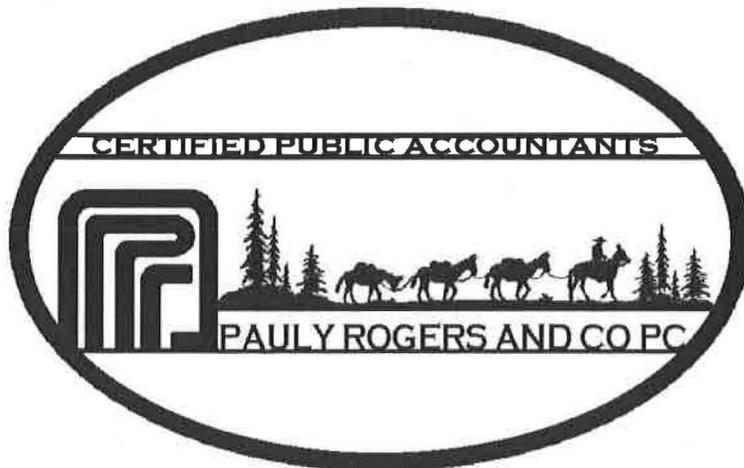


CITY OF TALENT
JACKSON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF TALENT
TALENT, OREGON**

CASH BASIS FINANCIAL STATEMENTS

**WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2014

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CITY OF TALENT
TALENT, OREGON

Mayor and City Council

TERM EXPIRES

William Cecil, Mayor

December 2014

Don Steyskal

December 2014

Darby Stricker

December 2016

Joan Dean

December 2014

Teresa Cooke

December 2016

Ryan Pederson

December 2014

Edwin Jerome McManus

December 2016

All councilors receive their mail at the address listed below

REGISTERED AGENT AND ASSISTANT SECRETARY

ADMINISTRATIVE

Tom Corrigan, City Manager

Physical Address
110 E. Main Street
Talent, OR 97540

Mailing Address
P.O. Box 445
Talent, OR 97540

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CITY OF TALENT
TALENT, OREGON

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CITY OF TALENT
TALENT, OREGON

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PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 2, 2014

To the City Council
City of Talent
Talent, Oregon

INDEPENDENT AUDITORS' REPORT

Report on Financial Statements

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Talent as of and for the year ended June 30, 2014, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously 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 City of Talent, as of June 30, 2014, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 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 are 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 Talent's financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 2, 2014 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as 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.



Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS and CO., P.C.

**CITY OF TALENT
TALENT, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This section of the City of Talent's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements and notes, which follow this section. Comparative information is provided between the prior fiscal year ended June 30, 2013 and June 30, 2014.

FINANCIAL HIGHLIGHTS

- The City's Governmental and Business Type net position were \$3,983,493 and \$533,789 respectively, at June 30, 2014.
- During the year, the City's Governmental net position increased by \$160,445 and Business Type net position increased by \$217,171.
- The general fund reported a fund balance this year of \$1,106,467.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer short-term and long-term financial information about the activities the government operates *like businesses*.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's cash and net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how they have changed. Net position (the City's equity in cash and investments) are one way to measure the City's financial health or position.

- Over time, increases or decreases in the city's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, parks, streets, and water. Property taxes, service charges, franchise taxes, permits and fees, and intergovernmental revenues finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or difference) between them.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY GOVERNMENTAL ACTIVITIES

This section of this document will analyze the changes in the City's revenue, expenditures, fund balances, and net position between the fiscal year (FY13) and the fiscal year (FY14). The last column indicates the change in the two years.

CITY OF TALENT - CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES			
	2014	2013	CHANGE
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,070,972	\$ 1,358,823	\$ (287,851)
Operating Grants	18,570	9,920	8,650
General Revenues:			
Property Taxes	954,998	919,344	35,654
Other Taxes	412,606	398,839	13,767
Intergovernmental	586,709	821,232	(234,523)
Bond Proceeds			-
Other	84,288	90,357	(6,069)
Total Revenues	3,128,143	3,598,515	(470,372)
EXPENSES			
Administration	534,121	490,289	43,832
Community Development	319,395	202,041	117,354
TAP Operations	247,778	225,453	22,325
Library Operations	68,830	66,825	2,005
Police	1,048,496	1,051,482	(2,986)
Street	244,464	310,374	(65,910)
Parks	155,904	156,001	(97)
Capital Improvements	298,910	865,325	(566,415)
Debt Service Payments	95,837	93,580	2,257
Water			-
Total Expenses	3,013,735	3,461,370	(447,635)
Change in Net Assets before Transfers	114,408	137,145	(22,737)
Transfers	46,037	188,867	188,867
Change in Net Assets	160,445	326,012	611,626
Beginning Net Assets	3,823,048	3,497,036	326,012
Ending Net Assets	\$ 3,983,493	\$ 3,823,048	\$ 160,445

The next chart shows the same data for FY13 and FY14 for the business type activities. The last column indicates the change between the two years.

CITY OF TALENT - CHANGES IN NET ASSETS - BUSINESS TYPE FUNDS			
	2014	2013	CHANGE
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,246,607	\$ 1,225,125	\$ 21,482
Operating Grants			-
General Revenues:			
Property Taxes			-
Other Taxes			-
Intergovernmental			-
Other	1,830	8,476	(6,646)
Total Revenues	1,248,437	1,233,601	14,836
EXPENSES			
Administration			
Community Development			
Police			
Street			
Parks			
Capital Improvements			
Debt Service Payments			
Water	985,229	1,004,692	(19,463)
Total Expenses	985,229	1,004,692	(19,463)
Change in Net Assets before Transfers	263,208	228,909	34,299
Transfers	(46,037)	(188,867)	142,830
Change in Net Assets	217,171	(40,042)	177,129
Beginning Net Assets	316,618	276,576	(45,791)
Ending Net Assets	\$ 533,789	\$ 316,618	\$ 217,171

Changes in Program Revenues

Charges for Services (-\$287,851): Charges for Services decreased in fiscal year 2014 after a \$355,218 increase in fiscal year 2013. The majority of this decrease is attributed to the level of building construction which directly impacts building permits, inspection fees and System Development Charges. Community Development Fees and System Development Charges decreased by \$255,672 after an increase of \$389,209 in FY13. Rental income for the Depot Building decreased by \$9,220 with two vacant rental spaces. Collections of Court fines and Impound fees were down \$8,728 from FY14 as well.

General Revenues (\$-191,171): Other revenues showed an overall decrease from the previous year. Property tax revenues increased by \$35,654. Included in property tax revenue is \$66,014 in receipts levied for repayment of the General Obligation Bond debt service for the 2007 Police Department renovation. Franchise fee collections increased by \$13,767 and Administrative fees decreased by \$13,431. This fee is assessed for administration of the SDC programs and collection of the Construction Excise Tax for the Phoenix Talent School District. Intergovernmental revenues decreased by \$234,523. This decline is attributed to a reduction of \$241,848 in federal grant funding with the completion of the CDBG grant funded Highway 99 Waterline Project in FY13. The State Highway tax revenues increased by \$19,397.

Changes in Program Expenditures

General Administration (\$43,832): This increase can be attributed to an increase in Personnel Services with the filling of the Receptionist and Information Technology Administrator positions on a full time basis. The Information Technology Administrator position was filled in house with the retirement of the City's contracted service provider. Materials and Services expenditures decreased. This decrease is attributed to the decrease of Contracted Personnel Services with the filling of the Receptionist position, decrease in Phone, Internet and Radio expenditure and general supplies for FY14 as well. With the State 911 Telephone Tax receipts now recorded directly by the receiving agency, the final quarterly expenditure of \$7,839 was recorded in FY13.

Community Development (\$117,354): This increase can be attributed to an increase in Personnel Services with the filling of the Community Development Director position on a full time basis in FY14. Community Development Director's duties were previously contracted on a part-time basis under Materials and Services-Business Consulting Services which declined accordingly.

Police (-\$2,986): Police Department expenditures showed a slight decrease for FY13. Personnel Services increased \$15,680 and Materials and Services decreased by \$18,666. With the filling of the Information Technology

Administrator position in house full time, expenditures for these services have shifted from Materials and Services to Personnel Services.

Street (-\$65,910): This fund includes salaries and benefits for Public Works and Administrative personnel whose time is accounted for in several funds depending on the type of work being performed. This overall decrease includes a decrease in Personnel Services of \$31,613 and a decrease of \$34,297 in Materials and Services.

Parks (-\$97): Expenditures in the Parks Fund were consistent from FY13 to FY14. While the City continues to maintain the existing parks, no additional park land was added during the year.

Capital Improvements (\$-566,415): The Capital Improvements Fund was initially established in FY2005. A combination of System Development Charges, grants, transfers from other funds and funding from outside agencies has allowed the City to take on major improvements to the City's infrastructure. Capital construction projects taking place in FY13 included the Gibson Street improvements and the Chuck Roberts Parking Lot improvement. The final expenditure for Gibson Street and the Chuck Roberts Parking Lot improvements were made in FY14. Other projects during FY14 included initial architecture services for the CDBG grant funded Community Center to be built behind City Hall and engineering services for North Front Street improvements.

The FY14 Governmental Fund balances total \$3,983,493, which represents an increase of \$160,445 from FY13.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUND

Change in Program Revenues

Charges for Services (\$21,482): Charges for Services increased in fiscal year 2014. Water revenue which is based on consumption and is weather dependent, increased \$28,691 from FY13. New connections for FY14 were \$7,000 compared to \$13,950 for FY13. Two commercial connections, the Shakespeare Building and Peace House contributed to the FY13 increase. FY14 is consistent with prior years.

General Revenues (-\$6,646): General revenues decreased in FY14. In FY13, the Water Fund received \$4,270 in financing proceeds from the refinancing of the 2000 Water bond.

Change in Program Expenditures

Water (\$-19,463): This fund includes salaries and benefits for Public Works employees whose time is accounted for in several funds depending on the type of work being performed. This overall decrease is a combination of an increase in Personnel Services and a decrease in business consulting services, contracted personnel services and general supplies. Business consulting services has declined with the City Manager serving as the Public Works Director. Contracted personnel services are typically used to supplement staffing during the summer months. In FY13 temporary staffing was used in the Utility Billing Department with a transition of staffing between departments. This was offset by a corresponding decrease in Personnel Services for FY13. The Utility Billing Clerk position was filled in FY14 and expenditures paid from Personnel Services in FY14. General supply expenditures declined due to the timing of water meter purchases.

The proprietary fund balance totaled \$533,789 as of June 30, 2014. This represents an increase of \$217,171 from the previous year. With the refinancing of the 2000 Water bond, the Water Debt Service Reserve Fund was closed and the balance of \$236,702 transferred to the Water Fund. The purchase of water from the Medford Water Commission is accounted for in the TAP Operating Fund. Transfers are made from the Water Fund each month for the cost of operating the TAP water transmission lines. An additional transfer of \$30,000 was made to the TAP Operating Fund in FY14 to maintain a fund balance.

LONG TERM DEBT

More detailed information about the City's long term debt is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our taxpayers, ratepayers, and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information please contact the City's Administrative Services Director at 541-535-1566 or P.O. Box 445, Talent, Oregon, 97540.

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**CITY OF TALENT
TALENT, OREGON**

BASIC FINANCIAL STATEMENTS

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**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF NET POSITION - CASH BASIS
June 30, 2014**

	PRIMARY GOVERNMENT		
ASSETS	GOVERNMENTAL	BUSINESS TYPE	TOTALS
Current Assets:			
Cash and Investments	\$ 3,983,493	\$ 533,789	\$ 4,517,282
Total Assets	3,983,493	533,789	4,517,282
NET POSITION:			
Restricted for -			
Debt Payments	56,127	-	56,127
System Development	705,262	-	705,262
Unrestricted	3,222,104	533,789	3,755,893
Net Position	\$ 3,983,493	\$ 533,789	\$ 4,517,282

See accompanying notes to the basic financial statements

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2014**

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net Receipts (Disbursements) And Changes In Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Administration	\$ 534,121	\$ 86,274	\$ 10,550	\$ -	\$ (437,297)
Community Development	319,395	177,227	-	-	(142,168)
TAPS Operations	247,778	-	-	-	(247,778)
Library Operations	68,830	71,739	-	-	2,909
Police	1,048,496	281,299	4,054	-	(763,143)
Street	244,464	209,937	-	-	(34,527)
Transportation	-	67,572	-	-	67,572
Stormwater	-	28,328	-	-	28,328
Parks	155,904	148,596	3,966	-	(3,342)
Capital Outlay	298,910	-	-	52,053	(246,857)
Debt Service Payments	95,837	-	-	-	(95,837)
Total Governmental Activities	3,013,735	1,070,972	18,570	52,053	(1,872,140)
Business-Type Activities					
Water	985,229	1,246,607	-	-	-
Total Business Activities	985,229	1,246,607	-	-	-
Total Primary Government	\$ 3,998,964	\$ 2,317,579	\$ 18,570	\$ 52,053	(1,872,140)
General Receipts:					
Property Taxes					954,998
Other Taxes					412,606
State Shared Revenue					51,775
Intergovernmental					534,934
Assessments					9,568
Interest					8,720
Miscellaneous					13,947
Transfers					46,037
Total General Receipts and Transfers					2,032,585
Change in Cash Basis Net Position					160,445
Beginning Cash Basis Net Position					3,823,048
Ending Cash Basis Net Position					\$ 3,983,493

See accompanying notes to the basic financial statements

Business-Type Activities	Total
\$ -	\$ (437,297)
-	(142,168)
-	(247,778)
-	2,909
-	(763,143)
-	(34,527)
-	67,572
-	28,328
-	(3,342)
-	(246,857)
-	(95,837)
-	(1,872,140)
261,378	261,378
261,378	261,378
261,378	(1,610,762)
-	954,998
-	412,606
-	51,775
-	534,934
-	9,568
1,096	9,816
734	14,681
(46,037)	-
(44,207)	1,988,378
217,171	377,616
316,618	4,139,666
\$ 533,789	\$ 4,517,282

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
ASSETS			
Cash and Investments	\$ 1,106,467	\$ 705,262	\$ 348,472
Total Assets	<u>\$ 1,106,467</u>	<u>\$ 705,262</u>	<u>\$ 348,472</u>
CASH BASIS FUND BALANCES			
Cash Basis Fund Balances:			
Restricted for -			
Debt Payments	-	-	-
System Development	-	705,262	-
Committed for -			
Furture Capital Improvements	-	-	-
Parks Maintenance	-	-	-
Library Operations	-	-	-
TAP Operations	-	-	-
Assigned - Street Expenses	-	-	348,472
Unassigned	<u>1,106,467</u>	<u>-</u>	<u>-</u>
Total Cash Basis Fund Balances	<u>1,106,467</u>	<u>705,262</u>	<u>348,472</u>
Total Liabilities and Cash Basis Fund Balances	<u>\$ 1,106,467</u>	<u>\$ 705,262</u>	<u>\$ 348,472</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
\$ 1,681,001	\$ 142,291	\$ 3,983,493
<u>\$ 1,681,001</u>	<u>\$ 142,291</u>	<u>\$ 3,983,493</u>
-	56,127	56,127
-	-	705,262
1,681,001	-	1,681,001
-	26,778	26,778
-	17,385	17,385
-	42,001	42,001
-	-	348,472
-	-	1,106,467
<u>1,681,001</u>	<u>142,291</u>	<u>3,983,493</u>
<u>\$ 1,681,001</u>	<u>\$ 142,291</u>	<u>\$ 3,983,493</u>

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
Receipts			
Taxes	\$ 888,725	\$ -	\$ -
Franchise Taxes	412,606	-	-
Licenses and Permits	177,227	-	1,817
Intergovernmental Receipts	149,915	-	349,303
Charges for Services	160,479	194,212	208,120
Assessments	-	-	-
Interest	2,829	1,537	608
Fines and Forfeitures	137,861	-	-
Miscellaneous	30,263	-	1,920
Total Receipts	<u>1,959,905</u>	<u>195,749</u>	<u>561,768</u>
Disbursements			
Personal Services	1,337,429	-	124,791
Materials & Services	564,583	-	119,673
Debt Service	-	-	-
Capital Outlay	18,287	-	1,213
Total Disbursements	<u>1,920,299</u>	<u>-</u>	<u>245,677</u>
Excess of Receipts Over, -Under Disbursements	39,606	195,749	316,091
Other Financing Sources, -Uses			
Transfers In	-	-	-
Transfers Out	(158,950)	(190,000)	(385,083)
Total Other Financing Sources, -Uses	<u>(158,950)</u>	<u>(190,000)</u>	<u>(385,083)</u>
Net Change in Cash Basis Fund Balance	(119,344)	5,749	(68,992)
Beginning Cash Basis Fund Balance	<u>1,225,811</u>	<u>699,513</u>	<u>417,464</u>
Ending Cash Basis Fund Balance	<u>\$ 1,106,467</u>	<u>\$ 705,262</u>	<u>\$ 348,472</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NON MAJOR</u>	<u>TOTAL</u>
\$ -	\$ 66,014	\$ 954,739
-	-	412,606
-	5,399	184,443
52,053	95,073	646,344
-	177,618	740,429
-	9,568	9,568
3,651	246	8,871
-	-	137,861
-	1,099	33,282
<u>55,704</u>	<u>355,017</u>	<u>3,128,143</u>
-	99,076	1,561,296
-	373,436	1,057,692
-	95,837	95,837
<u>277,841</u>	<u>1,569</u>	<u>298,910</u>
<u>277,841</u>	<u>569,918</u>	<u>3,013,735</u>
(222,137)	(214,901)	114,408
816,093	204,680	1,020,773
-	(240,703)	(974,736)
<u>816,093</u>	<u>(36,023)</u>	<u>46,037</u>
593,956	(250,924)	160,445
<u>1,087,045</u>	<u>393,215</u>	<u>3,823,048</u>
<u>\$ 1,681,001</u>	<u>\$ 142,291</u>	<u>\$ 3,983,493</u>

CITY OF TALENT
JACKSON COUNTY, OREGON

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
June 30, 2014

ASSETS:

Current Assets

Cash and Investments

\$ 533,789

Total Assets

\$ 533,789

Cash Basis Net Position

Unreserved

533,789

Net Position

\$ 533,789

See accompanying notes to the basic financial statements

CITY OF TALENT
JACKSON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2014

OPERATING RECEIPTS	
Service Charges	\$ 1,246,607
Miscellaneous	734
	<hr/>
Total Operating Receipts	1,247,341
	<hr/>
OPERATING DISBURSEMENTS	
Personal Service	443,599
Materials and Services	234,155
	<hr/>
Total Operating Disbursements	677,754
	<hr/>
Operating Income -Loss	569,587
	<hr/>
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Interest	1,096
Transfers In	236,703
Transfers Out	(282,740)
Bond / Interest Expense	(307,475)
	<hr/>
Total Nonoperating Receipts (Disbursements)	(352,416)
	<hr/>
Change in Cash Basis Net Position	217,171
	<hr/>
Beginning Cash Basis Net Position	316,618
	<hr/>
Ending Cash Basis Net Position	\$ 533,789
	<hr/> <hr/>

See accompanying notes to the basic financial statements

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**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with the cash basis of accounting as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the city's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The City of Talent was incorporated in 1910. The City presently operates under a charter which took effect January 1, 1998, and which was amended with effective dates of January 1, 2003 and January 2005. The Charter provides for a Council-Manager form of government and provides such services as are authorized by the Charter. The City is governed by the City Council, consisting of six elected at-large members and an elected mayor. The accompanying financial statements present the government and its component units, 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, as defined under GASB Statements 14, 39 and 61. There are other governmental agencies, the Phoenix-Talent School District, Fire District #5, Rogue Valley Sanitary Services, and the Talent Irrigation District, which provide services within the City. The City has no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

Financial operations of the City are accounted for in the following major funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures of the City, except those required to be accounted for in another fund. The principal source of revenue is property taxes.

STREET FUND

This fund accounts for monies expended for maintenance and improvement of the City's roads and streets. Receipts are State of Oregon gasoline taxes.

SDC FUND

This fund accounts for various system development charges.

CAPITAL IMPROVEMENT FUND

This fund consolidates all the City Capital Improvement Projects. Revenues for this fund are primarily provided by transfers from the other Funds.

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There was also the following major proprietary fund:

WATER FUND

This proprietary fund is self-supporting with the purpose of providing water and water services to the general public. This fund accounts for the operation of the water system for the City. Revenue is derived from charges for services to water users and expenses account for the costs of operation.

C. BASIS OF ACCOUNTING

The City follows the cash basis of accounting with certain minor modifications. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. Exception to the cash basis is that payroll related liabilities are considered to be a liability when incurred and until paid. Additionally any payroll advances are considered to be cash equivalents and are displayed as a receivable. The property taxes uncollected at year-end are shown as a receivable but are not included in receipts, and are offset by a liability entitled deferred property taxes receivable. This basis of accounting is applied to both the government-wide financial statements and the governmental and business type fund financial statements uniformly.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. Under GAAP the fund financial statements require that revenues be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and expenditures recorded as goods and services received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets is capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and disbursements, including depreciation, are recorded when incurred. Management believes the cash basis of accounting is preferable for the City due to the City's small size and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Oregon Local Budget Law.

The cash basis proprietary fund distinguishes operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the City's enterprise funds are charges to customers for sales and services. Operating disbursements for the enterprise fund includes the cost of sales and services, administrative disbursements, and capital outlay. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

D. FUND BALANCE

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

D. FUND BALANCE (CONTINUED)

- Nonspendable fund balance represents amounts that are not in a spendable form. No portion of the City's fund balance is considered to be nonspendable.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. This authority has been granted to the City Manager and the Director of Finance.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

E. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The City has adopted, at July 1, 2003, the principles of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), as they are applicable to cash basis financial statements. The Statement requires that the City present both government-wide and fund financial statements, and reconcile the two types of statements, if necessary.

The government-wide statements report information on the City irrespective of fund activity, and the fund financial statements report information using the City's funds. In total, the results presented using both of these methods are the same. Accordingly, there is no need for reconciling schedules.

The government-wide financial statement reports information on the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

F. BUDGET

A budget is prepared and legally adopted for each fund on cash basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with cash basis accounting. The City begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

Expenditures budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency. Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original appropriations, and several appropriation transfers. Expenditures of the various funds were within authorized appropriation levels for the year ended June 30, 2014.

G. PROPERTY TAXES RECEIVABLE

Property taxes receivable is recorded in the General Fund to indicate the amount of uncollected taxes that the City can expect to receive in the future. Such taxes are offset by a liability to indicate that these amounts have not been recorded as receipts. Real and personal property are assessed and property taxes become a lien against the property as of July 1 of each year. Property taxes are payable in three installments, following the lien date on November 15, February 15, and May 15. Taxes not received by May 15th are considered delinquent. As required by law, Jackson County manages tax collections for the City. Substantially all taxes receivable are considered collectible through liens on the underlying property.

H. CAPITAL ASSETS

Non-expendable equipment purchased is usually recorded as a capital outlay disbursement in the governmental and proprietary funds. The original historical cost of such assets has been estimated or tracked and is recorded by the City, but, under the cash basis of accounting the cost of capital assets of the City are not required to be displayed in the financial statements. The costs of significant betterments to capital assets are similarly recorded as disbursements and not capitalized. Depreciation is not recorded. When assets are donated, the estimated value is used to increase the balances of the capital assets. No receipts or disbursements are recorded since no cash was received or used when assets are donated. Normal repairs and maintenance are charged to disbursements as capital outlay or as materials and services. When property is retired or sold, any related proceeds are recorded in a governmental or proprietary fund.

I. LONG-TERM DEBT

Although the cash basis of accounting does not require that debt be displayed, the City believes that presentation of this information is important. Accordingly, the details of debt are presented in these notes to the financial statements.

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

J. RETIREMENT PLANS

All of the City non-temporary employees working at least 600 hours per year are participants in the Public Employees' Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded. PERS retirees who receive a non-reduced retirement allowance are exempt from the 1,039 hour limit and may work any number of hours for a municipal police department of a city with a population with fewer than 15,000 inhabitants.

2. CASH AND INVESTMENTS

State statutes govern the City's cash management policies. Statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2014 the fair value of the position in the LGIP is 100.8% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due to/from Other Funds. Cash and Investments (recorded at fair value) consisted of:

	<u>2014</u>
Deposits with Financial Institutions:	
Demand Deposits	\$ 403,236
Petty Cash	850
Certificate of Deposit, Restricted	462,966
Investments	<u>3,650,230</u>
Total	<u>\$ 4,517,282</u>

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 3,650,230	\$ 3,650,230	\$ -
Total	\$ 3,650,230	\$ 3,650,230	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The City does not have any investments that have a maturity date.

Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

Concentration of Deposit Risk

At year-end, the City's net carrying amount of deposits was \$866,202 and the bank balance was \$924,756. Of these deposits, \$500,000 was covered by federal depository insurance; the remainder is collateralized under the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2014 are as follows:

	GOVERNMENTAL FUNDS			
	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Land	\$ 725,395	\$ -	\$ -	\$ 725,395
Buildings, Facilities, & Water System	10,737,201	-	-	10,737,201
Vehicles	207,457	25,000	-	232,457
Equipment	271,171	-	-	271,171
Infrastructure	9,171,272	569,406	-	9,740,678
Total	\$ 21,112,496	\$ 594,406	\$ -	\$ 21,706,902
	PROPRIETARY FUNDS			
	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Land	\$ 300,541	\$ -	\$ -	\$ 300,541
Buildings, Facilities, & Water System	9,145,992	-	-	9,145,992
Vehicles	120,345	5,000	-	125,345
Equipment	154,071	73,645	-	227,716
Infrastructure	1,267,276	179,813	-	1,447,089
Total	\$ 10,988,225	\$ 258,458	\$ -	\$ 11,246,683

4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Plan Description and Provisions:

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

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

Description of Funding Policy:

Covered employees are required by State statute to contribute 6% of their salary to the plan. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The current rates effective July 1, 2013 are 9.12% for Tier I/II, 6.05% for OPSRP, and 8.78% for OPSRP Police and Fire employees. The City's contribution to the plan for the years ending June 30, 2014, 2013, and 2012 were \$149,389, \$130,898, and \$120,829, respectively, and were equal to the required contributions for each year.

The actuarial information presented is the latest available according to PERS.

The City's Schedule of Funding Progress:

Dec 31 Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Percent	Covered Payroll	Unfunded Actuarial Accrued Liability / Payroll
2013	\$ 837,105	\$ 724,940	\$ (112,165)	115%	\$ 1,104,058	-10%
2011	\$ 1,539,554	\$ 843,981	\$ (695,573)	182%	\$ 965,751	-72%
2009	\$ 1,220,384	\$ 889,081	\$ (331,303)	137%	\$ 903,223	-37%

5. 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, injuries to employees and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

6. INTERFUND TRANSFERS

Interfund Transfers were done to finance operations between funds.

	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 158,950	\$ -
Parks	4,000	-
Streets	385,083	-
SDC	190,000	-
Capital Improvements	-	816,093
Water Debt Service Reserve	236,703	-
West Valley View Debt	-	6,450
Water Utility	282,740	236,703
Tap Operating	-	198,230
	<u>\$ 1,257,476</u>	<u>\$ 1,257,476</u>

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

The changes in long-term debt for the year ended June 30, 2014 is comprised of the following:

	July 1, 2013	Additions	Reductions	June 30, 2014
<p>\$340,000 was issued April 1, 1998, to finance improvements related to the West Valley View Local Improvement District. The Interest rate is 5.75%. Repayments are made from the West Valley View Debt Service Fund. Bonds mature May 2018.</p>	\$ 120,000	\$ -	\$ 20,000	\$ 100,000
<p>\$2,000,000 was issued on July 17, 2002 to finance a multi-year construction project referred to as the TAP Water Intertie and Improvements Project. The interest rate is 1%. Repayments are made out of the Water Fund. The loan matures December 2031.</p>	\$ 1,334,950	\$ -	\$ 64,147	\$ 1,270,803
<p>\$800,000 of General Obligation Bonds, Series 2007 was issued to the City on August 23, 2007. The interest rate is 4.407% to 4.700%. The bonds are subject to redemption prior to maturity. Repayments are made out of the General Obligation Bond Debt Service Fund. Bonds mature January 2022.</p>	\$ 645,000	\$ -	\$ 40,000	\$ 605,000
<p>\$3,605,085 was issued on June 30, 2013, to refinance debt that was used for improvements to the Water System. The interest rate is 1.7% to 4.0% Repayments are made out of the Water fund. Bonds mature June 2036.</p>	\$ 3,645,000	\$ -	\$ 120,000	\$ 3,525,000
<p>Total Long Term Debt</p>	\$ 5,744,950	\$ -	\$ 244,147	\$ 5,500,803

Future maturities of long term debt are as follows:

	West Valley View 1998 Limited Tax		2007 GO Bond	
	Principal	Interest Due	Principal	Interest Due
Amounts Payable in Fiscal Year:				
2014-2015	\$ 25,000	\$ 5,750	\$ 45,000	\$ 26,536
2015-2016	25,000	4,312	55,000	24,411
2016-2017	25,000	2,875	60,000	21,968
2017-2018	25,000	1,438	70,000	19,065
2018-2019	-	-	80,000	15,578
2019-2023	-	-	295,000	21,274
Totals	\$ 100,000	\$ 14,375	\$ 605,000	\$ 128,832

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

	<u>Safe Drinking Water Revolving Loan</u>		<u>2013 COP 2013B</u>	
	<u>Principal</u>	<u>Interest Due</u>	<u>Principal</u>	<u>Interest Due</u>
Amounts Payable in Fiscal Year:				
2014-2015	\$ 64,788	\$ 12,708	\$ 115,000	\$ 116,615
2015-2016	65,436	12,060	115,000	113,740
2016-2017	66,090	11,406	120,000	111,390
2017-2018	66,751	10,745	120,000	108,390
2018-2019	67,419	10,077	125,000	104,715
2019-2024	347,343	40,138	685,000	461,155
2024-2029	365,060	22,420	825,000	323,725
2029-2034	227,915	4,575	975,000	169,620
2034-2039	-	-	445,000	16,110
Totals	<u>\$ 1,270,802</u>	<u>\$ 124,129</u>	<u>\$ 3,525,000</u>	<u>\$ 1,525,460</u>

8. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

9. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and legal matters relating to its operations which have all been tended to, and are either being adjusted by the City's liability carrier, or are being defended by attorneys retained by the City's liability carrier. The City does not believe that any of these matters will have a material impact on its June 30, 2014 financial statements.

CITY OF TALENT
JACKSON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Taxes	\$ 850,000	\$ 850,000	\$ 888,725	\$ 38,725
Licenses, Permits & Fees	465,000	465,000	589,833	124,833
Intergovernmental	137,000	137,000	149,915	12,915
Charges for Services	162,150	162,150	160,479	(1,671)
Fines & Forfeits	140,000	140,000	137,861	(2,139)
Miscellaneous	37,650	37,650	33,092	(4,558)
	<u>\$ 1,791,800</u>	<u>\$ 1,791,800</u>	<u>\$ 1,959,905</u>	<u>\$ 168,105</u>
Total Receipts				

See accompanying notes to the basic financial statements

Continued on page -20-

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Disbursements				
Administration & Council Department				
Personal Services	\$ 388,700	\$ 388,700	\$ 338,964	\$ 49,736
Materials and Services	233,370	233,370	195,157	38,213
Capital Outlay	5,500	5,500	4,385	1,115
Total Administration Department	<u>627,570</u>	<u>627,570</u>	<u>538,506</u>	<u>89,064</u>
Community Development Department				
Personal Services	109,100	109,100	164,071	(54,971)
Materials and Services	152,030	152,030	155,324	(3,294)
Capital Outlay	5,150	5,150	2,520	2,630
Total Community Development Department	<u>266,280</u>	<u>266,280</u>	<u>321,915</u>	<u>(55,635)</u>
Police Department				
Personal Services	965,000	965,000	834,394	130,606
Materials and Services	265,950	265,950	214,102	51,848
Capital Outlay	23,500	23,500	11,382	12,118
Total Police Department	<u>1,254,450</u>	<u>1,254,450</u>	<u>1,059,878</u>	<u>194,572</u>
Contingency	<u>346,100</u>	<u>346,100</u>	-	<u>346,100</u>
Total Disbursements	<u>2,494,400</u>	<u>2,494,400</u>	<u>1,920,299</u>	<u>574,101</u>
Excess of Receipts Over				
-Under Disbursements	(702,600)	(702,600)	39,606	742,206
OTHER FINANCING SOURCES				
Transfers Out	<u>(158,950)</u>	<u>(158,950)</u>	<u>(158,950)</u>	<u>-</u>
Total Other Financing Sources	<u>(158,950)</u>	<u>(158,950)</u>	<u>(158,950)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(861,550)	(861,550)	(119,344)	742,206
Beginning Cash Basis Fund Balance	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,225,811</u>	<u>225,811</u>
Ending Cash Basis Fund Balance	<u>\$ 138,450</u>	<u>\$ 138,450</u>	<u>\$ 1,106,467</u>	<u>\$ 968,017</u>

**Appropriation levels are Personal Services, Materials & Services, and Capital Outlay

See accompanying notes to the basic financial statements

Continued from page -19-

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>SYSTEMS DEVELOPMENT CHARGE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
System Development Charges	\$ 149,985	\$ 149,985	\$ 194,212	\$ 44,227
Miscellaneous	1,485	1,485	1,537	52
Total Receipts	<u>151,470</u>	<u>151,470</u>	<u>195,749</u>	<u>44,279</u>
Transportation SDC				
Other Objects (Transfers Out)	<u>130,850</u>	<u>130,850</u>	<u>130,850</u>	<u>-</u>
Total Transportation SDC	<u>130,850</u>	<u>130,850</u>	<u>130,850</u>	<u>-</u>
Water SDC				
Other Objects (Transfers Out)	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Total Water SDC	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Storm Drain SDC				
Other Objects (Transfers Out)	<u>56,750</u>	<u>56,750</u>	<u>56,750</u>	<u>-</u>
Total Storm Drain SDC	<u>56,750</u>	<u>56,750</u>	<u>56,750</u>	<u>-</u>
Total Disbursements	<u>190,000</u>	<u>190,000</u> (1)	<u>190,000</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(38,530)	(38,530)	5,749	44,279
Beginning Cash Basis Fund Balance	<u>546,470</u>	<u>546,470</u>	<u>699,513</u>	<u>153,043</u>
Ending Cash Basis Fund Balance	<u>\$ 507,940</u>	<u>\$ 507,940</u>	<u>\$ 705,262</u>	<u>\$ 197,322</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

STREET FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ 1,817	\$ 817
Intergovernmental	329,000	329,000	349,303	20,303
Charges for Services	210,000	210,000	208,120	(1,880)
Interest	-	-	608	608
Miscellaneous	1,500	1,500	1,920	420
Total Receipts	541,500	541,500	561,768	20,268
Disbursements				
Street Maintenance and Repair				
Personal Services	204,000	204,000 (1)	124,791	79,209
Materials and Services	193,450	193,450 (1)	119,673	73,777
Capital Outlay	2,000	2,000 (1)	1,213	787
Total Street Maintenance and Repair	399,450	399,450	245,677	153,773
Contingency	117,700	117,700 (1)	-	117,700
Total Disbursements	517,150	517,150	245,677	271,473
Excess of Receipts Over -Under Disbursements	24,350	24,350	316,091	291,741
OTHER FINANCING SOURCES				
Transfers Out	(385,083)	(385,083) (1)	(385,083)	-
Net Change in Cash Basis Fund Balance	(360,733)	(360,733)	(68,992)	291,741
Beginning Cash Basis Fund Balance	400,000	400,000	417,464	17,464
Ending Cash Basis Fund Balance	\$ 39,267	\$ 39,267	\$ 348,472	\$ 309,205

(1) Appropriation Level

See accompanying notes to the basic financial statements

CITY OF TALENT
TALENT, OREGON

SUPPLEMENTARY INFORMATION

**Combining, Individual Fund, and
Other Financial Schedules**

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**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

CAPITAL IMPROVEMENTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Intergovernmental	\$ 1,849,500	\$ 1,849,500	\$ 52,053	\$ (1,797,447)
Interest	-	-	3,651	3,651
Miscellaneous	-	-	-	-
Total Receipts	<u>1,849,500</u>	<u>1,849,500</u>	<u>55,704</u>	<u>(1,793,796)</u>
Disbursements				
General Government				
Capital Outlay	<u>1,680,475</u>	<u>1,680,475</u>	<u>73,542</u>	<u>1,606,933</u>
Parks				
Capital Outlay	<u>503,950</u>	<u>503,950</u>	<u>34,552</u>	<u>469,398</u>
Streets				
Capital Outlay	<u>540,620</u>	<u>540,620</u>	<u>67,334</u>	<u>473,286</u>
Stormwater				
Capital Outlay	<u>72,524</u>	<u>72,524</u>	<u>2,094</u>	<u>70,430</u>
Water				
Capital Outlay	<u>243,422</u>	<u>243,422</u>	<u>100,319</u>	<u>143,103</u>
Equipment				
Capital Outlay	<u>77,805</u>	<u>77,805</u>	<u>-</u>	<u>77,805</u>
Total Disbursements	<u>3,118,796</u>	<u>3,118,796 (1)</u>	<u>277,841</u>	<u>2,840,955</u>
Excess of Receipts Over -Under Disbursements	(1,269,296)	(1,269,296)	(222,137)	1,047,159
OTHER FINANCING SOURCES				
Transfers In	<u>816,093</u>	<u>816,093</u>	<u>816,093</u>	<u>-</u>
Total Other Financing Sources	<u>816,093</u>	<u>816,093</u>	<u>816,093</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(453,203)	(453,203)	593,956	1,047,159
Beginning Cash Basis Fund Balance	<u>1,082,913</u>	<u>1,082,913</u>	<u>1,087,045</u>	<u>4,132</u>
Ending Cash Basis Fund Balance	<u>\$ 629,710</u>	<u>\$ 629,710</u>	<u>\$ 1,681,001</u>	<u>\$ 1,051,291</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUND - CASH BASIS

June 30, 2014

	PARKS	WATER DEBT SERVICE RESERVE FUND	WEST VALLEY VIEW DEBT
ASSETS			
Cash and Investments	\$ 26,778	\$ -	\$ 52,351
Total Assets	\$ 26,778	\$ -	\$ 52,351
CASH BASIS FUND BALANCES			
Restricted - Debt Payments	-	-	52,351
Committed for -			
Parks Maintenance	26,778	-	-
Library Operations	-	-	-
TAP Operations	-	-	-
Total Cash Basis Fund Balances	\$ 26,778	\$ -	\$ 52,351

GENERAL OBLIGATION BOND DEBT SERVICES	LIBRARY	TAPS OPERATING FUND	Totals
\$ 3,776	\$ 17,385	\$ 42,001	\$ 142,291
<u>\$ 3,776</u>	<u>\$ 17,385</u>	<u>\$ 42,001</u>	<u>\$ 142,291</u>
3,776	-	-	56,127
-	-	-	26,778
-	17,385	-	17,385
-	-	42,001	42,001
<u>\$ 3,776</u>	<u>\$ 17,385</u>	<u>\$ 42,001</u>	<u>\$ 142,291</u>

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
NON MAJOR GOVERNMENTAL FUND
For the Year Ended June 30, 2014**

	<u>PARKS</u>	<u>WATER DEBT SERVICE RESERVE FUND</u>	<u>WEST VALLEY VIEW DEBT</u>
Receipts			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	5,399	-	-
Intergovernmental Receipts	3,528	-	-
Charges for Services	109,371	-	-
Assessments	-	-	9,568
Interest	-	-	152
Miscellaneous	1,099	-	-
Total Receipts	<u>119,397</u>	<u>-</u>	<u>9,720</u>
Disbursements			
Personal Services	99,076	-	-
Materials & Services	56,828	-	-
Debt Service	-	-	27,494
Capital Outlay	1,569	-	-
Total Disbursements	<u>157,473</u>	<u>-</u>	<u>27,494</u>
Excess of Receipts Over, -Under Disbursements	(38,076)	-	(17,774)
Other Financing Sources, -Uses			
Transfers In	-	-	6,450
Transfers Out	(4,000)	(236,703)	-
Total Other Financing Sources, -Uses	<u>(4,000)</u>	<u>(236,703)</u>	<u>6,450</u>
Net Change in Cash Basis Fund Balance	(42,076)	(236,703)	(11,324)
Beginning Cash Basis Fund Balance	<u>68,854</u>	<u>236,703</u>	<u>63,675</u>
Ending Cash Basis Fund Balance	<u>\$ 26,778</u>	<u>\$ -</u>	<u>\$ 52,351</u>

GENERAL OBLIGATION BOND DEBT SEVICES	LIBRARY	TAP OPERATING FUND	Totals
\$ 66,014	\$ -	\$ -	\$ 66,014
-	-	-	5,399
-	-	91,545	95,073
-	68,247	-	177,618
-	-	-	9,568
50	44	-	246
-	-	-	1,099
<u>66,064</u>	<u>68,291</u>	<u>91,545</u>	<u>355,017</u>
-	-	-	99,076
-	68,830	247,778	373,436
68,343	-	-	95,837
-	-	-	1,569
<u>68,343</u>	<u>68,830</u>	<u>247,778</u>	<u>569,918</u>
(2,279)	(539)	(156,233)	(214,901)
-	-	198,230	204,680
-	-	-	(240,703)
-	-	198,230	(36,023)
(2,279)	(539)	41,997	(250,924)
<u>6,055</u>	<u>17,924</u>	<u>4</u>	<u>393,215</u>
<u>\$ 3,776</u>	<u>\$ 17,385</u>	<u>\$ 42,001</u>	<u>\$ 142,291</u>

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

PARKS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Licenses, Permits and Fees	\$ 5,000	\$ 5,000	\$ 5,399	\$ 399
Intergovernmental	3,000	3,000	3,528	528
Charges for Services	109,000	109,000	109,371	371
Miscellaneous	2,500	2,500	1,099	(1,401)
Total Receipts	<u>119,500</u>	<u>119,500</u>	<u>119,397</u>	<u>(103)</u>
Disbursements				
Parks Maintenance				
Personal Services	113,700	113,700 (1)	99,076	14,624
Materials and Services	57,710	57,710 (1)	56,828	882
Total Parks Maintenance	<u>171,410</u>	<u>171,410</u>	<u>155,904</u>	<u>15,506</u>
Capital Construction				
Capital Outlay	5,000	5,000 (1)	1,569	3,431
Total Capital Construction	<u>5,000</u>	<u>5,000</u>	<u>1,569</u>	<u>3,431</u>
Contingency	27,065	27,065 (1)	-	27,065
Total Disbursements	<u>203,475</u>	<u>203,475</u>	<u>157,473</u>	<u>46,002</u>
Excess of Receipts Over -Under Disbursements	(83,975)	(83,975)	(38,076)	45,899
OTHER FINANCING SOURCES				
Transfers Out	(4,000)	(4,000) (1)	(4,000)	-
Net Change in Cash Basis Fund Balance	<u>(87,975)</u>	<u>(87,975)</u>	<u>(42,076)</u>	<u>45,899</u>
Beginning Cash Basis Fund Balance	<u>97,000</u>	<u>97,000</u>	<u>68,854</u>	<u>(28,146)</u>
Ending Cash Basis Fund Balance	<u>\$ 9,025</u>	<u>\$ 9,025</u>	<u>\$ 26,778</u>	<u>\$ 17,753</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

WATER DEBT SERVICE RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Interest	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
OTHER FINANCING SOURCES				
Transfers Out	(238,800)	(238,800) (1)	(236,703)	2,097
Net Change in Cash Basis Fund Balance	(238,800)	(238,800)	(236,703)	2,097
Beginning Cash Basis Fund Balance	238,800	238,800	236,703	(2,097)
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

WEST VALLEY VIEW DEBT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Assessments	\$ 9,568	\$ 9,568	\$ 9,568	\$ -
Interest	210	210	152	(58)
Total Receipts	<u>9,778</u>	<u>9,778</u>	<u>9,720</u>	<u>(58)</u>
Disbursements				
Debt Service				
Principal	20,000	20,000	20,000	-
Interest	6,900	6,900	6,900	-
Fees	600	600	594	6
Total Disbursements	<u>27,500</u>	<u>27,500</u> (1)	<u>27,494</u>	<u>6</u>
Excess of Receipts Over -Under Disbursements	(17,722)	(17,722)	(17,774)	(52)
OTHER FINANCING SOURCES				
Transfers In	<u>6,450</u>	<u>6,450</u>	<u>6,450</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(11,272)	(11,272)	(11,324)	(52)
Beginning Cash Basis Fund Balance	<u>63,630</u>	<u>63,630</u>	<u>63,675</u>	<u>45</u>
Ending Cash Basis Fund Balance	<u>\$ 52,358</u>	<u>\$ 52,358</u>	<u>\$ 52,351</u>	<u>\$ (7)</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

GENERAL OBLIGATION BOND- DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Property Tax- PD Bond	\$ 63,350	\$ 63,350	\$ 66,014	\$ 2,664
Interest	-	-	50	50
Total Receipts	<u>63,350</u>	<u>63,350</u>	<u>66,064</u>	<u>2,714</u>
Disbursements				
Debt Service				
Principal	40,000	40,000	40,000	-
Interest	28,350	28,350	28,343	7
Total Disbursements	<u>68,350</u>	<u>68,350 (1)</u>	<u>68,343</u>	<u>7</u>
Net Change in Cash Basis Fund Balance	(5,000)	(5,000)	(2,279)	2,721
Beginning Cash Basis Fund Balance	<u>5,000</u>	<u>5,000</u>	<u>6,055</u>	<u>1,055</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,776</u>	<u>\$ 3,776</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

LIBRARY OPERATIONS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Charges for Services	\$ 66,500	\$ 66,500	\$ 68,247	\$ 1,747
Interest	50	50	44	(6)
Total Receipts	<u>66,550</u>	<u>66,550</u>	<u>68,291</u>	<u>1,741</u>
Disbursements				
Materials and Services	69,080	69,080 (1)	68,830	250
Contingency	10,350	10,350 (1)	-	10,350
Total Disbursements	<u>79,430</u>	<u>79,430</u>	<u>68,830</u>	<u>10,600</u>
Net Change in Cash Basis Fund Balance	(12,880)	(12,880)	(539)	12,341
Beginning Cash Basis Fund Balance	<u>17,500</u>	<u>17,500</u>	<u>17,924</u>	<u>424</u>
Ending Cash Basis Fund Balance	<u>\$ 4,620</u>	<u>\$ 4,620</u>	<u>\$ 17,385</u>	<u>\$ 12,765</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>TAP OPERATIONS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
RECEIPTS				
Intergovernmental	\$ 83,635	\$ 83,635	\$ 91,545	\$ 7,910
Total Receipts	<u>83,635</u>	<u>83,635</u>	<u>91,545</u>	<u>7,910</u>
DISBURSEMENTS				
Materials and Services	262,610	282,610 (1)	247,778	34,832
Contingency	<u>39,400</u>	<u>19,400 (1)</u>	<u>-</u>	<u>19,400</u>
Total Disbursements	<u>302,010</u>	<u>302,010</u>	<u>247,778</u>	<u>54,232</u>
Excess of Receipts Over -Under Disbursements	(218,375)	(218,375)	(156,233)	62,142
OTHER FINANCING SOURCES				
Transfers In	<u>218,375</u>	<u>218,375</u>	<u>198,230</u>	<u>(20,145)</u>
Net Change in Cash Basis Fund Balance	-	-	41,997	41,997
Beginning Cash Basis Fund Balance	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,001</u>	<u>\$ 42,001</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2014**

WATER UTILITY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Water Service	\$ 1,190,000	\$ 1,190,000	\$ 1,239,607	\$ 49,607
New Connections	8,000	8,000	7,000	(1,000)
Water Sales	500	500	-	(500)
Interest	1,500	1,500	1,096	(404)
Miscellaneous	-	-	734	734
Total Receipts	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,248,437</u>	<u>48,437</u>
Disbursements				
Personal Services	456,500	456,500 (1)	443,599	12,901
Materials and Services	286,770	286,770 (1)	228,142	58,628
Capital Outlay	6,500	6,500 (1)	6,013	487
Debt Service	307,500	307,500 (1)	307,475	25
Contingency	204,025	204,025 (1)	-	204,025
Total Disbursements	<u>1,261,295</u>	<u>1,261,295</u>	<u>985,229</u>	<u>276,066</u>
Excess of Receipts Over, -Under Disbursements	(61,295)	(61,295)	263,208	324,503
OTHER FINANCING SOURCES, -USES				
Transfers In	238,800	238,800	236,703	(2,097)
Transfers Out	(302,885)	(302,885) (1)	(282,740)	20,145
Total Other Financing Sources, -Uses	(64,085)	(64,085)	(46,037)	18,048
Net Change in Cash Basis Fund Balance	(125,380)	(125,380)	217,171	342,551
Beginning Cash Basis Fund Balance	<u>275,000</u>	<u>275,000</u>	<u>316,618</u>	<u>41,618</u>
Ending Cash Basis Fund Balance	<u>\$ 149,620</u>	<u>\$ 149,620</u>	<u>\$ 533,789</u>	<u>\$ 384,169</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2014**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-14
CURRENT:						
2013-2014	\$ 972,460	\$ 24,057	\$ (2,773)	\$ 370	\$ 914,229	\$ 31,771
PRIOR YEARS:						
2012-2013	\$ 34,375	\$ -	\$ (6,249)	\$ 1,019	\$ 19,337	\$ 9,808
2011-2012	19,849	-	(952)	1,330	10,354	9,873
2010-2011	10,268	-	(814)	1,455	7,570	3,339
2009-2010	5,403	-	(1,399)	837	3,589	1,252
Prior	3,915	-	204	647	1,819	2,947
TOTAL PRIOR	73,810	-	(9,210)	5,288	42,669	27,219
TOTAL TAXES	\$ 1,046,270	\$ 24,057	\$ (11,983)	\$ 5,658	\$ 956,898	\$ 58,990

RECONCILIATION OF REVENUE

General Fund Tax Revenue	\$ 888,725
General Obligation Tax Revenue	66,014
Cash Basis Timing Difference	2,159
Total Taxes Collected	\$ 956,898

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**CITY OF TALENT
TALENT, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS**

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December 2, 2014

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Talent as of and for the year ended June 30, 2014, and have issued our report thereon dated December 2, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Talent's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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 of Talent was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

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**CITY OF TALENT
TALENT, OREGON**

OTHER INFORMATION

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**CITY OF TALENT
JACKSON COUNTY, OREGON**

OTHER INFORMATION

Tax Rate History and Tax Collection Record

Fiscal Year Ended, June 30	M5 Real Market Value	Taxable Assessed Value	Urban Renewal Excess	Assessed Value
2010	494,811,467	303,929,067	43,367,098	260,561,969
2011	439,998,682	311,618,136	44,256,300	267,361,836
2012	419,542,316	321,697,354	45,152,165	276,545,189
2013	385,456,131	324,594,962	46,155,654	278,439,308
2014	393,432,899	337,982,881	50,996,702	286,986,179

Fiscal Year Ended, June 30	Permanent Levy	Local Option Levy	Bond Levy	Additional Taxes & Penalties	Total to be Received
2010	842,036	-	57,412	(6,991)	892,457
2011	864,024	-	54,221	(6,842)	911,403
2012	893,708	-	65,305	(9,218)	949,795
2013	899,810	-	63,426	(20,335)	942,901
2014	927,425	-	67,394	(22,358)	972,461

Fiscal Year Ended, June 30	Billing Rate	Local Option Levy Rate	Bond Levy Rate	Percent Collected Year of Levy	Percent Collected as of 6/30/2014	Percent Collected as of 6/30/2014
2010	2.7705	-	0.1889	91.4%	96.4%	860,183
2011	2.7727	-	0.1740	92.2%	96.8%	881,838
2012	2.7781	-	0.2030	92.4%	95.2%	904,465
2013	2.7721	-	0.1954	93.5%	95.5%	899,980
2014	2.7440	-	0.1994	93.4%	93.4%	908,651

- (1) The Real Market Value is commonly referred to as the "Measure 5 Real Market Value" by county assessors. It represents the value of taxable properties, including the reduction of specially assessed properties, such as farm and forestland and excludes non-taxable properties
- (2) Value represents the value of taxable property, excluding urban renewal and other offsets, that the ad valorem tax rates for operations and voter-approved general obligation bonds and are applied to derive property taxes
- (3) Participants may generally file three tax levies for which rates are imposed: operating levy covered by the permanent rate, a local option levy and a bond levy. The City does not currently have a local option levy.

Source: Jackson County Assessor

**CITY OF TALENT
JACKSON COUNTY, OREGON**

OTHER INFORMATION

MAJOR TAXPAYERS—FISCAL YEAR 2014

City of Talent

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Bender Development LP	\$11,350,790	3.96%	\$185,360
Talent Parkside Apartment LLC	8,699,960	3.03%	139,118
West Valley View LLC	6,448,140	2.25%	101,235
Mountain View Estates of Talent LLC	4,771,490	1.66%	78,743
Fabricated Glass Spec Inc.	4,489,000	1.56%	71,656
Charter Communications	2,028,400	0.71%	33,474
YEH K Holdings LLC	1,937,940	0.68%	31,982
Clearview Commercial Long	1,757,820	0.61%	28,846
Jackson Aid Prop Co.	1,828,680	0.64%	28,476
Candlewood Park LLC	1,684,260	0.59%	27,440
Subtotal	44,996,480	15.68%	726,330
All other City Taxpayers	241,989,699	84.32%	178,255
Total City Tax Accounts	<u>\$286,986,179</u>	<u>100.00%</u>	<u>\$904,585</u>

Jackson County

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Pacificorp (PP&L)	\$247,906,000	1.49%	\$2,763,499
Rogue Valley Manor	86,405,760	0.52%	1,213,600
Avista Corp DBS Avista Utilities	82,699,000	0.50%	1,177,265
Charter Communications	73,825,600	0.44%	1,133,929
Carestream Health Inc	63,339,900	0.38%	905,833
Boise Cascade Wood Products	60,468,693	0.36%	820,665
Rogue Valley Mall LLC	51,762,330	0.31%	813,318
Centurylink	55,428,400	0.33%	764,454
Harry & David Operations Inc.	68,625,631	0.41%	751,449
Wal-Mart Real Estate Business	34,828,680	0.21%	542,969
Subtotal	825,289,994	4.96%	10,886,981
All other County Taxpayers	15,799,366,534	95.04%	22,512,594
Total County Tax Accounts	<u>\$16,624,656,528</u>	<u>100.00%</u>	<u>\$33,399,575</u>

Source: Jackson County Assessor's Office