

# City of Keizer, Oregon



## Comprehensive Annual Financial Report FY2012-13

***CITY OF KEIZER  
MARION COUNTY, OREGON  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
Year Ended June 30, 2013***

*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, 2013***

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***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, 2013

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, 2013. 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 unqualified opinion is included in the Financial Section of the report.

In addition to its annual audit, the City is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and Amendments and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to the single audit, including a schedule of expenditures of federal awards, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs is included in a separately issued federal grant compliance 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 14<sup>th</sup> 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% plus any new construction, remodeling, or value increases due to property sales. In Fiscal Year 2013, the City's taxable assessed value increased 0.3% overall which included a 66% decrease in excess taxable assessed value within the Urban Renewal District. The decrease in the excess taxable assessed value within the Urban Renewal District is due to the ninth amendment to the Urban Renewal District which released 66% of the districts taxable assessed value back to the overlapping taxing jurisdictions.

### ***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. During the year the City, consistent with the state and nation, started to recover from an economic slowdown that began during the 2008-09 fiscal year. The area's unemployment rate dropped to 8.2% as compared to 9.0% 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, storm water 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, 2012. This was the fourteenth 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.

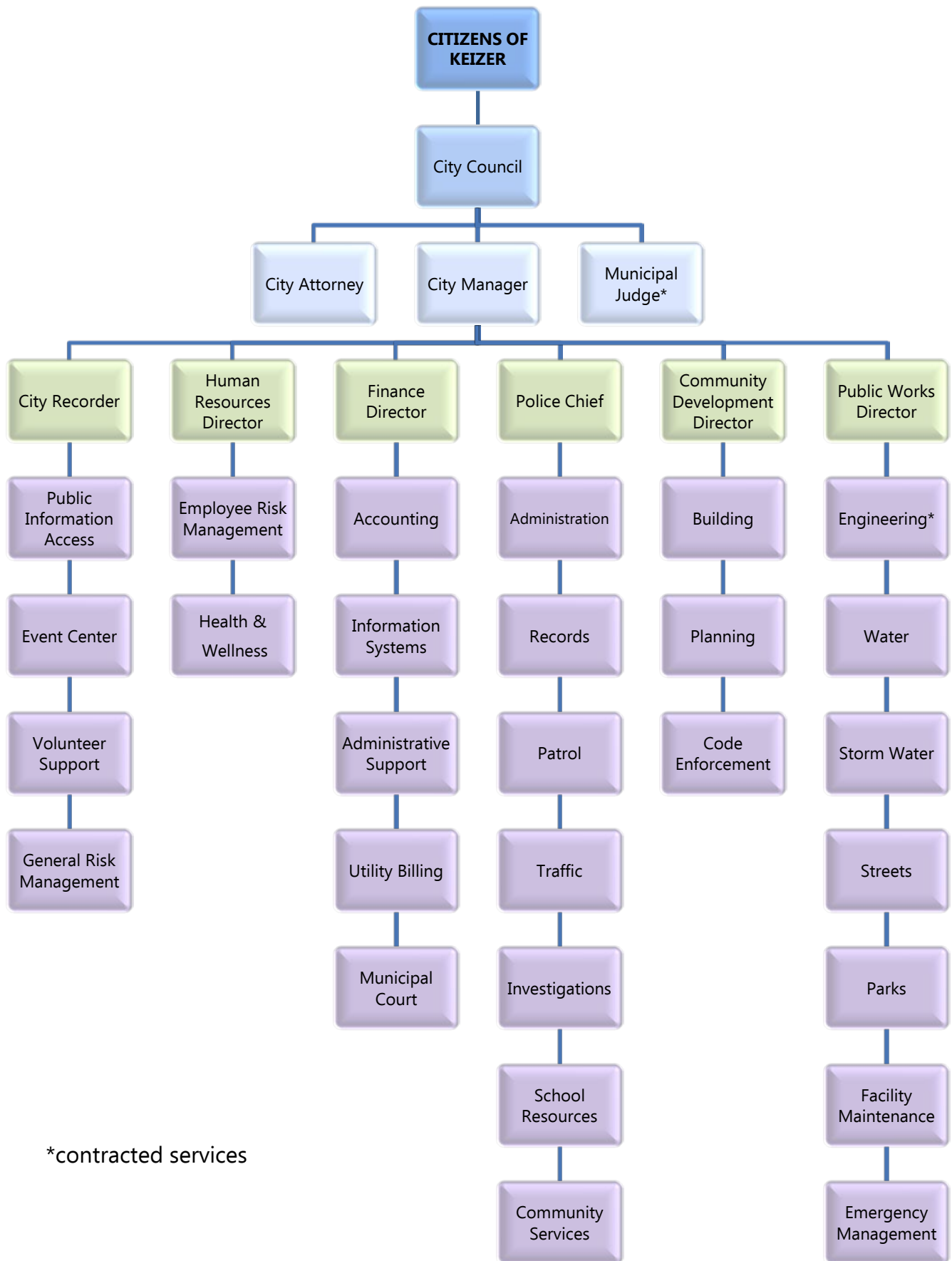
## ***ACKNOWLEDGMENTS***

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, 2012**

Executive Director/CEO



## ***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 as of and for the year ended June 30, 2013, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 as of June 30, 2013, 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 3-9 and the schedule of funding progress – public employees retirement system (page 49) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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.

### ***Required Budgetary and Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The required supplementary budgetary information and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

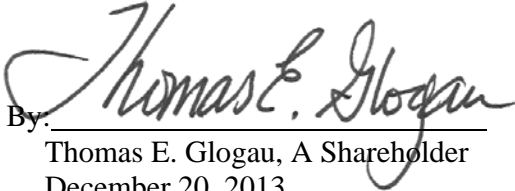
### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Other Reporting Required by Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2013, 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, 2013



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

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, 2013. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii), the basic financial statements (beginning on page 14), and the accompanying notes to those basic financial statements (beginning on page 29).

## 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 14-16) 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 17-28) 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 the 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 storm water 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,**

|                                  | <b>Governmental<br/>Activities</b> |                   | <b>Business-type<br/>Activities</b> |                   | <b>Totals</b>     |                   |
|----------------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------|
|                                  | <b>2013</b>                        | <b>2012</b>       | <b>2013</b>                         | <b>2012</b>       | <b>2013</b>       | <b>2012</b>       |
| Cash and investments             | \$ 14,166,084                      | \$ 15,371,137     | \$ 2,173,718                        | \$ 2,391,693      | \$ 16,339,802     | \$ 17,762,830     |
| Other assets                     | 21,791,138                         | 23,176,793        | 1,417,107                           | 1,334,473         | 23,208,245        | 24,511,266        |
| Capital assets                   | 64,914,284                         | 64,432,473        | 9,739,309                           | 9,870,948         | 74,653,593        | 74,303,421        |
| <br>Total assets                 | <br>100,871,506                    | <br>102,980,403   | <br>13,330,134                      | <br>13,597,114    | <br>114,201,640   | <br>116,577,517   |
| <br>Other liabilities            | <br>2,838,488                      | <br>2,469,189     | <br>1,248,765                       | <br>1,190,708     | <br>4,087,253     | <br>3,659,897     |
| Long-term debt                   | 25,309,000                         | 26,977,000        | 1,575,000                           | 1,740,000         | 26,884,000        | 28,717,000        |
| <br>Total liabilities            | <br>28,147,488                     | <br>29,446,189    | <br>2,823,765                       | <br>2,930,708     | <br>30,971,253    | <br>32,376,897    |
| <br>Net position                 |                                    |                   |                                     |                   |                   |                   |
| Net investment in capital assets | 61,660,284                         | 60,995,473        | 8,164,309                           | 8,130,948         | 69,824,593        | 69,126,421        |
| Restricted                       | 10,151,315                         | 11,917,026        | 965,652                             | 1,162,551         | 11,116,967        | 13,079,577        |
| Unrestricted                     | 912,419                            | 621,715           | 1,376,408                           | 1,372,907         | 2,288,827         | 1,994,622         |
| <br>Total net position           | <br>\$ 72,724,018                  | <br>\$ 73,534,214 | <br>\$ 10,506,369                   | <br>\$ 10,666,406 | <br>\$ 83,230,387 | <br>\$ 84,200,620 |

### ***Governmental Activities***

The City's net position from governmental activities decreased by 1.1% from \$73.5 million to \$72.7 million. This decrease is the change in net position reflected in the condensed Statement of Activities, and explained below:

- Cash and investments decreased \$1.2 million primarily due to less tax increment revenue collected within the Keizer Urban Renewal District.
- Other assets decreased \$1.4 million, as a result of the ongoing collection of the assessment associated with the Keizer Station local improvement district in addition to recognizing a \$1.0 million reserve associated with property assessments in default.
- Capital assets increased \$0.5 million, primarily as a result of
  - \$3.5 million for acquisition of capital assets (primarily street improvements) offset by
  - \$3.0 million of depreciation expense.
- Other liabilities increased \$0.4 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 \$1.7 million, as the result of paying down the debt associated with the Keizer Station Local Improvement District bond and the Gas Tax Revenue bond.

### ***Business-type Activities***

The City's net position from business-type activities decreased 1.5%, from \$10.7 million to \$10.5 million. This decrease is the change in net position reflected in the Statement of Activities, and explained below:

- Cash and investments decreased \$0.2 million.
- Capital assets decreased \$0.1 million, as a result of \$0.7 million investment in water and sewer systems and equipment and vehicles offset by \$0.8 million of depreciation expense.
- Other liabilities increased \$0.1 million, primarily as a result of an increase in projected other post-employment benefit obligation associated with providing retiree healthcare benefits.
- Long-term debt outstanding decreased \$0.2 million as a result of the normal debt retirement payment.

## **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,**

|  | <b>Governmental<br/>Activities</b> |                      | <b>Business-type<br/>Activities</b> |                      | <b>Totals</b>        |                      |
|--|------------------------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|
|  | <b>2013</b>                        | <b>2012</b>          | <b>2013</b>                         | <b>2012</b>          | <b>2013</b>          | <b>2012</b>          |
| Program Revenues                                 |                                    |                      |                                     |                      |                      |                      |
| Fees, fines, and charges for services            | \$ 794,320                         | \$ 909,740           | \$ 9,067,206                        | \$ 8,644,984         | \$ 9,861,526         | \$ 9,554,724         |
| Operating grants and contributions               | 2,799,523                          | 2,402,228            | -                                   | -                    | 2,799,523            | 2,402,228            |
| Capital grants and contributions                 | 811,621                            | 92,063               | 24,203                              | 17,483               | 835,824              | 109,546              |
| Total program revenues                           | 4,405,464                          | 3,404,031            | 9,091,409                           | 8,662,467            | 13,496,873           | 12,066,498           |
| General Revenues                                 |                                    |                      |                                     |                      |                      |                      |
| Taxes and assessments                            | 5,545,135                          | 7,951,843            | -                                   | -                    | 5,545,135            | 7,951,843            |
| Franchise taxes                                  | 2,433,345                          | 2,462,290            | -                                   | -                    | 2,433,345            | 2,462,290            |
| Intergovernmental                                | 770,249                            | 887,403              | -                                   | -                    | 770,249              | 887,403              |
| Miscellaneous                                    | 1,658,468                          | 1,212,058            | 6,608                               | 7,765                | 1,665,076            | 1,219,823            |
| Total general revenues                           | 10,407,197                         | 12,513,594           | 6,608                               | 7,765                | 10,413,805           | 12,521,359           |
| Total Revenues                                   | 14,812,661                         | 15,917,625           | 9,098,017                           | 8,670,232            | 23,910,678           | 24,587,857           |
| Expenses   |                                    |                      |                                     |                      |                      |                      |
| Programs   | 15,214,028                         | 16,380,896           | 9,320,846                           | 9,143,022            | 24,534,874           | 25,523,918           |
| Change in net position before transfers          | (401,367)                          | (463,271)            | (222,829)                           | (472,790)            | (624,196)            | (936,061)            |
| Transfers  | (62,792)                           | (210,500)            | 62,792                              | 210,500              | -                    | -                    |
| Change in net position before loss on impairment | (464,159)                          | (673,771)            | (160,037)                           | (262,290)            | (624,196)            | (936,061)            |
| Loss on impairment of long lived assets          | 346,037                            | -                    | -                                   | -                    | 346,037              | -                    |
| Change in net position after loss on impairment  | (810,196)                          | (673,771)            | (160,037)                           | (262,290)            | (970,233)            | (936,061)            |
| Beginning net position                           | 73,534,214                         | 74,207,985           | 10,666,406                          | 10,928,696           | 84,200,620           | 85,136,681           |
| Ending net position                              | <u>\$ 72,724,018</u>               | <u>\$ 73,534,214</u> | <u>\$ 10,506,369</u>                | <u>\$ 10,666,406</u> | <u>\$ 83,230,387</u> | <u>\$ 84,200,620</u> |

### ***Governmental Activities***

The City's net position from governmental activities decreased by \$0.8 million in the current year as compared \$0.7 million in the previous year. This decrease in the change in net assets primarily reflects:

- Fees, fines and charges for services - These revenues decreased by approximately \$0.1 million as the result of a decrease in the municipal court citations collected on during the year as compared to the prior year.
- Operating grants and contributions increased \$0.4 million as the result of an increase in number of energy efficiency and housing rehabilitation loans outstanding.

- Capital grants and contributions increased by approximately \$0.7 million as the result of receiving federal and state grants in support of the Keizer Rapids Boat Ramp construction project.
- 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 decreased by \$2.4 million primarily as a result of the partial sun setting of the Keizer Urban Renewal district in which approximately 66% of the tax increment revenue in the district went to the overlapping tax jurisdictions. This decrease was partially offset by an increase in the assessed value of existing properties on the tax rolls as provided for by Measure 50 and additional development.
- 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 \$0.4 million primarily as the result of the City receiving interest payments associated with the property assessments 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                     | 2013                 |               | 2012                 |               | Compared to<br>Prior Year |              |
|------------------------------|----------------------|---------------|----------------------|---------------|---------------------------|--------------|
|                              | Amount               | %             | Amount               | %             | Change                    | %            |
| General government           | \$ 1,753,597         | 11.5%         | \$ 1,406,963         | 8.6%          | \$ 346,634                | 24.6%        |
| Community and youth services | 5,530                | 0.0%          | 8,719                | 0.1%          | (3,189)                   | -36.6%       |
| Community development        | 3,805,625            | 25.0%         | 5,459,845            | 33.3%         | (1,654,220)               | -30.3%       |
| Parks                        | 386,174              | 2.5%          | 318,911              | 1.9%          | 67,263                    | 21.1%        |
| Public safety                | 6,342,334            | 41.7%         | 6,454,171            | 39.4%         | (111,837)                 | -1.7%        |
| Public works                 | 1,648,403            | 10.8%         | 1,404,779            | 8.6%          | 243,624                   | 17.3%        |
| Interest on long-term debt   | 1,272,365            | 8.4%          | 1,327,508            | 8.1%          | (55,143)                  | -4.2%        |
| Total expenses               | <u>\$ 15,214,028</u> | <u>100.0%</u> | <u>\$ 16,380,896</u> | <u>100.0%</u> | <u>\$ (1,166,868)</u>     | <u>-7.1%</u> |

Program expenses decreased \$1.2 million from \$16.4 million in the prior year to \$15.2 million in the current year. The decrease is the result of recognizing a \$2.7 million reserve associated with Keizer Station local improvement district assessments that are in default in the prior year as compared to \$1.0 million reserve during the current year.

### ***Business-type Activities***

The City's change in net assets from business-type activities decreased from (\$0.3) million in the prior year to (\$0.2) million in the current 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                  | 2013                |               | 2012                |               | Compared to<br>Prior Year |             |
|---------------------------|---------------------|---------------|---------------------|---------------|---------------------------|-------------|
|                           | Amount              | %             | Amount              | %             | Change                    | %           |
| Water                     | \$ 2,590,864        | 27.8%         | \$ 2,559,552        | 28.0%         | \$ 31,312                 | 1.2%        |
| Sewer                     | 5,188,916           | 55.7%         | 5,076,755           | 55.5%         | 112,161                   | 2.2%        |
| Storm Water               | 983,980             | 10.6%         | 954,541             | 10.4%         | 29,439                    | 3.1%        |
| Community Center          | 148,599             | 1.6%          | 115,808             | 1.3%          | 32,791                    | 28.3%       |
| Amphitheater              | 2,829               | 0.0%          | 1,053               | 0.0%          | 1,776                     | 168.7%      |
| Street Lighting Districts | 405,658             | 4.4%          | 435,313             | 4.8%          | (29,655)                  | -6.8%       |
| Total expenses            | <u>\$ 9,320,846</u> | <u>100.0%</u> | <u>\$ 9,143,022</u> | <u>100.0%</u> | <u>\$ 177,824</u>         | <u>1.9%</u> |

The Program expenses increased \$0.2 million from \$9.1 million in the prior year to \$9.3 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, 2013.

#### 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                  | 2013                 |               | 2012                 |               | Compared to<br>Prior Year |              |
|------------------------------|----------------------|---------------|----------------------|---------------|---------------------------|--------------|
|                              | Amount               | %             | Amount               | %             | Change                    | %            |
| General                      | \$ 2,144,797         | 14.5%         | \$ 1,877,738         | 12.1%         | \$ 267,059                | 14.2%        |
| Streets                      | 1,442,300            | 9.8%          | 2,741,988            | 17.7%         | (1,299,688)               | -47.4%       |
| Urban Renewal Program Income | 616,090              | 4.2%          | 647,772              | 4.2%          | (31,682)                  | 200.0%       |
| Urban Renewal Tax            | 5,217,608            | 35.3%         | 4,404,090            | 28.4%         | 813,518                   | 18.5%        |
| Keizer Station LID           | 2,687,875            | 18.2%         | 2,729,997            | 17.6%         | (42,122)                  | -1.5%        |
| Other Governmental Funds     | 2,672,251            | 18.1%         | 3,107,585            | 20.0%         | (435,334)                 | -14.0%       |
| Total fund balances          | <u>\$ 14,780,921</u> | <u>100.0%</u> | <u>\$ 15,509,170</u> | <u>100.0%</u> | <u>\$ (728,249)</u>       | <u>-4.7%</u> |

At June 30, 2013, the City's governmental funds reported combined fund balances of \$14.8 million, which is a decrease of \$0.7 million or 4.7% 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 \$0.3 million from \$7.8 million in the prior year to \$8.1 million in the current year. General fund revenue consisted of the following:

|                            | <b>June 30, 2013</b> |               | <b>June 30, 2012</b> |               | <b>Compared to<br/>Prior Year</b> |             |
|----------------------------|----------------------|---------------|----------------------|---------------|-----------------------------------|-------------|
|                            | <b>Amount</b>        | <b>%</b>      | <b>Amount</b>        | <b>%</b>      | <b>Change</b>                     | <b>%</b>    |
| Taxes and assessments      | \$ 4,137,204         | 50.8%         | \$ 3,744,901         | 48.1%         | \$ 392,303                        | 10.5%       |
| Licenses and permits       | 2,502,156            | 30.7%         | 2,523,529            | 32.4%         | (21,373)                          | -0.8%       |
| Intergovernmental          | 791,818              | 9.7%          | 713,050              | 9.2%          | 78,768                            | 11.0%       |
| Fines and forfeitures      | 571,525              | 7.0%          | 648,165              | 8.3%          | (76,640)                          | -11.8%      |
| Miscellaneous              | 141,857              | 1.7%          | 153,621              | 2.0%          | (11,764)                          | -7.7%       |
| Total General fund revenue | <u>\$ 8,144,560</u>  | <u>100.0%</u> | <u>\$ 7,783,266</u>  | <u>100.0%</u> | <u>\$ 361,294</u>                 | <u>4.6%</u> |

General fund expenses consisted of the following:

|                              | <b>June 30, 2013</b> |               | <b>June 30, 2012</b> |               | <b>Compared to<br/>Prior Year</b> |             |
|------------------------------|----------------------|---------------|----------------------|---------------|-----------------------------------|-------------|
|                              | <b>Amount</b>        | <b>%</b>      | <b>Amount</b>        | <b>%</b>      | <b>Change</b>                     | <b>%</b>    |
| General government           | \$ 1,281,295         | 17.1%         | \$ 1,281,278         | 17.6%         | \$ 17                             | 0.0%        |
| Community and youth services | 5,530                | 0.1%          | 8,719                | 0.1%          | (3,189)                           | -36.6%      |
| Community development        | 452,203              | 6.0%          | 318,429              | 4.4%          | 133,774                           | 42.0%       |
| Parks                        | 293,089              | 3.9%          | 261,696              | 3.6%          | 31,393                            | 12.0%       |
| Public safety                | 5,464,213            | 72.9%         | 5,405,556            | 74.3%         | 58,657                            | 1.1%        |
| Total General fund expenses  | <u>\$ 7,496,330</u>  | <u>100.0%</u> | <u>\$ 7,275,678</u>  | <u>100.0%</u> | <u>\$ 220,652</u>                 | <u>3.0%</u> |

## ***Street Fund***

The Street fund accounts for the use of gas tax revenue received. Expenditures are restricted to street and bike-path related projects and costs, plus debt service on street-related debt.

## ***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 \$0.4 million to \$0.8 million in the current year as compared to \$0.4 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 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.

Revenues decreased during the year from \$4.2 million in the prior year to \$1.4 million in the current year. The decrease is due to the Urban Renewal District partially sun setting and returning the taxable value to the overlapping tax jurisdictions.

Expenditures increased by \$0.7 million as the result of current year debt payments that did not occur in the prior year.

### ***Keizer Station LID Fund***

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

The Keizer Station LID fund revenues increased \$1.1 million from \$1.5 million in the prior year to \$2.6 million in the current year. The increase is the result of three out of five properties that previously had become delinquent either paying off their assessment or becoming current in the current year.

The Keizer Station LID fund expenditures increased by \$0.7 million as the result of a principal payment on the outstanding debt.

### ***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,**

| <b>Major Funds</b> | <b>2013</b>          |               | <b>2012</b>          |               | <b>Compared to<br/>Prior Year</b> |              |
|--------------------|----------------------|---------------|----------------------|---------------|-----------------------------------|--------------|
|                    | <b>Amount</b>        | <b>%</b>      | <b>Amount</b>        | <b>%</b>      | <b>Change</b>                     | <b>%</b>     |
| Sewer              | \$ 2,498,620         | 23.8%         | \$ 2,618,989         | 24.6%         | \$ (120,369)                      | -4.6%        |
| Water              | 51,976               | 0.5%          | 118,230              | 1.1%          | (66,254)                          | -56.0%       |
| Water Facility     | 6,765,897            | 64.4%         | 6,753,506            | 63.3%         | 12,391                            | 0.2%         |
| Storm Water        | 842,924              | 8.0%          | 796,765              | 7.5%          | 46,159                            | 5.8%         |
| Other Funds        | 346,952              | 3.3%          | 378,915              | 3.6%          | (31,963)                          | -8.4%        |
| Total net position | <u>\$ 10,506,369</u> | <u>100.0%</u> | <u>\$ 10,666,405</u> | <u>100.0%</u> | <u>\$ (160,036)</u>               | <u>-1.5%</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 \$2.5 million in the current year as compared to \$2.4 million in the prior year.

The Water and Water Facility funds expenses remained consistent at \$2.5 million in fiscal year 2013 as compared to fiscal year 2012.

### ***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 remained consistent at \$4.9 million in fiscal year 2013 and fiscal year 2012.

### ***Storm Water Fund***

The Storm Water 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 Storm Water fund revenues increased \$0.2 million from \$0.8 million in fiscal year 2012 to \$1.0 million in fiscal year 2013. The increase is due to the Storm Water fund charging the Street fund for street sweeping services.

The Storm Water fund expenses remained consistent at \$1.0 million in fiscal year 2013 and fiscal year 2012.

## **Budgetary Highlights**

The General fund budgeted revenue was increased by \$21,900 during the year primarily in anticipation of receiving several small grants related to parks, community development and police. The General fund expenditure budget was increased by \$31,200 to account for spending the grants received during the year.

## **Capital Assets**

As of June 30, 2013, the City had invested \$74.7 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions, and depreciation) of \$0.4 million, when compared to the previous fiscal year.

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

|                           | <b>Governmental<br/>Activities</b> |                      | <b>Business-type<br/>Activities</b> |                     | <b>Totals</b>        |                      |
|---------------------------|------------------------------------|----------------------|-------------------------------------|---------------------|----------------------|----------------------|
|                           | <b>2013</b>                        | <b>2012</b>          | <b>2013</b>                         | <b>2012</b>         | <b>2013</b>          | <b>2012</b>          |
| Land                      | \$ 11,253,721                      | \$ 10,997,589        | \$ 371,759                          | \$ 371,759          | \$ 11,625,480        | \$ 11,369,348        |
| Building and improvements | 45,167,895                         | 42,903,707           | 1,065,730                           | 1,065,730           | 46,233,625           | 43,969,437           |
| Equipment and vehicles    | 1,487,701                          | 1,240,129            | 763,578                             | 657,801             | 2,251,279            | 1,897,930            |
| Infrastructure            | 38,545,942                         | 37,785,214           | 21,751,851                          | 21,153,419          | 60,297,793           | 58,938,633           |
| Accumulated depreciation  | (31,540,975)                       | (28,494,166)         | (14,213,607)                        | (13,377,761)        | (45,754,582)         | (41,871,927)         |
| Net capital assets        | <u>\$ 64,914,284</u>               | <u>\$ 64,432,473</u> | <u>\$ 9,739,311</u>                 | <u>\$ 9,870,948</u> | <u>\$ 74,653,595</u> | <u>\$ 74,303,421</u> |

For more detailed information see the Notes to Basic Financial Statements (pages 40-41).

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, 2013**

|                    | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|--------------------|------------------------------------|-------------------------------------|----------------------|
| Beginning balance  | \$ 64,432,473                      | \$ 9,870,948                        | \$ 74,303,421        |
| Additions          | 3,874,657                          | 704,209                             | 4,578,866            |
| Retirements        | (346,037)                          | -                                   | (346,037)            |
| Depreciation       | <u>(3,046,809)</u>                 | <u>(835,846)</u>                    | <u>(3,882,655)</u>   |
| Net capital assets | <u>\$ 64,914,284</u>               | <u>\$ 9,739,311</u>                 | <u>\$ 74,653,595</u> |

The City depreciates all its capital assets except for land.

### **Debt Outstanding**

As of June 30, 2013 the City had \$26.9 million in debt (bonds, notes, etc.) outstanding compared to the \$28.7 million last year, a 6.4% decrease.

**Table 9**  
**Outstanding Debt at Year End**  
**June 30,**

|                               | <b>Totals</b>        |                      |
|-------------------------------|----------------------|----------------------|
|                               | <b>2013</b>          | <b>2012</b>          |
| Governmental Activities       |                      |                      |
| Gas Tax Revenue Bonds 2005    | \$ 594,000           | \$ 777,000           |
| Keizer Station LID Bonds 2008 | 22,055,000           | 23,540,000           |
| URA Credit Facility           | <u>2,660,000</u>     | <u>2,660,000</u>     |
| Total Governmental            | 25,309,000           | 26,977,000           |
| Business-type Activities      |                      |                      |
| Water Revenue Loan            | <u>1,575,000</u>     | <u>1,740,000</u>     |
| Total                         | <u>\$ 26,884,000</u> | <u>\$ 28,717,000</u> |

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

#### **ECONOMIC FACTORS**

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

#### **FINANCIAL CONTACT**

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

## ***BASIC FINANCIAL STATEMENTS***



**CITY OF KEIZER, OREGON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Totals</b>        |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                             |                                    |                                     |                      |
| Cash and investments                      | \$ 14,166,084                      | \$ 2,173,718                        | \$ 16,339,802        |
| Accounts receivable                       | 1,449,238                          | 1,313,587                           | 2,762,825            |
| Property taxes receivable                 | 539,981                            | -                                   | 539,981              |
| Assessment liens receivable               | 19,381,661                         | 1,214                               | 19,382,875           |
| Loans receivable                          | 420,258                            | -                                   | 420,258              |
| Inventories                               | -                                  | 102,306                             | 102,306              |
| Nondepreciable capital assets             | 11,253,721                         | 371,759                             | 11,625,480           |
| Other capital assets, net of depreciation | 53,660,563                         | 9,367,550                           | 63,028,113           |
| <i>Total Assets</i>                       | 100,871,506                        | 13,330,134                          | 114,201,640          |
| <b>LIABILITIES</b>                        |                                    |                                     |                      |
| Accounts payable                          | 637,570                            | 571,508                             | 1,209,078            |
| Deposits                                  | 25,668                             | 165,570                             | 191,238              |
| Accrued interest payable                  | 124,472                            | 21,525                              | 145,997              |
| Noncurrent liabilities:                   |                                    |                                     |                      |
| Due within one year:                      |                                    |                                     |                      |
| Bonds and notes payable                   | 1,390,000                          | 170,000                             | 1,560,000            |
| Accrued compensated absences              | 178,019                            | 50,490                              | 228,509              |
| Due in more than one year:                |                                    |                                     |                      |
| Bonds and notes payable                   | 23,919,000                         | 1,405,000                           | 25,324,000           |
| Accrued compensated absences              | 330,608                            | 93,767                              | 424,375              |
| Other post-employment benefits            | 1,542,151                          | 345,905                             | 1,888,056            |
| <i>Total Liabilities</i>                  | 28,147,488                         | 2,823,765                           | 30,971,253           |
| <b>NET POSITION</b>                       |                                    |                                     |                      |
| Net investment in capital assets          | 61,660,284                         | 8,164,309                           | 69,824,593           |
| Restricted for:                           |                                    |                                     |                      |
| Debt service                              | 7,432,044                          | -                                   | 7,432,044            |
| Construction                              | 2,048,499                          | 636,995                             | 2,685,494            |
| Other                                     | 670,772                            | 328,657                             | 999,429              |
| Unrestricted                              | 912,419                            | 1,376,408                           | 2,288,827            |
| <i>Total Net Position</i>                 | <u>\$ 72,724,018</u>               | <u>\$ 10,506,369</u>                | <u>\$ 83,230,387</u> |

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

**CITY OF KEIZER, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

|                                       |                      | <b>Program Revenues</b>                             |   |   |
|---------------------------------------|----------------------|---|---|---|
|                                       |                      | <b>Fees, Fines<br/>and Charges<br/>for Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> |
| <b>FUNCTIONS/PROGRAMS</b>             | <b>Expenses</b>      |   |   |   |
| <b>Governmental Activities:</b>       |                      |   |   |   |
| General government                    | \$ 1,753,597         | \$ 176,993  | \$ 280,827  | \$ 112,685                                      |
| Community and youth services          | 5,530                | -   | -   | -   |
| Community development                 | 3,805,625            | 49,810  | 390,286   | -   |
| Parks                                 | 386,174              | 7,216   | 3,875   | 676,834   |
| Public safety                         | 6,342,334            | 507,154   | 115,990   | -   |
| Public works                          | 1,648,403            | 7,225   | 2,008,545   | 22,102  |
| Stadium operations                    | -                    | 45,922  | -   | -   |
| Interest on long-term debt            | 1,272,365            | -   | -   | -   |
| <b>Total Governmental Activities</b>  | <b>15,214,028</b>    | <b>794,320</b>                                      | <b>2,799,523</b>                                  | <b>811,621</b>                                  |
| <b>Business-type Activities:</b>      |                      |   |   |   |
| Water                                 | 2,590,864            | 2,508,264   | -   | 24,203  |
| Sewer                                 | 5,188,916            | 5,015,687   | -   | -   |
| Storm water                           | 983,980              | 1,029,377   | -   | -   |
| Community center                      | 148,599              | 106,060   | -   | -   |
| Amphitheater                          | 2,829                | 2,233   | -   | -   |
| Street lighting                       | 405,658              | 405,585   | -   | -   |
| <b>Total Business-type Activities</b> | <b>9,320,846</b>     | <b>9,067,206</b>                                    | <b>-</b>  | <b>24,203</b>                                   |
| <b>Total Activities</b>               | <b>\$ 24,534,874</b> | <b>\$ 9,861,526</b>                                 | <b>\$ 2,799,523</b>                               | <b>\$ 835,824</b>                               |

**General Revenues:**

Property taxes  
Franchise taxes  
Intergovernmental - unrestricted  
Miscellaneous  
Extraordinary item - loss on capital asset impairment  
Transfers

*Total General Revenues, Extraordinary Items and Transfers*

**Change in Net Position**

**Net Position, July 1, 2012**

**Net Position, June 30, 2013**

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

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| <i>Governmental<br/>Activities</i> | <i>Business-type<br/>Activities</i> | <i>Totals</i>        |
|------------------------------------|-------------------------------------|----------------------|
| \$ (1,183,092)                     | \$ -                                | \$ (1,183,092)       |
| (5,530)                            | -                                   | (5,530)              |
| (3,365,529)                        | -                                   | (3,365,529)          |
| 301,751                            | -                                   | 301,751              |
| (5,719,190)                        | -                                   | (5,719,190)          |
| 389,469                            | -                                   | 389,469              |
| 45,922                             | -                                   | 45,922               |
| (1,272,365)                        | -                                   | (1,272,365)          |
| (10,808,564)                       | -                                   | (10,808,564)         |
| -                                  | (58,397)                            | (58,397)             |
| -                                  | (173,229)                           | (173,229)            |
| -                                  | 45,397                              | 45,397               |
| -                                  | (42,539)                            | (42,539)             |
| -                                  | (596)                               | (596)                |
| -                                  | (73)                                | (73)                 |
| -                                  | (229,437)                           | (229,437)            |
| (10,808,564)                       | (229,437)                           | (11,038,001)         |
| 5,545,135                          | -                                   | 5,545,135            |
| 2,433,345                          | -                                   | 2,433,345            |
| 770,249                            | -                                   | 770,249              |
| 1,658,468                          | 6,608                               | 1,665,076            |
| (346,037)                          | -                                   | (346,037)            |
| (62,792)                           | 62,792                              | -                    |
| 9,998,368                          | 69,400                              | 10,067,768           |
| (810,196)                          | (160,037)                           | (970,233)            |
| 73,534,214                         | 10,666,406                          | 84,200,620           |
| <u>\$ 72,724,018</u>               | <u>\$ 10,506,369</u>                | <u>\$ 83,230,387</u> |

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

**CITY OF KEIZER, OREGON**  
**COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|  | <i>Special Revenue</i> |                     |                                      |   |
|--|------------------------|---------------------|--------------------------------------|---|
|  | <i>General</i>         | <i>Street</i>       | <i>Urban<br/>Renewal<br/>Project</i> | <i>Urban<br/>Renewal<br/>Program Income</i> |
| <b>ASSETS</b>                              |                        |                     |                                      |   |
| Cash and investments                       | \$ 1,806,461           | \$ 1,320,641        | \$ -                                 | \$ 635,439                                  |
| Accounts receivable                        | 360,707                | 176,374             | -                                    | -   |
| Loans receivable                           | -                      | -                   | -                                    | -   |
| Property taxes receivable                  | 310,453                | -                   | -                                    | -   |
| Assessment liens receivable                | -                      | 20,098              | -                                    | -   |
| Due from other funds                       | 323,305                | -                   | -                                    | -   |
| <i>Total Assets</i>                        | <u>\$ 2,800,926</u>    | <u>\$ 1,517,113</u> | <u>\$ -</u>                          | <u>\$ 635,439</u>                           |
| <b>LIABILITIES AND FUND BALANCES</b>       |                        |                     |                                      |   |
| <i>Liabilities</i>                         |                        |                     |                                      |   |
| Accounts payable                           | \$ 97,100              | \$ 54,715           | \$ -                                 | \$ 19,349                                   |
| Accrued expenses payable                   | 272,547                | -                   | -                                    | -   |
| Deposits                                   | 25,668                 | -                   | -                                    | -   |
| Due to other funds                         | -                      | -                   | -                                    | -   |
| Unavailable revenue                        | 260,814                | 20,098              | -                                    | -   |
| <i>Total Liabilities</i>                   | 656,129                | 74,813              | -                                    | 19,349                                      |
| <i>Fund Balances</i>                       |                        |                     |                                      |   |
| Restricted                                 | -                      | 1,442,300           | -                                    | 616,090                                     |
| Unassigned                                 | 2,144,797              | -                   | -                                    | -   |
| <i>Total Fund Balances</i>                 | <u>2,144,797</u>       | <u>1,442,300</u>    | <u>-</u>                             | <u>616,090</u>                              |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 2,800,926</u>    | <u>\$ 1,517,113</u> | <u>\$ -</u>                          | <u>\$ 635,439</u>                           |

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| <i>Debt Service</i>                            |                               |   |                      |
|--|-------------------------------|---|----------------------|
| <i>Urban<br/>Renewal<br/>Tax<br/>Increment</i> | <i>Keizer<br/>Station LID</i> | <i>Other<br/>Governmental<br/>Funds</i> | <i>Totals</i>        |
| \$ 5,167,263                                   | \$ 2,687,875                  | \$ 2,410,854                            | \$ 14,028,533        |
| -  | 157,987                       | 747,007                                 | 1,442,075            |
| -  | -                             | 420,258                                 | 420,258              |
| 229,528  | -                             | -                                       | 539,981              |
| -  | 19,361,563                    | -                                       | 19,381,661           |
| -  | -                             | -                                       | 323,305              |
| <u>\$ 5,396,791</u>                            | <u>\$ 22,207,425</u>          | <u>\$ 3,578,119</u>                     | <u>\$ 36,135,813</u> |
|  |                               |   |                      |
| \$ -   | \$ -                          | \$ 162,446                              | \$ 333,610           |
| -  | -                             | -                                       | 272,547              |
| -  | -                             | -                                       | 25,668               |
| -  | -                             | 323,305                                 | 323,305              |
| 179,183  | 19,519,550                    | 420,117                                 | 20,399,762           |
| 179,183  | 19,519,550                    | 905,868                                 | 21,354,892           |
| 5,217,608                                      | 2,687,875                     | 2,672,251                               | 12,636,124           |
| -  | -                             | -                                       | 2,144,797            |
| <u>5,217,608</u>                               | <u>2,687,875</u>              | <u>2,672,251</u>                        | <u>14,780,921</u>    |
| <u>\$ 5,396,791</u>                            | <u>\$ 22,207,425</u>          | <u>\$ 3,578,119</u>                     | <u>\$ 36,135,813</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, 2013**

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**RECONCILIATION TO THE STATEMENT OF NET POSITION**

|   |                      |
|---|----------------------|
| <i>Fund Balances</i>  | \$ 14,780,921        |
| The Statement of Net Position reports receivables at their net realizable value. However,<br>receivables not available to pay for current-period expenditures are deferred in<br>governmental funds.  | 20,399,762           |
| Capital assets are not financial resources in governmental funds, but are reported in the<br>Statement of Net Position at their net depreciable value.  |                      |
| Costs of capital assets   | 96,455,259           |
| Accumulated depreciation  | (31,540,975)         |
| All liabilities are reported in the Statement of Net Position. However, if they are not due<br>and payable in the current period, they are not recorded in governmental funds.  |                      |
| Bonds and notes payable   | (25,309,000)         |
| Accrued interest payable  | (124,472)            |
| Accrued compensated absences  | (508,627)            |
| Other post-employment benefits  | (1,542,151)          |
| An internal service fund is used to charge the cost of technology, communications,<br>administrative services and risk management to the individual funds. The assets and<br>liabilities of the internal service fund is included in governmental activities<br>in the the Statement of Net Position. | <u>113,301</u>       |
| Net Position of governmental activities   | <u>\$ 72,724,018</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, 2013**

|   | <i>Special Revenue</i> |               |                                      |   |
|---|------------------------|---------------|--------------------------------------|---|
|   | <i>General</i>         | <i>Street</i> | <i>Urban<br/>Renewal<br/>Project</i> | <i>Urban<br/>Renewal<br/>Program Income</i> |
| <b>REVENUES</b>                               |                        |               |                                      |   |
| Taxes and assessments                         | \$ 4,137,204           | \$ 4,530      | \$ -                                 | \$ -  |
| Licenses and permits                          | 2,502,156              | 7,225         | -                                    | -   |
| Intergovernmental                             | 791,818                | 2,030,431     | -                                    | -   |
| Fines and forfeitures                         | 571,525                | -             | -                                    | -   |
| Miscellaneous                                 | 141,857                | 31,771        | 96,751                               | 1,955                                       |
| <i>Total Revenues</i>                         | 8,144,560              | 2,073,957     | 96,751                               | 1,955                                       |
| <b>EXPENDITURES</b>                           |                        |               |                                      |   |
| Current operating:                            |                        |               |                                      |   |
| General government                            | 1,281,295              | -             | -                                    | -   |
| Community and youth services                  | 5,530                  | -             | -                                    | -   |
| Community development                         | 452,203                | -             | 185,849                              | 33,491                                      |
| Parks   | 293,089                | -             | -                                    | -   |
| Public safety                                 | 5,464,213              | -             | -                                    | -   |
| Public works                                  | -                      | 909,450       | -                                    | -   |
| Capital outlay                                | -                      | 2,254,323     | 602,169                              | 146   |
| Debt service                                  |                        |               |                                      |   |
| Principal                                     | -                      | 183,000       | -                                    | -   |
| Interest                                      | -                      | 26,872        | -                                    | -   |
| <i>Total Expenditures</i>                     | 7,496,330              | 3,373,645     | 788,018                              | 33,637                                      |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | 648,230                | (1,299,688)   | (691,267)                            | (31,682)                                    |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                        |               |                                      |   |
| Transfers in                                  | -                      | -             | 691,267                              | -   |
| Transfers out                                 | (381,171)              | -             | -                                    | -   |
| Total Other Financing Sources (Uses)          | (381,171)              | -             | 691,267                              | -   |
| <b>NET CHANGE IN FUND BALANCES</b>            | 267,059                | (1,299,688)   | -                                    | (31,682)                                    |
| <b>FUND BALANCES, Beginning of year</b>       | 1,877,738              | 2,741,988     | -                                    | 647,772                                     |
| <b>FUND BALANCES, End of year</b>             | \$ 2,144,797           | \$ 1,442,300  | \$ -                                 | \$ 616,090                                  |

| <i>Debt Service</i>                            |                               |   |               |
|--|-------------------------------|---|---------------|
| <i>Urban<br/>Renewal<br/>Tax<br/>Increment</i> | <i>Keizer<br/>Station LID</i> | <i>Other<br/>Governmental<br/>Funds</i> | <i>Totals</i> |
| \$ 1,552,916                                   | \$ 1,315,209                  | \$ -                                    | \$ 7,009,859  |
| -  | -                             | 257,925                                 | 2,767,306     |
| -  | -                             | 981,288                                 | 3,803,537     |
| -  | -                             | -                                       | 571,525       |
| 14,441   | 1,318,989                     | 7,600                                   | 1,613,364     |
| 1,567,357                                      | 2,634,198                     | 1,246,813                               | 15,765,591    |
| -  | -                             | 447,665                                 | 1,728,960     |
| -  | -                             | -                                       | 5,530         |
| -  | -                             | -                                       | 671,543       |
| -  | -                             | -                                       | 293,089       |
| -  | -                             | 358,575                                 | 5,822,788     |
| -  | -                             | -                                       | 909,450       |
| -  | -                             | 1,194,286                               | 4,050,924     |
| -  | 1,485,000                     | -                                       | 1,668,000     |
| 62,572   | 1,191,320                     | -                                       | 1,280,764     |
| 62,572   | 2,676,320                     | 2,000,526                               | 16,431,048    |
| 1,504,785                                      | (42,122)                      | (753,713)                               | (665,457)     |
| -  | -                             | 344,989                                 | 1,036,256     |
| (691,267)                                      | -                             | (26,610)                                | (1,099,048)   |
| (691,267)                                      | -                             | 318,379                                 | (62,792)      |
| 813,518  | (42,122)                      | (435,334)                               | (728,249)     |
| 4,404,090                                      | 2,729,997                     | 3,107,585                               | 15,509,170    |
| \$ 5,217,608                                   | \$ 2,687,875                  | \$ 2,672,251                            | \$ 14,780,921 |

*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, 2013**

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**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 \$ (728,249)

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. (1,952,929)

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. (336,792)

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 | 3,874,657   |
| Depreciation    | (3,046,809) |
| Impairment loss | (346,037)   |

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  | 1,668,000 |
| Accrued interest payable | 8,399     |

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.

49,564

Change in net position of governmental activities \$ (810,196)

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

**CITY OF KEIZER, OREGON**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2013**

|   | <b><i>Business-type Activities - Enterprise Funds</i></b> |                     |                              |
|---|---|---------------------|------------------------------|
|   | <b><i>Sewer</i></b>                                       | <b><i>Water</i></b> | <b><i>Water Facility</i></b> |
| <b>ASSETS</b>                             |   |                     |                              |
| <b><i>Current Assets</i></b>              |   |                     |                              |
| Cash and investments                      | \$ 80,897   | \$ 462,279          | \$ 881,932                   |
| Accounts receivable                       | 773,393   | 380,777             | -                            |
| Assessment liens receivable               | -   | 1,214               | -                            |
| Inventories                               | -   | 102,306             | -                            |
| <i>Total Current Assets</i>               | 854,290   | 946,576             | 881,932                      |
| <b><i>Noncurrent Assets</i></b>           |   |                     |                              |
| Nondepreciable capital assets             | -   | 371,759             | -                            |
| Other capital assets, net of depreciation | 2,057,872   | 680,791             | 6,128,902                    |
| <i>Total Noncurrent Assets</i>            | 2,057,872   | 1,052,550           | 6,128,902                    |
| <i>Total Assets</i>                       | 2,912,162   | 1,999,126           | 7,010,834                    |
| <b>LIABILITIES</b>                        |   |                     |                              |
| <b><i>Current Liabilities</i></b>         |   |                     |                              |
| Accounts payable                          | 364,203   | 63,230              | 92,195                       |
| Deposits                                  | -   | 495                 | 152,742                      |
| Accrued interest payable                  | -   | 21,525              | -                            |
| Bonds payable - due within one year       | -   | 170,000             | -                            |
| Accrued compensated absences              | 4,669   | 30,727              | -                            |
| <i>Total Current Liabilities</i>          | 368,872   | 285,977             | 244,937                      |
| <b><i>Noncurrent Liabilities</i></b>      |   |                     |                              |
| Bonds payable                             | -   | 1,405,000           | -                            |
| Accrued compensated absences              | 8,670   | 57,064              | -                            |
| Other post-employment benefits            | 36,000  | 199,110             | -                            |
| <i>Total Noncurrent Liabilities</i>       | 44,670  | 1,661,174           | -                            |
| <i>Total Liabilities</i>                  | 413,542   | 1,947,150           | 244,937                      |
| <b>NET POSITION</b>                       |   |                     |                              |
| Net investment in capital assets          | 2,057,872   | (522,450)           | 6,128,902                    |
| Restricted                                | -   | -                   | 636,995                      |
| Unrestricted                              | 440,748   | 574,426             | -                            |
| <i>Total Net Position</i>                 | <u>\$ 2,498,620</u>                                       | <u>\$ 51,976</u>    | <u>\$ 6,765,897</u>          |

|              |                   |               | <i>Governmental</i>   |
|--------------|-------------------|---------------|-----------------------|
|              |                   |               | <i>Activities</i>     |
| <i>Storm</i> | <i>Other</i>      |               | <i>Administrative</i> |
| <i>Water</i> | <i>Enterprise</i> | <i>Totals</i> | <i>Service Fund</i>   |
|              | <i>Funds</i>      |               |                       |
| \$ 390,167   | \$ 358,443        | \$ 2,173,718  | \$ 137,551            |
| 122,419      | 36,998            | 1,313,587     | 7,163                 |
| -            | -                 | 1,214         | -                     |
| -            | -                 | 102,306       | -                     |
| 512,586      | 395,441           | 3,590,825     | 144,714               |
|              | -                 | 371,759       | -                     |
| 492,761      | 7,224             | 9,367,550     | -                     |
| 492,761      | 7,224             | 9,739,309     | -                     |
| 1,005,347    | 402,665           | 13,330,134    | 144,714               |
| 13,434       | 38,446            | 571,508       | 31,413                |
| -            | 12,333            | 165,570       | -                     |
| -            | -                 | 21,525        | -                     |
| -            | -                 | 170,000       | -                     |
| 14,546       | 549               | 50,490        | -                     |
| 27,980       | 51,328            | 979,093       | 31,413                |
|              | -                 | 1,405,000     | -                     |
| 27,014       | 1,019             | 93,767        | -                     |
| 107,429      | 3,366             | 345,905       | -                     |
| 134,443      | 4,385             | 1,844,672     | -                     |
| 162,423      | 55,713            | 2,823,765     | 31,413                |
| 492,761      | 7,224             | 8,164,309     | -                     |
| -            | 328,657           | 965,652       | -                     |
| 350,163      | 11,071            | 1,376,408     | 113,301               |
| \$ 842,924   | \$ 346,952        | \$ 10,506,369 | \$ 113,301            |
| \$ 1,005,347 | \$ 402,665        | \$ 13,330,134 | \$ 144,714            |

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

**CITY OF KEIZER, OREGON****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013**

|  | <b><i>Business-type Activities - Enterprise Funds</i></b> |                     |                              |
|--|---|---------------------|------------------------------|
|  | <b><i>Sewer</i></b>                                       | <b><i>Water</i></b> | <b><i>Water Facility</i></b> |
| <b><i>OPERATING REVENUES</i></b>               |   |                     |                              |
| Licenses and permits                           | \$ -  | \$ 69,784           | \$ -                         |
| Charges for services                           | 4,979,163   | 2,397,171           | -                            |
| Miscellaneous                                  | 10,786  | 4,719               | 36,590                       |
| <i>Total Operating Revenues</i>                | 4,989,949   | 2,471,674           | 36,590                       |
| <b><i>OPERATING EXPENSES</i></b>               |   |                     |                              |
| Personnel services                             | 151,419   | 1,054,924           | -                            |
| Materials and services                         | 4,835,953   | 912,913             | -                            |
| Depreciation                                   | 201,544   | 287,359             | 269,965                      |
| <i>Total Operating Expenses</i>                | 5,188,916   | 2,255,196           | 269,965                      |
| <b><i>OPERATING INCOME (LOSS)</i></b>          | (198,967)   | 216,478             | (233,375)                    |
| <b><i>NONOPERATING REVENUES (EXPENSES)</i></b> |   |                     |                              |
| Investment revenue                             | 216   | 1,923               | 2,611                        |
| Interest expense                               | -   | (65,703)            | -                            |
| <i>Total Nonoperating Revenues (Expenses)</i>  | 216   | (63,780)            | 2,611                        |
| <b><i>CAPITAL CONTRIBUTION</i></b>             | -   | 1,048               | 23,155                       |
| <b><i>INCOME (LOSS) BEFORE TRANSFERS</i></b>   | (198,751)   | 153,746             | (207,609)                    |
| Transfers in                                   | 78,382  | -                   | 220,000                      |
| Transfers out                                  | -   | (220,000)           | -                            |
| <i>Total Transfers</i>                         | 78,382  | (220,000)           | 220,000                      |
| <b><i>CHANGE IN NET POSITION</i></b>           | (120,369)   | (66,254)            | 12,391                       |
| <b><i>NET POSITION, Beginning of year</i></b>  | 2,618,989   | 118,230             | 6,753,506                    |
| <b><i>NET POSITION, End of year</i></b>        | <u>\$ 2,498,620</u>                                       | <u>\$ 51,976</u>    | <u>\$ 6,765,897</u>          |

| <i>Storm<br/>Water</i> | <i>Other<br/>Enterprise<br/>Funds</i> | <i>Totals</i>        | <i>Governmental<br/>Activities<br/>Administrative<br/>Service Fund</i> |
|------------------------|---------------------------------------|----------------------|--|
| \$ 8,763               | \$ 25,738                             | \$ 104,285           | \$ -   |
| 1,019,519              | 494,092                               | 8,889,945            | 1,993,873  |
| 1,095                  | 19,786                                | 72,976               | 6,055  |
| 1,029,377              | 539,616                               | 9,067,206            | 1,999,928  |
| 617,200                | 14,424                                | 1,837,967            | 1,318,334  |
| 291,607                | 540,856                               | 6,581,329            | 632,030  |
| 75,173                 | 1,806                                 | 835,847              | -  |
| 983,980                | 557,086                               | 9,255,143            | 1,950,364  |
| 45,397                 | (17,470)                              | (187,937)            | 49,564   |
| 762                    | 1,097                                 | 6,609                | -  |
| -                      | -                                     | (65,703)             | -  |
| 762                    | 1,097                                 | (59,094)             | -  |
| -                      | -                                     | 24,203               | -  |
| 46,159                 | (16,373)                              | (222,828)            | 49,564   |
| -                      | 62,792                                | 361,174              | -  |
| -                      | (78,382)                              | (298,382)            | -  |
| -                      | (15,590)                              | 62,792               | -  |
| 46,159                 | (31,963)                              | (160,036)            | 49,564   |
| 796,765                | 378,915                               | 10,666,405           | 63,737   |
| <u>\$ 842,924</u>      | <u>\$ 346,952</u>                     | <u>\$ 10,506,369</u> | <u>\$ 113,301</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, 2013**

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|   | <u>Sewer</u>       | <u>Water</u>      | <u>Water<br/>Facility</u> |
|---|--------------------|-------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                    |                   |                           |
| Cash received from customers  | \$ 4,977,541       | \$ 2,411,417      | \$ 39,327                 |
| Cash paid for employee services and benefits  | (129,408)          | (962,155)         | -                         |
| Cash paid to suppliers for goods and services   | <u>(4,830,591)</u> | <u>(971,772)</u>  | <u>-</u>                  |
| <i>Net Cash Provided by (Used in) Operating Activities</i>                                    | 17,542             | 477,490           | 39,327                    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING<br/>ACTIVITIES</b>                                   |                    |                   |                           |
| Transfers in  | 92,551             | -                 | 220,000                   |
| Transfers out   | <u>-</u>           | <u>(220,000)</u>  | <u>-</u>                  |
| <i>Net Cash Provided by (Used in) Non-Capital<br/>Financing Activities</i>                    | 92,551             | (220,000)         | 220,000                   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                           |                    |                   |                           |
| Acquisition of capital assets   | (92,551)           | (112,602)         | (393,365)                 |
| Principal paid on contracts/bonds payable   | -                  | (165,000)         | -                         |
| Contribution of capital   | -                  | 920               | 23,155                    |
| Interest paid   | <u>-</u>           | <u>(67,958)</u>   | <u>-</u>                  |
| <i>Net Cash Used in Capital Related Financing Activities</i>                                  | (92,551)           | (344,640)         | (370,210)                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                    |                   |                           |
| Interest on investment  | <u>216</u>         | <u>1,923</u>      | <u>2,611</u>              |
| <i>Increase (Decrease) in Cash and Investments</i>  | 17,758             | (85,227)          | (108,272)                 |
| <b>CASH AND INVESTMENTS, Beginning of year</b>  | <u>63,139</u>      | <u>547,506</u>    | <u>990,204</u>            |
| <b>CASH AND INVESTMENTS, End of year</b>  | <u>\$ 80,897</u>   | <u>\$ 462,279</u> | <u>\$ 881,932</u>         |
| <b>RECONCILIATION OF CASH PROVIDED BY OPERATING<br/>ACTIVITIES TO OPERATING INCOME (LOSS)</b> |                    |                   |                           |
| Operating income (loss)   | \$ (198,967)       | \$ 216,478        | \$ (233,375)              |
| Depreciation  | 201,544            | 287,359           | 269,965                   |
| <i>Change in assets and liabilities</i>   |                    |                   |                           |
| Accounts receivable   | (12,408)           | (60,278)          | -                         |
| Inventory   | -                  | (1,231)           | -                         |
| Accounts payable and accrued liabilities  | 5,362              | (57,628)          | -                         |
| Compensated absences payable  | 2,053              | 7,795             | -                         |
| Other post-employment benefits  | 19,958             | 84,974            | -                         |
| Deposits payable  | <u>-</u>           | <u>21</u>         | <u>2,737</u>              |
| <i>Net Cash Provided by (Used in) Operating Activities</i>                                    | <u>\$ 17,542</u>   | <u>\$ 477,490</u> | <u>\$ 39,327</u>          |



|                   |                    |                     |                   |  | <i>Governmental</i>   |  |
|-------------------|--------------------|---------------------|-------------------|--|-----------------------|--|
|                   |                    |                     |                   |  | <i>Activities</i>     |  |
| <i>Storm</i>      | <i>Other</i>       |                     |                   |  | <i>Administrative</i> |  |
| <i>Water</i>      | <i>Proprietary</i> | <i>Totals</i>       |                   |  | <i>Service Fund</i>   |  |
|                   | <i>Funds</i>       |                     |                   |  |                       |  |
| \$ 1,018,984      | \$ 542,832         | \$ 8,990,101        | \$ 1,992,888      |  |                       |  |
| (586,618)         | (22,334)           | (1,700,515)         | (1,318,334)       |  |                       |  |
| (359,669)         | (537,470)          | (6,699,502)         | (668,141)         |  |                       |  |
| 72,697            | (16,972)           | 590,084             | 6,413             |  |                       |  |
| -                 | 62,792             | 375,343             | -                 |  |                       |  |
| -                 | (78,382)           | (298,382)           | -                 |  |                       |  |
| -                 | (15,590)           | 76,961              | -                 |  |                       |  |
| (75,198)          | (9,030)            | (682,746)           | -                 |  |                       |  |
| -                 | -                  | (165,000)           | -                 |  |                       |  |
| -                 | -                  | 24,075              | -                 |  |                       |  |
| -                 | -                  | (67,958)            | -                 |  |                       |  |
| (75,198)          | (9,030)            | (891,629)           | -                 |  |                       |  |
| 762               | 1,096              | 6,608               | -                 |  |                       |  |
| (1,739)           | (40,496)           | (217,976)           | 6,413             |  |                       |  |
| 391,906           | 398,938            | 2,391,693           | 131,138           |  |                       |  |
| <u>\$ 390,167</u> | <u>\$ 358,442</u>  | <u>\$ 2,173,717</u> | <u>\$ 137,551</u> |  |                       |  |
|                   |                    |                     |                   |  |                       |  |
| \$ 45,397         | \$ (17,470)        | \$ (187,937)        | \$ 49,564         |  |                       |  |
| 75,173            | 1,806              | 835,847             | -                 |  |                       |  |
| (10,393)          | 1,804              | (81,275)            | (7,040)           |  |                       |  |
|                   | -                  | (1,231)             | -                 |  |                       |  |
| (68,062)          | 4,798              | (115,530)           | (36,111)          |  |                       |  |
| 6,999             | (418)              | 16,429              | -                 |  |                       |  |
| 23,583            | (7,492)            | 121,023             | -                 |  |                       |  |
| -                 | -                  | 2,758               | -                 |  |                       |  |
| <u>\$ 72,697</u>  | <u>\$ (16,972)</u> | <u>\$ 590,084</u>   | <u>\$ 6,413</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.

## **CITY OF KEIZER, OREGON**

### **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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#### **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.

**CITY OF KEIZER, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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**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*

*Revenue Sharing Fund* - this fund accounts for State Revenue Sharing Funds. Primary expenditures are for police protection, parks, planning and general government.

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

*911 Emergency Communications Fund* - this fund accounts for 911 funds received from the State of Oregon. Expenditures are for emergency dispatch services.

*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.

**CITY OF KEIZER, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation (Continued)*

*Special Revenue Funds (Continued)*

*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.

The City reports the following major proprietary funds:

*Administrative Service Fund* - This fund accounts for activities and services performed primarily for other funds within the City. Charges are based on recovering costs from the benefitted City 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.

*Storm Water Fund* – this fund accounts for the operation of the City's storm water system.

The City reports the following nonmajor governmental 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.

*Amphitheater Fund* - This fund accounts for revenues from the use of the Keizer Rotary Amphitheater and related costs.

*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, 2013**

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#### **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 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, 2013**

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**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, 2013. 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 and Deferred Revenues*

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.

## ***CITY OF KEIZER, OREGON***

### ***NOTES TO BASIC FINANCIAL STATEMENTS (Continued)***

***YEAR ENDED JUNE 30, 2013***

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#### ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

##### ***Receivables and Deferred Revenues (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, storm water 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.



## ***CITY OF KEIZER, OREGON***

### ***NOTES TO BASIC FINANCIAL STATEMENTS (Continued)***

***YEAR ENDED JUNE 30, 2013***

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#### ***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, 2013**

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**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, 2013 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2013:

***Cash***

|                                      |           |
|--------------------------------------|-----------|
| Cash on hand                         | \$ 1,790  |
| Deposits with financial institutions | 7,013,431 |

***Investments***

|                                  |                  |
|----------------------------------|------------------|
| Local Government Investment Pool | <u>9,324,581</u> |
|----------------------------------|------------------|

|                                   |                             |
|-----------------------------------|-----------------------------|
| <i>Total Cash and Investments</i> | <u><u>\$ 16,339,802</u></u> |
|-----------------------------------|-----------------------------|

*Deposits*

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$7,013,431 and the bank balance was \$7,021,581. 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, 2013***

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#### ***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, 2013, \$6,521,581 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, 2013, 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, 2013****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<br/>Taxes</i> | <i>Assessments</i>   | <i>Loans</i>      |
|---------------------------------|---------------------|---------------------------|----------------------|-------------------|
| General                         | \$ 360,707          | \$ 310,453                | \$ -                 | \$ -              |
| Street                          | 176,374             | -                         | 20,098               | -                 |
| Urban Renewal Tax               | -                   | 229,528                   | -                    | -                 |
| Keizer Station LID              | 157,987             | -                         | 23,042,563           | -                 |
| Other governmental funds        | 747,007             | -                         | -                    | 420,258           |
| Administrative Service          | 7,163               | -                         | -                    | -                 |
| Sewer                           | 773,393             | -                         | -                    | -                 |
| Water                           | 380,777             | -                         | 1,214                | -                 |
| Storm Water                     | 122,419             | -                         | -                    | -                 |
| Other business-type funds       | 36,998              | -                         | -                    | -                 |
| Allowance for doubtful accounts |                     |                           | (3,681,000)          |                   |
|                                 | <u>\$ 2,762,825</u> | <u>\$ 539,981</u>         | <u>\$ 19,382,875</u> | <u>\$ 420,258</u> |

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2013****CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2013 is as follows:

|   | <b>Balances<br/>July 1,<br/>2012</b> | <b>Additions</b>    | <b>Deletions</b> | <b>Balances<br/>June 30,<br/>2013</b> |
|---|--------------------------------------|---------------------|------------------|---------------------------------------|
| <b>NON-DEPRECIABLE</b>                              |                                      |                     |                  |                                       |
| Land  | \$ 371,759                           | \$ -                | \$ -             | \$ 371,759                            |
| <b>DEPRECIABLE</b>                                  |                                      |                     |                  |                                       |
| Buildings and improvements                          | 1,065,730                            | -                   | -                | 1,065,730                             |
| Water and sewer systems                             | 21,153,419                           | 598,432             | -                | 21,751,851                            |
| Equipment and vehicles                              | 657,801                              | 105,777             | -                | 763,578                               |
| Total depreciable                                   | 22,876,950                           | 704,209             | -                | 23,581,159                            |
| <b>ACCUMULATED DEPRECIATION</b>                     |                                      |                     |                  |                                       |
| Buildings   | 797,258                              | 19,270              | -                | 816,528                               |
| Water and sewer systems                             | 12,030,231                           | 721,345             | -                | 12,751,576                            |
| Equipment and vehicles                              | 550,272                              | 95,231              | -                | 645,503                               |
| Total accumulated depreciation                      | 13,377,761                           | 835,846             | -                | 14,213,607                            |
| <i>Business-type activities capital assets, net</i> | <u>\$ 9,870,948</u>                  | <u>\$ (131,637)</u> | <u>\$ -</u>      | <u>\$ 9,739,311</u>                   |

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

|  |                   |
|--|-------------------|
| Water  | \$ 557,324        |
| Sewer  | 201,544           |
| Storm water  | 75,173            |
| Community Center   | 1,805             |
| <i>Total depreciation expense for business-type activities</i> | <u>\$ 835,846</u> |

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

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**CAPITAL ASSETS** (continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2011 are as follows:

|   | <b>Balances<br/>July 1,<br/>2012</b> | <b>Additions</b>  | <b>Deletions</b>  | <b>Balances<br/>June 30,<br/>2013</b> |
|---|--------------------------------------|-------------------|-------------------|---------------------------------------|
| <b>NON-DEPRECIABLE</b>                      |                                      |                   |                   |                                       |
| Land  | \$ 10,997,589                        | \$ 602,169        | \$ 346,037        | \$ 11,253,721                         |
| <b>DEPRECIABLE</b>                          |                                      |                   |                   |                                       |
| Buildings and improvements                  | 42,903,707                           | 2,264,188         | -                 | 45,167,895                            |
| Equipment and vehicles                      | 1,240,129                            | 247,572           | -                 | 1,487,701                             |
| Infrastructure                              | 37,785,214                           | 760,728           | -                 | 38,545,942                            |
| Total depreciable                           | 81,929,050                           | 3,272,488         | -                 | 85,201,538                            |
| <b>ACCUMULATED DEPRECIATION</b>             |                                      |                   |                   |                                       |
| Buildings                                   | 16,191,441                           | 1,642,959         | -                 | 17,834,400                            |
| Equipment and vehicles                      | 1,084,558                            | 123,046           | -                 | 1,207,604                             |
| Infrastructure                              | 11,218,167                           | 1,280,804         | -                 | 12,498,971                            |
| Total accumulated depreciation              | 28,494,166                           | 3,046,809         | -                 | 31,540,975                            |
| Governmental activities capital assets, net | <u>\$ 64,432,473</u>                 | <u>\$ 827,848</u> | <u>\$ 346,037</u> | <u>\$ 64,914,284</u>                  |

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

|  |                     |
|--|---------------------|
| General government                                     | \$ 3,386            |
| Public safety  | 99,328              |
| Public works   | 722,175             |
| Community development                                  | 2,125,505           |
| Parks  | <u>96,415</u>       |
| Total depreciation expense for governmental activities | <u>\$ 3,046,809</u> |

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2013****LONG-TERM OBLIGATIONS**

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

|   | <i>Outstanding<br/>July 1,<br/>2012</i> | <i>Issued</i>     | <i>Matured/<br/>Redeemed<br/>During Year</i> | <i>Outstanding<br/>June 30,<br/>2013</i> | <i>Due in<br/>One Year</i> |
|---|---|-------------------|--|--|----------------------------|
| <b>Governmental Activities</b>  |   |                   |  |  |                            |
| Gas Tax Revenue Bonds 2005<br>Initial issue \$1,738,000,<br>interest at 3.92%                           | \$ 777,000                              | \$ -              | \$ (183,000)                                 | \$ 594,000                               | \$ 190,000                 |
| Keizer Station LID Bonds 2008<br>Initial issue \$26,810,000,<br>interest only at 5.20%                  | 23,540,000                              | -                 | (1,485,000)                                  | 22,055,000                               | -                          |
| URA Credit Facility, Series 2008<br>Initial issue \$12,260,000,<br>variable interest currently at 2.31% | 2,660,000                               | -                 | -  | 2,660,000                                | 1,200,000                  |
|   | <u>\$ 26,977,000</u>                    | <u>\$ -</u>       | <u>\$ (1,668,000)</u>                        | <u>\$ 25,309,000</u>                     | <u>\$ 1,390,000</u>        |
| Accrued compensated absences  | <u>\$ 520,358</u>                       | <u>\$ 360,921</u> | <u>\$ (372,652)</u>                          | <u>\$ 508,627</u>                        | <u>\$ 178,019</u>          |
| <b>Business-type Activities</b>   |   |                   |  |  |                            |
| 2005 Water Revenue Loan<br>Initial issue \$2,600,000,<br>interest at 4.10%                              | \$ 1,740,000                            | \$ -              | \$ (165,000)                                 | \$ 1,575,000                             | \$ 170,000                 |
| Accrued compensated absences  | <u>\$ 127,828</u>                       | <u>\$ 119,194</u> | <u>\$ (102,765)</u>                          | <u>\$ 144,257</u>                        | <u>\$ 50,490</u>           |

The Gas Tax Revenue bonds require a reserve of \$173,800, which is included in the Street fund. 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, 2013**

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**LONG-TERM OBLIGATIONS (Continued)**

The future maturities of obligations outstanding as of June 30, 2013:

**Governmental Activities**

| <b><i>Fiscal Year<br/>Ending<br/>June 30,</i></b> | <b><i>Principal</i></b> | <b><i>Interest</i></b> | <b><i>Total</i></b>  |
|---|-------------------------|------------------------|----------------------|
| 2014  | \$ 1,390,000            | \$ 1,224,495           | \$ 2,614,495         |
| 2015  | 1,398,000               | 1,192,596              | 2,590,596            |
| 2016  | 466,000                 | 1,156,161              | 1,622,161            |
| 2017  | -                       | 1,146,860              | 1,146,860            |
| 2018  | -                       | 1,146,860              | 1,146,860            |
| 2019-2023   | -                       | 5,734,300              | 5,734,300            |
| 2024-2028   | -                       | 5,734,300              | 5,734,300            |
| 2029-2032   | 22,055,000              | 3,440,580              | 25,495,580           |
|   | <u>\$ 25,309,000</u>    | <u>\$ 20,776,152</u>   | <u>\$ 46,085,152</u> |

**Business-type Activities**

| <b><i>Fiscal Year<br/>Ending<br/>June 30,</i></b> | <b><i>Principal</i></b> | <b><i>Interest</i></b> | <b><i>Total</i></b> |
|---|-------------------------|------------------------|---------------------|
| 2014  | \$ 170,000              | \$ 61,090              | \$ 231,090          |
| 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             |
| 2019-2021   | 650,000                 | 40,590                 | 690,590             |
|   | <u>\$ 1,575,000</u>     | <u>\$ 271,523</u>      | <u>\$ 1,846,523</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, 2013**

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#### **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](http://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 10.62% of Tier1/Tier2 subject payroll, 2.86% of OPSRP general service subject payroll, and 5.57% of OPSRP police and fire subject payroll for the fiscal year ended June 30, 2013. This contribution rate was determined as part of the December 31, 2009 actuarial evaluation. Subject salary for the year was \$5,595,885 and the City's total payroll was \$5,960,145.

| <b><i>Year Ended<br/>June 30,</i></b> | <b><i>Amount</i></b> | <b><i>% of Required<br/>Contribution</i></b> |
|---------------------------------------|----------------------|--|
| 2013                                  | \$ 737,485           | 100%   |
| 2012                                  | 736,623              | 100%   |
| 2011                                  | 604,111              | 100%   |

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2013**

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**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 7.0% in 2010 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, 2011 through June 30, 2013 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>General Services</i> | <i>Police and Fire</i> |
|                               | <i>Tier 1/Tier 2</i> |                         |                        |
| July 1, 2011 to June 30, 2013 | 0.59%                | 0.50%                   | 0.50%                  |

*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, 2013, amounted to \$32,873. 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 \$320,841 for the year ended June 30, 2013.

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2013**

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**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, 2013, the City had 91 active employees and three 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, 2013, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

|   |    |                  |
|---|----|------------------|
| Normal cost at year end                 | \$ | 419,485          |
| Amortization of UAAL                    |    | <u>62,585</u>    |
| Annual required contribution            |    | 482,070          |
| Implicit benefit payments               |    | (12,523)         |
| Increase in net OPEB obligation         |    | 469,547          |
| Net OPEB obligation - beginning of year |    | <u>1,418,510</u> |
| Net OPEB obligation - end of year       | \$ | <u>1,888,057</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, 2013 was as follows:

| <b><i>Fiscal Year<br/>Ended June 30,</i></b> |    | <b><i>Annual<br/>OPEB Cost</i></b> | <b><i>Percentage of<br/>Annual OPEB<br/>Cost Contribution</i></b> |    | <b><i>Net OPEB<br/>Obligation</i></b> |
|--|----|------------------------------------|---|----|---------------------------------------|
| 2013   | \$ | 482,070                            | 3%  | \$ | 1,888,057                             |
| 2012   |    | 483,000                            | 2%  |    | 1,418,510                             |
| 2011   |    | 381,026                            | 3%  |    | 946,964                               |

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, 2012****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, 2013 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 8% and 10%. The UAAL is being amortized over an initial period of 30 years.

| Valuation<br>Date<br>June 30, | Value of<br>Assets<br>(a) | Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded<br>Ratio<br>(a / b) | Covered<br>Payroll<br>(c) | UAAL<br>as a<br>Percentage of<br>Covered<br>Payroll<br>((b - a) / c) |
|-------------------------------|---------------------------|---|---------------------------------|----------------------------|---------------------------|--|
| 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%  |
| 2011                          | -                         | 1,689,800   | 1,689,800                       | 0%                         | 6,224,238                 | 27.1%  |

**TRANSFERS**

|                             | Transfer In         | Transfer Out        |
|-----------------------------|---------------------|---------------------|
| General                     | \$ -                | \$ 381,171          |
| Urban Renewal Project       | 691,267             | -                   |
| Urban Renewal Tax Increment | -                   | 691,267             |
| Nonmajor governmental fund  | 344,989             | 26,610              |
| Sewer                       | 78,382              | -                   |
| Water                       | -                   | 220,000             |
| Water Facility              | 220,000             | -                   |
| Other business-type funds   | 62,792              | 78,382              |
|                             | <u>\$ 1,397,430</u> | <u>\$ 1,397,430</u> |

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

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2013**

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**EXPENDITURES IN EXCESS OF APPROPRIATIONS**

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

Expenditures in excess of appropriations in the individual funds for the year ended June 30, 2013 occurred as follows:

| <u>Fund</u>            | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------|---------------|---------------|-----------------|
| Amphitheater Fund      |               |               |                 |
| Materials and services | \$ 2,800      | \$ 2,829      | \$ (29)         |
| Sewer Reserve Fund     |               |               |                 |
| Capital outlay         | 78,000        | 78,382        | (382)           |

**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, 2013, 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. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government. The statement was implemented in the current year.

GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The Statement was implemented in the current year.

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented in the current year.

**CITY OF KEIZER, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2013**

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***NEW PRONOUNCEMENTS (continued)***

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. 65 “Items Previously Reported as Assets and Liabilities.” The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for fiscal years beginning after December 15, 2012.

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 Operations.” The statement provides guidance on accounting for and reporting government mergers, acquisitions, transfers of operations and disposal. The statement is effective for fiscal years beginning after December 15, 2013.

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 is effective for fiscal years beginning after December 15, 2013.

***RELATED PARTY TRANSACTIONS***

In October 2012 the Urban Renewal Agency of the City of Keizer, acquired through a foreclosure auction a piece of property for \$601,169, 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. Subsequent to the acquisition the property was determined to have a fair market value of \$256,132 based on a review of comparable properties, as such the Urban Renewal District recognized a capital asset impairment loss of \$346,037.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF KEIZER, OREGON****SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM****JUNE 30, 2013**

| <i>Actuarial<br/>Valuation<br/>Date</i> | <i>Actuarial<br/>Value of<br/>Assets<br/>(a)</i> | <i>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)<br/>(b)</i> | <i>Unfunded<br/>AAL<br/>(b-a)</i> | <i>Funded<br/>Ratio<br/>(a+b)</i> | <i>Covered<br/>Payroll<br/>(c)</i> | <i>UAAL as a<br/>Percentage<br/>of Covered<br/>Payroll<br/>((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%  |



**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2013**

|                                 | Budgeted Amounts |              |              |              |
|---------------------------------|------------------|--------------|--------------|--------------|
|                                 | Original         | Final        | Actual       | Variance     |
| REVENUES                        |                  |              |              |              |
| Taxes and assessments           | \$ 4,272,500     | \$ 4,272,500 | \$ 4,137,204 | \$ (135,296) |
| Licenses and permits            | 2,494,100        | 2,499,500    | 2,502,156    | 2,656        |
| Intergovernmental               | 722,400          | 719,500      | 791,818      | 72,318       |
| Fines and forfeitures           | 610,300          | 616,700      | 571,525      | (45,175)     |
| Miscellaneous                   | 120,100          | 133,100      | 141,857      | 8,757        |
| Total Revenues                  | 8,219,400        | 8,241,300    | 8,144,560    | (96,740)     |
| EXPENDITURES                    |                  |              |              |              |
| Administration                  | 1,453,000        | 1,453,000    | 1,286,825    | 166,175      |
| Parks                           | 307,100          | 317,200      | 293,089      | 24,111       |
| Community development           | 456,700          | 470,000      | 452,203      | 17,797       |
| Police                          | 5,443,100        | 5,457,600    | 5,238,413    | 219,187      |
| Municipal court                 | 256,300          | 256,300      | 225,800      | 30,500       |
| Contingency                     | 185,000          | 178,300      | -            | 178,300      |
| Total Expenditures              | 8,101,200        | 8,132,400    | 7,496,330    | 636,070      |
| REVENUES OVER (UNDER)           |                  |              |              |              |
| EXPENDITURES                    | 118,200          | 108,900      | 648,230      | 539,330      |
| OTHER FINANCING SOURCES (USES)  |                  |              |              |              |
| Transfers out                   | (459,000)        | (459,000)    | (381,171)    | 77,829       |
| NET CHANGE IN FUND BALANCE      | (340,800)        | (350,100)    | 267,059      | 617,159      |
| FUND BALANCE, Beginning of year | 1,705,100        | 1,714,400    | 1,877,738    | 163,338      |
| FUND BALANCE, End of year       | \$ 1,364,300     | \$ 1,364,300 | \$ 2,144,797 | \$ 780,497   |

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, 2013**

|  | <i>Budgeted Amounts</i> |              |               |                 |
|--|-------------------------|--------------|---------------|-----------------|
|  | <i>Original</i>         | <i>Final</i> | <i>Actual</i> | <i>Variance</i> |
| <b>REVENUES</b>                        |                         |              |               |                 |
| Licenses and permits                   | \$ 1,700                | \$ 1,700     | \$ 7,225      | \$ 5,525        |
| Intergovernmental                      | 1,926,500               | 1,978,500    | 2,030,431     | 51,931          |
| Taxes and assessments                  | 2,200                   | 2,200        | 4,530         | 2,330           |
| Miscellaneous                          | 18,600                  | 18,600       | 31,771        | 13,171          |
| <i>Total Revenues</i>                  | 1,949,000               | 2,001,000    | 2,073,957     | 72,957          |
| <b>EXPENDITURES</b>                    |                         |              |               |                 |
| Personnel services                     | 258,200                 | 259,500      | 214,657       | 44,843          |
| Materials and services                 | 570,400                 | 792,100      | 694,793       | 97,307          |
| Capital outlay                         | 2,199,600               | 2,356,400    | 2,254,323     | 102,077         |
| Contingency                            | 151,500                 | 150,200      | -             | 150,200         |
| Debt service                           |                         |              |               |                 |
| Principal                              | 183,000                 | 183,000      | 183,000       | -               |
| Interest                               | 26,900                  | 26,900       | 26,872        | 28              |
| <i>Total Expenditures</i>              | 3,389,600               | 3,768,100    | 3,373,645     | 394,455         |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |                 |
| <b>EXPENDITURES</b>                    | (1,440,600)             | (1,767,100)  | (1,299,688)   | 467,412         |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |                 |
| Transfers out                          | (210,500)               | -            | -             | -               |
| <b>NET CHANGE IN FUND BALANCE</b>      | (1,651,100)             | (1,767,100)  | (1,299,688)   | 467,412         |
| <b>FUND BALANCE, Beginning of year</b> | 2,626,000               | 2,742,000    | 2,741,988     | (12)            |
| <b>FUND BALANCE, End of year</b>       | \$ 974,900              | \$ 974,900   | \$ 1,442,300  | \$ 467,400      |

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, 2013**

|   | <i>Budgeted Amounts</i> |                  | <i>Actual</i>  | <i>Variance</i>    |
|---|-------------------------|------------------|----------------|--------------------|
|   | <i>Original</i>         | <i>Final</i>     |                |                    |
| <b>REVENUES</b>                               |                         |                  |                |                    |
| Miscellaneous                                 | \$ 100                  | \$ 96,900        | \$ 96,751      | \$ (149)           |
| <b>EXPENDITURES</b>                           |                         |                  |                |                    |
| Materials and services                        | 128,400                 | 225,200          | 185,849        | 39,351             |
| Capital outlay                                | -                       | 602,200          | 602,169        | 31                 |
| Contingency                                   | 10,000                  | 10,000           | -              | 10,000             |
| <i>Total Expenditures</i>                     | <u>138,400</u>          | <u>837,400</u>   | <u>788,018</u> | <u>49,382</u>      |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (138,300)               | (740,500)        | (691,267)      | 49,233             |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                         |                  |                |                    |
| Issuance of debt                              | <u>150,000</u>          | <u>752,200</u>   | <u>691,267</u> | <u>(60,933)</u>    |
| <b>NET CHANGE IN FUND BALANCES</b>            | 11,700                  | 11,700           | -              | (11,700)           |
| <b>FUND BALANCE, Beginning of year</b>        | <u>76,600</u>           | <u>76,600</u>    | <u>-</u>       | <u>(76,600)</u>    |
| <b>FUND BALANCE, End of year</b>              | <u>\$ 88,300</u>        | <u>\$ 88,300</u> | <u>\$ -</u>    | <u>\$ (88,300)</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, 2013**

|  | <i>Budgeted Amounts</i> |                | <i>Actual</i>     | <i>Variance</i>   |
|--|-------------------------|----------------|-------------------|-------------------|
|  | <i>Original</i>         | <i>Final</i>   |                   |                   |
| <b>REVENUES</b>                        |                         |                |                   |                   |
| Miscellaneous                          | \$ 2,200                | \$ 2,200       | \$ 1,955          | \$ (245)          |
| <b>EXPENDITURES</b>                    |                         |                |                   |                   |
| Materials and services                 | -                       | 50,000         | 33,491            | 16,509            |
| Capital outlay                         | 40,300                  | 45,600         | 146               | 45,454            |
| Debt service                           | 605,900                 | 550,600        | -                 | -                 |
| <i>Total Expenditures</i>              | <u>646,200</u>          | <u>646,200</u> | <u>33,637</u>     | <u>612,563</u>    |
| <b>NET CHANGE IN FUND BALANCES</b>     | (644,000)               | (644,000)      | (31,682)          | 612,318           |
| <b>FUND BALANCE, Beginning of year</b> | <u>644,000</u>          | <u>644,000</u> | <u>647,772</u>    | <u>3,772</u>      |
| <b>FUND BALANCE, End of year</b>       | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 616,090</u> | <u>\$ 616,090</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, 2013**

|  | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
|  | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                        |                         |              |               |                 |
| Taxes and assessments                  | \$ 1,395,600            | \$ 1,395,600 | \$ 1,552,916  | \$ 157,316      |
| Miscellaneous                          | 1,300                   | 1,300        | 14,441        | 13,141          |
| <i>Total Revenues</i>                  | 1,396,900               | 1,396,900    | 1,567,357     | 170,457         |
| <b>EXPENDITURES</b>                    |                         |              |               |                 |
| Debt service                           |                         |              |               |                 |
| Principal                              | 5,600,000               | 5,600,000    | 691,267       | 4,908,733       |
| Interest                               | 79,800                  | 79,800       | 62,572        | 17,228          |
| <i>Total Expenditures</i>              | 5,679,800               | 5,679,800    | 753,839       | 4,925,961       |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |                 |
| <b>EXPENDITURES</b>                    | (4,282,900)             | (4,282,900)  | 813,518       | 5,096,418       |
| <b>FUND BALANCE, Beginning of year</b> | 4,282,900               | 4,282,900    | 4,404,090     | 121,190         |
| <b>FUND BALANCE, End of year</b>       | \$ -                    | \$ -         | \$ 5,217,608  | \$ 5,217,608    |

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, 2013**

|  | <i>Budgeted Amounts</i> |              |               |                 |
|--|-------------------------|--------------|---------------|-----------------|
|  | <i>Original</i>         | <i>Final</i> | <i>Actual</i> | <i>Variance</i> |
| <b>REVENUES</b>                        |                         |              |               |                 |
| Taxes and assessments                  | \$ 5,454,700            | \$ 5,454,700 | \$ 1,315,209  | \$ (4,139,491)  |
| Miscellaneous                          | 2,141,600               | 2,141,600    | 1,318,989     | (822,611)       |
| <i>Total Revenues</i>                  | 7,596,300               | 7,596,300    | 2,634,198     | (4,962,102)     |
| <b>EXPENDITURES</b>                    |                         |              |               |                 |
| Debt service                           |                         |              |               |                 |
| Principal                              | 6,378,600               | 6,378,600    | 1,485,000     | 4,893,600       |
| Interest                               | 1,220,800               | 1,220,800    | 1,191,320     | 29,480          |
| <i>Total Expenditures</i>              | 7,599,400               | 7,599,400    | 2,676,320     | 4,923,080       |
| <b>NET CHANGE IN FUND BALANCES</b>     | (3,100)                 | (3,100)      | (42,122)      | (39,022)        |
| <b>FUND BALANCE, Beginning of year</b> | 2,684,100               | 2,684,100    | 2,729,997     | 45,897          |
| <b>FUND BALANCE, End of year</b>       | \$ 2,681,000            | \$ 2,681,000 | \$ 2,687,875  | \$ 6,875        |

The budgetary basis of accounting and GAAP are the same.

**CITY OF KEIZER, OREGON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|  | <b><i>Revenue<br/>Sharing</i></b> | <b><i>Law<br/>Enforcement<br/>Grant</i></b> | <b><i>911 Fund</i></b> | <b><i>Public<br/>Education<br/>Government</i></b> |
|--|-----------------------------------|---|------------------------|---|
| <b>ASSETS</b>                              |                                   |   |                        |   |
| Cash and investments                       | \$ -                              | \$ -  | \$ 150,397             | \$ 176,305  |
| Accounts receivable                        | 66,224                            | -   | -                      | 30,423  |
| Loans receivable                           | -                                 | -   | -                      | -   |
| <i>Total Assets</i>                        | <u>\$ 66,224</u>                  | <u>\$ -</u>                                 | <u>\$ 150,397</u>      | <u>\$ 206,728</u>                                 |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                   |   |                        |   |
| <b>Liabilities</b>                         |                                   |   |                        |   |
| Accounts payable                           | \$ -                              | \$ -  | \$ 150,397             | \$ -  |
| Due to other funds                         | 66,224                            | -   | -                      | -   |
| Deferred revenue                           | -                                 | -   | -                      | -   |
| <i>Total Liabilities</i>                   | 66,224                            | -   | 150,397                | -   |
| <b>Fund Balances</b>                       |                                   |   |                        |   |
| Restricted                                 | -                                 | -   | -                      | 206,728   |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 66,224</u>                  | <u>\$ -</u>                                 | <u>\$ 150,397</u>      | <u>\$ 206,728</u>                                 |



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***Special Revenue***

| <b><i>Transportation<br/>Improvement</i></b> | <b><i>Park<br/>Improvement</i></b> | <b><i>Off-site<br/>Transportation<br/>Improvement</i></b> | <b><i>Housing<br/>Services</i></b> | <b><i>Energy<br/>Efficiency</i></b> | <b><i>Totals</i></b> |
|--|------------------------------------|---|------------------------------------|-------------------------------------|----------------------|
| \$ 1,980,235                                 | \$ -                               | \$ 52,755   | \$ 28,606                          | \$ 22,556                           | \$ 2,410,854         |
| -  | 650,360                            | -   | -                                  | -                                   | 747,007              |
| -  | -                                  | -   | 329,316                            | 90,942                              | 420,258              |
| <u>\$ 1,980,235</u>                          | <u>\$ 650,360</u>                  | <u>\$ 52,755</u>  | <u>\$ 357,922</u>                  | <u>\$ 113,498</u>                   | <u>\$ 3,578,119</u>  |
|  |                                    |   |                                    |                                     |                      |
| \$ -   | \$ 4,673                           | \$ -  | \$ 5,222                           | \$ 2,154                            | \$ 162,446           |
| -  | 257,081                            | -   | -                                  | -                                   | 323,305              |
| -  | -                                  | -   | 329,175                            | 90,942                              | 420,117              |
| -  | 261,754                            | -   | 334,397                            | 93,096                              | 905,868              |
| 1,980,235                                    | 388,606                            | 52,755  | 23,525                             | 20,402                              | 2,672,251            |
| <u>\$ 1,980,235</u>                          | <u>\$ 650,360</u>                  | <u>\$ 52,755</u>  | <u>\$ 357,922</u>                  | <u>\$ 113,498</u>                   | <u>\$ 3,578,119</u>  |

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

|   | <b><i>Revenue<br/>Sharing</i></b> | <b><i>Law<br/>Enforcement<br/>Grant</i></b> | <b><i>911 Fund</i></b> | <b><i>Public<br/>Education<br/>Government</i></b> |
|---|-----------------------------------|---|------------------------|---|
| <b>REVENUES</b>                               |                                   |   |                        |   |
| Licenses and permits                          | \$ -                              | \$ -  | \$ -                   | \$ 118,906  |
| Intergovernmental                             | 283,827                           | 2,589                                       | 44,512                 | -   |
| Miscellaneous                                 | -                                 | -   | -                      | 448   |
| <i>Total Revenues</i>                         | 283,827                           | 2,589                                       | 44,512                 | 119,354   |
| <b>EXPENDITURES</b>                           |                                   |   |                        |   |
| Current operating:                            |                                   |   |                        |   |
| General government                            | -                                 | -   | -                      | 75,000  |
| Public safety                                 | -                                 | -   | 358,575                | -   |
| Capital outlay                                | 409,296                           | 2,589                                       | -                      | -   |
| <i>Total Expenditures</i>                     | 409,296                           | 2,589                                       | 358,575                | 75,000  |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (125,469)                         | -   | (314,063)              | 44,354  |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                                   |   |                        |   |
| Transfers in                                  | 35,123                            | -   | 309,866                | -   |
| Transfers out                                 | -                                 | -   | -                      | -   |
| <i>Total Other Financing Sources (Uses)</i>   | 35,123                            | -   | 309,866                | -   |
| <b>NET CHANGE IN FUND BALANCES</b>            | (90,346)                          | -   | (4,197)                | 44,354  |
| <b>FUND BALANCES, Beginning of year</b>       | 90,346                            | -   | 4,197                  | 162,374   |
| <b>FUND BALANCES, End of year</b>             | \$ -                              | \$ -  | \$ -                   | \$ 206,728  |

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***Special Revenue***

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| <b><i>Transportation<br/>Improvement</i></b> | <b><i>Park<br/>Improvement</i></b> | <b><i>Offsite<br/>Transportation<br/>Improvement</i></b> | <b><i>Housing<br/>Services</i></b> | <b><i>Energy<br/>Efficiency</i></b> | <b><i>Totals</i></b> |
|--|------------------------------------|--|------------------------------------|-------------------------------------|----------------------|
| \$ 112,685                                   | \$ 26,334                          | \$ -   | \$ -                               | \$ -                                | \$ 257,925           |
| -  | 650,360                            | -  | -                                  | -                                   | 981,288              |
| 5,932  | 450                                | 161  | 427                                | 182                                 | 7,600                |
| 118,617                                      | 677,144                            | 161  | 427                                | 182                                 | 1,246,813            |
| -  | -                                  | -  | 265,318                            | 107,347                             | 447,665              |
| -  | -                                  | -  | -                                  | -                                   | 358,575              |
| -  | 782,401                            | -  | -                                  | -                                   | 1,194,286            |
| -  | 782,401                            | -  | 265,318                            | 107,347                             | 2,000,526            |
| 118,617                                      | (105,257)                          | 161  | (264,891)                          | (107,165)                           | (753,713)            |
| -  | -                                  | -  | -                                  | -                                   | 344,989              |
| (26,610)                                     | -                                  | -  | -                                  | -                                   | (26,610)             |
| (26,610)                                     | -                                  | -  | -                                  | -                                   | 318,379              |
| 92,007                                       | (105,257)                          | 161  | (264,891)                          | (107,165)                           | (435,334)            |
| 1,888,228                                    | 493,863                            | 52,594   | 288,416                            | 127,567                             | 3,107,585            |
| <u>\$ 1,980,235</u>                          | <u>\$ 388,606</u>                  | <u>\$ 52,755</u>   | <u>\$ 23,525</u>                   | <u>\$ 20,402</u>                    | <u>\$ 2,672,251</u>  |

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - REVENUE SHARING FUND  
YEAR ENDED JUNE 30, 2013**

|   | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                               |                         |              |               |                 |
| Intergovernmental                             | \$ 241,200              | \$ 241,200   | \$ 283,827    | \$ 42,627       |
| <b>EXPENDITURES</b>                           |                         |              |               |                 |
| Capital outlay                                | 409,700                 | 409,700      | 409,296       | 404             |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (168,500)               | (168,500)    | (125,469)     | 42,223          |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                         |              |               |                 |
| Transfers in                                  | 102,300                 | 102,300      | 35,123        | (67,177)        |
| <b>NET CHANGE IN FUND BALANCE</b>             | (66,200)                | (66,200)     | (90,346)      | (24,146)        |
| <b>FUND BALANCE, Beginning of year</b>        | 66,200                  | 66,200       | 90,346        | 24,146          |
| <b>FUND BALANCE, End of year</b>              | \$ -                    | \$ -         | \$ -          | \$ -            |

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 - LAW ENFORCEMENT GRANT FUND  
YEAR ENDED JUNE 30, 2013**

|   | <i>Budgeted Amounts</i> |               | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|---------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i>  |               |                 |
| <b>REVENUES</b>                               |                         |               |               |                 |
| Intergovernmental                             | \$ 75,000               | \$ 75,000     | \$ 2,589      | \$ (72,411)     |
| <b>EXPENDITURES</b>                           |                         |               |               |                 |
| Materials and services                        | 10,000                  | 10,000        | -             | 10,000          |
| Capital outlay                                | 65,000                  | 65,000        | 2,589         | 62,411          |
| <i>Total Expenditures</i>                     | <u>75,000</u>           | <u>75,000</u> | <u>2,589</u>  | <u>72,411</u>   |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | -                       | -             | -             | -               |
| <b>FUND BALANCE, Beginning of year</b>        | <u>-</u>                | <u>-</u>      | <u>-</u>      | <u>-</u>        |
| <b>FUND BALANCE, End of year</b>              | <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 - 911 FUND****YEAR ENDED JUNE 30, 2013**

|  | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|--|-------------------------|--------------|---------------|-----------------|
|  | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                        |                         |              |               |                 |
| Intergovernmental                      | \$ 46,400               | \$ 96,400    | \$ 44,512     | \$ (51,888)     |
| <b>EXPENDITURES</b>                    |                         |              |               |                 |
| Materials and services                 | 333,100                 | 383,100      | 358,575       | 24,525          |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |                 |
| <b>EXPENDITURES</b>                    | (286,700)               | (286,700)    | (314,063)     | (27,363)        |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |                 |
| Transfers in                           | 286,700                 | 286,700      | 309,866       | 23,166          |
| <b>NET CHANGE IN FUND BALANCES</b>     | -                       | -            | (4,197)       | (4,197)         |
| <b>FUND BALANCE, Beginning of year</b> | -                       | -            | 4,197         | 4,197           |
| <b>FUND BALANCE, End of year</b>       | \$ -                    | \$ -         | \$ -          | \$ -            |

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, 2013**

|   | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                               |                         |              |               |                 |
| Licenses and permits                          | \$ 114,300              | \$ 114,300   | \$ 118,906    | \$ 4,606        |
| Miscellaneous                                 | 400                     | 400          | 448           | 48              |
| <i>Total Revenues</i>                         | 114,700                 | 114,700      | 119,354       | 4,654           |
| <b>EXPENDITURES</b>                           |                         |              |               |                 |
| Materials and services                        | 79,300                  | 79,300       | 75,000        | 4,300           |
| Capital outlay                                | 15,000                  | 15,000       | -             | 15,000          |
| Contingency                                   | 50,000                  | 50,000       | -             | 50,000          |
| <i>Total Expenditures</i>                     | 144,300                 | 144,300      | 75,000        | 69,300          |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (29,600)                | (29,600)     | 44,354        | 73,954          |
| <b>FUND BALANCE, Beginning of year</b>        | 156,300                 | 156,300      | 162,374       | 6,074           |
| <b>FUND BALANCE, End of year</b>              | \$ 126,700              | \$ 126,700   | \$ 206,728    | \$ 80,028       |

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, 2013**

|   | <i>Budgeted Amounts</i> |                   | <i>Actual</i>       | <i>Variance</i>     |
|---|-------------------------|-------------------|---------------------|---------------------|
|   | <i>Original</i>         | <i>Final</i>      |                     |                     |
| <b>REVENUES</b>                               |                         |                   |                     |                     |
| Licenses and permits                          | \$ 12,200               | \$ 12,200         | \$ 112,685          | \$ 100,485          |
| Miscellaneous                                 | 6,000                   | 6,000             | 5,932               | (68)                |
| <i>Total Revenues</i>                         | 18,200                  | 18,200            | 118,617             | 100,417             |
| <b>EXPENDITURES</b>                           |                         |                   |                     |                     |
| Capital outlay                                | 1,440,000               | 1,402,200         | -                   | 1,402,200           |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (1,421,800)             | (1,384,000)       | 118,617             | 1,502,617           |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                         |                   |                     |                     |
| Transfers out                                 | -                       | (37,800)          | (26,610)            | 11,190              |
| <b>NET CHANGE IN FUND BALANCES</b>            | (1,421,800)             | (1,421,800)       | 92,007              | 1,513,807           |
| <b>FUND BALANCE, Beginning of year</b>        | 1,891,500               | 1,891,500         | 1,888,228           | (3,272)             |
| <b>FUND BALANCE, End of year</b>              | <u>\$ 469,700</u>       | <u>\$ 469,700</u> | <u>\$ 1,980,235</u> | <u>\$ 1,510,535</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 – OFFSITE TRANSPORTATION IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2013**

|   | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                               |                         |              |               |                 |
| Miscellaneous                                 | \$ 100                  | \$ 100       | \$ 161        | \$ 61           |
| <b>EXPENDITURES</b>                           |                         |              |               |                 |
| Capital outlay                                | 52,600                  | 52,600       | -             | 52,600          |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (52,500)                | (52,500)     | 161           | 52,661          |
| <b>FUND BALANCE, Beginning of year</b>        | 52,500                  | 52,500       | 52,594        | 94              |
| <b>FUND BALANCE, End of year</b>              | \$ -                    | \$ -         | \$ 52,755     | \$ 52,755       |

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, 2013**

|   | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                               |                         |              |               |                 |
| Licenses and permits                          | \$ 16,300               | \$ 16,300    | \$ 26,334     | \$ 10,034       |
| Intergovernmental                             | -                       | -            | 650,360       | 650,360         |
| Miscellaneous                                 | 1,800                   | 1,800        | 450           | (1,350)         |
| <i>Total Revenues</i>                         | 18,100                  | 18,100       | 677,144       | 659,044         |
| <b>EXPENDITURES</b>                           |                         |              |               |                 |
| Capital outlay                                | 1,331,400               | 1,331,400    | 782,401       | 548,999         |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (1,313,300)             | (1,313,300)  | (105,257)     | 1,208,043       |
| <b>FUND BALANCE, Beginning of year</b>        | 1,313,300               | 1,313,300    | 493,863       | (819,437)       |
| <b>FUND BALANCE, End of year</b>              | \$ -                    | \$ -         | \$ 388,606    | \$ 388,606      |

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, 2013**

|   | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                               |                         |              |               |                 |
| Intergovernmental                             | \$ 30,000               | \$ 30,000    | \$ -          | \$ (30,000)     |
| Miscellaneous                                 | 100                     | 100          | 427           | 327             |
| <i>Total Revenues</i>                         | 30,100                  | 30,100       | 427           | (29,673)        |
| <b>EXPENDITURES</b>                           |                         |              |               |                 |
| Materials and services                        | 278,100                 | 318,500      | 265,318       | 53,182          |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (248,000)               | (288,400)    | (264,891)     | 23,509          |
| <b>FUND BALANCE, Beginning of year</b>        | 248,000                 | 288,400      | 288,416       | 16              |
| <b>FUND BALANCE, End of year</b>              | \$ -                    | \$ -         | \$ 23,525     | \$ 23,525       |

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, 2013**

|   | <i>Budgeted Amounts</i> |              | <i>Actual</i> | <i>Variance</i> |
|---|-------------------------|--------------|---------------|-----------------|
|   | <i>Original</i>         | <i>Final</i> |               |                 |
| <b>REVENUES</b>                               |                         |              |               |                 |
| Miscellaneous                                 | \$ 100                  | \$ 100       | \$ 182        | \$ 82           |
| <b>EXPENDITURES</b>                           |                         |              |               |                 |
| Materials and services                        | 100,600                 | 127,700      | 107,347       | 20,353          |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (100,500)               | (127,600)    | (107,165)     | 20,435          |
| <b>FUND BALANCE, Beginning of year</b>        | 100,500                 | 127,600      | 127,567       | (33)            |
| <b>FUND BALANCE, End of year</b>              | \$ -                    | \$ -         | \$ 20,402     | \$ 20,402       |

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, 2013**

|                                 | Budgeted Amounts |              |              |              |
|---------------------------------|------------------|--------------|--------------|--------------|
|                                 | Original         | Final        | Actual       | Variance     |
| REVENUES                        |                  |              |              |              |
| Charges for services            | \$ 2,212,400     | \$ 2,212,400 | \$ 1,993,873 | \$ (218,527) |
| Miscellaneous                   | 700              | 700          | 6,055        | 5,355        |
| Total Revenues                  | 2,213,100        | 2,213,100    | 1,999,928    | (213,172)    |
| EXPENDITURES                    |                  |              |              |              |
| Personnel services              | 1,365,000        | 1,365,000    | 1,318,334    | 46,666       |
| Materials and services          | 669,000          | 719,200      | 584,027      | 135,173      |
| Capital outlay                  | 71,700           | 71,700       | 48,003       | 23,697       |
| Contingency                     | 120,800          | 75,300       | -            | -            |
| Total Expenditures              | 2,226,500        | 2,231,200    | 1,950,364    | 205,536      |
| REVENUES OVER (UNDER)           |                  |              |              |              |
| EXPENDITURES                    | (13,400)         | (18,100)     | 49,564       | 67,664       |
| FUND BALANCE, Beginning of year | 13,600           | 18,300       | 63,737       | 45,437       |
| FUND BALANCE, End of year       | \$ 200           | \$ 200       | \$ 113,301   | \$ 113,101   |

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 NET POSITION -****BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2013**

|  | <b>Budgeted Amounts</b> |              | <b>Budget</b> | <b>GAAP</b>  |
|--|-------------------------|--------------|---------------|--------------|
|  | <b>Original</b>         | <b>Final</b> | <b>Basis</b>  | <b>Basis</b> |
| <b>REVENUES</b>                        |                         |              |               |              |
| Charges for services                   | \$ 5,027,100            | \$ 5,027,100 | \$ 4,968,179  | \$ 4,979,163 |
| Miscellaneous                          | 5,400                   | 5,400        | 11,002        | 11,002       |
| <i>Total Revenues</i>                  | 5,032,500               | 5,032,500    | 4,979,181     | 4,990,165    |
| <b>EXPENDITURES</b>                    |                         |              |               |              |
| Personnel services                     | 141,900                 | 141,900      | 129,408       | 151,419      |
| Materials and services                 | 4,941,900               | 4,941,900    | 4,835,953     | 4,835,953    |
| Capital outlay/depreciation            | -                       | -            | -             | 201,544      |
| Contingency                            | 15,200                  | 15,200       | -             | -            |
| <i>Total Expenditures</i>              | 5,099,000               | 5,099,000    | 4,965,361     | 5,188,916    |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |              |
| <b>EXPENDITURES</b>                    | (66,500)                | (66,500)     | 13,820        | (198,751)    |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |              |
| Transfers in                           | -                       | -            | -             | 78,382       |
| <b>CHANGE IN NET POSITION</b>          | (66,500)                | (66,500)     | 13,820        | (120,369)    |
| <b>NET POSITION, Beginning of year</b> | 220,200                 | 220,200      | 234,396       | 2,618,989    |
| <b>NET POSITION, End of year</b>       | \$ 153,700              | \$ 153,700   | \$ 248,216    | \$ 2,498,620 |

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL - WATER FUND  
YEAR ENDED JUNE 30, 2013**

|  | <b>Budgeted Amounts</b> |              | <b>Budget</b> | <b>GAAP</b>  |
|--|-------------------------|--------------|---------------|--------------|
|  | <b>Original</b>         | <b>Final</b> | <b>Basis</b>  | <b>Basis</b> |
| <b>REVENUES</b>                        |                         |              |               |              |
| Taxes and assessments                  | \$ 700                  | \$ 700       | \$ 825        | \$ 1,048     |
| Licenses and permits                   | 46,000                  | 46,000       | 69,784        | 69,784       |
| Charges for services                   | 2,437,800               | 2,437,800    | 2,381,758     | 2,397,171    |
| Miscellaneous                          | 7,100                   | 7,100        | 6,642         | 6,642        |
| <i>Total Revenues</i>                  | 2,491,600               | 2,491,600    | 2,459,009     | 2,474,645    |
| <b>EXPENDITURES</b>                    |                         |              |               |              |
| Personnel services                     | 1,079,100               | 1,082,700    | 962,155       | 1,054,924    |
| Materials and services                 | 1,039,200               | 1,036,000    | 914,050       | 912,913      |
| Capital outlay/depreciation            | 100,800                 | 132,300      | 112,602       | 287,359      |
| Debt service                           | 233,000                 | 233,000      | 232,958       | 65,703       |
| Contingency                            | 111,000                 | 79,100       | -             | -            |
| <i>Total Expenditures</i>              | 2,563,100               | 2,563,100    | 2,221,765     | 2,320,899    |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |              |
| <b>EXPENDITURES</b>                    | (71,500)                | (71,500)     | 237,244       | 153,746      |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |              |
| Transfers out                          | (220,000)               | (220,000)    | (220,000)     | (220,000)    |
| <b>CHANGE IN NET POSITION</b>          | (291,500)               | (291,500)    | 17,244        | (66,254)     |
| <b>NET POSITION, Beginning of year</b> | 626,600                 | 626,600      | 616,649       | 118,230      |
| <b>NET POSITION, End of year</b>       | \$ 335,100              | \$ 335,100   | \$ 633,893    | \$ 51,976    |

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL - WATER FACILITY FUND  
YEAR ENDED JUNE 30, 2013**

|  | <i>Budgeted Amounts</i> |              | <i>Budget</i> | <i>GAAP</i>  |
|--|-------------------------|--------------|---------------|--------------|
|  | <i>Original</i>         | <i>Final</i> | <i>Basis</i>  | <i>Basis</i> |
| <b>REVENUES</b>                        |                         |              |               |              |
| Licenses and permits                   | \$ 23,100               | \$ 23,100    | \$ 23,155     | \$ 23,155    |
| Miscellaneous                          | 39,700                  | 39,700       | 39,201        | 39,201       |
| <i>Total Revenues</i>                  | 62,800                  | 62,800       | 62,356        | 62,356       |
| <b>EXPENDITURES</b>                    |                         |              |               |              |
| Capital outlay/depreciation            | 475,000                 | 525,000      | 428,996       | 269,965      |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |              |
| <b>EXPENDITURES</b>                    | (412,200)               | (462,200)    | (366,640)     | (207,609)    |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |              |
| Transfers in                           | 220,000                 | 220,000      | 220,000       | 220,000      |
| <b>CHANGE IN NET POSITION</b>          | (192,200)               | (242,200)    | (146,640)     | 12,391       |
| <b>NET POSITION, Beginning of year</b> | 708,700                 | 758,700      | 783,635       | 6,753,506    |
| <b>NET POSITION, End of year</b>       | \$ 516,500              | \$ 516,500   | \$ 636,995    | \$ 6,765,897 |



**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL – STORM WATER FUND  
YEAR ENDED JUNE 30, 2013**

|  | <b>Budgeted Amounts</b> |              | <b>Budget</b> | <b>GAAP</b>  |
|--|-------------------------|--------------|---------------|--------------|
|  | <b>Original</b>         | <b>Final</b> | <b>Basis</b>  | <b>Basis</b> |
| <b>REVENUES</b>                        |                         |              |               |              |
| Licenses and permits                   | \$ 1,000                | \$ 1,000     | \$ 8,763      | \$ 8,763     |
| Charges for services                   | 752,800                 | 974,500      | 1,014,484     | 1,019,519    |
| Miscellaneous                          | 1,000                   | 1,000        | 1,857         | 1,857        |
| <i>Total Revenues</i>                  | 754,800                 | 976,500      | 1,025,104     | 1,030,139    |
| <b>EXPENDITURES</b>                    |                         |              |               |              |
| Personnel services                     | 627,500                 | 628,800      | 586,618       | 617,200      |
| Materials and services                 | 345,600                 | 345,600      | 291,607       | 291,607      |
| Capital outlay/depreciation            | 104,900                 | 104,900      | 75,198        | 75,173       |
| Contingency                            | 53,900                  | 52,600       | -             | -            |
| <i>Total Expenditures</i>              | 1,131,900               | 1,131,900    | 953,423       | 983,980      |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |              |
| <b>EXPENDITURES</b>                    | (377,100)               | (155,400)    | 71,681        | 46,159       |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |              |
| Transfers in                           | 210,500                 | -            | -             | -            |
| <b>CHANGE IN NET POSITION</b>          | (166,600)               | (155,400)    | 71,681        | 46,159       |
| <b>NET POSITION, Beginning of year</b> | 389,600                 | 389,600      | 388,947       | 796,765      |
| <b>NET POSITION, End of year</b>       | \$ 223,000              | \$ 234,200   | \$ 460,628    | \$ 842,924   |

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS**JUNE 30, 2013

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|   | <u><i>Sewer<br/>Reserve</i></u> | <u><i>Lighting<br/>Districts</i></u> | <u><i>Community<br/>Center</i></u> |
|---|---------------------------------|--------------------------------------|------------------------------------|
| <b>ASSETS</b>                             |                                 |                                      |                                    |
| <b><i>Current Assets</i></b>              |                                 |                                      |                                    |
| Cash and investments                      | \$ 29                           | \$ 329,178                           | \$ 20,794                          |
| Accounts receivable                       | <u>-</u>                        | <u>31,007</u>                        | <u>5,991</u>                       |
| <i>Total Current Assets</i>               | 29                              | 360,185                              | 26,785                             |
| <b><i>Noncurrent Assets</i></b>           |                                 |                                      |                                    |
| Other capital assets, net of depreciation | <u>-</u>                        | <u>-</u>                             | <u>7,224</u>                       |
| <i>Total Assets</i>                       | 29                              | 360,185                              | 34,009                             |
| <b>LIABILITIES</b>                        |                                 |                                      |                                    |
| <b><i>Current Liabilities</i></b>         |                                 |                                      |                                    |
| Accounts payable                          | 29                              | 34,231                               | 3,381                              |
| Deposits                                  | <u>-</u>                        | <u>-</u>                             | <u>12,333</u>                      |
| <i>Total Current Liabilities</i>          | 29                              | 34,231                               | 15,714                             |
| <b><i>Noncurrent Liabilities</i></b>      |                                 |                                      |                                    |
| Accrued compensated absences              | -                               | 1,568                                | -                                  |
| Other post-employment benefits            | <u>-</u>                        | <u>3,366</u>                         | <u>-</u>                           |
| <i>Total Noncurrent Liabilities</i>       | <u>-</u>                        | <u>4,934</u>                         | <u>-</u>                           |
| <i>Total Liabilities</i>                  | 29                              | 39,165                               | 15,714                             |
| <b>FUND NET POSITION</b>                  |                                 |                                      |                                    |
| Net investment in capital assets          | -                               | -                                    | 7,224                              |
| Restricted                                | -                               | 321,020                              | -                                  |
| Unrestricted                              | <u>-</u>                        | <u>-</u>                             | <u>11,071</u>                      |
| <i>Total Fund Net Position</i>            | <u>\$ -</u>                     | <u>\$ 321,020</u>                    | <u>\$ 18,295</u>                   |

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| <u><i>Amphitheater</i></u> | <u><i>Totals</i></u> |
|----------------------------|----------------------|
| \$ 8,442                   | \$ 358,443           |
| -                          | 36,998               |
| 8,442                      | 395,441              |
| -                          | 7,224                |
| 8,442                      | 402,665              |
| 805                        | 38,446               |
| -                          | 12,333               |
| 805                        | 50,779               |
| -                          | 1,568                |
| -                          | 3,366                |
| -                          | 4,934                |
| 805                        | 55,713               |
| -                          | 7,224                |
| 7,637                      | 328,657              |
| -                          | 11,071               |
| <u>\$ 7,637</u>            | <u>\$ 346,952</u>    |

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2013**

|   | <i><b>Sewer<br/>Reserve</b></i> | <i><b>Lighting<br/>Districts</b></i> | <i><b>Community<br/>Center</b></i> |
|---|---------------------------------|--------------------------------------|------------------------------------|
| <b>OPERATING REVENUES</b>                   |                                 |                                      |                                    |
| Licenses and permits                        | \$ 25,738                       | \$ -                                 | \$ -                               |
| Charges for services                        | -                               | 405,585                              | 86,274                             |
| Miscellaneous                               | -                               | -                                    | 19,786                             |
| <i>Total Operating Revenues</i>             | 25,738                          | 405,585                              | 106,060                            |
| <b>OPERATING EXPENSES</b>                   |                                 |                                      |                                    |
| Personnel services                          | -                               | 4,699                                | 9,725                              |
| Materials and services                      | -                               | 400,959                              | 137,068                            |
| Depreciation                                | -                               | -                                    | 1,806                              |
| <i>Total Operating Expenses</i>             | -                               | 405,658                              | 148,599                            |
| <b>OPERATING INCOME (LOSS)</b>              | 25,738                          | (73)                                 | (42,539)                           |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |                                 |                                      |                                    |
| Investment revenue                          | 8                               | 1,062                                | 6                                  |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>       | 25,746                          | 989                                  | (42,533)                           |
| Transfers in                                | 26,610                          | -                                    | 36,182                             |
| Transfers out                               | (78,382)                        | -                                    | -                                  |
| <i>Total Transfers</i>                      | (51,772)                        | -                                    | 36,182                             |
| <b>CHANGE IN FUND NET POSITION</b>          | (26,026)                        | 989                                  | (6,351)                            |
| <b>FUND NET POSITION, Beginning of year</b> | 26,026                          | 320,031                              | 24,646                             |
| <b>FUND NET POSITION, End of year</b>       | \$ -                            | \$ 321,020                           | \$ 18,295                          |

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| <u><i>Amphitheater</i></u> | <u><i>Totals</i></u> |
|----------------------------|----------------------|
| \$ -                       | \$ 25,738            |
| 2,233                      | 494,092              |
| -                          | 19,786               |
| 2,233                      | 539,616              |
| -                          | 14,424               |
| 2,829                      | 540,856              |
| -                          | 1,806                |
| 2,829                      | 557,086              |
| (596)                      | (17,470)             |
| 21                         | 1,097                |
| (575)                      | (16,373)             |
| -                          | 62,792               |
| -                          | (78,382)             |
| -                          | (15,590)             |
| (575)                      | (31,963)             |
| 8,212                      | 378,915              |
| <u>\$ 7,637</u>            | <u>\$ 346,952</u>    |

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2013**

|  | <b><i>Sewer<br/>Reserve</i></b> | <b><i>Lighting<br/>Districts</i></b> |
|--|---------------------------------|--------------------------------------|
| <b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>   |                                 |                                      |
| Cash received from customers   | \$ 25,738                       | \$ 410,081                           |
| Cash paid to employees for services  | -                               | (12,609)                             |
| Cash paid to suppliers for goods and services  | (605)                           | (398,015)                            |
| <i>Net Cash Provided by (Used in) Operating Activities</i>   | 25,133                          | (543)                                |
| <b><i>CASH FLOWS FROM NON-CAPITAL FINANCING<br/>ACTIVITIES</i></b>                                   |                                 |                                      |
| Transfers in   | 26,610                          | -                                    |
| Transfers out  | (78,382)                        | -                                    |
| <i>Net Cash Provided by (Used in) Non-Capital<br/>Financing Activities</i>                           | (51,772)                        | -                                    |
| <b><i>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</i></b>                           |                                 |                                      |
| Acquisition of capital assets  | -                               | -                                    |
| <b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>   |                                 |                                      |
| Interest on investment   | 7                               | 1,062                                |
| <i>Increase (Decrease) in Cash and Investments</i>   | (26,632)                        | 519                                  |
| <b><i>CASH AND INVESTMENTS, Beginning of year</i></b>  | 26,661                          | 328,659                              |
| <b><i>CASH AND INVESTMENTS, End of year</i></b>  | <u>\$ 29</u>                    | <u>\$ 329,178</u>                    |
| <b><i>RECONCILIATION OF CASH PROVIDED BY OPERATING<br/>ACTIVITIES TO OPERATING INCOME (LOSS)</i></b> |                                 |                                      |
| Operating income (loss)  | \$ 25,738                       | \$ (73)                              |
| Depreciation   | -                               | -                                    |
| <i>Change in assets and liabilities</i>  |                                 |                                      |
| Accounts receivable  | -                               | 4,496                                |
| Accounts payable and accrued liabilities   | (605)                           | 2,944                                |
| Compensated absences payable   | -                               | (418)                                |
| Other post-employment benefits   | -                               | (7,492)                              |
| <i>Net Cash Provided by (Used in) Operating Activities</i>   | <u>\$ 25,133</u>                | <u>\$ (543)</u>                      |

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| <i>Community<br/>Center</i> | <i>Amphitheater</i> | <i>Totals</i>      |
|-----------------------------|---------------------|--------------------|
| <u>\$ 104,780</u>           | <u>\$ 2,233</u>     | <u>\$ 542,832</u>  |
| (9,725)                     | -                   | (22,334)           |
| <u>(136,264)</u>            | <u>(2,586)</u>      | <u>(537,470)</u>   |
| (41,209)                    | (353)               | (16,972)           |
| 36,182                      | -                   | 62,792             |
| <u>-</u>                    | <u>-</u>            | <u>(78,382)</u>    |
| 36,182                      | -                   | (15,590)           |
| (9,030)                     | -                   | (9,030)            |
| <u>6</u>                    | <u>21</u>           | <u>1,096</u>       |
| (14,051)                    | (332)               | (40,496)           |
| <u>34,844</u>               | <u>8,774</u>        | <u>398,938</u>     |
| <u>\$ 20,793</u>            | <u>\$ 8,442</u>     | <u>\$ 358,442</u>  |
| <br>                        |                     |                    |
| \$ (42,539)                 | \$ (596)            | \$ (17,470)        |
| 1,806                       | -                   | 1,806              |
| (2,692)                     | -                   | 1,804              |
| 2,216                       | 243                 | 4,798              |
| -                           | -                   | (418)              |
| <u>-</u>                    | <u>-</u>            | <u>(7,492)</u>     |
| <br>                        |                     |                    |
| <u>\$ (41,209)</u>          | <u>\$ (353)</u>     | <u>\$ (16,972)</u> |

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL - SEWER RESERVE FUND  
YEAR ENDED JUNE 30, 2013**

|  | <b>Budgeted Amounts</b> |              | <b>Budget</b> | <b>GAAP</b>  |
|--|-------------------------|--------------|---------------|--------------|
|  | <b>Original</b>         | <b>Final</b> | <b>Basis</b>  | <b>Basis</b> |
| <b>REVENUES</b>                        |                         |              |               |              |
| Licenses and permits                   | \$ 3,600                | \$ 13,600    | \$ 25,738     | \$ 25,738    |
| Miscellaneous                          | 100                     | 100          | 8             | 8            |
| <i>Total Revenues</i>                  | 3,700                   | 13,700       | 25,746        | 25,746       |
| <b>EXPENDITURES</b>                    |                         |              |               |              |
| Capital outlay/depreciation            | 30,200                  | 78,000       | 78,382        | -            |
| Contingency                            | -                       | -            | -             | -            |
| <i>Total Expenditures</i>              | 30,200                  | 78,000       | 78,382        | -            |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |               |              |
| <b>EXPENDITURES</b>                    | (26,500)                | (64,300)     | (52,636)      | 25,746       |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |              |               |              |
| Transfers in                           | -                       | 37,800       | 26,610        | 26,610       |
| Transfers out                          | -                       | -            | -             | (78,382)     |
| <b>CHANGE IN NET POSITION</b>          | (26,500)                | (26,500)     | (26,026)      | (26,026)     |
| <b>NET POSITION, Beginning of year</b> | 26,500                  | 26,500       | 26,026        | 26,026       |
| <b>NET POSITION, End of year</b>       | \$ -                    | \$ -         | \$ -          | \$ -         |



**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND  
YEAR ENDED JUNE 30, 2013**

|  | <i>Budgeted Amounts</i> |              | <i>Budget</i> | <i>GAAP</i>  |
|--|-------------------------|--------------|---------------|--------------|
|  | <i>Original</i>         | <i>Final</i> | <i>Basis</i>  | <i>Basis</i> |
| <b>REVENUES</b>                        |                         |              |               |              |
| Charges for services                   | \$ 400,000              | \$ 400,000   | \$ 409,795    | \$ 405,585   |
| Miscellaneous                          | 1,000                   | 1,000        | 1,062         | 1,062        |
| <i>Total Revenues</i>                  | 401,000                 | 401,000      | 410,857       | 406,647      |
| <b>EXPENDITURES</b>                    |                         |              |               |              |
| Personnel services                     | 19,700                  | 19,700       | 12,609        | 4,699        |
| Materials and services                 | 409,700                 | 409,700      | 400,959       | 400,959      |
| Contingency                            | 21,500                  | 21,500       | -             | -            |
| <i>Total Expenditures</i>              | 450,900                 | 450,900      | 413,568       | 405,658      |
| <b>CHANGE IN NET POSITION</b>          | (49,900)                | (49,900)     | (2,711)       | 989          |
| <b>NET POSITION, Beginning of year</b> | 317,900                 | 317,900      | 297,362       | 320,031      |
| <b>NET POSITION, End of year</b>       | \$ 268,000              | \$ 268,000   | \$ 294,651    | \$ 321,020   |

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL – COMMUNITY CENTER FUND  
YEAR ENDED JUNE 30, 2013**

|   | <b>Budgeted Amounts</b> |                  | <b>Budget</b>    | <b>GAAP</b>      |
|---|-------------------------|------------------|------------------|------------------|
|   | <b>Original</b>         | <b>Final</b>     | <b>Basis</b>     | <b>Basis</b>     |
| <b>REVENUES</b>                               |                         |                  |                  |                  |
| Charges for services                          | \$ 75,000               | \$ 75,000        | \$ 86,274        | \$ 86,274        |
| Miscellaneous                                 | 21,700                  | 21,700           | 19,791           | 19,792           |
| <i>Total Revenues</i>                         | 96,700                  | 96,700           | 106,065          | 106,066          |
| <b>EXPENDITURES</b>                           |                         |                  |                  |                  |
| Personnel services                            | 13,400                  | 13,400           | 9,725            | 9,725            |
| Materials and services                        | 142,800                 | 142,800          | 137,068          | 137,068          |
| Capital outlay/depreciation                   | 7,600                   | 9,800            | 9,030            | 1,806            |
| Contingency                                   | 5,000                   | 5,000            | -                | -                |
| <i>Total Expenditures</i>                     | 168,800                 | 171,000          | 155,823          | 148,599          |
| <b>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (72,100)                | (74,300)         | (49,758)         | (42,533)         |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                         |                  |                  |                  |
| Transfers in                                  | 70,000                  | 70,000           | 36,182           | 36,182           |
| Transfers out                                 | -                       | -                | -                | -                |
| <b>CHANGE IN NET POSITION</b>                 | (2,100)                 | (4,300)          | (13,576)         | (6,351)          |
| <b>NET POSITION, Beginning of year</b>        | 14,100                  | 16,300           | 24,646           | 24,646           |
| <b>NET POSITION, End of year</b>              | <u>\$ 12,000</u>        | <u>\$ 12,000</u> | <u>\$ 11,070</u> | <u>\$ 18,295</u> |

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL – AMPHITHEATER FUND  
YEAR ENDED JUNE 30, 2013**

|  | <b>Budgeted Amounts</b> |              | <b>Budget</b>   | <b>GAAP</b>     |
|--|-------------------------|--------------|-----------------|-----------------|
|  | <b>Original</b>         | <b>Final</b> | <b>Basis</b>    | <b>Basis</b>    |
| <b>REVENUES</b>                        |                         |              |                 |                 |
| Charges for services                   | \$ 1,800                | \$ 1,800     | \$ 2,254        | \$ 2,254        |
| <b>EXPENDITURES</b>                    |                         |              |                 |                 |
| Materials and services                 | 2,000                   | 2,800        | 2,829           | 2,829           |
| Capital outlay                         | 5,300                   | 4,500        | -               | -               |
| <i>Total Expenditures</i>              | <u>7,300</u>            | <u>7,300</u> | <u>2,829</u>    | <u>2,829</u>    |
| <b>REVENUES OVER (UNDER)</b>           |                         |              |                 |                 |
| <b>EXPENDITURES</b>                    | (5,500)                 | (5,500)      | (575)           | (575)           |
| <b>NET POSITION, Beginning of year</b> | <u>5,500</u>            | <u>5,500</u> | <u>8,212</u>    | <u>8,212</u>    |
| <b>NET POSITION, End of year</b>       | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ 7,637</u> | <u>\$ 7,637</u> |

**CITY OF KEIZER, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2013**

| <i><b>Tax Year</b></i> | <i><b>Uncollected<br/>Balances<br/>July 1, 2012</b></i> | <i><b>2012-2013<br/>Levy</b></i> | <i><b>Added To<br/>Rolls</b></i> | <i><b>Interest,<br/>Discounts &amp;<br/>Adjustments</b></i> | <i><b>Turnovers</b></i> | <i><b>Uncollected<br/>Balances<br/>June 30, 2013</b></i> |
|------------------------|---|----------------------------------|----------------------------------|---|-------------------------|--|
| 2012-2013              | \$ -  | \$ 5,689,540                     | \$ 1,854                         | \$ (169,095)  | \$ (5,291,856)          | \$ 230,443   |
| 2011-2012              | 292,108   | -                                | -                                | (13,068)  | (135,916)               | 143,124  |
| 2010-2011              | 153,365   | -                                | 15                               | (4,383)   | (58,575)                | 90,422   |
| 2009-2010              | 91,952  | -                                | -                                | (4,565)   | (56,321)                | 31,066   |
| 2008-2009              | 35,270  | -                                | -                                | (346)   | (12,293)                | 22,631   |
| 2007-2008              | 7,840   | -                                | -                                | (361)   | (1,719)                 | 5,760  |
| 2006-2007              | 4,143   | -                                | -                                | (196)   | (619)                   | 3,328  |
| Prior Years            | 14,360  | -                                | -                                | (225)   | (928)                   | 13,207   |
| Total                  | <u>\$ 599,038</u>                                       | <u>\$ 5,689,540</u>              | <u>\$ 1,869</u>                  | <u>\$ (192,239)</u>   | <u>\$ (5,558,227)</u>   | <u>\$ 539,981</u>  |

**CITY OF KEIZER, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2013**

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|                                      | <b><i>Interest<br/>Rates</i></b> | <b><i>Date of<br/>Issue</i></b> | <b><i>Fiscal Year<br/>of Maturity</i></b> |
|--------------------------------------|----------------------------------|---------------------------------|---|
| <b><i>PRINCIPAL TRANSACTIONS</i></b> |                                  |                                 |   |
| 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                                 |

|                                     | <b><i>Interest<br/>Rates</i></b> | <b><i>Date of<br/>Issue</i></b> | <b><i>Unmatured<br/>Interest<br/>Outstanding<br/>July 1,<br/>2012</i></b> |
|-------------------------------------|----------------------------------|---------------------------------|---|
| <b><i>INTEREST TRANSACTIONS</i></b> |                                  |                                 |   |
| Gas Tax Revenue Bonds 2005          | 3.92%                            | 2005                            | \$ 62,426   |
| 2005 Water Revenue Loan             | 4.10%                            | 2005                            | 339,480   |
| URA Credit Facility                 | variable                         | 2009                            | 372,400   |
| Keizer Station LID Bonds 2008       | 5.20%                            | 2008                            | <u>23,257,520</u>   |
|                                     |                                  |                                 | <u><u>\$ 24,031,826</u></u>   |

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| <i>Outstanding<br/>July 1,<br/>2012</i> | <i>Issued</i> | <i>Paid</i>           | <i>Outstanding<br/>June 30,<br/>2013</i> |
|---|---------------|-----------------------|--|
| \$ 777,000                              | \$ -          | \$ (183,000)          | \$ 594,000                               |
| 1,740,000                               | -             | (165,000)             | 1,575,000                                |
| 2,660,000                               | -             | -                     | 2,660,000                                |
| 23,540,000                              | -             | (1,485,000)           | 22,055,000                               |
| <u>\$ 28,717,000</u>                    | <u>\$ -</u>   | <u>\$ (1,833,000)</u> | <u>\$ 26,884,000</u>                     |

| <i>New<br/>Issues</i> | <i>Interest<br/>Paid</i> | <i>Adjustments</i>    | <i>Unmatured<br/>Interest<br/>June 30,<br/>2013</i> |
|-----------------------|--------------------------|-----------------------|---|
| \$ -                  | \$ (26,872)              | \$ -                  | \$ 35,554   |
| -                     | (67,958)                 | -                     | 271,522   |
| -                     | (62,572)                 | (212,710)             | 97,118  |
| -                     | (1,191,320)              | (1,422,720)           | 20,643,480  |
| <u>\$ -</u>           | <u>\$ (1,348,722)</u>    | <u>\$ (1,635,430)</u> | <u>\$ 21,047,674</u>                                |

**CITY OF KEIZER, OREGON**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE**  
**JUNE 30, 2013**

| <i>Fiscal Year</i>         | <i>Gas Tax Revenue Bonds 2005</i> |                  |                   | <i>2005 Water Revenue Loan</i> |                   |                     |
|----------------------------|-----------------------------------|------------------|-------------------|--------------------------------|-------------------|---------------------|
| <i>Ending<br/>June 30,</i> | <i>Principal</i>                  | <i>Interest</i>  | <i>Total</i>      | <i>Principal</i>               | <i>Interest</i>   | <i>Total</i>        |
| 2014                       | \$ 190,000                        | \$ 19,561        | \$ 209,561        | \$ 170,000                     | \$ 61,090         | \$ 231,090          |
| 2015                       | 198,000                           | 11,956           | 209,956           | 180,000                        | 53,915            | 233,915             |
| 2016                       | 206,000                           | 4,037            | 210,037           | 185,000                        | 46,432            | 231,432             |
| 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                        | 4,611             | 229,611             |
| 2022                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2023                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2024                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2025                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2026                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2027                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2028                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2029                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2030                       | -                                 | -                | -                 | -                              | -                 | -                   |
| 2031                       | -                                 | -                | -                 | -                              | -                 | -                   |
|                            | <u>\$ 594,000</u>                 | <u>\$ 35,554</u> | <u>\$ 629,554</u> | <u>\$ 1,575,000</u>            | <u>\$ 271,521</u> | <u>\$ 1,846,521</u> |

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| <i>URA Credit Facility</i> |                  |                     | <i>2008 Keizer Station LID Bonds</i> |                      |                      |
|----------------------------|------------------|---------------------|--------------------------------------|----------------------|----------------------|
| <i>Principal</i>           | <i>Interest</i>  | <i>Total</i>        | <i>Principal</i>                     | <i>Interest</i>      | <i>Total</i>         |
| \$ 1,200,000               | \$ 58,074        | \$ 1,258,074        | \$ -                                 | \$ 1,146,860         | \$ 1,146,860         |
| 1,200,000                  | 33,780           | 1,233,780           | -                                    | 1,146,860            | 1,146,860            |
| 260,000                    | 5,264            | 265,264             | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | -                                    | 1,146,860            | 1,146,860            |
| -                          | -                | -                   | 22,055,000                           | 1,146,860            | 23,201,860           |
| <u>\$ 2,660,000</u>        | <u>\$ 97,118</u> | <u>\$ 2,757,118</u> | <u>\$ 22,055,000</u>                 | <u>\$ 20,643,480</u> | <u>\$ 42,698,480</u> |



**CITY OF KEIZER, OREGON****SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)****JUNE 30, 2013**

| <b><i>Fiscal Year<br/>Ending<br/>June 30,</i></b> | <b><i>Totals</i></b>    |                        |                      |
|---|-------------------------|------------------------|----------------------|
|   | <b><i>Principal</i></b> | <b><i>Interest</i></b> | <b><i>Total</i></b>  |
| 2014  | \$ 1,560,000            | \$ 1,285,585           | \$ 2,845,585         |
| 2015  | 1,578,000               | 1,246,511              | 2,824,511            |
| 2016  | 651,000                 | 1,202,593              | 1,853,593            |
| 2017  | 190,000                 | 1,185,605              | 1,375,605            |
| 2018  | 200,000                 | 1,177,610              | 1,377,610            |
| 2019  | 210,000                 | 1,169,205              | 1,379,205            |
| 2020  | 215,000                 | 1,160,493              | 1,375,493            |
| 2021  | 225,000                 | 1,151,471              | 1,376,471            |
| 2022  | -                       | 1,146,860              | 1,146,860            |
| 2023  | -                       | 1,146,860              | 1,146,860            |
| 2024  | -                       | 1,146,860              | 1,146,860            |
| 2025  | -                       | 1,146,860              | 1,146,860            |
| 2026  | -                       | 1,146,860              | 1,146,860            |
| 2027  | -                       | 1,146,860              | 1,146,860            |
| 2028  | -                       | 1,146,860              | 1,146,860            |
| 2029  | -                       | 1,146,860              | 1,146,860            |
| 2030  | -                       | 1,146,860              | 1,146,860            |
| 2031  | 22,055,000              | 1,146,860              | 23,201,860           |
|   | <u>\$ 26,884,000</u>    | <u>\$ 21,047,673</u>   | <u>\$ 47,931,673</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>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities:                    |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 61,660,284        | \$ 60,995,473        | \$ 62,638,605        | \$ 62,122,700        |
| Restricted for special purposes             | 10,151,315           | 11,917,026           | 10,830,084           | 7,537,733            |
| Unrestricted                                | <u>912,419</u>       | <u>621,715</u>       | <u>739,296</u>       | <u>1,119,801</u>     |
| Total governmental activities net position  | 72,724,018           | 73,534,214           | 74,207,985           | 70,780,234           |
| Business-type activities:                   |                      |                      |                      |                      |
| Net investment in capital assets            | 8,164,309            | 8,130,948            | 8,114,069            | 7,820,911            |
| Restricted for special purposes             | 965,652              | 1,162,551            | 1,358,513            | 1,967,905            |
| Unrestricted                                | <u>1,376,408</u>     | <u>1,372,907</u>     | <u>1,456,114</u>     | <u>1,299,094</u>     |
| Total business-type activities net position | 10,506,369           | 10,666,406           | 10,928,696           | 11,087,910           |
| Total government                            |                      |                      |                      |                      |
| Net investment in capital assets            | 69,824,593           | 69,126,421           | 70,752,674           | 69,943,611           |
| Restricted for special purposes             | 11,116,967           | 13,079,577           | 12,188,597           | 9,505,638            |
| Unrestricted                                | <u>2,288,827</u>     | <u>1,994,622</u>     | <u>2,195,410</u>     | <u>2,418,895</u>     |
| Total government net position               | <u>\$ 83,230,387</u> | <u>\$ 84,200,620</u> | <u>\$ 85,136,681</u> | <u>\$ 81,868,144</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.

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| <i>Fiscal Year</i>   |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>2009</i>          | <i>2008</i>          | <i>2007</i>          | <i>2006</i>          | <i>2005</i>          | <i>2004</i>          |
| \$ 33,163,849        | \$ 30,392,428        | \$ 28,189,116        | \$ 27,955,845        | \$ 23,224,084        | \$ 16,394,836        |
| 33,709,977           | 34,612,171           | 7,064,192            | 4,336,275            | 4,192,611            | 3,848,710            |
| 2,257,559            | 3,462,013            | 2,491,374            | 3,133,453            | 3,182,409            | 7,106,856            |
| 69,131,385           | 68,466,612           | 37,744,682           | 35,425,573           | 30,599,104           | 27,350,402           |
| 7,223,995            | 6,247,552            | 5,883,166            | 5,281,178            | 5,692,550            | 6,598,348            |
| 2,640,776            | 2,569,911            | 3,111,776            | 3,193,748            | 1,446,926            | 1,138,347            |
| 1,386,663            | 2,383,818            | 1,782,778            | 1,160,811            | 2,004,662            | 1,320,732            |
| 11,251,434           | 11,201,281           | 10,777,720           | 9,635,737            | 9,144,138            | 9,057,427            |
| 40,387,844           | 36,639,980           | 34,072,282           | 33,237,023           | 28,916,634           | 22,993,184           |
| 36,350,753           | 37,182,082           | 10,175,968           | 7,530,023            | 5,639,537            | 4,987,057            |
| 3,644,222            | 5,845,831            | 4,274,152            | 4,294,264            | 5,187,071            | 8,427,588            |
| <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> | <u>\$ 36,407,829</u> |

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

|   | <b>2013</b>       | <b>2012</b>       | <b>2011</b>       | <b>2010</b>       |
|---|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses:</b>                                |                   |                   |                   |                   |
| Governmental activities:                        |                   |                   |                   |                   |
| General government                              | \$ 1,753,597      | \$ 1,406,963      | \$ 1,282,546      | \$ 1,206,448      |
| Community and youth services                    | 5,530             | 8,719             | 11,019            | 18,041            |
| Community development                           | 3,805,625         | 5,459,845         | 2,854,558         | 2,980,764         |
| Parks   | 386,174           | 318,911           | 308,754           | 355,892           |
| Public safety                                   | 6,342,334         | 6,454,171         | 6,299,787         | 6,404,239         |
| Public works                                    | 1,648,403         | 1,404,779         | 1,452,880         | 1,480,993         |
| Stadium operations                              | -                 | -                 | -                 | -                 |
| Interest on long-term debt                      | 1,272,365         | 1,327,508         | 1,434,549         | 1,549,187         |
| Total governmental activities expense           | <u>15,214,028</u> | <u>16,380,896</u> | <u>13,644,093</u> | <u>13,995,564</u> |
| Business-type activities:                       |                   |                   |                   |                   |
| Water   | 2,590,864         | 2,559,552         | 2,591,674         | 2,610,480         |
| Sewer   | 5,188,916         | 5,076,755         | 5,124,701         | 5,117,610         |
| Storm water                                     | 983,980           | 954,541           | 779,980           | 573,790           |
| Community center and Amphitheater               | 151,428           | 116,861           | 13,316            | -                 |
| Street lighting                                 | 405,658           | 435,313           | 418,929           | 423,953           |
| Total business-type activities expense          | <u>9,320,846</u>  | <u>9,143,022</u>  | <u>8,928,600</u>  | <u>8,725,833</u>  |
| Total City expenses                             | <u>24,534,874</u> | <u>25,523,918</u> | <u>22,572,693</u> | <u>22,721,397</u> |
| <b>Program Revenues:</b>                        |                   |                   |                   |                   |
| Governmental activities:                        |                   |                   |                   |                   |
| Fees, fines, and charges for services:          |                   |                   |                   |                   |
| General government                              | 176,993           | 177,073           | 145,020           | 181,547           |
| Community development                           | 49,810            | 35,079            | 35,235            | 57,006            |
| Parks   | 7,216             | 2,604             | 2,534             | 2,587             |
| Public safety                                   | 507,154           | 648,165           | 574,574           | 731,465           |
| Public works                                    | 7,225             | 123               | 8,779             | 1,215             |
| Stadium operations                              | 45,922            | 46,696            | 41,627            | 42,390            |
| Operating grants and contributions              | 2,799,523         | 2,402,228         | 2,289,262         | 1,880,643         |
| Capital grants and contributions                | 811,621           | 92,063            | 97,663            | 247,068           |
| Total governmental activities program revenues  | <u>4,405,464</u>  | <u>3,404,031</u>  | <u>3,194,694</u>  | <u>3,143,921</u>  |
| Business-type activities:                       |                   |                   |                   |                   |
| Fees, fines, and charges for services:          |                   |                   |                   |                   |
| Water   | 2,508,264         | 2,407,469         | 2,420,266         | 2,480,006         |
| Sewer and storm water                           | 6,045,064         | 5,694,866         | 5,608,798         | 5,463,673         |
| Community center and Amphitheater               | 108,293           | 118,369           | 98,063            | -                 |
| Street lighting                                 | 405,585           | 424,280           | 464,933           | 454,933           |
| Operating grants and contributions              | -                 | -                 | -                 | -                 |
| Capital grants and contributions                | 24,203            | 17,483            | 19,104            | 49,265            |
| Total business-type activities program revenues | <u>9,091,409</u>  | <u>8,662,467</u>  | <u>8,611,164</u>  | <u>8,447,877</u>  |
| Total City program revenues                     | <u>13,496,873</u> | <u>12,066,498</u> | <u>11,805,858</u> | <u>11,591,798</u> |

| <i>Fiscal Year</i> |              |              |              |              |              |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| <i>2009</i>        | <i>2008</i>  | <i>2007</i>  | <i>2006</i>  | <i>2005</i>  | <i>2004</i>  |
| \$ 1,348,120       | \$ 1,031,186 | \$ 1,105,397 | \$ 1,482,804 | \$ 2,263,474 | \$ 2,156,572 |
| 38,009             | 54,396       | 5,891        | 5,104        | 4,400        | 441          |
| 2,945,798          | 1,860,120    | 2,477,616    | 2,169,848    | 1,553,543    | 799,064      |
| 427,843            | 282,921      | 182,179      | 177,860      | 175,029      | 110,806      |
| 6,885,994          | 6,208,351    | 5,779,195    | 5,426,593    | 5,181,421    | 4,512,031    |
| 1,483,813          | 2,468,103    | 1,477,995    | 1,498,709    | 726,596      | 739,176      |
| -                  | -            | -            | 40,515       | 40,610       | 38,343       |
| 1,549,789          | 1,289,655    | 984,239      | 607,443      | 190,224      | 224,631      |
| 14,679,366         | 13,194,732   | 12,012,512   | 11,408,876   | 10,135,297   | 8,581,064    |
| 2,689,164          | 2,714,457    | 2,253,494    | 2,192,830    | 2,041,226    | 1,836,951    |
| 4,729,024          | 4,500,964    | 4,335,363    | 4,106,832    | 4,074,941    | 3,961,489    |
| 464,071            | 416,783      | -            | -            | -            | -            |
| -                  | -            | -            | -            | -            | -            |
| 428,905            | 202,530      | 406,052      | 397,772      | 399,682      | 379,419      |
| 8,311,164          | 7,834,734    | 6,994,909    | 6,697,434    | 6,515,849    | 6,177,859    |
| 22,990,530         | 21,029,466   | 19,007,421   | 18,106,310   | 16,651,146   | 14,758,923   |
| 131,297            | 159,604      | 147,399      | 156,286      | 147,149      | 128,098      |
| 28,097             | 47,762       | 67,114       | 125,927      | 57,207       | 77,946       |
| 2,844              | 2,350        | 3,201        | 2,780        | 2,350        | 194,560      |
| 618,027            | 652,000      | 654,136      | 723,302      | 473,327      | 372,964      |
| 14,565             | 16,067       | 60,448       | 212,908      | 82,025       | 20,080       |
| 47,275             | 61,812       | 57,425       | 56,798       | 53,053       | 65,847       |
| 1,875,598          | 2,142,073    | 2,127,964    | 2,783,622    | 1,904,784    | 1,769,053    |
| 223,477            | 27,454,887   | 440,321      | 1,647,944    | 617,998      | 68,733       |
| 2,941,180          | 30,536,555   | 3,558,008    | 5,709,567    | 3,337,893    | 2,697,281    |
| 2,587,519          | 2,506,207    | 2,832,074    | 2,188,101    | 1,997,748    | 2,234,050    |
| 5,100,487          | 4,757,838    | 4,418,375    | 3,906,054    | 3,905,878    | 4,030,082    |
| -                  | -            | -            | -            | -            | -            |
| 451,641            | 423,013      | 404,918      | 470,218      | 467,401      | 454,536      |
| -                  | 72,364       | 27,783       | 23,913       | 2,934        | 11,668       |
| 35,006             | 208,741      | 276,365      | 442,663      | 378,485      | -            |
| 8,174,653          | 7,968,163    | 7,959,515    | 7,030,949    | 6,752,446    | 6,730,336    |
| 11,115,833         | 38,504,718   | 11,517,523   | 12,740,516   | 10,090,339   | 9,427,617    |



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

|   | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| <b>Net (Expense) Revenue</b>                              |                      |                      |                      |                      |
| Governmental activities                                   | \$ (10,808,564)      | \$ (12,976,865)      | \$ (10,449,399)      | \$ (10,851,643)      |
| Business-type activities                                  | <u>(229,437)</u>     | <u>(480,555)</u>     | <u>(317,436)</u>     | <u>(277,956)</u>     |
| Total City activities                                     | (11,038,001)         | (13,457,420)         | (10,766,835)         | (11,129,599)         |
| <b>General Revenues and Other Changes in Net Position</b> |                      |                      |                      |                      |
| Governmental activities                                   |                      |                      |                      |                      |
| Taxes and assessments                                     | 5,545,135            | 7,951,843            | 7,654,368            | 7,625,782            |
| Franchise taxes   | 2,433,345            | 2,462,290            | 2,475,239            | 2,371,341            |
| Intergovernmental   | 770,249              | 887,403              | 918,055              | 894,860              |
| Miscellaneous   | 1,658,468            | 1,212,058            | 1,452,870            | 1,698,151            |
| Gain (loss) on sale of capital assets                     | -                    | -                    | 1,522,293            | -                    |
| Transfers   | <u>(62,792)</u>      | <u>(210,500)</u>     | <u>(145,675)</u>     | <u>(169,941)</u>     |
| Total governmental activities                             | 10,344,405           | 12,303,094           | 13,877,150           | 12,420,193           |
| Business-type activities                                  |                      |                      |                      |                      |
| Miscellaneous   | 6,608                | 7,765                | 12,547               | 24,790               |
| Gain (loss) on sale of capital assets                     | -                    | -                    | -                    | -                    |
| Transfers   | <u>62,792</u>        | <u>210,500</u>       | <u>145,675</u>       | <u>169,941</u>       |
| Total business-type activities                            | 69,400               | 218,265              | 158,222              | 194,731              |
| Total City revenues                                       | 10,413,805           | 12,521,359           | 14,035,372           | 12,614,924           |
| <b>Change in Net Position</b>                             |                      |                      |                      |                      |
| Governmental activities                                   | (464,159)            | (673,771)            | 3,427,751            | 1,568,550            |
| Business-type activities                                  | <u>(160,037)</u>     | <u>(262,290)</u>     | <u>(159,214)</u>     | <u>(83,225)</u>      |
|   | (624,196)            | (936,061)            | 3,268,537            | 1,485,325            |
| Net Position, July 1                                      |                      |                      |                      |                      |
| Governmental activities                                   | 73,534,214           | 74,207,985           | 70,780,234           | 69,131,385           |
| Business-type activities                                  | <u>10,666,406</u>    | <u>10,928,696</u>    | <u>11,087,910</u>    | <u>11,251,434</u>    |
|   | 84,200,620           | 85,136,681           | 81,868,144           | 80,382,819           |
| Governmental activities - loss on impairment              | <u>346,037</u>       | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Total Government  | 83,854,583           | 85,136,681           | 81,868,144           | 80,382,819           |
| Net Position, June 30                                     |                      |                      |                      |                      |
| Governmental activities                                   | 72,724,018           | 73,534,214           | 74,207,985           | 70,699,935           |
| Business-type activities                                  | <u>10,506,369</u>    | <u>10,666,406</u>    | <u>10,928,696</u>    | <u>11,168,209</u>    |
| Total Government  | <u>\$ 83,230,387</u> | <u>\$ 84,200,620</u> | <u>\$ 85,136,681</u> | <u>\$ 81,868,144</u> |

| <i>Fiscal Year</i>           |                          |                           |                           |                           |                           |
|------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>2009</i>                  | <i>2008</i>              | <i>2007</i>               | <i>2006</i>               | <i>2005</i>               | <i>2004</i>               |
| \$ (11,738,186)<br>(136,511) | \$ 17,341,823<br>133,429 | \$ (8,454,504)<br>964,606 | \$ (5,699,309)<br>333,515 | \$ (6,797,404)<br>236,597 | \$ (5,883,783)<br>552,477 |
| (11,874,697)                 | 17,475,252               | (7,489,898)               | (5,365,794)               | (6,560,807)               | (5,331,306)               |
| 7,348,334                    | 8,896,151                | 6,062,528                 | 6,782,351                 | 6,332,711                 | 6,053,862                 |
| 2,398,389                    | 2,385,307                | 2,283,966                 | 2,156,426                 | 1,947,010                 | 1,961,642                 |
| 920,506                      | 929,684                  | 891,629                   | 750,630                   | 771,629                   | 744,190                   |
| 1,868,577                    | 1,334,201                | 1,524,730                 | 829,146                   | 260,848                   | 209,733                   |
| -                            | (9,731)                  | -                         | -                         | 733,908                   | (94,140)                  |
| (132,847)                    | (155,506)                | 10,760                    | 7,230                     | -                         | -                         |
| 12,402,959                   | 13,380,106               | 10,773,613                | 10,525,783                | 10,046,106                | 8,875,287                 |
| 53,817                       | 134,627                  | 188,137                   | 165,315                   | 50,115                    | 27,270                    |
| -                            | -                        | -                         | -                         | (200,000)                 | -                         |
| 132,847                      | 155,506                  | (10,760)                  | (7,230)                   | -                         | -                         |
| 186,664                      | 290,133                  | 177,377                   | 158,085                   | (149,885)                 | 27,270                    |
| 12,589,623                   | 13,670,239               | 10,950,990                | 10,683,868                | 9,896,221                 | 8,902,557                 |
| 664,773                      | 30,721,929               | 2,319,109                 | 4,826,474                 | 3,248,702                 | 2,991,504                 |
| 50,153                       | 423,562                  | 1,141,983                 | 491,600                   | 86,712                    | 579,747                   |
| 714,926                      | 31,145,491               | 3,461,092                 | 5,318,074                 | 3,335,414                 | 3,571,251                 |
| 68,466,612                   | 37,744,683               | 35,425,574                | 30,599,100                | 27,350,398                | 24,358,894                |
| 11,201,281                   | 10,777,719               | 9,635,736                 | 9,144,136                 | 9,057,424                 | 8,477,677                 |
| 79,667,893                   | 48,522,402               | 45,061,310                | 39,743,236                | 36,407,822                | 32,836,571                |
| -                            | -                        | -                         | -                         | -                         | -                         |
| 79,667,893                   | 48,522,402               | 45,061,310                | 39,743,236                | 36,407,822                | 32,836,571                |
| 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             |

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

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|                                    | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>         |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|
| General fund                       |                      |                      |                      |                     |
| Unreserved                         | \$ -                 | \$ -                 | \$ -                 | \$ 1,514,530        |
| Unassigned                         | 2,144,797            | 1,877,738            | 1,646,079            | -                   |
| Total General Fund                 | <u>\$ 2,144,797</u>  | <u>\$ 1,877,738</u>  | <u>\$ 1,646,079</u>  | <u>\$ 1,514,530</u> |
| All Other Governmental Funds       |                      |                      |                      |                     |
| Unreserved, reported in:           |                      |                      |                      |                     |
| Special revenue funds              | \$ -                 | \$ -                 | \$ -                 | \$ 4,090,716        |
| Debt service funds                 | -                    | -                    | -                    | 2,720,399           |
| Capital project funds              | -                    | -                    | -                    | -                   |
| Restricted                         | 12,636,124           | 13,631,432           | 10,189,183           | -                   |
| Total all other governmental funds | <u>\$ 12,636,124</u> | <u>\$ 13,631,432</u> | <u>\$ 10,189,183</u> | <u>\$ 6,811,115</u> |

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

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| <i>Fiscal Year</i>  |                     |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>2009</i>         | <i>2008</i>         | <i>2007</i>         | <i>2006</i>         | <i>2005</i>         | <i>2004</i>         |
| \$ 1,435,308        | \$ 2,291,258        | \$ 1,968,796        | \$ 1,469,417        | \$ 1,243,622        | \$ 1,537,345        |
| -                   | -                   | -                   | -                   | -                   | -                   |
| <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> | <u>\$ 1,537,345</u> |
|                     |                     |                     |                     |                     |                     |
| \$ 4,584,359        | \$ 5,468,241        | \$ 8,070,211        | \$ 6,347,390        | \$ 4,962,340        | \$ 8,197,162        |
| 4,246,857           | 2,854,800           | -                   | -                   | -                   | -                   |
| -                   | 707,761             | (581,180)           | (518,476)           | 935,397             | 908,703             |
| -                   | -                   | -                   | -                   | -                   | -                   |
| <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> | <u>\$ 9,105,865</u> |

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

|  | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>         |
|--|----------------------|----------------------|----------------------|---------------------|
| <b>Revenues</b>  |                      |                      |                      |                     |
| Taxes and assessments  | \$ 7,009,859         | \$ 9,468,976         | \$ 9,449,329         | \$ 9,871,770        |
| Licenses and permits   | 2,767,306            | 2,706,955            | 2,802,152            | 2,791,477           |
| Intergovernmental  | 3,803,537            | 3,252,754            | 3,121,931            | 2,727,373           |
| Fines and forfeitures  | 571,525              | 648,165              | 574,574              | 731,465             |
| Miscellaneous  | 1,613,364            | 338,558              | 212,061              | 315,239             |
|  |                      |                      |                      |                     |
| Total revenues   | 15,765,591           | 16,415,408           | 16,160,047           | 16,437,324          |
| <b>Expenditures</b>  |                      |                      |                      |                     |
| Current operating:   |                      |                      |                      |                     |
| General government   | 1,728,960            | 1,377,214            | 1,230,536            | 1,151,914           |
| Community and youth services                                   | 5,530                | 8,719                | 11,019               | 17,877              |
| Community development  | 671,543              | 627,441              | 736,517              | 786,471             |
| Parks  | 293,089              | 261,696              | 232,665              | 264,013             |
| Public safety  | 5,822,788            | 5,874,096            | 5,858,204            | 5,863,258           |
| Public works   | 909,450              | 743,603              | 781,393              | 752,322             |
| Stadium operations   | -                    | -                    | -                    | -                   |
| Capital outlay   | 4,050,924            | 1,309,615            | 2,303,875            | 2,886,717           |
| Debt service   |                      |                      |                      |                     |
| Principal  | 1,668,000            | 996,000              | 3,269,000            | 5,613,000           |
| Interest   | 1,280,764            | 1,332,616            | 1,452,260            | 1,522,690           |
|  |                      |                      |                      |                     |
| Total expenditures   | 16,431,048           | 12,531,000           | 15,875,469           | 18,858,262          |
|  |                      |                      |                      |                     |
| Revenues over (under) expenditures                             | (665,457)            | 3,884,408            | 284,578              | (2,420,938)         |
| <b>Other financing sources (uses)</b>                          |                      |                      |                      |                     |
| Issuance of debt   | -                    | -                    | 260,000              | 650,000             |
| Land sale proceeds   | -                    | -                    | 3,121,820            | -                   |
| Transfers in   | 1,036,256            | 546,289              | 718,715              | 1,948,067           |
| Transfers out  | (1,099,048)          | (756,789)            | (864,390)            | (2,118,008)         |
|  |                      |                      |                      |                     |
| Total other financing sources (uses)                           | (62,792)             | (210,500)            | 3,236,145            | 480,059             |
|  |                      |                      |                      |                     |
| Net change in fund balances                                    | (728,249)            | 3,673,908            | 3,520,723            | (1,940,879)         |
|  |                      |                      |                      |                     |
| <b>Fund balance, beginning of year</b>                         | 15,509,170           | 11,835,262           | 8,314,539            | 10,266,524          |
|  |                      |                      |                      |                     |
| <b>Fund balance, end of year</b>                               | <u>\$ 14,780,921</u> | <u>\$ 15,509,170</u> | <u>\$ 11,835,262</u> | <u>\$ 8,325,645</u> |
|  |                      |                      |                      |                     |
| <b>Debt service as a percentage of noncapital expenditures</b> | 23.8%                | 20.8%                | 34.8%                | 44.7%               |

| <i>Fiscal Year</i> |               |              |              |              |               |
|--------------------|---------------|--------------|--------------|--------------|---------------|
| <i>2009</i>        | <i>2008</i>   | <i>2007</i>  | <i>2006</i>  | <i>2005</i>  | <i>2004</i>   |
| \$ 9,488,164       | \$ 8,932,759  | \$ 6,167,077 | \$ 6,885,664 | \$ 6,433,869 | \$ 6,071,753  |
| 2,658,711          | 3,179,645     | 2,874,189    | 3,331,392    | 2,345,388    | 2,191,270     |
| 2,821,871          | 2,971,347     | 3,076,740    | 3,481,103    | 2,630,074    | 2,544,839     |
| 618,027            | 652,000       | 654,136      | 545,247      | 473,327      | 372,964       |
| 491,633            | 1,503,243     | 1,613,935    | 2,029,377    | 819,887      | 531,912       |
| 16,078,406         | 17,238,994    | 14,386,077   | 16,272,783   | 12,702,545   | 11,712,738    |
| 1,095,746          | 841,054       | 812,189      | 745,142      | 841,178      | 643,722       |
| 17,019             | 54,396        | 5,891        | 5,104        | 4,400        | 441           |
| 1,285,094          | 1,166,860     | 1,164,131    | 781,603      | 1,636,548    | 792,396       |
| 279,770            | 249,751       | 161,422      | 161,308      | 132,165      | 110,801       |
| 6,076,101          | 5,968,617     | 5,519,381    | 5,155,034    | 5,001,246    | 4,498,140     |
| 761,352            | 961,381       | 848,079      | 734,385      | 716,465      | 665,252       |
| -                  | -             | -            | 40,515       | 40,610       | 38,343        |
| 13,592,575         | 7,792,381     | 6,747,010    | 25,755,507   | 7,811,339    | 2,084,622     |
| 3,657,000          | 30,410,000    | 145,000      | 4,445,000    | 750,000      | 740,000       |
| 1,586,437          | 1,123,815     | 984,239      | 607,443      | 190,224      | 224,631       |
| 28,351,094         | 48,568,255    | 16,387,342   | 38,431,041   | 17,124,175   | 9,798,348     |
| (12,272,688)       | (31,329,261)  | (2,001,265)  | (22,158,258) | (4,421,630)  | 1,914,390     |
| 11,350,000         | 33,349,000    | 4,150,000    | 22,308,000   | -            | -             |
| -                  | -             | -            | -            | 919,778      | -             |
| 1,151,282          | 51,540        | 378,727      | 1,349,753    | 284,491      | 78,574        |
| (1,284,129)        | (207,046)     | (367,967)    | (1,342,523)  | (284,491)    | (78,574)      |
| 11,217,153         | 33,193,494    | 4,160,760    | 22,315,230   | 919,778      | -             |
| (1,055,535)        | 1,864,233     | 2,159,495    | 156,972      | (3,501,852)  | 1,914,390     |
| 11,322,059         | 9,457,826     | 7,298,331    | 7,141,359    | 10,643,210   | 8,728,820     |
| \$ 10,266,524      | \$ 11,322,059 | \$ 9,457,826 | \$ 7,298,331 | \$ 7,141,358 | \$ 10,643,210 |
| 35.5%              | 77.3%         | 11.7%        | 39.9%        | 10.1%        | 12.5%         |

# 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)**

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| <b><i>June 30,</i></b> | <b><i>Residential<br/>Property</i></b> | <b><i>Farm<br/>Property</i></b> | <b><i>Commercial<br/>Property</i></b> | <b><i>Industrial<br/>Property</i></b> |
|------------------------|--|---------------------------------|---------------------------------------|---------------------------------------|
| 2003-04                | \$ 1,214,867                           | \$ 2,346                        | \$ 229,931                            | \$ 3,796                              |
| 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                                 |

\* Per \$1,000 of assessed value

Source: Marion County Assessor's Office



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| <i><b>Personal<br/>Property</b></i> | <i><b>Utility<br/>Property</b></i> | <i><b>Total Measure<br/>50 Assessed<br/>Value</b></i> | <i><b>Total Direct<br/>Tax Rate *</b></i> | <i><b>Real Market<br/>Value</b></i> |
|-------------------------------------|------------------------------------|---|---|-------------------------------------|
| \$ 19,087                           | \$ 31,459                          | \$ 1,501,486  | \$ 2.08                                   | \$ 1,891,624                        |
| 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                           |

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

|                                 | <u>2012-13</u>  | <u>2011-12</u>  | <u>2010-11</u>  | <u>2009-10</u>  | <u>2008-09</u>  |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| City of Keizer                  | \$ 2.08         | \$ 2.08         | \$ 2.08         | \$ 2.08         | \$ 2.08         |
| <b>Overlapping Governments:</b> |                 |                 |                 |                 |                 |
| Marion County                   | 3.02            | 3.02            | 3.02            | 3.02            | 3.02            |
| Keizer Fire District            | 1.82            | 1.84            | 1.84            | 1.85            | 1.50            |
| Marion County Fire District     | 2.47            | 2.35            | 2.42            | 2.40            | 2.53            |
| Marion County Soil & Water      | 0.05            | 0.05            | 0.05            | 0.05            | 0.05            |
| School District                 | 6.69            | 6.44            | 6.31            | 6.53            | 6.58            |
| Willamette Regional ESD         | 0.30            | 0.30            | 0.30            | 0.30            | 0.30            |
| Community College               | 0.90            | 0.88            | 0.79            | 0.89            | 0.71            |
| 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>\$ 18.17</u> | <u>\$ 17.80</u> | <u>\$ 17.65</u> | <u>\$ 17.96</u> | <u>\$ 17.61</u> |

Source: Marion County Assessor's Office

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| <u>2007-08</u>         | <u>2006-07</u>         | <u>2005-06</u>         | <u>2004-05</u>         | <u>2003-04</u>         |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 2.08                | \$ 2.08                | \$ 2.08                | \$ 2.08                | \$ 2.08                |
| 3.02                   | 3.02                   | 3.02                   | 3.02                   | 3.02                   |
| 1.85                   | 1.85                   | 1.87                   | 1.88                   | 1.87                   |
| 2.51                   | 2.37                   | 2.34                   | 2.35                   | 2.37                   |
| 0.05                   | 0.05                   | 0.05                   | 0.05                   | 0.05                   |
| 6.46                   | 6.45                   | 6.61                   | 7.11                   | 6.89                   |
| 0.30                   | 0.30                   | 0.30                   | 0.30                   | 0.30                   |
| 0.70                   | 0.94                   | 0.96                   | 0.96                   | 0.77                   |
| 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><u>\$ 17.81</u></u> | <u><u>\$ 17.90</u></u> | <u><u>\$ 18.07</u></u> | <u><u>\$ 18.59</u></u> | <u><u>\$ 18.19</u></u> |

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

| Private Enterprise               | Industry          | Rank | 2013                    |  |
|----------------------------------|-------------------|------|-------------------------|--|
|                                  |                   |      | Assessed<br>Valuation   | Percent<br>of Total<br>Assessed<br>Value |
| Donahue Schriber Realty Group LP | Real Estate       | 1    | \$ 50,244,950           | 2.09%                                    |
| Lowe's HIW Inc                   | Retail            | 2    | 11,923,617              | 0.50%                                    |
| Emerald Pointe LLC               | Real Estate       | 3    | 11,080,939              | 0.46%                                    |
| Target Corporation               | Retail            | 4    | 10,319,826              | 0.43%                                    |
| Nationwide Health Properties Inc | Retirement Center | 5    | 10,100,270              | 0.42%                                    |
| Hawk's Point Apartments LLC      | Real Estate       | 6    | 9,792,990               | 0.41%                                    |
| Keizer Road Apartments LLC       | Real Estate       | 7    | 8,807,520               | 0.37%                                    |
| Keizer Schoolhouse LLC           | Real Estate       | 8    | 8,333,100               | 0.35%                                    |
| Hidden Creek Loop Apartments     | Real Estate       | 9    | 6,181,160               | 0.26%                                    |
| Trail Development LLC            | Real Estate       | 10   | 5,681,530               | 0.24%                                    |
| Team Management Co., Ltd.        | Real Estate       |      |                         |  |
| Safeway, Inc.                    | Retail            |      |                         |  |
| McNary Heights Apartments LLC    | Real Estate       |      |                         |  |
| <b>Public Utilities</b>          |                   |      |                         |  |
| Northwest Natural Gas Co         | Natural Gas       |      | 14,475,000              | 0.60%                                    |
| Portland General Electric Co     | Electricity       |      | 14,583,000              | 0.61%                                    |
| Qwest Corporation                | Telephone         |      |                         |  |
| <b>Government</b>                |                   |      |                         |  |
| City of Keizer*                  | Municipality      |      | 5,522,780               | 0.23%                                    |
| All other taxpayers              |                   |      | 2,237,305,563           | 93.05%                                   |
|                                  |                   |      | <u>\$ 2,404,352,245</u> | <u>100.00%</u>                           |

Source: Marion County Assessor's Office

\*Related to baseball stadium property

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| 2004 |                         |  |
|------|-------------------------|--|
| Rank | Assessed<br>Valuation   | Percent<br>of Total<br>Assessed<br>Value |
| 5    | \$ 6,750,350            | 0.36%                                    |
| 6    | 5,893,320               | 0.31%                                    |
| 7    | 4,780,588               | 0.25%                                    |
| 1    | 14,727,169              | 0.78%                                    |
| 8    | 4,297,134               | 0.23%                                    |
| 9    | 4,066,260               | 0.21%                                    |
| 2    | 11,091,800              | 0.59%                                    |
| 3    | 10,695,000              | 0.57%                                    |
| 4    | 8,235,198               | 0.44%                                    |
| 10   | 4,176,360               | 0.22%                                    |
|      | <u>1,816,910,821</u>    | <u>96.05%</u>                            |
|      | <u>\$ 1,891,624,000</u> | <u>100.00%</u>                           |

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

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| <i>Fiscal<br/>year<br/>ended<br/>June 30,</i> | <i>Taxes levied in<br/>the fiscal year</i> |           | <i>Collected in fiscal year of levy</i> |                  | <i>Collections<br/>in subsequent<br/>years</i> | <i>Total Collections</i> |                  |
|---|--|-----------|---|------------------|--|--------------------------|------------------|
|   |  |           | <i>Amount</i>                           | <i>% of Levy</i> |  | <i>Amount</i>            | <i>% of Levy</i> |
| 2003-04                                       | \$   | 2,648,896 | \$ 2,475,397                            | 93.45%           | \$ 173,051                                     | \$ 2,648,448             | 99.98%           |
| 2004-05                                       |  | 2,772,455 | 2,582,450                               | 93.15%           | 189,459  | 2,771,909                | 99.98%           |
| 2005-06                                       |  | 2,894,613 | 2,803,179                               | 96.84%           | 90,634   | 2,893,813                | 99.97%           |
| 2006-07                                       |  | 3,140,075 | 3,039,852                               | 96.81%           | 98,490   | 3,138,342                | 99.94%           |
| 2007-08                                       |  | 3,225,446 | 3,125,233                               | 96.89%           | 97,402   | 3,222,635                | 99.91%           |
| 2008-09                                       |  | 3,488,040 | 3,339,325                               | 95.74%           | 143,870  | 3,483,195                | 99.86%           |
| 2009-10                                       |  | 3,533,537 | 3,387,003                               | 95.85%           | 132,406  | 3,519,409                | 99.60%           |
| 2010-11                                       |  | 3,697,042 | 3,544,683                               | 95.88%           | 109,991  | 3,654,674                | 98.85%           |
| 2011-12                                       |  | 3,788,065 | 3,652,199                               | 96.41%           | 69,522   | 3,721,721                | 98.25%           |
| 2012-13                                       |  | 4,215,696 | 4,070,606                               | 96.56%           | -  | 4,070,606                | 96.56%           |

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><b>Fiscal Year</b></i> | <i><b>Population</b></i> | <i><b>Real market<br/>value (in<br/>thousands)</b></i> | <i><b>Gross bonded<br/>debt</b></i> | <i><b>Ratio of<br/>bonded direct<br/>debt per capita</b></i> | <i><b>Ratio of bonded<br/>direct debt to<br/>market value</b></i> |
|---------------------------|--------------------------|--|-------------------------------------|--|---|
| 2003-04                   | 34,010                   | \$ 1,891,624   | \$ 4,195,000                        | \$ 123.35  | 0.22%   |
| 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%   |

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, 2013 - UNAUDITED**

| <i>Governmental unit</i>          | <i>Real Market<br/>Value<br/>(In Thousands)</i> | <i>Percent<br/>Overlapping</i> | <i>Overlapping</i>                                |   |
|-----------------------------------|---|--------------------------------|---|---|
|                                   |   |                                | <i>Gross<br/>Property-tax<br/>backed<br/>debt</i> | <i>Net<br/>Property-tax<br/>backed<br/>debt</i> |
| City of Keizer                    | \$ 2,604,791                                    | 100.00%                        | \$ 22,055,000                                     | \$ -  |
| Marion County                     | 32,586,520                                      | 16.78%                         | 8,693,394   | -   |
| Keizer Fire District              | 2,631,539                                       | 99.19%                         | 565,383   | 565,383   |
| Marion County Fire District       | 3,811,219                                       | 8.44%                          | 626,536   | 626,536   |
| Salem-Keizer School District 24J  | 20,685,706                                      | 21.80%                         | 103,697,479                                       | 103,697,479                                     |
| Gervais School District 1         | 948,537   | 0.01%                          | 1,071   | 1,071   |
| Chemeketa Community College       | 32,586,520                                      | 11.65%                         | 15,146,283  | 9,889,904                                       |
| Willamette ESD                    | 32,061,655                                      | 10.61%                         | 2,188,174   | 172,466   |
| Total direct and overlapping debt |   |                                | <u>\$ 152,973,320</u>                             | <u>\$ 114,952,839</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***

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| <b><i>Fiscal<br/>Year</i></b> | <b><i>Debt Limit</i></b> | <b><i>Total Debt<br/>Applicable to<br/>Limit</i></b> | <b><i>Legal Debt<br/>Margin *</i></b> | <b><i>Total Net Debt<br/>Applicable</i></b> |
|-------------------------------|--------------------------|--|---------------------------------------|---|
| 2003-04                       | \$ 56,748,720            | \$ 4,195,000   | \$ 52,553,720                         | 7.39%                                       |
| 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%                                      |

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**

| Fiscal<br>Year             | Gross<br>Revenues |           | Less<br>Direct<br>Operating<br>Expenses | Net Revenues<br>Available<br>for Debt<br>Service | Debt Service Requirements |             |       | Coverage |    |         |        |
|----------------------------|-------------------|-----------|---|--|---------------------------|-------------|-------|----------|----|---------|--------|
|                            |                   |           |   |  | Principal                 | Interest    | Total |          |    |         |        |
| STREET FUND - GAS TAX LOAN |                   |           |   |  |                           |             |       |          |    |         |        |
| 2003-04                    | \$                | 1,582,591 | \$                                      | 992,656  | \$                        | 589,935     | \$    | -        | \$ | -       | -      |
| 2004-05                    |                   | 1,798,471 |   | 1,846,774  |                           | (48,303)    |       | -        |    | -       | -      |
| 2005-06                    |                   | 2,215,653 |   | 2,998,196  |                           | (782,543)   |       | -        |    | 28,955  | (27.0) |
| 2006-07                    |                   | 1,942,638 |   | 2,426,546  |                           | (483,908)   |       | 145,000  |    | 65,288  | (2.3)  |
| 2007-08                    |                   | 1,639,536 |   | 2,203,875  |                           | (564,339)   |       | 151,000  |    | 59,486  | (2.7)  |
| 2008-09                    |                   | 1,533,741 |   | 1,574,016  |                           | (40,275)    |       | 157,000  |    | 53,449  | (0.2)  |
| 2009-10                    |                   | 1,549,097 |   | 1,094,801  |                           | 454,296     |       | 163,000  |    | 47,177  | 2.2    |
| 2010-11                    |                   | 1,809,447 |   | 1,088,712  |                           | 720,735     |       | 169,000  |    | 40,670  | 3.4    |
| 2011-12                    |                   | 2,150,294 |   | 1,448,481  |                           | 701,813     |       | 176,000  |    | 33,908  | 3.3    |
| 2012-13                    |                   | 2,073,957 |   | 3,163,773  |                           | (1,089,816) |       | 183,000  |    | 26,872  | (5.2)  |
| WATER FUND LOAN            |                   |           |   |  |                           |             |       |          |    |         |        |
| 2003-04                    | \$                | 2,262,835 | \$                                      | 1,470,362  | \$                        | 792,473     | \$    | -        | \$ | -       | -      |
| 2004-05                    |                   | 2,178,271 |   | 1,698,641  |                           | 479,630     |       | -        |    | -       | -      |
| 2005-06                    |                   | 2,512,001 |   | 1,752,899  |                           | 759,102     |       | -        |    | 44,713  | 17.0   |
| 2006-07                    |                   | 2,864,857 |   | 1,796,905  |                           | 1,067,952   |       | 135,000  |    | 103,833 | 4.5    |
| 2007-08                    |                   | 2,579,598 |   | 1,844,038  |                           | 735,560     |       | 135,000  |    | 98,298  | 3.2    |
| 2008-09                    |                   | 2,669,862 |   | 2,098,179  |                           | 571,683     |       | 140,000  |    | 92,660  | 2.5    |
| 2009-10                    |                   | 2,545,768 |   | 1,879,709  |                           | 666,059     |       | 145,000  |    | 86,818  | 2.9    |
| 2010-11                    |                   | 2,447,765 |   | 1,924,941  |                           | 522,824     |       | 150,000  |    | 80,770  | 2.3    |
| 2011-12                    |                   | 2,430,151 |   | 1,919,503  |                           | 510,648     |       | 155,000  |    | 74,518  | 2.2    |
| 2012-13                    |                   | 2,537,001 |   | 1,967,837  |                           | 569,164     |       | 165,000  |    | 67,958  | 2.4    |

# STATISTICAL SECTION

## DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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| <i>Fiscal<br/>Year</i> | <i>Population<br/>at July 1</i> | <i>Area<br/>(square mile)</i> | <i>Average<br/>Density<br/>(persons/<br/>square mile)</i> | <i>Total<br/>Personal<br/>Income</i> | <i>Per<br/>Capita<br/>Personal<br/>Income</i> | <i>School<br/>Enrollment</i> | <i>Average<br/>Annual<br/>Unemployment</i> |
|------------------------|---------------------------------|-------------------------------|---|--------------------------------------|---|------------------------------|--|
| 2003-04                | 34,010                          | 7.36                          | 4,621   | \$ 902,149,260                       | \$ 26,526                                     | 7,445                        | 7.8%                                       |
| 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%                                       |

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>2013</i>                | <i>2004</i> |
| <b>Manufacturers:</b>         |                                      |                            |             |
| T-Mobile                      | Wireless Service                     | 600                        | 1,000       |
| Norpac Foods, Incorporated    | Food processor                       | 1,000                      | 700         |
| Mitsubishi Silicon America    | Silicon wafer                        | -                          | 600         |
| <b>Non-manufacturers</b>      |                                      |                            |             |
| Salem Hospital                | Healthcare                           | 3,900                      | 3,100       |
| Fred Meyer, Incorporated      | Grocery                              | -                          | 700         |
| Roth's IGA                    | Grocery                              | 800                        | 500         |
| State Accident Insurance Fund | Insurance                            | 837                        | 850         |
| Wal-Mart                      | Retail                               | 1,000                      | -           |
| <b>Education</b>              |                                      |                            |             |
| Salem-Keizer School District  | Primary and secondary public schools | 5,000                      | 4,000       |
| Chemeketa Community College   | State college of higher education    | 700                        | 1,707       |
| Willamette University         | Private University                   | 850                        | 650         |
| <b>Government</b>             |                                      |                            |             |
| State of Oregon               | State                                | 22,000                     | 19,300      |
| U.S. Federal Agencies         | Federal                              | 1,300                      | 1,700       |
| City of Salem                 | Municipal                            | 1,334                      | 1,574       |
| Marion County                 | County                               | 1,438                      | 1,400       |

STATISTICAL SECTION

OPERATING INFORMATION

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

|  | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> |
|--|----------------|----------------|----------------|----------------|
| <b>GOVERNMENT ACTIVITIES:</b>                        |                |                |                |                |
| <b>General Government:</b>                           |                |                |                |                |
| Number of municipal court citations processed        | 2,499          | 3,497          | 3,831          | 3,235          |
| Number of land use applications processed            | 12             | 13             | 12             | 19             |
| Number of building permits:                          |                |                |                |                |
| Single family dwellings                              | 16             | 19             | 35             | 49             |
| Multi-family units                                   | -              | -              | 1              | 33             |
| Valuation of permits issued (expressed in thousands) | \$ 16,332      | \$ 11,892      | \$ 13,578      | \$ 17,300      |
| <b>Public Safety:</b>                                |                |                |                |                |
| Number of arrests by patrol officers                 | 1,725          | 1,969          | 1,990          | 1,895          |
| Number of traffic violations cited                   | 2,102          | 3,229          | 3,610          | 3,483          |
| Number of offenses                                   | 12,446         | 13,036         | 12,792         | 12,934         |
| <b>BUSINESS-TYPE ACTIVITIES:</b>                     |                |                |                |                |
| <b>Water:</b>  |                |                |                |                |
| Number of meters                                     |                |                |                |                |
| Single-family residential                            | 9,431          | 9,426          | 9,414          | 9,456          |
| Multi-family residential                             | 254            | 259            | 255            | 256            |
| Commercial   | 387            | 371            | 365            | 360            |
| Consumption (ccf)                                    |                |                |                |                |
| Single-family residential                            | 1,039,564      | 1,015,975      | 1,015,994      | 1,097,706      |
| Multi-family residential                             | 302,744        | 322,947        | 316,418        | 328,357        |
| Commercial   | 150,256        | 155,693        | 150,304        | 161,689        |
| Number of private fire lines                         | 60             | 60             | 59             | 50             |
| <b>Sewer</b>   |                |                |                |                |
| Number of accounts                                   | 10,136         | 10,140         | 10,129         | 10,139         |

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



| <i>2008-09</i> | <i>2007-08</i> | <i>2006-07</i> | <i>2005-06</i> | <i>2004-05</i> | <i>2003-04</i> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2,987          | 3,093          | 3,314          | 3,222          | 3,722          | 2,885          |
| 21             | 25             | 53             | 42             | 46             | 48             |
| 23             | 63             | 50             | 75             | 72             | 162            |
| 2              | 20             | -              | 200            | 22             | 28             |
| \$ 5,306       | \$ 14,027      | \$ 10,287      | \$ 32,936      | \$ 16,378      | \$ 33,181      |
| 2,165          | 1,929          | 2,730          | 2,948          | 2,670          | 2,404          |
| 4,580          | 5,360          | 5,500          | 4,323          | 3,506          | 4,100          |
| 13,246         | 13,764         | 14,260         | 15,444         | 14,696         | 15,959         |
| 9,422          | 9,365          | 9,355          | 9,298          | 9,233          | 8,802          |
| 257            | 250            | 255            | 248            | 249            | 453            |
| 365            | 316            | 322            | 278            | 264            | 226            |
| 1,172,492      | 1,199,066      | 1,243,543      | 1,132,089      | 1,245,552      | 1,284,997      |
| 337,860        | 333,981        | 338,127        | 287,360        | 298,327        | 288,676        |
| 173,914        | 164,417        | 156,211        | 143,757        | 141,172        | 126,056        |
| 50             | 50             | 34             | 34             | 34             | 34             |
| 10,094         | 10,403         | 9,987          | 9,921          | 9,400          | 9,380          |

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

|   | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|-------------|-------------|
| <b>GOVERNMENT ACTIVITIES:</b>                   |             |             |             |             |
| <b>General Government:</b>                      |             |             |             |             |
| Number of City owned building facilities        | 3           | 3           | 3           | 3           |
| <b>Public Safety:</b>                           |             |             |             |             |
| Number of jail facilities (holding cells)       | 2           | 2           | 2           | 2           |
| <b>Parks and Recreation:</b>                    |             |             |             |             |
| 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         | 120         | 120         |
| Landscape areas (1)                             | 0.5         | 0.5         | 0.5         | 0.5         |
| Historical areas (1)                            | 0.5         | 0.5         | 0.5         | 0.5         |
| <b>Streets:</b>                                 |             |             |             |             |
| 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          |
| <b>BUSINESS-TYPE ACTIVITIES:</b>                |             |             |             |             |
| <b>Water System:</b>                            |             |             |             |             |
| 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)   | 172.5       | 163         | 168         | 165         |
| Miles of water line                             | 106         | 106         | 106         | 106         |
| Number of pump stations                         | 16          | 16          | 16          | 15          |
| Number of public hydrants                       | 859         | 859         | 859         | 758         |
| <b>Sewer System:</b>                            |             |             |             |             |
| Miles of storm drains                           | 80          | 80          | 77          | 54          |
| Miles of sewer lines                            | 105         | 105         | 105         | 105         |
| Number of lift stations                         | 1           | 1           | 1           | 1           |

| 2009 | 2008 | 2007  | 2006  | 2005 | 2004 |
|------|------|-------|-------|------|------|
| 3    | 3    | 3     | 3     | 3    | 3    |
| 2    | 2    | 2     | 2     | 0    | 0    |
| 65.5 | 65.5 | 65.5  | 65.5  | 65.5 | 65.5 |
| 27   | 27   | 27    | 27    | 27   | 27   |
| 120  | 120  | 120   | 120   | 0    | 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  | 203.5 | 203.5 | 120  | 119  |
| 2    | 2    | 2     | 2     | 2    | 2    |
| 7    | 7    | 6     | 6     | 3    | 3    |
| 20   | 20   | 20    | 20    | 15   | 15   |
| 3    | 3    | 2     | 2     | 1    | 1    |
| 2.75 | 2.75 | 2.25  | 2.25  | 1.50 | 1.50 |
| 178  | 183  | 196   | 192   | 182  | 190  |
| 106  | 106  | 105   | 105   | 130  | 129  |
| 15   | 15   | 14    | 14    | 14   | 14   |
| 758  | 758  | 758   | 758   | 758  | 758  |
| 54   | 54   | 54    | 54    | 55   | 54   |
| 105  | 105  | 104   | 104   | 121  | 120  |
| 1    | 1    | 1     | 1     | 1    | 3    |

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

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| <i><b>Fiscal<br/>Year</b></i> | <i><b>Community<br/>Development</b></i> | <i><b>General<br/>Government</b></i> | <i><b>Parks</b></i> | <i><b>Public Safety</b></i> | <i><b>Public Works</b></i> | <i><b>Total</b></i> |
|-------------------------------|---|--------------------------------------|---------------------|-----------------------------|----------------------------|---------------------|
| 2003-04                       | 4.50                                    | 15.00                                | 1.00                | 47.00                       | 13.00                      | 80.50               |
| 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               |

Source: City of Keizer Finance Department

***COMPLIANCE SECTION***



***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, 2013, and have issued our report thereon dated December 20, 2013.

***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, except the expenditures in excess of appropriations as indicated in the notes to the financial statements.

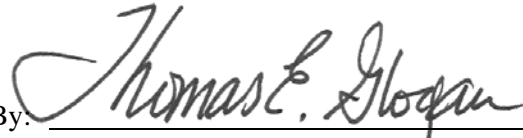
### ***Internal Control***

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 City Council 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, 2013

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