

**URBAN RENEWAL AGENCY OF THE
CITY OF VENETA**

(A Component Unit of the City of Veneta)

VENETA, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

URBAN RENEWAL AGENCY OF THE CITY OF VENETA
(A Component Unit of the City of Veneta)

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88145 9th Street, Veneta, Oregon 97487

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

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

T.J. BROOKER (*Appointed August 13, 2013*). Member
P.O. Box 655, Veneta, Oregon 97487

THOMAS COTTER Member
88098 Huston Road, Veneta, Oregon 97487

BRITTANY BOOTHE Member
24781 Dunham Avenue, Veneta, Oregon 97487

AGENCY ADMINISTRATION

R. RIC INGHAM City Administrator

SHAUNA HARTZ Finance Director

URBAN RENEWAL AGENCY OF THE CITY OF VENETA
(A Component Unit of the City of Veneta)

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the Urban Renewal Agency Board
of the City of Veneta, Oregon

I have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Veneta, Oregon, (the Agency), a component unit of the City of Veneta, Oregon, as of and for the year ended June 30, 2013, which collectively comprise the Agency'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 standards 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 fraud or error.

Auditor's Responsibility

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

An audit 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, I 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.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

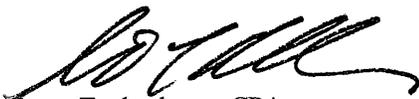
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The additional supporting schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Agency.

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 my opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other schedules listed in the table of contents as Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the Urban Renewal Agency of the City of Veneta's internal control over financial reporting and on 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 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 Urban Renewal Agency of the City of Veneta's internal control over financial reporting and compliance.



Steve Tuchscherer, CPA
December 23, 2013

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

MANAGEMENT'S DISCUSSION and ANALYSIS

For the Fiscal Year Ended June 30, 2013

Unaudited

The management staff of the Veneta Urban Renewal Agency (Agency), a component unit of the City of Veneta, Oregon presents this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2013. Readers are encouraged to consider the information presented here in conjunction with the Agency's financial statements which follow this discussion and analysis.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Veneta Urban Renewal Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The notes are followed by two other components containing required and other supplementary information.

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

The "Statement of Net Position" presents information on all of the Agency'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 Agency's financial position is improving or deteriorating.

The "Statement of Activities" presents information showing how the Agency'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. An example of such items would be earned, but uncollected, property taxes.

Both of the government-wide financial statements distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenue (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 Urban Renewal Agency include but not limited to general government, community development, and economic development. The Agency does not have any business-type activities.

The Agency does not have any component units; however, the Agency is a component unit of the City of Veneta. Financial information for the City (known as the primary government) is reported separately from the financial information presented for the component unit itself.

For more explanation of these reports, please refer to NOTES TO THE BASIC FINANCIAL STATEMENTS Section 1. (B), (C).

Fund Financial Statements. 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. The Agency, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds can be divided into three main categories: governmental funds, proprietary funds, or fiduciary funds.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

MANAGEMENT'S DISCUSSION and ANALYSIS

For the Fiscal Year Ended June 30, 2013

Unaudited

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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Veneta Urban Renewal Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, both of which are considered to be major funds. The Agency has no other funds, so presentation of combined or non-major governmental funds is not necessary.

The Agency adopts an annual appropriated budget for its general and debt service funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 10-13 of this report.

Proprietary funds. The Agency has no proprietary funds.

Fiduciary Fund. The Agency has no fiduciary funds.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements. The notes to the basic financial statements can be found on pages 14-22.

Other Information. The individual statements referred to earlier, including budgetary comparisons, can be found on pages 23-24. The report contains one other schedule which is presented immediately following the required supplementary information.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

MANAGEMENT'S DISCUSSION and ANALYSIS For the Fiscal Year Ended June 30, 2013 Unaudited

Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial health. In the case of the Agency, assets were \$758,247 less than liabilities at the close of fiscal year 2013.

This is a significant increase compared to last fiscal year. One contributing factor is that the Agency did not make any indirect investments into the capital assets of the City of Veneta during the year.

Veneta Urban Renewal Agency Summary of Net Position

	<u>June 2013</u>	<u>June 2012</u>	<u>Change</u>	<u>%</u>
<u>Assets</u>				
Cash and investments	\$985,611	\$766,774	\$218,837	28.54%
Property Taxes Receivable	53,966	50,195	3,771	7.51%
Total Assets	<u>1,039,577</u>	<u>816,969</u>	<u>222,608</u>	<u>27.25%</u>
<u>Liabilities</u>				
Accounts Payable	6,543	111,612	(105,069)	-94.14%
Accrued Interest	31,281	34,391	(3,110)	-9.04%
Bonds Payable:				
Due within One Year	180,000	175,000	5,000	2.86%
Due after One Year	1,580,000	1,760,000	(180,000)	-10.23%
Total Liabilities	<u>1,797,824</u>	<u>2,081,003</u>	<u>(283,179)</u>	<u>-13.61%</u>
<u>Net Position</u>				
Restricted for Capital Projects	341,668	381,184	(39,516)	-10.37%
Restricted for Debt Service	638,778	273,978	364,800	133.15%
Unrestricted	<u>-1,738,693</u>	<u>-1,919,196</u>	<u>180,503</u>	<u>9.41%</u>
Total Net Position	<u>\$ (758,247)</u>	<u>\$ (1,264,034)</u>	<u>\$505,787</u>	<u>40.01%</u>

Restricted net position is \$325,284 more than they were last year.

At the end of the current fiscal year, the Agency reported negative balances in both categories of net position (government as a whole and governmental activity). The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Agency's net position by \$505,788 which was significantly better than the \$92,508 reduction last fiscal year. As stated above, the improvement can be attributed to the lack of indirect capital project investments that the Agency made in fiscal year 2012-13 compared to \$600,000 fiscal year 2011-12.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

MANAGEMENT'S DISCUSSION and ANALYSIS

For the Fiscal Year Ended June 30, 2013

Unaudited

Veneta Urban Renewal Agency Changes in Net Position

	<u>June 2013</u>	<u>June 2012</u>	<u>Change</u>	<u>%</u>
<u>Revenues</u>				
Property Taxes	\$ 648,768	\$ 656,473	\$ (7,705)	-1%
Other Revenue	5,125	-	5,125	0%
Investment Earnings	1,753	740	1,013	137%
Total Revenues	<u>655,646</u>	<u>657,213</u>	<u>(1,567)</u>	<u>0%</u>
<u>Expenses</u>				
Current Operating:				
General Government	31,655	24,216	7,439	31%
Debt Service:				
Interest and Fees on Debt	104,296	113,298	(9,002)	-8%
Total Expenses	<u>135,951</u>	<u>137,514</u>	<u>(1,563)</u>	<u>-1%</u>
Excess / (Deficiency) of Revenue vs. Expense	519,695	519,699	(4)	0%
<u>Other Financing Sources / (Uses)</u>				
Transfer to City of Veneta	(13,907)	(612,207)	598,300	97.73%
Change in Net Position	505,788	(92,508)	598,296	646.75%
Net Position, Beg. of Year	(1,264,034)	(1,171,526)	(92,508)	-7.90%
Net Position, End of Year	<u>\$ (758,246)</u>	<u>\$ (1,264,034)</u>	<u>\$ 505,788</u>	<u>40.01%</u>

- ❖ Property tax revenue was not significantly different from the amount received in fiscal year 2011-12.
- ❖ Investment earnings increased by a little over \$1,000.
- ❖ Overall the total revenue decreased slightly.
- ❖ Expenditures were less than last year, largely because the Agency did not take out a Du Jour loan during FY2013.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

MANAGEMENT'S DISCUSSION and ANALYSIS For the Fiscal Year Ended June 30, 2013 Unaudited

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Agency's governmental funds reported a combined ending fund balance of \$980,446, an increase of \$325,284 in comparison with the prior year. For the most part the fund balance is not available for spending at the government's discretion. The entire fund balance is restricted to future capital projects and development programs (\$341,668) and to pay debt service (\$638,778).

The general fund is the chief operating fund of the Urban Renewal Agency. At the end of the current fiscal year the total fund balance reached \$341,668. The entire amount is restricted. As a measure of the general fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The fund balance exceeds the total general fund expenditures, for the current year, by \$310,003.

During the current fiscal year the Agency's fund balances increased by \$325,284. Key factors in this increase are as follows:

- ❖ Property tax collections allocated to debt service payments exceeded debt services expenditures by \$363,968.
- ❖ Paid for an intern, through the VISTA program, to act as a liaison between the non-profit groups associated with the Fern Ridge Service Center.

General Fund Budgetary Highlights

The adopted budget in the General Fund did not change during the fiscal year. Significant variances between budget and actual activity are summarized as follows:

- ❖ Revenues from investment earnings were considerably higher than expected.
- ❖ As mentioned above the decision was made during the year to not incur a short term loan.
- ❖ Other than the intern, explained above, the Agency spent minimal amounts for materials and services. Programs and projects budgeted for have been postponed to a future fiscal year.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

MANAGEMENT'S DISCUSSION and ANALYSIS For the Fiscal Year Ended June 30, 2013 Unaudited

Capital Asset and Debt Administration

Capital Assets. The Agency does not have any capital or infrastructure assets. No new debt was incurred within the fiscal year ending June 30, 2013.

Long-Term Debt. At the end of the current fiscal year, the Agency had total debt outstanding of \$1,760,000. The entire amount is from a Series 2001 Bond Issue.

The Urban Renewal Agency's total debt decreased by \$175,000 during the fiscal year.

The Agency did not issue any new bonds or incur any other long-term debt during the current fiscal year.

Additional information on the Agency's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budgets and Rates

Property tax revenue has remained fairly stable. Oregon's property tax system, where assessed values for tax purposes are not tied to real market values, has allowed revenue to remain stable even as real market value had declined.

The Agency will continue to explore opportunities to stimulate and/or support economic development especially in the newly created downtown area. The Board members are hopeful that the construction of the much anticipated Fern Ridge Service Center (FRSC) on W. Broadway, between Territorial Hwy and 2nd Street, which began in December 2012, will supplement the other development efforts. The FRSC will be a multi-faceted building housing numerous local assistance programs.

All of these factors were considered when preparing the budget for the 2013-2014 fiscal year.

During the current fiscal year the fund balance in the general fund decreased to \$341,668. The Agency has not appropriated any of this amount for spending in the 2014 fiscal year budget. The planned increase of fund balance will only occur if actual revenue and expenditures are close to the budgeted amounts.

Requests for Information

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

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 985,612
Property Taxes Receivable	53,966
Total Assets	\$ 1,039,578
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	\$ 6,543
Interest Payable	31,281
Current Portion of Long-Term Liabilities:	
General Obligation Bonds	180,000
Total Current Liabilities	217,824
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
General Obligation Bonds	1,580,000
Total Long-Term Liabilities	1,580,000
Total Liabilities	\$ 1,797,824
<u>NET POSITION:</u>	
Restricted for:	
Capital Projects	341,668
Debt Service	638,778
Unrestricted	(1,738,692)
Total Net Position	\$ (758,246)

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

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2013

<u>Functions / Programs</u>	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 31,655	\$ -	\$ -	\$ -	\$ (31,655)
Interest on Long-Term Debt	104,296	-	-	-	(104,296)
Total Governmental Activities	\$ 135,951	\$ -	\$ -	\$ -	\$ (135,951)

GENERAL REVENUES:

Taxes	
Property Taxes, Levied for Debt Service	648,768
Interest and Investment Earnings	1,753
Other Revenue	5,125
Transfer of Capital Assets to Primary Government	(13,907)
Subtotal - General Revenues	641,739
Change in Net Position	505,788
Net Position, July 1, 2012	(1,264,034)
Net Position, June 30, 2013	\$ (758,246)

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

FUND

FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2013

	<u>Urban Renewal General Fund</u>	<u>Urban Renewal Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash and Investments	\$ 348,211	\$ 637,401	\$ 985,612
Property Taxes Receivable	-	53,966	53,966
Total Assets	\$ 348,211	\$ 691,367	\$ 1,039,578
<u>LIABILITIES AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	\$ 6,543	\$ -	\$ 6,543
Deferred Revenue	-	52,589	52,589
Total Liabilities	6,543	52,589	59,132
Fund Balances:			
Restricted for:			
Capital Projects	341,668	-	341,668
Debt Service	-	638,778	638,778
Total Fund Balances	341,668	638,778	980,446
Total Liabilities & Fund Balances	\$ 348,211	\$ 691,367	\$ 1,039,578

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

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2013

Total Fund Balances - Governmental Funds **\$ 980,446**

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

Property taxes receivables not collected within 60 days of the
current period ending date are deferred in the governmental funds. 52,589

Interest payable that is not recognized in the governmental fund is
accrued in the Statement of Net Position. (31,281)

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported
in the governmental funds. (1,760,000)

Net Position of Governmental Activities **\$ (758,246)**

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2013

	Urban Renewal General Fund	Urban Renewal Debt Service Fund	Total Governmental Funds
<u>REVENUES:</u>			
Taxes	\$ -	\$ 646,374	\$ 646,374
Interest and Investment Earnings	921	832	1,753
Miscellaneous	5,125	-	5,125
Total Revenues	6,046	647,206	653,252
<u>EXPENDITURES:</u>			
Current Operating			
General Government	31,655	-	31,655
Debt Service			
Principal	-	175,000	175,000
Interest	-	107,406	107,406
Total Expenditures	31,655	282,406	314,061
Excess (Deficiency) of Revenues Over Expenditures	(25,609)	364,800	339,191
<u>OTHER FINANCING SOURCES (USES):</u>			
Interfund Transfers (Out)	(13,907)	-	(13,907)
Total Other Financing sources (uses)	(13,907)	-	(13,907)
Net Change in Fund Balances	(39,516)	364,800	325,284
FUND BALANCES, July 1, 2012	381,184	273,978	655,162
FUND BALANCES, June 30, 2013	\$ 341,668	\$ 638,778	\$ 980,446

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

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

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

For The Fiscal Year Ended June 30, 2013

Net changes in fund balances - total governmental funds **\$ 325,284**

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes 2,394

The change in interest payables from prior to current year is reconciled here: 3,110

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal is as follows:

General Obligations Bonds 175,000

Changes in net position of governmental assets **\$ 505,788**

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

NOTES
TO THE BASIC
FINANCIAL STATEMENT

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The Urban Renewal Agency of the City of Veneta, Oregon (Agency) was established on January 28, 1985. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the Mayor and the City Council of the City of Veneta.

The Agency is a separate legal entity, governed by the City of Veneta. The City Council has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria set by the Governmental Accounting Standards Board, the Agency is considered a component unit of the City of Veneta and the Agency's financial activities are included as a blended component unit in the basic financial statements of the City of Veneta.

Although a component unit of the City of Veneta, the Agency exists and operates separately from the City of Veneta. Accordingly, the Agency's financial statements will also be included in the financial statements of the City of Veneta.

The Agency has no potential component units.

B. Basis of Presentation

The financial statements of the Urban Renewal Agency (Agency) of the City of Veneta have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. The Agency's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial Assets resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The Agency has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

The financial transactions of the Agency are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its Assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the Assets liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Agency has elected to report each of its funds as major funds in order to assist in compiling a complete and accurate picture of the financial Assets of the Agency.

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

Debt Service Fund - Accounts for the accumulation of resources and payment of principal and interest on the Urban Renewal Bonds. The principal sources of revenue are tax increment revenues and interest earnings.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

The Government-wide Financial Statements are presented on a *full accrual* basis of accounting with an *economic resource* measurement focus. An economic resource focus concentrates on entity or fund's Net Position. All transactions and events that affect the total economic resources (Net Position) during the period are reported. An economic resource measurement focus is directly connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the timing of related cash flows takes place.

Governmental Funds Financial Statements are presented on a *modified accrual* basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual 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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenues susceptible to accrual in this manner are property taxes and intergovernmental revenues received within the 60-day period following the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

A deferred revenue liability arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This *unavailable* deferred revenue consists primarily of uncollected property taxes and outstanding loans receivable not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

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

be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Note that deferred revenues also arise outside the scope of measurement focus and basis of accounting, such as when the Agency receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

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

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

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

E. Property Taxes

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

F. Receivables and Payables

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

G. Capital Assets

All capital Assets which include property and infrastructure Assets (e.g. roads, bridges, sidewalks, etc.) become City of Veneta (primary government) capital Assets and therefore are not reported on the Agency's Statement of Net Position. The Agency's negative Net Position is a result of this reporting.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Deferred Revenue

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

J. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability. They are segregated in the statements of Net Position and are classified as restricted Assets on the Statement of Net Position because their use is limited. For the fiscal year ended June 30, 2013 the Agency had \$638,778 in restricted Assets for debt service and in the general fund, \$341,668 of restricted Assets for capital projects.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

K. Equity Classifications

Equity is classified as Net Position, which represents the difference between Assets and liabilities. Net Position is displayed in three components:

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

The Agency’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

Fund Financial Statements

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

- **Nonspendable:** This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Agency did not have any nonspendable resources as of June 30, 2013.
- **Restricted:** This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Agency has restricted funds for various projects that are to be used for governmental purposes.
- **Committed:** This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the Agency Board, and does not lapse at year-end. The Agency did not have any committed resources as of June 30, 2013.
- **Assigned:** This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Agency Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

L. Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of Assets and liabilities, the disclosure of contingent Assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The Agency is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator (Agency Director) and the Finance Director develop a proposed budget, after which the Agency Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the Agency Board 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 Agency's financial Assets.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the Agency Director originally. The Budget Committee then submits the approved budget to the Agency Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

The Agency Board legally adopts the budget by 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. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The Agency Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

3. CASH AND INVESTMENTS:

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

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

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

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

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

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

As of June 30, 2013, the reported amount of the Agency's deposits was \$747,738 and the bank balance was \$748,062. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

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

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2013, the Agency's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2013, the Agency's investments in financial institutions were exposed to custodial credit risk as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 237,873	N/A
Total Investments	<u>\$ 237,873</u>	

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

3. CASH AND INVESTMENTS (CONT.):

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

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

4. LONG TERM DEBT:

In December 2000, the governing body passed a resolution authorizing the issuance of Urban Renewal Bonds, Series 2001, in the amount of \$3,360,000. Proceeds from this bond issue were used to finance the costs of various urban renewal projects within Veneta Urban Renewal District. These bonds mature serially through June 30, 2021 and carry interest rates that range between 3.9% and 5.675%.

The following is a summary of the Agency's long-term debt transactions for the year ended June 30, 2013:

	<u>Outstanding Balance July 1, 2012</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2013</u>	<u>Due Within One Year</u>
Urban Renewal Bonds, Series 2001 issued for the purpose of financing various urban renewal projects					
Original Balance: \$3,360,000					
Dated: December 2000					
Interest Rate: Varies 3.90% - 5.675%					
Principal	\$1,935,000	\$ -	\$ 175,000	\$ 1,760,000	\$ 180,000
Interest	-	106,981	106,981	-	97,575
Totals	<u>\$1,935,000</u>	<u>\$ 106,981</u>	<u>\$ 281,981</u>	<u>\$ 1,760,000</u>	<u>\$ 277,575</u>

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

The annual future requirements to amortize debt at June 30, 2013, including principal and interest are as follows:

	Fiscal Year Ended	Total Payment	Principal	Interest
Urban Renewal Bonds, Series 2001 issued to finance various urban renewal projects - Original Balance \$3,360,000	2014	277,575	180,000	97,575
	2015	277,900	190,000	87,900
	2016	277,688	200,000	77,688
	2017	281,938	215,000	66,938
	2018	279,844	225,000	54,844
	2019-2021	836,063	750,000	86,063

5. RISK MANAGEMENT:

The Agency 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 Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the Agency has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The Agency's insurance is provided in combination with the City of Veneta.

6. DEFERRED REVENUE:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and proprietary funds report deferred revenue in connection with resources that have been received but not yet earned. At June 30, 2013, the various components of deferred revenue consist of the following:

	Urban Renewal Debt Service Fund
Property Taxes	\$ 52,589
Total	<u>\$ 52,589</u>

REQUIRED
SUPPLEMENTARY
INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

URBAN RENEWAL GENERAL FUND

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Investment Revenue	\$ 50	\$ 50	\$ 921	\$ 871
Other Revenue	5,000	5,000	5,125	125
Total Revenues	5,050	5,050	6,046	996
<u>EXPENDITURES:</u>				
Materials and Services	85,000	85,000	31,655	(53,345)
Contingency	500	500	-	(500)
Total Expenditures	85,500	85,500	31,655	(53,845)
Excess (Deficiency) of Revenues over Expenditures	(80,450)	(80,450)	(25,609)	54,841
<u>OTHER FINANCING SOURCES / (USES):</u>				
Operating Transfer (Out)	(22,500)	(22,500)	(13,907)	8,593
Loan Proceeds	300,000	300,000	-	(300,000)
Total Other Financing Sources (Uses)	277,500	277,500	(13,907)	(291,407)
Net Change In Fund Balance	197,050	197,050	(39,516)	(236,566)
Fund Balance - July 1, 2012	90,000	90,000	381,184	291,184
Fund Balance - June 30, 2013	\$ 287,050	\$ 287,050	\$ 341,668	\$ 54,618

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of the City of Veneta)

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual**

URBAN RENEWAL DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes	\$ 591,076	\$ 591,076	\$ 646,374	\$ 55,298
Investment Revenue	150	150	832	682
Total Revenues	591,226	591,226	647,206	55,980
<u>EXPENDITURES:</u>				
Debt Service	582,081	582,081	282,406	(299,675)
Total Expenditures	582,081	582,081	282,406	-
Excess (Deficiency) of Revenues over Expenditures	9,145	9,145	364,800	55,980
Fund Balance - July 1, 2012	420,000	420,000	273,978	(146,022)
Fund Balance - June 30, 2013	\$ 429,145	\$ 429,145	\$ 638,778	\$ (90,042)

OTHER SUPPLEMENTARY
INFORMATION AND
SCHEDULES

URBAN RENEWAL AGENCY OF THE CITY OF VENETA

(A Component Unit of The City of Veneta)

SCHEDULE OF PROPERTY TAXES

For The Fiscal Year Ended June 30, 2013

	Uncollected Balance July 1, 2012	Adjustment & Discounts Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2013
2012-13	\$ 655,130	\$ (36,658)	\$ 588,798	\$ 29,674
2011-12	22,005	34,840	46,150	10,695
2010-11	12,444	(1,896)	4,467	6,081
2009-10	8,697	(1,926)	3,605	3,166
2008-09	2,212	(85)	1,417	710
2007-08	640	(24)	150	466
2006-07 & Prior	4,197	(891)	132	3,174
Total Property Taxes	\$ 705,325	\$ (6,640)	\$ 644,719	\$ 53,966
Less Accrued Revenue - June 30, 2012			(3,586)	
Add Accrued Revenue - June 30, 2013			3,901	
Total Property Tax Revenue			\$ 645,034	
Current Year Property Tax Revenues:	<u>Prior</u>	<u>Current</u>	<u>Total</u>	
Urban Renewal Debt Service Fund	\$ 20,349	\$ 626,025	\$ 646,374	
TOTALS	\$ 20,349	\$ 626,025	\$ 646,374	

INDEPENDENT AUDITOR'S
COMMENTS AND DISCLOSURES
REQUIRED BY
STATE REGULATION

URBAN RENEWAL AGENCY OF THE CITY OF VENETA
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION

As of June 30, 2013

To the Governing Body of the Urban Renewal Agency of the City of Veneta
Veneta, Oregon

We have audited the basic financial statements of the Urban Renewal Agency of the City of Veneta (Agency) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency'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 162-10-000 through 162-10-320 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 statements 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.**
- **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 Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency internal control over financial reporting. This report is intended solely for the information and use of the Board of Directors and management of the Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA, PC

Roseburg, Oregon
December 23, 2013