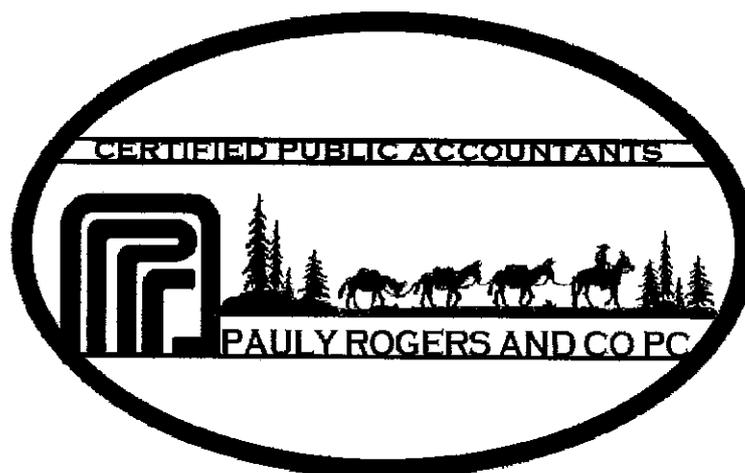


**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**CITY OF TALENT  
TALENT, OREGON**

**CASH BASIS FINANCIAL STATEMENTS**

**WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

\*\*\*\*\*

This Page Intentionally Left Blank

**CITY OF TALENT**  
**TALENT, OREGON**

<b><u>Mayor and City Council</u></b>	<b><u>TERM EXPIRES</u></b>
Don Steyskal, Mayor	December 2010
Bob Wilson	December 2010
Sherman Lamb	December 2012
John Morrison	December 2010
Teresa Cooke	December 2012
William Cecil	December 2010
Edwin Jerome McManus	December 2012

All councilors receive their mail at the address listed below

**REGISTERED AGENT AND ASSISTANT SECRETARY**

**ADMINISTRATIVE**

Jay Henry, City Manager  
110 E. Main Street  
Talent, OR 97540

This Page Intentionally Left Blank

**CITY OF TALENT**  
**TALENT, OREGON**

TABLE OF CONTENTS

	<b><u>PAGE</u></b> <b><u>NUMBER</u></b>
FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis	I-VI
Statement of Net Assets – Cash Basis	2
Statement of Activities – Cash Basis	3
Governmental Funds Balance Sheet – Cash Basis	4
Governmental Funds Statement of Receipts, Disbursements and Changes in Fund Balances	5
Statement of Net Assets – Cash Basis Proprietary Fund	6
Statement of Receipts, Disbursements and Changes in Net Assets – Cash Basis Proprietary Fund	7
Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis – Budget And Actual:	
General Fund	8
SDC Fund	10
Street Fund	11
Notes to Financial Statements	12
SUPPLEMENTARY INFORMATION	
Schedule of Receipts, Disbursements and Changes in Fund Balance - Cash Basis – Budget And Actual:	
Capital Improvements Fund	21
Combining Balance Sheet –Non Major Governmental Fund – Cash Basis	22
Combining Schedule of Receipts, Disbursements and Changes in Fund Balance – Cash Basis –Non Major Governmental Fund	23
Schedule of Receipts, Disbursements and Changes in Fund Balance - Cash Basis – Budget And Actual:	
Parks Fund	24
West Valley View Debt Service Fund	25
Debt Service Fund	26
Library Operations Fund	27
Water Improvement Reserve Fund	28
TAP Operations Fund	29
Water Fund	30
Schedule of Property Tax Transactions	31
Independent Auditor's Report Required by Oregon State Regulations	32

This Page Intentionally Left Blank



# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

October 28, 2010

To the City Council  
City of Talent  
Talent, Oregon

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying combined cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Talent, as of and for the year ended June 30, 2010 which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Talent's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements are prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, business-type activities, discretely presented component unit, and each major fund of City of Talent at June 30, 2010, and the results of its operations and respective budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The supplementary information, including individual fund financial statements and schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Talent. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
PAULY, ROGERS and CO., P.C.

This Page Intentionally Left Blank

**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, 2010. 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, 2009 and June 30, 2010.

**FINANCIAL HIGHLIGHTS**

- The City's Governmental and Business Type net assets were \$3,334,972 and \$409,998 respectively, at June 30, 2010.
- During the year, the City's Governmental net assets increased by \$753,321 and Business Type net assets increased by \$16,194.
- The general fund reported a fund balance this year of \$589,297.

**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- and long-term financial information about the activities the government operates *like businesses*.

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

**Government-wide Statements**

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two

government-wide statements report the City's net assets and how they have changed. Net assets – the difference between the City's assets and liabilities – are one way to measure the City's financial health or position.

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

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

### **Fund Financial Statements**

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

The City has the following kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional 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 explain 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 revenue, expenditures, fund balances, and net assets between the fiscal year (FY09) and the fiscal year (FY10). The last column indicates the change in the two years.

<b>CITY OF TALENT - CHANGES IN NET ASSESTS - GOVERNMENTAL FUNDS</b>			
	2010	2009	CHANGE
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 1,028,046	\$ 949,341	\$ 78,705
Operating Grants	10,213	22,866	(12,653)
General Revenues:			
Property Taxes	854,302	825,697	28,605
Other Taxes	343,881	352,076	(8,195)
Intergovernmental	961,815	625,010	336,805
Bond Proceeds			-
Other	77,819	100,229	(22,410)
Total Revenues	3,276,076	2,875,219	400,857
<b>EXPENSES</b>			
Administration	457,021	439,676	17,345
Community Development	169,564	179,214	(9,650)
TAP Operations	225,511	240,711	(15,200)
Library Operations	66,085	59,225	6,860
Police	905,456	957,774	(52,318)
Street	276,939	284,572	(7,633)
Parks	98,861	102,634	(3,286)
Capital Improvements	523,260	386,943	136,317
Debt Service Payments	85,961	82,675	3,286
Water			-
Total Expenses	2,808,658	2,733,424	75,234
Change in Net Assets before Transfers	467,418	141,795	325,623
Transfers	285,903	318,982	(33,079)
Change in Net Assets	753,321	460,777	292,544
Beginning Net Assets	2,581,651	2,120,874	460,777
Ending Net Assets	\$ 3,334,972	\$ 2,581,651	\$ 753,321

The next chart shows the same data for FY09 and FY10 for the business type funds. The last column indicates the change between the two years.

<b>CITY OF TALENT - CHANGES IN NET ASSESTS - BUSINESS TYPE FUNDS</b>			
	2010	2009	CHANGE
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 1,245,781	\$ 1,298,890	\$ (53,109)
Operating Grants			-
General Revenues:			
Property Taxes			-
Other Taxes			-
Intergovernmental			-
Other	15,023	10,979	4,044
Total Revenues	1,260,804	1,309,869	(49,065)
<b>EXPENSES</b>			
Administration			
Community Development			
Police			
Street			
Parks			
Capital Improvements			
Debt Service Payments			
Water	958,707	970,025	(11,318)
Total Expenses	958,707	970,025	(11,318)
Change in Net Assets before Transfers	302,097	339,844	(37,747)
Transfers	(285,903)	(318,982)	33,079
Change in Net Assets	16,194	20,862	(4,668)
Beginning Net Assets	393,804	372,942	20,862
Ending Net Assets	\$ 409,998	\$ 393,804	\$ 16,194

**Changes in Program Revenues**

**Charges for Services (\$78,705):** Charges for Services increased in fiscal year 2010. The Public Safety Surcharge accounts for \$25,109 of this increase due to implementation during FY09. Community Development Fees and System Development Charges increased by \$43821 for FY10 after a \$24,062 decline in FY09 and a \$61,818 decline in FY08. Collections of court fines were up \$11,379 while Impound fees were down \$6,744.

**General Revenues (\$334,805):** Other revenues showed an increase over the previous year due to the receipt of \$431,163 for the Urban Renewal West Valley View Project. Property tax revenues increased by \$28,605. Included in property tax revenue is \$54,068 in receipts levied for repayment of the General Obligation Bond debt service for the Police Department renovation. Rental Income from the Community Center and Depot Building decreased by \$7,065 while other space rental income increased by 10,189.

### **Changes in Program Expenditures**

**General Administration (\$17,345):** This increase is a combination of a cost savings in salaries and increase materials and supplies.

**Community Development (\$-9,650):** This decrease can be attributed to the reduced level of staffing and an increase in expenditures directly associated with the level of building construction.

**Police (\$-52,318):** This decrease can be attributed to a reorganization of code enforcement duties, general staffing and a reduction of overtime.

**Street (\$-7,633):** This fund includes salaries and benefits for Public Works employees whose time is accounted for in several funds depending on the type of work being performed. This decrease is a general decrease in personal services. Less time and materials was spent in work on street related items in FY 2010.

**Parks (\$-3,773):** This decrease is due to decreased staffing for the Parks and Recreation Program and less of Public Works time being spent on Park related projects and a \$5,583 increase in materials and supplies.

**Capital Improvements (\$136,317):** The Capital Improvements Fund was initially established in FY 2005. 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. Significant infrastructure improvements were completed in FY 2006 and 2007. Capital construction projects taking place in FY 2009 included work on Talent Avenue between Rapp Road and Creel, completion of the West, Third and Fourth Street project, the North Entrance landscaping, and the Restrooms at Lynn Newbry Park. Capital construction projects taking place in FY 2010 included completion of the Lynn Newbry Park Restrooms, Lani Way and Nerton Street improvements and initial work on the Talent Avenue curb and sidewalk project.

The Governmental Fund balances total \$3,334,972, which represents an increase of \$753,321 over that from FY09.

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

### **Change in Program Revenues**

**Charges for Services (\$-53,109):** Water revenue is based on consumption and there was lower consumption in FY10. This decrease can be attributed in part to a cooler, wetter spring. New connections for FY09 were \$7,800 compared to \$9,800 for FY09.

**General Revenues (\$4,044):** This increase can be attributed to a decrease in rental income and interest revenue for FY10 offset by the sale of surplus assets.

### **Change in Program Expenditures**

**Water (\$-11,318):** This decrease is attributed to a decrease in salaries due to staff turnover.

The proprietary fund balance totaled \$409,998 as of June 30, 2010. This represents an increase from the previous year.

## **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 Finance Director at 541-535-1566 or P.O. Box 445, Talent, Oregon, 97540.

**CITY OF TALENT  
TALENT, OREGON**

**BASIC FINANCIAL STATEMENTS**

This Page Intentionally Left Blank

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF NET ASSETS - CASH BASIS  
June 30, 2010**

ASSETS	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS TYPE	TOTALS	
Current Assets:				
Cash and Investments	\$ 3,334,972	\$ 409,998	\$ 3,744,970	\$ 1,015,786
Property Taxes Receivable	75,961	-	75,961	86,036
Total Current Assets	<u>3,410,933</u>	<u>409,998</u>	<u>3,820,931</u>	<u>1,101,822</u>
Capital Assets, net	-	-	-	-
Total Assets	<u>3,410,933</u>	<u>409,998</u>	<u>3,820,931</u>	<u>1,101,822</u>
LIABILITIES				
Current Liabilities:				
Deferred Revenue	75,961	-	75,961	86,036
Total Current Liabilities	<u>75,961</u>	<u>-</u>	<u>75,961</u>	<u>86,036</u>
NET ASSETS:				
Unrestricted	<u>3,334,972</u>	<u>409,998</u>	<u>3,744,970</u>	<u>1,015,786</u>
Total Net Assets	<u>\$ 3,334,972</u>	<u>\$ 409,998</u>	<u>\$ 3,744,970</u>	<u>\$ 1,015,786</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, 2010**

Functions/Programs	Cash Disbursements	Program Cash Receipts		Net Receipts (Disbursements) and Changes in Net Assets	
		Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Governmental Activities</b>					
Administration	\$ 457,021	\$ 125,709	\$ 2,725	\$ (328,587)	\$ -
Community Development	169,564	93,105	-	(76,459)	-
TAPS Operations	225,511	-	-	(225,511)	-
Library Operations	66,085	70,427	-	4,342	-
Police	905,456	254,015	3,582	(647,859)	-
Street	276,939	212,283	-	(64,656)	-
Transportation	-	109,177	-	109,177	-
Stormwater	-	28,321	-	28,321	-
Parks	98,861	135,009	3,906	40,054	-
Capital Outlay	523,260	-	-	(523,260)	-
Debt Service Payments	85,961	-	-	(85,961)	-
<b>Total Governmental Activities</b>	<b>2,808,658</b>	<b>1,028,046</b>	<b>10,213</b>	<b>(1,770,399)</b>	<b>-</b>
<b>Business-Type Activities</b>					
Water	958,707	1,245,781	-	-	287,074
<b>Total Business Activities</b>	<b>958,707</b>	<b>1,245,781</b>	<b>-</b>	<b>-</b>	<b>287,074</b>
<b>Total Primary Government</b>	<b>\$ 3,767,365</b>	<b>\$ 2,273,827</b>	<b>\$ 10,213</b>	<b>(1,770,399)</b>	<b>287,074</b>
<b>Component Unit</b>					
Talent Urban Renewal Agency	\$ 2,320,702	\$ -	\$ -		
		<b>General Receipts:</b>			
				854,302	-
				343,881	-
				28,954	-
				961,815	-
				9,747	-
				24,511	1,844
				-	-
				-	-
				7,607	6,179
				7,000	7,000
				285,903	(285,903)
			<b>Total General Receipts and Transfers</b>	<b>2,523,720</b>	<b>(270,880)</b>
			<b>Change in Cash Basis Net Assets</b>	<b>753,321</b>	<b>16,194</b>
			<b>Beginning Cash Basis Net Assets</b>	<b>2,581,651</b>	<b>393,804</b>
			<b>Ending Cash Basis Net Assets</b>	<b>\$ 3,334,972</b>	<b>\$ 409,998</b>

See accompanying notes to the basic financial statements

<u>Total</u>	<u>Component Unit</u>
\$ (328,587)	\$ -
(76,459)	-
(225,511)	-
4,342	-
(647,859)	-
(64,656)	-
109,177	-
28,321	-
40,054	-
(523,260)	-
(85,961)	-
<u>(1,770,399)</u>	<u>-</u>
287,074	-
<u>287,074</u>	<u>-</u>
<u>(1,483,325)</u>	<u>-</u>
	<u>(2,320,702)</u>
854,302	972,053
343,881	-
28,954	-
961,815	-
9,747	-
26,355	8,071
-	-
-	350,000
13,786	571,712
14,000	-
-	-
<u>2,252,840</u>	<u>1,901,836</u>
769,515	(418,866)
<u>2,975,455</u>	<u>1,434,652</u>
<u>\$ 3,744,970</u>	<u>\$ 1,015,786</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**BALANCE SHEET - CASH BASIS  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2010**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
<b>ASSETS</b>			
Cash and Investments	\$ 589,297	\$ 447,563	\$ 413,693
Property Taxes Receivable	<u>75,961</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 665,258</u>	<u>\$ 447,563</u>	<u>\$ 413,693</u>
<b>LIABILITIES AND CASH BASIS FUND BALANCES</b>			
<b>Liabilities:</b>			
Deferred Revenue	<u>\$ 75,961</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>75,961</u>	<u>-</u>	<u>-</u>
<b>Cash Basis Fund Balances:</b>			
Unreserved and Undesignated	<u>589,297</u>	<u>447,563</u>	<u>413,693</u>
Total Cash Basis Fund Balances	<u>589,297</u>	<u>447,563</u>	<u>413,693</u>
Total Liabilities and Cash Basis Fund Balances	<u>\$ 665,258</u>	<u>\$ 447,563</u>	<u>\$ 413,693</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
\$ 1,425,062	\$ 459,357	\$ 3,334,972
-	-	75,961
<u>\$ 1,425,062</u>	<u>\$ 459,357</u>	<u>\$ 3,410,933</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,961</u>
<u>-</u>	<u>-</u>	<u>75,961</u>
<u>1,425,062</u>	<u>459,357</u>	<u>3,334,972</u>
<u>1,425,062</u>	<u>459,357</u>	<u>3,334,972</u>
<u>\$ 1,425,062</u>	<u>\$ 459,357</u>	<u>\$ 3,410,933</u>

CITY OF TALENT  
JACKSON COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
Receipts			
Taxes	\$ 800,234	\$ -	\$ -
Franchise Taxes	378,021	-	-
Licenses and Permits	114,854	-	1,031
Intergovernmental Receipts	164,131	-	272,402
Charges for Services	143,771	211,968	211,252
Assessments	-	-	-
Interest	3,537	1,486	1,196
Fines and Forfeitures	111,899	-	-
Miscellaneous	48,011	-	2,153
Total Receipts	<u>1,764,458</u>	<u>213,454</u>	<u>488,034</u>
Disbursements			
Personal Services	992,296	-	118,962
Materials & Services	539,745	-	157,977
Debt Service	-	-	-
Capital Outlay	22,221	-	-
Total Disbursements	<u>1,554,262</u>	<u>-</u>	<u>276,939</u>
Excess of Receipts Over, -Under Disbursements	210,196	213,454	211,095
Other Financing Sources, -Uses			
Sale of Capital Assets	-	-	7,000
Bond Proceeds	-	-	-
Transfers In	5,458	-	-
Transfers Out	(12,000)	(52,158)	(23,173)
Total Other Financing Sources, -Uses	<u>(6,542)</u>	<u>(52,158)</u>	<u>(16,173)</u>
Net Change in Cash Basis Fund Balance	203,654	161,296	194,922
Beginning Cash Basis Fund Balance	<u>385,643</u>	<u>286,267</u>	<u>218,771</u>
Ending Cash Basis Fund Balance	<u>\$ 589,297</u>	<u>\$ 447,563</u>	<u>\$ 413,693</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NON MAJOR</u>	<u>TOTAL</u>
\$ -	\$ 54,068	\$ 854,302
-	-	378,021
-	13,083	128,968
461,721	69,895	968,149
-	176,179	743,170
-	9,747	9,747
5,281	13,011	24,511
-	-	111,899
-	145	50,309
<u>467,002</u>	<u>336,128</u>	<u>3,269,076</u>
-	62,007	1,173,265
-	328,450	1,026,172
-	85,961	85,961
<u>501,039</u>	<u>-</u>	<u>523,260</u>
<u>501,039</u>	<u>476,418</u>	<u>2,808,658</u>
(34,037)	(140,290)	460,418
-	-	7,000
-	-	-
205,273	165,803	376,534
-	(3,300)	(90,631)
<u>205,273</u>	<u>162,503</u>	<u>292,903</u>
171,236	22,213	753,321
<u>1,253,826</u>	<u>437,144</u>	<u>2,581,651</u>
<u>\$ 1,425,062</u>	<u>\$ 459,357</u>	<u>\$ 3,334,972</u>

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

**STATEMENT OF NET ASSETS - CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2010**

---

ASSETS:

Current Assets

Cash and Investments

\$ 409,998

Total Assets

\$ 409,998

Cash Basis Net Assets

Unreserved

409,998

Total Cash Basis Net Assets

\$ 409,998

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS - CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2010**

---

OPERATING RECEIPTS	
Service Charges	\$ 1,245,781
Miscellaneous	<u>6,179</u>
Total Operating Receipts	<u>1,251,960</u>
OPERATING DISBURSEMENTS	
Personal Service	376,941
Materials and Services	<u>279,206</u>
Total Operating Disbursements	<u>656,147</u>
Operating Income -Loss	<u>595,813</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Sales of Capital Assets	7,000
Interest	1,844
Transfers Out	(285,903)
Bond / Interest Expense	<u>(302,560)</u>
Total Nonoperating Receipts (Disbursements)	<u>(579,619)</u>
Change in Cash Basis Net Assets	16,194
Beginning Cash Basis Net Assets	<u>393,804</u>
Ending Cash Basis Net Assets	<u><u>\$ 409,998</u></u>

See accompanying notes to the basic financial statements

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Taxes	\$ 757,000	\$ 757,000	\$ 800,234	\$ 43,234
Licenses, Permits & Fees	423,000	423,000	492,875	69,875
Intergovernmental	159,000	159,000	164,131	5,131
Charges for Services	151,300	151,300	143,771	(7,529)
Fines & Forfeits	85,000	85,000	111,899	26,899
Miscellaneous	54,325	72,028	51,548	(20,480)
Total Receipts	<u>\$ 1,629,625</u>	<u>\$ 1,647,328</u>	<u>\$ 1,764,458</u>	<u>\$ 117,130</u>

See accompanying notes to the basic financial statements .

Continued on page -9-

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

<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	\$ 288,700	\$ 273,700	\$ 249,927	\$ 23,773
Materials and Services	209,450	242,153	207,094	35,059
Capital Outlay	6,500	6,500	22,221	(15,721)
Total Administration Department	<u>504,650</u>	<u>522,353 (1)</u>	<u>479,242</u>	<u>43,111</u>
<b>Community Development Department</b>				
Personal Services	26,000	23,000	20,451	2,549
Materials and Services	147,450	150,450	149,113	1,337
Capital Outlay	-	-	-	-
Total Community Development Department	<u>173,450</u>	<u>173,450 (1)</u>	<u>169,564</u>	<u>3,886</u>
<b>Police Department</b>				
Personal Services	830,000	830,000	721,918	108,082
Materials and Services	214,100	214,100	183,538	30,562
Capital Outlay	3,500	3,500	-	3,500
Total Police Department	<u>1,047,600</u>	<u>1,047,600 (1)</u>	<u>905,456</u>	<u>142,144</u>
Contingency	<u>134,475</u>	<u>134,475 (1)</u>	<u>-</u>	<u>134,475</u>
Total Disbursements	<u>1,860,175</u>	<u>1,877,878</u>	<u>1,554,262</u>	<u>323,616</u>
Excess of Receipts Over -Under Disbursements	(230,550)	(230,550)	210,196	440,746
<b>OTHER FINANCING SOURCES</b>				
Transfers In	7,550	7,550	5,458	(2,092)
Transfers Out	(12,000)	(12,000) (1)	(12,000)	-
Total Other Financing Sources	<u>(4,450)</u>	<u>(4,450)</u>	<u>(6,542)</u>	<u>(2,092)</u>
Net Change in Cash Basis Fund Balance	(235,000)	(235,000)	203,654	438,654
Beginning Cash Basis Fund Balance	<u>235,000</u>	<u>235,000</u>	<u>385,643</u>	<u>150,643</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,297</u>	<u>\$ 589,297</u>

(1) - Appropriation level

See accompanying notes to the basic financial statements

Continued from page -8-

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

<u>SYSTEMS DEVELOPMENT CHARGE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
System Development Charges	\$ 80,830	\$ 80,830	\$ 211,968	\$ 131,138
Miscellaneous	4,820	4,820	1,486	(3,334)
Total Receipts	<u>85,650</u>	<u>85,650</u>	<u>213,454</u>	<u>127,804</u>
Disbursements				
Parks SDC				
Other Objects (Transfers Out)	-	-	-	-
Total Parks SDC	-	- (1)	-	-
Transportation SDC				
Other Objects (Transfers Out)	-	-	-	-
Total Transportation SDC	-	- (1)	-	-
Water SDC				
Other Objects (Transfers Out)	50,000	50,000	50,000	-
Total Water SDC	50,000	50,000 (1)	50,000	-
Storm Drain SDC				
Other Objects (Transfers Out)	-	-	-	-
Total Storm Drain SDC	-	- (1)	-	-
Total Disbursements	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess of Receipts Over -Under Disbursements	35,650	35,650	163,454	127,804
OTHER FINANCING SOURCES				
Transfers Out	(4,250)	(4,250) (1)	(2,158)	2,092
Total Other Financing Sources	<u>(4,250)</u>	<u>(4,250)</u>	<u>(2,158)</u>	<u>2,092</u>
Net Change in Cash Basis Fund Balance	31,400	31,400	161,296	129,896
Beginning Cash Basis Fund Balance	271,871	271,871	286,267	14,396
Ending Cash Basis Fund Balance	<u>\$ 303,271</u>	<u>\$ 303,271</u>	<u>\$ 447,563</u>	<u>\$ 144,292</u>
(1) Appropriation Level				

See accompanying notes to the basic financial statements

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 500	\$ 500	\$ 1,031	\$ 531
Intergovernmental	220,000	220,000	272,402	52,402
Charges for Services	200,000	200,000	211,252	11,252
Assessments	-	-	-	-
Interest	-	-	1,196	1,196
Miscellaneous	2,000	2,000	2,153	153
<b>Total Receipts</b>	<b>422,500</b>	<b>422,500</b>	<b>488,034</b>	<b>65,534</b>
<b>Disbursements</b>				
<b>Street Maintenance and Repair</b>				
Personal Services	169,700	169,700 (1)	118,962	50,738
Materials and Services	248,550	248,550 (1)	157,977	90,573
Capital Outlay	-	- (1)	-	-
<b>Total Street Maintenance and Repair</b>	<b>418,250</b>	<b>418,250</b>	<b>276,939</b>	<b>141,311</b>
<b>Capital Construction</b>				
Capital Outlay	-	-	-	-
<b>Total Capital Construction</b>	<b>-</b>	<b>- (1)</b>	<b>-</b>	<b>-</b>
Contingency	126,077	126,077 (1)	-	126,077
<b>Total Disbursements</b>	<b>544,327</b>	<b>544,327</b>	<b>276,939</b>	<b>267,388</b>
Excess of Receipts Over -Under Disbursements	(121,827)	(121,827)	211,095	201,854
<b>OTHER FINANCING SOURCES</b>				
Sale of Capital Asset	-	-	7,000	7,000
Transfers Out	(23,173)	(23,173) (1)	(23,173)	-
<b>Net Change in Cash Basis Fund Balance</b>	<b>(145,000)</b>	<b>(145,000)</b>	<b>194,922</b>	<b>339,922</b>
<b>Beginning Cash Basis Fund Balance</b>	<b>145,000</b>	<b>145,000</b>	<b>218,771</b>	<b>73,771</b>
<b>Ending Cash Basis Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 413,693</b>	<b>\$ 413,693</b>

(1) Appropriation Level

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. THE FINANCIAL REPORTING ENTITY**

The City of Talent was incorporated in 1910. The City presently operates under a charter which took effect January 1, 1998, and which was amended with effective dates of January 1, 2003 and January 2005. The Charter provides for a Council-Manager form of government and provides such services as are authorized by the Charter. The City is governed by the City Council, consisting of six elected at-large members and an elected mayor.

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 Statement 39. 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. In addition, the Talent Urban Renewal Agency operates in a specific section of the downtown core. Based upon the application of the criteria, Urban Renewal Agency was included within the City of Talent's reporting entity, because the City is financially accountable for the Agency.

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

**GENERAL FUND**

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

**STREET FUND**

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

**SDC FUND**

This fund accounts for various system development charges.

**CAPITAL IMPROVEMENT FUND**

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

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**C. BASIS OF ACCOUNTING**

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

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

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

**D. 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.

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**D. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS**

The government-wide financial reports information on the primary government and its component unit. 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 are 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.

**E. 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 can not 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.

**F. 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.

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**G. 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.

**H. 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.

**I. RETIREMENT PLANS**

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

**2. CASH AND INVESTMENTS**

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

**Investments**

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2010.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2010 the fair value of the position in the LGIP is 99.56% 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.

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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:

	2010
Deposits with Financial Institutions:	
Demand Deposits	\$ 380,518
Certificate of Deposit, Restricted	95,000
Certificate of Deposit, Restricted	225,000
Investments	3,044,452
 Total	 \$ 3,744,970

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	3,044,452	3,044,452	\$ -
Total	\$ 3,044,452	\$ 3,044,452	\$ -

**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. As of June 30, 2010, all of the government's bank balance of \$455,119 was fully collateralized.

**Concentration of Deposit Risk**

At year-end, the City's net carrying amount of deposits was \$700,518 and the bank balance was \$775,119. Of these deposits, \$705,119 was covered by federal depository insurance, the remainder is collateralized the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2010 are as follows:

	GOVERNMENTAL FUNDS			Balance 6/30/2010
	Balance 7/1/2009	Additions	Deletions	
Land	\$ 725,395	\$ -	\$ -	\$ 725,395
Buildings, Facilities, & Water System	10,656,250	56,525	-	10,712,775
Vehicles	185,450	31,049	24,000	192,499
Equipment	249,340	24,964	13,476	260,828
Infrastructure	6,953,113	1,553,294	-	8,506,407
Total	<u>\$ 18,769,548</u>	<u>\$ 1,665,832</u>	<u>\$ 37,476</u>	<u>\$ 20,397,904</u>
	PROPRIETARY FUNDS			
	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Land	\$ 36,914	\$ -	\$ -	\$ 36,914
Buildings, Facilities, & Water System	9,145,992	-	-	9,145,992
Vehicles	109,340	-	-	109,340
Equipment	97,661	24,964	-	122,625
Infrastructure	179,228	135,011	-	314,239
Total	<u>\$ 9,569,135</u>	<u>\$ 159,975</u>	<u>\$ -</u>	<u>\$ 9,729,110</u>

**4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

Plan Description and Provisions:

All of the City's employees participate in the State of Oregon Public Employees Retirement System (PERS), an agent multiple-employer defined benefit, public employee pension plan. All City full-time employees become members of PERS after six months of service in any one year. Part-time and temporary employees are covered by the plan after 600 hours or 6 months of employment. Generally, employees who retire at or after age 50 with 25 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1.67 percent of their final average monthly salary for each year of credited service. Final average monthly salary is based upon either the three calendar years out of the last ten calendar years of employment during which the highest salaries were earned or the last 36 calendar months of membership, whichever is larger. Benefits fully vest on reaching 5 years of service. Vested employees with fewer than 25 years of service will receive reduced benefits if retirement occurs prior to age 55. PERS also provides death and disability benefits. Benefits are established by state statute.

The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)**

Description of Funding Policy:

Covered employees are required by State statute to contribute 6% of their salary to the plan. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The current rate effective July 1, 2009 are 9.51% for Tier I/II, 8.23% for OPSRP, and 11.55% for OPSRP Police and Fire employees. The City's contribution to the plan for the years ending June 30, 2010, 2009 and 2008 were \$96,532, \$151,293, and \$150,858, respectively, and were equal to the required contributions for each year.

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

The City's Schedule of Funding Progress:

Dec 31 Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Percent	Covered Payroll	Unfunded Actuarial Accrued Liability / Payroll
2009	\$ 1,220,384	\$ 889,081	\$ (331,303)	137%	\$ 903,223	-37%
2007	\$ 2,751,000	\$ 2,030,000	\$ (910,049)	135%	\$ 996,958	-91%
2005	\$ 3,027,789	\$ 2,588,896	\$ (438,893)	117%	\$ 837,063	-52%

**5. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**6. INTERFUND TRANSFERS**

Interfund Transfers were done to finance operations between funds.

	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 12,000	\$ 5,458
Library Operations	3,300	-
Streets	23,173	-
SDC	53,682	1,524
Capital Improvements	-	205,273
Water Utility	285,903	-
Tap Operating	-	165,803
	<u>\$ 378,058</u>	<u>\$ 378,058</u>

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2010 is comprised of the following:

	July 1, 2009	Additions	Reductions	June 30, 2010
<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>	\$ 200,000	\$ -	\$ 20,000	\$ 180,000
<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>	\$ 1,585,250	\$ -	\$ 61,644	\$ 1,523,606
<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>	\$ 755,000	\$ -	\$ 20,000	\$ 735,000
<p>\$4,141,000 was issued on November 16, 2000 to finance improvements to the Water System. The interest rate is 4.5%. Repayments are made out of the Water fund. Bonds mature December 2040.</p>	\$ 3,777,816	\$ -	\$ 55,062	\$ 3,722,754
<p style="padding-left: 40px;">Total Long Term Debt</p>	\$ 6,318,066	\$ -	\$ 156,706	\$ 6,161,360

Future maturities of long term debt are as follows:

	Principal	Interest Due
Amounts Payable in Fiscal Year:		
2010-2011	164,800	225,596
2011-2012	173,012	220,066
2012-2013	181,347	214,200
2013-2014	189,810	207,994
2014-2015	203,405	201,440
2015-2020	1,156,067	888,003
2020-2025	1,044,667	682,783
2025-2030	977,907	534,892
2030-2035	911,868	368,446
2035-2040	946,062	179,257
2040-2041	212,415	9,559
Totals	\$ 6,161,360	\$ 3,732,236

**CITY OF TALENT  
TALENT, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**7. 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.

**8. 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, 2010 financial statements.

This Page Intentionally Left Blank

**CITY OF TALENT  
TALENT, OREGON**

**SUPPLEMENTARY INFORMATION**

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

This Page Intentionally Left Blank

**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, 2010**

CAPITAL IMPROVEMENTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Intergovernmental	\$ 457,500	\$ 488,057	\$ 461,721	\$ (26,336)
Bond Proceeds	-	-	-	-
Interest	-	-	5,281	5,281
Miscellaneous	-	-	-	-
<b>Total Receipts</b>	<b>457,500</b>	<b>488,057</b>	<b>467,002</b>	<b>(21,055)</b>
Disbursements				
General Government				
Capital Outlay	17,050	17,050	10,583	6,467
Parks				
Capital Outlay	73,477	73,477	9,409	64,068
Streets				
Capital Outlay	886,176	916,733	434,451	482,282
Stormwater				
Capital Outlay	21,302	21,302	-	21,302
Water				
Capital Outlay	517,351	517,351	38,988	478,363
Equipment				
Capital Outlay	18,000	18,000	7,608	10,392
<b>Total Disbursements</b>	<b>1,533,356</b>	<b>1,563,913 (1)</b>	<b>501,039</b>	<b>1,062,874</b>
Excess of Receipts Over -Under Disbursements	(1,075,856)	(1,075,856)	(34,037)	1,041,819
OTHER FINANCING SOURCES				
Transfers In	205,273	205,273	205,273	-
Transfers Out	-	-	-	-
<b>Net Change in Cash Basis Fund Balance</b>	<b>(870,583)</b>	<b>(870,583)</b>	<b>171,236</b>	<b>1,041,819</b>
Beginning Cash Basis Fund Balance	964,883	964,883	1,253,826	288,943
<b>Ending Cash Basis Fund Balance</b>	<b>\$ 94,300</b>	<b>\$ 94,300</b>	<b>\$ 1,425,062</b>	<b>\$ 1,330,762</b>

(1) Appropriation Level

CITY OF TALENT  
JACKSON COUNTY, OREGON

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUND - CASH BASIS

June 30, 2010

---

	<u>PARKS</u>	<u>WEST VALLEY VIEW DEBT</u>	<u>GENERAL OBLIGATION BOND DEBT SERVICES</u>
<b>ASSETS</b>			
Cash and Investments	\$ 90,358	\$ 102,151	\$ 3,602
Total Assets	<u>\$ 90,358</u>	<u>\$ 102,151</u>	<u>\$ 3,602</u>
<b>CASH BASIS FUND BALANCES</b>			
Total Cash Basis Fund Balances	<u>\$ 90,358</u>	<u>\$ 102,151</u>	<u>\$ 3,602</u>

---

<u>LIBRARY</u>	<u>WATER IMPROVEMENT RESERVE</u>	<u>TAPS OPERATING FUND</u>	<u>Totals</u>
\$ 13,163	\$ 238,970	\$ 11,113	\$ 459,357
<u>\$ 13,163</u>	<u>\$ 238,970</u>	<u>\$ 11,113</u>	<u>\$ 459,357</u>
<u>\$ 13,163</u>	<u>\$ 238,970</u>	<u>\$ 11,113</u>	<u>\$ 459,357</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, 2010**

	PARKS	WEST VALLEY VIEW DEBT	GENERAL OBLIGATION BOND DEBT SEVICES
Receipts			
Taxes	\$ -	\$ -	\$ 54,068
Licenses and Permits	13,083	-	-
Intergovernmental Receipts	1,542	-	-
Charges for Services	105,752	-	-
Assessments	-	9,747	-
Interest	288	4,552	136
Miscellaneous	-	-	-
Total Receipts	<u>120,665</u>	<u>14,299</u>	<u>54,204</u>
Disbursements			
Personal Services	62,007	-	-
Materials & Services	36,854	-	-
Debt Service	-	32,093	53,868
Capital Outlay	-	-	-
Contingency	-	-	-
Total Disbursements	<u>98,861</u>	<u>32,093</u>	<u>53,868</u>
Excess of Receipts Over, -Under Disbursements	21,804	(17,794)	336
Other Financing Sources, -Uses			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources, -Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	21,804	(17,794)	336
Beginning Cash Basis Fund Balance	<u>68,554</u>	<u>119,945</u>	<u>3,266</u>
Ending Cash Basis Fund Balance	<u>\$ 90,358</u>	<u>\$ 102,151</u>	<u>\$ 3,602</u>

<u>LIBRARY</u>	<u>WATER IMPROVEMENT RESERVE</u>	<u>TAP OPERATING FUND</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 54,068
-	-	-	13,083
-	-	68,353	69,895
70,427	-	-	176,179
-	-	-	9,747
-	8,035	-	13,011
145	-	-	145
<u>70,572</u>	<u>8,035</u>	<u>68,353</u>	<u>336,128</u>
-	-	-	62,007
66,085	-	225,511	328,450
-	-	-	85,961
-	-	-	-
-	-	-	-
<u>66,085</u>	<u>-</u>	<u>225,511</u>	<u>476,418</u>
4,487	8,035	(157,158)	(140,290)
-	-	165,803	165,803
(3,300)	-	-	(3,300)
<u>(3,300)</u>	<u>-</u>	<u>165,803</u>	<u>162,503</u>
1,187	8,035	8,645	22,213
<u>11,976</u>	<u>230,935</u>	<u>2,468</u>	<u>437,144</u>
<u>\$ 13,163</u>	<u>\$ 238,970</u>	<u>\$ 11,113</u>	<u>\$ 459,357</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

<u>PARKS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 10,000	\$ 10,000	\$ 13,083	\$ 3,083
Intergovernmental	2,000	2,000	1,542	(458)
Charges for Services	104,000	104,000	105,752	1,752
Interest	-	-	288	288
Miscellaneous	-	-	-	-
<b>Total Receipts</b>	<b>116,000</b>	<b>116,000</b>	<b>120,665</b>	<b>4,665</b>
<b>Disbursements</b>				
<b>Parks Maintenance</b>				
Personal Services	89,400	89,400 (1)	62,007	27,393
Materials and Services	51,815	51,815 (1)	36,854	14,961
<b>Total Parks Maintenance</b>	<b>141,215</b>	<b>141,215</b>	<b>98,861</b>	<b>42,354</b>
<b>Capital Construction</b>				
Capital Outlay	-	-	-	-
<b>Total Capital Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Contingency	12,785	12,785 (1)	-	12,785
<b>Total Disbursements</b>	<b>154,000</b>	<b>154,000</b>	<b>98,861</b>	<b>55,139</b>
Excess of Receipts Over -Under Disbursements	(38,000)	(38,000)	21,804	59,804
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	-	-	-	-
Transfers In	-	-	-	-
<b>Net Change in Cash Basis Fund Balance</b>	<b>(38,000)</b>	<b>(38,000)</b>	<b>21,804</b>	<b>59,804</b>
Beginning Cash Basis Fund Balance	38,000	38,000	68,554	30,554
<b>Ending Cash Basis Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,358</b>	<b>\$ 90,358</b>

(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, 2010**

WEST VALLEY VIEW DEBT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Assessments	\$ 10,202	\$ 10,202	\$ 9,747	\$ (455)
Interest	1,000	1,000	4,552	3,552
Total Receipts	<u>11,202</u>	<u>11,202</u>	<u>14,299</u>	<u>3,097</u>
Disbursements				
Debt Service				
Principal	20,000	20,000	20,000	-
Interest	11,500	11,500	11,500	-
Fees	600	600	593	7
Total Disbursements	<u>32,100</u>	<u>32,100 (1)</u>	<u>32,093</u>	<u>7</u>
Excess of Receipts Over -Under Disbursements	(20,898)	(20,898)	(17,794)	3,090
OTHER FINANCING SOURCES				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(20,898)	(20,898)	(17,794)	3,104
Beginning Cash Basis Fund Balance	<u>119,761</u>	<u>119,761</u>	<u>119,945</u>	<u>184</u>
Ending Cash Basis Fund Balance	<u>\$ 98,863</u>	<u>\$ 98,863</u>	<u>\$ 102,151</u>	<u>\$ 3,288</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, 2010**

GENERAL OBLIGATION BOND- DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Property Tax- PD Bond	\$ 53,875	\$ 53,875	\$ 54,068	\$ 193
Interest	50	50	136	86
Total Receipts	<u>53,925</u>	<u>53,925</u>	<u>54,204</u>	<u>279</u>
Disbursements				
Debt Service				
Principal	20,000	20,000	20,000	-
Interest	33,500	33,500	33,443	57
Fees	425	425	425	-
Total Disbursements	<u>53,925</u>	<u>53,925 (1)</u>	<u>53,868</u>	<u>57</u>
Excess of Receipts Over -Under Disbursements	-	-	336	222
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Net Change in Cash Basis Fund Balance	-	-	336	336
Beginning Cash Basis Fund Balance	-	-	3,266	3,266
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,602</u>	<u>\$ 3,602</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, 2010**

LIBRARY OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Charges for Services	\$ 66,000	\$ 66,000	\$ 70,427	\$ 4,427
Miscellaneous	50	50	145	95
Total Receipts	<u>66,050</u>	<u>66,050</u>	<u>70,572</u>	<u>4,522</u>
Disbursements				
Materials and Services	66,236	66,236 (1)	66,085	151
Contingency	1,639	1,639 (1)	-	1,639
Total Disbursements	<u>67,875</u>	<u>67,875</u>	<u>66,085</u>	<u>1,790</u>
Excess of Receipts Over -Under Disbursements	(1,825)	(1,825)	4,487	6,312
OTHER FINANCING SOURCES				
Transfers Out	<u>(3,300)</u>	<u>(3,300) (1)</u>	<u>(3,300)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(5,125)	(5,125)	1,187	6,312
Beginning Cash Basis Fund Balance	<u>5,125</u>	<u>5,125</u>	<u>11,976</u>	<u>6,851</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,163</u>	<u>\$ 13,163</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, 2010**

WATER IMPROVEMENT RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Interest	\$ 8,000	\$ 8,000	\$ 8,035	\$ 35
Total Receipts	8,000	8,000	8,035	35
Disbursements				
Total Disbursements	-	- (1)	-	-
Excess of Receipts Over -Under Disbursements	8,000	8,000	8,035	35
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Transfers Out	-	- (1)	-	-
Net Change in Cash Basis Fund Balance	8,000	8,000	8,035	35
Beginning Cash Basis Fund Balance	230,923	230,923	230,935	12
Ending Cash Basis Fund Balance	\$ 238,923	\$ 238,923	\$ 238,970	\$ 47

(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, 2010**

TAP OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
<b>RECEIPTS</b>				
Intergovernmental	\$ 71,780	\$ 71,780	\$ 68,353	\$ (3,427)
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Receipts</b>	<u>71,780</u>	<u>71,780</u>	<u>68,353</u>	<u>(3,427)</u>
<b>DISBURSEMENTS</b>				
Materials and Services	263,600	263,600 (1)	225,511	38,089
Contingency	13,180	13,180 (1)	-	13,180
<b>Total Disbursements</b>	<u>276,780</u>	<u>276,780</u>	<u>225,511</u>	<u>51,269</u>
Excess of Receipts Over -Under Disbursements	(205,000)	(205,000)	(157,158)	47,842
<b>OTHER FINANCING SOURCES</b>				
Transfers In	205,000	205,000	165,803	(39,197)
<b>Net Change in Cash Basis Fund Balance</b>	-	-	8,645	8,645
<b>Beginning Cash Basis Fund Balance</b>	-	-	2,468	2,468
<b>Ending Cash Basis Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,113</u>	<u>\$ 11,113</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, 2010**

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Water Service	\$ 1,201,500	\$ 1,201,500	\$ 1,237,981	\$ 36,481
New Connections	8,000	8,000	7,800	(200)
Interest	2,000	2,000	1,844	(156)
Miscellaneous	-	-	6,179	6,179
Total Receipts	<u>1,211,500</u>	<u>1,211,500</u>	<u>1,253,804</u>	<u>42,304</u>
Disbursements				
Personal Services	408,500	408,500 (1)	376,941	31,559
Materials and Services	369,925	369,925 (1)	279,206	90,719
Capital Outlay	2,500	2,500 (1)	-	2,500
Debt Service	302,570	302,570 (1)	302,560	10
Contingency	162,905	162,905 (1)	-	162,905
Total Disbursements	<u>1,246,400</u>	<u>1,246,400</u>	<u>958,707</u>	<u>287,693</u>
Excess of Receipts Over, -Under Disbursements	(34,900)	(34,900)	295,097	329,997
OTHER FINANCING SOURCES, -USES				
Sale of Capital Assets	-	-	7,000	(7,000)
Transfers In	-	-	-	-
Transfers Out	(325,100)	(325,100) (1)	(285,903)	39,197
Total Other Financing Sources, -Uses	<u>(325,100)</u>	<u>(325,100)</u>	<u>(278,903)</u>	<u>39,197</u>
Net Change in Cash Basis Fund Balance	(360,000)	(360,000)	16,194	376,194
Beginning Cash Basis Fund Balance	<u>360,000</u>	<u>360,000</u>	<u>393,804</u>	<u>33,804</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,998</u>	<u>\$ 409,998</u>

(1) Appropriation Level

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED - GENERAL FUND  
For the Year Ended June 30, 2010**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-09	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-10
<b>CURRENT:</b>						
2009-2010	\$ 892,475	\$ 20,906	\$ (10,013)	\$ (925)	\$ 815,902	\$ 44,729
<b>PRIOR YEARS:</b>						
2008-2009	\$ 43,207	\$ (7)	\$ (495)	\$ 883	\$ 25,541	\$ 18,061
2007-2008	15,512	(1)	(109)	737	7,335	8,806
2006-2007	5,742	-	(56)	561	3,599	2,648
2005-2006	1,995	-	(32)	288	1,567	684
Prior	1,324	-	(49)	116	358	1,033
<b>TOTAL PRIOR</b>	<b>67,780</b>	<b>(8)</b>	<b>(741)</b>	<b>2,585</b>	<b>38,400</b>	<b>31,232</b>
<b>TOTAL TAXES</b>	<b>\$ 960,255</b>	<b>\$ 20,898</b>	<b>\$ (10,754)</b>	<b>\$ 1,660</b>	<b>\$ 854,302</b>	<b>\$ 75,961</b>

**RECONCILIATION OF REVENUE**

General Fund Tax Revenue	\$ 800,234
General Obligation Tax Revenue	54,068
<b>Total Taxes Collected</b>	<b>\$ 854,302</b>

This Page Intentionally Left Blank

**CITY OF TALENT  
TALENT, OREGON**

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

This Page Intentionally Left Blank



# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223  
• (503) 620-2632 • FAX (503) 684-7523

October 28, 2010

## Independent Auditor's 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, 2010, and have issued our report thereon dated October 28, 2010. 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.

  
PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank