407,012</u>	<u>\$ 43,344,729</u>

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

CITY OF VENETA
Lane County, Oregon

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Special Revenue		Component Unit		Nonmajor Governmental Funds	Total Governmental Funds
		Parks and Recreation Fund	Street Fund	Urban Renewal General Fund	Urban Renewal Debt Service Fund		
ASSETS							
Cash and cash equivalents	\$ 1,239,969	\$ 489,614	\$ 1,462,545	\$ 397,392	\$ 1,153,449	\$ 3,847,066	\$ 8,590,035
Undistributed taxes with county	-	-	-	-	1,429	-	1,429
Accounts receivable	63,324	10,998	61,728	-	-	24,328	160,378
Property taxes receivable	18,652	15,051	-	-	56,541	75,355	165,599
Liens receivable	2,274	-	3,360	-	-	57,226	62,860
Note receivable	-	-	-	-	-	15,000	15,000
Prepaid expenses	-	-	-	180	-	-	180
Total assets	\$ 1,324,219	\$ 515,663	\$ 1,527,633	\$ 397,572	\$ 1,211,419	\$ 4,018,975	\$ 8,995,481
LIABILITIES							
Accounts payable	\$ 59,974	\$ 6,856	\$ 80,381	\$ 6,861	\$ -	\$ 206,655	\$ 360,727
Accrued liabilities	72,822	325	-	-	-	-	73,147
Deposits	-	-	61,683	-	-	-	61,683
Total liabilities	132,796	7,181	142,064	6,861	-	206,655	495,557
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Property taxes	18,161	14,609	-	-	56,541	73,488	162,799
Unearned revenue	99,339	-	19,446	-	-	72,756	191,541
Total deferred inflows of resources	117,500	14,609	19,446	-	56,541	146,244	354,340
FUND BALANCES							
Nonspendable	-	-	-	180	-	-	180
Restricted	-	-	-	390,531	1,154,878	1,283,396	2,828,805
Committed	-	493,873	1,366,123	-	-	2,382,680	4,242,676
Unassigned	1,073,923	-	-	-	-	-	1,073,923
Total fund balances	1,073,923	493,873	1,366,123	390,711	1,154,878	3,666,076	8,145,584
Total liabilities, deferred inflows of resources and fund balances	\$ 1,324,219	\$ 515,663	\$ 1,527,633	\$ 397,572	\$ 1,211,419	\$ 4,018,975	\$ 8,995,481

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

CITY OF VENETA
Lane County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2015

Total fund balances		\$ 8,145,584
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	21,041,674	
Accumulated depreciation	<u>(2,639,986)</u>	18,401,688
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		162,799
Court fines are recognized as revenue when received in the governmental funds, however, in the total balances due, less related payables to outside agencies are recorded in net position of the governmental activities.		
		57,508
Certain revenues and fees are recognized as revenue in the net position of governmental activities when the revenues are earned; however, in the governmental fund statements, they are recognized when available to be used for current year operations.		
		141,726
Amounts relating to the City's proportionate share of net pension liability or assets for the Oregon Public Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension expense	37,049	
Deferred inflows of resources relating to the return on pension assets	(217,762)	
Net pension asset (liability)	<u>110,034</u>	(70,679)
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest	(52,485)	
Compensated absences payable	(35,596)	
Long-term liabilities payable	<u>(2,812,828)</u>	<u>(2,900,909)</u>
Net position of governmental activities		\$ <u>23,937,717</u>

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Special Revenue Funds		
	General Fund	Parks and Recreation Fund	Streets Fund
REVENUES			
Taxes			
Property	\$ 255,143	\$ 229,554	\$ -
Franchise	109,807	-	109,807
Licenses, permits, and fees	108,571	-	-
Grants and contributions	-	-	7,000
Charges for services	-	54,213	-
Fees and charges	-	-	-
Intergovernmental	90,386	44,718	370,991
Fines	85,402	-	-
Investment earnings	4,683	2,031	8,694
Rents and leases	68,554	-	-
Miscellaneous	16,527	511	573
Total revenues	<u>739,073</u>	<u>331,027</u>	<u>497,065</u>
EXPENDITURES			
Current			
General government	486,368	-	-
Public safety	31,478	-	-
Public works	-	-	-
Highways and streets	-	-	308,076
Culture and recreation	-	241,671	-
Debt service	-	-	-
Capital outlay	11,535	1,000	90,438
Total expenditures	<u>529,381</u>	<u>242,671</u>	<u>398,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>209,692</u>	<u>88,356</u>	<u>98,551</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Transfers in	1,000	25,000	-
Transfers out	(25,000)	-	(405,000)
Total other financing sources (uses)	<u>(24,000)</u>	<u>25,000</u>	<u>(405,000)</u>
Net change in fund balances	185,692	113,356	(306,449)
Fund balances - beginning	888,231	380,517	1,672,572
Fund balances - ending	<u>\$ 1,073,923</u>	<u>\$ 493,873</u>	<u>\$ 1,366,123</u>

The accompanying notes are an integral part of these financial statements

Component Unit			
Urban Renewal General Fund	Urban Renewal Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 711,407	\$ 888,590	\$ 2,084,694
-	-	-	219,614
-	-	50,423	158,994
-	-	-	7,000
-	-	173,079	227,292
-	-	61,781	61,781
-	-	-	506,095
-	-	-	85,402
1,046	3,557	16,469	36,480
-	-	-	68,554
-	-	47,132	64,743
<u>1,046</u>	<u>714,964</u>	<u>1,237,474</u>	<u>3,520,649</u>
23,389	-	191,470	701,227
-	-	806,817	838,295
-	-	20,399	20,399
-	-	-	308,076
-	-	38,115	279,786
-	578,429	187,346	765,775
-	-	2,120	105,093
<u>23,389</u>	<u>578,429</u>	<u>1,246,267</u>	<u>3,018,651</u>
<u>(22,343)</u>	<u>136,535</u>	<u>(8,793)</u>	<u>501,998</u>
300,000	-	-	300,000
-	-	540,000	566,000
<u>(200,000)</u>	<u>-</u>	<u>(51,000)</u>	<u>(681,000)</u>
<u>100,000</u>	<u>-</u>	<u>489,000</u>	<u>185,000</u>
77,657	136,535	480,207	686,998
<u>313,054</u>	<u>1,018,343</u>	<u>3,185,869</u>	<u>7,458,586</u>
<u>\$ 390,711</u>	<u>\$ 1,154,878</u>	<u>\$ 3,666,076</u>	<u>\$ 8,145,584</u>

CITY OF VENETA
Lane County, Oregon

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

For the Year Ended June 30, 2015

Net change in fund balances	\$	686,998
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.</p>		
Capital outlay expenditures - governmental funds		104,973
Depreciation expense recorded in the current year		(340,966)
		(235,993)
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Debt principal paid		314,649
Accrued interest		53,047
		367,696
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds:</p>		
Compensated absences		(6,809)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized when levied.</p>		
Change in deferred revenue		(17,310)
<p>Court fines and fees are recognized as revenue in the net assets of governmental activities when the fines are assessed; however, in the governmental fund statements, they are recognized when available to be used for current year operations.</p>		
		(27,311)
<p>Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.</p>		
Pension credit		102,191
Change in deferred outflows relating to pension expense		37,049
		139,240
Change in net position	\$	906,511

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	Business-Type Activities				Total Enterprise Funds
	Enterprise Funds				
	Water	Sewer	Sewer Construction Fund	Nonmajor Enterprise Funds	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,403,137	\$ 1,856,291	\$ -	\$ 1,339,739	\$ 4,599,167
Receivables, net	158,169	108,416	-	-	266,585
Liens receivable	661	7,710	7,654	-	16,025
Inventory	30,790	-	-	-	30,790
Total current assets	1,592,757	1,972,417	7,654	1,339,739	4,912,567
Restricted assets					
Cash and cash equivalents	517,389	231,298	2,445,732	401,876	3,596,295
Pension asset	48,905	36,678	-	-	85,583
Capital assets not being depreciated	265,338	584,692	-	-	850,030
Capital assets being depreciated, net	16,819,600	7,847,475	-	-	24,667,075
Total assets	19,243,989	10,672,560	2,453,386	1,741,615	34,111,550
DEFERRED OUTFLOWS OF RESOURCES					
	16,466	12,350	-	-	28,816
LIABILITIES					
Current liabilities					
Accounts payable	45,024	43,702	1,470	-	90,196
Compensated absences	3,923	3,923	-	-	7,846
Accrued interest	78,053	70,383	70,817	164,048	383,301
Deposits	37,289	51,384	-	-	88,673
Long-term debt, current portion	149,734	73,692	34,848	-	258,274
Total current liabilities	314,023	243,084	107,135	164,048	828,290
Noncurrent liabilities					
Long-term debt, less current portion	10,083,809	3,428,671	214,840	-	13,727,320
Total liabilities	10,397,832	3,671,755	321,975	164,048	14,555,610

(continued)

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

(continued)

	Business-Type Activities				Total Enterprise Funds
	Enterprise Funds				
	Water	Sewer	Sewer Construction Fund	Nonmajor Enterprise Funds	
DEFERRED INFLOWS OF RESOURCES	<u>97,447</u>	<u>80,297</u>	<u>-</u>	<u>-</u>	<u>177,744</u>
NET POSITION					
Net investment in capital assets	6,851,395	4,929,804	(249,688)	-	11,531,511
Restricted for:					
Debt service	517,389	231,298	-	-	748,687
System development	-	-	2,381,099	237,828	2,618,927
Unrestricted	<u>1,396,392</u>	<u>1,771,756</u>	<u>-</u>	<u>1,339,739</u>	<u>4,507,887</u>
Total net position	<u>\$ 8,765,176</u>	<u>\$ 6,932,858</u>	<u>\$ 2,131,411</u>	<u>\$ 1,577,567</u>	<u>\$ 19,407,012</u>

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Business-Type Activities				
	Enterprise Funds				
	Water	Sewer	Sewer Construction Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues					
Water sales	\$ 996,777	\$ -	\$ -	\$ -	\$ 996,777
Sewer charges	<u>-</u>	<u>990,447</u>	<u>-</u>	<u>-</u>	<u>990,447</u>
Total operating revenues	<u>996,777</u>	<u>990,447</u>	<u>-</u>	<u>-</u>	<u>1,987,224</u>
Operating expenses					
Personnel costs	292,359	263,644	-	-	556,003
Materials and supplies	677,533	240,305	-	-	917,838
Depreciation	<u>402,168</u>	<u>285,736</u>	<u>-</u>	<u>-</u>	<u>687,904</u>
Total operating expenses	<u>1,372,060</u>	<u>789,685</u>	<u>-</u>	<u>-</u>	<u>2,161,745</u>
Operating income (loss)	<u>(375,283)</u>	<u>200,762</u>	<u>-</u>	<u>-</u>	<u>(174,521)</u>
Nonoperating revenues (expenses)					
System development charges	-	-	64,127	74,207	138,334
Investment earnings	10,594	9,266	12,694	9,219	41,773
Miscellaneous	9,803	18,535	-	-	28,338
Pension credit	45,418	34,064	-	-	79,482
Interest expense	<u>(90,911)</u>	<u>(78,973)</u>	<u>(88,223)</u>	<u>(191,070)</u>	<u>(449,177)</u>
Total nonoperating revenues (expenses)	<u>(25,096)</u>	<u>(17,108)</u>	<u>(11,402)</u>	<u>(107,644)</u>	<u>(161,250)</u>
Income (loss) before contributions and transfers	(400,379)	183,654	(11,402)	(107,644)	(335,771)
Transfers in	298,744	61,819	2,204,632	451,136	3,016,331
Transfers out	<u>(5,000)</u>	<u>(80,000)</u>	<u>(61,819)</u>	<u>(2,754,512)</u>	<u>(2,901,331)</u>
Change in net position	(106,635)	165,473	2,131,411	(2,411,020)	(220,771)
Total net position - beginning, as restated	<u>8,871,811</u>	<u>6,767,385</u>	<u>-</u>	<u>3,988,587</u>	<u>19,627,783</u>
Total net position - ending	<u>\$ 8,765,176</u>	<u>\$ 6,932,858</u>	<u>\$ 2,131,411</u>	<u>\$ 1,577,567</u>	<u>\$ 19,407,012</u>

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Business-Type Activities				Total Enterprise Funds
	Enterprise Funds				
	Water	Sewer	Sewer Construction Fund	Nonmajor Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 999,892	\$ 992,419	\$ -	\$ -	\$ 1,992,311
Payments to employees	(304,902)	(272,071)	-	-	(576,973)
Payments to suppliers	(667,032)	(204,094)	-	-	(871,126)
Net cash provided (used) by operating activities	<u>27,958</u>	<u>516,254</u>	<u>-</u>	<u>-</u>	<u>544,212</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous income	<u>9,803</u>	<u>18,535</u>	<u>-</u>	<u>-</u>	<u>28,338</u>
Net cash provided (used) by noncapital financing activities	<u>9,803</u>	<u>18,535</u>	<u>-</u>	<u>-</u>	<u>28,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
System development charges	-	-	91,472	74,207	165,679
Transfers from other funds for capital purposes	-	-	2,523,789	-	2,523,789
Transfers to other funds for capital purposes	(5,000)	(80,000)	-	(2,382,428)	(2,467,428)
Principal paid on capital debt	(46,983)	(35,259)	(68,911)	(98,744)	(249,897)
Interest paid on capital debt	(90,910)	(78,973)	(88,222)	(191,070)	(449,175)
Purchase of capital assets	(5,718)	(73,423)	(25,090)	-	(104,231)
Net cash provided (used) by capital and related financing activities	<u>(148,611)</u>	<u>(267,655)</u>	<u>2,433,038</u>	<u>(2,598,035)</u>	<u>(581,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	<u>10,594</u>	<u>9,266</u>	<u>12,694</u>	<u>9,219</u>	<u>41,773</u>
Net cash provided (used) by investing activities	<u>10,594</u>	<u>9,266</u>	<u>12,694</u>	<u>9,219</u>	<u>41,773</u>
Net increase (decrease) in cash and cash equivalents	(100,256)	276,400	2,445,732	(2,588,816)	33,060

(Continued)

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2015

(Continued)

	Business-Type Activities				
	Enterprise Funds				
	Water	Sewer	Sewer Construction Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash and cash equivalents - beginning (including \$474,274, \$231,298 and \$2,997,612 in water, sewer and nonmajor enterprise funds, respectively, reported in restricted accounts,)	<u>2,020,782</u>	<u>1,811,189</u>	-	<u>4,330,431</u>	<u>8,162,402</u>
Cash and cash equivalents - ending (including \$517,389, \$231,298, \$2,445,732 and \$401,876 in water, sewer, sewer construction, and nonmajor enterprise funds, respectively reported in restricted accounts)	<u>\$ 1,920,526</u>	<u>\$ 2,087,589</u>	<u>\$ 2,445,732</u>	<u>\$ 1,741,615</u>	<u>\$ 8,195,462</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (375,283)	\$ 200,762	\$ -	\$ -	\$ (174,521)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	402,168	285,736	-	-	687,904
(Increase) decrease in:					
Receivables	(15,105)	(1,281)	-	-	(16,386)
Inventories	845	-	-	-	845
Deferred outflows of resources	(16,466)	(12,350)	-	-	(28,816)
Increase (decrease) in:					
Accounts payable	9,656	36,211	-	-	45,867
Compensated absences	3,923	3,923	-	-	7,846
Customer deposits	<u>18,220</u>	<u>3,253</u>	<u>-</u>	<u>-</u>	<u>21,473</u>
Net cash provided (used) by operating activities	<u>\$ 27,958</u>	<u>\$ 516,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,212</u>
Noncash investing, capital, and financing activities:					
Capital contributions	\$ -	\$ 26,650	\$ -	\$ -	\$ 26,650
Transfer of capital assets	-	-	(26,560)	-	(26,560)

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of Veneta was incorporated in 1962 and is situated in Lane County, Oregon. The City provides basic services to citizens within the city limits. Control of the City is vested in its mayor and city council, elected to office by voters within the City.

The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

1. Blended component unit - Veneta Urban Renewal Agency

The aforementioned urban renewal agency serves the area within the existing city limits of the City of Veneta. Board members for the agency consist of all of the members of the Veneta City Council. The component unit issues separate financial statements. The financial statements can be obtained from the Finance Department of the City or at their website www.venetaoregon.gov.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate financial statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. The primary source of revenue is property taxes.

Special Revenue Funds

Parks and Recreation Fund– The Parks and Recreation Fund is used to account for revenues related to parks and recreation programs. The primary source of revenue is property taxes.

Street Fund – The Street Fund accounts for the maintenance, operation, and construction of the City’s streets. The primary sources of revenue are state shared highway funds.

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 of the financial resources except those required to be accounted for in another fund. The principal source of revenue is interest on investments. Primary expenditures are for the 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.

The City reports the following major proprietary funds:

Enterprise Funds

Water Fund – The Water Fund accounts for the resources and expenses related to the supply, treatment, and distribution of water. The primary source of revenue is user fees.

Sewer Fund – The Sewer Fund accounts for the resources and expenses related to the collection and treatment of wastewater. The primary source of revenue is user fees.

Sewer Capital Construction Fund – The Sewer Capital Construction Fund is used to accumulate funds for future system development costs. The primary source of revenue is sewer system development charges.

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds

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

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Planning Fund – The Planning Fund is used to account for revenues related to city development programs. The primary source of revenue is property taxes.

Storm-Water Fund – The Storm-Water Fund accounts for retention ponds, swales, drainage ditches, and underground drainage ways. The primary revenues are user fees.

Capital Construction Fund – The Capital Construction Fund accounts for governmental system development charges and related improvement expenditures.

Inverse Condemnation Fund – The Inverse Condemnation Fund accounts for the repayment of funds originally obtained to fund capital projects. The primary source of revenue is transfers.

Zumwalt Campground Fund – The Zumwalt Campground Fund is used to accumulate funds dedicated to operation of the Zumwalt Campground. The primary source of revenue is user fees.

Business Assistance Loan/Grants Fund – The Business Assistance Loan/Grants Fund accounts for funds available to lend or grant for community development. The primary source of revenue is interest income.

Local Improvements Fund – The Local Improvements Fund is used to account for system improvement expenditures. The primary source of revenue is special assessments.

Capital Projects Funds

Pool Facilities Fund – The Pool Facilities Fund accounts for donations related to swimming pool facilities.

Public Works Equipment Reserve Fund – The Public Works Equipment Reserve Fund is used to accumulate funds for future equipment purchases. The primary source of revenue is transfers committed by the City Council.

West Broadway Fund – The West Broadway Fund accounts for the planning, design and improvements and expansion of West Broadway Avenue. The primary source of revenue is investment earnings.

Governmental Reserve Fund – The Governmental Reserve Fund is used to accumulate funds for future maintenance, operation, and construction of the City's streets. The primary source of revenue is transfers.

Debt Service Fund – The Debt Service Fund accounts for the repayment of the City's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is for the payment of principal and interest due on long-term debt.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Enterprise Funds

Water Capital Construction Fund – The Water Capital Construction Fund is used to accumulate funds for future water system development costs. The primary sources of revenue are user fees and transfers.

Enterprise Capital Construction Fund – The Enterprise Capital Construction Fund is used to accumulate funds for future system development costs. The fund was closed during the fiscal year.

Enterprise Reserve Fund – The Enterprise Reserve Fund is used to accumulate funds for sewer system needs. The primary source of revenue is investment income.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activity column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The 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 when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, enterprise, and internal service funds. All funds are budgeted on the modified accrual basis of accounting.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator and the Finance Director develop a proposed budget, after which the notice of the first Budget Committee meeting is published twice. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the City Council and an equal number of citizens of the City of Veneta) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the City's

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

financial assets. The Budget Committee conducts the public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the City Administrator originally. The Budget Committee then submits the approved budget to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year. The City Council legally adopts the budget resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (ie personnel services, materials and services, capital outlay, and other expenditures). Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and two approved appropriation transfers.

2. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the Street Fund, Capital Outlay appropriation category by \$73,188

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank,

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

3. Accounts Receivable

Receivables are recorded as revenue when earned. Accounts receivable are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts is calculated by management based on historical collection experience.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds are eliminated in the statement of net position.

5. Inventories

Inventories of supplies are valued at cost using the first-in, first-out method. Inventories consist of materials for use in the water and sewer departments.

6. 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. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and Equipment	10-20
Furniture and Office Equipment	3-5
Buildings and structures	40-50
Vehicles	5-10
Water and Sewer Systems	40-50
Infrastructure	15-65

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

7. Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and uncollected revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council (council) has by resolution authorized the City Administrator and Finance Director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City fund balance policy states that the unassigned General Fund balance will be maintained to provide the City with sufficient working capital and a margin of safety to address the needs of the City without borrowing.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

3. Compensated Absences

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

4. Pensions

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

I. 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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The City of Veneta maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled 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 price, 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.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares. Because the pool operates as a demand deposit account, each fund's portion of this pool is classified on the combined balance sheet as cash and cash equivalents; however, Oregon Short-Term Fund investments are disclosed below and classified by custodial credit risk for investments. The Treasurer makes short-term and long-term investments, which are held separately by several of the State's funds. Other investments are made directly by state agencies rather than by the Treasurer, although only a few agencies are authorized to make such investments and then only for specific programs. The State Treasury's direct investments in short-term securities are limited by portfolio rules established by the Oregon Short-Term Fund Board and the Oregon Investment Council. A separate financial report for the Oregon Short-Term Fund Board is prepared by the Treasurer in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Oregon State Treasury, Finance Division, 350 Winter Street NE, Suite 100, Salem, Oregon 97301-3896. Participants' account balances in the Oregon Short-Term Fund are determined by the amount of participants' deposits, adjusted for withdrawals and distributed interest. Interest is calculated and accrued daily on each participant's account based on the ending account balance and a variable interest rate determined periodically by the Oregon State Treasury. The interest rate approximates the actual yield of the Oregon Short-Term Fund, exclusive of unrealized gains and losses.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' 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 Government Investment Pool. The City has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2015, the City had the following investments:

	<u>Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 15,558,711</u>

Interest Rate Risk

The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

government entities. The City holds accounts at Key Bank, and Banner Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2015 the City had deposits of \$605,419 insured by the FDIC, and \$349,472 collateralized under the PFCP.

Deposits

The City's deposits and investments at June 30, 2015 are as follows:

Cash on hand	\$ 255
Checking account	1,226,532
Total investments	<u>15,558,711</u>
Total deposits and investments	<u><u>\$ 16,785,498</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,239,969
Parks and Recreation Fund	489,614
Street Fund	1,462,545
Nonmajor governmental funds	<u>3,847,067</u>
Total governmental activities - unrestricted	<u>7,039,195</u>

Business-type activities - unrestricted	
Water Fund	1,403,137
Sewer Fund	1,856,291
Nonmajor enterprise funds	<u>1,339,739</u>
Total business-type activities - unrestricted	<u>4,599,167</u>

Total unrestricted cash and investments	<u>11,638,362</u>
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Governmental activities - restricted	
Urban Renewal - General Fund	397,392
Urban Renewal - Debt Service Fund	<u>1,153,449</u>
Total governmental activities - restricted	<u>1,550,841</u>

Business-type activities - restricted	
Water Fund	517,389
Sewer Fund	231,298
Capital Construction - Sewer Fund	2,445,732
Nonmajor enterprise funds	<u>401,876</u>
Total business-type activities - restricted	<u>3,596,295</u>

Total restricted cash and investments	<u>5,147,136</u>
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Total cash and investments	<u><u>\$ 16,785,498</u></u>
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CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

B. Restricted Assets

Restricted assets are for debt service and system development.

Restricted assets

Governmental activities

Cash	\$ 1,550,841
Undistributed taxes with county	1,429
Property taxes receivable	<u>56,541</u>
Total restricted assets	<u><u>\$ 1,608,811</u></u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,681,601	\$ -	\$ -	\$ 2,681,601
Work in process	<u>83,343</u>	<u>2,361</u>	<u>(83,343)</u>	<u>2,361</u>
Total capital assets not being depreciated	<u>2,764,944</u>	<u>2,361</u>	<u>(83,343)</u>	<u>2,683,962</u>
Capital assets being depreciated				
Buildings and structures	5,964,307	-	-	5,964,307
Machinery and equipment	144,597	-	-	144,597
Vehicles	109,639	14,320	-	123,959
Intangibles	46,494	-	-	46,494
Infrastructure	<u>11,906,573</u>	<u>171,782</u>	<u>-</u>	<u>12,078,355</u>
Total capital assets being depreciated	<u>18,171,610</u>	<u>186,102</u>	<u>-</u>	<u>18,357,712</u>
Less accumulated depreciation for				
Buildings and structures	(728,843)	(149,586)	-	(878,429)
Machinery and equipment	(129,680)	(2,054)	-	(131,734)
Vehicles	(99,768)	(1,417)	-	(101,185)
Intangibles	(26,597)	(3,410)	-	(30,007)
Infrastructure	<u>(1,314,132)</u>	<u>(184,499)</u>	<u>-</u>	<u>(1,498,631)</u>
Total accumulated depreciation	<u>(2,299,020)</u>	<u>(340,966)</u>	<u>-</u>	<u>(2,639,986)</u>
Total capital assets being depreciated, net	<u>15,872,590</u>	<u>(154,864)</u>	<u>-</u>	<u>15,717,726</u>
Governmental activities capital assets, net	<u><u>\$ 18,637,534</u></u>	<u><u>\$ (152,503)</u></u>	<u><u>\$ (83,343)</u></u>	<u><u>\$ 18,401,688</u></u>

(Continued)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

(Continued)	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 756,653	\$ -	\$ -	\$ 756,653
Work in process	<u>73,915</u>	<u>55,771</u>	<u>(36,309)</u>	<u>93,377</u>
Total capital assets not being depreciated	<u>830,568</u>	<u>55,771</u>	<u>(36,309)</u>	<u>850,030</u>
Capital assets being depreciated				
Utility plants	30,585,750	37,026	-	30,622,776
Equipment and vehicles	<u>347,880</u>	<u>42,500</u>	<u>-</u>	<u>390,380</u>
Total capital assets being depreciated	<u>30,933,630</u>	<u>79,526</u>	<u>-</u>	<u>31,013,156</u>
Less accumulated depreciation for				
Utility plants	(5,425,011)	(675,091)	-	(6,100,102)
Equipment and vehicles	<u>(233,166)</u>	<u>(12,813)</u>	<u>-</u>	<u>(245,979)</u>
Total accumulated depreciation	<u>(5,658,177)</u>	<u>(687,904)</u>	<u>-</u>	<u>(6,346,081)</u>
Total capital assets being depreciated, net	<u>25,275,453</u>	<u>(608,378)</u>	<u>-</u>	<u>24,667,075</u>
Business-type activities capital assets, net	<u>\$ 26,106,021</u>	<u>\$ (552,607)</u>	<u>\$ (36,309)</u>	<u>\$ 25,517,105</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 2,681,601	\$ -	\$ 2,681,601
Work in process	2,361	-	2,361
Buildings and structures	5,964,307	(878,429)	5,085,878
Machinery and equipment	144,597	(131,734)	12,863
Vehicles	123,959	(101,185)	22,774
Intangibles	46,494	(30,007)	16,487
Infrastructure	<u>12,078,355</u>	<u>(1,498,631)</u>	<u>10,579,724</u>
Total governmental activities capital assets	<u>21,041,674</u>	<u>(2,639,986)</u>	<u>18,401,688</u>
Business-type activities			
Land	756,653	-	756,653
Work in process	93,377	-	93,377
Utility plants	30,622,776	(6,100,102)	24,522,674
Equipment and vehicles	<u>390,380</u>	<u>(245,979)</u>	<u>144,401</u>
Total business-type activities capital assets	<u>31,863,186</u>	<u>(6,346,081)</u>	<u>25,517,105</u>
Total capital assets	<u>\$ 52,904,860</u>	<u>\$ (8,986,067)</u>	<u>\$ 43,918,793</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	<u>\$ 340,966</u>
Business-type activities	
Water	\$ 402,168
Sewer	<u>285,736</u>
Total business-type activities	<u>\$ 687,904</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

D. Interfund Transactions

Operating transfers are reflected as other financing sources (uses) in the governmental and proprietary funds. Interfund transfers during the year consisted of:

	Transfers in:						Total
	General Fund	Parks and Recreation	Nonmajor Governmental Funds	Water Fund	Sewer Capital Construction	Nonmajor Enterprise Funds	
Transfers out:							
Governmental activities							
General Fund	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Street Fund	-	-	405,000	-	-	-	405,000
Urban Renewal - General	-	-	-	200,000	-	-	200,000
Nonmajor Governmental	<u>1,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,000</u>
Total governmental activities	<u>1,000</u>	<u>25,000</u>	<u>455,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>681,000</u>
Business-type activities							
Water Fund	-	-	5,000	-	-	-	5,000
Sewer Fund	-	-	80,000	-	-	-	80,000
Nonmajor enterprise funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,466,649</u>	<u>451,136</u>	<u>2,917,785</u>
Total business-type activities	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>-</u>	<u>2,466,649</u>	<u>451,136</u>	<u>3,002,785</u>
Total	<u>\$ 1,000</u>	<u>\$ 25,000</u>	<u>\$ 540,000</u>	<u>\$ 200,000</u>	<u>\$ 2,466,649</u>	<u>\$ 451,136</u>	<u>\$ 3,683,785</u>

The principal purpose of the interfund transfers in was to transfer funds into reserve funds for future expenses.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

E. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Compensated absences	\$ 28,787	\$ 6,809	\$ -	\$ 35,596
Business-type activities				
Compensated absences	\$ 7,846	\$ -	\$ -	\$ 7,846

The General, Water, and Sewer Funds have traditionally been used to liquidate compensated absences liabilities.

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
Notes payable							
Siuslaw Bank - Inverse Condemnation	3.475%	\$ 925,000	\$ 392,395	\$ -	\$ 77,258	\$ 315,137	\$ 80,007
Siuslaw Bank - Local Improvements	3.475%	223,502	184,107	-	9,391	174,716	9,746
General obligation bonds							
Pool Construction	4.45%	1,100,000	970,975	-	38,000	932,975	43,000
Urban Renewal, Series 2001	3.9-5.675%	<u>3,360,000</u>	<u>1,580,000</u>	-	<u>190,000</u>	<u>1,390,000</u>	<u>200,000</u>
Total governmental activities		<u>\$ 5,608,502</u>	<u>\$ 3,127,477</u>	<u>\$ -</u>	<u>\$ 314,649</u>	<u>\$ 2,812,828</u>	<u>\$ 332,753</u>
Business-type activities							
Revenue Installment Bonds							
USDA Water Pipeline #1	2.75%	\$ 7,033,000	\$ 7,033,000	\$ -	\$ 98,744	\$ 6,934,256	\$ 101,459
USDA Water Pipeline #2	2.75%	3,346,269	3,346,269	-	46,983	3,299,286	48,275
USDA Sewer System Improvement	4.50%	4,255,700	3,572,881	-	70,518	3,502,363	73,692
Siuslaw Bank - Land Purchase Note	3.475%	<u>362,590</u>	<u>283,347</u>	-	<u>33,658</u>	<u>249,689</u>	<u>34,848</u>
Total business-type activities		<u>\$ 14,997,559</u>	<u>\$ 14,235,497</u>	<u>\$ -</u>	<u>\$ 249,903</u>	<u>\$ 13,985,594</u>	<u>\$ 258,274</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

2. Governmental Activity Note

The City obtained a loan to provide funds for property acquisition. The note is dated January 15, 2009. Interest is fixed at 3.475%. Principal and interest are due quarterly. The Inverse Condemnation Fund has traditionally been used to liquidate long-term debt.

3. Governmental Activity Note - Local Improvements

The City obtained a loan dated June 18, 2009 to finance local improvements funded by future assessments. Interest is fixed at 3.475%. Principal and interest are due semiannually on June 15 and December 15. The Local Improvement Fund has traditionally been used to liquidate long-term debt.

4. Governmental Activity General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from ad valorem debt service levy proceeds. The City's outstanding general obligation bonds represent funding for pool facilities. Interest is fixed at 4.45%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1. The Debt Service Fund has traditionally been used to liquidate long-term debt related to the general obligation bonds.

5. Governmental Activity Urban Renewal Bonds, Series 2001

General obligation bonds are direct obligations that pledge the full faith and credit of the Agency and are payable from ad valorem debt service levy proceeds. The Agency's outstanding general obligation bonds represent funding for urban renewal projects. Interest is fixed and ranges between 3.9% and 5.675%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on February 1 and August 1. Principal is due annually on February 1. The Urban Renewal Agency Debt Service Fund has traditionally been used to liquidate long-term debt related to the general obligation bonds.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

6. Governmental Activity Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	243,000	118,514	89,753	16,611	332,753	135,125
2017	262,000	106,542	93,213	12,907	355,213	119,449
2018	275,000	92,356	96,523	9,588	371,523	101,944
2019	289,000	77,476	77,449	6,143	366,449	83,619
2020	308,000	61,852	11,436	4,588	319,436	66,440
2021-2025	608,000	137,322	63,633	16,483	671,633	153,805
2026-2029	337,975	38,444	57,846	4,547	395,821	42,991
	<u>\$ 2,322,975</u>	<u>\$ 632,506</u>	<u>\$ 489,853</u>	<u>\$ 70,867</u>	<u>\$ 2,812,828</u>	<u>\$ 703,373</u>

7. Business-Type Activity Revenue Installment Bonds

Revenue bonds are direct obligations that pledge the full faith and credit of the City and are payable from water utility revenue proceeds. The City's outstanding revenue bonds represent funding primarily for system improvement projects. Principal and interest are due annually on September 20. The Water Capital Construction Fund, and Water Fund have traditionally been used to liquidate long-term debt related to the revenue bonds.

8. Business-Type Activity RUS Sewer System Improvement Loan

The City obtained financing dated 8/8/2000 to fund sewer system improvements. Principal and interest are due August 8 each year. Sewer system revenues are pledged as collateral for the issue. The Sewer and Sewer Capital Construction Fund are used to liquidate the debt.

9. Business-Type Activity Note Payable

The City obtained a loan from Siuslaw Bank to provide funds for land acquisition. The note is dated December 15, 2011. Interest is fixed at 3.48%. Principal and interest are due semiannually. The Sewer Capital Construction Fund has traditionally been used to liquidate long-term debt related.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

10. Business-Type Activity Future Maturities of Long-Term Liabilities

Year Ending June 30	Water Bonds		Sewer Loan Payable		Sewer Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 149,734	\$ 281,422	\$ 73,692	\$ 157,606	\$ 34,848	\$ 8,494
2017	153,851	277,305	77,008	154,290	36,087	7,255
2018	158,082	273,074	80,473	150,825	37,369	5,973
2019	162,430	268,726	84,094	147,204	38,686	4,656
2020	166,896	264,260	87,879	143,419	40,073	3,269
2021-2025	905,903	1,249,877	502,393	654,097	62,626	2,222
2026-2030	1,037,505	1,118,275	626,073	530,417	-	-
2031-2035	1,188,227	967,553	780,200	376,290	-	-
2036-2040	1,360,846	794,934	972,272	184,218	-	-
2041-2045	1,558,540	597,240	218,279	9,822	-	-
2046-2050	1,784,955	370,825	-	-	-	-
2051-2054	1,606,573	111,698	-	-	-	-
	<u>\$ 10,233,542</u>	<u>\$ 6,575,189</u>	<u>\$ 3,502,363</u>	<u>\$ 2,508,188</u>	<u>\$ 249,689</u>	<u>\$ 31,869</u>

Year Ending June 30	Total	
	Principal	Interest
2016	\$ 258,274	\$ 447,522
2017	266,946	438,850
2018	275,924	429,872
2019	285,210	420,586
2020	294,848	410,948
2021-2025	1,470,922	1,906,196
2026-2030	1,663,578	1,648,692
2031-2035	1,968,427	1,343,843
2036-2040	2,333,118	979,152
2041-2045	1,776,819	607,062
2046-2050	1,784,955	370,825
2051-2054	1,606,573	111,698
	<u>\$ 13,985,594</u>	<u>\$ 9,115,246</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

G. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet as follows:

	General Fund	Parks and Recreation Fund	Street Fund	Urban Renewal General Fund	Urban Renewal Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable - prepaid expenses	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ 180
Restricted for:							
Urban renewal projects	-	-	-	390,531	-	-	390,531
Debt service	-	-	-	-	1,154,878	239,931	1,394,809
Capital projects	-	-	-	-	-	1,043,465	1,043,465
Committed for:							
Parks and recreation programs	-	493,873	-	-	-	108,300	602,173
Streets and roads	-	-	1,366,123	-	-	-	1,366,123
Public safety	-	-	-	-	-	358,527	358,527
Community development	-	-	-	-	-	375,467	375,467
Equipment purchases	-	-	-	-	-	176,340	176,340
Business development	-	-	-	-	-	155,865	155,865
Capital projects	-	-	-	-	-	1,208,181	1,208,181
Unassigned	<u>1,073,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,073,923</u>
Total fund balances	<u>\$ 1,073,923</u>	<u>\$ 493,873</u>	<u>\$ 1,366,123</u>	<u>\$ 390,711</u>	<u>\$ 1,154,878</u>	<u>\$ 3,666,076</u>	<u>\$ 8,145,584</u>

III. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Description of Benefit Terms

Plan Benefits – PERS Pension (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A

PERS Pension

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death
- Member died within 120 days after termination of PERS-covered employment
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: police and fire - 1.8 percent is multiplied by the number of years of service and the final average salary.

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which the termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$106,343.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component,

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll: Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year) amortization periods are closed
Equivalent Single Amortization Period	20 years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

Discount Rate

The discount rate used to measure the total pension liability/asset was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability or asset.

Pension Liabilities or Assets, Pension Expense or Credit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

At June 30, 2015, the City reported an asset of \$195,617 for its proportionate share of the net pension asset. The net pension asset was measured at June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014 the City's proportion was 0.00862998%.

For the year ended June 30, 2015, the City recognized pension credits of \$181,673. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments		\$ 377,462
Changes in proportion and differences between employer contributions and proportionate share of contributions		\$ 9,671
Contributions made after the measurement date	\$ 65,865	

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense (credit) as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2016	\$ (96,467)
2017	\$ (96,467)
2018	\$ (96,467)
2019	\$ (96,467)
2020	\$ (1,263)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

City's proportionate share of the net pension liability (asset):

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
\$ 414,246	\$ (195,617)	\$ (711,418)

Plan Changes Reflected

Two legislative changes that occurred after the December 31, 2012 Actuarial Valuation Date affected the plan provisions reflected for financial reporting liability calculations. Senate Bill 822, signed into law May 2013, introduces a graded schedule to determine a retiree's post-retirement COLA and eliminated the Senate Bill 656 and House Bill 3349 tax remedy benefits for retirees and payees not subject to Oregon income tax. Senate Bill 861, signed into law October 2013, reduced the COLA further beginning 2014.

For GASB 68, the benefits valued in the Total Pension Liability or Asset are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year end for the PERS system. Due to the timing of the benefit changes, the combined effects of Senate Bills 822 and 861 are reflected in the June 30, 2014 Measurement Date Total Pension Liability or Asset.

Changes Subsequent to the Measurement Date

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

Because the *Moro (Moro v. State of Oregon, April 2015)* decision occurred after the Measurement Date of June 30, 2014, it is treated as a subsequent event. The effect of the decision was to restrict

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

the COLA changes made by Senate Bills 822 and 861 such that they only apply to benefits earned after the legislation was enacted. As a result, the majority of benefits currently accrued will receive a full 2% COLA. Reflecting the larger COLA will increase the PERS system's Total Pension Liability or Asset and Net Pension Liability or Asset.

Certain aspects of how the *Moro* decision will be implemented administratively are not yet finalized at the time of this letter's publication, including the methodology for determining COLAs payable to members with service both before and after the relevant dates. However it is estimated that the change in the City's share of the Net Pension Liability will be approximately \$424,595.

C. Restatement

The City's net position was restated as follows:

	Governmental Activities	Business-Type Activities
Net position - beginning, as originally reported	\$ 23,167,589	\$ 19,783,958
Adjustment for GASB #68 implementation	(209,919)	(163,270)
Recording of omitted compensated absence liability	(28,787)	(7,846)
Removal of OPEB liability	16,605	16,604
Correction of deferred inflows reported	-	(1,663)
Recording of omitted court fines receivable and related payables	85,718	-
Net position - beginning, as restated	\$ 23,031,206	\$ 19,627,783
	Proprietary Funds	
	Water Fund	Sewer Fund
Net position - beginning, as originally reported	\$ 8,961,400	\$ 6,833,970
Adjustment for GASB #68 implementation	(93,297)	(69,973)
Removal of OPEB liability	8,302	8,302
Correction of deferred inflows reported	(671)	(991)
Recording of omitted compensated absence liability	(3,923)	(3,923)
Net position - beginning, as restated	\$ 8,871,811	\$ 6,767,385

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

D. Subsequent Events

Management has evaluated subsequent events through March 8, 2016, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VENETA
Lane County, Oregon

SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) AND CITY CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

	2015
City's proportion of the net pension liability (asset)	0.00862998%
City's proportionate share of the net pension liability (asset)	\$ (195,617)
City's covered-employee payroll	\$ 722,475
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-27%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.59%

Schedule of City Contributions

	2015
Contractually required contribution	\$ 73,693
Contributions in relation to the contractually required contribution	(73,693)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 722,475
Contributions as a percentage of covered-employee payroll	10%

CITY OF VENETA
Lane County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Taxes				
Property	\$ 242,643	\$ 242,643	\$ 12,500	\$ 255,143
Franchise	109,745	109,745	62	109,807
Rents and leases	42,825	42,825	25,729	68,554
Licenses, permits, and fees	33,496	33,496	75,075	108,571
Intergovernmental charges	88,844	88,844	1,542	90,386
Fines	11,050	11,050	74,352	85,402
Investment earnings	2,000	2,000	2,683	4,683
Other revenue	24,800	56,300	(39,773)	16,527
Total revenues	555,403	586,903	152,170	739,073
EXPENDITURES				
Current				
Personnel services	338,932	338,932	(51,006)	287,926
Material and services	242,949	242,949	(13,029)	229,920
Capital outlay	16,500	48,000	(36,465)	11,535
Contingency	50,000	50,000	(50,000)	-
Total expenditures	648,381	679,881	(150,500)	529,381
Excess (deficiency) of revenues over (under) expenditures	(92,978)	(92,978)	302,670	209,692
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	-	1,000
Transfers out	(25,000)	(25,000)	-	(25,000)
Total other financing sources (uses)	(24,000)	(24,000)	-	(24,000)
Net change in fund balance	(116,978)	(116,978)	302,670	185,692
Fund balance - beginning	719,087	719,087	169,144	888,231
Fund balance - ending	\$ 602,109	\$ 602,109	\$ 471,814	\$ 1,073,923

CITY OF VENETA
Lane County, Oregon

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

PARKS AND RECREATION FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 214,497	\$ 15,057	\$ 229,554
Investment earnings	800	1,231	2,031
Intergovernmental	38,472	6,246	44,718
Charges for services	44,500	9,713	54,213
Other revenue	250	261	511
Total revenues	298,519	32,508	331,027
EXPENDITURES			
Current			
Personnel services	193,251	(26,441)	166,810
Materials and services	104,182	(29,321)	74,861
Capital outlay	6,250	(5,250)	1,000
Contingency	20,000	(20,000)	-
Total expenditures	323,683	(81,012)	242,671
Excess (deficiency) of revenues over (under) expenditures	(25,164)	113,520	88,356
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	-	25,000
Net change in fund balance	(164)	113,520	113,356
Fund balance - beginning	359,393	21,124	380,517
Fund balance - ending	\$ 359,229	\$ 134,644	\$ 493,873

CITY OF VENETA
Lane County, Oregon

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

STREET FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	GAAP Basis
REVENUES				
Taxes				
Franchise	\$ 109,745	\$ 109,745	\$ 62	\$ 109,807
Intergovernmental	347,094	347,094	23,897	370,991
Grants	-	7,000	-	7,000
Investment earnings	5,000	5,000	3,694	8,694
Other revenue	25	25	548	573
Total revenues	<u>461,864</u>	<u>468,864</u>	<u>28,201</u>	<u>497,065</u>
EXPENDITURES				
Current				
Personnel services	130,280	130,280	(13,404)	116,876
Materials and services	251,200	258,200	(67,000)	191,200
Capital outlay	7,250	17,250	73,188	90,438
Contingency	100,000	90,000	(90,000)	-
Total expenditures	<u>488,730</u>	<u>495,730</u>	<u>(97,216)</u>	<u>398,514</u>
Excess (deficiency) of revenues over (under) expenditures	(26,866)	(26,866)	125,417	98,551
OTHER FINANCING SOURCES (USES)				
Transfers out	(405,000)	(405,000)	-	(405,000)
Net change in fund balance	(431,866)	(431,866)	125,417	(306,449)
Fund balance - beginning	<u>1,529,607</u>	<u>1,529,607</u>	<u>142,965</u>	<u>1,672,572</u>
Fund balance - ending	<u>\$ 1,097,741</u>	<u>\$ 1,097,741</u>	<u>\$ 268,382</u>	<u>\$ 1,366,123</u>

CITY OF VENETA
Lane County, Oregon

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

VENETA URBAN RENEWAL AGENCY - GENERAL FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment income	\$ 350	\$ 696	\$ 1,046
EXPENDITURES			
Current			
Materials and services	68,325	(44,936)	23,389
Contingency	5,000	(5,000)	-
Total expenditures	73,325	(49,936)	23,389
Excess (deficiency) of revenues over (under) expenditures	(72,975)	50,632	(22,343)
OTHER FINANCING SOURCES (USES)			
Loan proceeds	300,000	-	300,000
Transfers out	(302,000)	102,000	(200,000)
Total other financing sources (uses)	(2,000)	102,000	100,000
Net change in fund balance	(74,975)	152,632	77,657
Fund balance - beginning	295,167	17,887	313,054
Fund balance - ending	\$ 220,192	\$ 170,519	\$ 390,711

CITY OF VENETA
Lane County, Oregon

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

VENETA URBAN RENEWAL AGENCY - DEBT SERVICE FUND

For the Year Ended June 30, 2015

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES			
Property taxes	\$ 611,700	\$ 99,707	\$ 711,407
Investment earnings	<u>275</u>	<u>3,282</u>	<u>3,557</u>
Total revenues	<u>611,975</u>	<u>102,989</u>	<u>714,964</u>
EXPENDITURES			
Debt service	<u>580,550</u>	<u>(2,121)</u>	<u>578,429</u>
Excess (deficiency) of revenues over (under) expenditures	31,425	105,110	136,535
Fund balance - beginning	<u>938,778</u>	<u>79,565</u>	<u>1,018,343</u>
Fund balance - ending	<u><u>\$ 970,203</u></u>	<u><u>\$ 184,675</u></u>	<u><u>\$ 1,154,878</u></u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

CITY OF VENETA
Lane County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds				
	Law Enforcement Fund	Planning Fund	Storm-water Fund	Capital Construction Fund	Inverse Condemnation Fund
ASSETS					
Cash and cash equivalents	\$ 545,215	\$ 212,342	\$ 156,747	\$ 935,920	\$ 56,234
Accounts receivable	13,521	4,261	6,546	-	-
Property taxes receivable	54,915	11,184	-	-	-
Liens receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 613,651</u>	<u>\$ 227,787</u>	<u>\$ 163,293</u>	<u>\$ 935,920</u>	<u>\$ 56,234</u>
LIABILITIES					
Accounts payable	<u>\$ 201,576</u>	<u>\$ 4,087</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>53,548</u>	<u>11,443</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	-	935,920	56,234
Committed	<u>358,527</u>	<u>212,257</u>	<u>163,210</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>358,527</u>	<u>212,257</u>	<u>163,210</u>	<u>935,920</u>	<u>56,234</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 613,651</u>	<u>\$ 227,787</u>	<u>\$ 163,293</u>	<u>\$ 935,920</u>	<u>\$ 56,234</u>

Special Revenue Funds			Capital Projects Funds						Total
Zumwalt Campground Fund	Business Assistance Loan/Grants	Local Improvements Fund	Pool Facilities Fund	Public Works Equipment	West Broadway Fund	Governmental Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds	
\$ 109,209	\$ 155,865	\$ 100,461	\$ 7,084	\$ 176,340	\$ 57,632	\$ 1,150,549	\$ 183,468	\$ 3,847,066	
-	-	-	-	-	-	-	-	24,328	
-	-	-	-	-	-	-	9,256	75,355	
-	-	57,226	-	-	-	-	-	57,226	
-	15,000	-	-	-	-	-	-	15,000	
<u>\$ 109,209</u>	<u>\$ 170,865</u>	<u>\$ 157,687</u>	<u>\$ 7,084</u>	<u>\$ 176,340</u>	<u>\$ 57,632</u>	<u>\$ 1,150,549</u>	<u>\$ 192,724</u>	<u>\$ 4,018,975</u>	
<u>\$ 909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,655</u>	
-	15,000	57,226	-	-	-	-	9,027	146,244	
-	-	100,461	7,084	-	-	-	183,697	1,283,396	
<u>108,300</u>	<u>155,865</u>	<u>-</u>	<u>-</u>	<u>176,340</u>	<u>57,632</u>	<u>1,150,549</u>	<u>-</u>	<u>2,382,680</u>	
<u>108,300</u>	<u>155,865</u>	<u>100,461</u>	<u>7,084</u>	<u>176,340</u>	<u>57,632</u>	<u>1,150,549</u>	<u>183,697</u>	<u>3,666,076</u>	
<u>\$ 109,209</u>	<u>\$ 170,865</u>	<u>\$ 157,687</u>	<u>\$ 7,084</u>	<u>\$ 176,340</u>	<u>\$ 57,632</u>	<u>\$ 1,150,549</u>	<u>\$ 192,724</u>	<u>\$ 4,018,975</u>	

CITY OF VENETA
Lane County, Oregon

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Special Revenue Funds				
	Law			Capital	Inverse
	Enforcement	Planning	Storm-water	Construction	Condemnation
	Fund	Fund	Fund	Fund	Fund
REVENUES					
Taxes					
Property	\$ 663,419	\$ 127,790	\$ -	\$ -	\$ -
Licenses, permits, and fees	49,923	-	-	-	-
Fees and charges	-	-	-	-	-
Charges for services	-	11,491	59,737	92,529	-
Investment earnings	2,488	1,140	792	4,357	231
Other revenue	-	46,182	578	-	-
Total revenues	<u>715,830</u>	<u>186,603</u>	<u>61,107</u>	<u>96,886</u>	<u>231</u>
EXPENDITURES					
Current					
General Government	-	189,246	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	806,817	-	-	-	-
Public works	-	-	20,399	-	-
Debt service	-	-	-	-	90,088
Capital outlay	-	1,000	1,000	-	-
Total expenditures	<u>806,817</u>	<u>190,246</u>	<u>21,399</u>	<u>-</u>	<u>90,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,987)</u>	<u>(3,643)</u>	<u>39,708</u>	<u>96,886</u>	<u>(89,857)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	100,000
Transfers out	-	-	(25,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	(90,987)	(3,643)	14,708	96,886	10,143
Fund balances - beginning	<u>449,514</u>	<u>215,900</u>	<u>148,502</u>	<u>839,034</u>	<u>46,091</u>
Fund balances - ending	<u>\$ 358,527</u>	<u>\$ 212,257</u>	<u>\$ 163,210</u>	<u>\$ 935,920</u>	<u>\$ 56,234</u>

Special Revenue Funds			Capital Projects Funds				Debt	Total
Zumwalt Campground Fund	Business Assistance Loan/Grants	Local Improvements Fund	Pool Facilities Fund	Public Works Equipment	West Broadway Fund	Governmental Reserve Fund	Service Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,381	\$ 888,590
-	-	-	500	-	-	-	-	50,423
-	-	2,044	-	-	-	-	-	2,044
69,059	-	-	-	-	-	-	-	232,816
524	811	592	55	824	302	3,756	597	16,469
300	-	-	-	-	72	-	-	47,132
<u>69,883</u>	<u>811</u>	<u>2,636</u>	<u>555</u>	<u>824</u>	<u>374</u>	<u>3,756</u>	<u>97,978</u>	<u>1,237,474</u>
-	-	-	-	-	2,224	-	-	191,470
38,115	-	-	-	-	-	-	-	38,115
-	-	-	-	-	-	-	-	806,817
-	-	-	-	-	-	-	-	20,399
-	-	16,023	-	-	-	-	81,235	187,346
-	-	-	-	-	120	-	-	2,120
<u>38,115</u>	<u>-</u>	<u>16,023</u>	<u>-</u>	<u>-</u>	<u>2,344</u>	<u>-</u>	<u>81,235</u>	<u>1,246,267</u>
<u>31,768</u>	<u>811</u>	<u>(13,387)</u>	<u>555</u>	<u>824</u>	<u>(1,970)</u>	<u>3,756</u>	<u>16,743</u>	<u>(8,793)</u>
-	-	-	-	15,000	-	425,000	-	540,000
<u>(25,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,000)</u>
<u>(25,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>425,000</u>	<u>-</u>	<u>489,000</u>
6,768	(189)	(13,387)	555	15,824	(1,970)	428,756	16,743	480,207
<u>101,532</u>	<u>156,054</u>	<u>113,848</u>	<u>6,529</u>	<u>160,516</u>	<u>59,602</u>	<u>721,793</u>	<u>166,954</u>	<u>3,185,869</u>
<u>\$ 108,300</u>	<u>\$ 155,865</u>	<u>\$ 100,461</u>	<u>\$ 7,084</u>	<u>\$ 176,340</u>	<u>\$ 57,632</u>	<u>\$ 1,150,549</u>	<u>\$ 183,697</u>	<u>\$ 3,666,076</u>

CITY OF VENETA
Lane County, Oregon

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

June 30, 2015

	<u>Water Capital Construction</u>	<u>Enterprise Reserve Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,339,739	\$ 1,339,739
Restricted cash and cash equivalents	<u>401,876</u>	<u>-</u>	<u>401,876</u>
Total assets	<u>\$ 401,876</u>	<u>\$ 1,339,739</u>	<u>\$ 1,741,615</u>
LIABILITIES			
Accrued Interest	<u>164,048</u>	<u>-</u>	<u>164,048</u>
NET POSITION			
Restricted for:			
System development	237,828	-	237,828
Unrestricted	<u>-</u>	<u>1,339,739</u>	<u>1,339,739</u>
Total net position	<u>\$ 237,828</u>	<u>\$ 1,339,739</u>	<u>\$ 1,577,567</u>

CITY OF VENETA
Lane County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2015

	<u>Water Capital Construction</u>	<u>Enterprise Capital Construction</u>	<u>Enterprise Reserve Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Nonoperating revenues (expenses)				
System development charges	\$ 74,207	\$ -	\$ -	\$ 74,207
Investment earnings	2,299	-	6,920	9,219
Interest expense	<u>(191,070)</u>	<u>-</u>	<u>-</u>	<u>(191,070)</u>
Total nonoperating revenues (expenses)	<u>(114,564)</u>	<u>-</u>	<u>6,920</u>	<u>(107,644)</u>
Income (loss) before transfers	(114,564)	-	6,920	(107,644)
Transfers in	451,136	-	-	451,136
Transfers out	<u>(98,744)</u>	<u>(2,655,768)</u>	<u>-</u>	<u>(2,754,512)</u>
Change in net position	237,828	(2,655,768)	6,920	(2,411,020)
Total net position - beginning	<u>-</u>	<u>2,655,768</u>	<u>1,332,819</u>	<u>3,988,587</u>
Total net position - ending	<u>\$ 237,828</u>	<u>\$ -</u>	<u>\$ 1,339,739</u>	<u>\$ 1,577,567</u>

CITY OF VENETA
Lane County, Oregon

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2015

	<u>Water Capital Construction</u>	<u>Enterprise Capital Construction</u>	<u>Enterprise Reserve Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System development charges	74,207	-	-	74,207
Transfers from (to) other funds for capital purposes	615,184	(2,997,612)	-	(2,382,428)
Principal paid on capital debt	(98,744)	-	-	(98,744)
Interest paid on capital debt	<u>(191,070)</u>	<u>-</u>	<u>-</u>	<u>(191,070)</u>
Net cash provided (used) by capital and related financing activities	<u>399,577</u>	<u>(2,997,612)</u>	<u>-</u>	<u>(2,598,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>2,299</u>	<u>-</u>	<u>6,920</u>	<u>9,219</u>
Net cash provided (used) by investing activities	<u>2,299</u>	<u>-</u>	<u>6,920</u>	<u>9,219</u>
Net increase (decrease) in cash and cash equivalents	401,876	(2,997,612)	6,920	(2,588,816)
Cash and cash equivalents - beginning (including \$2,997,612, in the Enterprise Capital Construction Fund, reported in restricted accounts)	<u>-</u>	<u>2,997,612</u>	<u>1,332,819</u>	<u>4,330,431</u>
Cash and cash equivalents - ending (including \$401,876, in the Water Capital Construction Fund, reported in restricted accounts)	<u>\$ 401,876</u>	<u>\$ -</u>	<u>\$ 1,339,739</u>	<u>\$ 1,741,615</u>

CITY OF VENETA
Lane County, Oregon

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

LAW ENFORCEMENT FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 626,618	\$ 36,801	\$ 663,419
Licenses, permits and fees	54,000	(4,077)	49,923
Other revenue	50	(50)	-
Investment earnings	3,000	(512)	2,488
Total revenues	683,668	32,162	715,830
EXPENDITURES			
Current			
Materials and services	816,900	(10,083)	806,817
Capital outlay	5,000	(5,000)	-
Contingency	5,000	(5,000)	-
Total expenditures	826,900	(20,083)	806,817
Excess (deficiency) of revenues over (under) expenditures	(143,232)	52,245	(90,987)
Fund balance - beginning	465,271	(15,757)	449,514
Fund balance - ending	\$ 322,039	\$ 36,488	\$ 358,527

CITY OF VENETA
Lane County, Oregon

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

PLANNING FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 121,184	\$ 121,184	\$ 6,606	\$ 127,790
Charges for services	5,000	5,000	6,491	11,491
Investment earnings	500	500	640	1,140
Other revenue	1,075	1,075	45,107	46,182
Total revenues	<u>127,759</u>	<u>127,759</u>	<u>58,844</u>	<u>186,603</u>
EXPENDITURES				
Current				
Personnel services	123,480	123,480	(10,693)	112,787
Materials and services	67,350	77,350	(891)	76,459
Capital outlay	6,000	6,000	(5,000)	1,000
Contingency	10,000	-	-	-
Total expenditures	<u>206,830</u>	<u>206,830</u>	<u>(16,584)</u>	<u>190,246</u>
Excess (deficiency) of revenues over (under) expenditures	(79,071)	(79,071)	75,428	(3,643)
Fund balance - beginning	<u>188,772</u>	<u>188,772</u>	<u>27,128</u>	<u>215,900</u>
Fund balance - ending	<u>\$ 109,701</u>	<u>\$ 109,701</u>	<u>\$ 102,556</u>	<u>\$ 212,257</u>

CITY OF VENETA
Lane County, Oregon

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

STORM-WATER FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 55,209	\$ 4,528	\$ 59,737
Investment income	300	492	792
Other revenue	25	553	578
Total revenues	55,534	5,573	61,107
EXPENDITURES			
Current			
Personnel services	19,083	(2,439)	16,644
Materials and services	11,670	(7,915)	3,755
Capital outlay	6,000	(5,000)	1,000
Contingency	10,000	(10,000)	-
Total expenditures	46,753	(25,354)	21,399
Excess (deficiency) of revenues over (under) expenditures	8,781	30,927	39,708
OTHER FINANCING SOURCES (USES)			
Transfers out	(25,000)	-	(25,000)
Net change in fund balance	(16,219)	30,927	14,708
Fund balance - beginning	144,871	3,631	148,502
Fund balance - ending	\$ 128,652	\$ 34,558	\$ 163,210

CITY OF VENETA
Lane County, Oregon

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

CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 82,811	\$ 9,718	\$ 92,529
Investment earnings	1,500	2,857	4,357
Total revenues	84,311	12,575	96,886
EXPENDITURES			
	-	-	-
Excess (deficiency) of revenues over (under) expenditures	84,311	12,575	96,886
Fund balance - beginning	617,469	221,565	839,034
Fund balance - ending	\$ 701,780	\$ 234,140	\$ 935,920

CITY OF VENETA
Lane County, Oregon

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

INVERSE CONDEMNATION FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 10	\$ 221	\$ 231
EXPENDITURES			
Current			
Materials and services	100	(100)	-
Debt service	108,000	(17,912)	90,088
Total expenditures	108,100	(18,012)	90,088
Excess (deficiency) of revenues over (under) expenditures	(108,090)	18,233	(89,857)
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	-	100,000
Net change in fund balance	(8,090)	18,233	10,143
Fund balance - beginning	17,178	28,913	46,091
Fund balance - ending	\$ 9,088	\$ 47,146	\$ 56,234

CITY OF VENETA
Lane County, Oregon

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

ZUMWALT CAMPGROUND FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 60,000	\$ 9,059	\$ 69,059
Investment earnings	300	224	524
Miscellaneous	150	150	300
Total revenues	60,450	9,433	69,883
EXPENDITURES			
Current			
Materials and services	40,366	(2,251)	38,115
Excess (deficiency) of revenues over (under) expenditures	20,084	11,684	31,768
OTHER FINANCING SOURCES (USES)			
Transfers out	(25,000)	-	(25,000)
Net change in fund balance	(4,916)	11,684	6,768
Fund balance - beginning	95,000	6,532	101,532
Fund balance - ending	\$ 90,084	\$ 18,216	\$ 108,300

CITY OF VENETA
Lane County, Oregon

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

BUSINESS ASSISTANCE LOAN/GRANT FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 450	\$ 361	\$ 811
Other revenue	20	(20)	-
Total revenues	470	341	811
EXPENDITURES			
Current			
Materials and services	39,050	(39,050)	-
Excess (deficiency) of revenues over (under) expenditures	(38,580)	39,391	811
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,000)	-	(1,000)
Net change in fund balance	(39,580)	39,391	(189)
Fund balance - beginning	70,745	85,309	156,054
Fund balance - ending	\$ 31,165	\$ 124,700	\$ 155,865

CITY OF VENETA
Lane County, Oregon

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

LOCAL IMPROVEMENTS FUND

For the Year Ended June 30, 2015

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Investment earnings	\$ 360	\$ 232	\$ 592
Assessments	<u>1,985</u>	<u>59</u>	<u>2,044</u>
Total revenues	<u>2,345</u>	<u>291</u>	<u>2,636</u>
EXPENDITURES			
Current			
Materials and services	550	(550)	-
Debt service	<u>66,000</u>	<u>(49,977)</u>	<u>16,023</u>
Total expenditures	<u>66,550</u>	<u>(50,527)</u>	<u>16,023</u>
Excess (deficiency) of revenues over (under) expenditures	(64,205)	50,818	(13,387)
Fund balance - beginning	<u>120,000</u>	<u>(6,152)</u>	<u>113,848</u>
Fund balance - ending	<u>\$ 55,795</u>	<u>\$ 44,666</u>	<u>\$ 100,461</u>

CITY OF VENETA
Lane County, Oregon

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

POOL FACILITIES FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Other revenue	\$ 300	\$ 200	\$ 500
Investment earnings	-	55	55
Total revenues	300	255	555
EXPENDITURES			
Current			
Materials and services	300	(300)	-
Excess (deficiency) of revenues over (under) expenditures	-	555	555
Fund balance - beginning	1,823	4,706	6,529
Fund balance - ending	\$ 1,823	\$ 5,261	\$ 7,084

CITY OF VENETA
Lane County, Oregon

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

PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2015

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Investment income	\$ 600	\$ 224	\$ 824
EXPENDITURES			
Capital Outlay	5,000	(5,000)	-
Excess (deficiency) of revenues over (under) expenditures	(4,400)	5,224	824
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	-	15,000
Net change in fund balance	10,600	5,224	15,824
Fund balance - beginning	160,000	516	160,516
Fund balance - ending	<u>\$ 170,600</u>	<u>\$ 5,740</u>	<u>\$ 176,340</u>

CITY OF VENETA
Lane County, Oregon

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

WEST BROADWAY FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Other revenue	\$ 90,100	\$ (90,028)	\$ 72
Investment earnings	10	292	302
Total revenues	90,110	(89,736)	374
EXPENDITURES			
Current			
Materials and supplies	5,050	(2,826)	2,224
Capital outlay	100,770	(100,650)	120
Total expenditures	105,820	(103,476)	2,344
Excess (deficiency) of revenues over (under) expenditures	(15,710)	10,914	(1,970)
Fund balance - beginning	24,000	35,602	59,602
Fund balance - ending	\$ 8,290	\$ 46,516	\$ 57,632

CITY OF VENETA
Lane County, Oregon

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

PIPELINE FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (50,000)	\$ 50,000	\$ -
Net change in fund balance	(50,000)	50,000	-
Fund balance - beginning	50,000	(50,000)	-
Fund balance - ending	\$ -	\$ -	\$ -

CITY OF VENETA
Lane County, Oregon

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

GOVERNMENTAL RESERVE FUND

For the Year Ended June 30, 2015

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Investment income	\$ 3,600	\$ 156	\$ 3,756
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>3,600</u>	<u>156</u>	<u>3,756</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>425,000</u>	<u>-</u>	<u>425,000</u>
Net change in fund balance	428,600	156	428,756
Fund balance - beginning	<u>720,569</u>	<u>1,224</u>	<u>721,793</u>
Fund balance - ending	<u>\$ 1,149,169</u>	<u>\$ 1,380</u>	<u>\$ 1,150,549</u>

CITY OF VENETA
Lane County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 87,877	\$ 9,504	\$ 97,381
Investment earnings	400	197	597
Total revenues	88,277	9,701	97,978
EXPENDITURES			
Debt service	84,000	(2,765)	81,235
Excess (deficiency) of revenues over (under) expenditures	4,277	12,466	16,743
Fund balance - beginning	100,000	66,954	166,954
Fund balance - ending	\$ 104,277	\$ 79,420	\$ 183,697

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

WATER FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Water sales	\$ 893,907	\$ 102,870	\$ 996,777	\$ -	\$ 996,777
Investment earnings	4,000	6,594	10,594	-	10,594
Other income	12,668	(2,865)	9,803	-	9,803
Pension credit	-	-	-	45,418	45,418
Total revenues	<u>910,575</u>	<u>106,599</u>	<u>1,017,174</u>	<u>45,418</u>	<u>1,062,592</u>
EXPENSES					
Current					
Personnel services	352,437	(43,612)	308,825	(16,466)	292,359
Materials and supplies	956,140	(278,607)	677,533	-	677,533
Capital outlay	11,500	(5,782)	5,718	(5,718)	-
Debt service	143,000	(5,106)	137,894	(46,983)	90,911
Depreciation	-	-	-	402,168	402,168
Contingency	75,000	(75,000)	-	-	-
Total expenses	<u>1,538,077</u>	<u>(408,107)</u>	<u>1,129,970</u>	<u>333,001</u>	<u>1,462,971</u>
Excess (deficiency) of revenues over (under) expenses	<u>(627,502)</u>	<u>514,706</u>	<u>(112,796)</u>	<u>(287,583)</u>	<u>(400,379)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	250,000	(50,000)	200,000	98,744	298,744
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>245,000</u>	<u>(50,000)</u>	<u>195,000</u>	<u>98,744</u>	<u>293,744</u>
Change in net position	(382,502)	464,706	82,204	(188,839)	(106,635)
Net position - beginning, as restated	<u>1,702,000</u>	<u>164,913</u>	<u>1,866,913</u>	<u>7,004,898</u>	<u>8,871,811</u>
Net position - ending	<u>\$ 1,319,498</u>	<u>\$ 629,619</u>	<u>\$ 1,949,117</u>	<u>\$ 6,816,059</u>	<u>\$ 8,765,176</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

SEWER FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
User fees	\$ 902,486	\$ 912,086	\$ 78,361	\$ 990,447	\$ -	\$ 990,447
Investment earnings	4,000	4,000	5,266	9,266	-	9,266
Other income	9,700	100	18,435	18,535	-	18,535
Pension credit	-	-	-	-	34,064	34,064
Total revenues	<u>916,186</u>	<u>916,186</u>	<u>102,062</u>	<u>1,018,248</u>	<u>34,064</u>	<u>1,052,312</u>
EXPENSES						
Current						
Personnel services	308,347	308,347	(32,353)	275,994	(12,350)	263,644
Materials and services	531,467	381,467	(141,162)	240,305	-	240,305
Capital outlay	41,500	291,500	(224,789)	66,711	(66,711)	-
Debt service	117,500	117,500	(3,268)	114,232	(35,259)	78,973
Depreciation	-	-	-	-	285,736	285,736
Contingency	100,000	-	-	-	-	-
Total expenses	<u>1,098,814</u>	<u>1,098,814</u>	<u>(401,572)</u>	<u>697,242</u>	<u>171,416</u>	<u>868,658</u>
Excess (deficiency) of revenues over (under) expenses	<u>(182,628)</u>	<u>(182,628)</u>	<u>503,634</u>	<u>321,006</u>	<u>(137,352)</u>	<u>183,654</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	61,819	61,819
Transfers out	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>	<u>61,819</u>	<u>(18,181)</u>
Change in net position	(262,628)	(262,628)	503,634	241,006	(75,533)	165,473
Net position - beginning, as restated	<u>1,478,108</u>	<u>1,478,108</u>	<u>311,421</u>	<u>1,789,529</u>	<u>4,977,856</u>	<u>6,767,385</u>
Net position - ending	<u>\$ 1,215,480</u>	<u>\$ 1,215,480</u>	<u>\$ 815,055</u>	<u>\$ 2,030,535</u>	<u>\$ 4,902,323</u>	<u>\$ 6,932,858</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

WATER CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 73,007	\$ 1,200	\$ 74,207	\$ -	\$ 74,207
Investment earnings	<u>1,440</u>	<u>859</u>	<u>2,299</u>	<u>-</u>	<u>2,299</u>
Total revenues	<u>74,447</u>	<u>2,059</u>	<u>76,506</u>	<u>-</u>	<u>76,506</u>
EXPENSES					
Current					
Materials and services	25	(25)	-	-	-
Debt service	<u>295,000</u>	<u>(5,186)</u>	<u>289,814</u>	<u>(98,744)</u>	<u>191,070</u>
Total expenses	<u>295,025</u>	<u>(5,211)</u>	<u>289,814</u>	<u>(98,744)</u>	<u>191,070</u>
Excess (deficiency) of revenues over (under) expenses	<u>(220,578)</u>	<u>7,270</u>	<u>(213,308)</u>	<u>98,744</u>	<u>(114,564)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	450,000	1,136	451,136	-	451,136
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,744)</u>	<u>(98,744)</u>
Total other financing sources (uses)	<u>450,000</u>	<u>1,136</u>	<u>451,136</u>	<u>(98,744)</u>	<u>352,392</u>
Change in net position	229,422	8,406	237,828	-	237,828
Net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - ending	<u>\$ 229,422</u>	<u>\$ 8,406</u>	<u>\$ 237,828</u>	<u>\$ -</u>	<u>\$ 237,828</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

SEWER CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Charges for services	\$ 63,833	\$ 13,963	\$ 77,796	\$ (13,669)	\$ 64,127
Investment earnings	<u>10,560</u>	<u>2,134</u>	<u>12,694</u>	<u>-</u>	<u>12,694</u>
Total revenues	<u>74,393</u>	<u>16,097</u>	<u>90,490</u>	<u>(13,669)</u>	<u>76,821</u>
EXPENSES					
Current					
Materials and services	25	(25)	-	-	-
Capital outlay	410,000	(383,440)	26,560	(26,560)	-
Debt service	<u>163,500</u>	<u>(6,366)</u>	<u>157,134</u>	<u>(68,911)</u>	<u>88,223</u>
Total expenses	<u>573,525</u>	<u>(389,831)</u>	<u>183,694</u>	<u>(95,471)</u>	<u>88,223</u>
Excess (deficiency) of revenues over (under) expenses	<u>(499,132)</u>	<u>405,928</u>	<u>(93,204)</u>	<u>81,802</u>	<u>(11,402)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,850,000	(383,351)	2,466,649	(262,017)	2,204,632
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,819)</u>	<u>(61,819)</u>
Total other financing sources (uses)	<u>2,850,000</u>	<u>(383,351)</u>	<u>2,466,649</u>	<u>(323,836)</u>	<u>2,142,813</u>
Change in net position	2,350,868	22,577	2,373,445	(242,034)	2,131,411
Net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - ending	<u>\$ 2,350,868</u>	<u>\$ 22,577</u>	<u>\$ 2,373,445</u>	<u>\$ (242,034)</u>	<u>\$ 2,131,411</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

ENTERPRISE CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Adjustments	<u>Actual GAAP Basis</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (3,300,000)	\$ (382,215)	(2,917,785)	262,017	\$ (2,655,768)
Change in net position	(3,300,000)	382,215	(2,917,785)	262,017	(2,655,768)
Net position - beginning	<u>3,300,000</u>	<u>(382,215)</u>	<u>2,917,785</u>	<u>(262,017)</u>	<u>2,655,768</u>
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

ENTERPRISE RESERVE FUND

For the Year Ended June 30, 2015

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 6,000	\$ 920	\$ 6,920
EXPENSES	-	-	-
Excess (deficiency) of revenues over (under) expenses	6,000	920	6,920
Net position - beginning	1,332,113	706	1,332,819
Net position - ending	\$ 1,338,113	\$ 1,626	\$ 1,339,739

OTHER FINANCIAL SCHEDULES

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2015

Tax Year	Taxes Receivable July 1, 2014	2014-2015 Levy	Adjustments and Discounts	Collections	Taxes Receivable June 30, 2015
2014-2015	\$ -	\$ 2,153,966	\$ (65,125)	\$ 2,029,966	\$ 58,875
2013-2014	59,402	-	130,937	157,680	32,659
2012-2013	36,011	-	(3,480)	8,745	23,786
2011-2012	25,003	-	(326)	9,107	15,570
2010-2011	15,600	-	(253)	4,484	10,863
2009-2010	9,781	-	(221)	549	9,011
2008-2009	1,607	-	(162)	349	1,096
Prior	13,111	-	886	258	13,739
Subtotal - Prior	160,515	-	127,381	181,172	106,724
Total	<u>\$ 160,515</u>	<u>\$ 2,153,966</u>	<u>\$ 62,256</u>	2,211,138	<u>\$ 165,599</u>
Add:					
Other taxes and interest				-	
Undistributed taxes with county, July 1, 2014				-	
Total available				2,211,138	
Less: Turnovers to City				2,209,709	
Undistributed taxes with county, June 30, 2015				<u>\$ 1,429</u>	

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY FEDERAL AND STATE REGULATIONS**



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council
City of Veneta
Veneta, Oregon 97487

We have audited the basic financial statements of the City of Veneta as of and for the year ended June 30, 2015, and have issued our report thereon dated March 8, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the City of Veneta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as noted below:

1. The City did not follow adopted policies relating to public contracts and purchasing and was therefore in violation of ORS Chapters relating to public contracts and purchasing.
2. The City had an excess of expenditures over appropriations in the Street Fund, capital outlay appropriation category of \$73,188.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the City of Veneta's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Veneta's internal control over financial reporting. Accordingly, we 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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



Accuity, LLC

March 8, 2016



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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

City Council
City of Veneta
Veneta, Oregon 97487

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Veneta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the City violated Oregon Revised Statutes in awarding contracts, and had an excess of expenditures over appropriations in the Street Fund.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive, flowing style.

Accuity, LLC

Albany, Oregon
March 8, 2016