

VENETA

oregon

Inc. 1962

CITY OF VENETA
Lane County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2017



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, 2017

MAYOR

Sandra Larson
25456 E. Hunter Road
Veneta, Oregon 97487

CITY COUNCIL

Thomas Cotter - President
88098 Huston Road
Veneta, Oregon 97487

Tim Brooker (Resigned November 2016)
P.O. Box 655
Veneta, Oregon 97487

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

Robbie McCoy (Appointed February 2017)
25138 Legacy Ct.
Veneta, OR 97487

Laura Ruff (Term ended December 2016)
16.2077 Lauhala Dr.
Pahoa, HI 96778

Keith Weiss (Appointed February 2017)
88139 9TH St.
Veneta, OR 97487

CITY ADMINISTRATOR

R. Ric Ingham

FINANCE DIRECTOR

Shauna Hartz

CITY OF VENETA
Lane County, Oregon

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FINANCIAL SECTION



Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Sandra Larson, 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, 2017, 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, 2017, 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.

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 54 through 61, 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 and the schedules of the City's proportionate share of the net pension liability and City contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare 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.

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.

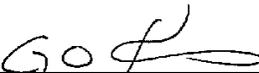
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017 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 December 27, 2017 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
December 27, 2017

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, 2017. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2017, total net position of the City of Veneta amounted to \$43,955,387. Of this amount, \$27,156,542 was invested in capital assets, net of related debt. The remaining balance included \$7,862,300 restricted for various purposes and \$8,936,545 of unrestricted net position.
- At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$9,259,130.

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 18 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, Law Enforcement, Local Improvements, Parks and Recreation, Street, Urban Renewal General, Capital Construction, Governmental Reserve, 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 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 five 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 53 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 the schedules of the City's proportionate share of the net pension liability and City contributions and budgetary comparison information for the General, Local Improvements, Law Enforcement, Parks and Recreation, Street, Urban Renewal General, and Capital Construction Funds. This required supplementary information can be found on pages 54 through 61 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 62 through 79 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, 2017, the City's assets exceeded liabilities by \$43,955,387.

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 \$423,482 during the current fiscal year. This increase is primarily due to an increase in intergovernmental revenues, investment earnings, and miscellaneous revenues. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 8,080,219	\$ 7,942,401	\$ 5,264,380	\$ 4,894,054	\$ 13,344,599	\$ 12,836,455
Restricted assets	1,983,518	2,108,811	3,239,644	3,544,111	5,223,162	5,652,922
Net capital assets	<u>17,793,395</u>	<u>18,098,428</u>	<u>24,606,816</u>	<u>25,144,781</u>	<u>42,400,211</u>	<u>43,243,209</u>
Total assets	<u>27,857,132</u>	<u>28,149,640</u>	<u>33,110,840</u>	<u>33,582,946</u>	<u>60,967,972</u>	<u>61,732,586</u>
Deferred Outflows of Resources	<u>393,602</u>	<u>93,222</u>	<u>393,604</u>	<u>72,506</u>	<u>787,206</u>	<u>165,728</u>
Liabilities						
Current liabilities	750,975	1,162,660	765,827	797,196	1,516,802	1,959,856
Noncurrent liabilities	<u>2,411,628</u>	<u>2,467,491</u>	<u>13,719,080</u>	<u>13,727,110</u>	<u>16,130,708</u>	<u>16,194,601</u>
Total liabilities	<u>3,162,603</u>	<u>3,630,151</u>	<u>14,484,907</u>	<u>14,524,306</u>	<u>17,647,510</u>	<u>18,154,457</u>
Deferred Inflows of Resources	<u>104,966</u>	<u>142,368</u>	<u>47,315</u>	<u>69,584</u>	<u>152,281</u>	<u>211,952</u>
Net position						
Net investment in capital assets	15,820,950	15,618,545	11,335,592	11,417,364	27,156,542	27,035,909
Restricted for various purposes	3,477,831	3,778,816	4,384,469	3,315,372	7,862,300	7,094,188
Unrestricted	<u>5,684,384</u>	<u>5,072,982</u>	<u>3,252,161</u>	<u>4,328,826</u>	<u>8,936,545</u>	<u>9,401,808</u>
Total net position	<u>\$ 24,983,165</u>	<u>\$ 24,470,343</u>	<u>\$ 18,972,222</u>	<u>\$ 19,061,562</u>	<u>\$ 43,955,387</u>	<u>\$ 43,531,905</u>

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

	Governmental Activities		Business-Type Activities		Totals	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program revenues						
Charges for services	\$ 678,568	\$ 1,088,645	\$ 2,176,073	\$ 2,433,383	\$ 2,854,641	\$ 3,522,028
Operating grants and contributions	27,749	25,964	-	-	27,749	25,964
Capital grants and contributions	<u>16,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,642</u>	<u>-</u>
Total program revenues	<u>722,959</u>	<u>1,114,609</u>	<u>2,176,073</u>	<u>2,433,383</u>	<u>2,899,032</u>	<u>3,547,992</u>
General revenues						
Property taxes - general	1,245,840	1,327,598	-	-	1,245,840	1,327,598
Property taxes - debt service	819,685	784,878	-	-	819,685	784,878
Franchise fees	264,654	224,290	-	-	264,654	224,290
Motor fuel taxes	283,036	277,788	-	-	283,036	277,788
Alcohol and cigarette taxes	84,905	79,344	-	-	84,905	79,344
Transient room taxes	621	-	-	-	621	-
Intergovernmental	108,019	39,427	144,000	-	252,019	39,427
Investment earnings	94,615	49,573	86,418	47,777	181,033	97,350
Rents and leases	51,759	46,951	16,007	19,043	67,766	65,994
Miscellaneous	<u>104,892</u>	<u>25,484</u>	<u>14,122</u>	<u>24,197</u>	<u>119,014</u>	<u>49,681</u>
Total general revenues	<u>3,058,026</u>	<u>2,855,333</u>	<u>260,547</u>	<u>91,017</u>	<u>3,318,573</u>	<u>2,946,350</u>
Total revenues	<u>3,780,985</u>	<u>3,969,942</u>	<u>2,436,620</u>	<u>2,524,400</u>	<u>6,217,605</u>	<u>6,494,342</u>
Program expenses						
General government	1,102,687	1,299,960	-	-	1,102,687	1,299,960
Public safety	921,817	905,923	-	-	921,817	905,923
Public works	40,302	34,534	-	-	40,302	34,534
Highways and streets	797,288	942,368	-	-	797,288	942,368
Culture and recreation	500,101	326,149	-	-	500,101	326,149
Interest on long-term debt	48,984	154,056	-	-	48,984	154,056
Water	-	-	1,213,378	1,351,074	1,213,378	1,351,074
Sewer	-	-	1,169,566	1,264,557	1,169,566	1,264,557
Total program expenses	<u>3,411,179</u>	<u>3,662,990</u>	<u>2,382,944</u>	<u>2,615,631</u>	<u>5,794,123</u>	<u>6,278,621</u>
Transfers	<u>143,016</u>	<u>255,000</u>	<u>(143,016)</u>	<u>(255,000)</u>	<u>-</u>	<u>-</u>
Change in net position	512,822	561,952	(89,340)	(346,231)	423,482	215,721
Net position - beginning, as restated	<u>24,470,343</u>	<u>23,908,391</u>	<u>19,061,562</u>	<u>19,407,793</u>	<u>43,531,905</u>	<u>43,316,184</u>
Net position - ending	<u>\$ 24,983,165</u>	<u>\$ 24,470,343</u>	<u>\$ 18,972,222</u>	<u>\$ 19,061,562</u>	<u>\$ 43,955,387</u>	<u>\$ 43,531,905</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 \$9,259,130. Of this amount, \$1,324,816 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 \$1,324,816. 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 \$18,972,222 at year-end. Of this amount, \$11,335,592 was invested in capital assets, net of related debt. The remaining balance included \$4,384,469 restricted for various purposes and \$3,252,161 of unrestricted net position.

BUDGETARY HIGHLIGHTS

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

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, 2017 amounted to \$17,793,395 and \$24,606,816, 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 \$340,294 and \$693,433, respectively.

Additional information on the City's capital assets can be found on pages 38 through 40 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Liabilities

The City's outstanding debt for its governmental and business-type activities as of June 30, 2017 amounted to \$1,972,445 and \$13,271,224, respectively. This amount is comprised of general obligation bonds, notes payable, and revenue bonds. The City's total debt decreased by \$963,631 during the current fiscal year. Additional information on the City's long-term liabilities can be found on pages 42 through 45.

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 2017-18; however, it is expected that storm-water rates will increase by 2% July 1, 2017 and water rates will increase by 2% in January 2018.
- 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 2017. This trend is not expected to continue in the upcoming fiscal year because there are very few buildable lots available. Based on the land use applications currently being processed there could be another increase in building activity in the summer of 2018, FY 2018-19.
- 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.

All of the above factors were considered when preparing the budget for the 2017-18 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$1,324,816. The City of Veneta has appropriated \$247,725 of this amount for spending in the 2017-18 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.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents, less restricted portion	\$ 7,655,419	\$ 4,987,022	\$ 12,642,441
Accounts and other receivables	174,570	236,942	411,512
Property taxes receivable, less restricted portion	125,514	-	125,514
Liens and assessments receivable	79,002	11,968	90,970
Court fines receivable, net	45,714	-	45,714
Inventory	-	28,448	28,448
Total current assets	8,080,219	5,264,380	13,344,599
Restricted assets	1,983,518	3,239,644	5,223,162
Capital assets not being depreciated	2,756,319	782,598	3,538,917
Capital assets being depreciated, net	15,037,076	23,824,218	38,861,294
Total assets	27,857,132	33,110,840	60,967,972
DEFERRED OUTFLOWS OF RESOURCES	393,602	393,604	787,206
LIABILITIES			
Current liabilities			
Accounts payable	320,663	50,722	371,385
Accrued liabilities	1,226	-	1,226
Compensated absences	37,412	14,656	52,068
Accrued interest	44,315	341,838	386,153
Deposits payable	61,683	81,607	143,290
Long-term debt, current portion	285,676	277,004	562,680
Total current liabilities	750,975	765,827	1,516,802
Noncurrent liabilities			
Pension liability	724,859	724,860	1,449,719
Long-term debt, less current portion	1,686,769	12,994,220	14,680,989
Total liabilities	3,162,603	14,484,907	17,647,510
DEFERRED INFLOWS OF RESOURCES			
Changes in proportion and contributions - PERS	44,966	44,964	89,930
Unearned revenue	60,000	2,351	62,351
Total deferred inflows of resources	104,966	47,315	152,281
NET POSITION			
Net investment in capital assets	\$ 15,820,950	\$ 11,335,592	\$ 27,156,542
Restricted for various purposes	3,477,831	4,384,469	7,862,300
Unrestricted	5,684,384	3,252,161	8,936,545
Total net position	\$ 24,983,165	\$ 18,972,222	\$ 43,955,387

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, 2017

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals
			Grants and Contributions	Grants and Contributions			
Governmental activities							
General government	\$ 1,102,687	\$ 296,349	\$ 27,749	\$ -	\$ (778,589)	\$ -	\$ (778,589)
Public safety	921,817	38,267	-	-	(883,550)	-	(883,550)
Public works	40,302	27,950	-	-	(12,352)	-	(12,352)
Highways and streets	797,288	199,312	-	-	(597,976)	-	(597,976)
Culture and recreation	500,101	116,690	-	16,642	(366,769)	-	(366,769)
Interest on long-term debt	48,984	-	-	-	(48,984)	-	(48,984)
Total governmental activities	<u>\$ 3,411,179</u>	<u>\$ 678,568</u>	<u>\$ 27,749</u>	<u>\$ 16,642</u>	<u>(2,688,220)</u>	<u>-</u>	<u>(2,688,220)</u>
Business-type activities							
Water	\$ 1,213,378	\$ 1,063,535	\$ -	\$ -	-	(149,843)	(149,843)
Sewer	<u>1,169,566</u>	<u>1,112,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,028)</u>	<u>(57,028)</u>
Total business-type activities	<u>\$ 2,382,944</u>	<u>\$ 2,176,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(206,871)</u>	<u>(206,871)</u>
General revenues							
Property taxes - general purposes					1,245,840	-	1,245,840
Property taxes - debt service					819,685	-	819,685
Franchise fees					264,654	-	264,654
Motor fuel taxes					283,036	-	283,036
Alcohol and cigarette taxes					84,905	-	84,905
Transient room taxes					621	-	621
Intergovernmental					108,019	144,000	252,019
Investment earnings					94,615	86,418	181,033
Rents and leases					51,759	16,007	67,766
Miscellaneous					<u>104,892</u>	<u>14,122</u>	<u>119,014</u>
Total general revenues					<u>3,058,026</u>	<u>260,547</u>	<u>3,318,573</u>
Transfers					<u>143,016</u>	<u>(143,016)</u>	<u>-</u>
Change in net position					512,822	(89,340)	423,482
Net position - beginning, as restated					<u>24,470,343</u>	<u>19,061,562</u>	<u>43,531,905</u>
Net position - ending					<u>\$ 24,983,165</u>	<u>\$ 18,972,222</u>	<u>\$ 43,955,387</u>

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

CITY OF VENETA
Lane County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue					Capital Project		Debt Service		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Local Improvements Fund	Law Enforcement Fund	Parks and Recreation Fund	Street Fund	Urban Renewal General Fund	Capital Construction Fund	Governmental Reserve Fund	Urban Renewal Debt Service Fund		
ASSETS											
Cash and cash equivalents	\$ 1,385,559	\$ 404,629	\$ 409,848	\$ 577,529	\$ 1,430,281	\$ 867,703	\$ 1,263,843	\$ 919,594	\$ 1,055,869	\$ 1,264,135	\$ 9,578,990
Cash with agent	-	-	-	-	-	-	-	-	1,043	-	1,043
Accounts and other receivables	111,005	-	9,351	12,042	75,542	10,000	-	-	-	36,830	254,770
Property taxes receivable	22,038	-	63,587	16,862	-	-	-	-	58,903	23,027	184,417
Liens and assessments receivable	1,962	74,202	-	-	2,838	-	-	-	-	-	79,002
Total assets	\$ 1,520,564	\$ 478,831	\$ 482,786	\$ 606,433	\$ 1,508,661	\$ 877,703	\$ 1,263,843	\$ 919,594	\$ 1,115,815	\$ 1,323,992	\$ 10,098,222
LIABILITIES											
Accounts payable	\$ 27,590	\$ -	\$ 215,922	\$ 12,566	\$ 19,142	\$ 5,125	\$ 12,850	\$ -	\$ -	\$ 1,868	\$ 295,063
Accrued liabilities	901	-	-	325	-	-	-	-	-	-	1,226
Deposits payable	-	-	-	-	61,683	-	-	-	-	-	61,683
Total liabilities	28,491	-	215,922	12,891	80,825	5,125	12,850	-	-	1,868	357,972
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - Property taxes	24,000	-	62,465	16,529	-	-	-	-	58,903	22,626	184,523
Unavailable revenue - Liens/assessments	-	74,202	-	-	2,838	-	-	-	-	-	77,040
Unavailable revenue - Court fines	80,200	-	-	-	-	-	-	-	-	-	80,200
Unearned revenue	63,057	-	-	-	16,300	-	-	-	-	60,000	139,357
Total deferred inflows of resources	167,257	74,202	62,465	16,529	19,138	-	-	-	58,903	82,626	481,120
FUND BALANCES											
Restricted	-	-	-	-	-	872,578	1,250,993	-	1,056,912	297,348	3,477,831
Committed	-	404,629	204,399	577,013	1,408,698	-	-	919,594	-	942,150	4,456,483
Unassigned	1,324,816	-	-	-	-	-	-	-	-	-	1,324,816
Total fund balances	1,324,816	404,629	204,399	577,013	1,408,698	872,578	1,250,993	919,594	1,056,912	1,239,498	9,259,130
Total liabilities, deferred inflows of resources and fund balances	\$ 1,520,564	\$ 478,831	\$ 482,786	\$ 606,433	\$ 1,508,661	\$ 877,703	\$ 1,263,843	\$ 919,594	\$ 1,115,815	\$ 1,323,992	\$ 10,098,222

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, 2017

Total fund balances		\$ 9,259,130
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	21,105,006	
Accumulated depreciation	<u>(3,311,611)</u>	17,793,395
Court fines are recognized as revenue when received in the governmental funds, however, total balances due, less related payables to outside agencies are recorded in net position of the governmental activities.		
		(34,485)
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.		
		184,523
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.		
		236,597
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	393,602	
Deferred inflows of resources relating to the return on pension assets	(44,966)	
Net pension asset (liability)	<u>(724,859)</u>	(376,223)
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:		
State assessments payable	(25,600)	
Compensated absences	(37,412)	
Accrued interest	(44,315)	
Long-term debt	<u>(1,972,445)</u>	<u>(2,079,772)</u>
Net position of governmental activities		<u><u>\$ 24,983,165</u></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, 2017

	Special Revenue Funds				
	General Fund	Local Improvements Fund	Law Enforcement Fund	Parks and Recreation Fund	Streets Fund
REVENUES					
Property taxes	\$ 265,874	\$ -	\$ 734,398	\$ 208,296	\$ -
Franchise taxes	122,801	-	-	-	122,715
Licenses, permits, and fees	83,479	-	38,267	-	-
Charges for services	13,513	-	-	56,061	-
Operating grants and contributions	17,749	-	-	-	-
Fees and charges	-	83,516	-	-	199,312
Intergovernmental	82,898	-	-	48,019	283,036
Other taxes	-	-	12,007	-	-
Fines	16,178	-	-	-	-
Investment earnings	13,704	3,661	3,299	6,260	13,799
Rents and leases	51,759	-	-	-	-
Miscellaneous	12,155	-	-	866	28,826
Total revenues	<u>680,110</u>	<u>87,177</u>	<u>787,971</u>	<u>319,502</u>	<u>647,688</u>
EXPENDITURES					
Current					
General government	507,022	-	-	-	-
Public safety	56,994	-	864,823	-	-
Public works	-	-	-	-	-
Highways and streets	-	-	-	-	619,380
Culture and recreation	23,410	-	-	323,852	-
Debt service	-	16,023	-	-	-
Capital outlay	12,973	1,331	-	2,595	26,016
Total expenditures	<u>600,399</u>	<u>17,354</u>	<u>864,823</u>	<u>326,447</u>	<u>645,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,711</u>	<u>69,823</u>	<u>(76,852)</u>	<u>(6,945)</u>	<u>2,292</u>
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	-	-	-
Transfers in	3,000	-	10,000	20,000	150,000
Transfers out	-	-	-	-	(5,000)
Total other financing sources (uses)	<u>3,000</u>	<u>-</u>	<u>10,000</u>	<u>20,000</u>	<u>145,000</u>
Net change in fund balances	82,711	69,823	(66,852)	13,055	147,292
Fund balances - beginning	<u>1,242,105</u>	<u>334,806</u>	<u>271,251</u>	<u>563,958</u>	<u>1,261,406</u>
Fund balances - ending	<u>\$ 1,324,816</u>	<u>\$ 404,629</u>	<u>\$ 204,399</u>	<u>\$ 577,013</u>	<u>\$ 1,408,698</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds		Capital Projects	Debt Service		Total
Urban Renewal General Fund	Capital Construction Fund	Governmental Reserve Fund	Urban Renewal Debt Service Fund	Nonmajor Governmental Funds	Governmental Funds
\$ -	\$ -	\$ -	\$ 664,904	\$ 268,180	\$ 2,141,652
-	-	-	-	-	245,516
-	-	-	-	-	121,746
-	63,768	-	-	88,529	221,871
10,000	-	-	-	16,642	44,391
-	-	-	-	66,788	349,616
-	-	-	-	50,000	463,953
-	-	-	-	-	12,007
-	-	-	-	-	16,178
4,271	13,026	11,571	11,394	11,623	92,608
-	-	-	-	-	51,759
-	-	-	301	63,365	105,513
<u>14,271</u>	<u>76,794</u>	<u>11,571</u>	<u>676,599</u>	<u>565,127</u>	<u>3,866,810</u>
231,876	-	-	-	214,453	953,351
-	-	-	-	-	921,817
-	-	-	-	36,409	36,409
-	-	-	-	-	619,380
-	-	-	-	44,865	392,127
-	-	-	882,626	327,706	1,226,355
-	2,602	-	-	29,769	75,286
<u>231,876</u>	<u>2,602</u>	<u>-</u>	<u>882,626</u>	<u>653,202</u>	<u>4,224,725</u>
<u>(217,605)</u>	<u>74,192</u>	<u>11,571</u>	<u>(206,027)</u>	<u>(88,075)</u>	<u>(357,915)</u>
600,000	-	-	-	-	600,000
-	-	-	-	209,300	392,300
-	(14,300)	(150,000)	-	(58,000)	(227,300)
<u>600,000</u>	<u>(14,300)</u>	<u>(150,000)</u>	<u>-</u>	<u>151,300</u>	<u>765,000</u>
382,395	59,892	(138,429)	(206,027)	63,225	407,085
<u>490,183</u>	<u>1,191,101</u>	<u>1,058,023</u>	<u>1,262,939</u>	<u>1,176,273</u>	<u>8,852,045</u>
<u>\$ 872,578</u>	<u>\$ 1,250,993</u>	<u>\$ 919,594</u>	<u>\$ 1,056,912</u>	<u>\$ 1,239,498</u>	<u>\$ 9,259,130</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, 2017

Net change in fund balances		\$	407,085
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.			
Capital outlay expenditures - governmental funds	35,259		
Depreciation expense recorded in the current year	<u>(340,294)</u>		(305,035)
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.			
Change in accrued interest	2,544		
Debt principal paid	<u>507,438</u>		509,982
Property taxes and liens 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. These amounts consist of:			
Change in deferred revenue - property taxes	(74,120)		
Change in deferred revenue - liens	<u>(31,819)</u>		(105,939)
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:			
Compensated absences	(1,816)		
Uncollectible loan receivable	<u>15,000</u>		13,184
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.			
			20,114
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. These amounts consist of:			
Change in deferred inflows relating to the return on pension assets	55,089		
Change in deferred outflows relating to pension expense	300,380		
Pension expense	<u>(382,038)</u>		<u>(26,569)</u>
Change in net position		\$	<u>512,822</u>

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, 2017

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Water Construction Fund	Sewer Construction Fund	Enterprise Reserve Fund	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,023,539	\$ 1,600,294	\$ -	\$ -	\$ 1,363,189	\$ 4,987,022
Accounts and other receivables	133,328	103,614	-	-	-	236,942
Liens and notes receivable	53	80	-	11,835	-	11,968
Inventory	<u>28,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,448</u>
Total current assets	2,185,368	1,703,988	-	11,835	1,363,189	5,264,380
Restricted assets						
Cash and cash equivalents	603,619	231,298	229,768	2,174,959	-	3,239,644
Capital assets not being depreciated	278,311	504,287	-	-	-	782,598
Capital assets being depreciated, net	<u>16,153,435</u>	<u>7,670,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,824,218</u>
Total assets	<u>19,220,733</u>	<u>10,110,356</u>	<u>229,768</u>	<u>2,186,794</u>	<u>1,363,189</u>	<u>33,110,840</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>196,802</u>	<u>196,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>393,604</u>
LIABILITIES						
Current liabilities						
Accounts payable	18,135	11,323	-	21,264	-	50,722
Compensated absences	7,328	7,328	-	-	-	14,656
Accrued interest	67,185	65,718	142,958	65,977	-	341,838
Deposits payable	23,898	57,709	-	-	-	81,607
Long-term debt, current portion	<u>159,162</u>	<u>80,473</u>	<u>-</u>	<u>37,369</u>	<u>-</u>	<u>277,004</u>
Total current liabilities	<u>275,708</u>	<u>222,551</u>	<u>142,958</u>	<u>124,610</u>	<u>-</u>	<u>765,827</u>
Noncurrent liabilities						
Pension liability	362,430	362,430	-	-	-	724,860
Long-term debt, less current portion	<u>9,731,546</u>	<u>3,121,190</u>	<u>-</u>	<u>141,484</u>	<u>-</u>	<u>12,994,220</u>
Total noncurrent liabilities	10,093,976	3,483,620	-	141,484	-	13,719,080
Total liabilities	<u>10,369,684</u>	<u>3,706,171</u>	<u>142,958</u>	<u>266,094</u>	<u>-</u>	<u>14,484,907</u>

(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, 2017

(continued)

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Water Construction Fund	Sewer Construction Fund	Enterprise Reserve Fund	
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and contributions - PERS	\$ 22,482	\$ 22,482	\$ -	\$ -	\$ -	\$ 44,964
Unearned revenue	<u>2,271</u>	<u>80</u>	-	-	-	<u>2,351</u>
Total deferred inflows of resources	24,753	22,562	-	-	-	47,315
NET POSITION						
Net investment in capital assets	6,541,038	4,973,407	-	(178,853)	-	11,335,592
Restricted for:						
Debt service	603,619	231,298	-	-	-	834,917
System development	-	-	86,810	2,099,553	1,363,189	3,549,552
Unrestricted	<u>1,878,441</u>	<u>1,373,720</u>	-	-	-	<u>3,252,161</u>
Total net position	<u>\$ 9,023,098</u>	<u>\$ 6,578,425</u>	<u>\$ 86,810</u>	<u>\$ 1,920,700</u>	<u>\$ 1,363,189</u>	<u>\$ 18,972,222</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, 2017

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Water Construction Fund	Sewer Construction Fund	Enterprise Reserve Fund	
Operating revenues						
Water sales	\$ 1,012,274	\$ -	\$ -	\$ -	\$ -	\$ 1,012,274
Sewer charges	-	1,036,466	-	-	-	1,036,466
Total operating revenues	<u>1,012,274</u>	<u>1,036,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,048,740</u>
Operating expenses						
Personnel costs	308,731	418,068	-	-	-	726,799
Materials and supplies	261,887	294,996	-	-	-	556,883
Repairs and maintenance	8,847	8,572	-	-	-	17,419
Depreciation	<u>400,720</u>	<u>292,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,433</u>
Total operating expenses	<u>980,185</u>	<u>1,014,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,994,534</u>
Operating income (loss)	<u>32,089</u>	<u>22,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,206</u>
Nonoperating revenues (expenses)						
System development charges	144,000	-	51,261	76,072	-	271,333
Investment earnings	25,479	18,655	3,211	24,326	14,747	86,418
Rents and leases	6,407	9,600	-	-	-	16,007
Miscellaneous	1,531	12,591	-	(90)	-	14,032
Interest expense	<u>(185,769)</u>	<u>(73,960)</u>	<u>(47,424)</u>	<u>(81,167)</u>	<u>-</u>	<u>(388,320)</u>
Total nonoperating revenues (expenses)	<u>(8,352)</u>	<u>(33,114)</u>	<u>7,048</u>	<u>19,141</u>	<u>14,747</u>	<u>(530)</u>
Income (loss) before contributions and transfers	23,737	(10,997)	7,048	19,141	14,747	53,676
Transfers in	224,800	124,496	-	-	-	349,296
Transfers out	<u>(5,000)</u>	<u>(160,000)</u>	<u>(213,808)</u>	<u>(113,504)</u>	<u>-</u>	<u>(492,312)</u>
Change in net position	243,537	(46,501)	(206,760)	(94,363)	14,747	(89,340)
Total net position - beginning	<u>8,779,561</u>	<u>6,624,926</u>	<u>293,570</u>	<u>2,015,063</u>	<u>1,348,442</u>	<u>19,061,562</u>
Total net position - ending	<u>\$ 9,023,098</u>	<u>\$ 6,578,425</u>	<u>\$ 86,810</u>	<u>\$ 1,920,700</u>	<u>\$ 1,363,189</u>	<u>\$ 18,972,222</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, 2017

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Water Construction Fund	Sewer Construction Fund	Enterprise Reserve Fund	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,022,010	\$ 1,038,900	\$ -	\$ -	\$ -	\$ 2,060,910
Payments to employees	34,977	(106,847)	-	-	-	(71,870)
Payments to suppliers	(593,763)	(560,794)	-	-	-	(1,154,557)
Net cash provided (used) by operating activities	<u>463,224</u>	<u>371,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>834,483</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Rents and leases	6,407	9,600	-	-	-	16,007
Miscellaneous income	1,531	12,591	-	-	-	14,122
Net cash provided (used) by noncapital financing activities	<u>7,938</u>	<u>22,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,129</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
System development charges	144,000	-	48,531	68,427	-	260,958
Transfers to other funds for capital purposes	(5,000)	(160,000)	-	-	-	(165,000)
Principal paid on capital debt	(104,249)	(113,505)	(88,852)	(149,588)	-	(456,194)
Interest paid on capital debt	(185,769)	(73,960)	(47,424)	(81,167)	-	(388,320)
Purchase of capital assets	(4,127)	(4,401)	(124,956)	(90)	-	(133,574)
Net cash provided (used) by capital and related financing activities	<u>(155,145)</u>	<u>(351,866)</u>	<u>(212,701)</u>	<u>(162,418)</u>	<u>-</u>	<u>(882,130)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	25,479	18,655	3,211	24,326	14,747	86,418
Net cash provided (used) by investing activities	<u>25,479</u>	<u>18,655</u>	<u>3,211</u>	<u>24,326</u>	<u>14,747</u>	<u>86,418</u>
Net increase (decrease) in cash and cash equivalents	341,496	60,239	(209,490)	(138,092)	14,747	68,900

(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, 2017

(Continued)

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Water Construction Fund	Sewer Construction Fund	Enterprise Reserve Fund	
Cash and cash equivalents - beginning (including \$560,504, \$231,298, \$439,258, and \$2,313,051 in water, sewer, sewer construction, and enterprise reserve funds, respectively reported in restricted accounts)	<u>2,285,662</u>	<u>1,771,353</u>	<u>439,258</u>	<u>2,313,051</u>	<u>1,348,442</u>	<u>8,157,766</u>
Cash and cash equivalents - ending (including \$603,619, \$231,298, \$229,768, and \$2,174,959, in water, sewer, water construction, and sewer construction funds, respectively, reported in restricted accounts)	<u>\$ 2,627,158</u>	<u>\$ 1,831,592</u>	<u>\$ 229,768</u>	<u>\$ 2,174,959</u>	<u>\$ 1,363,189</u>	<u>\$ 8,226,666</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 32,089	\$ 22,117	\$ -	\$ -	\$ -	\$ 54,206
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	400,720	292,713	-	-	-	693,433
(Increase) decrease in:						
Liens & other receivables	9,736	2,434	-	-	-	12,170
Inventories	(3,064)	-	-	-	-	(3,064)
Deferred outflows of resources	(155,370)	(165,728)	-	-	-	(321,098)
Increase (decrease) in:						
Accounts payable	(14,669)	(28,491)	-	-	-	(43,160)
Compensated absences	3,405	3,405	-	-	-	6,810
Accrued interest	(2,133)	(3,184)	-	-	-	(5,317)
Customer deposits	(303,163)	(225,551)	-	-	-	(528,714)
Pension liability	514,782	476,704	-	-	-	991,486
Deferred inflows of resources	(19,109)	(3,160)	-	-	-	(22,269)
Net cash provided (used) by operating activities	<u>\$ 463,224</u>	<u>\$ 371,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 834,483</u>
Noncash investing, capital, and financing activities:						
Transfer of capital assets	\$ 124,956	\$ -	\$ (124,956)	\$ -	\$ -	\$ -

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, 2017

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

Veneta 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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

All remaining governmental and enterprise funds are aggregated 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

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

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

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.

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

Capital Projects Fund

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

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:

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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.

Water Capital Construction Fund – The Water Capital Construction Fund is used to accumulate funds for future water system development costs. The primary source of revenue is water SDCs.

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 SDCs

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

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds

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.

Inverse Condemnation Fund – The Inverse Condemnation Fund accounts for the repayment of funds originally obtained to purchase property. 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.

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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.

Debt Service Fund

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.

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.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these 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 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 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 measureable 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 financial assets.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 (i.e. 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 three approved appropriation changes.

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, 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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

3. Accounts and Other Receivables

Receivables are recorded as revenue when earned. Court fines receivable are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts is calculated by management based on historical collection experience. All other receivables are considered fully collectible by management, therefore no allowance for uncollectible accounts is maintained.

4. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid expenses is recorded as expenditures/expenses when consumed rather than when purchased.

5. Inventory

Inventory of supplies is valued at cost using the first-in, first-out method. Inventories consist of materials for use in the water department.

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 reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. 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>
Intangibles	3-5
Equipment and vehicles	5-20
Buildings and structures	10-50
Water and sewer systems	40-50
Infrastructure	65

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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 two types, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, the items unavailable revenue and unearned revenue are reported in the governmental fund balance sheet, and unearned revenue is reported on the proprietary statement of net position. The governmental funds report unavailable and unearned revenue from property taxes and other uncollected revenues. The proprietary funds report unearned revenue from liens and assessments. 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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 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 reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

- Assigned fund balance – amounts that the City intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the city council delegates authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City’s 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

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. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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.

5. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

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.

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quotes market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2017.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

Fair values of assets measured on a recurring basis at June 30, 2017 are as follows:

	Level 2
Investments	
Oregon Local Government Investment Pool	\$ 16,424,213

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, 2017, the City had the following investments:

	Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated		\$ 16,424,213

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 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, 2017 the City had deposits of \$351,859 insured by the FDIC, and \$559,555 collateralized under the PFCP.

Deposits

The City's deposits and investments at June 30, 2017 are as follows:

Cash on hand	\$	260
Checking account		1,381,184
Total investments		16,424,213
Total deposits and investments	\$	17,805,657

Cash and investments by fund:

Governmental activities - unrestricted		
General Fund	\$	1,385,559
Local Improvements Fund		404,629
Law Enforcement Fund		409,848
Street Fund		1,430,281
Nonmajor governmental funds		4,025,102
Total governmental activities - unrestricted		7,655,419
Business-type activities - unrestricted		
Water Fund		2,023,539
Sewer Fund		1,600,294
Enterprise Reserve Fund		1,363,189
Total business-type activities - unrestricted		4,987,022
Total unrestricted cash and investments		12,642,441

(continued)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

Cash and investments by fund (continued):

Governmental activities - restricted	
Urban Renewal - General Fund	\$ 867,703
Urban Renewal - Debt Service Fund	<u>1,055,869</u>
Total governmental activities - restricted	<u>1,923,572</u>
Business-type activities - restricted	
Water Fund	603,619
Sewer Fund	231,298
Capital Construction - Water Fund	229,768
Capital Construction - Sewer Fund	<u>2,174,959</u>
Total business-type activities - restricted	<u>3,239,644</u>
Total restricted cash and investments	<u>5,163,216</u>
Total cash and investments	<u><u>\$ 17,805,657</u></u>

B. Restricted Assets

Restricted assets are for future payments of principal and interest on long-term debt, future urban renewal projects, and system development.

Restricted assets	
Governmental activities	
Cash	\$ 1,923,572
Cash with agent	1,043
Property taxes receivable	<u>58,903</u>
Total governmental activities	<u>1,983,518</u>
Business-type activities	
Cash	<u>3,239,644</u>
Total restricted assets	<u><u>\$ 5,223,162</u></u>

C. Court Fines Receivable

Court fines receivable at June 30, 2017 consisted of the following:

	Governmental
	Activities
Court fines receivable	<u>\$ 80,200</u>
Less allowance for uncollectibles	<u>(34,486)</u>
Court fines receivable, net	<u><u>\$ 45,714</u></u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,681,601	\$ -	\$ -	\$ 2,681,601
Work in process	<u>39,455</u>	<u>68,436</u>	<u>(33,173)</u>	<u>74,718</u>
Total capital assets not being depreciated	<u>2,721,056</u>	<u>68,436</u>	<u>(33,173)</u>	<u>2,756,319</u>
Capital assets being depreciated				
Buildings and structures	5,964,303	-	-	5,964,303
Machinery and equipment	144,597	-	-	144,597
Vehicles	114,938	-	-	114,938
Intangibles	46,494	-	-	46,494
Infrastructure	<u>12,078,355</u>	<u>-</u>	<u>-</u>	<u>12,078,355</u>
Total capital assets being depreciated	<u>18,348,687</u>	<u>-</u>	<u>-</u>	<u>18,348,687</u>
Less accumulated depreciation for				
Buildings and structures	(1,116,628)	(149,586)	-	(1,266,214)
Machinery and equipment	(133,140)	(2,053)	-	(135,193)
Vehicles	(105,016)	(2,835)	-	(107,851)
Intangibles	(46,494)	-	-	(46,494)
Infrastructure	<u>(1,570,039)</u>	<u>(185,820)</u>	<u>-</u>	<u>(1,755,859)</u>
Total accumulated depreciation	<u>(2,971,317)</u>	<u>(340,294)</u>	<u>-</u>	<u>(3,311,611)</u>
Total capital assets being depreciated, net	<u>15,377,370</u>	<u>(340,294)</u>	<u>-</u>	<u>15,037,076</u>
Governmental activities capital assets, net	<u>\$ 18,098,426</u>	<u>\$ (271,858)</u>	<u>\$ (33,173)</u>	<u>\$ 17,793,395</u>

(Continued)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

(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>17,567</u>	<u>25,945</u>	<u>(17,567)</u>	<u>25,945</u>
Total capital assets not being depreciated	<u>774,220</u>	<u>25,945</u>	<u>(17,567)</u>	<u>782,598</u>
Capital assets being depreciated				
Water and sewer systems	31,016,985	125,106	-	31,142,091
Equipment and vehicles	<u>372,630</u>	<u>21,985</u>	<u>-</u>	<u>394,615</u>
Total capital assets being depreciated	<u>31,389,615</u>	<u>147,091</u>	<u>-</u>	<u>31,536,706</u>
Less accumulated depreciation for				
Water and sewer systems	(6,778,605)	(684,682)	-	(7,463,287)
Equipment and vehicles	<u>(240,450)</u>	<u>(8,751)</u>	<u>-</u>	<u>(249,201)</u>
Total accumulated depreciation	<u>(7,019,055)</u>	<u>(693,433)</u>	<u>-</u>	<u>(7,712,488)</u>
Total capital assets being depreciated, net	<u>24,370,560</u>	<u>(546,342)</u>	<u>-</u>	<u>23,824,218</u>
Business-type activities capital assets, net	<u>\$ 25,144,780</u>	<u>\$ (520,397)</u>	<u>\$ (17,567)</u>	<u>\$ 24,606,816</u>

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 2,681,601	\$ -	\$ 2,681,601
Work in process	74,718	-	74,718
Buildings and structures	5,964,303	(1,266,214)	4,698,089
Machinery and equipment	144,597	(135,193)	9,404
Vehicles	114,938	(107,851)	7,087
Intangibles	46,494	(46,494)	-
Infrastructure	<u>12,078,355</u>	<u>(1,755,859)</u>	<u>10,322,496</u>
Total governmental activities capital assets	<u>21,105,006</u>	<u>(3,311,611)</u>	<u>17,793,395</u>
Business-type activities			
Land	756,653	-	756,653
Work in process	25,945	-	25,945
Water and sewer systems	31,142,091	(7,463,287)	23,678,804
Equipment and vehicles	<u>394,615</u>	<u>(249,201)</u>	<u>145,414</u>
Total business-type activities capital assets	<u>32,319,304</u>	<u>(7,712,488)</u>	<u>24,606,816</u>
Total capital assets	<u>\$ 53,424,310</u>	<u>\$ (11,024,099)</u>	<u>\$ 42,400,211</u>

In relation to governmental activities and business-type activities, the use of capital assets is allocated by function/program, and depreciation expense is charged accordingly. Depreciation expense is reflected on the statement of activities as follows:

Governmental activities	
General government	<u>\$ 340,294</u>
Business-type activities	
Water	\$ 400,720
Sewer	<u>292,713</u>
Total business-type activities	<u>\$ 693,433</u>

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

E. 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	Law Enforcement Fund	Parks and Recreation Fund	Street Fund	Nonmajor Governmental Funds	
Transfers out:						
Governmental activities						
Street Fund	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Capital Construction Fund	-	-	-	-	14,300	14,300
Governmental Reserve Fund	-	-	-	150,000	-	150,000
Nonmajor Governmental	<u>3,000</u>	<u>10,000</u>	<u>20,000</u>	<u>-</u>	<u>25,000</u>	<u>58,000</u>
Total governmental activities	<u>3,000</u>	<u>10,000</u>	<u>20,000</u>	<u>150,000</u>	<u>44,300</u>	<u>227,300</u>
Business-type activities						
Water Fund	-	-	-	-	5,000	5,000
Sewer Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>160,000</u>
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>165,000</u>
Total	<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ 20,000</u>	<u>\$ 150,000</u>	<u>\$ 209,300</u>	<u>\$ 392,300</u>

The principal purpose of the interfund transfers in was for future projects and debt service.

F. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	<u>\$ 35,596</u>	<u>\$ 1,816</u>	<u>\$ -</u>	<u>\$ 37,412</u>
Business-type activities				
Compensated absences	<u>\$ 7,846</u>	<u>\$ 6,810</u>	<u>\$ -</u>	<u>\$ 14,656</u>

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

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

G. Short-Term and Long-Term Liabilities

1. Changes in Short-Term Liabilities

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities						
Banner Bank Loan	4.750%	\$ 300,000	\$ 300,000	\$ 600,000	\$ 900,000	\$ -

2. Changes in Long-Term Liabilities

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Notes payable:							
Siuslaw Bank - Inverse Condemnation Note	3.475%	\$ 925,000	\$ 235,131	\$ -	\$ 235,131	\$ -	\$ -
Siuslaw Bank - Local Improvements Note	3.475%	223,502	164,777	-	10,307	154,470	10,676
General obligation bonds:							
Pool Construction	4.45%	1,100,000	889,975	-	47,000	842,975	50,000
Urban Renewal, Series 2001	3.9-5.675%	3,360,000	1,190,000	-	215,000	975,000	225,000
Total governmental activities		<u>\$ 5,608,502</u>	<u>\$ 2,479,883</u>	<u>\$ -</u>	<u>\$ 507,438</u>	<u>\$ 1,972,445</u>	<u>\$ 285,676</u>
Business-type activities							
Revenue Installment Bonds:							
USDA Water Pipeline #1	2.75%	\$ 7,033,000	\$ 6,832,798	\$ -	\$ 104,249	\$ 6,728,549	\$ 107,116
USDA Water Pipeline #2	2.75%	3,346,269	3,251,011	-	88,852	3,162,159	52,046
USDA Sewer System Improvement	4.50%	4,255,700	3,428,671	-	227,008	3,201,663	80,473
Siuslaw Bank - Land Purchase Note	3.475%	362,590	214,937	-	36,084	178,853	37,369
Total business-type activities		<u>\$ 14,997,559</u>	<u>\$ 13,727,417</u>	<u>\$ -</u>	<u>\$ 456,193</u>	<u>\$ 13,271,224</u>	<u>\$ 277,004</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

3. Governmental Activity - Banner Bank Short-Term Line of Credit

In June 2016, the Urban Renewal Agency passed a resolution authorizing the issuance of a short-term loan with Banner Bank in the amount of \$300,000. The interest rate was fixed at 4.75%. Proceeds were used to finance the costs of various urban renewal projects. The Agency passed a resolution authorizing an additional \$600,000 short-term loan on the same line of credit. This short-term loan was paid in full at year end.

4. Governmental and Business-type Activities - Interest Expense

In relation to governmental activities, interest expense was not charged to a specific function or program of the City. In relation to business-type activities, long-term debt obligations are related to multiple functions/programs of the City, therefore interest expense is charged accordingly. Interest expense is recorded on the statement of activities as follows:

Governmental activities	
Interest on long-term debt	\$ 48,984
Business-type activities	
Water	273,392
Sewer	164,411
Total business-type	\$ 437,803

5. Governmental Activity - Inverse Condemnation 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 the liability related to the note. This obligation was fully extinguished during the current year.

6. Governmental Activity - Local Improvements Note

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 the liability related to the local improvements note.

7. Governmental Activity - Pool Construction 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 the liability related to the bonds.

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

8. Governmental Activity - Urban Renewal General Obligation 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 the liability related to the urban renewal general obligation bonds.

9. Governmental Activity - Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 275,000	\$ 92,356	\$ 10,676	\$ 5,347	\$ 285,676	\$ 97,703
2019	289,000	77,476	11,055	4,967	300,055	82,443
2020	308,000	61,852	11,436	4,588	319,436	66,440
2021	328,000	45,210	11,855	4,168	339,855	49,378
2022	65,000	27,500	12,277	3,747	77,277	31,247
2023-2027	376,000	91,176	68,235	11,878	444,235	103,054
2028-2029	176,975	11,880	28,936	1,237	205,911	13,117
	<u>\$ 1,817,975</u>	<u>\$ 407,450</u>	<u>\$ 154,470</u>	<u>\$ 35,932</u>	<u>\$ 1,972,445</u>	<u>\$ 443,382</u>

10. Business-Type Activity - Water Pipeline Revenue Installment Bonds

Revenue installment bonds are direct obligations that pledge the full faith and credit of the City and are payable from water utility revenue proceeds. Interest is fixed at 2.75%. The City's outstanding revenue installment bonds represent funding primarily for system improvement projects. Principal and interest are due annually on September 20. The Water Capital Construction and Water Funds have traditionally been used to liquidate liabilities related to the revenue installment bonds.

11. Business-Type Activity - USDA Sewer System Improvement

The City obtained financing dated August 8, 2000 to fund sewer system improvements. Interest is fixed at 4.5%. Principal and interest are due annually on August 8. Sewer system revenues are pledged as collateral for the issue. The Sewer and Sewer Capital Construction Funds have traditionally been used to liquidate the liability related to the sewer system improvement loan.

12. Business-Type Activity - Siuslaw Bank Land Purchase Note

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%.

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

Principal and interest are due semiannually on June 12 and December 12. The Sewer Capital Construction Fund has traditionally been used to liquidate the liability related to the land purchase note.

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

Year Ending June 30	Water Pipeline Bonds		Sewer System Improvement	
	Principal	Interest	Principal	Interest
2018	\$ 159,162	\$ 273,074	\$ 80,473	\$ 150,825
2019	162,430	268,726	84,094	147,204
2020	166,896	264,260	87,879	143,419
2021	171,486	259,670	91,833	139,465
2022	176,202	254,954	95,966	135,332
2023-2027	956,412	1,199,368	548,626	607,864
2028-2032	1,095,353	1,060,427	683,687	472,803
2033-2037	1,254,478	901,302	851,998	304,492
2038-2042	1,436,721	719,059	677,107	94,888
2043-2047	1,645,439	510,341	-	-
2048-2052	1,884,477	271,303	-	-
2053-2054	781,652	33,978	-	-
	<u>\$ 9,890,708</u>	<u>\$ 6,016,462</u>	<u>\$ 3,201,663</u>	<u>\$ 2,196,292</u>

Year Ending June 30	Land Purchase Note		Total Requirements	
	Principal	Interest	Principal	Interest
2018	\$ 37,369	\$ 5,973	\$ 277,004	\$ 429,872
2019	38,686	4,656	285,210	420,586
2020	40,073	3,269	294,848	410,948
2021	41,494	1,849	304,813	400,984
2022	21,231	373	293,399	390,659
2023-2027	-	-	1,505,038	1,807,232
2028-2032	-	-	1,779,040	1,533,230
2033-2037	-	-	2,106,476	1,205,794
2038-2042	-	-	2,113,828	813,947
2043-2047	-	-	1,645,439	510,341
2048-2052	-	-	1,884,477	271,303
2053-2054	-	-	781,652	33,978
	<u>\$ 178,853</u>	<u>\$ 16,120</u>	<u>\$ 13,271,224</u>	<u>\$ 8,228,874</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

H. Constraints on Fund Balances

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

	General Fund	Local Improvements Fund	Law Enforcement Fund	Parks and Recreation Fund	Street Fund	Urban Renewal General Fund	Capital Construction Fund	Governmental Reserve Fund	Urban Renewal Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:											
Restricted for:											
Urban renewal projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,578	\$ -	\$ -	\$ -	\$ -	\$ 872,578
Debt service	-	-	-	-	-	-	-	-	1,056,912	205,722	1,262,634
Capital projects	-	-	-	-	-	-	1,250,993	-	-	91,626	1,342,619
Committed for:											
Local improvements	-	404,629	-	-	-	-	-	-	-	124,703	529,332
Streets and roads	-	-	-	-	1,408,698	-	-	-	-	-	1,408,698
Public safety	-	-	204,399	-	-	-	-	-	-	-	204,399
Community development	-	-	-	577,013	-	-	-	-	-	409,665	986,678
Equipment purchases	-	-	-	-	-	-	-	-	-	192,559	192,559
Business development	-	-	-	-	-	-	-	-	-	156,582	156,582
Capital projects	-	-	-	-	-	-	-	919,594	-	58,641	978,235
Unassigned	<u>1,324,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,324,816</u>
Total fund balances	<u>\$ 1,324,816</u>	<u>\$ 404,629</u>	<u>\$ 204,399</u>	<u>\$ 577,013</u>	<u>\$ 1,408,698</u>	<u>\$ 872,578</u>	<u>\$ 1,250,993</u>	<u>\$ 919,594</u>	<u>\$ 1,056,912</u>	<u>\$ 1,239,498</u>	<u>\$ 9,259,130</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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. Restatement of Previously Issued Financial Statements

The City's net position was restated as follows:

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 24,485,343
To write off uncollectible loan receivable	<u>(15,000)</u>
Net position - beginning, as restated	<u>\$ 24,470,343</u>

C. Retirement Plan

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.

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, and Internal Revenue Code Section 401(a).

PERS Pension

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

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

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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 either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation, which became effective July 1, 2015. 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, 2017 were \$168,377.

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, 2015, through June 30, 2017, 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, 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 used to determine the Total Pension Liability:

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study	2014, published September 2015
<i>Actuarial Assumptions:</i>	
Inflation rate	2.50 percent (reduced from 2.75%)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

Long-term expected rate of return*	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.015%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.</p>

* At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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. The methods and assumptions shown above are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability of the Plan was 7.50 percent. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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.

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

At June 30, 2017, the City reported a liability of \$1,449,719 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 the City's proportion was 0.00965686%.

For the year ended June 30, 2017, the City recognized pension expense of \$244,832. At June 30, 2017, 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
Differences between expected and actual experience	\$ 47,963	\$ -
Changes in assumptions	309,190	-
Net difference between projected and actual earnings on investments	286,404	-
Changes in proportionate share	26,337	(51,584)
Differences between employer contributions and employer's proportionate share of system contributions	4,659	(38,346)
Total (prior to post-MD contributions)	674,553	(89,930)
Contributions subsequent to the MD	112,653	-
Total (subsequent to the post-MD contributions)	\$ 787,206	\$ (89,930)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported by the City as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2018	\$ 100,881
2019	100,881
2020	207,314
2021	155,518
2022	20,029

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

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

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 2,340,813	\$ 1,449,719	\$ 704,920

Plan Changes Reflected

We are not aware of any changes subsequent to the June 30, 2016 Measurement Date required to be reported.

D. Subsequent Events

Management has evaluated subsequent events through December 27, 2017, 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)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00965686%	0.01061507%	0.00862998%
City's proportionate share of the net pension liability (asset)	\$ 1,449,719	\$ 609,460	\$ (195,617)
City's covered-employee payroll (from actuarial exhibits)	\$ 843,609	\$ 725,675	\$ 722,475
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	172%	84%	-27%
Plan fiduciary net position as a percentage of the total pension liability (asset) from audited schedules	80.53%	91.88%	103.59%

Schedule of City Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 168,377	\$ 104,326	\$ 73,693
Contributions in relation to the contractually required contribution	<u>(168,377)</u>	<u>(104,326)</u>	<u>(73,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 977,191	\$ 891,558	\$ 797,352
Contributions as a percentage of covered-employee payroll	17%	12%	9%

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, 2017

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 259,452	\$ 259,452	\$ 6,422	\$ 265,874
Franchise taxes	105,459	105,459	17,342	122,801
Licenses, permits, and fees	47,763	47,763	35,716	83,479
Operating grants and contributions	28,000	28,000	(10,251)	17,749
Intergovernmental charges	84,253	84,253	(1,355)	82,898
Charges for services	11,279	11,279	2,234	13,513
Fines	13,000	13,000	3,178	16,178
Investment earnings	4,152	4,152	9,552	13,704
Rents and leases	45,520	45,520	6,239	51,759
Miscellaneous	15,196	15,196	(3,041)	12,155
Total revenues	<u>614,074</u>	<u>614,074</u>	<u>66,036</u>	<u>680,110</u>
EXPENDITURES				
Current				
Personnel services	326,910	326,910	(10,232)	316,678
Material and services	324,567	364,567	(93,819)	270,748
Capital outlay	24,500	24,500	(11,527)	12,973
Contingency	75,000	35,000	(35,000)	-
Total expenditures	<u>750,977</u>	<u>750,977</u>	<u>(150,578)</u>	<u>600,399</u>
Excess (deficiency) of revenues over (under) expenditures	(136,903)	(136,903)	216,614	79,711
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	-	3,000
Net change in fund balance	(133,903)	(133,903)	216,614	82,711
Fund balance - beginning	<u>1,230,620</u>	<u>1,230,620</u>	<u>11,485</u>	<u>1,242,105</u>
Fund balance - ending	<u>\$ 1,096,717</u>	<u>\$ 1,096,717</u>	<u>\$ 228,099</u>	<u>\$ 1,324,816</u>

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, 2017

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Fees and charges	\$ 10,085	\$ 73,431	\$ 83,516
Investment earnings	<u>360</u>	<u>3,301</u>	<u>3,661</u>
Total revenues	<u>10,445</u>	<u>76,732</u>	<u>87,177</u>
EXPENDITURES			
Current			
Materials and services	550	(550)	-
Debt service	170,699	(154,676)	16,023
Capital outlay	<u>135,000</u>	<u>(133,669)</u>	<u>1,331</u>
Total expenditures	<u>306,249</u>	<u>(288,895)</u>	<u>17,354</u>
Excess (deficiency) of revenues over (under) expenditures	(295,804)	365,627	69,823
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Net change in fund balance	(260,804)	330,627	69,823
Fund balance - beginning	<u>265,285</u>	<u>69,521</u>	<u>334,806</u>
Fund balance - ending	<u>\$ 4,481</u>	<u>\$ 400,148</u>	<u>\$ 404,629</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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 722,680	\$ 11,718	\$ 734,398
Licenses, permits and fees	35,000	3,267	38,267
Other taxes	4,000	8,007	12,007
Investment earnings	2,236	1,063	3,299
Miscellaneous	25	(25)	-
Total revenues	763,941	24,030	787,971
EXPENDITURES			
Current			
Materials and services	871,997	(7,174)	864,823
Capital outlay	450	(450)	-
Contingency	2,500	(2,500)	-
Total expenditures	874,947	(10,124)	864,823
Excess (deficiency) of revenues over (under) expenditures	(111,006)	34,154	(76,852)
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	-	10,000
Net change in fund balance	(101,006)	34,154	(66,852)
Fund balance - beginning	218,192	53,059	271,251
Fund balance - ending	\$ 117,186	\$ 87,213	\$ 204,399

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 201,646	\$ 6,650	\$ 208,296
Charges for services	46,700	9,361	56,061
Intergovernmental	41,904	6,115	48,019
Investment earnings	1,000	5,260	6,260
Miscellaneous	5,060	(4,194)	866
Total revenues	296,310	23,192	319,502
EXPENDITURES			
Current			
Personnel services	235,895	(29,943)	205,952
Materials and services	195,007	(77,107)	117,900
Capital outlay	20,800	(18,205)	2,595
Contingency	20,000	(20,000)	-
Total expenditures	471,702	(145,255)	326,447
Excess (deficiency) of revenues over (under) expenditures	(175,392)	168,447	(6,945)
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	-	20,000
Net change in fund balance	(155,392)	168,447	13,055
Fund balance - beginning	523,913	40,045	563,958
Fund balance - ending	\$ 368,521	\$ 208,492	\$ 577,013

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	GAAP Basis
REVENUES			
Franchise Taxes	\$ 105,459	\$ 17,256	\$ 122,715
Fees and charges	177,875	21,437	199,312
Intergovernmental	256,601	26,435	283,036
Grants	50	(50)	-
Investment earnings	7,499	6,300	13,799
Miscellaneous	25	28,801	28,826
Total revenues	547,509	100,179	647,688
EXPENDITURES			
Current			
Personnel services	170,615	(11,296)	159,319
Materials and services	604,762	(144,701)	460,061
Capital outlay	383,100	(357,084)	26,016
Contingency	100,000	(100,000)	-
Total expenditures	1,258,477	(613,081)	645,396
Excess (deficiency) of revenues over (under) expenditures	(710,968)	713,260	2,292
OTHER FINANCING SOURCES (USES)			
Transfers in	476,700	(326,700)	150,000
Transfers out	(9,000)	(4,000)	(5,000)
Total other financing sources (uses)	467,700	(322,700)	145,000
Net change in fund balance	(243,268)	390,560	147,292
Fund balance - beginning	1,226,370	35,036	1,261,406
Fund balance - ending	\$ 983,102	\$ 425,596	\$ 1,408,698

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Grants	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Investment earnings	<u>750</u>	<u>3,521</u>	<u>4,271</u>	<u>-</u>	<u>4,271</u>
Total revenues	<u>750</u>	<u>13,521</u>	<u>14,271</u>	<u>-</u>	<u>14,271</u>
EXPENDITURES					
Current					
Materials and services	150,000	(118,361)	31,639	(31,639)	-
Urban renewal	-	-	-	231,876	231,876
Contingency	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>155,000</u>	<u>(123,361)</u>	<u>31,639</u>	<u>200,237</u>	<u>231,876</u>
Excess (deficiency) of revenues over (under) expenditures	(154,250)	136,882	(17,368)	(200,237)	(217,605)
OTHER FINANCING SOURCES (USES)					
Loan proceeds	600,000	-	600,000	-	600,000
Transfers out	<u>(530,700)</u>	<u>(330,463)</u>	<u>(200,237)</u>	<u>200,237</u>	<u>-</u>
Total other financing sources (uses)	<u>69,300</u>	<u>(330,463)</u>	<u>399,763</u>	<u>200,237</u>	<u>600,000</u>
Net change in fund balance	(84,950)	(193,581)	382,395	-	382,395
Fund balance - beginning	<u>252,442</u>	<u>237,741</u>	<u>490,183</u>	<u>-</u>	<u>490,183</u>
Fund balance - ending	<u>\$ 167,492</u>	<u>\$ 44,160</u>	<u>\$ 872,578</u>	<u>\$ -</u>	<u>\$ 872,578</u>

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, 2017

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Charges for services	\$ 99,709	\$ (35,941)	\$ 63,768
Investment earnings	<u>3,857</u>	<u>9,169</u>	<u>13,026</u>
Total revenues	<u>103,566</u>	<u>(26,772)</u>	<u>76,794</u>
EXPENDITURES			
Capital outlay	<u>39,800</u>	<u>(37,198)</u>	<u>2,602</u>
Excess (deficiency) of revenues over (under) expenditures	63,766	10,426	74,192
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(14,300)</u>	<u>-</u>	<u>(14,300)</u>
Net change in fund balance	49,466	10,426	59,892
Fund balance - beginning	<u>1,120,541</u>	<u>70,560</u>	<u>1,191,101</u>
Fund balance - ending	<u>\$ 1,170,007</u>	<u>\$ 80,986</u>	<u>\$ 1,250,993</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, 2017

	Special Revenue				
	Planning Fund	Storm-water Fund	Inverse Condemnation Fund	Zumwalt Campground Fund	Business Assistance Loan/Grants
ASSETS					
Cash and cash equivalents	\$ 227,804	\$ 162,908	\$ 5,409	\$ 125,076	\$ 156,582
Accounts and other receivables	13,335	6,853	-	-	-
Property taxes receivable	<u>13,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 254,977</u>	<u>\$ 169,761</u>	<u>\$ 5,409</u>	<u>\$ 125,076</u>	<u>\$ 156,582</u>
LIABILITIES					
Accounts payable	<u>\$ 1,439</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
- property taxes	13,578	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>13,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	5,409	-	-
Committed	<u>239,960</u>	<u>169,705</u>	<u>-</u>	<u>124,703</u>	<u>156,582</u>
Total fund balances	<u>239,960</u>	<u>169,705</u>	<u>5,409</u>	<u>124,703</u>	<u>156,582</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 254,977</u>	<u>\$ 169,761</u>	<u>\$ 5,409</u>	<u>\$ 125,076</u>	<u>\$ 156,582</u>

Capital Projects Funds				Total
Pool Facilities Fund	Public Works Equipment	West Broadway Fund	Debt Service Fund	Nonmajor Governmental Funds
\$ 134,984	\$ 192,559	\$ 58,641	\$ 200,172	\$ 1,264,135
16,642	-	-	-	36,830
-	-	-	9,189	23,027
<u>\$ 151,626</u>	<u>\$ 192,559</u>	<u>\$ 58,641</u>	<u>\$ 209,361</u>	<u>\$ 1,323,992</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,868
-	-	-	9,048	22,626
<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
<u>60,000</u>	<u>-</u>	<u>-</u>	<u>9,048</u>	<u>82,626</u>
91,626	-	-	200,313	297,348
<u>-</u>	<u>192,559</u>	<u>58,641</u>	<u>-</u>	<u>942,150</u>
<u>91,626</u>	<u>192,559</u>	<u>58,641</u>	<u>200,313</u>	<u>1,239,498</u>
<u>\$ 151,626</u>	<u>\$ 192,559</u>	<u>\$ 58,641</u>	<u>\$ 209,361</u>	<u>\$ 1,323,992</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, 2017

	Special Revenue				
	Planning Fund	Storm-water Fund	Inverse Condemnation Fund	Zumwalt Campground Fund	Business Assistance Loan/Grants
REVENUES					
Property taxes	\$ 179,343	\$ -	\$ -	\$ -	\$ -
Charges for services	27,950	-	-	60,579	-
Operating grants	-	-	-	-	-
Fees and charges	-	66,738	-	50	-
Intergovernmental	-	-	-	-	-
Investment earnings	2,325	1,820	-	1,343	1,705
Miscellaneous	43,574	60	-	270	-
Total revenues	<u>253,192</u>	<u>68,618</u>	<u>-</u>	<u>62,242</u>	<u>1,705</u>
EXPENDITURES					
Current					
General government	214,453	-	-	-	-
Public works	-	36,409	-	-	-
Culture and recreation	-	-	-	28,223	-
Debt service	-	-	241,102	-	-
Capital outlay	3,892	3,892	-	-	-
Total expenditures	<u>218,345</u>	<u>40,301</u>	<u>241,102</u>	<u>28,223</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,847</u>	<u>28,317</u>	<u>(241,102)</u>	<u>34,019</u>	<u>1,705</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	180,000	-	-
Transfers out	-	(25,000)	-	(32,000)	(1,000)
Total other financing sources (uses)	<u>-</u>	<u>(25,000)</u>	<u>180,000</u>	<u>(32,000)</u>	<u>(1,000)</u>
Net change in fund balances	34,847	3,317	(61,102)	2,019	705
Fund balances - beginning	<u>205,113</u>	<u>166,388</u>	<u>66,511</u>	<u>122,684</u>	<u>155,877</u>
Fund balances - ending	<u>\$ 239,960</u>	<u>\$ 169,705</u>	<u>\$ 5,409</u>	<u>\$ 124,703</u>	<u>\$ 156,582</u>

Capital Projects Funds				Total
Pool Facilities Fund	Public Works Equipment	West Broadway Fund	Debt Service Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 88,837	\$ 268,180
-	-	-	-	88,529
16,642	-	-	-	16,642
-	-	-	-	66,788
50,000	-	-	-	50,000
85	2,159	634	1,552	11,623
<u>19,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,365</u>
<u>86,188</u>	<u>2,159</u>	<u>634</u>	<u>90,389</u>	<u>565,127</u>
-	-	-	-	214,453
-	-	-	-	36,409
16,642	-	-	-	44,865
-	-	-	86,604	327,706
-	21,985	-	-	29,769
<u>16,642</u>	<u>21,985</u>	<u>-</u>	<u>86,604</u>	<u>653,202</u>
<u>69,546</u>	<u>(19,826)</u>	<u>634</u>	<u>3,785</u>	<u>(88,075)</u>
14,300	15,000	-	-	209,300
-	-	-	-	(58,000)
<u>14,300</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>151,300</u>
83,846	(4,826)	634	3,785	63,225
<u>7,780</u>	<u>197,385</u>	<u>58,007</u>	<u>196,528</u>	<u>1,176,273</u>
<u>\$ 91,626</u>	<u>\$ 192,559</u>	<u>\$ 58,641</u>	<u>\$ 200,313</u>	<u>\$ 1,239,498</u>

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, 2017

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 176,185	\$ 176,185	\$ 3,158	\$ 179,343
Charges for services	5,000	5,000	22,950	27,950
Investment earnings	1,023	1,023	1,302	2,325
Miscellaneous	10,213	10,213	33,361	43,574
	<u>192,421</u>	<u>192,421</u>	<u>60,771</u>	<u>253,192</u>
EXPENDITURES				
Current				
Personnel services	165,144	165,144	(6,421)	158,723
Materials and services	45,287	65,287	(9,557)	55,730
Capital outlay	6,900	6,900	(3,008)	3,892
Contingency	25,000	5,000	(5,000)	-
	<u>242,331</u>	<u>242,331</u>	<u>(23,986)</u>	<u>218,345</u>
Excess (deficiency) of revenues over (under) expenditures	(49,910)	(49,910)	84,757	34,847
Fund balance - beginning	<u>186,880</u>	<u>186,880</u>	<u>18,233</u>	<u>205,113</u>
Fund balance - ending	<u>\$ 136,970</u>	<u>\$ 136,970</u>	<u>\$ 102,990</u>	<u>\$ 239,960</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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Fees and charges	\$ 60,851	\$ 5,887	\$ 66,738
Investment earnings	689	1,131	1,820
Miscellaneous	25	35	60
Total revenues	61,565	7,053	68,618
EXPENDITURES			
Current			
Personnel services	34,653	(1,624)	33,029
Materials and services	41,134	(37,754)	3,380
Capital outlay	6,450	(2,558)	3,892
Contingency	10,000	(10,000)	-
Total expenditures	92,237	(51,936)	40,301
Excess (deficiency) of revenues over (under) expenditures	(30,672)	58,989	28,317
OTHER FINANCING SOURCES (USES)			
Transfers out	(25,000)	-	(25,000)
Net change in fund balance	(55,672)	58,989	3,317
Fund balance - beginning	160,107	6,281	166,388
Fund balance - ending	\$ 104,435	\$ 65,270	\$ 169,705

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 10	\$ (10)	\$ -
EXPENDITURES			
Current			
Materials and services	100	(100)	-
Debt service	243,000	(1,898)	241,102
Total expenditures	243,100	(1,998)	241,102
Excess (deficiency) of revenues over (under) expenditures	(243,090)	1,988	(241,102)
OTHER FINANCING SOURCES (USES)			
Transfers in	180,000	-	180,000
Net change in fund balance	(63,090)	1,988	(61,102)
Fund balance - beginning	64,735	1,776	66,511
Fund balance - ending	\$ 1,645	\$ 3,764	\$ 5,409

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 66,000	\$ (5,421)	\$ 60,579
Fees and charges	25	25	50
Investment earnings	400	943	1,343
Miscellaneous	50	220	270
Total revenues	66,475	(4,233)	62,242
EXPENDITURES			
Current			
Materials and services	42,568	(14,345)	28,223
Excess (deficiency) of revenues over (under) expenditures	23,907	10,112	34,019
OTHER FINANCING SOURCES (USES)			
Transfers out	(32,000)	-	(32,000)
Net change in fund balance	(8,093)	10,112	2,019
Fund balance - beginning	113,655	9,029	122,684
Fund balance - ending	\$ 105,562	\$ 19,141	\$ 124,703

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, 2017

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Investment earnings	\$ 450	\$ 1,255	\$ 1,705
Miscellaneous	<u>20</u>	<u>(20)</u>	<u>-</u>
Total revenues	<u>470</u>	<u>1,235</u>	<u>1,705</u>
EXPENDITURES			
Current			
Materials and services	<u>39,050</u>	<u>(39,050)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(38,580)	40,285	1,705
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	(39,580)	40,285	705
Fund balance - beginning	<u>147,002</u>	<u>8,875</u>	<u>155,877</u>
Fund balance - ending	<u>\$ 107,422</u>	<u>\$ 49,160</u>	<u>\$ 156,582</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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Grants	\$ -	\$ 16,642	\$ 16,642
Intergovernmental	50,000	-	50,000
Investment earnings	-	85	85
Miscellaneous	25	19,436	19,461
Total revenues	50,025	36,163	86,188
EXPENDITURES			
Current			
Materials and services	25	(25)	-
Capital outlay	65,000	(48,358)	16,642
Total expenditures	65,025	(48,383)	16,642
Excess (deficiency) of revenues over (under) expenditures	(15,000)	84,546	69,546
OTHER FINANCING SOURCES (USES)			
Transfers in	14,300	-	14,300
Net change in fund balance	(700)	84,546	83,846
Fund balance - beginning	7,115	665	7,780
Fund balance - ending	\$ 6,415	\$ 85,211	\$ 91,626

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, 2017

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES			
Investment income	\$ 733	\$ 1,426	\$ 2,159
EXPENDITURES			
Capital outlay	<u>25,000</u>	<u>(3,015)</u>	<u>21,985</u>
Excess (deficiency) of revenues over (under) expenditures	(24,267)	4,441	(19,826)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	(9,267)	4,441	(4,826)
Fund balance - beginning	<u>192,117</u>	<u>5,268</u>	<u>197,385</u>
Fund balance - ending	<u><u>\$ 182,850</u></u>	<u><u>\$ 9,709</u></u>	<u><u>\$ 192,559</u></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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 150	\$ 484	\$ 634
Miscellaneous	50	(50)	-
Total revenues	200	434	634
EXPENDITURES			
Current			
Materials and supplies	300	(300)	-
Capital outlay	25	(25)	-
Total expenditures	325	(325)	-
Excess (deficiency) of revenues over (under) expenditures	(125)	759	634
Fund balance - beginning	57,718	289	58,007
Fund balance - ending	\$ 57,593	\$ 1,048	\$ 58,641

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 2,214	\$ 9,357	\$ 11,571
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,214	9,357	11,571
OTHER FINANCING SOURCES (USES)			
Transfers in	4,000	(4,000)	-
Transfers out	(150,000)	-	(150,000)
Total other financing sources (uses)	(146,000)	(4,000)	(150,000)
Net change in fund balance	(143,786)	5,357	(138,429)
Fund balance - beginning	1,055,149	2,874	1,058,023
Fund balance - ending	\$ 911,363	\$ 8,231	\$ 919,594

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 87,787	\$ 1,050	\$ 88,837
Investment earnings	561	991	1,552
Total revenues	88,348	2,041	90,389
EXPENDITURES			
Debt service	86,604	-	86,604
Excess (deficiency) of revenues over (under) expenditures	1,744	2,041	3,785
Fund balance - beginning	169,598	26,930	196,528
Fund balance - ending	\$ 171,342	\$ 28,971	\$ 200,313

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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Property taxes	\$ 689,251	\$ (24,347)	\$ 664,904	\$ -	\$ 664,904
Investment earnings	850	10,845	11,695	-	11,695
Total revenues	<u>690,101</u>	<u>(13,502)</u>	<u>676,599</u>	<u>-</u>	<u>676,599</u>
EXPENDITURES					
Debt service	<u>1,072,067</u>	<u>(189,441)</u>	<u>882,626</u>	<u>-</u>	<u>882,626</u>
Excess (deficiency) of revenues over (under) expenditures	(381,966)	175,939	(206,027)	-	(206,027)
Fund balance - beginning	<u>1,098,012</u>	<u>164,927</u>	<u>1,262,939</u>	<u>-</u>	<u>1,262,939</u>
Fund balance - ending	<u>\$ 716,046</u>	<u>\$ 340,866</u>	<u>\$ 1,056,912</u>	<u>\$ -</u>	<u>\$ 1,056,912</u>

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, 2017

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Water sales	\$ 970,899	\$ 970,899	\$ 41,375	\$ 1,012,274	\$ -	\$ 1,012,274
Intergovernmental	144,000	144,000	-	144,000	-	144,000
Investment earnings	8,863	8,863	16,616	25,479	-	25,479
Rents and leases	8,744	8,744	(2,337)	6,407	-	6,407
Miscellaneous	500	500	1,031	1,531	-	1,531
Total revenues	<u>1,133,006</u>	<u>1,133,006</u>	<u>56,685</u>	<u>1,189,691</u>	<u>-</u>	<u>1,189,691</u>
EXPENSES						
Current						
Personnel services	292,155	292,155	(20,200)	271,955	36,776	308,731
Materials and supplies	389,240	389,240	(127,353)	261,887	-	261,887
Capital outlay	24,500	24,500	(11,527)	12,973	(4,126)	8,847
Debt service	289,579	299,579	(9,561)	290,018	(104,249)	185,769
Depreciation	-	-	-	-	400,720	400,720
Contingency	100,000	90,000	(90,000)	-	-	-
Total expenses	<u>1,095,474</u>	<u>1,095,474</u>	<u>(258,641)</u>	<u>836,833</u>	<u>329,121</u>	<u>1,165,954</u>
Excess (deficiency) of revenues over (under) expenses	37,532	37,532	315,326	352,858	(329,121)	23,737
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	224,800	224,800
Transfers out	(5,000)	(5,000)	-	(5,000)	-	(5,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>224,800</u>	<u>219,800</u>
Change in net position	32,532	32,532	315,326	347,858	(104,321)	243,537
Net position - beginning	<u>2,287,023</u>	<u>2,287,023</u>	<u>42,617</u>	<u>2,329,640</u>	<u>6,449,921</u>	<u>8,779,561</u>
Net position - ending	<u>\$ 2,319,555</u>	<u>\$ 2,319,555</u>	<u>\$ 357,943</u>	<u>\$ 2,677,498</u>	<u>\$ 6,345,600</u>	<u>\$ 9,023,098</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, 2017

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES						
Sewer charges	\$ 999,476	\$ 999,476	\$ 36,990	\$ 1,036,466	\$ -	\$ 1,036,466
Investment earnings	7,719	7,719	10,936	18,655	-	18,655
Rents and leases	9,600	9,600	-	9,600	-	9,600
Miscellaneous	25	20,025	(7,434)	12,591	-	12,591
Total revenues	<u>1,016,820</u>	<u>1,036,820</u>	<u>40,492</u>	<u>1,077,312</u>	<u>-</u>	<u>1,077,312</u>
EXPENSES						
Current						
Personnel services	358,575	358,575	(23,180)	335,395	82,673	418,068
Materials and services	503,238	578,238	(283,242)	294,996	-	294,996
Capital outlay	24,500	24,500	(11,527)	12,973	(4,401)	8,572
Debt service	190,649	200,649	(13,184)	187,465	(113,505)	73,960
Depreciation	-	-	-	-	292,713	292,713
Contingency	100,000	35,000	(35,000)	-	-	-
Total expenses	<u>1,176,962</u>	<u>1,196,962</u>	<u>(366,133)</u>	<u>830,829</u>	<u>257,480</u>	<u>1,088,309</u>
Excess (deficiency) of revenues over (under) expenses	(160,142)	(160,142)	406,625	246,483	(257,480)	(10,997)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	124,496	124,496
Transfers out	(195,000)	(195,000)	(35,000)	(160,000)	-	(160,000)
Change in net position	(355,142)	(355,142)	371,625	86,483	(132,984)	(46,501)
Net position - beginning	<u>1,674,208</u>	<u>1,674,208</u>	<u>39,765</u>	<u>1,713,973</u>	<u>4,910,953</u>	<u>6,624,926</u>
Net position - ending	<u>\$ 1,319,066</u>	<u>\$ 1,319,066</u>	<u>\$ 411,390</u>	<u>\$ 1,800,456</u>	<u>\$ 4,777,969</u>	<u>\$ 6,578,425</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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 82,927	\$ (31,666)	\$ 51,261	\$ -	\$ 51,261
Investment earnings	<u>1,116</u>	<u>2,095</u>	<u>3,211</u>	<u>-</u>	<u>3,211</u>
Total revenues	<u>84,043</u>	<u>(29,571)</u>	<u>54,472</u>	<u>-</u>	<u>54,472</u>
EXPENSES					
Current					
Materials and services	25	(25)	-	-	-
Debt service	141,579	(5,303)	136,276	(88,852)	47,424
Capital outlay	<u>150,000</u>	<u>(25,044)</u>	<u>124,956</u>	<u>(124,956)</u>	<u>-</u>
Total expenses	<u>291,604</u>	<u>(30,372)</u>	<u>261,232</u>	<u>(213,808)</u>	<u>47,424</u>
Excess (deficiency) of revenues over (under) expenses	(207,561)	801	(206,760)	213,808	7,048
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,808)</u>	<u>(213,808)</u>
Change in net position	(207,561)	801	(206,760)	-	(206,760)
Net position - beginning	<u>217,276</u>	<u>76,294</u>	<u>293,570</u>	<u>-</u>	<u>293,570</u>
Net position - ending	<u>\$ 9,715</u>	<u>\$ 77,095</u>	<u>\$ 86,810</u>	<u>\$ -</u>	<u>\$ 86,810</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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 72,501	\$ (2,493)	\$ 70,008	\$ 6,064	\$ 76,072
Investment earnings	<u>7,331</u>	<u>16,995</u>	<u>24,326</u>	<u>-</u>	<u>24,326</u>
Total revenues	<u>79,832</u>	<u>14,502</u>	<u>94,334</u>	<u>6,064</u>	<u>100,398</u>
EXPENSES					
Current					
Materials and services	25	(25)	-	-	-
Capital outlay	5,000	(4,910)	90	-	90
Debt service	<u>412,911</u>	<u>(182,156)</u>	<u>230,755</u>	<u>(149,588)</u>	<u>81,167</u>
Total expenses	<u>417,936</u>	<u>(187,091)</u>	<u>230,845</u>	<u>(149,588)</u>	<u>81,257</u>
Excess (deficiency) of revenues over (under) expenses	(338,104)	201,593	(136,511)	155,652	19,141
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,504)</u>	<u>(113,504)</u>
Change in net position	(338,104)	201,593	(136,511)	42,148	(94,363)
Net position - beginning	<u>2,160,585</u>	<u>63,644</u>	<u>2,224,229</u>	<u>(209,166)</u>	<u>2,015,063</u>
Net position - ending	<u>\$ 1,822,481</u>	<u>\$ 265,237</u>	<u>\$ 2,087,718</u>	<u>\$ (167,018)</u>	<u>\$ 1,920,700</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, 2017

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 6,119	\$ 8,628	\$ 14,747
EXPENSES	-	-	-
Excess (deficiency) of revenues over (under) expenses	6,119	8,628	14,747
Net position - beginning	1,345,040	3,402	1,348,442
Net position - ending	\$ 1,351,159	\$ 12,030	\$ 1,363,189

**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, 2017, and have issued our report thereon dated December 27, 2017. 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.

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

December 27, 2017



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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2017.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 stylized and cursive.

Accuity, LLC

Albany, Oregon
December 27, 2017