

VENETA

oregon

Inc.1962

CITY OF VENETA

Report to the City Council
for the Year Ended June 30, 2022

February 6, 2024



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**CITY OF VENETA
Lane County, Oregon**

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February 6, 2024

City Council
City of Veneta
Veneta, Oregon

We are pleased to present this report related to our audit of the 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, for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the City.

This report is intended solely for the information and use of the City Council and management of the City, and it is not intended to be used, and should not be used, by anyone other than these specified parties.

It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the City.

Very truly yours,

Accuity LLC
Accuity, LLC
Certified Public Accountants
Albany, Oregon



City Council
City of Veneta
Veneta, Oregon

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Veneta are described in Note I to the financial statements. Four new accounting policies were adopted during the year, GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 87, *Leases*, Statement No. 92, *Omnibus 2020*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of depreciable lives and salvage values of capital assets, which are based on expected useful lives of the assets and current market conditions and management's estimate of the net realizable value of the property held for sale. We evaluated the key factors and assumptions used to develop the depreciable lives and salvage values and fair value of the property held for sale and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Defined benefit pension plan actuarial assumptions.
- Valuation of accrued compensation.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Veneta's financial statements relate to pension plans and long-term debt obligations.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. Our audit procedures were delayed due to changeovers in City staff.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the attached letter dated February 6, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors; however, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

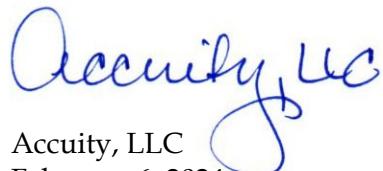
We applied certain limited procedures to management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability and City contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the budgetary comparison information for the General Fund and the major Special Revenue funds, which is RSI. We were also engaged to report on combining and individual fund statements and supporting schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended solely for the use of the City Council and management of City of Veneta, and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,


Accuity, LLC
February 6, 2024



February 6, 2024

City Council
City of Veneta
Veneta, Oregon

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Veneta as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered City of Veneta's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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 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. We identified one deficiency in internal control that we consider to be a material weakness, as described in the accompanying schedule as item 2022-001.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

CITY OF VENETA
Lane County, Oregon

June 30, 2022

Finding Number

2022-001

Finding Title

Accounts payable as presented for audit were misstated by 469,986 due to an invoice not being recorded

Type of Finding

Material Weakness

Criteria

Cutoff procedures should capture all invoices in the correct accounting period

Condition

Due to staffing changeovers, the invoice was not captured in the correct accounting period

Cause of Condition

Staffing changeovers

Potential Effect of Condition

Change of users opinion of financial position of the City

Prevalence

Isolated

Recommendation

We recommend City staff re-evaluate cutoff procedures and ensure they are adequate to ensure accurate reporting

This communication is intended solely for the information and use of management, the City Council, and others within the City, and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,


Accuity, LLC

Recently Issued Accounting Standards
June 30, 2022

For the fiscal year ended June 30, 2022, the City implemented the following new accounting standards:

GASB Statement No. 83, Certain Asset Retirement Obligations – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 87, Leases – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

GASB Statement No. 92, Omnibus 2020. This statement was issued January 2020 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, postemployment benefits (pensions and other postemployment benefits), asset retirement obligations, risk pool and fair value measurements.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension/OPEB plans and employee benefit plans other than pension/OPEB plans, as fiduciary component units in fiduciary fund financial statement; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meets the definition of a pension plan and for benefits provided through those plans.

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. 89, Accounting for Interest Cost Incurred before the End of a Construction Period – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance).

December 15, 2023

Tim Gaines
City of Veneta
+15419351379

Dear Tim,

We are pleased to confirm our understanding of the services we are to provide City of Veneta for the year ended June 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of City of Veneta as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Veneta's 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. As part of our engagement, we will apply certain limited procedures to City of Veneta's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedules of Funding Progress and Employer Contributions, if applicable
3. Schedules of the Government's Proportionate Share of the Net Pension and OPEB Liabilities and Government Contributions, if applicable

The following RSI is required by the Governmental Accounting Standards Board and will be subjected to the auditing procedures applied in our audit of the 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 financial statements themselves, and other additional procedures in accordance with GAAS and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund and Major Special Revenue Funds, if any

We have also been engaged to report on supplementary information other than RSI that accompanies City of Veneta's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the 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 financial statements themselves, and other additional procedures in accordance with GAAS and will provide an opinion on it in relation to the financial statements as a whole:

1. Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for all Nonmajor Governmental Funds, if any
2. Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, if any

3. Schedule of expenditures of federal awards

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report:

1. Schedule of Long-Term Debt Transactions
2. Schedule of Future Requirements for Retirement of Long-Term Debt

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS, the Minimum Standards for Audits of Oregon Municipal Corporations, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS, and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period

covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Government's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have not identified any significant risk(s) of material misstatement as a part of our audit planning.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but will remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we express no such opinion. However, during the audit, we will communicate to management and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards, and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Veneta's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards,

and related notes of City of Veneta in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, and related notes services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will also assist with preparation of the capital asset schedule and depreciation calculation in conformity with the applicable basis of accounting.

You agree to assume all management responsibilities for the financial statements, and related notes, and any other nonattest services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, and related notes and that you have reviewed and approved the financial statements, and related noted prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, and other matters, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible



for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, that we report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP, (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP, (3) the methods of measurement or presentation have not changed from those used in the prior period (or if they have changed, the reasons for such changes), and (4) you have disclosed to us any significant assumptions in interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations that we request, and will locate any documents selected by us for testing, and will prepare schedules requested by us by the dates communicated directly to management.

We will provide copies of our reports to City of Veneta; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Accuity, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Oregon or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Accuity, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State of Oregon. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party/parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on December 14, 2023 and to issue our report as soon as possible. Glen Kearns is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for these services will be based on the value of the services rendered, plus out-of-pocket



expenses. We estimate that our fees for these services, including out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.), will be \$18,000 for financial audit services. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Reporting

We will issue a written report upon completion of our audit. Our reports will be addressed to management and those charged with governance of City of Veneta. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature and circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete our audit or are unable to form or have not formed opinions, we may decline to express our opinions or withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that City of Veneta is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

If this engagement letter is written in support of any existing bid or contract, in case of any conflict between such agreement and this letter, this letter will control.

If any of the above sections or clauses are held to be invalid for any reason, or are declared to be null and void, all other sections and clauses of this agreement shall remain valid, will not be nullified, and are hereby further affirmed.

Venue of all matters arising from this agreement, this engagement, and subsequent engagements shall reside in Albany, Linn County, Oregon.

Any dispute, controversy, or claim rising out of this agreement shall be settled by binding arbitration under the arbitration rules of the Linn County Circuit Court. There shall be one arbitrator selected from the Circuit Court Panel of Arbitrators and the proceeding shall follow the Oregon Rules of Civil Procedure.



The arbitrator shall have the authority to award any remedy or relief that an Oregon court could order or grant, including, without limitation, specific performance of any obligation created under this agreement, the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process, except that the arbitrator shall not have authority to award punitive damages or any other amount for the purpose of imposing a penalty as opposed to compensating for actual damages suffered or loss incurred. With respect to any action relating to this agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorney's fees, paralegal fees, expert fees, and all other fees, costs, and expenses actually incurred and reasonably necessary in connection with such action as determined by the arbitrator.

Our audit engagement ends upon delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new specific engagement letter for that service.

We appreciate the opportunity to be of service to you and believe that this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Accuity, LLC
Glen Kearns

RESPONSE:

This letter correctly sets forth the understanding of City of Veneta

Tim Gaines 12/20/2023
Tim Gaines, Finance Director Date



Accuity, LLC
Certified Public Accountants
436 1st Avenue W
P.O. Box 1072
Albany, Oregon 97321

This representation letter is provided in connection with your audit of the financial statements of the City of Veneta, which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2022, the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of signature of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 15, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the City required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. If any, the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. If any, we are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the board of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

City-Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements, or abuse that you have reported to us.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
28. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
29. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
30. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
31. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
32. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
33. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity

interest, and properly disclose all other joint ventures and other related organizations.

34. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
35. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets, restricted, and unrestricted) and equity amounts are properly classified and, if applicable, approved.
37. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
38. Provisions for uncollectible receivables have been properly identified and recorded.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
41. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
42. If any, special and extraordinary items are appropriately classified and reported.
43. Deposits, investment securities, and derivative instruments are properly classified as to risk and are properly disclosed.
44. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
45. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
46. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

47. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

48. With respect to the RSI:

d. We acknowledge our responsibility for presenting the management's discussion and analysis, schedules of the City's proportionate share of the net pension liability and City contributions, and budgetary comparison information in accordance with accounting principles generally accepted in the United States of America, and we believe this information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

49. Expenditures of federal awards were below the \$750,000 threshold for the year ended June 30, 2022 and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Requirements (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

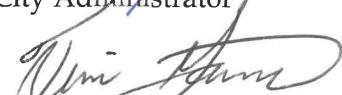


M. J. Mankel

City Administrator

2/6/24

Date



Tim Hamm

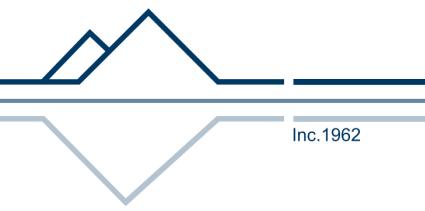
Finance Director

2/6/2024

Date

CITY OF VENETA
Journal Entry
06/30/2022

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
AJE01					
To record PY AJE04 not booked by client					
100-000-10100	Cash		0.00	43,508.37	
100-000-39999	Fund Balance		43,508.37	0.00	
120-000-10100	Cash		6,196.62	0.00	
120-000-39999	Fund Balance		0.00	6,196.62	
130-000-10100	Cash		7,973.16	0.00	
130-000-39999	Fund Balance		0.00	7,973.16	
130-000-10100	Cash		29,338.59	0.00	
130-000-39999	Fund Balance		0.00	29,338.59	
Total			87,016.74	87,016.74	0.00
AJE02					
To record AJE from URA					
271-000-10311	Uncollected Property Tax		1,453.53	0.00	
271-000-10311	Uncollected Property Tax		1,721.45	0.00	
271-000-4000	Beginning Fund Balance		0.00	3,174.98	
271-000-10310	Property Taxes Receivable		9,033.75	0.00	
271-000-23110	Deferred Inflows - Property TAxes		0.00	3,348.05	
271-000-4000	Beginning Fund Balance		0.00	5,685.70	
Total			12,208.73	12,208.73	0.00
AJE03					
To record VSS invoice that should be a payable					
230-230-53050	Street Rehab/Preservation		469,985.70	0.00	
230-000-20010	Accounts Payable		0.00	469,985.70	
Total			469,985.70	469,985.70	-469,985.70
AJE04					
To reallocate utility billing to agree to detail aging					
230-000-10410	Accounts Receivable		0.00	5,758.31	
230-000-41640	Street Utility Fee (aka TUF)		5,758.31	0.00	
120-000-10410	Accounts Receivable		5,758.31	0.00	
120-000-41640	Public Safety Fee		0.00	5,758.31	
Total			11,516.62	11,516.62	0.00
AJE05					
To reclass					
360-000-42620	Loan Repayments-Interest		0.00	6,935.45	
360-360-54500	Grants to Non-Profits		6,935.45	0.00	
Total			6,935.45	6,935.45	0.00
GRAND TOTAL					
			587,663.24	587,663.24	-469,985.70



CITY OF VENETA
Lane County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2022



**CITY OF VENETA
Lane County, Oregon**

CITY OFFICIALS

June 30, 2022

MAYOR

Keith Weiss
88139 9TH St.
Veneta, OR 97487

CITY COUNCIL

Thomas Cotter - President
88098 Huston Road
Veneta, Oregon 97487

Robbie McCoy
25138 Legacy Court
Veneta, Oregon 97487

Pat Coy
P.O. Box 1137
Veneta, Oregon 97487

Maureen Wright
24853 Strike Street
Veneta, Oregon 97487

CITY ADMINISTRATOR

Matt Michel

FINANCE DIRECTOR

Caitlin Hippler (7/1/2021 – 10/11/2021)
Keina Wolf, Interim (10/15/2021 – 03/31/2022)
Cynthia Granatir, Interim (4/25/2022 – 6/30/2022)

**CITY OF VENETA
Lane County, Oregon**

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June 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Keith Weiss, Mayor
and Members of the City Council
City of Veneta
Veneta, Oregon 97487

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Veneta, Lane County, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2022, the City adopted new accounting guidance: GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 87, *Leases*, Statement No. 92, *Omnibus 2020*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Veneta's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Veneta, Lane County, Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Veneta, Lane County, Oregon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 5 through 10, and 57 through 62, 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 management's discussion and analysis and the schedules of the City's proportionate share of the net pension liability and City contributions 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Veneta, Lane County, Oregon's basic financial statements. The accompanying combining and individual fund financial statements, if applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 individual fund financial statements, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other financial schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, 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.

Other 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 February 6, 2024 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
February 6, 2024

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, 2022. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, total net position of the City of Veneta amounted to \$50,135,175. Of this amount, \$31,156,752 was invested in capital assets, net of related debt. The remaining balance included \$6,316,645 restricted for various purposes and \$12,661,778 of unrestricted net position.
- At June 30, 2022, the City's governmental funds reported ending fund balances of \$10,906,277.

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 11 through 12 of this report.

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.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 16 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, Parks and Recreation, 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 13 through 16 of this report.

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 17 through 21 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 22 through 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

This 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 Parks and Recreation Funds. This required supplementary information can be found on pages 57 through 62 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 63 through 80 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, 2022, the City's assets exceeded liabilities by \$50,135,175. 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.

City's Net Position

The City's net position increased by \$1,830,373 during the current fiscal year. This increase is primarily due to a decrease in overall expenses and an increase in program revenues. Condensed statement of net position information is shown below.

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 7,729,364	\$ 7,275,842	\$ 7,963,439	\$ 6,950,770	\$ 15,692,803	\$ 14,226,612
Restricted assets	4,312,523	2,753,862	2,030,788	1,924,753	6,343,311	4,678,615
Net capital assets	<u>19,172,426</u>	<u>19,511,426</u>	<u>24,579,398</u>	<u>25,367,416</u>	<u>43,751,824</u>	<u>44,878,842</u>
Total assets	<u>31,214,313</u>	<u>29,541,130</u>	<u>34,573,625</u>	<u>34,242,939</u>	<u>65,787,938</u>	<u>63,784,069</u>
Deferred Outflows of Resources	<u>357,468</u>	<u>342,913</u>	<u>357,468</u>	<u>342,914</u>	<u>714,936</u>	<u>685,827</u>
Liabilities						
Current liabilities	1,146,958	611,979	771,031	874,564	1,917,989	1,486,543
Noncurrent liabilities	<u>1,191,622</u>	<u>1,750,826</u>	<u>12,263,584</u>	<u>12,880,437</u>	<u>13,455,206</u>	<u>14,631,263</u>
Total liabilities	<u>2,338,580</u>	<u>2,362,805</u>	<u>13,034,615</u>	<u>13,755,001</u>	<u>15,373,195</u>	<u>16,117,806</u>
Deferred Inflows of Resources	<u>497,252</u>	<u>23,644</u>	<u>497,252</u>	<u>23,644</u>	<u>994,504</u>	<u>47,288</u>
Net position						
Net investment in capital assets	18,522,157	18,783,990	12,634,595	13,285,203	31,156,752	32,069,193
Restricted for various purposes	4,276,529	2,969,637	2,040,116	1,794,007	6,316,645	4,763,644
Unrestricted	<u>5,937,263</u>	<u>5,743,967</u>	<u>6,724,515</u>	<u>5,727,998</u>	<u>12,661,778</u>	<u>11,471,965</u>
Total net position	<u>\$ 28,735,949</u>	<u>\$ 27,497,594</u>	<u>\$ 21,399,226</u>	<u>\$ 20,807,208</u>	<u>\$ 50,135,175</u>	<u>\$ 48,304,802</u>

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

City's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 647,527	\$ 370,132	\$ 2,954,045	\$ 2,620,987	\$ 3,601,572	\$ 2,991,119
Operating grants and contributions	607,204	237,365	-	-	607,204	237,365
Total program revenues	<u>1,254,731</u>	<u>607,497</u>	<u>2,954,045</u>	<u>2,620,987</u>	<u>4,208,776</u>	<u>3,228,484</u>
General revenues						
Property taxes - general	1,717,605	1,655,879	-	-	1,717,605	1,655,879
Property taxes - debt service	1,031,680	895,969	-	-	1,031,680	895,969
Franchise fees	302,006	321,803	-	-	302,006	321,803
Motor fuel taxes	548,893	493,364	-	-	548,893	493,364
Alcohol and cigarette taxes	162,706	143,783	-	-	162,706	143,783
Transient room taxes	2,960	1,866	-	-	2,960	1,866
Intergovernmental	68,119	115,065	-	-	68,119	115,065
Investment earnings	48,177	61,465	45,079	54,401	93,256	115,866
Rents and leases	47,389	44,944	10,400	17,322	57,789	62,266
Miscellaneous	24,443	12,814	2,897	253,167	27,340	265,981
Total general revenues	<u>3,953,978</u>	<u>3,746,952</u>	<u>58,376</u>	<u>324,890</u>	<u>4,012,354</u>	<u>4,071,842</u>
Total revenues	<u>5,208,709</u>	<u>4,354,449</u>	<u>3,012,421</u>	<u>2,945,877</u>	<u>8,221,130</u>	<u>7,300,326</u>
Program expenses						
General government	1,456,304	1,504,075	-	-	1,456,304	1,504,075
Public safety	1,066,713	1,096,678	-	-	1,066,713	1,096,678
Public works	44,551	45,628	-	-	44,551	45,628
Highways and streets	792,314	467,546	-	-	792,314	467,546
Culture and recreation	579,115	486,398	-	-	579,115	486,398
Interest on long-term debt	31,357	24,922	-	-	31,357	24,922
Water	-	-	1,315,819	1,461,029	1,315,819	1,461,029
Sewer	-	-	<u>1,104,584</u>	<u>1,152,141</u>	<u>1,104,584</u>	<u>1,152,141</u>
Total program expenses	<u>3,970,354</u>	<u>3,625,247</u>	<u>2,420,403</u>	<u>2,613,170</u>	<u>6,390,757</u>	<u>6,238,417</u>
Transfers	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Change in net position	1,238,355	739,202	592,018	322,707	1,830,373	1,061,909
Net position - beginning	27,497,594	26,758,392	20,807,208	20,484,501	48,304,802	47,242,893
Net position - ending	<u>\$ 28,735,949</u>	<u>\$ 27,497,594</u>	<u>\$ 21,399,226</u>	<u>\$ 20,807,208</u>	<u>\$ 50,135,175</u>	<u>\$ 48,304,802</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 \$10,906,277. Of this amount, \$1,752,341 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 \$1,753,641, \$1,752,341 of which 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 \$21,399,226 at year-end. Of this amount, \$12,634,595 was invested in capital assets, net of related debt. The remaining balance included \$2,404,116 restricted for various purposes and \$6,724,515 of unrestricted net position.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts, and two 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, 2022 amounted to \$19,127,426 and \$25,579,398, 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 \$460,009 and \$798,201, respectively.

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

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Liabilities

The City's outstanding long-term debt for its governmental and business-type activities as of June 30, 2022 amounted to \$650,269 and \$11,944,803, respectively. This amount is comprised of general obligation bonds, notes payable, and revenue bonds.

The City's total long-term debt decreased by \$137,410 during the current fiscal year. Additional information on the City's long-term liabilities can be found on pages 40 through 43.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

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

- The City Council enacted a monthly Public Safety Fee effective January 1, 2022 to supplement Law Enforcement Fund resources.
- Sewer debt with USDA was refunded with City Full-Faith-and-Obligation Bonds at a lower interest rate with no change in the remaining term. The lower debt service payments will provide cash flow relief into the future.
- Residential construction is accelerating with a staff-estimated 400 residential units currently in pre-design or design phases. This will have an immediate impact on system development charges and a longer-term impact on utility charge fee revenues and added property values, as well as system capacity.
- The City will receive the second of two tranches of American Rescue Plan Act funds from the federal government totaling over \$1.1 million in onetime funds. The City currently plans to use these funds to aid impacted local businesses and incentive broadband deployment throughout the City.
- The City will act as the Veneta Urban Renewal Agency agent for the multi-million-dollar, multi-phase Bolton Hill Sports Complex re-development project.
- A major street seal and slurry project for over \$1 million will compete multi-years' worth of maintenance at an economy of scale due to a single mobilization charge. Future street maintenance is expected to be minimal while state-shared highway gas tax funds can accrue to benefit of future system maintenance.
- The City will begin preliminary design work on a multi-year major wastewater treatment plant expansion.

All of the above factors were considered when preparing the budget for the 2022-2023 fiscal year.

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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents, less restricted portion	\$ 7,407,277	\$ 7,542,476	\$ 14,949,753
Accounts and other receivables	220,587	248,169	468,756
Property taxes receivable, less restricted portion	65,676	-	65,676
Liens and assessments receivable	34,524	145,714	180,238
Prepaid expenses	1,300	-	1,300
Inventory	-	27,080	27,080
Total current assets	7,729,364	7,963,439	15,692,803
Restricted cash	4,273,086	2,030,788	6,303,874
Restricted property taxes	39,437	-	39,437
Capital assets not being depreciated	2,859,930	756,653	3,616,583
Capital assets being depreciated, net	<u>16,312,496</u>	<u>23,822,745</u>	<u>40,135,241</u>
Total assets	31,214,313	34,573,625	65,787,938
DEFERRED OUTFLOWS OF RESOURCES	<u>357,468</u>	<u>357,468</u>	<u>714,936</u>
LIABILITIES			
Current liabilities			
Accounts payable	852,864	44,053	896,917
Accrued liabilities	100,867	-	100,867
Compensated absences	53,559	105,988	159,547
Accrued interest	13,906	222,601	236,507
Deposits payable	46,050	96,106	142,156
Long-term debt, current portion	79,712	302,283	381,995
Total current liabilities	<u>1,146,958</u>	<u>771,031</u>	<u>1,917,989</u>
Noncurrent liabilities			
Pension liability	621,065	621,064	1,242,129
Long-term debt, less current portion	<u>570,557</u>	<u>11,642,520</u>	<u>12,213,077</u>
Total liabilities	<u>2,338,580</u>	<u>13,034,615</u>	<u>15,373,195</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in proportion and contributions - PERS	<u>497,252</u>	<u>497,252</u>	<u>994,504</u>
NET POSITION			
Net investment in capital assets	\$ 18,522,157	\$ 12,634,595	\$ 31,156,752
Restricted for various purposes	4,276,529	2,040,116	6,316,645
Unrestricted	5,937,263	6,724,515	12,661,778
Total net position	<u>\$ 28,735,949</u>	<u>\$ 21,399,226</u>	<u>\$ 50,135,175</u>

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities							
General government	\$ 1,456,304	\$ 357,068	\$ 607,204	\$ -	\$ (492,032)	\$ -	\$ (492,032)
Public safety	1,066,713	81,294	-	-	(985,419)	-	(985,419)
Public works	44,551	52,901	-	-	8,350	-	8,350
Highways and streets	792,314	76,516	-	-	(715,798)	-	(715,798)
Culture and recreation	579,115	79,748	-	-	(499,367)	-	(499,367)
Interest on long-term debt	31,357	-	-	-	(31,357)	-	(31,357)
Total governmental activities	<u>\$ 3,970,354</u>	<u>\$ 647,527</u>	<u>\$ 607,204</u>	<u>\$ -</u>	<u>(2,715,623)</u>	<u>-</u>	<u>(2,715,623)</u>
Business-type activities							
Water	\$ 1,315,819	\$ 1,106,243	\$ -	\$ -	-	(209,576)	(209,576)
Sewer	<u>1,104,584</u>	<u>1,847,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743,218</u>	<u>743,218</u>
Total business-type activities	<u>\$ 2,420,403</u>	<u>\$ 2,954,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>533,642</u>	<u>533,642</u>
General revenues							
Property taxes - general purposes					1,717,605	-	1,717,605
Property taxes - debt service					1,031,680	-	1,031,680
Franchise fees					302,006	-	302,006
Motor fuel taxes					548,893	-	548,893
Alcohol and cigarette taxes					162,706	-	162,706
Transient room taxes					2,960	-	2,960
Intergovernmental					68,119	-	68,119
Investment earnings					48,177	45,079	93,256
Rents and leases					47,389	10,400	57,789
Miscellaneous					<u>24,443</u>	<u>2,897</u>	<u>27,340</u>
Total general revenues					<u>3,953,978</u>	<u>58,376</u>	<u>4,012,354</u>
Change in net position					1,238,355	592,018	1,830,373
Net position - beginning					<u>27,497,594</u>	<u>20,807,208</u>	<u>48,304,802</u>
Net position - ending					<u>\$ 28,735,949</u>	<u>\$ 21,399,226</u>	<u>\$ 50,135,175</u>

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

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

June 30, 2022

	Special Revenue						Debt Service		Nonmajor Governmental Funds	Total Governmental Funds		
	General Fund	Law Enforcement Fund		Street Fund	Urban Renewal General Fund		Parks and Recreation Fund	Urban Renewal Debt Service Fund				
ASSETS												
Cash and cash equivalents	\$ 1,838,512	\$ 711,550	\$ 2,907,100	\$ 695,041	\$ 736,183	\$ 1,992,226	\$ 2,799,752	\$ 11,680,364				
Accounts and other receivables	71,319	15,507	106,708	-	17,171	-	9,882	220,587				
Property taxes receivable	11,913	36,068	-	-	10,469	35,711	10,952	105,113				
Liens and assessments receivable	3,177	-	2,212	-	-	-	29,135	34,524				
Prepaid expenses	1,300	-	-	-	-	-	-	1,300				
Total assets	\$ 1,926,221	\$ 763,125	\$ 3,016,020	\$ 695,041	\$ 763,823	\$ 2,027,937	\$ 2,849,721	\$ 12,041,888				
LIABILITIES												
Accounts payable	\$ 54,318	\$ 230,762	\$ 499,495	\$ -	\$ 21,956	\$ -	\$ 46,334	\$ 852,865				
Accrued liabilities	100,542	-	-	-	325	-	-	100,867				
Deposits payable	-	-	46,050	-	-	-	-	46,050				
Total liabilities	154,860	230,762	545,545	-	22,281	-	46,334	999,782				
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue - Property taxes	10,898	34,186	-	-	9,926	32,268	10,383	97,661				
Unavailable revenue - Liens/assessments	3,177	-	2,211	-	-	-	29,135	34,523				
Unavailable revenue - rents	3,645	-	-	-	-	-	-	3,645				
Total deferred inflows of resources	17,720	34,186	2,211	-	9,926	32,268	39,518	135,829				
FUND BALANCES												
Nonspendable	1,300	-	-	-	-	-	-	-	1,300			
Restricted	-	-	-	695,041	-	1,995,669	1,585,819	4,276,529				
Committed	-	498,177	2,468,264	-	731,616	-	1,178,050	4,876,107				
Unassigned	1,752,341	-	-	-	-	-	-	1,752,341				
Total fund balances	1,753,641	498,177	2,468,264	695,041	731,616	1,995,669	2,763,869	10,906,277				
Total liabilities, deferred inflows of resources and fund balances	\$ 1,926,221	\$ 763,125	\$ 3,016,020	\$ 695,041	\$ 763,823	\$ 2,027,937	\$ 2,849,721	\$ 12,041,888				

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, 2022

Total fund balances	\$ 10,906,277
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:

Cost	24,353,968
Accumulated depreciation	<u>(5,181,542)</u>
	19,172,426

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.

97,661

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.

38,168

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	357,468
Deferred inflows of resources relating to the return on pension assets	(497,252)
Net pension asset (liability)	<u>(621,065)</u>
	(760,849)

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:

Compensated absences	(53,559)
Accrued interest	(13,906)
Long-term debt	<u>(650,269)</u>
	(717,734)

Net position of governmental activities

\$ 28,735,949

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, 2022

	Special Revenue Funds		
	General Fund	Law Enforcement Fund	Streets Fund
REVENUES			
Property taxes	\$ 316,952	\$ 959,188	\$ -
Franchise taxes	151,003	-	151,003
Licenses, permits, and fees	6,653	81,294	-
Charges for services	28,922	-	-
State revenue sharing	-	-	-
Operating grants and contributions	607,204	-	-
Fees and charges	-	-	74,305
Intergovernmental	99,574	-	548,893
Other taxes	-	34,954	-
Fines	8,277	-	-
Investment earnings	8,954	2,020	13,642
Rents and leases	43,744	-	-
Miscellaneous	12,640	-	80
Total revenues	1,283,923	1,077,456	787,923
EXPENDITURES			
Current			
General government	624,595	-	-
Public safety	157,225	931,397	-
Public works	-	-	-
Highways and streets	-	-	791,749
Culture and recreation	93,467	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Total expenditures	875,287	931,397	791,749
Excess (deficiency) of revenues over (under) expenditures	408,636	146,059	(3,826)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	10,000	-
Transfers out	(20,000)	-	-
Total other financing sources (uses)	(20,000)	10,000	-
Net change in fund balances	388,636	156,059	(3,826)
Fund balances - beginning	1,365,005	342,118	2,472,090
Fund balances - ending	\$ 1,753,641	\$ 498,177	\$ 2,468,264

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	Parks and Recreation Fund	Urban Renewal Debt Service Fund					
\$ -	\$ 278,951	\$ 895,647	\$ 290,632	\$ 2,741,370			
-	-	-	-	302,006			
-	-	-	-	87,947			
-	79,730	-	235,124	343,776			
-	68,119	-	-	68,119			
-	7,728	-	-	614,932			
-	-	-	195,465	269,770			
-	-	-	-	648,467			
-	28,178	-	-	63,132			
-	-	-	-	8,277			
2,113	4,348	4,643	13,959	49,679			
-	-	-	-	43,744			
-	4,170	-	-	16,890			
<u>2,113</u>	<u>471,224</u>	<u>900,290</u>	<u>735,180</u>	<u>5,258,109</u>			
2,401	-	-	389,849	1,016,845			
-	-	-	-	1,088,622			
-	-	-	45,116	45,116			
-	-	-	-	791,749			
-	474,321	-	26,332	594,120			
-	-	-	108,524	108,524			
-	96,187	-	9,817	106,004			
<u>2,401</u>	<u>570,508</u>	<u>-</u>	<u>579,638</u>	<u>3,750,980</u>			
<u>(288)</u>	<u>(99,284)</u>	<u>900,290</u>	<u>155,542</u>	<u>1,507,129</u>			
-	50,000	-	20,000	80,000			
<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(80,000)</u>			
<u>(40,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>			
<u>(40,288)</u>	<u>(49,284)</u>	<u>900,290</u>	<u>155,542</u>	<u>1,507,129</u>			
<u>735,329</u>	<u>780,900</u>	<u>1,095,379</u>	<u>2,608,327</u>	<u>9,399,148</u>			
<u>\$ 695,041</u>	<u>\$ 731,616</u>	<u>\$ 1,995,669</u>	<u>\$ 2,763,869</u>	<u>\$ 10,906,277</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, 2022

Net change in fund balances	\$ 1,507,129
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	121,009
Depreciation expense recorded in the current year	<u>(460,009)</u>
	(339,000)
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.	
Debt principal paid	77,167
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	6,413
Liens/assessments	<u>(31,821)</u>
	(25,408)
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds:	
Compensated absences	21,909
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.	
	(23,991)
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>20,549</u>
Change in net position	<u><u>\$ 1,238,355</u></u>

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

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Business-Type Activities							
	Enterprise Funds							
			Sewer	Enterprise	Water	Total		
	Water	Sewer	Construction Fund	Reserve Fund	Construction Fund	Enterprise Funds		
ASSETS								
Current assets								
Cash and cash equivalents	\$ 3,133,228	\$ 4,185,178	\$ -	\$ 224,070	\$ -	\$ 7,542,476		
Accounts and other receivables	113,132	135,037	-	-	-	-	248,169	
Liens and notes receivable	-	-	138,691	-	7,023	7,023	145,714	
Inventory	27,080	-	-	-	-	-	27,080	
Total current assets	3,273,440	4,320,215	138,691	224,070	7,023	7,023	7,963,439	
Restricted assets								
Cash and cash equivalents	646,734	231,298	748,370	-	404,386	404,386	2,030,788	
Capital assets not being depreciated	265,338	491,315	-	-	-	-	756,653	
Capital assets being depreciated, net	14,523,379	9,299,366	-	-	-	-	23,822,745	
Total assets	18,708,891	14,342,194	887,061	224,070	411,409	411,409	34,573,625	
DEFERRED OUTFLOWS OF								
RESOURCES	178,734	178,734					357,468	
LIABILITIES								
Current liabilities								
Accounts payable	22,938	21,115	-	-	-	-	44,053	
Compensated absences	52,994	52,994	-	-	-	-	105,988	
Accrued interest	62,798	23,417	37	-	136,349	136,349	222,601	
Deposits payable	28,520	67,586	-	-	-	-	96,106	
Long-term debt, current portion	182,283	120,000	-	-	-	-	302,283	
Total current liabilities	349,533	285,112	37	-	136,349	136,349	771,031	
Noncurrent liabilities								
Pension liability	310,532	310,532	-	-	-	-	621,064	
Long-term debt, less current portion	8,867,627	2,774,893	-	-	-	-	11,642,520	
Total noncurrent liabilities	9,178,159	3,085,425	-	-	-	-	12,263,584	
Total liabilities	9,527,692	3,370,537	37	-	136,349	136,349	13,034,615	

(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, 2022

(continued)

	Business-Type Activities					
	Enterprise Funds					
			Sewer	Enterprise	Water	Total
	Water	Sewer	Construction Fund	Reserve Fund	Construction Fund	Enterprise Funds
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and						
contributions - PERS	\$ 248,626	\$ 248,626	\$ -	\$ -	\$ -	\$ 497,252
Total deferred inflows of resources	248,626	248,626	-	-	-	497,252
NET POSITION						
Net investment in capital assets	5,738,807	6,895,788	-	-	-	12,634,595
Restricted for:						
Debt service	646,734	231,298	-	-	-	878,032
System development	-	-	887,024	-	275,060	1,162,084
Unrestricted	2,725,766	3,774,679	-	224,070	-	6,724,515
Total net position	\$ 9,111,307	\$ 10,901,765	\$ 887,024	\$ 224,070	\$ 275,060	\$ 21,399,226

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, 2022

	Business-Type Activities					
	Enterprise Funds					
			Sewer	Enterprise	Water	Total
	Water	Sewer	Construction Fund	Reserve Fund	Construction Fund	Enterprise Funds
Operating revenues						
Water sales	\$ 1,106,243	\$ -	\$ -	\$ -	\$ -	\$ 1,106,243
Sewer charges	-	<u>1,440,222</u>	-	-	-	<u>1,440,222</u>
Total operating revenues	<u>1,106,243</u>	<u>1,440,222</u>	-	-	-	<u>2,546,465</u>
Operating expenses						
Personnel costs	271,327	308,716	-	-	-	580,043
Materials and supplies	372,694	248,335	-	-	-	621,029
Repairs and maintenance	-	577	-	-	-	577
Depreciation	418,047	380,154	-	-	-	798,201
Total operating expenses	<u>1,062,068</u>	<u>937,782</u>	-	-	-	<u>1,999,850</u>
Operating income (loss)	<u>44,175</u>	<u>502,440</u>	-	-	-	<u>546,615</u>
Nonoperating revenues (expenses)						
System development charges	-	-	248,308	-	159,272	407,580
Investment earnings	37,247	1,837	3,901	1,241	853	45,079
Rents and leases	-	10,400	-	-	-	10,400
Miscellaneous	2,897	-	-	-	-	2,897
Interest expense	<u>(225,851)</u>	<u>(144,531)</u>	<u>(22,271)</u>	-	<u>(27,900)</u>	<u>(420,553)</u>
Total nonoperating revenues (expenses)	<u>(185,707)</u>	<u>(132,294)</u>	<u>229,938</u>	<u>1,241</u>	<u>132,225</u>	<u>45,403</u>
Income (loss) before contributions and transfers	<u>(141,532)</u>	<u>370,146</u>	<u>229,938</u>	<u>1,241</u>	<u>132,225</u>	<u>592,018</u>
Transfers in	17,300	77,500	-	-	-	94,800
Transfers out	-	-	<u>(77,500)</u>	-	<u>(17,300)</u>	<u>(94,800)</u>
Change in net position	<u>(124,232)</u>	<u>447,646</u>	<u>152,438</u>	<u>1,241</u>	<u>114,925</u>	<u>592,018</u>
Total net position - beginning	<u>9,235,539</u>	<u>10,454,119</u>	<u>734,586</u>	<u>222,829</u>	<u>160,135</u>	<u>20,807,208</u>
Total net position - ending	<u>\$ 9,111,307</u>	<u>\$ 10,901,765</u>	<u>\$ 887,024</u>	<u>\$ 224,070</u>	<u>\$ 275,060</u>	<u>\$ 21,399,226</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, 2022

	Business-Type Activities							
	Enterprise Funds							
			Sewer	Enterprise	Water	Total		
	Water	Sewer	Construction Fund	Reserve Fund	Construction Fund	Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 1,140,806	\$ 1,428,283	\$ -	\$ -	\$ -	\$ 2,569,089		
Payments to employees	(281,601)	(318,990)	-	-	-	(600,591)		
Payments to suppliers	(386,605)	(246,960)	-	-	-	(633,565)		
Net cash provided (used) by operating activities	472,600	862,333	-	-	-	1,334,933		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Rents and leases	-	10,400	-	-	-	10,400		
Miscellaneous income (expense)	2,897	-	-	-	-	2,897		
Net cash provided (used) by noncapital financing activities	2,897	10,400	-	-	-	13,297		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
System development charges	-	-	86,980	-	159,272	246,252		
Payment to escrow agent	-	(2,960,111)	-	-	-	(2,960,111)		
Refunding proceeds	-	3,050,214	-	-	-	3,050,214		
Principal paid on capital debt	(160,105)	(77,500)	(77,500)	-	(17,300)	(332,405)		
Interest paid on capital debt	(225,852)	(51,914)	(22,271)	-	(27,900)	(327,937)		
Purchase of capital assets	-	(10,180)	-	-	-	(10,180)		
Net cash provided (used) by capital and related financing activities	(385,957)	(49,491)	(12,791)	-	114,072	(334,167)		
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest income	37,247	1,837	3,901	1,241	853	45,079		
Net cash provided (used) by investing activities	37,247	1,837	3,901	1,241	853	45,079		
Net increase (decrease) in cash and cash equivalents	126,787	825,079	(8,890)	1,241	114,925	1,059,142		

(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, 2022

(Continued)

	Business-Type Activities							
	Enterprise Funds							
			Sewer	Enterprise	Water	Total		
	Water	Sewer	Construction Fund	Reserve Fund	Construction Fund	Enterprise Funds		
Cash and cash equivalents - beginning (including \$646,734 and \$231,298 in water and sewer funds, respectively, reported in restricted accounts)		3,653,175	3,591,397	757,260	222,829	289,461	8,514,122	
Cash and cash equivalents - ending (including \$646,734 and \$231,298 in water and sewer funds, respectively, reported in restricted accounts)	\$ 3,779,962	\$ 4,416,476	\$ 748,370	\$ 224,070	\$ 404,386	\$ 9,573,264		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 44,175	\$ 502,440	\$ -	\$ -	\$ -	\$ -	\$ 546,615	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation	418,047	380,154	-	-	-	-	798,201	
(Increase) decrease in:								
Liens & other receivables	34,563	(11,939)	-	-	-	-	22,624	
Inventories	944	-	-	-	-	-	944	
Deferred outflows of resources	(7,277)	(7,277)	-	-	-	-	(14,554)	
Increase (decrease) in:								
Accounts payable	(15,425)	843	-	-	-	-	(14,582)	
Customer deposits	570	1,109	-	-	-	-	1,679	
Pension liability	(239,801)	(239,801)	-	-	-	-	(479,602)	
Deferred inflows of resources	236,804	236,804	-	-	-	-	473,608	
Net cash provided (used) by operating activities	\$ 472,600	\$ 862,333	\$ -	\$ -	\$ -	\$ -	\$ 1,334,933	
Noncash investing, capital, and financing activities:								
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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

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

1. Blended component unit - Veneta Urban Renewal Agency

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

C. Basis of Presentation - Government-Wide Financial Statements

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

D. Basis of Presentation - Fund Financial Statements

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

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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, the monthly public safety fee 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 and the monthly transportation utility fee.

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.

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.

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.

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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.

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

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.

Building Inspection Fund – The Building Inspection Fund accounts for funds received from building inspections. The primary source of revenue is fees and charges.

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

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

Capital Projects Funds

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.

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.

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measureable and available only when cash is received by the government.

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

F. Budgetary Information

1. Budgetary Basis of Accounting

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, enterprise, and internal service funds. All funds are budgeted on the modified accrual basis of accounting. In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors.

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

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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 two approved appropriation changes.

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

1. Cash and Cash Equivalents

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

2. Investments

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

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.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

4. Prepaid Expenses

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

5. Inventory

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

6. Capital assets

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

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

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

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

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.

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumption

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

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.

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

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

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

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2. Property Taxes

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

3. Compensated Absences

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.

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.

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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City expended fund in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
Parks and Recreation Fund	Personnel	\$ 300,200	\$ 310,107	\$ 9,907
Streets Fund	Materials and services	638,500	646,665	8,165
Sewer Fund	Capital outlay	-	10,757	10,757

III. 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. 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 Annual Comprehensive Financial Report (ACFR). 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.

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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, 2022.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Level 2</u>
Investments	
Oregon Local Government Investment Pool	<u>\$ 16,545,827</u>

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, 2022, the City had the following investments:

	<u>Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated		<u>\$ 16,545,827</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

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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, 2022 the City had deposits of \$500,000 insured by the FDIC, and \$4,297,635 collateralized under the PFCP.

Deposits

The City's deposits and investments at June 30, 2022 are as follows:

Cash on hand	\$ 333
Checking account	4,707,468
Total investments	<u>16,545,827</u>
 Total deposits and investments	 <u>\$ 21,253,628</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,838,512
Law Enforcement Fund	711,550
Street Fund	2,907,100
Parks and Recreation Fund	736,183
Nonmajor governmental funds	<u>1,213,933</u>
 Total governmental activities - unrestricted	 <u>7,407,278</u>
Business-type activities - unrestricted	
Water Fund	3,133,228
Sewer Fund	4,185,178
Enterprise Reserve Fund	<u>224,070</u>
 Total business-type activities - unrestricted	 <u>7,542,476</u>
Total unrestricted cash and investments	<u>14,949,754</u>

(continued)

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

Cash and investments by fund (continued):

Governmental activities - restricted	
Urban Renewal - General Fund	\$ 695,041
Urban Renewal - Debt Service Fund	1,992,226
Nonmajor governmental funds	<u>1,585,819</u>
Total governmental activities - restricted	<u>4,273,086</u>
Business-type activities - restricted	
Water Fund	646,734
Sewer Fund	231,298
Capital Construction - Water Fund	404,386
Capital Construction - Sewer Fund	<u>748,370</u>
Total business-type activities - restricted	<u>2,030,788</u>
Total restricted cash and investments	<u>6,303,874</u>
Total cash and investments	<u>\$ 21,253,628</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	\$ 4,273,086
Property taxes receivable	<u>39,437</u>
Total governmental activities	<u>4,312,523</u>
Business-type activities	
Cash	<u>2,030,788</u>
Total restricted assets	<u>\$ 6,343,311</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,681,601	\$ -	\$ -	\$ 2,681,601
Work in process	<u>67,137</u>	<u>111,192</u>	<u>-</u>	<u>178,329</u>
Total capital assets not being depreciated	<u>2,748,738</u>	<u>111,192</u>	<u>-</u>	<u>2,859,930</u>
Capital assets being depreciated				
Buildings and structures	8,139,999	-	-	8,139,999
Machinery and equipment	217,589	9,817	(18,864)	208,542
Vehicles	154,349	-	-	154,349
Intangibles	25,945	-	-	25,945
Infrastructure	<u>12,965,203</u>	<u>-</u>	<u>-</u>	<u>12,965,203</u>
Total capital assets being depreciated	<u>21,503,085</u>	<u>9,817</u>	<u>(18,864)</u>	<u>21,494,038</u>
Less accumulated depreciation for				
Buildings and structures	(1,948,270)	(223,932)	-	(2,172,202)
Machinery and equipment	(151,891)	(23,916)	18,864	(156,943)
Vehicles	(115,769)	(9,114)	-	(124,883)
Intangibles	(6,486)	(2,595)	-	(9,081)
Infrastructure	<u>(2,517,981)</u>	<u>(200,452)</u>	<u>-</u>	<u>(2,718,433)</u>
Total accumulated depreciation	<u>(4,740,397)</u>	<u>(460,009)</u>	<u>18,864</u>	<u>(5,181,542)</u>
Total capital assets being depreciated, net	<u>16,762,688</u>	<u>(450,192)</u>	<u>-</u>	<u>16,312,496</u>
Governmental activities capital assets, net	<u>\$ 19,511,426</u>	<u>\$ (339,000)</u>	<u>\$ -</u>	<u>\$ 19,172,426</u>

(Continued)

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
(Continued)				
Business-type activities				
Capital assets not being depreciated				
Land	\$ 756,653	\$ -	\$ -	\$ 756,653
Total capital assets not being depreciated	<u>756,653</u>	<u>-</u>	<u>-</u>	<u>756,653</u>
Capital assets being depreciated				
Water and sewer systems	34,670,545	-	-	34,670,545
Equipment and vehicles	382,704	10,760	(11,531)	381,933
Total capital assets being depreciated	<u>35,053,249</u>	<u>10,760</u>	<u>(11,531)</u>	<u>35,052,478</u>
Less accumulated depreciation for				
Water and sewer systems	(10,190,158)	(783,971)	-	(10,974,129)
Equipment and vehicles	<u>(252,328)</u>	<u>(14,230)</u>	<u>10,954</u>	<u>(255,604)</u>
Total accumulated depreciation	<u>(10,442,486)</u>	<u>(798,201)</u>	<u>10,954</u>	<u>(11,229,733)</u>
Total capital assets being depreciated, net	<u>24,610,763</u>	<u>(787,441)</u>	<u>(577)</u>	<u>23,822,745</u>
Business-type activities capital assets, net	<u>\$ 25,367,416</u>	<u>\$ (787,441)</u>	<u>\$ (577)</u>	<u>\$ 24,579,398</u>

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June 30, 2022

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	178,329	-	178,329
Buildings and structures	8,139,999	(2,172,202)	5,967,797
Machinery and equipment	208,542	(156,943)	51,599
Vehicles	154,349	(124,883)	29,466
Intangibles	25,945	(9,081)	16,864
Infrastructure	<u>12,965,203</u>	<u>(2,718,433)</u>	<u>10,246,770</u>
Total governmental activities capital assets	<u>24,353,968</u>	<u>(5,181,542)</u>	<u>19,172,426</u>
Business-type activities			
Land	756,653	-	756,653
Water and sewer systems	34,670,545	(10,974,129)	23,696,416
Equipment and vehicles	<u>381,933</u>	<u>(255,604)</u>	<u>126,329</u>
Total business-type activities capital assets	<u>35,809,131</u>	<u>(11,229,733)</u>	<u>24,579,398</u>
Total capital assets	<u>\$ 60,163,099</u>	<u>\$ (16,411,275)</u>	<u>\$ 43,751,824</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>\$ 460,009</u>
Business-type activities		
Water	\$ 418,047	
Sewer	<u>380,154</u>	
Total business-type activities	<u>\$ 798,201</u>	

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

D. Interfund Transactions

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

	Transfers in:					
	Law Enforcement Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total		
Transfers out:						
Governmental activities						
General Fund	\$ -	\$ -	\$ 20,000	\$ 20,000		
Urban Renewal General Fund	- -	40,000	- -	40,000		
Nonmajor Governmental Funds	10,000	10,000	- -	20,000		
Total governmental activities	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 20,000</u>	<u>\$ 80,000</u>		

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

E. 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>\$ 75,468</u>	<u>\$ -</u>	<u>\$ 21,909</u>	<u>\$ 53,559</u>
Business-type activities				
Compensated absences	<u>\$ 105,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,988</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, 2022

F. Long-Term Liabilities

1. 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	\$ 109,461	\$ -	\$ 12,167	\$ 97,294	\$ 12,712
General obligation bonds:							
Pool Construction	4.45%	<u>1,100,000</u>	<u>617,975</u>	<u>-</u>	<u>65,000</u>	<u>552,975</u>	<u>67,000</u>
Total governmental activities		<u><u>\$ 1,323,502</u></u>	<u><u>\$ 727,436</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 77,167</u></u>	<u><u>\$ 650,269</u></u>	<u><u>\$ 79,712</u></u>
Business-type activities							
Revenue Installment Bonds:							
USDA Water Pipeline #1	2.75%	\$ 7,033,000	\$ 6,282,083	\$ -	\$ 119,394	\$ 6,162,689	\$ 122,677
USDA Water Pipeline #2	2.75%	3,346,269	2,945,232	-	58,011	2,887,221	59,606
USDA Sewer System Improvement	4.50%	4,255,700	2,833,645	-	2,833,645	-	-
2021 Full faith and credit sewer refunding	2-4%	2,830,000	-	2,830,000	155,000	2,675,000	120,000
Premium - 2021 FFC		220,214	-	220,214	321	219,893	-
Siuslaw Bank - Land Purchase Note	3.475%	<u>362,590</u>	<u>21,253</u>	<u>-</u>	<u>21,253</u>	<u>-</u>	<u>-</u>
Total business-type activities		<u><u>\$ 18,047,773</u></u>	<u><u>\$ 12,082,213</u></u>	<u><u>\$ 3,050,214</u></u>	<u><u>\$ 3,187,624</u></u>	<u><u>\$ 11,944,803</u></u>	<u><u>\$ 302,283</u></u>

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

2. 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. Interest expense is recorded on the statement of activities as follows:

Governmental activities		
Interest on long-term debt		<u>\$ 31,357</u>

3. Governmental Activity - Local Improvements Note

The City obtained a loan dated June 18, 2009 to finance local improvements funded by future assessments, which are pledged as collateral. Interest is fixed at 3.475%. Principal and interest are due semiannually on June 15 and December 15.

If the City is unable to make payments, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. The Local Improvement Fund has traditionally been used to liquidate the liability related to the local improvements note.

4. 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.

If the City is unable to make payments, the lender may exercise any remedy available at law or in equity, however, the agreement shall not be subject to acceleration. Principal is due annually on January 1. The Debt Service Fund has traditionally been used to liquidate the liability related to the bonds.

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

Year Ending June 30	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 67,000	\$ 24,608	\$ 12,712	\$ 3,310	\$ 79,712	\$ 27,918
2024	73,000	21,626	13,157	2,867	86,157	24,493
2025	75,000	18,378	13,632	2,391	88,632	20,769
2026	79,000	15,040	14,116	1,906	93,116	16,946
2027	82,000	11,524	14,618	1,404	96,618	12,928
2028-2029	176,975	11,880	29,059	1,237	206,034	13,117
	<u>\$ 552,975</u>	<u>\$ 103,056</u>	<u>\$ 97,294</u>	<u>\$ 13,115</u>	<u>\$ 650,269</u>	<u>\$ 116,171</u>

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June 30, 2022

6. 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.

7. Business-Type Activity - USDA Sewer System Improvement

The City obtained financing dated August 8, 2000 to fund sewer system improvements, which are pledged as collateral. 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. This obligation was fully liquidated with the Sewer Refunding Bonds in the current fiscal year. The advance refunding met the requirements of an in-substance defeasance, and the USDA Sewer System Improvement loan was removed from the City's financial statements.

8. Business-Type Activity - 2021 Full Faith and Credit Sewer Refunding Obligations

On July 21, 2021 the City issued \$2,830,000 of Refunding Obligations with an interest rate ranging from 2-4%. The net proceeds of \$3,050,214 (after issuance costs of \$90,103, plus premium of \$220,214) were used to advance refund the USDA Sewer System Improvement loan with a total principal amount of \$2,833,645 and an interest rate of 4.50%. City assets are pledged as collateral. Full Faith and Credit Obligations are direct obligations that pledge the full faith and credit of the City and are payable from sewer utility revenue proceeds. Interest is fixed at 2-4% in accordance with the original debt agreement. Interest is due annually on March 1. Principal is due annually on September 1. The Sewer and Sewer Capital Construction Funds have traditionally been used to liquidate the liability related to the refunding obligations.

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

The City obtained a loan from Siuslaw Bank to provide funds for land acquisition, which is pledged as collateral. The note is dated December 15, 2011. Interest is fixed at 3.758%. Principal and interest are due semiannually on June 12 and December 12. If the City is unable to make payments, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. Upon default, the interest rate on the note shall be increased 20.00% per annum, however, in no event will the interest rate exceed the maximum interest rate limitations under applicable law. 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, 2022

10. Business-Type Activities - Interest Expense

In relation to governmental activities, interest expenses were not charged to a specific function or program of the City. Interest expense is recorded on the statement of activities as follows:

Business-type activities		
Water	\$ 225,851	
Sewer	<u>166,802</u>	
Total business-type	<u>\$ 392,653</u>	

11. Legal Debt Limit

The City's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2022, was approximately \$20,593,195. The City's legal debt service limit is 3.00% of the real market value of property within the City.

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

Year Ending June 30	Water Pipeline Bonds		Sewer Full Faith & Credit		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 182,283	\$ 248,873	\$ 120,000	\$ 70,250	\$ 302,283	\$ 319,123
2024	187,297	243,859	125,000	66,575	312,297	310,434
2025	192,447	238,709	130,000	62,750	322,447	301,459
2026	197,739	233,417	135,000	58,775	332,739	292,192
2027	203,177	227,979	135,000	54,725	338,177	282,704
2028-2032	1,102,833	1,052,947	770,000	190,550	1,872,833	1,243,497
2033-2037	1,263,044	892,736	875,000	82,850	2,138,044	975,586
2038-2042	1,446,531	709,249	385,000	7,750	1,831,531	716,999
2043-2047	1,656,674	499,106	-	-	1,656,674	499,106
2048-2052	1,897,344	258,436	-	-	1,897,344	258,436
2053-2054	<u>720,540</u>	<u>28,321</u>	<u>-</u>	<u>-</u>	<u>720,540</u>	<u>28,321</u>
	<u>\$ 9,049,910</u>	<u>\$ 4,633,631</u>	<u>\$ 2,675,000</u>	<u>\$ 594,225</u>	<u>\$ 11,724,910</u>	<u>\$ 5,227,856</u>

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

G. 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	Parks and Recreation Fund	Urban Renewal Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:								
Nonspendable: prepaids	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300
Restricted for:								
Urban renewal projects	-	-	-	695,041	-	-	-	695,041
Debt service	-	-	-	-	-	1,995,669	221,430	2,217,099
Capital projects	-	-	-	-	-	-	1,077,221	1,077,221
Building department	-	-	-	-	-	-	287,168	287,168
Committed for:								
Local improvements	-	-	-	-	-	-	364,282	364,282
Streets and roads	-	-	2,468,264	-	-	-	-	2,468,264
Public safety	-	498,177	-	-	-	-	-	498,177
Community development	-	-	-	-	731,616	-	292,929	1,024,545
Equipment purchases	-	-	-	-	-	-	180,785	180,785
Business development	-	-	-	-	-	-	155,535	155,535
Capital projects	-	-	-	-	-	-	184,519	184,519
Unassigned	<u>1,752,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,752,341</u>
Total fund balances	<u>\$ 1,753,641</u>	<u>\$ 498,177</u>	<u>\$ 2,468,264</u>	<u>\$ 695,041</u>	<u>\$ 731,616</u>	<u>\$ 1,995,669</u>	<u>\$ 2,763,869</u>	<u>\$ 10,906,277</u>

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

IV. 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

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2021, there were 941 participating employers.

Plan Membership

As of June 30, 2021, there were 13,991 active plan members, 129,357 retired plan members or their beneficiaries currently receiving benefits, 9,103 inactive plan members entitled to but not yet receiving benefits, for a total of 152,451 Tier One members.

For Tier Two members, as of June 30, 2021, there were 29,322 active plan members, 18,832 retired plan members or their beneficiaries currently receiving benefits, 13,498 inactive plan members entitled to but not yet receiving benefits, for a total of 61,652.

As of June 30, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirements, for a total of 170,879 OPSRP Pension Program members.

Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

Tier One/Tier Two Retirement Benefit (Chapter 238) - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

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Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. 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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service.

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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 their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

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. The COLA is capped at 2.0 percent.

OPSRP Defined Benefit Pension Program (OPSRP DB) - This Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire - 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

A member of the OPSRP 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 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.

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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. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP IAP) - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP), may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

OPERS 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 OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2020. 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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NOTES TO BASIC FINANCIAL STATEMENTS

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Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the City has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2022 were \$219,152.

Annual Comprehensive Financial Report (ACFR)

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700, or can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, 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, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent

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Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 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>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2021 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

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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.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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June 30, 2022

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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/2021-ACFR.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2021

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation²</u>
Debt Securities	15.0%	25.0%	20.0%	20.8%
Public Equity	27.5%	37.5%	32.5%	29.4%
Real Estate	9.5%	15.5%	12.5%	10.5%
Private Equity	14.0%	21.0%	17.5%	25.1%
Alternatives Portfolio	7.5%	17.5%	15.0%	9.5%
Opportunity Portfolio ¹	0.0%	5.0%	0.0%	2.3%
Risk Parity	0.0%	2.5%	2.5%	2.4%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

² Based on the actual investment value at 6/30/2021.

CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

At June 30, 2022, the City reported a liability of \$1,242,129 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.0010380%. For the year ended June 30, 2021, the City recognized pension expense of \$181,575.

At June 30, 2022, 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	\$ 116,272	\$ -
Changes in assumptions	310,943	(3,269)
Net difference between projected and actual earnings on investments	-	(919,539)
Changes in proportionate share	66,244	(431)
 Differences between employer contributions and employer's proportionate share of system contributions	 2,325	 (71,265)
	495,784	(994,504)
Contributions subsequent to the MD	219,152	-
Total (subsequent to the post-MD contributions)	<u>\$ 714,936</u>	<u>\$ (994,504)</u>

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period.

Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2021 measurement period is 5.4 years.

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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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent fiscal years	Deferred Outflows of Resources	
1st fiscal year	\$	(76,810)
2nd fiscal year		(92,211)
3rd fiscal year		(133,821)
4th fiscal year		(223,696)
5th fiscal year		27,818

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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

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

1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
\$ 2,439,247	\$ 1,242,129	\$ 240,578

Changes Subsequent to the Measurement Date

On July 15, 2021, Portland Public Schools issued pension obligation bonds resulting in a lump-sum deposit to a new side account with PERS totaling \$398,665,572. On August 13, 2021, 22 school district employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts with PERS totaling \$654,583,738.

On August 31, 2021, five community college employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts totaling \$212,080,721. On September 28, 2021, one school district employer issued pension obligation bonds resulting in a lumpsum deposit to a new side account totaling \$73,908,669.

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On July 23, 2021, the PERS Board voted to set the assumed rate of return to 6.9 percent, down from 7.2 percent. The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate was then adopted in an administrative rule at the PERS Board's October 1, 2021, meeting. The new assumed rate will be reflected in the December 31, 2021 actuarial valuation for funding, and decreases in the assumed rate typically increase the system's unfunded actuarial liability as well as employer contribution rates. The new assumed rate was applied by the actuaries to the Net Pension Liability and Net OPEB Liability as of June 30, 2021.

C. New Pronouncements

For the fiscal year ended June 30, 2022, the City implemented the following new accounting standards.

GASB Statement No. 83, Certain Asset Retirement Obligations – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 87, Leases – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

GASB Statement No. 92, Omnibus 2020. This statement was issued January 2020 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, postemployment benefits (pensions and other postemployment benefits), asset retirement obligations, risk pool and fair value measurements.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension/OPEB plans and employee benefit plans other than pension/OPEB plans, as fiduciary component units in fiduciary fund financial statement; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meets the definition of a pension plan and for benefits provided through those plans.

**CITY OF VENETA
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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. 89, Accounting for Interest Cost Incurred before the End of a Construction Period – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

D. Subsequent Events

Management has evaluated subsequent events through February 6, 2024, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VENETA
Lane County, Oregon

**SCHEDULES OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS**

OREGON PERS SYSTEM

Schedule of the Proportionate Share of the Net Pension Liability

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a % of covered payroll	Plan fiduciary net position as a % of the total pension liability
2015	0.0086300%	\$ (195,617)	\$ 722,475	-27.08%	103.59%
2016	0.0106151%	\$ 609,460	\$ 725,675	83.99%	91.88%
2017	0.0096569%	\$ 1,449,719	\$ 843,609	171.85%	80.53%
2018	0.0095657%	\$ 1,289,460	\$ 889,881	144.90%	83.12%
2019	0.0098074%	\$ 1,485,699	\$ 957,843	155.11%	82.07%
2020	0.0099481%	\$ 1,720,780	\$ 943,181	182.44%	80.20%
2021	0.0100870%	\$ 2,201,333	\$ 1,042,899	211.08%	75.79%
2022	0.0010380%	\$ 1,242,129	\$ 1,111,838	111.72%	87.60%

Schedule of Contributions

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a % of covered payroll
2015	\$ 73,693	\$ (73,693)	\$ -	\$ 797,352	9.24%
2016	\$ 104,326	\$ (104,326)	\$ -	\$ 891,558	11.70%
2017	\$ 168,377	\$ (168,377)	\$ -	\$ 977,191	17.23%
2018	\$ 207,660	\$ (207,660)	\$ -	\$ 965,208	21.51%
2019	\$ 220,957	\$ (220,957)	\$ -	\$ 1,029,916	21.45%
2020	\$ 267,743	\$ (267,743)	\$ -	\$ 1,246,316	21.48%
2021	\$ 249,579	\$ (249,579)	\$ -	\$ 1,160,836	21.50%
2022	\$ 219,152	\$ (219,152)	\$ -	\$ 1,019,312	21.50%

CITY OF VENETA
Lane County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 306,000	\$ 10,952	\$ 316,952
Franchise taxes	152,500	(1,497)	151,003
Licenses, permits, and fees	3,500	3,153	6,653
Operating grants and contributions	724,500	(117,296)	607,204
Intergovernmental charges	174,000	(74,426)	99,574
Charges for services	23,950	4,972	28,922
Fines	6,000	2,277	8,277
Investment earnings	12,050	(3,096)	8,954
Rents and leases	42,000	1,744	43,744
Miscellaneous	<u>37,600</u>	<u>(24,960)</u>	<u>12,640</u>
Total revenues	<u>1,482,100</u>	<u>(198,177)</u>	<u>1,283,923</u>
EXPENDITURES			
Current			
Personnel services	570,150	(137,578)	432,572
Materials and services	585,650	(142,935)	442,715
Capital outlay	45,000	(45,000)	-
Contingency	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
Total expenditures	<u>1,275,800</u>	<u>(400,513)</u>	<u>875,287</u>
Excess (deficiency) of revenues over (under) expenditures	206,300	202,336	408,636
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000	(1,000)	-
Transfers out	<u>(55,000)</u>	<u>(35,000)</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>(54,000)</u>	<u>34,000</u>	<u>(20,000)</u>
Net change in fund balance	152,300	236,336	388,636
Fund balance - beginning	<u>813,750</u>	<u>551,255</u>	<u>1,365,005</u>
Fund balance - ending	<u>\$ 966,050</u>	<u>\$ 787,591</u>	<u>\$ 1,753,641</u>

CITY OF VENETA
Lane County, Oregon

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

LAW ENFORCEMENT FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 929,750	\$ 29,438	\$ 959,188
Licenses, permits and fees	93,750	(12,456)	81,294
Intergovernmental	9,000	(2,224)	6,776
Other taxes	16,050	12,128	28,178
Investment earnings	2,500	(480)	2,020
Total revenues	<u>1,051,050</u>	<u>26,406</u>	<u>1,077,456</u>
EXPENDITURES			
Current			
Materials and services	936,600	(5,203)	931,397
Contingency	<u>500</u>	<u>(500)</u>	<u>-</u>
Total expenditures	<u>937,100</u>	<u>(5,703)</u>	<u>931,397</u>
Excess (deficiency) of revenues over (under) expenditures	113,950	32,109	146,059
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	123,950	32,109	156,059
Fund balance - beginning	<u>243,650</u>	<u>98,468</u>	<u>342,118</u>
Fund balance - ending	<u>\$ 367,600</u>	<u>\$ 130,577</u>	<u>\$ 498,177</u>

CITY OF VENETA
Lane County, Oregon

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

STREET FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	GAAP Basis
REVENUES				
Franchise Taxes	\$ 152,000	\$ 152,000	\$ (997)	\$ 151,003
Fees and charges	91,300	91,300	122,127	213,427
Intergovernmental	472,000	472,000	(63,669)	408,331
Investment earnings	12,000	12,000	1,642	13,642
Grants	635,000	635,000	(635,000)	-
Miscellaneous	450	450	1,070	1,520
Total revenues	<u>1,362,750</u>	<u>1,362,750</u>	<u>(574,827)</u>	<u>787,923</u>
EXPENDITURES				
Current				
Personnel services	136,700	166,700	(21,616)	145,084
Materials and services	638,500	638,500	8,165	646,665
Capital outlay	86,500	56,500	(56,500)	-
Contingency	<u>100,000</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total expenditures	<u>961,700</u>	<u>961,700</u>	<u>(169,951)</u>	<u>791,749</u>
Excess (deficiency) of revenues over (under) expenditures	401,050	401,050	(404,876)	(3,826)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	(150,000)	-
Transfers out	<u>(11,000)</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>139,000</u>	<u>139,000</u>	<u>(139,000)</u>	<u>-</u>
Net change in fund balance	540,050	540,050	(543,876)	(3,826)
Fund balance - beginning	<u>1,123,371</u>	<u>1,123,371</u>	<u>1,348,719</u>	<u>2,472,090</u>
Fund balance - ending	<u>\$ 1,663,421</u>	<u>\$ 1,663,421</u>	<u>\$ 804,843</u>	<u>\$ 2,468,264</u>

CITY OF VENETA
Lane County, Oregon

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

VENETA URBAN RENEWAL AGENCY - GENERAL FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ 15,000	\$ (12,887)	\$ 2,113	\$ -	\$ 2,113
EXPENDITURES					
Current					
Materials and services	341,000	(338,599)	2,401	-	2,401
Urban renewal	329,891	(289,891)	40,000	-	40,000
Contingency	10,000	(10,000)	-	-	-
Total expenditures	<u>680,891</u>	<u>(638,490)</u>	<u>42,401</u>	<u>-</u>	<u>42,401</u>
Excess (deficiency) of revenues over (under) expenditures	(665,891)	625,603	(40,288)	-	(40,288)
OTHER FINANCING					
SOURCES (USES)					
Loan proceeds	<u>700,000</u>	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>34,109</u>	<u>(74,397)</u>	<u>(40,288)</u>	<u>-</u>	<u>(40,288)</u>
Fund balance - beginning	<u>140,250</u>	<u>595,079</u>	<u>735,329</u>	<u>-</u>	<u>735,329</u>
Fund balance - ending	<u><u>\$ 174,359</u></u>	<u><u>\$ 520,682</u></u>	<u><u>\$ 695,041</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 695,041</u></u>

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, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 270,450	\$ 270,450	\$ 8,501	\$ 278,951
Charges for services	5,700	5,700	74,030	79,730
Intergovernmental	99,700	99,700	(31,581)	68,119
Other taxes	-	-	28,178	28,178
Grants and contributions	125,000	125,000	(117,272)	7,728
Investment earnings	5,150	5,150	(802)	4,348
Miscellaneous	600	600	3,570	4,170
Total revenues	<u>506,600</u>	<u>506,600</u>	<u>(35,376)</u>	<u>471,224</u>
EXPENDITURES				
Current				
Personnel services	215,200	300,200	9,907	310,107
Materials and services	212,270	212,270	(48,056)	164,214
Capital outlay	180,000	105,000	(8,813)	96,187
Contingency	20,000	10,000	(10,000)	-
Total expenditures	<u>627,470</u>	<u>627,470</u>	<u>(56,962)</u>	<u>570,508</u>
Excess (deficiency) of revenues over (under) expenditures	(120,870)	(120,870)	21,586	(99,284)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	40,000	50,000
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,000</u>	<u>2,000</u>	<u>48,000</u>	<u>50,000</u>
Net change in fund balance	(118,870)	(118,870)	53,586	(49,284)
Fund balance - beginning	<u>435,700</u>	<u>435,700</u>	<u>345,200</u>	<u>780,900</u>
Fund balance - ending	<u>\$ 316,830</u>	<u>\$ 316,830</u>	<u>\$ 398,786</u>	<u>\$ 731,616</u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF VENETA
Lane County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue				
	Local Improvements Fund	Capital Construction Fund	Planning Fund	Storm-Water Fund	Building Inspection Fund
ASSETS					
Cash and cash equivalents	\$ 295,019	\$ 1,077,222	\$ 255,025	\$ 285,414	\$ 63,686
Accounts and other receivables	-	-	2,193	7,689	-
Property taxes receivable	-	-	7,226	-	-
Liens receivable	21,840	7,295	-	-	-
Total assets	<u>\$ 316,859</u>	<u>\$ 1,084,517</u>	<u>\$ 264,444</u>	<u>\$ 293,103</u>	<u>\$ 63,686</u>
LIABILITIES					
Accounts payable	\$ -	\$ 1	\$ 34,029	\$ 174	\$ 82
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
- Liens	21,840	7,295	-	-	-
- Property taxes	-	-	6,851	-	-
Total deferred inflows of resources	<u>21,840</u>	<u>7,295</u>	<u>6,851</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	1,077,221	223,564	-	63,604
Committed	<u>295,019</u>	<u>-</u>	<u>-</u>	<u>292,929</u>	<u>-</u>
Total fund balances	<u>295,019</u>	<u>1,077,221</u>	<u>223,564</u>	<u>292,929</u>	<u>63,604</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 316,859</u>	<u>\$ 1,084,517</u>	<u>\$ 264,444</u>	<u>\$ 293,103</u>	<u>\$ 63,686</u>

Special Revenue		Capital Projects Funds			Debt Service		Total
Zumwalt Campground Fund	Business Assistance Fund	Governmental Reserve Fund	Public Works Equipment				Nonmajor Governmental Funds
Fund	Loan/Grants						
\$ 69,746	\$ 156,343	\$ 184,519	\$ 191,542	\$ 221,236	\$ 2,799,752		
-	-	-	-	-	-		9,882
-	-	-	-	-	3,726		10,952
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>29,135</u>
<u>\$ 69,746</u>	<u>\$ 156,343</u>	<u>\$ 184,519</u>	<u>\$ 191,542</u>	<u>\$ 224,962</u>	<u>\$ 2,849,721</u>		
\$ 483	\$ 808	\$ -	\$ 10,757	\$ -	\$ 46,334		
-	-	-	-	-	-		29,135
-	-	-	-	-	3,532		10,383
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,532</u>		<u>39,518</u>
-	-	-	-	-	221,430		1,585,819
<u>69,263</u>	<u>155,535</u>	<u>184,519</u>	<u>180,785</u>	<u>-</u>	<u>-</u>		<u>1,178,050</u>
<u>69,263</u>	<u>155,535</u>	<u>184,519</u>	<u>180,785</u>	<u>221,430</u>	<u>-</u>		<u>2,763,869</u>
<u>\$ 69,746</u>	<u>\$ 156,343</u>	<u>\$ 184,519</u>	<u>\$ 191,542</u>	<u>\$ 224,962</u>	<u>\$ 2,849,721</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, 2022

	Special Revenue				
	Local Improvements Fund	Capital Consutrction Fund	Planning Fund	Storm-water Fund	Building Inspection Fund
REVENUES					
Property taxes	\$ -	\$ -	\$ 191,900	\$ -	\$ -
Charges for services	- -	182,020	52,901	- -	- -
Fees and charges	9,564	- -	- -	74,172	111,729
Investment earnings	<u>1,670</u>	<u>4,959</u>	<u>1,356</u>	<u>1,461</u>	<u>- -</u>
Total revenues	<u>11,234</u>	<u>186,979</u>	<u>246,157</u>	<u>75,633</u>	<u>111,729</u>
EXPENDITURES					
Current					
General government	- -	- -	260,693	- -	120,275
Public works	- -	- -	- -	45,116	- -
Culture and recreation	- -	- -	- -	- -	- -
Debt service	16,024	- -	- -	- -	- -
Capital outlay	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total expenditures	<u>16,024</u>	<u>- -</u>	<u>260,693</u>	<u>45,116</u>	<u>120,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,790)</u>	<u>186,979</u>	<u>(14,536)</u>	<u>30,517</u>	<u>(8,546)</u>
OTHER FINANCING					
SOURCES (USES)					
Transfers in	- -	- -	- -	- -	20,000
Transfers out	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total other financing sources (uses)	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>20,000</u>
Net change in fund balances	<u>(4,790)</u>	<u>186,979</u>	<u>(14,536)</u>	<u>30,517</u>	<u>11,454</u>
Fund balances - beginning	<u>299,809</u>	<u>890,242</u>	<u>238,100</u>	<u>262,412</u>	<u>52,150</u>
Fund balances - ending	<u>\$ 295,019</u>	<u>\$ 1,077,221</u>	<u>\$ 223,564</u>	<u>\$ 292,929</u>	<u>\$ 63,604</u>

Special Revenue		Capital Projects Funds				Total	
Zumwalt Campground Fund	Business Assistance Loan/Grants	Governmental Reserve Fund	Public Works Equipment	West Broadway Fund	Debt Service Fund	Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,732	\$ 290,632	
203	-	-	-	-	-	235,124	
-	-	-	-	-	-	195,465	
640	911	1,022	1,056	-	884	13,959	
843	911	1,022	1,056	-	99,616	735,180	
	8,881	-	-	-	-	389,849	
	-	-	-	-	-	45,116	
26,332	-	-	-	-	-	26,332	
-	-	-	-	-	92,500	108,524	
-	-	-	9,817	-	-	9,817	
26,332	8,881	-	9,817	-	92,500	579,638	
(25,489)	(7,970)	1,022	(8,761)	-	7,116	155,542	
	-	-	-	-	-	20,000	
(20,000)	-	-	-	-	-	(20,000)	
(20,000)	-	-	-	-	-	-	
(45,489)	(7,970)	1,022	(8,761)	-	7,116	155,542	
114,752	163,505	183,497	189,546	-	214,314	2,608,327	
\$ 69,263	\$ 155,535	\$ 184,519	\$ 180,785	\$ -	\$ 221,430	\$ 2,763,869	

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Fees and charges	\$ 2,200	\$ 7,364	\$ 9,564
Investment earnings	<u>2,700</u>	<u>(1,030)</u>	<u>1,670</u>
Total revenues	<u>4,900</u>	<u>6,334</u>	<u>11,234</u>
EXPENDITURES			
Current			
Materials and services	2,600	(2,600)	-
Debt service	18,800	(2,776)	16,024
Capital outlay	<u>81,000</u>	<u>(81,000)</u>	<u>-</u>
Total expenditures	<u>102,400</u>	<u>(86,376)</u>	<u>16,024</u>
Excess (deficiency) of revenues over (under) expenditures	(97,500)	92,710	(4,790)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>81,000</u>	<u>(81,000)</u>	<u>-</u>
Net change in fund balance	(16,500)	11,710	(4,790)
Fund balance - beginning	<u>297,650</u>	<u>2,159</u>	<u>299,809</u>
Fund balance - ending	<u>\$ 281,150</u>	<u>\$ 13,869</u>	<u>\$ 295,019</u>

CITY OF VENETA
Lane County, Oregon

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

CAPITAL CONSTRUCTION FUND - GOVERNMENTAL

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 55,500	\$ 126,520	\$ 182,020
Investment earnings	10,000	(5,041)	4,959
 Total revenues	 65,500	 121,479	 186,979
EXPENDITURES			
Materials and services	500	(500)	-
Excess (deficiency) of revenues over (under) expenditures	65,000	121,979	186,979
Fund balance - beginning	816,200	74,042	890,242
 Fund balance - ending	 \$ 881,200	 \$ 196,021	 \$ 1,077,221

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 185,900	\$ 6,000	\$ 191,900
Charges for services	123,000	(70,099)	52,901
Investment earnings	3,500	(2,144)	1,356
Miscellaneous	<u>50</u>	(50)	-
Total revenues	<u>312,450</u>	(66,293)	246,157
EXPENDITURES			
Current			
Personnel services	165,400	(12,661)	152,739
Materials and services	160,500	(52,546)	107,954
Capital outlay	1,700	(1,700)	-
Contingency	<u>25,000</u>	(25,000)	-
Total expenditures	<u>352,600</u>	(91,907)	260,693
Excess (deficiency) of revenues over (under) expenditures	(40,150)	25,614	(14,536)
Fund balance - beginning	<u>267,650</u>	(29,550)	238,100
Fund balance - ending	<u>\$ 227,500</u>	<u>\$ (3,936)</u>	<u>\$ 223,564</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, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Fees and charges	\$ 70,500	\$ 70,500	\$ 3,672	\$ 74,172
Investment earnings	2,500	2,500	(1,039)	1,461
Miscellaneous	50	50	(50)	-
Total revenues	<u>73,050</u>	<u>73,050</u>	2,583	<u>75,633</u>
EXPENDITURES				
Current				
Personnel services	37,000	42,000	(2,668)	39,332
Materials and services	15,800	15,800	(10,016)	5,784
Capital outlay	400	400	(400)	-
Contingency	<u>10,000</u>	<u>5,000</u>	(5,000)	-
Total expenditures	<u>63,200</u>	<u>63,200</u>	(18,084)	<u>45,116</u>
Excess (deficiency) of revenues over (under) expenditures	9,850	9,850	20,667	30,517
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	5,000	-
Net change in fund balance	4,850	4,850	25,667	30,517
Fund balance - beginning	<u>229,800</u>	<u>229,800</u>	32,612	<u>262,412</u>
Fund balance - ending	<u>\$ 234,650</u>	<u>\$ 234,650</u>	<u>\$ 58,279</u>	<u>\$ 292,929</u>

CITY OF VENETA
Lane County, Oregon

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

BUILDING INSPECTION PROGRAM FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Licenses, permits, and fees	\$ 90,500	\$ 21,229	\$ 111,729
Interest	200	(200)	-
Miscellaneous	50	(50)	-
 Total revenues	 90,750	 20,979	 111,729
EXPENDITURES			
Current			
Personnel services	30,950	(136)	30,814
Materials and services	91,200	(1,739)	89,461
 Total expenditures	 122,150	 (1,875)	 120,275
Excess (deficiency) of revenues over (under) expenditures	(31,400)	22,854	(8,546)
OTHER FINANCING SOURCES (USES)			
Transfers in	55,000	(35,000)	20,000
Net change in fund balance	23,600	(12,146)	11,454
Fund balance - beginning	46,150	6,000	52,150
 Fund balance - ending	 \$ 69,750	 \$ (6,146)	 \$ 63,604

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ -	\$ 203	\$ 203
Investment earnings	<u>850</u>	<u>(210)</u>	<u>640</u>
Total revenues	<u>850</u>	<u>(7)</u>	<u>843</u>
EXPENDITURES			
Current			
Personnel services	21,100	(3,607)	17,493
Materials and services	<u>9,850</u>	<u>(1,011)</u>	<u>8,839</u>
Total expenditures	<u>30,950</u>	<u>(4,618)</u>	<u>26,332</u>
Excess (deficiency) of revenues over (under) expenditures	(30,100)	4,611	(25,489)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	(50,100)	4,611	(45,489)
Fund balance - beginning	<u>100,650</u>	<u>14,102</u>	<u>114,752</u>
Fund balance - ending	<u>\$ 50,550</u>	<u>\$ 18,713</u>	<u>\$ 69,263</u>

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 1,200	\$ (289)	\$ 911
Grants and contributions	100,000	(100,000)	-
Miscellaneous	100	(100)	-
 Total revenues	 101,300	 (100,389)	 911
EXPENDITURES			
Current			
Materials and services	134,050	(125,169)	8,881
Excess (deficiency) of revenues over (under) expenditures	(32,750)	24,780	(7,970)
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,000)	1,000	-
Net change in fund balance	(33,750)	25,780	(7,970)
Fund balance - beginning	144,700	18,805	163,505
Fund balance - ending	<u>\$ 110,950</u>	<u>\$ 44,585</u>	<u>\$ 155,535</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment income	\$ 1,700	\$ (644)	\$ 1,056
EXPENDITURES			
Capital outlay	<u>23,000</u>	(13,183)	9,817
Excess (deficiency) of revenues over (under) expenditures	(21,300)	12,539	(8,761)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>28,000</u>	(28,000)	-
Net change in fund balance	6,700	(15,461)	(8,761)
Fund balance - beginning	<u>182,850</u>	<u>6,696</u>	<u>189,546</u>
Fund balance - ending	<u>\$ 189,550</u>	<u>\$ (8,765)</u>	<u>\$ 180,785</u>

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 5,400	\$ (4,378)	\$ 1,022
EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	5,400	(4,378)	1,022
OTHER FINANCING SOURCES (USES)			
Transfers in	6,000	(6,000)	-
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(144,000)</u>	<u>(156,000)</u>	<u>-</u>
Net change in fund balance	(138,600)	(160,378)	1,022
Fund balance - beginning	<u>189,826</u>	<u>(6,329)</u>	<u>183,497</u>
Fund balance - ending	<u><u>\$ 51,226</u></u>	<u><u>\$ 133,293</u></u>	<u><u>\$ 184,519</u></u>

CITY OF VENETA
Lane County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 95,800	\$ 2,932	\$ 98,732
Investment earnings	1,700	(816)	884
 Total revenues	 97,500	 2,116	 99,616
EXPENDITURES			
Debt service	94,350	(1,850)	92,500
 Excess (deficiency) of revenues over (under) expenditures	 3,150	 3,966	 7,116
 Fund balance - beginning	 144,750	 69,564	 214,314
 Fund balance - ending	 \$ 147,900	 \$ 73,530	 \$ 221,430

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual			GAAP Basis
			Budget Basis	Adjustments		
REVENUES						
Property taxes	\$ 778,340	\$ 117,307	\$ 895,647	\$ -	\$ 895,647	
Investment earnings	<u>12,500</u>	<u>(7,857)</u>	<u>4,643</u>	<u>-</u>	<u>4,643</u>	
Total revenues	<u>790,840</u>	<u>109,450</u>	<u>900,290</u>	<u>-</u>	<u>900,290</u>	
EXPENDITURES						
Debt service	<u>983,000</u>	<u>(983,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(192,160)	1,092,450	900,290	-	-	900,290
Fund balance - beginning	<u>876,500</u>	<u>218,879</u>	<u>1,095,379</u>	<u>-</u>	<u>-</u>	<u>1,095,379</u>
Fund balance - ending	<u>\$ 684,340</u>	<u>\$ 1,311,329</u>	<u>\$ 1,995,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,995,669</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, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Water sales	\$ 1,580,000	\$ 1,580,000	\$ (501,757)	\$ 1,078,243	\$ -	\$ 1,078,243
Intergovernmental	83,891	83,891	(83,891)	-	-	-
Investment earnings	15,000	15,000	22,247	37,247	-	37,247
Licenses and permits	5,500	5,500	22,500	28,000	-	28,000
Rents and leases	15,000	15,000	(15,000)	-	-	-
Miscellaneous	1,500	1,500	1,397	2,897	-	2,897
Total revenues	<u>1,700,891</u>	<u>1,700,891</u>	<u>(554,504)</u>	<u>1,146,387</u>	<u>-</u>	<u>1,146,387</u>
EXPENSES						
Current						
Personnel services	282,450	302,450	(20,849)	281,601	(10,274)	271,327
Materials and supplies	471,000	471,000	(98,306)	372,694	-	372,694
Capital outlay	138,000	118,000	(118,000)	-	-	-
Debt service	406,050	406,050	(20,094)	385,956	(160,105)	225,851
Depreciation	-	-	-	-	418,047	418,047
Contingency	100,000	100,000	(100,000)	-	-	-
Total expenses	<u>1,397,500</u>	<u>1,397,500</u>	<u>(357,249)</u>	<u>1,040,251</u>	<u>247,668</u>	<u>1,287,919</u>
Excess (deficiency) of revenues over (under) expenses	303,391	303,391	(197,255)	106,136	(247,668)	(141,532)
OTHER FINANCING						
SOURCES (USES)						
Transfers in	-	-	-	-	17,300	17,300
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>17,300</u>	<u>17,300</u>
Change in net position	298,391	298,391	(197,255)	106,136	(230,368)	(124,232)
Net position - beginning	<u>3,013,250</u>	<u>3,013,250</u>	<u>683,314</u>	<u>3,696,564</u>	<u>5,538,975</u>	<u>9,235,539</u>
Net position - ending	<u>\$ 3,311,641</u>	<u>\$ 3,311,641</u>	<u>\$ 486,059</u>	<u>\$ 3,802,700</u>	<u>\$ 5,308,607</u>	<u>\$ 9,111,307</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, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	GAAP Basis
REVENUES						
Sewer charges	\$ 1,600,000	\$ 1,600,000	\$ (171,163)	\$ 1,428,837	\$ -	\$ 1,428,837
Investment earnings	15,500	15,500	(13,663)	1,837	-	1,837
Licenses and permits	2,600	2,600	8,785	11,385	-	11,385
Rents and leases	9,600	9,600	800	10,400	-	10,400
Miscellaneous	50	50	(50)	-	-	-
Total revenues	1,627,750	1,627,750	(175,291)	1,452,459	-	1,452,459
EXPENSES						
Current						
Personnel services	309,350	334,350	(15,360)	318,990	(10,274)	308,716
Materials and services	502,900	477,900	(229,565)	248,335	-	248,335
Capital outlay	-	-	10,757	10,757	(10,180)	577
Debt service	100,169	100,169	(27,701)	72,468	72,063	144,531
Depreciation	-	-	-	-	380,154	380,154
Contingency	100,000	100,000	(100,000)	-	-	-
Total expenses	1,012,419	1,012,419	(361,869)	650,550	431,763	1,082,313
Excess (deficiency) of revenues over (under) expenses	615,331	615,331	186,578	801,909	(431,763)	370,146
OTHER FINANCING						
SOURCES (USES)						
Refunding bond proceeds	-	-	3,050,214	3,050,214	(3,050,214)	-
Payment to escrow agent	-	-	(2,960,111)	(2,960,111)	2,960,111	-
Transfers in	-	-	-	-	77,500	77,500
Transfers out	(5,000)	(5,000)	5,000	-	-	-
Total other financing sources (uses)	(5,000)	(5,000)	95,103	90,103	(12,603)	77,500
Change in net position	610,331	610,331	281,681	892,012	(444,366)	447,646
Net position - beginning	<u>3,172,550</u>	<u>3,172,550</u>	<u>398,251</u>	<u>3,570,801</u>	<u>6,883,318</u>	<u>10,454,119</u>
Net position - ending	\$ 3,782,881	\$ 3,782,881	\$ 679,932	\$ 4,462,813	\$ 6,438,952	\$ 10,901,765

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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES					
System development charges	\$ 58,000	\$ 101,272	\$ 159,272	\$ -	\$ 159,272
Investment earnings	1,200	(347)	853	-	853
Total revenues	<u>59,200</u>	<u>100,925</u>	<u>160,125</u>	<u>-</u>	<u>160,125</u>
EXPENSES					
Current					
Materials and services	50	(50)	-	-	-
Debt service	<u>45,200</u>	<u>-</u>	<u>45,200</u>	<u>(17,300)</u>	<u>27,900</u>
Total expenses	<u>45,250</u>	<u>(50)</u>	<u>45,200</u>	<u>(17,300)</u>	<u>27,900</u>
Excess (deficiency) of revenues over (under) expenses	13,950	100,975	114,925	17,300	132,225
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,300)</u>	<u>(17,300)</u>
Change in net position	13,950	100,975	114,925	-	114,925
Net position - beginning	<u>98,700</u>	<u>54,411</u>	<u>153,111</u>	<u>7,024</u>	<u>160,135</u>
Net position - ending	<u>\$ 112,650</u>	<u>\$ 155,386</u>	<u>\$ 268,036</u>	<u>\$ 7,024</u>	<u>\$ 275,060</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
System development charges	\$ 80,000	\$ 85,178	\$ 165,178	\$ 83,130	\$ 248,308
Investment earnings	<u>7,100</u>	<u>(3,199)</u>	<u>3,901</u>	<u>-</u>	<u>3,901</u>
Total revenues	<u>87,100</u>	<u>81,979</u>	<u>169,079</u>	<u>83,130</u>	<u>252,209</u>
EXPENSES					
Current					
Materials and services	1,000	(1,000)	-	-	-
Debt service	<u>143,969</u>	<u>(22,945)</u>	<u>121,024</u>	<u>(98,753)</u>	<u>22,271</u>
Total expenses	<u>144,969</u>	<u>(23,945)</u>	<u>121,024</u>	<u>(98,753)</u>	<u>22,271</u>
Excess (deficiency) of revenues over (under) expenses	(57,869)	105,924	48,055	181,883	229,938
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,500)</u>	<u>(77,500)</u>
Change in net position	(57,869)	105,924	48,055	104,383	152,438
Net position - beginning	<u>621,600</u>	<u>78,679</u>	<u>700,279</u>	<u>34,307</u>	<u>734,586</u>
Net position - ending	<u>\$ 563,731</u>	<u>\$ 184,603</u>	<u>\$ 748,334</u>	<u>\$ 138,690</u>	<u>\$ 887,024</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, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 900	\$ 341	\$ 1,241
EXPENSES			
Excess (deficiency) of revenues over (under) expenses	900	341	1,241
Net position - beginning	<u>228,950</u>	<u>(6,121)</u>	<u>222,829</u>
Net position - ending	<u>\$ 229,850</u>	<u>\$ (5,780)</u>	<u>\$ 224,070</u>

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



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, 2022 and have issued our report thereon dated February 6, 2024. 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 appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
Parks and Recreation Fund	Personnel	\$ 300,200	\$ 310,107	\$ 9,907
Streets Fund	Materials and services	638,500	646,665	8,165
Sewer Fund	Capital outlay	-	10,757	10,757

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. 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, and therefore material weaknesses or significant deficiencies may exist that have not been identified.

We identified a deficiency in internal control over financial reporting, as described in the accompanying schedule of findings and management's responses, that we consider to be a material weakness (2022-001) in internal control over financial reporting.

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.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is fluid and cursive, with "Accuity" on the top line and "LLC" on the bottom line.

Accuity, LLC
February 6, 2024



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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2024.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and management's responses, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and management's responses as item (2022-001) to be a material weakness.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Report on 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 required to be reported under *Government Auditing Standards*, as described below:

1. Excess of Expenditures Over Appropriations

Fund	Function	Appropriations	Expenditures	Excess
Parks and Recreation Fund	Personnel	\$ 300,200	\$ 310,107	\$ 9,907
Streets Fund	Materials and services	638,500	646,665	8,165
Sewer Fund	Capital outlay	-	10,757	10,757

City of Veneta's Response to Findings

The City of Veneta's response to the findings identified in our audit is described in the accompanying schedule of findings and management's response. The City of Veneta's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
Accuity, LLC
Albany, Oregon
February 6, 2024

CITY OF VENETA
Lane County, Oregon

June 30, 2022

Finding Number	2022-001
Finding Title	Accounts payable as presented for audit were misstated by 469,986 due to an invoice not being recorded
Type of Finding	Material Weakness
Criteria	Cutoff procedures should capture all invoices in the correct accounting period
Condition	Due to staffing changeovers, the invoice was not captured in the correct accounting period
Cause of Condition	Staffing changeovers
Potential Effect of Condition	Change of users opinion of financial position of the City
Prevalence	Isolated
Recommendation	We recommend City staff re-evaluate cutoff procedures and ensure they are adequate to ensure accurate reporting
Management's Response	City staff agrees with the recommendation that cutoff procedures be re-evaluated and the procedures will be followed as we move forward in the years to come.