

Comprehensive Annual Financial Report



Geo Coin Design by Emily Solberg, McNary High School

***CITY OF KEIZER
MARION COUNTY, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2012***

*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, 2012

MAYOR

Lore Christopher
6598 Stone Mason Lane NE
Keizer, Oregon 97303

Term Expires

January 2013

CITY COUNCIL

David McKane
674 Fall Creek Drive N
Keizer, Oregon 97303

January 2013

Brandon Smith
1716 Brian Ct NE
Keizer, Oregon 97303

January 2013

Mark Caillier
1388 Marigold Street NE
Keizer, Oregon 97303

January 2013

Cathy Clark
715 Ventura Street N.
Keizer, Oregon 97303

January 2015

Joe Egli
P.O. Box 20133
Keizer, Oregon 97307

January 2015

James Taylor
1986 Meadowlark Drive NE
Keizer, Oregon 97303

January 2015

930 Chemawa Road NE
Keizer, Oregon 97303

STAFF

CITY MANAGER
Chris Eppley

HUMAN RESOURCES DIRECTOR
Machell DePina

CHIEF OF POLICE
Marc Adams

COMMUNITY DEVELOPMENT DIRECTOR
Nathan Brown

CITY RECORDER
Tracy Davis

PUBLIC WORKS DIRECTOR
Bill Lawyer

FINANCE DIRECTOR
Susan Gahlsdorf

CITY ATTORNEY
E. Shannon Johnson



City of Keizer

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

December 21, 2012

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, 2012. The financial statements present the activities and financial positions of all City funds. This report is published in fulfillment of the requests of the Oregon Revised Statutes, 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.

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.

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.

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Reports Required by Statutes. The Financial Section, which is prepared in accordance with generally accepted accounting principles in the United States of America, includes the Management's Discussion and Analysis (MD&A).

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

THE CITY

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

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

"Pride, Spirit and Volunteerism"

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 91 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 2012, the City's taxable assessed value increased 2.54% overall which included a 2.96% increase in excess taxable assessed value within the Urban Renewal District.

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, continued to experience an economic slowdown that began during the 2008-09 fiscal year. The continued economic slowdown resulted in the area's unemployment rate continuing around 9%. 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 prepares a general fund long-range financial plan. The City uses this tool to analyze the fiscal impact of policy decisions, to plan spending levels, and to match those projections with available resources.

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, 2011. This was the thirteenth 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

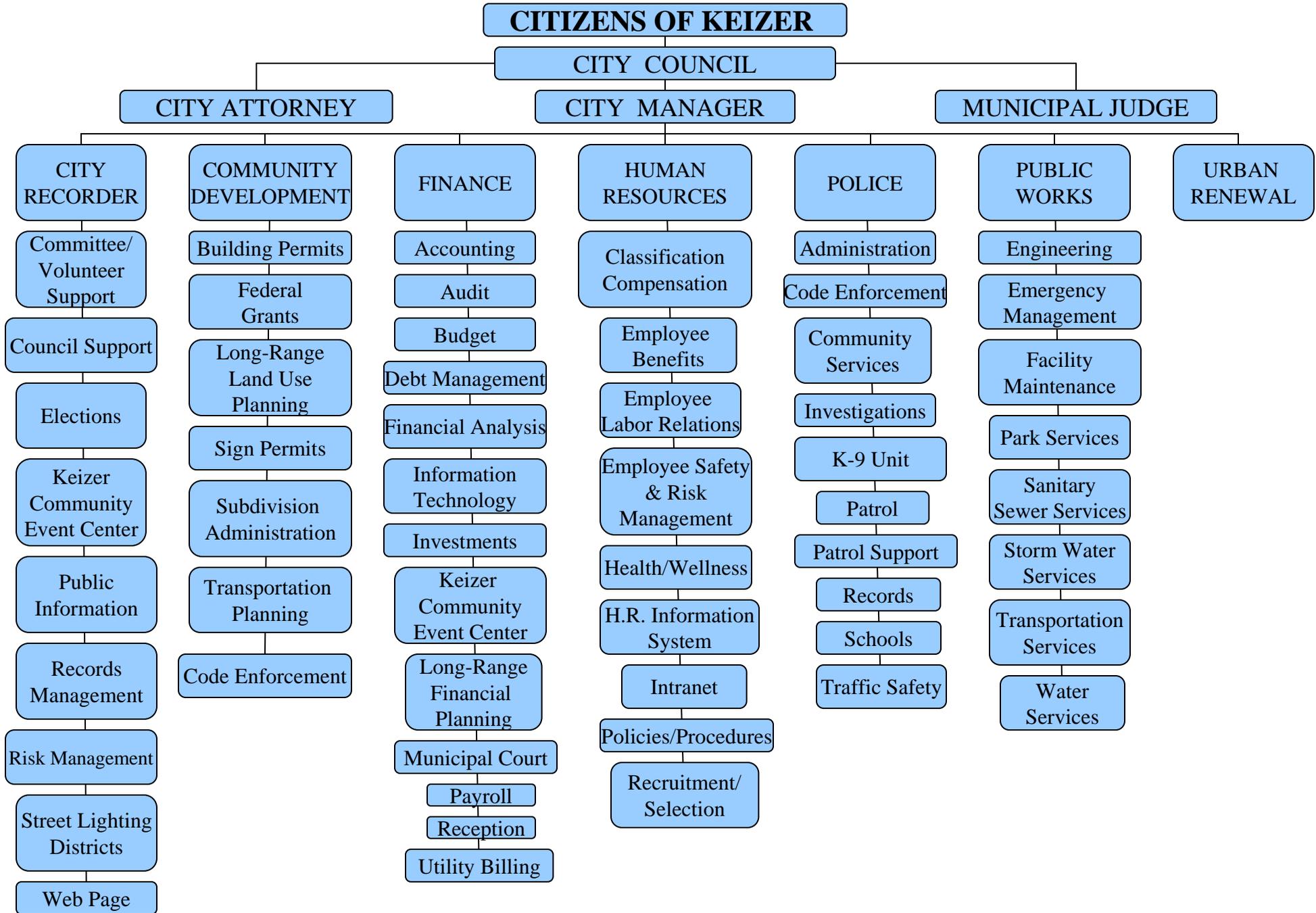
Special recognition is given to the City's Finance staff whose hard work and dedication during the annual audit ensures the preparation of the Comprehensive Annual Financial Report on a timely basis. I also recognize and thank all other Departments within the City who provided supporting information 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

ORGANIZATIONAL STRUCTURE



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Keizer, Oregon (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

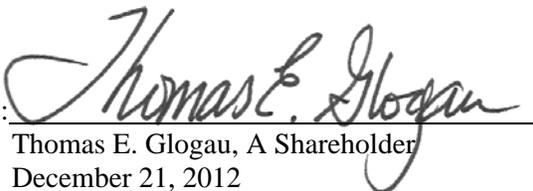
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 3 through 13), the schedule of funding progress – public employees retirement system (page 49), and the budgetary comparison information (pages 50 through 53) 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 MD&A and the schedule of funding progress – public employees retirement system 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. The budgetary comparison information (pages 50 through 53) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures

applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

By: 
Thomas E. Glogau, A Shareholder
December 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2012

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, 2012. 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 Assets** 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 assets* and the changes in them. Net assets are 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 assets are 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 Assets 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 Assets

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

Table 1
Statements of Net Assets
As of June 30,

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Cash and investments	\$ 15,371,137	\$ 11,478,953	\$ 2,391,693	\$ 2,535,304	\$ 17,762,830	\$ 14,014,257
Other assets	23,176,793	26,319,125	1,334,473	1,320,425	24,511,266	27,639,550
Capital assets	64,432,473	66,251,605	9,870,948	10,009,069	74,303,421	76,260,674
Total assets	102,980,403	104,049,683	13,597,114	13,864,798	116,577,517	117,914,481
Other liabilities	2,469,189	1,868,698	1,190,708	1,041,102	3,659,897	2,909,800
Long-term debt	26,977,000	27,973,000	1,740,000	1,895,000	28,717,000	29,868,000
Total liabilities	29,446,189	29,841,698	2,930,708	2,936,102	32,376,897	32,777,800
Net assets						
Investment in capital assets, net of debt	60,995,473	62,638,605	8,130,948	8,114,069	69,126,421	70,752,674
Restricted	11,917,026	10,830,084	1,162,551	1,358,513	13,079,577	12,188,597
Unrestricted	621,715	739,296	1,372,907	1,456,114	1,994,622	2,195,410
Total net assets	\$ 73,534,214	\$ 74,207,985	\$ 10,666,406	\$ 10,928,696	\$ 84,200,620	\$ 85,136,681

Governmental Activities

The City's net assets from governmental activities decreased by 0.9% from \$74.2 million to \$73.5 million. This decrease is the change in net assets reflected in the condensed Statement of Activities, and explained below:

- Cash and investments increased \$3.9 million primarily due to making a principal payment on the Urban Renewal Agency Credit Facility of \$3.1 million in the previous year that did not recur in the current year.
- Other assets decreased \$3.1 million, as a result of the ongoing collection of the assessment associated with the Keizer Station local improvement district in addition to recognizing a \$2.7 million reserve associated with property assessments in default.
- Capital assets decreased \$1.8 million, primarily as a result of
 - \$1.1 million for acquisition of capital assets (primarily street improvements) offset by
 - \$2.9 million of depreciation expense.
- Other liabilities increased \$0.7 million primarily due to a \$0.5 million increase in the projected other post employment benefit obligation associated with providing retiree healthcare benefits.
- Long-term debt outstanding decreased \$1.0 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 assets from business-type activities decreased 2.4%, from \$10.9 million to \$10.7 million. This decrease is the change in net assets reflected in the Statement of Activities, and explained below:

- Cash and investments decreased \$0.1 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 \$0.2 million, primarily as a result of an increase in accounts payable and an increase in the 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,**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Fees, fines, & charges for services	\$ 909,740	\$ 807,769	\$ 8,644,984	\$ 8,592,060	\$ 9,554,724	\$ 9,399,829
Operating grants and contributions	2,402,228	2,289,262	-	-	2,402,228	2,289,262
Capital grants and contributions	92,063	97,663	17,483	19,104	109,546	116,767
Total program revenues	3,404,031	3,194,694	8,662,467	8,611,164	12,066,498	11,805,858
General Revenues						
Taxes and assessments	7,951,843	7,654,368	-	-	7,951,843	7,654,368
Franchise taxes	2,462,290	2,475,239	-	-	2,462,290	2,475,239
Intergovernmental	887,403	918,055	-	-	887,403	918,055
Gain on the sale of capital assets	-	1,522,293	-	-	-	1,522,293
Miscellaneous	1,212,058	1,452,870	7,765	12,547	1,219,823	1,465,417
Total general revenues	12,513,594	14,022,825	7,765	12,547	12,521,359	14,035,372
Total Revenues	15,917,625	17,217,519	8,670,232	8,623,711	24,587,857	25,841,230
Expenses						
Programs	16,380,896	13,644,093	9,143,022	8,928,600	25,523,918	22,572,693
Increase in net assets before transfers	(463,271)	3,573,426	(472,790)	(304,889)	(936,061)	3,268,537
Transfers	(210,500)	(145,675)	210,500	145,675	-	-
Change in net assets	(673,771)	3,427,751	(262,290)	(159,214)	(936,061)	3,268,537
Beginning net assets	74,207,985	70,780,234	10,928,696	11,087,910	85,136,681	81,868,144
Ending net assets	<u>\$ 73,534,214</u>	<u>\$ 74,207,985</u>	<u>\$ 10,666,406</u>	<u>\$ 10,928,696</u>	<u>\$ 84,200,620</u>	<u>\$ 85,136,681</u>

Governmental Activities

The City’s net assets from governmental activities decreased by \$0.7 million in the current year as compared to an increase of \$3.6 million in the previous year. This decrease in the change in net assets primarily reflects:

- Fees, fines and charges for services - These revenues increased by approximately \$0.1 million as the result of the collection in the current year of one time asset forfeiture proceeds from the Department of Justice associated with several cases in which the Keizer Police Department provided investigative support which did not occur in the prior year. In addition there was an increase in the municipal court fines imposed.
- 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 increased by \$0.3 million primarily as a result of increases in the assessed value of existing properties on the tax rolls as provided for by Measure 50 and additional development.

- Gain on the sale of capital assets – The \$1.5 million gain on the sale of capital assets is associated with the sale of two pieces of property within the Urban Renewal District during the prior year that did not recur during the current year.
- Miscellaneous – Revenues primarily consist of interest earnings on funds held for working capital needs and interest earned on assessments and reserves held over an extended period of time. Miscellaneous revenues decreased \$0.2 million primarily as the result of the City not receiving interest payments from five property assessments within the Keizer Station Local Improvement District that are currently in default.
- 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	2012		2011		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,406,963	8.6%	\$ 1,282,546	9.4%	\$ 124,417	9.7%
Community and youth services	8,719	0.1%	11,019	0.1%	(2,300)	-20.9%
Community development	5,459,845	33.3%	2,854,558	20.9%	2,605,287	91.3%
Parks	318,911	1.9%	308,754	2.3%	10,157	3.3%
Public safety	6,454,171	39.4%	6,299,787	46.2%	154,384	2.5%
Public works	1,404,779	8.6%	1,452,880	10.6%	(48,101)	-3.3%
Interest on long-term debt	1,327,508	8.1%	1,434,549	10.5%	(107,041)	-7.5%
Total expenses	\$ 16,380,896	100.0%	\$ 13,644,093	100.0%	\$ 2,736,803	20.1%

Program expenses increased \$2.7 million from \$13.6 million in the prior year to \$16.4 million in the current year. The increase is the result of the recognizing a \$2.7 million reserve associated with Keizer Station local improvement district assessments that are in default. In addition the increase is due to costs associated with negotiating the Keizer Police Association Collective Bargaining agreement in addition to increased costs associated with 911 dispatch services. The increase is partially offset due to less interest expense incurred as the result of lower outstanding principal amounts in the current year as compared to the prior year.

Business-type Activities

The City's change in net assets from business-type activities decreased from (\$0.2) million in the prior year to (\$0.3) 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	2012		2011		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,559,552	28.0%	\$ 2,591,674	29.0%	\$ (32,122)	-1.2%
Sewer	5,076,755	55.5%	5,124,701	57.4%	(47,946)	-0.9%
Storm Water	954,541	10.4%	779,980	8.7%	174,561	22.4%
Community Center	115,808	1.3%	12,366	0.1%	103,442	836.5%
Amphitheater	1,053	0.0%	950	0.0%	103	10.8%
Street Lighting Districts	435,313	4.8%	418,929	4.7%	16,384	3.9%
Total expenses	\$ 9,143,022	100.0%	\$ 8,928,600	100.0%	\$ 214,422	2.4%

The Program expenses increased \$0.2 million from \$8.9 million in the prior year to \$9.1 million in the current year. The increase is primarily attributed to an increase in the number of employees working in the Storm Water program. In addition the Community Center program had an increase in the allocation of internal service charges to better reflect the administrative services actually utilized in managing and operating the center.

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	2012		2011		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 1,877,738	12.1%	\$ 1,646,079	13.9%	\$ 231,659	14.1%
Streets	2,741,988	17.7%	2,460,583	20.8%	281,405	11.4%
Urban Renewal Project	-	0.0%	171,071	1.4%	(171,071)	100.0%
Urban Renewal Program Income	647,772	4.2%	738,964	6.2%	(91,192)	200.0%
Urban Renewal Tax	4,404,090	28.4%	464,154	3.9%	3,939,936	848.8%
Keizer Station LID	2,729,997	17.6%	3,283,030	27.7%	(553,033)	-16.8%
Other Governmental Funds	3,107,585	20.0%	3,071,381	26.0%	36,204	1.2%
Total fund balances	\$ 15,509,170	100.0%	\$ 11,835,262	100.0%	\$ 3,673,908	31.0%

At June 30, 2012, the City's governmental funds reported combined fund balances of \$15.5 million, which is an increase of \$3.7 million or 31.0% compared with last year. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

General

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

The General fund revenue increased by \$0.2 million from \$7.6 million in the prior year to \$7.8 million in the current year. General fund revenue consisted of the following:

	June 30, 2012		June 30, 2011		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Taxes and assessments	\$ 3,744,901	48.1%	\$ 3,628,515	48.0%	\$ 116,386	3.2%
Licenses and permits	2,523,529	32.4%	2,532,813	33.5%	(9,284)	-0.4%
Intergovernmental	713,050	9.2%	720,151	9.5%	(7,101)	-1.0%
Fines and forfeitures	648,165	8.3%	574,574	7.6%	73,591	12.8%
Miscellaneous	153,621	2.0%	107,872	1.4%	45,749	42.4%
Total General fund revenue	\$ 7,783,266	100.0%	\$ 7,563,925	100.0%	\$ 219,341	2.9%

The General fund expenditures remained consistent with prior year at approximately \$7.2 million. General fund expenses consisted of the following:

	June 30, 2012		June 30, 2011		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,281,278	17.6%	\$ 1,151,734	16.1%	\$ 129,544	11.2%
Community and youth services	8,719	0.1%	11,019	0.2%	(2,300)	-20.9%
Community development	318,429	4.4%	341,414	4.8%	(22,985)	-6.7%
Parks	261,696	3.6%	232,665	3.3%	29,031	12.5%
Public safety	5,405,556	74.3%	5,411,844	75.7%	(6,288)	-0.1%
Total General fund expenses	\$ 7,275,678	100.0%	\$ 7,148,676	100.0%	\$ 127,002	1.8%

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 remained consistent at \$0.4 million in the current year as compared to \$0.5 million in the prior year. The slight decrease is due to a reduction in the utilization of administrative services in the current year as compared to the prior year.

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 increased slightly at \$4.2 million in the current year as compared to \$4.1 million in the prior year. The increase is due to the statutory increase in taxable assessed value within the urban renewal district and new development.

Expenditures decreased by \$3.3 million in the current year as compared to the prior year as the result of debt payments in the prior year that did not recur in the current year.

Keizer Station LID Fund

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

The Keizer Station LID fund revenues decreased \$0.3 million from \$1.8 million in the prior year to \$1.5 million in the current year. The decrease is the result of the annualized effect of five properties becoming delinquent in assessment payment halfway through the prior year.

The Keizer Station LID fund expenditures increased by \$0.8 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 assets for Proprietary Funds compared to the prior year.

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

Major Funds	2012		2011		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 2,618,989	24.4%	\$ 2,741,657	25.0%	\$ (122,668)	-4.5%
Water	118,230	1.1%	292,292	2.7%	(174,062)	-59.6%
Water Facility	6,753,506	63.0%	6,738,648	61.3%	14,858	0.2%
Other Funds	1,231,655	11.5%	1,214,820	11.1%	16,835	1.4%
Total net assets	<u>\$ 10,722,380</u>	<u>100.0%</u>	<u>\$ 10,987,417</u>	<u>100.0%</u>	<u>\$ (265,037)</u>	<u>-2.4%</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 \$2.4 million in the current year as compared to the prior year.

The Water and Water Facility funds expenses remained consistent at \$2.5 million in fiscal year 2012 as compared to fiscal year 2011.

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 bill.

The Sewer fund revenues and expenses remained consistent at \$4.9 million and \$5.1 million, respectively, in fiscal year 2012 as compared to fiscal year 2011.

Storm Water Fund

The Storm Water fund reflects a newly established program in fiscal year 2008 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 remained consistent at \$0.8 million in fiscal year 2012 as compared to fiscal year 2011.

The Storm Water fund expenses increased from \$0.8 million to \$1.0 million. This increase is primarily due to an increase in the number of employees associated with the Storm Water program.

Budgetary Highlights

The General fund budgeted revenue was increased by \$79,800 during the year primarily in anticipation of receiving a \$70,000 land conservation grant and to account for rental income associated with a rental house acquired during the prior year. The revenue increase is partially offset by a reduction in occupancy tax as a portion of that tax is being allocated to support the community center operations which are not accounted for in the General fund. The General fund expenditure budget was increased by \$127,700 to account for spending the \$70,000 grant anticipated to be received during the year, in addition the increase is attributed to additional contractual services; primarily labor attorney, that was not anticipated when the budget was originally adopted.

Capital Assets

As of June 30, 2012, the City had invested \$74.3 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions, and depreciation) of \$2.0 million, when compared to the previous fiscal year.

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 10,997,589	\$ 10,815,525	\$ 371,759	\$ 371,759	\$ 11,369,348	\$ 11,187,284
Building and improvements	42,903,707	42,152,064	1,065,730	1,065,730	43,969,437	43,217,794
Equipment and vehicles	1,240,129	1,140,252	657,801	638,798	1,897,930	1,779,050
Infrastructure	37,785,214	37,696,826	21,153,419	20,511,388	58,938,633	58,208,214
Accumulated depreciation	<u>(28,494,166)</u>	<u>(25,553,062)</u>	<u>(13,377,761)</u>	<u>(12,578,606)</u>	<u>(41,871,927)</u>	<u>(38,131,668)</u>
Net capital assets	<u>\$ 64,432,473</u>	<u>\$ 66,251,605</u>	<u>\$ 9,870,948</u>	<u>\$ 10,009,069</u>	<u>\$ 74,303,421</u>	<u>\$ 76,260,674</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, 2012

	Governmental	Business-type	Total
	Activities	Activities	Total
Beginning balance	\$ 66,251,605	\$ 10,009,069	\$ 76,260,674
Additions	1,121,972	661,034	1,783,006
Retirements	-	-	-
Depreciation	<u>(2,941,104)</u>	<u>(799,155)</u>	<u>(3,740,259)</u>
Net capital assets	<u>\$ 64,432,473</u>	<u>\$ 9,870,948</u>	<u>\$ 74,303,421</u>

The City depreciates all its capital assets except for land.

Debt Outstanding

As of June 30, 2012 the City had \$28.7 million in debt (bonds, notes, etc.) outstanding compared to the \$29.9 million last year, a 3.8% decrease.

Table 9
Outstanding Debt at Year End
June 30,

	Totals	
	2012	2011
<i>Governmental Activities</i>		
Gas Tax Revenue Bonds 2005	\$ 777,000	\$ 953,000
Keizer Station LID Bonds 2008	23,540,000	24,360,000
URA Credit Facility	2,660,000	2,660,000
Total Governmental	26,977,000	27,973,000
 <i>Business-type Activities</i>		
Water Revenue Loan	1,740,000	1,895,000
Total	\$ 28,717,000	\$ 29,868,000

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 ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 15,371,137	\$ 2,391,693	\$ 17,762,830
Accounts receivable	706,231	1,232,312	1,938,543
Property taxes receivable	663,713	-	663,713
Assessment liens receivable	21,706,218	1,086	21,707,304
Loans receivable	100,631	-	100,631
Inventories	-	101,075	101,075
Nondepreciable capital assets	10,997,589	371,759	11,369,348
Other capital assets, net of depreciation	53,434,884	9,499,189	62,934,073
<i>Total Assets</i>	102,980,403	13,597,114	116,577,517
LIABILITIES			
Accounts payable	605,541	652,819	1,258,360
Deposits	16,791	161,399	178,190
Accrued interest payable	132,871	23,780	156,651
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	1,843,000	165,000	2,008,000
Accrued compensated absences	182,125	44,740	226,865
Due in more than one year:			
Bonds and notes payable	25,134,000	1,575,000	26,709,000
Accrued compensated absences	338,233	83,088	421,321
Other post-employment benefits	1,193,628	224,882	1,418,510
<i>Total Liabilities</i>	29,446,189	2,930,708	32,376,897
NET ASSETS			
Investment in capital assets (net of related debt)	60,995,473	8,130,948	69,126,421
Restricted for:			
Debt service	7,772,080	-	7,772,080
Construction	3,371,415	809,662	4,181,077
Other	773,531	352,889	1,126,420
Unrestricted	621,715	1,372,907	1,994,622
<i>Total Net Assets</i>	<u>\$ 73,534,214</u>	<u>\$ 10,666,406</u>	<u>\$ 84,200,620</u>

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

CITY OF KEIZER, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 1,406,963	\$ 177,073	\$ 267,656	\$ 61,457
Community and youth services	8,719	-	-	-
Community development	5,459,845	35,079	1,100	-
Parks	318,911	2,604	2,313	5,166
Public safety	6,454,171	648,165	133,042	-
Public works	1,404,779	123	1,998,117	25,440
Stadium operations	-	46,696	-	-
Interest on long-term debt	1,327,508	-	-	-
<i>Total Governmental Activities</i>	16,380,896	909,740	2,402,228	92,063
Business-type Activities:				
Water	2,559,552	2,407,469	-	17,483
Sewer	5,076,755	4,927,507	-	-
Storm water	954,541	767,359	-	-
Community center	115,808	114,799	-	-
Amphitheater	1,053	3,570	-	-
Street lighting	435,313	424,280	-	-
<i>Total Business-type Activities</i>	9,143,022	8,644,984	-	17,483
<i>Total Activities</i>	<u>\$ 25,523,918</u>	<u>\$ 9,554,724</u>	<u>\$ 2,402,228</u>	<u>\$ 109,546</u>

General Revenues:

Property taxes
Franchise taxes
Intergovernmental - unrestricted
Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

Net Assets, July 1, 2011

Net Assets, June 30, 2012

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (900,777)	\$ -	\$ (900,777)
(8,719)	-	(8,719)
(5,423,666)	-	(5,423,666)
(308,828)	-	(308,828)
(5,672,964)	-	(5,672,964)
618,901	-	618,901
46,696	-	46,696
<u>(1,327,508)</u>	<u>-</u>	<u>(1,327,508)</u>
(12,976,865)	-	(12,976,865)
-	(134,600)	(134,600)
-	(149,248)	(149,248)
-	(187,182)	(187,182)
-	(1,009)	(1,009)
-	2,517	2,517
<u>-</u>	<u>(11,033)</u>	<u>(11,033)</u>
-	(480,555)	(480,555)
(12,976,865)	(480,555)	(13,457,420)
7,951,843	-	7,951,843
2,462,290	-	2,462,290
887,403	-	887,403
<u>1,212,058</u>	<u>7,765</u>	<u>1,219,823</u>
12,513,594	7,765	12,521,359
<u>(210,500)</u>	<u>210,500</u>	<u>-</u>
(673,771)	(262,290)	(936,061)
<u>74,207,985</u>	<u>10,928,696</u>	<u>85,136,681</u>
<u>\$ 73,534,214</u>	<u>\$ 10,666,406</u>	<u>\$ 84,200,620</u>

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

CITY OF KEIZER, OREGON
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special Revenue</u>			
	<u>General</u>	<u>Street</u>	<u>Urban Renewal Project</u>	<u>Urban Renewal Program Income</u>
ASSETS				
Cash and investments	\$ 1,719,573	\$ 2,755,055	\$ 16,060	\$ 647,772
Accounts receivable	345,176	174,579	-	-
Loans receivable	-	-	-	-
Property taxes receivable	308,776	-	-	-
Assessment liens receivable	-	26,919	-	-
Due from other funds	22,624	-	-	-
<i>Total Assets</i>	<u>\$ 2,396,149</u>	<u>\$ 2,956,553</u>	<u>\$ 16,060</u>	<u>\$ 647,772</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 67,421	\$ 180,454	\$ 13,277	\$ -
Accrued expenses payable	179,195	6,251	2,783	-
Deposits	15,850	941	-	-
Due to other funds	-	-	-	-
Deferred revenue	255,945	26,919	-	-
<i>Total Liabilities</i>	518,411	214,565	16,060	-
Fund Balances				
Restricted	-	2,741,988	-	647,772
Unassigned	1,877,738	-	-	-
<i>Total Fund Balances</i>	<u>1,877,738</u>	<u>2,741,988</u>	<u>-</u>	<u>647,772</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,396,149</u>	<u>\$ 2,956,553</u>	<u>\$ 16,060</u>	<u>\$ 647,772</u>

Debt Service

<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 4,339,050	\$ 2,684,206	\$ 3,078,283	\$ 15,239,999
-	45,791	140,562	706,108
-	-	100,631	100,631
354,937	-	-	663,713
-	21,679,299	-	21,706,218
-	-	-	22,624
<u>\$ 4,693,987</u>	<u>\$ 24,409,296</u>	<u>\$ 3,319,476</u>	<u>\$ 38,439,293</u>
\$ -	\$ -	\$ 88,636	\$ 349,788
-	-	-	188,229
-	-	-	16,791
-	-	22,624	22,624
289,897	21,679,299	100,631	22,352,691
289,897	21,679,299	211,891	22,930,123
4,404,090	2,729,997	3,107,585	13,631,432
-	-	-	1,877,738
<u>4,404,090</u>	<u>2,729,997</u>	<u>3,107,585</u>	<u>15,509,170</u>
<u>\$ 4,693,987</u>	<u>\$ 24,409,296</u>	<u>\$ 3,319,476</u>	<u>\$ 38,439,293</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 ASSETS
JUNE 30, 2012**

RECONCILIATION TO THE STATEMENT OF NET ASSETS

<i>Fund Balances</i>	\$ 15,509,170
The Statement of Net Assets reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	22,352,691
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	
Costs of capital assets	92,926,639
Accumulated depreciation	(28,494,166)
All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Bonds and notes payable	(26,977,000)
Accrued interest payable	(132,871)
Accrued compensated absences	(520,358)
Other post-employment benefits	(1,193,628)
An internal service fund is used to charge the cost of technology, communications, administrative services and risk management to the individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the the Statement of Net Assets.	<u>63,737</u>
Net assets of governmental activities	<u>\$ 73,534,214</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, 2012**

	<i>Special Revenue</i>			
	<i>General</i>	<i>Street</i>	<i>Urban Renewal Project</i>	<i>Urban Renewal Program Income</i>
REVENUES				
Taxes and assessments	\$ 3,744,901	\$ 24,625	\$ -	\$ -
Licenses and permits	2,523,529	2,333	-	-
Intergovernmental	713,050	2,021,346	-	-
Fines and forfeitures	648,165	-	-	-
Miscellaneous	153,621	101,990	100	6,157
<i>Total Revenues</i>	7,783,266	2,150,294	100	6,157
EXPENDITURES				
Current operating:				
General government	1,281,278	-	-	-
Community and youth services	8,719	-	-	-
Community development	318,429	-	309,012	-
Parks	261,696	-	-	-
Public safety	5,405,556	-	-	-
Public works	-	733,569	-	-
Capital outlay	-	714,912	109,377	97,349
Debt service				
Principal	-	176,000	-	-
Interest	-	33,908	-	-
<i>Total Expenditures</i>	7,275,678	1,658,389	418,389	97,349
REVENUES OVER (UNDER) EXPENDITURES	507,588	491,905	(418,289)	(91,192)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,571	-	247,218	-
Transfers out	(287,500)	(210,500)	-	-
Total Other Financing Sources (Uses)	(275,929)	(210,500)	247,218	-
NET CHANGE IN FUND BALANCES	231,659	281,405	(171,071)	(91,192)
FUND BALANCES, Beginning of year	1,646,079	2,460,583	171,071	738,964
FUND BALANCES, End of year	\$ 1,877,738	\$ 2,741,988	\$ -	\$ 647,772

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 4,226,819	\$ 1,472,631	\$ -	\$ 9,468,976
-	-	181,093	2,706,955
-	-	518,358	3,252,754
-	-	-	648,165
9,743	56,741	10,206	338,558
4,236,562	1,529,372	709,657	16,415,408
-	-	95,936	1,377,214
-	-	-	8,719
-	-	-	627,441
-	-	-	261,696
-	-	468,540	5,874,096
-	10,034	-	743,603
-	-	387,977	1,309,615
-	820,000	-	996,000
49,408	1,249,300	-	1,332,616
49,408	2,079,334	952,453	12,531,000
4,187,154	(549,962)	(242,796)	3,884,408
-	-	287,500	546,289
(247,218)	(3,071)	(8,500)	(756,789)
(247,218)	(3,071)	279,000	(210,500)
3,939,936	(553,033)	36,204	3,673,908
464,154	3,283,030	3,071,381	11,835,262
\$ 4,404,090	\$ 2,729,997	\$ 3,107,585	\$ 15,509,170

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, 2012**

**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 \$ 3,673,908

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

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. (3,178,778)

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. (390,794)

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlays	1,121,972
Depreciation	(2,941,104)

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 Assets.

Debt principal payments	996,000
Accrued interest payable	5,108

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. 39,917

Change in fund net assets of governmental activities \$ (673,771)

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

CITY OF KEIZER, OREGON
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2012

	<i>Business-type Activities - Enterprise Funds</i>		
	<u>Sewer</u>	<u>Water</u>	<u>Water Facility</u>
ASSETS			
Current Assets			
Cash and investments	\$ 63,139	\$ 547,506	\$ 990,204
Accounts receivable	760,985	320,499	-
Assessment liens receivable	-	1,086	-
Inventories	-	101,075	-
<i>Total Current Assets</i>	824,124	970,166	990,204
Noncurrent Assets			
Nondepreciable capital assets	-	371,759	-
Other capital assets, net of depreciation	2,181,034	855,548	5,969,871
<i>Total noncurrent Assets</i>	2,181,034	1,227,307	5,969,871
<i>Total Assets</i>	3,005,158	2,197,473	6,960,075
LIABILITIES			
Current Liabilities			
Accounts payable	358,841	120,858	56,564
Deposits	-	474	150,005
Accrued interest payable	-	23,780	-
Bonds payable - due within one year	-	165,000	-
Accrued compensated absences	3,950	27,998	-
<i>Total Current Liabilities</i>	362,791	338,110	206,569
Noncurrent Liabilities			
Bonds payable	-	1,575,000	-
Accrued compensated absences	7,336	51,997	-
Other post-employment benefits	16,042	114,136	-
<i>Total Noncurrent Liabilities</i>	23,378	1,741,133	-
<i>Total Liabilities</i>	386,169	2,079,243	206,569
FUND NET ASSETS			
Investment in capital assets (net of related debt)	2,181,034	(512,693)	5,969,871
Restricted	-	-	783,635
Unrestricted	437,955	630,923	-
<i>Total Fund Net Assets</i>	<u>\$ 2,618,989</u>	<u>\$ 118,230</u>	<u>\$ 6,753,506</u>

<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 790,844	\$ 2,391,693	\$ 131,138
150,828	1,232,312	123
-	1,086	-
-	101,075	-
941,672	3,726,166	131,261
-	371,759	-
492,736	9,499,189	-
492,736	9,870,948	-
1,434,408	13,597,114	131,261
116,556	652,819	67,524
10,920	161,399	-
-	23,780	-
-	165,000	-
12,791	44,740	-
140,267	1,047,738	67,524
-	1,575,000	-
23,756	83,088	-
94,704	224,882	-
118,460	1,882,970	-
258,727	2,930,708	67,524
492,736	8,130,948	-
378,916	1,162,551	-
304,029	1,372,907	63,737
<u>\$ 1,175,681</u>	<u>\$ 10,666,406</u>	<u>\$ 63,737</u>

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

CITY OF KEIZER, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	<i>Business-type Activities - Enterprise Funds</i>		
	<i>Sewer</i>	<i>Water</i>	<i>Water Facility</i>
<i>OPERATING REVENUES</i>			
Licenses and permits	\$ -	\$ 62	\$ -
Charges for services	4,860,044	2,351,383	-
Miscellaneous	5,436	56,024	-
<i>Total Operating Revenues</i>	<u>4,865,480</u>	<u>2,407,469</u>	<u>-</u>
<i>OPERATING EXPENSES</i>			
Personnel services	135,973	1,024,145	-
Materials and services	4,741,851	933,300	-
Depreciation	198,931	274,042	255,665
<i>Total Operating Expenses</i>	<u>5,076,755</u>	<u>2,231,487</u>	<u>255,665</u>
<i>OPERATING INCOME (LOSS)</i>	(211,275)	175,982	(255,665)
<i>NONOPERATING REVENUES (EXPENSES)</i>			
Investment revenue	245	2,159	3,040
Interest expense	-	(72,400)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>245</u>	<u>(70,241)</u>	<u>3,040</u>
<i>CAPITAL CONTRIBUTION</i>	-	-	17,483
<i>INCOME (LOSS) BEFORE TRANSFERS</i>	(211,030)	105,741	(235,142)
Transfers in	92,551	-	250,000
Transfers out	-	(250,000)	-
<i>Total Transfers</i>	<u>92,551</u>	<u>(250,000)</u>	<u>250,000</u>
<i>CHANGE IN FUND NET ASSETS</i>	(118,479)	(144,259)	14,858
<i>FUND NET ASSETS, Beginning of year</i>	<u>2,737,468</u>	<u>262,489</u>	<u>6,738,648</u>
<i>FUND NET ASSETS, End of year</i>	<u>\$ 2,618,989</u>	<u>\$ 118,230</u>	<u>\$ 6,753,506</u>

<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Governmental Activities Internal Service Fund</i>
\$ 16,898	\$ 16,960	\$ -
1,276,193	8,487,620	2,035,429
78,944	140,404	230
1,372,035	8,644,984	2,035,659
673,114	1,833,232	1,284,397
763,084	6,438,235	711,345
70,517	799,155	-
1,506,715	9,070,622	1,995,742
(134,680)	(425,638)	39,917
2,321	7,765	-
-	(72,400)	-
2,321	(64,635)	-
-	17,483	-
(132,359)	(472,790)	39,917
210,500	553,051	-
(92,551)	(342,551)	-
117,949	210,500	-
(14,410)	(262,290)	39,917
1,246,065	10,984,670	23,820
<u>\$ 1,231,655</u>	<u>\$ 10,722,380</u>	<u>\$ 63,737</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, 2012

	<u>Sewer</u>	<u>Water</u>	<u>Water Facility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,851,702	\$ 2,399,769	\$ 1,942
Cash paid for employee services and benefits	(130,844)	(983,758)	-
Cash paid to suppliers for goods and services	<u>(4,741,039)</u>	<u>(880,786)</u>	<u>(30,215)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	(20,181)	535,225	(28,273)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	92,551	-	250,000
Transfers out	<u>-</u>	<u>(250,000)</u>	<u>-</u>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	<u>92,551</u>	<u>(250,000)</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(92,551)	(12,640)	(420,598)
Principal paid on contracts/bonds payable	-	(155,000)	-
Contribution of capital	-	-	17,483
Interest paid	<u>-</u>	<u>(74,518)</u>	<u>-</u>
<i>Net Cash Used in Capital Related Financing Activities</i>	<u>(92,551)</u>	<u>(242,158)</u>	<u>(403,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	<u>245</u>	<u>2,159</u>	<u>3,040</u>
<i>Increase (Decrease) in Cash and Investments</i>	(19,936)	45,226	(178,348)
CASH AND INVESTMENTS, Beginning of year	<u>83,075</u>	<u>502,280</u>	<u>1,168,552</u>
CASH AND INVESTMENTS, End of year	<u>\$ 63,139</u>	<u>\$ 547,506</u>	<u>\$ 990,204</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ (211,275)	\$ 175,982	\$ (255,665)
Depreciation	198,931	274,042	255,665
<i>Change in assets and liabilities</i>			
Accounts receivable	(13,778)	(7,721)	-
Inventory	-	7,235	-
Accounts payable and accrued liabilities	812	45,279	(30,215)
Compensated absences payable	(203)	2,445	-
Other post-employment benefits	5,332	37,942	-
Deposits payable	<u>-</u>	<u>21</u>	<u>1,942</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ (20,181)</u>	<u>\$ 535,225</u>	<u>\$ (28,273)</u>

<i>Other Proprietary Funds</i>	<i>Totals</i>	<i>Governmental Activities Internal Service Fund</i>
\$ 1,373,688	\$ 8,627,101	\$ 2,040,797
(640,160)	(1,754,762)	(1,284,397)
<u>(709,106)</u>	<u>(6,361,146)</u>	<u>(704,265)</u>
24,422	511,193	52,135
210,500	553,051	-
<u>(92,551)</u>	<u>(342,551)</u>	<u>-</u>
<u>117,949</u>	<u>210,500</u>	<u>-</u>
(135,245)	(661,034)	-
-	(155,000)	-
-	17,483	-
<u>-</u>	<u>(74,518)</u>	<u>-</u>
<u>(135,245)</u>	<u>(873,069)</u>	<u>-</u>
<u>2,321</u>	<u>7,765</u>	<u>-</u>
9,447	(143,611)	52,135
<u>781,397</u>	<u>2,535,304</u>	<u>79,003</u>
<u>\$ 790,844</u>	<u>\$ 2,391,693</u>	<u>\$ 131,138</u>
\$ (134,680)	\$ (425,638)	\$ 39,917
70,517	799,155	-
216	(21,283)	5,138
-	7,235	-
55,415	71,291	7,080
1,472	3,714	-
31,482	74,756	-
<u>-</u>	<u>1,963</u>	<u>-</u>
<u>\$ 24,422</u>	<u>\$ 511,193</u>	<u>\$ 52,135</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 Assets 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, 2012

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 and enterprise funds. Major individual governmental funds, major individual special revenue funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

Basis of Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue Funds

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

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

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

Debt Service Fund

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

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

The City reports the following non-major governmental funds:

Special Revenue Funds

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, 2012

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.

Internal 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.

The City reports the following major proprietary funds:

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

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

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

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.

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

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, 2012

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, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The City has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." The City has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed under GASB No. 20, the City has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB.

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, 2012. 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 deferred 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, 2012

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.

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 Assets. 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 the General, Street and Urban Renewal Projects funds.

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 Fund Net Assets 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 net assets are available, the City deems restricted net assets to be spent first.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

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 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, 2012 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2012:

Cash

Cash on hand	\$ 1,790
Deposits with financial institutions	6,993,896

Investments

Local Government Investment Pool	<u>10,767,144</u>
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<i>Total Cash and Investments</i>	<u><u>\$ 17,762,830</u></u>
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Deposits

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$6,993,898 and the bank balance was \$7,471,172. 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, 2012

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, 2012, \$50,000 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, 2012, 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, 2012

CASH AND INVESTMENTS (Continued)

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

RECEIVABLES

<i>Fund</i>	<i>Accounts</i>	<i>Property Taxes</i>	<i>Assessments</i>	<i>Loans</i>
General	\$ 345,176	\$ 308,776	\$ -	\$ -
Street	174,579	-	26,919	-
Urban Renewal Tax	-	354,937	-	-
Keizer Station LID	45,791	-	24,360,299	-
Other governmental funds	140,562	-	-	100,631
Internal Service	123	-	-	-
Sewer	760,985	-	-	-
Water	320,499	-	1,086	-
Other business-type funds	150,828	-	-	-
Allowance for doubtful accounts			(2,681,000)	
	<u>\$ 1,938,543</u>	<u>\$ 663,713</u>	<u>\$ 21,707,304</u>	<u>\$ 100,631</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2012 is as follows:

	Balances July 1, 2011	Additions	Deletions	Balances June 30, 2012
NON-DEPRECIABLE				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
DEPRECIABLE				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	20,511,388	642,031	-	21,153,419
Equipment and vehicles	638,798	19,003	-	657,801
Total depreciable	22,215,916	661,034	-	22,876,950
ACCUMULATED DEPRECIATION				
Buildings	777,988	19,270	-	797,258
Water and sewer systems	11,328,834	701,397	-	12,030,231
Equipment and vehicles	471,784	78,488	-	550,272
Total accumulated depreciation	12,578,606	799,155	-	13,377,761
<i>Business-type activities capital assets, net</i>	<u>\$ 10,009,069</u>	<u>\$ (138,121)</u>	<u>\$ -</u>	<u>\$ 9,870,948</u>

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

Water	\$ 529,707
Sewer	198,931
Storm water	<u>70,517</u>
<i>Total depreciation expense for business-type activities</i>	<u><u>\$ 799,155</u></u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

CAPITAL ASSETS (continued)

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

	Balances July 1, 2011	Additions	Deletions	Balances June 30, 2012
NON-DEPRECIABLE				
Land	\$ 10,815,525	\$ 182,064	\$ -	\$ 10,997,589
DEPRECIABLE				
Buildings and improvements	42,152,064	751,643	-	42,903,707
Equipment and vehicles	1,140,252	99,877	-	1,240,129
Infrastructure	37,696,826	88,388	-	37,785,214
Total depreciable	80,989,142	939,908	-	81,929,050
ACCUMULATED DEPRECIATION				
Buildings	14,592,623	1,598,818	-	16,191,441
Equipment and vehicles	997,718	86,840	-	1,084,558
Infrastructure	9,962,721	1,255,446	-	11,218,167
Total accumulated depreciation	25,553,062	2,941,104	-	28,494,166
Governmental activities capital assets, net	<u>\$ 66,251,605</u>	<u>\$ (1,819,132)</u>	<u>\$ -</u>	<u>\$ 64,432,473</u>

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

General government	\$ 3,386
Public safety	56,780
Public works	652,757
Community development	2,151,086
Parks	77,095
Total depreciation expense for governmental activities	<u>\$ 2,941,104</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

LONG-TERM OBLIGATIONS

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

	<u>Outstanding July 1, 2011</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2012</u>	<u>Due in One Year</u>
Governmental Activities					
Gas Tax Revenue Bonds 2005 Initial issue \$1,738,000, interest at 3.92%	\$ 953,000	\$ -	\$ (176,000)	\$ 777,000	\$ 183,000
Keizer Station LID Bonds 2008 Initial issue \$26,810,000, interest only at 5.20%	24,360,000	-	(820,000)	23,540,000	-
URA Credit Facility, Series 2008 Initial issue \$12,260,000, variable interest currently at 2.31%	<u>2,660,000</u>	<u>-</u>	<u>-</u>	<u>2,660,000</u>	<u>1,660,000</u>
	<u>\$ 27,973,000</u>	<u>\$ -</u>	<u>\$ (996,000)</u>	<u>\$ 26,977,000</u>	<u>\$ 1,843,000</u>
Accrued compensated absences	<u>\$ 526,354</u>	<u>\$ 406,473</u>	<u>\$ (412,469)</u>	<u>\$ 520,358</u>	<u>\$ 182,125</u>
Business-type Activities					
2005 Water Revenue Loan Initial issue \$2,600,000, interest at 4.10%	<u>\$ 1,895,000</u>	<u>\$ -</u>	<u>\$ (155,000)</u>	<u>\$ 1,740,000</u>	<u>\$ 165,000</u>
Accrued compensated absences	<u>\$ 124,114</u>	<u>\$ 98,195</u>	<u>\$ (94,481)</u>	<u>\$ 127,828</u>	<u>\$ 44,740</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.

The URA Credit Facility debt is serviced through the use of revenues generated from tax increment revenues. Revenues collected as of June 30, 2012 are sufficient to pay \$1,660,000 principal at the end of the tax year (November 14, 2012) as required by the terms of the agreement. The Agency may opt to retain a maximum of \$1,000,000 in tax increment revenue collections for other uses, due and payable by December 31, 2015.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

LONG-TERM OBLIGATIONS (Continued)

The future maturities of obligations outstanding as of June 30, 2012:

Governmental Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,843,000	\$ 1,303,024	\$ 3,146,024
2014	190,000	1,266,779	1,456,779
2015	198,000	1,259,174	1,457,174
2016	1,206,000	1,248,491	2,454,491
2017	-	1,224,080	1,224,080
2018-2022	-	6,120,400	6,120,400
2023-2027	-	6,120,400	6,120,400
2028-2032	23,540,000	4,896,320	28,436,320
	<u>\$ 26,977,000</u>	<u>\$ 23,438,668</u>	<u>\$ 50,415,668</u>

Business-type Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 165,000	\$ 67,958	\$ 232,958
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
2018-2021	850,000	71,340	921,340
	<u>\$ 1,740,000</u>	<u>\$ 339,481</u>	<u>\$ 2,079,481</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, 2012

PENSION PLANS

Plan Description

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

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

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

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

Funding Policy

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6.0% "pick-up."

In addition to the 6.0% "pick-up," the City contributed 10.62% 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, 2012. This contribution rate was determined as part of the December 31, 2009 actuarial evaluation. Subject salary for the year was \$5,628,091 and the City's total payroll was \$5,904,417.

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>	<u>% of Required</u> <u>Contribution</u>
2012	\$ 736,623	100%
2011	604,111	100%
2010	544,428	100%
2009	625,827	100%

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

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.

	<u>Tier 1/Tier 2</u>	<u>OPSRP</u>	
		<u>General Services</u>	<u>Police and Fire</u>
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, 2012, amounted to \$32,148. 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 \$307,648 for the year ended June 30, 2012.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2012

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, 2012, the City had 91 active employees and only one retiree 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, 2012, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	420,415
Amortization of UAAL		<u>62,585</u>
Annual required contribution		483,000
Implicit benefit payments		(11,454)
Increase in net OPEB obligation		471,546
Net OPEB obligation - beginning of year		<u>946,964</u>
Net OPEB obligation - end of year	\$	<u>1,418,510</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, 2012 was as follows:

<u>Fiscal</u> <u>Year End</u>		<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contribution</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/12	\$	483,000	2%	\$ 1,418,510
06/30/11		381,026	3%	946,964
06/30/10		310,612	3%	576,559
06/30/09		275,243	0%	275,243

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, 2012 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 8.5%. The UAAL is being amortized over an initial period of 30 years.

Valuation Date	Value of Assets (a)	Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
06/30/2012	\$ -	\$ 1,627,215	\$ 1,627,215	0%	\$ 5,904,417	27.6%
06/30/2011	-	1,689,800	1,689,800	0%	6,224,238	27.1%
06/30/2010	-	1,752,385	1,752,385	0%	6,097,130	28.7%
06/30/2009	-	1,877,555	1,877,555	0%	5,788,043	32.4%

TRANSFERS

	Transfer In	Transfer Out
General	\$ 11,571	\$ 287,500
Street	-	210,500
Urban Renewal Project	247,218	-
Urban Renewal Tax Increment	-	247,218
Keizer Station LID	-	3,071
Nonmajor governmental fund	287,500	8,500
Sewer	92,551	-
Water	-	250,000
Water Facility	250,000	-
Other business-type funds	210,500	92,551
	<u>\$ 1,099,340</u>	<u>\$ 1,099,340</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, 2012

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, 2012 occurred as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Lighting Districts Fund			
Materials and services	\$ 413,600	\$ 414,375	\$ (775) *

* The expenditure in excess of appropriations is the result of additional utility costs incurred before June 30, 2012 but not invoiced until after June 30, 2012. The City had available appropriations in contingency but was unable to make a budget adjustment in advance of June 30, 2012.

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

The City follows the provisions of Accounting Standards Codification 855, "Subsequent Events" (ASC 855). ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 21, 2012, the date on which the financial statements were available to be issued.

In July 2012 the Urban Renewal Agency of the City of Keizer amended the 2008 Tax-Exempt Non-Revolving Credit Facility. The amended agreement provides for principal payments of \$1,200,000 due December 31, 2013 and December 31, 2014, with the balance due December 31, 2015. The amendment also provides that the debt be backed by the full faith and credit of the City.

In October 2012 three properties within the Keizer Station Local Improvement District were scheduled to be auctioned off as the result of foreclosure proceedings. Two of the three properties became current in their assessments prior to the auction. The third property was acquired by the Urban Renewal Agency of the City of Keizer for \$602,169.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEIZER, OREGON
SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2012

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

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,683,200	\$ 3,671,700	\$ 3,744,901	\$ 73,201
Licenses and permits	2,426,000	2,426,000	2,523,529	97,529
Intergovernmental	568,900	638,900	713,050	74,150
Fines and forfeitures	558,800	558,800	648,165	89,365
Miscellaneous	69,300	90,600	153,621	63,021
<i>Total Revenues</i>	<u>7,306,200</u>	<u>7,386,000</u>	<u>7,783,266</u>	<u>397,266</u>
EXPENDITURES				
Administration	1,313,600	1,300,300	1,289,997	10,303
Parks	264,400	286,600	261,696	24,904
Community development	325,600	395,600	318,429	77,171
Police	5,167,600	5,250,400	5,168,037	82,363
Municipal court	241,700	241,700	237,519	4,181
Contingency	52,200	18,200	-	18,200
<i>Total Expenditures</i>	<u>7,365,100</u>	<u>7,492,800</u>	<u>7,275,678</u>	<u>217,122</u>
REVENUES OVER (UNDER) EXPENDITURES	(58,900)	(106,800)	507,588	614,388
OTHER FINANCING SOURCES (USES)				
Transfers in	83,500	80,800	11,571	(69,229)
Transfers out	(287,500)	(287,500)	(287,500)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(204,000)</u>	<u>(206,700)</u>	<u>(275,929)</u>	<u>(69,229)</u>
NET CHANGE IN FUND BALANCE	(262,900)	(313,500)	231,659	545,159
FUND BALANCE, Beginning of year	<u>1,353,200</u>	<u>1,422,900</u>	<u>1,646,079</u>	<u>223,179</u>
FUND BALANCE, End of year	<u>\$ 1,090,300</u>	<u>\$ 1,109,400</u>	<u>\$ 1,877,738</u>	<u>\$ 768,338</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 4,500	\$ 4,500	\$ 2,333	\$ (2,167)
Intergovernmental	1,837,500	1,837,500	2,021,346	183,846
Taxes and assessments	-	-	24,625	24,625
Miscellaneous	14,200	85,200	101,990	16,790
<i>Total Revenues</i>	1,856,200	1,927,200	2,150,294	223,094
EXPENDITURES				
Personnel services	248,300	248,300	231,585	16,715
Materials and services	571,300	572,700	501,984	70,716
Capital outlay	1,512,600	1,583,600	714,912	868,688
Contingency	79,400	79,400	-	79,400
Debt service				
Principal	176,000	176,000	176,000	-
Interest	34,000	34,000	33,908	92
<i>Total Expenditures</i>	2,621,600	2,694,000	1,658,389	1,035,611
REVENUES OVER (UNDER) EXPENDITURES	(765,400)	(766,800)	491,905	1,258,705
OTHER FINANCING SOURCES (USES)				
Transfers out	(210,500)	(210,500)	(210,500)	-
NET CHANGE IN FUND BALANCE	(975,900)	(977,300)	281,405	1,258,705
FUND BALANCE, Beginning of year	2,230,700	2,232,100	2,460,583	228,483
FUND BALANCE, End of year	\$ 1,254,800	\$ 1,254,800	\$ 2,741,988	\$ 1,487,188

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 100	\$ -
EXPENDITURES				
Personnel services	96,300	96,300	92,509	3,791
Materials and services	186,500	242,600	216,503	26,097
Capital outlay	709,000	679,000	109,377	569,623
Contingency	500,000	474,000	-	474,000
<i>Total Expenditures</i>	<u>1,491,800</u>	<u>1,491,900</u>	<u>418,389</u>	<u>1,073,511</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,491,700)	(1,491,800)	(418,289)	1,073,511
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>1,503,900</u>	<u>1,503,900</u>	<u>247,218</u>	<u>(1,256,682)</u>
NET CHANGE IN FUND BALANCES	12,200	12,100	(171,071)	(183,171)
FUND BALANCE, Beginning of year	<u>258,100</u>	<u>258,200</u>	<u>171,071</u>	<u>(87,129)</u>
FUND BALANCE, End of year	<u>\$ 270,300</u>	<u>\$ 270,300</u>	<u>\$ -</u>	<u>\$ (270,300)</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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 6,157	\$ 6,157
EXPENDITURES				
Capital outlay	2,257,800	2,257,800	97,349	2,160,451
NET CHANGE IN FUND BALANCES	(2,257,800)	(2,257,800)	(91,192)	2,166,608
FUND BALANCE, Beginning of year	2,257,800	2,257,800	738,964	(1,518,836)
FUND BALANCE, End of year	\$ -	\$ -	\$ 647,772	\$ 647,772

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 4,116,400	\$ 4,116,400	\$ 4,226,819	\$ 110,419
Miscellaneous	5,000	5,000	9,743	4,743
<i>Total Revenues</i>	4,121,400	4,121,400	4,236,562	115,162
EXPENDITURES				
Debt service				
Principal	4,163,900	4,163,900	247,218	3,916,682
Interest	69,900	69,900	49,408	20,492
<i>Total Expenditures</i>	4,233,800	4,233,800	296,626	3,937,174
REVENUES OVER (UNDER) EXPENDITURES	(112,400)	(112,400)	3,939,936	4,052,336
FUND BALANCE, Beginning of year	293,500	293,500	464,154	170,654
FUND BALANCE, End of year	\$ 181,100	\$ 181,100	\$ 4,404,090	\$ 4,222,990

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 2,965,400	\$ 2,965,400	\$ 1,472,631	\$ (1,492,769)
Miscellaneous	139,800	139,800	56,741	(83,059)
<i>Total Revenues</i>	3,105,200	3,105,200	1,529,372	(1,575,828)
EXPENDITURES				
Materials and services	40,000	36,900	10,034	26,866
Debt service				
Principal	2,402,000	2,402,000	820,000	1,582,000
Interest	1,266,700	1,266,700	1,249,300	17,400
<i>Total Expenditures</i>	3,708,700	3,705,600	2,079,334	1,626,266
REVENUES OVER (UNDER) EXPENDITURES				
	(603,500)	(600,400)	(549,962)	50,438
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,100)	(3,071)	29
NET CHANGE IN FUND BALANCES				
	(603,500)	(603,500)	(553,033)	50,467
FUND BALANCE, Beginning of year				
	3,284,500	3,284,500	3,283,030	(1,470)
FUND BALANCE, End of year				
	\$ 2,681,000	\$ 2,681,000	\$ 2,729,997	\$ 48,997

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Revenue Sharing</u>	<u>Law Enforcement Grant</u>	<u>911 Fund</u>	<u>Public Education Government</u>
ASSETS				
Cash and investments	\$ 24,122	\$ -	\$ -	\$ 133,120
Accounts receivable	66,224	-	45,084	29,254
Loans receivable	-	-	-	-
<i>Total Assets</i>	<u>\$ 90,346</u>	<u>\$ -</u>	<u>\$ 45,084</u>	<u>\$ 162,374</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 18,263	\$ -
Due to other funds	-	-	22,624	-
Deferred revenue	-	-	-	-
<i>Total Liabilities</i>	-	-	40,887	-
Fund Balances				
Restricted	90,346	-	4,197	162,374
<i>Total Liabilities and Fund Balances</i>	<u>\$ 90,346</u>	<u>\$ -</u>	<u>\$ 45,084</u>	<u>\$ 162,374</u>

Special Revenue

<i>Transportation Improvement</i>	<i>Park Improvement</i>	<i>Off-site Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 1,888,228	\$ 554,138	\$ 52,594	\$ 292,455	\$ 133,626	\$ 3,078,283
-	-	-	-	-	140,562
-	-	-	100,631	-	100,631
<u>\$ 1,888,228</u>	<u>\$ 554,138</u>	<u>\$ 52,594</u>	<u>\$ 393,086</u>	<u>\$ 133,626</u>	<u>\$ 3,319,476</u>
\$ -	\$ 60,275	\$ -	\$ 4,039	\$ 6,059	\$ 88,636
-	-	-	-	-	22,624
-	-	-	100,631	-	100,631
-	60,275	-	104,670	6,059	211,891
<u>1,888,228</u>	<u>493,863</u>	<u>52,594</u>	<u>288,416</u>	<u>127,567</u>	<u>3,107,585</u>
<u>\$ 1,888,228</u>	<u>\$ 554,138</u>	<u>\$ 52,594</u>	<u>\$ 393,086</u>	<u>\$ 133,626</u>	<u>\$ 3,319,476</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Revenue Sharing</u>	<u>Law Enforcement Grant</u>	<u>911 Fund</u>	<u>Public Education Government</u>
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ 114,470
Intergovernmental	271,031	55,092	179,144	-
Miscellaneous	-	-	-	432
<i>Total Revenues</i>	<u>271,031</u>	<u>55,092</u>	<u>179,144</u>	<u>114,902</u>
EXPENDITURES				
Current operating:				
General government	-	-	-	75,845
Public safety	-	-	468,540	-
Capital outlay	<u>211,042</u>	<u>56,093</u>	<u>-</u>	<u>16,927</u>
<i>Total Expenditures</i>	<u>211,042</u>	<u>56,093</u>	<u>468,540</u>	<u>92,772</u>
REVENUES OVER (UNDER) EXPENDITURES	59,989	(1,001)	(289,396)	22,130
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	287,500	-
Transfers out	<u>(8,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(8,500)</u>	<u>-</u>	<u>287,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	51,489	(1,001)	(1,896)	22,130
FUND BALANCES, Beginning of year	<u>38,857</u>	<u>1,001</u>	<u>6,093</u>	<u>140,244</u>
FUND BALANCES, End of year	<u>\$ 90,346</u>	<u>\$ -</u>	<u>\$ 4,197</u>	<u>\$ 162,374</u>

Special Revenue

<i>Transportation Improvement</i>	<i>Park Improvement</i>	<i>Offsite Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 61,457	\$ 5,166	\$ -	\$ -	\$ -	\$ 181,093
-	-	-	13,091	-	518,358
6,263	1,923	176	949	463	10,206
67,720	7,089	176	14,040	463	709,657
-	-	-	8,087	12,004	95,936
-	-	-	-	-	468,540
-	103,915	-	-	-	387,977
-	103,915	-	8,087	12,004	952,453
67,720	(96,826)	176	5,953	(11,541)	(242,796)
-	-	-	-	-	287,500
-	-	-	-	-	(8,500)
-	-	-	-	-	279,000
67,720	(96,826)	176	5,953	(11,541)	36,204
1,820,508	590,689	52,418	282,463	139,108	3,071,381
<u>\$ 1,888,228</u>	<u>\$ 493,863</u>	<u>\$ 52,594</u>	<u>\$ 288,416</u>	<u>\$ 127,567</u>	<u>\$ 3,107,585</u>

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - REVENUE SHARING FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 206,400	\$ 206,400	\$ 271,031	\$ 64,631
EXPENDITURES				
Capital outlay	217,300	217,300	211,042	6,258
REVENUES OVER (UNDER) EXPENDITURES	(10,900)	(10,900)	59,989	58,373
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,500)	(8,500)	(8,500)	-
NET CHANGE IN FUND BALANCE	(19,400)	(19,400)	51,489	70,889
FUND BALANCE, Beginning of year	19,400	19,400	38,857	19,457
FUND BALANCE, End of year	\$ -	\$ -	\$ 90,346	\$ 90,346

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 50,000	\$ 100,000	\$ 55,092	\$ (44,908)
EXPENDITURES				
Materials and services	25,000	15,000	-	15,000
Capital outlay	25,000	85,000	56,093	28,907
<i>Total Expenditures</i>	<u>50,000</u>	<u>100,000</u>	<u>56,093</u>	<u>43,907</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,001)	(1,001)
FUND BALANCE, Beginning of year	<u>-</u>	<u>-</u>	<u>1,001</u>	<u>1,001</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - 911 FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 179,700	\$ 184,700	\$ 179,144	\$ (5,556)
EXPENDITURES				
Materials and services	468,900	473,900	468,540	5,360
REVENUES OVER (UNDER) EXPENDITURES	(289,200)	(289,200)	(289,396)	(196)
OTHER FINANCING SOURCES (USES)				
Transfers in	287,500	287,500	287,500	-
NET CHANGE IN FUND BALANCES	(1,700)	(1,700)	(1,896)	(196)
FUND BALANCE, Beginning of year	1,700	1,700	6,093	4,393
FUND BALANCE, End of year	\$ -	\$ -	\$ 4,197	\$ 4,197

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 112,400	\$ 112,400	\$ 114,470	\$ 2,070
Miscellaneous	400	400	432	32
<i>Total Revenues</i>	112,800	112,800	114,902	2,102
EXPENDITURES				
Materials and services	91,800	77,800	75,845	1,955
Capital outlay	3,500	17,500	16,927	573
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	145,300	145,300	92,772	52,528
REVENUES OVER (UNDER)				
EXPENDITURES	(32,500)	(32,500)	22,130	54,630
FUND BALANCE, Beginning of year	139,100	139,100	140,244	1,144
FUND BALANCE, End of year	\$ 106,600	\$ 106,600	\$ 162,374	\$ 55,774

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 99,600	\$ 99,600	\$ 61,457	\$ (38,143)
Miscellaneous	8,600	8,600	6,263	(2,337)
<i>Total Revenues</i>	108,200	108,200	67,720	(40,480)
EXPENDITURES				
Capital outlay	1,540,000	1,467,700	-	1,467,700
REVENUES OVER (UNDER) EXPENDITURES	(1,431,800)	(1,359,500)	67,720	1,427,220
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(72,300)	-	72,300
NET CHANGE IN FUND BALANCES	(1,431,800)	(1,431,800)	67,720	1,499,520
FUND BALANCE, Beginning of year	1,820,900	1,820,900	1,820,508	(392)
FUND BALANCE, End of year	<u>\$ 389,100</u>	<u>\$ 389,100</u>	<u>\$ 1,888,228</u>	<u>\$ 1,499,128</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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 176	\$ 76
EXPENDITURES				
Capital outlay	52,100	52,100	-	52,100
REVENUES OVER (UNDER) EXPENDITURES	(52,000)	(52,000)	176	52,176
FUND BALANCE, Beginning of year	52,000	52,000	52,418	418
FUND BALANCE, End of year	\$ -	\$ -	\$ 52,594	\$ 52,594

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 29,400	\$ 29,400	\$ 5,166	\$ (24,234)
Intergovernmental	-	750,000	-	(750,000)
Miscellaneous	2,900	2,900	1,923	(977)
<i>Total Revenues</i>	32,300	782,300	7,089	(775,211)
EXPENDITURES				
Capital outlay	564,500	1,314,500	103,915	1,210,585
REVENUES OVER (UNDER) EXPENDITURES	(532,200)	(532,200)	(96,826)	435,374
FUND BALANCE, Beginning of year	532,200	532,200	590,689	58,489
FUND BALANCE, End of year	\$ -	\$ -	\$ 493,863	\$ 493,863

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 13,091	\$ (16,909)
Miscellaneous	1,300	1,300	949	(351)
<i>Total Revenues</i>	31,300	31,300	14,040	(17,260)
EXPENDITURES				
Materials and services	303,600	303,600	8,087	295,513
REVENUES OVER (UNDER) EXPENDITURES	(272,300)	(272,300)	5,953	278,253
FUND BALANCE, Beginning of year	282,500	282,500	282,463	(37)
FUND BALANCE, End of year	\$ 10,200	\$ 10,200	\$ 288,416	\$ 278,216

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, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 600	\$ 600	\$ 463	\$ (137)
EXPENDITURES				
Materials and services	<u>139,700</u>	<u>139,700</u>	<u>12,004</u>	<u>127,696</u>
REVENUES OVER (UNDER) EXPENDITURES	(139,100)	(139,100)	(11,541)	127,559
FUND BALANCE, Beginning of year	<u>139,100</u>	<u>139,100</u>	<u>139,108</u>	<u>8</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,567</u>	<u>\$ 127,567</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 – INTERNAL SERVICES FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,994,700	\$ 2,068,400	\$ 2,035,429	\$ (32,971)
Miscellaneous	-	-	230	230
<i>Total Revenues</i>	1,994,700	2,068,400	2,035,659	(32,741)
EXPENDITURES				
Personnel services	1,293,800	1,288,800	1,284,397	4,403
Materials and services	635,500	644,900	598,158	46,742
Capital outlay	55,400	124,700	113,187	11,513
<i>Total Expenditures</i>	1,984,700	2,058,400	1,995,742	62,658
REVENUES OVER (UNDER) EXPENDITURES	10,000	10,000	39,917	29,917
FUND BALANCE, Beginning of year	16,600	16,600	23,820	7,220
FUND BALANCE, End of year	\$ 26,600	\$ 26,600	\$ 63,737	\$ 37,137

The Internal 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 ASSETS -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 5,122,800	\$ 5,122,800	\$ 4,861,518	\$ 4,860,044
Miscellaneous	5,500	5,500	5,681	5,681
<i>Total Revenues</i>	5,128,300	5,128,300	4,867,199	4,865,725
EXPENDITURES				
Personnel services	136,300	136,300	130,845	135,973
Materials and services	4,973,300	4,973,300	4,741,851	4,741,851
Capital outlay/depreciation	-	-	-	198,931
Contingency	13,300	13,300	-	-
<i>Total Expenditures</i>	5,122,900	5,122,900	4,872,696	5,076,755
REVENUES OVER (UNDER) EXPENDITURES				
	5,400	5,400	(5,497)	(211,030)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	92,551
NET CHANGE IN NET ASSETS	5,400	5,400	(5,497)	(118,479)
NET ASSETS, Beginning of year	181,300	181,300	239,893	2,737,468
NET ASSETS, End of year	\$ 186,700	\$ 186,700	\$ 234,396	\$ 2,618,989

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 700	\$ 700	\$ 705	\$ -
Licenses and permits	-	-	62	62
Charges for services	2,366,700	2,366,700	2,346,056	2,351,383
Miscellaneous	40,100	40,100	58,183	58,183
<i>Total Revenues</i>	2,407,500	2,407,500	2,405,006	2,409,628
EXPENDITURES				
Personnel services	1,028,200	1,028,200	983,758	1,024,145
Materials and services	1,006,000	1,037,200	919,573	933,300
Capital outlay/depreciation	92,500	92,500	19,132	274,042
Debt service	229,600	229,600	229,518	72,400
Contingency	36,100	36,100	-	-
<i>Total Expenditures</i>	2,392,400	2,423,600	2,151,981	2,303,887
REVENUES OVER (UNDER) EXPENDITURES	15,100	(16,100)	253,025	105,741
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	(250,000)	(250,000)
NET CHANGE IN NET ASSETS	(234,900)	(266,100)	3,025	(144,259)
NET ASSETS, Beginning of year	568,300	599,500	613,624	262,489
NET ASSETS, End of year	\$ 333,400	\$ 333,400	\$ 616,649	\$ 118,230

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - WATER FACILITY FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 5,000	\$ 5,000	\$ -	\$ -
Licenses and permits	16,800	16,800	17,483	17,483
Miscellaneous	6,600	6,600	3,040	3,040
<i>Total Revenues</i>	28,400	28,400	20,523	20,523
EXPENDITURES				
Capital outlay/depreciation	710,000	710,000	420,598	255,665
REVENUES OVER (UNDER) EXPENDITURES				
	(681,600)	(681,600)	(400,075)	(235,142)
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	250,000
NET CHANGE IN NET ASSETS	(431,600)	(431,600)	(150,075)	14,858
NET ASSETS, Beginning of year	984,900	984,900	933,710	6,738,648
NET ASSETS, End of year	\$ 553,300	\$ 553,300	\$ 783,635	\$ 6,753,506

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS**

JUNE 30, 2012

	<u>Sewer Reserve</u>	<u>Storm Water</u>	<u>Lighting Districts</u>
ASSETS			
Current Assets			
Cash and investments	\$ 26,661	\$ 391,906	\$ 328,659
Accounts receivable	-	112,026	35,503
<i>Total Current Assets</i>	26,661	503,932	364,162
Noncurrent Assets			
Other capital assets, net of depreciation	-	492,736	-
<i>Total Assets</i>	26,661	996,668	364,162
LIABILITIES			
Current Liabilities			
Accounts payable	634	81,496	31,287
Deposits	-	-	-
<i>Total Current Liabilities</i>	634	81,496	31,287
Noncurrent Liabilities			
Accrued compensated absences	-	34,561	1,986
Other post-employment benefits	-	83,846	10,858
<i>Total Noncurrent Liabilities</i>	-	118,407	12,844
<i>Total Liabilities</i>	634	199,903	44,131
FUND NET ASSETS			
Investment in capital assets (net of related debt)	-	492,736	-
Restricted	26,027	-	320,031
Unrestricted	-	304,029	-
<i>Total Fund Net Assets</i>	<u>\$ 26,027</u>	<u>\$ 796,765</u>	<u>\$ 320,031</u>

<i>Community Center</i>	<i>Amphitheater</i>	<i>Totals</i>
\$ 34,844	\$ 8,774	\$ 790,844
3,299	-	150,828
38,143	8,774	941,672
-	-	492,736
38,143	8,774	1,434,408
2,577	562	116,556
10,920	-	10,920
13,497	562	127,476
-	-	36,547
-	-	94,704
-	-	131,251
13,497	562	258,727
-	-	492,736
24,646	8,212	378,916
-	-	304,029
<u>\$ 24,646</u>	<u>\$ 8,212</u>	<u>\$ 1,175,681</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -****NONMAJOR PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2012**

	<u>Sewer Reserve</u>	<u>Storm Water</u>	<u>Lighting Districts</u>
OPERATING REVENUES			
Licenses and permits	\$ 12,027	\$ 4,871	\$ -
Charges for services	-	754,959	424,280
Miscellaneous	50,000	7,529	-
<i>Total Operating Revenues</i>	62,027	767,359	424,280
OPERATING EXPENSES			
Personnel services	-	637,847	20,938
Materials and services	-	246,177	414,375
Depreciation	-	70,517	-
<i>Total Operating Expenses</i>	-	954,541	435,313
OPERATING INCOME (LOSS)	62,027	(187,182)	(11,033)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	157	911	1,154
INCOME (LOSS) BEFORE TRANSFERS	62,184	(186,271)	(9,879)
Transfers in	-	210,500	-
Transfers out	(92,551)	-	-
<i>Total Transfers</i>	(92,551)	210,500	-
CHANGE IN FUND NET ASSETS	(30,367)	24,229	(9,879)
FUND NET ASSETS, Beginning of year	56,394	828,510	329,910
FUND NET ASSETS, End of year	\$ 26,027	\$ 852,739	\$ 320,031

<i>Community Center</i>	<i>Amphitheater</i>	<i>Totals</i>
\$ -	\$ -	\$ 16,898
93,384	3,570	1,276,193
21,415	-	78,944
114,799	3,570	1,372,035
14,329	-	673,114
101,479	1,053	763,084
-	-	70,517
115,808	1,053	1,506,715
(1,009)	2,517	(134,680)
75	24	2,321
(934)	2,541	(132,359)
-	-	210,500
-	-	(92,551)
-	-	117,949
(934)	2,541	(14,410)
25,580	5,671	1,246,065
<u>\$ 24,646</u>	<u>\$ 8,212</u>	<u>\$ 1,231,655</u>

CITY OF KEIZER, OREGON
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Sewer Reserve</u>	<u>Storm Water</u>	<u>Lighting Districts</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 64,023	\$ 766,976	\$ 426,182
Cash paid to employees for services	-	(608,238)	(17,593)
Cash paid to suppliers for goods and services	(29,589)	(189,256)	(389,954)
<i>Net Cash Provided by (Used in) Operating Activities</i>	34,434	(30,518)	18,635
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	210,500	-
Transfers out	(92,551)	-	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(92,551)	210,500	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(135,245)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	157	911	1,154
<i>Increase (Decrease) in Cash and Investments</i>	(57,960)	45,648	19,789
CASH AND INVESTMENTS, Beginning of year	84,621	346,258	308,870
CASH AND INVESTMENTS, End of year	<u>\$ 26,661</u>	<u>\$ 391,906</u>	<u>\$ 328,659</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ 62,027	\$ (187,182)	\$ (11,033)
Depreciation	-	70,517	-
<i>Change in assets and liabilities</i>			
Accounts receivable	1,996	(383)	1,902
Accounts payable and accrued liabilities	(29,589)	56,921	24,421
Compensated absences payable	-	1,737	(265)
Other post-employment benefits	-	27,872	3,610
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 34,434</u>	<u>\$ (30,518)</u>	<u>\$ 18,635</u>

<i>Community Center</i>	<i>Amphitheater</i>	<i>Totals</i>
\$ 112,937	\$ 3,570	\$ 1,373,688
(14,329)	-	(640,160)
<u>(99,692)</u>	<u>(615)</u>	<u>(709,106)</u>
(1,084)	2,955	24,422
-	-	210,500
<u>-</u>	<u>-</u>	<u>(92,551)</u>
-	-	117,949
-	-	(135,245)
<u>75</u>	<u>24</u>	<u>2,321</u>
(1,009)	2,979	9,447
<u>35,853</u>	<u>5,795</u>	<u>781,397</u>
<u>\$ 34,844</u>	<u>\$ 8,774</u>	<u>\$ 790,844</u>
\$ (1,009)	\$ 2,517	\$ (134,680)
-	-	70,517
(3,299)	-	216
3,224	438	55,415
-	-	1,472
<u>-</u>	<u>-</u>	<u>31,482</u>
<u>\$ (1,084)</u>	<u>\$ 2,955</u>	<u>\$ 24,422</u>

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,600	\$ 3,600	\$ 14,023	\$ 12,027
Miscellaneous	51,400	51,400	50,157	50,157
<i>Total Revenues</i>	55,000	55,000	64,180	62,184
EXPENDITURES				
Capital outlay/depreciation	304,000	304,000	92,551	-
Contingency	10,700	10,700	-	-
<i>Total Expenditures</i>	314,700	314,700	92,551	-
REVENUES OVER (UNDER)				
EXPENDITURES	(259,700)	(259,700)	(28,371)	62,184
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(92,551)
NET CHANGE IN NET ASSETS	(259,700)	(259,700)	(28,371)	(30,367)
NET ASSETS, Beginning of year	259,700	259,700	54,397	56,394
NET ASSETS, End of year	\$ -	\$ -	\$ 26,026	\$ 26,027

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 421,000	\$ 421,000	\$ 426,494	\$ 424,280
Miscellaneous	1,300	1,300	1,154	1,154
<i>Total Revenues</i>	422,300	422,300	427,648	425,434
EXPENDITURES				
Personnel services	19,800	19,800	17,593	20,938
Materials and services	403,600	413,600	414,375	414,375
Contingency	36,700	26,700	-	-
<i>Total Expenditures</i>	460,100	460,100	431,968	435,313
NET CHANGE IN NET ASSETS	(37,800)	(37,800)	(4,320)	(9,879)
NET ASSETS, Beginning of year	294,200	294,200	301,682	329,910
NET ASSETS, End of year	<u>\$ 256,400</u>	<u>\$ 256,400</u>	<u>\$ 297,362</u>	<u>\$ 320,031</u>

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL – STORM WATER FUND
YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 1,000	\$ 1,000	\$ 4,871	\$ 4,871
Charges for services	755,600	755,600	756,220	754,959
Miscellaneous	400	400	8,440	8,440
<i>Total Revenues</i>	757,000	757,000	769,531	768,270
EXPENDITURES				
Personnel services	540,300	631,400	608,238	637,847
Materials and services	298,900	301,600	246,177	246,177
Capital outlay/depreciation	146,600	146,600	135,245	70,517
Contingency	109,200	40,000	-	-
<i>Total Expenditures</i>	1,095,000	1,119,600	989,660	954,541
REVENUES OVER (UNDER) EXPENDITURES	(338,000)	(362,600)	(220,129)	(186,271)
OTHER FINANCING SOURCES (USES)				
Transfers in	210,500	210,500	210,500	210,500
NET CHANGE IN NET ASSETS	(127,500)	(152,100)	(9,629)	24,229
NET ASSETS, Beginning of year	358,400	383,000	398,576	828,510
NET ASSETS, End of year	\$ 230,900	\$ 230,900	\$ 388,947	\$ 852,739

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL – COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2012

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 91,300	\$ 91,300	\$ 93,384	\$ 93,384
Miscellaneous	10,100	21,600	21,490	21,490
<i>Total Revenues</i>	101,400	112,900	114,874	114,874
EXPENDITURES				
Personnel services	20,400	20,400	14,329	14,329
Materials and services	9,000	99,500	99,481	101,479
Capital outlay	1,600	2,600	1,998	-
Contingency	5,000	-	-	-
<i>Total Expenditures</i>	36,000	122,500	115,808	115,808
REVENUES OVER (UNDER) EXPENDITURES	65,400	(9,600)	(934)	(934)
OTHER FINANCING SOURCES (USES)				
Transfers out	(75,000)	-	-	-
NET CHANGE IN NET ASSETS	(9,600)	(9,600)	(934)	(934)
NET ASSETS, Beginning of year	20,000	20,000	25,580	25,580
NET ASSETS, End of year	\$ 10,400	\$ 10,400	\$ 24,646	\$ 24,646

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL – AMPHITHEATER FUND
YEAR ENDED JUNE 30, 2012**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,800	\$ 1,800	\$ 3,594	\$ 3,594
EXPENDITURES				
Materials and services	3,000	3,000	1,053	1,053
Capital outlay	3,500	3,500	-	-
<i>Total Expenditures</i>	<u>6,500</u>	<u>6,500</u>	<u>1,053</u>	<u>1,053</u>
REVENUES OVER (UNDER) EXPENDITURES	(4,700)	(4,700)	2,541	2,541
NET ASSETS, Beginning of year	<u>4,700</u>	<u>4,700</u>	<u>5,671</u>	<u>5,671</u>
NET ASSETS, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,212</u>	<u>\$ 8,212</u>

CITY OF KEIZER, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2012

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2011</i>	<i>2011-2012 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2012</i>
2011-2012	\$ -	\$ 8,117,719	\$ 949	\$ (234,443)	\$ (7,527,445)	\$ 356,780
2010-2011	325,118	-	32	(32,425)	(139,358)	153,367
2009-2010	165,180	-	-	(26,581)	(46,647)	91,952
2008-2009	88,038	-	-	(760)	(52,009)	35,269
2007-2008	26,448	-	-	(346)	(18,262)	7,840
2006-2007	5,830	-	-	(365)	(1,321)	4,144
2005-2006	4,027	-	-	(262)	(630)	3,135
Prior Years	11,940	-	-	(148)	(566)	11,226
Total	\$ 626,581	\$ 8,117,719	\$ 981	\$ (295,330)	\$ (7,786,238)	\$ 663,713

CITY OF KEIZER, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2012

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

	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Unmatured Interest Outstanding July 1, 2011</i></u>
<i>INTEREST TRANSACTIONS</i>			
Gas Tax Revenue Bonds 2005	3.92%	2005	\$ 96,334
2005 Water Revenue Loan	4.10%	2005	413,998
URA Credit Facility	variable	2009	585,200
Keizer Station LID Bonds 2008	5.20%	2008	<u>25,334,400</u>
			<u><u>\$ 26,429,932</u></u>

<i>Outstanding July 1, 2011</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2012</i>
\$ 953,000	\$ -	\$ (176,000)	\$ 777,000
1,895,000	-	(155,000)	1,740,000
2,660,000	-	-	2,660,000
24,360,000	-	(820,000)	23,540,000
<u>\$ 29,868,000</u>	<u>\$ -</u>	<u>\$ (1,151,000)</u>	<u>\$ 28,717,000</u>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Adjustments</i>	<i>Unmatured Interest June 30, 2012</i>
\$ -	\$ (33,908)	\$ -	\$ 62,426
-	(74,518)	-	339,480
-	(49,408)	(163,392)	372,400
-	(1,249,300)	(827,580)	23,257,520
<u>\$ -</u>	<u>\$ (1,407,134)</u>	<u>\$ (990,972)</u>	<u>\$ 24,031,826</u>

CITY OF KEIZER, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
JUNE 30, 2012

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Gas Tax Revenue Bonds 2005</i>			<i>2005 Water Revenue Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 183,000	\$ 26,872	\$ 209,872	\$ 165,000	\$ 67,958	\$ 232,958
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>\$ 777,000</u>	<u>\$ 62,426</u>	<u>\$ 839,426</u>	<u>\$ 1,740,000</u>	<u>\$ 339,479</u>	<u>\$ 2,079,479</u>

<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>
\$ 1,660,000	\$ 52,072	\$ 1,712,072	\$ -	\$ 1,224,080	\$ 1,224,080
-	23,138	23,138	-	1,224,080	1,224,080
-	23,138	23,138	-	1,224,080	1,224,080
1,000,000	20,374	1,020,374	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	-	1,224,080	1,224,080
-	-	-	23,540,000	1,224,080	24,764,080
<u>\$ 2,660,000</u>	<u>\$ 118,722</u>	<u>\$ 2,778,722</u>	<u>\$ 23,540,000</u>	<u>\$ 23,257,520</u>	<u>\$ 46,797,520</u>

CITY OF KEIZER, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)
JUNE 30, 2012

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 2,008,000	\$ 1,370,982	\$ 3,378,982
2014	360,000	1,327,869	1,687,869
2015	378,000	1,313,089	1,691,089
2016	1,391,000	1,294,923	2,685,923
2017	190,000	1,262,825	1,452,825
2018	200,000	1,254,830	1,454,830
2019	210,000	1,246,425	1,456,425
2020	215,000	1,237,713	1,452,713
2021	225,000	1,228,691	1,453,691
2022	-	1,224,080	1,224,080
2023	-	1,224,080	1,224,080
2024	-	1,224,080	1,224,080
2025	-	1,224,080	1,224,080
2026	-	1,224,080	1,224,080
2027	-	1,224,080	1,224,080
2028	-	1,224,080	1,224,080
2029	-	1,224,080	1,224,080
2030	-	1,224,080	1,224,080
2031	23,540,000	1,224,080	24,764,080
	<u>\$ 28,717,000</u>	<u>\$ 23,778,147</u>	<u>\$ 52,495,147</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 ASSETS BY COMPONENT
LAST TEN FISCAL YEARS - UNAUDITED

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 60,995,473	\$ 62,638,605	\$ 62,122,700	\$ 33,163,849
Restricted for special purposes	11,917,026	10,830,084	7,537,733	33,709,977
Unrestricted	<u>621,715</u>	<u>739,296</u>	<u>1,119,801</u>	<u>2,257,559</u>
Total governmental activities net assets	73,534,214	74,207,985	70,780,234	69,131,385
Business-type activities:				
Invested in capital assets, net of related debt	8,130,948	8,114,069	7,820,911	7,223,995
Restricted for special purposes	1,162,551	1,358,513	1,967,905	2,640,776
Unrestricted	<u>1,372,907</u>	<u>1,456,114</u>	<u>1,299,094</u>	<u>1,386,663</u>
Total business-type activities net assets	10,666,406	10,928,696	11,087,910	11,251,434
Total government				
Invested in capital assets, net of related debt	69,126,421	70,752,674	69,943,611	40,387,844
Restricted for special purposes	13,079,577	12,188,597	9,505,638	36,350,753
Unrestricted	<u>1,994,622</u>	<u>2,195,410</u>	<u>2,418,895</u>	<u>3,644,222</u>
Total government net assets	<u>\$ 84,200,620</u>	<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>

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

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

<i>Fiscal Year</i>						
<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	
\$ 30,392,428	\$ 28,189,116	\$ 27,955,845	\$ 23,224,084	\$ 16,394,836	\$ 15,241,660	
34,612,171	7,064,192	4,336,275	4,192,611	3,848,710	5,731,314	
3,462,013	2,491,374	3,133,453	3,182,409	7,106,856	3,385,922	
68,466,612	37,744,682	35,425,573	30,599,104	27,350,402	24,358,896	
6,247,552	5,883,166	5,281,178	5,692,550	6,598,348	6,756,074	
2,569,911	3,111,776	3,193,748	1,446,926	1,138,347	768,777	
2,383,818	1,782,778	1,160,811	2,004,662	1,320,732	-	
11,201,281	10,777,720	9,635,737	9,144,138	9,057,427	7,524,851	
36,639,980	34,072,282	33,237,023	28,916,634	22,993,184	21,997,734	
37,182,082	10,175,968	7,530,023	5,639,537	4,987,057	6,500,091	
5,845,831	4,274,152	4,294,264	5,187,071	8,427,588	3,385,922	
<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>	<u>\$ 31,883,747</u>	

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses:				
Governmental activities:				
General government	\$ 1,406,963	\$ 1,282,546	\$ 1,206,448	\$ 1,348,120
Community and youth services	8,719	11,019	18,041	38,009
Community development	5,459,845	2,854,558	2,980,764	2,945,798
Parks	318,911	308,754	355,892	427,843
Public safety	6,454,171	6,299,787	6,404,239	6,885,994
Public works	1,404,779	1,452,880	1,480,993	1,483,813
Stadium operations	-	-	-	-
Interest on long-term debt	1,327,508	1,434,549	1,549,187	1,549,789
Total governmental activities expense	<u>16,380,896</u>	<u>13,644,093</u>	<u>13,995,564</u>	<u>14,679,366</u>
Business-type activities:				
Water	2,559,552	2,591,674	2,610,480	2,689,164
Sewer	5,076,755	5,124,701	5,117,610	4,729,024
Storm water	954,541	779,980	573,790	464,071
Community center	115,808	12,366	-	-
Amphitheater	1,053	950	-	-
Street lighting	435,313	418,929	423,953	428,905
Total business-type activities expense	<u>9,143,022</u>	<u>8,928,600</u>	<u>8,725,833</u>	<u>8,311,164</u>
Total City expenses	25,523,918	22,572,693	22,721,397	22,990,530
Program Revenues:				
Governmental activities:				
Fees, fines, and charges for services:				
General government	177,073	145,020	181,547	131,297
Community development	35,079	35,235	57,006	28,097
Parks	2,604	2,534	2,587	2,844
Public safety	648,165	574,574	731,465	618,027
Public works	123	8,779	1,215	14,565
Stadium operations	46,696	41,627	42,390	47,275
Operating grants and contributions	2,402,228	2,289,262	1,880,643	1,875,598
Capital grants and contributions	92,063	97,663	247,068	223,477
Total governmental activities program revenues	<u>3,404,031</u>	<u>3,194,694</u>	<u>3,143,921</u>	<u>2,941,180</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	2,407,469	2,420,266	2,480,006	2,587,519
Sewer and storm water	5,694,866	5,608,798	5,463,673	5,100,487
Community center	114,799	95,532	-	-
Amphitheater	3,570	2,531	-	-
Street lighting	424,280	464,933	454,933	451,641
Operating grants and contributions	-	-	-	-
Capital grants and contributions	17,483	19,104	49,265	35,006
Total business-type activities program revenues	<u>8,662,467</u>	<u>8,611,164</u>	<u>8,447,877</u>	<u>8,174,653</u>
Total City program revenues	<u>12,066,498</u>	<u>11,805,858</u>	<u>11,591,798</u>	<u>11,115,833</u>

<i>Fiscal Year</i>						
<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	
\$ 1,031,186	\$ 1,105,397	\$ 1,482,804	\$ 2,263,474	\$ 2,156,572	\$ 1,790,961	
54,396	5,891	5,104	4,400	441	1,296	
1,860,120	2,477,616	2,169,848	1,553,543	799,064	870,278	
282,921	182,179	177,860	175,029	110,806	107,900	
6,208,351	5,779,195	5,426,593	5,181,421	4,512,031	4,592,191	
2,468,103	1,477,995	1,498,709	726,596	739,176	682,003	
-	-	40,515	40,610	38,343	36,300	
1,289,655	984,239	607,443	190,224	224,631	-	
<u>13,194,732</u>	<u>12,012,512</u>	<u>11,408,876</u>	<u>10,135,297</u>	<u>8,581,064</u>	<u>8,080,929</u>	
2,714,457	2,253,494	2,192,830	2,041,226	1,836,951	1,767,710	
4,500,964	4,335,363	4,106,832	4,074,941	3,961,489	3,587,126	
416,783	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
202,530	406,052	397,772	399,682	379,419	380,140	
<u>7,834,734</u>	<u>6,994,909</u>	<u>6,697,434</u>	<u>6,515,849</u>	<u>6,177,859</u>	<u>5,734,976</u>	
21,029,466	19,007,421	18,106,310	16,651,146	14,758,923	13,815,905	
159,604	147,399	156,286	147,149	128,098	118,111	
47,762	67,114	125,927	57,207	77,946	64,099	
2,350	3,201	2,780	2,350	194,560	196,385	
652,000	654,136	723,302	473,327	372,964	443,464	
16,067	60,448	212,908	82,025	20,080	11,938	
61,812	57,425	56,798	53,053	65,847	44,667	
2,142,073	2,127,964	2,783,622	1,904,784	1,769,053	1,595,022	
27,454,887	440,321	1,647,944	617,998	68,733	34,396	
<u>30,536,555</u>	<u>3,558,008</u>	<u>5,709,567</u>	<u>3,337,893</u>	<u>2,697,281</u>	<u>2,508,082</u>	
2,506,207	2,832,074	2,188,101	1,997,748	2,234,050	1,859,555	
4,757,838	4,418,375	3,906,054	3,905,878	4,030,082	3,500,601	
-	-	-	-	-	-	
-	-	-	-	-	-	
423,013	404,918	470,218	467,401	454,536	387,954	
72,364	27,783	23,913	2,934	11,668	18,917	
208,741	276,365	442,663	378,485	-	-	
<u>7,968,163</u>	<u>7,959,515</u>	<u>7,030,949</u>	<u>6,752,446</u>	<u>6,730,336</u>	<u>5,767,027</u>	
<u>38,504,718</u>	<u>11,517,523</u>	<u>12,740,516</u>	<u>10,090,339</u>	<u>9,427,617</u>	<u>8,275,109</u>	

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense) Revenue				
Governmental activities	\$ (12,976,865)	\$ (10,449,399)	\$ (10,851,643)	\$ (11,738,186)
Business-type activities	<u>(480,555)</u>	<u>(317,436)</u>	<u>(277,956)</u>	<u>(136,511)</u>
Total City activities	(13,457,420)	(10,766,835)	(11,129,599)	(11,874,697)
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes and assessments	7,951,843	7,654,368	7,625,782	7,348,334
Franchise taxes	2,462,290	2,475,239	2,371,341	2,398,389
Intergovernmental	887,403	918,055	894,860	920,506
Miscellaneous	1,212,058	1,452,870	1,698,151	1,868,577
Gain (loss) on sale of capital assets	-	1,522,293	-	-
Transfers	<u>(210,500)</u>	<u>(145,675)</u>	<u>(169,941)</u>	<u>(132,847)</u>
Total governmental activities	12,303,094	13,877,150	12,420,193	12,402,959
Business-type activities				
Miscellaneous	7,765	12,547	24,790	53,817
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	<u>210,500</u>	<u>145,675</u>	<u>169,941</u>	<u>132,847</u>
Total business-type activities	218,265	158,222	194,731	186,664
Total City revenues	<u>12,521,359</u>	<u>14,035,372</u>	<u>12,614,924</u>	<u>12,589,623</u>
Change in Net Assets				
Governmental activities	(673,771)	3,427,751	1,568,550	664,773
Business-type activities	<u>(262,290)</u>	<u>(159,214)</u>	<u>(83,225)</u>	<u>50,153</u>
	(936,061)	3,268,537	1,485,325	714,926
Net Assets, July 1				
Governmental activities	74,207,985	70,780,234	69,131,385	68,466,612
Business-type activities	<u>10,928,696</u>	<u>11,087,910</u>	<u>11,251,434</u>	<u>11,201,281</u>
	85,136,681	81,868,144	80,382,819	79,667,893
Business-type activities - change in capitalization policy	-	-	-	-
Total Government	<u>85,136,681</u>	<u>81,868,144</u>	<u>80,382,819</u>	<u>79,667,893</u>
Net Assets, June 30				
Governmental activities	73,534,214	74,207,985	70,699,935	69,131,385
Business-type activities	<u>10,666,406</u>	<u>10,928,696</u>	<u>11,168,209</u>	<u>11,251,434</u>
Total Government	<u>\$ 84,200,620</u>	<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>

<i>Fiscal Year</i>					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 17,341,823	\$ (8,454,504)	\$ (5,699,309)	\$ (6,797,404)	\$ (5,883,783)	\$ (5,572,847)
133,429	964,606	333,515	236,597	552,477	32,051
17,475,252	(7,489,898)	(5,365,794)	(6,560,807)	(5,331,306)	(5,540,796)
8,896,151	6,062,528	6,782,351	6,332,711	6,053,862	5,770,274
2,385,307	2,283,966	2,156,426	1,947,010	1,961,642	1,793,520
929,684	891,629	750,630	771,629	744,190	701,662
1,334,201	1,524,730	829,146	260,848	209,733	198,299
(9,731)	-	-	733,908	(94,140)	-
(155,506)	10,760	7,230	-	-	-
13,380,106	10,773,613	10,525,783	10,046,106	8,875,287	8,463,755
134,627	188,137	165,315	50,115	27,270	23,397
-	-	-	(200,000)	-	-
155,506	(10,760)	(7,230)	-	-	-
290,133	177,377	158,085	(149,885)	27,270	23,397
13,670,239	10,950,990	10,683,868	9,896,221	8,902,557	8,487,152
30,721,929	2,319,109	4,826,474	3,248,702	2,991,504	2,890,908
423,562	1,141,983	491,600	86,712	579,747	55,448
31,145,491	3,461,092	5,318,074	3,335,414	3,571,251	2,946,356
37,744,683	35,425,574	30,599,100	27,350,398	24,358,894	21,467,986
10,777,719	9,635,736	9,144,136	9,057,424	8,477,677	8,877,447
48,522,402	45,061,310	39,743,236	36,407,822	32,836,571	30,345,433
48,522,402	45,061,310	39,743,236	36,407,822	32,836,571	(455,218) 29,890,215
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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General fund				
Unreserved	\$ -	\$ -	\$ 1,514,530	\$ 1,435,308
Unassigned	1,877,738	1,646,079	-	-
Total General Fund	<u>\$ 1,877,738</u>	<u>\$ 1,646,079</u>	<u>\$ 1,514,530</u>	<u>\$ 1,435,308</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ 4,090,716	\$ 4,584,359
Debt service funds	-	-	2,720,399	4,246,857
Capital project funds	-	-	-	-
Restricted	13,631,432	10,189,183	-	-
Total all other governmental funds	<u>\$ 13,631,432</u>	<u>\$ 10,189,183</u>	<u>\$ 6,811,115</u>	<u>\$ 8,831,216</u>

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

<i>Fiscal Year</i>					
<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
\$ 2,291,258	\$ 1,968,796	\$ 1,469,417	\$ 1,243,622	\$ 1,537,345	\$ 1,093,153
-	-	-	-	-	-
<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>	<u>\$ 1,093,153</u>
\$ 5,468,241	\$ 8,070,211	\$ 6,347,390	\$ 4,962,340	\$ 8,197,162	\$ 6,951,770
2,854,800	-	-	-	-	-
707,761	(581,180)	(518,476)	935,397	908,703	683,897
-	-	-	-	-	-
<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>	<u>\$ 7,635,667</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues				
Taxes and assessments	\$ 9,468,976	\$ 9,449,329	\$ 9,871,770	\$ 9,488,164
Licenses and permits	2,706,955	2,802,152	2,791,477	2,658,711
Intergovernmental	3,252,754	3,121,931	2,727,373	2,821,871
Fines and forfeitures	648,165	574,574	731,465	618,027
Miscellaneous	338,558	212,061	315,239	491,633
Total revenues	16,415,408	16,160,047	16,437,324	16,078,406
Expenditures				
Current operating:				
General government	1,377,214	1,230,536	1,151,914	1,095,746
Community and youth services	8,719	11,019	17,877	17,019
Community development	627,441	736,517	786,471	1,285,094
Parks	261,696	232,665	264,013	279,770
Public safety	5,874,096	5,858,204	5,863,258	6,076,101
Public works	743,603	781,393	752,322	761,352
Stadium operations	-	-	-	-
Capital outlay	1,309,615	2,303,875	2,886,717	13,592,575
Debt service				
Principal	996,000	3,269,000	5,613,000	3,657,000
Interest	1,332,616	1,452,260	1,522,690	1,586,437
Total expenditures	12,531,000	15,875,469	18,858,262	28,351,094
Revenues over (under) expenditures	3,884,408	284,578	(2,420,938)	(12,272,688)
Other financing sources (uses)				
Issuance of debt	-	260,000	650,000	11,350,000
Land sale proceeds	-	3,121,820	-	-
Transfers in	546,289	718,715	1,948,067	1,151,282
Transfers out	(756,789)	(864,390)	(2,118,008)	(1,284,129)
Total other financing sources (uses)	(210,500)	3,236,145	480,059	11,217,153
Net change in fund balances	3,673,908	3,520,723	(1,940,879)	(1,055,535)
Fund balance, beginning of year	11,835,262	8,314,539	10,266,524	11,322,059
Fund balance, end of year	<u>\$ 15,509,170</u>	<u>\$ 11,835,262</u>	<u>\$ 8,325,645</u>	<u>\$ 10,266,524</u>
Debt service as a percentage of noncapital expenditures	20.8%	34.8%	44.7%	35.5%

<i>Fiscal Year</i>						
<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	
\$ 8,932,759	\$ 6,167,077	\$ 6,885,664	\$ 6,433,869	\$ 6,071,753	\$ 5,743,671	
3,179,645	2,874,189	3,331,392	2,345,388	2,191,270	1,942,555	
2,971,347	3,076,740	3,481,103	2,630,074	2,544,839	2,320,107	
652,000	654,136	545,247	473,327	372,964	443,464	
1,503,243	1,613,935	2,029,377	819,887	531,912	498,393	
17,238,994	14,386,077	16,272,783	12,702,545	11,712,738	10,948,190	
841,054	812,189	745,142	841,178	643,722	588,800	
54,396	5,891	5,104	4,400	441	1,296	
1,166,860	1,164,131	781,603	1,636,548	792,396	606,088	
249,751	161,422	161,308	132,165	110,801	107,661	
5,968,617	5,519,381	5,155,034	5,001,246	4,498,140	4,417,328	
961,381	848,079	734,385	716,465	665,252	642,068	
-	-	40,515	40,610	38,343	36,300	
7,792,381	6,747,010	25,755,507	7,811,339	2,084,622	1,264,843	
30,410,000	145,000	4,445,000	750,000	740,000	725,000	
1,123,815	984,239	607,443	190,224	224,631	256,600	
48,568,255	16,387,342	38,431,041	17,124,175	9,798,348	8,645,984	
(31,329,261)	(2,001,265)	(22,158,258)	(4,421,630)	1,914,390	2,302,206	
33,349,000	4,150,000	22,308,000	-	-	-	
-	-	-	919,778	-	-	
51,540	378,727	1,349,753	284,491	78,574	95,088	
(207,046)	(367,967)	(1,342,523)	(284,491)	(78,574)	(95,088)	
33,193,494	4,160,760	22,315,230	919,778	-	-	
1,864,233	2,159,495	156,972	(3,501,852)	1,914,390	2,302,206	
9,457,826	7,298,331	7,141,359	10,643,210	8,728,820	6,426,614	
<u>\$ 11,322,059</u>	<u>\$ 9,457,826</u>	<u>\$ 7,298,331</u>	<u>\$ 7,141,358</u>	<u>\$ 10,643,210</u>	<u>\$ 8,728,820</u>	
77.3%	11.7%	39.9%	10.1%	12.5%	13.3%	

STATISTICAL SECTION

REVENUE CAPACITY

CITY OF KEIZER, OREGON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

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

<i>June 30,</i>	<i>Residential Property</i>	<i>Farm Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>
2002-03	\$ 1,158,236	\$ 2,412	\$ 221,825	\$ 3,698
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

* Per \$1,000 of assessed value

Source: Marion County Assessor's Office

<i>Personal Property</i>	<i>Utility Property</i>	<i>Total Measure 50 Assessed Value</i>	<i>Total Direct Tax Rate *</i>	<i>Real Market Value</i>
\$ 19,827	\$ 31,314	\$ 1,437,312	\$ 2.08	\$ 1,814,135
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

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

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
City of Keizer	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
Overlapping Governments:					
Marion County	3.02	3.02	3.02	3.02	3.02
Keizer Fire District	1.84	1.84	1.85	1.50	1.85
Marion County Fire District	2.35	2.42	2.40	2.53	2.51
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
School District	6.44	6.31	6.53	6.58	6.46
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.88	0.79	0.89	0.71	0.70
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>\$ 17.80</u>	<u>\$ 17.65</u>	<u>\$ 17.96</u>	<u>\$ 17.61</u>	<u>\$ 17.81</u>

Source: Marion County Assessor's Office

<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
3.02	3.02	3.02	3.02	3.02
1.85	1.87	1.88	1.87	1.54
2.37	2.34	2.35	2.37	2.42
0.05	0.05	0.05	0.05	0.05
6.45	6.61	7.11	6.89	6.88
0.30	0.30	0.30	0.30	0.28
0.94	0.96	0.96	0.77	0.76
0.08	0.08	0.08	0.08	0.08
<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
<u>\$ 17.90</u>	<u>\$ 18.07</u>	<u>\$ 18.59</u>	<u>\$ 18.19</u>	<u>\$ 17.87</u>

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

Private Enterprise	Industry	Rank	2012	
			Assessed Valuation	Percent of Total Assessed Value
Donahue Schriber Realty Group LP	Real Estate	1	\$ 49,049,190	1.91%
Lowe's HIW Inc	Retail	2	11,708,945	0.46%
Target Corporation	Retail	3	10,156,008	0.40%
Emerald Pointe LLC	Real Estate	4	10,976,421	0.43%
Nationwide Health Properties Inc	Retirement Center	5	9,806,100	0.38%
Keizer Road Apartments LLC	Real Estate	6	8,551,010	0.33%
Keizer Schoolhouse LLC	Real Estate	7	8,090,390	0.32%
A Lee Sjothun Investments	Real Estate	8	6,483,220	0.25%
Hidden Creek Loop Apartments	Real Estate	9	6,001,130	0.23%
Keizer Hospitality	Hotel	10	5,208,753	0.20%
Team Management Co., Ltd.	Real Estate			
Sandstrum, Matthew & Sandstrum Homes	Real Estate			
Lydon Family LTD & Lydon Construction	Real Estate			
Safeway, Inc.	Retail			
McNary Heights Apartments LLC	Real Estate			
Public Utilities				
Northwest Natural Gas Co	Natural Gas		14,082,400	0.55%
Portland General Electric Co	Electricity		13,641,000	0.53%
Qwest Corporation	Telephone		5,756,300	0.22%
U.S. West Communications	Telephone			
Government				
City of Keizer*	Municipality		5,231,060	0.20%
All other taxpayers			<u>2,403,165,674</u>	<u>93.58%</u>
			<u>\$ 2,567,907,601</u>	<u>100.00%</u>

Source: Marion County Assessor's Office

*Related to baseball stadium property

2003

Rank	Assessed Valuation	Percent of Total Assessed Value
7	\$ 5,514,720	0.42%
8	4,519,505	0.35%
1	13,881,382	1.07%
2	12,711,660	0.98%
6	6,513,260	0.50%
9	4,338,282	0.33%
10	3,832,850	0.30%
3	10,336,200	0.80%
4	10,036,700	0.77%
5	7,852,824	0.60%
	1,298,322	0.10%
	<u>1,217,486,185</u>	<u>93.77%</u>
	<u>\$ 1,298,321,890</u>	<u>100.00%</u>

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

<i>year ended June 30,</i>	<i>Taxes levied in the fiscal year</i>	<i>Collected in fiscal year of levy</i>		<i>Collections in subsequent years</i>	<i>Total Collections</i>	
		<i>Amount</i>	<i>% of Levy</i>		<i>Amount</i>	<i>% of Levy</i>
2002-03	\$ 2,541,447	\$ 2,360,526	92.88%	\$ 180,536	\$ 2,541,062	99.98%
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%	90,132	2,893,311	99.96%
2006-07	3,140,075	3,039,852	96.81%	98,066	3,137,918	99.93%
2007-08	3,225,446	3,125,233	96.89%	96,387	3,221,620	99.88%
2008-09	3,488,040	3,339,325	95.74%	132,296	3,471,621	99.53%
2009-10	3,533,537	3,387,003	95.85%	104,719	3,491,722	98.82%
2010-11	3,697,042	3,544,683	95.88%	80,487	3,625,170	98.06%
2011-12	3,788,065	3,542,798	93.53%	-	3,542,798	93.53%

Source: Marion County Assessor's Office

STATISTICAL SECTION

DEBT CAPACITY

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

<i>Fiscal Year</i>	<i>Population</i>	<i>Real market value (in thousands)</i>	<i>Gross bonded debt</i>	<i>Ratio of bonded direct debt per capita</i>	<i>Ratio of bonded direct debt to market value</i>
2002-03	33,100	\$ 1,814,135	\$ 4,935,000	\$ 149.09	0.27%
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%

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, 2012 - UNAUDITED

<i>Governmental unit</i>	<i>Real Market Value (In Thousands)</i>	<i>Percent Overlapping</i>	<i>Overlapping</i>	
			<i>Gross Property-tax backed debt</i>	<i>Net Property-tax backed debt</i>
City of Keizer	\$ 2,761,019	100.00%	\$ 23,540,000	\$ -
Marion County	27,760,212	16.68%	8,898,714	-
Keizer Fire District	4,384,673	99.16%	748,631	748,631
Marion County Fire District	3,307,139	8.54%	694,713	694,713
Salem-Keizer School District 24J	21,411,456	21.62%	107,982,038	107,982,038
Gervais School District 1	571,842	0.01%	742	742
Chemeketa Community College	39,901,761	11.60%	15,588,617	10,214,825
Willamette ESD	43,305,779	10.69%	2,295,679	196,193
Total direct and overlapping debt			<u>\$ 159,749,134</u>	<u>\$ 119,837,142</u>

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

Source: Oregon State Treasury

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

<i>Fiscal Year</i>	<i>Debt Limit</i>	<i>Total Debt Applicable to Limit</i>	<i>Legal Debt Margin *</i>	<i>Total Net Debt Applicable</i>
2002-03	\$ 54,424,050	\$ 4,935,000	\$ 49,489,050	9.07%
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%

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

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

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

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

<i>Fiscal Year</i>	<i>Gross Revenues</i>	<i>Less Direct Operating Expenses</i>	<i>Net Revenues Available for Debt Service</i>	<i>Debt Service Requirements</i>			<i>Coverage</i>
				<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
STREET FUND - GAS TAX LOAN							
2002-03	\$ 1,405,803	\$ 1,002,617	\$ 403,186	\$ -	\$ -	\$ -	-
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	28,955	(27.0)
2006-07	1,942,638	2,426,546	(483,908)	145,000	65,288	210,288	(2.3)
2007-08	1,639,536	2,203,875	(564,339)	151,000	59,486	210,486	(2.7)
2008-09	1,533,741	1,574,016	(40,275)	157,000	53,449	210,449	(0.2)
2009-10	1,549,097	1,094,801	454,296	163,000	47,177	210,177	2.2
2010-11	1,809,447	1,088,712	720,735	169,000	40,670	209,670	3.4
2011-12	2,150,294	1,448,481	701,813	176,000	33,908	209,908	3.3
WATER FUND LOAN							
2002-03	\$ 1,890,154	\$ 1,416,303	\$ 473,851	\$ -	\$ -	\$ -	-
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	44,713	17.0
2006-07	2,864,857	1,796,905	1,067,952	135,000	103,833	238,833	4.5
2007-08	2,579,598	1,844,038	735,560	135,000	98,298	233,298	3.2
2008-09	2,669,862	2,098,179	571,683	140,000	92,660	232,660	2.5
2009-10	2,545,768	1,879,709	666,059	145,000	86,818	231,818	2.9
2010-11	2,447,765	1,924,941	522,824	150,000	80,770	230,770	2.3
2011-12	2,430,151	1,919,503	510,648	155,000	74,518	229,518	2.2

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<i>Fiscal Year</i>	<i>Population at July 1</i>	<i>Area (square mile)</i>	<i>Average Density (persons/square mile)</i>	<i>Total Personal Income</i>	<i>Per Capita Personal Income</i>	<i>School Enrollment</i>	<i>Average Annual Unemployment</i>
2002-03	33,100	7.36	4,497	\$ 843,752,100	\$ 25,491	7,258	7.1%
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%

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>2012</i>	<i>2003</i>
Manufacturers:			
T-Mobile	Wireless Service	600	-
Voicestream	Wireless Service	-	1,100
Norpac Foods, Incorporated	Food processor	1,097	1,042
Mitsubishi Silicon America	Silicon wafer	-	1,000
Non-manufacturers			
Salem Hospital	Healthcare	4,000	2,850
Fred Meyer, Incorporated	Grocery	-	700
Roth's IGA	Grocery	800	700
State Accident Insurance Fund	Insurance	807	837
Wal-Mart	Retail	1,000	-
Education			
Salem-Keizer School District	Primary and secondary public schools	5,000	4,000
Chemeketa Community College	State college of higher education	700	1,707
Government			
State of Oregon	State	22,000	16,189
U.S. Federal Agencies	Federal	1,600	1,700
City of Salem	Municipal	1,354	1,152
Marion County	County	1,552	1,403

STATISTICAL SECTION

OPERATING INFORMATION

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

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of municipal court citations processed	3,497	3,831	3,235	2,987
Number of land use applications processed	3	2	19	21
Number of building permits:				
Single family dwellings	24	17	49	23
Multi-family units	1	7	33	2
Valuation of permits issued (expressed in thousands)	\$ 11,892	\$ 13,621	\$ 17,300	\$ 5,306
Public Safety:				
Number of arrests by patrol officers	1,969	1,990	1,895	2,165
Number of traffic violations cited	3,229	3,610	3,483	4,580
Number of offenses	13,036	12,792	12,934	13,246
BUSINESS-TYPE ACTIVITIES:				
Water:				
Number of meters				
Single-family residential	9,426	9,414	9,456	9,422
Multi-family residential	259	255	256	257
Commercial	371	365	360	365
Consumption (ccf)				
Single-family residential	1,015,975	1,015,994	1,097,706	1,172,492
Multi-family residential	322,947	316,418	328,357	337,860
Commercial	155,693	150,304	161,689	173,914
Number of private fire lines	60	59	50	50
Sewer				
Number of accounts	10,140	10,129	10,139	10,094

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>2007-08</i>	<i>2006-07</i>	<i>2005-06</i>	<i>2004-05</i>	<i>2003-04</i>	<i>2002-03</i>
3,093	3,314	3,222	3,722	2,885	3,163
25	53	42	46	48	44
63	50	75	72	162	151
20	-	200	22	28	96
\$ 14,027	\$ 10,287	\$ 32,936	\$ 16,378	\$ 33,181	\$ 36,505
1,929	2,730	2,948	2,670	2,404	2,342
5,360	5,500	4,323	3,506	4,100	4,510
13,764	14,260	15,444	14,696	15,959	15,816
9,365	9,355	9,298	9,233	8,802	8,442
250	255	248	249	453	438
316	322	278	264	226	219
1,199,066	1,243,543	1,132,089	1,245,552	1,284,997	1,341,896
333,981	338,127	287,360	298,327	288,676	243,365
164,417	156,211	143,757	141,172	126,056	11,907
50	34	34	34	34	34
10,403	9,987	9,921	9,400	9,380	9,359

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of City owned building facilities	3	3	3	3
Public Safety:				
Number of jail facilities (holding cells)	2	2	2	2
Parks and Recreation:				
Number of Parks and Acreage:				
Neighborhood parks (15)	65.5	65.5	65.5	65.5
Community parks (2)	27	27	27	27
Regional park (1)	148	120	120	120
Landscape areas (1)	0.5	0.5	0.5	0.5
Historical areas (1)	0.5	0.5	0.5	0.5
Streets:				
Miles of streets and alleys:				
Streets - Lane Miles	204	204	204	204
Alleys	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	7	7
Number of traffic signals	20	20	20	20
BUSINESS-TYPE ACTIVITIES:				
Water System:				
Number of reservoirs	3	3	3	3
Storage capacity (in millions of gallons)	2.75	2.75	2.75	2.75
Annual production (in millions of cubic feet)	163	168	165	178
Miles of water line	106	106	106	106
Number of pump stations	16	16	15	15
Number of public hydrants	859	859	758	758
Sewer System:				
Miles of storm drains	80	77	54	54
Miles of sewer lines	105	105	105	105
Number of lift stations	1	1	1	1

2008	2007	2006	2005	2004	2003
3	3	3	3	3	3
2	2	2	0	0	0
65.5	65.5	65.5	65.5	65.5	65.5
27	27	27	27	27	27
120	120	120	0	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	203.5	203.5	120	119	118
2	2	2	2	2	2
7	6	6	3	3	3
20	20	20	15	15	14
3	2	2	1	1	1
2.75	2.25	2.25	1.50	1.50	1.50
183	196	192	182	190	186
106	105	105	130	129	129
15	14	14	14	14	15
758	758	758	758	758	758
54	54	54	55	54	54
105	104	104	121	120	120
1	1	1	1	3	3

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

<i>Fiscal Year</i>	<i>Community Development</i>	<i>General Government</i>	<i>Parks</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>Total</i>
2002-03	4.50	13.00	1.00	47.00	11.00	76.50
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

Source: City of Keizer Finance Department

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

***INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS***

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

We have audited the basic financial statements of the City of Keizer, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City'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 for expenditures in excess of appropriations as detailed in the notes to the financial statements.

OAR 162-10-0230 Internal Control

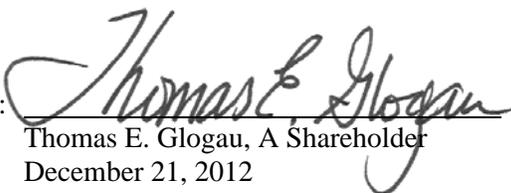
In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the council members and management of the City of Keizer, Oregon 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 21, 2012

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