

*CITY OF KEIZER  
MARION COUNTY, OREGON  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
Year Ended June 30, 2007*

*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, 2007**

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**MAYOR**

**Term Expires**

Lore Christopher  
6598 Stone Mason Lane NE  
Keizer, Oregon 97303

January 2009

**CITY COUNCIL**

Jacque Moir  
6745 McLeod Lane NE  
Keizer, Oregon 97303

January 2009

Richard Walsh  
5945 Shoreview Lane N.  
Keizer, Oregon 97303

January 2011

James Taylor  
1986 Meadowlark Drive NE  
Keizer, Oregon 97303

January 2011

David McKane  
674 Fall Creek Drive N  
Keizer, Oregon 97303

January 2009

Troy Nichols  
1085 Fir Cone Lane NE  
Keizer, Oregon 97303

January 2009

Cathy Clark  
715 Ventura Street N.  
Keizer, Oregon 97303

January 2011

930 Chemawa Road NE  
Keizer, Oregon 97303

**CITY ATTORNEY**

E. Shannon Johnson  
Lien & Johnson

**STAFF**

CITY MANAGER  
Chris Eppley

HUMAN RESOURCES DIRECTOR  
Dianne Hunt

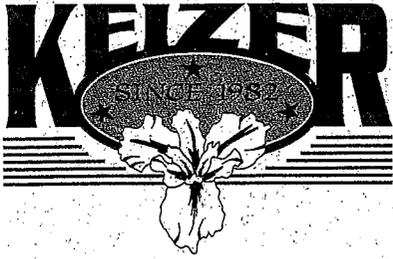
CHIEF OF POLICE  
Marc Adams

COMMUNITY DEVELOPMENT DIRECTOR  
Nathan Brown

CITY RECORDER  
Tracy Davis

PUBLIC WORKS DIRECTOR  
Rob Kissler

FINANCE DIRECTOR  
Susan Gahlsdorf



# City of Keizer

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December 17, 2007

Citizens of Keizer  
The Honorable Mayor Lore Christopher  
Members of the City Council  
Christopher Eppley, City Manager

## 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, 2007. This report was prepared by the City's Finance Department. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

This report includes all funds of the City, as well as all organizations, which meet the criteria for inclusion in the report as set forth in Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*. The City of Keizer financial statements include the Keizer Urban Renewal Agency as a blended component unit.

This report consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard City assets against loss, theft, or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure has been designed to provide reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes (1) the cost of the control structure should not exceed the benefits likely to be derived; and (2) the evaluation of cost and benefits require estimates and judgments by management.

We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data is presented accurately, in all material respects, along with disclosures necessary to provide the reader with a reasonable understanding of the City's financial affairs.

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

"Pride, Spirit and Volunteerism"

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 auditors' 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, Marion County, Oregon is a financially independent entity, governed by an elected Mayor and a six member Council, all of which are volunteers. The City employs 41 sworn police officers including the Chief, 2 captains and 7 sergeants. There are 8 clerical and technical employees who support the Police Department functions. At City Hall, the department heads include the City Manager, Public Works Director, Finance Director, Human Resources Director, Community Development Director and City Recorder. Additionally, there are 35 clerical and technical employees who support the City Hall departments and programs. There is a collective bargaining agreement with the Keizer Police Association and the Municipal Utility Workers' Local 320.

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 2007 the City's net value increased 5.3% overall and a 15.0% increase within the Urban Renewal District.

In 1996, a privately owned business came to the Willamette Valley proposing to bring minor league baseball to the area. The Keizer City Council leaped at the opportunity to have the ball club in town. Through its Urban Renewal District, Keizer entered into a partnership with this private business and, in a short 18-months, Keizer had built a state of the art facility adjacent to Interstate 5. The stadium is now a major anchor for what has become the Keizer Station commercial, industrial and mixed-use center.

The Keizer Station is a large mixed use development on 237-acres of ground adjacent to Interstate 5 exit 260. It has been in the making for over two decades and will provide thousands of jobs, an increased tax base and needed commercial retail opportunities for the citizens of Keizer. The project, under construction during fiscal year 2007 is now completed.

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 Keizer Urban Renewal District. The District was created in 1993 to strengthen the overall economic health of the commercial corridors, and enhance aesthetic appeal and safety within the District. The Area is a blended component unit of the City and is therefore an integral part of the City's reporting entity.

## ***ECONOMIC CONDITION AND OUTLOOK***

The City of Keizer was established in 1982. The first tax base was passed in November 1986 totaling \$447,810. The area that is now the City of Keizer was scarcely populated until the 1950's. By 1960, over 5,000 people resided in the area and as the 1980's arrived, so had another 7,000 people. Keizer is now the 14<sup>th</sup> largest city by population in the State of Oregon.

When the City incorporated in 1982, the City limits were aligned adjacent to the urban growth boundaries leaving little opportunity for annexation. In fact, the three annexations combined increased the City's area less than one-hundredth of one square mile.

The City of Keizer's central Willamette Valley location has directed the economic base toward local service. The majority of the workforce that resides within the City commutes into Salem or the Portland Metro area. The Keizer-Salem economy has shown a steady ability to produce jobs. The area has three primary industries including services, technology/manufacturing and government.

Review of the economic statistics presented in the statistical section of this Comprehensive Annual Financial Report shows the growth in population and residential building permits which point to a region with a stable and growing economy. However, because the City limits abut the urban growth boundaries, new construction will slow over the next ten years as infill is completed.

### ***MAJOR INITIATIVES***

The City Council has adopted both short and long-term goals to provide a framework to meet the needs of our community. Short-term goals are defined as those that can be completed within 24-months. Below is a summary of each goal and a status report for each short-term goal.

*Short Term Goals (Not Prioritized)*

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**Goal to Complete Civic Center Improvement Building Project:** Complete design of, bid, and construct City Hall and Police Department Facilities.

- ◆ **Complete design of City Hall and Police Department Facilities**
- ◆ **Let Bids for General Contractor to Construct Facilities**
- ◆ **Complete Construction of New Facilities in a Timely Manner**

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Complete Design of City Hall and Police Department	◆ Staff and Citizen Task Force work with Architects to develop a design and construction docs.	City Manager ProjectMgr Dept. Heads City Council Task Force	40	2007	11-19-07 - 90% documents are currently being reviewed and bid documents are being developed. For all intents and purposes, this task is complete.
Let Bids for GC to Construct Facility	◆ Develop Construction Docs ◆ Pre-quality potential GC firms ◆ Issue bid docs ◆ Let bid to successful GC	City Manager ProjectMgr Police Chief PW Director	50	2008	11-19-07 - Bid documents are set to be advertised in the middle of December of 2007.
Complete Construction	◆ Work to complete	City Manager	10	08-09	11-19-07 - Ground breaking on the new

in a timely manner

construction on time and within budget

ProjectMgr PW  
Director  
Police Chief

building is anticipated to be March of 2008.

**Total % of Goal Completed to date**

**40**

**Goal to Initiate a Something Special Task Force:** Council to initiate Something Special Task force to review options for and make recommendations to Council on options regarding community needs for a community center and kids recreational space, and options regarding use of 5-acre City owned parcel North of Stadium.

- ◆ **Develop options to meet community need for community center**
- ◆ **Develop options to meet community need for kids recreational space**
- ◆ **Develop options to use 5-acre parcel owned by the City located just north of the Volcano Stadium in the Keizer Station area.**

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Develop options for meeting community need for Community Center	<ul style="list-style-type: none"> <li>◆ Council initiates Something Special task force</li> <li>◆ Task force meets to discuss options to meet stated community goal for community center space.</li> <li>◆ Task force makes recommendation to City Council</li> </ul>	Task Force City Council	33	2007	3-22-07 – Task force has met and has formulated a recommendation that it will be presenting to the City Council shortly.
Develop options for meeting community need for Kids recreational space	<ul style="list-style-type: none"> <li>◆ Task force meets to discuss options to meet stated community goal for kids recreational space</li> <li>◆ Task force makes recommendation to City Council</li> </ul>	Task Force City Council	33	2007	12-07-07 – The task force has met and discussed all of the issues it was tasked to deliberate.

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Develop options for use for City owned property just north of Stadium	<ul style="list-style-type: none"> <li>◆ Task force meets to discuss options to utilize 5-acre City owned parcel of ground just north of Volcano Stadium.</li> <li>◆ Task force makes recommendation to City Council</li> </ul>	Task Force City Council	34	07-08	12-07-07 – The task force has submitted a set of recommendations to the City Council. The City Council has accepted the recommendations for consideration. The task force has been disbanded having completed its mission.

**Total % of Goal Completed to date**

**100**

**Goal to Expand Current Programming of Keizer-23 PEG Channel:** Goal for K-23 Task Force to further develop PEG programming offered to Keizer Citizens on Comcast cable channel 23.

- ◆ Develop PEG programming on K-23
- ◆ Develop guidelines for programming on K-23
- ◆ Dissolve task force and initiate standing committee to oversee K-23

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Develop PEG programming on K-23	◆ K-23 task force meets periodically to explore additional programming possibilities for K-23	Task Force City Manager City Attorney City Council	33	2007	3-22-07 – Task force has met periodically and had developed a number of ideas to expand the amount and type of programming available on K-23.
Develop guidelines and policies for programming on K-23	◆ K-23 task force meets periodically to develop a set of policies and guidelines for public use of K-23	Task Force City Manager City Attorney City Council	33	2007	12-03-07 – A draft policy was submitted to the City Council along with the final report of the task force. When the K23 Advisory Committee is formed, they will use these policies to accomplish their mission.
Dissolve task force and initiate standing over site committee	◆ Dissolve existing task force ◆ Appoint new standing committee to provide long-term direction and over site of the development of K-23 over time	Task Force City Manager City Attorney City Council	34	07-08	12-03-07 – The task force was dissolved in November of 2007 and the permanent advisory committee will be established by City Council Resolution in January of 2008.
<b>Total % of Goal Completed to date</b>			<b>100</b>		

**Goal to Complete and Adopt Updated Personnel Policies:** Goal to work with the City Council Personnel Policy Committee to review and adopt an updated set of personnel policies for the City of Keizer.

- ◆ Present Updated Personnel Policies to City Council Personnel Rules Committee
- ◆ Submit updated Personnel Policies to City Council for approval.

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Update existing personnel policies	◆ HR Director and Department Heads work with Council Personnel Policy Committee to review policies and recommend changes for Council adoption	HR Director City Manager Dept. Heads City Council	90	2007	12-03-07 – All policies have been submitted to the Personnel Rules Committee and all but three have been approved to be sent to the full City Council.
City Council approval of updated personnel policies	◆ City Council reviews and adopts changes to personnel policies	HR Director City Manager Dept. Heads City Council	10	2007	3-22-07 – Many of the reviewed policies have been reviewed and approved by City Council as they've been approved by the Personnel Rules Committee.
<b>Total % of Goal Completed to date</b>			<b>85</b>		

**Goal to Develop Strategy to Prioritize and Solicit Specific Applications for UR Grants on River Road:** Develop a strategy to identify and prioritize appropriate Urban Renewal Grant sites for sidewalk, landscaping and/or façade improvements within the River Road corridor that will further the goals developed by the River Road Renaissance Committee and the adopted Urban Renewal plan.

- ◆ Identify and prioritize potential sites for Urban Renewal sidewalk, landscaping and/or façade improvement grants
- ◆ Prioritize these sites
- ◆ Develop and execute an outreach program to encourage the owners of these specific sites to apply for said grants and make investment in their properties
- ◆ Issue grants until funding is exhausted

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Identify potential grant sites	◆ Take inventory of properties within the Urban Renewal district along River Road that would benefit from investment and promote the goals of the River Road Renaissance Committee and the adopted Urban Renewal plan	Planning Dir 3RAC KURB City Council	20	2007	12-07-07 - Work has not yet begun on this task.
Prioritize identified potential grant sites	◆ Work with Urban Renewal Advisory Board and River Road Renaissance Committee to prioritize these potential sites	Planning Dir 3RAC KURB City Council	20	2007	12-07-07 - Work has not yet begun on this task.
Create and execute outreach program	◆ Determine the best way to contact the owners of those sites that are believed to be high-value projects ◆ Make contact with site owners and attempt to gain approval for potential project partnerships	Planning Dir 3RAC KURB City Council	20	07-08	12-07-07 - Work has not yet begun on this task.
Issue grants until funding is exhausted	◆ Work with KURB to negotiate grant proposals and enter into development contracts	Planning Dir 3RAC KURB City Council	40	07-09	12-07-07 - Work has not yet begun on this task.

**Total % of Goal Completed to date**

**0**

**Goal to Complete Short-Term Projects in Public Works Master Plan:** Develop a strategy to complete those items listed in the Public Works master plan in relation to Parks, Storm Water, Sewer and Transportation.

- ◆ Complete short term goals listed in the Public Works Master Plan related to parks
- ◆ Complete short term goals listed in the Public Works Master Plan related to storm water
- ◆ Complete short term goals listed in the Public Works Master Plan related to sewers
- ◆ Complete short term goals listed in the Public Works Master Plan related to transportation

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Complete short term Parks goals	<ul style="list-style-type: none"> <li>◆ Adopt a Parks Level of Service Plan and Organizational Structure - Budget 2007</li> <li>◆ Explore funding plans and partnerships to support level of service</li> <li>◆ Adopt an up-dated Parks &amp; Recreation Master Plan</li> <li>◆ Open Keizer Rapids Park with improvements for safe public use - Soft Opening July 2007</li> <li>◆ Adopt prioritized parks project schedule for two year period - Budget 2007</li> </ul>	PW Director City Manager City Council Parks Board	25	07-09	12-07-07 - The Parks Master Plan is scheduled for a Public Hearing in front of the City Council at the 2 <sup>nd</sup> Council meeting in January of 2008.
Complete short term Storm Water goals	<ul style="list-style-type: none"> <li>◆ Adopt Level of Service plan for Storm Water - December 2007</li> <li>◆ Implement Storm Water Management Plan - December 2007</li> </ul>	PW Director City Manager City Council SWTaskForce	25	07-09	4-11-07 - Consultant has been retained and Storm Water task force has been appointed. FY 07-08 budget is being developed. This will lead to a level of service plan for this goal.
Complete short term Sewer goals	<ul style="list-style-type: none"> <li>◆ Develop Level of Service Plan</li> <li>◆ Improve coordination and dialogue with Salem on future Sewer Capitol Improvement Projects (CIP)</li> <li>◆ Monitor surcharge issue and work towards elimination</li> </ul>	PW Director City Manager City Council	25	07-09	12-07-07 - Dialogue with the City of Salem on the sewer surcharge has resulted in a recommendation from the Salem Water and Waste Water Task Force to the Salem City Council that the sewer surcharge be eliminated as proposed by Keizer. This matter is scheduled for the Salem City Council shortly.
Complete short term Transportation goals	<ul style="list-style-type: none"> <li>◆ Complete update of the Transportation Systems Plan (TSP) and identify options for additional north-south corridor and additional or enhanced freeway access. Enhance freeway access and connection to collector routes</li> <li>◆ Identify projects and timelines to meet Transportation Systems Plan</li> <li>◆ Support Third Bridge Concept that connects the Parkway to Highway 22</li> </ul>	City Manager PW Director Com Dev Dir. City Council Plan. Comm	25	07-09	12-07-07 - work on the Keizer TSP has begun. Keizer is well represented on the regional task force discussing the 3 <sup>rd</sup> bridge over the Willamette and discussions are continuing. Discussions with Marion County and ODOT regarding a northern I-5 interchange for Keizer occurs whenever practicable.

Total % of Goal Completed to date

0

**Goal to Complete a Library Survey and Determine Future Direction:** Goal to hire a professional library consultant to determine citizen wants and level of support for various types of library services. Once Council has this information, they can determine our future direction in relation to a City library.

- ◆ **Develop RFP for Library Consultant**
- ◆ **Work with Consultant to complete library survey**
- ◆ **Interpret results of survey and determine future direction for library service in Keizer**

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Develop RFP for Library Consultant	<ul style="list-style-type: none"> <li>◆ Develop RFP</li> <li>◆ Publish RFP</li> <li>◆ Evaluate proposals</li> <li>◆ Select consultant</li> </ul>	City Manager Library Tsk Frc City Council	33	2007	12-03-07 - Ruth Metz and Associates was selected as the consultant for this project.
Work with consultant to complete library survey	<ul style="list-style-type: none"> <li>◆ Work with consultant to develop and implement library survey to Keizer residents</li> </ul>	City Manager Library Tsk Frc City Council	33	2007	12-03-07 - A survey has been developed and is slated to be administered to Keizer residents this month.
Interpret results of	<ul style="list-style-type: none"> <li>◆ Task force makes recommendation to City Council</li> </ul>	Task Force City Council	34	07-08	4-11-07 - Work has not yet begun on this task.
Total % of Goal Completed to date			66		

**Goal to Explore Opportunities to Improve Public Safety:** Goal to look for opportunities as they arise to improve public safety through any and all means. This could be related to law enforcement, transportation, safety through environmental design, or other methods of improving public safety.

- ◆ **Evaluate internal structure of PD and regional law enforcement partnerships that can enhance public safety**
- ◆ **Promote safety through environmental design as development occurs**
- ◆ **Explore ways to improve the transportation system in Keizer to make it safer for the public**

<u>Task</u>	<u>Next Steps</u>	<u>Who</u>	<u>% Goal</u>	<u>FY</u>	<u>Update</u>
Evaluate internal structure of PD and law enforcement partnerships	<ul style="list-style-type: none"> <li>◆ Continue to evaluate our internal structure and needs at the PD to provide effective policing</li> <li>◆ Continue to evaluate regional law enforcement partnerships we can be involved in that will provide improved public safety for Keizer residents</li> </ul>	Police Chief City Manager City Council Budget Committee	33	07-09	4-11-07 - Work is ongoing
Promote safety through environmental design concepts	<ul style="list-style-type: none"> <li>◆ Work with developers/builders to promote safety through environmental design concepts while evaluating building permit applications and subdivision plats.</li> </ul>	Comm Dev Dir	33	07-09	4-11-07 - Work is ongoing
Explore ways to improve transportation	<ul style="list-style-type: none"> <li>◆ Update TSP</li> <li>◆ Work with Traffic Safety Commission to keep identifying</li> </ul>	Plan Comm Comm Dev Dir City Manager	34	07-08	12-7-07 - The TSP review is in process.

*Long Term Goals (not prioritized)*

1. **UGB: Explore and determine policy and direction for Urban Growth Boundary**
2. **Complete and end Urban Renewal District on or before 2012**
3. **Complete implementation of Public Works Department Strategic Plan**

**TRANSPORTATION**

- ◆ Develop a congestion management plan.
- ◆ Improve substandard streets & sidewalks on major routes.
- ◆ Develop a transportation funding strategy with cooperation of regional partners.
- ◆ Outreach and information for Neighborhood Local Improvement District for sidewalks, curbs, gutters, and lighting and encourage improvements in high blight and high crime areas.

**PARKS**

- ◆ Determine recreational programming
- ◆ Complete Improvements in Parks Master Plan
- ◆ Explore additional parks land and/or facilities or Partnerships to support Parks Master Plan and future needs
- ◆ Explore opportunities for additional parks and green space including linear green space and path opportunities.

**STORM WATER**

- ◆ Update master plan.
- ◆ Develop funding mechanism for Storm Water services for future permits by December 2007.
- ◆ Fully implement Storm Water Management Plan and prepare for future regulations.

**SEWER**

- ◆ Identify and prioritize capital improvement requirements.

**WATER**

- ◆ Increase backup agreement with Salem to 10 million gallons per day through an intergovernmental agreement.
- ◆ Develop a source water protection program.

4. **Explore and Initiate programs to enhance economic development and tourism.**
5. **Initiate an Interchange Area Management Plan within 3 years.**

## *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. Additional resources not anticipated in the original budget may be added through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and adoption by the City Council. Original and supplemental budgets may 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 six Department Heads are responsible for ensuring their departments, funds and programs fall within appropriated amounts.

### *FINANCIAL PLANNING*

The City prepares a 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.

### *RETIREMENT PROGRAMS*

The City enrolls all sworn officers and two City Hall employees in the Public Employees Retirement System of the State of Oregon. PERS acts as administrator of this pension plan. Employees that are not covered by PERS participate in a section 401(a) qualified pension plan. In addition, three deferred compensation plans are available for employees. These plans are provided through Nationwide, VALIC and ICMA/RC Deferred Compensation.

### *DEBT ADMINISTRATION*

The City has received an A- rating on general obligation issues from Moody's Investors Service. The ratings awarded by Moody's are Aaa, Aa, A, Baa, Ba, B, Caa, C and Con. Ratings of A attached to an issue classify it as an issue possessing many favorable investment attributes and considered as an upper medium grade obligation. The City currently has no general obligation debt outstanding.

### *CASH MANAGEMENT*

The Keizer City Council has adopted an investment policy through a Council resolution. Available investments include the State of Oregon Local Government Investment Pool, U.S. Government securities and certificates of deposit.

### *RISK MANAGEMENT*

During fiscal year 2007, the City continued safety awareness programs throughout its operations. The programs include safety committees, training, equipment operation manuals and signs.

The City purchases commercial insurance for all commonly insured risks. All employee groups participate in the cost of medical and dental premiums. The City pays all long-term disability and life insurance premiums up to \$60,000 coverage.

### *INDEPENDENT AUDIT*

The State of Oregon (ORS 297.405 to 297.555) requires an annual audit of the fiscal affairs of the City by independent public accountants selected by the City Council. This requirement has been complied with and the independent auditor's opinion has been included in this report.

## *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, 2006. This was the eighth 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 accountant, Debbie Engelhard whose hard work and dedication during the annual audit ensured 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.

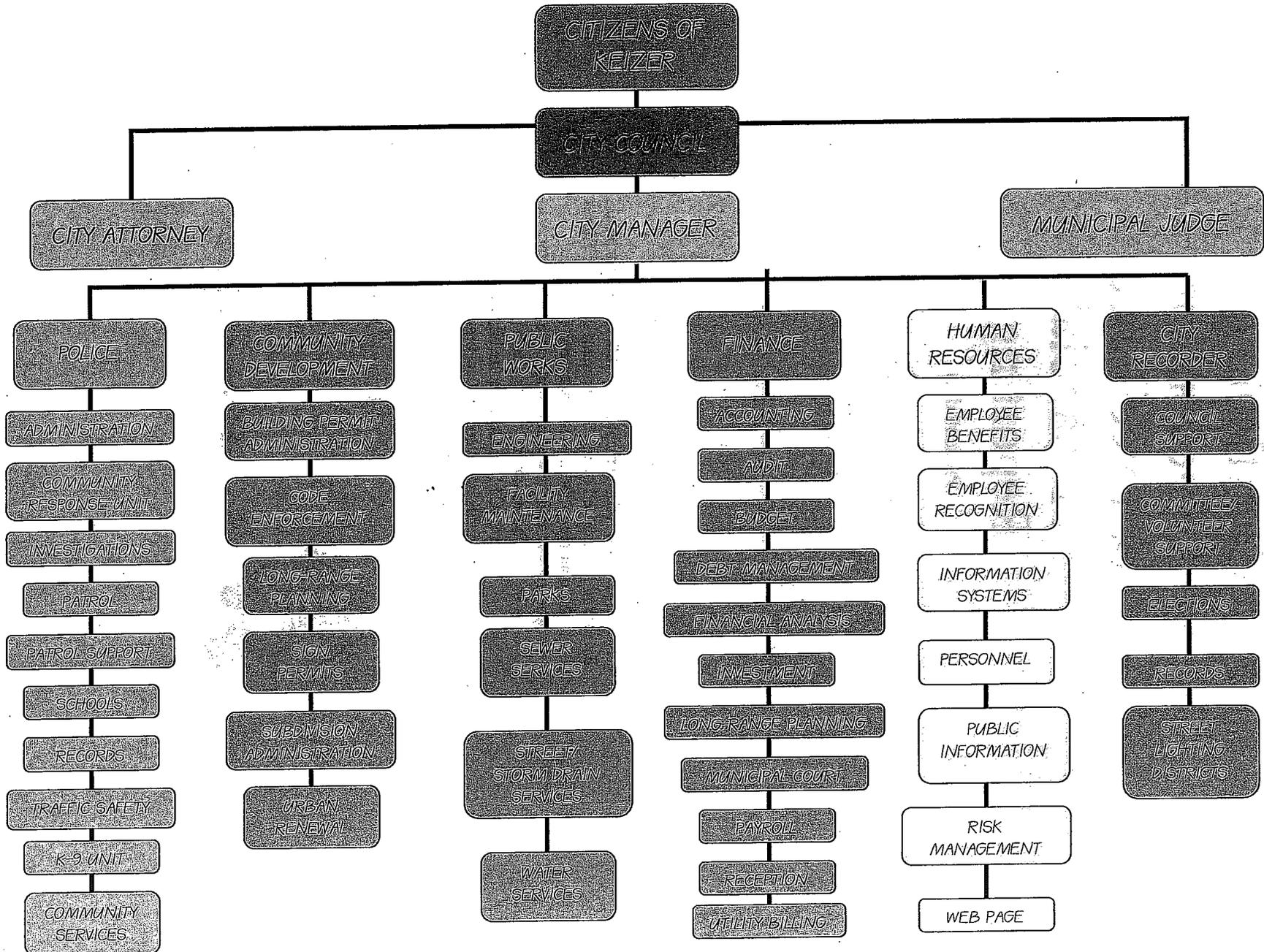
I would like to express my appreciation to the Mayor, City Council members, the Audit Committee, the Budget Committee, and the City Manager for their leadership, support and dedication, to ensure the sound financial operations of the City of Keizer. Preparation of this report would not have been successful 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, 2006

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.



President

Executive Director



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Members of the City Council  
City of Keizer  
Keizer, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon as of and for the year ended June 30, 2007, 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 an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2007 and the respective changes in financial position and its cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required and other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Keizer, Oregon. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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The data presented in the accompanying statistical and introductory sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

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

By:   
Charles A. Swank, A Shareholder  
December 14, 2007

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2007

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, 2007. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii) of the basic financial statements (beginning on page 15), and the accompanying notes to those financial statements (beginning on page 24).

## THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Keizer (the City) and its component units using the integrated approach as prescribed by GASB Statement No. 34. The *government-wide financial statements* (pages 15-16) 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 17-23) 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 Public Works. Property taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

**Business-type activities** - The City's Water and Wastewater 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.

For more detailed information, see the Statement of Net Assets (page 15).

**Table 1**  
**Statements of Net Assets**  
**As of June 30, 2007 and 2006**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Cash and investments	\$ 9,365,898	\$ 8,050,440	\$ 4,500,313	\$ 5,378,290	\$ 13,866,211	\$ 13,428,730
Other assets	1,680,690	1,183,737	1,154,914	585,940	2,835,604	1,769,677
Capital assets	53,502,116	49,263,845	8,348,166	7,150,046	61,850,282	56,413,891
Total assets	<u>64,548,704</u>	<u>58,498,022</u>	<u>14,003,393</u>	<u>13,114,276</u>	<u>78,552,097</u>	<u>71,612,298</u>
Other liabilities	1,491,022	1,764,449	760,673	878,539	2,251,695	2,642,988
Long-term debt	25,313,000	21,308,000	2,465,000	2,600,000	27,778,000	23,908,000
Total liabilities	<u>26,804,022</u>	<u>23,072,449</u>	<u>3,225,673</u>	<u>3,478,539</u>	<u>30,029,695</u>	<u>26,550,988</u>
Net assets						
Investment in capital assets, net of debt	28,189,116	27,955,845	5,883,166	5,281,178	34,072,282	33,237,023
Restricted	2,557,208	3,197,412	-	-	2,557,208	3,197,412
Unrestricted	6,998,358	4,272,316	4,894,554	4,354,559	11,892,912	8,626,875
Total net assets	<u>\$ 37,744,682</u>	<u>\$ 35,425,573</u>	<u>\$ 10,777,720</u>	<u>\$ 9,635,737</u>	<u>\$ 48,522,402</u>	<u>\$ 45,061,310</u>

**Governmental Activities**

The City's net assets from governmental activities increased (improved) 7% from \$35.4 million to \$37.7 million. This increase is the change in net assets reflected in the Statement of Activities, shown in Table 2, and explained below:

- Cash and investments increased \$1.3 million
- Other assets increased \$497 thousand, primarily as a result of
  - An increase of \$561 thousand in accounts receivable,
  - A decrease of \$35 thousand in loans receivable.
- Capital assets increased \$4.2 million, primarily as a result of capital construction for the Keizer Station project.
- Long-term debt outstanding increased by \$4 million because of draw down of the line of credit for the Keizer Station project. The City expects to form a local improvement district and issue long-term debt to repay the line of credit during fiscal year 2008.

### *Business-type Activities*

The City's net assets from business-type activities increased (improved) 12%, from \$9.6 million to \$10.8 million. This increase is the change in net assets reflected in the Statement of Activities, shown in Table 2, and explained below:

- Cash and investments decreased \$878 million
- Other assets increased \$569 thousand, primarily as a result of an increase of \$558 thousand in accounts receivables
- Capital assets increased \$1.2 million, as a result of
  - \$1.8 million for acquisition of capital assets
  - \$576 thousand of depreciation expense
- Other liabilities decreased \$139 thousand, primarily as a result of
  - An increase of \$127 thousand in accounts payables
- Long-term debt outstanding decreased \$135 thousand primarily as a result of the normal retirement of debt

### Statement of Activities

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

For more detailed information, see the Statement of Activities (page 16).

**Table 2**  
**Statements of Activities**  
For the years ending June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Program Revenues</b>						
Fines, fees & charges for services	\$ 989,723	\$ 1,278,001	\$ 7,655,367	\$ 6,564,373	\$ 8,645,090	\$ 7,842,374
Operating grants and contributions	2,127,964	2,783,622	27,783	23,913	2,155,747	2,807,535
Capital grants and contributions	440,321	1,647,944	276,365	442,663	716,686	2,090,607
<b>Total program revenues</b>	<u>3,558,008</u>	<u>5,709,567</u>	<u>7,959,515</u>	<u>7,030,949</u>	<u>11,517,523</u>	<u>12,740,516</u>
<b>General revenues</b>						
Franchise taxes	2,283,966	2,156,426	-	-	2,283,966	2,156,426
Taxes and assessments	6,062,528	6,782,351	-	-	6,062,528	6,782,351
Intergovernmental	891,629	750,630	-	-	891,629	750,630
Miscellaneous	1,524,730	829,146	188,137	165,315	1,712,867	994,461
Gain (loss) on disposal of capital assets	-	-	(4,405)	-	(4,405)	-
<b>Total general revenues</b>	<u>10,762,853</u>	<u>10,518,553</u>	<u>183,732</u>	<u>165,315</u>	<u>10,946,585</u>	<u>10,683,868</u>
<b>Total revenues</b>	<u>14,320,861</u>	<u>16,228,120</u>	<u>8,143,247</u>	<u>7,196,264</u>	<u>22,464,108</u>	<u>23,424,384</u>
<b>Expenses</b>						
Programs	12,012,512	11,408,876	6,990,504	6,697,434	19,003,016	18,106,310
Increase in net assets before transfers	2,308,349	4,819,244	1,152,743	498,830	3,461,092	5,318,074
Transfers	10,760	7,230	(10,760)	(7,230)	-	-
<b>Change in net assets</b>	<u>2,319,109</u>	<u>4,826,474</u>	<u>1,141,983</u>	<u>491,600</u>	<u>3,461,092</u>	<u>5,318,074</u>
Beginning net assets	35,425,573	30,599,099	9,635,737	9,144,137	45,061,310	39,743,236
<b>Ending net assets</b>	<u>\$ 37,744,682</u>	<u>\$ 35,425,573</u>	<u>\$ 10,777,720</u>	<u>\$ 9,635,737</u>	<u>\$ 48,522,402</u>	<u>\$ 45,061,310</u>

### **Governmental Activities**

The City's changes in net assets from governmental activities decreased 52%, from \$4.85 million to \$2.3 million. This decrease in the changes in net assets primarily reflects

- Operating grants and contributions - These are revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in operating particular program. Revenues primarily consist of state gas tax funds and system development charges (e.g. parks, streets). Operating grants and contributions decreased \$656 thousand.
- Capital grants and contributions - These are revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in capital improvement programs. Revenues primarily consist of federal and state grants (e.g. community development grants) and system development charges (e.g. transportation). Capital grants and contributions decreased \$1.2 million.
- Taxes and assessments - These are revenues arising from property taxes, street lighting district assessments and urban renewal tax increment revenues. Taxes and assessments decreased \$719 thousand primarily as a result of the reduction in the property values removed from the urban renewal district when the district's sixth amendment went into effect.

- Miscellaneous – Revenues primarily consist of interest earnings on funds held for capital construction projects (e.g. the Keizer Station development and street fund improvements) and working capital needs. Miscellaneous revenues increased \$695 thousand.
- 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, 2007 and 2006**

Programs	Fiscal Year June 30, 2007		Fiscal Year June 30, 2006		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,105,397	9.2%	\$ 1,482,804	13.0%	\$ (377,407)	-25%
Community and youth services	5,891	0.0%	5,104	0.0%	787	15%
Community development	2,477,616	20.6%	2,169,848	19.0%	307,768	14%
Parks	182,179	1.5%	177,860	1.6%	4,319	2%
Public safety	5,779,195	48.2%	5,426,593	47.6%	352,602	6%
Public works	1,477,995	12.3%	1,498,709	13.1%	(20,714)	-1%
Stadium operations	-	0.0%	40,515	0.4%	(40,515)	-100%
Interest on long-term debt	984,239	8.2%	607,443	5.3%	376,796	62%
<b>Total expenses</b>	<b>\$ 12,012,512</b>	<b>100.0%</b>	<b>\$ 11,408,876</b>	<b>100.0%</b>	<b>\$ 603,636</b>	<b>5%</b>

The increased program expenses of \$604 thousand primarily reflect an increase in interest paid for \$376 thousand, a decrease in the loss on the sale of assets for \$340 thousand, an increase in public safety personnel costs for \$274 thousand, and design services for the new civic center for \$371 thousand.

***Business-type Activities***

The City's changes in net assets from business-type activities increased 232% from \$492 thousand to \$1.1 million.

This increase in the changes in net assets primarily reflects:

- Charges for services are revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Revenues primarily consist of fees charged for water, sewer and street light utilities. Charges for services increased by \$1.1 million or 17%
- Capital grants and contributions are revenues for system development fees to pay for water, sewer and storm drain infrastructure. Grants and contributions decreased by \$166 thousand or 38%.
- 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, 2007 and 2006**

Programs	Fiscal Year June 30, 2007		Fiscal Year June 30, 2006		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,251,960	32%	\$ 2,192,830	33%	\$ 59,130	3%
Sewer	4,332,492	62%	4,106,832	61%	225,660	5%
Street Lighting	406,052	6%	397,772	6%	8,280	2%
Total expenses	<u>\$ 6,990,504</u>	<u>100%</u>	<u>\$ 6,697,434</u>	<u>100%</u>	<u>\$ 293,070</u>	<u>4%</u>

The Program expense increases of \$293 thousand primarily reflect:

- Water, sewer and street lighting consist of operations and maintenance of water, wastewater collection systems and the City's lighting districts. Cost increases primarily reflect the increase in overall operating costs to provide and maintain existing service levels. The increase in the Sewer Fund is primarily related to increases in materials and services related to revenues collected for sewer services and remitted to the City of Salem per an interagency agreement.

### 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, 2007 and 2006**

Major Funds	Fiscal Year June 30, 2007		Fiscal Year June 30, 2006		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 1,968,795	21%	\$ 1,469,417	20%	\$ 499,378	34%
Street	2,158,226	23%	2,827,411	39%	\$ (669,185)	-24%
Housing	178,036	2%	135,204	2%	\$ 42,832	32%
Urban Renewal Project	265,043	3%	1,473,449	20%	\$(1,208,406)	-82%
Urban Renewal Tax	3,425,117	36%	378,905	5%	\$ 3,046,212	804%
Keizer Station LID	(581,180)	-6%	(518,476)	-7%	\$ (62,704)	12%
Other Governmental Funds	2,043,789	21%	1,532,421	21%	\$ 511,368	33%
Total fund balances	<u>\$ 9,457,826</u>	<u>100%</u>	<u>\$ 7,298,331</u>	<u>100%</u>	<u>\$ 2,159,495</u>	<u>30%</u>

At June 30, 2007, the City's governmental funds reported combined fund balances of \$9.5 million, which is an increase of \$2.2 million or 30% compared with last year.

### *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 revenues increased 10%, from \$6.6 million to \$7.3 million. This increase in revenues primarily reflects increased property taxes of \$319 thousand, increased intergovernmental of \$126 thousand and increased fines and forfeitures of \$109 thousand.

The General fund expenditures increased 6%, from \$6.18 million to \$6.57 million. This increase in expenditures primarily reflects increases in expenditures for public safety of \$342 thousand.

### *State Gas Tax*

The State Gas Tax fund accounts for maintenance and construction of streets and sidewalks. The major revenue source is highway funds.

The State Gas Tax fund revenues decreased 12%, from \$2.2 million to \$1.9 million. This decrease in revenues primarily reflects decreases in licenses and permits and miscellaneous revenues from property sales in 2006.

The State Gas Tax fund expenditures decreased 15%, from \$3.0 million to \$2.6 million. This decrease in expenditures primarily reflects a decrease in Capital construction for road improvements net an increase in debt service.

Other financing sources decreased \$1.7 million due to the issuance of debt in fiscal year 2006. No debt was issued in fiscal year 2007.

### *Urban Renewal Funds*

The Urban Renewal funds account for payment of capital construction, primarily infrastructure, and associated personnel, operating services and supplies costs needed to manage the district. During fiscal year 2007, the District underwent a major plan amendment, extending the maximum indebtedness, allowing for additional development. As a result, the District defeased all of the outstanding debt that was issued to carry out the preceding Urban Renewal Plan. The major plan amendment also reduced the size of the district by approximately one third, placing property values on the tax roles of overlapping districts. Tax increment revenue is the primary source of revenue.

The Urban Renewal District revenues decreased 24%, from \$4.1 million to \$3.1 million. This decrease in revenues primarily reflects a decrease in tax increment revenue resulting from the major plan amendment.

The Urban Renewal District expenditures decreased 81%, from \$7.1 million to \$1.4 million. This decrease reflects a decrease in debt service due to the defeasance of debt in a prior year.

The Urban Renewal District's Other Financing Sources decreased 95%, from \$2.1 million to \$100 thousand. The Keizer Station LID fund repaid the District for an interfund loan and the district issued \$1,000,000 in debt, both of which resulted in an increase in Other Financing Sources in fiscal year 2007.

**Keizer Station LID Fund**

The Keizer Station LID fund accounts for the improvements to the Keizer Station Development project. Money expended in this fund is financed with a line-of-credit during the construction phase of the project. Once completed, the City plans to issue long-term debt as its financing mechanism. The cost of the improvements will then be assessed to the property owners who directly benefit from the project. The assessments received will be issued to pay off the debt.

The Keizer Station LID fund revenues decreased 22%, from \$1.2 million to \$927 thousand. This decrease in revenues primarily reflects a one-time contribution from the Chemawa LLC, a development group made up of the Confederated Tribes of the Grande Ronde and the Siletz Indians, and reimbursements from the developer for interest paid on the line of credit.

The Keizer Station LID fund expenditures decreased from \$20 million to \$5 million. This decrease reflects a decrease in capital construction for development of the Keizer Station area.

The \$581 thousand negative ending fund balance at June 30, 2007 reflects expenditures paid that had not yet been reimbursed with the City's interfund borrowing agreement.

**Other Governmental Funds**

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

**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, 2007 and 2006**

Major Funds	Fiscal Year June 30, 2007		Fiscal Year June 30, 2006		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 2,356,719	22%	\$ 2,227,711	23%	\$ 129,008	6%
Water	1,462,427	14%	1,414,822	15%	47,605	3%
Sewer Reserve	978,756	9%	846,325	9%	132,431	16%
Lighting Districts	225,821	2%	227,632	2%	(1,811)	-1%
Water Facility	5,753,997	53%	4,919,247	51%	834,750	17%
Total net assets	<u>\$ 10,777,720</u>	<u>100%</u>	<u>\$ 9,635,737</u>	<u>100%</u>	<u>\$ 1,141,983</u>	<u>12%</u>

At June 30, 2007, the City's proprietary funds reported combined net assets of \$10.8 million, which is an increase of \$1.1 million, or 12% compared with last year.

**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 fund revenues increased 29%, from \$2.2 million to \$2.9 million. This increase primarily reflects an increase in water sales.

The Water and Water Facility fund expenditures remained constant at \$2.15 million for fiscal years 2006 and 2007.

#### *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 increased by 13% from \$3.9 million to \$4.4 million resulting from an increase in charges for services.

The Sewer and Sewer Reserve fund expenditures increased 5%, from \$4.1 million to \$4.3 million. This increase primarily reflects an increase in materials and services costs for payments to the City of Salem and additional depreciation expense from newly capitalized assets.

#### *Street Lighting District Fund*

This fund accounts for assessments to property owners to pay for street lighting. Street Lighting District fund revenues decreased by 12%, from \$470 thousand to \$405 thousand as a result of a reduction in the 2007 assessment for working capital. Expenses remained constant at approximately \$400 thousand from fiscal year 2006 to fiscal year 2007.

### **Budgetary Highlights**

There were no material changes from the original budget to the final budget for the General Fund

### **Capital Assets**

As of June 30, 2007 the City had invested \$62 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions, and depreciation) of \$5.4 million, or 10% from the previous fiscal year.

**Table 7**  
**Capital Assets at June 30, 2007 and 2006**  
**(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 9,534,971	\$ 9,287,319	\$ 371,759	\$ 371,759	\$ 9,906,730	\$ 9,659,078
Building and improvements	21,489,728	20,349,404	943,075	725,388	22,432,803	21,074,792
Equipment and vehicles	878,780	1,076,391	321,941	376,728	1,200,721	1,453,119
Infrastructure	36,875,059	32,468,250	16,320,650	14,889,025	53,195,709	47,357,275
Accumulated depreciation	(15,276,422)	(13,917,519)	(9,609,259)	(9,212,854)	(24,885,681)	(23,130,373)
Net capital assets	<u>\$ 53,502,116</u>	<u>\$ 49,263,845</u>	<u>\$ 8,348,166</u>	<u>\$ 7,150,046</u>	<u>\$ 61,850,282</u>	<u>\$ 56,413,891</u>

For more detailed information see the Notes to Basic Financial Statements (pages 32-33)

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, 2007**

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 49,263,845	\$ 7,150,046	\$ 56,413,891
Additions	6,586,530	1,779,086	8,365,616
Retirements	(122,343)	(4,405)	(126,748)
Depreciation	(2,225,916)	(576,561)	(2,802,477)
Ending balance	<u>\$ 53,502,116</u>	<u>\$ 8,348,166</u>	<u>\$ 61,850,282</u>

The City depreciates all its capital assets except for land.

### Debt Outstanding

As of June 30, 2007 the City had \$27,778,000 in debt (bonds, notes, etc.) outstanding compared to the \$23,908,000 last year, a 16% net increase from additional borrowing.

**Table 9**  
**Outstanding Debt at Year End**  
**For the years ended June 30, 2007 and 2006**

	Totals	
	2007	2006
<i>Governmental</i>		
Urban Renewal Agency	\$ 1,593,000	\$ 1,738,000
Tax-Exempt Non-Revolving Credit Facility and Note 2006	23,720,000	19,570,000
Total Governmental	<u>25,313,000</u>	<u>21,308,000</u>
<i>Business-type</i>		
Water Revenue Loan	2,465,000	2,600,000
Total	<u>\$ 27,778,000</u>	<u>\$ 23,908,000</u>

For more detailed information see the Notes to Basic Financial Statements (pages 34-35).

**ECONOMIC FACTOR**

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, 2007**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and investments	\$ 9,365,898	\$ 4,500,313	\$ 13,866,211
Accounts receivable	1,101,095	1,011,403	2,112,498
Property taxes receivable	355,738	21,857	377,595
Assessment liens receivable	-	9,346	9,346
Loan receivables	223,857	-	223,857
Inventories	-	112,308	112,308
Nondepreciable capital assets	9,534,971	371,759	9,906,730
Other capital assets, net of depreciation	43,967,145	7,976,407	51,943,552
<i>Total Assets</i>	64,548,704	14,003,393	78,552,097
<b>LIABILITIES</b>			
Accounts payable	1,074,236	579,699	1,653,935
Deposits	35,467	119,746	155,213
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	23,871,000	135,000	24,006,000
Accrued compensated absences	176,672	23,988	200,660
Due in more than one year:			
Bonds and notes payable	1,442,000	2,330,000	3,772,000
Accrued compensated absences	204,647	37,240	241,887
<i>Total Liabilities</i>	26,804,022	3,225,673	30,029,695
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	28,189,116	5,883,166	34,072,282
Restricted for special purposes	2,557,208	-	2,557,208
Unrestricted	6,998,358	4,894,554	11,892,912
<i>Total Net Assets</i>	\$ 37,744,682	\$ 10,777,720	\$ 48,522,402

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

**CITY OF KEIZER, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2007**

	<i>Expenses</i>	<i>Program Revenues</i>	
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>
<b>FUNCTIONS/PROGRAMS</b>			
<b>Governmental Activities:</b>			
General government	\$ 1,105,397	\$ 147,399	\$ 204,239
Community and youth services	5,891	-	-
Community development	2,477,616	67,114	-
Parks	182,179	3,201	154,419
Public safety	5,779,195	654,136	148,856
Public works	1,477,995	60,448	1,620,450
Stadium operations	-	57,425	-
Interest on long-term debt	984,239	-	-
<i>Total Governmental Activities</i>	12,012,512	989,723	2,127,964
<b>Business-type Activities:</b>			
Water	2,253,494	2,832,074	27,783
Sewer and storm drain	4,335,363	4,418,375	-
Street lighting	406,052	404,918	-
<i>Total Business-type Activities</i>	6,994,909	7,655,367	27,783
<i>Total Activities</i>	\$ 19,007,421	\$ 8,645,090	\$ 2,155,747

**General Revenues:**

Property taxes  
Franchise taxes  
Intergovernmental - unrestricted  
Miscellaneous

*Total General Revenues*

Transfers

**Change in Net Assets**

*Net Assets, July 1, 2006*

*Net Assets, June 30, 2007*

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

<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ 289,934	\$ (463,825)	\$ -	\$ (463,825)
-	(5,891)	-	(5,891)
-	(2,410,502)	-	(2,410,502)
48,542	23,983	-	23,983
-	(4,976,203)	-	(4,976,203)
101,845	304,748	-	304,748
-	57,425	-	57,425
-	(984,239)	-	(984,239)
440,321	(8,454,504)	-	(8,454,504)
101,093	-	707,456	707,456
175,272	-	258,284	258,284
-	-	(1,134)	(1,134)
276,365	-	964,606	964,606
\$ 716,686	(8,454,504)	964,606	(7,489,898)
	6,062,528	-	6,062,528
	2,283,966	-	2,283,966
	891,629	-	891,629
	1,524,730	188,137	1,712,867
	10,762,853	188,137	10,950,990
	10,760	(10,760)	-
	2,319,109	1,141,983	3,461,092
	35,425,573	9,635,737	45,061,310
\$	\$ 37,744,682	\$ 10,777,720	\$ 48,522,402

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

**CITY OF KEIZER, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	<u>General</u>	<u>Street</u>	<u>Housing Services</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,666,990	\$ 2,142,556	\$ 178,036
Accounts receivable	334,080	131,570	-
Property taxes receivable	168,859	-	-
Due from other funds	62,013	-	-
Loan receivables	-	-	223,857
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 2,231,942</u>	<u>\$ 2,274,126</u>	<u>\$ 401,893</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 110,391	\$ 115,200	\$ -
Deposits	34,367	700	-
Due to other funds	-	-	-
Deferred revenue	118,389	-	223,857
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	263,147	115,900	223,857
<b>Fund Balances</b>			
Unreserved (deficit), reported in:			
General fund	1,968,795	-	-
Special revenue funds	-	2,158,226	178,036
Capital projects funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	1,968,795	2,158,226	178,036
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,231,942</u>	<u>\$ 2,274,126</u>	<u>\$ 401,893</u>

<i>Urban Renewal Project</i>	<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 401,874	\$ 3,375,051	\$ (247,126)	\$ 1,848,517	\$ 9,365,898
-	-	308,096	327,349	1,101,095
-	186,879	-	-	355,738
-	-	-	-	62,013
-	-	-	-	223,857
<u>\$ 401,874</u>	<u>\$ 3,561,930</u>	<u>\$ 60,970</u>	<u>\$ 2,175,866</u>	<u>\$ 11,108,601</u>
\$ 136,431	\$ -	\$ 642,150	\$ 70,064	\$ 1,074,236
400	-	-	-	35,467
-	-	-	62,013	62,013
-	136,813	-	-	479,059
<u>136,831</u>	<u>136,813</u>	<u>642,150</u>	<u>132,077</u>	<u>1,650,775</u>
-	-	-	-	1,968,795
265,043	3,425,117	-	2,043,789	8,070,211
-	-	(581,180)	-	(581,180)
<u>265,043</u>	<u>3,425,117</u>	<u>(581,180)</u>	<u>2,043,789</u>	<u>9,457,826</u>
<u>\$ 401,874</u>	<u>\$ 3,561,930</u>	<u>\$ 60,970</u>	<u>\$ 2,175,866</u>	<u>\$ 11,108,601</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, 2007**

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**RECONCILIATION TO THE STATEMENT OF NET ASSETS**

<i>Fund Balances</i>	\$ 9,457,826
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.	479,059
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	
Cost of capital assets	68,778,538
Accumulated depreciation	(15,276,422)
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	(25,313,000)
Accrued compensated absences	(381,319)
<i>Net assets of governmental activities</i>	<u>\$ 37,744,682</u>

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

**CITY OF KEIZER, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Street</u>	<u>Housing Services</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 3,228,652	\$ -	\$ -
Licenses and permits	2,386,993	56,098	-
Intergovernmental	749,581	1,717,335	34,841
Fines and forfeitures	654,136	-	-
Miscellaneous	277,457	169,205	7,991
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	7,296,819	1,942,638	42,832
<b>EXPENDITURES</b>			
Current operating:			
General government	747,809	-	-
Community and youth services	5,891	-	-
Community development	363,149	-	-
Parks	151,744	-	-
Public safety	5,272,615	-	-
Public works	-	801,462	-
Capital outlay	30,881	1,625,084	-
Debt service	-	210,288	-
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	6,572,089	2,636,834	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	724,730	(694,196)	42,832
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Transfers in	5,247	27,447	-
Transfers out	(230,599)	(2,436)	-
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(225,352)	25,011	-
<b>NET CHANGE IN FUND BALANCES</b>	499,378	(669,185)	42,832
<b>FUND BALANCES, Beginning of year</b>	1,469,417	2,827,411	135,204
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES (DEFICIT), End of year</b>	\$ 1,968,795	\$ 2,158,226	\$ 178,036
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Urban Renewal Project</i>	<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ -	\$ 2,938,425	\$ -	\$ -	\$ 6,167,077
-	-	-	431,098	2,874,189
-	-	-	574,983	3,076,740
-	-	-	-	654,136
46,222	107,787	926,916	78,357	1,613,935
46,222	3,046,212	926,916	1,084,438	14,386,077
-	-	-	64,380	812,189
-	-	-	-	5,891
800,982	-	-	-	1,164,131
-	-	-	9,678	161,422
-	-	-	246,766	5,519,381
-	-	46,617	-	848,079
554,232	-	4,047,173	489,640	6,747,010
-	-	918,951	-	1,129,239
1,355,214	-	5,012,741	810,464	16,387,342
(1,308,992)	3,046,212	(4,085,825)	273,974	(2,001,265)
-	-	4,150,000	-	4,150,000
103,392	-	-	242,641	378,727
(2,806)	-	(126,879)	(5,247)	(367,967)
100,586	-	4,023,121	237,394	4,160,760
(1,208,406)	3,046,212	(62,704)	511,368	2,159,495
1,473,449	378,905	(518,476)	1,532,421	7,298,331
\$ 265,043	\$ 3,425,117	\$ (581,180)	\$ 2,043,789	\$ 9,457,826

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, 2007**

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

<i>Net change in fund balances - total governmental funds</i>	\$ 2,159,495
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.	(65,216)
The Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not report any gains and losses on the disposal of existing capital assets.-	(122,343)
Governmental funds do not report expenditures for unpaid compensated absences, interest expense, or arbitrage since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	(8,441)
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	6,586,530
Depreciation	(2,225,916)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments 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.	
Proceeds from issuance of debt	(4,150,000)
Debt principal payments	145,000
<i>Change in net assets of governmental activities</i>	<u>\$ 2,319,109</u>

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

**CITY OF KEIZER, OREGON**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2007**

	<u>Sewer</u>	<u>Water</u>	<u>Sewer Reserve</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 309,352	\$ 822,539	\$ 974,158
Accounts receivable	656,575	350,228	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	4,719	4,627
Inventories	-	112,308	-
<b>Total Current Assets</b>	<b>965,927</b>	<b>1,289,794</b>	<b>978,785</b>
<b>Noncurrent Assets</b>			
Other capital assets	1,722,356	2,779,012	-
<b>Total Assets</b>	<b>2,688,283</b>	<b>4,068,806</b>	<b>978,785</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	324,305	90,168	29
Deposits	-	367	-
Bonds payable - due within one year	-	135,000	-
<b>Total Current Liabilities</b>	<b>324,305</b>	<b>225,535</b>	<b>29</b>
<b>Noncurrent Liabilities</b>			
Bonds payable	-	2,330,000	-
Accrued compensated absences	7,259	50,844	-
<b>Total Noncurrent Liabilities</b>	<b>7,259</b>	<b>2,380,844</b>	<b>-</b>
<b>Total Liabilities</b>	<b>331,564</b>	<b>2,606,379</b>	<b>29</b>
<b>NET ASSETS</b>			
Investment in capital assets (net of related debt)	1,722,356	314,012	-
Unrestricted	634,363	1,148,415	978,756
<b>Total Net Assets</b>	<b>\$ 2,356,719</b>	<b>\$ 1,462,427</b>	<b>\$ 978,756</b>

<i>Lighting Districts</i>	<i>Water Facility</i>	<i>Totals</i>
\$ 213,266	\$ 2,180,998	\$ 4,500,313
-	4,600	1,011,403
21,857	-	21,857
-	-	9,346
-	-	112,308
235,123	2,185,598	5,655,227
-	3,846,798	8,348,166
235,123	6,032,396	14,003,393
6,177	159,020	579,699
-	119,379	119,746
-	-	135,000
6,177	278,399	834,445
-	-	2,330,000
3,125	-	61,228
3,125	-	2,391,228
9,302	278,399	3,225,673
-	3,846,798	5,883,166
225,821	1,907,199	4,894,554
<u>\$ 225,821</u>	<u>\$ 5,753,997</u>	<u>\$ 10,777,720</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, 2007**

	<u>Sewer</u>	<u>Water</u>	<u>Sewer Reserve</u>
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 8,406	\$ 21,738	\$ -
Charges for services	4,409,969	2,772,521	-
Miscellaneous	5,462	65,377	-
	<hr/>	<hr/>	<hr/>
<i>Total Operating Revenues</i>	4,423,837	2,859,636	-
<b>OPERATING EXPENSES</b>			
Personal services	187,593	1,009,346	-
Materials and services	3,919,560	787,559	-
Depreciation	225,339	207,267	-
	<hr/>	<hr/>	<hr/>
<i>Total Operating Expenses</i>	4,332,492	2,004,172	-
<b>OPERATING INCOME (LOSS)</b>	91,345	855,464	-
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment revenue	-	70,457	992
Interest expense	-	(103,833)	-
Loss on disposal of capital assets	(2,871)	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Nonoperating Revenue (Expenses)</i>	(2,871)	(33,376)	992
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	88,474	822,088	992
Transfers in	43,833	-	-
Transfers out	(3,299)	(3,374,483)	(43,833)
	<hr/>	<hr/>	<hr/>
<i>Total Transfers</i>	40,534	(3,374,483)	(43,833)
<b>CAPITAL CONTRIBUTIONS</b>	-	-	175,272
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	129,008	(2,552,395)	132,431
<b>NET ASSETS, Beginning of year</b>	2,227,711	4,014,822	846,325
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS, End of year</b>	\$ 2,356,719	\$ 1,462,427	\$ 978,756
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Lighting Districts</i>	<i>Water Facility</i>	<i>Totals</i>
\$ -	\$ -	\$ 30,144
404,918	-	7,587,408
-	5,221	76,060
404,918	5,221	7,693,612
48,157	-	1,245,096
357,895	-	5,065,014
-	143,955	576,561
406,052	143,955	6,886,671
(1,134)	(138,734)	806,941
1	106,225	177,675
-	-	(103,833)
-	(1,534)	(4,405)
1	104,691	69,437
(1,133)	(34,043)	876,378
-	3,367,700	3,411,533
(678)	-	(3,422,293)
(678)	3,367,700	(10,760)
-	101,093	276,365
(1,811)	3,434,750	1,141,983
227,632	2,319,247	9,635,737
\$ 225,821	\$ 5,753,997	\$ 10,777,720

*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, 2007**

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Sewer Reserve Fund</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,091,002	\$ 2,642,174	\$ 23,005
Cash paid to employees for services	(3,919,663)	(1,012,068)	-
Cash paid to suppliers for goods and services	(143,585)	(960,222)	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>27,754</u>	<u>669,884</u>	<u>23,005</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	43,833	-	-
Transfers out	(3,299)	(774,483)	(43,833)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	<u>40,534</u>	<u>(774,483)</u>	<u>(43,833)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(43,833)	(285,856)	-
Principal paid on contracts/bonds payable	-	(135,000)	-
Contribution of capital	-	-	175,272
Interest paid	-	(103,833)	-
<i>Net Cash Used in Capital Related Financing Activities</i>	<u>(43,833)</u>	<u>(524,689)</u>	<u>175,272</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	-	70,457	992
<i>Increase (Decrease) in Cash and Investments</i>	24,455	(558,831)	155,436
<b>CASH AND INVESTMENTS, Beginning of year</b>	284,897	1,381,370	818,722
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 309,352</u>	<u>\$ 822,539</u>	<u>\$ 974,158</u>
<b>RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)</b>			
Operating income (loss)	\$ 91,345	\$ 855,464	\$ -
Depreciation	225,339	207,267	-
<i>Change in assets and liabilities</i>			
Accounts receivable	(332,835)	(217,462)	23,005
Inventory	-	(42,157)	-
Accounts payable and accrued liabilities	44,008	(130,527)	-
Compensated absences payable	(103)	(2,722)	-
Deposits payable	-	21	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 27,754</u>	<u>\$ 669,884</u>	<u>\$ 23,005</u>

<i>Lighting District Fund</i>	<i>Water Facility Fund</i>	<i>Totals</i>
\$ 409,993	\$ 12,618	\$ 7,178,792
(48,088)	-	(4,979,819)
(357,434)	(41,070)	(1,502,311)
4,471	(28,452)	696,662
-	767,700	811,533
(678)	-	(822,293)
(678)	767,700	(10,760)
-	(1,449,397)	(1,779,086)
-	-	(135,000)
-	101,093	276,365
-	-	(103,833)
-	(1,348,304)	(1,741,554)
1	106,225	177,675
3,794	(502,831)	(877,977)
209,472	2,683,829	5,378,290
\$ 213,266	\$ 2,180,998	\$ 4,500,313

\$ (1,134)	\$ (138,734)	\$ 806,941
-	143,955	576,561
5,075	(4,600)	(526,817)
-	-	(42,157)
461	(41,070)	(127,128)
69	-	(2,756)
-	11,997	12,018
\$ 4,471	\$ (28,452)	\$ 696,662

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*The Financial Reporting Entity*

The City was established in November 1982.

Control of the City is vested in its Mayor and City Council who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to, and are responsible to, the Mayor and City Council. The chief administrative officer is the City Manager.

As defined 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.

*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 support.

*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. 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*.

*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.

**CITY OF KEIZER, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

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

*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 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*

*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.

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

*Urban Renewal Agency Funds* - these funds account for the activity of the Urban Renewal Agency, a blended component unit. Taxes are the primary source of revenue. Expenditures are for urban renewal purposes.

*Capital Projects Fund*

*Keizer Station LID Fund* - this fund is used to account for improvements made to real property to facilitate the construction of Keizer Station, a major shopping complex. Borrowings are the primary source of revenue.

The City reports the following nonmajor governmental funds:

*Special Revenue Funds*

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

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

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

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

**CITY OF KEIZER, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2007*

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

*Basis of Presentation (Continued)*

*Transportation Fund* - this fund was established to account for system development fees. The City charges a system development fee per dwelling 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. Designated funds and interest earnings are the primary source of revenue.

*City Hall Facility Fund* - this fund accounts for improvements made to the City Hall facility. Transfers from other funds are the primary source of revenue.

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.

*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.

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

*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, licenses, 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.

**CITY OF KEIZER, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2007*

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

*Measurement Focus and Basis of Accounting (continued)*

Transfers between funds are to facilitate operations.

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, 2007. 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, banker's 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.

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 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. 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.

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2007**

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

*Receivables and Deferred Revenues (continued)*

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 are 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 over \$5,000 used in operations that have initial useful lives extending beyond five years. Infrastructure are those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in governmental activities consists of roads, bridges, sidewalks, and traffic and lighting systems. Infrastructure reported in business-type activities consists of water, stormwater and wastewater collection systems.

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

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, except for infrastructure and improvements other than buildings reported in the governmental activities column of the government-wide financial statements, which are calculated using a composite depreciation method. The estimated useful lives of the various categories of assets are as follows:

**CITY OF KEIZER, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2007

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

*Capital Assets (continued)*

Buildings	30-50 years
Improvements other than buildings	20 years
Infrastructure	20-40 years
Equipment	3-15 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.

*Accrued Vacation Pay*

Accumulated vested vacation pay is 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 up to a maximum of 960 hours. 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.

*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 public hearings, newspaper publications and approval by the City Council prior to enactment. No supplemental budgets were required in the current year. Budgets are adopted on the modified accrual basis of accounting. Appropriations lapse at year-end and may not be carried over.

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

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**CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. Each fund type's portion of this pool is displayed as part of "cash and investments." At June 30, 2007 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2007:

<b>Cash</b>	
Cash on hand	\$ 1,850
Deposits with financial institutions	8,539,020
<b>Investments</b>	
Local Government Investment Pool	5,325,341
	<hr/>
<i>Total Cash and Investments</i>	<u><u>\$ 13,866,211</u></u>

*Deposits*

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$8,539,020 and the bank balance was \$8,678,830. The difference is due to transactions in process. Of these deposits, \$100,000 was covered by federal depository insurance. The remaining amount including money market funds are collateralized in accordance with Oregon Revised Statutes.

*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, 2007, 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. The investment in the Oregon Short-term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

*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.

**CITY OF KEIZER, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

YEAR ENDED JUNE 30, 2007

**CASH AND INVESTMENTS (Continued)**

*Custodial Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Oregon laws require governmental deposits to be made in banks to be protected either by depository insurance or the financial institution is required to maintain on deposit with a collateral pool manager securities having a value of not less than 25% of the face value of the certificate issued by the pool manager. When such securities are deposited with the pool manager, covered funds are considered fully collateralized under Oregon law. The collateral is held by a state-sponsored pool manager which is a commercial bank in the name of the pool manager, with the collateral certificate issued by the pool manager in the name of the City. This does not constitute full collateral of deposits, but meets Oregon legal requirements.

*Custodial Credit Risk - Investments*

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

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

**RECEIVABLES**

<u>Fund</u>	<u>Accounts</u>	<u>Loans</u>	<u>Property Taxes</u>	<u>Bonded Assessments</u>
General	\$ 334,080	\$ -	\$ 168,859	\$ -
Street	131,570	-	-	-
Housing Services	-	223,857	-	-
Urban Renewal Tax	-	-	186,879	-
Keizer Station LID	308,096	-	-	-
Other governmental funds	327,349	-	-	-
Sewer	656,575	-	-	-
Water	350,228	-	-	4,719
Sewer Reserve	-	-	-	4,627
Lighting Districts	-	-	21,857	-
	<u>\$ 2,107,898</u>	<u>\$ 223,857</u>	<u>\$ 377,595</u>	<u>\$ 9,346</u>

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

**CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2007 is as follows:

	<i>Balances July 1, 2006</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balances June 30, 2007</i>
<b>NON-DEPRECIABLE</b>				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
<b>DEPRECIABLE</b>				
Buildings and improvements	725,388	217,687	-	943,075
Water and sewer systems	14,889,025	1,521,391	(89,766)	16,320,650
Equipment and vehicles	376,728	40,008	(94,795)	321,941
<i>Total depreciable</i>	<u>15,991,141</u>	<u>1,779,086</u>	<u>(184,561)</u>	<u>17,585,666</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	(526,381)	(38,464)	-	(564,845)
Water and sewer systems	(8,460,150)	(479,457)	85,361	(8,854,246)
Equipment and vehicles	(226,323)	(58,640)	94,795	(190,168)
<i>Total accumulated depreciation</i>	<u>(9,212,854)</u>	<u>(576,561)</u>	<u>180,156</u>	<u>(9,609,259)</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 7,150,046</u>	<u>\$ 1,202,525</u>	<u>\$ (4,405)</u>	<u>\$ 8,348,166</u>

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

Water	\$ 351,222
Sewer and storm drain	225,339
<i>Total depreciation expense for business-type activities</i>	<u>\$ 576,561</u>

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

**CAPITAL ASSETS (Continued)**

The changes in the capital assets for governmental activities for the year ended June 30, 2007 are as follows:

	<i>Balances July 1, 2006</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balances June 30, 2007</i>
<b>NON-DEPRECIABLE</b>				
Land	\$ 9,287,319	\$ 262,531	\$ (14,879)	\$ 9,534,971
<b>DEPRECIABLE</b>				
Buildings and improvements	20,349,404	1,811,838	(671,514)	21,489,728
Equipment and vehicles	1,076,391	76,019	(273,630)	878,780
Infrastructure	32,468,250	4,436,142	(29,333)	36,875,059
<i>Total depreciable</i>	53,894,045	6,323,999	(974,477)	59,243,567
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	(9,378,179)	(973,766)	590,288	(9,761,657)
Equipment and vehicles	(898,322)	(70,443)	268,358	(700,407)
Infrastructure	(3,641,018)	(1,181,707)	8,367	(4,814,358)
<i>Total accumulated depreciation</i>	(13,917,519)	(2,225,916)	867,013	(15,276,422)
<i>Governmental activities capital assets, net</i>	<u>\$ 49,263,845</u>	<u>\$ 4,360,614</u>	<u>\$ (122,343)</u>	<u>\$ 53,502,116</u>

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

General government	\$ 65,619
Public safety	1,463,777
Public works	42,429
Community development	28,733
Parks	625,358
<i>Total depreciation expense for governmental activities</i>	<u>\$ 2,225,916</u>

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

**LONG-TERM OBLIGATIONS**

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

	<u>Outstanding July 1, 2006</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2007</u>	<u>Due in One Year</u>
<b>Governmental Activities</b>					
Gas Tax Revenue Bonds 2005 Initial issue \$1,738,000, interest at 3.92%	\$ 1,738,000	\$ -	\$ (145,000)	\$ -	\$ 151,000
Tax-Exempt Non-Revolving Credit Facility Series 2006	19,570,000	4,150,000	-	23,720,000	23,720,000
	<u>\$ 21,308,000</u>	<u>\$ 4,150,000</u>	<u>\$ (145,000)</u>	<u>\$ 23,720,000</u>	<u>\$ 23,871,000</u>
Accrued compensated absences	<u>\$ 372,878</u>	<u>\$ 247,211</u>	<u>\$ (238,770)</u>	<u>\$ 381,319</u>	<u>\$ 176,672</u>
<b>Business-type Activities</b>					
2005 Water Revenue Loan Initial issue \$2,600,000, interest at 4.10%	\$ 2,600,000	\$ -	\$ (135,000)	\$ 2,465,000	\$ 135,000
Accrued compensated absences	<u>\$ 63,984</u>	<u>\$ 56,426</u>	<u>\$ (59,182)</u>	<u>\$ 61,228</u>	<u>\$ 23,988</u>

The future maturities of obligations outstanding as of June 30, 2007:

**Governmental Activities**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 23,871,000	\$ 1,320,096	\$ 25,191,096
2009	157,000	53,449	210,449
2010	163,000	47,177	210,177
2011	169,000	40,670	209,670
2012	176,000	33,908	209,908
2013-2016	777,000	62,426	839,426
	<u>\$ 25,313,000</u>	<u>\$ 1,557,726</u>	<u>\$ 26,870,726</u>

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

**LONG-TERM OBLIGATIONS (Continued)**

**Business-type Activities**

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2008	\$ 135,000	\$ 98,297	\$ 233,297
2009	140,000	92,660	232,660
2010	145,000	86,817	231,817
2011	150,000	80,770	230,770
2012	155,000	74,518	229,518
2013-2017	890,000	268,140	1,158,140
2018-2021	850,000	71,340	921,340
	<u>\$ 2,465,000</u>	<u>\$ 772,542</u>	<u>\$ 3,237,542</u>

**Credit Facility**

During 2005-06, the City obtained a credit facility for the Urban Renewal District. The facility has a maximum limit of \$23,720,000 and carries variable interest rates; at June 30, 2007 the rates were from 4.49% to 6.50%.

The outstanding balance of the credit facility as of June 30, 2007 is \$23,720,000. Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2008	<u>\$ 23,720,000</u>	<u>\$ 1,260,610</u>	<u>\$ 24,980,610</u>

**Compensated Absences**

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

**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.

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

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

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

*Funding Policy*

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

In addition to the 6.0% "pick-up," the City contributed 16.68% of covered payroll to PERS for the fiscal year ended June 30, 2007. This contribution rate was determined as part of the December 31, 2003 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). Subject salary for the year was \$2,700,910 and the City's total payroll was \$4,830,136.

***Year Ended***  
***June 30,***

2007	\$	612,786
2006		580,020
2005		506,803

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

**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 8.0% per year, projected salary increase of 4.25%, health cost inflation graded from 8.5% in 2004 to 0% in 2011, and a consumer price inflation component of 3.25%.

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.

*Defined Contribution*

Employees that are not covered by PERS and have worked for the city for six months, qualify for a section 401(a) qualified pension plan. The plan was established and is administered by the City Council. 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, 2007, amounted to \$488,070. 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.

**TRANSFERS**

<i>Transfer to:</i>	<i>Transfer from:</i>							<i>Total</i>
	<i>General</i>	<i>Street</i>	<i>Urban Renewal Agency</i>	<i>Keizer Station LID</i>	<i>Sewer</i>	<i>Water</i>	<i>All Other Funds</i>	
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,247	\$ 5,247
Street	3,960	-	-	23,487	-	-	-	27,447
Revenue Sharing	122,700	-	-	-	-	-	-	122,700
9-1-1	81,800	-	-	-	-	-	-	81,800
Urban Renewal Agency	-	-	-	103,392	-	-	-	103,392
City Hall Facility	22,139	2,436	2,806	-	3,299	6,783	678	38,141
Water Facility	-	-	-	-	-	767,700	-	767,700
	<u>\$ 230,599</u>	<u>\$ 2,436</u>	<u>\$ 2,806</u>	<u>\$ 126,879</u>	<u>\$ 3,299</u>	<u>\$ 774,483</u>	<u>\$ 5,925</u>	<u>\$ 1,146,427</u>

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2007**

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**TRANSFERS (Continued)**

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.

**DEFICIT FUND BALANCES**

At June 30, 2007 the Keizer Station LID fund had a deficit fund balance of \$581,180. The deficit arises from the manner in which the fund transactions are recorded. Expenditures related to the project are recorded as incurred. This creates a deficit. Later, draws are made on the credit facility to pay the expenditures. This eliminates the deficit. The deficit balance at June 30, 2007 was eliminated in July 2007 by drawing down funds from the credit facility.

At June 30, 2007 the Law Enforcement Grant Fund had a deficit balance of \$189 and the 911 Fund had a deficit balance of \$2,722. These deficits will be eliminated after year end through the receipt of additional funds.

**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 (personnel services, materials and services, capital outlay and debt service) for all other funds.

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2007 occurred as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Keizer Station LID			
Materials and services	\$ 46,600	\$ 46,617	\$ (17)
Transfers out	27,000	116,879	(99,879)
Urban Renewal Agency			
Personal services	254,700	255,630	(930)
Materials and services	108,600	545,352	(436,752)
Law Enforcement Grant			
Capital outlay	25,000	28,133	(3,133)
Sewer Fund			
Personal services	186,400	187,696	1,296

**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.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF KEIZER, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**

**BUDGET AND ACTUAL - GENERAL FUND**

**YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 3,170,600	\$ 3,170,600	\$ 3,228,652	\$ 58,052
Licenses and permits	2,272,000	2,272,000	2,386,993	114,993
Intergovernmental	690,000	690,000	749,581	59,581
Fines and forfeitures	531,300	531,300	654,136	122,836
Miscellaneous	192,400	192,400	277,457	85,057
<i>Total Revenues</i>	6,856,300	6,856,300	7,296,819	440,519
<b>EXPENDITURES</b>				
Administration	746,400	746,400	717,908	28,492
Parks	183,700	183,700	174,297	9,403
Planning	457,500	457,500	363,149	94,351
Police	5,242,500	5,272,500	5,099,392	173,108
Municipal court	232,300	232,300	217,343	14,957
Contingency	69,200	39,200	-	39,200
<i>Total Expenditures</i>	6,931,600	6,931,600	6,572,089	359,511
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(75,300)	(75,300)	724,730	800,030
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	5,247	(4,753)
Transfers out	(267,600)	(267,600)	(230,599)	37,001
<i>Total Other Financing Sources (Uses)</i>	(257,600)	(257,600)	(225,352)	32,248
<b>NET CHANGE IN FUND BALANCE</b>	(332,900)	(332,900)	499,378	832,278
<b>FUND BALANCE, Beginning of year</b>	1,322,800	1,322,800	1,469,417	146,617
<b>FUND BALANCE, End of year</b>	\$ 989,900	\$ 989,900	\$ 1,968,795	\$ 978,895

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 3,700	\$ 3,700	\$ -	\$ (3,700)
Licenses and permits	25,100	25,100	56,098	30,998
Intergovernmental	1,804,600	1,804,600	1,717,335	(87,265)
Miscellaneous	154,400	154,400	169,205	14,805
<i>Total Revenues</i>	1,987,800	1,987,800	1,942,638	(45,162)
<b>EXPENDITURES</b>				
Personal services	276,300	276,300	260,475	15,825
Materials and services	607,800	607,800	540,987	66,813
Capital outlay	3,455,900	3,455,900	1,625,084	1,830,816
Debt service	210,300	210,300	210,288	12
Contingency	173,800	173,800	-	173,800
<i>Total Expenditures</i>	4,724,100	4,724,100	2,636,834	2,087,266
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,736,300)	(2,736,300)	(694,196)	2,042,104
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	27,000	27,000	27,447	447
Transfers out	(7,900)	(7,900)	(2,436)	5,464
<i>Total Other Financing Sources (Uses)</i>	19,100	19,100	25,011	5,911
<b>NET CHANGE IN FUND BALANCE</b>	(2,717,200)	(2,717,200)	(669,185)	2,048,015
<b>FUND BALANCE, Beginning of year</b>	2,906,600	2,906,600	2,827,411	(79,189)
<b>FUND BALANCE, End of year</b>	\$ 189,400	\$ 189,400	\$ 2,158,226	\$ 1,968,826

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 34,841	\$ 34,841
Miscellaneous	4,300	4,300	7,991	3,691
<i>Total Revenues</i>	4,300	4,300	42,832	38,532
<b>EXPENDITURES</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	4,300	4,300	42,832	38,532
<b>FUND BALANCE, Beginning of year</b>	134,600	134,600	135,204	604
<b>FUND BALANCE, End of year</b>	\$ 138,900	\$ 138,900	\$ 178,036	\$ 39,136

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 68,200	\$ 68,200	\$ 46,222	\$ (21,978)
<b>EXPENDITURES</b>				
Personal services	254,700	254,700	255,630	(930)
Materials and services	63,600	108,600	545,352	(436,752)
Capital outlay	2,787,800	2,787,800	554,232	2,233,568
Contingency	31,800	31,800	-	31,800
<i>Total Expenditures</i>	<u>3,137,900</u>	<u>3,182,900</u>	<u>1,355,214</u>	<u>1,827,686</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(3,069,700)	(3,114,700)	(1,308,992)	1,805,708
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	2,976,300	2,976,300	-	(2,976,300)
Transfers in	-	-	103,392	103,392
Transfers out	(9,100)	(9,100)	(2,806)	6,294
<i>Total Other Financing Sources (Uses)</i>	<u>2,967,200</u>	<u>2,967,200</u>	<u>100,586</u>	<u>(2,866,614)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(102,500)	(147,500)	(1,208,406)	(1,060,906)
<b>FUND BALANCE, Beginning of year</b>	<u>455,300</u>	<u>455,300</u>	<u>1,473,449</u>	<u>1,018,149</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 352,800</u>	<u>\$ 307,800</u>	<u>\$ 265,043</u>	<u>\$ (42,757)</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 - URBAN RENEWAL TAX INCREMENT FUND  
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 2,824,300	\$ 2,824,300	\$ 2,938,425	\$ 114,125
Miscellaneous	41,400	41,400	107,787	66,387
<i>Total Revenues</i>	2,865,700	2,865,700	3,046,212	180,512
<b>EXPENDITURES</b>				
Debt service	2,976,300	2,976,300	-	2,976,300
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(110,600)	(110,600)	3,046,212	3,156,812
<b>FUND BALANCE, Beginning of year</b>				
	110,600	110,600	378,905	268,305
<b>FUND BALANCE, End of year</b>				
	\$ -	\$ -	\$ 3,425,117	\$ 3,425,117

The budgetary basis of accounting and GAAP are the same.

*OTHER SUPPLEMENTARY INFORMATION*

**CITY OF KEIZER, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - KEIZER STATION LID FUND  
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 926,916	\$ 926,916
<b>EXPENDITURES</b>				
Materials and services	21,600	46,600	46,617	(17)
Capital outlay	7,609,300	5,884,300	4,047,173	1,837,127
Debt service	-	1,700,000	918,951	781,049
<i>Total Expenditures</i>	<u>7,630,900</u>	<u>7,630,900</u>	<u>5,012,741</u>	<u>2,618,159</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,630,900)</u>	<u>(7,630,900)</u>	<u>(4,085,825)</u>	<u>3,545,075</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	6,500,000	6,500,000	4,150,000	(2,350,000)
Transfers out	(27,000)	(27,000)	(126,879)	(99,879)
<i>Total Other Financing Sources (Uses)</i>	<u>6,473,000</u>	<u>6,473,000</u>	<u>4,023,121</u>	<u>(2,449,879)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,157,900)</u>	<u>(1,157,900)</u>	<u>(62,704)</u>	<u>1,095,196</u>
<b>FUND BALANCE (DEFICIT), Beginning of year</b>	<u>1,157,900</u>	<u>1,157,900</u>	<u>(518,476)</u>	<u>(1,676,376)</u>
<b>FUND BALANCE (DEFICIT), End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (581,180)</u>	<u>\$ (581,180)</u>

The budgetary basis of accounting and GAAP are the same.

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

JUNE 30, 2007

	<i>Special Revenue</i>		
	<i>Revenue Sharing</i>	<i>Law Enforcement Grant</i>	<i>911 Fund</i>
<b>ASSETS</b>			
Cash and investments	\$ 67,525	\$ -	\$ -
Accounts receivable	52,451	4,957	96,215
<i>Total Assets</i>	<u>\$ 119,976</u>	<u>\$ 4,957</u>	<u>\$ 96,215</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities</i>			
Accounts payable	-\$ 3,251	\$ -	\$ 42,070
Due to other funds	-	5,146	56,867
<i>Total Liabilities</i>	3,251	5,146	98,937
<b>Fund Balances</b>			
Unreserved (deficit), reported in:			
Special revenue funds	116,725	(189)	(2,722)
<i>Total Fund Balances</i>	<u>116,725</u>	<u>(189)</u>	<u>(2,722)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 119,976</u>	<u>\$ 4,957</u>	<u>\$ 96,215</u>

<i>Public Education Government</i>	<i>Transportation Improvement</i>	<i>City Hall Facility</i>	<i>Park Improvement</i>	<i>Totals</i>
\$ 15,272	\$ 1,192,556	\$ 1,848	\$ 571,316	\$ 1,848,517
23,726	-	-	150,000	327,349
<u>\$ 38,998</u>	<u>\$ 1,192,556</u>	<u>\$ 1,848</u>	<u>\$ 721,316</u>	<u>\$ 2,175,866</u>
\$ -	\$ -	\$ -	\$ 24,743	\$ 70,064
-	-	-	-	62,013
-	-	-	24,743	132,077
38,998	1,192,556	1,848	696,573	2,043,789
38,998	1,192,556	1,848	696,573	2,043,789
<u>\$ 38,998</u>	<u>\$ 1,192,556</u>	<u>\$ 1,848</u>	<u>\$ 721,316</u>	<u>\$ 2,175,866</u>

**CITY OF KEIZER, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007**

	<i>Special Revenue</i>		
	<i>Revenue Sharing</i>	<i>Law Enforcement Grant</i>	<i>911 Fund</i>
<b>REVENUES</b>			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	207,104	30,674	185,205
Miscellaneous	-	-	-
<i>Total Revenues</i>	<u>207,104</u>	<u>30,674</u>	<u>185,205</u>
<b>EXPENDITURES</b>			
Current operating:			
General government	-	-	-
Parks	-	-	-
Public safety	-	-	246,766
Capital outlay	273,500	28,133	-
<i>Total Expenditures</i>	<u>273,500</u>	<u>28,133</u>	<u>246,766</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(66,396)	2,541	(61,561)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	122,700	-	81,800
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>122,700</u>	<u>-</u>	<u>81,800</u>
<b>NET CHANGE IN FUND BALANCES</b>	56,304	2,541	20,239
<b>FUND BALANCES, Beginning of year</b>	<u>60,421</u>	<u>(2,730)</u>	<u>(22,961)</u>
<b>FUND BALANCES (DEFICIT), End of year</b>	<u>\$ 116,725</u>	<u>\$ (189)</u>	<u>\$ (2,722)</u>

<i>Public Education Government</i>	<i>Transporation Improvement</i>	<i>City Hall Facility</i>	<i>Park Improvement</i>	<i>Totals</i>
\$ 92,622	\$ 289,934	\$ -	\$ 48,542	\$ 431,098
-	-	-	152,000	574,983
175	48,615	37	29,530	78,357
92,797	338,549	37	230,072	1,084,438
64,380	-	-	-	64,380
-	-	-	9,678	9,678
-	-	-	-	246,766
19,844	-	36,583	131,580	489,640
84,224	-	36,583	141,258	810,464
8,573	338,549	(36,546)	88,814	273,974
-	-	38,141	-	242,641
(1,067)	-	-	(4,180)	(5,247)
(1,067)	-	38,141	(4,180)	237,394
7,506	338,549	1,595	84,634	511,368
31,492	854,007	253	611,939	1,532,421
\$ 38,998	\$ 1,192,556	\$ 1,848	\$ 696,573	\$ 2,043,789

**CITY OF KEIZER, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - REVENUE SHARING FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 215,400	\$ 215,400	\$ 207,104	\$ (8,296)
<b>EXPENDITURES</b>				
Capital outlay	360,500	360,500	273,500	87,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(145,100)	(145,100)	(66,396)	78,704
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	122,700	122,700	122,700	-
<b>NET CHANGE IN FUND BALANCE</b>	(22,400)	(22,400)	56,304	78,704
<b>FUND BALANCE, Beginning of year</b>	22,400	22,400	60,421	38,021
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 116,725	\$ 116,725

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, 2007*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 30,674	\$ (19,326)
<b>EXPENDITURES</b>				
Materials and services	25,000	25,000	-	25,000
Capital outlay	25,000	25,000	28,133	(3,133)
<i>Total Expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>28,133</u>	<u>21,867</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	2,541	2,541
<b>FUND BALANCE (DEFICIT), Beginning of year</b>	-	-	(2,730)	(2,730)
<b>FUND BALANCE (DEFICIT), End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (189)</u>	<u>\$ (189)</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 149,500	\$ 169,500	\$ 185,205	\$ 15,705
Miscellaneous	100	100	-	(100)
<i>Total Revenues</i>	149,600	169,600	185,205	15,605
<b>EXPENDITURES</b>				
Materials and services	231,400	251,400	246,766	4,634
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(81,800)	(81,800)	(61,561)	20,239
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	81,800	81,800	81,800	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	20,239	20,239
<b>FUND BALANCE (DEFICIT), Beginning of year</b>	-	-	(22,961)	(22,961)
<b>FUND BALANCE (DEFICIT), End of year</b>	\$ -	\$ -	\$ (2,722)	\$ (2,722)

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, 2007*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 83,400	\$ 83,400	\$ 92,622	\$ 9,222
Miscellaneous	200	200	175	(25)
<i>Total Revenues</i>	83,600	83,600	92,797	9,197
<b>EXPENDITURES</b>				
Materials and services	61,400	64,400	64,380	20
Capital outlay	15,200	20,500	19,844	656
Contingency	8,300	-	-	-
<i>Total Expenditures</i>	84,900	84,900	84,224	676
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,300)	(1,300)	8,573	9,873
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,700)	(2,700)	(1,067)	1,633
<b>NET CHANGE IN FUND BALANCE</b>	(4,000)	(4,000)	7,506	11,506
<b>FUND BALANCE, Beginning of year</b>	29,000	29,000	31,492	2,492
<b>FUND BALANCE, End of year</b>	\$ 25,000	\$ 25,000	\$ 38,998	\$ 13,998

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 141,300	\$ 141,300	\$ 289,934	\$ 148,634
Miscellaneous	14,300	14,300	48,615	34,315
<i>Total Revenues</i>	155,600	155,600	338,549	182,949
<b>EXPENDITURES</b>				
Contingency	870,500	870,500	-	870,500
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(714,900)	(714,900)	338,549	1,053,449
<b>FUND BALANCE, Beginning of year</b>	714,900	714,900	854,007	139,107
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 1,192,556	\$ 1,192,556

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 - CITY HALL FACILITY FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 37	\$ 37
<b>EXPENDITURES</b>				
Capital outlay	115,000	115,000	36,583	78,417
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(115,000)	(115,000)	(36,546)	78,454
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	115,000	115,000	38,141	(76,859)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	1,595	1,595
<b>FUND BALANCE, Beginning of year</b>	-	-	253	253
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 1,848	\$ 1,848

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, 2007**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 172,400	\$ 172,400	\$ 48,542	\$ (123,858)
Intergovernmental	-	-	152,000	152,000
Miscellaneous	19,500	19,500	29,530	10,030
<i>Total Revenues</i>	191,900	191,900	230,072	38,172
<b>EXPENDITURES</b>				
Materials and services	-	10,000	9,678	322
Capital outlay	1,682,300	1,672,300	131,580	1,540,720
<i>Total Expenditures</i>	1,682,300	1,682,300	141,258	1,541,042
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,490,400)	(1,490,400)	88,814	1,579,214
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(7,300)	(7,300)	(4,180)	3,120
<b>NET CHANGE IN FUND BALANCE</b>	(1,497,700)	(1,497,700)	84,634	1,582,334
<b>FUND BALANCE, Beginning of year</b>	1,497,700	1,497,700	611,939	(885,761)
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 696,573	\$ 696,573

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 - SEWER FUND*

*YEAR ENDED JUNE 30, 2007*

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 1,400	\$ 1,400	\$ 8,406	\$ 8,406
Charges for services	4,061,600	4,161,600	4,399,934	4,409,969
Miscellaneous	-	-	5,462	5,462
<i>Total Revenues</i>	4,063,000	4,163,000	4,413,802	4,423,837
<b>EXPENDITURES</b>				
Personal services	186,400	186,400	187,696	187,593
Materials and services	3,863,300	3,963,300	3,915,428	3,919,560
Capital outlay/depreciation	5,700	5,700	4,132	225,339
Contingency	14,600	14,600	-	-
<i>Total Expenditures</i>	4,070,000	4,170,000	4,107,256	4,332,492
<b>REVENUES OVER (UNDER) EXPENSES</b>	(7,000)	(7,000)	306,546	91,345
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	43,833
Transfers out	(10,700)	(10,700)	(3,299)	(3,299)
Loss on disposition of assets	-	-	-	(2,871)
<i>Total Other Financing Sources (Uses)</i>	(10,700)	(10,700)	(3,299)	37,663
<b>NET CHANGE IN FUND BALANCE</b>	(17,700)	(17,700)	303,247	129,008
<b>FUND BALANCE, Beginning of year</b>	45,900	45,900	138,767	2,227,711
<b>FUND BALANCE, End of year</b>	\$ 28,200	\$ 28,200	\$ 442,014	\$ 2,356,719

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - WATER FUND  
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 21,738	\$ 21,738
Charges for services	2,373,000	2,373,000	2,750,198	2,772,521
Miscellaneous	78,200	78,200	135,834	135,834
<i>Total Revenues</i>	<u>2,456,200</u>	<u>2,456,200</u>	<u>2,907,770</u>	<u>2,930,093</u>
<b>EXPENDITURES</b>				
Personal services	1,015,600	1,015,600	1,012,068	1,009,346
Materials and services	872,900	872,900	810,698	787,559
Capital outlay/depreciation	339,000	339,000	304,874	207,267
Debt service	238,900	238,900	238,833	103,833
Contingency	123,300	123,300	-	-
<i>Total Expenditures</i>	<u>2,589,700</u>	<u>2,589,700</u>	<u>2,366,473</u>	<u>2,108,005</u>
<b>REVENUES OVER (UNDER) EXPENSES</b>	(133,500)	(133,500)	541,297	822,088
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(789,700)	(789,700)	(774,483)	(3,374,483)
<b>NET CHANGE IN FUND BALANCE</b>	(923,200)	(923,200)	(233,186)	(2,552,395)
<b>FUND BALANCE, Beginning of year</b>	<u>1,334,300</u>	<u>1,334,300</u>	<u>1,162,061</u>	<u>4,014,822</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 411,100</u>	<u>\$ 411,100</u>	<u>\$ 928,875</u>	<u>\$ 1,462,427</u>

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - SEWER RESERVE FUND  
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 349,000	\$ 349,000	\$ 154,002	\$ 130,997
Charges for services	-	-	44,275	44,275
Miscellaneous	2,200	2,200	992	992
<i>Total Revenues</i>	351,200	351,200	199,269	176,264
<b>EXPENDITURES</b>				
Materials and services	5,000	5,000	-	-
Capital outlay/depreciation	445,000	445,000	43,833	-
<i>Total Expenditures</i>	450,000	450,000	43,833	-
<b>REVENUES OVER (UNDER) EXPENSES</b>	(98,800)	(98,800)	155,436	176,264
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	(43,833)
<b>NET CHANGE IN FUND BALANCE</b>	(98,800)	(98,800)	155,436	132,431
<b>FUND BALANCE, Beginning of year</b>	772,900	772,900	818,693	846,325
<b>FUND BALANCE, End of year</b>	\$ 674,100	\$ 674,100	\$ 974,129	\$ 978,756

**CITY OF KEIZER, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Budget Basis</u>	<u>GAAP Basis</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 432,100	\$ 432,100	\$ 409,993	\$ 404,918
Miscellaneous	-	-	1	1
<i>Total Revenues</i>	<u>432,100</u>	<u>432,100</u>	<u>409,994</u>	<u>404,919</u>
<b>EXPENDITURES</b>				
Personal services	48,200	48,200	48,088	48,157
Materials and services	359,900	359,900	357,021	357,895
Capital outlay/depreciation	1,200	1,200	874	-
Contingency	20,600	20,600	-	-
<i>Total Expenditures</i>	<u>429,900</u>	<u>429,900</u>	<u>405,983</u>	<u>406,052</u>
<b>REVENUES OVER (UNDER) EXPENSES</b>				
	2,200	2,200	4,011	(1,133)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,200)	(2,200)	(678)	(678)
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>3,333</u>	<u>(1,811)</u>
<b>FUND BALANCE, Beginning of year</b>	<u>210,900</u>	<u>210,900</u>	<u>203,756</u>	<u>227,632</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 210,900</u>	<u>\$ 210,900</u>	<u>\$ 207,089</u>	<u>\$ 225,821</u>

**CITY OF KEIZER, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - WATER FACILITY FUND  
YEAR ENDED JUNE 30, 2007**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 169,800	\$ 169,800	\$ 101,093	\$ 101,093
Miscellaneous	88,200	88,200	111,446	111,446
<i>Total Revenues</i>	258,000	258,000	212,539	212,539
<b>EXPENDITURES</b>				
Materials and services	-	-	-	-
Capital outlay/depreciation	2,473,000	2,473,000	1,449,397	143,955
Contingency	234,100	234,100	-	-
<i>Total Expenditures</i>	2,707,100	2,707,100	1,449,397	143,955
<b>REVENUES OVER (UNDER) EXPENSES</b>	(2,449,100)	(2,449,100)	(1,236,858)	68,584
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	767,700	767,700	767,700	3,367,700
<b>NET CHANGE IN FUND BALANCE</b>	(1,681,400)	(1,681,400)	(469,158)	3,436,284
<b>FUND BALANCE, Beginning of year</b>	2,318,900	2,318,900	2,376,357	2,319,247
<b>FUND BALANCE, End of year</b>	\$ 637,500	\$ 637,500	\$ 1,907,199	\$ 5,755,531

**CITY OF KEIZER, OREGON**  
**PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2007**

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2006</i>	<i>2006-2007 Levy</i>	<i>Added To Rolls</i>	<i>Discounts &amp; Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2007</i>
2006-2007	\$ -	\$ 3,225,446	\$ 2,613	\$ (87,984)	\$ (3,039,852)	\$ 100,223
2005-2006	91,434	-	1	(2,002)	(56,446)	32,987
2004-2005	35,207	-	-	(717)	(15,550)	18,940
2003-2004	18,655	-	-	(314)	(9,089)	9,252
2002-2003	8,878	-	-	(168)	(6,291)	2,419
2001-2002	2,070	-	-	(80)	(498)	1,492
2000-2001	1,643	-	-	(30)	(473)	1,140
Prior Years	3,144	-	-	(23)	(715)	2,406
<b>Total</b>	<b>\$ 161,031</b>	<b>\$ 3,225,446</b>	<b>\$ 2,614</b>	<b>\$ (91,318)</b>	<b>\$ (3,128,914)</b>	<b>\$ 168,859</b>

**CITY OF KEIZER, OREGON**  
**SCHEDULE OF BOND TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2007**

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	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Fiscal Year of Maturity</u>
<b>BOND PRINCIPAL TRANSACTIONS</b>			
General Obligation Bonds			
Gas Tax Revenue Bonds 2005	3.92%	2005	2015-16
2005 Water Revenue Loan	4.10%	2005	2020-2021
			<i>Unmatured Interest Outstanding</i>
	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>July 1, 2006</u>
<b>BOND INTEREST TRANSACTIONS</b>			
General Obligation Bonds			
Gas Tax Revenue Bonds 2005	3.92%	2005	362,404
2005 Water Revenue Loan	4.10%	2005	876,375
			<u>\$ 1,238,779</u>

<i>Outstanding July 1, 2006</i>	<i>Bonds Issued</i>	<i>Bonds Paid</i>	<i>Outstanding June 30, 2007</i>
1,738,000	-	(145,000)	1,593,000
2,600,000	-	(135,000)	2,465,000
<u>\$ 4,338,000</u>	<u>\$ -</u>	<u>\$ (280,000)</u>	<u>\$ 4,058,000</u>

<i>New Issues</i>	<i>Interest Coupons Paid</i>	<i>Unmatured Interest June 30, 2007</i>
-	(65,288)	297,116
-	(103,833)	772,542
<u>\$ -</u>	<u>\$ (169,121)</u>	<u>\$ 1,069,658</u>

**CITY OF KEIZER, OREGON**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE**  
**YEAR ENDED JUNE 30, 2007**

<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>
2008	\$ 151,000	\$ 59,486	\$ 210,486	\$ 135,000	\$ 98,297	\$ 233,297
2009	157,000	53,449	210,449	140,000	92,660	232,660
2010	163,000	47,177	210,177	145,000	86,817	231,817
2011	169,000	40,670	209,670	150,000	80,770	230,770
2012	176,000	33,908	209,908	155,000	74,518	229,518
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	4,612	229,612
	<u>\$ 1,593,000</u>	<u>\$ 297,116</u>	<u>\$ 1,890,116</u>	<u>\$ 2,465,000</u>	<u>\$ 772,542</u>	<u>\$ 3,237,542</u>

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<i>Totals</i>		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 286,000	\$ 157,783	\$ 443,783
297,000	146,109	443,109
308,000	133,994	441,994
319,000	121,440	440,440
331,000	108,426	439,426
348,000	94,830	442,830
360,000	80,651	440,651
378,000	65,871	443,871
391,000	50,469	441,469
190,000	38,745	228,745
200,000	30,750	230,750
210,000	22,345	232,345
215,000	13,633	228,633
225,000	4,612	229,612
<u>\$ 4,058,000</u>	<u>\$ 1,069,658</u>	<u>\$ 5,127,658</u>

## 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 FIVE FISCAL YEARS - UNAUDITED**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 28,189,116	\$ 27,955,845	\$ 23,224,084	\$ 16,394,836	\$ 15,241,660
Reserved for special purposes	2,557,208	3,197,412	3,281,549	9,563,822	8,145,459
Unrestricted	6,998,358	4,272,316	4,093,466	1,391,744	971,777
<i>Total governmental activities net assets</i>	37,744,682	35,425,573	30,599,099	27,350,402	24,358,896
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	5,883,166	5,281,178	6,064,309	6,598,348	6,756,074
Reserved for special purposes	-	-	-	-	-
Unrestricted	4,894,554	4,354,559	3,079,828	2,459,079	1,721,609
<i>Total business-type activities net assets</i>	10,777,720	9,635,737	9,144,137	9,057,427	8,477,683
<b>Total government:</b>					
Invested in capital assets, net of related debt	34,072,282	33,237,023	29,288,393	22,993,184	21,997,734
Reserved for special purposes	2,557,208	3,197,412	3,281,549	9,563,822	8,145,459
Unrestricted	11,892,912	8,626,875	7,173,294	3,850,823	2,693,386
<i>Total government net assets</i>	<u>\$ 48,522,402</u>	<u>\$ 45,061,310</u>	<u>\$ 39,743,236</u>	<u>\$ 36,407,829</u>	<u>\$ 32,836,579</u>

Source: City of Keizer Finance Department

Source: CAFR Statement of Net Assets

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.

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

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

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Expenses:</b>					
<b>Governmental activities:</b>					
General government	\$ 1,105,397	\$ 1,482,804	\$ 2,263,474	\$ 2,156,572	\$ 1,790,961
Community and youth services	5,891	5,104	4,400	441	1,296
Community development	2,477,616	2,169,848	1,553,543	799,064	870,278
Parks	182,179	177,860	175,029	110,806	107,900
Public safety	5,779,195	5,426,593	5,181,421	4,512,031	4,592,191
Public works	1,477,995	1,498,709	726,596	739,176	682,003
Stadium operations	-	40,515	40,610	38,343	36,300
Interest on long-term debt	984,239	607,443	190,224	224,631	-
<i>Total governmental activities expenses</i>	<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>
<b>Business-type activities:</b>					
Water	2,253,494	2,192,830	2,041,226	1,836,951	1,767,710
Sewer and storm drain	4,335,363	4,106,832	4,074,941	3,961,489	3,587,126
Street lighting	406,052	397,772	399,682	379,419	380,140
<i>Total business-type activities expenses</i>	<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>
<i>Total government expenses</i>	<u>\$ 19,007,421</u>	<u>\$ 18,106,310</u>	<u>\$ 16,651,146</u>	<u>\$ 14,758,923</u>	<u>\$ 13,815,905</u>
<b>Program Revenues:</b>					
<b>Governmental activities:</b>					
Fees, fines and charges for services:					
General government	\$ 147,399	\$ 156,286	\$ 147,149	\$ 128,098	\$ 118,111
Community and youth services	-	-	-	-	-
Community development	67,114	125,927	57,207	77,946	64,099
Parks	3,201	2,780	2,350	194,560	196,385
Public safety	654,136	723,302	473,327	372,964	443,464
Public works	60,448	212,908	82,025	20,080	11,938
Stadium operations	57,425	56,798	53,053	65,847	44,667
Operating grants and contributions	2,127,964	2,783,622	1,904,784	1,769,053	1,595,022
Capital grants and contributions	440,321	1,647,944	617,998	68,733	34,396
<i>Total governmental activities program revenues</i>	<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>
<b>Business-type activities:</b>					
Fees, fines and charges for services:					
Water	2,832,074	2,188,101	1,997,748	2,234,050	1,859,555
Sewer and storm drain	4,418,375	3,906,054	3,905,878	4,030,082	3,500,601
Street lighting	404,918	470,218	467,401	454,536	387,954
Operating grants and contributions	27,783	23,913	2,934	11,668	18,917
Capital grants and contributions	276,365	442,663	378,485	-	-
<i>Total business-type activities program revenues</i>	<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>
<i>Total government program revenues</i>	<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>

Financial trend schedule: Changes in net assets is intended to provide the user with detailed information related to net asset activities and changes in those activities.

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (8,454,504)	\$ (5,699,309)	\$ (6,797,404)	\$ (5,883,783)	\$ (5,572,847)
Business-type activities	964,606	333,515	236,597	552,477	32,051
<i>Total government activities</i>	(7,489,898)	(5,365,794)	(6,560,807)	(5,331,306)	(5,540,796)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes and assessments	6,062,528	6,782,351	6,332,711	6,053,862	5,770,276
Licenses and permits	2,283,966	2,156,426	1,947,010	1,961,642	1,793,520
Intergovernmental	891,629	750,630	771,629	744,190	701,662
Miscellaneous	1,524,730	829,146	260,848	209,733	198,299
Gain (loss) on sale of capital assets	-	-	733,908	(94,140)	-
Transfers	10,760	7,230	-	-	-
<i>Total governmental activities</i>	10,773,613	10,525,783	10,046,106	8,875,287	8,463,757
Business-type activities:					
Miscellaneous	188,137	165,315	50,115	27,270	23,403
Gain (loss) on sale of capital assets	-	-	(200,000)	-	-
Transfers	(10,760)	(7,230)	-	-	-
<i>Total business-type activities</i>	177,377	158,085	(149,885)	27,270	23,403
<i>Total government revenues</i>	10,950,990	10,683,868	9,896,221	8,902,557	8,487,160
<b>Changes in Net Assets</b>					
Governmental activities	2,319,109	4,826,474	3,248,702	2,991,504	2,890,910
Business-type activities	1,141,983	491,600	86,712	579,747	55,454
	3,461,092	5,318,074	3,335,414	3,571,251	2,946,364
Net Assets, July 1					
Governmental activities	35,425,573	30,599,099	27,350,400	24,358,896	21,467,986
Business-type activities	9,635,737	9,144,137	9,057,430	8,477,683	8,877,447
	45,061,310	39,743,236	36,407,830	32,836,579	30,345,433
Business-type activities - change in capitalization pool	-	-	-	-	(455,218)
<i>Total Government</i>	45,061,310	39,743,236	36,407,830	32,836,579	29,890,215
Net Assets, June 30					
Governmental activities	37,744,682	35,425,573	30,599,099	27,350,400	24,358,896
Business-type activities	10,777,720	9,635,737	9,144,137	9,057,430	8,477,683
<i>Total Government</i>	\$ 48,522,402	\$ 45,061,310	\$ 39,743,236	\$ 36,407,830	\$ 32,836,579

Source: City of Keizer Finance Department

Source: CAFR Statement of Activities

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

	Fiscal Year				
	2007	2006	2005	2004	2003
General fund, unreserved	<u>\$1,968,795</u>	<u>\$1,469,417</u>	<u>\$1,243,622</u>	<u>\$1,537,345</u>	<u>\$1,093,153</u>
All other governmental funds					
Unreserved, reported in:					
Special revenue funds	\$8,070,211	\$6,347,390	\$4,962,340	\$8,197,162	\$6,951,770
Capital project funds	(581,180)	(518,476)	935,397	908,703	683,897
<i>Total all other governmental funds</i>	<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>

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

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

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Revenues</b>					
Taxes and assessments	\$ 6,167,077	\$ 6,885,664	\$ 6,433,869	\$ 6,071,753	\$ 5,743,671
Licenses and permits	2,874,189	3,312,046	2,345,388	2,191,270	1,942,555
Intergovernmental	3,076,740	3,525,310	2,630,074	2,544,839	2,320,107
Fines and forfeitures	654,136	545,247	473,327	372,964	443,464
Miscellaneous	1,613,935	2,029,377	819,887	531,912	498,393
<b>Total revenues</b>	<b>14,386,077</b>	<b>16,297,644</b>	<b>12,702,545</b>	<b>11,712,738</b>	<b>10,948,190</b>
<b>Expenditures</b>					
Current operating:					
General government	812,189	745,142	841,178	643,722	588,800
Community and youth services	5,891	5,104	4,400	441	1,296
Community development	1,164,131	781,603	1,636,548	792,396	606,088
Parks	161,422	161,308	132,165	110,801	107,661
Public safety	5,519,381	5,179,650	5,001,246	4,498,140	4,417,328
Public works	848,079	734,385	716,465	665,252	642,068
Stadium operations	-	40,515	40,610	38,343	36,300
Capital outlay	6,747,010	25,712,264	7,811,339	2,084,622	1,264,843
Debt service					
Principal	145,000	3,445,000	750,000	740,000	725,000
Interest	984,239	607,443	190,224	224,631	256,600
<b>Total expenditures</b>	<b>16,387,342</b>	<b>37,412,414</b>	<b>17,124,175</b>	<b>9,798,348</b>	<b>8,645,984</b>
Revenues over (under) expenditures	(2,001,265)	(21,114,770)	(4,421,630)	1,914,390	2,302,206
<b>Other financing sources (uses)</b>					
Loan proceeds	4,150,000	22,308,000	2,514,912	5,225,000	-
Loan payments	-	(1,000,000)	(2,514,912)	(5,225,000)	-
Land sale proceeds	-	-	919,778	-	-
Transfers in	378,727	1,369,099	284,491	78,574	95,088
Transfers out	(367,967)	(1,380,159)	(284,491)	(78,574)	(95,088)
<b>Total other financing sources (uses)</b>	<b>4,160,760</b>	<b>21,296,940</b>	<b>919,778</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 2,159,495</b>	<b>\$ 182,170</b>	<b>\$ (3,501,852)</b>	<b>\$ 1,914,390</b>	<b>\$ 2,302,206</b>
<b>Debt service as a % of noncapital expenditures</b>	<b>13.27%</b>	<b>52.99%</b>	<b>11.23%</b>	<b>14.29%</b>	<b>15.34%</b>

Source: City of Keizer Finance Department

Source: CAFR Statement of Revenues, Expenditures & Changes in Fund Balance

# STATISTICAL SECTION

## REVENUE CAPACITY

**CITY OF KEIZER, OREGON****ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY****LAST TEN FISCAL YEARS - UNAUDITED (in thousands of dollars)**

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	<u>Residential Property</u>	<u>Farm Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Personal Property</u>
1997-98	NA	NA	NA	NA	NA
1998-99	\$ 901,707	\$ 2,823	\$ 174,330	\$ 4,197	\$ 18,251
1999-00	974,782	2,534	191,059	4,138	17,176
2000-01	1,044,951	2,182	202,542	4,009	18,243
2001-02	1,105,734	1,866	213,152	3,770	19,463
2002-03	1,158,236	2,412	221,825	3,698	19,827
2003-04	1,214,867	2,346	229,931	3,796	19,087
2004-05	1,276,334	2,428	239,725	3,976	17,959
2005-06	1,337,968	2,121	252,686	4,034	20,589
2006-07	1,390,319	1,636	288,657	4,412	21,505

## SOURCE:

Kim Gushulak

Appraiser

Marion County Assessor's Office

503-588-5133

NA = not available

<u>Utility Property</u>	<u>Total Measure 50 Assessed Value</u>	<u>Real Market Value</u>	<u>Ratio of Total Assessed Value to Real Market Value</u>
NA	1,063,316	NA	NA
\$ 22,268	\$ 1,123,576	\$ 1,369,769	82.0 %
24,490	1,214,179	1,480,930	82.0
26,395	1,298,322	1,618,359	80.2
29,519	1,373,504	1,722,643	79.7
31,314	1,437,312	1,814,135	79.2
31,459	1,501,486	1,891,624	79.4
35,555	1,575,977	2,031,390	77.6
32,769	1,650,167	2,220,579	74.3
32,246	1,738,775	2,525,782	68.8

**CITY OF KEIZER, OREGON**

**DIRECT AND OVERLAPPING PROPERTY TAXES**

**LAST TEN FISCAL YEARS - UNAUDITED (rate per \$1,000 of assessed value)**

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
City of Keizer	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
<b>Overlapping Governments:</b>					
Marion County	3.02	3.02	3.02	3.02	3.02
Keizer Fire District	1.85	1.87	1.88	1.87	1.54
Marion County Fire District	2.37	2.34	2.35	2.37	2.42
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
School District	6.45	6.61	7.11	6.89	6.88
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.28
Community College	0.94	0.96	0.96	0.77	0.76
Regional Library	0.08	0.08	0.08	0.08	0.08
Transit District	0.76	0.76	0.76	0.76	0.76
Total	<u>\$ 17.90</u>	<u>\$ 18.07</u>	<u>\$ 18.59</u>	<u>\$ 18.19</u>	<u>\$ 17.87</u>

Source: Marion County Summary of Tax Roll.

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<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
3.02	3.02	3.02	3.02	3.01
1.55	1.55	1.55	1.55	1.59
2.44	2.46	2.50	1.90	1.90
0.05	-	-	-	-
6.98	6.87	7.08	5.86	5.86
0.28	0.28	0.28	0.28	0.28
0.76	0.76	0.80	0.82	0.83
0.08	0.08	0.08	0.08	0.08
0.76	0.76	0.76	0.76	0.76
<u>\$ 18.00</u>	<u>\$ 17.86</u>	<u>\$ 18.15</u>	<u>\$ 16.35</u>	<u>\$ 16.39</u>

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

		2007		
Private Enterprise	Industry	Rank	Assessed Valuation	Percent of Total Assessed Value
Northwest National LLC	Real estate	1	\$ 10,550,180	0.44%
Lowe's HIW INC	Retail	2	10,525,098	0.44%
Keizer Campus LLC	Retirement Center	3	8,439,140	0.35%
Target Corporation	Retail	4	7,786,760	0.33%
Keizer Road Apartments LLC	Real estate	5	7,376,250	0.31%
Keizer Schoolhouse LLC	Real estate	6	6,469,550	0.27%
Senior Management Co LTD	Real estate	7	6,073,590	0.25%
Hidden Creek Loop Apartments LLC	Real estate	8	5,176,670	0.22%
Poplar Chemawa LLC	Real estate	9	4,888,480	0.21%
Century Apartments LLC	Real estate	10	4,459,755	0.19%
Team Management	Real estate	-	-	-
ASA Properties, Inc	Real estate	-	-	-
Staats Lake, LLC	Real estate	-	-	-
Safeway, Inc	Grocery store	-	-	-
Tran Co., An Oregon Corp.	Railroad	-	-	-
Public Utilities				
Northwest Natural Gas Co	Natural gas	1	12,343,200	0.52%
Portland General Electric Co	Electricity	2	10,564,000	0.44%
Qwest Corporation***	Telephone	3	6,960,200	0.29%
Government				
City of Keizer**	Municipal		4,605,950	0.19%
 <b>All other taxpayers</b>			<u>2,276,438,371</u>	<u>95.54%</u>
<b>Total</b>			<u><u>\$ 2,382,657,194</u></u>	<u><u>100.00%</u></u>

\*Information prior to 1999 is not available

\*\*Private Activity for Salem/Keizer Volcanoes Baseball stadium

\*\*\*Operated as US West Communications, Inc in 1999

Source: Marion County Assessor

1999

Rank	Assessed Valuation	Percent of Total Assessed Value
-	\$ -	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
5	4,163,970	0.39%
-	-	-
-	-	-
1	10,866,660	1.02%
2	5,021,930	0.47%
3	4,575,370	0.43%
4	4,178,870	0.39%
6	3,605,360	0.34%
1	8,507,200	0.80%
3	6,506,000	0.61%
2	6,980,242	0.66%
	3,452,840	0.32%
	<u>1,005,457,404</u>	<u>94.56%</u>
	<u>\$ 1,063,315,846</u>	<u>100.00%</u>

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

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<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied by Assessor</b>	<b>Current Tax Collections</b>	<b>Current Tax Collections as Percent of Current Levy</b>	<b>Delinquent Tax Collections</b>
1998	\$ 1,933,439	\$ 1,811,217	93.68%	\$ 121,676
1999	2,025,233	1,874,161	92.54%	150,708
2000	2,173,946	2,029,249	93.34%	144,110
2001	2,312,503	2,145,681	92.79%	165,682
2002	2,437,208	2,261,174	92.78%	174,542
2003	2,541,447	2,360,526	92.88%	178,502
2004	2,648,896	2,475,397	93.45%	164,247
2005	2,772,455	2,582,450	93.15%	171,065
2006	2,894,613	2,803,179	96.84%	58,447
2007	3,140,075	3,039,852	96.81%	-

Source:  
City of Keizer Finance Department  
Marion County Tax Assessor's Office

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<u>Total Tax Collections</u>	<u>Total Tax Collections as Percent of Current Levy</u>	<u>Uncollected Taxes</u>	<u>Uncollected Taxes as Percent of Current Levy</u>
\$ 1,932,893	99.97%	\$ 546	0.03%
2,024,869	99.98%	364	0.02%
2,173,359	99.97%	587	0.03%
2,311,363	99.95%	1,140	0.05%
2,435,716	99.94%	1,492	0.06%
2,539,028	99.90%	2,419	0.10%
2,639,644	99.65%	9,252	0.35%
2,753,515	99.32%	18,940	0.68%
2,861,626	98.86%	32,987	1.14%
3,039,852	96.81%	100,223	3.19%

# 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**

<u>Fiscal Year</u>	<u>Population</u>	<u>Real market value (in thousands)</u>	<u>Gross bonded debt*</u>	<u>Bonded direct debt per capita</u>	<u>Ratio of bonded direct debt to market value</u>	<u>Bonded debt per capita to personal income</u>
1997-98	29,235	\$ 1,063,316	\$ 7,980,000	\$ 273	0.75%	1.26%
1998-99	30,260	1,123,576	7,470,000	247	0.66%	1.09%
1999-00	31,220	1,214,180	6,970,000	223	0.57%	0.94%
2000-01	32,203	1,618,359	6,395,000	199	0.40%	0.81%
2001-02	32,950	1,722,643	5,660,000	172	0.33%	0.69%
2002-03	33,100	1,814,135	4,935,000	149	0.27%	0.58%
2003-04	34,010	1,891,624	4,195,000	123	0.22%	0.47%
2004-05	34,380	2,031,390	3,445,000	100	0.17%	0.37%
2005-06	34,737	2,220,579	-	-	0.00%	0.00%
2006-07	34,880	2,525,782	-	-	0.00%	0.00%

All outstanding general obligation debt was called in fiscal year 2006

\*Does not include Water Revenue Bonds or Gas Tax Loan

Source:

Marion County Oregon

City of Keizer Finance Department

Portland State University

**CITY OF KEIZER, OREGON**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2007 - UNAUDITED**

<u>Governmental unit</u>	<u>Real market Value (In Thousands)</u>	<u>Gross Property-tax backed debt</u>	<u>Percent overlapping</u>	<u>Net Property-tax backed debt</u>
City of Keizer	\$ 2,525,782	\$ -	100.0000%	\$ -
Marion County	23,333,872	6,089,972	10.2389%	623,546
Keizer Fire District	2,155,126	1,593,502	98.3643%	1,567,437
Marion County Fire District	3,155,791	163,395	8.5324%	13,942
Salem-Keizer School District 24J	17,786,379	49,486,876	13.4324%	6,647,275
Chemeketa Community College	34,949,950	4,454,385	6.8359%	304,497
Willamette ESD	38,492,311	<u>1,393,611</u>	6.2068%	<u>86,499</u>
Total direct and overlapping debt		<u>\$ 63,181,741</u>		<u>\$ 9,243,196</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 businesses of the City of Keizer.

Source: Oregon State Treasury

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

Real Market Value	<u>\$ 2,525,781,776</u>
Debt limit at three (3) percent of real market value	\$ 75,773,453
Amount of bonded debt applicable to limit: Total bonded debt outstanding	-
Legal debt margin*	<u>\$ 75,773,453</u>
Total debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable</u>
1997-98	\$ 31,899,480	\$ 7,980,000	\$ 23,919,480	25.02%
1998-99	33,707,280	7,470,000	26,237,280	22.16%
1999-00	36,425,400	6,970,000	29,455,400	19.13%
2000-01	48,550,763	6,395,000	42,155,763	13.17%
2001-02	51,679,290	5,660,000	46,019,290	10.95%
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	75,773,453	-	75,773,453	0.00%

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

Source:  
Oregon State Treasury  
City of Keizer Finance Department

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

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

Fiscal Year	Gross Revenues	Less Direct Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<b>STREET FUND - GAS TAX LOAN</b>							
1997-98	\$ 2,189,388	\$ 1,300,493	\$ 888,895	\$ -	\$ -	\$ -	0.0%
1998-99	1,211,534	1,493,096	(281,562)	-	-	-	0.0%
1999-00	1,488,601	1,564,441	(75,840)	-	-	-	0.0%
2000-01	1,508,348	1,197,998	310,350	-	-	-	0.0%
2001-02	1,585,347	1,467,710	117,637	-	-	-	0.0%
2002-03	1,405,803	1,002,617	403,186	-	-	-	0.0%
2003-04	1,582,591	992,656	589,935	-	-	-	0.0%
2004-05	1,798,471	1,846,774	(48,303)	-	-	-	0.0%
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%
<b>WATER FUND LOAN</b>							
1997-98	1,808,241	1,052,249	755,992	382,605	71,181	453,786	1.7%
1998-99	1,857,710	1,374,685	483,025	380,220	60,012	440,232	1.1%
1999-00	1,991,459	1,413,882	577,577	340,000	41,660	381,660	1.5%
2000-01	1,883,467	1,370,100	513,367	360,000	21,600	381,600	1.3%
2001-02	1,772,739	1,375,949	396,790	-	-	-	0.0%
2002-03	1,890,154	1,416,303	473,851	-	-	-	0.0%
2003-04	2,262,835	1,470,362	792,473	-	-	-	0.0%
2004-05	2,178,271	1,698,641	479,630	-	-	-	0.0%
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%

# STATISTICAL SECTION

## DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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<u>Calendar year</u>	<u>(1) Population</u>	<u>(2) Area (square mile)</u>	<u>(1) - (2) Average Density (persons/ square mile)</u>	<u>(3) Per Capita Personal Income</u>	<u>(4) School Enrollment</u>	<u>(5) Average Annual Unemployment</u>
1998	28,757	7.36	3,907	\$ 22,609	NA	5.8%
1999	29,235	7.36	3,972	23,695	NA	5.8%
2000	30,260	7.36	4,111	24,450	6,003	5.4%
2001	32,203	7.36	4,375	24,737	6,325	6.3%
2002	32,950	7.36	4,477	25,515	7,831	7.1%
2003	33,100	7.36	4,497	25,992	7,258	7.7%
2004	34,010	7.36	4,621	27,044	7,445	7.4%
2005	34,380	7.36	4,671	28,100	7,518	6.2%
2006	34,737	7.36	4,720	28,677	7,772	6.3%
2007	34,880	7.36	4,739	NA	6,496	5.6%

NA - Information not available

- Sources: 1 Portland State University, Population Research & Census Center  
2 City of Keizer Community Development Department  
3 Bureau of Economic Analysis  
4 Salem/Keizer School District  
5 US Department of Labor, Bureau of Labor Statistics

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

<i>Taxpayer</i>	2007		<i>Percentage Total City Employment<sup>1</sup></i>
	<i>Number of Employees</i>	<i>Rank</i>	
State of Oregon	20,200	1	27.53%
Salem-Keizer School District	4,000	2	5.45%
Salem Hospital	3,500	3	4.77%
Marion County	1,562	4	2.13%
City of Salem*	1,536	5	2.10%
T-Mobile	1,100	6	1.50%
Norpac Foods Incorporated	1,000	7	1.36%
Chemeketa Community College*	1,000	8	1.36%
Roth's-Your Family Market	1,000	9	1.36%
Walmart	1,000	10	1.36%
Mitsubishi Silicon America			
State Accident Insurance Fund			
Fred Meyer, Incorporated			
State Farm Insurance			
<b>Total</b>	<b>35,898</b>		<b>48.92%</b>

\*Includes full and part-time positions

Source: Oregon Employment Department  
Salem Hospital Regional health Services  
Salem-Keizer Public Schools  
Marion County, Business Services  
SEDCOR  
Salem Area Chamber of Commerce  
U.S. Department of Labor, Bureau of Labor Statistics  
City of Salem Human Resources

<sup>1</sup> U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The annual labor force for calendar year 2006 was 73,374.

<sup>2</sup> U.S. Department of Labor, Bureau of Labor, Salem, OR (MSA) - The annual labor force for calendar year 1997 was 62,944.

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<i>1998</i>		
<i>Number of Employees</i>	<i>Rank</i>	<i>Percentage of Total City Employment<sup>2</sup></i>
15,253	1	24.23%
2,790	2	4.43%
2,782	3	4.42%
1,381	5	2.20%
1,396	4	2.22%
1,170	6	1.66%
1,032	7	1.64%
732	8	1.17%
689	9	1.09%
651	10	1.03%
<u>27,876</u>		<u>\$ 44.29%</u>

# STATISTICAL SECTION

## OPERATING INFORMATION

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>GOVERNMENT ACTIVITIES:</b>			
<b>General Government:</b>			
Number of municipal court citations processed	3,314	2,742	3,323
Number of land use applications processed	53	42	46
Number of building permits:			
Single family dwellings	50	75	72
Multi-family units	-	200	22
Valuation* (in millions)	\$ 10,287	\$ 32,936	\$ 16,378
Bank deposits (in millions)	NA	165,701	112,854
<b>Public Safety:</b>			
Number of arrests by patrol officers	2,730	2,948	2,670
Number of traffic violations cited	5,500	4,323	3,506
Number of offenses	14,260	15,444	14,696
<b>BUSINESS-TYPE ACTIVITIES:</b>			
<b>Water:</b>			
Number of Meters			
Single-Family Residential*	9,355	9,298	9,233
Multi-Family Residential	255	248	249
Commercial	322	278	264
Consumption (100 ccf)			
Single-Family Residential*	1,243,543	1,132,089	1,245,552
Multi-Family Residential	338,127	287,360	298,327
Commercial	156,211	143,757	141,172
Number of Fire Hydrants			
Public	758	758	758
Private	34	34	34
<b>Sewer:</b>			
Number of accounts	9,987	9,921	9,400

NA - information not available

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

\*\*Statistics based on fiscal year

Source: City of Keizer Community Development Department  
State of Oregon Department of Consumer & Business Services.

2004	2003	2002	2001	2000	1999	1998
2,810	2,359	2,378	4,228	3,983	4,672	2,588
48	44	69	68	68	73	68
162	151	100	267	237	305	269
28	96	3	52	-	230	110
\$ 33,181	\$ 36,505	\$ 13,094	\$ 33,146	\$ 34,811	\$ 48,281	\$ 37,932
158,773	151,312	101,635	119,105	129,048	106,839	138,879
2,404	2,342	1,928	2,332	1,861	1,371	1,238
4,100	4,510	3,571	4,470	4,969	3,208	4,599
15,959	15,816	14,636	14,703	13,398	13,754	13,612
8,802	8,442	NA	NA	NA	NA	NA
453	438	NA	NA	NA	NA	NA
226	219	NA	NA	NA	NA	NA
1,284,997	1,341,896	NA	NA	NA	NA	NA
288,676	243,365	NA	NA	NA	NA	NA
126,056	11,907	NA	NA	NA	NA	NA
758	758	NA	NA	NA	NA	NA
34	34	NA	NA	NA	NA	NA
9,380	9,359	9,183	8,924	NA	NA	NA

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

	2007	2006	2005	2004	2003
<b>GOVERNMENT ACTIVITIES:</b>					
<b>General Government:</b>					
Number of City owned building facilities	3	3	3	3	3
<b>Public Safety:</b>					
Number of jail facilities (holding cells)	2	2	-	-	-

	2007 - 2006		2005 - 1999	
	Number	Acres	Number	Acres
<b>Parks and Recreation:</b>				
Number of parks and acreage:				
Neighborhood parks	15	65.5	15	65.5
Community parks	2	27.0	2	27.0
Regional parks	1	120.0	0	-
Landscape areas	1	0.5	1	0.5
Historical areas	1	0.5	1	0.5

	2007	2006	2005	2004	2003
<b>Streets:</b>					
Miles of streets and alleys:					
Streets - Lane miles	203.5	203.5	120.0	119.0	118.0
Alleys	2	2	2	2	2
Number of street, pedestrian and other bridges	6	6	3	3	3
Number of traffic signals	20	20	15	15	14

**BUSINESS-TYPE ACTIVITIES:**

	2007	2006	2005	2004	2003
<b>Water System:</b>					
Number of reservoirs	2	2	1	1	1
Storage capacity (in millions of gallons)	2.25	2.25	1.5	1.5	1.5
Annual consumption (in millions of cubic feet)	196	192	185	190	186
Miles of water line	105	105	130	129	129
Number of pump stations	14	14	14	14	15
<b>Sewer System:</b>					
Miles of storm drains	54	54	55	54	54
Miles of sewer lines	104	104	121	120	120
Number of lift stations	1	1	1	3	3

Source: City of Keizer Public Works Department

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<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
-------------	-------------	-------------	-------------

3	3	3	3
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-	-	-	-
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<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
-------------	-------------	-------------	-------------

112.0	112.0	112.0	112.0
2	2	2	2
3	3	3	2
13	13	13	13

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
-------------	-------------	-------------	-------------

1	1	1	1
1.5	1.5	1.5	1.5
180	182	182	180
108	110	108	108
15	15	15	15

35	38	35	35
102	104	102	102
3	3	3	3

**CITY OF KEIZER, OREGON**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS - UNAUDITED**

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<b>Fiscal Year</b>	<b>Community Development</b>	<b>General Government</b>	<b>Parks</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Total</b>
1997-98	3.00	11.00	1.00	38.00	11.00	64.00
1998-99	3.00	14.00	1.00	46.00	11.00	75.00
1999-00	3.50	15.00	1.00	47.00	11.00	77.50
2000-01	3.50	15.00	1.00	47.00	11.00	77.50
2001-02	3.50	15.00	1.00	47.00	11.00	77.50
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

Source: City of Keizer Finance Department

**CITY OF KEIZER, OREGON**

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**

**YEAR ENDED JUNE 30, 2007**

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**STATE OF OREGON COMPLIANCE SECTION**

Oregon Administrative Rules 162-10-000 through 162-16-000 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

*Significant Accounting Policies*

The significant accounting policies followed in preparing the City's financial statements are summarized in the notes to the financial statements.

*Organization and Fund Structure*

The organization and fund structure of the City is documented in the notes to the financial statements.

*Internal Accounting Control*

We have audited the basic financial statements of the City of Keizer as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the City taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

*Adequacy of Collateral Securing Depository Balances*

ORS 295 provides that each depository, throughout the period of its possession of public fund deposits, shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of the adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 2007.

*Indebtedness*

The general obligation bonded debt of the City is in compliance with the limitation imposed by law. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2007.

*Budget Compliance*

The City has complied with Local Budget Law (ORS 294) in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2007 and 2008, except as noted in the notes to the financial statements.

*Insurance and Fidelity Bonds*

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2007. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies.

**CITY OF KEIZER, OREGON**

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)**  
**YEAR ENDED JUNE 30, 2007**

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**STATE OF OREGON COMPLIANCE SECTION (Continued)**

*Highway Funds*

The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 294, 368 and 373 as they pertain to the use of road funds.

*Programs Funded from Outside Sources*

We have reviewed the City's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies. The City is in compliance with the guidelines in all material respects.

*Investments*

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2007.

*Public Contracting and Purchasing*

Our review of the City's public contracting, purchasing procedures and construction of public improvement requirements (ORS 279) indicated that the City was in compliance.

*Financial Reporting Requirements*

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

*Schedule of Accountability of Independently Elected Officials*

There are no elected City officials who collect or receive funds on behalf of the City.

This report is intended for the information and use of the City Council and management of the City of Keizer and is not intended and should not be used by other than those specified parties.

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

By: 

Charles A. Swank, A Shareholder

December 14, 2007