

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**CASH BASIS FINANCIAL STATEMENTS**

**WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2015**

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**Mayor and City Council**

**TERM EXPIRES**

Darby Stricker, Mayor	December 2018
Anthony Abshire	December 2016
Edwin Jerome (EJ) McManus	December 2016
Daniel Wise	December 2018
Christina Collins	December 2018
Ryan Pederson	December 2018
Teresa Cooke	December 2016

All councilors receive their mail at the address listed below

**REGISTERED AGENT AND ASSISTANT SECRETARY**

**ADMINISTRATIVE**

Thomas J. 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**  
**JACKSON COUNTY, OREGON**

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**CITY OF TALENT**  
**JACKSON COUNTY, OREGON**

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**PAULY, ROGERS AND CO., P.C.**  
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(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 23, 2015

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, 2015, and the related notes to the financial statements 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 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.

#### **Auditors' 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 auditors' 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 cash basis 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, 2015, 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 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**

### *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 November 23, 2015 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, 2015. 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, 2014 and June 30, 2015.

**FINANCIAL HIGHLIGHTS**

- The City's Governmental and Business Type cash basis net position was \$4,188,829 and \$650,864 respectively, at June 30, 2015.
- During the year, the City's Governmental cash basis net position increased by \$205,336 and Business Type cash basis net position increased by \$117,075.
- The general fund reported a fund balance this year of \$1,127,454.

**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 the cash basis of accounting. The statement of net position – cash basis includes the government’s cash balances. All of the current year’s receipts and disbursements are accounted for in the statement of activities. The two government-wide statements report the City’s net position and how it has changed. Cash basis net position (equal to the City’s cash balances) is one way to measure the City’s financial health or position.

- Over time, increases or decreases in the City’s net position is 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 receipts 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 FUNDS

This section of this document will analyze the changes in the City's receipts, disbursements, fund balances, and net position between the fiscal year (FY14) and the fiscal year (FY15). The last column indicates the change in the two years.

<b>CITY OF TALENT - CHANGES IN NET ASSETS - GOVERNMENTAL FUNDS</b>			
	2015	2014	CHANGE
<b>RECEIPTS</b>			
Program Receipts:			
Charges for Services	\$ 959,620	\$ 1,070,974	\$ (111,354)
Operating Grants	19,773	18,570	1,203
General Receipts:			
Property Taxes	991,218	954,998	36,220
Other Taxes	406,735	412,606	(5,871)
Intergovernmental	604,439	586,709	17,730
Bond Proceeds			-
Other	460,869	84,288	376,581
Total Receipts	3,442,654	3,128,145	314,509
<b>DISBURSEMENTS</b>			
Administration	499,198	534,121	(34,923)
Community Development	306,463	319,395	(12,932)
TAP Operations	313,635	247,778	65,857
Library Operations	30,436	68,832	(38,396)
Police	1,079,720	1,048,496	31,224
Street	325,171	244,464	80,707
Parks	124,501	155,904	(31,403)
Capital Improvements	626,583	298,910	327,673
Debt Service Payments	102,286	95,837	6,449
Water			-
Total Disbursements	3,407,993	3,013,737	394,256
Change in Net Position before Transfers	34,661	114,408	(79,747)
Transfers	170,675	46,037	124,638
Change in Net Position	205,336	160,445	44,891
Beginning Net Position	3,983,493	3,823,048	160,445
Ending Net Position	\$ 4,188,829	\$ 3,983,493	\$ 205,336

The next chart shows the same data for FY14 and FY15 for the business type funds. The last column indicates the change between the two years.

<b>CITY OF TALENT - CHANGES IN NET ASSETS - BUSINESS TYPE FUNDS</b>			
	2015	2014	CHANGE
<b>RECEIPTS</b>			
Program Receipts:			
Charges for Services	\$ 1,258,216	\$ 1,246,607	\$ 11,609
Operating Grants			-
General Receipts:			
Property Taxes			-
Other Taxes			-
Intergovernmental			-
Other	2,279	1,830	449
Total Receipts	1,260,495	1,248,437	12,058
<b>DISBURSEMENTS</b>			
Administration			
Community Development			
Police			
Street			
Parks			
Capital Improvements			
Debt Service Payments			
Water	975,053	985,229	(10,176)
Total Disbursements	975,053	985,229	(10,176)
Change in Net Position before Transfers	285,442	263,208	22,234
Transfers	(168,367)	(46,037)	(122,330)
Change in Net Position	117,075	217,171	(100,096)
Beginning Net Position	533,789	316,618	217,171
Ending Net Position	\$ 650,864	\$ 533,789	\$ 117,075

### **Changes in Program Receipts**

**Charges for Services (-\$111,354):** Charges for Services decreased in fiscal year 2015 after a \$355,218 increase in fiscal year 2013 and a \$287,851 decrease in fiscal year 2014. The majority of this decrease is attributed to the \$80,265 decrease in Community Development Fees and System Development Charge fees. These fees are very dependent on the level of and type of building construction. A large number of building permits were issued in FY13. Rental income for the Depot Building decreased by \$1,180 with not all spaces rented. Town Hall rental income was down by \$1,515. Collections of Court fines and Impound fees were down \$15,445 from FY14 with violations now being cited into the Jackson County Justice Court.

**General Receipts (\$425,863):** Other receipts showed an overall increase from the previous year. Property tax receipts increased by \$36,220. Included in property tax receipts are \$73,072 in receipts levied for repayment of the General Obligation Bond debt service for the 2007 Police Department renovation. Franchise fee collections decreased by \$5,871 and Administrative fees decreased by \$6,991 of which \$2,846 was due to the termination of the Library Operations surcharge. Administration fees continue to be assessed for administration of the SDC programs and collection of the Construction Excise Tax for the Phoenix Talent School District. Intergovernmental receipts increased by \$384,306. This increase is attributed to the receipt of \$416,779 in federal CDBG grant funding for the construction of the new Community Center as construction got under way. CDBG grant funding received in FY14 was \$52,053. Other Intergovernmental receipts were consistent from FY14 to FY15.

### **Changes in Program Disbursements**

**General Administration (\$-34,923):** This decrease can be attributed to the following; Attorney Service fees decrease of \$7,855, Court Assessments decrease of \$20,154, and Contracted Personnel Services decrease of \$6,318. Court Assessments decreased with the transition of violations now being cited in to the Jackson County Justice Court.

**Community Development (\$-12,932):** This decrease can be attributed to an increase in Personnel Services and a decrease in Materials and Services. Personnel Services increased by \$48,404. The Community Development Director's position was filled on a full time basis in September 2013. FY15 was the first full year with the Community Development Director position filled on a full time basis. A slight increase in hours for the part-time Community Development Assistant provided needed coverage for the office as well. The Community Development Director's duties were previously contracted on a part-time basis under Materials and Services. Business Consulting Services declined accordingly by \$13,303. Building Inspection Services declined by \$40,742. This

is associated with the level of building and the timing of inspection services completed by Jackson County.

**Police (\$31,224):** Police Department disbursements showed an increase for FY15. Personnel Services increased \$22,107 and Materials and Services increased by \$9,117. Police overtime used to provide shift coverage increased by \$5,790 in FY15 after a decline of \$14,245 in FY14. The remaining increase is attributed to the general cost of living increase. The Materials and Services increase is due to an \$11,000 increase in general liability and property insurance.

**Street (\$80,707):** 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 increase includes an increase in Personnel Services of \$51,575 after a decrease of \$31,613 in FY14. Materials and Services increased by \$29,133 and a decrease of \$34,297 in FY14. This is reflected in the Repair and Maintenance increase of \$26,526. This increase is attributed to crack sealing services provided by Jackson County of \$12,000, street sweeping services and fencing off of wetland areas.

**Parks (-\$31,403):** Disbursements in the Parks Fund declined in FY15. Recreation program disbursements declined by \$5,503 due to changes in the type of programs and events scheduled. Parks maintenance disbursements declined by \$25,900. This decline is mostly attributed to a decline in Personnel Services of \$12,991, and a decline in Contracted Personnel Services of \$6,216. Computer technology services, engineering services and lawn and tree care services declined due to the completion of one-time projects in FY14. General supply disbursements declined as well due to the timing of purchases.

**Capital Improvements (\$327,673):** 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 FY14 included the final disbursement for the Chuck Roberts Parking Lot improvements and initial architecture services for the CDBG grant funded Community Center to be built behind City Hall and engineering services for North Front Street improvements. A major portion of the actual Community Center construction took place in FY15. Other projects during FY15 included the Splash Pad at Chuck Roberts Park, City funding for the Town Hall Alley improvements project completed jointly with the Talent Urban Renewal Agency, and the initial lease installment on Police Department patrol vehicles.

The FY15 Governmental Fund balances total \$4,188,829, which represents an increase of \$205,336 from FY14.

## **FINANCIAL ANALYSIS OF THE PROPRIETARY FUND**

### **Change in Program Receipts**

**Charges for Services (\$11,609):** Charges for Services increased in fiscal year 2015. Water receipts, which are based on consumption as well as being weather dependent, increased by \$15,760 from FY14. Actual water consumption billed and collected decreased by \$11,135 for FY15. This decrease in water consumption was offset by the \$10 late fee assessment implemented in April 2014. Late payment fees of \$28,980 were billed in FY15. New connections decreased by \$4,150 in FY15. New Connections were \$2,850 compared to \$7,000 in FY14 and \$13,950 for FY13. The level of building construction has a direct impact on new connection receipts.

**General Receipts (\$450):** General receipts increased slightly in FY15. Interest income increased by \$1,182 and other income decreased by \$732.

### **Change in Program Disbursements**

**Water (\$-10,176):** 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 and the Utility Billing staff. This overall decrease is a combination of a decrease in Personnel Services of \$26,012 and an increase in Materials and Services of \$16,331. Business consulting services has continued to decline with the City Manager serving as the Public Works Director. Contracted personnel services are typically used to supplement staffing during the summer months. In FY15 temporary staffing was used to fill a position in the Utility Billing Department. This was offset by a corresponding decrease in Personnel Services. General supply disbursements increased by \$16,165 after a decrease of \$24,726 in FY14. The fluctuations in disbursements from year to year is due to the timing of purchases.

The proprietary fund balance totaled \$650,864 as of June 30, 2015. This represents an increase of \$117,075 from the previous year. The majority of this increase can be attributed to a decline of \$114,373 in transfers to other funds for capital improvements and TAP system operations. No transfers to the Capital Improvement Fund were made from the Water Utility Fund in FY15. 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. A 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.

**CITY OF TALENT**  
**JACKSON COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF NET POSITION - CASH BASIS  
June 30, 2015**

PRIMARY GOVERNMENT

ASSETS	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</u>	<u>TOTALS</u>
Current Assets:			
Cash and Investments	\$ 4,188,829	\$ 650,864	\$ 4,839,693
 Total Assets	 <u>\$ 4,188,829</u>	 <u>\$ 650,864</u>	 <u>\$ 4,839,693</u>
 NET POSITION:			
Restricted for -			
Debt Payments	\$ 43,202	\$ -	\$ 43,202
System Development	837,994	-	837,994
Unrestricted	<u>3,307,633</u>	<u>650,864</u>	<u>3,958,497</u>
 Net Position	 <u>\$ 4,188,829</u>	 <u>\$ 650,864</u>	 <u>\$ 4,839,693</u>

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, 2015**

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
<b>Governmental Activities</b>					
Administration	\$ 499,198	\$ 71,522	\$ 8,439	\$ -	\$ (419,237)
Community Development	306,463	193,457	-	-	(113,006)
TAPS Operations	313,635	-	-	-	(313,635)
Library Operations	30,436	13,660	-	-	(16,776)
Police	1,079,720	267,362	5,905	-	(806,453)
Street	325,171	213,716	-	-	(111,455)
Transportation	-	45,735	-	-	45,735
Stormwater	-	25,859	-	-	25,859
Parks	124,501	128,309	5,429	-	9,237
Capital Outlay	626,583	-	-	416,779	(209,804)
Debt Service Payments	102,286	-	-	-	(102,286)
<b>Total Governmental Activities</b>	<b>3,407,993</b>	<b>959,620</b>	<b>19,773</b>	<b>416,779</b>	<b>(2,011,821)</b>
<b>Business-Type Activities</b>					
Water	975,053	1,258,216	-	-	-
<b>Total Business Activities</b>	<b>975,053</b>	<b>1,258,216</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 4,383,046</b>	<b>\$ 2,217,836</b>	<b>\$ 19,773</b>	<b>\$ 416,779</b>	<b>(2,011,821)</b>
<b>General Receipts:</b>					
					991,218
					406,735
					54,435
					550,004
					9,568
					17,371
					19,459
					168,367
					<b>2,217,157</b>
					Change in Cash Basis Net Position
					205,336
					Beginning Cash Basis Net Position
					3,983,493
					Ending Cash Basis Net Position
					<b>\$ 4,188,829</b>

See accompanying notes to the basic financial statements

Business-Type Activities	Total
\$ -	\$ (419,237)
-	(113,006)
-	(313,635)
-	(16,776)
-	(806,453)
-	(111,455)
-	45,735
-	25,859
-	9,237
-	(209,804)
-	(102,286)
-	(2,011,821)
283,163	283,163
283,163	283,163
283,163	(1,728,658)
-	991,218
-	406,735
-	54,435
-	550,004
-	9,568
2,279	19,650
-	19,459
(168,367)	-
(166,088)	2,051,069
117,075	322,411
533,789	4,517,282
<u>\$ 650,864</u>	<u>\$ 4,839,693</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**BALANCE SHEET - CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2015**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,127,454	\$ 837,994	\$ 384,574
Total Assets	<u>\$ 1,127,454</u>	<u>\$ 837,994</u>	<u>\$ 384,574</u>
<b>CASH BASIS FUND BALANCES</b>			
Cash Basis Fund Balances:			
Restricted for -			
Debt Payments	\$ -	\$ -	\$ -
System Development	-	837,994	-
Committed for -			
Furture Capital Improvements	-	-	-
Parks Maintenance	-	-	-
Assigned - Street Expenses	-	-	384,574
Unassigned	<u>1,127,454</u>	<u>-</u>	<u>-</u>
Total Cash Basis Fund Balances	<u>1,127,454</u>	<u>837,994</u>	<u>384,574</u>
Total Liabilities and Cash Basis Fund Balances	<u>\$ 1,127,454</u>	<u>\$ 837,994</u>	<u>\$ 384,574</u>

See accompanying notes to the basic financial statements

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<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
\$ 1,772,646	\$ 66,161	\$ 4,188,829
<u>\$ 1,772,646</u>	<u>\$ 66,161</u>	<u>\$ 4,188,829</u>
\$ -	\$ 43,202	\$ 43,202
-	-	837,994
1,772,646	-	1,772,646
-	22,959	22,959
-	-	384,574
-	-	1,127,454
<u>1,772,646</u>	<u>66,161</u>	<u>4,188,829</u>
<u>\$ 1,772,646</u>	<u>\$ 66,161</u>	<u>\$ 4,188,829</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
Receipts			
Taxes	\$ 918,146	\$ -	\$ -
Franchise Taxes	406,735	-	-
Licenses and Permits	193,457	-	950
Intergovernmental Receipts	158,022	-	349,056
Charges for Services	153,808	129,922	212,766
Assessments	-	-	-
Interest	3,986	2,810	1,191
Fines and Forfeitures	122,416	-	-
Miscellaneous	39,947	-	5,964
Total Receipts	<u>1,996,517</u>	<u>132,732</u>	<u>569,927</u>
Disbursements			
Administration	499,198	-	-
Community Development	306,463	-	-
TAPS Operations	-	-	-
Library Operations	-	-	-
Police	1,079,720	-	-
Street	-	-	325,171
Parks	-	-	-
Capital Outlay	13,757	-	10,004
Debt Service Payments	-	-	-
Total Disbursements	<u>1,899,138</u>	<u>-</u>	<u>335,175</u>
Excess of Receipts Over, -Under Disbursements	97,379	132,732	234,752
Other Financing Sources, -Uses			
Loan to Talent URA	(450,000)	-	-
Principal and Interest - Talent URA Loan	452,308	-	-
Transfers In	-	-	-
Transfers Out	(78,700)	-	(198,650)
Total Other Financing Sources, -Uses	<u>(76,392)</u>	<u>-</u>	<u>(198,650)</u>
Net Change in Cash Basis Fund Balance	20,987	132,732	36,102
Beginning Cash Basis Fund Balance	<u>1,106,467</u>	<u>705,262</u>	<u>348,472</u>
Ending Cash Basis Fund Balance	<u>\$ 1,127,454</u>	<u>\$ 837,994</u>	<u>\$ 384,574</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NON MAJOR</u>	<u>TOTAL</u>
\$ -	\$ 73,072	\$ 991,218
-	-	406,735
-	5,639	200,046
416,779	106,793	1,030,650
-	123,520	620,016
-	9,568	9,568
6,705	309	15,001
-	-	122,416
-	1,093	47,004
<u>423,484</u>	<u>319,994</u>	<u>3,442,654</u>
-	-	499,198
-	-	306,463
-	313,635	313,635
-	30,436	30,436
-	-	1,079,720
-	-	325,171
-	124,501	124,501
602,739	83	626,583
-	102,286	102,286
<u>602,739</u>	<u>570,941</u>	<u>3,407,993</u>
(179,255)	(250,947)	34,661
-	-	(450,000)
-	-	452,308
270,900	174,817	445,717
-	-	(277,350)
<u>270,900</u>	<u>174,817</u>	<u>170,675</u>
91,645	(76,130)	205,336
<u>1,681,001</u>	<u>142,291</u>	<u>3,983,493</u>
<u>\$ 1,772,646</u>	<u>\$ 66,161</u>	<u>\$ 4,188,829</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF NET POSITION - CASH BASIS  
PROPRIETARY FUND  
June 30, 2015**

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ASSETS:

Current Assets	
Cash and Investments	\$ 650,864
Total Assets	<u>\$ 650,864</u>
Cash Basis Net Position	
Unrestricted	\$ 650,864
Net Position	<u>\$ 650,864</u>

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, 2015**

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OPERATING RECEIPTS	
Service Charges	\$ 1,258,216
Total Operating Receipts	<u>1,258,216</u>
OPERATING DISBURSEMENTS	
Personal Service	417,587
Materials and Services	<u>248,355</u>
Total Operating Disbursements	<u>665,942</u>
Operating Income -Loss	<u>592,274</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Interest	2,279
Transfers Out	(168,367)
Bond / Interest Expense	<u>(309,111)</u>
Total Nonoperating Receipts (Disbursements)	<u>(475,199)</u>
Change in Cash Basis Net Position	117,075
Beginning Cash Basis Net Position	<u>533,789</u>
Ending Cash Basis Net Position	<u><u>\$ 650,864</u></u>

See accompanying notes to the basic financial statements

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**WATER FUND (MAJOR PROPRIETARY 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. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. 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  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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, 2015.

**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 15<sup>th</sup> 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**  
**JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**J. RETIREMENT PLANS**

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's 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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

**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, 2015.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2015 the fair value of the position in the LGIP is 100.71% 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>2015</u>
Deposits with Financial Institutions:	
Demand Deposits	\$ 479,579
Petty Cash	700
Certificate of Deposit, Restricted	465,471
Investments	<u>3,893,943</u>
Total	<u>\$ 4,839,693</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

The City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 3,893,943	\$ 3,893,943	\$ -
Total	\$ 3,893,943	\$ 3,893,943	\$ -

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. The State Treasurer's Investment Pool is an open-ended, no-load diversified portfolio. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated.

Concentration of Deposit Risk

At year-end, the City's net carrying amount of deposits was \$945,050 and the bank balance was \$565,626. Of these deposits, \$296,786 was covered by federal depository insurance; the remainder is collateralized under the Oregon Public Funds Collateralization Program (PFCP).

**3. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2015 are as follows:

	GOVERNMENTAL FUNDS			
	Balance	Additions	Deletions	Balance
	7/1/2014			6/30/2015
Land	\$ 725,395	\$ -	\$ -	\$ 725,395
Buildings, Facilities, & Water System	10,737,201	391,161	-	11,128,362
Vehicles	232,457	72,244	32,991	271,710
Equipment	271,171	-	-	271,171
Infrastructure	9,740,678	-	-	9,740,678
Total	<u>\$ 21,706,902</u>	<u>\$ 463,405</u>	<u>\$ 32,991</u>	<u>\$ 22,137,316</u>
	PROPRIETARY FUNDS			
	Balance	Additions	Deletions	Balance
	7/1/2014			6/30/2015
Land	\$ 300,541	\$ -	\$ -	\$ 300,541
Buildings, Facilities, & Water System	9,145,992	-	-	9,145,992
Vehicles	125,345	-	-	125,345
Equipment	227,716	-	-	227,716
Infrastructure	1,447,089	-	-	1,447,089
Total	<u>\$ 11,246,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,246,683</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. PENSION PLAN**

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employee defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
  - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
  - ii. **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 on or more of the following contributions are met:
    - member was employed by 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.
  - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
  - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
  - i. **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:

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. PENSION PLAN (CONTINUED)**

*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 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.

- ii. **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.
- iii. **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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$86,344, excluding amounts to fund employer specific liabilities. In addition approximately \$71,728 in employee contributions were paid or picked up by the City in fiscal 2015.

Since the City's financial statements are reported on the cash basis, no amounts are reported on the balance sheet for pension related assets, deferred outflows, liabilities or deferred inflows. Had the City's financial statements been reported in accordance with GAAP, it would have reported a net pension asset of \$244,937 at June 30, 2015 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, 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 December 31, 2012, the City's proportion was .01 percent.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financial.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx).

**Actuarial Valuations** – The employer contribution rates effective July 1, 2013 through June 30, 2015, 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, Published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

Actuarial valuations of an ongoing plan involve estimates of 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 method and assumptions shown are based on the 2012 Experience Study which is reviewed for the four-year period ending December 31, 2012.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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 pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent than the current rate.

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
City's proportionate share of the net pension liability	\$ 518,688	\$ (244,937)	\$ (890,785)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year’s actuarial valuations. The impact of the Moro decision on the total pension liability and employer’s net pension liability (asset) has not been fully determined. However, PERS’ third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

	June 30, 2014 Measurement Date	
	Before Moro Decision	Estimate After Moro Decision
Net pension liability		
Total pension liability	\$ 63,135	\$ 68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	-2,267	2,650

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**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.

	Transfers Out	Transfers In
General	\$ 78,700	\$ -
Parks	-	-
Streets	198,650	-
SDC	-	-
Capital Improvements	-	270,900
Water Debt Service Reserve	-	-
West Valley View Debt	-	6,450
Water Utility	168,367	-
Tap Operating	-	168,367
	\$ 445,717	\$ 445,717

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2015 is comprised of the following:

	July 1, 2014	Additions	Reductions	June 30, 2015
<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>	\$ 100,000	\$ -	\$ 25,000	\$ 75,000
<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>	\$ 1,270,803	\$ -	\$ 64,788	\$ 1,206,015
<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>	\$ 605,000	\$ -	\$ 45,000	\$ 560,000
<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>	\$ 3,525,000	\$ -	\$ 115,000	\$ 3,410,000
<p style="padding-left: 20px;">Total Long Term Debt</p>	\$ 5,500,803	\$ -	\$ 249,788	\$ 5,251,015

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:				
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
2019-2020	-	-	90,000	11,625
2020-2023	-	-	205,000	9,649
Totals	\$ 75,000	\$ 8,625	\$ 560,000	\$ 102,296

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG-TERM DEBT (CONTINUED)**

	Safe Drinking Water Revolving Loan		2013 COP 2013B	
	Principal	Interest Due	Principal	Interest Due
Amounts Payable in Fiscal Year:				
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
2019-2020	68,093	9,403	130,000	101,735
2020-2025	350,816	36,665	710,000	435,215
2025-2030	368,711	18,769	850,000	295,250
2030-2035	152,699	2,296	1,015,000	134,360
2035-2036	-	-	225,000	4,050
Totals	<u>\$ 1,206,015</u>	<u>\$ 111,421</u>	<u>\$ 3,410,000</u>	<u>\$ 1,408,845</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. URBAN RENEWAL AGENCY FINANCING**

In October of 2014, the City Council approved the offering of a line of credit to Talent Urban Renewal Agency for an amount not to exceed \$450,000 at 2 percent per annum. All principal and accrued interest was to be paid back to the City prior to June 15, 2015. The Agency accepted the entire \$450,000 and paid it back along with \$2,308 of interest prior to the due date.

**10. 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, 2015 financial statements.

A lawsuit is being pursued against the City and multiple agencies alleging excessive force during an arrest. The City's insurance carrier believes that a verdict in the plaintiff's favor would likely result in damages of \$1-2 million. The City's general liability insurance coverage is expected to cover any potential judgement, less a deductible of \$1,000. The effect of this litigation on future insurance rates is not known.

**CITY OF TALENT**  
**JACKSON COUNTY, 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, 2015**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Taxes	\$ 890,700	\$ 890,700	\$ 918,146	\$ 27,446
Licenses, Permits & Fees	604,000	604,000	600,192	(3,808)
Intergovernmental	139,500	139,500	158,022	18,522
Charges for Services	156,300	156,300	153,808	(2,492)
Fines & Forfeits	148,000	148,000	122,416	(25,584)
Miscellaneous	23,800	23,800	43,933	20,133
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Receipts	\$ 1,962,300	\$ 1,962,300	\$ 1,996,517	\$ 34,217

\*

**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, 2015**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>Disbursements</b>				
<b>Administration &amp; Council Department</b>				
Personal Services	\$ 384,400	\$ 384,400	\$ 337,902	\$ 46,498
Materials and Services	297,575	297,575	161,296	136,279
Capital Outlay	9,925	9,925	6,696	3,229
Total Administration Department	<u>691,900</u>	<u>691,900</u>	<u>505,894</u>	<u>186,006</u>
<b>Community Development Department</b>				
Personal Services	232,000	232,000	212,475	19,525
Materials and Services	116,575	116,575	93,988	22,587
Capital Outlay	3,575	3,575	1,733	1,842
Total Community Development Department	<u>352,150</u>	<u>352,150</u>	<u>308,196</u>	<u>43,954</u>
<b>Police Department</b>				
Personal Services	993,000	993,000	856,501	136,499
Materials and Services	260,200	260,200	223,219	36,981
Capital Outlay	9,600	9,600	5,328	4,272
Total Police Department	<u>1,262,800</u>	<u>1,262,800</u>	<u>1,085,048</u>	<u>177,752</u>
Contingency	346,050	346,050	-	346,050
Total Disbursements	<u>2,652,900</u>	<u>2,652,900</u>	<u>1,899,138</u>	<u>753,762</u>
Excess of Receipts Over				
-Under Disbursements	(690,600)	(690,600)	97,379	787,979
<b>OTHER FINANCING SOURCES</b>				
Loan to Talent URA	(450,000)	(450,000)	(450,000)	-
Principal and Interest - Talent URA Loan	450,000	450,000	452,308	2,308
Transfers Out	(78,700)	(78,700)	(78,700)	-
Total Other Financing Sources	<u>(78,700)</u>	<u>(78,700)</u>	<u>(76,392)</u>	<u>2,308</u>
Net Change in Cash Basis Fund Balance	(769,300)	(769,300)	20,987	790,287
Beginning Cash Basis Fund Balance	1,000,000	1,000,000	1,106,467	106,467
Ending Cash Basis Fund Balance	<u>\$ 230,700</u>	<u>\$ 230,700</u>	<u>\$ 1,127,454</u>	<u>\$ 896,754</u>

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

Continued from page -22-

**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, 2015**

<u>SYSTEMS DEVELOPMENT CHARGE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Receipts				
System Development Charges	\$ 120,500	\$ 120,500	\$ 129,922	\$ 9,422
Miscellaneous	1,150	1,150	2,810	1,660
Total Receipts	<u>121,650</u>	<u>121,650</u>	<u>132,732</u>	<u>11,082</u>
Disbursements				
Parks SDC				
Other Objects (Transfers Out)	113,200	113,200	-	113,200
Transportation SDC				
Other Objects (Transfers Out)	286,000	286,000	-	286,000
Water SDC				
Other Objects (Transfers Out)	230,775	230,775	-	230,775
Storm Drain SDC				
Other Objects (Transfers Out)	130,550	130,550	-	130,550
Total Disbursements	<u>760,525</u>	<u>760,525</u>	<u>(1) -</u>	<u>760,525</u>
Net Change in Cash Basis Fund Balance	(638,875)	(638,875)	132,732	771,607
Beginning Cash Basis Fund Balance	638,875	638,875	705,262	66,387
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 837,994</u>	<u>\$ 837,994</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, 2015**

STREET FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ 950	\$ (50)
Intergovernmental	332,000	332,000	349,056	17,056
Charges for Services	205,000	205,000	212,766	7,766
Interest	500	500	1,191	691
Miscellaneous	-	-	5,964	5,964
<b>Total Receipts</b>	<u>538,500</u>	<u>538,500</u>	<u>569,927</u>	<u>31,427</u>
<b>Disbursements</b>				
<b>Street Maintenance and Repair</b>				
Personal Services	232,000	232,000 (1)	176,366	55,634
Materials and Services	218,100	218,100 (1)	148,805	69,295
Capital Outlay	11,000	11,000 (1)	10,004	996
<b>Total Street Maintenance and Repair</b>	<u>461,100</u>	<u>461,100</u>	<u>335,175</u>	<u>125,925</u>
Contingency	70,000	70,000 (1)	-	70,000
<b>Total Disbursements</b>	<u>531,100</u>	<u>531,100</u>	<u>335,175</u>	<u>195,925</u>
Excess of Receipts Over -Under Disbursements	7,400	7,400	234,752	227,352
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	(198,650)	(198,650) (1)	(198,650)	-
<b>Net Change in Cash Basis Fund Balance</b>	<u>(191,250)</u>	<u>(191,250)</u>	<u>36,102</u>	<u>227,352</u>
<b>Beginning Cash Basis Fund Balance</b>	<u>273,000</u>	<u>273,000</u>	<u>348,472</u>	<u>75,472</u>
<b>Ending Cash Basis Fund Balance</b>	<u>\$ 81,750</u>	<u>\$ 81,750</u>	<u>\$ 384,574</u>	<u>\$ 302,824</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, 2015**

CAPITAL IMPROVEMENTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Intergovernmental	\$ 1,502,250	\$ 1,502,250	\$ 416,779	\$ (1,085,471)
Interest	-	-	6,705	6,705
Total Receipts	<u>1,502,250</u>	<u>1,502,250</u>	<u>423,484</u>	<u>(1,078,766)</u>
Disbursements				
General Government				
Capital Outlay	<u>1,710,315</u>	<u>1,710,315</u>	<u>496,984</u>	<u>1,213,331</u>
Parks				
Capital Outlay	<u>127,050</u>	<u>127,050</u>	<u>33,587</u>	<u>93,463</u>
Streets				
Capital Outlay	<u>1,084,045</u>	<u>1,084,045</u>	<u>45,918</u>	<u>1,038,127</u>
Stormwater				
Capital Outlay	<u>75,849</u>	<u>75,849</u>	<u>-</u>	<u>75,849</u>
Water				
Capital Outlay	<u>152,411</u>	<u>152,411</u>	<u>-</u>	<u>152,411</u>
Equipment				
Capital Outlay	<u>97,950</u>	<u>97,950</u>	<u>26,250</u>	<u>71,700</u>
Total Disbursements	<u>3,247,620</u>	<u>3,247,620</u>	<u>602,739</u>	<u>2,644,881</u>
Excess of Receipts Over -Under Disbursements	(1,745,370)	(1,745,370)	(179,255)	1,566,115
OTHER FINANCING SOURCES				
Transfers In	<u>270,900</u>	<u>270,900</u>	<u>270,900</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(1,474,470)	(1,474,470)	91,645	1,566,115
Beginning Cash Basis Fund Balance	<u>1,696,055</u>	<u>1,696,055</u>	<u>1,681,001</u>	<u>(15,054)</u>
Ending Cash Basis Fund Balance	<u>\$ 221,585</u>	<u>\$ 221,585</u>	<u>\$ 1,772,646</u>	<u>\$ 1,551,061</u>

(1) Appropriation Level

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUND - CASH BASIS**

**June 30, 2015**

	<u>PARKS</u>	<u>WEST VALLEY VIEW DEBT</u>	<u>GENERAL OBLIGATION BOND DEBT SERVICES</u>	<u>LIBRARY</u>
<b>ASSETS</b>				
Cash and Investments	\$ 22,959	\$ 37,823	\$ 5,379	\$ -
Total Assets	<u>\$ 22,959</u>	<u>\$ 37,823</u>	<u>\$ 5,379</u>	<u>\$ -</u>
<b>CASH BASIS FUND BALANCES</b>				
Restricted - Debt Payments Committed for - Parks Maintenance	\$ - <u>22,959</u>	\$ 37,823 <u>-</u>	\$ 5,379 <u>-</u>	\$ - <u>-</u>
Total Cash Basis Fund Balances	<u>\$ 22,959</u>	<u>\$ 37,823</u>	<u>\$ 5,379</u>	<u>\$ -</u>

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TAP OPERATING FUND	Totals
\$ -	\$ 66,161
<u>\$ -</u>	<u>\$ 66,161</u>
\$ -	\$ 43,202
-	22,959
<u>\$ -</u>	<u>\$ 66,161</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, 2015**

	<u>PARKS</u>	<u>WEST VALLEY VIEW DEBT</u>	<u>GENERAL OBLIGATION BOND DEBT SEVICES</u>
Receipts			
Taxes	\$ -	\$ -	\$ 73,072
Licenses and Permits	5,639	-	-
Intergovernmental Receipts	3,526	-	-
Charges for Services	110,507	-	-
Assessments	-	9,568	-
Interest	-	204	67
Miscellaneous	1,093	-	-
Total Receipts	<u>120,765</u>	<u>9,772</u>	<u>73,139</u>
Disbursements			
Personal Services	82,858	-	-
Materials & Services	41,643	-	-
Debt Service	-	30,750	71,536
Capital Outlay	83	-	-
Total Disbursements	<u>124,584</u>	<u>30,750</u>	<u>71,536</u>
Excess of Receipts Over, -Under Disbursements	(3,819)	(20,978)	1,603
Other Financing Sources, -Uses			
Transfers In	-	6,450	-
Total Other Financing Sources, -Uses	<u>-</u>	<u>6,450</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(3,819)	(14,528)	1,603
Beginning Cash Basis Fund Balance	<u>26,778</u>	<u>52,351</u>	<u>3,776</u>
Ending Cash Basis Fund Balance	<u>\$ 22,959</u>	<u>\$ 37,823</u>	<u>\$ 5,379</u>

LIBRARY	TAP OPERATING FUND	Totals
\$ -	\$ -	\$ 73,072
-	-	5,639
-	103,267	106,793
13,013	-	123,520
-	-	9,568
38	-	309
-	-	1,093
<u>13,051</u>	<u>103,267</u>	<u>319,994</u>
-	-	82,858
30,436	313,635	385,714
-	-	102,286
-	-	83
<u>30,436</u>	<u>313,635</u>	<u>570,941</u>
(17,385)	(210,368)	(250,947)
<u>-</u>	<u>168,367</u>	<u>174,817</u>
<u>-</u>	<u>168,367</u>	<u>174,817</u>
(17,385)	(42,001)	(76,130)
<u>17,385</u>	<u>42,001</u>	<u>142,291</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,161</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, 2015**

	<u>PARKS FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Licenses, Permits and Fees	\$ 3,000	\$ 3,000	\$ 5,639	\$ 2,639
Intergovernmental	3,250	3,250	3,526	276
Charges for Services	109,500	109,500	110,507	1,007
Miscellaneous	-	-	1,093	1,093
Total Receipts	<u>115,750</u>	<u>115,750</u>	<u>120,765</u>	<u>5,015</u>
Disbursements				
Parks Maintenance				
Personal Services	85,500	85,500 (1)	82,858	2,642
Materials and Services	50,300	50,300 (1)	41,643	8,657
Total Parks Maintenance	<u>135,800</u>	<u>135,800</u>	<u>124,501</u>	<u>11,299</u>
Capital Construction				
Capital Outlay	500	500 (1)	83	417
Contingency	20,450	20,450 (1)	-	20,450
Total Disbursements	<u>156,750</u>	<u>156,750</u>	<u>124,584</u>	<u>32,166</u>
Net Change in Cash Basis Fund Balance	(41,000)	(41,000)	(3,819)	37,181
Beginning Cash Basis Fund Balance	<u>41,000</u>	<u>41,000</u>	<u>26,778</u>	<u>(14,222)</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,959</u>	<u>\$ 22,959</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, 2015**

WEST VALLEY VIEW DEBT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Assessments	\$ 9,570	\$ 9,570	\$ 9,568	\$ (2)
Interest	105	105	204	99
Total Receipts	<u>9,675</u>	<u>9,675</u>	<u>9,772</u>	<u>97</u>
Disbursements				
Debt Service				
Principal	25,000	25,000	25,000	-
Interest	5,750	5,750	5,750	-
Fees	600	600	-	600
Total Disbursements	<u>31,350</u>	<u>31,350 (1)</u>	<u>30,750</u>	<u>600</u>
Excess of Receipts Over -Under Disbursements	(21,675)	(21,675)	(20,978)	697
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	(15,225)	(15,225)	(14,528)	697
Beginning Cash Basis Fund Balance	<u>52,300</u>	<u>52,300</u>	<u>52,351</u>	<u>51</u>
Ending Cash Basis Fund Balance	<u>\$ 37,075</u>	<u>\$ 37,075</u>	<u>\$ 37,823</u>	<u>\$ 748</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, 2015**

GENERAL OBLIGATION BOND- DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Property Tax- PD Bond	\$ 70,600	\$ 70,600	\$ 73,072	\$ 2,472
Interest	-	-	67	67
Total Receipts	70,600	70,600	73,139	2,539
Disbursements				
Debt Service				
Principal	45,000	45,000	45,000	-
Interest	26,550	26,550	26,536	14
Total Disbursements	71,550	71,550 (1)	71,536	14
Net Change in Cash Basis Fund Balance	(950)	(950)	1,603	2,553
Beginning Cash Basis Fund Balance	950	950	3,776	2,826
Ending Cash Basis Fund Balance	\$ -	\$ -	\$ 5,379	\$ 5,379

(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, 2015**

LIBRARY OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Charges for Services	\$ 68,000	\$ 68,000	\$ 13,013	\$ (54,987)
Interest	50	50	38	(12)
	68,050	68,050	13,051	(54,999)
Total Receipts				
Disbursements				
Materials and Services	71,175	71,175 (1)	30,436	40,739
Contingency	10,675	10,675 (1)	-	10,675
	81,850	81,850	30,436	51,414
Total Disbursements				
Net Change in Cash Basis Fund Balance	(13,800)	(13,800)	(17,385)	(3,585)
Beginning Cash Basis Fund Balance	16,000	16,000	17,385	1,385
Ending Cash Basis Fund Balance	\$ 2,200	\$ 2,200	\$ -	\$ (2,200)

(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, 2015**

TAP OPERATIONS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
<b>RECEIPTS</b>				
Intergovernmental	\$ 329,210	\$ 329,210	\$ 103,267	\$ (225,943)
Total Receipts	<u>329,210</u>	<u>329,210</u>	<u>103,267</u>	<u>(225,943)</u>
<b>DISBURSEMENTS</b>				
Materials and Services	494,800	494,800 (1)	313,635	181,165
Contingency	74,260	74,260 (1)	-	74,260
Total Disbursements	<u>569,060</u>	<u>569,060</u>	<u>313,635</u>	<u>255,425</u>
Excess of Receipts Over -Under Disbursements	(239,850)	(239,850)	(210,368)	29,482
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>239,850</u>	<u>239,850</u>	<u>168,367</u>	<u>(71,483)</u>
Net Change in Cash Basis Fund Balance	-	-	(42,001)	(42,001)
Beginning Cash Basis Fund Balance	<u>-</u>	<u>-</u>	<u>42,001</u>	<u>42,001</u>
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 - BUDGETARY BASIS  
For the Year Ended June 30, 2015**

<u>WATER UTILITY FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Water Service	\$ 1,225,000	\$ 1,225,000	\$ 1,255,286	\$ 30,286
New Connections	9,000	9,000	2,850	(6,150)
Water Sales	-	-	80	80
Interest	1,000	1,000	2,279	1,279
Total Receipts	<u>1,235,000</u>	<u>1,235,000</u>	<u>1,260,495</u>	<u>25,495</u>
Disbursements				
Personal Services	457,500	457,500 (1)	417,587	39,913
Materials and Services	298,150	298,150 (1)	244,473	53,677
Capital Outlay	5,500	5,500 (1)	3,882	1,618
Debt Service	309,125	309,125 (1)	309,111	14
Contingency	115,000	115,000 (1)	-	115,000
Total Disbursements	<u>1,185,275</u>	<u>1,185,275</u>	<u>975,053</u>	<u>210,222</u>
Excess of Receipts Over, -Under Disbursements	49,725	49,725	285,442	235,717
OTHER FINANCING SOURCES, -USES				
Transfers Out	(239,850)	(239,850) (1)	(168,367)	71,483
Total Other Financing Sources, -Uses	<u>(239,850)</u>	<u>(239,850)</u>	<u>(168,367)</u>	<u>71,483</u>
Net Change in Cash Basis Fund Balance	(190,125)	(190,125)	117,075	307,200
Beginning Cash Basis Fund Balance	<u>520,000</u>	<u>520,000</u>	<u>533,789</u>	<u>13,789</u>
Ending Cash Basis Fund Balance	<u>\$ 329,875</u>	<u>\$ 329,875</u>	<u>\$ 650,864</u>	<u>\$ 320,989</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, 2015**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-15
<b>CURRENT:</b>						
2014-2015	\$ 1,014,060	\$ 25,580	\$ (2,734)	\$ 355	\$ 956,325	\$ 29,776
<b>PRIOR YEARS:</b>						
2013-2014	31,771	8	(1,029)	891	16,058	15,567
2012-2013	9,808	-	(161)	929	7,303	3,273
2011-2012	9,873	-	(151)	1,104	5,440	5,386
2010-2011	3,339	-	(112)	587	2,596	1,218
Prior	4,199	-	(268)	323	949	3,305
<b>TOTAL PRIOR</b>	<u>58,990</u>	<u>8</u>	<u>(1,721)</u>	<u>3,834</u>	<u>32,346</u>	<u>28,749</u>
<b>TOTAL TAXES</b>	<u>\$ 1,073,050</u>	<u>\$ 25,588</u>	<u>\$ (4,455)</u>	<u>\$ 4,189</u>	<u>\$ 988,671</u>	<u>\$ 58,525</u>

RECONCILIATION OF REVENUE

General Fund Tax Revenue	\$ 918,146
General Obligation Tax Revenue	73,072
Cash Basis Timing Difference	<u>(2,547)</u>
<b>Total Taxes Collected</b>	<u>\$ 988,671</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION  
For the fiscal year ended June 30, 2015**

**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 of the net pension liability (NPL)	(c) Talent's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.01 %	\$ (244,937)	\$ 1,162,427	(21.1) %	103.6 %
2014	0.01	551,437	1,137,383	48.5	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**SCHEDULE OF CONTRIBUTIONS**

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 86,344	\$ 86,344	\$ -	\$ 1,162,427	7.4 %
2014	84,203	84,203	-	1,137,383	7.4

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

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

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**PAULY, ROGERS AND CO., P.C.**  
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November 23, 2015

### **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, 2015, and have issued our report thereon dated November 23, 2015. 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**  
**JACKSON COUNTY, 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
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
2015	430,928,644	355,421,757	55,383,757	300,038,000

Fiscal Year Ended, June 30	Permanent Levy	Local Option Levy	Bond Levy	Additional Taxes & Penalties	Total to be Received
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
2015	969,603	-	75,100	(30,643)	1,014,060

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	Percent Collected as of 6/30
2011	2.7727	-	0.1740	92.2%	97.0%	884,342
2012	2.7781	-	0.2030	92.4%	95.6%	908,463
2013	2.7721	-	0.1954	93.5%	96.1%	906,494
2014	2.7440	-	0.1994	93.4%	95.0%	923,861
2015	2.7281	-	0.2113	93.8%	93.8%	951,183

- (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 2015**

**City of Talent**

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Bender Development LP	\$11,691,310	3.90%	\$185,579
Talent Parkside Apartment LLC	8,770,180	2.92%	138,090
West Valley View LLC	6,656,560	2.22%	112,971
Mountain View Estates of Talent LLC	4,914,620	1.64%	82,907
Fabricated Glass Spec Inc.	3,525,790	1.18%	54,506
Charter Communications	2,219,300	0.74%	37,665
YEH K Holdings LLC	1,996,070	0.67%	33,876
Clearview Commercial Long	1,807,130	0.60%	30,410
Jackson Aid Prop Co.	1,848,160	0.62%	28,650
Candlewood Park LLC	1,734,780	0.58%	27,610
Subtotal	45,163,900	15.05%	732,264
All other City Taxpayers	254,874,100	84.95%	206,635.52
Total City Tax Accounts	<u>\$300,038,000</u>	<u>100.00%</u>	<u>\$938,900</u>

**Jackson County**

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Pacificorp (PP&L)	\$256,027,000	1.47%	\$2,990,739
Charter Communications	84,588,500	0.48%	1,332,444
Avista Corp DBS Avista Utilities	90,873,000	0.52%	1,324,966
Rogue Valley Manor	89,146,900	0.51%	1,294,301
Carestream Health Inc	60,345,380	0.35%	893,962
Boise Cascade Wood Products	60,783,003	0.35%	855,405
Rogue Valley Mall LLC	52,460,130	0.30%	839,862
Centurylink	54,366,800	0.31%	772,472
Harry & David Operations Inc.	62,776,842	0.36%	718,243
Wal-Mart Real Estate Business	42,471,770	0.24%	680,170
Subtotal	853,839,325	4.90%	11,702,564
All other County Taxpayers	16,588,299,813	95.10%	23,306,957
Total County Tax Accounts	<u>\$17,442,139,138</u>	<u>100.00%</u>	<u>\$35,009,520</u>

Source: Jackson County Assessor