

**CITY OF TALENT**

**CASH BASIS FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**



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

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**CASH BASIS FINANCIAL STATEMENTS**

**WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**Mayor and City Council**

**TERM EXPIRES**

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

All councilors receive their mail at the address listed below

**REGISTERED AGENT AND ASSISTANT SECRETARY**

**ADMINISTRATIVE**

Thomas J. Corrigan, City Manager

**Physical Address**  
110 E. Main Street  
Talent, OR 97540

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

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

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

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

October 11, 2016

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 the City of Talent as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### **Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Talent, as of June 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.



## **Basis of Accounting**

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

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and Schedule of Federal Awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 and other records used to prepare the basic financial statements or to the basic 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 table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2016 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 11, 2016 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, 2016. 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, 2015 and June 30, 2016.

**FINANCIAL HIGHLIGHTS**

- The City's Governmental and Business Type net assets were \$4,042,183 and \$718,783 respectively, at June 30, 2016.
- During the year, the City's Governmental net assets decreased by \$146,646 and Business Type net assets increased by \$67,919.
- The general fund reported a fund balance this year of \$727,783.

**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 difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

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

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

## Fund Financial Statements

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

The City has the following kinds of funds:

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

## FINANCIAL ANALYSIS OF THE CITY GOVERNMENTAL 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 (FY15) and the fiscal year (FY16). The last column indicates the change in the two years.

<b>CITY OF TALENT - CHANGES IN NET ASSETS - GOVERNMENTAL FUNDS</b>			
	2016	2015	CHANGE
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 1,058,563	\$ 959,620	\$ 98,943
Operating Grants	4,220	19,773	(15,553)
General Revenues:			
Property Taxes	1,016,401	991,218	25,183
Other Taxes	417,671	406,735	10,936
Intergovernmental	1,584,635	604,439	980,196
Bond Proceeds			-
Other	70,353	460,869	(390,516)
Total Revenues	4,151,843	3,442,654	709,189
<b>EXPENSES</b>			
Administration	634,630	499,198	135,432
Community Development	341,637	306,463	35,174
TAP Operations	0	313,635	(313,635)
Library Operations	0	30,436	(30,436)
Police	1,114,695	1,079,720	34,975
Street	430,744	325,171	105,573
Parks	98,135	124,501	(26,366)
Capital Improvements	1,522,636	626,583	896,053
Debt Service Payments	108,724	102,286	6,438
Water			-
Total Expenses	4,251,201	3,407,993	843,208
Change in Net Assets			
before Transfers	(99,358)	34,661	(134,019)
Transfers	(47,288)	170,675	(217,963)
Change in Net Assets	(146,646)	205,336	(351,982)
Beginning Net Assets	4,188,829	3,983,493	205,336
Ending Net Assets	\$ 4,042,183	\$ 4,188,829	\$ (146,646)

The next chart shows the same data for FY15 and FY16 for the business type funds. The last column indicates the change between the two years.

<b>CITY OF TALENT - CHANGES IN NET ASSETS - BUSINESS TYPE FUNDS</b>			
	2016	2015	CHANGE
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 1,297,720	\$ 1,258,216	\$ 39,504
Operating Grants			-
General Revenues:			
Property Taxes			-
Other Taxes			-
Intergovernmental			-
Other	9,538	2,279	7,259
Total Revenues	1,307,258	1,260,495	46,763
<b>EXPENSES</b>			
Administration			
Community Development			
Police			
Street			
Parks			
Capital Improvements			
Debt Service Payments			
Water	1,189,339	975,053	214,286
Total Expenses	1,189,339	975,053	214,286
Change in Net Assets before Transfers	117,919	285,442	(167,523)
Transfers	(50,000)	(168,367)	118,367
Change in Net Assets	67,919	117,075	(49,156)
Beginning Net Assets	650,864	533,789	117,075
Ending Net Assets	\$ 718,783	\$ 650,864	\$ 67,919

### Changes in Program Revenues

**Charges for Services (\$83,390):** Charges for Services increased in FY16 after a decrease of \$287,851 in FY14 and a \$111,354 decrease in FY15. The majority of the increase in FY16 is from Community Development Fees and System Development Charge Fees. These fees are very dependent on the level and type of building construction. A large number of building permits were issued in FY16. Rental income for Depot, Town Hall, and Market Street increased by \$29,183 in FY16.

**General Revenues (\$625,799):** Other revenues showed an overall increase from the previous year. Property tax revenues increased by \$25,183 in FY16 after an increase of \$36,220 in FY15. Franchise fee collections increased by \$10,936 in FY16 after a decrease of \$5,871 in FY15. Intergovernmental revenues increased by \$980,196 in FY16 largely due to the remaining revenue received from the CDBG grant for the Community Center. Intergovernmental revenues were consistent from FY15 to FY16 without taking into account the CDBG grant revenue. Other revenues decreased in FY16 by \$390,516. This was largely due to the decrease in the amount the City of Talent loaned to TURA from FY15 to FY16 (\$450,000 and \$250,000, respectively).

### Changes in Program Expenditures

**General Administration (\$135,432):** This increase can be attributed primarily to increases in Personnel Services. Administration Personnel Services increased by \$106,617 in FY16. Regular Salaries increased by \$70,107, and Fringe Benefits increased by \$35,861. Materials & Services increased in FY16 by \$28,815. Harvest Festival expenses increased by \$5,920, computer services and supplies increased by \$2,075, contracted personnel services increased by \$1,510, and attorney services increased by \$1,529.

**Community Development (\$35,174):** Community Development expenses increased in FY16 in both Personnel Services and Materials & Services. Personnel Services increased by \$12,250, which was mostly attributed to the Community Development Clerk moving from part-time to full-time. Materials & Services increased by \$28,815 in FY16. Building inspection services increased by \$10,591, and business consulting services increased by \$8,370.

**Police (\$34,975):** Police expenses increased in FY16. Personnel Services decreased by \$10,000 due to the retirement of the Police Chief. Materials & Services increased in FY16 by \$29,726. Attorney services increased by \$16,234 due to union contract negotiations, technical support services increased by \$5,896, fuel decreased by \$2,958, and safety equipment increased by \$2,594.

**Street (\$105,573):** Street expenses increased in FY16. Personnel Services increased by \$74,790 from FY15 to FY16. FY16 Personnel Services were \$251,156. Materials & Services increased \$30,783 in FY16. Engineering, Design & Construction Management fees increased by \$4,001 in FY16, Contracted Personnel Services increased by \$17,825, and General Supplies increased by \$2,348.

**Parks (-\$26,366):** Parks expenses decreased in FY16. Personnel Services decreased by \$10,235 from FY15 to FY16. Materials & Services decreased by \$8,450 in FY16. Repair & Maintenance Services decreased by \$2,851, General Supplies decreased by \$2,114, and Contracted Personnel Services decreased from \$4,759 to \$0.

**Capital Improvements (\$896,053):** 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. Major capital construction projects taking place in FY16 included the finishing of the Talent Community Center, the beginning of the finance software migration to Incode, Town Hall Alley improvements, SCADA System implementation, Community Center fixture improvements, and Community Center grounds improvements.

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

### **Change in Program Revenues**

**Charges for Services (\$39,504):** Charges for services increased in FY16 by \$39,504 after an increase of \$11,609 in FY15. Water revenue is based on consumption as well as being highly dependent on weather and conservation efforts. Water sales increased by \$4,859 in FY16 after an \$11,135 decrease in FY15. Late payment fees decreased in FY16 by \$2,260. Late payment fee revenues were \$26,720 in FY16 compared to \$28,890 in FY15. New connections increased in FY16 by \$7,895. New connections in FY16 were \$10,745 compared to \$2,850 in FY15 and \$7,000 in FY14.

**General Revenues (\$7,259):** General revenues increased in FY16 by \$7,259 after an increase of \$1,182 in FY15. Interest income decreased by \$571 and miscellaneous refunds and reimbursements increased by \$7,138.

### **Change in Program Expenditures**

**Water (\$214,286):** This fund includes salaries and benefits for Utility Billing staff and Public Works employees whose time is accounted for in several funds depending on the type of work being performed. Water expenses increased in FY16. Personnel Services decreased by \$10,188. Materials & Services increased by \$219,169. Business Consulting Services increased by \$3,141, General Supplies increased by \$7,223, Energy Utilities increased by \$29,568, and Wholesale Water Purchases were \$176,816.

The proprietary fund balance totaled \$718,783 in FY16. This represents a \$67,919 increase over the previous year. The majority of the difference can be attributed to the decrease in transfers out. Transfers for FY15 were \$168,367 and for FY16 were \$50,000. This represents a decrease of \$118,367 in FY16.

### **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.



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

**BASIC FINANCIAL STATEMENTS**

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF NET POSITION - CASH BASIS  
June 30, 2016**

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS TYPE	TOTALS
Current Assets:			
Cash and Investments	\$ 4,042,183	\$ 718,783	\$ 4,760,966
Total Assets	<u>\$ 4,042,183</u>	<u>\$ 718,783</u>	<u>\$ 4,760,966</u>
NET POSITION:			
Restricted for -			
Debt Payments	\$ 29,471	\$ -	\$ 29,471
System Development	1,045,487	-	1,045,487
Unrestricted	<u>2,967,225</u>	<u>718,783</u>	<u>3,686,008</u>
Net Position	<u>\$ 4,042,183</u>	<u>\$ 718,783</u>	<u>\$ 4,760,966</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, 2016**

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net Receipts (Disbursements) And Changes In Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Administration	\$ 734,630	\$ 117,699	\$ -	\$ -	\$ (616,931)
Community Development	341,637	248,406	-	-	(93,231)
Police	1,114,695	225,800	4,220	-	(884,675)
Street	430,744	213,349	-	-	(217,395)
Transportation	-	66,093	-	-	66,093
Stormwater	-	32,171	-	-	32,171
Parks	98,135	155,045	-	-	56,910
Capital Outlay	1,522,636	-	-	-	(1,522,636)
Debt Service Payments	108,724	-	-	-	(108,724)
<b>Total Governmental Activities</b>	<b>4,351,201</b>	<b>1,058,563</b>	<b>4,220</b>	<b>-</b>	<b>(3,288,418)</b>
<b>Business-Type Activities</b>					
Water	1,189,339	1,297,720	-	-	-
<b>Total Business Activities</b>	<b>1,189,339</b>	<b>1,297,720</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 5,540,540</b>	<b>\$ 2,356,283</b>	<b>\$ 4,220</b>	<b>\$ -</b>	<b>(3,288,418)</b>
<b>General Receipts:</b>					
					1,016,401
					417,671
					42,943
					1,541,692
					9,567
					15,695
					47,803
					50,000
					<b>3,141,772</b>
					(146,646)
					4,188,829
					<b>\$ 4,042,183</b>

See accompanying notes to the basic financial statements

Business-Type Activities	Total
\$ -	\$ (616,931)
-	(93,231)
-	(884,675)
-	(217,395)
-	66,093
-	32,171
-	56,910
-	(1,522,636)
-	(108,724)
-	(3,288,418)
108,381	108,381
108,381	108,381
108,381	(3,180,037)
-	1,016,401
-	417,671
-	42,943
-	1,541,692
-	9,567
2,400	18,095
7,138	54,941
(50,000)	-
(40,462)	3,101,310
67,919	(78,727)
650,864	4,839,693
\$ 718,783	\$ 4,760,966

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**BALANCE SHEET - CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2016**

	GENERAL	SDC	STREET
<b>ASSETS</b>			
Cash and Investments	\$ 727,783	\$ 1,045,487	\$ 366,205
Total Assets	\$ 727,783	\$ 1,045,487	\$ 366,205
<b>CASH BASIS FUND BALANCES</b>			
Cash Basis Fund Balances:			
Restricted for -			
Debt Payments	\$ -	\$ -	\$ -
System Development	-	1,045,487	-
Committed for -			
Future Capital Improvements	-	-	-
Parks Maintenance	-	-	-
Assigned - Street Expenses	-	-	366,205
Unassigned	727,783	-	-
Total Cash Basis Fund Balances	727,783	1,045,487	366,205
Total Liabilities and Cash Basis Fund Balances	\$ 727,783	\$ 1,045,487	\$ 366,205

See accompanying notes to the basic financial statements

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<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
\$ 1,826,313	\$ 76,395	\$ 4,042,183
<u>\$ 1,826,313</u>	<u>\$ 76,395</u>	<u>\$ 4,042,183</u>

\$ -	\$ 29,471	\$ 29,471
-	-	1,045,487
1,826,313	-	1,826,313
-	46,924	46,924
-	-	366,205
-	-	727,783
<u>1,826,313</u>	<u>76,395</u>	<u>4,042,183</u>
<u>\$ 1,826,313</u>	<u>\$ 76,395</u>	<u>\$ 4,042,183</u>



**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	GENERAL	SDC	STREET
Receipts			
Taxes	\$ 937,222	\$ -	\$ -
Franchise Taxes	417,671	-	-
Licenses and Permits	248,406	-	915
Intergovernmental Receipts	144,686	-	366,825
Charges for Services	168,249	203,908	212,434
Assessments	-	-	-
Interest	3,379	3,585	1,130
Fines and Forfeitures	80,280	-	-
Miscellaneous	68,888	-	2,315
Total Receipts	<u>2,068,781</u>	<u>207,493</u>	<u>583,619</u>
Disbursements			
Administration	634,630	-	-
Community Development	341,637	-	-
Police	1,114,695	-	-
Street	-	-	430,744
Parks	-	-	-
Capital Outlay	4,202	-	2,244
Debt Service Payments	-	-	-
Total Disbursements	<u>2,095,164</u>	<u>-</u>	<u>432,988</u>
Excess of Receipts Over, -Under Disbursements	(26,383)	207,493	150,631
Other Financing Sources, -Uses			
Loan to Talent URA	(350,000)	-	-
Principal and Interest - Talent URA Loan	252,712	-	-
Transfers In	-	-	-
Transfers Out	(276,000)	-	(169,000)
Total Other Financing Sources, -Uses	<u>(373,288)</u>	<u>-</u>	<u>(169,000)</u>
Net Change in Cash Basis Fund Balance	(399,671)	207,493	(18,369)
Beginning Cash Basis Fund Balance	<u>1,127,454</u>	<u>837,994</u>	<u>384,574</u>
Ending Cash Basis Fund Balance	<u>\$ 727,783</u>	<u>\$ 1,045,487</u>	<u>\$ 366,205</u>

See accompanying notes to the basic financial statements

<u>CAPITAL IMPROVEMENT</u>	<u>OTHER NON MAJOR</u>	<u>TOTAL</u>
\$ -	\$ 79,179	\$ 1,016,401
-	-	417,671
-	7,663	256,984
1,073,639	3,705	1,588,855
-	109,183	693,774
-	9,567	9,567
7,218	383	15,695
-	-	80,280
-	1,413	72,616
<u>1,080,857</u>	<u>211,093</u>	<u>4,151,843</u>
-	-	634,630
-	-	341,637
-	-	1,114,695
-	-	430,744
-	98,135	98,135
1,516,190	-	1,522,636
-	108,724	108,724
<u>1,516,190</u>	<u>206,859</u>	<u>4,251,201</u>
(435,333)	4,234	(99,358)
-	-	(350,000)
-	-	252,712
489,000	6,000	495,000
-	-	(445,000)
<u>489,000</u>	<u>6,000</u>	<u>(47,288)</u>
53,667	10,234	(146,646)
<u>1,772,646</u>	<u>66,161</u>	<u>4,188,829</u>
<u>\$ 1,826,313</u>	<u>\$ 76,395</u>	<u>\$ 4,042,183</u>

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

**STATEMENT OF NET POSITION - CASH BASIS**  
**PROPRIETARY FUND**  
**June 30, 2016**

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ASSETS:

Current Assets

Cash and Investments

\$ 718,783

Total Assets

\$ 718,783

Cash Basis Net Position

Unrestricted

\$ 718,783

Net Position

\$ 718,783

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION - CASH BASIS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2016**

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OPERATING RECEIPTS	
Service Charges	\$ 1,297,720
Miscellaneous	7,138
	<hr/>
Total Operating Receipts	1,304,858
	<hr/>
OPERATING DISBURSEMENTS	
Personal Service	407,399
Materials and Services	475,704
	<hr/>
Total Operating Disbursements	883,103
	<hr/>
Operating Income -Loss	421,755
	<hr/>
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Interest	2,400
Transfers Out	(50,000)
Bond / Interest Expense	(306,236)
	<hr/>
Total Nonoperating Receipts (Disbursements)	(353,836)
	<hr/>
Change in Cash Basis Net Position	67,919
	<hr/>
Beginning Cash Basis Net Position	650,864
	<hr/>
Ending Cash Basis Net Position	\$ 718,783
	<hr/> <hr/>

See accompanying notes to the basic financial statements

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. THE FINANCIAL REPORTING ENTITY**

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

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

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

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

**GENERAL FUND**

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

**STREET FUND**

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

**SDC FUND**

This fund accounts for various system development charges.

**CAPITAL IMPROVEMENT FUND**

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

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)**

**WATER FUND (MAJOR PROPRIETARY FUND)**

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

**C. BASIS OF ACCOUNTING**

The City follows the cash basis of accounting. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. This basis of accounting is applied to both the government-wide financial statements and the governmental and business type fund financial statements uniformly.

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

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

**D. FUND BALANCE**

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

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**D. FUND BALANCE (CONTINUED)**

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

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

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

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

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

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

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



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**F. BUDGET**

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

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

Budget amounts shown in the basic financial statements reflect the original appropriations, and several appropriation transfers. Expenditures of the various funds were within authorized appropriation levels for the year ended June 30, 2016.

**G. PROPERTY TAXES RECEIVABLE**

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

**H. CAPITAL ASSETS**

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

**I. LONG-TERM DEBT**

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

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**J. RETIREMENT PLANS**

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

**2. CASH AND INVESTMENTS**

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

**Investments**

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2016.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2016 the fair value of the position in the LGIP is 100.6% 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>2016</u>
Deposits with Financial Institutions:	
Demand Deposits	\$ 581,375
Petty Cash	700
Certificate of Deposit, Restricted	234,654
Investments	<u>3,944,237</u>
Total	<u>\$ 4,760,966</u>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

The City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 3,944,237	\$ 3,944,237	\$ -
<b>Total</b>	<b>\$ 3,944,237</b>	<b>\$ 3,944,237</b>	<b>\$ -</b>

**Interest Rate Risk**

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

**Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The State Treasurer's Investment Pool is an open-ended, no-load diversified portfolio. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated.

**Concentration of Deposit Risk**

At year-end, the City's net carrying amount of deposits was \$816,029 and the bank balance was \$884,945. Of these deposits, \$250,000 was covered by federal depository insurance; the remainder is collateralized under the Oregon Public Funds Collateralization Program (PFCP).

**3. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2016 are as follows:

	GOVERNMENTAL FUNDS			
	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Land	\$ 725,395	\$ -	\$ -	\$ 725,395
Buildings, Facilities, & Water System	11,128,362	1,739,096	-	12,867,458
Vehicles	271,710	196,500	-	468,210
Equipment	271,171	9,980	-	281,151
Infrastructure	9,740,678	-	-	9,740,678
<b>Total</b>	<b>\$ 22,137,316</b>	<b>\$ 1,945,576</b>	<b>\$ -</b>	<b>\$ 24,082,892</b>

  

	PROPRIETARY FUNDS			
	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Land	\$ 300,541	\$ -	\$ -	\$ 300,541
Buildings, Facilities, & Water System	9,145,992	-	-	9,145,992
Vehicles	125,345	-	-	125,345
Equipment	227,716	-	-	227,716
Infrastructure	1,447,089	-	-	1,447,089
<b>Total</b>	<b>\$ 11,246,683</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,246,683</b>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. PENSION PLAN**

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
  - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
  - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
  - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
  - i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. PENSION PLAN (CONTINUED)**

*Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

*General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$122,921, excluding amounts to fund employer specific liabilities. In addition approximately \$80,210 in employee contributions were paid or picked up by the City in fiscal 2016.

Since the City's financial statements are reported on the cash basis, no amounts are reported on the balance sheet for pension related assets, deferred outflows, liabilities or deferred inflows. Had the City's financial statements been reported in accordance with GAAP, it would have reported a net pension liability of \$716,062 at June 30, 2016 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2013, the City's proportion was .01 percent.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

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

**Actuarial Valuations** – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
City's proportionate share of the net pension liability	\$ 1,728,189	\$ 716,062	\$ (136,895)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2016, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year’s actuarial valuations. The impact of the Moro decision on the total pension liability and employer’s net pension liability (asset) has not been fully determined. However, PERS’ third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. PENSION PLAN (CONTINUED)**

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

**Individual Account Program** - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. 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 OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees.

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



**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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	\$ 276,000	\$ -
Parks	-	-
Streets	169,000	-
SDC	-	-
Capital Improvements	-	489,000
West Valley View Debt	-	6,000
Water Utility	50,000	-
	<u>\$ 495,000</u>	<u>\$ 495,000</u>

**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. URBAN RENEWAL AGENCY FINANCING**

In May of 2016, the City Council approved the offering of a line of credit to Talent Urban Renewal Agency for an amount not to exceed \$1000,000 at 2 percent per annum. All principal and accrued interest was to be paid back to the City in FY 16-17.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**9. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2016 is comprised of the following:

	July 1, 2015	Additions	Reductions	June 30, 2016
<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>	\$ 75,000	\$ -	\$ 25,000	\$ 50,000
<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>	\$ 1,206,015	\$ -	\$ 65,436	\$ 1,140,579
<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>	\$ 560,000	\$ -	\$ 55,000	\$ 505,000
<p>\$3,605,085 was issued on June 30, 2013, to refinance debt that was used for improvements to the Water System. The interest rate is 1.7% to 4.0%. Repayments are made out of the Water fund. Bonds mature June 2036.</p>	\$ 3,410,000	\$ -	\$ 115,000	\$ 3,295,000
<p style="text-align: center;">Total Long Term Debt</p>	\$ 5,251,015	\$ -	\$ 260,436	\$ 4,990,579

Future maturities of long term debt are as follows:

	West Valley View 1998 Limited Tax		2007 GO Bond	
	Principal	Interest Due	Principal	Interest Due
<b>Amounts Payable in Fiscal Year:</b>				
2016-2017	\$ 25,000	\$ 2,875	\$ 60,000	\$ 21,968
2017-2018	25,000	1,438	70,000	19,065
2018-2019	-	-	80,000	15,578
2019-2020	-	-	90,000	11,625
2020-2021	-	-	100,000	7,208
2021-2023	-	-	105,000	2,441
Totals	\$ 50,000	\$ 4,313	\$ 505,000	\$ 77,885

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**9. 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:				
2016-2017	\$ 66,090	\$ 11,406	\$ 120,000	\$ 111,390
2017-2018	66,751	10,745	120,000	108,390
2018-2019	67,419	10,077	125,000	104,715
2019-2020	68,093	9,403	130,000	101,735
2020-2021	68,774	8,722	130,000	98,030
2021-2026	354,324	33,157	740,000	407,625
2026-2031	372,398	15,082	880,000	265,840
2031-2036	76,730	769	1,050,000	97,380
Totals	<u>\$ 1,140,579</u>	<u>\$ 99,361</u>	<u>\$ 3,295,000</u>	<u>\$ 1,295,105</u>

**10. COMMITMENTS AND CONTINGENCIES**

The City is involved in various claims and legal matters relating to its operations which have all been tended to, and are either being adjusted by the City's liability carrier, or are being defended by attorneys retained by the City's liability carrier. The City does not believe that any of these matters will have a material impact on its June 30, 2016 financial statements.

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

**SUPPLEMENTARY INFORMATION**

**2015-2016 Independent Auditors'  
Comments and Disclosures**

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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, 2016**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Taxes	\$ 906,600	\$ 906,600	\$ 937,222	\$ 30,622
Licenses, Permits & Fees	6,280,000	6,280,000	666,077	(5,613,923)
Intergovernmental	163,000	163,000	144,686	(18,314)
Charges for Services	225,000	225,000	168,249	(56,751)
Fines & Forfeits	80,000	80,000	80,280	280
Miscellaneous	622,400	622,400	72,267	(550,133)
	<u>\$ 8,277,000</u>	<u>\$ 8,277,000</u>	<u>\$ 2,068,781</u>	<u>\$ (6,208,219)</u>
Total Receipts				

Continued on page -24-

**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, 2016**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>Disbursements</b>				
Administration & Council Department				
Personal Services	\$ 459,900	\$ 459,900	\$ 444,519	\$ 15,381
Materials and Services	763,225	763,225	190,111	573,114
Capital Outlay	1,500	1,500	1,380	120
Total Administration Department	<u>1,224,625</u>	<u>1,224,625</u>	<u>636,010</u>	<u>588,615</u>
Community Development Department				
Personal Services	242,250	242,250	231,497	10,753
Materials and Services	145,625	145,625	110,140	35,485
Capital Outlay	3,000	3,000	1,673	1,327
Total Community Development Department	<u>390,875</u>	<u>390,875</u>	<u>343,310</u>	<u>47,565</u>
Police Department				
Personal Services	983,000	983,000	861,750	121,250
Materials and Services	245,600	245,600	252,945	(7,345)
Capital Outlay	1,400	1,400	1,149	251
Total Police Department	<u>1,230,000</u>	<u>1,230,000</u>	<u>1,115,844</u>	<u>114,156</u>
Contingency	470,000	470,000	-	470,000
Total Disbursements	<u>3,315,500</u>	<u>3,315,500</u>	<u>2,095,164</u>	<u>1,220,336</u>
Excess of Receipts Over				
-Under Disbursements	4,961,500	4,961,500	(26,383)	(4,987,883)
<b>OTHER FINANCING SOURCES</b>				
Loan to Talent URA	-	-	(350,000)	(350,000)
Principal and Interest - Talent URA Loan	-	-	252,712	252,712
Transfers Out	(79,500)	(79,500)	(276,000)	(196,500)
Total Other Financing Sources	<u>(79,500)</u>	<u>(79,500)</u>	<u>(373,288)</u>	<u>(293,788)</u>
Net Change in Cash Basis Fund Balance	4,882,000	4,882,000	(399,671)	(5,281,671)
Beginning Cash Basis Fund Balance	1,100,000	1,100,000	1,127,454	27,454
Ending Cash Basis Fund Balance	<u>\$ 5,982,000</u>	<u>\$ 5,982,000</u>	<u>\$ 727,783</u>	<u>\$ (5,254,217)</u>

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

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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, 2016**

<u>SYSTEMS DEVELOPMENT CHARGE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Receipts				
System Development Charges	\$ 104,500	\$ 104,500	\$ 203,908	\$ 99,408
Miscellaneous	2,350	2,350	3,585	1,235
Total Receipts	<u>106,850</u>	<u>106,850</u>	<u>207,493</u>	<u>100,643</u>
Disbursements				
Parks SDC				
Other Objects (Transfers Out)	-	-	-	-
Transportation SDC				
Other Objects (Transfers Out)	-	-	-	-
Water SDC				
Other Objects (Transfers Out)	-	-	-	-
Storm Drain SDC				
Other Objects (Transfers Out)	-	-	-	-
Total Disbursements	<u>-</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	106,850	106,850	207,493	100,643
Beginning Cash Basis Fund Balance	<u>823,500</u>	<u>823,500</u>	<u>837,994</u>	<u>14,494</u>
Ending Cash Basis Fund Balance	<u>\$ 930,350</u>	<u>\$ 930,350</u>	<u>\$ 1,045,487</u>	<u>\$ 115,137</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, 2016**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Receipts				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ 915	\$ (85)
Intergovernmental	341,500	341,500	366,825	25,325
Charges for Services	210,500	210,500	212,434	1,934
Interest	-	-	1,130	1,130
Miscellaneous	500	500	2,315	1,815
Total Receipts	<u>553,500</u>	<u>553,500</u>	<u>583,619</u>	<u>30,119</u>
Disbursements				
Street Maintenance and Repair				
Personal Services	284,000	284,000 (1)	251,156	32,844
Materials and Services	237,000	237,000 (1)	179,588	57,412
Capital Outlay	2,500	2,500 (1)	2,244	256
Total Street Maintenance and Repair	<u>523,500</u>	<u>523,500</u>	<u>432,988</u>	<u>90,512</u>
Contingency	<u>157,000</u>	<u>157,000 (1)</u>	<u>-</u>	<u>157,000</u>
Total Disbursements	<u>680,500</u>	<u>680,500</u>	<u>432,988</u>	<u>247,512</u>
Excess of Receipts Over -Under Disbursements	(127,000)	(127,000)	150,631	277,631
OTHER FINANCING SOURCES				
Transfers Out	<u>(169,000)</u>	<u>(169,000) (1)</u>	<u>(169,000)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(296,000)	(296,000)	(18,369)	277,631
Beginning Cash Basis Fund Balance	<u>350,000</u>	<u>350,000</u>	<u>384,574</u>	<u>34,574</u>
Ending Cash Basis Fund Balance	<u>\$ 54,000</u>	<u>\$ 54,000</u>	<u>\$ 366,205</u>	<u>\$ 312,205</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, 2016**

CAPITAL IMPROVEMENTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE</u>
Receipts				
Intergovernmental	\$ 1,050,000	\$ 1,050,000	\$ 1,073,639	\$ 23,639
Interest	-	-	7,218	7,218
Total Receipts	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,080,857</u>	<u>30,857</u>
Disbursements				
General Government				
Capital Outlay	<u>1,277,700</u>	<u>1,277,700</u>	<u>1,067,738</u>	<u>209,962</u>
Parks				
Capital Outlay	<u>70,500</u>	<u>70,500</u>	<u>30,780</u>	<u>39,720</u>
Streets				
Capital Outlay	<u>1,218,670</u>	<u>1,218,670</u>	<u>351,724</u>	<u>866,946</u>
Stormwater				
Capital Outlay	<u>97,109</u>	<u>97,109</u>	<u>993</u>	<u>96,116</u>
Water				
Capital Outlay	<u>202,696</u>	<u>202,696</u>	<u>37,555</u>	<u>165,141</u>
Equipment				
Capital Outlay	<u>92,000</u>	<u>92,000</u>	<u>27,400</u>	<u>64,600</u>
Total Disbursements	<u>2,958,675</u>	<u>2,958,675</u>	<u>1,516,190</u> (1)	<u>1,442,485</u>
Excess of Receipts Over -Under Disbursements	(1,908,675)	(1,908,675)	(435,333)	1,473,342
OTHER FINANCING SOURCES				
Transfers In	<u>292,500</u>	<u>292,500</u>	<u>489,000</u>	<u>196,500</u>
Net Change in Cash Basis Fund Balance	(1,616,175)	(1,616,175)	53,667	1,669,842
Beginning Cash Basis Fund Balance	<u>1,838,510</u>	<u>1,838,510</u>	<u>1,772,646</u>	<u>(65,864)</u>
Ending Cash Basis Fund Balance	<u>\$ 222,335</u>	<u>\$ 222,335</u>	<u>\$ 1,826,313</u>	<u>\$ 1,603,978</u>

(1) Appropriation Level

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

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

**June 30, 2016**

	<u>PARKS</u>	<u>WEST VALLEY VIEW DEBT</u>	<u>GENERAL OBLIGATION BOND DEBT SERVICES</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and Investments	\$ 46,924	\$ 24,234	\$ 5,237	\$ 76,395
Total Assets	<u>\$ 46,924</u>	<u>\$ 24,234</u>	<u>\$ 5,237</u>	<u>\$ 76,395</u>
<b>CASH BASIS FUND BALANCES</b>				
Restricted - Debt Payments Committed for - Parks Maintenance	\$ - 46,924	\$ 24,234 -	\$ 5,237 -	\$ 29,471 46,924
Total Cash Basis Fund Balances	<u>\$ 46,924</u>	<u>\$ 24,234</u>	<u>\$ 5,237</u>	<u>\$ 76,395</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, 2016**

	PARKS	WEST VALLEY VIEW DEBT	GENERAL OBLIGATION BOND DEBT SEVICES	Totals
Receipts				
Taxes	\$ -	\$ -	\$ 79,179	\$ 79,179
Licenses and Permits	7,663	-	-	7,663
Intergovernmental Receipts	3,705	-	-	3,705
Charges for Services	109,183	-	-	109,183
Assessments	-	9,567	-	9,567
Interest	136	157	90	383
Miscellaneous	1,413	-	-	1,413
Total Receipts	<u>122,100</u>	<u>9,724</u>	<u>79,269</u>	<u>211,093</u>
Disbursements				
Personal Services	64,942	-	-	64,942
Materials & Services	33,193	-	-	33,193
Debt Service	-	29,313	79,411	108,724
Capital Outlay	-	-	-	-
Total Disbursements	<u>98,135</u>	<u>29,313</u>	<u>79,411</u>	<u>206,859</u>
Excess of Receipts Over, -Under Disbursements	23,965	(19,589)	(142)	4,234
Other Financing Sources, -Uses				
Transfers In	-	6,000	-	6,000
Total Other Financing Sources, -Uses	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net Change in Cash Basis Fund Balance	23,965	(13,589)	(142)	10,234
Beginning Cash Basis Fund Balance	<u>22,959</u>	<u>37,823</u>	<u>5,379</u>	<u>66,161</u>
Ending Cash Basis Fund Balance	<u>\$ 46,924</u>	<u>\$ 24,234</u>	<u>\$ 5,237</u>	<u>\$ 76,395</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, 2016**

<u>PARKS FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 5,000	\$ 5,000	\$ 7,663	\$ 2,663
Intergovernmental	3,500	3,500	3,705	205
Charges for Services	108,000	108,000	109,183	1,183
Interest	-	-	136	136
Miscellaneous	-	-	1,413	1,413
<b>Total Receipts</b>	<u>116,500</u>	<u>116,500</u>	<u>122,100</u>	<u>5,600</u>
<b>Disbursements</b>				
<b>Parks Maintenance</b>				
Personal Services	75,500	75,500 (1)	64,942	10,558
Materials and Services	38,500	38,500 (1)	33,193	5,307
<b>Total Parks Maintenance</b>	<u>114,000</u>	<u>114,000</u>	<u>98,135</u>	<u>15,865</u>
<b>Capital Construction</b>				
Capital Outlay	500	500 (1)		500
Contingency	17,500	17,500 (1)	-	17,500
<b>Total Disbursements</b>	<u>132,000</u>	<u>132,000</u>	<u>98,135</u>	<u>33,865</u>
<b>Net Change in Cash Basis Fund Balance</b>	<u>(15,500)</u>	<u>(15,500)</u>	<u>23,965</u>	<u>39,465</u>
<b>Beginning Cash Basis Fund Balance</b>	<u>15,500</u>	<u>15,500</u>	<u>22,959</u>	<u>7,459</u>
<b>Ending Cash Basis Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,924</u>	<u>\$ 46,924</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, 2016**

WEST VALLEY VIEW DEBT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Assessments	\$ 9,575	\$ 9,575	\$ 9,567	\$ (8)
Interest	75	75	157	82
Total Receipts	<u>9,650</u>	<u>9,650</u>	<u>9,724</u>	<u>74</u>
Disbursements				
Debt Service				
Principal	25,000	25,000	25,000	-
Interest	4,325	4,325	4,313	12
Fees	-	-	-	-
Total Disbursements	<u>29,325</u>	<u>29,325 (1)</u>	<u>29,313</u>	<u>12</u>
Excess of Receipts Over -Under Disbursements	(19,675)	(19,675)	(19,589)	86
OTHER FINANCING SOURCES				
Transfers In	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(13,675)	(13,675)	(13,589)	86
Beginning Cash Basis Fund Balance	<u>37,800</u>	<u>37,800</u>	<u>37,823</u>	<u>23</u>
Ending Cash Basis Fund Balance	<u>\$ 24,125</u>	<u>\$ 24,125</u>	<u>\$ 24,234</u>	<u>\$ 109</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, 2016**

GENERAL OBLIGATION BOND- DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
Receipts				
Property Tax- PD Bond	\$ 76,615	\$ 76,615	\$ 79,179	\$ 2,564
Interest	-	-	90	90
Total Receipts	<u>76,615</u>	<u>76,615</u>	<u>79,269</u>	<u>2,654</u>
Disbursements				
Debt Service				
Principal	55,000	55,000	55,000	-
Interest	24,415	24,415	24,411	4
Total Disbursements	<u>79,415</u>	<u>79,415</u>	<u>79,411</u> (1)	<u>4</u>
Net Change in Cash Basis Fund Balance	(2,800)	(2,800)	(142)	2,658
Beginning Cash Basis Fund Balance	<u>2,800</u>	<u>2,800</u>	<u>5,379</u>	<u>2,579</u>
Ending Cash Basis Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,237</u></u>	<u><u>\$ 5,237</u></u>

(1) Appropriation Level

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS  
ACTUAL AND BUDGET - BUDGETARY BASIS  
For the Year Ended June 30, 2016**

<u>WATER UTILITY FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE -NEGATIVE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>Receipts</b>				
Water Service	\$ 1,270,000	\$ 1,270,000	\$ 1,286,865	\$ 16,865
New Connections	2,000	2,000	10,745	8,745
Water Sales	-	-	110	110
Interest	1,000	1,000	2,400	1,400
Miscellaneous	-	-	7,138	7,138
Total Receipts	<u>1,273,000</u>	<u>1,273,000</u>	<u>1,307,258</u>	<u>34,258</u>
<b>Disbursements</b>				
Personal Services	455,000	455,000 (1)	407,399	47,601
Materials and Services	488,900	488,900 (1)	463,642	25,258
Capital Outlay	12,400	12,400 (1)	12,062	338
Debt Service	306,350	306,350 (1)	306,236	114
Contingency	239,000	239,000 (1)	-	239,000
Total Disbursements	<u>1,501,650</u>	<u>1,501,650</u>	<u>1,189,339</u>	<u>312,311</u>
Excess of Receipts Over, -Under Disbursements	(228,650)	(228,650)	117,919	346,569
<b>OTHER FINANCING SOURCES, -USES</b>				
Transfers In	-	-	-	-
Transfers Out	(50,000)	(50,000) (1)	(50,000)	-
Total Other Financing Sources, -Uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Cash Basis Fund Balance	(278,650)	(278,650)	67,919	346,569
Beginning Cash Basis Fund Balance	575,000	575,000	650,864	75,864
Ending Cash Basis Fund Balance	<u>\$ 296,350</u>	<u>\$ 296,350</u>	<u>\$ 718,783</u>	<u>\$ 422,433</u>

(1) Appropriation Level



**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2016**

TAX YEAR	IMPOSED LEVY OR UNCOLLECTED AT 7-1-15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6-30-16
<b>CURRENT:</b>						
2014-2015	\$ 1,044,141	\$ 26,312	\$ (2,161)	\$ 249	\$ 981,346	\$ 34,571
<b>PRIOR YEARS:</b>						
2013-2014	29,776	-	(54)	717	13,510	16,929
2012-2013	15,567	-	(50)	639	5,136	11,020
2011-2012	3,273	-	(43)	757	4,079	(92)
2010-2011	5,386	-	(77)	491	2,203	3,597
Prior	4,523	-	7,997	428	9,684	3,264
<b>TOTAL PRIOR</b>	<b>58,525</b>	<b>-</b>	<b>7,773</b>	<b>3,032</b>	<b>34,612</b>	<b>34,718</b>
<b>TOTAL TAXES</b>	<b>\$ 1,102,666</b>	<b>\$ 26,312</b>	<b>\$ 5,612</b>	<b>\$ 3,281</b>	<b>\$ 1,015,958</b>	<b>\$ 69,289</b>

RECONCILIATION OF REVENUE

General Fund Tax Revenue	\$ 937,222
General Obligation Tax Revenue	79,179
Cash Basis Timing Difference	(443)
<b>Total Taxes Collected</b>	<b>\$ 1,015,958</b>

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION  
For the fiscal year ended June 30, 2016**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Talent's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.01 %	\$ 716,062	\$ 1,162,427	61.6 %	91.9 %
2015	0.01 %	(244,937)	1,137,383	(21.5) %	103.6
2014	0.01	551,437	1,112,500	48.5	92.0

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

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

**SCHEDULE OF CONTRIBUTIONS**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 122,921	\$ 122,921	\$ -	\$ 1,387,341	8.9 %
2015	86,344	86,344	-	1,162,427	7.4
2014	84,203	84,203	-	1,137,383	7.4

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

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

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October 11, 2016

### **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, 2016, and have issued our report thereon dated October 11, 2016. 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.**
- **Programs funded from outside sources.**
- **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.**

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016**

PROGRAM TITLE:	PASS THROUGH ORGANIZATION	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY NUMBER	PERIOD COVERED	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<b>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Community Development	Oregon Business					
Block Grant	Development Department	14.228	440000	7/1/15-6/30/16	\$ 1,018,532 (1)	-
					<u>1,018,532</u>	

(1) Major Programs



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October 11, 2016

To the City Council  
City of Talent  
Jackson County, Oregon

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Talent as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenny Allen, CPA  
PAULY, ROGERS AND CO., P.C.



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October 11, 2016

To the City Council  
City of Talent

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Report on Compliance for Each Major Federal Program**

We have audited the City of Talent's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City of Talent, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



### **Report on Internal Control Over Compliance,**

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kenny Allen, CPA  
PAULY, ROGERS AND CO., P.C.

**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2016

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**IDENTIFICATION OF MAJOR PROGRAMS**

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>
14.228	Community Development Block Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:**

None

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.

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

**OTHER INFORMATION**

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**CITY OF TALENT  
JACKSON COUNTY, OREGON**

**OTHER INFORMATION**

**Tax Rate History and Tax Collection Record**

Fiscal Year Ended, June 30	M5 Real Market Value	Taxable Assessed Value	Urban Renewal Excess	Assessed Value
2012	419,542,316	321,697,354	45,152,165	276,545,189
2013	385,456,131	324,594,962	46,155,654	278,439,308
2014	393,432,899	337,982,881	50,996,702	286,986,179
2015	430,928,644	355,421,757	55,383,757	300,038,000
2016	457,953,342	365,116,826	59,456,205	305,660,621

Fiscal Year Ended, June 30	Permanent Levy	Local Option Levy	Bond Levy	Additional Taxes & Penalties	Total to be Received
2011	864,024	-	54,221	(6,842)	911,403
2012	893,708	-	65,305	(9,218)	949,795
2013	899,810	-	63,426	(20,335)	942,901
2014	927,425	-	67,394	(22,358)	972,461
2015	969,603	-	75,100	(30,643)	1,014,060
2016	987,773	-	81,894	(25,140)	1,044,527

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	Collected as of 6/30
2011	2.7727	-	0.1740	92.2%	97.0%	884,342
2012	2.7781	-	0.2030	92.4%	95.6%	908,463
2013	2.7721	-	0.1954	93.5%	96.1%	906,494
2014	2.7440	-	0.1994	93.4%	95.0%	923,861
2015	2.7281	-	0.2113	93.8%	93.8%	951,183
2016	2.7054	-	0.2232	93.1%	94.0%	981,346

- (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 2016**

**City of Talent**

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Bender Development LP	\$12,042,040	3.94%	\$191,897
Talent Parkside Apartment LLC	9,014,440	2.95%	142,629
Mountain View Estates of Talent LLC	5,062,040	1.66%	85,793
Fabricated Glass Spec Inc.	3,475,500	1.14%	54,063
West Valley View LLC	3,350,000	1.10%	52,111
Charter Communications	2,521,700	0.82%	43,270
YEH K Holdings LLC	2,055,950	0.67%	35,278
Clearview Commercial Long	1,856,180	0.61%	31,575
Avista Corp. DBA Avista Utilities	1,890,000	0.62%	29,400
Jackson Aid Propco LLC	1,948,780	0.64%	28,859
Subtotal	43,216,630	14.14%	694,875
All other City Taxpayers	262,443,991	85.86%	265,585.00
Total City Tax Accounts	<u>305,660,621</u>	<u>100.00%</u>	<u>\$960,460</u>

**Jackson County**

Tax Account	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxes and Assessments Levied
Pacificorp (PP&L)	\$259,209,000	1.43%	\$3,015,952
Charter Communications	95,846,600	0.53%	1,501,516
Avista Corp DBS Avista Utilities	103,069,000	0.57%	1,493,575
Rogue Valley Manor	101,996,055	0.56%	1,468,178
Boise Cascade Wood Products	64,727,820	0.36%	902,616
Carestream Health Inc.	58,261,020	0.32%	856,398
Centurylink	59,341,000	0.33%	839,670
Rogue Valley Mall LLC	52,726,190	0.29%	834,423
Harry & David Operations Inc.	61,930,908	0.34%	717,327
Wal-Mart Real Estate Business	43,321,600	0.24%	687,593
Subtotal	900,429,193	4.96%	12,317,248
All other County Taxpayers	17,244,655,336	95.04%	24,113,597
Total County Tax Accounts	<u>\$18,145,084,529</u>	<u>100.00%</u>	<u>\$36,430,845</u>

Source: Jackson County Assessor