

***CITY OF KEIZER
MARION COUNTY, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2014***

*Prepared by
City of Keizer - Finance Department
Susan Gahlsdorf, Finance Director*

CITY OF KEIZER, OREGON
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CITY OF KEIZER, OREGON
JUNE 30, 2014

MAYOR

Lore Christopher

Term Expires

January 2015

CITY COUNCIL

Cathy Clark

January 2015

Joe Egli

January 2015

Kim Freeman

January 2017

Dennis Koho

January 2017

James Taylor

January 2015

Marlene Quinn

January 2017

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

FINANCE DIRECTOR
Susan Gahlsdorf

CITY ATTORNEY
E. Shannon Johnson

December 20, 2014

Citizens of Keizer
The Honorable Mayor Lore Christopher
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, 2014. 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 90 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.

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 2014, the City's taxable assessed value increased 2.7% 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 7.1% as compared to 8.2% 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.

AWARDS


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, 2013. This was the fifteenth 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.

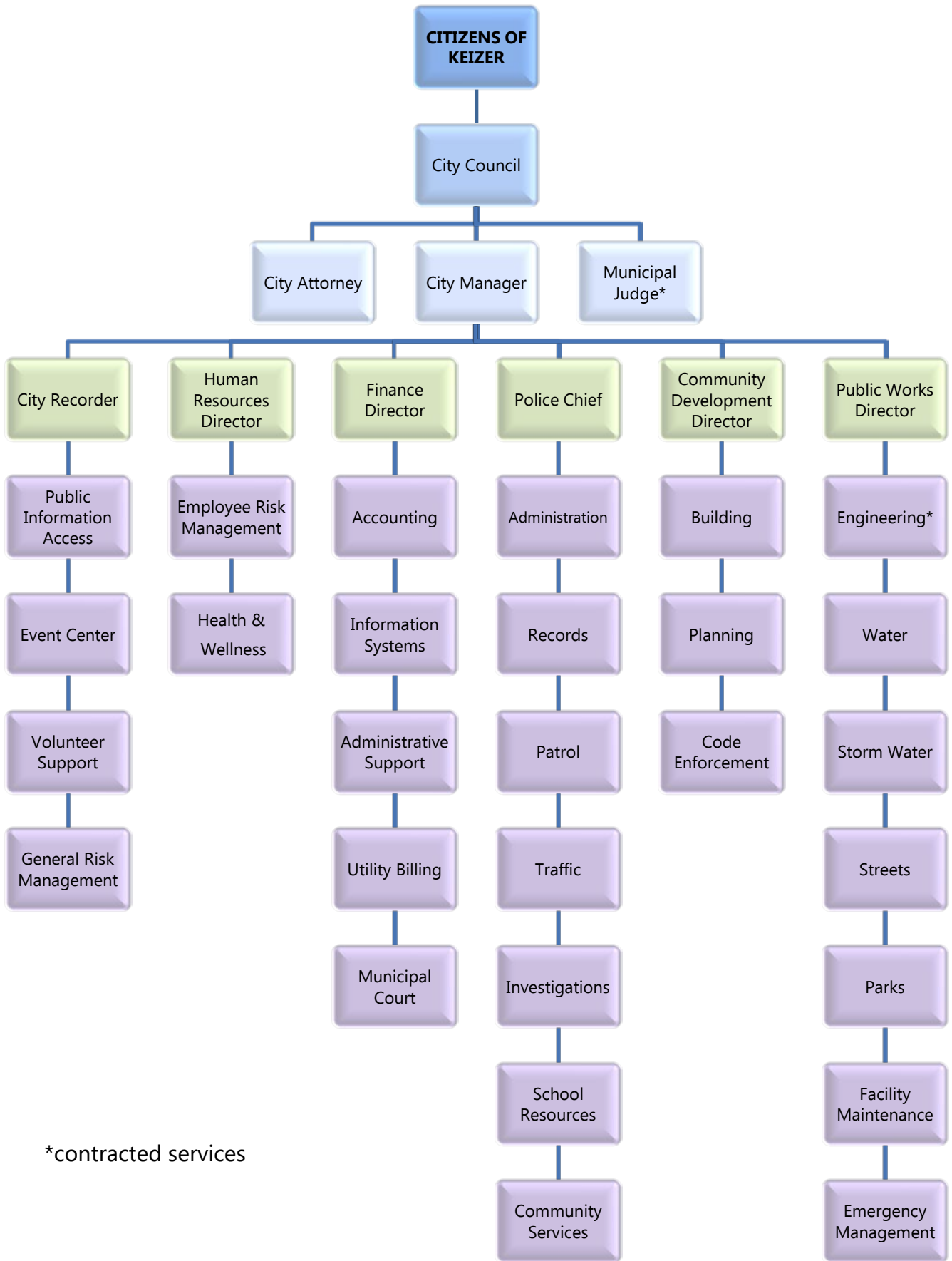
ACKNOWLEDGMENTS

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,



Susan Gahlsdorf, CPA
Finance Director



*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, 2013

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

Report on the Financial Statements

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 City of Keizer, Oregon (the City) as of and for the year ended June 30, 2014, 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, 2014, 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.

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 through 14 and the schedule of funding progress – public employees retirement system (page 51) and schedules of revenues, expenditures and changes in fund balance – budget and actual for the General, Street, Urban Renewal Project, and Urban Renewal Program Income funds (pages 52-55) (“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 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.

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 the purpose 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, or 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 presented, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 20, 2014, 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 the results of that testing and not to provide an opinion on compliance.

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

By: 
Thomas E. Glogau, A Shareholder
December 20, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

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, 2014. 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 30).

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 18-29) 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 Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Cash and investments	\$ 9,205,017	\$ 14,166,084	\$ 2,030,271	\$ 2,173,718	\$ 11,235,288	\$ 16,339,802
Other assets	20,131,026	21,791,138	1,459,489	1,417,107	21,590,515	23,208,245
Capital assets	66,877,183	64,914,284	9,394,214	9,739,309	76,271,397	74,653,593
Total assets	96,213,226	100,871,506	12,883,974	13,330,134	109,097,200	114,201,640
Other liabilities	3,095,191	2,838,488	1,236,440	1,248,765	4,331,631	4,087,253
Long-term debt	19,015,000	25,309,000	1,405,000	1,575,000	20,420,000	26,884,000
Total liabilities	22,110,191	28,147,488	2,641,440	2,823,765	24,751,631	30,971,253
Net position						
Net investment in capital assets	65,617,183	61,660,284	7,989,214	8,164,309	73,606,397	69,824,593
Restricted	7,851,003	10,151,315	956,861	965,652	8,807,864	11,116,967
Unrestricted	634,849	912,419	1,296,459	1,376,408	1,931,308	2,288,827
Total net position	\$ 74,103,035	\$ 72,724,018	\$ 10,242,534	\$ 10,506,369	\$ 84,345,569	\$ 83,230,387

Governmental Activities

The City's net position from governmental activities increased by \$1.4 million from \$72.7 million to \$74.1 million. This decrease is the change in net position reflected in the condensed Statement of Activities, and explained below:

- Cash and investments decreased \$5.0 million primarily due to debt service payments in the current year that did not occur in the prior year.
- Other assets decreased \$1.7 million, as a result of the ongoing collection of the assessment associated with the Keizer Station Local Improvement District.
- Capital assets increased \$2.0 million, primarily as a result of
 - \$5.0 million for acquisition of capital assets (primarily land within the Urban Renewal District) offset by
 - \$3.0 million of depreciation expense.
- Other liabilities increased \$0.3 million primarily due to an increase in the projected other post employment benefit obligation associated with providing retiree healthcare benefits.
- Long-term debt outstanding decreased \$6.3 million, as the result of paying down the debt associated with the Keizer Station Local Improvement District bond, the Urban Renewal District credit line and the Gas Tax Revenue bond.

Business-type Activities

The City's net position from business-type activities decreased 2.5%, from \$10.5 million to \$10.2 million. This decrease is the change in net position reflected in the Statement of Activities, and explained below:

- Cash and investments decreased by \$0.1 million as the result of normal fluctuations in when cash is received.
- Other assets remained consistent at \$1.4 million.
- Capital assets decreased \$0.3 million, as a result of \$0.5 million investment in water and sewer systems and equipment and vehicles offset by \$0.8 million of depreciation expense.
- Other liabilities remained consistent at \$1.2 million.
- 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	Activities	Activities	Activities	Activities
	2014	2013	2014	2013	2014	2013
Program Revenues						
Fees, fines, and charges for services	\$ 744,281	\$ 794,320	\$ 9,572,731	\$ 9,067,206	\$ 10,317,012	\$ 9,861,526
Operating grants and contributions	2,520,561	2,799,523	-	-	2,520,561	2,799,523
Capital grants and contributions	218,513	811,621	51,963	24,203	270,476	835,824
Total program revenues	3,483,355	4,405,464	9,624,694	9,091,409	13,108,049	13,496,873
General Revenues						
Taxes and assessments	5,416,357	5,545,135	-	-	5,416,357	5,545,135
Franchise taxes	2,490,463	2,433,345	-	-	2,490,463	2,433,345
Intergovernmental	768,187	770,249	-	-	768,187	770,249
Miscellaneous	4,631,567	1,658,468	5,855	6,608	4,637,422	1,665,076
Total general revenues	13,306,574	10,407,197	5,855	6,608	13,312,429	10,413,805
Total Revenues	16,789,929	14,812,661	9,630,549	9,098,017	26,420,478	23,910,678
Expenses						
Programs	15,438,681	15,214,028	9,866,615	9,320,846	25,305,296	24,534,874
Change in net position before transfers	1,351,248	(401,367)	(236,066)	(222,829)	1,115,182	(624,196)
Transfers	27,769	(62,792)	(27,769)	62,792	-	-
Change in net position before loss on impairment	1,379,017	(464,159)	(263,835)	(160,037)	1,115,182	(624,196)
Loss on impairment of long lived assets	-	346,037	-	-	-	346,037
Change in net position after loss on impairment	1,379,017	(810,196)	(263,835)	(160,037)	1,115,182	(970,233)
Beginning net position	72,724,018	73,534,214	10,506,369	10,666,406	83,230,387	84,200,620
Ending net position	<u>\$ 74,103,035</u>	<u>\$ 72,724,018</u>	<u>\$ 10,242,534</u>	<u>\$ 10,506,369</u>	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>

Governmental Activities

The City's net position from governmental activities increased by \$1.4 million in the current year as compared to a decrease of \$0.8 in the previous year. This increase in the change in net assets primarily reflects:

- Capital grants and contributions decreased by approximately \$0.6 million as the result of receiving federal and state grants in support of the Keizer Rapids Boat Ramp construction project in the prior year which did not recur in the current 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 \$5.4 million in the current year as compared to \$5.5 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 increased by \$3.0 million primarily as the result of the City receiving proceeds from properties foreclosed on within the Keizer Station Local Improvement District.
- 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	2014		2013		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 2,992,312	19.4%	\$ 1,753,597	11.5%	\$ 1,238,715	70.6%
Community and youth services	15,971	0.1%	5,530	0.0%	10,441	188.8%
Community development	2,789,728	18.1%	3,805,625	25.0%	(1,015,897)	-26.7%
Parks	392,258	2.5%	386,174	2.5%	6,084	1.6%
Public safety	6,390,471	41.4%	6,342,334	41.7%	48,137	0.8%
Public works	1,692,960	11.0%	1,648,403	10.8%	44,557	2.7%
Interest on long-term debt	1,164,981	7.5%	1,272,365	8.4%	(107,384)	-8.4%
Total expenses	\$ 15,438,681	100.0%	\$ 15,214,028	100.0%	\$ 224,653	1.5%

Program expenses increased \$0.2 million from \$15.2 million in the prior year to \$15.4 million in the current year. General government increased by \$1.2 million as the result of 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. The increase is partially offset as the result of decrease in Community development program expense as the result of recognizing a \$1.0 million reserve associated with the Keizer Station Local Improvement District assessments that were in default in the previous year did not recur in the current 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	2014		2013		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,751,772	27.9%	\$ 2,590,864	27.8%	\$ 160,908	6.2%
Sewer	5,379,925	54.5%	5,188,916	55.7%	191,009	3.7%
Stormwater	1,170,447	11.9%	983,980	10.6%	186,467	19.0%
Community Center	121,246	1.2%	148,599	1.6%	(27,353)	-18.4%
Amphitheater	-	0.0%	2,829	0.0%	(2,829)	-100.0%
Street Lighting Districts	443,225	4.5%	405,658	4.4%	37,567	9.3%
Total expenses	<u>\$ 9,866,615</u>	<u>100.0%</u>	<u>\$ 9,320,846</u>	<u>100.0%</u>	<u>\$ 545,769</u>	<u>5.9%</u>

The Program expenses increased \$0.6 million from \$9.3 million in the prior year to \$9.9 million in the current year. The increase is primarily attributed to an increase in sewer rates charged by the City of Salem which took effect January 1, 2014. In addition the increase is due to an increase in personal services costs.

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	2014		2013		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 2,241,954	24.3%	\$ 2,144,797	14.5%	\$ 97,157	4.5%
Streets	1,191,141	12.9%	1,442,300	9.8%	(251,159)	-17.4%
Urban Renewal Program Income	51,837	0.6%	616,090	4.2%	(564,253)	200.0%
Urban Renewal Tax	180,466	2.0%	5,217,608	35.3%	(5,037,142)	-96.5%
Keizer Station LID	2,685,746	29.2%	2,687,875	18.2%	(2,129)	-0.1%
Other Governmental Funds	2,861,525	31.1%	2,672,251	18.1%	189,274	7.1%
Total fund balances	<u>\$ 9,212,669</u>	<u>100.0%</u>	<u>\$ 14,780,921</u>	<u>100.0%</u>	<u>\$ (5,568,252)</u>	<u>-37.7%</u>

At June 30, 2014, the City's governmental funds reported combined fund balances of \$9.2 million, which is a decrease of \$5.6 million or 37.7% 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 \$0.5 million from \$8.1 million in the prior year to \$8.6 million in the current year. General fund revenue consisted of the following:

	2014		2013		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Taxes and assessments	\$ 4,349,656	50.8%	\$ 4,137,204	50.8%	\$ 212,452	5.1%
Licenses and permits	2,569,503	30.0%	2,502,156	30.7%	67,347	2.7%
Intergovernmental	1,034,350	12.1%	791,818	9.7%	242,532	30.6%
Fines and forfeitures	448,615	5.2%	571,525	7.0%	(122,910)	-21.5%
Miscellaneous	159,532	1.9%	141,857	1.7%	17,675	12.5%
Total General fund revenue	\$ 8,561,656	100.0%	\$ 8,144,560	100.0%	\$ 417,096	5.1%

General fund expenses consisted of the following:

	2014		2013		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,416,718	16.7%	\$ 1,281,295	17.1%	\$ 135,423	10.6%
Community and youth services	15,971	0.2%	5,530	0.1%	10,441	188.8%
Community development	423,211	5.0%	452,203	6.0%	(28,992)	-6.4%
Parks	295,919	3.5%	293,089	3.9%	2,830	1.0%
Public safety	6,320,317	74.6%	5,464,213	72.9%	856,104	15.7%
Total General fund expenses	\$ 8,472,136	100.0%	\$ 7,496,330	100.0%	\$ 975,806	13.0%

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 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 increased by \$3.0 million to \$3.8 million in the current year as compared to \$0.8 million in the prior year. The increase is the result of capital outlay in which the Urban Renewal District acquired land in the Keizer Station Local Improvement District.

Urban Renewal Program Income Fund

The Urban Renewal Program Income fund 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 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 remained consistent at \$1.6 million in the current year as compared to the prior year. Expenditures increased by \$5.9 million as the result of current year debt payment of \$1.4 million that did not occur in the prior year. 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.

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 increased \$2.8 million from \$2.6 million in the prior year to \$5.4 million in the current year. The increase 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. This revenue is partially offset by large payments in the prior year for three properties that previously had become delinquent either paying off their assessment or becoming current in the prior year.

The Keizer Station LID fund expenditures increased by \$2.8 million as the result of a \$4.3 million principal payment on the outstanding debt in the current year as compared to a \$1.5 million dollar payment in the prior 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	2014		2013		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 2,281,433	22.3%	\$ 2,498,620	23.8%	\$ (217,187)	-8.7%
Water and Water Facility	6,664,557	65.1%	6,817,873	64.9%	(153,316)	-2.2%
Stormwater	890,356	8.7%	842,924	8.0%	47,432	5.6%
Other Funds	406,188	4.0%	346,952	3.3%	59,236	17.1%
 Total net position	 <u>\$ 10,242,534</u>	 <u>100.0%</u>	 <u>\$ 10,506,369</u>	 <u>100.0%</u>	 <u>\$ (263,835)</u>	 <u>-2.5%</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 \$2.6 million in the current year as compared to \$2.5 million in the prior year.

The Water and Water Facility funds expenses remained consistent at \$2.6 million in the current year as compared to \$2.5 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 \$5.3 million in the current year as compared to \$4.9 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 \$0.2 million from \$1.0 million in fiscal year 2013 to \$1.2 million in fiscal year 2014. The increase is due to a rate increase that took effect January 1, 2014.

The Stormwater fund expenses increased to \$1.2 million in fiscal year 2014 as compared to \$1.0 million in fiscal year 2013. 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 \$5,600 during the year primarily in anticipation of receiving several small donations related to parks and community development. The General fund expenditure budget was increased by \$19,900 to account for spending the donations received and to appropriate contingency amounts during the year.

Capital Assets

As of June 30, 2014, the City had invested \$76.3 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions, and depreciation) of \$1.6 million, when compared to the previous fiscal year.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 14,978,914	\$ 11,253,721	\$ 371,759	\$ 371,759	\$ 15,350,673	\$ 11,625,480
Building and improvements	46,007,467	45,167,895	1,065,730	1,065,730	47,073,197	46,233,625
Equipment and vehicles	1,875,429	1,487,701	818,193	763,578	2,693,622	2,251,279
Infrastructure	38,586,608	38,545,942	22,155,101	21,751,851	60,741,709	60,297,793
Accumulated depreciation	(34,571,235)	(31,540,975)	(15,016,569)	(14,213,607)	(49,587,804)	(45,754,582)
 Net capital assets	 <u>\$ 66,877,183</u>	 <u>\$ 64,914,284</u>	 <u>\$ 9,394,214</u>	 <u>\$ 9,739,311</u>	 <u>\$ 76,271,397</u>	 <u>\$ 74,653,595</u>

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

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, 2014

	Governmental	Business-type	Total
	Activities	Activities	Total
Beginning balance	\$ 64,914,284	\$ 9,739,311	\$ 74,653,595
Additions	4,993,159	457,865	5,451,024
Retirements	-	-	-
Depreciation	<u>(3,030,260)</u>	<u>(802,962)</u>	<u>(3,833,222)</u>
 Net capital assets	 <u>\$ 66,877,183</u>	 <u>\$ 9,394,214</u>	 <u>\$ 76,271,397</u>

The City depreciates all its capital assets except for land.

Debt Outstanding

As of June 30, 2014 the City had \$20.4 million in debt (bonds, notes, etc.) outstanding compared to the \$26.9 million last year, a 24% decrease.

Table 9
Outstanding Debt at Year End
June 30,

	Totals	
	2014	2013
Governmental Activities		
Gas Tax Revenue Bonds 2005	\$ -	\$ 594,000
Keizer Station LID Bonds 2008	17,755,000	22,055,000
URA Credit Facility	<u>1,260,000</u>	<u>2,660,000</u>
Total Governmental	19,015,000	25,309,000
Business-type Activities		
Water Revenue Loan	<u>1,405,000</u>	<u>1,575,000</u>
Total	<u>\$ 20,420,000</u>	<u>\$ 26,884,000</u>

For more detailed information see the Notes to Basic Financial Statements (pages 43-44).

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, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,205,017	\$ 2,030,271	\$ 11,235,288
Accounts receivable	587,730	1,370,621	1,958,351
Property taxes receivable	448,720	-	448,720
Assessment liens receivable	18,653,501	772	18,654,273
Loans receivable	441,075	-	441,075
Inventories	-	88,096	88,096
Nondepreciable capital assets	14,978,914	371,759	15,350,673
Other capital assets, net of depreciation	51,898,269	9,022,455	60,920,724
<i>Total Assets</i>	96,213,226	12,883,974	109,097,200
LIABILITIES			
Accounts payable	551,855	481,243	1,033,098
Deposits	11,012	170,318	181,330
Accrued interest payable	87,871	19,202	107,073
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	1,200,000	180,000	1,380,000
Accrued compensated absences	205,857	58,445	264,302
Due in more than one year:			
Bonds and notes payable	17,815,000	1,225,000	19,040,000
Accrued compensated absences	382,306	108,541	490,847
Other post-employment benefits	1,856,290	398,691	2,254,981
<i>Total Liabilities</i>	22,110,191	2,641,440	24,751,631
NET POSITION			
Net investment in capital assets	65,617,183	7,989,214	73,606,397
Restricted for:			
Debt service	5,916,300	-	5,916,300
Construction	1,232,128	628,218	1,860,346
Other	702,575	328,643	1,031,218
Unrestricted	634,849	1,296,459	1,931,308
<i>Total Net Position</i>	<u>\$ 74,103,035</u>	<u>\$ 10,242,534</u>	<u>\$ 84,345,569</u>

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

CITY OF KEIZER, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<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	\$ 2,992,312	\$ 180,800	\$ -	\$ 162,448
Community and youth services	15,971	-	-	-
Community development	2,789,728	60,510	42,048	-
Parks	392,258	17,107	4,100	55,313
Public safety	6,390,471	418,237	373,434	-
Public works	1,692,960	21,178	2,100,979	752
Stadium operations	-	46,449	-	-
Interest on long-term debt	1,164,981	-	-	-
<i>Total Governmental Activities</i>	15,438,681	744,281	2,520,561	218,513
Business-type Activities:				
Water	2,751,772	2,536,257	-	51,963
Sewer	5,379,925	5,294,156	-	-
Storm water	1,170,447	1,216,997	-	-
Community center	121,246	108,356	-	-
Street lighting	443,225	416,965	-	-
<i>Total Business-type Activities</i>	9,866,615	9,572,731	-	51,963
<i>Total Activities</i>	<u>\$ 25,305,296</u>	<u>\$ 10,317,012</u>	<u>\$ 2,520,561</u>	<u>\$ 270,476</u>

General Revenues:

Property taxes
Franchise taxes
Intergovernmental - unrestricted
Miscellaneous
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, July 1, 2013

Net Position, June 30, 2014

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (2,649,064)	\$ -	\$ (2,649,064)
(15,971)	-	(15,971)
(2,687,170)	-	(2,687,170)
(315,738)	-	(315,738)
(5,598,800)	-	(5,598,800)
429,949	-	429,949
46,449	-	46,449
(1,164,981)	-	(1,164,981)
(11,955,326)	-	(11,955,326)
-	(163,552)	(163,552)
-	(85,769)	(85,769)
-	46,550	46,550
-	(12,890)	(12,890)
-	(26,260)	(26,260)
-	(241,921)	(241,921)
(11,955,326)	(241,921)	(12,197,247)
5,416,357	-	5,416,357
2,490,463	-	2,490,463
768,187	-	768,187
4,631,567	5,855	4,637,422
27,769	(27,769)	-
13,334,343	(21,914)	13,312,429
1,379,017	(263,835)	1,115,182
72,724,018	10,506,369	83,230,387
<u>\$ 74,103,035</u>	<u>\$ 10,242,534</u>	<u>\$ 84,345,569</u>

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

CITY OF KEIZER, OREGON
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<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	\$ 2,180,707	\$ 1,141,910	\$ -	\$ 52,119
Accounts receivable	388,224	165,315	-	-
Loans receivable	-	-	-	-
Property taxes receivable	296,080	-	-	-
Assessment liens receivable	-	18,091	-	-
Due from other funds	3,000	-	-	-
<i>Total Assets</i>	<u>\$ 2,868,011</u>	<u>\$ 1,325,316</u>	<u>\$ -</u>	<u>\$ 52,119</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 61,064	\$ 116,084	\$ -	\$ 282
Accrued expenses payable	317,116	-	-	-
Deposits	11,012	-	-	-
Due to other funds	-	-	-	-
<i>Total Liabilities</i>	389,192	116,084	-	282
Deferred Inflows				
Unavailable revenue	236,865	18,091	-	-
Fund Balances				
Restricted for:				
Debt service	-	-	-	-
Construction	-	1,191,141	-	51,837
Other	-	-	-	-
Unassigned	2,241,954	-	-	-
<i>Total Fund Balances</i>	<u>2,241,954</u>	<u>1,191,141</u>	<u>-</u>	<u>51,837</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,868,011</u>	<u>\$ 1,325,316</u>	<u>\$ -</u>	<u>\$ 52,119</u>

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 126,425	\$ 2,685,746	\$ 2,831,347	\$ 9,018,254
-	-	33,511	587,050
-	-	441,075	441,075
152,640	-	-	448,720
-	18,635,410	-	18,653,501
-	-	-	3,000
<u>\$ 279,065</u>	<u>\$ 21,321,156</u>	<u>\$ 3,305,933</u>	<u>\$ 29,151,600</u>
\$ -	\$ -	\$ 474	\$ 177,904
-	-	-	317,116
-	-	-	11,012
-	-	3,000	3,000
-	-	3,474	509,032
<u>98,599</u>	<u>18,635,410</u>	<u>440,934</u>	<u>19,429,899</u>
180,466	2,685,746	-	2,866,212
-	-	2,599,884	3,842,862
-	-	261,641	261,641
-	-	-	2,241,954
<u>180,466</u>	<u>2,685,746</u>	<u>2,861,525</u>	<u>9,212,669</u>
<u>\$ 279,065</u>	<u>\$ 21,321,156</u>	<u>\$ 3,305,933</u>	<u>\$ 29,151,600</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, 2014**

RECONCILIATION TO THE STATEMENT OF NET POSITION

<i>Fund Balances</i>	\$ 9,212,669
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.	19,429,899
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	101,448,418
Accumulated depreciation	(34,571,235)
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	(19,015,000)
Accrued interest payable	(87,871)
Accrued compensated absences	(588,163)
Other post-employment benefits	(1,856,290)
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>130,608</u>
Net Position of governmental activities	<u>\$ 74,103,035</u>

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

CITY OF KEIZER, OREGON

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	<i>Special Revenue</i>			
	<i>General</i>	<i>Street</i>	<i>Urban Renewal Project</i>	<i>Urban Renewal Program Income</i>
REVENUES				
Taxes and assessments	\$ 4,349,656	\$ 2,007	\$ -	\$ -
Licenses and permits	2,569,503	21,178	-	-
Intergovernmental	1,034,350	2,100,979	-	-
Fines and forfeitures	448,615	-	-	-
Miscellaneous	159,532	4,438	25,194	1,460
<i>Total Revenues</i>	8,561,656	2,128,602	25,194	1,460
EXPENDITURES				
Current operating				
General government	1,416,718	-	-	-
Community and youth services	15,971	-	-	-
Community development	423,211	-	117,324	200,213
Parks	269,821	-	-	-
Public safety	5,948,077	-	-	-
Public works	-	976,579	-	-
Capital outlay	398,338	803,102	3,725,193	-
Debt service				
Principal	-	594,000	-	-
Interest	-	6,080	-	-
<i>Total Expenditures</i>	8,472,136	2,379,761	3,842,517	200,213
REVENUES OVER (UNDER) EXPENDITURES	89,520	(251,159)	(3,817,323)	(198,753)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,817,323	-
Transfers out	-	-	-	(365,500)
Total Other Financing Sources (Uses)	-	-	3,817,323	(365,500)
NET CHANGE IN FUND BALANCES	89,520	(251,159)	-	(564,253)
FUND BALANCES, Beginning of year	2,152,434	1,442,300	-	616,090
FUND BALANCES, End of year	\$ 2,241,954	\$ 1,191,141	\$ -	\$ 51,837

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 1,225,332	\$ 4,407,155	\$ -	\$ 9,984,150
-	-	328,811	2,919,492
-	-	23,431	3,158,760
-	-	-	448,615
8,694	1,031,466	17,991	1,248,775
1,234,026	5,438,621	370,233	17,759,792
1,364,593	-	131,565	2,912,876
-	-	-	15,971
-	-	-	740,748
-	-	-	269,821
-	-	3,000	5,951,077
-	-	-	976,579
-	-	66,526	4,993,159
1,400,000	4,300,000	-	6,294,000
54,752	1,140,750	-	1,201,582
2,819,345	5,440,750	201,091	23,355,813
(1,585,319)	(2,129)	169,142	(5,596,021)
365,500	-	26,706	4,209,529
(3,817,323)	-	(6,574)	(4,189,397)
(3,451,823)	-	20,132	20,132
(5,037,142)	(2,129)	189,274	(5,575,889)
5,217,608	2,687,875	2,672,251	14,788,558
\$ 180,466	\$ 2,685,746	\$ 2,861,525	\$ 9,212,669

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, 2014**

**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 \$ (5,575,889)

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. (969,863)

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. (393,675)

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	4,993,159
Depreciation	(3,030,260)

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	6,294,000
Accrued interest payable	36,601

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. 17,307

Change in net position of governmental activities \$ 1,371,380

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

CITY OF KEIZER, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	Sewer	Water and Water Facility	Storm Water
ASSETS			
Current Assets			
Cash and investments	\$ 50,674	\$ 1,204,935	\$ 347,836
Accounts receivable	817,429	388,708	135,838
Assessment liens receivable	-	772	-
Inventories	-	88,096	-
<i>Total Current Assets</i>	868,103	1,682,511	483,674
Noncurrent Assets			
Nondepreciable capital assets	-	371,759	
Other capital assets, net of depreciation	1,856,328	6,575,178	585,530
<i>Total Noncurrent Assets</i>	1,856,328	6,946,937	585,530
<i>Total Assets</i>	2,724,431	8,629,448	1,069,204
LIABILITIES			
Current Liabilities			
Accounts payable	387,491	49,765	5,634
Deposits	-	159,715	-
Accrued interest payable	-	19,202	-
Bonds payable - due within one year	-	180,000	-
Accrued compensated absences	5,187	35,844	16,749
<i>Total Current Liabilities</i>	392,678	444,526	22,383
Noncurrent Liabilities			
Bonds payable	-	1,225,000	
Accrued compensated absences	9,632	66,568	31,104
Other post-employment benefits	40,688	228,797	125,361
<i>Total Noncurrent Liabilities</i>	50,320	1,520,365	156,465
<i>Total Liabilities</i>	442,998	1,964,891	178,848
NET POSITION			
Net investment in capital assets	1,856,328	5,541,937	585,530
Restricted	-	556,092	-
Unrestricted	425,105	566,528	304,826
<i>Total Net Position</i>	\$ 2,281,433	\$ 6,664,557	\$ 890,356

<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Governmental Activities Administrative Service Fund</i>
\$ 426,826	\$ 2,030,271	\$ 186,763
28,646	1,370,621	680
-	772	-
-	88,096	-
455,472	3,489,760	187,443
-	371,759	-
5,419	9,022,455	-
5,419	9,394,214	-
460,891	12,883,974	187,443
38,353	481,243	56,835
10,603	170,318	-
-	19,202	-
-	180,000	-
666	58,445	-
49,622	909,208	56,835
-	1,225,000	-
1,236	108,541	-
3,845	398,691	-
5,081	1,732,232	-
54,703	2,641,440	56,835
5,419	7,989,214	-
400,769	956,861	-
-	1,296,459	130,608
<u>\$ 406,188</u>	<u>\$ 10,242,534</u>	<u>\$ 130,608</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, 2014**

	<u>Business-type Activities - Enterprise Funds</u>		
		<u>Water and Water Facility</u>	<u>Stormwater</u>
	<u>Sewer</u>		
OPERATING REVENUES			
Licenses and permits	\$ -	\$ 82,414	\$ 12,450
Charges for services	5,192,320	2,448,714	1,201,989
Miscellaneous	3,066	5,129	2,558
<i>Total Operating Revenues</i>	<u>5,195,386</u>	<u>2,536,257</u>	<u>1,216,997</u>
OPERATING EXPENSES			
Personnel services	135,748	1,065,783	686,037
Materials and services	5,042,633	1,062,309	449,711
Depreciation	201,544	564,913	34,699
<i>Total Operating Expenses</i>	<u>5,379,925</u>	<u>2,693,005</u>	<u>1,170,447</u>
OPERATING INCOME (LOSS)	(184,539)	(156,748)	46,550
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	252	3,662	882
Interest expense	-	(58,767)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>252</u>	<u>(55,105)</u>	<u>882</u>
CAPITAL CONTRIBUTION	-	51,963	-
INCOME (LOSS) BEFORE TRANSFERS	(184,287)	(159,890)	47,432
Transfers in	-	170,474	-
Transfers out	(32,900)	(163,900)	-
<i>Total Transfers</i>	<u>(32,900)</u>	<u>6,574</u>	<u>-</u>
CHANGE IN NET POSITION	(217,187)	(153,316)	47,432
NET POSITION, Beginning of year	<u>2,498,620</u>	<u>6,817,873</u>	<u>842,924</u>
NET POSITION, End of year	<u>\$ 2,281,433</u>	<u>\$ 6,664,557</u>	<u>\$ 890,356</u>

<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Governmental Activities Administrative Service Fund</i>
\$ 98,770	\$ 193,634	\$ -
508,879	9,351,902	2,194,560
16,442	27,195	1,987
624,091	9,572,731	2,196,547
50,363	1,937,931	1,424,437
512,302	7,066,955	754,803
1,806	802,962	-
564,471	9,807,848	2,179,240
59,620	(235,117)	17,307
1,059	5,855	-
-	(58,767)	-
1,059	(52,912)	-
-	51,963	-
60,679	(236,066)	17,307
32,900	203,374	-
(26,706)	(223,506)	-
6,194	(20,132)	-
66,873	(256,198)	17,307
339,315	10,498,732	113,301
<u>\$ 406,188</u>	<u>\$ 10,242,534</u>	<u>\$ 130,608</u>

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

CITY OF KEIZER, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Sewer</u>	<u>Water and Water Facility</u>	<u>Stormwater</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,151,350	\$ 2,534,804	\$ 1,203,578
Cash paid for employee services and benefits	(129,580)	(1,021,474)	(661,812)
Cash paid to suppliers for goods and services	(5,019,345)	(1,153,759)	(457,511)
<i>Net Cash Provided by (Used in) Operating Activities</i>	2,425	359,571	84,255
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	170,474	-
Transfers out	(32,900)	(163,900)	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(32,900)	6,574	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(330,397)	(127,468)
Principal paid on contracts/bonds payable	-	(170,000)	-
Contribution of capital	-	52,404	-
Interest paid	-	(61,090)	-
<i>Net Cash Used in Capital Related Financing Activities</i>	-	(509,083)	(127,468)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	252	3,662	882
<i>Increase (Decrease) in Cash and Investments</i>	(30,223)	(139,276)	(42,331)
CASH AND INVESTMENTS, Beginning of year	<u>80,897</u>	<u>1,344,211</u>	<u>390,167</u>
CASH AND INVESTMENTS, End of year	<u>\$ 50,674</u>	<u>\$ 1,204,935</u>	<u>\$ 347,836</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ (184,539)	\$ (156,748)	\$ 46,550
Depreciation	201,544	564,913	34,699
<i>Change in assets and liabilities</i>			
Accounts receivable	(44,036)	(7,931)	(13,419)
Inventory	-	14,210	
Accounts payable and accrued liabilities	23,288	(105,660)	(7,800)
Compensated absences payable	1,480	14,622	6,293
Other post-employment benefits	4,688	29,687	17,932
Deposits payable	-	6,478	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 2,425</u>	<u>\$ 359,571</u>	<u>\$ 84,255</u>

<i>Other Proprietary Funds</i>	<i>Totals</i>	<i>Governmental Activities Administrative Service Fund</i>
\$ 630,713	\$ 9,520,445	\$ 2,203,030
(49,550)	(1,862,416)	(1,424,437)
(511,590)	(7,142,205)	(729,381)
69,573	515,824	49,212
32,900	203,374	-
(26,706)	(223,506)	-
6,194	(20,132)	-
-	(457,865)	-
-	(170,000)	-
-	52,404	-
-	(61,090)	-
-	(636,551)	-
1,058	5,854	-
76,825	(135,005)	49,212
350,001	2,165,276	137,551
<u>\$ 426,826</u>	<u>\$ 2,030,271</u>	<u>\$ 186,763</u>
\$ 59,620	\$ (235,117)	\$ 17,307
1,806	802,962	-
8,352	(57,034)	6,483
-	14,210	-
(1,018)	(91,190)	25,422
334	22,729	-
479	52,786	-
-	6,478	-
<u>\$ 69,573</u>	<u>\$ 515,824</u>	<u>\$ 49,212</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.

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.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

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, 2014

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, 2014

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.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

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.

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.

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.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2014 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2014:

Cash	
Cash on hand	\$ 1,790
Deposits with financial institutions	7,374,257
Investments	
Local Government Investment Pool	<u>3,859,241</u>
<i>Total Cash and Investments</i>	<u><u>\$ 11,235,288</u></u>

Deposits

At year end, the book balance of the City’s bank deposits (checking and money market accounts) was \$7,371,260 and the bank balance was \$7,930,987. 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.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

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 non-interest bearing accounts and the aggregate of all interest bearing 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, 2014, \$7,430,987 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, 2014, 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.

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.

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

YEAR ENDED JUNE 30, 2014

CASH AND INVESTMENTS (Continued)

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	\$ 388,224	\$ 296,080	\$ -	\$ -
Street	165,315	-	18,091	-
Urban Renewal Tax	-	152,640	-	-
Keizer Station LID	-	-	22,316,410	-
Other governmental funds	33,511	-	-	441,075
Administrative Service	680	-	-	-
Sewer	817,429	-	-	-
Water	388,708	-	772	-
Stormwater	135,838	-	-	-
Other business-type funds	28,646	-	-	-
Allowance for doubtful accounts			(3,681,000)	
	<u>\$ 1,958,351</u>	<u>\$ 448,720</u>	<u>\$ 18,654,273</u>	<u>\$ 441,075</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2014 is as follows:

	Balances July 1, 2013	Additions	Deletions	Balances June 30, 2014
NON-DEPRECIABLE				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
DEPRECIABLE				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	21,751,851	403,250	-	22,155,101
Equipment and vehicles	763,578	54,615	-	818,193
Total depreciable	23,581,159	457,865	-	24,039,024
ACCUMULATED DEPRECIATION				
Buildings	816,528	19,270	-	835,798
Water and sewer systems	12,751,576	734,788	-	13,486,364
Equipment and vehicles	645,503	48,904	-	694,407
Total accumulated depreciation	14,213,607	802,962	-	15,016,569
<i>Business-type activities capital assets, net</i>	<u>\$ 9,739,311</u>	<u>\$ (345,097)</u>	<u>\$ -</u>	<u>\$ 9,394,214</u>

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

Water	\$ 564,913
Sewer	201,544
Stormwater	34,699
Community Center	<u>1,806</u>
<i>Total depreciation expense for business-type activities</i>	<u>\$ 802,962</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS (continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2014 are as follows:

	Balances July 1, 2013	Additions	Deletions	Balances June 30, 2014
NON-DEPRECIABLE				
Land	\$ 11,253,721	\$ 3,725,193	\$ -	\$ 14,978,914
DEPRECIABLE				
Buildings and improvements	45,167,895	839,572	-	46,007,467
Equipment and vehicles	1,487,701	387,728	-	1,875,429
Infrastructure	38,545,942	40,666	-	38,586,608
Total depreciable	85,201,538	1,267,966	-	86,469,504
ACCUMULATED DEPRECIATION				
Buildings	17,834,400	1,585,004	-	19,419,404
Equipment and vehicles	1,207,604	163,097	-	1,370,701
Infrastructure	12,498,971	1,282,159	-	13,781,130
Total accumulated depreciation	31,540,975	3,030,260	-	34,571,235
Governmental activities capital assets, net	<u>\$ 64,914,284</u>	<u>\$ 1,962,899</u>	<u>\$ -</u>	<u>\$ 66,877,183</u>

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

General government	\$ 3,385
Public safety	149,194
Public works	725,567
Community development	2,051,488
Parks	<u>100,626</u>
Total depreciation expense for governmental activities	<u>\$ 3,030,260</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

LONG-TERM OBLIGATIONS

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

	<u>Outstanding July 1, 2013</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2014</u>	<u>Due in One Year</u>
Governmental Activities					
Gas Tax Revenue Bonds 2005 Initial issue \$1,738,000, interest at 3.92%	\$ 594,000	\$ -	\$ (594,000)	\$ -	\$ -
Keizer Station LID Bonds 2008 Initial issue \$26,810,000, interest only at 5.20%	22,055,000	-	(4,300,000)	17,755,000	-
URA Credit Facility, Series 2008 Initial issue \$12,260,000, variable interest currently at 2.31%	<u>2,660,000</u>	<u>-</u>	<u>(1,400,000)</u>	<u>1,260,000</u>	<u>1,200,000</u>
	<u>\$ 25,309,000</u>	<u>\$ -</u>	<u>\$ (6,294,000)</u>	<u>\$ 19,015,000</u>	<u>\$ 1,200,000</u>
Accrued compensated absences	<u>\$ 508,627</u>	<u>\$ 385,660</u>	<u>\$ (306,124)</u>	<u>\$ 588,163</u>	<u>\$ 205,857</u>
Business-type Activities					
2005 Water Revenue Loan Initial issue \$2,600,000, interest at 4.10%	<u>\$ 1,575,000</u>	<u>\$ -</u>	<u>\$ (170,000)</u>	<u>\$ 1,405,000</u>	<u>\$ 180,000</u>
Accrued compensated absences	<u>\$ 144,257</u>	<u>\$ 119,668</u>	<u>\$ (96,938)</u>	<u>\$ 166,987</u>	<u>\$ 58,445</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, 2014

LONG-TERM OBLIGATIONS (Continued)

The future maturities of obligations outstanding as of June 30, 2014:

Governmental Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,200,000	\$ 952,413	\$ 2,152,413
2016	60,000	924,474	984,474
2017	-	923,260	923,260
2018	-	923,260	923,260
2019	-	923,260	923,260
2020-2024	-	4,616,300	4,616,300
2025-2029	-	4,616,300	4,616,300
2030-2031	17,755,000	1,846,520	19,601,520
	<u>\$ 19,015,000</u>	<u>\$ 15,725,787</u>	<u>\$ 34,740,787</u>

Business-type Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 180,000	\$ 53,915	\$ 233,915
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
2020-2021	440,000	18,245	458,245
	<u>\$ 1,405,000</u>	<u>\$ 210,433</u>	<u>\$ 1,615,433</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, 2014

PENSION PLANS

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. As an independent employer, the City of Keizer is considered to be participating in an agent-multiple employer plan for purposes of the Tier 1/Tier 2 pension liabilities and a cost sharing plan for purposes of their OPSRP pension liabilities.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

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

Funding Policy

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system, 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 6.0% "pick-up."

In addition to the 6.0% "pick-up," the City contributed 10.69% of Tier1/Tier2 subject payroll, 2.19% of OPSRP general service subject payroll, and 4.92% of OPSRP police and fire subject payroll for the fiscal year ended June 30, 2014. This contribution rate was determined as part of the December 31, 2011 actuarial evaluation. Subject salary for the year was \$5,783,998 and the City's total payroll was \$6,213,398.

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>	<u>% of Required</u> <u>Contribution</u>
2014	\$ 744,892	100%
2013	737,485	100%
2012	736,623	100%

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

PENSION PLANS (Continued)

Funding Policy (Continued)

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuation's UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8% per year, projected salary increase of 3.75%, health cost inflation graded from 6.9% in 2012 to 4.5% in 2029, and a consumer price inflation component of 2.75%.

The OPERB utilizes a technique called asset smoothing to determine the actuarial value of assets. The actuarial value of assets are reported at fair market value, less a reserve equal to a pro-rata portion of the investment gains (losses) over the four-year period ending on the valuation date. Investment gains (losses), effective from January 1, 2000, are recognized at the rate of 25% per year. The actuarial value of assets is limited to a 10% corridor above and below the fair market value.

Retiree Healthcare

The Retiree Health Insurance Account (RHIA) is a cost-sharing pool under Statement No. 45 of the Governmental Accounting Standards Board (GASB 45). Consequently, each employer reports the contractually required contributions. The contractually required contribution for retiree healthcare liabilities for the period July 1, 2013 through June 30, 2015 is calculated and is expressed as contribution rates that are applied to the appropriate payroll. The rates and appropriate payroll are shown in the table below.

	<i>OPSRP</i>		
	<i>Tier 1/Tier 2</i>	<i>General Services</i>	<i>Police and Fire</i>
July 1, 2013 to June 30, 2015	0.59%	0.49%	0.49%

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, 2014, amounted to \$29,080. 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 \$339,290 for the year ended June 30, 2014.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

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, 2014, the City had 93 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, 2014, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	350,842
Amortization of UAAL		<u>62,585</u>
Annual required contribution		413,427
Implicit benefit payments		(46,502)
Increase in net OPEB obligation		366,924
Net OPEB obligation - beginning of year		<u>1,888,057</u>
Net OPEB obligation - end of year	\$	<u>2,254,981</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2014 was as follows:

<i>Fiscal Year Ended June 30,</i>		<i>Annual OPEB Cost</i>	<i>Percentage of Annual OPEB Cost Contribution</i>	<i>Net OPEB Obligation</i>
2014	\$	413,427	11%	\$ 2,254,981
2013		482,070	3%	1,888,057
2012		483,000	2%	1,418,510

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, 2014

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, 2014 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 6% and 7%. 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)
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%
2012	-	1,627,215	1,627,215	0%	5,904,417	27.6%

TRANSFERS

	Transfer In	Transfer Out
Urban Renewal Project	\$ 3,817,323	\$ -
Urban Renewal Tax Increment	365,500	3,817,323
Urban Renewal Program Income	-	365,500
Nonmajor governmental fund	34,343	6,574
Sewer	-	32,900
Water	6,574	163,900
Water Facility	163,900	-
Other business-type funds	32,900	34,343
	<u>\$ 4,420,540</u>	<u>\$ 4,420,540</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.

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 20, 2014, 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 PRONOUNCEMENTS

GASB Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees." The statement provides guidance on accounting for and reporting nonexchange financial guarantees. The statement was implemented in the current year.

The City will implement 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. 68 "Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27." The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 "Government Combinations and Disposals of Government Operations." The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement is effective for fiscal years beginning after June 15, 2014.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2014

RELATED PARTY TRANSACTIONS

In May 2014 the Urban Renewal Agency of the City of Keizer, acquired through a foreclosure auction two pieces of property for \$3,700,000, with the proceeds payable to the City of Keizer. The purchase price represented the amount of the outstanding local improvement district assessments, interest, penalties and legal fees due to the City of Keizer, at the time of the foreclosure auction.

In conjunction with the foreclosure the City entered into a settlement agreement with the previous property owners granting them an option to repurchase the property within five years of the foreclosure date with an escalating repurchase price ranging from \$3,000,000 to \$5,000,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEIZER, OREGON
SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2014

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) (b)</i>	<i>Unfunded AAL (b-a)</i>	<i>Funded Ratio (a+b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
12/31/2003	\$ 7,782,349	\$ 8,406,202	\$ 623,853	93%	\$ 2,304,166	27%
12/31/2004	9,435,000	9,681,880	246,880	97%	2,614,758	9%
12/31/2005	11,272,923	10,435,031	(837,892)	108%	2,632,588	-32%
12/31/2006	13,123,262	10,273,073	(2,850,189)	128%	2,729,005	-104%
12/31/2007	14,469,554	11,359,526	(3,110,028)	127%	3,071,890	-11%
12/31/2008	11,704,780	12,202,765	497,985	96%	3,318,225	15%
12/31/2009	13,407,773	13,634,579	226,806	98%	3,677,284	6%
12/31/2010	14,718,129	14,359,732	(358,397)	103%	5,955,156	-6%
12/31/2011	14,874,482	15,789,873	915,391	94%	5,827,628	16%
12/31/2012	16,637,219	17,416,511	779,292	96%	5,961,984	13%
12/31/2013	18,121,330	18,330,016	208,686	99%	6,014,572	3%

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 4,197,300	\$ 4,197,300	\$ 4,349,656	\$ 152,356
Licenses and permits	2,508,300	2,508,300	2,569,503	61,203
Intergovernmental	1,024,900	1,024,900	1,034,350	9,450
Fines and forfeitures	519,400	519,400	448,615	(70,785)
Miscellaneous	129,600	135,200	159,532	24,332
<i>Total Revenues</i>	8,379,500	8,385,100	8,561,656	176,556
EXPENDITURES				
Administration	1,507,000	1,539,100	1,432,689	106,411
Parks	336,200	350,100	295,919	54,181
Community development	474,000	474,000	423,211	50,789
Police	6,313,600	6,314,100	6,103,859	210,241
Municipal court	244,500	244,500	216,458	28,042
Contingency	266,600	240,000	-	240,000
<i>Total Expenditures</i>	9,141,900	9,161,800	8,472,136	689,664
REVENUES OVER (UNDER) EXPENDITURES	(762,400)	(776,700)	89,520	866,220
OTHER FINANCING SOURCES (USES)				
Transfers in	131,800	131,800	-	(131,800)
NET CHANGE IN FUND BALANCE	(630,600)	(644,900)	89,520	734,420
FUND BALANCE, Beginning of year	1,798,000	1,812,360	2,152,434	340,074
FUND BALANCE, End of year	\$ 1,167,400	\$ 1,167,460	\$ 2,241,954	\$ 1,074,494

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,000	\$ 3,000	\$ 21,178	\$ 18,178
Intergovernmental	2,125,400	2,125,400	2,100,979	(24,421)
Taxes and assessments	2,200	2,200	2,007	(193)
Miscellaneous	24,600	24,600	4,438	(20,162)
<i>Total Revenues</i>	2,155,200	2,155,200	2,128,602	(26,598)
EXPENDITURES				
Personnel services	277,500	277,500	243,922	33,578
Materials and services	820,400	820,400	732,657	87,743
Capital outlay	1,273,300	1,273,300	803,102	470,198
Contingency	54,900	54,900	-	54,900
Debt service				
Principal	594,000	594,000	594,000	-
Interest	11,700	11,700	6,080	5,620
<i>Total Expenditures</i>	3,031,800	3,031,800	2,379,761	652,039
NET CHANGE IN FUND BALANCE	(876,600)	(876,600)	(251,159)	625,441
FUND BALANCE, Beginning of year	1,423,300	1,423,300	1,442,300	19,000
FUND BALANCE, End of year	\$ 546,700	\$ 546,700	\$ 1,191,141	\$ 644,441

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 25,194	\$ 25,194
EXPENDITURES				
Materials and services	135,000	135,000	117,324	17,676
Capital outlay	3,775,300	3,775,300	3,725,193	50,107
Contingency	10,000	10,000	-	10,000
<i>Total Expenditures</i>	<u>3,920,300</u>	<u>3,920,300</u>	<u>3,842,517</u>	<u>77,783</u>
REVENUES OVER (UNDER) EXPENDITURES	(3,920,300)	(3,920,300)	(3,817,323)	102,977
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>3,920,300</u>	<u>3,920,300</u>	<u>3,817,323</u>	<u>(102,977)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
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.

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,460	\$ 1,460
EXPENDITURES				
Materials and services	50,000	210,000	200,213	9,787
Capital outlay	45,500	45,500	-	45,500
Debt service	546,400	386,400	365,500	20,900
<i>Total Expenditures</i>	<u>641,900</u>	<u>641,900</u>	<u>565,713</u>	<u>76,187</u>
NET CHANGE IN FUND BALANCES	(641,900)	(641,900)	(564,253)	77,647
FUND BALANCE, Beginning of year	<u>641,900</u>	<u>641,900</u>	<u>616,090</u>	<u>(25,810)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,837</u>	<u>\$ 51,837</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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 1,254,300	\$ 1,254,300	\$ 1,225,332	\$ (28,968)
Miscellaneous	561,900	561,900	374,194	(187,706)
<i>Total Revenues</i>	1,816,200	1,816,200	1,599,526	(216,674)
EXPENDITURES				
Debt service				
Repayment to overlapping tax jurisdictions	1,278,800	1,278,800	1,364,593	(85,793)
Principal	5,650,300	5,650,300	5,217,323	432,977
Interest	69,500	69,500	54,752	14,748
<i>Total Expenditures</i>	6,998,600	6,998,600	6,636,668	361,932
REVENUES OVER (UNDER) EXPENDITURES	(5,182,400)	(5,182,400)	(5,037,142)	145,258
FUND BALANCE, Beginning of year	5,187,000	5,187,000	5,217,608	30,608
FUND BALANCE, End of year	\$ 4,600	\$ 4,600	\$ 180,466	\$ 175,866

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,808,500	\$ 3,808,500	\$ 4,407,155	\$ 598,655
Miscellaneous	1,638,100	1,638,100	1,031,466	(606,634)
<i>Total Revenues</i>	5,446,600	5,446,600	5,438,621	(7,979)
EXPENDITURES				
Debt service				
Principal	4,462,100	4,462,100	4,300,000	162,100
Interest	1,044,100	1,044,100	1,140,750	(96,650)
<i>Total Expenditures</i>	5,506,200	5,506,200	5,440,750	65,450
NET CHANGE IN FUND BALANCES	(59,600)	(59,600)	(2,129)	57,471
FUND BALANCE, Beginning of year	2,740,600	2,740,600	2,687,875	(52,725)
FUND BALANCE, End of year	<u>\$ 2,681,000</u>	<u>\$ 2,681,000</u>	<u>\$ 2,685,746</u>	<u>\$ 4,746</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Special Revenue</u>		
	<u>Law Enforcement Grant</u>	<u>Public Education Government</u>	<u>Transportation Improvement</u>
ASSETS			
Cash and investments	\$ -	\$ 212,868	\$ 2,175,283
Accounts receivable	3,000	30,511	-
Loans receivable	-	-	-
<i>Total Assets</i>	<u>\$ 3,000</u>	<u>\$ 243,379</u>	<u>\$ 2,175,283</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	3,000	-	-
<i>Total Liabilities</i>	3,000	-	-
Deferred inflows			
Unavailable revenue	-	-	-
Fund Balances			
Restricted	-	243,379	2,175,283
<i>Total Liabilities and Fund Balances</i>	<u>\$ 3,000</u>	<u>\$ 243,379</u>	<u>\$ 2,175,283</u>

<i>Park Improvement</i>	<i>Off-site Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 372,035	\$ 52,904	\$ 14,407	\$ 3,850	\$ 2,831,347
-	-	-	-	33,511
-	-	334,977	106,098	441,075
<u>\$ 372,035</u>	<u>\$ 52,904</u>	<u>\$ 349,384</u>	<u>\$ 109,948</u>	<u>\$ 3,305,933</u>
\$ 338	\$ -	\$ 94	\$ 42	\$ 474
-	-	-	-	3,000
338	-	94	42	3,474
-	-	334,836	106,098	440,934
371,697	52,904	14,454	3,808	2,861,525
<u>\$ 372,035</u>	<u>\$ 52,904</u>	<u>\$ 349,384</u>	<u>\$ 109,948</u>	<u>\$ 3,305,933</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue		
	Law Enforcement Grant	Public Education Government	Transportation Improvement
REVENUES			
Licenses and permits	\$ -	\$ 121,312	\$ 162,448
Intergovernmental	3,000	-	-
Miscellaneous	-	726	5,894
<i>Total Revenues</i>	3,000	122,038	168,342
EXPENDITURES			
Current operating			
General government	-	85,387	-
Public safety	3,000	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	3,000	85,387	-
REVENUES OVER (UNDER) EXPENDITURES	-	36,651	168,342
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	26,706
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	26,706
NET CHANGE IN FUND BALANCES	-	36,651	195,048
FUND BALANCES, Beginning of year	-	206,728	1,980,235
FUND BALANCES, End of year	\$ -	\$ 243,379	\$ 2,175,283

<i>Park Improvement</i>	<i>Offsite Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 45,051	\$ -	\$ -	\$ -	\$ 328,811
-	-	20,431	-	23,431
11,140	149	44	38	17,991
56,191	149	20,475	38	370,233
-	-	29,546	16,632	131,565
-	-	-	-	3,000
66,526	-	-	-	66,526
66,526	-	29,546	16,632	201,091
(10,335)	149	(9,071)	(16,594)	169,142
-	-	-	-	26,706
(6,574)	-	-	-	(6,574)
(6,574)	-	-	-	20,132
(16,909)	149	(9,071)	(16,594)	189,274
388,606	52,755	23,525	20,402	2,672,251
<u>\$ 371,697</u>	<u>\$ 52,904</u>	<u>\$ 14,454</u>	<u>\$ 3,808</u>	<u>\$ 2,861,525</u>

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LAW ENFORCEMENT GRANT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 3,000	\$ (72,000)
EXPENDITURES				
Materials and services	10,000	10,000	3,000	7,000
Capital outlay	65,000	65,000	-	65,000
<i>Total Expenditures</i>	<u>75,000</u>	<u>75,000</u>	<u>3,000</u>	<u>72,000</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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 119,900	\$ 119,900	\$ 121,312	\$ 1,412
Miscellaneous	500	500	726	226
<i>Total Revenues</i>	120,400	120,400	122,038	1,638
EXPENDITURES				
Materials and services	79,300	85,300	84,239	1,061
Capital outlay	15,000	15,000	1,148	13,852
Contingency	50,000	44,000	-	44,000
<i>Total Expenditures</i>	144,300	144,300	85,387	58,913
REVENUES OVER (UNDER) EXPENDITURES				
	(23,900)	(23,900)	36,651	60,551
FUND BALANCE, Beginning of year	188,500	188,500	206,728	18,228
FUND BALANCE, End of year	<u>\$ 164,600</u>	<u>\$ 164,600</u>	<u>\$ 243,379</u>	<u>\$ 78,779</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 - TRANSPORTATION IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 24,300	\$ 24,300	\$ 162,448	\$ 138,148
Miscellaneous	6,000	6,000	5,894	(106)
<i>Total Revenues</i>	30,300	30,300	168,342	138,042
EXPENDITURES				
Capital outlay	1,440,000	1,443,900	-	1,443,900
REVENUES OVER (UNDER) EXPENDITURES				
	(1,409,700)	(1,413,600)	168,342	1,581,942
OTHER FINANCING SOURCES (USES)				
Transfers in	22,900	26,800	26,706	(94)
Transfers out	(161,800)	(161,800)	-	161,800
<i>Total Other Financing Sources (Uses)</i>	(138,900)	(135,000)	26,706	161,706
NET CHANGE IN FUND BALANCES	(1,548,600)	(1,548,600)	195,048	1,743,648
FUND BALANCE, Beginning of year	1,956,400	1,956,400	1,980,235	23,835
FUND BALANCE, End of year	\$ 407,800	\$ 407,800	\$ 2,175,283	\$ 1,767,483

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 149	\$ 49
EXPENDITURES				
Capital outlay	52,800	52,800	-	52,800
REVENUES OVER (UNDER) EXPENDITURES	(52,700)	(52,700)	149	52,849
FUND BALANCE, Beginning of year	52,700	52,700	52,755	55
FUND BALANCE, End of year	\$ -	\$ -	\$ 52,904	\$ 52,904

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 29,300	\$ 29,300	\$ 45,051	\$ 15,751
Miscellaneous	1,200	1,200	11,140	9,940
<i>Total Revenues</i>	30,500	30,500	56,191	25,691
EXPENDITURES				
Capital outlay	405,700	399,100	66,526	332,574
REVENUES OVER (UNDER) EXPENDITURES	(375,200)	(368,600)	(10,335)	358,265
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(6,600)	(6,574)	26
NET CHANGE IN FUND BALANCE	(375,200)	(375,200)	(16,909)	358,291
FUND BALANCE, Beginning of year	375,200	375,200	388,606	13,406
FUND BALANCE, End of year	\$ -	\$ -	\$ 371,697	\$ 371,697

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 20,431	\$ (9,569)
Miscellaneous	-	-	44	44
<i>Total Revenues</i>	30,000	30,000	20,475	(9,525)
EXPENDITURES				
Materials and services	45,900	45,900	29,546	16,354
REVENUES OVER (UNDER) EXPENDITURES	(15,900)	(15,900)	(9,071)	6,829
FUND BALANCE, Beginning of year	45,900	45,900	23,525	(22,375)
FUND BALANCE, End of year	\$ 30,000	\$ 30,000	\$ 14,454	\$ (15,546)

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 38	\$ 38
EXPENDITURES				
Materials and services	28,200	28,200	16,632	11,568
REVENUES OVER (UNDER) EXPENDITURES	(28,200)	(28,200)	(16,594)	11,606
FUND BALANCE, Beginning of year	28,200	28,200	20,402	(7,798)
FUND BALANCE, End of year	\$ -	\$ -	\$ 3,808	\$ 3,808

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, 2014**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 2,358,000	\$ 2,367,500	\$ 2,194,560	\$ (172,940)
Miscellaneous	1,700	1,700	1,987	287
<i>Total Revenues</i>	2,359,700	2,369,200	2,196,547	(172,653)
EXPENDITURES				
Personnel services	1,446,200	1,450,600	1,424,437	26,163
Materials and services	638,700	703,400	676,141	27,259
Capital outlay	84,700	89,100	78,662	10,438
Contingency	188,200	131,900	-	131,900
<i>Total Expenditures</i>	2,357,800	2,375,000	2,179,240	195,760
REVENUES OVER (UNDER) EXPENDITURES				
	1,900	(5,800)	17,307	23,107
FUND BALANCE, Beginning of year	-	7,700	113,301	105,601
FUND BALANCE, End of year	<u>\$ 1,900</u>	<u>\$ 1,900</u>	<u>\$ 130,608</u>	<u>\$ 128,708</u>

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, 2014**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 5,186,000	\$ 5,186,000	\$ 5,178,249	\$ (7,751)
Miscellaneous	5,400	5,400	3,318	(2,082)
<i>Total Revenues</i>	5,191,400	5,191,400	5,181,567	(9,833)
EXPENDITURES				
Personnel services	138,600	138,600	129,580	9,020
Materials and services	5,100,600	5,067,700	5,042,633	25,067
Contingency	15,300	15,300	-	15,300
<i>Total Expenditures</i>	5,254,500	5,221,600	5,172,213	49,387
REVENUES OVER (UNDER)				
EXPENDITURES	(63,100)	(30,200)	9,354	39,554
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(32,900)	(32,900)	-
CHANGE IN FUND BALANCE	(63,100)	(63,100)	(23,546)	39,554
FUND BALANCE, Beginning of year	201,400	201,400	248,216	46,816
FUND BALANCE, End of year	\$ 138,300	\$ 138,300	\$ 224,670	\$ 86,370

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2014**

	<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	\$ 442	\$ (658)
Licenses and permits	56,500	56,500	82,414	25,914
Charges for services	2,493,300	2,493,300	2,437,562	(55,738)
Miscellaneous	7,100	7,100	6,737	(363)
<i>Total Revenues</i>	<u>2,558,000</u>	<u>2,558,000</u>	<u>2,527,155</u>	<u>(30,845)</u>
EXPENDITURES				
Personnel services	1,123,700	1,123,700	1,021,473	102,227
Materials and services	1,080,000	1,100,000	1,023,402	76,598
Capital outlay/depreciation	58,000	83,000	56,275	26,725
Debt service	231,100	231,100	231,090	10
Contingency	113,100	99,700	-	99,700
<i>Total Expenditures</i>	<u>2,605,900</u>	<u>2,637,500</u>	<u>2,332,240</u>	<u>305,260</u>
REVENUES OVER (UNDER) EXPENDITURES	(47,900)	(79,500)	194,915	274,415
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,600	6,574	(26)
Transfers out	(48,900)	(163,900)	(163,900)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(48,900)</u>	<u>(157,300)</u>	<u>(157,326)</u>	<u>(26)</u>
CHANGE IN FUND BALANCE	(96,800)	(236,800)	37,589	274,389
FUND BALANCE, Beginning of year	<u>492,600</u>	<u>632,600</u>	<u>633,893</u>	<u>1,293</u>
FUND BALANCE, End of year	<u>\$ 395,800</u>	<u>\$ 395,800</u>	<u>\$ 671,482</u>	<u>\$ 275,682</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FACILITY FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 18,300	\$ 18,300	\$ 51,963	\$ 33,663
Miscellaneous	3,200	3,200	2,054	(1,146)
<i>Total Revenues</i>	21,500	21,500	54,017	32,517
EXPENDITURES				
Capital outlay/depreciation	671,800	786,800	298,820	487,980
REVENUES OVER (UNDER) EXPENDITURES				
	(650,300)	(765,300)	(244,803)	520,497
OTHER FINANCING SOURCES (USES)				
Issuance of debt	200,000	200,000	-	200,000
Transfers in	48,900	163,900	163,900	-
<i>Total Other Financing Sources (Uses)</i>	248,900	363,900	163,900	200,000
CHANGE IN FUND BALANCE	(401,400)	(401,400)	(80,903)	320,497
FUND BALANCE, Beginning of year	641,400	641,400	636,995	(4,405)
FUND BALANCE, End of year	\$ 240,000	\$ 240,000	\$ 556,092	\$ 316,092

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORMWATER FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,900	\$ 3,900	\$ 12,450	\$ 8,550
Charges for services	1,175,000	1,175,000	1,197,621	22,621
Miscellaneous	6,500	6,500	3,440	(3,060)
<i>Total Revenues</i>	1,185,400	1,185,400	1,213,511	28,111
EXPENDITURES				
Personnel services	699,900	699,900	661,812	38,088
Materials and services	490,400	490,400	445,887	44,513
Capital outlay/depreciation	177,000	177,000	131,292	45,708
Contingency	69,100	69,100	-	69,100
<i>Total Expenditures</i>	1,436,400	1,436,400	1,238,991	197,409
REVENUES OVER (UNDER) EXPENDITURES	(251,000)	(251,000)	(25,480)	225,520
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	-	(30,000)
CHANGE IN FUND BALANCE	(221,000)	(221,000)	(25,480)	195,520
FUND BALANCE, Beginning of year	416,300	416,300	460,628	44,328
FUND BALANCE, End of year	\$ 195,300	\$ 195,300	\$ 435,148	\$ 239,848

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

JUNE 30, 2014

	<u>Sewer Reserve</u>	<u>Lighting Districts</u>	<u>Community Center</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 72,155	\$ 340,921	\$ 13,750	\$ 426,826
Accounts receivable	-	28,646	-	28,646
<i>Total Current Assets</i>	72,155	369,567	13,750	455,472
Noncurrent Assets				
Other capital assets, net of depreciation	-	-	5,419	5,419
<i>Total Assets</i>	72,155	369,567	19,169	460,891
LIABILITIES				
Current Liabilities				
Accounts payable	29	35,177	3,147	38,353
Deposits	-	-	10,603	10,603
<i>Total Current Liabilities</i>	29	35,177	13,750	48,956
Noncurrent Liabilities				
Accrued compensated absences	-	1,902	-	1,902
Other post-employment benefits	-	3,845	-	3,845
<i>Total Noncurrent Liabilities</i>	-	5,747	-	5,747
<i>Total Liabilities</i>	29	40,924	13,750	54,703
NET POSITION				
Net investment in capital assets	-	-	5,419	5,419
Restricted	72,126	328,643	-	400,769
Unrestricted	-	-	-	-
<i>Total Net Position</i>	<u>\$ 72,126</u>	<u>\$ 328,643</u>	<u>\$ 5,419</u>	<u>\$ 406,188</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>Sewer Reserve</u>	<u>Lighting Districts</u>	<u>Community Center</u>	<u>Totals</u>
OPERATING REVENUES				
Licenses and permits	\$ 98,770	\$ -	\$ -	\$ 98,770
Charges for services	-	410,523	98,356	508,879
Miscellaneous	-	6,442	10,000	16,442
<i>Total Operating Revenues</i>	98,770	416,965	108,356	624,091
OPERATING EXPENSES				
Personnel services	-	15,485	34,878	50,363
Materials and services	-	427,740	84,562	512,302
Depreciation	-	-	1,806	1,806
<i>Total Operating Expenses</i>	-	443,225	121,246	564,471
OPERATING INCOME (LOSS)	98,770	(26,260)	(12,890)	59,620
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	62	983	14	1,059
INCOME (LOSS) BEFORE TRANSFERS	98,832	(25,277)	(12,876)	60,679
Transfers in	-	32,900	-	32,900
Transfers out	(26,706)	-	-	(26,706)
CHANGE IN NET POSITION	72,126	7,623	(12,876)	66,873
NET POSITION, Beginning of year	-	321,020	18,295	339,315
NET POSITION, End of year	<u>\$ 72,126</u>	<u>\$ 328,643</u>	<u>\$ 5,419</u>	<u>\$ 406,188</u>

CITY OF KEIZER, OREGON
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2014

	<i>Sewer Reserve</i>	<i>Lighting Districts</i>	<i>Community Center</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 98,770	\$ 419,326	\$ 112,617	\$ 630,713
Cash paid to employees for services	-	(14,672)	(34,878)	(49,550)
Cash paid to suppliers for goods and services	-	(426,794)	(84,796)	(511,590)
<i>Net Cash Provided by (Used in) Operating Activities</i>	98,770	(22,140)	(7,057)	69,573
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	32,900	-	32,900
Transfers out	(26,706)	-	-	(26,706)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(26,706)	32,900	-	6,194
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investment	62	983	14	1,059
<i>Increase (Decrease) in Cash and Investments</i>	72,126	11,743	(7,043)	76,826
CASH AND INVESTMENTS, Beginning of year	29	329,178	20,793	350,000
CASH AND INVESTMENTS, End of year	<u>\$ 72,155</u>	<u>\$ 340,921</u>	<u>\$ 13,750</u>	<u>\$ 426,826</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)				
Operating income (loss)	\$ 98,770	\$ (26,260)	\$ (12,890)	\$ 59,620
Depreciation	-	-	1,806	1,806
<i>Change in assets and liabilities</i>				
Accounts receivable	-	2,361	5,991	8,352
Accounts payable and accrued liabilities	-	946	(1,964)	(1,018)
Compensated absences payable	-	334	-	334
Other post-employment benefits	-	479	-	479
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 98,770</u>	<u>\$ (22,140)</u>	<u>\$ (7,057)</u>	<u>\$ 69,573</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 11,200	\$ 23,700	\$ 98,770	\$ 75,070
Miscellaneous	100	100	62	(38)
<i>Total Revenues</i>	11,300	23,800	98,832	75,032
EXPENDITURES				
Capital outlay/depreciation	-	8,600	-	8,600
REVENUES OVER (UNDER) EXPENDITURES	11,300	15,200	98,832	83,632
OTHER FINANCING SOURCES (USES)				
Transfers out	(22,900)	(26,800)	(26,706)	94
CHANGE IN FUND BALANCE	(11,600)	(11,600)	72,126	83,726
FUND BALANCE, Beginning of year	11,600	11,600	-	(11,600)
FUND BALANCE, End of year	\$ -	\$ -	\$ 72,126	\$ 72,126

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 409,900	\$ 409,900	\$ 413,282	\$ 3,382
Miscellaneous	1,000	1,000	7,425	6,425
<i>Total Revenues</i>	410,900	410,900	420,707	9,807
EXPENDITURES				
Personnel services	18,700	18,700	14,672	4,028
Materials and services	401,900	434,800	427,740	7,060
Contingency	21,000	21,000	-	21,000
<i>Total Expenditures</i>	441,600	474,500	442,412	32,088
REVENUES OVER (UNDER) EXPENDITURES				
	(30,700)	(63,600)	(21,705)	41,895
OTHER FINANCING SOURCES (USES)				
Transfers in	-	32,900	32,900	-
CHANGE IN FUND BALANCE				
	(30,700)	(30,700)	11,195	41,895
FUND BALANCE, Beginning of year				
	291,800	291,800	294,651	2,851
FUND BALANCE, End of year				
	<u>\$ 261,100</u>	<u>\$ 261,100</u>	<u>\$ 305,846</u>	<u>\$ 44,746</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2014**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 173,000	\$ 173,000	\$ 98,356	\$ (74,644)
Miscellaneous	10,100	10,100	10,014	(86)
<i>Total Revenues</i>	183,100	183,100	108,370	(74,730)
EXPENDITURES				
Personnel services	53,600	53,600	34,878	18,722
Materials and services	116,000	116,000	83,947	32,053
Capital outlay/depreciation	-	700	615	85
Contingency	5,000	5,000	-	5,000
<i>Total Expenditures</i>	174,600	175,300	119,440	55,860
CHANGE IN FUND BALANCE	8,500	7,800	(11,070)	(18,870)
FUND BALANCE, Beginning of year	7,500	8,200	11,070	2,870
FUND BALANCE, End of year	\$ 16,000	\$ 16,000	\$ -	\$ (16,000)

CITY OF KEIZER, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2014

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2013</i>	<i>2013-2014 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2014</i>
2013-2014	\$ -	\$ 5,544,896	\$ 1,357	\$ (156,444)	\$ (5,164,436)	\$ 225,373
2012-2013	230,443	-	1,107	(3,240)	(137,342)	90,968
2011-2012	143,123	-	1,168	(3,000)	(66,630)	74,661
2010-2011	90,422	-	975	(3,672)	(60,242)	27,483
2009-2010	31,066	-	2,742	(2,402)	(21,574)	9,832
2008-2009	10,409	-	-	(1,967)	(2,861)	5,581
2007-2008	5,760	-	-	(1,556)	(1,357)	2,847
Prior Years	16,535	-	-	(3,313)	(1,247)	11,975
Total	<u>\$ 527,758</u>	<u>\$ 5,544,896</u>	<u>\$ 7,349</u>	<u>\$ (175,594)</u>	<u>\$ (5,455,689)</u>	<u>\$ 448,720</u>

CITY OF KEIZER, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2014

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Fiscal Year of Maturity</i></u>
<i>PRINCIPAL TRANSACTIONS</i>			
Gas Tax Revenue Bonds 2005	3.92%	2005	2015-2016
2005 Water Revenue Loan	4.10%	2005	2020-2021
URA Credit Facility	variable	2009	2015-2016
Keizer Station LID Bonds 2008	5.20%	2008	2030-2031

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Unmatured Interest Outstanding July 1, 2013</i></u>
<i>INTEREST TRANSACTIONS</i>			
Gas Tax Revenue Bonds 2005	3.92%	2005	\$ 35,554
2005 Water Revenue Loan	4.10%	2005	271,522
URA Credit Facility	variable	2009	97,118
Keizer Station LID Bonds 2008	5.20%	2008	<u>22,066,200</u>
			<u><u>\$ 22,470,394</u></u>

<i>Outstanding July 1, 2013</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2014</i>
\$ 594,000	\$ -	\$ (594,000)	\$ -
1,575,000	-	(170,000)	1,405,000
2,660,000	-	(1,400,000)	1,260,000
22,055,000	-	(4,300,000)	17,755,000
<u>\$ 26,884,000</u>	<u>\$ -</u>	<u>\$ (6,464,000)</u>	<u>\$ 20,420,000</u>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Adjustments</i>	<i>Unmatured Interest June 30, 2014</i>
\$ -	\$ (6,080)	\$ (29,474)	\$ -
-	(61,090)	-	210,432
-	(54,752)	(11,999)	30,367
-	(1,140,750)	(5,230,030)	15,695,420
<u>\$ -</u>	<u>\$ (1,262,672)</u>	<u>\$ (5,271,503)</u>	<u>\$ 15,936,219</u>

CITY OF KEIZER, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
JUNE 30, 2014

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>2005 Water Revenue Loan</i>			<i>URA Credit Facility</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 180,000	\$ 53,915	\$ 233,915	\$ 1,200,000	\$ 29,153	\$ 1,229,153
2016	185,000	46,432	231,432	60,000	1,214	61,214
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	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
	<u>\$ 1,405,000</u>	<u>\$ 210,432</u>	<u>\$ 1,615,432</u>	<u>\$ 1,260,000</u>	<u>\$ 30,367</u>	<u>\$ 1,290,367</u>

2008 Keizer Station LID Bonds

<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ -	\$ 923,260	\$ 923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
-	923,260	923,260
17,755,000	923,260	18,678,260
<u>\$ 17,755,000</u>	<u>\$ 15,695,420</u>	<u>\$ 33,450,420</u>

CITY OF KEIZER, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)
JUNE 30, 2014

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 1,380,000	\$ 1,006,328	\$ 2,386,328
2016	245,000	970,906	1,215,906
2017	190,000	962,005	1,152,005
2018	200,000	954,010	1,154,010
2019	210,000	945,605	1,155,605
2020	215,000	936,893	1,151,893
2021	225,000	927,872	1,152,872
2022	-	923,260	923,260
2023	-	923,260	923,260
2024	-	923,260	923,260
2025	-	923,260	923,260
2026	-	923,260	923,260
2027	-	923,260	923,260
2028	-	923,260	923,260
2029	-	923,260	923,260
2030	-	923,260	923,260
2031	17,755,000	923,260	18,678,260
	<u>\$ 20,420,000</u>	<u>\$ 15,936,219</u>	<u>\$ 36,356,219</u>

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:				
Net investment in capital assets	\$ 65,617,183	\$ 61,660,284	\$ 60,995,473	\$ 62,638,605
Restricted for special purposes	7,851,003	10,151,315	11,917,026	10,830,084
Unrestricted	<u>634,849</u>	<u>912,419</u>	<u>621,715</u>	<u>739,296</u>
Total governmental activities net position	74,103,035	72,724,018	73,534,214	74,207,985
Business-type activities:				
Net investment in capital assets	7,989,214	8,164,309	8,130,948	8,114,069
Restricted for special purposes	956,861	965,652	1,162,551	1,358,513
Unrestricted	<u>1,296,459</u>	<u>1,376,408</u>	<u>1,372,907</u>	<u>1,456,114</u>
Total business-type activities net position	10,242,534	10,506,369	10,666,406	10,928,696
Total government				
Net investment in capital assets	73,606,397	69,824,593	69,126,421	70,752,674
Restricted for special purposes	8,807,864	11,116,967	13,079,577	12,188,597
Unrestricted	<u>1,931,308</u>	<u>2,288,827</u>	<u>1,994,622</u>	<u>2,195,410</u>
Total government net position	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>	<u>\$ 84,200,620</u>	<u>\$ 85,136,681</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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 62,122,700	\$ 33,163,849	\$ 30,392,428	\$ 28,189,116	\$ 27,955,845	\$ 23,224,084
7,537,733	33,709,977	34,612,171	7,064,192	4,336,275	4,192,611
1,119,801	2,257,559	3,462,013	2,491,374	3,133,453	3,182,409
70,780,234	69,131,385	68,466,612	37,744,682	35,425,573	30,599,104
7,820,911	7,223,995	6,247,552	5,883,166	5,281,178	5,692,550
1,967,905	2,640,776	2,569,911	3,111,776	3,193,748	1,446,926
1,299,094	1,386,663	2,383,818	1,782,778	1,160,811	2,004,662
11,087,910	11,251,434	11,201,281	10,777,720	9,635,737	9,144,138
69,943,611	40,387,844	36,639,980	34,072,282	33,237,023	28,916,634
9,505,638	36,350,753	37,182,082	10,175,968	7,530,023	5,639,537
2,418,895	3,644,222	5,845,831	4,274,152	4,294,264	5,187,071
<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>	<u>\$ 39,743,242</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses:				
Governmental activities:				
General government	\$ 2,992,312	\$ 1,753,597	\$ 1,406,963	\$ 1,282,546
Community and youth services	15,971	5,530	8,719	11,019
Community development	2,789,728	3,805,625	5,459,845	2,854,558
Parks	392,258	386,174	318,911	308,754
Public safety	6,390,471	6,342,334	6,454,171	6,299,787
Public works	1,692,960	1,648,403	1,404,779	1,452,880
Stadium operations	-	-	-	-
Interest on long-term debt	1,164,981	1,272,365	1,327,508	1,434,549
Total governmental activities expense	<u>15,438,681</u>	<u>15,214,028</u>	<u>16,380,896</u>	<u>13,644,093</u>
Business-type activities:				
Water	2,751,772	2,590,864	2,559,552	2,591,674
Sewer	5,379,925	5,188,916	5,076,755	5,124,701
Storm water	1,170,447	983,980	954,541	779,980
Community center and Amphitheater	121,246	151,428	116,861	13,316
Street lighting	443,225	405,658	435,313	418,929
Total business-type activities expense	<u>9,866,615</u>	<u>9,320,846</u>	<u>9,143,022</u>	<u>8,928,600</u>
Total City expenses	25,305,296	24,534,874	25,523,918	22,572,693
Program Revenues:				
Governmental activities:				
Fees, fines, and charges for services:				
General government	180,800	176,993	177,073	145,020
Community development	60,510	49,810	35,079	35,235
Parks	17,107	7,216	2,604	2,534
Public safety	418,237	507,154	648,165	574,574
Public works	21,178	7,225	123	8,779
Stadium operations	46,449	45,922	46,696	41,627
Operating grants and contributions	2,520,561	2,799,523	2,402,228	2,289,262
Capital grants and contributions	218,513	811,621	92,063	97,663
Total governmental activities program revenues	<u>3,483,355</u>	<u>4,405,464</u>	<u>3,404,031</u>	<u>3,194,694</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	2,536,257	2,508,264	2,407,469	2,420,266
Sewer and storm water	6,511,153	6,045,064	5,694,866	5,608,798
Community center and Amphitheater	108,356	108,293	118,369	98,063
Street lighting	416,965	405,585	424,280	464,933
Operating grants and contributions	-	-	-	-
Capital grants and contributions	51,963	24,203	17,483	19,104
Total business-type activities program revenues	<u>9,624,694</u>	<u>9,091,409</u>	<u>8,662,467</u>	<u>8,611,164</u>
Total City program revenues	<u>13,108,049</u>	<u>13,496,873</u>	<u>12,066,498</u>	<u>11,805,858</u>

Fiscal Year

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	1,206,448	\$ 1,348,120	\$ 1,031,186	\$ 1,105,397	\$ 1,482,804	\$ 2,263,474
	18,041	38,009	54,396	5,891	5,104	4,400
	2,980,764	2,945,798	1,860,120	2,477,616	2,169,848	1,553,543
	355,892	427,843	282,921	182,179	177,860	175,029
	6,404,239	6,885,994	6,208,351	5,779,195	5,426,593	5,181,421
	1,480,993	1,483,813	2,468,103	1,477,995	1,498,709	726,596
	-	-	-	-	40,515	40,610
	1,549,187	1,549,789	1,289,655	984,239	607,443	190,224
	<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>	<u>10,135,297</u>
	2,610,480	2,689,164	2,714,457	2,253,494	2,192,830	2,041,226
	5,117,610	4,729,024	4,500,964	4,335,363	4,106,832	4,074,941
	573,790	464,071	416,783	-	-	-
	-	-	-	-	-	-
	423,953	428,905	202,530	406,052	397,772	399,682
	<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>	<u>6,515,849</u>
	22,721,397	22,990,530	21,029,466	19,007,421	18,106,310	16,651,146
	181,547	131,297	159,604	147,399	156,286	147,149
	57,006	28,097	47,762	67,114	125,927	57,207
	2,587	2,844	2,350	3,201	2,780	2,350
	731,465	618,027	652,000	654,136	723,302	473,327
	1,215	14,565	16,067	60,448	212,908	82,025
	42,390	47,275	61,812	57,425	56,798	53,053
	1,880,643	1,875,598	2,142,073	2,127,964	2,783,622	1,904,784
	247,068	223,477	27,454,887	440,321	1,647,944	617,998
	<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>	<u>3,337,893</u>
	2,480,006	2,587,519	2,506,207	2,832,074	2,188,101	1,997,748
	5,463,673	5,100,487	4,757,838	4,418,375	3,906,054	3,905,878
	-	-	-	-	-	-
	454,933	451,641	423,013	404,918	470,218	467,401
	-	-	72,364	27,783	23,913	2,934
	49,265	35,006	208,741	276,365	442,663	378,485
	<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>6,752,446</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>	<u>10,090,339</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (Expense) Revenue				
Governmental activities	\$ (11,955,326)	\$ (10,808,564)	\$ (12,976,865)	\$ (10,449,399)
Business-type activities	(241,921)	(229,437)	(480,555)	(317,436)
Total City activities	(12,197,247)	(11,038,001)	(13,457,420)	(10,766,835)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes and assessments	5,416,357	5,545,135	7,951,843	7,654,368
Franchise taxes	2,490,463	2,433,345	2,462,290	2,475,239
Intergovernmental	768,187	770,249	887,403	918,055
Miscellaneous	4,631,567	1,658,468	1,212,058	1,452,870
Gain (loss) on sale of capital assets	-	-	-	1,522,293
Transfers	27,769	(62,792)	(210,500)	(145,675)
Total governmental activities	13,334,343	10,344,405	12,303,094	13,877,150
Business-type activities				
Miscellaneous	5,855	6,608	7,765	12,547
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	(27,769)	62,792	210,500	145,675
Total business-type activities	(21,914)	69,400	218,265	158,222
Total City revenues	13,312,429	10,413,805	12,521,359	14,035,372
Change in Net Position				
Governmental activities	1,379,017	(464,159)	(673,771)	3,427,751
Business-type activities	(263,835)	(160,037)	(262,290)	(159,214)
	1,115,182	(624,196)	(936,061)	3,268,537
Net Position, July 1				
Governmental activities	72,724,018	73,534,214	74,207,985	70,780,234
Business-type activities	10,506,369	10,666,406	10,928,696	11,087,910
	83,230,387	84,200,620	85,136,681	81,868,144
Governmental activities - loss on impairment	-	346,037	-	-
Total Government	83,230,387	84,546,657	85,136,681	81,868,144
Net Position, June 30				
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
Total Government	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>	<u>\$ 84,200,620</u>	<u>\$ 85,136,681</u>

<i>Fiscal Year</i>					
<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ (10,851,643)	\$ (11,738,186)	\$ 17,341,823	\$ (8,454,504)	\$ (5,699,309)	\$ (6,797,404)
(277,956)	(136,511)	133,429	964,606	333,515	236,597
(11,129,599)	(11,874,697)	17,475,252	(7,489,898)	(5,365,794)	(6,560,807)
7,625,782	7,348,334	8,896,151	6,062,528	6,782,351	6,332,711
2,371,341	2,398,389	2,385,307	2,283,966	2,156,426	1,947,010
894,860	920,506	929,684	891,629	750,630	771,629
1,698,151	1,868,577	1,334,201	1,524,730	829,146	260,848
-	-	(9,731)	-	-	733,908
(169,941)	(132,847)	(155,506)	10,760	7,230	-
12,420,193	12,402,959	13,380,106	10,773,613	10,525,783	10,046,106
24,790	53,817	134,627	188,137	165,315	50,115
-	-	-	-	-	(200,000)
169,941	132,847	155,506	(10,760)	(7,230)	-
194,731	186,664	290,133	177,377	158,085	(149,885)
12,614,924	12,589,623	13,670,239	10,950,990	10,683,868	9,896,221
1,568,550	664,773	30,721,929	2,319,109	4,826,474	3,248,702
(83,225)	50,153	423,562	1,141,983	491,600	86,712
1,485,325	714,926	31,145,491	3,461,092	5,318,074	3,335,414
69,131,385	68,466,612	37,744,683	35,425,574	30,599,100	27,350,398
11,251,434	11,201,281	10,777,719	9,635,736	9,144,136	9,057,424
80,382,819	79,667,893	48,522,402	45,061,310	39,743,236	36,407,822
-	-	-	-	-	-
80,382,819	79,667,893	48,522,402	45,061,310	39,743,236	36,407,822
70,699,935	69,131,385	68,466,612	37,744,683	35,425,574	30,599,100
11,168,209	11,251,434	11,201,281	10,777,719	9,635,736	9,144,136
<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>	<u>\$ 39,743,236</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Unassigned	2,241,954	2,144,797	1,877,738	1,646,079
Total General Fund	<u>\$ 2,241,954</u>	<u>\$ 2,144,797</u>	<u>\$ 1,877,738</u>	<u>\$ 1,646,079</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	6,970,715	12,636,124	13,631,432	10,189,183
Total all other governmental funds	<u>\$ 6,970,715</u>	<u>\$ 12,636,124</u>	<u>\$ 13,631,432</u>	<u>\$ 10,189,183</u>

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

<i>Fiscal Year</i>					
<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,514,530	\$ 1,435,308	\$ 2,291,258	\$ 1,968,796	\$ 1,469,417	\$ 1,243,622
-	-	-	-	-	-
<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>	<u>\$ 1,243,622</u>
\$ 4,090,716	\$ 4,584,359	\$ 5,468,241	\$ 8,070,211	\$ 6,347,390	\$ 4,962,340
2,720,399	4,246,857	2,854,800	-	-	-
-	-	707,761	(581,180)	(518,476)	935,397
-	-	-	-	-	-
<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>	<u>\$ 5,897,737</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues				
Taxes and assessments	\$ 9,984,150	\$ 7,009,859	\$ 9,468,976	\$ 9,449,329
Licenses and permits	2,919,492	2,767,306	2,706,955	2,802,152
Intergovernmental	3,158,760	3,803,537	3,252,754	3,121,931
Fines and forfeitures	448,615	571,525	648,165	574,574
Miscellaneous	1,248,775	1,613,364	338,558	212,061
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	17,759,792	15,765,591	16,415,408	16,160,047
Expenditures				
Current operating:				
General government	2,912,876	1,728,960	1,377,214	1,230,536
Community and youth services	15,971	5,530	8,719	11,019
Community development	740,748	671,543	627,441	736,517
Parks	269,821	293,089	261,696	232,665
Public safety	5,951,077	5,822,788	5,874,096	5,858,204
Public works	976,579	909,450	743,603	781,393
Stadium operations	-	-	-	-
Capital outlay	4,993,159	4,050,924	1,309,615	2,303,875
Debt service				
Principal	6,294,000	1,668,000	996,000	3,269,000
Interest	1,201,582	1,280,764	1,332,616	1,452,260
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	23,355,813	16,431,048	12,531,000	15,875,469
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(5,596,021)	(665,457)	3,884,408	284,578
Other financing sources (uses)				
Issuance of debt	-	-	-	260,000
Land sale proceeds	-	-	-	3,121,820
Transfers in	4,217,166	1,036,256	546,289	718,715
Transfers out	(4,189,397)	(1,099,048)	(756,789)	(864,390)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	27,769	(62,792)	(210,500)	3,236,145
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(5,568,252)	(728,249)	3,673,908	3,520,723
Fund balance, beginning of year	14,780,921	15,509,170	11,835,262	8,314,539
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 9,212,669	\$ 14,780,921	\$ 15,509,170	\$ 11,835,262
	<hr/>	<hr/>	<hr/>	<hr/>
Debt service as a percentage of noncapital expenditures	40.8%	23.8%	20.8%	34.8%

<i>Fiscal Year</i>						
<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	
\$ 9,871,770	\$ 9,488,164	\$ 8,932,759	\$ 6,167,077	\$ 6,885,664	\$ 6,433,869	
2,791,477	2,658,711	3,179,645	2,874,189	3,331,392	2,345,388	
2,727,373	2,821,871	2,971,347	3,076,740	3,481,103	2,630,074	
731,465	618,027	652,000	654,136	545,247	473,327	
315,239	491,633	1,503,243	1,613,935	2,029,377	819,887	
16,437,324	16,078,406	17,238,994	14,386,077	16,272,783	12,702,545	
1,151,914	1,095,746	841,054	812,189	745,142	841,178	
17,877	17,019	54,396	5,891	5,104	4,400	
786,471	1,285,094	1,166,860	1,164,131	781,603	1,636,548	
264,013	279,770	249,751	161,422	161,308	132,165	
5,863,258	6,076,101	5,968,617	5,519,381	5,155,034	5,001,246	
752,322	761,352	961,381	848,079	734,385	716,465	
-	-	-	-	40,515	40,610	
2,886,717	13,592,575	7,792,381	6,747,010	25,755,507	7,811,339	
5,613,000	3,657,000	30,410,000	145,000	4,445,000	750,000	
1,522,690	1,586,437	1,123,815	984,239	607,443	190,224	
18,858,262	28,351,094	48,568,255	16,387,342	38,431,041	17,124,175	
(2,420,938)	(12,272,688)	(31,329,261)	(2,001,265)	(22,158,258)	(4,421,630)	
650,000	11,350,000	33,349,000	4,150,000	22,308,000	-	
-	-	-	-	-	919,778	
1,948,067	1,151,282	51,540	378,727	1,349,753	284,491	
(2,118,008)	(1,284,129)	(207,046)	(367,967)	(1,342,523)	(284,491)	
480,059	11,217,153	33,193,494	4,160,760	22,315,230	919,778	
(1,940,879)	(1,055,535)	1,864,233	2,159,495	156,972	(3,501,852)	
10,266,524	11,322,059	9,457,826	7,298,331	7,141,359	10,643,210	
<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>	<u>\$ 7,141,358</u>	
44.7%	35.5%	77.3%	11.7%	39.9%	10.1%	

STATISTICAL SECTION

REVENUE CAPACITY

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>
2004-05	\$ 1,276,334	\$ 2,428	\$ 239,725	\$ 3,976
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	-

* 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>
\$ 17,959	\$ 35,555	\$ 1,575,977	\$ 2.08	\$ 2,031,390
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

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

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</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	1.81	1.82	1.84	1.84	1.85
Marion County Fire District	2.53	2.47	2.35	2.42	2.40
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
School District	6.67	6.69	6.44	6.31	6.53
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.86	0.90	0.88	0.79	0.89
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>\$ 18.16</u>	<u>\$ 18.17</u>	<u>\$ 17.80</u>	<u>\$ 17.65</u>	<u>\$ 17.96</u>

Source: Marion County Assessor's Office

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
3.02	3.02	3.02	3.02	3.02
1.50	1.85	1.85	1.87	1.88
2.53	2.51	2.37	2.34	2.35
0.05	0.05	0.05	0.05	0.05
6.58	6.46	6.45	6.61	7.11
0.30	0.30	0.30	0.30	0.30
0.71	0.70	0.94	0.96	0.96
0.08	0.08	0.08	0.08	0.08
<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
<u>\$ 17.61</u>	<u>\$ 17.81</u>	<u>\$ 17.90</u>	<u>\$ 18.07</u>	<u>\$ 18.59</u>

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

		2014		
Private Enterprise	Industry	Rank	Assessed Valuation	Percent of Total Assessed Value
Donahue Schriber Realty Group LP	Real Estate	1	\$ 50,817,650	2.33%
Lowe's HIW Inc	Retail	2	12,337,837	0.57%
Target Corporation	Retail	3	11,301,222	0.52%
Emerald Pointe LLC	Real Estate	4	11,279,584	0.52%
Nationwide Health Properties Inc	Retirement Center	5	10,715,350	0.49%
Hawk's Point Apartments LLC	Real Estate	6	10,389,370	0.48%
Keizer Schoolhouse LLC	Real Estate	7	8,862,540	0.41%
Keizer Road Apartments LLC	Real Estate	8	8,685,820	0.40%
Bob & Mary LLC	Real Estate	9	8,128,200	0.37%
Hidden Creek Loop Apartments	Real Estate	10	6,557,570	0.30%
Senior Management Co., Ltd.	Real Estate			
Century Apartments LLC	Retail			
Northwest National LLC	Real Estate			
Public Utilities				
Northwest Natural Gas Co	Natural Gas		15,143,600	0.69%
Portland General Electric Co	Electricity		11,346,000	0.52%
Qwest Corporation	Telephone			
Government				
City of Keizer*	Municipality		5,856,560	0.27%
All other taxpayers			<u>2,011,140,105</u>	<u>92.15%</u>
			<u>\$ 2,182,561,408</u>	<u>100.00%</u>

Source: Marion County Assessor's Office

*Related to baseball stadium property

2005		
Rank	Assessed Valuation	Percent of Total Assessed Value
6	\$ 6,281,130	0.31%
5	7,161,430	0.35%
7	5,025,900	0.25%
2	12,175,110	0.60%
9	4,331,102	0.21%
10	2,918,000	0.14%
1	12,480,100	0.61%
3	10,995,000	0.54%
4	7,228,600	0.36%
8	4,413,410	0.22%
	<u>1,958,380,218</u>	<u>96.41%</u>
	<u>\$ 2,031,390,000</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>
2004-05	\$ 2,772,455	\$ 2,582,450	93.15%	\$ 189,825	\$ 2,772,275	99.99%
2005-06	2,894,613	2,803,179	96.84%	91,170	2,894,349	99.99%
2006-07	3,140,075	3,039,852	96.81%	99,651	3,139,503	99.98%
2007-08	3,225,446	3,125,233	96.89%	98,823	3,224,056	99.96%
2008-09	3,488,040	3,339,325	95.74%	146,118	3,485,443	99.93%
2009-10	3,533,537	3,387,003	95.85%	142,062	3,529,065	99.87%
2010-11	3,697,042	3,544,683	95.88%	139,485	3,684,168	99.65%
2011-12	3,788,065	3,652,199	96.41%	101,470	3,753,669	99.09%
2012-13	4,215,696	4,070,606	96.56%	77,708	4,148,314	98.40%
2013-14	4,380,096	4,249,504	97.02%	-	4,249,504	97.02%

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>
2004-05	34,380	\$ 2,031,390	\$ 3,445,000	\$ 100.20	0.17%
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%

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, 2014 - 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	\$ 2,669,051	100.00%	\$ 17,755,000	\$ -
Marion County	33,102,805	16.70%	10,031,553	1,661,511
Keizer Fire District	2,689,530	99.15%	376,770	376,770
Marion County Fire District	3,889,220	8.36%	568,239	568,239
Salem-Keizer School District 24J	20,962,907	21.93%	97,862,724	97,862,724
Gervais School District 1	969,174	0.01%	980	980
Chemeketa Community College	33,102,805	11.62%	16,155,347	11,060,437
Willamette ESD	32,530,327	10.59%	2,088,164	148,739
Total direct and overlapping debt			<u>\$ 144,838,777</u>	<u>\$ 111,679,400</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>
2004-05	\$ 60,941,700	\$ 3,445,000	\$ 57,496,700	5.65%
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%

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							
2004-05	\$ 1,798,471	\$ 1,846,774	\$ (48,303)	\$ -	\$ -	\$ -	-
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
WATER FUND LOAN							
2004-05	\$ 2,178,271	\$ 1,698,641	\$ 479,630	\$ -	\$ -	\$ -	-
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

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>
2004-05	34,380	7.36	4,671	\$ 945,450,000	\$ 27,500	7,518	7.4%
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%

Sources:
Portland State University, Population Research and Census Center
City of Keizer Community Development Department
Bureau of Economic Analysis
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>2014</i>	<i>2005</i>
State of Oregon	State	21,000	18,800
Salem-Keizer School District	Primary and secondary public schools	5,000	4,000
Salem Hospital	Healthcare	3,900	3,500
Marion County	County	1,600	1,180
U.S. Federal Agencies	Federal	1,400	1,500
City of Salem	Municipal	1,150	1,213
Norpac Foods, Incorporated	Food processor	1,000	1,100
State Accident Insurance Fund	Insurance	850	711
Willamette University	Private University	850	700
Chemeketa Community College	State college of higher education	740	1,684

STATISTICAL SECTION

OPERATING INFORMATION

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

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of municipal court citations processed	1,712	2,499	3,497	3,831
Number of land use applications processed	12	12	13	12
Number of building permits:				
Single family dwellings	51	37	19	35
Multi-family units	-	-	-	1
Valuation of permits issued (expressed in thousands)	\$ 26,248	\$ 16,332	\$ 11,892	\$ 13,578
Public Safety:				
Number of arrests by patrol officers	1,844	1,725	1,969	1,990
Number of traffic violations cited	1,932	2,102	3,229	3,610
Number of offenses	11,069	12,446	13,036	12,792
BUSINESS-TYPE ACTIVITIES:				
Water:				
Number of meters				
Single-family residential	9,691	9,431	9,426	9,414
Multi-family residential	260	254	259	255
Commercial	398	387	371	365
Consumption (ccf)				
Single-family residential	1,041,894	1,039,564	1,015,975	1,015,994
Multi-family residential	320,741	302,744	322,947	316,418
Commercial	153,453	150,256	155,693	150,304
Number of private fire lines	65	60	60	59
Sewer				
Number of accounts	10,189	10,136	10,140	10,129

Based on active meters at fiscal year end

Beginning in fiscal year 2005 duplexes were classified as single-family residential accounts. Previously, these customers were classified as multi-family residential.

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

<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
3,235	2,987	3,093	3,314	3,222	3,722
19	21	25	53	42	46
49	23	63	50	75	72
33	2	20	-	200	22
\$ 17,300	\$ 5,306	\$ 14,027	\$ 10,287	\$ 32,936	\$ 16,378
1,895	2,165	1,929	2,730	2,948	2,670
3,483	4,580	5,360	5,500	4,323	3,506
12,934	13,246	13,764	14,260	15,444	14,696
9,456	9,422	9,365	9,355	9,298	9,233
256	257	250	255	248	249
360	365	316	322	278	264
1,097,706	1,172,492	1,199,066	1,243,543	1,132,089	1,245,552
328,357	337,860	333,981	338,127	287,360	298,327
161,689	173,914	164,417	156,211	143,757	141,172
50	50	50	34	34	34
10,139	10,094	10,403	9,987	9,921	9,400

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</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	120
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	204	204	204	204
Alleys	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	7	7
Number of traffic signals	20	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)	165.5	172.5	163	168
Miles of water line	106	106	106	106
Number of pump stations	16	16	16	16
Number of public hydrants	859	859	859	859
Sewer System:				
Miles of storm drains	80	80	80	77
Miles of sewer lines	105	105	105	105
Number of lift stations	1	1	1	1

2010	2009	2008	2007	2006	2005
3	3	3	3	3	3
2	2	2	2	2	0
65.5	65.5	65.5	65.5	65.5	65.5
27	27	27	27	27	27
120	120	120	120	120	0
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	203.5	203.5	120
2	2	2	2	2	2
7	7	7	6	6	3
20	20	20	20	20	15
3	3	3	2	2	1
2.75	2.75	2.75	2.25	2.25	1.50
165	178	183	196	192	182
106	106	106	105	105	130
15	15	15	14	14	14
758	758	758	758	758	758
54	54	54	54	54	55
105	105	105	104	104	121
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>
2004-05	4.50	16.50	1.00	47.00	13.00	82.00
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

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, 2014, and have issued our report thereon dated December 20, 2014.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Keizer'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.


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: 

Thomas E. Glogau, A Shareholder
December 20, 2014

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