

**VENETA**

oregon

Inc. 1962

**CITY OF VENETA**  
**Lane County, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2018



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
436 1<sup>st</sup> Avenue W | PO Box 1072  
Albany, Oregon 97321 | (541) 223-5555

**CITY OF VENETA  
Lane County, Oregon**

**CITY OFFICIALS**

June 30, 2018

**MAYOR**

Sandra Larson  
25456 E. Hunter Road  
Veneta, Oregon 97487

**CITY COUNCIL**

Thomas Cotter - President  
88098 Huston Road  
Veneta, Oregon 97487

Calvin Kenney  
87827 Greenley Dr  
Veneta, Oregon 97487

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

Robbie McCoy  
25138 Legacy Ct.  
Veneta, OR 97487

Keith Weiss  
88139 9<sup>TH</sup> St.  
Veneta, OR 97487

**CITY ADMINISTRATOR**

R. Ric Ingham

**FINANCE DIRECTOR**

Shauna Hartz

**CITY OF VENETA**  
**Lane County, Oregon**

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## **FINANCIAL SECTION**



# Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Sandra Larson, Mayor  
and Members of the City Council  
City of Veneta  
Veneta, Oregon 97487

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta, Lane County, Oregon as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2018, the City adopted new accounting guidance: GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability and City contributions, and the budgetary comparison information on pages 4 through 11 and 56 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Veneta’s basic financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

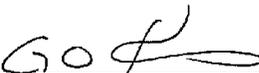
**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Veneta’s internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2018 on our tests of the City’s compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:   
Glen O. Kearns, CPA

Albany, Oregon  
December 31, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF VENETA**  
**Lane County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

As management of the City of Veneta, Lane County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. It should be read in conjunction with the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2018, total net position of the City of Veneta amounted to \$44,241,309. Of this amount, \$27,201,334 was invested in capital assets, net of related debt. The remaining balance included \$7,500,724 restricted for various purposes and \$9,539,251 of unrestricted net position.
- At June 30, 2018, the City's governmental funds reported combined ending fund balances of \$9,282,313.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

**CITY OF VENETA**  
**Lane County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the City of Veneta can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

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

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

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

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

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

**CITY OF VENETA**  
**Lane County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

□ **Proprietary Funds**

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

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

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

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 55 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the City's proportionate share of the net pension liability and City contributions and budgetary comparison information for the General, Law Enforcement, Street, Urban Renewal General, and Capital Construction Funds. This required supplementary information can be found on pages 56 through 61 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental and proprietary funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62 through 82 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2018, the City's assets exceeded liabilities by \$44,241,309.

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

**CITY OF VENETA**  
**Lane County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**City's Net Position**

The City's net position increased by \$284,440 during the current fiscal year. This increase is primarily due to an increase in intergovernmental revenues, investment earnings, and miscellaneous revenues. Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current assets	\$ 8,229,594	\$ 8,081,702	\$ 6,073,018	\$ 5,264,379	\$ 14,302,612	\$ 13,346,081
Restricted assets	2,521,193	1,983,518	2,914,248	3,239,644	5,435,441	5,223,162
Net capital assets	<u>17,697,340</u>	<u>17,793,395</u>	<u>24,182,742</u>	<u>24,606,816</u>	<u>41,880,082</u>	<u>42,400,211</u>
Total assets	<u>28,448,127</u>	<u>27,858,615</u>	<u>33,170,008</u>	<u>33,110,839</u>	<u>61,618,135</u>	<u>60,969,454</u>
<b>Deferred Outflows of Resources</b>	<u>244,745</u>	<u>393,602</u>	<u>244,748</u>	<u>393,604</u>	<u>489,493</u>	<u>787,206</u>
<b>Liabilities</b>						
Current liabilities	1,586,735	750,975	826,503	765,827	2,413,238	1,516,802
Noncurrent liabilities	<u>2,031,446</u>	<u>2,411,628</u>	<u>13,343,538</u>	<u>13,719,080</u>	<u>15,374,984</u>	<u>16,130,708</u>
Total liabilities	<u>3,618,181</u>	<u>3,162,603</u>	<u>14,170,041</u>	<u>14,484,907</u>	<u>17,788,222</u>	<u>17,647,510</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>104,966</u>	<u>-</u>	<u>47,315</u>	<u>-</u>	<u>152,281</u>
<b>Net position</b>						
Net investment in capital assets	16,010,569	15,820,950	11,190,765	11,335,592	27,201,334	27,156,542
Restricted for various purposes	3,466,157	3,477,831	4,034,567	4,384,469	7,500,724	7,862,300
Unrestricted	<u>5,561,795</u>	<u>5,685,867</u>	<u>3,977,456</u>	<u>3,252,160</u>	<u>9,539,251</u>	<u>8,938,027</u>
Total net position	<u>\$ 25,038,521</u>	<u>\$ 24,984,648</u>	<u>\$ 19,202,788</u>	<u>\$ 18,972,221</u>	<u>\$ 44,241,309</u>	<u>\$ 43,956,869</u>

**City's Changes in Net Position**

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

**CITY OF VENETA**  
**Lane County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Program revenues</b>						
Charges for services	\$ 680,482	\$ 678,568	\$ 2,128,817	\$ 2,176,073	\$ 2,809,299	\$ 2,854,641
Operating grants and contributions	5,757	27,749	-	-	5,757	27,749
Capital grants and contributions	1,702	16,642	-	-	1,702	16,642
Total program revenues	<u>687,941</u>	<u>722,959</u>	<u>2,128,817</u>	<u>2,176,073</u>	<u>2,816,758</u>	<u>2,899,032</u>
<b>General revenues</b>						
Property taxes - general	1,450,218	1,245,840	-	-	1,450,218	1,245,840
Property taxes - debt service	779,205	819,685	-	-	779,205	819,685
Franchise fees	210,639	264,654	-	-	210,639	264,654
Motor fuel taxes	307,820	283,036	-	-	307,820	283,036
Alcohol and cigarette taxes	141,956	84,905	-	-	141,956	84,905
Transient room taxes	1,081	621	-	-	1,081	621
Intergovernmental	49,836	108,019	-	144,000	49,836	252,019
Investment earnings	156,569	94,615	137,519	86,418	294,088	181,033
Rents and leases	43,913	51,759	22,080	16,007	65,993	67,766
Miscellaneous	25,979	104,892	11,833	14,122	37,812	119,014
Total general revenues	<u>3,167,216</u>	<u>3,058,026</u>	<u>171,432</u>	<u>260,547</u>	<u>3,338,648</u>	<u>3,318,573</u>
Total revenues	<u>3,855,157</u>	<u>3,780,985</u>	<u>2,300,249</u>	<u>2,436,620</u>	<u>6,155,406</u>	<u>6,217,605</u>
<b>Program expenses</b>						
General government	1,207,943	1,102,687	-	-	1,207,943	1,102,687
Public safety	935,869	921,817	-	-	935,869	921,817
Public works	40,557	40,302	-	-	40,557	40,302
Highways and streets	972,600	797,288	-	-	972,600	797,288
Culture and recreation	381,971	500,101	-	-	381,971	500,101
Interest on long-term debt	43,525	48,984	-	-	43,525	48,984
Water	-	-	1,251,739	1,213,378	1,251,739	1,213,378
Sewer	-	-	1,036,762	1,169,566	1,036,762	1,169,566
Total program expenses	<u>3,582,465</u>	<u>3,411,179</u>	<u>2,288,501</u>	<u>2,382,944</u>	<u>5,870,966</u>	<u>5,794,123</u>
Transfers	<u>(218,819)</u>	<u>143,016</u>	<u>218,819</u>	<u>(143,016)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	53,873	512,822	230,567	(89,340)	284,440	423,482
<b>Net position - beginning</b>	<u>24,984,648</u>	<u>24,471,826</u>	<u>18,972,221</u>	<u>19,061,561</u>	<u>43,956,869</u>	<u>43,533,387</u>
<b>Net position - ending</b>	<u>\$ 25,038,521</u>	<u>\$ 24,984,648</u>	<u>\$ 19,202,788</u>	<u>\$ 18,972,221</u>	<u>\$ 44,241,309</u>	<u>\$ 43,956,869</u>

**CITY OF VENETA**  
**Lane County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

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

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$9,282,313. Of this amount, \$1,443,976 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$1,443,976. This entire amount constitutes unassigned fund balance.

**Proprietary Funds**

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

Total net position of the proprietary funds amounted to \$19,202,788 at year-end. Of this amount, \$11,190,765 was invested in capital assets, net of related debt. The remaining balance included \$4,034,567 restricted for various purposes and \$3,977,456 of unrestricted net position.

**BUDGETARY HIGHLIGHTS**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2018 amounted to \$17,697,340 and \$24,182,742, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and structures, equipment and vehicles, land improvements, and infrastructure. The total depreciation expense related to the City's investment in capital assets for its governmental activities and business-type activities during the current fiscal year was \$340,2603 and \$701,587, respectively.

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

**CITY OF VENETA**  
**Lane County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-Term Liabilities**

The City's outstanding long-term debt for its governmental and business-type activities as of June 30, 2018 amounted to \$1,686,771 and \$12,991,977, respectively. This amount is comprised of general obligation bonds, notes payable, and revenue bonds. The City's total long-term debt decreased by \$564,921 during the current fiscal year. Additional information on the City's long-term liabilities can be found on pages 42 through 45.

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

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

- Revenue from monthly user fees will increase slightly based primarily on planned rate increases of 2% for storm water, 2% for water and 5% for sewer.
- Property taxes will increase slightly based on the taxable values of all property potentially increasing by no more than 2%, the uncollectible rate holding at 5% and compression not exceeding \$10,000.
- Revenue related to building permits is expected to increase slightly because of the current activity in commercial construction and land use applications.
- Continue maintenance program to spend \$425,000 per year for preservation of streets.
- Debt service appropriation decrease because additional principal payments are not being planned at this time. A need for new debt is not expected.
- Continue RARE Intern program at a cost of \$23,500.
- The City will be awarded grants for the Fiber Optic Project and Multi-Use Pool.
- Personnel costs will increase based on a 2.6% cost of living increase, a 9% increase in medical and 4% increase in vision insurance premium and the overlap that will occur when the Management Analysis position is filled until October 2018.
- There will be no promotions or reclassifications.
- The amount of money needed for the majority of operating supplies and routine maintenance and services will be consistent with the last three years.
- The objective in the operating funds are to have an ending fund balance sufficient to pay for four months of operations plus \$100,000. This is sometimes referred to as the Minimum Fund Balance.

**CITY OF VENETA**  
**Lane County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

- The expected City-wide decrease of about \$5.7 million in fund balance is acceptable given the expected progress addressing the Council's goals and the expected completion of high priority projects.

All of the above factors were considered when preparing the budget for the 2018-19 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$1,443,976. The City of Veneta has appropriated \$203,574 of this amount for spending in the 2018-19 fiscal year budget. The planned reduction of fund balance continues the City's conservative methods for budgeting. In reality, due to careful monitoring, the fund balance has remained fairly stable or increased slightly.

**REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents, less restricted portion	\$ 7,882,107	\$ 5,801,353	\$ 13,683,460
Accounts and other receivables	175,569	229,852	405,421
Property taxes receivable, less restricted portion	96,656	-	96,656
Liens and assessments receivable	41,293	5,761	47,054
Court fines receivable, net	33,969	-	33,969
Inventory	-	36,052	36,052
Total current assets	8,229,594	6,073,018	14,302,612
Restricted assets	2,521,193	2,914,248	5,435,441
Capital assets not being depreciated	2,997,659	1,056,904	4,054,563
Capital assets being depreciated, net	14,699,681	23,125,838	37,825,519
Total assets	28,448,127	33,170,008	61,618,135
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	244,745	244,748	489,493
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	444,721	97,939	542,660
Accrued liabilities	2,722	-	2,722
Compensated absences	37,412	14,656	52,068
Accrued interest	33,590	332,323	365,913
Deposits payable	61,683	83,951	145,634
Unearned revenue	106,552	4,465	111,017
Short-term debt	600,000	-	600,000
Long-term debt, current portion	300,055	293,169	593,224
Total current liabilities	1,586,735	826,503	2,413,238
Noncurrent liabilities			
Pension liability	644,730	644,730	1,289,460
Long-term debt, less current portion	1,386,716	12,698,808	14,085,524
Total liabilities	3,618,181	14,170,041	17,788,222
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes in proportion and contributions - PERS	36,170	41,927	78,097
<b>NET POSITION</b>			
Net investment in capital assets	\$ 16,010,569	\$ 11,190,765	\$ 27,201,334
Restricted for various purposes	3,466,157	4,034,567	7,500,724
Unrestricted	5,561,795	3,977,456	9,539,251
Total net position	\$ 25,038,521	\$ 19,202,788	\$ 44,241,309

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

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals
			Grants and Contributions	Grants and Contributions			
Governmental activities							
General government	\$ 1,207,943	\$ 256,963	\$ 5,757	\$ -	\$ (945,223)	\$ -	\$ (945,223)
Public safety	935,869	30,607	-	-	(905,262)	-	(905,262)
Public works	40,557	63,845	-	-	23,288	-	23,288
Highways and streets	972,600	199,040	-	-	(773,560)	-	(773,560)
Culture and recreation	381,971	130,027	-	1,702	(250,242)	-	(250,242)
Interest on long-term debt	<u>43,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,525)</u>	<u>-</u>	<u>(43,525)</u>
Total governmental activities	<u>\$ 3,582,465</u>	<u>\$ 680,482</u>	<u>\$ 5,757</u>	<u>\$ 1,702</u>	<u>(2,894,524)</u>	<u>-</u>	<u>(2,894,524)</u>
Business-type activities							
Water	\$ 1,251,739	\$ 1,066,131	\$ -	\$ -	-	(185,608)	(185,608)
Sewer	<u>1,036,762</u>	<u>1,062,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,924</u>	<u>25,924</u>
Total business-type activities	<u>\$ 2,288,501</u>	<u>\$ 2,128,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(159,684)</u>	<u>(159,684)</u>
General revenues							
Property taxes - general purposes					1,450,218	-	1,450,218
Property taxes - debt service					779,205	-	779,205
Franchise fees					210,639	-	210,639
Motor fuel taxes					307,820	-	307,820
Alcohol and cigarette taxes					141,956	-	141,956
Transient room taxes					1,081	-	1,081
Intergovernmental					49,836	-	49,836
Investment earnings					156,569	137,519	294,088
Rents and leases					43,913	22,080	65,993
Miscellaneous					<u>25,979</u>	<u>11,833</u>	<u>37,812</u>
Total general revenues					<u>3,167,216</u>	<u>171,432</u>	<u>3,338,648</u>
Transfers					<u>(218,819)</u>	<u>218,819</u>	<u>-</u>
Change in net position					53,873	230,567	284,440
Net position - beginning					<u>24,984,648</u>	<u>18,972,221</u>	<u>43,956,869</u>
Net position - ending					<u>\$ 25,038,521</u>	<u>\$ 19,202,788</u>	<u>\$ 44,241,309</u>

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

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

June 30, 2018

	General Fund	Special Revenue			Capital Construction Fund	Debt Service		Nonmajor Governmental Funds	Total Governmental Funds
		Law Enforcement Fund	Street Fund	Urban Renewal General Fund		Urban Renewal Debt Service Fund			
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,485,509	\$ 404,103	\$ 1,576,250	\$ 986,719	\$ 1,327,369	\$ 1,471,618	\$ 3,088,876	\$ 10,340,444	
Accounts and other receivables	98,280	7,344	81,334	-	-	-	51,489	238,447	
Property taxes receivable	17,265	49,083	-	-	-	62,856	30,308	159,512	
Liens and assessments receivable	2,402	-	2,212	-	-	-	36,679	41,293	
Total assets	<u>\$ 1,603,456</u>	<u>\$ 460,530</u>	<u>\$ 1,659,796</u>	<u>\$ 986,719</u>	<u>\$ 1,327,369</u>	<u>\$ 1,534,474</u>	<u>\$ 3,207,352</u>	<u>\$ 10,779,696</u>	
<b>LIABILITIES</b>									
Accounts payable	\$ 9,635	\$ 216,715	\$ 170,984	\$ 443	\$ -	\$ 550	\$ 27,371	\$ 425,698	
Accrued liabilities	2,397	-	-	-	-	-	325	2,722	
Deposits payable	-	-	61,683	-	-	-	-	61,683	
Unearned revenue	64,903	1,687	14,320	-	-	1,413	61,274	143,597	
Short-term debt	-	-	-	-	-	600,000	-	600,000	
Total liabilities	<u>76,935</u>	<u>218,402</u>	<u>246,987</u>	<u>443</u>	<u>-</u>	<u>601,963</u>	<u>88,970</u>	<u>1,233,700</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - Property taxes	17,265	49,083	-	-	-	62,856	30,308	159,512	
Unavailable revenue - Liens/assessments	2,402	-	2,212	-	-	-	36,679	41,293	
Unavailable revenue - Court fines	62,878	-	-	-	-	-	-	62,878	
Total deferred inflows of resources	<u>82,545</u>	<u>49,083</u>	<u>2,212</u>	<u>-</u>	<u>-</u>	<u>62,856</u>	<u>66,987</u>	<u>263,683</u>	
<b>FUND BALANCES</b>									
Restricted	-	-	-	986,276	1,327,369	869,655	282,857	3,466,157	
Committed	-	193,045	1,410,597	-	-	-	2,768,538	4,372,180	
Unassigned	1,443,976	-	-	-	-	-	-	1,443,976	
Total fund balances	<u>1,443,976</u>	<u>193,045</u>	<u>1,410,597</u>	<u>986,276</u>	<u>1,327,369</u>	<u>869,655</u>	<u>3,051,395</u>	<u>9,282,313</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,603,456</u>	<u>\$ 460,530</u>	<u>\$ 1,659,796</u>	<u>\$ 986,719</u>	<u>\$ 1,327,369</u>	<u>\$ 1,534,474</u>	<u>\$ 3,207,352</u>	<u>\$ 10,779,696</u>	

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

**CITY OF VENETA**  
**Lane County, Oregon**

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

June 30, 2018

<b>Total fund balances</b>		\$ 9,282,313
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	21,341,217	
Accumulated depreciation	<u>(3,643,877)</u>	17,697,340
Court fines are recognized as revenue when received in the governmental funds, however, total balances due, less related payables to outside agencies are recorded in net position of the governmental activities.		(28,909)
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		159,512
Certain revenues and fees are recognized as revenue in the net position of governmental activities when the revenues are earned; however, in the governmental fund statements, they are recognized when available to be used for current year operations.		141,216
Amounts relating to the City's proportionate share of net pension liability or assets for the Oregon Public Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension expense	244,745	
Deferred inflows of resources relating to the return on pension assets	(36,170)	
Net pension asset (liability)	<u>(644,730)</u>	(436,155)
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
State assessments payable	(19,023)	
Compensated absences	(37,412)	
Accrued interest	(33,590)	
Long-term debt	<u>(1,686,771)</u>	<u>(1,776,796)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>25,038,521</u></b>

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

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General Fund	Special Revenue Funds	
		Law Enforcement Fund	Streets Fund
<b>REVENUES</b>			
Property taxes	\$ 283,964	\$ 782,859	\$ -
Franchise taxes	129,572	-	129,572
Licenses, permits, and fees	128,450	30,607	-
Charges for services	10,910	-	-
State revenue sharing	-	-	-
Operating grants and contributions	5,757	-	-
Fees and charges	-	-	199,040
Intergovernmental	81,986	-	307,820
Other taxes	-	29,985	-
Fines	13,467	-	-
Investment earnings	23,565	3,757	24,007
Rents and leases	43,913	-	-
Miscellaneous	20,402	-	846
Total revenues	<u>741,986</u>	<u>847,208</u>	<u>661,285</u>
<b>EXPENDITURES</b>			
Current			
General government	513,243	-	-
Public safety	67,307	868,402	-
Public works	-	-	-
Highways and streets	15,455	-	958,501
Culture and recreation	27,556	-	-
Debt service	-	-	-
Capital outlay	7,954	160	172,584
Total expenditures	<u>631,515</u>	<u>868,562</u>	<u>1,131,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,471</u>	<u>(21,354)</u>	<u>(469,800)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	-	-	-
Transfers in	3,000	10,000	476,700
Transfers out	-	-	(5,000)
Total other financing sources (uses)	<u>3,000</u>	<u>10,000</u>	<u>471,700</u>
Net change in fund balances	113,471	(11,354)	1,900
Fund balances - beginning	<u>1,330,505</u>	<u>204,399</u>	<u>1,408,697</u>
Fund balances - ending	<u>\$ 1,443,976</u>	<u>\$ 193,045</u>	<u>\$ 1,410,597</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds		Debt Service		Nonmajor Governmental Funds	Total Governmental Funds
Urban Renewal General Fund	Capital Construction Fund	Urban Renewal Debt Service Fund			
\$ -	\$ -	\$ 676,085	\$ 504,149	\$ 2,247,057	
-	-	-	-	259,144	
-	-	-	-	159,057	
-	56,594	-	193,872	261,376	
-	-	-	49,836	49,836	
-	-	-	1,702	7,459	
-	-	-	93,075	292,115	
-	-	-	-	389,806	
-	-	-	29,985	59,970	
-	-	-	-	13,467	
13,066	21,373	17,143	53,658	156,569	
-	-	-	-	43,913	
-	-	359	2,024	23,631	
<u>13,066</u>	<u>77,967</u>	<u>693,587</u>	<u>928,301</u>	<u>3,963,400</u>	
43,068	-	880,294	210,494	1,647,099	
-	-	-	-	935,709	
-	-	-	40,397	40,397	
-	-	-	-	973,956	
-	-	-	414,823	442,379	
-	-	550	103,583	104,133	
-	1,591	-	1,123	183,412	
<u>43,068</u>	<u>1,591</u>	<u>880,844</u>	<u>770,420</u>	<u>4,327,085</u>	
<u>(30,002)</u>	<u>76,376</u>	<u>(187,257)</u>	<u>157,881</u>	<u>(363,685)</u>	
600,000	-	-	-	600,000	
-	-	-	36,190	525,890	
<u>(456,300)</u>	<u>-</u>	<u>-</u>	<u>(283,409)</u>	<u>(744,709)</u>	
<u>143,700</u>	<u>-</u>	<u>-</u>	<u>(247,219)</u>	<u>381,181</u>	
113,698	76,376	(187,257)	(89,338)	17,496	
<u>872,578</u>	<u>1,250,993</u>	<u>1,056,912</u>	<u>3,140,733</u>	<u>9,264,817</u>	
<u>\$ 986,276</u>	<u>\$ 1,327,369</u>	<u>\$ 869,655</u>	<u>\$ 3,051,395</u>	<u>\$ 9,282,313</u>	

**CITY OF VENETA**  
**Lane County, Oregon**

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

For the Year Ended June 30, 2018

<b>Net change in fund balances</b>		\$	17,496
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.			
Capital outlay expenditures - governmental funds	244,548		
Depreciation expense recorded in the current year	<u>(340,603)</u>		(96,055)
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.			
Change in accrued interest	10,725		
Debt principal paid	<u>285,674</u>		296,399
Property taxes and liens that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized when levied. These amounts consist of:			
Property taxes	(23,771)		
Liens/assessments	<u>(85,437)</u>		(109,208)
Court fines and fees are recognized as revenue in the net assets of governmental activities when the fines are assessed; however, in the governmental fund statements, they are recognized when available to be used for current year operations.			
			5,172
Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.			
			<u>(59,931)</u>
<b>Change in net position</b>		<b>\$</b>	<b><u>53,873</u></b>

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

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 2,277,321	\$ 2,137,338	\$ -	\$ 1,386,694	\$ -	\$ 5,801,353
Accounts and other receivables	141,883	87,969	-	-	-	229,852
Liens and notes receivable	-	-	5,761	-	-	5,761
Inventory	<u>36,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,052</u>
Total current assets	2,455,256	2,225,307	5,761	1,386,694	-	6,073,018
Restricted assets						
Cash and cash equivalents	646,734	231,298	1,845,172	-	191,044	2,914,248
Capital assets not being depreciated	278,311	778,593	-	-	-	1,056,904
Capital assets being depreciated, net	<u>15,750,742</u>	<u>7,375,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,125,838</u>
Total assets	<u>19,131,043</u>	<u>10,610,294</u>	<u>1,850,933</u>	<u>1,386,694</u>	<u>191,044</u>	<u>33,170,008</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>122,374</u>	<u>122,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,748</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	19,309	15,821	62,809	-	-	97,939
Compensated absences	7,328	7,328	-	-	-	14,656
Accrued interest	66,079	62,678	62,883	-	140,683	332,323
Deposits payable	24,790	59,161	-	-	-	83,951
Unearned revenue	4,465	-	5,761	-	-	10,226
Long-term debt, current portion	<u>163,538</u>	<u>90,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,483</u>
Total current liabilities	<u>285,509</u>	<u>235,933</u>	<u>131,453</u>	<u>-</u>	<u>140,683</u>	<u>793,578</u>
Noncurrent liabilities						
Pension liability	322,365	322,365	-	-	-	644,730
Long-term debt, less current portion	<u>9,568,008</u>	<u>3,027,999</u>	<u>141,487</u>	<u>-</u>	<u>-</u>	<u>12,737,494</u>
Total noncurrent liabilities	9,890,373	3,350,364	141,487	-	-	13,382,224
Total liabilities	<u>10,175,882</u>	<u>3,586,297</u>	<u>272,940</u>	<u>-</u>	<u>140,683</u>	<u>14,175,802</u>

(continued)

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

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2018

(continued)

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Changes in proportion and contributions - PERS	\$ 18,083	\$ 18,083	\$ -	\$ -	\$ -	\$ 36,166
Total deferred inflows of resources	18,083	18,083	-	-	-	36,166
<b>NET POSITION</b>						
Net investment in capital assets	6,297,507	5,034,745	(141,487)	-	-	11,190,765
Restricted for:						
Debt service	646,734	231,298	-	-	-	878,032
System development	-	-	1,719,480	1,386,694	50,361	3,156,535
Unrestricted	<u>2,115,211</u>	<u>1,862,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,977,456</u>
Total net position	<u>\$ 9,059,452</u>	<u>\$ 7,128,288</u>	<u>\$ 1,577,993</u>	<u>\$ 1,386,694</u>	<u>\$ 50,361</u>	<u>\$ 19,202,788</u>

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

**CITY OF VENETA**  
**Lane County, Oregon**

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

PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	
Operating revenues						
Water sales	\$ 1,044,029	\$ -	\$ -	\$ -	\$ -	\$ 1,044,029
Sewer charges	-	1,036,693	-	-	-	1,036,693
Total operating revenues	<u>1,044,029</u>	<u>1,036,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,080,722</u>
Operating expenses						
Personnel costs	300,791	365,123	-	-	-	665,914
Materials and supplies	274,159	214,122	-	-	-	488,281
Repairs and maintenance	1,604	-	11,806	-	-	13,410
Depreciation	404,296	297,291	-	-	-	701,587
Total operating expenses	<u>980,850</u>	<u>876,536</u>	<u>11,806</u>	<u>-</u>	<u>-</u>	<u>1,869,192</u>
Operating income (loss)	<u>63,179</u>	<u>160,157</u>	<u>(11,806)</u>	<u>-</u>	<u>-</u>	<u>211,530</u>
Nonoperating revenues (expenses)						
System development charges	-	-	25,993	-	22,102	48,095
Investment earnings	45,643	30,979	35,943	23,505	1,449	137,519
Rents and leases	12,480	9,600	-	-	-	22,080
Miscellaneous	1,342	10,491	-	-	-	11,833
Interest expense	(270,889)	(71,249)	(77,171)	-	-	(419,309)
Total nonoperating revenues (expenses)	<u>(211,424)</u>	<u>(20,179)</u>	<u>(15,235)</u>	<u>23,505</u>	<u>23,551</u>	<u>(199,782)</u>
Income (loss) before contributions and transfers	(148,245)	139,978	(27,041)	23,505	23,551	11,748
Transfers in	189,600	414,885	-	-	-	604,485
Transfers out	(5,000)	(5,000)	(315,666)	-	(60,000)	(385,666)
Change in net position	36,355	549,863	(342,707)	23,505	(36,449)	230,567
Total net position - beginning	<u>9,023,097</u>	<u>6,578,425</u>	<u>1,920,700</u>	<u>1,363,189</u>	<u>86,810</u>	<u>18,972,221</u>
Total net position - ending	<u>\$ 9,059,452</u>	<u>\$ 7,128,288</u>	<u>\$ 1,577,993</u>	<u>\$ 1,386,694</u>	<u>\$ 50,361</u>	<u>\$ 19,202,788</u>

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

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 1,035,527	\$ 1,052,418	\$ -	\$ -	\$ -	\$ 2,087,945
Payments to employees	(268,633)	(335,239)	-	-	-	(603,872)
Payments to suppliers	(282,407)	(211,212)	(11,806)	-	-	(505,425)
Net cash provided (used) by operating activities	<u>484,487</u>	<u>505,967</u>	<u>(11,806)</u>	<u>-</u>	<u>-</u>	<u>978,648</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Rents and leases	12,480	9,600	-	-	-	22,080
Miscellaneous income	<u>1,342</u>	<u>10,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,833</u>
Net cash provided (used) by noncapital financing activities	<u>13,822</u>	<u>20,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,913</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
System development charges	-	-	25,993	-	19,827	45,820
Transfers to other funds for capital purposes	(5,000)	(5,000)	-	-	-	(10,000)
Transfers from other funds	129,600	414,885	-	-	-	544,485
Principal paid on capital debt	(99,161)	(82,720)	(37,365)	-	(60,000)	(279,246)
Interest paid on capital debt	(270,889)	(71,249)	(77,171)	-	-	(419,309)
Purchase of capital assets	<u>(1,605)</u>	<u>(275,909)</u>	<u>(265,381)</u>	<u>-</u>	<u>-</u>	<u>(542,895)</u>
Net cash provided (used) by capital and related financing activities	<u>(247,055)</u>	<u>(19,993)</u>	<u>(353,924)</u>	<u>-</u>	<u>(40,173)</u>	<u>(661,145)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income	<u>45,643</u>	<u>30,979</u>	<u>35,943</u>	<u>23,505</u>	<u>1,449</u>	<u>137,519</u>
Net cash provided (used) by investing activities	<u>45,643</u>	<u>30,979</u>	<u>35,943</u>	<u>23,505</u>	<u>1,449</u>	<u>137,519</u>
Net increase (decrease) in cash and cash equivalents	296,897	537,044	(329,787)	23,505	(38,724)	488,935

(Continued)

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

**CITY OF VENETA**  
**Lane County, Oregon**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2018

(Continued)

	Business-Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	
Cash and cash equivalents - beginning (including \$603,619, \$231,298, \$229,768, and \$2,174,959, in water, sewer, water construction, and enterprise reserve funds, respectively reported in restricted accounts)	<u>2,627,158</u>	<u>1,831,592</u>	<u>2,174,959</u>	<u>1,363,189</u>	<u>229,768</u>	<u>8,226,666</u>
Cash and cash equivalents - ending (including \$646,734, \$231,298, \$191,044, and \$1,845,172, in water, sewer, water construction, and sewer construction funds, respectively, reported in restricted accounts)	<u>\$ 2,924,055</u>	<u>\$ 2,368,636</u>	<u>\$ 1,845,172</u>	<u>\$ 1,386,694</u>	<u>\$ 191,044</u>	<u>\$ 8,715,601</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 63,179	\$ 160,157	\$ (11,806)	\$ -	\$ -	\$ 211,530
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	404,296	297,291	-	-	-	701,587
(Increase) decrease in:						
Liens & other receivables	(8,502)	15,725	-	-	-	7,223
Inventories	(7,604)	-	-	-	-	(7,604)
Deferred outflows of resources	74,428	74,428	-	-	-	148,856
Increase (decrease) in:						
Accounts payable	1,174	4,498	-	-	-	5,672
Compensated absences	-	-	-	-	-	-
Accrued interest	(1,106)	(3,040)	-	-	-	(4,146)
Customer deposits	892	1,452	-	-	-	2,344
Pension liability	(40,065)	(40,065)	-	-	-	(80,130)
Deferred inflows of resources	<u>(2,205)</u>	<u>(4,479)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,684)</u>
Net cash provided (used) by operating activities	<u>\$ 484,487</u>	<u>\$ 505,967</u>	<u>\$ (11,806)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 978,648</u>
<b>Noncash investing, capital, and financing activities:</b>						
Transfer of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

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

**B. Reporting Entity**

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

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

**1. Blended component unit - Veneta Urban Renewal Agency**

Veneta Urban Renewal Agency serves the area within the existing city limits of the City of Veneta. Board members for the agency consist of all of the members of the Veneta City Council. The component unit issues separate financial statements. The financial statements can be obtained from the Finance Department of the City or at their website [www.venetaoregon.gov](http://www.venetaoregon.gov).

**C. Basis of Presentation - Government-Wide Financial Statements**

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

**D. Basis of Presentation - Fund Financial Statements**

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

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

The City reports the following major governmental funds:

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

Special Revenue Funds

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

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

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

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

Debt Service Fund

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

The City reports the following major proprietary funds:

Enterprise Funds

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

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

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

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

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

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds

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

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

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

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

*Inverse Condemnation Fund* – The Inverse Condemnation Fund accounts for the repayment of funds originally obtained to purchase property. The primary source of revenue is transfers. This was fund closed on July 1, 2017.

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

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

*Grants Fund* – The Grants Fund accounts for funds received and used for programs not related to regular City operations. The primary source of revenue is grant income.

Capital Projects Funds

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

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

*Pool Facilities Fund* – The Pool Facilities Fund accounts for donations and capital expenditures related to swimming pool facilities.

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

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

Debt Service Fund

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

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

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

**E. Measurement Focus and Basis of Accounting**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

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

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

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

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

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

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors.

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

The City Administrator and the Finance Director develop a proposed budget, after which the notice of the first Budget Committee meeting is published twice. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the City Council and an equal number of citizens of the City of Veneta) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the City's financial assets.

The Budget Committee conducts the public meetings and hearings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the City Administrator originally. The Budget Committee then submits the approved budget to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Council without returning to the Budget Committee for a second approval.

After the Council adopts the budget and certifies the total ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year. The City Council legally adopts the budget resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personnel services, materials and services, capital outlay, and other expenditures). Unexpected additional resources and uses thereof may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the City Council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the City Council.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

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

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

**1. Cash and Cash Equivalents**

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

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**2. Investments**

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**3. Accounts and Other Receivables**

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

**4. Prepaid Expenses**

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

**5. Inventory**

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

**6. Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Land and construction in progress are not depreciated. Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Intangibles	3-5
Equipment and vehicles	5-20
Buildings and structures	10-50
Water and sewer systems	40-50
Infrastructure	65

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

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

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, the items unavailable revenue and unearned revenue are reported in the governmental fund balance sheet, and unearned revenue is reported on the proprietary statement of net position. The governmental funds report unavailable and unearned revenue from property taxes and other uncollected revenues. The proprietary funds report unearned revenue from liens and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**8. Net Position Flow Assumption**

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

**9. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance).

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

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

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that the City intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the city council delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**3. Compensated Absences**

Vacation

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

Sick leave

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

**4. Pensions**

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

**5. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

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

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**CITY OF VENETA**  
**Lane County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The City of Veneta maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

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

Fair Value Measurement

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

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

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2018.

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Fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

	Level 2
Investments	
Oregon Local Government Investment Pool	\$ 16,759,976

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The City has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2018, the City had the following investments:

	Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated		\$ 16,759,976

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

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Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The City holds accounts at Key Bank and Banner Bank, for which deposits are insured by the FDIC up to \$250,000 for each institution. At June 30, 2018 the City had deposits of \$500,000 insured by the FDIC, and \$1,897,309 collateralized under the PFCP.

Deposits

The City's deposits and investments at June 30, 2018 are as follows:

Cash on hand	\$ 460
Checking account	2,295,609
Total investments	16,759,976
Total deposits and investments	\$ 19,056,045

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,485,509
Law Enforcement Fund	404,103
Street Fund	1,576,250
Capital Construction Fund	1,327,369
Nonmajor governmental funds	3,088,876
Total governmental activities - unrestricted	7,882,107
Business-type activities - unrestricted	
Water Fund	2,277,321
Sewer Fund	2,137,338
Enterprise Reserve Fund	1,386,694
Total business-type activities - unrestricted	5,801,353
Total unrestricted cash and investments	13,683,460

(continued)

**CITY OF VENETA**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Cash and investments by fund (continued):

Governmental activities - restricted	
Urban Renewal - General Fund	\$ 986,719
Urban Renewal - Debt Service Fund	<u>1,471,618</u>
Total governmental activities - restricted	<u>2,458,337</u>
Business-type activities - restricted	
Water Fund	646,734
Sewer Fund	231,298
Capital Construction - Water Fund	191,044
Capital Construction - Sewer Fund	<u>1,845,172</u>
Total business-type activities - restricted	<u>2,914,248</u>
Total restricted cash and investments	<u>5,372,585</u>
Total cash and investments	<u><u>\$ 19,056,045</u></u>

**B. Restricted Assets**

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

Restricted assets	
Governmental activities	
Cash	\$ 2,458,337
Property taxes receivable	<u>62,856</u>
Total governmental activities	<u>2,521,193</u>
Business-type activities	
Cash	<u>2,914,248</u>
Total restricted assets	<u><u>\$ 5,435,441</u></u>

**C. Court Fines Receivable**

Court fines receivable at June 30, 2018 consisted of the following:

	<u>Governmental</u>
	<u>Activities</u>
Court fines receivable	<u>\$ 62,878</u>
Less allowance for uncollectibles	<u>(28,909)</u>
Court fines receivable, net	<u><u>\$ 33,969</u></u>

**CITY OF VENETA**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,681,601	\$ -	\$ -	\$ 2,681,601
Work in process	74,718	241,340	-	316,058
Total capital assets not being depreciated	2,756,319	241,340	-	2,997,659
Capital assets being depreciated				
Buildings and structures	5,964,303	-	-	5,964,303
Machinery and equipment	144,597	3,208	(8,337)	139,468
Vehicles	114,938	-	-	114,938
Intangibles	46,494	-	-	46,494
Infrastructure	12,078,355	-	-	12,078,355
Total capital assets being depreciated	18,348,687	3,208	(8,337)	18,343,558
Less accumulated depreciation for				
Buildings and structures	(1,266,214)	(149,574)	-	(1,415,788)
Machinery and equipment	(135,193)	(2,373)	8,337	(129,229)
Vehicles	(107,851)	(2,835)	-	(110,686)
Intangibles	(46,494)	-	-	(46,494)
Infrastructure	(1,755,859)	(185,821)	-	(1,941,680)
Total accumulated depreciation	(3,311,611)	(340,603)	8,337	(3,643,877)
Total capital assets being depreciated, net	15,037,076	(337,395)	-	14,699,681
Governmental activities capital assets, net	\$ 17,793,395	\$ (96,055)	\$ -	\$ 17,697,340

(Continued)

**CITY OF VENETA**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

(Continued)	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 756,653	\$ -	\$ -	\$ 756,653
Construction in progress	-	274,306	-	274,306
Work in process	<u>25,945</u>	<u>-</u>	<u>-</u>	<u>25,945</u>
Total capital assets not being depreciated	<u>782,598</u>	<u>274,306</u>	<u>-</u>	<u>1,056,904</u>
Capital assets being depreciated				
Water and sewer systems	31,142,091	-	-	31,142,091
Equipment and vehicles	<u>394,615</u>	<u>3,208</u>	<u>(4,490)</u>	<u>393,333</u>
Total capital assets being depreciated	<u>31,536,706</u>	<u>3,208</u>	<u>(4,490)</u>	<u>31,535,424</u>
Less accumulated depreciation for				
Water and sewer systems	(7,463,287)	(685,934)	-	(8,149,221)
Equipment and vehicles	<u>(249,202)</u>	<u>(15,653)</u>	<u>4,490</u>	<u>(260,365)</u>
Total accumulated depreciation	<u>(7,712,489)</u>	<u>(701,587)</u>	<u>4,490</u>	<u>(8,409,586)</u>
Total capital assets being depreciated, net	<u>23,824,217</u>	<u>(698,379)</u>	<u>-</u>	<u>23,125,838</u>
Business-type activities capital assets, net	<u>\$ 24,606,815</u>	<u>\$ (424,073)</u>	<u>\$ -</u>	<u>\$ 24,182,742</u>

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June 30, 2018

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

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 2,681,601	\$ -	\$ 2,681,601
Work in process	316,058	-	316,058
Buildings and structures	5,964,303	(1,415,788)	4,548,515
Machinery and equipment	139,468	(129,229)	10,239
Vehicles	114,938	(110,686)	4,252
Intangibles	46,494	(46,494)	-
Infrastructure	<u>12,078,355</u>	<u>(1,941,680)</u>	<u>10,136,675</u>
Total governmental activities capital assets	<u>21,341,217</u>	<u>(3,643,877)</u>	<u>17,697,340</u>
Business-type activities			
Land	756,653	-	756,653
Construction in progress	274,306	-	274,306
Work in process	25,945	-	25,945
Water and sewer systems	31,142,091	(8,149,221)	22,992,870
Equipment and vehicles	<u>393,333</u>	<u>(260,365)</u>	<u>132,968</u>
Total business-type activities capital assets	<u>32,592,328</u>	<u>(8,409,586)</u>	<u>24,182,742</u>
Total capital assets	<u>\$ 53,933,545</u>	<u>\$ (12,053,463)</u>	<u>\$ 41,880,082</u>

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

Governmental activities	
General government	<u>\$ 340,603</u>
Business-type activities	
Water	\$ 404,296
Sewer	<u>297,291</u>
Total business-type activities	<u>\$ 701,587</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**E. Interfund Transactions**

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

	Transfers in:						Total
	General Fund	Law Enforcement Fund	Street Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	
Transfers out:							
Governmental activities							
Street Fund	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
URA General Fund	-	-	-	-	129,600	-	129,600
Nonmajor							
Governmental	<u>3,000</u>	<u>10,000</u>	<u>150,000</u>	<u>21,190</u>	<u>-</u>	<u>99,219</u>	<u>283,409</u>
Total governmental activities	<u>3,000</u>	<u>10,000</u>	<u>150,000</u>	<u>26,190</u>	<u>129,600</u>	<u>99,219</u>	<u>418,009</u>
Business-type activities							
Water Fund	-	-	-	5,000	-	-	5,000
Sewer Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total	<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ 150,000</u>	<u>\$ 36,190</u>	<u>\$ 129,600</u>	<u>\$ 99,219</u>	<u>\$ 428,009</u>

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

**F. Compensated Absences**

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	<u>\$ 37,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,412</u>
Business-type activities				
Compensated absences	<u>\$ 14,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,656</u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**G. Short-Term and Long-Term Liabilities**

**1. Changes in Short-Term Liabilities**

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

**2. Changes in Long-Term Liabilities**

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Notes payable:							
Siuslaw Bank - Local							
Improvements Note	3.475%	\$ 223,502	\$ 154,470	\$ -	\$ 10,674	\$ 143,796	\$ 11,055
General obligation bonds:							
Pool Construction	4.45%	1,100,000	842,975	-	50,000	792,975	54,000
Urban Renewal, Series 2001	3.9-5.675%	3,360,000	975,000	-	225,000	750,000	235,000
Total governmental activities		<u>\$ 4,683,502</u>	<u>\$ 1,972,445</u>	<u>\$ -</u>	<u>\$ 285,674</u>	<u>\$ 1,686,771</u>	<u>\$ 300,055</u>
Business-type activities							
Revenue Installment Bonds:							
USDA Water Pipeline #1	2.75%	\$ 7,033,000	\$ 6,728,549	\$ -	\$ 107,116	\$ 6,621,433	\$ 110,062
USDA Water Pipeline #2	2.75%	3,346,269	3,162,159	-	52,046	3,110,113	53,476
USDA Sewer System Improvement	4.50%	4,255,700	3,201,663	-	82,720	3,118,943	90,945
Siuslaw Bank - Land Purchase Note	3.475%	362,590	178,853	-	37,365	141,488	38,686
Total business-type activities		<u>\$ 14,997,559</u>	<u>\$ 13,271,224</u>	<u>\$ -</u>	<u>\$ 279,247</u>	<u>\$ 12,991,977</u>	<u>\$ 293,169</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

In June 2018, the Urban Renewal Agency passed a resolution authorizing the issuance of a short-term loan with Banner Bank in the amount of \$600,000. The interest rate was fixed at 4.75%. Proceeds were used to finance the costs of various urban renewal projects. The URA Debt Service Fund has traditionally been used to liquidate the short-term liability.

**4. Governmental and Business-type Activities - Interest Expense**

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

Governmental activities	
Interest on long-term debt	<u>\$ 43,525</u>
Business-type activities	
Water	270,889
Sewer	<u>148,420</u>
Total business-type	<u>\$ 419,309</u>

**5. Governmental Activity - Inverse Condemnation Note**

The City obtained a loan to provide funds for property acquisition. The note is dated January 15, 2009. Interest is fixed at 3.475%. Principal and interest are due quarterly. The Inverse Condemnation Fund has traditionally been used to liquidate the liability related to the note. This obligation was fully extinguished during the current year.

**6. Governmental Activity - Local Improvements Note**

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

**7. Governmental Activity - Pool Construction General Obligation Bonds**

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

**8. Governmental Activity - Urban Renewal General Obligation Bonds, Series 2001**

General obligation bonds are direct obligations that pledge the full faith and credit of the Agency and are payable from ad valorem debt service levy proceeds.

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The Agency's outstanding general obligation bonds represent funding for urban renewal projects. Interest is fixed and ranges between 3.9% and 5.675%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on February 1 and August 1. Principal is due annually on February 1. The Urban Renewal Agency Debt Service Fund has traditionally been used to liquidate the liability related to the urban renewal general obligation bonds.

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

Year Ending June 30	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 289,000	\$ 77,476	\$ 11,055	\$ 4,967	\$ 300,055	\$ 82,443
2020	308,000	61,852	11,436	4,588	319,436	66,440
2021	328,000	45,210	11,855	4,168	339,855	49,378
2022	65,000	27,500	12,277	3,747	77,277	31,247
2023	67,000	24,608	12,712	3,310	79,712	27,918
2024-2028	396,000	74,444	70,658	9,456	466,658	83,900
2029	89,975	4,004	13,803	349	103,778	4,353
	<u>\$ 1,542,975</u>	<u>\$ 315,094</u>	<u>\$ 143,796</u>	<u>\$ 30,585</u>	<u>\$ 1,686,771</u>	<u>\$ 345,679</u>

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

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

**11. Business-Type Activity - USDA Sewer System Improvement**

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

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

The City obtained a loan from Siuslaw Bank to provide funds for land acquisition. The note is dated December 15, 2011. Interest is fixed at 3.48%. Principal and interest are due semiannually on June 12 and December 12. The Sewer Capital Construction Fund has traditionally been used to liquidate the liability related to the land purchase note.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

Year Ending June 30	Water Pipeline Bonds		Sewer System Improvement	
	Principal	Interest	Principal	Interest
2019	\$ 163,538	\$ 268,726	\$ 90,945	\$ 147,204
2020	166,896	264,260	87,879	143,419
2021	171,486	259,670	91,833	139,465
2022	176,202	254,954	95,966	135,332
2023	181,047	250,109	100,284	131,014
2024-2028	982,714	1,173,066	573,314	583,176
2029-2033	1,125,474	1,030,306	714,453	442,037
2034-2038	1,288,977	866,803	890,338	266,152
2039-2043	1,476,231	679,549	473,931	57,668
2044-2048	1,690,689	465,091	-	-
2049-2053	1,936,299	219,481	-	-
2054	371,993	11,373	-	-
	<u>\$ 9,731,546</u>	<u>\$ 5,743,388</u>	<u>\$ 3,118,943</u>	<u>\$ 2,045,467</u>

Year Ending June 30	Land Purchase Note		Total Requirements	
	Principal	Interest	Principal	Interest
2019	\$ 38,686	\$ 4,656	\$ 293,169	\$ 420,586
2020	40,073	3,269	294,848	410,948
2021	41,494	1,849	304,813	400,984
2022	21,235	373	293,403	390,659
2023	-	-	281,331	381,123
2024-2028	-	-	1,556,028	1,756,242
2029-2033	-	-	1,839,927	1,472,343
2034-2038	-	-	2,179,315	1,132,955
2039-2043	-	-	1,950,162	737,217
2044-2048	-	-	1,690,689	465,091
2049-2053	-	-	1,936,299	219,481
2054	-	-	371,993	11,373
	<u>\$ 141,488</u>	<u>\$ 10,147</u>	<u>\$ 12,991,977</u>	<u>\$ 7,799,002</u>

**14. Legal Debt Limit**

The City's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2018, was approximately \$14,481,855. The City's legal debt service limit is 3.00% of the real market value of property within the City.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**H. Constraints on Fund Balances**

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

	General Fund	Law Enforcement Fund	Street Fund	Urban Renewal General Fund	Capital Construction Fund	Urban Renewal Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:								
Restricted for:								
Urban renewal								
projects	\$ -	\$ -	\$ -	\$ 986,276	\$ -	\$ -	\$ -	\$ 986,276
Debt service	-	-	-	-	-	869,655	205,950	1,075,605
Capital projects	-	-	-	-	1,327,369	-	76,907	1,404,276
Committed for:								
Local								
improvements	-	-	-	-	-	-	462,114	462,114
Streets and roads	-	-	1,410,597	-	-	-	-	1,410,597
Public safety	-	193,045	-	-	-	-	-	193,045
Community								
development	-	-	-	-	-	-	1,092,159	1,092,159
Equipment								
purchases	-	-	-	-	-	-	210,880	210,880
Business								
development	-	-	-	-	-	-	158,282	158,282
Capital projects	-	-	-	-	-	-	845,103	845,103
Unassigned	<u>1,443,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443,976</u>
Total fund								
balances	<u>\$ 1,443,976</u>	<u>\$ 193,045</u>	<u>\$ 1,410,597</u>	<u>\$ 986,276</u>	<u>\$ 1,327,369</u>	<u>\$ 869,655</u>	<u>\$ 3,051,395</u>	<u>\$ 9,282,313</u>

**CITY OF VENETA**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**III. OTHER INFORMATION**

**A. Risk Management**

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

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

Name of Pension Plan

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

Description of Benefit Terms

*Plan Benefits – PERS Pension (Chapter 238)*

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

*PERS Pension*

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

*Pension Benefits*

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

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest).

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In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

*Disability Benefits*

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

*Benefit Changes after Retirement*

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

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

OPSRP Pension Program (OPSRP DB)

*Pension Benefits*

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

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

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit.

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To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

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

Contributions

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

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Employer contributions for the year ended June 30, 2018 were \$207,660.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Mortality rates are a percentage of health retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex distinct, generational per scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2014 Experience Study, which reviewed experience for the four-year period ended December 31, 2014.

Discount Rate

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

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Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption.

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>.

Assumed Asset Allocation

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

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

At June 30, 2018, the City reported a liability of \$1,289,460 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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June 30, 2018

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 the City's proportion was 0.0095657%.

For the year ended June 30, 2018, the City recognized pension expense of \$264,819. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,359	\$ -
Changes in assumptions	235,046	-
Net difference between projected and actual earnings on investments	13,284	-
Changes in proportionate share	18,591	(45,762)
Differences between employer contributions and employer's proportionate share of system contributions	17,307	(26,573)
Total (prior to post-MD contributions)	346,587	(72,335)
Contributions subsequent to the MD	142,906	-
Total (subsequent to the post-MD contributions)	\$ 489,493	\$ (72,335)

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

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June 30, 2018

Year ended June 30:	Deferred Outflow/ (Inflow) of Resources (prior to post- measurement date contributions)
2018	\$ 48,053
2019	153,489
2020	102,205
2021	(31,926)
2022	2,431

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

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

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

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 2,197,475	\$ 1,289,460	\$ 530,191

*Changes in Assumptions*

The Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS Board adopted a 7.20% assumed rate. The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board's policy decision from 2013 that the assumed rate will be effective January 1 following the Board's adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retires in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for a clear effective date for all transactions that involve calculations using both the rate and AEF components.

**D. New Pronouncements**

For the fiscal year ended June 30, 2018, the City implemented the following new accounting standards:

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

GASB Statement No. 85, *Omnibus 2017* - This statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* - This statement addresses the accounting and financial reporting for in-substance defeasance of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt.

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 84, *Fiduciary Activities* - This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* - This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for fiscal years beginning after June 15, 2018.

**E. Excess of Expenditures Over Appropriations**

The District expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriation was over-expended for the fiscal year ended June 30, 2018:

Fund	Function	Appropriations	Expenditures	Excess
Sewer Capital Construction Fund	Capital outlay	\$ 163,400	\$ 274,248	\$ 110,848

**F. Subsequent Events**

Management has evaluated subsequent events through December 31, 2018, which was the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**OREGON PERS SYSTEM**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00956570%	0.00965686%	0.01061507%	0.00862998%
City's proportionate share of the net pension liability (asset)	\$ 1,289,460	\$ 1,449,719	\$ 609,460	\$ (195,617)
City's covered-employee payroll (from actuarial exhibits)	\$ 889,881	\$ 843,609	\$ 725,675	\$ 722,475
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	145%	172%	84%	-27%
Plan fiduciary net position as a percentage of the total pension liability (asset) from audited schedules	83.12%	80.53%	91.88%	103.59%

**Schedule of City Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 207,660	\$ 168,377	\$ 104,326	\$ 73,693
Contributions in relation to the contractually required contribution	<u>(207,660)</u>	<u>(168,377)</u>	<u>(104,326)</u>	<u>(73,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 965,208	\$ 977,191	\$ 891,558	\$ 797,352
Contributions as a percentage of covered-employee payroll	22%	17%	12%	9%

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

GENERAL FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Property taxes	\$ 271,615	\$ 12,349	\$ 283,964
Franchise taxes	112,910	16,662	129,572
Licenses, permits, and fees	56,465	71,985	128,450
Operating grants and contributions	6,000	(243)	5,757
Intergovernmental charges	89,266	(7,280)	81,986
Charges for services	14,572	(3,662)	10,910
Fines	18,696	(5,229)	13,467
Investment earnings	6,540	17,025	23,565
Rents and leases	43,396	517	43,913
Miscellaneous	90,186	(69,784)	20,402
Total revenues	<u>709,646</u>	<u>32,340</u>	<u>741,986</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	430,698	(76,193)	354,505
Material and services	341,243	(72,187)	269,056
Capital outlay	113,430	(105,476)	7,954
Contingency	75,000	(75,000)	-
Total expenditures	<u>960,371</u>	<u>(328,856)</u>	<u>631,515</u>
Excess (deficiency) of revenues over (under) expenditures	(250,725)	361,196	110,471
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>3,000</u>	-	<u>3,000</u>
Net change in fund balance	(247,725)	361,196	113,471
Fund balance - beginning	<u>1,140,670</u>	<u>189,835</u>	<u>1,330,505</u>
Fund balance - ending	<u>\$ 892,945</u>	<u>\$ 551,031</u>	<u>\$ 1,443,976</u>

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

LAW ENFORCEMENT FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Property taxes	\$ 751,880	\$ 30,979	\$ 782,859
Licenses, permits and fees	36,848	(6,241)	30,607
Other taxes	19,240	10,745	29,985
Investment earnings	2,402	1,355	3,757
Total revenues	810,370	36,838	847,208
<b>EXPENDITURES</b>			
Current			
Materials and services	874,817	(6,415)	868,402
Capital outlay	450	(290)	160
Contingency	500	(500)	-
Total expenditures	875,767	(7,205)	868,562
Excess (deficiency) of revenues over (under) expenditures	(65,397)	44,043	(21,354)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,000	-	10,000
Net change in fund balance	(55,397)	44,043	(11,354)
Fund balance - beginning	162,600	41,799	204,399
Fund balance - ending	\$ 107,203	\$ 85,842	\$ 193,045

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

STREET FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	GAAP Basis
<b>REVENUES</b>			
Franchise Taxes	\$ 112,910	\$ 16,662	\$ 129,572
Fees and charges	178,930	20,110	199,040
Intergovernmental	600,633	33,887	634,520
Investment earnings	8,530	15,477	24,007
Miscellaneous	805	41	846
	<u>901,808</u>	<u>86,177</u>	<u>987,985</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	193,878	(23,663)	170,215
Materials and services	843,463	(55,177)	788,286
Capital outlay	184,705	(12,121)	172,584
Contingency	100,000	(100,000)	-
	<u>1,322,046</u>	<u>(190,961)</u>	<u>1,131,085</u>
Excess (deficiency) of revenues over (under) expenditures	(420,238)	277,138	(143,100)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	150,000	-	150,000
Transfers out	(9,000)	(4,000)	(5,000)
	<u>141,000</u>	<u>4,000</u>	<u>145,000</u>
Net change in fund balance	(279,238)	281,138	1,900
Fund balance - beginning	<u>911,541</u>	<u>497,156</u>	<u>1,408,697</u>
Fund balance - ending	<u>\$ 632,303</u>	<u>\$ 778,294</u>	<u>\$ 1,410,597</u>

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

VENETA URBAN RENEWAL AGENCY - GENERAL FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Investment earnings	\$ 1,157	\$ 11,909	\$ 13,066	\$ -	\$ 13,066
<b>EXPENDITURES</b>					
Current					
Materials and services	106,052	(75,010)	31,042	(31,042)	-
Urban renewal	-	-	-	499,368	499,368
Contingency	50,000	(50,000)	-	-	-
Total expenditures	156,052	(125,010)	31,042	468,326	499,368
Excess (deficiency) of revenues over (under) expenditures	(154,895)	136,919	(17,976)	(468,326)	(486,302)
<b>OTHER FINANCING</b>					
<b>SOURCES (USES)</b>					
Loan proceeds	600,000	-	600,000	-	600,000
Transfers out	(577,507)	(109,181)	(468,326)	468,326	-
Total other financing sources (uses)	22,493	(109,181)	131,674	468,326	600,000
Net change in fund balance	(132,402)	27,738	113,698	-	113,698
Fund balance - beginning	417,492	455,086	872,578	-	872,578
Fund balance - ending	\$ 285,090	\$ 482,824	\$ 986,276	\$ -	\$ 986,276

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

CAPITAL CONSTRUCTION FUND - GOVERNMENTAL

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Charges for services	\$ 102,930	\$ (46,336)	\$ 56,594
Investment earnings	6,003	15,370	21,373
Miscellaneous	1,000	(1,000)	-
Total revenues	109,933	(31,966)	77,967
<b>EXPENDITURES</b>			
Capital outlay	75,000	(73,409)	1,591
Excess (deficiency) of revenues over (under) expenditures	34,933	41,443	76,376
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(80,000)	80,000	-
Net change in fund balance	(45,067)	121,443	76,376
Fund balance - beginning	1,229,962	21,031	1,250,993
Fund balance - ending	\$ 1,184,895	\$ 142,474	\$ 1,327,369

**OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

**CITY OF VENETA**  
**Lane County, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue					
	Local Improvements Fund	Parks and Recreation Fund	Planning Fund	Storm-water Fund	Zumwalt Campground Fund	Business Assistance Loan/Grants
<b>ASSETS</b>						
Cash and cash equivalents	\$ 327,861	\$ 613,976	\$ 280,033	\$ 193,564	\$ 134,477	\$ 158,282
Accounts and other receivables	-	14,351	13,285	5,508	-	-
Property taxes receivable	-	12,475	10,970	-	-	-
Liens receivable	<u>36,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 364,540</u>	<u>\$ 640,802</u>	<u>\$ 304,288</u>	<u>\$ 199,072</u>	<u>\$ 134,477</u>	<u>\$ 158,282</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 23,284	\$ 3,859	\$ 4	\$ 224	\$ -
Unearned revenue	-	474	612	-	-	-
Accrued liabilities	<u>-</u>	<u>325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>24,083</u>	<u>4,471</u>	<u>4</u>	<u>224</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue						
- liens	36,679	-	-	-	-	-
- property taxes	<u>-</u>	<u>12,475</u>	<u>10,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>36,679</u>	<u>12,475</u>	<u>10,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	-	-	-	-	-	-
Committed	<u>327,861</u>	<u>604,244</u>	<u>288,847</u>	<u>199,068</u>	<u>134,253</u>	<u>158,282</u>
Total fund balances	<u>327,861</u>	<u>604,244</u>	<u>288,847</u>	<u>199,068</u>	<u>134,253</u>	<u>158,282</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 364,540</u>	<u>\$ 640,802</u>	<u>\$ 304,288</u>	<u>\$ 199,072</u>	<u>\$ 134,477</u>	<u>\$ 158,282</u>

Capital Projects Funds					Total
Pool Facilities Fund	Governmental Reserve Fund	Public Works Equipment	West Broadway Fund	Debt Service Fund	Nonmajor Governmental Funds
\$ 118,562	\$ 785,451	\$ 210,880	\$ 59,652	\$ 206,138	\$ 3,088,876
18,345	-	-	-	-	51,489
-	-	-	-	6,863	30,308
-	-	-	-	-	36,679
<u>\$ 136,907</u>	<u>\$ 785,451</u>	<u>\$ 210,880</u>	<u>\$ 59,652</u>	<u>\$ 213,001</u>	<u>\$ 3,207,352</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,371
60,000	-	-	-	188	61,274
-	-	-	-	-	325
<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188</u>	<u>88,970</u>
-	-	-	-	-	36,679
-	-	-	-	6,863	30,308
-	-	-	-	6,863	66,987
76,907	-	-	-	205,950	282,857
-	785,451	210,880	59,652	-	2,768,538
<u>76,907</u>	<u>785,451</u>	<u>210,880</u>	<u>59,652</u>	<u>205,950</u>	<u>3,051,395</u>
<u>\$ 136,907</u>	<u>\$ 785,451</u>	<u>\$ 210,880</u>	<u>\$ 59,652</u>	<u>\$ 213,001</u>	<u>\$ 3,207,352</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	Special Revenue				
	Local Improvements Fund	Parks and Recreation Fund	Planning Fund	Storm-water Fund	Inverse Condemnation Fund
<b>REVENUES</b>					
Property taxes	\$ -	\$ 221,741	\$ 191,705	\$ -	\$ -
Charges for services	-	60,580	63,845	-	-
State revenue sharing	-	49,836	-	-	-
Operating grants	-	-	-	-	-
Fees and charges	27,282	-	-	65,793	-
Other taxes	-	29,985	-	-	-
Investment earnings	6,975	9,859	4,032	2,933	-
Miscellaneous	-	390	120	4	-
Total revenues	<u>34,257</u>	<u>372,391</u>	<u>259,702</u>	<u>68,730</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	210,494	-	-
Public works	-	-	-	40,397	-
Culture and recreation	-	364,518	-	-	-
Debt service	16,024	-	-	-	-
Capital outlay	-	642	321	160	-
Total expenditures	<u>16,024</u>	<u>365,160</u>	<u>210,815</u>	<u>40,557</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,233</u>	<u>7,231</u>	<u>48,887</u>	<u>28,173</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	20,000	-	1,190	-
Transfers out	(95,000)	-	-	-	(5,409)
Total other financing sources (uses)	<u>(95,000)</u>	<u>20,000</u>	<u>-</u>	<u>1,190</u>	<u>(5,409)</u>
Net change in fund balances	(76,767)	27,231	48,887	29,363	(5,409)
Fund balances - beginning	<u>404,628</u>	<u>577,013</u>	<u>239,960</u>	<u>169,705</u>	<u>5,409</u>
Fund balances - ending	<u>\$ 327,861</u>	<u>\$ 604,244</u>	<u>\$ 288,847</u>	<u>\$ 199,068</u>	<u>\$ -</u>

Special Revenue		Capital Projects Funds					Total
Zumwalt Campground Fund	Business Assistance Loan/Grants	Pool Facilities Fund	Governmental Reserve Fund	Public Works Equipment	West Broadway Fund	Debt Service Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,703	\$ 504,149
69,447	-	-	-	-	-	-	193,872
-	-	-	-	-	-	-	49,836
-	-	1,702	-	-	-	-	1,702
-	-	-	-	-	-	-	93,075
-	-	-	-	-	-	-	29,985
2,151	2,700	2,326	15,857	3,320	1,011	2,494	53,658
210	-	1,300	-	-	-	-	2,024
<u>71,808</u>	<u>2,700</u>	<u>5,328</u>	<u>15,857</u>	<u>3,320</u>	<u>1,011</u>	<u>93,197</u>	<u>928,301</u>
-	-	-	-	-	-	-	210,494
-	-	-	-	-	-	-	40,397
30,258	-	20,047	-	-	-	-	414,823
-	-	-	-	-	-	87,559	103,583
-	-	-	-	-	-	-	1,123
<u>30,258</u>	<u>-</u>	<u>20,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,559</u>	<u>770,420</u>
<u>41,550</u>	<u>2,700</u>	<u>(14,719)</u>	<u>15,857</u>	<u>3,320</u>	<u>1,011</u>	<u>5,638</u>	<u>157,881</u>
-	-	-	-	15,000	-	-	36,190
<u>(32,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,409)</u>
<u>(32,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>(247,219)</u>
9,550	1,700	(14,719)	(134,143)	18,320	1,011	5,638	(89,338)
<u>124,703</u>	<u>156,582</u>	<u>91,626</u>	<u>919,594</u>	<u>192,560</u>	<u>58,641</u>	<u>200,312</u>	<u>3,140,733</u>
<u>\$ 134,253</u>	<u>\$ 158,282</u>	<u>\$ 76,907</u>	<u>\$ 785,451</u>	<u>\$ 210,880</u>	<u>\$ 59,652</u>	<u>\$ 205,950</u>	<u>\$ 3,051,395</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

LOCAL IMPROVEMENTS FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Fees and charges	\$ 3,100	\$ 24,182	\$ 27,282
Investment earnings	1,125	5,850	6,975
Total revenues	4,225	30,032	34,257
<b>EXPENDITURES</b>			
Current			
Materials and services	275	(275)	-
Debt service	116,523	(100,499)	16,024
Total expenditures	116,798	(100,774)	16,024
Excess (deficiency) of revenues over (under) expenditures	(112,573)	130,806	18,233
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(95,000)	-	(95,000)
Net change in fund balance	(207,573)	130,806	(76,767)
Fund balance - beginning	380,407	24,221	404,628
Fund balance - ending	\$ 172,834	\$ 155,027	\$ 327,861

**CITY OF VENETA**  
**Lane County, Oregon**

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

PARKS AND RECREATION FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Property taxes	\$ 210,733	\$ 11,008	\$ 221,741
Charges for services	50,510	10,070	60,580
Intergovernmental	43,271	6,565	49,836
Other taxes	19,232	10,753	29,985
Investment earnings	2,281	7,578	9,859
Miscellaneous	2,898	(2,508)	390
	<u>328,925</u>	<u>43,466</u>	<u>372,391</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	265,082	(58,824)	206,258
Materials and services	229,922	(71,662)	158,260
Capital outlay	14,605	(13,963)	642
Contingency	20,000	(20,000)	-
	<u>529,609</u>	<u>(164,449)</u>	<u>365,160</u>
Excess (deficiency) of revenues over (under) expenditures	(200,684)	207,915	7,231
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,000	-	20,000
	<u>(180,684)</u>	<u>207,915</u>	<u>27,231</u>
Net change in fund balance			
Fund balance - beginning	425,420	151,593	577,013
Fund balance - ending	<u>\$ 244,736</u>	<u>\$ 359,508</u>	<u>\$ 604,244</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

PLANNING FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>				
Property taxes	\$ 183,560	\$ 183,560	\$ 8,145	\$ 191,705
Charges for services	46,975	46,975	16,870	63,845
Investment earnings	1,286	1,286	2,746	4,032
Miscellaneous	216	216	(96)	120
Total revenues	<u>232,037</u>	<u>232,037</u>	<u>27,665</u>	<u>259,702</u>
<b>EXPENDITURES</b>				
Current				
Personnel services	170,264	185,264	(20,379)	164,885
Materials and services	60,139	60,139	(14,530)	45,609
Capital outlay	6,510	6,510	(6,189)	321
Contingency	25,000	10,000	(10,000)	-
Total expenditures	<u>261,913</u>	<u>261,913</u>	<u>(51,098)</u>	<u>210,815</u>
Excess (deficiency) of revenues over (under) expenditures	(29,876)	(29,876)	78,763	48,887
Fund balance - beginning	<u>185,453</u>	<u>185,453</u>	<u>54,507</u>	<u>239,960</u>
Fund balance - ending	<u>\$ 155,577</u>	<u>\$ 155,577</u>	<u>\$ 133,270</u>	<u>\$ 288,847</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

STORM-WATER FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Fees and charges	\$ 65,070	\$ 723	\$ 65,793
Investment earnings	970	1,963	2,933
Miscellaneous	244	(240)	4
Total revenues	66,284	2,446	68,730
<b>EXPENDITURES</b>			
Current			
Personnel services	42,345	(5,577)	36,768
Materials and services	53,671	(50,042)	3,629
Capital outlay	2,695	(2,535)	160
Contingency	10,000	(10,000)	-
Total expenditures	108,711	(68,154)	40,557
Excess (deficiency) of revenues over (under) expenditures	(42,427)	70,600	28,173
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,208	(18)	1,190
Net change in fund balance	(41,219)	70,582	29,363
Fund balance - beginning	154,144	15,561	169,705
Fund balance - ending	\$ 112,925	\$ 86,143	\$ 199,068

**CITY OF VENETA**  
**Lane County, Oregon**

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

INVERSE CONDEMNATION FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current			
Materials and services	25	(25)	-
Excess (deficiency) of revenues over (under) expenditures	(25)	25	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(5,708)	(299)	(5,409)
Net change in fund balance	(5,733)	324	(5,409)
Fund balance - beginning	5,733	(324)	5,409
Fund balance - ending	\$ -	\$ -	\$ -

**CITY OF VENETA**  
**Lane County, Oregon**

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

ZUMWALT CAMPGROUND FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Charges for services	\$ 67,841	\$ 1,606	\$ 69,447
Investment earnings	669	1,482	2,151
Miscellaneous	303	(93)	210
Total revenues	68,813	2,995	71,808
<b>EXPENDITURES</b>			
Current			
Materials and services	41,835	(11,577)	30,258
Excess (deficiency) of revenues over (under) expenditures	26,978	14,572	41,550
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(32,000)	-	(32,000)
Net change in fund balance	(5,022)	14,572	9,550
Fund balance - beginning	109,780	14,923	124,703
Fund balance - ending	\$ 104,758	\$ 29,495	\$ 134,253

**CITY OF VENETA**  
**Lane County, Oregon**

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

BUSINESS ASSISTANCE LOAN/GRANT FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Investment earnings	\$ 938	\$ 1,762	\$ 2,700
Miscellaneous	20	(20)	-
Total revenues	958	1,742	2,700
<b>EXPENDITURES</b>			
Current			
Materials and services	64,050	(64,050)	-
Excess (deficiency) of revenues over (under) expenditures	(63,092)	65,792	2,700
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,000)	-	(1,000)
Net change in fund balance	(64,092)	65,792	1,700
Fund balance - beginning	116,818	39,764	156,582
Fund balance - ending	\$ 52,726	\$ 105,556	\$ 158,282

**CITY OF VENETA**  
**Lane County, Oregon**

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

GRANTS FUND

For the Year Ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>			
Grants	\$ 400,000	\$ (400,000)	\$ -
<b>EXPENDITURES</b>			
Current			
Materials and services	<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

POOL FACILITIES FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Grants	\$ 175,000	\$ (173,298)	\$ 1,702
Intergovernmental	80,000	(80,000)	-
Investment earnings	50	2,276	2,326
Miscellaneous	1,000	300	1,300
Total revenues	256,050	(250,722)	5,328
<b>EXPENDITURES</b>			
Current			
Materials and services	25	(25)	-
Capital outlay	350,000	(329,953)	20,047
Total expenditures	350,025	(329,978)	20,047
Excess (deficiency) of revenues over (under) expenditures	(93,975)	79,256	(14,719)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	80,000	(80,000)	-
Net change in fund balance	(13,975)	(744)	(14,719)
Fund balance - beginning	21,425	70,201	91,626
Fund balance - ending	\$ 7,450	\$ 69,457	\$ 76,907

**CITY OF VENETA**  
**Lane County, Oregon**

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

GOVERNMENTAL RESERVE FUND

For the Year Ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>			
Investment earnings	\$ 4,481	\$ 11,376	\$ 15,857
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	4,481	11,376	15,857
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,000	(4,000)	-
Transfers out	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balance	(141,519)	7,376	(134,143)
Fund balance - beginning	<u>918,752</u>	<u>842</u>	<u>919,594</u>
Fund balance - ending	<u>\$ 777,233</u>	<u>\$ 8,218</u>	<u>\$ 785,451</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Investment income	\$ 1,075	\$ 2,245	\$ 3,320
<b>EXPENDITURES</b>			
Capital outlay	5,000	(5,000)	-
Excess (deficiency) of revenues over (under) expenditures	(3,925)	7,245	3,320
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	15,000	-	15,000
Net change in fund balance	11,075	7,245	18,320
Fund balance - beginning	183,741	8,819	192,560
Fund balance - ending	\$ 194,816	\$ 16,064	\$ 210,880

**CITY OF VENETA**  
**Lane County, Oregon**

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

WEST BROADWAY FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Investment earnings	\$ 348	\$ 663	\$ 1,011
Miscellaneous	40,010	(40,010)	-
Total revenues	40,358	(39,347)	1,011
<b>EXPENDITURES</b>			
Current			
Materials and supplies	300	(300)	-
Capital outlay	55,000	(55,000)	-
Total expenditures	55,300	(55,300)	-
Excess (deficiency) of revenues over (under) expenditures	(14,942)	15,953	1,011
Fund balance - beginning	58,050	591	58,641
Fund balance - ending	\$ 43,108	\$ 16,544	\$ 59,652

**CITY OF VENETA**  
**Lane County, Oregon**

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

DEBT SERVICE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Property taxes	\$ 86,881	\$ 3,822	\$ 90,703
Investment earnings	465	2,029	2,494
Total revenues	87,346	5,851	93,197
<b>EXPENDITURES</b>			
Debt service	90,000	(2,441)	87,559
Excess (deficiency) of revenues over (under) expenditures	(2,654)	8,292	5,638
Fund balance - beginning	140,250	60,062	200,312
Fund balance - ending	\$ 137,596	\$ 68,354	\$ 205,950

**CITY OF VENETA**  
**Lane County, Oregon**

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

VENETA URBAN RENEWAL AGENCY - DEBT SERVICE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Property taxes	\$ 691,526	\$ (14,123)	\$ 677,403	\$ -	\$ 677,403
Investment earnings	3,169	13,015	16,184	-	16,184
Total revenues	<u>694,695</u>	<u>(1,108)</u>	<u>693,587</u>	<u>-</u>	<u>693,587</u>
<b>EXPENDITURES</b>					
Debt service	<u>1,003,950</u>	<u>(123,106)</u>	<u>880,844</u>	<u>-</u>	<u>880,844</u>
Excess (deficiency) of revenues over (under) expenditures	(309,255)	121,998	(187,257)	-	(187,257)
Fund balance - beginning	<u>1,272,067</u>	<u>(215,155)</u>	<u>1,056,912</u>	<u>-</u>	<u>1,056,912</u>
Fund balance - ending	<u>\$ 962,812</u>	<u>\$ (93,157)</u>	<u>\$ 869,655</u>	<u>\$ -</u>	<u>\$ 869,655</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

WATER FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
<b>REVENUES</b>						
Water sales	\$ 1,020,617	\$ 1,020,617	\$ 20,912	\$ 1,041,529	\$ -	\$ 1,041,529
Intergovernmental	129,600	129,600	-	129,600	-	129,600
Investment earnings	12,689	12,689	32,954	45,643	-	45,643
Licenses and permits	12,000	12,000	(9,500)	2,500	-	2,500
Rents and leases	8,754	8,754	3,726	12,480	-	12,480
Miscellaneous	1,612	1,612	(270)	1,342	-	1,342
Total revenues	<u>1,185,272</u>	<u>1,185,272</u>	<u>47,822</u>	<u>1,233,094</u>	<u>-</u>	<u>1,233,094</u>
<b>EXPENSES</b>						
Current						
Personnel services	305,838	305,838	(35,011)	270,827	29,964	300,791
Materials and supplies	406,018	406,018	(130,254)	275,764	(1,605)	274,159
Capital outlay	12,355	12,355	(10,751)	1,604	-	1,604
Debt service	381,156	401,156	(31,106)	370,050	(99,161)	270,889
Depreciation	-	-	-	-	404,296	404,296
Contingency	100,000	80,000	(80,000)	-	-	-
Total expenses	<u>1,205,367</u>	<u>1,205,367</u>	<u>(287,122)</u>	<u>918,245</u>	<u>333,494</u>	<u>1,251,739</u>
Excess (deficiency) of revenues over (under) expenses	(20,095)	(20,095)	334,944	314,849	(333,494)	(18,645)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	60,000	60,000
Transfers out	(5,000)	(5,000)	-	(5,000)	-	(5,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>60,000</u>	<u>55,000</u>
Change in net position	(25,095)	(25,095)	334,944	309,849	(273,494)	36,355
Net position - beginning	<u>2,417,605</u>	<u>2,417,605</u>	<u>259,893</u>	<u>2,677,498</u>	<u>6,345,599</u>	<u>9,023,097</u>
Net position - ending	<u>\$ 2,392,510</u>	<u>\$ 2,392,510</u>	<u>\$ 594,837</u>	<u>\$ 2,987,347</u>	<u>\$ 6,072,105</u>	<u>\$ 9,059,452</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

SEWER FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Sewer charges	\$ 1,018,236	\$ 17,457	\$ 1,035,693	\$ -	\$ 1,035,693
Investment earnings	9,439	21,540	30,979	-	30,979
Licenses and permits	3,000	(2,000)	1,000	-	1,000
Rents and leases	9,600	-	9,600	-	9,600
Miscellaneous	25	10,466	10,491	-	10,491
<b>Total revenues</b>	<b>1,040,300</b>	<b>47,463</b>	<b>1,087,763</b>	<b>-</b>	<b>1,087,763</b>
<b>EXPENSES</b>					
Current					
Personnel services	375,132	(39,973)	335,159	29,964	365,123
Materials and services	496,202	(282,080)	214,122	-	214,122
Capital outlay	12,355	(10,751)	1,604	(1,604)	-
Debt service	193,150	(80,541)	112,609	(41,360)	71,249
Depreciation	-	-	-	297,291	297,291
Contingency	100,000	(100,000)	-	-	-
<b>Total expenses</b>	<b>1,176,839</b>	<b>(513,345)</b>	<b>663,494</b>	<b>284,291</b>	<b>947,785</b>
Excess (deficiency) of revenues over (under) expenses	(136,539)	560,808	424,269	(284,291)	139,978
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	99,500	(281)	99,219	315,666	414,885
Transfers out	(5,000)	-	(5,000)	-	(5,000)
Change in net position	(42,039)	560,527	518,488	31,375	549,863
Net position - beginning	1,314,466	485,991	1,800,457	4,777,968	6,578,425
Net position - ending	\$ 1,272,427	\$ 1,046,518	\$ 2,318,945	\$ 4,809,343	\$ 7,128,288

**CITY OF VENETA**  
**Lane County, Oregon**

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

WATER CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
System development charges	\$ 99,135	\$ (79,309)	\$ 19,826	\$ 2,276	\$ 22,102
Investment earnings	<u>1,904</u>	<u>(455)</u>	<u>1,449</u>	<u>-</u>	<u>1,449</u>
Total revenues	<u>101,039</u>	<u>(79,764)</u>	<u>21,275</u>	<u>2,276</u>	<u>23,551</u>
<b>EXPENSES</b>					
Current					
Materials and services	25	(25)	-	-	-
Debt service	60,000	(2,276)	57,724	(57,724)	-
Capital outlay	<u>110,000</u>	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>170,025</u>	<u>(112,301)</u>	<u>57,724</u>	<u>(57,724)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	(68,986)	32,537	(36,449)	(55,448)	23,551
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>
Change in net position	(68,986)	32,537	(36,449)	(115,448)	(36,449)
Net position - beginning	<u>73,385</u>	<u>13,425</u>	<u>86,810</u>	<u>-</u>	<u>86,810</u>
Net position - ending	<u>\$ 4,399</u>	<u>\$ 45,962</u>	<u>\$ 50,361</u>	<u>\$ (115,448)</u>	<u>\$ 50,361</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

SEWER CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
System development charges	\$ 86,670	\$ (48,900)	\$ 37,770	\$ (11,777)	\$ 25,993
Investment earnings	<u>14,086</u>	<u>21,857</u>	<u>35,943</u>	<u>-</u>	<u>35,943</u>
Total revenues	<u>100,756</u>	<u>(27,043)</u>	<u>73,713</u>	<u>(11,777)</u>	<u>61,936</u>
<b>EXPENSES</b>					
Current					
Materials and services	20,000	(8,194)	11,806	-	11,806
Capital outlay	163,400	110,848	274,248	(274,248)	-
Debt service	<u>236,992</u>	<u>(81,095)</u>	<u>155,897</u>	<u>(78,726)</u>	<u>77,171</u>
Total expenses	<u>420,392</u>	<u>21,559</u>	<u>441,951</u>	<u>(352,974)</u>	<u>88,977</u>
Excess (deficiency) of revenues over (under) expenses	(319,636)	(48,602)	(368,238)	341,197	(27,041)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315,666)</u>	<u>(315,666)</u>
Change in net position	(319,636)	(48,602)	(368,238)	25,531	(342,707)
Net position - beginning	<u>1,878,891</u>	<u>208,827</u>	<u>2,087,718</u>	<u>(167,018)</u>	<u>1,920,700</u>
Net position - ending	<u>\$ 1,559,255</u>	<u>\$ 160,225</u>	<u>\$ 1,719,480</u>	<u>\$ (141,487)</u>	<u>\$ 1,577,993</u>

**CITY OF VENETA**  
**Lane County, Oregon**

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

ENTERPRISE RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Investment earnings	\$ 7,247	\$ 16,258	\$ 23,505
<b>EXPENSES</b>	-	-	-
Excess (deficiency) of revenues over (under) expenses	7,247	16,258	23,505
Net position - beginning	1,357,017	6,172	1,363,189
Net position - ending	\$ 1,364,264	\$ 22,430	\$ 1,386,694

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



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council  
City of Veneta  
Veneta, Oregon 97487

We have audited the basic financial statements of the City of Veneta as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

**Compliance**

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

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

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

**Indebtedness limitations, restrictions, and repayment**

**Budgets legally required (ORS Chapter 294)**

**Insurance and fidelity bonds in force or required by law**

**Programs funded from outside sources**

**Highway revenues used for public highways, roads, and streets**

**Authorized investment of surplus funds (ORS Chapter 294)**

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

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

1. The City expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriation was over-expended for the fiscal year ended June 30, 2018:

Fund	Function	Appropriations	Expenditures	Excess
Sewer Capital Construction Fund	Capital outlay	\$ 163,400	\$ 274,248	\$ 110,848

**OAR 162-010-0230 Internal Control**

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

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

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

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

  
 Accuity, LLC

December 31, 2018



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council  
City of Veneta  
Veneta, Oregon 97487

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2018.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

1. The City expended funds in excess of the amounts appropriated, which is in violation of ORS 294.100. The following appropriation was over-expended for the fiscal year ended June 30, 2018:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Sewer Capital Construction Fund	Capital outlay	\$ 163,400	\$ 274,248	\$ 110,848

## Purpose of this Report

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



Accuity, LLC

Albany, Oregon  
December 31, 2018