

**CITY OF TALENT
JACKSON COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011



12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF TALENT
TALENT, OREGON**

CASH BASIS FINANCIAL STATEMENTS

**WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2011

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**CITY OF TALENT
TALENT, OREGON**

Mayor and City Council

TERM EXPIRES

William Cecil, Mayor

December 2014

Chris Auer

December 2014

Sherman Lamb

December 2012

Dan Goyette

December 2014

Teresa Cooke

December 2012

Diane Glendenning

December 2014

Edwin Jerome McManus

December 2012

All councilors receive their mail at the address listed below

REGISTERED AGENT AND ASSISTANT SECRETARY

ADMINISTRATIVE

Dale Shaddox, City Manager Pro Tem
110 E. Main Street
Talent, OR 97540

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CITY OF TALENT
TALENT, OREGON

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

October 7, 2011

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, 2011 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, the aggregate remaining fund information, and each major fund of City of Talent at June 30, 2011, and the results of its operations and respective budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

The Management Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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.
PAULY, ROGERS and CO., P.C.

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**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, 2011. 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, 2010 and June 30, 2011.

FINANCIAL HIGHLIGHTS

- The City's Governmental and Business Type net assets were \$3,782,650 and \$322,367 respectively, at June 30, 2011.
- During the year, the City's Governmental net assets increased by \$447,678 and Business Type net assets decreased by \$87,631.
- The general fund reported a fund balance this year of \$833,034.

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 (FY10) and the fiscal year (FY11). The last column indicates the change in the two years.

CITY OF TALENT - CHANGES IN NET ASSESTS - GOVERNMENTAL FUNDS			
	2011	2010	CHANGE
REVENUES			
Program Revenues:			
Charges for Services	\$ 940,024	\$ 1,028,046	\$ (88,022)
Operating Grants	23,585	10,213	13,372
General Revenues:			
Property Taxes	883,215	854,302	28,913
Other Taxes	354,724	343,881	10,843
Intergovernmental	1,122,823	961,815	161,008
Bond Proceeds			-
Other	109,442	77,819	31,623
Total Revenues	3,433,813	3,276,076	157,737
EXPENSES			
Administration	531,282	457,021	74,261
Community Development	125,604	169,564	(43,960)
TAP Operations	257,545	225,511	32,034
Library Operations	63,141	66,085	(2,944)
Police	967,296	905,456	61,840
Street	291,314	276,939	14,375
Parks	86,912	98,861	(11,949)
Capital Improvements	848,465	523,260	325,205
Debt Service Payments	88,855	85,961	2,894
Water			-
Total Expenses	3,260,414	2,808,658	451,756
Change in Net Assets before Transfers	173,399	467,418	(294,019)
Transfers	274,279	285,903	(11,624)
Change in Net Assets	447,678	753,321	(305,643)
Beginning Net Assets	3,334,972	2,581,651	753,321
Ending Net Assets	\$ 3,782,650	\$ 3,334,972	\$ 447,678

The next chart shows the same data for FY10 and FY11 for the business type funds. The last column indicates the change between the two years.

CITY OF TALENT - CHANGES IN NET ASSESTS - BUSINESS TYPE FUNDS			
	2011	2010	CHANGE
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,197,940	\$ 1,245,781	\$ (47,841)
Operating Grants			-
General Revenues:			
Property Taxes			-
Other Taxes			-
Intergovernmental			-
Other	2,219	15,023	(12,804)
Total Revenues	1,200,159	1,260,804	(60,645)
EXPENSES			
Administration			
Community Development			
Police			
Street			
Parks			
Capital Improvements			
Debt Service Payments			
Water	1,013,511	958,707	54,804
Total Expenses	1,013,511	958,707	54,804
Change in Net Assets before Transfers	186,648	302,097	(115,449)
Transfers	(274,279)	(285,903)	11,624
Change in Net Assets	(87,631)	16,194	(103,825)
Beginning Net Assets	409,998	393,804	16,194
Ending Net Assets	\$ 322,367	\$ 409,998	\$ (87,631)

Changes in Program Revenues

Charges for Services (\$-88,022): Charges for Services decreased in fiscal year 2011. Community Development Fees and System Development Charges decreased by \$122,206 after a \$43,821 increase for FY10. Collections of court fines were up \$36,766 and Impound fees were up \$7,494 after a \$6,744 decline in FY10.

General Revenues (\$232,387): Other revenues showed an increase over the previous year due to an increase in receipts of \$104,755 for the Urban Renewal West Valley View Project. Property tax revenues increased by \$28,913. Included in property tax revenue is \$52,396 in receipts levied for repayment of the General Obligation Bond debt service for the Police Department renovation. Intergovernmental revenues increased by \$53,423. Rental Income decreased by \$1,340 for the Community Center and increased by \$8,229 for the Depot Building, with all space in the Depot currently being leased. Other space rental income decreased by \$6,118 due to the cancellation of the Clearwire, LLC lease.

Changes in Program Expenditures

General Administration (\$74,261): This increase can be attributed to a \$55,521 increase in personal services having no unfilled positions for FY11 and a \$18,740 increase in material and supplies.

Community Development (\$-43,960): This decrease can be attributed to the decrease in dues and outside services associated with the Regional Problem Solving (RPS) process and a decrease in expenditures directly associated with the level of building construction and inspections.

Police (61,840): This increase can be attributed to a general increase in salaries and benefits and Material and Services increase for emergency dispatch services, labor attorney services and vehicle repairs, maintenance and gas.

Street (\$14,375): This fund includes salaries and benefits for Public Works employees whose time is accounted for in several funds depending on the type of work being performed. This overall increase is a general decrease in personal services indicative of less time and materials being spent in work on street related items and an increase in General Engineering/Public Works Director contract fees and labor attorney services.

Parks (\$-11,949): This decrease is due to a decrease in Materials and Supplies for the Parks and Recreation Program and a decrease in engineering services for Parks Maintenance.

Capital Improvements (\$325,205): 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 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. Capital construction

projects taking place in FY 2011 included the completion of the Talent Avenue curb and sidewalk project, initial engineering on the Highway 99 Water Main and Arnos Street improvements, and construction of the South First Street Water Line and Talent Avenue Dog Park. Transfer of funding for the Arnos Street Improvements was completed in FY11 with construction scheduled for FY12.

The FY11 Governmental Fund balances total \$3,782,650, which represents an increase of \$447,678 over FY10.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUND

Change in Program Revenues

Charges for Services (\$-47,841): Water revenue is based on consumption and there was lower consumption in FY11. This decrease can be attributed in part to a cool, wet spring. New connections for FY11 were \$12,000 compared to \$7,800 for FY10.

General Revenues (\$-12,804): This decrease is due to the receipt of revenue from the sale of surplus assets and insurance claim proceeds in FY10.

Change in Program Expenditures

Water (\$54,804): This fund includes salaries and benefits for Public Works employees whose time is accounted for in several funds depending on the type of work being performed. This overall increase is a general increase in personal services indicative of more time and materials being spent in work on water related projects and an increase in General Engineering/Public Works Director contract fees and labor attorney services.

The proprietary fund balance totaled \$322,367 as of June 30, 2011. This represents a decrease of \$87,631 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

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**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF NET ASSETS - CASH BASIS
June 30, 2011**

ASSETS	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS TYPE	TOTALS	
Current Assets:				
Cash and Investments	\$ 3,782,650	\$ 322,367	\$ 4,105,017	\$ 1,072,412
Property Taxes Receivable	81,371	-	81,371	92,164
Total Current Assets	<u>3,864,021</u>	<u>322,367</u>	<u>4,186,388</u>	<u>1,164,576</u>
Capital Assets, net	-	-	-	-
Total Assets	<u>3,864,021</u>	<u>322,367</u>	<u>4,186,388</u>	<u>1,164,576</u>
LIABILITIES				
Current Liabilities:				
Deferred Revenue	81,371	-	81,371	92,164
Total Current Liabilities	<u>81,371</u>	<u>-</u>	<u>81,371</u>	<u>92,164</u>
NET ASSETS:				
Restricted for -				
Debt Payments	332,407	-	332,407	-
System Development	301,444	-	301,444	-
Unrestricted	<u>3,148,799</u>	<u>322,367</u>	<u>3,471,166</u>	<u>1,072,412</u>
Total Net Assets	<u>\$ 3,782,650</u>	<u>\$ 322,367</u>	<u>\$ 4,105,017</u>	<u>\$ 1,072,412</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, 2011**

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
Governmental Activities					
Administration	\$ 531,282	\$ 125,787	\$ 6,872	\$ (398,623)	\$ -
Community Development	125,604	75,651	-	(49,953)	-
TAPS Operations	257,545	-	-	(257,545)	-
Library Operations	63,141	66,766	-	3,625	-
Police	967,296	297,142	11,384	(658,770)	-
Street	291,314	208,221	-	(83,093)	-
Transportation	-	24,838	-	24,838	-
Stormwater	-	15,403	-	15,403	-
Parks	86,912	126,216	5,329	44,633	-
Capital Outlay	848,465	-	-	(848,465)	-
Debt Service Payments	88,855	-	-	(88,855)	-
Total Governmental Activities	3,260,414	940,024	23,585	(2,296,805)	-
Business-Type Activities					
Water	1,013,511	1,197,940	-	-	184,429
Total Business Activities	1,013,511	1,197,940	-	-	184,429
Total Primary Government	\$ 4,273,925	\$ 2,137,964	\$ 23,585	(2,296,805)	184,429
Component Unit					
Talent Urban Renewal Agency	\$ 2,179,849	\$ -	\$ -		
		General Receipts:			
				883,215	-
				354,724	-
				17,349	-
				1,122,823	-
				9,568	-
				18,850	1,211
				-	-
				-	-
				63,675	1,008
				274,279	(274,279)
			Total General Receipts and Transfers	2,744,483	(272,060)
			Change in Cash Basis Net Assets	447,678	(87,631)
			Beginning Cash Basis Net Assets	3,334,972	409,998
			Ending Cash Basis Net Assets	\$ 3,782,650	\$ 322,367

See accompanying notes to the basic financial statements

<u>Total</u>	<u>Component Unit</u>
\$ (398,623)	\$ -
(49,953)	-
(257,545)	-
3,625	-
(658,770)	-
(83,093)	-
24,838	-
15,403	-
44,633	-
(848,465)	-
(88,855)	-
<u>(2,296,805)</u>	<u>-</u>
184,429	-
<u>184,429</u>	<u>-</u>
<u>(2,112,376)</u>	<u>-</u>
	<u>(2,179,849)</u>
883,215	1,004,111
354,724	-
17,349	-
1,122,823	-
9,568	-
20,061	6,000
-	285,000
-	-
64,683	941,365
-	-
<u>2,472,423</u>	<u>2,236,476</u>
360,047	56,627
<u>3,744,970</u>	<u>1,015,785</u>
<u>\$ 4,105,017</u>	<u>\$ 1,072,412</u>

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
For the year ended June 30, 2011**

	GENERAL	SDC	STREET
ASSETS			
Cash and Investments	\$ 833,034	\$ 301,444	\$ 483,481
Property Taxes Receivable	81,371	-	-
Total Assets	\$ 914,405	\$ 301,444	\$ 483,481
LIABILITIES AND CASH BASIS FUND BALANCES			
Liabilities:			
Deferred Revenue	\$ 81,371	\$ -	\$ -
Total Liabilities	81,371	-	-
Cash Basis Fund Balances:			
Restricted for -			
Debt Payments	-	-	-
System Development	-	301,444	-
Committed for -			
Furture Capital Improvements	-	-	-
Parks Maintenance	-	-	-
Library Operations	-	-	-
TAP Operations	-	-	-
Assigned - Street Expenses	-	-	483,481
Unassigned	833,034	-	-
Total Cash Basis Fund Balances	833,034	301,444	483,481
Total Liabilities and Cash Basis Fund Balances	\$ 914,405	\$ 301,444	\$ 483,481

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
\$ 1,687,546	\$ 477,145	\$ 3,782,650
-	-	81,371
<u>\$ 1,687,546</u>	<u>\$ 477,145</u>	<u>\$ 3,864,021</u>
\$ -	\$ -	\$ 81,371
-	-	81,371
-	332,407	332,407
-	-	301,444
1,687,546	-	1,687,546
-	127,763	127,763
-	14,084	14,084
-	2,891	2,891
-	-	483,481
-	-	833,034
<u>1,687,546</u>	<u>477,145</u>	<u>3,782,650</u>
<u>\$ 1,687,546</u>	<u>\$ 477,145</u>	<u>\$ 3,864,021</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, 2011**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
Receipts			
Taxes	\$ 830,819	\$ -	\$ -
Franchise Taxes	387,645	-	-
Licenses and Permits	75,651	-	597
Intergovernmental Receipts	184,662	-	309,824
Charges for Services	159,064	107,216	207,624
Assessments	-	-	-
Interest	2,712	1,254	1,421
Fines and Forfeitures	156,159	-	-
Miscellaneous	100,611	-	843
Total Receipts	<u>1,897,323</u>	<u>108,470</u>	<u>520,309</u>
Disbursements			
Personal Services	1,063,558	-	108,027
Materials & Services	560,624	-	183,287
Debt Service	-	-	-
Capital Outlay	8,075	-	1,475
Total Disbursements	<u>1,632,257</u>	<u>-</u>	<u>292,789</u>
Excess of Receipts Over, -Under Disbursements	265,066	108,470	227,520
Other Financing Sources, -Uses			
Sale of Capital Assets	-	-	-
Bond Proceeds	-	-	-
Transfers In	2,771	-	-
Transfers Out	(24,100)	(254,589)	(157,732)
Total Other Financing Sources, -Uses	<u>(21,329)</u>	<u>(254,589)</u>	<u>(157,732)</u>
Net Change in Cash Basis Fund Balance	243,737	(146,119)	69,788
Beginning Cash Basis Fund Balance	<u>589,297</u>	<u>447,563</u>	<u>413,693</u>
Ending Cash Basis Fund Balance	<u>\$ 833,034</u>	<u>\$ 301,444</u>	<u>\$ 483,481</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NON MAJOR</u>	<u>TOTAL</u>
\$ -	\$ 52,396	\$ 883,215
-	-	387,645
-	11,605	87,853
565,050	76,601	1,136,137
-	172,085	645,989
-	9,568	9,568
5,162	8,301	18,850
-	-	156,159
-	6,943	108,397
<u>570,212</u>	<u>337,499</u>	<u>3,433,813</u>
-	63,298	1,234,883
-	344,300	1,088,211
-	88,855	88,855
<u>838,915</u>	<u>-</u>	<u>848,465</u>
<u>838,915</u>	<u>496,453</u>	<u>3,260,414</u>
(268,703)	(158,954)	173,399
-	-	-
-	-	-
540,239	187,513	730,523
(9,052)	(10,771)	(456,244)
<u>531,187</u>	<u>176,742</u>	<u>274,279</u>
262,484	17,788	447,678
<u>1,425,062</u>	<u>459,357</u>	<u>3,334,972</u>
<u>\$ 1,687,546</u>	<u>\$ 477,145</u>	<u>\$ 3,782,650</u>

CITY OF TALENT
JACKSON COUNTY, OREGON

STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
For the year ended June 30, 2011

ASSETS:

Current Assets

Cash and Investments

\$ 322,367

Total Assets

\$ 322,367

Cash Basis Net Assets

Unreserved

322,367

Total Cash Basis Net Assets

\$ 322,367

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, 2011

OPERATING RECEIPTS	
Service Charges	\$ 1,197,940
Miscellaneous	<u>1,008</u>
Total Operating Receipts	<u>1,198,948</u>
OPERATING DISBURSEMENTS	
Personal Service	401,151
Materials and Services	<u>309,800</u>
Total Operating Disbursements	<u>710,951</u>
Operating Income -Loss	<u>487,997</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Interest	1,211
Transfers In	8,000
Transfers Out	(282,279)
Bond / Interest Expense	<u>(302,560)</u>
Total Nonoperating Receipts (Disbursements)	<u>(575,628)</u>
Change in Cash Basis Net Assets	(87,631)
Beginning Cash Basis Net Assets	<u>409,998</u>
Ending Cash Basis Net Assets	<u><u>\$ 322,367</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, 2011**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Taxes	\$ 780,000	\$ 780,000	\$ 830,819	\$ 50,819
Licenses, Permits & Fees	440,000	440,000	463,296	23,296
Intergovernmental	162,000	162,000	184,662	22,662
Charges for Services	161,250	161,250	159,064	(2,186)
Fines & Forfeits	91,000	91,000	156,159	65,159
Miscellaneous	32,700	53,956	103,323	49,367
	<u>\$ 1,666,950</u>	<u>\$ 1,688,206</u>	<u>\$ 1,897,323</u>	<u>\$ 209,117</u>
Total Receipts				

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, 2011**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Disbursements				
Administration & Council Department				
Personal Services	\$ 303,000	\$ 311,000	\$ 305,448	\$ 5,552
Materials and Services	264,045	260,045	225,834	34,211
Capital Outlay	15,155	32,411	8,075	24,336
Total Administration Department	<u>582,200</u>	<u>603,456</u> (1)	<u>539,357</u>	<u>64,099</u>
Community Development Department				
Personal Services	37,100	37,100	20,625	16,475
Materials and Services	148,775	148,775	104,979	43,796
Capital Outlay	1,000	1,000	-	1,000
Total Community Development Department	<u>186,875</u>	<u>186,875</u> (1)	<u>125,604</u>	<u>61,271</u>
Police Department				
Personal Services	861,000	834,000	737,485	96,515
Materials and Services	218,050	245,050	229,811	15,239
Capital Outlay	6,500	6,500	-	6,500
Total Police Department	<u>1,085,550</u>	<u>1,085,550</u> (1)	<u>967,296</u>	<u>118,254</u>
Contingency	<u>150,300</u>	<u>150,300</u> (1)	<u>-</u>	<u>150,300</u>
Total Disbursements	<u>2,004,925</u>	<u>2,026,181</u>	<u>1,632,257</u>	<u>393,924</u>
Excess of Receipts Over -Under Disbursements	(337,975)	(337,975)	265,066	603,041
OTHER FINANCING SOURCES				
Transfers In	7,075	7,075	2,771	(4,304)
Transfers Out	(24,100)	(24,100) (1)	(24,100)	-
Total Other Financing Sources	<u>(17,025)</u>	<u>(17,025)</u>	<u>(21,329)</u>	<u>(4,304)</u>
Net Change in Cash Basis Fund Balance	(355,000)	(355,000)	243,737	598,737
Beginning Cash Basis Fund Balance	<u>355,000</u>	<u>355,000</u>	<u>589,297</u>	<u>234,297</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,034</u>	<u>\$ 833,034</u>

**Appropriation levels are Personal Services, Materials & Services, and Capital Outlay
(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, 2011**

<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	\$ 107,216	\$ 26,386
Miscellaneous	1,125	1,125	1,254	129
Total Receipts	<u>81,955</u>	<u>81,955</u>	<u>108,470</u>	<u>26,515</u>
Disbursements				
Parks SDC				
Other Objects (Transfers Out)	15,550	15,550	15,500	50
Total Parks SDC	<u>15,550</u>	<u>15,550</u> (1)	<u>15,500</u>	<u>50</u>
Transportation SDC				
Other Objects (Transfers Out)	129,953	129,953	129,953	-
Total Transportation SDC	<u>129,953</u>	<u>129,953</u> (1)	<u>129,953</u>	<u>-</u>
Water SDC				
Other Objects (Transfers Out)	45,345	45,345	45,345	-
Total Water SDC	<u>45,345</u>	<u>45,345</u> (1)	<u>45,345</u>	<u>-</u>
Storm Drain SDC				
Other Objects (Transfers Out)	63,791	63,791	63,791	-
Total Storm Drain SDC	<u>63,791</u>	<u>63,791</u> (1)	<u>63,791</u>	<u>-</u>
Total Disbursements	<u>254,639</u>	<u>254,639</u>	<u>254,589</u>	<u>50</u>
Excess of Receipts Over -Under Disbursements	(172,684)	(172,684)	(146,119)	26,565
OTHER FINANCING SOURCES				
Reserve for Future Projects	(238,286)	(238,286) (1)	-	238,286
Transfers Out	(4,250)	(4,250) (1)	-	4,250
Total Other Financing Sources	<u>(242,536)</u>	<u>(242,536)</u>	<u>-</u>	<u>(242,536)</u>
Net Change in Cash Basis Fund Balance	<u>(415,220)</u>	<u>(415,220)</u>	<u>(146,119)</u>	<u>(215,971)</u>
Beginning Cash Basis Fund Balance	<u>415,220</u>	<u>415,220</u>	<u>447,563</u>	<u>32,343</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,444</u>	<u>\$ 301,444</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, 2011**

<u>STREET FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Receipts				
Licenses, Permits and Fees	\$ 500	\$ 500	\$ 597	\$ 97
Intergovernmental	220,000	220,000	309,824	89,824
Charges for Services	200,000	200,000	207,624	7,624
Assessments	-	-	-	-
Interest	2,000	2,000	1,421	(579)
Miscellaneous	-	-	843	843
Total Receipts	<u>422,500</u>	<u>422,500</u>	<u>520,309</u>	<u>97,809</u>
Disbursements				
Street Maintenance and Repair				
Personal Services	175,000	175,000 (1)	108,027	66,973
Materials and Services	246,250	246,250 (1)	183,287	62,963
Capital Outlay	2,000	2,000 (1)	1,475	525
Total Street Maintenance and Repair	<u>423,250</u>	<u>423,250</u>	<u>292,789</u>	<u>130,461</u>
Capital Construction				
Capital Outlay	-	-	-	-
Total Capital Construction	<u>-</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Contingency	166,518	166,518 (1)	-	166,518
Total Disbursements	<u>589,768</u>	<u>589,768</u>	<u>292,789</u>	<u>296,979</u>
Excess of Receipts Over -Under Disbursements	(167,268)	(167,268)	227,520	199,170
OTHER FINANCING SOURCES				
Sale of Capital Asset	-	-	-	-
Transfers Out	(157,732)	(157,732) (1)	(157,732)	-
Net Change in Cash Basis Fund Balance	<u>(325,000)</u>	<u>(325,000)</u>	<u>69,788</u>	<u>394,788</u>
Beginning Cash Basis Fund Balance	<u>325,000</u>	<u>325,000</u>	<u>413,693</u>	<u>88,693</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,481</u>	<u>\$ 483,481</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements

**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. FUND EQUITY

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.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

D. FUND EQUITY

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

F. BUDGET

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

Expenditures budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency. Expenditures 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.

G. PROPERTY TAXES RECEIVABLE

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

H. CAPITAL ASSETS

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

I. LONG-TERM DEBT

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

J. RETIREMENT PLANS

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

2. CASH AND INVESTMENTS

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

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2011.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2011 the fair value of the position in the LGIP is 100% 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>2011</u>
Deposits with Financial Institutions:	
Demand Deposits	\$ 287,778
Petty Cash	850
Certificate of Deposit, Restricted	95,000
Certificate of Deposit, Restricted	225,000
Certificate of Deposit, Restricted	130,000
Investments	<u>3,366,389</u>
Total	<u>\$ 4,105,017</u>

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 3,366,389	\$ 3,366,389	\$ -
Total	<u>\$ 3,366,389</u>	<u>\$ 3,366,389</u>	<u>\$ -</u>

Interest Rate Risk

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

Credit Risk

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

Concentration of Deposit Risk

At year-end, the City's net carrying amount of deposits was \$737,778 and the bank balance was \$862,738. Of these deposits, \$662,738 was covered by federal depository insurance, the remainder is collateralized under 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, 2011 are as follows:

	GOVERNMENTAL FUNDS			
	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011
Land	\$ 725,395	\$ -	\$ -	\$ 725,395
Buildings, Facilities, & Water System	10,712,775	24,426	-	10,737,201
Vehicles	192,499	10,500	-	202,999
Equipment	260,829	-	-	260,829
Infrastructure	8,506,408	217,417	-	8,723,825
Total	\$ 20,397,906	\$ 252,343	\$ -	\$ 20,650,249
	PROPRIETARY FUNDS			
	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011
Land	\$ 36,914	\$ -	\$ -	\$ 36,914
Buildings, Facilities, & Water System	9,145,992	-	-	9,145,992
Vehicles	109,340	-	-	109,340
Equipment	122,625	8,103	-	130,728
Infrastructure	314,239	80,429	-	394,668
Total	\$ 9,729,110	\$ 88,532	\$ -	\$ 9,817,642

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 3.25% for Tier I/II, 10.81% for Tier I/II Police and Fire, 3.56% for OPSRP, and 6.27% for OPSRP Police and Fire employees. The City's contribution to the plan for the years ending June 30, 2011, 2010 and 2009 were \$95,195, \$96,532, and \$151,293, 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	\$ 24,100	\$ 2,771
Library Operations	2,771	-
Streets	157,732	-
SDC	254,589	-
Capital Improvements	9,052	540,239
General Obligation Bond Debt Services	-	9,052
West Valley View Debt	-	5,600
Water Utility	282,279	8,000
Water Improvement Reserve	8,000	-
Tap Operating	-	172,861
	<u>\$ 738,523</u>	<u>\$ 738,523</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, 2011 is comprised of the following:

	July 1, 2010	Additions	Reductions	June 30, 2011
<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>	\$ 180,000	\$ -	\$ 20,000	\$ 160,000
<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>	\$ 1,523,606	\$ -	\$ 62,260	\$ 1,461,346
<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>	\$ 735,000	\$ -	\$ 25,000	\$ 710,000
<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>	\$ 3,722,754	\$ -	\$ 57,540	\$ 3,665,214
<p>Total Long Term Debt</p>	\$ 6,161,360	\$ -	\$ 164,800	\$ 5,996,560

Future maturities of long term debt are as follows:

	Principal	Interest Due
Amounts Payable in Fiscal Year:		
2011-2012	173,012	220,066
2012-2013	181,347	214,200
2013-2014	189,810	207,994
2014-2015	203,405	201,440
2015-2016	217,141	194,142
2016-2021	1,197,058	845,497
2021-2026	970,173	650,069
2026-2031	1,009,008	503,791
2031-2036	870,061	332,757
2036-2041	985,545	136,684
Totals	\$ 5,996,560	\$ 3,506,640

**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, 2011 financial statements.

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**CITY OF TALENT
TALENT, OREGON**

SUPPLEMENTARY INFORMATION

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

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**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2011**

CAPITAL IMPROVEMENTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Intergovernmental	\$ 1,733,550	\$ 1,733,550	\$ 565,050	\$ (1,168,500)
Bond Proceeds	-	-	-	-
Interest	-	-	5,162	5,162
Miscellaneous	-	-	-	-
Total Receipts	<u>1,733,550</u>	<u>1,733,550</u>	<u>570,212</u>	<u>(1,163,338)</u>
Disbursements				
General Government				
Capital Outlay	<u>22,552</u>	<u>22,552</u>	<u>-</u>	<u>22,552</u>
Parks				
Capital Outlay	<u>503,079</u>	<u>503,079</u>	<u>11,224</u>	<u>491,855</u>
Streets				
Capital Outlay	<u>1,226,944</u>	<u>1,226,944</u>	<u>640,018</u>	<u>586,926</u>
Stormwater				
Capital Outlay	<u>81,449</u>	<u>81,449</u>	<u>3,031</u>	<u>78,418</u>
Water				
Capital Outlay	<u>1,710,749</u>	<u>1,710,749</u>	<u>163,909</u>	<u>1,546,840</u>
Equipment				
Capital Outlay	<u>116,284</u>	<u>116,284</u>	<u>20,733</u>	<u>95,551</u>
Total Disbursements	<u>3,661,057</u>	<u>3,661,057</u> (1)	<u>838,915</u>	<u>2,822,142</u>
Excess of Receipts Over -Under Disbursements	(1,927,507)	(1,927,507)	(268,703)	1,658,804
OTHER FINANCING SOURCES				
Transfers In	540,289	540,289	540,239	(50)
Transfers Out	(9,053)	(9,053) (1)	(9,052)	1
Net Change in Cash Basis Fund Balance	(1,396,271)	(1,396,271)	262,484	1,658,755
Beginning Cash Basis Fund Balance	<u>1,396,271</u>	<u>1,396,271</u>	<u>1,425,062</u>	<u>28,791</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,687,546</u>	<u>\$ 1,687,546</u>

(1) Appropriation Level

**CITY OF TALENT
JACKSON COUNTY, OREGON**

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUND - CASH BASIS

June 30, 2011

	PARKS	WATER DEBT SERVICE RESERVE FUND	WEST VALLEY VIEW DEBT
ASSETS			
Cash and Investments	\$ 127,763	\$ 236,658	\$ 88,539
Total Assets	\$ 127,763	\$ 236,658	\$ 88,539
CASH BASIS FUND BALANCES			
Restricted - Debt Payments	-	236,658	88,539
Committed for -			
Parks Maintenance	127,763	-	-
Library Operations	-	-	-
TAP Operations	-	-	-
Total Cash Basis Fund Balances	\$ 127,763	\$ 236,658	\$ 88,539

GENERAL OBLIGATION BOND DEBT SERVICES	LIBRARY	TAPS OPERATING FUND	Totals
\$ 7,210	\$ 14,084	\$ 2,891	\$ 477,145
<u>\$ 7,210</u>	<u>\$ 14,084</u>	<u>\$ 2,891</u>	<u>\$ 477,145</u>
7,210	-	-	332,407
-	-	-	127,763
-	14,084	-	14,084
-	-	2,891	2,891
<u>\$ 7,210</u>	<u>\$ 14,084</u>	<u>\$ 2,891</u>	<u>\$ 477,145</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, 2011**

	<u>PARKS</u>	<u>WATER DEBT SERVICE RESERVE FUND</u>	<u>WEST VALLEY VIEW DEBT</u>
Receipts			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	11,605	-	-
Intergovernmental Receipts	3,130	-	-
Charges for Services	105,319	-	-
Assessments	-	-	9,568
Interest	332	5,688	2,164
Miscellaneous	3,931	-	-
Total Receipts	<u>124,317</u>	<u>5,688</u>	<u>11,732</u>
Disbursements			
Personal Services	63,298	-	-
Materials & Services	23,614	-	-
Debt Service	-	-	30,944
Capital Outlay	-	-	-
Contingency	-	-	-
Total Disbursements	<u>86,912</u>	<u>-</u>	<u>30,944</u>
Excess of Receipts Over, -Under Disbursements	37,405	5,688	(19,212)
Other Financing Sources, -Uses			
Transfers In	-	-	5,600
Transfers Out	-	(8,000)	-
Total Other Financing Sources, -Uses	<u>-</u>	<u>(8,000)</u>	<u>5,600</u>
Net Change in Cash Basis Fund Balance	37,405	(2,312)	(13,612)
Beginning Cash Basis Fund Balance	<u>90,358</u>	<u>238,970</u>	<u>102,151</u>
Ending Cash Basis Fund Balance	<u>\$ 127,763</u>	<u>\$ 236,658</u>	<u>\$ 88,539</u>

GENERAL OBLIGATION BOND DEBT SEVICES	LIBRARY	TAP OPERATING FUND	Totals
\$ 52,396	\$ -	\$ -	\$ 52,396
-	-	-	11,605
-	-	73,471	76,601
-	66,766	-	172,085
-	-	-	9,568
71	46	-	8,301
-	21	2,991	6,943
<u>52,467</u>	<u>66,833</u>	<u>76,462</u>	<u>337,499</u>
-	-	-	63,298
-	63,141	257,545	344,300
57,911	-	-	88,855
-	-	-	-
-	-	-	-
<u>57,911</u>	<u>63,141</u>	<u>257,545</u>	<u>496,453</u>
(5,444)	3,692	(181,083)	(158,954)
9,052	-	172,861	187,513
-	(2,771)	-	(10,771)
<u>9,052</u>	<u>(2,771)</u>	<u>172,861</u>	<u>176,742</u>
3,608	921	(8,222)	17,788
<u>3,602</u>	<u>13,163</u>	<u>11,113</u>	<u>459,357</u>
<u>\$ 7,210</u>	<u>\$ 14,084</u>	<u>\$ 2,891</u>	<u>\$ 477,145</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, 2011**

PARKS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Licenses, Permits and Fees	\$ 13,500	\$ 13,500	\$ 11,605	\$ (1,895)
Intergovernmental	2,500	2,500	3,130	630
Charges for Services	104,000	104,000	105,319	1,319
Interest	-	-	332	332
Miscellaneous	-	-	3,931	3,931
Total Receipts	<u>120,000</u>	<u>120,000</u>	<u>124,317</u>	<u>4,317</u>
Disbursements				
Parks Maintenance				
Personal Services	100,000	100,000 (1)	63,298	36,702
Materials and Services	47,295	47,295 (1)	23,614	23,681
Total Parks Maintenance	<u>147,295</u>	<u>147,295</u>	<u>86,912</u>	<u>60,383</u>
Capital Construction				
Capital Outlay	1,000	1,000 (1)	-	1,000
Total Capital Construction	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Contingency	21,705	21,705 (1)	-	21,705
Total Disbursements	<u>170,000</u>	<u>170,000</u>	<u>86,912</u>	<u>83,088</u>
Excess of Receipts Over -Under Disbursements	(50,000)	(50,000)	37,405	87,405
OTHER FINANCING SOURCES				
Transfers Out	-	-	-	-
Transfers In	-	-	-	-
Net Change in Cash Basis Fund Balance	<u>(50,000)</u>	<u>(50,000)</u>	<u>37,405</u>	<u>87,405</u>
Beginning Cash Basis Fund Balance	<u>50,000</u>	<u>50,000</u>	<u>90,358</u>	<u>40,358</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,763</u>	<u>\$ 127,763</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, 2011**

WATER DEBT SERVICE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Interest	\$ 2,725	\$ 2,725	\$ 5,688	\$ 2,963
Total Receipts	<u>2,725</u>	<u>2,725</u>	<u>5,688</u>	<u>2,963</u>
Disbursements				
Total Disbursements	<u>233,685</u>	<u>233,685 (1)</u>	<u>-</u>	<u>233,685</u>
Excess of Receipts Over -Under Disbursements	(230,960)	(230,960)	5,688	236,648
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
Transfers Out	<u>(8,000)</u>	<u>(8,000) (1)</u>	<u>(8,000)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(238,960)	(238,960)	(2,312)	236,648
Beginning Cash Basis Fund Balance	<u>238,960</u>	<u>238,960</u>	<u>238,970</u>	<u>10</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,658</u>	<u>\$ 236,658</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, 2011**

WEST VALLEY VIEW DEBT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Assessments	\$ 10,201	\$ 10,201	\$ 9,568	\$ (633)
Interest	1,000	1,000	2,164	1,164
Total Receipts	<u>11,201</u>	<u>11,201</u>	<u>11,732</u>	<u>531</u>
Disbursements				
Debt Service				
Principal	20,000	20,000	20,000	-
Interest	10,350	10,350	10,350	-
Fees	600	600	594	6
Total Disbursements	<u>30,950</u>	<u>30,950 (1)</u>	<u>30,944</u>	<u>6</u>
Excess of Receipts Over -Under Disbursements	(19,749)	(19,749)	(19,212)	525
OTHER FINANCING SOURCES				
Transfers In	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(14,149)	(14,149)	(13,612)	537
Beginning Cash Basis Fund Balance	<u>98,000</u>	<u>98,000</u>	<u>102,151</u>	<u>4,151</u>
Ending Cash Basis Fund Balance	<u>\$ 83,851</u>	<u>\$ 83,851</u>	<u>\$ 88,539</u>	<u>\$ 4,688</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, 2011**

GENERAL OBLIGATION BOND- DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Property Tax- PD Bond	\$ 48,822	\$ 48,822	\$ 52,396	\$ 3,574
Interest	50	50	71	21
Total Receipts	<u>48,872</u>	<u>48,872</u>	<u>52,467</u>	<u>3,595</u>
Disbursements				
Debt Service				
Principal	25,000	25,000	25,000	-
Interest	32,500	32,500	32,486	14
Fees	425	425	425	-
Total Disbursements	<u>57,925</u>	<u>57,925 (1)</u>	<u>57,911</u>	<u>14</u>
Excess of Receipts Over -Under Disbursements	(9,053)	(9,053)	(5,444)	3,581
OTHER FINANCING SOURCES				
Transfers In	<u>9,053</u>	<u>9,053</u>	<u>9,052</u>	<u>(1)</u>
Net Change in Cash Basis Fund Balance	-	-	3,608	3,608
Beginning Cash Basis Fund Balance	<u>-</u>	<u>-</u>	<u>3,602</u>	<u>3,602</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,210</u>	<u>\$ 7,210</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, 2011**

LIBRARY OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Charges for Services	\$ 67,500	\$ 67,500	\$ 66,766	\$ (734)
Interest	50	50	46	(4)
Miscellaneous	-	-	21	21
Total Receipts	<u>67,550</u>	<u>67,550</u>	<u>66,833</u>	<u>(717)</u>
Disbursements				
Materials and Services	68,500	68,500 (1)	63,141	5,359
Contingency	<u>1,525</u>	<u>1,525 (1)</u>	-	<u>1,525</u>
Total Disbursements	<u>70,025</u>	<u>70,025</u>	<u>63,141</u>	<u>6,884</u>
Excess of Receipts Over -Under Disbursements	(2,475)	(2,475)	3,692	6,167
OTHER FINANCING SOURCES				
Transfers Out	<u>(2,825)</u>	<u>(2,825) (1)</u>	<u>(2,771)</u>	<u>54</u>
Net Change in Cash Basis Fund Balance	(5,300)	(5,300)	921	6,221
Beginning Cash Basis Fund Balance	<u>5,300</u>	<u>5,300</u>	<u>13,163</u>	<u>7,863</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,084</u>	<u>\$ 14,084</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, 2011**

TAP OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
RECEIPTS				
Intergovernmental	\$ 99,600	\$ 99,600	\$ 73,471	\$ (26,129)
Interest	-	-	-	-
Miscellaneous	-	-	2,991	2,991
Total Receipts	99,600	99,600	76,462	(23,138)
DISBURSEMENTS				
Materials and Services	289,600	289,600 (1)	257,545	32,055
Contingency	23,600	23,600 (1)	-	23,600
Total Disbursements	313,200	313,200	257,545	55,655
Excess of Receipts Over -Under Disbursements	(213,600)	(213,600)	(181,083)	32,517
OTHER FINANCING SOURCES				
Transfers In	213,600	213,600	172,861	(40,739)
Net Change in Cash Basis Fund Balance	-	-	(8,222)	(8,222)
Beginning Cash Basis Fund Balance	-	-	11,113	11,113
Ending Cash Basis Fund Balance	\$ -	\$ -	\$ 2,891	\$ 2,891

(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, 2011**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
<u>WATER UTILITY FUND</u>				
Receipts				
Water Service	\$ 1,251,500	\$ 1,251,500	\$ 1,185,940	\$ (65,560)
New Connections	8,000	8,000	12,000	4,000
Interest	2,000	2,000	1,211	(789)
Miscellaneous	-	-	1,008	1,008
Total Receipts	<u>1,261,500</u>	<u>1,261,500</u>	<u>1,200,159</u>	<u>(61,341)</u>
Disbursements				
Personal Services	419,500	419,500 (1)	401,151	18,349
Materials and Services	403,850	403,850 (1)	298,389	105,461
Capital Outlay	15,400	15,400 (1)	11,411	3,989
Debt Service	302,575	302,575 (1)	302,560	15
Contingency	155,157	155,157 (1)	-	155,157
Total Disbursements	<u>1,296,482</u>	<u>1,296,482</u>	<u>1,013,511</u>	<u>282,971</u>
Excess of Receipts Over, -Under Disbursements	(34,982)	(34,982)	186,648	221,630
OTHER FINANCING SOURCES, -USES				
Transfers In	8,000	8,000	8,000	-
Transfers Out	(323,018)	(323,018) (1)	(282,279)	40,739
Total Other Financing Sources, -Uses	(315,018)	(315,018)	(274,279)	40,739
Net Change in Cash Basis Fund Balance	(350,000)	(350,000)	(87,631)	262,369
Beginning Cash Basis Fund Balance	<u>350,000</u>	<u>350,000</u>	<u>409,998</u>	<u>59,998</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,367</u>	<u>\$ 322,367</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, 2011**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-10	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-11
CURRENT:						
2010-2011	\$ 911,427	\$ 21,454	\$ (4,130)	\$ 300	\$ 840,598	\$ 45,545
PRIOR YEARS:						
2009-2010	\$ 44,729	\$ (13)	\$ (857)	\$ 1,068	\$ 26,434	\$ 18,519
2008-2009	18,061	(1)	(30)	984	8,648	10,368
2007-2008	8,806	-	(63)	880	5,123	4,500
2006-2007	2,648	-	(12)	444	2,179	901
Prior	1,717	-	(52)	106	233	1,538
TOTAL PRIOR	<u>75,961</u>	<u>(14)</u>	<u>(1,014)</u>	<u>3,482</u>	<u>42,617</u>	<u>35,826</u>
TOTAL TAXES	<u>\$ 987,388</u>	<u>\$ 21,440</u>	<u>\$ (5,144)</u>	<u>\$ 3,782</u>	<u>\$ 883,215</u>	<u>\$ 81,371</u>

RECONCILIATION OF REVENUE

General Fund Tax Revenue	\$ 830,819
General Obligation Tax Revenue	<u>52,396</u>
Total Taxes Collected	<u>\$ 883,215</u>

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**CITY OF TALENT
TALENT, OREGON**

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

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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October 7, 2011

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, 2011, and have issued our report thereon dated October 7, 2011. 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.

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