

City of Keizer
Marion County, Oregon

Comprehensive Annual Financial Report

Year Ended June 30, 2015



***CITY OF KEIZER
MARION COUNTY, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2015***

*Prepared by
City of Keizer - Finance Department
Tim Wood, Interim Finance Director*

CITY OF KEIZER, OREGON
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CITY OF KEIZER, OREGON
JUNE 30, 2015

MAYOR

Cathy Clark

Term Expires

January 2017

CITY COUNCIL

Kim Freeman

January 2017

Roland Herrera

January 2019

Dennis Koho

January 2017

Marlene Parsons

January 2017

Amy Ryan

January 2019

Brandon Smith

January 2019

Mailing Address
930 Chemawa Road NE
Keizer, Oregon 97303

STAFF

CITY MANAGER
Chris Eppley

HUMAN RESOURCES DIRECTOR
Machell DePina

CHIEF OF POLICE
John Teague

COMMUNITY DEVELOPMENT DIRECTOR
Nathan Brown

CITY RECORDER
Tracy Davis

PUBLIC WORKS DIRECTOR
Bill Lawyer

INTERIM FINANCE DIRECTOR
Tim Wood

CITY ATTORNEY
E. Shannon Johnson



City of Keizer

Phone: (503) 390-3700 • Fax: (503) 393-9437
930 Chemawa Rd. N.E. • P.O. Box 21000 • Keizer, OR 97307-1000

December 18, 2015

Citizens of Keizer
The Honorable Mayor Cathy Clark
Members of the City Council
Christopher Eppley, City Manager
930 Chemawa Road NE
Keizer, Oregon 97303

INTRODUCTION

The City of Keizer Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Keizer, Oregon for the fiscal year ended June 30, 2015. This report is published in fulfillment of the Oregon Revised Statutes (ORS 297.425), which require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year.

The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State. We believe the data, as presented, are accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

Responsibility for the completeness and reliability of the information contained in this report rests with the City's management and is based on an internal control structure designed for this purpose. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met because the cost of the internal control should not exceed the related benefits likely to be derived.

The accounting firm of Grove, Mueller & Swank P.C. performed an audit of our financial statements and other information using generally accepted auditing standards. Their unmodified opinion is included in the Financial Section of the report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. It provides additional information to this letter and this letter should be read in conjunction with it.

THE CITY

The City of Keizer, Oregon (City) is a financially independent entity located in Marion County in the center of the Willamette Valley. The City is bordered on the western edge by the Willamette River, southern edge by the city of Salem, eastern edge by Interstate 5, and the northern edge by rural portions of Marion County. The City was incorporated in 1982 and operates under a charter that was adopted and has been periodically updated by the voters. The City of Keizer is the 14th largest city by population in the state of Oregon.

The City operates under a council-manager form of government. The council-manager form of government separates the legislative policy function from the professional administrative functions. The City Council consists of a Mayor and six Councilors, all of which are volunteers. The Mayor is the formal representative of the City, and is elected to a two-year term by the voters at-large on a non-partisan ballot. The City Council is composed of six non-partisan members elected to four-year terms, with half the council elected every two years. These seven officers comprise the

Council who make the policy decisions for municipal activity and pass its ordinances and resolutions.

The Council appoints a City Manager who is responsible for the administration and execution of the City's policies and ordinances. Presently there are approximately 95 full-time city employees working in eight departments: City Manager, Finance, Human Resources, Public Works, Community Development, City Recorder, Legal Services and Police Services. The City is subject to collective bargaining agreements with the Keizer Police Association and the Municipal Utility Workers' Local 320.

The City provides basic services. These services include police, municipal court, street construction and maintenance, water reservoirs, wells and water lines, storm drainage, land use planning and zoning, public improvements, parks and administrative services. The City contracts with the City of Salem, Oregon for maintenance of its sanitary sewer system and administers the billing function for use of this facility. The City also manages and operates the City of Keizer Urban Renewal Agency. The Agency was created in 1993 to strengthen the overall economic health of the commercial corridors, and enhance aesthetic appeal and safety within the District. The Agency is a blended component unit of the City and is therefore an integral part of the City's reporting entity. On June 15, 2015 the City of Keizer Urban Renewal Agency was closed with all remaining assets transferred to the City of Keizer.

In June 1997, the City revised its tax base for the first time since 1986. Shortly thereafter, Oregon's tax system was overturned by Ballot Measure 50 and like all Oregon cities, Keizer had a permanent tax rate, replacing the existing tax base. The tax rate is constrained by the effects of Measure 5, which limits the consolidated tax rate that local governments can charge plus Measure 50, which limits growth in assessed value and places a tax rate limit that can be charged on each parcel of taxed property. The City's permanent levy rate is \$2.0838 per thousand. This amount will be applied to the taxable assessed value on the roll. The assessed value growth is limited to 3.0% plus any new construction, remodeling, or value increases due to property sales. In Fiscal Year 2015, the City's taxable assessed value increased 4.4% overall.

ECONOMIC CONDITION AND OUTLOOK

The City's economic condition is significantly influenced by the economic conditions of the neighboring cities, since the majority of the workforce that resides within the City commutes to Salem or the Portland Metro area for employment. The area's unemployment rate dropped to 6.1% as compared to 7.1% the previous year. The City's economy is supported by jobs in the service, technology/manufacturing, retail and government sector all of which have been impacted by the economic slowdown.

When the City was incorporated, the City limits were aligned adjacent to the urban growth boundaries leaving little opportunity for annexation. In fact, the City's area has increased less than one-hundredth of one square mile since it was incorporated. This geographic constraint will result in new residential and commercial construction slowing over time as infill is completed. Despite the geographic constraint and the economic slowdown the City's real market value continues to exceed the assessed value.

FINANCIAL INFORMATION

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City is required by state law to budget all funds. The budgeting process includes employee and citizen input through various stages of preparation, public hearings and adoption of the original budget by the City Council. Requirements not anticipated in the original budget may be added through the use of a supplemental budget. A supplemental budget requires publications in newspapers and adoption by the City Council. Original and supplemental budgets may also be modified by the use of appropriation transfers between the cost categories. Such transfers require approval by the City Council.

Budgetary control is maintained at the fund and/or departmental level by comparison of estimated purchase amounts with adopted appropriations prior to placing purchase orders to vendors. The City Manager and the seven department heads are responsible for ensuring their departments, funds and programs fall within appropriated amounts.

FINANCIAL PLANNING

The City will continue to have an ongoing need for new or expanded streets, water, stormwater, and sanitary sewer systems, public safety measures and cultural and recreation opportunities. The guiding principle for all of the City's long-term financial planning is a focus on sustainability. Service levels are set and planned for in a manner in which costs are not allowed to exceed revenue. The City actively engages in long-term financial planning through its annual budgetary process, the creation of master plans for certain services and through the development of a multi-year long-range financial plan.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Achievement of Excellence in Financial Reporting to the City of Keizer for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION AWARD

The City of Keizer received GFOS's Distinguished Budget Presentation Award for its FY 14-15 annual budget document and the FY 15-16 annual budget has been submitted. This is the first year that the City of Keizer has achieved the prestigious award of a distinguished presentation. The Distinguished Budget Presentation is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management. In order to receive the award, a governmental unit must publish a budget document that meets program criteria as a policy document, a communications medium, an operations guide, and a financial plan.

ACKNOWLEDGMENTS

Special recognition is given to the City's Finance staff whose hard work and dedication during the annual audit ensures the preparation of the Comprehensive Annual Financial Report on a timely basis. I also recognize and thank all other Departments within the City who provided supporting information for this report. I would like to express my appreciation to the Mayor, City Council members, the Audit Committee, the Budget Committee, and the City

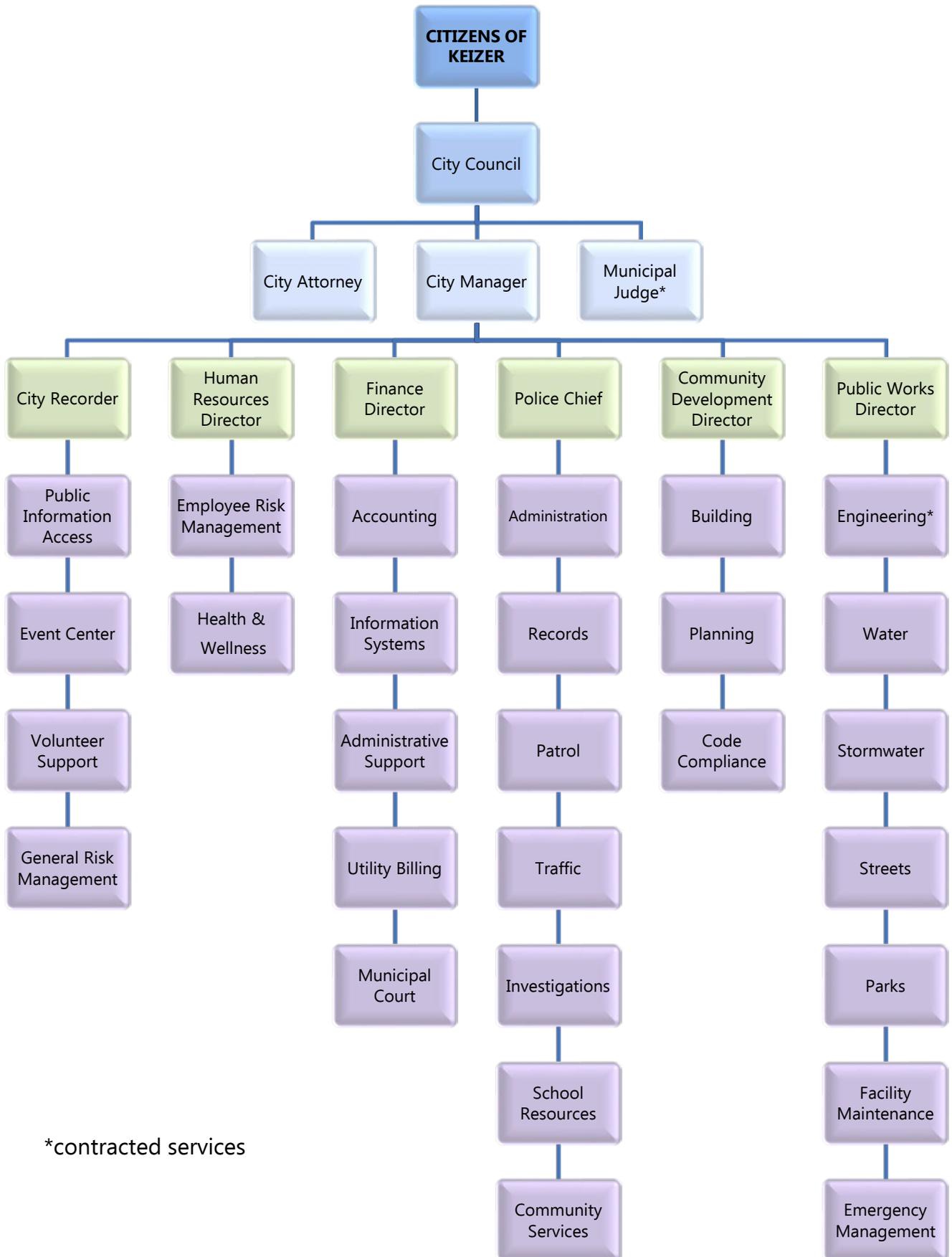
Manager for their leadership, support and dedication, to ensure the sound financial operations of the City of Keizer. Preparation of this report would not have been successful without that support.

Respectfully submitted,

A handwritten signature in cursive script that reads "Tim Wood".

Tim Wood
Interim Finance Director

Organizational Chart



*contracted services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

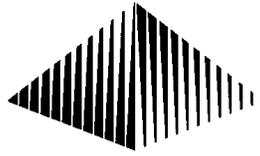
Presented to

**City of Keizer
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Keizer
930 Chemawa Road NE
Keizer, Oregon 97303

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's 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 City's 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the notes to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statements No. 68, Accounting and Financial Reporting for Pensions, and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which resulted in the restatement of the beginning balances for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14 and the schedule of the city's proportionate share of the net pension liability – Oregon public employees retirement system, the schedule of the city's contributions – Oregon public employees retirement system and schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Street, Urban Renewal Project and Urban Renewal Program Income funds on pages 54-59 ("the budgetary schedules") be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and PERS schedules described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

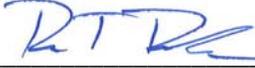
Other Information

The introductory and statistical sections have 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 them.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 18, 2015, on our consideration of the City's 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 results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
December 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2015

This discussion and analysis of the City of Keizer's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii), the basic financial statements (beginning on page 15), and the accompanying notes to those basic financial statements (beginning on page 28).

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Keizer (the City) and its component unit using the integrated approach as prescribed by GASB Statement No. 34. The *government-wide financial statements* (pages 15-17) present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. Governmental activities and business type activities are presented separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

The *fund financial statements* (pages 18-27) include statements for each of the categories of activities - governmental and proprietary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

The **Statement of Net Position** and the **Statement of Activities** report financial information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and the changes in net position. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure. In these statements, City activities are separated as follows:

Governmental activities - Most of the City's basic services are reported in this category, including General Government, Police, Community Development, and Street maintenance and preservation. Property taxes, state shared revenues, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities - The City's water, sewer and stormwater activities are reported in this category. The City charges a fee to customers to cover all or most of the cost of certain services it provides.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements is explained in a section following each governmental fund financial statement.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Government-wide Financial Statements

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year.

Table 1
Statements of Net Position
As of June 30,

	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Cash and investments	\$ 9,487,882	\$ 9,205,017	\$ 2,093,975	\$ 2,030,271	\$ 11,581,857	\$ 11,235,288
Other assets	17,630,283	20,131,026	1,807,867	1,459,489	19,438,150	21,590,515
Capital assets	65,454,676	66,877,183	9,625,648	9,394,214	75,080,324	76,271,397
Total assets	<u>92,572,841</u>	<u>96,213,226</u>	<u>13,527,490</u>	<u>12,883,974</u>	<u>106,100,331</u>	<u>109,097,200</u>
Total deferred outflows of resources	312,360	-	74,314	-	386,674	-
Total assets and deferred outflows of resources	<u>92,885,201</u>	<u>96,213,226</u>	<u>13,601,804</u>	<u>12,883,974</u>	<u>106,487,005</u>	<u>109,097,200</u>
Other liabilities	4,143,619	3,095,191	1,421,273	1,236,440	5,564,892	4,331,631
Long-term debt	16,985,000	19,015,000	1,225,000	1,405,000	18,210,000	20,420,000
Total liabilities	<u>21,128,619</u>	<u>22,110,191</u>	<u>2,646,273</u>	<u>2,641,440</u>	<u>23,774,892</u>	<u>24,751,631</u>
Total deferred inflows of resources	2,169,178	-	516,078	-	2,685,256	-
Total liabilities and deferred inflows of resources	<u>23,297,797</u>	<u>22,110,191</u>	<u>3,162,351</u>	<u>2,641,440</u>	<u>26,460,148</u>	<u>24,751,631</u>
Net position						
Net investment in capital assets	65,454,676	65,617,183	8,400,648	7,989,214	73,855,324	73,606,397
Restricted	5,211,549	7,851,003	906,164	956,861	6,117,713	8,807,864
Unrestricted	(1,078,821)	634,849	1,132,641	1,296,459	53,820	1,931,308
Total net position	<u>\$ 69,587,404</u>	<u>\$ 74,103,035</u>	<u>\$ 10,439,453</u>	<u>\$ 10,242,534</u>	<u>\$ 80,026,857</u>	<u>\$ 84,345,569</u>

Overall the City's financial position changed by \$4.3 million. The majority of this is due to the application of the provisions of Statement No. 68, Accounting and Financial Reporting for Pensions from the Governmental Accounting Standards Board. This pronouncement included a restatement of the beginning net position for the fiscal year and an adjustment to the current year pension expense based on the results of the actuarial study as describe in the notes to the financial statements.

Governmental Activities

The City's net position from governmental activities decreased by \$4.5 million from \$74.1 million to \$69.6 million. This decrease is the change in net position reflected in the condensed Statement of Activities, and explained below:

- Cash and investments increased by \$0.3 million as the result of normal fluctuations in when cash is received.
- Other assets increased by \$2.5 million, as a result of recognizing a net pension asset of \$1.3 million offset by the ongoing collection of the assessments associated with the Keizer Station Local Improvement District. In addition the remaining \$1.9 million in Keizer Station Local Improvement District assessments associated with the two properties foreclosed during the prior year was written off.
- Capital assets decreased \$1.4 million, primarily as a result of
 - \$1.7 million for acquisition of capital assets (primarily street resurfacing projects and costs associated with the Big Toy project at Keizer Rapids Park) offset by
 - \$3.1 million of depreciation expense.
- Other liabilities increased by \$1.0 million primarily due to an increase in the projected other postemployment benefit obligation associated with providing retiree healthcare benefits.
- Long-term debt outstanding decreased \$2.0 million, as the result of paying down the debt associated with the Keizer Station Local Improvement District bond and paying off the Urban Renewal District credit line.

Business-type Activities

The City's net position from business-type activities increased 7.2%, from \$10.2 million to \$10.4 million. This increase is the change in net position reflected in the Statement of Activities, and explained below:

- Cash and investments increased by \$0.1 million as the result of normal fluctuations in when cash is received.
- Other assets increased by \$0.3 million as the result of the impact of January 2015 utility rate increases on the year end utility receivable balances.
- Capital assets increased by \$0.2 million as a result of \$0.8 million investment in water and sewer systems and equipment and vehicles offset by \$0.6 million of depreciation expense.
- Other liabilities decreased by \$0.2 million as the result of normal timing fluctuations in when invoices are received and paid.
- Long-term debt decreased by \$0.2 million as the result of the scheduled principal and interest payment on outstanding debt.

Statement of Activities

The following table reflects the condensed Statement of Activities and comparison to the prior year.

Table 2
Statements of Activities
For the years ending June 30,

	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Program Revenues						
Fees, fines, and charges for services	\$ 742,764	\$ 744,281	\$ 9,823,338	\$ 9,572,731	\$ 10,566,102	\$ 10,317,012
Operating grants and contributions	2,555,870	2,520,561	-	-	2,555,870	2,520,561
Capital grants and contributions	613,253	218,513	105,151	51,963	718,404	270,476
Total program revenues	3,911,887	3,483,355	9,928,489	9,624,694	13,840,376	13,108,049
General Revenues						
Taxes and assessments	5,521,449	5,416,357	-	-	5,521,449	5,416,357
Franchise taxes	2,539,863	2,490,463	-	-	2,539,863	2,490,463
Intergovernmental	803,880	768,187	-	-	803,880	768,187
Miscellaneous	195,193	4,631,567	4,601	5,855	199,794	4,637,422
Total general revenues	9,060,385	13,306,574	4,601	5,855	9,064,986	13,312,429
Total Revenues	12,972,272	16,789,929	9,933,090	9,630,549	22,905,362	26,420,478
Expenses						
Programs	14,992,083	15,438,681	9,629,298	9,866,615	24,621,381	25,305,296
Change in net position before transfers	(2,019,811)	1,351,248	303,792	(236,066)	(1,716,019)	1,115,182
Transfers	(393,336)	27,769	393,336	(27,769)	-	-
Change in net position	(2,413,147)	1,379,017	697,128	(263,835)	(1,716,019)	1,115,182
Beginning net position, as restated	72,000,551	72,724,018	9,742,325	10,506,369	81,742,876	83,230,387
Ending net position	<u>\$ 69,587,404</u>	<u>\$ 74,103,035</u>	<u>\$ 10,439,453</u>	<u>\$ 10,242,534</u>	<u>\$ 80,026,857</u>	<u>\$ 84,345,569</u>

Governmental Activities

The City's net position from governmental activities decreased by \$2.4 million in the current year as compared to an increase of \$1.4 in the previous year. This decrease in the change in net assets primarily reflects:

- Capital grants and contributions increased by approximately \$0.4 million as the result of receiving contributions for the Big Toy construction project at Keizer Rapids Park during the current year which did not occur in the prior year.
- Taxes and assessments – These are revenues arising from property taxes, street lighting district assessments, local improvement district assessments and urban renewal tax increment revenues. Taxes and assessments remained consistent at \$5.5 million in the current year as compared to \$5.4 million in the prior year.

- Miscellaneous – Revenues primarily consist of interest earnings on funds held for working capital needs and interest earned on assessments and reserves held over an extended period of time. Miscellaneous revenues decreased by \$3.6 million primarily as the result of the City receiving proceeds from properties foreclosed on within the Keizer Station Local Improvement District during the previous year that did not recur during the current year.
- Programs - These are direct expenses that are specifically associated with a service, program, or department and, thus, are clearly identifiable to a particular function. The following table reflects the changes in program expenses:

Table 3
Governmental Activities - Program Expenses
For the years ending June 30,

Programs	2015		2014		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 2,100,607	14.0%	\$ 2,992,312	19.4%	\$ (891,705)	-29.8%
Community and youth services	19,493	0.1%	15,971	0.1%	3,522	22.1%
Community development	4,500,288	30.0%	2,789,728	18.1%	1,710,560	61.3%
Parks	388,200	2.6%	392,258	2.5%	(4,058)	-1.0%
Public safety	5,644,121	37.6%	6,390,471	41.4%	(746,350)	-11.7%
Public works	1,415,078	9.4%	1,692,960	11.0%	(277,882)	-16.4%
Interest on long-term debt	924,296	6.2%	1,164,981	7.5%	(240,685)	-20.7%
Total expenses	\$ 14,992,083	100.0%	\$ 15,438,681	100.0%	\$ (446,598)	-2.9%

Program expenses decreased by \$.4 million from \$15.4 million in the prior year to \$15.0 million in the current year. The primary reason for the decrease is that the City recognized a \$1.4 million reduction in pension expense associated with implementing GASB 68. In addition General government decreased by \$0.8 million as the result of lower payments to the overlapping tax jurisdictions for property taxes foregone as the result of agreements entered into in conjunction with the 9th amendment to the Keizer Urban Renewal District in the current year as compared to the prior year.

Business-type Activities

The City's change in net position from business-type activities remained consistent with prior year.

Program expenses are direct expenses that are specifically associated with a service, program, or department and, thus, are clearly identifiable to a particular function. The following table reflects the changes in program expenses:

Table 4
Business-type Activities - Program Expenses
For the years ending June 30,

Programs	2015		2014		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,419,921	25.1%	\$ 2,751,772	27.9%	\$ (331,851)	-12.1%
Sewer	5,522,545	57.4%	5,379,925	54.5%	142,620	2.7%
Stormwater	1,106,176	11.5%	1,170,447	11.9%	(64,271)	-5.5%
Community Center	171,525	1.8%	121,246	1.2%	50,279	41.5%
Street Lighting Districts	409,131	4.2%	443,225	4.5%	(34,094)	-7.7%
Total expenses	<u>\$ 9,629,298</u>	<u>100.0%</u>	<u>\$ 9,866,615</u>	<u>100.0%</u>	<u>\$ (237,317)</u>	<u>-2.4%</u>

The Program expenses decreased by \$0.3 million from \$9.9 million in the prior year to \$9.6 million in the current year. The primary reason for the decrease is that the City recognized a \$0.8 million reduction in pension expense as the result of implementing GASB 68. This decrease was partially offset by an increase in sewer rates charged by the City of Salem which took effect January 1, 2015.

Fund Financial Statements - Governmental Funds

The following table reflects a summary of ending fund balances for governmental funds compared to the prior year.

Table 5
Governmental Funds - Fund Balances
As of June 30,

Major Funds	2015		2014		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 2,252,430	24.0%	\$ 2,241,954	24.3%	\$ 10,476	0.5%
Streets	1,260,800	13.4%	1,191,141	12.9%	69,659	5.8%
Urban Renewal Program Income	-	0.0%	51,837	0.6%	(51,837)	200.0%
Urban Renewal Tax	-	0.0%	180,466	2.0%	(180,466)	-100.0%
Keizer Station LID	2,685,804	28.6%	2,685,746	29.2%	58	0.0%
Other Governmental Funds	3,194,853	34.0%	2,861,525	31.1%	333,328	11.6%
Total fund balances	<u>\$ 9,393,887</u>	<u>100.0%</u>	<u>\$ 9,212,669</u>	<u>100.0%</u>	<u>\$ 181,218</u>	<u>2.0%</u>

At June 30, 2015, the City's governmental funds reported combined fund balances of \$9.4 million, which is an increase of \$0.2 million or 2.0% compared with last year. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

General

The General fund accounts for all of the financial resources of the City, which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise taxes, state shared revenues and fines and forfeitures. Principal expenditures are made for police, community development, administration, and parks.

The General fund revenue increased by \$0.2 million from \$8.6 million in the prior year to \$8.8 million in the current year. General fund revenue consisted of the following:

	2015		2014		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Taxes and assessments	\$ 4,534,152	51.3%	\$ 4,349,656	50.8%	\$ 184,496	4.2%
Licenses and permits	2,668,491	30.2%	2,569,503	30.0%	98,988	3.9%
Intergovernmental	1,067,300	12.1%	1,034,350	12.1%	32,950	3.2%
Fines and forfeitures	386,984	4.4%	448,615	5.2%	(61,631)	-13.7%
Miscellaneous	186,646	2.1%	159,532	1.9%	27,114	17.0%
Total General fund revenue	<u>\$ 8,843,573</u>	<u>100.0%</u>	<u>\$ 8,561,656</u>	<u>100.0%</u>	<u>\$ 281,917</u>	<u>3.3%</u>

General fund expenses consisted of the following:

	2015		2014		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,545,618	17.6%	\$ 1,416,718	16.7%	\$ 128,900	9.1%
Community and youth services	19,493	0.2%	15,971	0.2%	3,522	22.1%
Community development	461,553	5.3%	423,211	5.0%	38,342	9.1%
Parks	309,581	3.5%	295,919	3.5%	13,662	4.6%
Public safety	6,449,816	73.4%	6,320,317	74.6%	129,499	2.0%
Total General fund expenses	<u>\$ 8,786,061</u>	<u>100.0%</u>	<u>\$ 8,472,136</u>	<u>100.0%</u>	<u>\$ 313,925</u>	<u>3.7%</u>

Street Fund

The Street fund accounts for the use of gas tax revenue received. Expenditures are restricted to street and bike-path related projects and costs, plus debt service on street-related debt. During the current year the Street Fund continued its ongoing street resurfacing projects in addition to paying off all of the outstanding long term debt.

Urban Renewal Project Fund

The Urban Renewal Project fund, which was closed in June 2015, accounts for payment of capital construction, primarily infrastructure, and associated personnel, operating services and supplies costs needed to manage the district. The primary source of revenue is proceeds from the issuance of debt.

The Urban Renewal Project fund expenditures decreased by \$3.7 million to \$0.1 million in the current year as compared to \$3.8 million in the prior year. The decrease is the result of capital outlay that occurred in the prior year in which the Urban Renewal District acquired land in the Keizer Station Local Improvement District which did not recur in the current year.

Urban Renewal Program Income Fund

The Urban Renewal Program Income fund, which was closed in June 2015, accounts for the proceeds from the sale of property within the Urban Renewal District.

Urban Renewal Tax Increment Fund

The Urban Renewal Tax Increment fund, which was closed in June 2015, accounts for tax increment revenues and debt related payments for the Urban Renewal District. During fiscal year 2012, the District underwent a plan amendment, extending the maximum indebtedness to provide resources for assisting with a resolution to the Keizer Station Local Improvement District assessment defaults. In conjunction with the plan amendment the City entered into agreements with the overlapping tax jurisdictions to reimburse the jurisdictions for property taxes forgone as the result of extending the maximum indebtedness.

Revenues decreased by \$0.4 million from \$1.6 million in the prior year to \$1.2 million in the current year. The decrease is the result of foreclosure acquisition funds received in the prior year that did not recur in the current year. Expenditures decreased by \$5.2 million as the result of not issuing debt to the Urban Renewal Program Fund during the current year to fund urban renewal capital projects. In addition the City paid the overlapping tax jurisdiction approximately \$1.3 million for foregone property tax revenue as the result of extending the districts maximum indebtedness in the prior year that did not recur in the current year.

Keizer Station LID Fund

The Keizer Station LID fund accounts for the improvements to the Keizer Station Development project. In fiscal year 2007 a line-of-credit was used to finance the construction phase of the project. The development was completed in fiscal year 2008 and the City paid off the line-of-credit by issuing long-term debt. The costs of the improvements have been assessed to the property owners who directly benefit from the project. The assessment payments will be used to pay off the long-term debt.

The Keizer Station LID fund revenues decreased \$3.7 million from \$5.4 million in the prior year to \$1.7 million in the current year. The decrease is the result of a one-time payment of \$3.7 million from the Keizer Urban Renewal District in conjunction with the foreclosure process on two properties within the Keizer Station LID received in the prior year that did not recur in the current year.

The Keizer Station LID fund expenditures decreased by \$3.8 million as the result of a \$4.3 million principal payment on the outstanding debt in the prior year as compared to a \$0.8 million dollar payment in the current year.

Other Governmental Funds

These funds are not presented separately in the basic financial statements, but are individually presented as supplemental information.

Fund Financial Statements - Proprietary Funds

The following table reflects a summary of net position for Proprietary Funds compared to the prior year.

Table 6
Proprietary Funds - Net Position
As of June 30,

Major Funds	2015		2014		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 2,070,975	19.8%	\$ 2,236,389	23.0%	\$ (165,414)	-7.4%
Water and Water Facility	6,828,436	65.4%	6,400,010	65.7%	428,426	6.7%
Stormwater	946,779	9.1%	704,941	7.2%	241,838	34.3%
Other Funds	598,466	5.7%	400,985	4.1%	197,481	49.2%
 Total net position	 <u>\$ 10,444,656</u>	 <u>100.0%</u>	 <u>\$ 9,742,325</u>	 <u>100.0%</u>	 <u>\$ 702,331</u>	 <u>7.2%</u>

Water and Water Facility Funds

The Water and Water Facility funds account for the operations, maintenance, and capital construction of the water system. The primary sources of revenues are user fees, system development charges, and interest earnings.

The Water and Water Facility funds revenues remained consistent at \$2.5 million in the current year as compared to \$2.6 million in the prior year.

The Water and Water Facility funds expenses remained consistent at \$2.7 million in the current year as compared to \$2.6 million in fiscal prior year.

Sewer and Sewer Reserve Funds

The Sewer and Sewer Reserve funds account for the operations, maintenance, and capital construction of the water and wastewater collection systems. The primary sources of revenues are user fees, system development charges, and interest earnings. The City of Keizer contracts with the City of Salem to provide sewer services to Keizer residences. Much of the activity in the fund is “passed through”; it is collected from the customer and paid to the City of Salem for sewer services. A portion of each billing receipt is retained in the fund to pay the cost of administering the sewer accounts.

The Sewer fund revenues and expenses increased to \$5.4 million in the current year as compared to \$5.3 million in the prior year.

Stormwater Fund

The Stormwater fund reflects a program designed to meet the Federal Clean Water Act. The primary sources of revenues are user fees, system development charges and gas tax revenues (transferred from the City’s Street fund).

The Stormwater fund revenues increased \$0.1 million from \$0.9 million in fiscal year 2014 to \$1.0 million in fiscal year 2015. The increase is due to a rate increase that took effect January 1, 2014.

The Stormwater fund expenses increased to \$1.3 million in fiscal year 2015 as compared to \$1.2 million in fiscal year 2014. The increase is due to an increase in personnel services and material and services costs.

Budgetary Highlights

The General fund budgeted revenue was increased by \$23,400 during the year primarily in anticipation of receiving additional rental and surplus property income. The General fund expenditure budget was decreased by \$29,800. The decrease was the result of transferring \$50,800 out of expenditures to transfers out in anticipation of providing operating support to the Community Center. That transfer was offset by an increase in the Parks budget as the result of additional rental income received.

Capital Assets

As of June 30, 2015, the City had invested \$75.1 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions, and depreciation) of \$1.2 million, when compared to the previous fiscal year.

The following table is a summarized reconciliation of the change in capital assets.

Table 8
Changes in Capital Assets
For the year ending June 30, 2015

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 66,877,183	\$ 9,394,214	\$ 76,271,397
Additions	1,674,485	838,664	2,513,149
Retirements	-	-	-
Depreciation	(3,096,992)	(607,230)	(3,704,222)
Net capital assets	<u>\$ 65,454,676</u>	<u>\$ 9,625,648</u>	<u>\$ 75,080,324</u>

Table 7
Capital Assets at June 30,
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 14,978,914	\$ 14,978,914	\$ 371,759	\$ 371,759	\$ 15,350,673	\$ 15,350,673
Building and improvements	47,321,217	46,007,467	1,065,730	1,065,730	48,386,947	47,073,197
Equipment and vehicles	2,236,164	1,875,429	834,236	818,193	3,070,400	2,693,622
Infrastructure	38,586,608	38,586,608	22,958,180	22,155,101	61,544,788	60,741,709
Accumulated depreciation	(37,668,227)	(34,571,235)	(15,604,257)	(15,016,569)	(53,272,484)	(49,587,804)
Net capital assets	<u>\$ 65,454,676</u>	<u>\$ 66,877,183</u>	<u>\$ 9,625,648</u>	<u>\$ 9,394,214</u>	<u>\$ 75,080,324</u>	<u>\$ 76,271,397</u>

For more detailed information see the Notes to Basic Financial Statements (pages 41-42).

The City depreciates all its capital assets except for land.

Debt Outstanding

As of June 30, 2015 the City had \$18.2 million in debt (bonds, notes, etc.) outstanding compared to the \$20.4 million last year, an 11% decrease.

Table 9
Outstanding Debt at Year End
June 30,

	Totals	
	2015	2014
Governmental Activities		
Keizer Station LID Bonds 2008	\$ 16,985,000	\$ 17,755,000
URA Credit Facility	<u>-</u>	<u>1,260,000</u>
Total Governmental	16,985,000	19,015,000
Business-type Activities		
Water Revenue Loan	<u>1,225,000</u>	<u>1,405,000</u>
Total	<u>\$ 18,210,000</u>	<u>\$ 20,420,000</u>

For more detailed information see the Notes to Basic Financial Statements (pages 42-43).

ECONOMIC FACTORS

The economy of the City and its major initiatives are discussed in detail in the accompanying Transmittal Letter.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at 930 Chemawa Road NE, Keizer, Oregon 97303.

BASIC FINANCIAL STATEMENTS

CITY OF KEIZER, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,487,882	\$ 2,093,975	\$ 11,581,857
Accounts receivable	682,855	1,433,134	2,115,989
Property taxes receivable	277,773	-	277,773
Assessment liens receivable	15,161,282	362	15,161,644
Loans receivable	442,573	-	442,573
Inventories	-	120,801	120,801
Nondepreciable capital assets	14,978,914	371,759	15,350,673
Other capital assets, net of depreciation	50,475,762	9,253,889	59,729,651
Net pension asset	1,065,800	253,570	1,319,370
<i>Total Assets</i>	92,572,841	13,527,490	106,100,331
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan contributions subsequent to measurement date	312,360	74,314	386,674
LIABILITIES			
Accounts payable	1,177,888	589,162	1,767,050
Deposits	27,293	183,511	210,804
Accrued interest payable	73,602	16,742	90,344
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	185,000	185,000
Accrued compensated absences	224,806	62,208	287,014
Due in more than one year:			
Bonds and notes payable	16,985,000	1,040,000	18,025,000
Accrued compensated absences	417,497	115,528	533,025
Other post-employment benefits	2,222,533	454,122	2,676,655
<i>Total Liabilities</i>	21,128,619	2,646,273	23,774,892
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on pension investments	2,169,178	516,078	2,685,256
NET POSITION			
Net investment in capital assets	65,454,676	8,400,648	73,855,324
Restricted for:			
Debt service	774,089	-	774,089
Construction	4,183,910	471,391	4,655,301
Other	253,550	434,773	688,323
Unrestricted	(1,078,821)	1,132,641	53,820
<i>Total Net Position</i>	\$ 69,587,404	\$ 10,439,453	\$ 80,026,857

The accompanying notes are an integral part of the financial statements.

CITY OF KEIZER, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 2,100,607	\$ 234,703	\$ -	\$ 236,101
Community and youth services	19,493	-	-	-
Community development	4,500,288	99,652	2,439	-
Parks	388,200	7,456	4,100	376,916
Public safety	5,644,121	325,818	414,231	-
Public works	1,415,078	26,236	2,135,100	236
Stadium operations	-	48,899	-	-
Interest on long-term debt	924,296	-	-	-
<i>Total Governmental Activities</i>	14,992,083	742,764	2,555,870	613,253
Business-type Activities:				
Water	2,419,921	2,732,223	-	105,151
Sewer	5,522,545	5,439,521	-	-
Storm water	1,106,176	1,006,187	-	-
Community center	171,525	125,844	-	-
Street lighting	409,131	519,563	-	-
<i>Total Business-type Activities</i>	9,629,298	9,823,338	-	105,151
<i>Total Activities</i>	<u>\$ 24,621,381</u>	<u>\$ 10,566,102</u>	<u>\$ 2,555,870</u>	<u>\$ 718,404</u>

General Revenues:

Property taxes
Franchise taxes
Intergovernmental - unrestricted
Miscellaneous
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, July 1, 2014, as originally reported

Restatement from implementing new accounting standard

Net Position, July 1, 2014, as restated

Net Position, June 30, 2015

***Net (Expenses) Revenues and
Changes in Net Position***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (1,629,803)	\$ -	\$ (1,629,803)
(19,493)	-	(19,493)
(4,398,197)	-	(4,398,197)
272	-	272
(4,904,072)	-	(4,904,072)
746,494	-	746,494
48,899	-	48,899
(924,296)	-	(924,296)
(11,080,196)	-	(11,080,196)
-	417,453	417,453
-	(83,024)	(83,024)
-	(99,989)	(99,989)
-	(45,681)	(45,681)
-	110,432	110,432
-	299,191	299,191
(11,080,196)	299,191	(10,781,005)
5,521,449	-	5,521,449
2,539,863	-	2,539,863
803,880	-	803,880
195,193	4,601	199,794
(393,336)	393,336	-
8,667,049	397,937	9,064,986
(2,413,147)	697,128	(1,716,019)
74,103,035	10,242,534	84,345,569
(2,102,484)	(500,209)	(2,602,693)
72,000,551	9,742,325	81,742,876
\$ 69,587,404	\$ 10,439,453	\$ 80,026,857

The accompanying notes are an integral part of the financial statements.

CITY OF KEIZER, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special Revenue</u>			
	<u>General</u>	<u>Street</u>	<u>Urban Renewal Project</u>	<u>Urban Renewal Program Income</u>
ASSETS				
Cash and investments	\$ 2,282,626	\$ 1,102,175	\$ -	\$ -
Accounts receivable	410,565	198,762	-	-
Loans receivable	-	-	-	-
Property taxes receivable	277,773	-	-	-
Assessment liens receivable	-	14,395	-	-
Due from other funds	-	-	-	-
<i>Total Assets</i>	<u>\$ 2,970,964</u>	<u>\$ 1,315,332</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 111,407	\$ 40,137	\$ -	\$ -
Accrued expenses payable	364,428	-	-	-
Deposits	27,293	-	-	-
Due to other funds	-	-	-	-
<i>Total Liabilities</i>	503,128	40,137	-	-
Deferred Inflows				
Unavailable revenue	215,406	14,395	-	-
Fund Balances				
Restricted for:				
Debt service	-	-	-	-
Construction	-	1,260,800	-	-
Other	-	-	-	-
Unassigned	2,252,430	-	-	-
<i>Total Fund Balances</i>	<u>2,252,430</u>	<u>1,260,800</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,970,964</u>	<u>\$ 1,315,332</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 2,685,804	\$ 3,210,903	\$ 9,281,508
-	-	72,573	681,900
-	-	442,573	442,573
-	-	-	277,773
-	15,146,887	-	15,161,282
-	-	-	-
<u>\$ -</u>	<u>\$ 17,832,691</u>	<u>\$ 3,726,049</u>	<u>\$ 25,845,036</u>
\$ -	\$ -	\$ 88,623	\$ 240,167
-	-	-	364,428
-	-	-	27,293
-	-	-	-
-	-	88,623	631,888
-	15,146,887	442,573	15,819,261
-	2,685,804	-	2,685,804
-	-	2,941,303	4,202,103
-	-	253,550	253,550
-	-	-	2,252,430
-	2,685,804	3,194,853	9,393,887
<u>\$ -</u>	<u>\$ 17,832,691</u>	<u>\$ 3,726,049</u>	<u>\$ 25,845,036</u>

The accompanying notes are an integral part of the financial statements.

CITY OF KEIZER, OREGON

**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION
JUNE 30, 2015**

RECONCILIATION TO THE STATEMENT OF NET POSITION

<i>Fund Balances</i>	\$ 9,393,887
 The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	
	15,819,261
 Net pension asset, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position	
Net pension asset	1,065,800
Deferred outflows	312,360
Deferred inflows	(2,169,178)
 Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Costs of capital assets	103,122,903
Accumulated depreciation	(37,668,227)
 All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Bonds and notes payable	(16,985,000)
Accrued interest payable	(73,602)
Repayment of tax increment revenue to overlapping tax jurisdictions	(526,663)
Accrued compensated absences	(642,303)
Other post-employment benefits	(2,222,533)
 An internal service fund is used to charge the cost of technology, communications, administrative services and risk management to the individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the the Statement of Net Position.	
	<u>160,699</u>
Net Position of governmental activities	<u>\$ 69,587,404</u>

The accompanying notes are an integral part of the financial statements.

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CITY OF KEIZER, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue</u>			
	<u>General</u>	<u>Street</u>	<u>Urban Renewal Project</u>	<u>Urban Renewal Program Income</u>
REVENUES				
Taxes and assessments	\$ 4,534,152	\$ 3,696	\$ -	\$ -
Licenses and permits	2,668,491	26,235	-	-
Intergovernmental	1,067,300	2,131,377	-	-
Fines and forfeitures	386,984	-	-	-
Miscellaneous	186,646	7,128	-	-
<i>Total Revenues</i>	8,843,573	2,168,436	-	-
EXPENDITURES				
Current operating				
General government	1,545,618	-	-	-
Community and youth services	19,493	-	-	-
Community development	461,553	-	70,980	51,837
Parks	281,119	-	-	-
Public safety	6,161,775	-	-	-
Public works	-	704,993	-	-
Capital outlay	316,503	1,052,484	501	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	8,786,061	1,757,477	71,481	51,837
REVENUES OVER (UNDER) EXPENDITURES	57,512	410,959	(71,481)	(51,837)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	-	71,481	-
Transfers out	(52,036)	(341,300)	-	-
<i>Total Other Financing Sources (Uses)</i>	(47,036)	(341,300)	71,481	-
NET CHANGE IN FUND BALANCES	10,476	69,659	-	(51,837)
FUND BALANCES, Beginning of year	2,241,954	1,191,141	-	51,837
FUND BALANCES, End of year	<u>\$ 2,252,430</u>	<u>\$ 1,260,800</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 1,175,799	\$ 730,738	\$ -	\$ 6,444,385
-	-	624,831	3,319,557
-	-	38,325	3,237,002
-	-	-	386,984
401	952,700	90,104	1,236,979
1,176,200	1,683,438	753,260	14,624,907
-	-	99,562	1,645,180
-	-	-	19,493
-	-	-	584,370
-	-	-	281,119
-	-	8,325	6,170,100
-	-	-	704,993
-	-	307,045	1,676,533
1,260,000	770,000	-	2,030,000
25,185	913,380	-	938,565
1,285,185	1,683,380	414,932	14,050,353
(108,985)	58	338,328	574,554
-	-	-	76,481
(71,481)	-	(5,000)	(469,817)
(71,481)	-	(5,000)	(393,336)
(180,466)	58	333,328	181,218
180,466	2,685,746	2,861,525	9,212,669
\$ -	\$ 2,685,804	\$ 3,194,853	\$ 9,393,887

The accompanying notes are an integral part of the financial statements.

CITY OF KEIZER, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

**RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Net change in fund balances - total governmental funds \$ 181,218

Amounts reported for governmental activities in the statement of activities are different
because:

Governmental funds defer revenues that do not provide current financial resources.
However, the Statement of Activities recognizes such revenues at their net realizable
value when earned, regardless of when received. (3,610,638)

Governmental funds do not report expenditures for unpaid compensated absences
and other post employment benefits since they do not require the use of current
financial resources. However, the Statement of Activities reports such expenses
when incurred, regardless of when payment ultimately occurs. (420,383)

Capital outlays are reported as expenditures in governmental funds. However, the
Statement of Activities allocates the cost of capital outlay over their estimated useful
lives as depreciation expense.
Capital outlays 1,674,485
Depreciation (3,096,992)

Proceeds from the issuance of long-term debt provide current financial resources to
governmental funds and are reported as revenues. In the same way, repayment of
long-term debt use current financial resources and are reported as expenditures in
governmental funds. However, neither the receipt of debt proceeds nor the payment
of debt principal affect the Statement of Activities, but are reported as increases and
decreases in noncurrent liabilities in the Statement of Net Position.
Debt principal payments 2,030,000
Accrued interest payable 14,269

Current year pension expense related to change in net pension liability is reported as
an expense in the Statement of Activities but is not recorded as an expenditure in the
governmental funds. 784,803

An internal service fund is used to charge technology, communications, administrative
services and risk management to the individual funds. The net revenue of certain
activities of the internal service fund is reported with governmental activities. 30,091

Change in net position of governmental activities \$ (2,413,147)

The accompanying notes are an integral part of the financial statements.

CITY OF KEIZER, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

	<i>Business-type Activities - Enterprise Funds</i>				<i>Totals</i>	<i>Governmental Activities Administrative Service Fund</i>
	<i>Sewer</i>	<i>Water and Water Facility</i>	<i>Storm Water</i>	<i>Other Enterprise Funds</i>		
ASSETS						
Current Assets						
Cash and investments	\$ 52,630	\$ 1,059,113	\$ 358,415	\$ 623,817	\$ 2,093,975	\$ 206,374
Accounts receivable	830,606	422,745	151,661	28,122	1,433,134	955
Assessment liens receivable	-	362	-	-	362	-
Inventories	-	120,801	-	-	120,801	-
<i>Total Current Assets</i>	<u>883,236</u>	<u>1,603,021</u>	<u>510,076</u>	<u>651,939</u>	<u>3,648,272</u>	<u>207,329</u>
Noncurrent Assets						
Nondepreciable capital assets	-	371,759	-	-	371,759	-
Other capital assets, net of depreciation	1,654,784	6,869,731	725,761	3,613	9,253,889	-
Net pension asset	22,834	134,106	93,992	2,638	253,570	-
<i>Total Noncurrent Assets</i>	<u>1,677,618</u>	<u>7,375,596</u>	<u>819,753</u>	<u>6,251</u>	<u>9,879,218</u>	<u>-</u>
<i>Total Assets</i>	<u>2,560,854</u>	<u>8,978,617</u>	<u>1,329,829</u>	<u>658,190</u>	<u>13,527,490</u>	<u>207,329</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension plan contributions subsequent to measurement date	6,692	39,303	27,546	773	74,314	-
LIABILITIES						
Current Liabilities						
Accounts payable	390,254	135,732	20,891	42,285	589,162	46,630
Deposits	-	171,398	-	12,113	183,511	-
Accrued interest payable	-	16,742	-	-	16,742	-
Bonds payable - due within one year	-	185,000	-	-	185,000	-
Accrued compensated absences	4,687	39,232	17,712	577	62,208	-
<i>Total Current Liabilities</i>	<u>394,941</u>	<u>548,104</u>	<u>38,603</u>	<u>54,975</u>	<u>1,036,623</u>	<u>46,630</u>
Noncurrent Liabilities						
Bonds payable	-	1,040,000	-	-	1,040,000	-
Accrued compensated absences	8,704	72,860	32,893	1,071	115,528	-
Other post-employment benefits	46,453	255,579	147,804	4,286	454,122	-
<i>Total Noncurrent Liabilities</i>	<u>55,157</u>	<u>1,368,439</u>	<u>180,697</u>	<u>5,357</u>	<u>1,609,650</u>	<u>-</u>
<i>Total Liabilities</i>	<u>450,098</u>	<u>1,916,543</u>	<u>219,300</u>	<u>60,332</u>	<u>2,646,273</u>	<u>46,630</u>
DEFERRED INFLOWS OF RESOURCES						
Net difference between projected and actual earnings on pension investments	46,473	272,941	191,296	5,368	516,078	-
NET POSITION						
Net investment in capital assets	1,654,784	6,016,490	725,761	3,613	8,400,648	-
Restricted	-	316,514	-	589,650	906,164	-
Unrestricted	416,191	495,432	221,018	-	1,132,641	160,699
<i>Total Net Position</i>	<u>\$ 2,070,975</u>	<u>\$ 6,828,436</u>	<u>\$ 946,779</u>	<u>\$ 593,263</u>	<u>\$ 10,439,453</u>	<u>\$ 160,699</u>

The accompanying notes are an integral part of the financial statements.

CITY OF KEIZER, OREGON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	<i>Business-type Activities - Enterprise Funds</i>				<i>Totals</i>	<i>Governmental</i>
	<i>Sewer</i>	<i>Water and Water Facility</i>	<i>Stormwater</i>	<i>Other Enterprise Funds</i>		<i>Administrative Service Fund</i>
OPERATING REVENUES						
Licenses and permits	\$ -	\$ 92,814	\$ 16,736	\$ 82,508	\$ 192,058	\$ -
Charges for services	5,354,288	2,622,968	987,302	565,646	9,530,204	3,140,620
Miscellaneous	2,725	16,441	2,149	79,761	101,076	26,579
<i>Total Operating Revenues</i>	5,357,013	2,732,223	1,006,187	727,915	9,823,338	3,167,199
OPERATING EXPENSES						
Personnel services	(20,845)	700,875	488,712	56,153	1,224,895	2,252,575
Materials and services	5,341,846	1,307,090	574,085	522,697	7,745,718	884,533
Depreciation	201,544	360,501	43,379	1,806	607,230	-
<i>Total Operating Expenses</i>	5,522,545	2,368,466	1,106,176	580,656	9,577,843	3,137,108
OPERATING INCOME (LOSS)	(165,532)	363,757	(99,989)	147,259	245,495	30,091
NONOPERATING REVENUES (EXPENSES)						
Investment revenue	118	2,812	527	1,144	4,601	-
Interest expense	-	(51,455)	-	-	(51,455)	-
<i>Total Nonoperating Revenues (Expenses)</i>	118	(48,643)	527	1,144	(46,854)	-
CAPITAL CONTRIBUTION	-	105,151	-	-	105,151	-
INCOME (LOSS) BEFORE TRANSFERS	(165,414)	420,265	(99,462)	148,403	303,792	30,091
Transfers in	-	308,161	341,300	43,875	693,336	-
Transfers out	-	(300,000)	-	-	(300,000)	-
<i>Total Transfers</i>	-	8,161	341,300	43,875	393,336	-
CHANGE IN NET POSITION	(165,414)	428,426	241,838	192,278	697,128	30,091
NET POSITION, Beginning of year, as reported	2,281,433	6,664,557	890,356	406,188	10,242,534	130,608
<i>Restatement from implementing new accounting standard</i>	(45,044)	(264,547)	(185,415)	(5,203)	(500,209)	-
NET POSITION, Beginning of year, as adjusted	2,236,389	6,400,010	704,941	400,985	9,742,325	130,608
NET POSITION, End of year	\$ 2,070,975	\$ 6,828,436	\$ 946,779	\$ 593,263	\$ 10,439,453	\$ 160,699

The accompanying notes are an integral part of the financial statements.

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CITY OF KEIZER, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Sewer</u>	<u>Water and Water Facility</u>	<u>Stormwater</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,343,836	\$ 2,709,869	\$ 990,364
Cash paid for employee services and benefits	(2,915)	(829,428)	(579,174)
Cash paid to suppliers for goods and services	<u>(5,339,083)</u>	<u>(1,253,828)</u>	<u>(558,828)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	1,838	626,613	(147,638)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	308,161	341,300
Transfers out	<u>-</u>	<u>(300,000)</u>	<u>-</u>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	-	8,161	341,300
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(655,054)	(183,610)
Principal paid on contracts/bonds payable	-	(180,000)	-
Contribution of capital	-	105,561	-
Interest paid	<u>-</u>	<u>(53,915)</u>	<u>-</u>
<i>Net Cash Used in Capital Related Financing Activities</i>	-	(783,408)	(183,610)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	<u>118</u>	<u>2,812</u>	<u>527</u>
<i>Increase (Decrease) in Cash and Investments</i>	1,956	(145,822)	10,579
CASH AND INVESTMENTS, Beginning of year	<u>50,674</u>	<u>1,204,935</u>	<u>347,836</u>
CASH AND INVESTMENTS, End of year	<u>\$ 52,630</u>	<u>\$ 1,059,113</u>	<u>\$ 358,415</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ (165,532)	\$ 363,757	\$ (99,989)
Depreciation	201,544	360,501	43,379
<i>Change in assets and liabilities</i>			
Accounts receivable	(13,177)	(34,037)	(15,823)
Inventory	-	(32,705)	-
Accounts payable and accrued liabilities	2,763	85,967	15,257
Compensated absences payable	(1,428)	9,680	2,752
Net pension liability	(28,097)	(165,015)	(115,657)
Other post-employment benefits	5,765	26,782	22,443
Deposits payable	<u>-</u>	<u>11,683</u>	<u>-</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 1,838</u>	<u>\$ 626,613</u>	<u>\$ (147,638)</u>

The accompanying notes are an integral part of the financial statements.

<i>Other Proprietary Funds</i>	<i>Totals</i>	<i>Governmental Activities Administrative Service Fund</i>
\$ 729,949	\$ 9,774,018	\$ 3,166,924
(59,212)	(1,470,729)	(2,252,575)
<u>(518,765)</u>	<u>(7,670,504)</u>	<u>(894,738)</u>
151,972	632,785	19,611
43,875	693,336	-
-	<u>(300,000)</u>	-
43,875	393,336	-
-	(838,664)	-
-	(180,000)	-
-	105,561	-
-	<u>(53,915)</u>	-
-	(967,018)	-
1,144	4,601	-
196,991	63,704	19,611
<u>426,826</u>	<u>2,030,271</u>	<u>186,763</u>
<u>\$ 623,817</u>	<u>\$ 2,093,975</u>	<u>\$ 206,374</u>
\$ 147,259	\$ 245,495	\$ 30,091
1,806	607,230	-
524	(62,513)	(275)
-	(32,705)	-
5,442	109,429	(10,205)
(254)	10,750	-
(3,246)	(312,015)	-
441	55,431	-
-	<u>11,683</u>	-
<u>\$ 151,972</u>	<u>\$ 632,785</u>	<u>\$ 19,611</u>

The accompanying notes are an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Keizer, Oregon (the "City") was established in November 1982 and is a municipal corporation governed by an elected mayor and six-member council. The council appoints a City Manager to act as the administrative head of operations.

As required by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The City of Keizer's financial statements include the Keizer Urban Renewal Agency as a blended component unit. The City Council and Board of Directors of Keizer Urban Renewal Agency are composed of the same individuals. On June 15, 2015 the Keizer Urban Renewal Agency was closed with all remaining assets transferred to the City of Keizer.

The Keizer Urban Renewal Agency issues separate financial statements. They are available from the City of Keizer Finance Department.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* 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 revenues are reported instead as *general revenues*.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has general, special revenue, capital projects, debt service, enterprise and internal service funds. Major individual governmental funds, major individual special revenue funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, receipts and disbursements. The various funds are reported by generic classification within the financial statements.

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” meant that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Project Funds are utilized to account for the financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

The reporting model sets forth minimum criteria (percentage of the assets liabilities, revenues or expenses of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

General Fund - this fund accounts for the activities of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees and state and county shared revenues. Primary expenditures are for police protection, parks, planning and general government.

Special Revenue Funds

Urban Renewal Project Fund - these funds account for the activity of the Urban Renewal Agency, a blended component unit. Bond proceeds and interest earnings are the primary sources of revenue. Expenditures are for the acquisition and development of capital assets and costs associated with the ongoing operations of the Agency.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

Urban Renewal Program Income Fund – this fund accounts for the proceeds from the sale of property within the Urban Renewal Agency. Expenditures are for the acquisition and development of capital assets.

Street Fund - this fund accounts for highway gas tax apportionments from the State of Oregon. Expenditures are as specified under Article IX, Section 3 of the Constitution of the State of Oregon.

Debt Service Fund

Urban Renewal Tax Increment – this fund is used to account for the accumulation of resources and payment of principal and interest on the Urban Renewal Bonds. The principal sources of revenue are tax increment revenues and interest earnings.

Keizer Station LID Fund - this fund is used to account for debt service on improvements made to real property to facilitate the construction of Keizer Station, a major shopping complex. Property owner assessments are the primary source of revenue.

The City reports the following non-major governmental funds:

Special Revenue Funds

Law Enforcement Grant Fund - this fund accounts for money received to support law enforcement activities. Expenditures are for purposes designated in the grant.

Public Education Government Fund - this fund accounts for franchise fees assessed on cable television bills. Expenditures are for governmental cable programming.

Transportation Improvement Fund - this fund was established to account for system development fees. The City charges a system development fee per dwelling unit or business type unit to help cover the cost of transportation improvements resulting from development.

Park Improvement Fund - this fund accounts for money set aside for park purposes. System development fees and interest earnings are the primary source of revenue.

Off-site Transportation Improvement Fund - this fund was established to account for future transportation improvement projects. The resources are from developer fees required to be paid as set forth in the Keizer Station master plan orders.

Housing Services Fund - this fund accounts for rehabilitation loans to qualifying borrowers. Revenues are primarily from grant revenue and loan repayments.

Energy Efficiency Loan Fund - this fund accounts for rehabilitation loans to qualifying borrowers. Revenues are primarily from grant revenue and loan repayments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Sewer Fund - this fund accounts for the operation of the City's wastewater system.

Water Fund - this fund accounts for the operation of the City's water system.

Water Facility Fund - this fund accounts for money set aside for future water system expansion.

Stormwater Fund – this fund accounts for the operation of the City's stormwater system.

The City reports the following nonmajor proprietary funds:

Sewer Reserve Fund - this fund accounts for money set aside for future sewer system expansion.

Lighting Districts Fund - this fund accounts for assessments received to pay for street lighting.

Community Center Fund - This fund accounts for revenues from the use of the Community Center and related costs.

The City has one internal service fund, the Administrative Services Fund. This fund provides administrative services to other City funds.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental Fund type fund balances are reported in the following classifications.

Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaid amounts, deposits, and assets held for sale.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action by resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide financial statements and the proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets are segregated into investment in capital assets, net of related debt, restricted and unrestricted components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise fees, license fees, interest revenue and charges for services. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Transfers between funds are to facilitate operations.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2014. Actual results may differ from such estimates.

Cash and Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial paper Record, and the State Treasurer's Investment Pool. The City's investment policy is in compliance with the statutes.

Investments are stated at cost, which approximates fair value. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale. The fair value adjustment is an "unrealized" gain or loss and is reported with other interest income. No investments are carried at amortized cost.

For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include cash and investment pool amounts since they have the characteristics of demand deposits.

Receivables/Deferred Inflows of Resources

Receivables in governmental and business-type funds are stated net of any allowance for doubtful accounts.

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

Receivables of the business-type funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types, which have been collected within sixty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by unavailable property tax revenues and, accordingly, have not been recorded as revenue.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one item that qualifies for reporting in this category. It arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables/Deferred Inflows of Resources (Continued)

Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Marion County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

Interest earned on assessments in the governmental fund types is accrued when due and is offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

Inventory

Inventory in the business-type funds is stated at cost (first-in, first-out basis) and is charged to expense as used.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of capital assets are included in operations.

Capital assets include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure, and other tangible and intangible assets costing \$5,000 or more used in operations that have initial useful lives extending beyond one year. Infrastructure are those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in governmental activities consists of roads, bridges, sidewalks, and traffic and lighting systems. Infrastructure reported in business-type activities consists of water, stormwater and wastewater collection systems.

As permitted by GAAP, the City has limited the retroactive capitalization of governmental fund infrastructure to fiscal years ended after June 30, 1980. Although, the majority of such infrastructure was placed in service before that date, it has not been included in these financial statements since they have been substantially depreciated.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

Buildings	20-50 years
Improvements other than buildings	20 years
Infrastructure	20-75 years
Equipment	5 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized. In accordance with the composite depreciation method, no gain or loss is recorded upon disposal, but rather, cost is removed from the capital asset account and charged to the accumulated depreciation account.

Long-Term Debt

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the Statement of Net Position. Urban Renewal Agency bonds and the credit facility line of credit are payable from the Urban Renewal funds. Gas revenue bonds are payable from the Street Fund. Water revenue loan is payable from water sales and system development fees. Keizer Station LID bonds are payable from property owner assessments.

Deferred Out Flows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflow of resources related to pensions for contributions made after the June 30, 2014 measurement date.

Compensated Absences

Compensated absences are accrued in the government-wide and enterprise funds financial statements as it is earned by employees. In governmental fund types the amounts, if any, that have matured and will be paid from available resources are accrued. Liabilities for accrued compensated absences are generally paid from funds which incur personnel service expenses.

The City has a policy which permits employees to accumulate unused sick pay at the rate of eight hours per month with no maximum accrual balance. Portions of sick pay accumulated at any point in time can be expected to be redeemed before termination of employment, however, such redemptions cannot be reasonably estimated.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Amounts reported on the Statement of Net Position as restricted for special purposes represent net assets which are subject to restrictions that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

When expenditures are paid for purposes in which both restricted and unrestricted resources are available, the City deems restricted resources to be spent first.

Budget and Budgetary Accounting

The City Council adopts the budget on a departmental basis for the General fund and object level for all other funds. Expenditures may not legally exceed that fund's appropriations. Management has no authority outside of budgeted appropriations. City Council may, by resolution, transfer appropriations. Public hearings before a budget committee and the City Council and formal newspaper publications of certain budgetary information must be conducted prior to the formal adoption of the budget by City resolution. The City Council may amend the budget to expend unforeseen receipts by supplemental appropriations. Supplemental budgets require newspaper publications, public hearings in certain circumstances and approval by the City Council prior to enactment. Budgets are adopted on the modified accrual basis of accounting. Appropriations lapse at year-end and may not be carried over.

New Accounting Pronouncements and Accounting Standards

During the fiscal year ended June 30, 2015, the City implemented the following GASB pronouncements:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions

This statement was issued to improve accounting and financial reporting by state and local governments for pensions. This statement replaces requirements of statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as requirements of statement No. 50, *Pension Disclosures*. This statement and statement No. 67 (applicable to Pension Plans) establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. This statement is effective for the fiscal year ended June 30, 2015.

Additional information about the implementation of this statement and statement No. 71 is addressed in the note about a Change in Accounting Principle, as well as in the detailed note for Pensions.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations

This statement establishes accounting and financial reporting standards related to government combinations, including mergers, acquisitions and transfers of operations and disposals of government operations. This statement is effective for the fiscal year ended June 30, 2015.

Management has determined that there is no impact to the City's current financial accounting and reporting for the types of transactions identified in this statement.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements and Accounting Standards (Continued)

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68)

The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This statement is effective for the fiscal year ended June 30, 2015.

Change in Accounting Principle

In implementing GASB Statement No. 68 and Statement No. 71, the City has restated beginning net position in order to recognize the City's proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). The restatement also recognizes a deferred outflow of resources related to pensions for contributions made after the June 30, 2014 measurement date.

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Net position - beginning (as originally reported)	\$ 74,103,035	\$ 10,242,534	\$ 84,345,569
Cumulative effect of change in accounting principle	<u>(2,102,484)</u>	<u>(500,209)</u>	<u>(2,602,693)</u>
Net position - beginning (as restated)	<u>\$ 72,000,551</u>	<u>\$ 9,742,325</u>	<u>\$ 81,742,876</u>

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net Pension Liability is reported as a Net Pension Asset. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as part of "cash and investments." At June 30, 2015 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2015:

Cash	
Cash on hand	\$ 1,790
Deposits with financial institutions	7,228,868
Investments	
Local Government Investment Pool	<u>4,351,199</u>
<i>Total Cash and Investments</i>	<u><u>\$ 11,581,857</u></u>

Deposits

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$7,228,868 and the bank balance was \$7,271,159. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with Oregon Revised Statutes 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all demand accounts and the aggregate of all time deposit accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2015, \$7,021,159 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. At June 30, 2015, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

CASH AND INVESTMENTS (Continued)*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments, specifically by maintaining funds in the Local Government Investment Pool.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. Currently the City's investments are limited to the Local Government Investment Pool.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. The investment in the Oregon Short-term Fund is not subject to classification. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer. The LGIP is not rated for risk quality.

RECEIVABLES

<i>Fund</i>	<i>Accounts</i>	<i>Property Taxes</i>	<i>Assessments</i>	<i>Loans</i>
General	\$ 410,565	\$ 277,773	\$ -	\$ -
Street	198,762	-	14,395	-
Keizer Station LID	-	-	15,943,887	-
Other governmental funds	72,573	-	-	442,573
Administrative Service	955	-	-	-
Sewer	830,606	-	-	-
Water	422,745	-	362	-
Stormwater	151,661	-	-	-
Other business-type funds	28,122	-	-	-
Allowance for doubtful accounts	-	-	(797,000)	-
	<u>\$ 2,115,989</u>	<u>\$ 277,773</u>	<u>\$ 15,161,644</u>	<u>\$ 442,573</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2015 is as follows:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
NON-DEPRECIABLE				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
DEPRECIABLE				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	22,155,101	803,079	-	22,958,180
Equipment and vehicles	818,193	35,585	19,542	834,236
Total depreciable	24,039,024	838,664	19,542	24,858,146
ACCUMULATED DEPRECIATION				
Buildings	835,798	19,270	-	855,068
Water and sewer systems	13,486,364	535,939	-	14,022,303
Equipment and vehicles	694,407	52,021	19,542	726,886
<i>Total accumulated depreciation</i>	<u>15,016,569</u>	<u>607,230</u>	<u>19,542</u>	<u>15,604,257</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 9,394,214</u>	<u>\$ 231,434</u>	<u>\$ -</u>	<u>\$ 9,625,648</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 360,501
Sewer	201,544
Stormwater	43,379
Community Center	<u>1,806</u>
<i>Total depreciation expense for business-type activities</i>	<u>\$ 607,230</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS (continued)

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

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
NON-DEPRECIABLE				
Land	\$ 14,978,914	\$ -	\$ -	\$ 14,978,914
DEPRECIABLE				
Buildings and improvements	46,007,467	1,313,750	-	47,321,217
Equipment and vehicles	1,875,429	360,735	-	2,236,164
Infrastructure	38,586,608	-	-	38,586,608
Total depreciable	86,469,504	1,674,485	-	88,143,989
ACCUMULATED DEPRECIATION				
Buildings	19,419,404	1,589,601	-	21,009,005
Equipment and vehicles	1,370,701	225,234	-	1,595,935
Infrastructure	13,781,130	1,282,157	-	15,063,287
Total accumulated depreciation	34,571,235	3,096,992	-	37,668,227
Governmental activities capital assets, net	<u>\$ 66,877,183</u>	<u>\$ (1,422,507)</u>	<u>\$ -</u>	<u>\$ 65,454,676</u>

Depreciation expense for governmental-type activities is charged to functions as follows:

General government	\$ 9,575
Public safety	196,774
Public works	742,639
Community development	2,027,883
Parks	120,121
Total depreciation expense for governmental activities	<u>\$ 3,096,992</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM OBLIGATIONS

Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2014</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2015</i>	<i>Due in One Year</i>
Governmental Activities					
Keizer Station LID Bonds 2008 Initial issue \$26,810,000, interest only at 5.20%	\$ 17,755,000	\$ -	\$ (770,000)	\$ 16,985,000	\$ -
URA Credit Facility, Series 2008 Initial issue \$12,260,000, variable interest currently at 2.31%	1,260,000	-	(1,260,000)	-	-
	<u>\$ 19,015,000</u>	<u>\$ -</u>	<u>\$ (2,030,000)</u>	<u>\$ 16,985,000</u>	<u>\$ -</u>
Accrued compensated absences	<u>\$ 588,163</u>	<u>\$ 415,333</u>	<u>\$ (361,193)</u>	<u>\$ 642,303</u>	<u>\$ 224,806</u>
Business-type Activities					
2005 Water Revenue Loan Initial issue \$2,600,000, interest at 4.10%	<u>\$ 1,405,000</u>	<u>\$ -</u>	<u>\$ (180,000)</u>	<u>\$ 1,225,000</u>	<u>\$ 185,000</u>
Accrued compensated absences	<u>\$ 166,987</u>	<u>\$ 127,058</u>	<u>\$ (116,310)</u>	<u>\$ 177,735</u>	<u>\$ 62,207</u>

The Keizer Station LID bonds require a reserve of \$2,681,000 which was included in the Keizer Station LID fund.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM OBLIGATIONS (Continued)

The future maturities of obligations outstanding as of June 30, 2015:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ -	\$ 883,220	\$ 883,220
2017	-	883,220	883,220
2018	-	883,220	883,220
2019	-	883,220	883,220
2020	-	883,220	883,220
2021-2025	-	4,416,100	4,416,100
2026-2030	-	4,416,100	4,416,100
2031	16,985,000	883,220	17,868,220
	<u>\$ 16,985,000</u>	<u>\$ 14,131,520</u>	<u>\$ 31,116,520</u>

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 185,000	\$ 46,433	\$ 231,433
2017	190,000	38,745	228,745
2018	200,000	30,750	230,750
2019	210,000	22,345	232,345
2020	215,000	13,633	228,633
2021	225,000	4,612	229,612
	<u>\$ 1,225,000</u>	<u>\$ 156,518</u>	<u>\$ 1,381,518</u>

Compensated Absences

Compensated absences are liabilities of the fund in which the related payroll costs are accrued.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

PENSION PLANS

Plan Description

Substantially all City employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

Tier One/Tier Two Retirement Benefit

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% for police and fire employees, 1.67% 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 benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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 one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled 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 for disability benefit 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.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

PENSION PLANS (Continued)

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 of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

OPSRP Pension Program

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% 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. For police and fire members, 1.8% 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.

A member of the OPSRP 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.

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.

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.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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. Employer contribution rates for the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The City's contribution rates for the period were 10.69% for Tier One/Tier Two members, 2.19% for OPSRP General Service members, and 4.92% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$432,341.

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$374,111 of the employees' contribution.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLANS (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported an asset of \$1,319,368 for its proportionate share of the OPERS net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset 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 June 30, 2014, the City's proportion was 0.05820%, which is unchanged from its proportion measured as of June 30, 2013.

The Oregon Supreme Court (Court) ruled on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that 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. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension asset/liability proportionate shares calculated by OPERS.

For the year ended June 30, 2015, the City recognized a negative pension expense of \$1,623,482. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,545,845
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	139,411
City contributions subsequent to the measurement date	<u>386,674</u>	<u>-</u>
Total	<u>\$ 386,674</u>	<u>\$ 2,685,256</u>

Deferred outflows of resources related to pensions of \$386,674 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 666,768
2017	666,768
2018	666,768
2019	666,768
2020	<u>18,184</u>
Total	<u>\$ 2,685,256</u>

PENSION PLANS (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial methods and assumptions:

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
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries:</p> <p>RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:</p> <p>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:</p> <p>Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2012 experience study which reviewed experience for the four-year period ending on December 31, 2012.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

PENSION PLANS (Continued)*Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation – Mean		2.75

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those 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.

CITY OF KEIZER, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2015

PENSION PLANS (Continued)

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 (asset) calculated using the discount rate of 7.75%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,793,944	\$ (1,319,368)	\$ (4,798,265)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

OTHER RETIREMENT AND DEFERRED COMPENSATION PLANS

Defined Contribution

The City transitioned most previous non-PERS employees from a section 401(a) retirement plan to the Oregon PERS retirement fund during fiscal year 2010. At that time a few employees elected to continue with a section 401(a) qualified pension plan. The City Council has the authority to amend the plan provisions and contribution requirements. Contributions to the plan are 11 to 12 percent of compensation paid by the City. There are no employee contributions. Contributions for the year ended June 30, 2015, amounted to \$30,132. Plan assets are invested in registered mutual funds. Benefits are provided at normal retirement age or under other circumstances such as death or disability.

Deferred Compensation

The City offers its permanent, full-time employees a deferred compensation plan under Internal Revenue Code section 457 wherein they may defer amounts earned until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation or retirement. Payment to the employees will be made in a lump sum or by annuity. Under the plan the City will match employee contributions up to 6% of an employee’s eligible salary, matching contributions totaled \$366,696 for the year ended June 30, 2015.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

OTHER POST EMPLOYMENT BENEFITS

The City implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* prospectively beginning in fiscal year June 30, 2009. GASB 45 is applicable to the City due only to the implicit rate subsidy. The City qualifies under the alternative measuring method and therefore is not required to obtain a formal actuarial valuation.

Funding Policy

The City funds the single employer plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2015, the City had 95 active employees and four retiree's participating in the program with all insurance premium costs paid in full by the individual. The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2015, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	410,017
Amortization of UAAL		<u>62,585</u>
Annual required contribution		472,602
Implicit benefit payments		(50,928)
Increase in net OPEB obligation		421,674
Net OPEB obligation - beginning of year		<u>2,254,981</u>
Net OPEB obligation - end of year	\$	<u><u>2,676,655</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u><i>Fiscal Year</i></u> <u><i>Ended June 30,</i></u>	<u><i>Annual</i></u> <u><i>OPEB Cost</i></u>	<u><i>Percentage of</i></u> <u><i>Annual OPEB</i></u> <u><i>Cost Contribution</i></u>	<u><i>Net OPEB</i></u> <u><i>Obligation</i></u>
2015	\$ 472,602	11%	\$ 2,676,655
2014	413,427	11%	2,254,981
2013	482,070	3%	1,888,057

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

OTHER POST EMPLOYMENT BENEFITS (Continued)*Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 valuation, the entry age normal actuarial cost method was used. The assumptions included a 5.5% investment rate of return (net of administrative expenses) and an annual healthcare cost rate of between 7% and 8%. The UAAL is being amortized over an initial period of 30 years.

Valuation Date June 30,	Value of Assets (a)	Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2015	\$ -	\$ 1,439,460	\$ 1,439,460	0%	\$ 6,591,098	21.8 %
2014	-	1,502,045	1,502,045	0%	6,213,398	24.2%
2013	-	1,564,630	1,564,630	0%	5,960,145	26.3%

TRANSFERS

	Transfer In	Transfer Out
Urban Renewal Project	\$ 71,481	\$ -
Urban Renewal Tax Increment	-	71,481
General fund	5,000	52,036
Street	-	341,300
Nonmajor governmental fund	-	5,000
Water	8,161	300,000
Water Facility	300,000	-
Stormwater	341,300	-
Other business-type funds	43,875	-
	<u>\$ 769,817</u>	<u>\$ 769,817</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits expenditures of a fund in excess of Council approved appropriations. The City Council approves appropriations by department for the General Fund and by major object class (personal services, materials and services, capital outlay and debt service) for all other funds.

Expenditures in excess of appropriations in the individual funds for the year ended June 30, 2015 occurred as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Urban Renewal Program Income Fund			
Materials and services	\$ 51,800	\$ 51,837	\$ 37

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, including property, liability, vehicles, fidelity bond, worker’s compensation and unemployment. All policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City’s financial position.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2015 the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 72 “Fair Value Measurement and Application” addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74 “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”. This statement replaces Statement No. 46, “Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans” as amended, and Statement 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans”, as amended, and Statement No. 50, “Pension Disclosures”. This statement is effective for financial statement periods beginning after June 15, 2016.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2015

NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS (continued)

GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, completes the suite of pension standards. The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. The statement is generally effective for fiscal years beginning after June 15, 2015. GASB

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 76 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEIZER, OREGON

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS¹**

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0582%	0.0582%
City's proportionate share of the net pension liability (asset)	\$ (1,319,368)	\$ 2,970,346
City's covered-employee payroll	\$ 6,235,184	\$ 5,783,998
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-21.2%	51.4%
Plan fiduciary net position as a percentage of the total pension liability	103.6%	92.0%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF KEIZER, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS¹

	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 806,453	\$ 744,892
Contributions in relation to the contractually required contribution	<u>(806,453)</u>	<u>(744,892)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,235,184	\$ 5,783,998
Contributions as a percentage of covered-employee payroll	12.93%	12.88%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 4,449,900	\$ 4,449,900	\$ 4,534,152	\$ 84,252
Licenses and permits	2,682,400	2,682,400	2,668,491	(13,909)
Intergovernmental	1,141,200	1,141,200	1,067,300	(73,900)
Fines and forfeitures	407,000	407,000	386,984	(20,016)
Miscellaneous	137,200	160,600	186,646	26,046
<i>Total Revenues</i>	8,817,700	8,841,100	8,843,573	2,473
EXPENDITURES				
Administration	1,715,200	1,664,400	1,565,111	99,289
Parks	337,500	350,500	309,581	40,919
Community development	649,300	649,300	461,553	187,747
Police	6,445,600	6,448,600	6,270,349	178,251
Municipal court	225,700	225,700	179,467	46,233
Contingency	55,000	60,000	-	60,000
<i>Total Expenditures</i>	9,428,300	9,398,500	8,786,061	612,439
REVENUES OVER (UNDER) EXPENDITURES	(610,600)	(557,400)	57,512	614,912
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000	5,000	-
Transfers out	-	(58,200)	(52,036)	6,164
NET CHANGE IN FUND BALANCE	(610,600)	(610,600)	10,476	621,076
FUND BALANCE, Beginning of year	2,185,800	2,185,800	2,241,954	56,154
FUND BALANCE, End of year	<u>\$ 1,575,200</u>	<u>\$ 1,575,200</u>	<u>\$ 2,252,430</u>	<u>\$ 677,230</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 7,800	\$ 7,800	\$ 26,235	\$ 18,435
Intergovernmental	2,158,800	2,158,800	2,131,377	(27,423)
Taxes and assessments	2,200	2,200	3,696	1,496
Miscellaneous	2,400	2,400	7,128	4,728
<i>Total Revenues</i>	2,171,200	2,171,200	2,168,436	(2,764)
EXPENDITURES				
Personnel services	119,300	119,300	104,917	14,383
Materials and services	752,900	753,500	600,076	153,424
Capital outlay	1,605,500	1,605,500	1,052,484	553,016
Contingency	43,600	43,000	-	43,000
<i>Total Expenditures</i>	2,521,300	2,521,300	1,757,477	763,823
REVENUES OVER (UNDER) EXPENDITURES				
	(350,100)	(350,100)	410,959	761,059
OTHER FINANCING SOURCES (USES)				
Transfers out	(327,500)	(341,300)	(341,300)	-
NET CHANGE IN FUND BALANCE				
	(677,600)	(691,400)	69,659	761,059
FUND BALANCE, Beginning of year				
	1,186,300	1,200,100	1,191,141	(8,959)
FUND BALANCE, End of year				
	\$ 508,700	\$ 508,700	\$ 1,260,800	\$ 752,100

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL PROJECT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Materials and services	82,500	85,400	70,980	14,420
Capital outlay	1,000	1,000	501	499
Contingency	5,000	2,100	-	2,100
<i>Total Expenditures</i>	<u>88,500</u>	<u>88,500</u>	<u>71,481</u>	<u>17,019</u>
REVENUES OVER (UNDER) EXPENDITURES	(88,500)	(88,500)	(71,481)	17,019
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>88,600</u>	<u>88,600</u>	<u>71,481</u>	<u>(17,119)</u>
NET CHANGE IN FUND BALANCES	100	100	-	(100)
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ (100)</u>

The budgetary basis of accounting and GAAP are the same.

Certain amounts have been reclassified in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The reclassifications had no effect on the net change in fund balance or ending fund balance.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL PROGRAM INCOME FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
EXPENDITURES				
Materials and services	\$ 6,000	\$ 51,800	\$ 51,837	\$ (37)
Capital outlay	45,800	-	-	-
<i>Total Expenditures</i>	<u>51,800</u>	<u>51,800</u>	<u>51,837</u>	<u>(37)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(51,800)	(51,800)	(51,837)	(37)
FUND BALANCE, Beginning of year	<u>51,800</u>	<u>51,800</u>	<u>51,837</u>	<u>37</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgetary basis of accounting and GAAP are the same.

Certain amounts have been reclassified in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The reclassifications had no effect on the net change in fund balance or ending fund balance.

OTHER SUPPLEMENTARY INFORMATION

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL TAX INCREMENT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 1,413,500	\$ 1,413,500	\$ 1,175,799	\$ (237,701)
Miscellaneous	1,000	1,000	401	(599)
<i>Total Revenues</i>	1,414,500	1,414,500	1,176,200	(238,300)
EXPENDITURES				
Debt service				
Repayment to overlapping tax jurisdictions	735,100	735,100	-	735,100
Principal	1,348,600	1,348,600	1,331,481	17,119
Interest	34,700	34,700	25,185	9,515
<i>Total Expenditures</i>	2,118,400	2,118,400	1,356,666	761,734
REVENUES OVER (UNDER)				
EXPENDITURES	(703,900)	(703,900)	(180,466)	523,434
FUND BALANCE, Beginning of year	703,900	703,900	180,466	(523,434)
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

The budgetary basis of accounting and GAAP are the same.

Certain amounts have been reclassified in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The reclassifications had no effect on the net change in fund balance or ending fund balance.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - KEIZER STATION LID FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 771,300	\$ 771,300	\$ 730,738	\$ (40,562)
Miscellaneous	925,200	925,200	952,700	27,500
<i>Total Revenues</i>	1,696,500	1,696,500	1,683,438	(13,062)
EXPENDITURES				
Debt service				
Principal	795,000	795,000	770,000	25,000
Interest	913,900	913,900	913,380	520
<i>Total Expenditures</i>	1,708,900	1,708,900	1,683,380	25,520
REVENUES OVER (UNDER)				
EXPENDITURES	(12,400)	(12,400)	58	12,458
FUND BALANCE, Beginning of year	2,693,400	2,693,400	2,685,746	(7,654)
FUND BALANCE, End of year	\$ 2,681,000	\$ 2,681,000	\$ 2,685,804	\$ 4,804

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Law</u>	<u>Public</u>	<u>Special Revenue</u>
	<u>Enforcement</u>	<u>Education</u>	<u>Transportation</u>
	<u>Grant</u>	<u>Government</u>	<u>Improvement</u>
ASSETS			
Cash and investments	\$ -	\$ 218,783	\$ 2,416,363
Accounts receivable	-	32,495	-
Loans receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ -</u>	<u>\$ 251,278</u>	<u>\$ 2,416,363</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 13,892	\$ -
Deferred inflows			
Unavailable revenue	-	-	-
Fund Balances			
Restricted	<hr/>	<hr/>	<hr/>
	-	237,386	2,416,363
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ -</u>	<u>\$ 251,278</u>	<u>\$ 2,416,363</u>

<i>Park Improvement</i>	<i>Off-site Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 506,575	\$ 53,018	\$ 13,775	\$ 2,389	\$ 3,210,903
40,078	-	-	-	72,573
-	-	335,199	107,374	442,573
<u>\$ 546,653</u>	<u>\$ 53,018</u>	<u>\$ 348,974</u>	<u>\$ 109,763</u>	<u>\$ 3,726,049</u>
\$ 74,731	\$ -	\$ -	\$ -	\$ 88,623
-	-	335,199	107,374	442,573
<u>471,922</u>	<u>53,018</u>	<u>13,775</u>	<u>2,389</u>	<u>3,194,853</u>
<u>\$ 546,653</u>	<u>\$ 53,018</u>	<u>\$ 348,974</u>	<u>\$ 109,763</u>	<u>\$ 3,726,049</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Special Revenue		
	Law Enforcement Grant	Public Education Government	Transportation Improvement
REVENUES			
Licenses and permits	\$ -	\$ 126,951	\$ 236,101
Intergovernmental	8,325	-	-
Miscellaneous	-	467	4,979
<i>Total Revenues</i>	8,325	127,418	241,080
EXPENDITURES			
Current operating			
General government	-	97,464	-
Public safety	8,325	-	-
Capital outlay	-	30,947	-
<i>Total Expenditures</i>	8,325	128,411	-
REVENUES OVER (UNDER) EXPENDITURES	-	(993)	241,080
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(5,000)	-
NET CHANGE IN FUND BALANCES	-	(5,993)	241,080
FUND BALANCES, Beginning of year	-	243,379	2,175,283
FUND BALANCES, End of year	\$ -	\$ 237,386	\$ 2,416,363

<i>Park Improvement</i>	<i>Offsite Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 261,779	\$ -	\$ -	\$ -	\$ 624,831
30,000	-	-	-	38,325
84,544	114	-	-	90,104
376,323	114	-	-	753,260
-	-	679	1,419	99,562
-	-	-	-	8,325
276,098	-	-	-	307,045
276,098	-	679	1,419	414,932
100,225	114	(679)	(1,419)	338,328
-	-	-	-	(5,000)
100,225	114	(679)	(1,419)	333,328
371,697	52,904	14,454	3,808	2,861,525
\$ 471,922	\$ 53,018	\$ 13,775	\$ 2,389	\$ 3,194,853

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LAW ENFORCEMENT GRANT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 8,325	\$ (21,675)
EXPENDITURES				
Materials and services	-	9,000	8,325	675
Capital outlay	30,000	21,000	-	21,000
<i>Total Expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>8,325</u>	<u>21,675</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC EDUCATION GOVERNMENT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 122,200	\$ 122,200	\$ 126,951	\$ 4,751
Miscellaneous	600	600	467	(133)
<i>Total Revenues</i>	122,800	122,800	127,418	4,618
EXPENDITURES				
Materials and services	91,300	112,000	97,464	14,536
Capital outlay	37,900	40,400	30,947	9,453
Contingency	50,000	21,800	-	21,800
<i>Total Expenditures</i>	179,200	174,200	128,411	45,789
REVENUES OVER (UNDER) EXPENDITURES				
	(56,400)	(51,400)	(993)	50,407
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(5,000)	(5,000)	-
NET CHANGE IN FUND BALANCE				
	(56,400)	(56,400)	(5,993)	50,407
FUND BALANCE, Beginning of year				
	231,700	231,700	243,379	11,679
FUND BALANCE, End of year				
	\$ 175,300	\$ 175,300	\$ 242,386	\$ 62,086

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSPORTATION IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 47,500	\$ 47,500	\$ 236,101	\$ 188,601
Miscellaneous	6,100	6,100	4,979	(1,121)
<i>Total Revenues</i>	53,600	53,600	241,080	187,480
EXPENDITURES				
Capital outlay	1,450,000	1,450,000	-	1,450,000
REVENUES OVER (UNDER) EXPENDITURES				
	(1,396,400)	(1,396,400)	241,080	1,637,480
FUND BALANCE, Beginning of year	2,146,500	2,146,500	2,175,283	28,783
FUND BALANCE, End of year	\$ 750,100	\$ 750,100	\$ 2,416,363	\$ 1,666,263

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – OFFSITE TRANSPORTATION IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 114	\$ 14
EXPENDITURES				
Capital outlay	52,900	52,900	-	52,900
REVENUES OVER (UNDER) EXPENDITURES	(52,800)	(52,800)	114	52,914
FUND BALANCE, Beginning of year	52,900	52,900	52,904	4
FUND BALANCE, End of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 53,018</u>	<u>\$ 52,918</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARK IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 64,400	\$ 64,400	\$ 261,779	\$ 197,379
Intergovernmental	150,000	150,000	30,000	(120,000)
Miscellaneous	1,200	1,200	84,544	83,344
<i>Total Revenues</i>	215,600	215,600	376,323	160,723
EXPENDITURES				
Capital outlay	480,600	480,600	276,098	204,502
REVENUES OVER (UNDER) EXPENDITURES				
	(265,000)	(265,000)	100,225	365,225
FUND BALANCE, Beginning of year	265,000	265,000	371,697	106,697
FUND BALANCE, End of year	\$ -	\$ -	\$ 471,922	\$ 471,922

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - HOUSING SERVICES FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	30,000	30,000	-	(30,000)
EXPENDITURES				
Materials and services	33,600	33,600	679	32,921
REVENUES OVER (UNDER) EXPENDITURES	(3,600)	(3,600)	(679)	2,921
FUND BALANCE, Beginning of year	3,600	3,600	14,454	10,854
FUND BALANCE, End of year	\$ -	\$ -	\$ 13,775	\$ 13,775

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ENERGY EFFICIENCY GRANT FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
EXPENDITURES				
Materials and services	20,400	20,400	1,419	18,981
REVENUES OVER (UNDER) EXPENDITURES	(5,400)	(5,400)	(1,419)	3,981
FUND BALANCE, Beginning of year	5,400	5,400	3,808	(1,592)
FUND BALANCE, End of year	\$ -	\$ -	\$ 2,389	\$ 2,389

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ADMINISTRATIVE SERVICES FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,453,700	\$ 3,456,700	\$ 3,140,620	\$ (316,080)
Miscellaneous	-	-	26,579	26,579
<i>Total Revenues</i>	3,453,700	3,456,700	3,167,199	(289,501)
EXPENDITURES				
Personnel services	2,394,800	2,394,800	2,252,575	142,225
Materials and services	853,500	888,500	787,443	101,057
Capital outlay	87,500	118,900	97,090	21,810
Contingency	248,800	201,500	-	201,500
<i>Total Expenditures</i>	3,584,600	3,603,700	3,137,108	466,592
REVENUES OVER (UNDER) EXPENDITURES				
	(130,900)	(147,000)	30,091	177,091
FUND BALANCE, Beginning of year	130,900	147,000	130,608	(16,392)
FUND BALANCE, End of year	\$ -	\$ -	\$ 160,699	\$ 160,699

The Administrative Services Fund uses the modified accrual basis of accounting for budgetary purposes and the full accrual basis of accounting for GAAP purposes.

CITY OF KEIZER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL - SEWER FUND

YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 5,415,800	\$ 5,415,800	\$ 5,356,279	\$ (59,521)
Miscellaneous	400	400	2,843	2,443
<i>Total Revenues</i>	5,416,200	5,416,200	5,359,122	(57,078)
EXPENDITURES				
Personnel services	3,400	3,400	2,915	485
Materials and services	5,454,200	5,454,200	5,341,846	112,354
Contingency	16,200	16,200	-	16,200
<i>Total Expenditures</i>	5,473,800	5,473,800	5,344,761	129,039
REVENUES OVER (UNDER)				
EXPENDITURES	(57,600)	(57,600)	14,361	71,961
FUND BALANCE, Beginning of year	202,700	202,700	224,670	21,970
FUND BALANCE, End of year	\$ 145,100	\$ 145,100	\$ 239,031	\$ 93,931

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2015

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 1,100	\$ 1,100	\$ -	\$ (1,100)
Licenses and permits	67,000	67,000	92,814	25,814
Charges for services	2,553,400	2,597,500	2,603,493	5,993
Miscellaneous	6,800	12,400	17,947	5,547
<i>Total Revenues</i>	2,628,300	2,678,000	2,714,254	36,254
EXPENDITURES				
Personnel services	856,500	856,500	829,429	27,071
Materials and services	1,450,600	1,450,600	1,283,559	167,041
Capital outlay/depreciation	73,200	86,200	64,845	21,355
Debt service	234,000	234,000	233,915	85
Contingency	115,400	35,500	-	35,500
<i>Total Expenditures</i>	2,729,700	2,662,800	2,411,748	251,052
REVENUES OVER (UNDER) EXPENDITURES				
	(101,400)	15,200	302,506	287,306
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,400	8,161	761
Transfers out	(90,100)	(300,000)	(300,000)	-
<i>Total Other Financing Sources (Uses)</i>	(90,100)	(292,600)	(291,839)	761
CHANGE IN FUND BALANCE	(191,500)	(277,400)	10,667	288,067
FUND BALANCE, Beginning of year	585,600	671,500	671,482	(18)
FUND BALANCE, End of year	\$ 394,100	\$ 394,100	\$ 682,149	\$ 288,049

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FACILITY FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 40,700	\$ 40,700	\$ 105,561	\$ 64,861
Miscellaneous	2,500	2,500	1,306	(1,194)
<i>Total Revenues</i>	43,200	43,200	106,867	63,667
EXPENDITURES				
Capital outlay/depreciation	779,100	779,100	646,445	132,655
REVENUES OVER (UNDER) EXPENDITURES				
	(735,900)	(735,900)	(539,578)	196,322
OTHER FINANCING SOURCES (USES)				
Issuance of debt	360,000	360,000	-	360,000
Transfers in	90,100	300,000	300,000	-
<i>Total Other Financing Sources (Uses)</i>	450,100	660,000	300,000	360,000
CHANGE IN FUND BALANCE	(285,800)	(75,900)	(239,578)	(163,678)
FUND BALANCE, Beginning of year	520,300	520,300	556,092	35,792
FUND BALANCE, End of year	\$ 234,500	\$ 444,400	\$ 316,514	\$ (127,886)

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORMWATER FUND
YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 7,800	\$ 7,800	\$ 16,736	\$ 8,936
Charges for services	973,500	973,500	982,803	9,303
Miscellaneous	6,500	6,500	2,676	(3,824)
<i>Total Revenues</i>	987,800	987,800	1,002,215	14,415
EXPENDITURES				
Personnel services	603,100	603,100	579,174	23,926
Materials and services	632,800	632,800	570,600	62,200
Capital outlay/depreciation	183,800	218,800	187,095	31,705
Contingency	71,000	84,800	-	84,800
<i>Total Expenditures</i>	1,490,700	1,539,500	1,336,869	202,631
REVENUES OVER (UNDER) EXPENDITURES				
	(502,900)	(551,700)	(334,654)	217,046
OTHER FINANCING SOURCES (USES)				
Transfers in	327,500	341,300	341,300	-
CHANGE IN FUND BALANCE				
	(175,400)	(210,400)	6,646	217,046
FUND BALANCE, Beginning of year				
	336,600	371,600	435,148	63,548
FUND BALANCE, End of year				
	\$ 161,200	\$ 161,200	\$ 441,794	\$ 280,594

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS**

JUNE 30, 2015

	<u>Sewer Reserve</u>	<u>Lighting Districts</u>	<u>Community Center</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 154,906	\$ 446,733	\$ 22,178	\$ 623,817
Accounts receivable	-	27,902	220	28,122
<i>Total Current Assets</i>	154,906	474,635	22,398	651,939
Noncurrent Assets				
Other capital assets, net of depreciation	-	-	3,613	3,613
Net pension asset	-	2,638	-	2,638
<i>Total Noncurrent Assets</i>	-	2,638	3,613	6,251
<i>Total Assets</i>	154,906	477,273	26,011	658,190
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan contributions subsequent to measurement date	-	773	-	773
LIABILITIES				
Current Liabilities				
Accounts payable	29	31,971	10,285	42,285
Deposits	-	-	12,113	12,113
<i>Total Current Liabilities</i>	29	31,971	22,398	54,398
Noncurrent Liabilities				
Accrued compensated absences	-	1,648	-	1,648
Other post-employment benefits	-	4,286	-	4,286
<i>Total Noncurrent Liabilities</i>	-	5,934	-	5,934
<i>Total Liabilities</i>	29	37,905	22,398	60,332
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual earnings on pension investments	-	5,368	-	5,368
NET POSITION				
Net investment in capital assets	-	-	3,613	3,613
Restricted	154,877	434,773	-	589,650
Unrestricted	-	-	-	-
<i>Total Net Position</i>	<u>\$ 154,877</u>	<u>\$ 434,773</u>	<u>\$ 3,613</u>	<u>\$ 593,263</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>Sewer Reserve</u>	<u>Lighting Districts</u>	<u>Community Center</u>	<u>Totals</u>
OPERATING REVENUES				
Licenses and permits	\$ 82,508	\$ -	\$ -	\$ 82,508
Charges for services	-	449,802	115,844	565,646
Miscellaneous	-	69,761	10,000	79,761
<i>Total Operating Revenues</i>	82,508	519,563	125,844	727,915
OPERATING EXPENSES				
Personnel services	-	(3,059)	59,212	56,153
Materials and services	-	412,190	110,507	522,697
Depreciation	-	-	1,806	1,806
<i>Total Operating Expenses</i>	-	409,131	171,525	580,656
OPERATING INCOME (LOSS)	82,508	110,432	(45,681)	147,259
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	243	901	-	1,144
INCOME (LOSS) BEFORE TRANSFERS	82,751	111,333	(45,681)	148,403
Transfers in	-	-	43,875	43,875
CHANGE IN NET POSITION	82,751	111,333	(1,806)	192,278
NET POSITION, Beginning of year, as reported	72,126	328,643	5,419	406,188
Prior Period Adjustment	-	(5,203)	-	(5,203)
NET POSITION, Beginning of year, as adjusted	72,126	323,440	5,419	400,985
NET POSITION, End of year	<u>\$ 154,877</u>	<u>\$ 434,773</u>	<u>\$ 3,613</u>	<u>\$ 593,263</u>

CITY OF KEIZER, OREGON
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Sewer Reserve</u>	<u>Lighting Districts</u>	<u>Community Center</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 82,508	\$ 520,307	\$ 127,134	\$ 729,949
Cash paid to employees for services	-	-	(59,212)	(59,212)
Cash paid to suppliers for goods and services	-	(415,396)	(103,369)	(518,765)
<i>Net Cash Provided by (Used in) Operating Activities</i>	82,508	104,911	(35,447)	151,972
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	43,875	43,875
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investment	243	901	-	1,144
<i>Increase (Decrease) in Cash and Investments</i>	82,751	105,812	8,428	196,991
CASH AND INVESTMENTS, Beginning of year	<u>72,155</u>	<u>340,921</u>	<u>13,750</u>	<u>426,826</u>
CASH AND INVESTMENTS, End of year	<u>\$ 154,906</u>	<u>\$ 446,733</u>	<u>\$ 22,178</u>	<u>\$ 623,817</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)				
Operating income (loss)	\$ 82,508	\$ 110,432	\$ (45,681)	\$ 147,259
Depreciation	-	-	1,806	1,806
<i>Change in assets and liabilities</i>				
Accounts receivable	-	744	(220)	524
Accounts payable and accrued liabilities	-	(3,206)	8,648	5,442
Compensated absences payable	-	(254)	-	(254)
Pension Obligation	-	(3,246)	-	(3,246)
Other post-employment benefits	-	441	-	441
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 82,508</u>	<u>\$ 104,911</u>	<u>\$ (35,447)</u>	<u>\$ 151,972</u>

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Budget Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 40,000	\$ 40,000	\$ 82,508	\$ 42,508
Miscellaneous	100	100	243	143
<i>Total Revenues</i>	40,100	40,100	82,751	42,651
EXPENDITURES				
Capital outlay/depreciation	103,500	103,500	-	103,500
REVENUES OVER (UNDER) EXPENDITURES				
	(63,400)	(63,400)	82,751	146,151
FUND BALANCE, Beginning of year	63,500	63,500	72,126	8,626
FUND BALANCE, End of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 154,877</u>	<u>\$ 154,777</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Budget Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 448,300	\$ 448,300	\$ 450,398	\$ 2,098
Miscellaneous	1,000	1,000	70,662	69,662
<i>Total Revenues</i>	449,300	449,300	521,060	71,760
EXPENDITURES				
Materials and services	494,100	494,100	412,190	81,910
Contingency	24,700	24,700	-	24,700
<i>Total Expenditures</i>	518,800	518,800	412,190	106,610
REVENUES OVER (UNDER) EXPENDITURES	(69,500)	(69,500)	108,870	178,370
FUND BALANCE, Beginning of year	257,300	257,300	305,846	48,546
FUND BALANCE, End of year	<u>\$ 187,800</u>	<u>\$ 187,800</u>	<u>\$ 414,716</u>	<u>\$ 226,916</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL – COMMUNITY CENTER FUND****YEAR ENDED JUNE 30, 2015**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 170,000	\$ 170,000	\$ 115,844	\$ (54,156)
Miscellaneous	10,100	10,100	10,000	(100)
<i>Total Revenues</i>	180,100	180,100	125,844	(54,256)
EXPENDITURES				
Personnel services	60,300	60,300	59,212	1,088
Materials and services	109,900	109,900	109,900	-
Capital outlay/depreciation	1,000	1,000	607	393
Contingency	5,000	5,000	-	5,000
<i>Total Expenditures</i>	176,200	176,200	169,719	6,481
REVENUES OVER (UNDER)				
EXPENDITURES	3,900	3,900	(43,875)	(60,737)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,800	43,875	-
CHANGE IN FUND BALANCE	3,900	54,700	-	(47,775)
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ 3,900</u>	<u>\$ 54,700</u>	<u>\$ -</u>	<u>\$ (47,775)</u>

CITY OF KEIZER, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2014</i>	<i>2014-2015 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2015</i>
2014-2015	\$ -	\$ 5,801,417	\$ 535	\$ (202,698)	\$ (5,440,820)	\$ 158,434
2013-2014	225,373	-	-	(76,905)	(91,711)	56,757
2012-2013	90,968	-	-	(13,636)	(42,483)	34,849
2011-2012	74,661	-	-	(14,721)	(47,770)	12,170
2010-2011	27,483	-	-	(5,805)	(17,077)	4,601
2009-2010	9,832	-	-	(4,379)	(2,217)	3,236
2008-2009	5,581	-	-	(2,530)	(1,221)	1,830
Prior Years	14,822	-	-	(7,349)	(1,577)	5,896
Total	\$ 448,720	\$ 5,801,417	\$ 535	\$ (328,023)	\$ (5,644,876)	\$ 277,773

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the overall financial health of the City of Keizer.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATISTICAL SECTION

FINANCIAL TRENDS

CITY OF KEIZER, OREGON
SCHEDULE OF NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities:				
Net investment in capital assets	\$ 65,454,676	\$ 65,617,183	\$ 61,660,284	\$ 60,995,473
Restricted for special purposes	5,211,549	7,851,003	10,151,315	11,917,026
Unrestricted	<u>(1,078,821)</u>	<u>634,849</u>	<u>912,419</u>	<u>621,715</u>
Total governmental activities net position	69,587,404	74,103,035	72,724,018	73,534,214
Business-type activities:				
Net investment in capital assets	8,400,648	7,989,214	8,164,309	8,130,948
Restricted for special purposes	906,164	956,861	965,652	1,162,551
Unrestricted	<u>1,132,641</u>	<u>1,296,459</u>	<u>1,376,408</u>	<u>1,372,907</u>
Total business-type activities net position	10,439,453	10,242,534	10,506,369	10,666,406
Total government				
Net investment in capital assets	73,855,324	73,606,397	69,824,593	69,126,421
Restricted for special purposes	6,117,713	8,807,864	11,116,967	13,079,577
Unrestricted	<u>53,820</u>	<u>1,931,308</u>	<u>2,288,827</u>	<u>1,994,622</u>
Total government net position	<u>\$ 80,026,857</u>	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>	<u>\$ 84,200,620</u>

Financial trend schedule: Net position by component is intended to provide the user with summary data to analyze changes in the components of net position.

Accompanying schedule: Changes in net position provides the user with additional detail for analytical purposes.

<i>Fiscal Year</i>					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 62,638,605	\$ 62,122,700	\$ 33,163,849	\$ 30,392,428	\$ 28,189,116	\$ 27,955,845
10,830,084	7,537,733	33,709,977	34,612,171	7,064,192	4,336,275
739,296	1,119,801	2,257,559	3,462,013	2,491,374	3,133,453
74,207,985	70,780,234	69,131,385	68,466,612	37,744,682	35,425,573
8,114,069	7,820,911	7,223,995	6,247,552	5,883,166	5,281,178
1,358,513	1,967,905	2,640,776	2,569,911	3,111,776	3,193,748
1,456,114	1,299,094	1,386,663	2,383,818	1,782,778	1,160,811
10,928,696	11,087,910	11,251,434	11,201,281	10,777,720	9,635,737
70,752,674	69,943,611	40,387,844	36,639,980	34,072,282	33,237,023
12,188,597	9,505,638	36,350,753	37,182,082	10,175,968	7,530,023
2,195,410	2,418,895	3,644,222	5,845,831	4,274,152	4,294,264
<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>	<u>\$ 79,667,893</u>	<u>\$ 48,522,402</u>	<u>\$ 45,061,310</u>

CITY OF KEIZER, OREGON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses:				
Governmental activities:				
General government	\$ 2,100,607	\$ 2,992,312	\$ 1,753,597	\$ 1,406,963
Community and youth services	19,493	15,971	5,530	8,719
Community development	4,500,288	2,789,728	3,805,625	5,459,845
Parks	388,200	392,258	386,174	318,911
Public safety	5,644,121	6,390,471	6,342,334	6,454,171
Public works	1,415,078	1,692,960	1,648,403	1,404,779
Stadium operations	-	-	-	-
Interest on long-term debt	924,296	1,164,981	1,272,365	1,327,508
Total governmental activities expense	<u>14,992,083</u>	<u>15,438,681</u>	<u>15,214,028</u>	<u>16,380,896</u>
Business-type activities:				
Water	2,419,921	2,751,772	2,590,864	2,559,552
Sewer	5,522,545	5,379,925	5,188,916	5,076,755
Storm water	1,106,176	1,170,447	983,980	954,541
Community center and Amphitheater	171,525	121,246	151,428	116,861
Street lighting	409,131	443,225	405,658	435,313
Total business-type activities expense	<u>9,629,298</u>	<u>9,866,615</u>	<u>9,320,846</u>	<u>9,143,022</u>
Total City expenses	24,621,381	25,305,296	24,534,874	25,523,918
Program Revenues:				
Governmental activities:				
Fees, fines, and charges for services:				
General government	234,703	180,800	176,993	177,073
Community development	99,652	60,510	49,810	35,079
Parks	7,456	17,107	7,216	2,604
Public safety	325,818	418,237	507,154	648,165
Public works	26,236	21,178	7,225	123
Stadium operations	48,899	46,449	45,922	46,696
Operating grants and contributions	2,555,870	2,520,561	2,799,523	2,402,228
Capital grants and contributions	613,253	218,513	811,621	92,063
Total governmental activities program revenues	<u>3,911,887</u>	<u>3,483,355</u>	<u>4,405,464</u>	<u>3,404,031</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	2,732,223	2,536,257	2,508,264	2,407,469
Sewer and storm water	6,445,708	6,511,153	6,045,064	5,694,866
Community center and Amphitheater	125,844	108,356	108,293	118,369
Street lighting	519,563	416,965	405,585	424,280
Operating grants and contributions	-	-	-	-
Capital grants and contributions	105,151	51,963	24,203	17,483
Total business-type activities program revenues	<u>9,928,489</u>	<u>9,624,694</u>	<u>9,091,409</u>	<u>8,662,467</u>
Total City program revenues	<u>13,840,376</u>	<u>13,108,049</u>	<u>13,496,873</u>	<u>12,066,498</u>

<i>Fiscal Year</i>						
<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	
\$ 1,282,546	\$ 1,206,448	\$ 1,348,120	\$ 1,031,186	\$ 1,105,397	\$ 1,482,804	
11,019	18,041	38,009	54,396	5,891	5,104	
2,854,558	2,980,764	2,945,798	1,860,120	2,477,616	2,169,848	
308,754	355,892	427,843	282,921	182,179	177,860	
6,299,787	6,404,239	6,885,994	6,208,351	5,779,195	5,426,593	
1,452,880	1,480,993	1,483,813	2,468,103	1,477,995	1,498,709	
-	-	-	-	-	40,515	
1,434,549	1,549,187	1,549,789	1,289,655	984,239	607,443	
<u>13,644,093</u>	<u>13,995,564</u>	<u>14,679,366</u>	<u>13,194,732</u>	<u>12,012,512</u>	<u>11,408,876</u>	
2,591,674	2,610,480	2,689,164	2,714,457	2,253,494	2,192,830	
5,124,701	5,117,610	4,729,024	4,500,964	4,335,363	4,106,832	
779,980	573,790	464,071	416,783	-	-	
13,316	-	-	-	-	-	
418,929	423,953	428,905	202,530	406,052	397,772	
<u>8,928,600</u>	<u>8,725,833</u>	<u>8,311,164</u>	<u>7,834,734</u>	<u>6,994,909</u>	<u>6,697,434</u>	
22,572,693	22,721,397	22,990,530	21,029,466	19,007,421	18,106,310	
145,020	181,547	131,297	159,604	147,399	156,286	
35,235	57,006	28,097	47,762	67,114	125,927	
2,534	2,587	2,844	2,350	3,201	2,780	
574,574	731,465	618,027	652,000	654,136	723,302	
8,779	1,215	14,565	16,067	60,448	212,908	
41,627	42,390	47,275	61,812	57,425	56,798	
2,289,262	1,880,643	1,875,598	2,142,073	2,127,964	2,783,622	
97,663	247,068	223,477	27,454,887	440,321	1,647,944	
<u>3,194,694</u>	<u>3,143,921</u>	<u>2,941,180</u>	<u>30,536,555</u>	<u>3,558,008</u>	<u>5,709,567</u>	
2,420,266	2,480,006	2,587,519	2,506,207	2,832,074	2,188,101	
5,608,798	5,463,673	5,100,487	4,757,838	4,418,375	3,906,054	
98,063	-	-	-	-	-	
464,933	454,933	451,641	423,013	404,918	470,218	
-	-	-	72,364	27,783	23,913	
19,104	49,265	35,006	208,741	276,365	442,663	
<u>8,611,164</u>	<u>8,447,877</u>	<u>8,174,653</u>	<u>7,968,163</u>	<u>7,959,515</u>	<u>7,030,949</u>	
<u>11,805,858</u>	<u>11,591,798</u>	<u>11,115,833</u>	<u>38,504,718</u>	<u>11,517,523</u>	<u>12,740,516</u>	

CITY OF KEIZER, OREGON
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense) Revenue				
Governmental activities	\$ (11,080,196)	\$ (11,955,326)	\$ (10,808,564)	\$ (12,976,865)
Business-type activities	299,191	(241,921)	(229,437)	(480,555)
Total City activities	(10,781,005)	(12,197,247)	(11,038,001)	(13,457,420)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes and assessments	5,521,449	5,416,357	5,545,135	7,951,843
Franchise taxes	2,539,863	2,490,463	2,433,345	2,462,290
Intergovernmental	803,880	768,187	770,249	887,403
Miscellaneous	195,193	4,631,567	1,658,468	1,212,058
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	(393,336)	27,769	(62,792)	(210,500)
Total governmental activities	8,667,049	13,334,343	10,344,405	12,303,094
Business-type activities				
Miscellaneous	4,601	5,855	6,608	7,765
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	393,336	(27,769)	62,792	210,500
Total business-type activities	397,937	(21,914)	69,400	218,265
Total City revenues	9,064,986	13,312,429	10,413,805	12,521,359
Change in Net Position				
Governmental activities	(2,413,147)	1,386,654	(464,159)	(673,771)
Business-type activities	697,128	(271,472)	(160,037)	(262,290)
	(1,716,019)	1,115,182	(624,196)	(936,061)
Net Position, July 1				
Governmental activities	74,103,035	72,724,018	73,534,214	74,207,985
Business-type activities	10,242,534	10,506,369	10,666,406	10,928,696
	84,345,569	83,230,387	84,200,620	85,136,681
Governmental activities - restatement	(2,102,484)	-	-	-
Business-type activities - restatement	(500,209)	-	-	-
Governmental activities - loss on impairment	-	-	346,037	-
Total Government	81,742,876	83,230,387	84,546,657	85,136,681
Net Position, June 30				
Governmental activities	69,587,404	74,103,035	72,724,018	73,534,214
Business-type activities	10,439,453	10,242,534	10,506,369	10,666,406
Total Government	<u>\$ 80,026,857</u>	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>	<u>\$ 84,200,620</u>

<i>Fiscal Year</i>					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ (10,449,399)	\$ (10,851,643)	\$ (11,738,186)	\$ 17,341,823	\$ (8,454,504)	\$ (5,699,309)
(317,436)	(277,956)	(136,511)	133,429	964,606	333,515
(10,766,835)	(11,129,599)	(11,874,697)	17,475,252	(7,489,898)	(5,365,794)
7,654,368	7,625,782	7,348,334	8,896,151	6,062,528	6,782,351
2,475,239	2,371,341	2,398,389	2,385,307	2,283,966	2,156,426
918,055	894,860	920,506	929,684	891,629	750,630
1,452,870	1,698,151	1,868,577	1,334,201	1,524,730	829,146
1,522,293	-	-	(9,731)	-	-
(145,675)	(169,941)	(132,847)	(155,506)	10,760	7,230
13,877,150	12,420,193	12,402,959	13,380,106	10,773,613	10,525,783
12,547	24,790	53,817	134,627	188,137	165,315
-	-	-	-	-	-
145,675	169,941	132,847	155,506	(10,760)	(7,230)
158,222	194,731	186,664	290,133	177,377	158,085
14,035,372	12,614,924	12,589,623	13,670,239	10,950,990	10,683,868
3,427,751	1,568,550	664,773	30,721,929	2,319,109	4,826,474
(159,214)	(83,225)	50,153	423,562	1,141,983	491,600
3,268,537	1,485,325	714,926	31,145,491	3,461,092	5,318,074
70,780,234	69,131,385	68,466,612	37,744,683	35,425,574	30,599,100
11,087,910	11,251,434	11,201,281	10,777,719	9,635,736	9,144,136
81,868,144	80,382,819	79,667,893	48,522,402	45,061,310	39,743,236
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
81,868,144	80,382,819	79,667,893	48,522,402	45,061,310	39,743,236
74,207,985	70,699,935	69,131,385	68,466,612	37,744,683	35,425,574
10,928,696	11,168,209	11,251,434	11,201,281	10,777,719	9,635,736
<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>	<u>\$ 79,667,893</u>	<u>\$ 48,522,402</u>	<u>\$ 45,061,310</u>

CITY OF KEIZER, OREGON
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Unassigned	2,252,430	2,241,954	2,144,797	1,877,738
Total General Fund	<u>\$ 2,252,430</u>	<u>\$ 2,241,954</u>	<u>\$ 2,144,797</u>	<u>\$ 1,877,738</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	7,141,457	6,970,715	12,636,124	13,631,432
Total all other governmental funds	<u>\$ 7,141,457</u>	<u>\$ 6,970,715</u>	<u>\$ 12,636,124</u>	<u>\$ 13,631,432</u>

This schedule has been modified to conform with the adoption of GASB 54 in fiscal year 2011.

<i>Fiscal Year</i>					
<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
\$ -	\$ 1,514,530	\$ 1,435,308	\$ 2,291,258	\$ 1,968,796	\$ 1,469,417
1,646,079	-	-	-	-	-
<u>\$ 1,646,079</u>	<u>\$ 1,514,530</u>	<u>\$ 1,435,308</u>	<u>\$ 2,291,258</u>	<u>\$ 1,968,796</u>	<u>\$ 1,469,417</u>
\$ -	\$ 4,090,716	\$ 4,584,359	\$ 5,468,241	\$ 8,070,211	\$ 6,347,390
-	2,720,399	4,246,857	2,854,800	-	-
-	-	-	707,761	(581,180)	(518,476)
10,189,183	-	-	-	-	-
<u>\$ 10,189,183</u>	<u>\$ 6,811,115</u>	<u>\$ 8,831,216</u>	<u>\$ 9,030,802</u>	<u>\$ 7,489,031</u>	<u>\$ 5,828,914</u>

CITY OF KEIZER, OREGON
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues				
Taxes and assessments	\$ 6,444,385	\$ 9,984,150	\$ 7,009,859	\$ 9,468,976
Licenses and permits	3,319,557	2,919,492	2,767,306	2,706,955
Intergovernmental	3,237,002	3,158,760	3,803,537	3,252,754
Fines and forfeitures	386,984	448,615	571,525	648,165
Miscellaneous	1,236,979	1,248,775	1,613,364	338,558
	<u>14,624,907</u>	<u>17,759,792</u>	<u>15,765,591</u>	<u>16,415,408</u>
Total revenues	14,624,907	17,759,792	15,765,591	16,415,408
Expenditures				
Current operating:				
General government	1,646,328	2,912,876	1,728,960	1,377,214
Community and youth services	19,493	15,971	5,530	8,719
Community development	584,370	740,748	671,543	627,441
Parks	281,119	269,821	293,089	261,696
Public safety	6,170,100	5,951,077	5,822,788	5,874,096
Public works	704,993	976,579	909,450	743,603
Stadium operations	-	-	-	-
Capital outlay	1,675,385	4,993,159	4,050,924	1,309,615
Debt service				
Principal	2,030,000	6,294,000	1,668,000	996,000
Interest	938,565	1,201,582	1,280,764	1,332,616
	<u>14,050,353</u>	<u>23,355,813</u>	<u>16,431,048</u>	<u>12,531,000</u>
Total expenditures	14,050,353	23,355,813	16,431,048	12,531,000
Revenues over (under) expenditures	574,554	(5,596,021)	(665,457)	3,884,408
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Land sale proceeds	-	-	-	-
Transfers in	76,481	4,217,166	1,036,256	546,289
Transfers out	(469,817)	(4,189,397)	(1,099,048)	(756,789)
	<u>(393,336)</u>	<u>27,769</u>	<u>(62,792)</u>	<u>(210,500)</u>
Total other financing sources (uses)	(393,336)	27,769	(62,792)	(210,500)
Net change in fund balances	181,218	(5,568,252)	(728,249)	3,673,908
Fund balance, beginning of year	9,212,669	14,780,921	15,509,170	11,835,262
Fund balance, end of year	<u>\$ 9,393,887</u>	<u>\$ 9,212,669</u>	<u>\$ 14,780,921</u>	<u>\$ 15,509,170</u>
Debt service as a percentage of noncapital expenditures	24.0%	40.8%	23.8%	20.8%

<i>Fiscal Year</i>						
<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	
\$ 9,449,329	\$ 9,871,770	\$ 9,488,164	\$ 8,932,759	\$ 6,167,077	\$ 6,885,664	
2,802,152	2,791,477	2,658,711	3,179,645	2,874,189	3,331,392	
3,121,931	2,727,373	2,821,871	2,971,347	3,076,740	3,481,103	
574,574	731,465	618,027	652,000	654,136	545,247	
212,061	315,239	491,633	1,503,243	1,613,935	2,029,377	
16,160,047	16,437,324	16,078,406	17,238,994	14,386,077	16,272,783	
1,230,536	1,151,914	1,095,746	841,054	812,189	745,142	
11,019	17,877	17,019	54,396	5,891	5,104	
736,517	786,471	1,285,094	1,166,860	1,164,131	781,603	
232,665	264,013	279,770	249,751	161,422	161,308	
5,858,204	5,863,258	6,076,101	5,968,617	5,519,381	5,155,034	
781,393	752,322	761,352	961,381	848,079	734,385	
-	-	-	-	-	40,515	
2,303,875	2,886,717	13,592,575	7,792,381	6,747,010	25,755,507	
3,269,000	5,613,000	3,657,000	30,410,000	145,000	4,445,000	
1,452,260	1,522,690	1,586,437	1,123,815	984,239	607,443	
15,875,469	18,858,262	28,351,094	48,568,255	16,387,342	38,431,041	
284,578	(2,420,938)	(12,272,688)	(31,329,261)	(2,001,265)	(22,158,258)	
260,000	650,000	11,350,000	33,349,000	4,150,000	22,308,000	
3,121,820	-	-	-	-	-	
718,715	1,948,067	1,151,282	51,540	378,727	1,349,753	
(864,390)	(2,118,008)	(1,284,129)	(207,046)	(367,967)	(1,342,523)	
3,236,145	480,059	11,217,153	33,193,494	4,160,760	22,315,230	
3,520,723	(1,940,879)	(1,055,535)	1,864,233	2,159,495	156,972	
8,314,539	10,266,524	11,322,059	9,457,826	7,298,331	7,141,359	
<u>\$ 11,835,262</u>	<u>\$ 8,325,645</u>	<u>\$ 10,266,524</u>	<u>\$ 11,322,059</u>	<u>\$ 9,457,826</u>	<u>\$ 7,298,331</u>	
34.8%	44.7%	35.5%	77.3%	11.7%	39.9%	

STATISTICAL SECTION

REVENUE CAPACITY

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CITY OF KEIZER, OREGON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS - UNAUDITED (in thousands of dollars)

<i>June 30,</i>	<i>Residential Property</i>	<i>Farm Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>
2005-06	\$ 1,337,968	\$ 2,121	\$ 252,686	\$ 4,034
2006-07	1,389,950	2,240	288,422	4,412
2007-08	1,444,166	2,082	329,014	5,022
2008-09	1,506,465	1,411	361,951	5,469
2009-10	1,558,501	1,639	384,554	2,437
2010-11	1,606,706	1,896	391,123	2,501
2011-12	1,641,764	1,835	407,124	2,552
2012-13	1,632,503	2,047	422,279	2,620
2013-14	1,685,116	1,991	434,358	-
2014-15	1,767,018	2,088	445,738	-

* Per \$1,000 of assessed value

Source: Marion County Assessor's Office

<i>Personal Property</i>	<i>Utility Property</i>	<i>Total Measure 50 Assessed Value</i>	<i>Total Direct Tax Rate *</i>	<i>Real Market Value</i>
\$ 20,589	\$ 32,769	\$ 1,650,167	\$ 2.08	\$ 2,220,579
21,505	32,246	1,738,775	2.08	2,525,782
28,324	35,420	1,844,028	2.08	3,023,857
27,296	36,166	1,938,758	2.08	3,229,159
27,873	37,591	2,012,595	2.08	3,070,376
26,824	37,224	2,066,274	2.08	2,924,103
26,662	38,793	2,118,730	2.08	2,761,019
27,604	37,470	2,124,523	2.08	2,604,791
27,136	33,960	2,182,561	2.08	2,669,051
28,348	35,228	2,278,420	2.08	2,878,298

CITY OF KEIZER, OREGON
DIRECT AND OVERLAPPING PROPERTY TAXES
LAST TEN FISCAL YEARS - UNAUDITED (rate per \$1,000 of assessed value)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
City of Keizer	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
Overlapping Governments:					
Marion County	3.02	3.02	3.02	3.02	3.02
Keizer Fire District	2.05	1.81	1.82	1.84	1.84
Marion County Fire District	2.52	2.53	2.47	2.35	2.42
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
School District	6.40	6.67	6.69	6.44	6.31
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.89	0.86	0.90	0.88	0.79
Regional Library	0.08	0.08	0.08	0.08	0.08
Transit District	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
Total	<u>\$ 18.15</u>	<u>\$ 18.16</u>	<u>\$ 18.17</u>	<u>\$ 17.80</u>	<u>\$ 17.65</u>

Source: Marion County Assessor's Office

<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
3.02	3.02	3.02	3.02	3.02
1.85	1.50	1.85	1.85	1.87
2.40	2.53	2.51	2.37	2.34
0.05	0.05	0.05	0.05	0.05
6.53	6.58	6.46	6.45	6.61
0.30	0.30	0.30	0.30	0.30
0.89	0.71	0.70	0.94	0.96
0.08	0.08	0.08	0.08	0.08
0.76	0.76	0.76	0.76	0.76
<u>\$ 17.96</u>	<u>\$ 17.61</u>	<u>\$ 17.81</u>	<u>\$ 17.90</u>	<u>\$ 18.07</u>

CITY OF KEIZER, OREGON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

Private Enterprise	Industry	Rank	2015	
			Assessed Valuation	Percent of Total Assessed Value
Donahue Schriber Realty Group LP	Real Estate	1	\$ 50,817,650	2.23%
Lowe's HIW Inc	Retail	2	12,337,837	0.54%
Target Corporation	Retail	3	11,301,222	0.50%
Emerald Pointe LLC	Real Estate	4	11,279,584	0.50%
Nationwide Health Properties Inc	Retirement Center	5	10,715,350	0.47%
Hawk's Point Apartments LLC	Real Estate	6	10,389,370	0.46%
Keizer Schoolhouse LLC	Real Estate	7	8,862,540	0.39%
Keizer Road Apartments LLC	Real Estate	8	8,685,820	0.38%
Bob & Mary LLC	Real Estate	9	8,128,200	0.36%
Hidden Creek Loop Apartments	Real Estate	10	6,557,570	0.29%
Northwest National LLC	Real Estate		-	-
Keizer Campus LLC	Real Estate		-	-
Senior Management Co., Ltd.	Real Estate		-	-
Poplar Chemawa LLC	Real Estate		-	-
Century Apartments LLC	Retail		-	-
Public Utilities				
Northwest Natural Gas Co	Natural Gas		15,143,600	0.66%
Portland General Electric Co	Electricity		11,346,000	0.50%
Qwest Corporation	Telephone		-	-
Government				
City of Keizer*	Municipality		5,856,560	0.26%
All other taxpayers			<u>2,011,140,105</u>	<u>88.27%</u>
			<u>\$ 2,278,420,147</u>	<u>100.00%</u>

Source: Marion County Assessor's Office

*Related to baseball stadium property

2006		
Rank	Assessed Valuation	Percent of Total Assessed Value
	-	-
2	10,525,098	0.44%
4	7,786,760	0.33%
	-	-
	-	-
	-	-
6	6,469,550	0.27%
5	7,376,250	0.31%
	-	-
8	5,176,670	0.22%
1	10,550,180	0.44%
3	8,439,140	0.35%
7	6,073,590	0.25%
9	4,888,480	0.21%
10	4,459,755	0.19%
	12,343,200	0.52%
	10,564,000	0.44%
	6,960,200	0.29%
	4,605,950	0.19%
	<u>2,276,438,371</u>	<u>95.54%</u>
	<u>\$ 2,382,657,194</u>	<u>100.00%</u>

CITY OF KEIZER, OREGON
GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS - UNAUDITED

<i>Fiscal year ended June 30,</i>	<i>Taxes levied in the fiscal year</i>	<i>Collected in fiscal year of levy</i>		<i>Collections in subsequent years</i>	<i>Total Collections</i>	
		<i>Amount</i>	<i>% of Levy</i>		<i>Amount</i>	<i>% of Levy</i>
2005-06	\$ 2,894,613	\$ 2,803,179	96.84%	\$ 91,278	\$ 2,894,457	99.99%
2006-07	3,140,075	3,039,852	96.81%	99,884	3,139,736	99.99%
2007-08	3,225,446	3,125,233	96.89%	99,390	3,224,623	99.97%
2008-09	3,488,040	3,339,325	95.74%	146,887	3,486,212	99.95%
2009-10	3,533,537	3,387,003	95.85%	143,296	3,530,299	99.91%
2010-11	3,697,042	3,544,683	95.88%	147,764	3,692,447	99.88%
2011-12	3,788,065	3,652,199	96.41%	124,140	3,776,339	99.69%
2012-13	4,215,696	4,070,606	96.56%	110,239	4,180,845	99.17%
2013-14	4,380,096	4,249,504	97.02%	73,835	4,323,339	98.70%
2014-15	4,556,032	4,437,265	97.39%	-	4,437,265	97.39%

Source: Marion County Assessor's Office

STATISTICAL SECTION

DEBT CAPACITY

CITY OF KEIZER, OREGON**RATIO OF BONDED DIRECT DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<i>Fiscal Year</i>	<i>Population</i>	<i>Real market value (in thousands)</i>	<i>Gross bonded debt</i>	<i>Ratio of bonded direct debt per capita</i>	<i>Ratio of bonded direct debt to market value</i>
2005-06	34,737	\$ 2,220,579	\$ 1,593,000	\$ 45.86	0.07%
2006-07	34,880	2,525,782	1,593,000	45.67	0.06%
2007-08	35,435	3,023,857	28,252,000	797.29	0.93%
2008-09	36,150	3,229,159	28,095,000	777.18	0.87%
2009-10	36,220	3,070,376	25,482,000	703.53	0.83%
2010-11	36,295	2,924,103	24,360,000	671.17	0.83%
2011-12	36,715	2,761,019	23,540,000	641.15	0.85%
2012-13	36,735	2,604,791	22,050,000	600.24	0.85%
2013-14	36,795	2,669,051	19,050,000	517.73	0.71%
2014-15	36,985	2,878,298	16,985,000	459.24	0.59%

Source:
Marion County Assessor's Office
Portland State University, Population Research and Census Center
City of Keizer Finance Department

CITY OF KEIZER, OREGON
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015 - UNAUDITED

<i>Governmental unit</i>	<i>Real Market Value (In Thousands)</i>	<i>Percent Overlapping</i>	<i>Overlapping</i>	
			<i>Gross Property-tax backed debt</i>	<i>Net Property-tax backed debt</i>
City of Keizer	\$ 2,878,298	100.00%	\$ 16,985,000	\$ -
Marion County	34,877,589	16.48%	9,557,443	1,592,724
Keizer Fire District	2,866,099	99.14%	188,371	188,371
Marion County Fire District	4,104,615	8.77%	539,046	539,046
Salem-Keizer School District 24J	22,079,590	21.71%	100,566,185	100,566,185
Gervais School District 1	989,008	0.01%	975	975
Chemeketa Community College	34,877,589	11.52%	15,556,950	10,668,775
Willamette ESD	34,281,195	10.46%	1,967,582	123,421
Total direct and overlapping debt			<u>\$ 145,361,552</u>	<u>\$ 113,679,497</u>

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City of Keizer.

Source: Oregon State Treasury

CITY OF KEIZER, OREGON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS - UNAUDITED

<i>Fiscal Year</i>	<i>Debt Limit</i>	<i>Total Debt Applicable to Limit</i>	<i>Legal Debt Margin *</i>	<i>Total Net Debt Applicable</i>
2005-06	\$ 66,617,370	\$ -	\$ 66,617,370	0.00%
2006-07	74,773,453	-	74,773,453	0.00%
2007-08	90,715,680	26,810,000	63,905,680	29.55%
2008-09	96,874,770	26,810,000	70,064,770	27.67%
2009-10	92,111,295	24,360,000	67,751,295	26.45%
2010-11	87,723,097	24,360,000	63,363,097	27.77%
2011-12	82,830,572	23,540,000	59,290,572	28.42%
2012-13	78,143,734	22,050,000	56,093,734	28.22%
2013-14	80,071,541	17,755,000	62,316,541	22.17%
2014-15	86,348,943	16,985,000	69,363,943	19.67%

ORS 287.004 provides a debt limit of 3% of the true cash value (market) of all taxable property within the City boundaries.

Source:
Marion County Tax Assessors Office
City of Keizer Finance Department

* The legal debt margin has been calculated in accordance with the provisions of ORS 287.004.

CITY OF KEIZER, OREGON
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS - UNAUDITED

<i>Fiscal Year</i>	<i>Gross Revenues</i>	<i>Less Direct Operating Expenses</i>	<i>Net Revenues Available for Debt Service</i>	<i>Debt Service Requirements</i>			<i>Coverage</i>
				<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
STREET FUND - GAS TAX LOAN							
2005-06	\$ 2,215,653	\$ 2,998,196	\$ (782,543)	\$ -	\$ 28,955	\$ 28,955	(27.0)
2006-07	1,942,638	2,426,546	(483,908)	145,000	65,288	210,288	(2.3)
2007-08	1,639,536	2,203,875	(564,339)	151,000	59,486	210,486	(2.7)
2008-09	1,533,741	1,574,016	(40,275)	157,000	53,449	210,449	(0.2)
2009-10	1,549,097	1,094,801	454,296	163,000	47,177	210,177	2.2
2010-11	1,809,447	1,088,712	720,735	169,000	40,670	209,670	3.4
2011-12	2,150,294	1,448,481	701,813	176,000	33,908	209,908	3.3
2012-13	2,073,957	3,163,773	(1,089,816)	183,000	26,872	209,872	(5.2)
2013-14	2,128,602	1,779,211	349,391	190,000	19,561	209,561	1.7
2014-15	2,168,436	1,757,477	410,959	-	-	-	-
WATER FUND LOAN							
2005-06	\$ 2,512,001	\$ 1,752,899	\$ 759,102	\$ -	\$ 44,713	\$ 44,713	17.0
2006-07	2,864,857	1,796,905	1,067,952	135,000	103,833	238,833	4.5
2007-08	2,579,598	1,844,038	735,560	135,000	98,298	233,298	3.2
2008-09	2,669,862	2,098,179	571,683	140,000	92,660	232,660	2.5
2009-10	2,545,768	1,879,709	666,059	145,000	86,818	231,818	2.9
2010-11	2,447,765	1,924,941	522,824	150,000	80,770	230,770	2.3
2011-12	2,430,151	1,919,503	510,648	155,000	74,518	229,518	2.2
2012-13	2,537,001	1,967,837	569,164	165,000	67,958	232,958	2.4
2013-14	2,591,882	2,125,666	466,216	170,000	61,090	231,090	2.0
2014-15	2,840,186	2,172,980	667,206	180,000	53,915	233,915	2.9

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF KEIZER, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED

<i>Fiscal Year</i>	<i>Population at July 1</i>	<i>Area (square mile)</i>	<i>Average Density (persons/square mile)</i>	<i>Total Personal Income</i>	<i>Per Capita Personal Income</i>	<i>School Enrollment</i>	<i>Average Annual Unemployment</i>
2005-06	34,735	7.36	4,719	\$ 996,095,595	\$ 28,677	7,772	6.3%
2006-07	34,880	7.36	4,739	1,015,252,160	29,107	6,496	5.6%
2007-08	35,435	7.36	4,815	1,074,530,940	30,324	7,887	5.4%
2008-09	36,150	7.36	4,912	1,125,747,150	31,141	7,740	9.6%
2009-10	36,220	7.36	4,921	1,159,619,520	32,016	7,664	10.8%
2010-11	36,295	7.36	4,931	1,193,234,420	32,876	7,357	9.7%
2011-12	36,715	7.36	4,988	1,214,458,770	33,078	7,276	9.7%
2012-13	36,735	7.36	4,991	1,226,140,830	33,378	7,256	9.7%
2013-14	36,795	7.36	4,999	1,277,191,245	34,711	7,478	7.1%
2014-15	36,985	7.36	5,025	1,312,560,665	35,489	7,332	6.1%

Sources:
Portland State University, Population Research and Census Center
City of Keizer Community Development Department
Bureau of Economic Analysis
US Department of Labor, Bureau of Labor Statistics
Salem Keizer School District

CITY OF KEIZER, OREGON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO – UNAUDITED

<i>Name</i>	<i>Industry</i>	<i>Number of employees</i>	
		<i>2015</i>	<i>2006</i>
State of Oregon	State	21,000	18,800
Salem-Keizer School District	Primary and secondary public schools	4,100	4,000
Salem Hospital	Healthcare	3,900	3,500
Chemeketa Community College	State college of higher education	1,660	1,684
Marion County	County	1,500	1,180
U.S. Federal Agencies	Federal	1,400	1,500
City of Salem	Municipal	1,310	1,213
Norpac Foods, Incorporated	Food processor	1,100	1,100
State Accident Insurance Fund	Insurance	850	711
Willamette University	Private University	800	700

STATISTICAL SECTION

OPERATING INFORMATION

CITY OF KEIZER, OREGON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of municipal court citations processed	1,263	1,712	2,499	3,497
Number of land use applications processed	17	23	15	17
Number of building permits:				
Single family dwellings	68	45	33	24
Multi-family units	69	-	-	-
Valuation of permits issued (expressed in thousands)	\$ 32,464	\$ 26,236	\$ 17,198	\$ 13,036
Public Safety:				
Number of arrests by patrol officers	1,698	1,844	1,725	1,969
Number of traffic violations cited	1,374	1,932	2,102	3,229
BUSINESS-TYPE ACTIVITIES:				
Water:				
Number of meters				
Single-family residential	9,719	9,691	9,431	9,426
Multi-family residential	260	260	254	259
Commercial	406	398	387	371
Consumption (ccf)				
Single-family residential	1,068,653	1,041,894	1,039,564	1,015,975
Multi-family residential	320,347	320,741	302,744	322,947
Commercial	161,668	153,453	150,256	155,693
Number of private fire lines	70	65	60	60
Sewer				
Number of accounts	10,274	10,189	10,136	10,140

Based on active meters at fiscal year end

Source: City of Keizer Community Development Department
City of Keizer Police Department

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
3,831	3,235	2,987	3,093	3,314	3,222
12	19	21	25	53	42
35	49	23	63	50	75
1	33	2	20	-	200
\$ 13,578	\$ 17,300	\$ 5,306	\$ 14,027	\$ 10,287	\$ 32,936
1,990	1,895	2,165	1,929	2,730	2,948
3,610	3,483	4,580	5,360	5,500	4,323
9,414	9,456	9,422	9,365	9,355	9,298
255	256	257	250	255	248
365	360	365	316	322	278
1,015,994	1,097,706	1,172,492	1,199,066	1,243,543	1,132,089
316,418	328,357	337,860	333,981	338,127	287,360
150,304	161,689	173,914	164,417	156,211	143,757
59	50	50	50	34	34
10,129	10,139	10,094	10,403	9,987	9,921

CITY OF KEIZER, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of City owned building facilities	3	3	3	3
Public Safety:				
Number of jail facilities (holding cells)	2	2	2	2
Parks and Recreation:				
Number of Parks and Acreage:				
Neighborhood parks (15)	65.5	65.5	65.5	65.5
Community parks (2)	27	27	27	27
Regional park (1)	148	148	148	148
Landscape areas (1)	0.5	0.5	0.5	0.5
Historical areas (1)	0.5	0.5	0.5	0.5
Streets:				
Miles of streets and alleys:				
Streets - Lane Miles	205	204	204	204
Alleys	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	7	7
Number of traffic signals	21	20	20	20
BUSINESS-TYPE ACTIVITIES:				
Water System:				
Number of reservoirs	3	3	3	3
Storage capacity (in millions of gallons)	2.75	2.75	2.75	2.75
Annual production (in millions of cubic feet)	179.4	165.5	172.5	163
Miles of water line	107	106	106	106
Number of pump stations	16	16	16	16
Number of public hydrants	898	859	859	859
Sewer System:				
Miles of storm drains	80	80	80	80
Miles of sewer lines	105	105	105	105
Number of lift stations	1	1	1	1

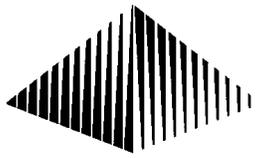
2011	2010	2009	2008	2007	2006
3	3	3	3	3	3
2	2	2	2	2	2
65.5	65.5	65.5	65.5	65.5	65.5
27	27	27	27	27	27
120	120	120	120	120	120
0.5	0.5	0.5	0.5	0.5	0.5
0.5	0.5	0.5	0.5	0.5	0.5
204	204	204	204	203.5	203.5
2	2	2	2	2	2
7	7	7	7	6	6
20	20	20	20	20	20
3	3	3	3	2	2
2.75	2.75	2.75	2.75	2.25	2.25
168	165	178	183	196	192
106	106	106	106	105	105
16	15	15	15	14	14
859	758	758	758	758	758
77	54	54	54	54	54
105	105	105	105	104	104
1	1	1	1	1	1

CITY OF KEIZER, OREGON
BUDGETED CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS - UNAUDITED

<i>Fiscal Year</i>	<i>Community Development</i>	<i>General Government</i>	<i>Parks</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>Total</i>
2005-06	5.00	16.50	1.00	47.00	15.00	84.50
2006-07	5.00	16.50	1.00	49.00	15.00	86.50
2007-08	5.00	17.00	2.00	49.00	20.00	93.00
2008-09	5.00	17.00	2.00	49.00	22.00	95.00
2009-10	5.00	19.00	2.00	48.00	20.00	94.00
2010-11	5.00	19.00	2.00	45.00	22.00	93.00
2011-12	4.00	18.00	2.00	45.00	22.00	91.00
2012-13	4.00	17.00	2.00	45.00	23.00	91.00
2013-14	4.00	18.00	2.00	45.00	24.00	93.00
2014-15	5.00	19.00	2.00	45.00	24.00	95.00

Source: City of Keizer Finance Department

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Council Members
City of Keizer
930 Chemawa Road NE
Keizer, Oregon 97303

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Keizer (the City) as of and for the year ended June 30, 2015 and have issued our report thereon dated December 18, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City 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 except overexpenditures of appropriations as noted in the financial statements. Overexpenditures of appropriations require disclosure, however the amounts were immaterial to the financial statements.

Internal Control Over Financial Reporting

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

Restriction on Use

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

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Ryan T. Pasquarella, A Shareholder
December 18, 2015

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