

City of Veneta



VENETA, OREGON

June 30, 2010

Audit Report

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

CITY OF VENETA

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Veneta, Oregon 97487
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AUDIT REPORT

JUNE 30, 2010

CITY OFFICIALS

SHARON HOBART-HARDIN Mayor
88145 9th Street, Veneta, Oregon 97487

DARRELL L. CARMAN Council Member
87689 Blek Drive, Veneta, Oregon 97487

MARION M. ESTY Council Member
P.O. Box 969, Veneta, Oregon 97487

SANDRA LARSON. Council Member
25456 E. Hunter Road, Veneta, Oregon 97487

T.J. BOOKER Council Member
PO Box 655, Veneta, Oregon 97487

CITY ADMINISTRATION

R. RIC INGHAM City Administrator

SHAUNA HARTZ Finance Director

CITY OF VENETA

AUDIT REPORT

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Veneta, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Veneta, Oregon's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Veneta, Oregon, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 17, 2010, on my consideration of the City of Veneta, Oregon's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis on pages 2 through 6 and the budgetary comparison information on pages 33 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Veneta, Oregon's basic financial statements. The supplementary information, and combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Steve Tuchscherer, CPA
November 17, 2010

MANAGEMENT'S

DISCUSSION

AND ANALYSIS

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

City of Veneta, Oregon management has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. The analysis focuses on changes in the City's financial position as an outcome of the significant financial issues and major financial activities occurring throughout the 2009-10 fiscal year. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

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

Overview of Financial Statements

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

I. Basic Financial Statements.

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

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

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

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

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

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

II. Supplementary Information.

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

III. Reports of Independent Certified Public Accountants

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

Government-wide Financial Analysis

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

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

	Government		Business		Total		Variance	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	Change	%
Cash and investments	6,289,542	10,294,444	6,300,705	3,545,658	12,590,247	13,840,102	(1,249,855)	-9%
Other Assets	743,798	489,716	539,424	532,401	1,283,222	1,022,117	261,105	26%
Capital assets	14,582,983	11,810,568	16,544,068	16,667,616	31,127,051	28,478,184	2,648,867	9%
Total assets	21,616,323	22,594,728	23,384,197	20,745,675	45,000,520	43,340,403	1,660,117	4%
Current Liabilities	(1,013,556)	(648,638)	(444,064)	(485,007)	(1,457,620)	(1,133,645)	(323,975)	29%
Non-Current Liabilities	(4,371,760)	(3,645,391)	(3,896,738)	(3,984,310)	(8,268,498)	(7,629,701)	(638,797)	8%
Total Liabilities	(5,385,316)	(4,294,029)	(4,340,802)	(4,469,317)	(9,726,118)	(8,763,346)	(962,772)	11%
Net Assets:								
Invested in capital assets net of related debt	9,835,308	7,828,839	12,559,758	12,598,629	22,395,066	20,427,468	1,967,598	10%
Restricted net assets	830,132	1,353,449	231,298	231,298	1,061,430	1,584,747	(523,317)	-33%
Unrestricted net assets	5,565,567	9,118,412	6,252,339	3,446,431	11,817,906	12,564,843	(746,937)	-6%
Total net assets	16,231,007	18,300,700	19,043,395	16,276,358	35,274,402	34,577,058	697,344	2%

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

The City of Veneta reported net assets of \$34,577,058 as of June 30, 2009. For the fiscal year ending June 30, 2010 net assets totaled \$35,274,402, a net increase of \$697,344. The City's capital assets, prior to accumulated depreciation, increased by \$3,264,328 during the fiscal year. The City's investment in capital assets represents 59.1% of total net assets as of June 30, 2010.

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

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

	Government		Business		Total		Variance	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	Change	%
Revenues:								
Program Revenues:								
Capital Grants & Contributions	63,056	1,225,165	-	750,873	63,056	1,976,038	(1,912,982)	-97%
Operating Grants	37,368	9,129	-	-	37,368	9,129	28,239	309%
Charges for Service	292,847	789,311	1,464,411	1,421,519	1,757,258	2,210,830	(453,572)	-21%
Total Program Revenues	393,271	2,023,605	1,464,411	2,172,392	1,857,682	4,195,997	(2,338,315)	-56%
General Revenue:								
Property Taxes, Franchise & Public Service Taxes	2,407,777	2,379,274	-	-	2,407,777	2,379,274	28,503	1%
Int & Invest Earnings	51,319	213,399	42,912	66,380	94,231	279,779	(185,548)	-66%
Capital Contributions	-	-	-	-	-	-	-	0%
Other	161,353	28,279	81,961	-	243,314	28,279	215,035	760%
Total General Revenues	2,620,449	2,620,952	124,873	66,380	2,745,322	2,687,332	57,990	2%
Total Revenues:	3,013,720	4,644,557	1,589,284	2,238,772	4,603,004	6,883,329	(2,280,325)	-33%
Expenses:								
General Government	805,434	607,154	-	-	805,434	607,154	198,280	33%
Public Safety	732,149	697,613	-	-	732,149	697,613	34,536	5%
Highways & Streets	182,662	231,706	-	-	182,662	231,706	(49,044)	-21%
Culture & Recreation	158,261	138,755	-	-	158,261	138,755	19,506	14%
Interest on Debt	197,387	251,539	179,003	181,998	376,390	433,537	(57,147)	-13%
Depreciation - unallocated	-	174,783	-	-	-	174,783	(174,783)	-100%
Water	-	-	798,665	702,674	798,665	702,674	95,991	14%
Sewer	-	-	852,099	822,508	852,099	822,508	29,591	4%
Total Expenses	2,075,893	2,101,550	1,829,767	1,707,180	3,905,660	3,808,730	96,930	3%
Transfer to or (from) other funds	(3,007,520)	382,683	(3,007,520)	(382,683)	-	-	-	0%
Change in net assets	(2,069,693)	2,160,324	2,767,037	914,275	697,344	3,074,599	(2,377,255)	-77%
Net Assets, Beginning of Year	18,300,700	16,140,376	16,276,358	15,362,082	34,577,058	31,502,458	3,074,600	10%
Net Assets, End of Year	16,231,007	18,300,700	19,043,396	16,276,357	35,274,402	34,577,057	697,345	2%

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

Governmental Activities: Selected revenue categories in the governmental funds surpassed budget estimates during the 2009-2010 fiscal year. Property taxes collections of \$1,169,887 exceeded budget projections by \$69,009. Revenue from building permit fees and court fines collected were higher than expected; however, the land use fees and interest income continue to be below expectations. Franchise fee collections were about \$20,000 lower than projected and about 13% lower than fiscal year 2008-2009 collections.

Overall, operating expenditures decreased by 1.2% over the previous fiscal year.

Business Activities: Charges for services in the Water and Sewer funds produced 3% more income than the prior year, providing 92% of the \$1,589,284 received in revenues for business type activities. This does not include amounts transferred into the Water and Sewer Funds for capital projects. Other revenues include interest earnings.

Operating expenses in the Water fund increased by 14% compared to the previous fiscal year. The Sewer fund experienced a 4% increase in operations.

Capital Asset and Debt Administration

Capital Assets: As of June 30, 2010 the City had invested \$31,127,050 in capital assets as reflected in the following table, which represents a net increase (additions, dispositions, and depreciation) of \$2,648,864 over the amount invested at June 30, 2009. The major capital asset additions include the Veneta Community Swimming Pool and the improvements being made to West Broadway.

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

	Government		Business		Total		Variance	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	Change	%
Land	2,560,351	2,364,237	522,009	522,009	3,082,360	2,886,246	196,114	7%
Construction In Progress	2,761,898	7,408	245,693	167,167	3,007,591	174,575	2,833,016	1623%
Buildings & Improvements	887,174	887,174	-	-	887,174	887,174	-	0%
Utility Systems	-	-	19,202,967	19,014,873	19,202,967	19,014,873	188,094	1%
Machinery & Equipment	150,612	143,800	-	-	150,612	143,800	6,812	5%
Vehicles & Mobile Equip	124,513	124,513	323,257	282,967	447,770	407,480	40,290	10%
Infrastructure	8,527,490	8,527,490	-	-	8,527,490	8,527,490	-	0%
Other	652,483	652,483	-	-	652,483	652,483	-	0%
Total:	15,664,521	12,707,105	20,293,926	19,987,016	35,958,447	32,694,121	3,264,326	10%
Total Depreciation:	(1,081,538)	(896,537)	(3,749,859)	(3,319,398)	(4,831,397)	(4,215,935)	(615,462)	15%
Net Capital Assets:	14,582,983	11,810,568	16,544,067	16,667,618	31,127,050	28,478,186	2,648,864	9%

CITY OF VENETA

MANAGEMENT'S DISCUSSION and ANALYSIS

Outstanding Debt: The City's long-term debt obligations include general obligation bonds for water system expansion, revenue installment bonds and a note payable for sewer system improvements and three notes for property acquisition or financing of infrastructure improvements on Bolton Hill Road. New bond debt issued this year was needed to assist with the financing of the Veneta Community Swimming Pool.

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

	Government		Business		Total		Change
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009	
<u>Long Term Obligations:</u>							
Notes Payable	2,055,791	1,254,831	3,861,822	186,531	5,917,613	1,441,362	4,476,251
Bond Payable	2,691,884	2,726,898	122,488	3,882,456	2,814,372	6,609,354	(3,794,982)
Total Obligations:	4,747,675	3,981,729	3,984,310	4,068,987	8,731,985	8,050,716	681,269

Information presented in this section includes the long-term debt of the Veneta Urban Renewal Agency. Additional information on the Agency's obligations can be found in the Agency's Annual Report dated June 30, 2010.

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

The Future of the City

Water System Upgrades: Providing adequate water resources for a growing community remains a major challenge for the City of Veneta. The City is investigating the feasibility of purchasing water from Eugene Water and Electric Board to supplement local water resources through construction of a pipeline.

Economic Development: The City focused new resources in this endeavor during the fiscal year ending June 30, 2010 and will continue those efforts in the coming fiscal year. Through the Veneta Urban Renewal Agency, the City is working toward a revitalization of its downtown area. The Veneta Farmers Market, in its fifth year of operation, continues to be successful. Some of the projects planned for the 2010-11 fiscal year include the wrap up of the improvements on Broadway Street and the sewer system upgrades on Territorial, design engineering for additional water sources, expanding the UV system at the wastewater plant and continuing the effort to develop a new Fern Ridge Service Center.

New Funds: The City did not create any new funds for the upcoming fiscal (2010-2011); however, it is anticipated that a new Capital Projects Fund will be needed in the 2011-2012 fiscal year to budget and record financial activity related to the Water Pipeline Construction Project.

Requests for Information

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

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

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY OF VENETA
STATEMENT OF NET ASSETS

June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 6,289,542	\$ 6,300,705	\$ 12,590,247
Receivables	714,453	241,265	955,718
Inventory	29,345	7,068	36,413
Total Current Assets	7,033,340	6,549,038	13,582,378
Restricted Assets:			
Sinking Funds for Debt Service	-	291,091	291,091
Total Restricted Assets	-	291,091	291,091
Capital Assets:			
Land	2,560,351	265,338	2,825,689
Buildings	887,174	-	887,174
Utility Systems	-	19,678,787	19,678,787
Equipment	927,608	349,802	1,277,410
Infrastructure	8,527,490	-	8,527,490
Construction in Progress	2,761,898	-	2,761,898
Less: Accumulated Depreciation	(1,081,538)	(3,749,859)	(4,831,397)
Total Capital Assets, Net of Depreciation	14,582,983	16,544,068	31,127,051
Total Assets	\$ 21,616,323	\$ 23,384,197	\$ 45,000,520
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 495,216	\$ 57,014	\$ 552,230
Payroll Liabilities	2,229	2,282	4,511
Assessments and Surcharges Payable	2,324	-	2,324
Interest Payable	69,719	157,365	227,084
Deposits	44,710	28,188	72,898
Deferred Revenue	11,318	94,814	106,132
OPEB Payable	12,124	16,829	28,953
Current Portion of Long-Term Liabilities:			
Notes Payable	125,920	77,111	203,031
Bonds Payable	249,996	10,461	260,457
Total Current Liabilities	1,013,556	444,064	1,457,620
Long-Term Liabilities:			
Noncurrent Portion of Long-Term Liabilities:			
Notes Payable	1,929,871	3,784,711	5,714,582
Bonds Payable	2,441,888	112,027	2,553,915
Total Long-Term Liabilities	4,371,760	3,896,738	8,268,497
Total Liabilities	\$ 5,385,315	\$ 4,340,802	\$ 9,726,117
NET ASSETS			
Invested in capital assets, net of related debt	\$ 9,835,308	\$ 12,559,758	\$ 22,395,066
Restricted for:			
Debt Service	830,132	231,298	1,061,430
Unrestricted	5,565,568	6,252,339	11,817,907
Total Net Assets	\$ 16,231,007	\$ 19,043,395	\$ 35,274,402

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

CITY OF VENETA
STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2010

	(Expenses)	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 805,434	\$ 118,595	\$ 21,018	\$ -	\$ (665,821)
Public Safety	732,149	-	13,276	-	(718,873)
Public Works	182,662	100,377	-	-	(82,285)
Culture and Recreation	158,261	73,875	3,074	63,056	(18,256)
Interest Expense	197,387	-	-	-	(197,387)
Total Governmental Activities	\$ 2,075,893	\$ 292,847	\$ 37,368	\$ 63,056	\$ (1,682,622)
Business-type Activities:					
Water Utilities	\$ 798,665	\$ 576,020	\$ -	\$ -	\$ (222,645)
Sewer Utilities	852,099	888,391	-	-	36,292
Interest on Long-Term Debt	179,003	-	-	-	(179,003)
Total Business-type Activities	\$ 1,829,767	\$ 1,464,411	\$ -	\$ -	\$ (365,356)
Total Primary Government	\$ 3,905,660	\$ 1,757,258	\$ 37,368	\$ 63,056	\$ (2,047,978)
			Governmental Activities	Business-type Activities	Total
Changes in Net Assets:					
Net (expense) revenue			\$ (1,682,622)	\$ (365,356)	\$ (2,047,978)
General Revenues:					
Local Sources:					
Property Taxes, levied for general purposes			415,568	-	415,568
Property Taxes, levied for debt service			716,124	-	716,124
Property Taxes, levied for public safety			690,246	-	690,246
Intergovernmental Tax Turnovers			302,184	-	302,184
State Revenue Sharing			35,857	-	35,857
Franchise Taxes			246,738	-	246,738
Interest and Investment Earnings			52,379	42,912	95,291
Other Revenue			161,353	81,961	243,314
Interfund Transfers			(3,007,520)	3,007,520	-
Subtotal - General Revenues			(387,071)	3,132,393	2,745,322
Change in Net Assets			(2,069,693)	2,767,037	697,344
Net Assets, July 1, 2009			18,300,700	16,276,358	34,577,058
Net Assets, June 30, 2010			\$ 16,231,007	\$ 19,043,395	\$ 35,274,402

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

GOVERNMENTAL FUND

FINANCIAL STATEMENTS

CITY OF VENETA

BALANCE SHEET

Governmental Funds

June 30, 2010

	<u>Component Unit</u>							<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Law Enforcement Fund</u>	<u>Capital Construction - Governmental Fund</u>	<u>Capital Projects New Pool Fund</u>	<u>Urban Renewal General Fund</u>	<u>Urban Renewal Debt Service Fund</u>	<u>Other Governmental Funds</u>	
ASSETS								
Cash and Investments	\$ 421,117	\$ 396,799	\$ 110,906	\$ -	\$ 1,595,572	\$ 546,351	\$ 3,218,797	\$ 6,289,542
Receivables:								
Accounts	4,559	30,393	-	-	-	-	412,389	447,341
Property Tax	15,999	43,944	-	-	-	41,325	14,729	115,997
Franchise Fees	18,362	-	-	-	-	-	18,361	36,723
Liens	6,058	-	15,213	-	-	-	3,360	24,631
Other	32,124	-	-	-	-	-	52,317	84,441
Due From Other Funds	252,228	-	542,987	-	-	-	-	795,215
Patronage Capital	5,320	-	-	-	-	-	-	5,320
Inventory - Land	29,345	-	-	-	-	-	-	29,345
Total Assets	\$ 785,112	\$ 471,136	\$ 669,106	\$ -	\$ 1,595,572	\$ 587,676	\$ 3,719,953	\$ 7,828,555
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 10,866	\$ 5,956	\$ -	\$ 23,595	\$ 296,738	\$ -	\$ 158,061	\$ 495,216
Assessments and Surcharges Payable	2,324	-	-	-	-	-	-	2,324
Payroll Payable	1,103	-	-	-	-	-	1,126	2,229
Deposits	-	-	-	-	-	-	44,710	44,710
Deferred Revenue	79,365	42,671	15,213	-	-	41,325	158,374	336,948
Due To Other Funds	-	-	-	542,987	-	-	252,228	795,215
Total Liabilities	93,658	48,627	15,213	566,582	296,738	41,325	614,499	1,676,642
Fund Balances:								
Unreserved	691,454	-	-	-	-	-	-	691,454
Reserved for:								
Special Revenue Funds	-	-	-	-	-	-	2,926,840	2,926,840
Capital Projects Funds	-	-	653,893	(566,582)	1,298,834	-	(105,167)	1,280,979
Debt Service	-	-	-	-	-	546,351	283,781	830,132
Public Safety	-	422,509	-	-	-	-	-	422,509
Total Fund Balances	691,454	422,509	653,893	(566,582)	1,298,834	546,351	3,105,454	6,151,913
Total Liabilities & Fund Balances	\$ 785,112	\$ 471,136	\$ 669,106	\$ -	\$ 1,595,572	\$ 587,676	\$ 3,719,953	\$ 7,828,555

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

CITY OF VENETA

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

June 30, 2010

Total Fund Balances - Governmental Funds \$ 6,151,913

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

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

The cost of the assets is -	\$15,664,521	
The accumulated depreciation is -	<u>(1,081,538)</u>	
Net Value of Assets		14,582,983

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

Property Taxes	110,495	
Patronage Capital	5,320	
Franchises	31,171	
Other Revenues	<u>178,642</u>	
		325,628

Interest Payable is not recorded in the governmental funds (69,719)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. (4,759,799)

Net Assets of Governmental Activities **\$ 16,231,006**

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

CITY OF VENETA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

Governmental Funds

For The Fiscal Year Ended June 30, 2010

	<u>Component Unit</u>							<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Law</u> <u>Enforcement</u> <u>Fund</u>	<u>Capital</u> <u>Construction -</u> <u>Governmental</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>New Pool</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>General</u> <u>Fund</u>	<u>Urban</u> <u>Renewal</u> <u>Debt Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
REVENUES:								
Taxes and Assessments	\$ 245,541	\$ 690,246	\$ 81,958	\$ -	\$ -	\$ 645,651	\$ 343,236	\$ 2,006,632
Intergovernmental	66,693	-	-	-	-	-	271,348	338,041
Franchise Fees	86,743	73,068	-	-	-	-	86,744	246,555
Licenses & Permits	87,545	-	-	-	-	-	-	87,545
Charges for Service	-	-	-	-	-	-	136,774	136,774
Fines and Forfeitures	31,050	-	-	-	-	-	-	31,050
Investment Revenue	5,225	4,033	8,448	1,185	8,910	3,245	21,333	52,379
Grants & Donations	1,466	13,276	-	63,056	-	-	22,626	100,424
Other Revenue	41,850	-	15,676	-	-	-	10,751	68,277
Total Revenues	566,113	780,623	106,082	64,241	8,910	648,896	892,812	3,067,677
EXPENDITURES:								
Current Operating:								
General Government	397,911	-	-	-	23,761	-	186,641	608,313
Public Safety	-	701,387	-	-	-	-	30,762	732,149
Highway and Streets	-	-	-	-	-	-	182,662	182,662
Culture and Recreation	-	-	-	197,125	-	-	143,346	340,471
Debt Service								
Principal	-	-	-	-	-	1,150,000	184,054	1,334,054
Interest	-	-	-	-	-	131,237	57,756	188,993
Capital Outlay	7,510	-	-	2,099,513	-	-	668,183	2,775,206
Total Expenditures	405,421	701,387	-	2,296,638	23,761	1,281,237	1,453,404	6,161,848
Excess (Deficiency) of Revenues								
Over Expenditures	160,692	79,236	106,082	(2,232,397)	(14,851)	(632,341)	(560,592)	(3,094,171)
OTHER FINANCING SOURCES (USES):								
Interfund Transfers In	18,881	-	-	262,500	-	-	870,746	1,152,127
Interfund Transfers (Out)	(180,000)	-	(3,201,766)	-	(591,604)	-	(186,277)	(4,159,647)
Interfund Loans In	-	-	-	-	-	-	571	571
Interfund Loans (Out)	-	-	-	-	-	-	(571)	(571)
Loan Proceeds In	-	-	-	-	1,000,000	-	-	1,000,000
Bond Proceeds In	-	-	-	1,100,000	-	-	-	1,100,000
Total Other Financing Sources (Uses)	(161,119)	-	(3,201,766)	1,362,500	408,396	-	684,469	(907,520)
Net Change in Fund Balances	(427)	79,236	(3,095,684)	(869,897)	393,545	(632,341)	123,877	(4,001,691)
FUND BALANCES, July 1, 2009	691,881	343,273	3,749,577	303,315	905,289	1,178,692	2,981,577	10,153,604
FUND BALANCES, June 30, 2010	\$ 691,454	\$ 422,509	\$ 653,893	\$ (566,582)	\$ 1,298,834	\$ 546,351	\$ 3,105,454	\$ 6,151,913

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

CITY OF VENETA

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

For The Fiscal Year Ended June 30, 2010

Net changes in fund balances - total governmental funds			\$ (4,001,691)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.			
	Expenditures for capitalized assets	\$ 2,957,416	
	Less current year depreciation	<u>(184,997)</u>	
			2,772,419
Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.			
	The changes in amounts deferred are as follows:		
	Property Taxes	6,400	
	Franchises	183	
	Other Revenues	<u>(60,540)</u>	
			(53,957)
Expense accruals in the governmental funds do not include all accrued interest expense payable. The change in payables from the prior year to the current year is reconciled here.			(8,394)
Additions to certain payroll liabilities are reported as an expense in the Statement of Activities.			
	OPEB Obligation		(12,124)
Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Assets			(1,100,000)
Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Assets.			
	Retirement of debt principal is as follows:		
	Notes Payable	184,054	
	General Obligations Bonds	<u>150,000</u>	
			334,054
Changes in net assets of governmental assets			\$ (2,069,693)

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

PROPRIETARY FUND

FINANCIAL STATEMENTS

CITY OF VENETA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2010

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other Funds</u>	<u>Total Enterprise Funds</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 904,270	\$ 943,979	\$ 4,452,456	\$ 6,300,705
Receivables	103,523	131,826	5,916	241,265
Inventory	7,068	-	-	7,068
Total Current Assets	<u>1,014,861</u>	<u>1,075,805</u>	<u>4,458,372</u>	<u>6,549,038</u>
Restricted Assets:				
Sinking Funds for Debt Service	-	291,091	-	291,091
Total Restricted Assets	<u>-</u>	<u>291,091</u>	<u>-</u>	<u>291,091</u>
Capital Assets:				
Land	265,338	-	-	265,338
Utility Plants	9,467,868	10,210,919	-	19,678,787
Equipment	179,604	170,198	-	349,802
Less: Accumulated Depreciation	<u>(1,708,986)</u>	<u>(2,040,873)</u>	<u>-</u>	<u>(3,749,859)</u>
Total Capital Assets, Net of Depreciation	<u>8,203,824</u>	<u>8,340,244</u>	<u>-</u>	<u>16,544,068</u>
Total Assets	<u>9,218,685</u>	<u>9,707,140</u>	<u>4,458,372</u>	<u>23,384,197</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	39,835	17,179	-	57,014
Accrued Compensated Absences	1,176	1,106	-	2,282
Interest Payable	1,813	155,552	-	157,365
Deposits	28,188	-	-	28,188
Deferred Revenue	-	88,898	5,916	94,814
OPEB Payable	8,427	8,402	-	16,829
Current Portion of Long-Term Liabilities:				
Note Payable	17,977	59,134	-	77,111
Bond Payable	-	10,461	-	10,461
Total Current Liabilities	<u>97,416</u>	<u>340,732</u>	<u>5,916</u>	<u>444,064</u>
Long-Term Liabilities:				
Noncurrent Portion of Long-Term Liabilities:				
Note Payable	17,977	3,766,734	-	3,784,711
Bond Payable	-	112,027	-	112,027
Total Long-Term Liabilities	<u>17,977</u>	<u>3,878,761</u>	<u>-</u>	<u>3,896,738</u>
Total Liabilities	<u>115,393</u>	<u>4,219,493</u>	<u>5,916</u>	<u>4,340,802</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,167,870	4,391,888	-	12,559,758
Restricted for Debt Service	-	231,298	-	231,298
Unrestricted	<u>935,422</u>	<u>864,461</u>	<u>4,452,456</u>	<u>6,252,339</u>
Total Net Assets	<u>\$ 9,103,292</u>	<u>\$ 5,487,647</u>	<u>\$ 4,452,456</u>	<u>\$ 19,043,395</u>

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

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

PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2010

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other Funds</u>	<u>Total Enterprise Funds</u>
OPERATING REVENUES:				
Charges for Services & Fees	\$ 563,556	\$ 880,053	\$ 81,961	\$ 1,525,570
Miscellaneous	12,464	8,338	-	20,802
Total Revenues	576,020	888,391	81,961	1,546,372
OPERATING EXPENSES:				
Personal Services	314,654	314,143	-	628,797
Materials and Supplies	290,438	278,563	-	569,001
Depreciation Expense	193,573	259,393	-	452,966
Total Operating Expenses	798,665	852,099	-	1,650,764
Income (Loss) from Operations	(222,645)	36,292	81,961	(104,392)
NON-OPERATING REVENUES (EXPENSES):				
Investment Revenue	7,104	10,833	24,975	42,912
Interest Expense	(2,203)	(176,800)	-	(179,003)
Total Non-Operating Revenues (Expenses)	4,901	(165,967)	24,975	(136,091)
Income before Contributions & Transfers	(217,744)	(129,675)	106,936	(240,483)
Transfers to Other Funds	(4,000)	(1,354,000)	(68,746)	(1,426,746)
Transfers from Other Funds	20,000	-	4,414,266	4,434,266
Changes in Net Assets	(201,744)	(1,483,675)	4,452,456	2,767,037
TOTAL NET ASSETS, June 30, 2009	9,305,036	6,971,322	-	16,276,358
TOTAL NET ASSETS, June 30, 2010	\$ 9,103,292	\$ 5,487,647	\$ 4,452,456	\$ 19,043,395

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

CITY OF VENETA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			Total Enterprise
	Water	Sewer	Other	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 575,314	\$ 854,304	\$ 81,961	\$ 1,511,579
Cash Payments for Employee Services	(316,077)	(315,922)	-	(631,999)
Cash Payments to Suppliers	(301,552)	(276,892)	-	(578,444)
Net Cash Provided (Used) by Operating Activities	(42,315)	261,490	81,961	301,136
<u>Cash Flows from Non-capital Financing Activities:</u>				
Transfer to Other Funds	(4,000)	(1,354,000)	(68,746)	(1,426,746)
Transfer from Other Funds	20,000	-	4,414,266	4,434,266
Net Cash Provided (Used) by Non-capital Financing Activities	16,000	(1,354,000)	4,345,520	3,007,520
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(243,348)	(86,070)	-	(329,418)
Principal Paid on Long Term Debt	(17,977)	(66,700)	-	(84,677)
Interest Paid on Long Term Debt	(3,253)	(179,173)	-	(182,426)
Net Cash Provided (Used) by Capital and Related Financing Activities	(264,578)	(331,943)	-	(596,521)
<u>Cash Flows from Investing Activities:</u>				
Investment Income	7,104	10,833	24,975	42,912
Net Cash Provided (Used) by Investing Activities	7,104	10,833	24,975	42,912
Cash and Cash Equivalents at July 1, 2009	1,188,059	2,357,599	-	3,545,658
Cash and Cash Equivalents at June 30, 2010	\$ 904,270	\$ 943,979	\$ 4,452,456	\$ 6,300,705
<u>Reconciliation of income (loss) from operations</u>				
<u>to net cash provided (used) by operating activities:</u>				
Income (loss) from operations	\$ (222,645)	\$ 36,292	\$ 81,961	\$ (104,392)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	193,573	259,393	-	452,966
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	21,776	(48,065)	(5,916)	(32,205)
Decrease (increase) in inventory	25,182	-	-	25,182
Increase (decrease) in deposits	(22,482)	(5,350)	-	(27,832)
Increase (decrease) in payables	(37,719)	(108)	-	(37,827)
Increase (decrease) in deferred revenues	-	19,328	5,916	25,244
Net cash provided (used) by operating activities	\$ (42,315)	\$ 261,490	\$ 81,961	\$ 301,136

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

NOTES

TO THE BASIC

FINANCIAL STATEMENT

CITY OF VENETA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

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

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

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

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

Capital Construction – Governmental Fund – The Capital Construction - Governmental Fund accounts for the planning, design, and improvements and expansion of the streets and parks.

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

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

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

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

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

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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

B. Basis of Presentation (Cont.)

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

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

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

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

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

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

C. Measurement Focus/Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmaturing interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expend-

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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

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

able available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Budgeting

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

E. Cash and Investments

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

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

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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

E. Cash and Investments (Cont.)

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

F. Property Taxes

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

G. Accumulated Compensated Absences

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

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

H. Receivables & Payables

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

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

I. Deferred Revenue

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

J. Inventory

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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

K. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability, are segregated in the statements of net assets and are classified as restricted assets on the Statement of Net Assets because their use is limited. For the fiscal year ended June 30, 2010 the City had sinking funds for debt service of \$1,186,237 in restricted assets.

L. Long-Term Debt

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

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

M. Capital Assets

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

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

The estimated useful lives are as follows:

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

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

N. Use of Estimates

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

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

O. Equity Classifications

Government-wide Statements

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

P. Inter-Fund Transactions

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

2. CASH AND INVESTMENTS:

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

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

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

CITY OF VENETA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

2. CASH AND INVESTMENTS (CONT.):

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

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

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

As of June 30, 2010, the reported amount of the City's deposits was \$1,160,398 and the bank balance was \$1,438,716. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

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

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2010, the City's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2010, the City's investments in financial institutions were exposed to custodial credit risk as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$ 11,718,694</u>	N/A
Total Investments	<u><u>\$ 11,718,694</u></u>	

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

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

3. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2010:

<u>Governmental Activities</u>	June 30, 2009	Additions	Deletions	June 30, 2010
Assets not being depreciated:				
Land	\$ 2,364,237	\$ 196,114	\$ -	\$ 2,560,351
Construction-In-Process	7,408	2,761,898	7,408	2,761,898
Assets being depreciated:				
Buildings	887,174	-	-	887,174
Other	652,483	-	-	652,483
Machinery & Equipment	143,800	18,232	11,420	150,612
Vehicles	124,513	-	-	124,513
Infrastructure*	8,527,490	-	-	8,527,490
Total Depreciable Assets	10,335,460	18,232	11,420	10,342,272
Less: Accumulated Depreciation				
Buildings	162,473	10,663	-	173,136
Other	161,297	31,282	-	192,579
Machinery & Equipment	104,216	7,835	5,414	106,637
Vehicles	98,545	9,443	-	107,988
Infrastructure*	370,006	131,192	-	501,198
Total Accumulated Depreciation	896,537	190,415	5,414	1,081,538
Net Value of Capital Assets Being Depreciated	9,438,923	(172,183)	6,006	9,260,734
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 11,810,568</u>	<u>\$ 2,785,829</u>	<u>\$ 13,414</u>	<u>\$ 14,582,983</u>
Business-type Activities				
Assets not being depreciated:				
Land	\$ 522,009	\$ -	\$ -	\$ 522,009
System - Construction-In-Process	167,167	219,149	167,167	219,149
Equipment - Construction-In-Progress	17,728	12,050	3,234	26,544
Assets being depreciated:				
Utility Plants	19,014,873	216,594	28,500	19,202,967
Equipment	265,238	58,019	-	323,257
Total Depreciable Assets	19,280,111	274,613	28,500	19,526,224
Less: Accumulated Depreciation				
Utility Plants	3,134,443	432,527	22,506	3,544,464
Equipment	184,956	20,439	-	205,395
Total Accumulated Depreciation	3,319,399	452,966	22,506	3,749,859
Net Value of Capital Assets Being Depreciated	15,960,712	(178,353)	5,994	15,776,365
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 16,667,616</u>	<u>\$ 52,846</u>	<u>\$ 176,395</u>	<u>\$ 16,544,067</u>
Total Net Assets of Primary Government	<u>\$ 28,478,184</u>	<u>\$ 2,838,675</u>	<u>\$ 189,809</u>	<u>\$ 31,127,050</u>
Depreciation expense was charged to functions of the primary government as follows:				
Governmental Activities:		Business-Type Activities		
General Government	\$ 190,415		Water Utilities	\$ 193,573
			Sewer Utilities	259,393
Total depreciation expense - governmental activities	<u>\$ 190,415</u>			<u>\$ 452,966</u>

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

4. LONG-TERM DEBT:

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

	Outstanding Balance July 1, 2009	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2010	Due within One Year
GOVERNMENTAL ACTIVITIES					
Note Payable To Siuslaw Bank for the acquisition of land					
Original Balance: \$925,000					
Dated: January 15, 2009					
Interest Rate: 4.95%					
Principal	\$ 906,385	\$ -	\$ 74,219	\$ 832,166	\$ 77,774
Interest	-	34,522	34,522	-	40,353
Totals	\$ 906,385	\$ 34,522	\$ 108,741	\$ 832,166	\$ 118,128
Note Payable To Siuslaw Bank for financing of local improvements to be retired by assessment					
Original Balance: \$223,502					
Dated: June 18, 2009					
Interest Rate: 5.75%					
Principal	\$ 223,502	\$ -	\$ 6,275	\$ 217,227	\$ 6,497
Interest	-	12,796	12,796	-	12,574
Totals	\$ 223,502	\$ 12,796	\$ 19,071	\$ 217,227	\$ 19,071
Note Payable To St. Catherine of Siena Catholic Church for the acquisition of real property.					
<i>Governmental Fund portion of debt is 69.85%, reported here.</i>					
<i>Balance is reported in Business-Type Activities Debt section</i>					
Original Balance: \$238,500					
Dated: July 28, 2009					
Interest Rate: 5.75%					
Principal	\$ 124,944	\$ -	\$ 41,648	\$ 83,296	\$ 41,648
Interest	-	906	906	-	4,199
Totals	\$ 124,944	\$ 906	\$ 42,554	\$ 83,296	\$ 45,847
Urban Renewal Bonds, Series 2001 issued for the purpose of financing various urban renewal projects					
Original Balance: \$3,360,000					
Dated: December 2000					
Interest Rate: Varies 3.90% - 5.675%					
Principal	\$ 2,405,000	\$ -	\$ 150,000	\$ 2,255,000	\$ 155,000
Interest	-	130,645	130,645	-	123,445
Totals	\$ 2,405,000	\$ 130,645	\$ 280,645	\$ 2,255,000	\$ 278,445
General Obligation Water Bonds held by CAPMARK for Water System Construction					
Original Balance: \$1,000,000					
Dated: August 25, 1981					
Interest Rate: 5.00%					
Principal	\$ 321,898	\$ -	\$ 61,912	\$ 259,986	\$ 64,996
Interest	-	9,532	9,532	-	11,534
Totals	\$ 321,898	\$ 9,532	\$ 71,444	\$ 259,986	\$ 76,530

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

4. LONG-TERM DEBT (Cont.):

	Outstanding Balance July 1, 2009	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2010	Due within One Year
General Obligation Bonds held by U.S. National Bank for construction of a new swimming pool facility					
Original Balance: \$1,100,000					
Dated: February 12, 2010					
Interest Rate: 4.45%					
Principal	\$ -	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 30,000
Interest	-	-	-	-	43,375
Totals	\$ -	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 73,375
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 3,981,729	\$ 1,100,000	\$ 334,054	\$ 4,747,675	\$ 375,916
Interest	-	188,401	188,401	-	235,480
Totals	\$ 3,981,729	\$ 1,288,401	\$ 522,455	\$ 4,747,675	\$ 611,396
BUSINESS-TYPE ACTIVITIES					
Note Payable with DEQ for Sewer System Improvements					
Original Balance: \$1,033,420					
Dated: August 14, 2000					
Interest Rate: 3.43%					
Principal	\$ 132,600	\$ -	\$ 10,112	\$ 122,488	\$ 10,461
Interest	-	4,364	4,364	-	4,113
Totals	\$ 132,600	\$ 4,364	\$ 14,476	\$ 122,488	\$ 14,574
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance: \$4,255,700					
Dated August 8, 2000					
Interest Rate - 4.50%					
Principal	\$ 3,882,455	\$ -	\$ 56,588	\$ 3,825,867	\$ 59,134
Interest	-	172,436	172,436	-	172,164
Totals	\$ 3,882,455	\$ 172,436	\$ 229,024	\$ 3,825,867	\$ 231,298
Note Payable To St. Catherine of Siena Catholic Church for the acquisition of real property.					
<i>Business-Type Fund portion of debt is 30.15%, reported here.</i>					
<i>Balance is reported in Governmental Activities Debt section</i>					
Original Balance: \$238,500					
Dated July 28, 2009					
Interest Rate - 5.75%					
Principal	\$ 53,931	\$ -	\$ 17,977	\$ 35,954	\$ 17,977
Interest	-	2,203	2,203	-	1,813
Totals	\$ 53,931	\$ 2,203	\$ 20,180	\$ 35,954	\$ 19,790
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 4,068,986	\$ -	\$ 84,677	\$ 3,984,309	\$ 87,572
Interest	-	179,003	179,003	-	178,090
Totals	\$ 4,068,986	\$ 179,003	\$ 263,680	\$ 3,984,309	\$ 265,662
TOTAL DEBT AGREEMENTS:					
Principal	\$ 8,050,715	\$ 1,100,000	\$ 418,731	\$ 8,731,984	\$ 463,488
Interest	-	367,404	367,404	-	413,570
Totals	\$ 8,050,715	\$ 1,467,404	\$ 786,135	\$ 8,731,984	\$ 877,058

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

4. LONG-TERM DEBT (CONT.):

	Due Fiscal Year Ending June 30,	Principal	Interest	Total
<u>Governmental Activities</u>				
Note Payable with Siuslaw Bank	2011	\$ 77,774	\$ 40,353	\$ 118,128
	2012	81,746	36,467	118,213
	2013	86,022	32,191	118,213
	2014	90,421	27,792	118,213
	2015	95,045	23,168	118,213
	2016-2019	401,159	42,224	443,382
	Total	\$ 832,166	\$ 202,194	\$ 1,034,360
Note Payable with Siuslaw Bank	2011	\$ 6,497	\$ 12,574	\$ 19,071
	2012	6,849	12,222	19,071
	2013	7,287	11,784	19,071
	2014	7,718	11,353	19,071
	2015	8,174	10,897	19,071
	2016-2020	48,664	46,691	95,355
	2021-2025	64,904	30,450	95,355
	2026-2029	67,134	9,149	76,284
Total	\$ 217,227	\$ 145,120	\$ 362,347	
Note Payable to St. Catherine of Siena Catholic Church - Governmental portion	2011	\$ 41,648	\$ 4,199	\$ 45,847
	2012	41,648	2,394	44,043
	Total	\$ 83,296	\$ 6,594	\$ 89,890
Urban Renewal Bonds, Series 2001	2011	155,000	123,445	278,445
	2012	165,000	115,850	280,850
	2013	175,000	106,981	281,981
	2014	180,000	97,575	277,575
	2015	190,000	87,900	277,900
	2016-2020	1,125,000	270,625	1,395,625
	2021	265,000	14,906	279,906
Total	2,255,000	817,283	3,072,283	
General Obligation Water Bond Debt	2011	\$ 64,996	\$ 11,534	\$ 76,530
	2012	64,380	8,239	72,619
	2013	64,380	4,944	69,324
	2014	63,764	1,648	65,412
	Total	\$ 257,520	\$ 26,365	\$ 283,885
General Obligation Bonds - Swimming Pool	2011	\$ 30,000	\$ 43,375	\$ 73,375
	2012	30,000	47,615	77,615
	2013	33,000	46,280	79,280
	2014	36,000	44,812	80,812
	2015	38,000	43,210	81,210
	2016-2020	252,000	186,811	438,811
	2021-2025	343,000	122,420	465,420
	2026-2029	338,000	38,448	376,448
		\$ 1,100,000	\$ 572,970	\$ 1,672,970

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

4. LONG-TERM DEBT (CONT.):

Business-Type Activities

Note Payable with DEQ	2011	\$ 10,461	\$ 4,113	\$ 14,574
	2012	10,824	3,750	14,574
	2013	11,198	3,376	14,574
	2014	11,585	2,989	14,574
	2015	11,986	2,588	14,574
	2016-2020	66,434	6,426	72,860
	Total	<u>\$ 122,488</u>	<u>\$ 23,242</u>	<u>\$ 145,730</u>
Note Payable with USDA Rural Development	2011	\$ 59,134	\$ 172,164	\$ 231,298
	2012	61,795	169,503	231,298
	2013	64,576	166,722	231,298
	2014	67,482	163,816	231,298
	2015	70,518	160,780	231,298
	2016-2020	402,846	753,344	1,156,190
	2021-2025	502,393	654,070	1,156,463
	2026-2030	626,073	530,417	1,156,490
	2031-2035	780,200	376,290	1,156,490
	2036-2040	972,272	184,218	1,156,490
	2041	218,578	9,822	228,400
Total	<u>\$ 3,825,867</u>	<u>\$ 3,341,146</u>	<u>\$ 7,167,013</u>	
Note Payable to St. Catherine of Siena Catholic Church - Business-type portion	2011	\$ 17,977	\$ 1,813	\$ 19,790
	2012	17,977	1,034	19,010
	Total	<u>\$ 35,954</u>	<u>\$ 2,846</u>	<u>\$ 38,800</u>

5. PENSION PLAN:

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

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

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

CITY OF VENETA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

5. PENSION PLAN (CONT.)

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

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City "picks up" employee contributions at a rate of 6% as allowed under ORS 237.075. The City is required to contribute at an actuarially determined rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2010 were 5.11% and 6.14% respectively. The contribution requirements of plan members and the City are established and may be amended by the PERS Board of Trustees.

Annual Pension Cost. The City's contribution to PERS for the years ending June 30, 2010, 2009, and 2008 were \$82,380, \$88,019 and \$87,055 respectively. The contributions actually made are equivalent to the Annual Pension Cost.

6. CONTINGENT LIABILITIES:

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

7. RISK MANAGEMENT:

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

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

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2010 consisted of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 252,228	
Capital Construction - Governmental Fund	542,987	
Capital Projects - New Pool Fund		\$ 542,987
Capital Projects - W. Broadway Development Fund		252,228
	\$ 795,215	\$ 795,215
Total		

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

Interfund transfers for the year ended June 30, 2010 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 180,000	18,881
Park and Recreation Fund	-	140,000
Applegate Pioneer Museum Fund	1,277	-
Street Fund	4,000	-
Water Fund	4,000	20,000
Sewer Fund	1,354,000	-
Storm Drainage Fund	20,000	-
Capital Construction Fund - Governmental	3,201,766	-
Capital Construction Fund - Enterprise	68,746	3,114,266
Public Works Fund	-	12,000
Zumwalt Campground Fund	10,000	-
Commercial Loan Fund	1,000	-
Capital Projects - New Pool	-	262,500
Capital Projects - W. Broadway Development	-	550,000
Local Improvement Fund	-	48,746
Inverse Condemnation Fund	-	120,000
Reserve Fund - Governmental	150,000	-
Reserve Fund - Enterprise	-	1,300,000
Urban Renewal General Fund	591,604	-
	\$ 5,586,393	\$ 5,586,393
Total		

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

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

9. DEFERRED REVENUE:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. At June 30, 2010, the various components of deferred revenue consist of the following:

Governmental Funds – Budget Basis:

	General Fund	Law Enforcement Fund	Capital Construction Fund	Urban Renewal Debt Service Fund	Other Governmental Funds	Total
Property Taxes	\$ 15,546	\$ 42,671	\$ -	\$ 41,325	\$ 14,297	\$ 113,839
Liens	6,058	-	15,213	-	128,492	149,763
Franchise Tax	15,585	-	-	-	15,585	31,170
Other	42,176	-	-	-	-	42,176
Total	\$ 79,365	\$ 42,671	\$ 15,213	\$ 41,325	\$ 158,374	\$ 336,948

Business-Type Funds – Budget Basis:

	Water Fund	Sewer Fund	Other Funds	Total
Accounts	\$ -	\$ 75,157	\$ -	\$ 75,157
Liens	3,142	13,742	5,916	22,800
Total	\$ 3,142	\$ 88,899	\$ 5,916	\$ 97,957

10. OVER-EXPENDITURE OF APPROPRIATIONS:

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2010 occurred as follows:

Fund / Category	Appropriation	Expenditure	Variance
Law Enforcement Fund / Materials & Services	\$ 691,804	\$ 701,387	\$ 9,583
Water Fund / Materials & Services	427,632	446,185	18,553
Street Fund / Debt Service	14,165	17,235	3,070
Park and Recreation Fund / Debt Service	20,810	25,319	4,509
911 Agency Fund / Materials & Services	27,168	30,762	3,594
Planning Fund / Personal Services	92,856	99,191	6,335
Applegate Pioneer Museum Fund / Transfers	1,199	1,277	78
Capital Construction Fund - Governmental / Transfers	3,159,861	3,201,766	41,905
Capital Projects - New Pool Fund / Materials & Services	155,400	197,125	41,725
Capital Projects - W. Broadway Development Fund / Capital Outlay	\$ 321,000	\$ 327,766	\$ 6,766

CITY OF VENETA
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

310. DEFICIT FUND BALANCE

The following funds ended the year with a negative fund balance:

Fund	Fund Balance
Capital Projects - New Pool Fund	\$ (566,582)
Capital Projects - W. Broadway Development Fund	\$ (105,167)

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:

The City maintains two Enterprise Funds which account for the municipal water and sewer activities. Key financial data for these operations for the year ended June 30, 2010 are as follows:

	Water	Sewer	Total
Total Assets	\$ 9,218,685	\$ 9,707,140	\$ 18,925,825
Current Assets	1,014,861	1,075,805	2,090,666
Restricted Assets	-	291,091	291,091
Capital Assets	8,203,824	8,340,244	16,544,068
Total Liabilities	115,393	4,219,493	4,334,886
Current Liabilities	97,416	340,732	438,148
Non-Current Liabilities	17,977	3,878,761	3,896,738
Total Net Assets	9,103,292	5,487,647	14,590,939
Invested in Capital Assets, net of related debt	8,167,870	4,391,888	12,559,758
Restricted for Debt Service	-	231,298	231,298
Unrestricted	935,422	864,461	1,799,883
Operating Revenues	576,020	888,391	1,464,411
Operating Expenses			
Depreciation	193,573	259,393	452,966
Operating Income (Loss)	(222,645)	36,292	(186,353)
Non-Operating Revenues	7,104	10,833	17,937
Transfers To (From)	16,000	(1,354,000)	(1,338,000)
Change In Net Assets	(201,744)	(1,483,675)	(1,685,419)
Beginning Net Assets	9,305,036	6,971,322	16,276,358
Ending Net Assets	9,103,292	5,487,647	14,590,939
Cash Provided (Used) by:			
Operating Activities	(42,315)	261,490	219,175
Non Capital Financing Activities	16,000	(1,354,000)	(1,338,000)
Capital & Related Financing	(264,578)	(331,943)	(596,521)
Investing Activities	7,104	10,833	17,937
Beginning Cash	1,188,059	2,357,599	3,545,658
Ending Cash	\$ 904,270	\$ 943,979	\$ 1,848,249

REQUIRED
SUPPLEMENTARY
INFORMATION

Major Funds –
Governmental Activities

CITY OF VENETA

General Fund

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
REVENUES:				
Taxes and Assessments	232,707	232,707	245,541	12,834
Intergovernmental	61,549	61,549	66,693	5,144
Franchise Fees	121,803	121,803	86,743	(35,060)
Licenses and Permits	61,111	61,111	87,545	26,434
Fines and Forfeitures	13,790	13,790	31,050	17,260
Investment Revenue	10,411	10,411	5,225	(5,186)
Grants	6,000	6,000	1,466	(4,534)
Other Revenue	48,512	48,512	41,850	(6,662)
Total Revenues	555,883	555,883	566,113	10,230
EXPENDITURES:				
Personal Services	217,916	217,916	204,801	(13,115)
Materials and Services	277,101	277,101	193,110	(83,991)
Capital Outlay	21,500	21,500	7,510	(13,990)
Contingency	25,000	25,000	-	(25,000)
Total Expenditures	541,517	541,517	405,421	(136,096)
Excess (Deficiency) of Revenues Over Expenditures	14,366	14,366	160,692	146,326
Other Financing Sources / (Uses)				
Operating Transfer In	36,125	36,125	18,881	(17,244)
Operating Transfer (Out)	(180,000)	(180,000)	(180,000)	-
Total Other Financing Sources	(143,875)	(143,875)	(161,119)	(17,244)
Net Change in Fund Balances	(129,509)	(129,509)	(427)	129,082
Budgetary Fund Balance - July 1, 2009	681,812	681,812	691,881	10,069
Budgetary Fund Balance - June 30, 2010	\$ 552,304	\$ 552,304	\$ 691,454	\$ 139,151

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

CITY OF VENETA

Law Enforcement Fund

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES:</u>				
Taxes and Assessments	\$ 648,091	\$ 648,091	\$ 690,246	\$ 42,155
Franchise Fee - Telecommunications	22,500	22,500	73,068	50,568
Investment Revenue	7,701	7,701	4,033	(3,668)
Grants	11,614	11,614	13,276	1,662
Total Revenues	689,906	689,906	780,623	90,717
<u>EXPENDITURES:</u>				
Materials and Services	691,804	691,804	701,387	9,583
Capital Outlay	5,000	5,000	-	(5,000)
Contingency	10,000	10,000	-	(10,000)
Total Expenditures	706,804	706,804	701,387	(5,417)
Excess (Deficiency) of Revenues Over Expenditures	(16,898)	(16,898)	79,236	96,134
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(16,898)	(16,898)	79,236	96,134
Budgetary Fund Balance - July 1, 2009	310,352	310,352	343,273	32,921
Budgetary Fund Balance - June 30, 2010	\$ 293,454	\$ 293,454	\$ 422,509	\$ 129,055

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

Major Funds –

Component Units

CITY OF VENETA

Urban Renewal General Fund

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive</u>
			<u>(See Note 1)</u>	<u>(Negative)</u>
<u>Revenues:</u>				
Investment Revenue	\$ 17,081	\$ 17,081	\$ 8,910	\$ (8,171)
Other Revenue	-	-	-	-
Total Revenues	17,081	17,081	8,910	(8,171)
<u>Expenditures</u>				
Personal Services			-	-
Materials and Services	74,500	74,500	23,761	(50,739)
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Contingency	20,000	20,000	-	(20,000)
Total Expenditures	94,500	94,500	23,761	(70,739)
Excess (Deficiency) of Revenues Over Expenditures	(77,419)	(77,419)	(14,851)	62,568
<u>Other Financing Sources / (Uses)</u>				
Special Payments	-	-	-	-
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	(1,778,228)	(1,778,228)	(591,604)	1,186,624
Loan Proceeds	1,000,000	1,000,000	1,000,000	-
Total Other Financing Sources	(778,228)	(778,228)	408,396	1,186,624
Net Change In Fund Balance	(855,647)	(855,647)	393,545	1,249,192
Fund Balance - July 1, 2009	1,018,963	1,018,963	905,289	(113,674)
Fund Balance - June 30, 2010	\$ 163,316	\$ 163,316	\$ 1,298,834	\$ 1,135,518

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

CITY OF VENETA

Urban Renewal Debt Service

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 570,813	\$ 570,813	\$ 645,651	\$ 74,838
Investment Revenue	11,105	11,105	3,245	(7,860)
Total Revenues	581,918	581,918	648,896	66,978
<u>Expenditures</u>				
Debt Service				
Principal	1,151,000	1,151,000	1,150,000	(1,000)
Interest	130,645	130,645	130,812	167
Fees	500	500	425	(75)
Contingency	2,500	2,500	-	(2,500)
Total Expenditures	1,284,645	1,284,645	1,281,237	(3,408)
Excess (Deficiency) of Revenues Over Expenditures	(702,727)	(702,727)	(632,341)	70,386
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	-	-	-	-
Operating Transfer (Out)	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change In Fund Balance	(702,727)	(702,727)	(632,341)	70,386
Fund Balance - July 1, 2009	1,162,052	1,162,052	1,178,692	16,640
Fund Balance - June 30, 2010	\$ 459,325	\$ 459,325	\$ 546,351	\$ 87,026

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

OTHER

SUPPLEMENTARY

INFORMATION

OTHER
SUPPLEMENTARY
INFORMATION

Major Proprietary Funds

**Combining and Individual Fund Statements
Of
Non-Major Funds**

Additional Supporting Schedules

Major Funds –

Proprietary Funds

CITY OF VENETA

Water Fund (A Major Fund)

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
Revenues:				
Charges for Services	\$ 553,558	\$ 553,558	\$ 563,649	\$ 10,091
Investment Revenue	19,855	19,855	7,104	(12,751)
Other Revenue	100	100	12,464	12,364
Total Revenues	573,513	573,513	583,217	9,704
Expenditures				
Personal Services	319,452	319,452	306,227	(13,225)
Materials and Services	377,632	427,632	446,185	18,553
Capital Outlay	300,000	250,000	87,600	(162,400)
Debt Service				
Principal	34,975	34,975	17,977	(16,998)
Interest	-	-	2,203	2,203
Contingency	100,000	100,000	-	(100,000)
Total Expenditures	1,132,059	1,132,059	860,192	(271,867)
Excess (Deficiency) of Revenues Over Expenditures	(558,546)	(558,546)	(276,975)	281,571
Other Financing Sources / (Uses)				
Operating Transfer In	87,500	87,500	20,000	(67,500)
Operating Transfer (Out)	(4,000)	(4,000)	(4,000)	-
Total Other Financing Sources	83,500	83,500	16,000	(67,500)
Net Change In Fund Balance	(475,046)	(475,046)	(260,975)	214,071
Budgetary Fund Balance - July 1, 2009	1,136,470	1,136,470	1,201,682	65,212
Budgetary Fund Balance - June 30, 2010	\$ 661,425	\$ 661,425	\$ 940,707	\$ 279,283

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(260,975)
Debt Repayment - Principal	17,977
Capital outlay that is capitalized	243,347
Depreciation Expense	(193,573)
Change in Deferred Revenue	(93)
OPEB Expense	(8,427)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ (201,744)</u>

CITY OF VENETA

Sewer Fund (A Major Fund)

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
Revenues:				
Charges for Services	\$ 824,765	\$ 824,765	\$ 880,053	\$ 55,288
Investment Revenue	41,218	41,218	10,833	(30,385)
Other Revenue	100	100	8,338	8,238
Total Revenues	866,083	866,083	899,224	33,141
Expenditures				
Personal Services	319,528	319,528	305,741	(13,787)
Materials and Services	601,454	601,454	341,189	(260,265)
Capital Outlay	591,000	591,000	23,443	(567,557)
Debt Service				
Principal	246,077	246,077	66,700	(179,377)
Interest	-	-	176,800	176,800
Contingency	100,000	100,000	-	(100,000)
Total Expenditures	1,858,059	1,858,059	913,873	(944,186)
Excess (Deficiency) of Revenues Over Expenditures	(991,976)	(991,976)	(14,649)	977,327
Other Financing Sources / (Uses)				
Operating Transfer In	790,000	790,000	-	(790,000)
Operating Transfer (Out)	(1,354,000)	(1,354,000)	(1,354,000)	-
Total Other Financing Sources	(564,000)	(564,000)	(1,354,000)	(790,000)
Net Change In Fund Balance	(1,555,976)	(1,555,976)	(1,368,649)	187,327
Budgetary Fund Balance - July 1, 2009	2,649,713	2,649,713	2,472,811	(176,902)
Budgetary Fund Balance - June 30, 2010	\$ 1,093,737	\$ 1,093,737	\$ 1,104,162	\$ 10,425

Reconciliation to generally accepted accounting principles basis

Net change in fund balance from above	(1,368,649)
Debt Repayment - Principal	66,700
Capital outlay that is capitalized	86,069
Depreciation Expense	(259,393)
OPEB Expense	(8,402)
Net Income as Reported in Proprietary Funds Statement of of Revenues, Expenditures, and Changes in Net Assets	<u>\$ (1,483,675)</u>

CITY OF VENETA

Capital Construction - Enterprise Fund (A Major Fund)

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Taxes and Assessments	\$ 129,675	\$ 129,675	\$ 81,961	\$ (47,714)
Investment Revenue	43,578	43,578	19,145	(24,433)
Total Revenues	173,253	173,253	101,106	(72,147)
<u>EXPENDITURES:</u>				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	173,253	173,253	101,106	(72,147)
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	3,019,361	3,019,361	3,114,266	94,905
Operating Transfer (Out)	(1,004,400)	(1,004,400)	(68,746)	935,654
Total Other Financing Sources	2,014,961	2,014,961	3,045,520	1,030,559
Net Change in Fund Balances	2,188,214	2,188,214	3,146,626	958,412
Budgetary Fund Balance - July 1, 2009	-	-	-	-
Budgetary Fund Balance - June 30, 2010	<u>\$2,188,214</u>	<u>\$2,188,214</u>	<u>\$ 3,146,626</u>	<u>\$ 958,412</u>

CITY OF VENETA

Reserve Fund - Enterprise (A Major Fund)

Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ -	\$ -	\$ 5,830	\$ 5,830
Total Revenues	-	-	5,830	5,830
<u>EXPENDITURES:</u>				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	5,830	5,830
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	1,300,000	1,300,000	1,300,000	-
Total Other Financing Sources	1,300,000	1,300,000	1,300,000	-
Net Change in Fund Balances	1,300,000	1,300,000	1,305,830	5,830
Budgetary Fund Balance - July 1, 2009	-	-	-	-
Budgetary Fund Balance - June 30, 2010	\$ 1,300,000	\$ 1,300,000	\$ 1,305,830	\$ 5,830

Combining and Individual

Fund Statements

Of

Non-Major Funds

CITY OF VENETA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Combined Non-Major Capital Projects Funds	Total
ASSETS:				
Cash & Investments	\$3,044,635	\$ 174,162	\$ -	\$3,218,797
Accounts Receivable	137,389	-	275,000	412,389
Franchise Fees Receivable	18,361	-	-	18,361
Liens Receivable	3,360	-	-	3,360
Other Receivable	52,317	-	-	52,317
Property Tax Receivable	9,701	5,028	-	14,729
Total Assets	\$3,265,763	\$ 179,190	\$ 275,000	\$3,719,953
LIABILITIES:				
Accounts Payable	\$ 30,122	\$ -	\$ 127,939	\$ 158,061
Payroll Payable	1,126	-	-	1,126
Deposits	44,710	-	-	44,710
Deferred Revenue	153,476	4,898	-	158,374
Due To Other Funds	-	-	252,228	252,228
Total Liabilities	229,434	4,898	380,167	614,499
FUND EQUITY:				
Reserved for:				
Debt Service	109,489	174,292	-	283,781
Special Revenue Funds	2,926,840	-	-	2,926,840
Capital Projects Funds	-	-	(105,167)	(105,167)
Total Fund Equity	3,036,329	174,292	(105,167)	3,105,454
Total Liabilities and Fund Equity	\$3,265,763	\$ 179,190	\$ 275,000	\$3,719,953

CITY OF VENETA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED June 30, 2010

	Combined Non-Major Special Revenue Funds	Combined Non-Major Debt Service Funds	Combined Non-Major Capital Projects Funds	Total
<u>REVENUES:</u>				
Taxes and Assessments	\$ 272,763	\$ 70,473	\$ -	\$ 343,236
Licenses and Permits	-	-	-	-
Intergovernmental	271,348	-	-	271,348
Charges for Services	136,774	-	-	136,774
Franchise Fees	86,744	-	-	86,744
Grants	22,626	-	-	22,626
Investment Revenue	20,256	1,077	-	21,333
Other Revenue	9,751	-	1,000	10,751
Total Receipts	820,262	71,550	1,000	892,812
<u>EXPENDITURES:</u>				
General Government	186,641	-	-	186,641
Public Safety	30,762	-	-	30,762
Highway and Streets	182,662	-	-	182,662
Culture and Recreation	143,346	-	-	143,346
Debt Service:				
Principal	122,142	61,912	-	184,054
Interest	48,224	9,532	-	57,756
Capital Outlay	12,016	-	656,167	668,183
Total Expenditures	725,793	71,444	656,167	1,453,404
Excess (Deficiency) of Revenues Over Expenditures	94,469	106	(655,167)	(560,592)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	320,746	-	550,000	870,746
Operating Transfers Out	(186,277)	-	-	(186,277)
Interfund Loans In	571	-	-	571
Interfund Loans (Out)	-	(571)	-	(571)
Total Other Financing Sources (Uses):	135,040	(571)	550,000	684,469
Excess of Receipts and Other Financing Sources Over (Under) Expenditures and Other Uses	229,509	(465)	(105,167)	123,877
FUND BALANCE, July 1, 2009	2,806,820	174,757	-	2,981,577
FUND BALANCE, June 30, 2010	\$ 3,036,329	\$ 174,292	\$ (105,167)	\$ 3,105,454

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Street Fund

Park and Recreation Fund

Public Works Equipment Fund

911 Agency Fund

Commercial Loan Fund

Zumwalt Campground Fund

Planning Fund

Applegate Pioneer Museum Fund

Grants Fund

Local Improvement Fund

Storm Water Drainage Fund

Reserve Fund

Inverse Condemnation Fund

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

June 30, 2010

	Street	Parks and Recreation	Public Works Equipment	911 Agency	Commercial Loan	Zumwalt Camp-ground	Planning	Applegate Pioneer Museum	Grants	Local Improvement Fund	Storm Water Drainage	Reserve - Governmental	Inverse Condemnation	Total
ASSETS:														
Cash & Investments	\$ 1,051,965	\$ 342,737	\$ 156,703	\$ -	\$ 196,564	\$ 65,348	\$ 107,108	\$ -	\$ 9,836	\$ 109,489	\$ 134,991	\$ 856,429	\$ 13,465	\$ 3,044,635
Accounts Receivable	-	-	-	5,785	-	-	-	-	-	124,807	6,797	-	-	137,389
Franchise Fees Receivable	18,361	-	-	-	-	-	-	-	-	-	-	-	-	18,361
Liens Receivable	3,360	-	-	-	-	-	-	-	-	-	-	-	-	3,360
Other Receivable	32,129	8,305	-	-	-	-	1,392	-	10,491	-	-	-	-	52,317
Property Tax Receivable	-	-	-	-	-	-	9,701	-	-	-	-	-	-	9,701
Total Assets	\$ 1,105,815	\$ 351,042	\$ 156,703	\$ 5,785	\$ 196,564	\$ 65,348	\$ 118,201	\$ -	\$ 20,327	\$ 234,296	\$ 141,788	\$ 856,429	\$ 13,465	\$ 3,265,763
LIABILITIES														
Accounts Payable	\$ 2,696	\$ 1,637	\$ 33	\$ 5,785	\$ -	\$ 195	\$ 1,110	\$ -	\$ 18,666	\$ -	\$ -	\$ -	\$ -	\$ 30,122
Payroll Payable	437	144	-	-	-	-	499	-	-	-	46	-	-	1,126
Deposits	44,710	-	-	-	-	-	-	-	-	-	-	-	-	44,710
Deferred Revenue	18,945	325	-	-	-	-	9,399	-	-	124,807	-	-	-	153,476
Total Liabilities	66,788	2,106	33	5,785	-	195	11,008	-	18,666	124,807	46	-	-	229,434
FUND EQUITY:														
Reserved for:														
Debt Obligations Programs	-	-	-	-	-	-	-	-	-	109,489	-	-	-	109,489
	1,039,027	348,936	156,670	-	196,564	65,153	107,193	-	1,661	-	141,742	856,429	13,465	2,926,840
Total Fund Equity	1,039,027	348,936	156,670	-	196,564	65,153	107,193	-	1,661	109,489	141,742	856,429	13,465	3,036,329
Total Liabilities and Fund Equity	\$ 1,105,815	\$ 351,042	\$ 156,703	\$ 5,785	\$ 196,564	\$ 65,348	\$ 118,201	\$ -	\$ 20,327	\$ 234,296	\$ 141,788	\$ 856,429	\$ 13,465	\$ 3,265,763

CITY OF VENETA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED June 30, 2010

	Street	Parks and Recreation	Public Works Equip- ment	911 Agency	Comm- ercial Loan	Zumwalt Camp- ground	Planning	Applegate Pioneer Museum	Grants	Local Improve- ment Fund	Storm Water Drainage	Reserve - Govern- mental	Inverse Condemn- ation	Total
REVENUES:														
Taxes and Assessments	\$ 77,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$163,627	\$ -	\$ -	\$ 31,801	\$ -	\$ -	\$ -	\$ 272,763
Intergovernmental	204,729	35,857	-	30,762	-	-	-	-	-	-	-	-	-	271,348
Charges for Services	-	21,628	-	-	-	52,247	11,160	-	-	-	51,739	-	-	136,774
Franchise Fees	86,744	-	-	-	-	-	-	-	-	-	-	-	-	86,744
Grants	-	-	-	-	-	-	-	-	22,626	-	-	-	-	22,626
Investment Revenue	6,385	2,179	1,028	-	1,302	450	866	3	14	559	835	6,429	206	20,256
Other Revenue	8,686	506	-	-	-	321	-	-	238	-	-	-	-	9,751
Total Receipts	383,879	60,170	1,028	30,762	1,302	53,018	175,653	3	22,878	32,360	52,574	6,429	206	820,262
EXPENDITURES:														
General Government	-	-	-	-	-	-	136,144	-	18,666	16,920	14,267	-	644	186,641
Public Safety	-	-	-	30,762	-	-	-	-	-	-	-	-	-	30,762
Highway and Streets	182,662	-	-	-	-	-	-	-	-	-	-	-	-	182,662
Culture and Recreation	-	109,014	-	-	-	31,258	-	-	3,074	-	-	-	-	143,346
Capital Outlay	-	6,217	5,081	-	-	-	718	-	-	-	-	-	-	12,016
Debt Service														
Principal	16,868	24,780	-	-	-	-	-	-	-	6,275	-	-	74,219	122,142
Interest	367	539	-	-	-	-	-	-	-	12,796	-	-	34,522	48,224
Total Expenditures	199,897	140,550	5,081	30,762	-	31,258	136,862	-	21,740	35,991	14,267	-	109,385	725,793
Excess (Deficiency) of Revenues Over Expenditures	183,982	(80,380)	(4,053)	-	1,302	21,760	38,791	3	1,138	(3,631)	38,307	6,429	(109,179)	94,469
OTHER FINANCING SOURCES (USES):														
Operating Transfers In	-	140,000	12,000	-	-	-	-	-	-	48,746	-	-	120,000	320,746
Operating Transfers (Out)	(4,000)	-	-	-	(1,000)	(10,000)	-	(1,277)	-	-	(20,000)	(150,000)	-	(186,277)
Interfund Loans In	-	-	571	-	-	-	-	-	-	-	-	-	-	571
Total Total Other Financing Sources (Uses):	(4,000)	140,000	12,571	-	(1,000)	(10,000)	-	(1,277)	-	48,746	(20,000)	(150,000)	120,000	135,040
Excess of Receipts and Other Financing Sources Over (Under) Expenditures and Other Uses	179,982	59,620	8,518	-	302	11,760	38,791	(1,274)	1,138	45,115	18,307	(143,571)	10,821	229,509
FUND BALANCE, July 1, 2009	859,045	289,316	148,152	-	196,262	53,393	68,402	1,274	523	64,374	123,435	1,000,000	2,644	2,806,820
FUND BALANCE, June 30, 2010	\$ 1,039,027	\$348,936	\$156,670	\$ -	\$196,564	\$ 65,153	\$107,193	\$ -	\$ 1,661	\$109,489	\$141,742	\$ 856,429	\$ 13,465	\$ 3,036,329

CITY OF VENETA

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

STREET FUND

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and Assessments	\$ 61,325	\$ 61,325	\$ 77,335	\$ 16,010
Intergovernmental	201,421	201,421	204,729	3,308
Franchise Fees	121,803	121,803	86,744	(35,059)
Licenses and Permits	750	750	-	(750)
Investment Revenue	31,162	31,162	6,385	(24,777)
Other Revenue	150	150	8,686	8,536
Total Revenues	416,611	416,611	383,879	(32,732)
EXPENDITURES:				
Personal Services	108,866	108,866	103,751	(5,115)
Materials and Services	323,148	323,148	78,911	(244,237)
Debt Service				
Principal	14,165	14,165	16,868	2,703
Interest	-	-	367	367
Contingency	35,000	35,000	-	(35,000)
Total Expenditures	481,179	481,179	199,897	(281,282)
Excess (Deficiency) of Revenues Over Expenditures	(64,568)	(64,568)	183,982	248,550
Other Financing Sources / (Uses)				
Operating Transfer (Out)	(4,000)	(4,000)	(4,000)	-
Total Other Financing Sources	(4,000)	(4,000)	(4,000)	-
Net Change in Fund Balances	(68,568)	(68,568)	179,982	248,550
Budgetary Fund Balance - July 1, 2009	882,346	882,346	859,045	(23,301)
Budgetary Fund Balance - June 30, 2010	\$ 813,778	\$ 813,778	\$ 1,039,027	\$ 225,249

CITY OF VENETA

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

PARK AND RECREATION FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
	<u>REVENUES</u>			
State Revenue Sharing	\$ 32,572	\$ 32,572	\$ 35,857	\$ 3,285
Charges for Services	7,374	7,374	21,628	14,254
Investment Revenue	6,680	6,680	2,179	(4,501)
Miscellaneous Revenue	600	600	506	(94)
Total Revenues	47,226	47,226	60,170	12,944
<u>EXPENDITURES:</u>				
Personal Services	80,865	80,865	74,063	(6,802)
Materials and Services	65,593	65,593	34,951	(30,642)
Capital Outlay	75,500	75,500	6,217	(69,283)
Debt Service				
Principal	20,810	20,810	24,780	3,970
Interest	-	-	539	539
Contingency	20,000	20,000	-	(20,000)
Total Expenditures	262,768	262,768	140,550	(122,218)
Excess (Deficiency) of Revenues Over Expenditures	(215,542)	(215,542)	(80,380)	135,162
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	193,000	193,000	140,000	(53,000)
Total Other Financing Sources	193,000	193,000	140,000	(53,000)
Net Change In Fund Balances	(22,542)	(22,542)	59,620	82,162
FUND BALANCE, July 1, 2009	295,637	295,637	289,316	(6,321)
FUND BALANCE, June 30, 2010	\$ 273,095	\$ 273,095	\$ 348,936	\$ 75,841

CITY OF VENETA

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

PUBLIC WORKS EQUIPMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Revenue	\$ 2,471	\$ 2,471	\$ 1,028	(1,443)
Total Revenues	2,471	2,471	1,028	(1,443)
EXPENDITURES:				
Capital Outlay	12,000	12,000	5,081	(6,919)
Total Expenditures	12,000	12,000	5,081	(6,919)
Excess (Deficiency) of Revenues Over Expenditures	(9,529)	(9,529)	(4,053)	5,476
Other Financing Sources / (Uses)				
Operating Transfer In	12,600	12,600	12,000	(600)
Interfund Loan Proceeds In	-	-	571	571
Total Other Financing Sources	12,600	12,600	12,571	(29)
Net Change In Fund Balances	3,071	3,071	8,518	5,447
FUND BALANCE, July 1, 2009	148,474	148,474	148,152	(322)
FUND BALANCE, June 30, 2010	\$ 151,545	\$ 151,545	\$ 156,670	\$ 5,125
GAAP Basis Adjustments:				
Net Change In Fund Balances (from above)			\$ 8,518	
Interfund Loan Proceeds			(571)	
GAAP Basis Change in Fund Balance			<u>\$ 7,947</u>	

CITY OF VENETA

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

911 AGENCY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 27,168	\$ 27,168	\$ 30,762	\$ 3,594
Total Revenues	27,168	27,168	30,762	3,594
<u>EXPENDITURES:</u>				
Materials and Services	27,168	27,168	30,762	3,594
Total Expenditures	27,168	27,168	30,762	3,594
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
FUND BALANCE, July 1, 2009	-	-	-	-
FUND BALANCE, June 30, 2010	\$ -	\$ -	\$ -	\$ -

CITY OF VENETA

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

COMMERCIAL LOAN FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Investment Revenue	\$ 3,488	\$ 3,488	\$ 1,302	\$ (2,186)
Total Revenues	3,488	3,488	1,302	(2,186)
<u>EXPENDITURES:</u>				
Materials and Services	103,707	103,707	-	(103,707)
Total Expenditures	103,707	103,707	-	(103,707)
Excess (Deficiency) of Revenues Over Expenditures	(100,219)	(100,219)	1,302	101,521
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(1,000)	(1,000)	(1,000)	-
Total Other Financing Sources	(1,000)	(1,000)	(1,000)	-
Net Change In Fund Balances	(101,219)	(101,219)	302	101,521
FUND BALANCE, July 1, 2009	196,788	196,788	196,262	(526)
FUND BALANCE, June 30, 2010	\$ 95,570	\$ 95,570	\$ 196,564	\$ 100,995

CITY OF VENETA

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

ZUMWALT CAMPGROUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES</u>				
Investment Revenue	\$ 1,045	\$ 1,045	\$ 450	\$ (595)
Miscellaneous	50	50	321	271
Charges for Services	49,205	49,205	52,247	3,042
Total Revenues	50,300	50,300	53,018	2,718
<u>EXPENDITURES:</u>				
Materials and Services	37,110	37,110	31,258	(5,852)
Contingency	3,500	3,500	-	(3,500)
Total Expenditures	40,610	40,610	31,258	(9,352)
Excess (Deficiency) of Revenues Over Expenditures	9,690	9,690	21,760	12,070
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources	(10,000)	(10,000)	(10,000)	-
Net Change In Fund Balances	(310)	(310)	11,760	12,070
FUND BALANCE, July 1, 2009	53,418	53,418	53,393	(25)
FUND BALANCE, June 30, 2010	\$ 53,108	\$ 53,108	\$ 65,153	\$ 12,045

CITY OF VENETA

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

PLANNING FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes and Assessments	\$ 154,185	\$ 154,185	\$ 163,627	\$ 9,442
Charges for Services	50,552	50,552	11,160	(39,392)
Investment Revenue	982	982	866	(116)
Total Revenues	205,719	205,719	175,653	(30,066)
<u>EXPENDITURES:</u>				
Personal Services	92,856	92,856	99,191	6,335
Materials and Services	79,152	79,152	36,953	(42,199)
Capital Outlay	5,000	5,000	718	(4,282)
Contingency	3,000	3,000	-	(3,000)
Total Expenditures	180,008	180,008	136,862	(43,146)
Excess (Deficiency) of Revenues Over Expenditures	25,711	25,711	38,791	13,080
Net Change In Fund Balances	25,711	25,711	38,791	13,080
FUND BALANCE, July 1, 2009	75,926	75,926	68,402	(7,524)
FUND BALANCE, June 30, 2010	\$ 101,638	\$ 101,638	\$ 107,193	\$ 5,556

CITY OF VENETA

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

APPLEGATE PIONEER MUSEUM FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Investment Revenue	\$ 22	\$ 22	\$ 3	\$ (19)
Total Revenues	22	22	3	(19)
<u>EXPENDITURES:</u>				
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	22	22	3	(19)
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(1,199)	(1,199)	(1,277)	(78)
Total Other Financing Sources	(1,199)	(1,199)	(1,277)	(78)
Net Change In Fund Balances	(1,177)	(1,177)	(1,274)	(97)
FUND BALANCE, July 1, 2009	1,177	1,177	1,274	97
FUND BALANCE, June 30, 2010	\$ -	\$ -	\$ -	\$ -

CITY OF VENETA

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

GRANTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES</u>				
Grants	\$ 2,500,500	\$ 2,500,500	\$ 22,626	\$ (2,477,874)
Investment Revenue	50	50	14	(36)
Miscellaneous Revenue	-	-	238	238
Total Revenues	2,500,550	2,500,550	22,878	(2,477,672)
<u>EXPENDITURES:</u>				
Materials and Services	53,600	53,600	21,740	(31,860)
Capital Outlay	25,000	25,000	-	(25,000)
Total Expenditures	78,600	78,600	21,740	(56,860)
Excess (Deficiency) of Revenues Over Expenditures	2,421,950	2,421,950	1,138	(2,420,812)
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(2,422,000)	(2,422,000)	-	2,422,000
Total Other Financing Sources	(2,422,000)	(2,422,000)	-	2,422,000
Net Change In Fund Balances	(50)	(50)	1,138	1,188
FUND BALANCE, July 1, 2009	523	523	523	-
FUND BALANCE, June 30, 2010	\$ 473	\$ 473	\$ 1,661	\$ 1,188

CITY OF VENETA

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

LOCAL IMPROVEMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes and Assessments	\$ 25,247	\$ 25,247	\$ 31,801	\$ 6,554
Investment Revenue	-	-	559	559
Total Revenues	25,247	25,247	32,360	7,113
<u>EXPENDITURES:</u>				
Materials and Services	77,150	77,150	16,920	(60,230)
Capital Outlay	321,200	321,200	-	(321,200)
Debt Service				
Principal	45,000	45,000	6,275	(38,725)
Interest	-	-	12,796	12,796
Contingency	15,000	15,000	-	(15,000)
Total Expenditures	458,350	458,350	35,991	(422,359)
Excess (Deficiency) of Revenues Over Expenditures	(433,103)	(433,103)	(3,631)	429,472
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	126,900	126,900	48,746	(78,154)
Loan Proceeds	398,350	398,350	-	(398,350)
Total Other Financing Sources	525,250	525,250	48,746	(476,504)
Net Change In Fund Balances	92,147	92,147	45,115	(47,032)
FUND BALANCE, July 1, 2009	722	722	64,374	63,652
FUND BALANCE, June 30, 2010	\$ 92,869	\$ 92,869	\$ 109,489	\$ 16,620

CITY OF VENETA

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

STORM WATER DRAINAGE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> (Budgetary Basis) (See Note 1)	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for Services	\$ 49,213	\$ 49,213	\$ 51,739	\$ 2,526
Investment Revenue	1,955	1,955	835	(1,120)
Total Revenues	51,168	51,168	52,574	1,406
<u>EXPENDITURES:</u>				
Personal Services	12,239	12,239	12,108	(131)
Materials and Services	18,399	18,399	2,159	(16,240)
Contingency	10,000	10,000	-	(10,000)
Total Expenditures	40,638	40,638	14,267	(26,371)
Excess (Deficiency) of Revenues Over Expenditures	10,530	10,530	38,307	27,777
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources	(20,000)	(20,000)	(20,000)	-
Net Change In Fund Balances	(9,470)	(9,470)	18,307	27,777
FUND BALANCE, July 1, 2009	118,152	118,152	123,435	5,283
FUND BALANCE, June 30, 2010	\$ 108,683	\$ 108,683	\$ 141,742	\$ 33,060

CITY OF VENETA

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

RESERVE FUND - GOVERNMENTAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
			<u>(Budgetary Basis)</u>	<u>Final Budget</u>
			<u>(See Note 1)</u>	<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Investment Revenue	\$ 12,500	\$ 12,500	\$ 6,429	\$ (6,071)
Total Revenues	12,500	12,500	6,429	(6,071)
<u>EXPENDITURES:</u>				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	12,500	12,500	6,429	(6,071)
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources	(150,000)	(150,000)	(150,000)	-
Net Change In Fund Balances	(137,500)	(137,500)	(143,571)	(6,071)
FUND BALANCE, July 1, 2009	1,000,000	1,000,000	1,000,000	-
FUND BALANCE, June 30, 2010	\$ 862,500	\$ 862,500	\$ 856,429	\$ (6,071)

CITY OF VENETA

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

INVERSE CONDEMNATION FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Investment Revenue	\$ 1,128	\$ 1,128	\$ 206	\$ (922)
Total Revenues	1,128	1,128	206	(922)
<u>EXPENDITURES:</u>				
Materials and Services	1,200	1,200	644	(556)
Debt Service				
Principal	118,213	118,213	74,219	(43,994)
Interest	-	-	34,522	34,522
Contingency	2,000	2,000	-	(2,000)
Total Expenditures	121,413	121,413	109,385	(12,028)
Excess (Deficiency) of Revenues Over Expenditures	(120,285)	(120,285)	(109,179)	11,106
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	120,000	120,000	120,000	-
Total Other Financing Sources	120,000	120,000	120,000	-
Net Change in Fund Balances	(285)	(285)	10,821	11,106
Budgetary Fund Balance - July 1, 2009	2,238	2,238	2,644	406
Budgetary Fund Balance - June 30, 2010	\$ 1,953	\$ 1,953	\$ 13,465	\$ 11,512

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt Service Fund

Debt Service Lease / Purchase Fund

CITY OF VENETA

COMBINING STATEMENT OF ASSETS, LIABILITIES & FUND EQUITY

NON-MAJOR DEBT SERVICE FUNDS

June 30, 2010

	<u>Debt Service</u>	<u>Debt Service Lease / Purchase</u>	<u>Total</u>
ASSETS:			
Cash & Investments	\$ 174,162	\$ -	\$ 174,162
Property Tax Receivable	5,028	-	5,028
Total Assets	179,190	-	179,190
LIABILITIES:			
Deferred Revenue	4,898	-	4,898
Total Liabilities	4,898	-	4,898
FUND EQUITY:			
Reserved for:			
Debt Service	174,292	-	174,292
Total Fund Equity	174,292	-	174,292
Total Liabilities and Fund Equity	\$ 179,190	\$ -	\$ 179,190

CITY OF VENETA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Debt Service	Debt Service Lease / Purchase	Total
<u>REVENUES:</u>			
Taxes and Assessments	\$ 70,473	\$ -	\$ 70,473
Investment Revenue	1,075	2	1,077
Total Receipts	71,548	2	71,550
<u>EXPENDITURES:</u>			
Debt Service			
Principal	61,912	-	61,912
Interest	9,532	-	9,532
Total Expenditures	71,444	-	71,444
Excess (Deficiency) of Revenues Over Expenditures	104	2	106
OTHER FINANCING SOURCES (USES):			
Interfund Loan Proceeds (Out)	-	(571)	(571)
Total Total Other Financing Sources (Uses):	-	(571)	(571)
Excess of Receipts and Other Financing Sources Over (Under) Expenditures and Other Uses	104	(569)	(465)
FUND BALANCE, July 1, 2009	174,188	569	174,757
FUND BALANCE, June 30, 2010	\$ 174,292	\$ -	\$ 174,292

CITY OF VENETA

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

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <small>(Budgetary Basis)</small> <small>(See Note 1)</small>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes and Assessments	\$ 67,030	\$ 67,030	\$ 70,473	\$ 3,443
Investment Revenue	<u>2,768</u>	<u>2,768</u>	<u>1,075</u>	<u>(1,693)</u>
Total Revenues	69,798	69,798	71,548	1,750
<u>EXPENDITURES:</u>				
Debt Service				
Principal	65,780	65,780	61,912	(3,868)
Interest	<u>18,500</u>	<u>18,500</u>	<u>9,532</u>	<u>(8,968)</u>
Total Expenditures	84,280	84,280	71,444	(12,836)
Excess (Deficiency) of Revenues Over Expenditures	(14,482)	(14,482)	104	14,586
FUND BALANCE, July 1, 2009	<u>179,139</u>	<u>179,139</u>	<u>174,188</u>	<u>(4,951)</u>
FUND BALANCE, June 30, 2010	<u>\$ 164,657</u>	<u>\$ 164,657</u>	<u>\$ 174,292</u>	<u>\$ 9,635</u>

CITY OF VENETA

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

DEBT SERVICE - LEASE / PURCHASE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with
			(Budgetary Basis)	Final Budget
<u>REVENUES</u>			(See Note 1)	Positive
Investment Revenue	\$ 30	\$ 30	\$ 2	\$ (28)
Total Revenues	30	30	2	(28)
<u>EXPENDITURES:</u>				
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	30	30	2	(28)
<u>Other Financing Sources / (Uses)</u>				
Interfund Loan Proceeds (Out)	(600)	(600)	(571)	29
Total Other Financing Sources	(600)	(600)	(571)	29
Net Change In Fund Balances	(570)	(570)	(569)	1
FUND BALANCE, July 1, 2009	570	570	569	(1)
FUND BALANCE, June 30, 2010	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUNDS

Capital Construction - Governmental Fund (a Major Fund)

New Pool Capital Project Fund (a Major Fund)

West Broadway Development Fund

CITY OF VENETA

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

CAPITAL CONSTRUCTION - GOVERNMENTAL FUND (A Major Fund)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts	with
			(Budgetary Basis)	Final Budget
			(See Note 1)	Positive
				(Negative)
<u>REVENUES</u>				
Taxes and Assessments	\$ 161,200	\$ 161,200	\$ 81,958	\$ (79,242)
Investment Revenue	8,926	8,926	8,448	(478)
Miscellaneous Revenue	-	-	15,676	15,676
Total Revenues	170,126	170,126	106,082	(64,044)
<u>EXPENDITURES:</u>				
Contingency	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	170,126	170,126	106,082	(64,044)
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer (Out)	(3,159,861)	(3,159,861)	(3,201,766)	(41,905)
Total Other Financing Sources	(3,159,861)	(3,159,861)	(3,201,766)	(41,905)
Net Change In Fund Balances	(2,989,735)	(2,989,735)	(3,095,684)	(105,949)
FUND BALANCE, July 1, 2009	3,624,084	3,624,084	3,749,577	125,493
FUND BALANCE, June 30, 2010	\$ 634,349	\$ 634,349	\$ 653,893	\$ 19,544

CITY OF VENETA

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

CAPITAL PROJECTS FUND - NEW POOL FUND (A Major Fund)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<u>REVENUES</u>				
Investment Revenue	\$ 2,840	\$ 2,840	\$ 1,185	\$ (1,655)
Donations	750,000	750,000	63,056	(686,944)
Total Revenues	752,840	752,840	64,241	(688,599)
<u>EXPENDITURES:</u>				
Materials and Services	155,400	155,400	197,125	41,725
Capital Outlay	2,852,400	2,852,400	2,099,513	(752,887)
Contingency	50,000	50,000	-	(50,000)
Total Expenditures	3,057,800	3,057,800	2,296,638	(761,162)
Excess (Deficiency) of Revenues Over Expenditures	(2,304,960)	(2,304,960)	(2,232,397)	72,563
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	984,500	984,500	262,500	(722,000)
Operating Transfer (Out)	-	-	-	-
Bond Proceeds	1,100,000	1,100,000	1,100,000	-
Total Other Financing Sources	2,084,500	2,084,500	1,362,500	(722,000)
Net Change In Fund Balances	(220,460)	(220,460)	(869,897)	(649,437)
FUND BALANCE, July 1, 2009	225,582	225,582	303,315	77,733
FUND BALANCE, June 30, 2010	\$ 5,122	\$ 5,122	\$ (566,582)	\$ (571,704)

CITY OF VENETA

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

CAPITAL PROJECTS - W. BROADWAY DEVELOPMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> (Budgetary Basis) (See Note 1)	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous Revenue	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Revenues	-	-	1,000	1,000
<u>EXPENDITURES:</u>				
Materials and Services	321,000	321,000	327,766	6,766
Capital Outlay	2,826,302	2,826,302	328,401	(2,497,901)
Contingency	200,000	200,000	-	(200,000)
Total Expenditures	3,347,302	3,347,302	656,167	(2,691,135)
Excess (Deficiency) of Revenues Over Expenditures	(3,347,302)	(3,347,302)	(655,167)	2,692,135
<u>Other Financing Sources / (Uses)</u>				
Operating Transfer In	3,419,302	3,419,302	550,000	(2,869,302)
Total Other Financing Sources	3,419,302	3,419,302	550,000	(2,869,302)
Net Change In Fund Balances	72,000	72,000	(105,167)	(177,167)
FUND BALANCE, July 1, 2009	-	-	-	-
FUND BALANCE, June 30, 2010	\$ 72,000	\$ 72,000	\$ (105,167)	\$ (177,167)

ADDITIONAL
SUPPORTING
SCHEDULES

CITY OF VENETA

SCHEDULE OF PROPERTY TAXES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund Permanent Rate Tax, Subject to Measure 5	Bonds	Total
Assessed Valuation, 2009-10 Tax Roll	\$ 204,903,067	\$ 204,903,067	\$ 204,903,067
General Fund Permanent Rate Levy, Per \$1,000	0.0056364		
General Obligation Bond Levy Rate, Per \$1,000		0.0003160	
Amount Levy Rates Will Raise	1,154,916	64,749	1,219,665
Gain From UR Division of Tax Rate Truncation	14	11	25
Loss Due to Measure 5 Compression	(3,396)		(3,396)
Roll Corrections & Omitted Property	-	2,784	2,784
Net Tax Levy Imposed	<u>\$ 1,151,534</u>	<u>\$ 67,544</u>	<u>\$ 1,219,078</u>

	Uncollected Balance July 1, 2009	Collector's Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2010
2009-10	\$ 1,219,078	\$ (36,395)	\$ 1,142,038	\$ 40,645
2008-09	36,012	(923)	18,176	16,913
2007-08	13,326	(317)	5,708	7,301
2006-07	5,399	(159)	2,966	2,274
2005-06	1,916	(123)	1,033	760
2004-05 & PRIOR	5,569	(809)	139	4,621
Total Cash Collections	<u>\$ 1,281,300</u>	<u>\$ (38,726)</u>	<u>\$ 1,170,060</u>	<u>\$ 72,514</u>
Less Accrued Revenue - June 30, 2009			(2,331)	
Add Accrued Revenue - June 30, 2010			2,158	
Total Property Tax Revenue			<u>\$ 1,169,887</u>	

	Property Tax Revenues			Receivables
Property Tax Revenues & Receivables by Fund:	Prior	Current	Totals	
General Fund	\$ 5,713	\$ 239,828	\$ 245,541	\$ 15,546
Debt Service Fund	1,951	68,522	70,473	4,898
Law Enforcement Fund	16,444	673,802	690,246	42,671
Planning Fund	3,742	159,885	163,627	9,399
TOTALS	<u>\$ 27,850</u>	<u>\$ 1,142,037</u>	<u>\$ 1,169,887</u>	<u>\$ 72,514</u>

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A COMPONENT UNIT OF THE CITY OF VENETA)

SCHEDULE OF PROPERTY TAXES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Uncollected Balance July 1, 2009	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2010
2009-10	\$ 691,870	\$ (40,872)	\$ 628,625	\$ 22,373
2008-09	19,865	(449)	10,086	9,330
2007-08	7,017	(166)	3,006	3,845
2006-07	2,980	(88)	1,637	1,255
2005-06	1,169	(74)	631	464
2004-05 & PRIOR	4,687	(544)	85	4,058
Total Property Taxes	\$ 727,589	\$ (42,194)	\$ 644,070	\$ 41,325
Less Accrued Revenue - June 30, 2009			(1,219)	
Add Accrued Revenue - June 30, 2010			1,186	
Total Property Tax Revenue			\$ 644,037	
Current Year Property Tax Revenues:	Prior	Current	Total	
Urban Renewal Debt Service Fund	\$ 16,022	\$ 628,015	\$ 644,037	
TOTALS	\$ 16,022	\$ 628,015	\$ 644,037	

CITY OF VENETA

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2010

	Outstanding Balance July 1, 2009	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2010	Due within One Year
GOVERNMENTAL ACTIVITIES					
Note Payable To Siuslaw Bank for the acquisition of					
Original Balance: \$925,000					
Dated: January 15, 2009					
Interest Rate: 4.95%					
Principal	\$ 906,385	\$ -	\$ 74,219	\$ 832,166	\$ 77,774
Interest	-	34,522	34,522	-	40,353
Totals	\$ 906,385	\$ 34,522	\$ 108,741	\$ 832,166	\$ 118,128
Note Payable To Siuslaw Bank for financing of local					
improvements to be retired by assessment					
Original Balance: \$223,502					
Dated: June 18, 2009					
Interest Rate: 5.75%					
Principal	\$ 223,502	\$ -	\$ 6,275	\$ 217,227	\$ 6,497
Interest	-	12,796	12,796	-	12,574
Totals	\$ 223,502	\$ 12,796	\$ 19,071	\$ 217,227	\$ 19,071
Note Payable To St. Catherine of Siena Catholic Church					
for the acquisition of real property.					
<i>Governmental Fund portion of debt is 69.85%, reported here.</i>					
<i>Balance is reported in Business-Type Activities Debt section</i>					
Original Balance: \$238,500					
Dated: July 28, 2009					
Interest Rate: 5.75%					
Principal	\$ 124,944	\$ -	\$ 41,648	\$ 83,296	\$ 41,648
Interest	-	906	906	-	4,199
Totals	\$ 124,944	\$ 906	\$ 42,554	\$ 83,296	\$ 45,847
Urban Renewal Bonds, Series 2001 issued for the					
purpose of financing various urban renewal projects					
Original Balance: \$3,360,000					
Dated: December 2000					
Interest Rate: Varies 3.90% - 5.675%					
Principal	\$ 2,405,000	\$ -	\$ 150,000	\$ 2,255,000	\$ 155,000
Interest	-	130,645	130,645	-	123,445
Totals	\$ 2,405,000	\$ 130,645	\$ 280,645	\$ 2,255,000	\$ 278,445
General Obligation Water Bonds held by CAPMARK					
for Water System Construction					
Original Balance: \$1,000,000					
Dated: August 25, 1981					
Interest Rate: 5.00%					
Principal	\$ 321,898	\$ -	\$ 61,912	\$ 259,986	\$ 64,996
Interest	-	9,532	9,532	-	11,534
Totals	\$ 321,898	\$ 9,532	\$ 71,444	\$ 259,986	\$ 76,530
General Obligation Bonds held by U.S. National Bank					
for construction of a new swimming pool facility					
Original Balance: \$1,100,000					
Dated: February 12, 2010					
Interest Rate: 4.45%					
Principal	\$ -	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 30,000
Interest	-	-	-	-	43,375
Totals	\$ -	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 73,375
TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 3,981,729	\$ 1,100,000	\$ 334,054	\$ 4,747,675	\$ 375,916
Interest	-	188,401	188,401	-	235,480
Totals	\$ 3,981,729	\$ 1,288,401	\$ 522,455	\$ 4,747,675	\$ 611,396

Continued

CITY OF VENETA
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS (Continued)

For the Fiscal Year Ended June 30, 2010

	Outstanding Balance July 1, 2009	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2010	Due within One Year
BUSINESS-TYPE ACTIVITIES					
Note Payable with DEQ for Sewer System					
Original Balance: \$1,033,420					
Dated: August 14, 2000					
Interest Rate: 3.43%					
Principal	\$ 132,600	\$ -	\$ 10,112	\$ 122,488	\$ 10,461
Interest	-	4,364	4,364	-	4,113
Totals	\$ 132,600	\$ 4,364	\$ 14,476	\$ 122,488	\$ 14,574
Revenue Bonds held by USDA Rural Development for Sewer System Improvements					
Original Balance: \$4,255,700					
Dated August 8, 2000					
Interest Rate - 4.50%					
Principal	\$ 3,882,455	\$ -	\$ 56,588	\$ 3,825,867	\$ 59,134
Interest	-	172,436	172,436	-	172,164
Totals	\$ 3,882,455	\$ 172,436	\$ 229,024	\$ 3,825,867	\$ 231,298
Note Payable To St. Catherine of Siena Catholic Church for the acquisition of real property.					
<i>Business-Type Fund portion of debt is 30.15%, reported here.</i>					
<i>Balance is reported in Governmental Activities Debt section</i>					
Original Balance: \$238,500					
Dated July 28, 2009					
Interest Rate - 5.75%					
Principal	\$ 53,931	\$ -	\$ 17,977	\$ 35,954	\$ 17,977
Interest	-	2,203	2,203	-	1,813
Totals	\$ 53,931	\$ 2,203	\$ 20,180	\$ 35,954	\$ 19,790
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AGREEMENTS:					
Principal	\$ 4,068,986	\$ -	\$ 84,677	\$ 3,984,309	\$ 87,572
Interest	-	179,003	179,003	-	178,090
Totals	\$ 4,068,986	\$ 179,003	\$ 263,680	\$ 3,984,309	\$ 265,662
TOTAL DEBT AGREEMENTS:					
Principal	\$ 8,050,715	\$ 1,100,000	\$ 418,731	\$ 8,731,984	\$ 463,488
Interest	-	367,404	367,404	-	413,570
Totals	\$ 8,050,715	\$ 1,467,404	\$ 786,135	\$ 8,731,984	\$ 877,058

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

For the Fiscal Year Ended June 30, 2010

	Fiscal Year Ended June 30,	Sinking Fund Requirement	Total Payment	Principal	Interest	Fiscal Year-end Balance
Governmental Activities						
Note payable to Siuslaw Bank for the purchase of land - Original Balance \$925,000	2011	\$ -	\$ 118,128	\$ 77,774	\$ 40,353	\$ 754,392
	2012	-	118,213	81,746	36,467	672,646
	2013	-	118,213	86,022	32,191	586,624
	2014	-	118,213	90,421	27,792	496,204
	2015	-	118,213	95,045	23,168	401,159
	2016	-	118,213	99,860	18,352	301,298
	2017	-	118,213	105,012	13,200	196,286
	2018	-	118,213	110,383	7,830	85,903
	2019	-	88,745	85,903	2,841	-
Totals		-	1,034,360	832,166	202,194	
Note Payable To Siuslaw Bank for financing of local improvements to be retired by assessment - Original Balance \$223,502	2011	\$ -	\$ 19,071	\$ 6,497	\$ 12,574	\$ 210,730
	2012	-	19,071	6,849	12,222	203,881
	2013	-	19,071	7,287	11,784	196,594
	2014	-	19,071	7,718	11,353	188,877
	2015	-	19,071	8,174	10,897	180,703
	2016	-	19,071	8,630	10,441	172,073
	2017	-	19,071	9,168	9,903	162,905
	2018	-	19,071	9,710	9,361	153,195
	2019	-	19,071	10,285	8,786	142,910
	2020	-	19,071	10,871	8,200	132,039
	2021	-	19,071	11,536	7,535	120,503
	2022	-	19,071	12,218	6,852	108,284
	2023	-	19,071	12,941	6,130	95,343
	2024	-	19,071	13,692	5,379	81,651
	2025	-	19,071	14,516	4,554	67,134
	2026	-	19,071	15,375	3,696	51,759
	2027	-	19,071	16,284	2,786	35,475
	2028	-	19,071	17,243	1,828	18,231
	2029	-	19,071	18,232	839	-
Totals		-	362,347	217,227	145,120	
Note payable to St. Catherine of Siena Catholic Church for the purchase of land - Original Balance \$238,500. Governmental Activities share of debt reported here is 69.85% of total.	2011	\$ -	\$ 45,847	\$ 41,648	\$ 4,199	\$ 41,648
	2012	-	44,043	41,648	2,394	-
Totals		-	89,890	83,296	6,594	
Urban Renewal Bonds, Series 2001 issued to finance various urban renewal projects - Original Balance \$3,360,000	2011	\$ -	278,445	155,000	123,445	\$ 2,100,000
	2012	-	280,850	165,000	115,850	1,935,000
	2013	-	281,981	175,000	106,981	1,760,000
	2014	-	277,575	180,000	97,575	1,580,000
	2015	-	277,900	190,000	87,900	1,390,000
	2016	-	277,688	200,000	77,688	1,190,000
	2017	-	281,938	215,000	66,938	975,000
	2018	-	279,844	225,000	54,844	750,000
	2019	-	277,188	235,000	42,188	515,000
	2020	-	278,969	250,000	28,969	265,000
	2021	-	279,906	265,000	14,906	-
Totals		-	\$ 3,072,283	\$ 2,255,000	\$ 817,283	
General Obligation Water Bonds held by CAPMARK for Water System Construction - Original Balance \$1,000,000	2011	\$ -	\$ 75,914	\$ 64,996	\$ 11,534	\$ 194,990
	2012	-	72,619	65,380	8,239	129,610
	2013	-	69,324	65,380	4,944	64,230
	2014	-	66,028	64,230	1,648	-
Totals		-	\$ 283,885	\$ 259,986	\$ 26,365	

Continued

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

For the Fiscal Year Ended June 30, 2010

	Fiscal Year Ended June 30,	Sinking Fund Require- ment	Total Payment	Principal	Interest	Fiscal Year- end Balance
General Obligation Bonds held by U.S. National Bank for construction of a new Original Balance: \$1,100,000	2011	\$ -	\$ 73,375	\$ 30,000	\$ 43,375	\$ 1,070,000
	2012	-	77,615	30,000	47,615	1,040,000
	2013	-	79,280	33,000	46,280	1,007,000
	2014	-	80,812	36,000	44,812	971,000
	2015	-	81,210	38,000	43,210	933,000
	2016	-	84,519	43,000	41,519	890,000
	2017	-	86,605	47,000	39,605	843,000
	2018	-	87,514	50,000	37,514	793,000
	2019	-	89,289	54,000	35,289	739,000
	2020	-	90,886	58,000	32,886	681,000
	2021	-	93,305	63,000	30,305	618,000
	2022	-	92,501	65,000	27,501	553,000
	2023	-	91,609	67,000	24,609	486,000
	2024	-	94,627	73,000	21,627	413,000
	2025	-	93,379	75,000	18,379	338,000
	2026	-	94,041	79,000	15,041	259,000
	2027	-	93,526	82,000	11,526	177,000
	2028	-	94,877	87,000	7,877	90,000
	2029	-	94,005	90,000	4,005	-
Totals		-	1,672,970	1,100,000	572,970	

Business-Type Activities

Note Payable with DEQ for Sewer System Improvements - Original Balance \$1,033,420	2011	-	14,574	10,461	4,113	\$ 112,027
	2012	-	14,574	10,824	3,750	101,203
	2013	-	14,574	11,198	3,376	90,005
	2014	-	14,574	11,585	2,989	78,420
	2015	-	14,574	11,986	2,588	66,434
	2016	-	14,574	12,401	2,173	54,033
	2017	-	14,574	12,829	1,745	41,204
	2018	-	14,574	13,273	1,301	27,931
	2019	-	14,574	13,733	841	14,198
	2020	-	14,564	14,198	366	-
Totals			\$ 145,730	\$ 122,488	\$ 23,242	

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

	2011	231,298	231,298	59,134	172,164	\$ 3,766,733
	2012	231,298	231,298	61,795	169,503	3,704,938
	2013	231,298	231,298	64,576	166,722	3,640,362
	2014	231,298	231,298	67,482	163,816	3,572,880
	2015	231,298	231,298	70,518	160,780	3,502,362
	2016	231,298	231,298	73,692	157,606	3,428,670
	2017	231,298	231,298	77,008	154,290	3,351,662
	2018	231,298	231,298	80,473	150,825	3,271,189
	2019	231,298	231,298	84,094	147,204	3,187,095
	2020	231,298	230,998	87,579	143,419	3,099,516
	2021	231,298	231,298	91,833	139,465	3,007,683
	2022	231,298	231,298	95,966	135,332	2,911,717
	2023	231,298	231,298	100,284	131,014	2,811,433
	2024	231,298	231,298	104,797	126,501	2,706,636
	2025	231,298	231,271	109,513	121,758	2,597,123
	2026	231,298	231,298	114,441	116,857	2,482,682
	2027	231,298	231,298	119,591	111,707	2,363,091
	2028	231,298	231,298	124,972	106,326	2,238,119
	2029	231,298	231,298	130,596	100,702	2,107,523
	2030	231,298	231,298	136,473	94,825	1,971,050
	2031	231,298	231,298	142,614	88,684	1,828,436
	2032	231,298	231,297	149,031	82,266	1,679,405
	2033	231,298	231,298	155,738	75,560	1,523,667
	2034	231,298	231,299	162,747	68,552	1,360,920
	2035	231,298	231,298	170,070	61,228	1,190,850
	2036	231,298	231,298	177,723	53,575	1,013,127
	2037	231,298	231,298	185,721	45,577	827,406
	2038	231,298	231,298	194,078	37,220	633,328
	2039	231,298	231,298	202,812	28,486	430,516
	2040	231,298	231,298	211,938	19,360	218,578
	2041	231,298	228,400	218,578	9,822	-
Totals			\$ 7,167,013	\$ 3,825,867	\$ 3,341,146	

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

	2011	\$ -	\$ 19,790	\$ 17,977	\$ 1,813	\$ 17,977
	2012	-	19,010	17,977	1,034	-
Totals		-	38,800	35,954	2,846	

INDEPENDENT AUDITOR'S
COMMENTS AND DISCLOSURES
REQUIRED BY
STATE REGULATION

CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2010

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

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

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

ACCOUNTING RECORDS AND INTERNAL CONTROL:

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

As part of our examination of the financial statements, we obtained an understanding of the accounting system and the controls incorporated into that system. The purpose of understanding the accounting system and its controls is to assist in planning the nature and scope of our examination. The process involved in obtaining an understanding of the system is more limited than a study and evaluation necessary to express an opinion on the internal control system as a whole. Based on our understanding, we determined that our examination could be more efficiently done without placing reliance on certain internal accounting controls. Therefore, we did not test internal accounting controls but adjusted the nature and extent of other auditing procedures as deemed necessary.

Our examination of the combined financial statements would not necessarily disclose all weaknesses in the system because it was based on selective testing. Accordingly, we do not express an opinion on the system of internal control.

Although the City's system of internal control is somewhat limited by the number of administrative personnel available, our study did not disclose any conditions which we considered to be material weaknesses in the internal controls.

As part of our audit of the basic financial statements, we reviewed and tested the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The accounting records were properly maintained and the accounting and internal control structure was adequate.

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

COLLATERAL:

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

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

CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2010

INDEBTEDNESS:

The City has not exceeded its legal debt limitation as provided by ORS 328.245. The City was in compliance with all debt covenants and all payments were made on a timely basis.

BUDGET:

Minutes and resolutions of the Budget Committee and City Council were reviewed for compliance of Oregon Budget Law in preparation, adoption and execution of the current year's budget and preparation and adoption of the ensuing year's budget. I found no instances of non-compliance of Oregon Budget Law by the City for the 2009-10 fiscal year or in preparation and adoption of the 2010-11 budget, with the following exceptions:

For the fiscal year ended June 30, 2010, over-expenditure of appropriations occurred in eight funds, as noted on page 31 of the audit report.

The City has adopted new procedures to review actual vs. budget amounts regularly to avoid these over-expenditures in the future.

INVESTMENTS:

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

INSURANCE AND FIDELITY BONDS:

I have examined the City's fidelity bonds and insurance coverage at June 30, 2010 and ascertained that such policies appeared to be in force as of that date and appeared to comply with the legal requirements. I recommend periodic review of insurance by qualified individuals, as I do not possess expertise in this area.

PUBLIC CONTRACTING:

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

PROGRAMS FUNDED FROM OUTSIDE SOURCES:

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

CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION (Continued)
As of June 30, 2010

HIGHWAY FUNDS:

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

STATEMENT OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS:

This statement is not applicable to the City.

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

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

Roseburg, Oregon
November 17, 2010



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

Honorable Mayor and City Council
City of Veneta, Oregon

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Veneta, as of and for the year ended June 30, 2010, which collectively comprise City of Veneta's basic financial statements and have issued my report thereon dated November 17, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Veneta's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Veneta's financial statements that is more than inconsequential will not be prevented or detected by the City of Veneta's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Veneta's internal control.

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

Compliance and Other Matters

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

I noted certain other matters that I reported to management of the City of Veneta in a separate letter dated November 17, 2010.

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

Steve Tuchscherer, CPA
November 17, 2010