

**CITY OF TALENT
JACKSON COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



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, 2013

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**CITY OF TALENT
TALENT, OREGON**

Mayor and City Council

TERM EXPIRES

William Cecil, Mayor

December 2014

Don Steyskal

December 2014

Darby Stricker

December 2016

Joan Dean

December 2014

Teresa Cooke

December 2016

Ryan Pederson

December 2014

Edwin Jerome McManus

December 2016

All councilors receive their mail at the address listed below

REGISTERED AGENT AND ASSISTANT SECRETARY

ADMINISTRATIVE

Tom Corrigan, City Manager
110 E. Main Street
Talent, OR 97540

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CITY OF TALENT
TALENT, OREGON

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CITY OF TALENT
TALENT, OREGON

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PAULY, ROGERS AND CO., P.C.
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November 27, 2013

To the City Council
City of Talent
Talent, Oregon

INDEPENDENT AUDITORS' REPORT

Report on Financial Statements

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Talent as of and for the year ended June 30, 2013, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of City of Talent, as of June 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Talent's financial statements. The supplementary and other information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 27, 2013 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
Municipal Auditor

PAULY, ROGERS and CO., P.C.

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

This section of the City of Talent's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2013. 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, 2012 and June 30, 2013.

FINANCIAL HIGHLIGHTS

- The City's Governmental and Business Type net position were \$3,823,048 and \$316,618 respectively, at June 30, 2013.
- During the year, the City's Governmental net position increased by \$326,012 and Business Type net position increased by \$40,042.
- The general fund reported a fund balance this year of \$1,225,811.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Statements

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's 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 position and how they have changed. Net position (the City's equity in cash and investments) is one way to measure the City's financial health or position.

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

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

Fund Financial Statements

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

The City has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY GOVERNMENTAL FUNDS

This section of this document will analyze the changes in the City's revenue, expenditures, fund balances, and net position between the fiscal year (FY12) and the fiscal year (FY13). The last column indicates the change in the two years.

CITY OF TALENT - CHANGES IN NET POSITION - GOVERNMENTAL FUNDS			
	2013	2012	CHANGE
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,358,823	\$ 1,003,605	\$ 355,218
Operating Grants	9,920	19,082	(9,162)
General Revenues:			
Property Taxes	919,344	925,943	(6,599)
Other Taxes	398,839	404,800	(5,961)
Intergovernmental	821,232	966,771	(145,539)
Bond Proceeds			-
Other	90,357	76,300	14,057
Total Revenues	3,598,515	3,396,502	202,014
EXPENSES			
Administration	490,289	506,984	(16,695)
Community Development	202,041	146,063	55,978
TAP Operations	225,453	254,440	(28,987)
Library Operations	66,825	64,879	1,946
Police	1,051,482	1,013,724	37,758
Street	310,374	296,827	13,547
Parks	156,001	129,723	26,278
Capital Improvements	865,325	1,405,420	(540,095)
Debt Service Payments	93,580	91,111	2,469
Water			-
Total Expenses	3,461,370	3,909,171	(447,801)
Change in Net Position before Transfers	137,145	(512,670)	649,815
Transfers	188,867	227,056	(38,189)
Change in Net Position	326,012	(285,614)	611,626
Beginning Net Position	3,497,036	3,782,650	(285,614)
Ending Net Position	\$ 3,823,048	\$ 3,497,036	\$ 326,012

The next chart shows the same data for FY12 and FY13 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			
	2013	2012	CHANGE
REVENUES			
Program Revenues:			
Charges for Services	\$ 1,225,125	\$ 1,195,469	\$ 29,656
Operating Grants			
General Revenues:			
Property Taxes			
Other Taxes			
Intergovernmental			
Other	8,476	2,172	6,304
Total Revenues	1,233,601	1,197,641	35,960
EXPENSES			
Administration			
Community Development			
Police			
Street			
Parks			
Capital Improvements			
Debt Service Payments			
Water	1,004,692	1,016,376	(11,684)
Total Expenses	1,004,692	1,016,376	(11,684)
Change in Net Position			
before Transfers	228,909	181,265	47,644
Transfers	(188,867)	(227,056)	38,189
Change in Net Position	40,042	(45,791)	85,833
Beginning Net Position	276,576	322,367	(45,791)
Ending Net Position	\$ 316,618	\$ 276,576	\$ 40,042

Changes in Program Revenues

Charges for Services (\$355,218): Charges for Services increased in fiscal year 2013 due to an increase in building construction after several years of decline. This impacts building permit and inspection fees as well as System Development Charges. Community Development Fees and System Development Charges increased by \$389,209. Collections of Court fines were down \$12,844 after a \$9,824 increase in FY12.

General Revenues (\$-144,042): Other revenues showed a decrease over the previous year due to the FY12 receipt of \$104,755 for the Urban Renewal West Valley View Project. Property tax revenues decreased by \$6,599. Included in property tax revenue is \$61,768 in receipts levied for repayment of the General Obligation Bond debt service for the 2007 Police Department renovation. Franchise fee collections decreased by \$5,961 and Administrative fees increased by \$17,487. This fee is assessed for administration of the SDC programs and collection of the Construction Excise Tax for the Phoenix Talent School District. Intergovernmental revenues decreased by \$145,539 of which \$139,625 was in the Capital Improvement Fund due to the timing of projects receiving government grant funding.

Changes in Program Expenditures

General Administration (\$-16,695): This decrease can be attributed to a change in the reporting of 911 Telephone Tax receipts received directly by another agency. State 911 Telephone Tax receipts that go directly to another agency are now recorded directly by the receiving agency.

Community Development (\$55,978): This increase can be attributed to an increase in Personnel Services with the addition of a 16 hour Code Enforcement position in FY13 and an increase in Materials and Services expenditures directly associated with the level of building construction and inspections. The Community Development Department also incurred a one-time Attorney expenditure associated with a Jackson County land use appeal in the Urban Growth Boundary.

Police (\$37,758): This increase can be attributed to an increase in Personnel Services of \$23,134 due to a general increase in salaries and benefits along with a Material and Services increase of \$14,624 for property and casualty insurance and general supplies.

Street (\$13,547): This fund includes salaries and benefits for Public Works and Administrative personnel whose time is accounted for in several funds depending on the type of work being performed. This overall increase is a combination of an increase in Personnel Services of \$36,962 and a decrease of \$23,414 in General Engineering, Public Works Director and Contracted Personnel Services fees and general supplies.

Parks (\$26,278): This increase is due to a \$17,159 increase in Personnel Services and a \$9,122 increase in Materials and Services for contacted personnel services and business consulting services in park maintenance.

Capital Improvements (\$-540,095): The Capital Improvements Fund was initially established in FY2005. A combination of System Development Charges, grants, transfers from other funds and funding from outside agencies has allowed the City to take on major improvements to the City's infrastructure. Capital construction projects taking place in FY12 included the Highway 99 Water Main project funded by a Community Development Block Grant, Arnos Street Improvements, a city wide pavement restoration project, and the purchase of land for a future reservoir site. The final payments for the Highway 99 Water Main project and Arnos Street improvements project were made in FY13. The main capital projects taking place in FY13 was the construction of the Gibson Street improvements and the Chuck Roberts Parking Lot improvement.

The FY13 Governmental Fund balances total \$3,823,048, which represents an increase of \$326,012 from FY12.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUND

Change in Program Revenues

Charges for Services (\$29,656): Charges for Services increased in fiscal year 2013. Water revenue which is based on consumption and is weather dependent, increased \$24,812 from FY12. New connections for FY13 were \$13,950 compared to \$8,887 for FY12.

General Revenues (\$6,304): General revenues increased in FY13. The Water Fund received \$4,270 in financing proceeds from the refinancing of the 2000 Water bond.

Change in Program Expenditures

Water (\$-11,684): This fund includes salaries and benefits for Public Works employees whose time is accounted for in several funds depending on the type of work being performed. This overall decrease is a combination of a decrease in Personnel Services and a decrease in general engineering, contracted services and labor attorney fees.

The proprietary fund balance totaled \$316,618 as of June 30, 2013. This represents an increase of \$40,042 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 Administrative Services Director at 541-535-1566 or P.O. Box 445, Talent, Oregon, 97540.

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**CITY OF TALENT
TALENT, OREGON**

BASIC FINANCIAL STATEMENTS

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CITY OF TALENT
JACKSON COUNTY, OREGON

STATEMENT OF NET POSITION - CASH BASIS
June 30, 2013

PRIMARY GOVERNMENT

ASSETS	GOVERNMENTAL	BUSINESS TYPE	TOTALS
Current Assets:			
Cash and Investments	\$ 3,823,048	\$ 316,618	\$ 4,139,666
Total Assets	<u>3,823,048</u>	<u>316,618</u>	<u>4,139,666</u>
NET POSITION:			
Restricted for -			
Debt Payments	306,433	-	306,433
System Development	699,513	-	699,513
Unrestricted	<u>2,817,102</u>	<u>316,618</u>	<u>3,133,720</u>
Net Position	<u>\$ 3,823,048</u>	<u>\$ 316,618</u>	<u>\$ 4,139,666</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, 2013**

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	\$ 490,289	\$ 163,005	\$ 2,900	\$ (324,384)	\$ -
Community Development	202,041	212,050	-	10,009	-
TAPS Operations	225,453	-	-	(225,453)	-
Library Operations	66,825	68,299	-	1,474	-
Police	1,051,482	290,474	5,385	(755,623)	-
Street	310,374	214,220	-	(96,154)	-
Transportation	-	167,102	-	167,102	-
Stormwater	-	81,586	-	81,586	-
Parks	156,001	162,087	1,635	7,721	-
Capital Outlay	865,325	-	-	(865,325)	-
Debt Service Payments	93,580	-	-	(93,580)	-
Total Governmental Activities	3,461,370	1,358,823	9,920	(2,092,627)	-
Business-Type Activities					
Water	1,004,692	1,225,125	-	-	220,433
Total Business Activities	1,004,692	1,225,125	-	-	220,433
Total Primary Government	\$ 4,466,062	\$ 2,583,948	\$ 9,920	(2,092,627)	220,433
General Receipts:					
Property Taxes				919,344	-
Other Taxes				398,839	-
Licenses and Permits				4,901	-
Intergovernmental				821,232	-
Assessments				6,624	-
Interest				15,826	3,755
Miscellaneous				63,006	4,721
Transfers				188,867	(188,867)
Total General Receipts and Transfers				2,418,639	(180,391)
Change in Cash Basis Net Assets				326,012	40,042
Beginning Cash Basis Net Assets				3,497,036	276,576
Ending Cash Basis Net Assets				\$ 3,823,048	\$ 316,618

See accompanying notes to the basic financial statements

Total

\$ (324,384)
10,009
(225,453)
1,474
(755,623)
(96,154)
167,102
81,586
7,721
(865,325)
(93,580)

(2,092,627)

220,433

220,433

(1,872,194)

919,344
398,839
4,901
821,232
6,624
19,581
67,727

2,238,248

366,054

3,773,612

\$ 4,139,666

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2013**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
ASSETS			
Cash and Investments	\$ 1,225,811	\$ 699,513	\$ 417,464
Total Assets	<u>\$ 1,225,811</u>	<u>\$ 699,513</u>	<u>\$ 417,464</u>
CASH BASIS FUND BALANCES			
Cash Basis Fund Balances:			
Restricted for -			
Debt Payments	-	-	-
System Development	-	699,513	-
Committed for -			
Furture Capital Improvements	-	-	-
Parks Maintenance	-	-	-
Library Operations	-	-	-
TAP Operations	-	-	-
Assigned - Street Expenses	-	-	417,464
Unassigned	<u>1,225,811</u>	<u>-</u>	<u>-</u>
Total Cash Basis Fund Balances	<u>1,225,811</u>	<u>699,513</u>	<u>417,464</u>
Total Liabilities and Cash Basis Fund Balances	<u>\$ 1,225,811</u>	<u>\$ 699,513</u>	<u>\$ 417,464</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
\$ 1,087,045	\$ 393,215	\$ 3,823,048
<u>\$ 1,087,045</u>	<u>\$ 393,215</u>	<u>\$ 3,823,048</u>
-	306,433	306,433
-	-	699,513
1,087,045	-	1,087,045
-	68,854	68,854
-	17,924	17,924
-	4	4
-	-	417,464
-	-	1,225,811
<u>1,087,045</u>	<u>393,215</u>	<u>3,823,048</u>
<u>\$ 1,087,045</u>	<u>\$ 393,215</u>	<u>\$ 3,823,048</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, 2013**

	<u>GENERAL</u>	<u>SDC</u>	<u>STREET</u>
Receipts			
Taxes	\$ 857,575	\$ -	\$ -
Franchise Taxes	398,839	-	-
Licenses and Permits	212,050	-	1,567
Intergovernmental Receipts	153,564	-	330,101
Charges for Services	181,892	418,266	214,220
Assessments	-	-	-
Interest	5,117	1,642	1,796
Fines and Forfeitures	146,589	-	-
Miscellaneous	56,452	-	1,152
Total Receipts	<u>2,012,078</u>	<u>419,908</u>	<u>548,836</u>
Disbursements			
Personal Services	1,141,546	-	156,405
Materials & Services	602,266	-	153,969
Debt Service	-	-	-
Capital Outlay	26,682	-	724
Total Disbursements	<u>1,770,494</u>	<u>-</u>	<u>311,098</u>
Excess of Receipts Over, -Under Disbursements	241,584	419,908	237,738
Other Financing Sources, -Uses			
Transfers In	-	-	-
Transfers Out	(36,921)	(134,666)	(393,600)
Total Other Financing Sources, -Uses	<u>(36,921)</u>	<u>(134,666)</u>	<u>(393,600)</u>
Net Change in Cash Basis Fund Balance	204,663	285,242	(155,862)
Beginning Cash Basis Fund Balance	<u>1,021,148</u>	<u>414,271</u>	<u>573,326</u>
Ending Cash Basis Fund Balance	<u>\$ 1,225,811</u>	<u>\$ 699,513</u>	<u>\$ 417,464</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NON MAJOR</u>	<u>TOTAL</u>
\$ -	\$ 61,769	\$ 919,344
-	-	398,839
-	13,228	226,845
293,902	56,889	834,456
-	176,095	990,473
-	6,624	6,624
3,914	3,357	15,826
-	-	146,589
276	1,638	59,518
<u>298,092</u>	<u>319,600</u>	<u>3,598,514</u>
-	97,831	1,395,782
-	350,448	1,106,683
-	93,580	93,580
837,919	-	865,325
<u>837,919</u>	<u>541,859</u>	<u>3,461,370</u>
(539,827)	(222,259)	137,144
590,837	174,917	765,754
-	(11,700)	(576,887)
<u>590,837</u>	<u>163,217</u>	<u>188,867</u>
51,010	(59,042)	326,011
<u>1,036,035</u>	<u>452,257</u>	<u>3,497,037</u>
<u>\$ 1,087,045</u>	<u>\$ 393,215</u>	<u>\$ 3,823,048</u>

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUND
June 30, 2013**

ASSETS:

Current Assets

Cash and Investments

\$ 316,618

Total Assets

\$ 316,618

Cash Basis Net Position

Unreserved

316,618

Net Position

\$ 316,618

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 FUND
For the Year Ended June 30, 2013

OPERATING RECEIPTS	
Service Charges	\$ 1,225,125
Miscellaneous	4,721
	<hr/>
Total Operating Receipts	1,229,846
	<hr/>
OPERATING DISBURSEMENTS	
Personal Service	433,777
Materials and Services	268,355
	<hr/>
Total Operating Disbursements	702,132
	<hr/>
Operating Income -Loss	527,714
	<hr/>
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Interest	3,755
Transfers In	1,700
Transfers Out	(190,567)
Bond / Interest Expense	(302,560)
	<hr/>
Total Nonoperating Receipts (Disbursements)	(487,672)
	<hr/>
Change in Cash Basis Net Assets	40,042
	<hr/>
Beginning Cash Basis Net Assets	276,576
	<hr/>
Ending Cash Basis Net Assets	\$ 316,618
	<hr/> <hr/>

See accompanying notes to the basic financial statements

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**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

The City of Talent was incorporated in 1910. The City presently operates under a charter which took effect January 1, 1998, and which was amended with effective dates of January 1, 2003 and January 2005. The Charter provides for a Council-Manager form of government and provides such services as are authorized by the Charter. The City is governed by the City Council, consisting of six elected at-large members and an elected mayor. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

B. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GENERAL FUND

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

STREET FUND

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

SDC FUND

This fund accounts for various system development charges.

CAPITAL IMPROVEMENT FUND

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There was also the following major proprietary fund:

WATER FUND

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

C. BASIS OF ACCOUNTING

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

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

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

D. FUND BALANCE

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

D. FUND BALANCE (CONTINUED)

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. This authority has been granted to the City Manager and the Director of Finance.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

E. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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

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

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

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

F. BUDGET

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

Expenditures budgets are appropriated at the following levels for each fund: Personal Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency. Expenditures 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, 2013.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2013 the fair value of the position in the LGIP is 100.65% 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>2013</u>
Deposits with Financial Institutions:	
Demand Deposits	\$ 379,738
Petty Cash	850
Certificate of Deposit, Restricted	458,285
Investments	<u>3,300,793</u>
Total	<u>\$ 4,139,666</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	\$ 3,300,793	\$ 3,300,793	\$ -
Total	\$ 3,300,793	\$ 3,300,793	\$ -

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 \$379,738 and the bank balance was \$591,548. Of these deposits, \$291,281 was covered by federal depository insurance; the remainder is collateralized under the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2013 are as follows:

	GOVERNMENTAL FUNDS			
	Balance	Additions	Deletions	Balance
	7/1/2012			6/30/2013
Land	\$ 725,395	\$ -	\$ -	\$ 725,395
Buildings, Facilities, & Water System	10,737,201	-	-	10,737,201
Vehicles	202,999	51,017	46,559	207,457
Equipment	271,171	-	-	271,171
Infrastructure	8,826,922	344,350	-	9,171,272
Total	\$ 20,763,688	\$ 395,367	\$ 46,559	\$ 21,112,496
	PROPRIETARY FUNDS			
	Balance	Additions	Deletions	Balance
	7/1/2012			6/30/2013
Land	\$ 300,541	\$ -	\$ -	\$ 300,541
Buildings, Facilities, & Water System	9,145,992	-	-	9,145,992
Vehicles	109,340	11,005	-	120,345
Equipment	134,176	19,895	-	154,071
Infrastructure	420,773	846,503	-	1,267,276
Total	\$ 10,110,822	\$ 877,403	\$ -	\$ 10,988,225

4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

Plan Description and Provisions:

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

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

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

Description of Funding Policy:

Covered employees are required by State statute to contribute 6% of their salary to the plan. The City is required to contribute at actuarially determined rates, as adopted by the PERS Board. The current rate effective July 1, 2011 are 6.10% for Tier I/II, 8.83% for Tier I/II Police and Fire, 4.93% for OPSRP, and 7.64% for OPSRP Police and Fire employees. The City's contribution to the plan for the years ending June 30, 2013, 2012 and 2011 were \$130,898, \$120,829, and \$95,195, 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
2011	\$ 1,539,554	\$ 843,981	\$ (695,573)	182%	\$ 965,751	-72%
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%

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	\$ 36,921	\$ -
Parks	10,000	-
Streets	393,600	-
SDC	134,666	-
Capital Improvements	-	590,837
West Valley View Debt	-	6,350
Water Utility	190,567	1,700
Water Improvement Reserve	1,700	-
Tap Operating	-	168,567
	<u>\$ 767,454</u>	<u>\$ 767,454</u>

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

The changes in long-term debt for the year ended June 30, 2013 is comprised of the following:

	July 1, 2012	Additions	Reductions	June 30, 2013
<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>	\$ 140,000	\$ -	\$ 20,000	\$ 120,000
<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>	\$ 1,398,462	\$ -	\$ 63,512	\$ 1,334,950
<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>	\$ 680,000	\$ -	\$ 35,000	\$ 645,000
<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>	\$ 3,605,085	\$ -	\$ 3,605,085	\$ -
<p>\$3,605,085 was issued on June 30, 2013, to refinance debt that was used for improvements to the Water System. The interest rate is 1.7% to 4.0%. Repayments are made out of the Water fund. Bonds mature June 2036.</p>	\$ -	\$ 3,645,000	\$ -	\$ 3,645,000
<p>Total Long Term Debt</p>	\$ 5,823,547	\$ 3,645,000	\$ 3,723,597	\$ 5,744,950

Future maturities of long term debt are as follows:

	West Valley View 1998 Limited Tax		2007 GO Bond	
	Principal	Interest Due	Principal	Interest Due
Amounts Payable in Fiscal Year:				
2013-2014	\$ 20,000	\$ 6,900	\$ 40,000	\$ 28,343
2014-2015	25,000	5,750	45,000	26,536
2015-2016	25,000	4,312	55,000	24,411
2016-2017	25,000	2,875	60,000	21,968
2017-2018	25,000	1,438	70,000	19,065
2018-2023	-	-	375,000	36,851
Totals	\$ 120,000	\$ 21,275	\$ 645,000	\$ 157,174

**CITY OF TALENT
TALENT, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

	<u>Safe Drinking Water Revolving Loan</u>		<u>2013 COP 2013B</u>	
	<u>Principal</u>	<u>Interest Due</u>	<u>Principal</u>	<u>Interest Due</u>
Amounts Payable in Fiscal Year:				
2013-2014	\$ 64,147	\$ 13,350	\$ 120,000	\$ 109,978
2014-2015	64,788	12,708	115,000	116,615
2015-2016	65,436	12,060	115,000	113,740
2016-2017	66,090	11,406	120,000	111,390
2017-2018	66,751	10,745	120,000	108,390
2018-2023	343,904	43,577	660,000	484,440
2023-2028	361,446	26,034	800,000	351,800
2028-2033	302,388	7,599	940,000	203,175
2033-2038	-	-	655,000	35,910
Totals	<u>\$ 1,334,950</u>	<u>\$ 137,479</u>	<u>\$ 3,645,000</u>	<u>\$ 1,635,438</u>

8. PROPERTY TAX LIMITATIONS

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

9. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and legal matters relating to its operations which have all been tended to, and are either being adjusted by the City's liability carrier, or are being defended by attorneys retained by the City's liability carrier. The City does not believe that any of these matters will have a material impact on its June 30, 2013 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, 2013**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Taxes	\$ 822,575	\$ 822,575	\$ 857,575	\$ 35,000
Licenses, Permits & Fees	440,000	440,000	610,889	170,889
Intergovernmental	162,000	162,000	153,564	(8,436)
Charges for Services	158,100	158,100	181,892	23,792
Fines & Forfeits	130,000	130,000	146,589	16,589
Miscellaneous	40,200	40,200	61,569	21,369
Total Receipts	<u>\$ 1,752,875</u>	<u>\$ 1,752,875</u>	<u>\$ 2,012,078</u>	<u>\$ 259,203</u>

See accompanying notes to the basic financial statements

Continued on page -20-

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<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	\$ 313,200	\$ 313,200	\$ 281,423	\$ 31,777
Materials and Services	269,760	269,760	208,866	60,894
Capital Outlay	11,500	11,500	8,083	3,417
Total Administration Department	<u>594,460</u>	<u>594,460</u>	(1) <u>498,372</u>	<u>96,088</u>
Community Development Department				
Personal Services	52,900	52,900	41,409	11,491
Materials and Services	128,300	128,300	160,632	(32,332)
Capital Outlay	1,000	1,000	1,540	(540)
Total Community Development Department	<u>182,200</u>	<u>182,200</u>	(1) <u>203,581</u>	<u>(21,381)</u>
Police Department				
Personal Services	921,000	921,000	818,714	102,286
Materials and Services	269,000	269,000	232,768	36,232
Capital Outlay	20,550	20,550	17,059	3,491
Total Police Department	<u>1,210,550</u>	<u>1,210,550</u>	(1) <u>1,068,541</u>	<u>142,009</u>
Contingency	<u>397,500</u>	<u>397,500</u>	(1) <u>-</u>	<u>397,500</u>
Total Disbursements	<u>2,384,710</u>	<u>2,384,710</u>	<u>1,770,494</u>	<u>614,216</u>
Excess of Receipts Over -Under Disbursements	(631,835)	(631,835)	241,584	873,419
OTHER FINANCING SOURCES				
Transfers Out	<u>(36,921)</u>	<u>(36,921)</u>	(1) <u>(36,921)</u>	<u>-</u>
Total Other Financing Sources	<u>(36,921)</u>	<u>(36,921)</u>	<u>(36,921)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(668,756)	(668,756)	204,663	873,419
Beginning Cash Basis Fund Balance	<u>750,000</u>	<u>750,000</u>	<u>1,021,148</u>	<u>271,148</u>
Ending Cash Basis Fund Balance	<u>\$ 81,244</u>	<u>\$ 81,244</u>	<u>\$ 1,225,811</u>	<u>\$ 1,144,567</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 -19-

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

SYSTEMS DEVELOPMENT CHARGE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
System Development Charges	\$ 86,495	\$ 86,495	\$ 418,266	\$ 331,771
Miscellaneous	2,020	2,020	1,642	(378)
Total Receipts	<u>88,515</u>	<u>88,515</u>	<u>419,908</u>	<u>331,393</u>
Transportation SDC				
Other Objects (Transfers Out)	78,915	78,915	78,915	-
Total Transportation SDC	<u>78,915</u>	<u>78,915</u> (1)	<u>78,915</u>	<u>-</u>
Water SDC				
Other Objects (Transfers Out)	41,657	41,657	41,657	-
Total Water SDC	<u>41,657</u>	<u>41,657</u> (1)	<u>41,657</u>	<u>-</u>
Storm Drain SDC				
Other Objects (Transfers Out)	14,094	14,094	14,094	-
Total Storm Drain SDC	<u>14,094</u>	<u>14,094</u> (1)	<u>14,094</u>	<u>-</u>
Total Disbursements	<u>134,666</u>	<u>134,666</u>	<u>134,666</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(46,151)	(46,151)	285,242	331,393
Beginning Cash Basis Fund Balance	<u>388,611</u>	<u>388,611</u>	<u>414,271</u>	<u>25,660</u>
Ending Cash Basis Fund Balance	<u>\$ 342,460</u>	<u>\$ 342,460</u>	<u>\$ 699,513</u>	<u>\$ 357,053</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, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
<u>STREET FUND</u>				
Receipts				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ 1,567	\$ 567
Intergovernmental	321,000	321,000	330,101	9,101
Charges for Services	210,000	210,000	214,220	4,220
Interest	-	-	1,796	1,796
Miscellaneous	1,500	1,500	1,152	(348)
Total Receipts	<u>533,500</u>	<u>533,500</u>	<u>548,836</u>	<u>15,336</u>
Disbursements				
Street Maintenance and Repair				
Personal Services	197,750	197,750 (1)	156,405	41,345
Materials and Services	213,450	213,450 (1)	153,969	59,481
Capital Outlay	1,000	1,000 (1)	724	276
Total Street Maintenance and Repair	<u>412,200</u>	<u>412,200</u>	<u>311,098</u>	<u>101,102</u>
Contingency	<u>82,450</u>	<u>82,450 (1)</u>	<u>-</u>	<u>82,450</u>
Total Disbursements	<u>494,650</u>	<u>494,650</u>	<u>311,098</u>	<u>183,552</u>
Excess of Receipts Over -Under Disbursements	38,850	38,850	237,738	198,888
OTHER FINANCING SOURCES				
Transfers Out	<u>(393,600)</u>	<u>(393,600) (1)</u>	<u>(393,600)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(354,750)	(354,750)	(155,862)	198,888
Beginning Cash Basis Fund Balance	<u>535,000</u>	<u>535,000</u>	<u>573,326</u>	<u>38,326</u>
Ending Cash Basis Fund Balance	<u>\$ 180,250</u>	<u>\$ 180,250</u>	<u>\$ 417,464</u>	<u>\$ 237,214</u>

(1) Appropriation Level

See accompanying notes to the basic financial statements

**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, 2013**

CAPITAL IMPROVEMENTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Intergovernmental	\$ 349,500	\$ 349,500	\$ 293,902	\$ (55,598)
Interest	-	-	3,914	3,914
Miscellaneous	-	-	276	276
Total Receipts	349,500	349,500	298,092	(51,408)
Disbursements				
General Government				
Capital Outlay	46,494	46,494	62,022	(15,528)
Parks				
Capital Outlay	509,829	509,829	5,614	504,215
Streets				
Capital Outlay	571,028	571,028	464,277	106,751
Stormwater				
Capital Outlay	26,873	26,873	11,798	15,075
Water				
Capital Outlay	281,384	306,434	294,208	12,226
Equipment				
Capital Outlay	119,428	94,378	-	94,378
Total Disbursements	1,555,036	1,555,036 (1)	837,919	717,117
Excess of Receipts Over -Under Disbursements	(1,205,536)	(1,205,536)	(539,827)	665,709
OTHER FINANCING SOURCES				
Transfers In	590,837	590,837	590,837	-
Total Other Financing Sources	590,837	590,837	590,837	-
Net Change in Cash Basis Fund Balance	(614,699)	(614,699)	51,010	665,709
Beginning Cash Basis Fund Balance	1,142,223	1,142,223	1,036,035	(106,188)
Ending Cash Basis Fund Balance	<u>\$ 527,524</u>	<u>\$ 527,524</u>	<u>\$ 1,087,045</u>	<u>\$ 559,521</u>

(1) Appropriation Level

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**CITY OF TALENT
TALENT, OREGON**

SUPPLEMENTARY INFORMATION

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

**CITY OF TALENT
JACKSON COUNTY, OREGON**

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUND - CASH BASIS

June 30, 2013

	PARKS	WATER DEBT SERVICE RESERVE FUND	WEST VALLEY VIEW DEBT
ASSETS			
Cash and Investments	\$ 68,854	\$ 236,703	\$ 63,675
Total Assets	\$ 68,854	\$ 236,703	\$ 63,675
CASH BASIS FUND BALANCES			
Restricted - Debt Payments	-	236,703	63,675
Committed for -			
Parks Maintenance	68,854	-	-
Library Operations	-	-	-
TAP Operations	-	-	-
Total Cash Basis Fund Balances	\$ 68,854	\$ 236,703	\$ 63,675

GENERAL OBLIGATION BOND DEBT SERVICES	LIBRARY	TAPS OPERATING FUND	Totals
\$ 6,055	\$ 17,924	\$ 4	\$ 393,215
<u>\$ 6,055</u>	<u>\$ 17,924</u>	<u>\$ 4</u>	<u>\$ 393,215</u>
6,055	-	-	306,433
-	-	-	68,854
-	17,924	-	17,924
-	-	4	4
<u>\$ 6,055</u>	<u>\$ 17,924</u>	<u>\$ 4</u>	<u>\$ 393,215</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, 2013

	<u>PARKS</u>	<u>WATER DEBT SERVICE RESERVE FUND</u>	<u>WEST VALLEY VIEW DEBT</u>
Receipts			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	13,228	-	-
Intergovernmental Receipts	-	-	-
Charges for Services	107,796	-	-
Assessments	-	-	6,624
Interest	-	-	3,208
Miscellaneous	1,640	-	-
Total Receipts	<u>122,664</u>	<u>-</u>	<u>9,832</u>
Disbursements			
Personal Services	97,831	-	-
Materials & Services	58,170	-	-
Debt Service	-	-	28,644
Total Disbursements	<u>156,001</u>	<u>-</u>	<u>28,644</u>
Excess of Receipts Over, -Under Disbursements	(33,337)	-	(18,812)
Other Financing Sources, -Uses			
Transfers In	-	-	6,350
Transfers Out	(10,000)	(1,700)	-
Total Other Financing Sources, -Uses	<u>(10,000)</u>	<u>(1,700)</u>	<u>6,350</u>
Net Change in Cash Basis Fund Balance	(43,337)	(1,700)	(12,462)
Beginning Cash Basis Fund Balance	<u>112,191</u>	<u>238,403</u>	<u>76,137</u>
Ending Cash Basis Fund Balance	<u>\$ 68,854</u>	<u>\$ 236,703</u>	<u>\$ 63,675</u>

GENERAL OBLIGATION BOND DEBT SERVICES	LIBRARY	TAP OPERATING FUND	Totals
\$ 61,769	\$ -	\$ -	\$ 61,769
-	-	-	13,228
-	-	56,889	56,889
-	68,299	-	176,095
-	-	-	6,624
89	60	-	3,357
-	(2)	-	1,638
<u>61,858</u>	<u>68,357</u>	<u>56,889</u>	<u>319,600</u>
-	-	-	97,831
-	66,825	225,453	350,448
<u>64,936</u>	<u>-</u>	<u>-</u>	<u>93,580</u>
<u>64,936</u>	<u>66,825</u>	<u>225,453</u>	<u>541,859</u>
(3,078)	1,532	(168,564)	(222,259)
-	-	168,567	174,917
-	-	-	(11,700)
-	-	<u>168,567</u>	<u>163,217</u>
(3,078)	1,532	3	(59,042)
<u>9,133</u>	<u>16,392</u>	<u>1</u>	<u>452,257</u>
<u>\$ 6,055</u>	<u>\$ 17,924</u>	<u>\$ 4</u>	<u>\$ 393,215</u>

**CITY OF TALENT
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ACTUAL AND BUDGET
For the Year Ended June 30, 2013**

<u>PARKS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Licenses, Permits and Fees	\$ 13,000	\$ 13,000	\$ 13,228	\$ 228
Intergovernmental	2,500	2,500	-	(2,500)
Charges for Services	104,000	104,000	107,796	3,796
Miscellaneous	1,500	1,500	1,640	140
Total Receipts	<u>121,000</u>	<u>121,000</u>	<u>122,664</u>	<u>1,664</u>
Disbursements				
Parks Maintenance				
Personal Services	109,800	109,800 (1)	97,831	11,969
Materials and Services	64,415	64,415 (1)	58,170	6,245
Total Parks Maintenance	<u>174,215</u>	<u>174,215</u>	<u>156,001</u>	<u>18,214</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	22,785	22,785 (1)	-	22,785
Total Disbursements	<u>198,000</u>	<u>198,000</u>	<u>156,001</u>	<u>41,999</u>
Excess of Receipts Over -Under Disbursements	(77,000)	(77,000)	(33,337)	43,663
OTHER FINANCING SOURCES				
Transfers Out	(10,000)	(10,000) (1)	(10,000)	-
Net Change in Cash Basis Fund Balance	<u>(87,000)</u>	<u>(87,000)</u>	<u>(43,337)</u>	<u>43,663</u>
Beginning Cash Basis Fund Balance	87,000	87,000	112,191	25,191
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,854</u>	<u>\$ 68,854</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, 2013**

WATER DEBT SERVICE RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Interest	\$ 1,700	\$ 1,700	\$ -	\$ (1,700)
Total Receipts	1,700	1,700	-	(1,700)
OTHER FINANCING SOURCES				
Transfers Out	(1,700)	(1,700) (1)	(1,700)	-
Net Change in Cash Basis Fund Balance	-	-	(1,700)	(1,700)
Beginning Cash Basis Fund Balance	233,685	233,685	238,403	4,718
Ending Cash Basis Fund Balance	\$ 233,685	\$ 233,685	\$ 236,703	\$ 3,018

(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, 2013**

WEST VALLEY VIEW DEBT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Assessments	\$ 9,568	\$ 9,568	\$ 6,624	\$ (2,944)
Interest	560	560	3,208	2,648
Total Receipts	<u>10,128</u>	<u>10,128</u>	<u>9,832</u>	<u>(296)</u>
Disbursements				
Debt Service				
Principal	20,000	20,000	20,000	-
Interest	8,050	8,050	8,050	-
Fees	600	600	594	6
Total Disbursements	<u>28,650</u>	<u>28,650 (1)</u>	<u>28,644</u>	<u>6</u>
Excess of Receipts Over -Under Disbursements	(18,522)	(18,522)	(18,812)	(290)
OTHER FINANCING SOURCES				
Transfers In	6,350	6,350	6,350	-
Net Change in Cash Basis Fund Balance	(12,172)	(12,172)	(12,462)	(290)
Beginning Cash Basis Fund Balance	<u>75,500</u>	<u>75,500</u>	<u>76,137</u>	<u>637</u>
Ending Cash Basis Fund Balance	<u>\$ 63,328</u>	<u>\$ 63,328</u>	<u>\$ 63,675</u>	<u>\$ 347</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, 2013**

GENERAL OBLIGATION BOND- DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Property Tax- PD Bond	\$ 59,000	\$ 59,000	\$ 61,769	\$ 2,769
Interest	-	-	89	89
Total Receipts	<u>59,000</u>	<u>59,000</u>	<u>61,858</u>	<u>2,858</u>
Disbursements				
Debt Service				
Principal	35,000	35,000	35,000	-
Interest	<u>30,000</u>	<u>30,000</u>	<u>29,936</u>	<u>64</u>
Total Disbursements	<u>65,000</u>	<u>65,000 (1)</u>	<u>64,936</u>	<u>64</u>
Net Change in Cash Basis Fund Balance	(6,000)	(6,000)	(3,078)	2,922
Beginning Cash Basis Fund Balance	<u>6,000</u>	<u>6,000</u>	<u>9,133</u>	<u>3,133</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,055</u>	<u>\$ 6,055</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, 2013**

LIBRARY OPERATIONS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Charges for Services	\$ 66,500	\$ 66,500	\$ 68,299	\$ 1,799
Interest	50	50	60	10
Miscellaneous	-	-	(2)	(2)
Total Receipts	<u>66,550</u>	<u>66,550</u>	<u>68,357</u>	<u>1,807</u>
Disbursements				
Materials and Services	67,100	67,100 (1)	66,825	275
Contingency	6,700	6,700 (1)	-	6,700
Total Disbursements	<u>73,800</u>	<u>73,800</u>	<u>66,825</u>	<u>6,975</u>
Net Change in Cash Basis Fund Balance	<u>(7,250)</u>	<u>(7,250)</u>	<u>1,532</u>	<u>8,782</u>
Beginning Cash Basis Fund Balance	<u>16,500</u>	<u>16,500</u>	<u>16,392</u>	<u>(108)</u>
Ending Cash Basis Fund Balance	<u>\$ 9,250</u>	<u>\$ 9,250</u>	<u>\$ 17,924</u>	<u>\$ 8,674</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, 2013**

<u>TAP OPERATIONS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS				
Intergovernmental	\$ 79,180	\$ 79,180	\$ 56,889	\$ (22,291)
Total Receipts	<u>79,180</u>	<u>79,180</u>	<u>56,889</u>	<u>(22,291)</u>
DISBURSEMENTS				
Materials and Services	241,655	241,655 (1)	225,453	16,202
Contingency	<u>24,000</u>	<u>24,000 (1)</u>	<u>-</u>	<u>24,000</u>
Total Disbursements	<u>265,655</u>	<u>265,655</u>	<u>225,453</u>	<u>40,202</u>
Excess of Receipts Over -Under Disbursements	(186,475)	(186,475)	(168,564)	17,911
OTHER FINANCING SOURCES				
Transfers In	<u>186,475</u>	<u>186,475</u>	<u>168,567</u>	<u>(17,908)</u>
Net Change in Cash Basis Fund Balance	-	-	3	3
Beginning Cash Basis Fund Balance	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</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, 2013**

<u>WATER UTILITY FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Receipts				
Water Service	\$ 1,160,000	\$ 1,160,000	\$ 1,210,916	\$ 50,916
New Connections	8,000	8,000	13,950	5,950
Water Sales	500	500	259	
Interest	1,500	1,500	3,755	2,255
Miscellaneous	-	-	4,721	4,721
Total Receipts	<u>1,170,000</u>	<u>1,170,000</u>	<u>1,233,601</u>	<u>63,601</u>
Disbursements				
Personal Services	442,750	442,750 (1)	433,777	8,973
Materials and Services	305,150	305,150 (1)	267,631	37,519
Capital Outlay	3,000	3,000 (1)	724	2,276
Debt Service	302,565	302,565 (1)	302,560	5
Contingency	130,760	130,760 (1)	-	130,760
Total Disbursements	<u>1,184,225</u>	<u>1,184,225</u>	<u>1,004,692</u>	<u>179,533</u>
Excess of Receipts Over, -Under Disbursements	(14,225)	(14,225)	228,909	243,134
OTHER FINANCING SOURCES, -USES				
Transfers In	1,700	1,700	1,700	-
Transfers Out	(208,475)	(208,475) (1)	(190,567)	17,908
Total Other Financing Sources, -Uses	(206,775)	(206,775)	(188,867)	17,908
Net Change in Cash Basis Fund Balance	(221,000)	(221,000)	40,042	261,042
Beginning Cash Basis Fund Balance	221,000	221,000	276,576	55,576
Ending Cash Basis Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,618</u>	<u>\$ 316,618</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, 2013**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-12	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-13
CURRENT:						
2012-2013	\$ 942,910	\$ 23,038	\$ (4,042)	\$ 282	\$ 881,737	\$ 34,375
PRIOR YEARS:						
2011-2012	\$ 36,933	\$ 16	\$ (905)	\$ 997	\$ 17,160	\$ 19,849
2010-2011	17,236	-	(138)	984	7,814	10,268
2009-2010	10,145	-	(141)	1,047	5,648	5,403
2008-2009	3,898	-	(153)	639	2,837	1,547
Prior	3,207	-	(438)	206	607	2,368
TOTAL PRIOR	71,419	16	(1,775)	3,873	34,066	39,435
TOTAL TAXES	\$ 1,014,329	\$ 23,054	\$ (5,817)	\$ 4,155	\$ 915,803	\$ 73,810

RECONCILIATION OF REVENUE

General Fund Tax Revenue	\$ 857,575
General Obligation Tax Revenue	61,769
Other	(3,541)
Total Taxes Collected	\$ 915,803

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**CITY OF TALENT
TALENT, OREGON**

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

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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, 2013, and have issued our report thereon dated November 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Talent was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

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

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CITY OF TALENT
TALENT, OREGON

OTHER INFORMATION

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**CITY OF TALENT
JACKSON COUNTY, OREGON**

OTHER INFORMATION

Tax Rate History and Tax Collection Record

Fiscal Year Ended, June 30	M5 Real Market Value	Taxable Assessed Value	Urban Renewal Excess	Assessed Value
2009	\$ 544,984,187	\$ 294,037,919	\$ 42,320,008	\$ 251,717,911
2010	494,811,467	303,929,067	43,367,098	260,561,969
2011	439,998,682	311,618,136	44,256,300	267,361,836
2012	419,542,316	321,697,354	45,152,165	276,545,189
2013	385,456,131	324,594,962	46,155,654	278,439,308

Fiscal Year Ended, June 30	Permanent Levy	Local Option Levy	Bond Levy	Additional Taxes & Penalties	Total to be Received
2009	\$ 813,456	\$ -	\$ 54,956	\$ (6,054)	\$ 862,357
2010	842,036	-	57,412	(6,991)	892,457
2011	864,024	-	54,221	(6,842)	911,403
2012	893,708	-	65,305	(9,218)	949,794
2013	899,810	-	63,426	(20,335)	942,900

Fiscal Year Ended, June 30	Billing Rate	Local Option Levy Rate	Bond Levy Rate	Percent Collected Year of Levy	Percent Collected as of 6/30/2013	Collected as of 6/30/2013
2009	2.7765	-	0.1869	92.0%	97.1%	\$ 836,990
2010	2.7705	-	0.1889	91.4%	96.0%	856,779
2011	2.7727	-	0.1740	92.2%	96.1%	876,157
2012	2.7781	-	0.2030	92.4%	94.2%	895,212
2013	2.7721	-	0.1954	93.5%	93.5%	881,737

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

Source: Jackson County Assessor

**CITY OF TALENT
JACKSON COUNTY, OREGON**

OTHER INFORMATION

MAJOR TAXPAYERS—FISCAL YEAR 2013

City of Talent

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Bender Development LP	\$ 11,020,190	3.96%	\$ 180,424
Talent Parkside Apartment LLC	8,910,880	3.20%	142,461
Wal-Mart	6,432,430	2.31%	104,525
Mountain View Estates of Talent LLC	4,632,540	1.66%	75,844
Fabricated Glass Spec Inc.	3,896,390	1.40%	60,851
Kim Ho Sung ET AL	1,881,500	0.68%	30,804
DMC Oregon ALC Inc	1,940,700	0.70%	30,345
Blowers Clark/Loren	1,837,040	0.66%	28,952
Charter Communications	1,765,000	0.63%	28,897
Candlewood Park LLC	1,635,210	0.59%	26,772
Subtotal	43,951,880	15.79%	709,875
All other City Taxpayers	234,487,428	84.21%	233,025
Total City Tax Accounts	<u>\$ 278,439,308</u>	<u>100%</u>	<u>\$ 942,900</u>

Jackson County

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Pacificorp (PP&L)	\$ 241,966,000	1.50%	\$ 2,694,047
Rogue Valley Manor	83,993,890	0.52%	1,172,883
Avista Corp DBS Avista Utilities	78,990,000	0.49%	1,109,699
Carestream Health Inc	67,695,350	0.42%	976,856
Charter Communications	63,031,400	0.39%	963,165
Rogue Valley Mall LLC	54,265,920	0.34%	831,366
Harry & David Operations Inc.	75,772,906	0.47%	825,181
Centurylink	58,266,400	0.36%	802,876
Boise Building Solutions Manufacturing	39,319,442	0.24%	538,582
KRC Medford Center LLC	34,501,290	0.21%	536,340
Subtotal	797,802,598	4.96%	10,450,995
All other City Taxpayers	15,298,193,328	95.04%	21,887,823
Total City Tax Accounts	<u>\$ 16,095,995,926</u>	<u>100%</u>	<u>\$ 32,338,818</u>

Source: Jackson County Assessor's Office