

City of Keizer
Marion County, OR



**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

Fiscal Year 2010-2011



PRIDE SPIRIT VOLUNTEERISM

***CITY OF KEIZER
MARION COUNTY, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2011***

*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, 2011

MAYOR

Term Expires

Lore Christopher
6598 Stone Mason Lane NE
Keizer, Oregon 97303

January 2013

CITY COUNCIL

David McKane
674 Fall Creek Drive N
Keizer, Oregon 97303

January 2013

Brandon Smith
1716 Brian Ct NE
Keizer, Oregon 97303

January 2013

Mark Caillier
1388 Marigold Street NE
Keizer, Oregon 97303

January 2013

Cathy Clark
715 Ventura Street N.
Keizer, Oregon 97303

January 2015

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

January 2015

James Taylor
1986 Meadowlark Drive NE
Keizer, Oregon 97303

January 2015

930 Chemawa Road NE
Keizer, Oregon 97303

STAFF

CITY MANAGER
Chris Eppley

HUMAN RESOURCES DIRECTOR
Machell DePina

CHIEF OF POLICE
Marc Adams

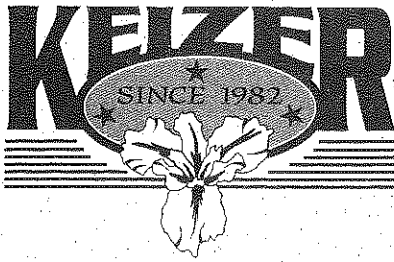
COMMUNITY DEVELOPMENT DIRECTOR
Nathan Brown

CITY RECORDER
Tracy Davis

PUBLIC WORKS DIRECTOR
Rob Kissler

FINANCE DIRECTOR
Susan Gahlsdorf

CITY ATTORNEY
E. Shannon Johnson



City of Keizer

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

December 20, 2011

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

INTRODUCTION

The City of Keizer Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Keizer, Oregon for the fiscal year ended June 30, 2011. The financial statements present the activities and financial positions of all City funds. This report is published in fulfillment of the requests of the Oregon Revised Statutes, which require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year.

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

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

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

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

THE CITY

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

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

"Pride, Spirit and Volunteerism"

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

The Council appoints a City Manager who is responsible for the administration and execution of the City's policies and ordinances. Presently there are 91 full-time city employees working in eight departments: Administration, Finance, Human Resources, Public Works, Community Development, City Recorder, Legal Services and Police Services. The City is subject to collective bargaining agreements with the Keizer Police Association and the Municipal Utility Workers' Local 320.

The City provides basic services. These services include police, municipal court, street construction and maintenance, water reservoirs, wells and water lines, storm drainage, land use planning and zoning, public improvements, parks and administrative services. The City contracts with the City of Salem, Oregon for maintenance of its sanitary sewer system and administers the billing function for use of this facility. The City also manages and operates the North River Road 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 District is a blended component unit of the City and is therefore an integral part of the City's reporting entity.

In June 1997, the City revised its tax base for the first time since 1986. Shortly thereafter, Oregon's tax system was overturned by Ballot Measure 50 and like all Oregon cities; Keizer had a permanent tax rate, replacing the existing tax base. The tax rate is constrained by the effects of Measure 5, which limits the consolidated tax rate that local governments can charge plus Measure 50, which limits growth in assessed value and places a tax rate limit that can be charged on each parcel of taxed property. The City's permanent levy rate is \$2.0838 per thousand. This amount will be applied to the taxable assessed value on the roll. The assessed value growth is limited to 3% plus any new construction, remodeling, or value increases due to property sales. In Fiscal Year 2011, the City's assessed value increased 2.7% overall which included a 1.1% increase in excess assessed value within the Urban Renewal District.

ECONOMIC CONDITION AND OUTLOOK

The City's economic condition is significantly influenced by the economic conditions of the neighboring cities, since the majority of the workforce that resides within the City commutes to Salem or the Portland Metro area for employment. During the year the City, consistent with the state and nation, continued to experience an economic slowdown that began during the 2008-09 fiscal year. The continued economic slowdown resulted in the area's unemployment rate continuing around 10%. The City's economy is supported by jobs in the service, technology/manufacturing, retail and government sector all of which have been impacted by the economic slowdown.

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

FINANCIAL INFORMATION

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

FINANCIAL PLANNING

The City prepares a general fund long-range financial plan. The City uses this tool to analyze the fiscal impact of policy decisions, to plan spending levels, and to match those projections with available resources.

AWARDS

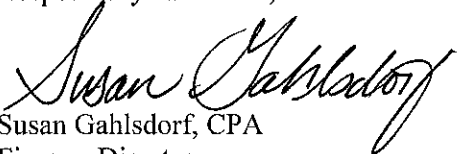
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Achievement of Excellence in Financial Reporting to the City of Keizer for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twelfth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

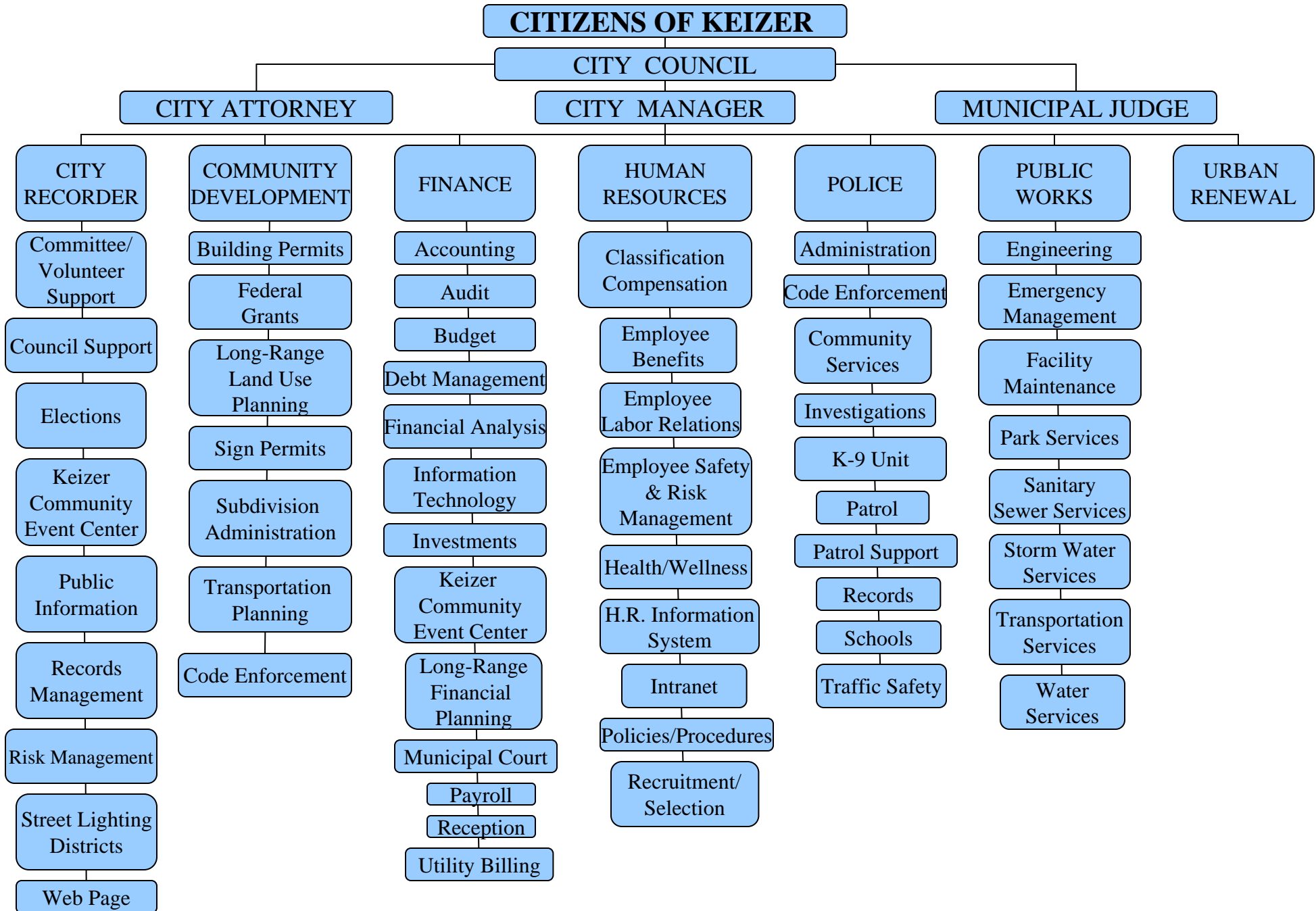
ACKNOWLEDGMENTS

Special recognition is given to the City's Finance staff whose hard work and dedication during the annual audit ensures the preparation of the Comprehensive Annual Financial Report on a timely basis. I also recognize and thank all other Departments within the City who provided supporting information for this report. I would like to express my appreciation to the Mayor, City Council members, the Audit Committee, the Budget Committee, and the City Manager for their leadership, support and dedication, to ensure the sound financial operations of the City of Keizer. Preparation of this report would not have been successful without that support.

Respectfully submitted,


Susan Gahlsdorf, CPA
Finance Director

ORGANIZATIONAL STRUCTURE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Keizer
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Keizer, Oregon (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.


As described in the notes to the financial statements, during the year ended June 30, 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 3 through 13), the schedule of funding progress – public employees retirement system (page 49), and the budgetary comparison information (pages 50 through 52) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and schedule of funding progress – public employees retirement system in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information (pages 50 through 52) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

By: 
Charles A. Swank, A Shareholder
December 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

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, 2011. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii), the basic financial statements (beginning on page 14), and the accompanying notes to those basic financial statements (beginning on page 29).

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Keizer (the City) and its component unit using the integrated approach as prescribed by GASB Statement No. 34. The *government-wide financial statements* (pages 14-16) present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. Governmental activities and business type activities are presented separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regards to interfund activity, payables and receivables.

The *fund financial statements* (pages 17-28) include statements for each of the categories of activities - governmental and proprietary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Government-wide Financial Statements

Statement of Net Assets

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

Table 1
Statements of Net Assets
As of June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Cash and investments	\$ 11,478,953	\$ 8,030,976	\$ 2,535,304	\$ 2,939,284	\$ 14,014,257	\$ 10,970,260
Other assets	26,319,125	26,767,048	1,320,425	1,250,041	27,639,550	28,017,089
Capital assets	66,251,605	68,744,700	10,009,069	9,865,911	76,260,674	78,610,611
 Total assets	 104,049,683	 103,542,724	 13,864,798	 14,055,236	 117,914,481	 117,597,960
 Other liabilities	 2,018,824	 1,860,789	 890,976	 842,027	 2,909,800	 2,702,816
Long-term debt	27,973,000	30,982,000	1,895,000	2,045,000	29,868,000	33,027,000
 Total liabilities	 29,991,824	 32,842,789	 2,785,976	 2,887,027	 32,777,800	 35,729,816
 Net assets						
Investment in capital assets, net of debt	62,638,605	62,122,700	8,114,069	7,820,911	70,752,674	69,943,611
Restricted	10,830,084	7,537,733	1,358,513	1,967,905	12,188,597	9,505,638
Unrestricted	589,170	1,039,502	1,606,240	1,379,393	2,195,410	2,418,895
 Total net assets	 \$ 74,057,859	 \$ 70,699,935	 \$ 11,078,822	 \$ 11,168,209	 \$ 85,136,681	 \$ 81,868,144

Governmental Activities

The City's net assets from governmental activities increased 4.7% from \$70.7 million to \$74.1 million. This increase is the change in net assets reflected in the condensed Statement of Activities, and explained below:

- Cash and investments increased \$3.4 million primarily due to collecting \$3.1 million in one-time proceeds from the sale of land.
- Other assets decreased \$0.4 million, as a result of the ongoing collection of the assessment associated with the Keizer Station local improvement district.
- Capital assets decreased \$2.5 million, primarily as a result of
 - \$2.0 million for acquisition of capital assets (primarily land within the Urban Renewal District) offset by
 - \$2.9 million of depreciation expense and \$1.6 million of cost associated with assets sold during the year.
- Other liabilities remained consistent with the prior year at \$2.0 million compared to \$1.9 million.
- Long-term debt outstanding decreased \$3.0 million, as the result of paying down the debt associated with the Keizer Station Local Improvement District bond and the Urban Renewal Agency credit facility.

Business-type Activities

The City's net assets from business-type activities decreased 1.2%, from \$11.2 million to \$11.1 million. This decrease is the change in net assets reflected in the Statement of Activities, and explained below:

- Cash and investments decreased \$0.4 million.
- Capital assets increased \$0.1 million, as a result of \$1.0 million investment in water and sewer systems and equipment and vehicles offset by \$0.8 million of depreciation expense.
- Other liabilities increased \$0.1 million, primarily as a result of an increase in accounts payable.
- Long-term debt outstanding decreased \$0.2 million as a result of the normal retirement.

Statement of Activities

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

Table 2
Statements of Activities
For the years ending June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Fees, fines, & charges for services	\$ 807,769	\$ 1,016,210	\$ 8,592,060	\$ 8,398,612	\$ 9,399,829	\$ 9,414,822
Operating grants and contributions	2,289,262	1,880,643	-	-	2,289,262	1,880,643
Capital grants and contributions	97,663	247,068	19,104	49,265	116,767	296,333
Total program revenues	3,194,694	3,143,921	8,611,164	8,447,877	11,805,858	11,591,798
General Revenues						
Taxes and assessments	7,654,368	7,625,782	-	-	7,654,368	7,625,782
Franchise taxes	2,475,239	2,371,341	-	-	2,475,239	2,371,341
Intergovernmental	918,055	894,860	-	-	918,055	894,860
Gain on the sale of capital assets	1,522,293	-	-	-	1,522,293	-
Miscellaneous	1,452,870	1,698,151	12,547	24,790	1,465,417	1,722,941
Total general revenues	14,022,825	12,590,134	12,547	24,790	14,035,372	12,614,924
Total Revenues	17,217,519	15,734,055	8,623,711	8,472,667	25,841,230	24,206,722
Expenses						
Programs	13,702,815	13,995,564	8,869,878	8,725,833	22,572,693	22,721,397
Increase in net assets before transfers	3,514,704	1,738,491	(246,167)	(253,166)	3,268,537	1,485,325
Transfers	(145,675)	(169,941)	145,675	169,941	-	-
Change in net assets	3,369,029	1,568,550	(100,492)	(83,225)	3,268,537	1,485,325
Beginning net assets	70,688,830	69,131,385	11,179,314	11,251,434	81,868,144	80,382,819
Ending net assets	\$ 74,057,859	\$ 70,699,935	\$ 11,078,822	\$ 11,168,209	\$ 85,136,681	\$ 81,868,144

Governmental Activities

The City's change in net assets from governmental activities increased by \$1.8 million to \$3.4 million in the current year as compared to \$1.6 million in the previous year. This increase in the changes in net assets primarily reflects:

- Fees, fines and charges for services - These revenues decreased by approximately \$0.2 million as the result of the collection in the prior year of one time asset forfeiture proceeds from the Department of Justice associated with several cases in which the Keizer Police Department provided investigative support which did not recur in the current year.

- Taxes and assessments – These are revenues arising from property taxes, street lighting district assessments, local improvement district assessments and urban renewal tax increment revenues. Taxes and assessments increased by \$0.3 million primarily as a result of a 3% increase in the assessed value of existing properties on the tax rolls as provided for by Measure 50.
- Gain on the sale of capital assets – The \$1.5 million gain on the sale of capital assets is associated with the sale of two pieces of property within the Urban Renewal District.
- Miscellaneous – Revenues primarily consist of interest earnings on funds held for working capital needs and interest earned on assessments and reserves held over an extended period of time. Miscellaneous revenues decreased \$0.2 million as the result of lower balances held at the Oregon State Treasury.
- 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, 2011 and 2010

Programs	June 30, 2011		June 30, 2010		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,282,546	9.4%	\$ 1,206,448	8.6%	\$ 76,098	6.3%
Community and youth services	11,019	0.1%	18,041	0.1%	(7,022)	-38.9%
Community development	2,854,558	20.8%	2,980,764	21.3%	(126,206)	-4.2%
Parks	308,754	2.3%	355,892	2.5%	(47,138)	-13.2%
Public safety	6,299,787	46.0%	6,404,239	45.8%	(104,452)	-1.6%
Public works	1,511,602	11.0%	1,480,993	10.6%	30,609	2.1%
Interest on long-term debt	1,434,549	10.5%	1,549,187	11.1%	(114,638)	-7.4%
Total expenses	<u>\$ 13,702,815</u>	<u>100.0%</u>	<u>\$ 13,995,564</u>	<u>100.0%</u>	<u>\$ (292,749)</u>	<u>-2.1%</u>

Program expenses decreased \$0.3 million from \$14.0 million in the prior year to \$13.7 million in the current year. The decrease is the result of the reduction in the number of full-time employees in the police department and reduction in urban renewal capital outlay expenses. In addition the reduction is due to less interest expense incurred as the result of lower outstanding principal amounts in the current year as compared to the prior year.

Business-type Activities

The City's change in net assets from business-type activities remained consistent at (\$0.1) million in the current year compared to the prior year.

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

Table 4
Business-type Activities - Program Expenses
For the years ending June 30, 2011 and 2010

Programs	June 30, 2011		June 30, 2010		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,561,871	28.9%	\$ 2,610,480	29.9%	\$ (48,609)	-1.9%
Sewer	5,120,512	57.7%	5,117,610	58.6%	2,902	0.1%
Storm Water	758,086	8.5%	573,790	6.6%	184,296	32.1%
Community Center	12,366	0.1%	-	0.0%	12,366	100.0%
Amphitheater	950	0.0%	-	0.0%	950	100.0%
Street Lighting	416,093	4.7%	423,953	4.9%	(7,860)	-1.9%
Total expenses	<u>\$ 8,869,878</u>	<u>100.0%</u>	<u>\$ 8,725,833</u>	<u>100.0%</u>	<u>\$ 144,045</u>	<u>1.7%</u>

The Program expenses increased \$0.2 million from \$8.7 million in the prior year to \$8.9 million in the current year. The increase is primarily attributed to an increase in the number of employees working in the Storm Water program.

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, 2011 and 2010

Major Funds	June 30, 2011		June 30, 2010		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 1,646,079	13.9%	\$ 1,514,530	18.2%	\$ 131,549	8.7%
Streets	2,460,583	20.8%	1,295,083	15.6%	1,165,500	90.0%
Urban Renewal Project	910,035	7.7%	-	0.0%	910,035	100.0%
Urban Renewal Tax	464,154	3.9%	15,322	0.2%	448,832	2929.3%
Keizer Station LID	3,283,030	27.7%	2,720,399	32.7%	562,631	20.7%
Other Governmental Funds	3,071,381	26.0%	2,769,205	33.3%	302,176	10.9%
Total fund balances	<u>\$ 11,835,262</u>	<u>100.0%</u>	<u>\$ 8,314,539</u>	<u>100.0%</u>	<u>\$ 3,520,723</u>	<u>42.3%</u>

At June 30, 2011, the City's governmental funds reported combined fund balances of \$11.8 million, which is an increase of \$3.5 million or 42.3% compared with last year. As detailed in the notes to the financial statements, the City adopted GASB Statement #54 *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

General

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

The General fund revenues remained consistent with the prior year at \$7.6 million. General fund revenue consisted of the following:

	June 30, 2011		June 30, 2010		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Taxes and assessments	\$ 3,628,515	48.0%	\$ 3,531,180	46.7%	\$ 97,335	2.8%
Licenses and permits	2,532,813	33.5%	2,458,990	32.5%	73,823	3.0%
Intergovernmental	720,151	9.5%	694,951	9.2%	25,200	3.6%
Fines and forfeitures	574,574	7.6%	731,465	9.7%	(156,891)	-21.4%
Miscellaneous	107,872	1.4%	152,721	2.0%	(44,849)	-29.4%
Total general fund revenue	<u>\$ 7,563,925</u>	<u>100.0%</u>	<u>\$ 7,569,307</u>	<u>100.0%</u>	<u>\$ (5,382)</u>	<u>-0.1%</u>

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

	June 30, 2011		June 30, 2010		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 1,151,734	16.1%	\$ 1,062,578	14.8%	\$ 89,156	8.4%
Community and youth services	11,019	0.2%	17,877	0.2%	(6,858)	-38.4%
Community development	341,414	4.8%	396,904	5.5%	(55,490)	-14.0%
Parks	232,665	3.3%	259,921	3.6%	(27,256)	-10.5%
Public safety	5,411,844	75.7%	5,428,816	75.8%	(16,972)	-0.3%
Total general fund expenses	<u>\$ 7,148,676</u>	<u>100.0%</u>	<u>\$ 7,166,096</u>	<u>100.0%</u>	<u>\$ (17,420)</u>	<u>-0.2%</u>

Street Fund

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

Urban Renewal Project Fund

The Urban Renewal Project fund accounts for payment of capital construction, primarily infrastructure, and associated personnel, operating services and supplies costs needed to manage the district. During fiscal year 2006, the District underwent a major plan amendment, extending the maximum indebtedness, allowing for additional development. The primary source of revenue is proceeds from the issuance of debt.

The Urban Renewal Project expenditures decreased \$2.1 million, from \$2.6 million to \$0.5 million. The decrease is due to the final construction costs associated with the completion of the Civic Center being incurred during 2010 which did not recur in fiscal year 2011.

The Urban Renewal Project's other financing sources decreased \$1.7 million due to the issuance of short-term debt during the prior year that did not recur during the current year.

Urban Renewal Tax Increment Fund

The Urban Renewal Tax Increment fund accounts for tax increment revenues and debt related payments for the Urban Renewal District.

Revenues remained consistent at approximately \$4.1 million.

Expenditures increased \$0.1 million over the previous year due to the payment of short-term debt issued by the Urban Renewal Project fund.

Keizer Station LID Fund

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

The Keizer Station LID fund revenues decreased \$0.4 million from \$2.3 million in the prior year to \$1.8 million in the current year. The decrease is the result of five properties becoming delinquent in their assessment payment.

The Keizer Station LID fund expenditures remained consistent with the prior year at \$1.3 million.

Other Governmental Funds

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

Fund Financial Statements - Proprietary Funds

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

Table 6
Proprietary Funds - Net Assets
As of June 30, 2011 and 2010

Major Funds	June 30, 2011		June 30, 2010		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 2,748,178	24.8%	\$ 2,758,425	24.7%	\$ (10,247)	-0.4%
Water	338,683	3.1%	436,279	3.9%	(97,596)	-22.4%
Water Facility	6,738,648	60.8%	6,755,158	60.4%	(16,510)	-0.2%
Other Funds	1,253,313	11.3%	1,229,452	11.0%	23,861	1.9%
Total net assets	<u>\$ 11,078,822</u>	<u>100.0%</u>	<u>\$ 11,179,314</u>	<u>100.0%</u>	<u>\$ (100,492)</u>	<u>-0.9%</u>

Water and Water Facility Funds

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

The Water and Water Facility funds revenues decreased from \$2.5 million to \$2.4 million. This decrease primarily reflects a decrease in water sales.

The Water and Water Facility funds expenses remained consistent at \$2.5 million in fiscal year 2011 as compared to fiscal year 2010.

Sewer and Sewer Reserve Funds

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

The Sewer fund revenues and expenses remained consistent at \$4.8 million and \$5.1 million, respectively, in fiscal year 2011 as compared to fiscal year 2010.

Storm Water Fund

The Storm Water fund reflects a newly established program in fiscal year 2008 designed to meet the Federal Clean Water Act. The primary sources of revenues are user fees, system development charges and gas tax revenues (transferred from the City’s Street fund).

The Storm Water fund revenues increased \$0.2 million in fiscal year 2011 as compared to fiscal year 2010. The increase is due to a 42% increase in the storm water assessment fee that took effect July 1, 2010.

The Storm Water fund expenses increased from \$0.6 million to \$0.8 million. This increase is primarily due to an increase in the number of employees associated with the Storm Water program.

Budgetary Highlights

The General fund budgeted revenue was increased by \$33,200 during the year to account for the receipt of civil forfeiture proceeds and a wireless franchise tax payment that had not been anticipated when the budget was originally adopted. The General fund expenditure budget was increased by \$165,800 to account for contractual services, election expenses and an increase in the allocation of internal service charges that was not anticipated when the budget was originally adopted.

Capital Assets

As of June 30, 2011, the City had invested \$76.3 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions, and depreciation) of \$0.2 million, when compared to the previous fiscal year.

Table 7
Capital Assets at June 30, 2011 and 2010
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 10,815,525	\$ 10,832,951	\$ 371,759	\$ 371,759	\$ 11,187,284	\$ 11,204,710
Building and improvements	42,152,064	41,742,769	1,065,730	1,065,730	43,217,794	42,808,499
Equipment and vehicles	1,140,252	1,109,996	638,798	593,669	1,779,050	1,703,665
Infrastructure	37,696,826	37,683,446	20,511,388	19,590,637	58,208,214	57,274,083
Accumulated depreciation	(25,553,062)	(22,624,462)	(12,578,606)	(11,755,884)	(38,131,668)	(34,380,346)
Net capital assets	<u>\$ 66,251,605</u>	<u>\$ 68,744,700</u>	<u>\$ 10,009,069</u>	<u>\$ 9,865,911</u>	<u>\$ 76,260,674</u>	<u>\$ 78,610,611</u>

For more detailed information see the Notes to Basic Financial Statements (pages 38-39).

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, 2011

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 68,744,700	\$ 9,865,911	\$ 78,610,611
Additions	2,035,032	965,880	3,000,912
Retirements	(1,599,527)	-	(1,599,527)
Depreciation	<u>(2,928,600)</u>	<u>(822,722)</u>	<u>(3,751,322)</u>
Net capital assets	<u>\$ 66,251,605</u>	<u>\$ 10,009,069</u>	<u>\$ 76,260,674</u>

The City depreciates all its capital assets except for land.

Debt Outstanding

As of June 30, 2011 the City had \$29.9 million in debt (bonds, notes, etc.) outstanding compared to the \$33.0 last year, a 9.6% net decrease.

Table 9
Outstanding Debt at Year End
June 30, 2011 and 2010

	Totals	
	2011	2010
<i>Governmental Activities</i>		
Gas Tax Revenue Bonds 2005	\$ 953,000	\$ 1,122,000
Keizer Station LID Bonds 2008	24,360,000	24,360,000
URA Credit Facility	2,660,000	5,500,000
Total Governmental	27,973,000	30,982,000
<i>Business-type Activities</i>		
Water Revenue Loan	1,895,000	2,045,000
Total	<u>\$ 29,868,000</u>	<u>\$ 33,027,000</u>

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

ECONOMIC FACTORS

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

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

CITY OF KEIZER, OREGON
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 11,478,953	\$ 2,535,304	\$ 14,014,257
Accounts receivable	681,135	1,208,307	1,889,442
Property taxes receivable	626,581	-	626,581
Assessment liens receivable	24,897,687	3,808	24,901,495
Loans receivable	113,722	-	113,722
Inventories	-	108,310	108,310
Nondepreciable capital assets	10,815,525	371,759	11,187,284
Other capital assets, net of depreciation	55,436,080	9,637,310	65,073,390
<i>Total Assets</i>	104,049,683	13,864,798	117,914,481
LIABILITIES			
Accounts payable	392,518	582,965	975,483
Deposits	15,009	157,999	173,008
Accrued interest payable	137,979	25,898	163,877
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	176,000	155,000	331,000
Accrued compensated absences	184,224	80,674	264,898
Due in more than one year:			
Bonds and notes payable	27,797,000	1,740,000	29,537,000
Accrued compensated absences	342,130	43,440	385,570
Other post-employment benefits	946,964	-	946,964
<i>Total Liabilities</i>	29,991,824	2,785,976	32,777,800
NET ASSETS			
Investment in capital assets (net of related debt)	62,638,605	8,114,069	70,752,674
Restricted for:			
Debt service	4,435,555	-	4,435,555
Construction	5,786,763	990,104	6,776,867
Other	607,766	368,409	976,175
Unrestricted	589,170	1,606,240	2,195,410
<i>Total Net Assets</i>	<u>\$ 74,057,859</u>	<u>\$ 11,078,822</u>	<u>\$ 85,136,681</u>

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

CITY OF KEIZER, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

		Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 1,282,546	\$ 145,020	\$ 248,010	\$ 74,041
Community and youth services	11,019	-	-	-
Community development	2,854,558	35,235	138,700	-
Parks	308,754	2,534	8,847	22,043
Public safety	6,299,787	574,574	114,206	-
Public works	1,511,602	8,779	1,779,499	1,579
Stadium operations	-	41,627	-	-
Interest on long-term debt	1,434,549	-	-	-
<i>Total Governmental Activities</i>	13,702,815	807,769	2,289,262	97,663
Business-type Activities:				
Water	2,561,871	2,420,266	-	19,104
Sewer	5,120,512	4,852,786	-	-
Storm water	758,086	756,012	-	-
Community center	12,366	95,532	-	-
Amphitheater	950	2,531	-	-
Street lighting	416,093	464,933	-	-
<i>Total Business-type Activities</i>	8,869,878	8,592,060	-	19,104
<i>Total Activities</i>	<u>\$ 22,572,693</u>	<u>\$ 9,399,829</u>	<u>\$ 2,289,262</u>	<u>\$ 116,767</u>

General Revenues:

Property taxes
Franchise taxes
Intergovernmental - unrestricted
Gain on the sale of capital assets
Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

Net Assets, July 1, 2010

Net Assets, June 30, 2011

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (815,475)	\$ -	\$ (815,475)
(11,019)	-	(11,019)
(2,680,623)	-	(2,680,623)
(275,330)	-	(275,330)
(5,611,007)	-	(5,611,007)
278,255	-	278,255
41,627	-	41,627
(1,434,549)	-	(1,434,549)
(10,508,121)	-	(10,508,121)
-	(122,501)	(122,501)
-	(267,726)	(267,726)
-	(2,074)	(2,074)
-	83,166	83,166
-	1,581	1,581
-	48,840	48,840
-	(258,714)	(258,714)
(10,508,121)	(258,714)	(10,766,835)
7,654,368	-	7,654,368
2,475,239	-	2,475,239
918,055	-	918,055
1,522,293	-	1,522,293
1,452,870	12,547	1,465,417
14,022,825	12,547	14,035,372
(145,675)	145,675	-
3,369,029	(100,492)	3,268,537
70,688,830	11,179,314	81,868,144
<u>\$ 74,057,859</u>	<u>\$ 11,078,822</u>	<u>\$ 85,136,681</u>

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

CITY OF KEIZER, OREGON
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	<i>Special Revenue</i>		
	<i>General</i>	<i>Street</i>	<i>Urban Renewal Project</i>
ASSETS			
Cash and investments	\$ 1,434,725	\$ 2,363,607	\$ 913,329
Accounts receivable	347,593	173,203	-
Loans receivable	-	-	-
Property taxes receivable	291,330	-	-
Assessment liens receivable	-	-	-
Due from other funds	60,291	-	-
	<u>60,291</u>	<u>-</u>	<u>-</u>
<i>Total Assets</i>	<u>\$ 2,133,939</u>	<u>\$ 2,536,810</u>	<u>\$ 913,329</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 80,993	\$ 67,864	\$ 540
Accrued expenses payable	152,063	7,422	2,754
Deposits	14,068	941	-
Due to other funds	-	-	-
Deferred revenue	240,736	-	-
	<u>240,736</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	487,860	76,227	3,294
Fund Balances			
Restricted	-	2,460,583	910,035
Unassigned	1,646,079	-	-
	<u>1,646,079</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>1,646,079</u>	<u>2,460,583</u>	<u>910,035</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,133,939</u>	<u>\$ 2,536,810</u>	<u>\$ 913,329</u>

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 408,227	\$ 3,283,030	\$ 2,997,032	\$ 11,399,950
-	-	155,078	675,874
-	-	113,722	113,722
335,251	-	-	626,581
-	24,897,687	-	24,897,687
-	-	-	60,291
<u>\$ 743,478</u>	<u>\$ 28,180,717</u>	<u>\$ 3,265,832</u>	<u>\$ 37,774,105</u>
\$ -	\$ -	\$ 20,438	\$ 169,835
-	-	-	162,239
-	-	-	15,009
-	-	60,291	60,291
279,324	24,897,687	113,722	25,531,469
279,324	24,897,687	194,451	25,938,843
464,154	3,283,030	3,071,381	10,189,183
-	-	-	1,646,079
<u>464,154</u>	<u>3,283,030</u>	<u>3,071,381</u>	<u>11,835,262</u>
<u>\$ 743,478</u>	<u>\$ 28,180,717</u>	<u>\$ 3,265,832</u>	<u>\$ 37,774,105</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, 2011

RECONCILIATION TO THE STATEMENT OF NET ASSETS

<i>Fund Balances</i>	\$ 11,835,262
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.	25,531,469
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	
Costs of capital assets	91,804,667
Accumulated depreciation	(25,553,062)
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	(27,973,000)
Accrued interest payable	(137,979)
Accrued compensated absences	(526,354)
Other post-employment benefits	(946,964)
An internal service fund is used to charge the cost of technology, communications, administrative services and risk management to the individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the the statement of net assets.	23,820
Net assets of governmental activities	<u>\$ 74,057,859</u>

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

CITY OF KEIZER, OREGON**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<i>Special Revenue</i>		
	<i>General</i>	<i>Street</i>	<i>Urban Renewal Project</i>
REVENUES			
Taxes and assessments	\$ 3,628,515	\$ -	\$ -
Licenses and permits	2,532,813	10,924	-
Intergovernmental	720,151	1,777,354	-
Fines and forfeitures	574,574	-	-
Miscellaneous	107,872	21,169	6,997
<i>Total Revenues</i>	<i>7,563,925</i>	<i>1,809,447</i>	<i>6,997</i>
EXPENDITURES			
Current operating:			
General government	1,151,734	-	-
Community and youth services	11,019	-	-
Community development	341,414	-	395,103
Parks	232,665	-	-
Public safety	5,411,844	-	-
Public works	-	777,030	-
Capital outlay	-	314,648	1,572,568
Debt service			
Principal	-	169,000	-
Interest	-	40,670	-
<i>Total Expenditures</i>	<i>7,148,676</i>	<i>1,301,348</i>	<i>1,967,671</i>
REVENUES OVER (UNDER) EXPENDITURES	415,249	508,099	(1,960,674)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	260,000
Proceeds from property sales	-	867,901	2,253,919
Transfers in	6,700	-	356,790
Transfers out	(290,400)	(210,500)	-
<i>Total Other Financing Sources (Uses)</i>	<i>(283,700)</i>	<i>657,401</i>	<i>2,870,709</i>
NET CHANGE IN FUND BALANCES	131,549	1,165,500	910,035
FUND BALANCES, Beginning of year	1,514,530	1,295,083	-
FUND BALANCES, End of year	\$ 1,646,079	\$ 2,460,583	\$ 910,035

<i>Debt Service</i>			
<i>Urban Renewal Tax Increment</i>	<i>Keizer Station LID</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
\$ 4,045,836	\$ 1,774,978	\$ -	\$ 9,449,329
-	-	258,415	2,802,152
-	-	624,426	3,121,931
-	-	-	574,574
4,656	58,736	12,631	212,061
4,050,492	1,833,714	895,472	16,160,047
-	-	78,802	1,230,536
-	-	-	11,019
-	-	-	736,517
-	-	-	232,665
-	-	446,360	5,858,204
-	4,363	-	781,393
-	-	416,659	2,303,875
3,100,000	-	-	3,269,000
144,870	1,266,720	-	1,452,260
3,244,870	1,271,083	941,821	15,875,469
805,622	562,631	(46,349)	284,578
-	-	-	260,000
-	-	-	3,121,820
-	-	355,225	718,715
(356,790)	-	(6,700)	(864,390)
(356,790)	-	348,525	3,236,145
448,832	562,631	302,176	3,520,723
15,322	2,720,399	2,769,205	8,314,539
\$ 464,154	\$ 3,283,030	\$ 3,071,381	\$ 11,835,262

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, 2011**

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

Net change in fund balances - total governmental funds \$ 3,520,723

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. (464,821)

Governmental funds do not report expenditures for unpaid compensated absences
and other post employment benefits since they do not require the use of current
financial resources. However, the Statement of Activities reports such expenses
when incurred, regardless of when payment ultimately occurs. (270,810)

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	2,035,032
Depreciation	(2,928,600)
Cost of assets sold	(1,599,527)

Proceeds from the issuance of long-term debt provide current financial resources to
governmental funds and are reported as revenues. In the same way, repayment of
long-term debt use current financial resources and are reported as expenditures in
governmental funds. However, neither the receipt of debt proceeds nor the payment
of debt principal affect the Statement of Activities, but are reported as increases and
decreases in noncurrent liabilities in the Statement of Net Assets.

Proceeds from issuance of debt	(260,000)
Debt principal payments	3,269,000
Accrued interest payable	17,711

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

50,321

Change in net assets of governmental activities \$ 3,369,029

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

CITY OF KEIZER, OREGON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2011

	<i>Business-type Activities - Enterprise Funds</i>		
	<i>Sewer</i>	<i>Water</i>	<i>Water Facility</i>
ASSETS			
<i>Current Assets</i>			
Cash and investments	\$ 83,075	\$ 502,280	\$ 1,168,552
Accounts receivable	747,207	312,052	-
Assessment liens receivable	-	1,812	-
Inventories	-	108,310	-
<i>Total Current Assets</i>	830,282	924,454	1,168,552
<i>Noncurrent Assets</i>			
Nondepreciable capital assets	-	371,759	-
Other capital assets, net of depreciation	2,287,414	1,116,950	5,804,938
<i>Total noncurrent Assets</i>	2,287,414	1,488,709	5,804,938
<i>Total Assets</i>	3,117,696	2,413,163	6,973,490
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	358,029	75,579	86,779
Deposits	-	453	148,063
Accrued interest payable	-	25,898	-
Bonds payable - due within one year	-	155,000	-
<i>Total Current Liabilities</i>	358,029	256,930	234,842
<i>Noncurrent Liabilities</i>			
Bonds payable	-	1,740,000	-
Accrued compensated absences	11,489	77,550	-
<i>Total Noncurrent Liabilities</i>	11,489	1,817,550	-
<i>Total Liabilities</i>	369,518	2,074,480	234,842
NET ASSETS			
Investment in capital assets (net of related debt)	2,287,414	(406,291)	5,804,938
Restricted	-	-	933,710
Unrestricted	460,764	744,974	-
<i>Total Net Assets</i>	<u>\$ 2,748,178</u>	<u>\$ 338,683</u>	<u>\$ 6,738,648</u>

		<i>Governmental</i>	
		<i>Activities</i>	
<i>Other</i>		<i>Internal</i>	
<i>Enterprise</i>		<i>Service Fund</i>	
<i>Funds</i>	<i>Totals</i>		
\$ 781,397	\$ 2,535,304	\$ 79,003	
149,048	1,208,307	5,261	
1,996	3,808	-	
-	108,310	-	
932,441	3,855,729	84,264	
-	371,759	-	
428,008	9,637,310	-	
428,008	10,009,069	-	
1,360,449	13,864,798	84,264	
62,578	582,965	60,444	
9,483	157,999	-	
-	25,898	-	
-	155,000	-	
72,061	921,862	60,444	
-	1,740,000	-	
35,075	124,114	-	
35,075	1,864,114	-	
107,136	2,785,976	60,444	
428,008	8,114,069	-	
424,803	1,358,513	-	
400,502	1,606,240	23,820	
1,253,313	\$ 11,078,822	\$ 23,820	

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, 2011**

	<i>Business-type Activities - Enterprise Funds</i>		
	<i>Sewer</i>	<i>Water</i>	<i>Water Facility</i>
OPERATING REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 100
Licenses and permits	-	-	-
Charges for services	4,843,449	2,356,444	-
Miscellaneous	5,978	63,527	195
<i>Total Operating Revenues</i>	4,849,427	2,419,971	295
OPERATING EXPENSES			
Personnel services	144,250	995,178	-
Materials and services	4,776,699	929,763	-
Depreciation	199,563	316,566	241,645
<i>Total Expenditures</i>	5,120,512	2,241,507	241,645
OPERATING INCOME (LOSS)	(271,085)	178,464	(241,350)
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	488	2,659	5,736
Interest expense	-	(78,719)	-
<i>Total Other Financing Sources (Uses)</i>	488	(76,060)	5,736
CAPITAL CONTRIBUTION	-	-	19,104
INCOME (LOSS) BEFORE TRANSFERS	(270,597)	102,404	(216,510)
Transfers in	260,350	-	200,000
Transfers out	-	(200,000)	-
<i>Total Transfers</i>	260,350	(200,000)	200,000
CHANGE IN NET ASSETS	(10,247)	(97,596)	(16,510)
NET ASSETS, Beginning of year	2,758,425	436,279	6,755,158
NET ASSETS, End of year	\$ 2,748,178	\$ 338,683	\$ 6,738,648

<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Governmental Activities Internal Service Fund</i>
\$ -	\$ 100	\$ -
3,810	4,847,259	-
1,307,050	3,663,494	1,984,421
11,507	81,207	23,499
1,322,367	8,592,060	2,007,920
504,609	1,644,037	1,341,071
617,938	6,324,400	616,527
64,948	822,722	-
1,187,495	8,791,159	1,957,598
134,872	(199,099)	50,322
3,664	12,547	-
-	(78,719)	-
3,664	(66,172)	-
-	19,104	-
138,536	(246,167)	50,322
210,500	670,850	-
(325,175)	(525,175)	-
(114,675)	145,675	-
23,861	(100,492)	50,322
1,229,452	11,179,314	(26,502)
\$ 1,253,313	\$ 11,078,822	\$ 23,820

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, 2011

	<u>Sewer</u>	<u>Water</u>	<u>Water Facility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,846,454	\$ 2,406,800	\$ 10,375
Cash paid for employee services and benefits	(145,474)	(1,003,274)	-
Cash paid to suppliers for goods and services	<u>(4,786,452)</u>	<u>(949,609)</u>	<u>17,850</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	(85,472)	453,917	28,225
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	260,350	-	200,000
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>-</u>
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	<u>260,350</u>	<u>(200,000)</u>	<u>200,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(260,350)	(29,215)	(660,406)
Principal paid on contracts/bonds payable	-	(150,000)	-
Contribution of capital	-	-	19,104
Interest paid	<u>-</u>	<u>(80,770)</u>	<u>-</u>
<i>Net Cash Used in Capital Related Financing Activities</i>	<u>(260,350)</u>	<u>(259,985)</u>	<u>(641,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	<u>488</u>	<u>2,659</u>	<u>5,736</u>
<i>Increase (Decrease) in Cash and Investments</i>	(84,984)	(3,409)	(407,341)
CASH AND INVESTMENTS, Beginning of year	<u>168,056</u>	<u>505,689</u>	<u>1,575,893</u>
CASH AND INVESTMENTS, End of year	<u>\$ 83,072</u>	<u>\$ 502,280</u>	<u>\$ 1,168,552</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ (271,088)	\$ 178,464	\$ (241,350)
Depreciation	199,563	316,566	241,645
<i>Change in assets and liabilities</i>			
Accounts receivable	(2,970)	(13,193)	4,611
Inventory	-	(27,493)	-
Accounts payable and accrued liabilities	(9,753)	7,647	17,850
Compensated absences payable	(1,224)	(8,096)	-
Deposits payable	<u>-</u>	<u>22</u>	<u>5,469</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ (85,472)</u>	<u>\$ 453,917</u>	<u>\$ 28,225</u>

<i>Other Proprietary Funds</i>	<i>Totals</i>	<i>Governmental Activities Internal Service Fund</i>
\$ 1,300,511	\$ 8,564,140	\$ 2,002,659
(496,894)	(1,645,642)	(1,341,071)
(599,232)	(6,317,443)	(611,949)
204,385	601,055	49,639
210,500	670,850	-
(325,175)	(525,175)	-
(114,675)	145,675	-
(15,909)	(965,880)	-
-	(150,000)	-
-	19,104	-
-	(80,770)	-
(15,909)	(1,177,546)	-
3,664	12,547	-
77,465	(418,269)	49,639
703,932	2,953,570	29,364
\$ 781,397	\$ 2,535,301	\$ 79,003
\$ 134,872	\$ (199,102)	\$ 50,322
64,948	822,722	-
(31,339)	(42,891)	(5,261)
-	(27,493)	-
28,189	43,933	4,578
7,715	(1,605)	-
-	5,491	-
\$ 204,385	\$ 601,055	\$ 49,639

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Basic Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

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

Basis of Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue Funds

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

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.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

Debt Service Fund

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

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

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

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

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

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

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

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

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following major proprietary funds:

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

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

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

The City reports the following nonmajor governmental funds:

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

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

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

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

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

Fund Balance

In the year ended June 30, 2011, the City adopted GASB Statement #54 *Fund Balance Reporting and Governmental Fund Types Definitions*. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications.

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

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

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

Transfers between funds are to facilitate operations.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2011. Actual results may differ from such estimates.

Cash and Investments

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

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

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

Receivables and Deferred Revenues

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

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

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

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Deferred Revenues (Continued)

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

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

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

Inventory

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

Capital Assets

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

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

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

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

Long-Term Debt

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

Compensated Absences

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

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

Restricted Assets

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

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

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2011**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Budget and Budgetary Accounting*

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

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as part of "cash and investments." At June 30, 2011 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2011:

Cash

Cash on hand	\$ 1,790
Deposits with financial institutions	4,720,592
Money Market	650,392

Investments

Local Government Investment Pool	<u>8,641,483</u>
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<i>Total Cash and Investments</i>	<u><u>\$ 14,014,257</u></u>
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Deposits

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$5,370,984 and the bank balance was \$5,458,533. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with Oregon Revised Statutes 295 under a collateral program administered by the Oregon State Treasurer.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2011, \$400,392 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. At June 30, 2011, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares.

Interest Rate Risk

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

Custodial Credit Risk - Investments

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

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2011****CASH AND INVESTMENTS (Continued)**

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

RECEIVABLES

<i>Fund</i>	<i>Accounts</i>	<i>Property Taxes</i>	<i>Assessments</i>	<i>Loans</i>
General	\$ 347,593	\$ 291,330	\$ -	\$ -
Street	173,203	-	-	-
Urban Renewal Tax	-	335,251	-	-
Keizer Station LID	-	-	24,897,687	-
Other governmental funds	155,078	-	-	113,722
Internal Service	5,261	-	-	-
Sewer	747,207	-	-	-
Water	312,052	-	1,812	-
Other business-type funds	149,048	-	1,996	-
	<u>\$ 1,889,442</u>	<u>\$ 626,581</u>	<u>\$ 24,901,495</u>	<u>\$ 113,722</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2011 is as follows:

	Balances July 1, 2010	Additions	Deletions	Balances June 30, 2011
NON-DEPRECIABLE				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
DEPRECIABLE				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	19,590,631	920,757	-	20,511,388
Equipment and vehicles	593,675	45,123	-	638,798
Total depreciable	21,250,036	965,880	-	22,215,916
ACCUMULATED DEPRECIATION				
Buildings	724,702	53,286	-	777,988
Water and sewer systems	10,645,120	683,714	-	11,328,834
Equipment and vehicles	386,062	85,722	-	471,784
Total accumulated depreciation	11,755,884	822,722	-	12,578,606
<i>Business-type activities capital assets, net</i>	<u>\$ 9,865,911</u>	<u>\$ 143,158</u>	<u>\$ -</u>	<u>\$ 10,009,069</u>

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

Water	\$ 558,211
Sewer	199,563
Storm water	<u>64,948</u>
<i>Total depreciation expense for business-type activities</i>	<u><u>\$ 822,722</u></u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

CAPITAL ASSETS (continued)

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

	Balances July 1, 2010	Additions	Deletions	Balances June 30, 2011
NON-DEPRECIABLE				
Land	\$ 10,832,951	\$ 1,582,101	\$ 1,599,527	\$ 10,815,525
DEPRECIABLE				
Buildings and improvements	41,742,769	409,295	-	42,152,064
Equipment and vehicles	1,109,996	30,256	-	1,140,252
Infrastructure	37,683,446	13,380	-	37,696,826
Total depreciable	80,536,211	452,931	-	80,989,142
ACCUMULATED DEPRECIATION				
Buildings	12,991,455	1,601,168	-	14,592,623
Equipment and vehicles	922,786	74,932	-	997,718
Infrastructure	8,710,221	1,252,500	-	9,962,721
Total accumulated depreciation	22,624,462	2,928,600	-	25,553,062
Governmental activities capital assets, net	<u>\$ 68,744,700</u>	<u>\$ (893,568)</u>	<u>\$ 1,599,527</u>	<u>\$ 66,251,605</u>

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

Public safety	\$ 45,825
Public works	660,317
Community development	2,145,619
Parks	<u>76,839</u>
Total depreciation expense for governmental activities	<u>\$ 2,928,600</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

LONG-TERM OBLIGATIONS

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

	<i>Outstanding July 1, 2010</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2011</i>	<i>Due in One Year</i>
Governmental Activities					
Gas Tax Revenue Bonds 2005 Initial issue \$1,738,000, interest at 3.92%	\$ 1,122,000	\$ -	\$ (169,000)	\$ 953,000	\$ 176,000
Keizer Station LID Bonds 2008 Initial issue \$26,810,000, interest only at 5.20%	24,360,000	-	-	24,360,000	-
URA Credit Facility, Series 2008 Initial issue \$11,350,000, interest only at 3.25%	5,500,000	260,000	(3,100,000)	2,660,000	-
	<u>\$ 30,982,000</u>	<u>\$ 260,000</u>	<u>\$ (3,269,000)</u>	<u>\$ 27,973,000</u>	<u>\$ 176,000</u>
Accrued compensated absences	<u>\$ 625,949</u>	<u>\$ -</u>	<u>\$ (99,595)</u>	<u>\$ 526,354</u>	<u>\$ 184,224</u>
Business-type Activities					
2005 Water Revenue Loan Initial issue \$2,600,000, interest at 4.10%	<u>\$ 2,045,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ 1,895,000</u>	<u>\$ 155,000</u>
Accrued compensated absences	<u>\$ 125,719</u>	<u>\$ -</u>	<u>\$ (1,605)</u>	<u>\$ 124,114</u>	<u>\$ 43,440</u>

The Gas Tax Revenue bonds require a reserve of \$173,800, which is included in the Street fund. The Keizer Station LID bonds require a reserve of \$2,681,000 which was included in the Keizer Station LID fund.

The URA Credit Facility debt is serviced through the use of revenues generated from tax increment revenues. The assessed values of these properties have been found to be stable within the City and management feels that there will not be significant changes to this trend in the future. Therefore, management feels it is reasonable to estimate that this debt instrument will be paid back in full by the end of fiscal year ended June 30, 2012, with estimated interest costs to the City of approximately \$70,000.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

LONG-TERM OBLIGATIONS (Continued)

The future maturities of obligations outstanding as of June 30, 2011:

Governmental Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2012	\$ 176,000	\$ 1,407,028	\$ 1,583,028
2013	183,000	1,399,992	1,582,992
2014	190,000	1,392,681	1,582,681
2015	198,000	1,385,076	1,583,076
2016	206,000	1,377,157	1,583,157
2017-2021	2,660,000	6,386,800	9,046,800
2022-2026	-	6,333,600	6,333,600
2027-2031	24,360,000	6,333,600	30,693,600
	<u>\$ 27,973,000</u>	<u>\$ 26,015,934</u>	<u>\$ 53,988,934</u>

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2012	\$ 155,000	\$ 74,518	\$ 229,518
2013	165,000	67,958	232,958
2014	170,000	61,090	231,090
2015	180,000	53,915	233,915
2016	185,000	46,433	231,433
2017-2021	1,040,000	110,085	1,150,085
	<u>\$ 1,895,000</u>	<u>\$ 413,999</u>	<u>\$ 2,308,999</u>

Compensated Absences

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

PENSION PLANS

Plan Description

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

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

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

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

Funding Policy

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

In addition to the 6.0% "pick-up," the City contributed 7.16% of Tier1/Tier2 subject payroll, 0.63% of OPSRP general service subject payroll, and 3.34% of OPSRP police and fire subject payroll for the fiscal year ended June 30, 2011. This contribution rate was determined as part of the December 31, 2007 actuarial evaluation. Subject salary for the year was \$5,834,240 and the City's total payroll was \$6,224,238.

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

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2011**

PENSION PLANS (Continued)*Funding Policy (Continued)*

The City's pension liability and the annual required contribution rate were determined using the entry age cost method. The unfunded actuarial liability ("UAL") created by this method, including gains and losses, is amortized as a level percentage of salary over a period commencing on the valuation date (2001, 2003, 2005, and 2007) and ending on December 31, 2027 using closed amortization. Beginning in 2007, each valuation's UAL will be amortized over 20 years, again using closed amortization. The actuarial assumptions include an investment return of 8% per year, projected salary increase of 3.75%, health cost inflation graded from 8.0% in 2008 to 5% in 2013, and a consumer price inflation component of 2.75%.

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

Retiree Healthcare

The Retiree Health Insurance Account (RHIA) is a cost-sharing pool under Statement No. 45 of the Governmental Accounting Standards Board (GASB 45). Consequently, each employer reports the contractually required contributions. The contractually required contribution for retiree healthcare liabilities for the period July 1, 2009 through June 30, 2011 is calculated and is expressed as contribution rates that are applied to the appropriate payroll. The rates and appropriate payroll are shown in the table below.

	<i>Payroll</i>		
	<i>OPSRP</i>		
	<i>General</i>	<i>Police</i>	
<i>Tier 1/Tier 2</i>	<i>Services</i>	<i>and Fire</i>	
July 1, 2007 to June 30, 2009	0.37%	0.26%	0.26%
July 1, 2009 to June 30, 2011	0.29%	0.19%	0.19%

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. The City Council has the authority to amend the plan provisions and contribution requirements. Contributions to the plan are 11 to 12 percent of compensation paid by the City. There are no employee contributions. Contributions for the year ended June 30, 2011, amounted to \$37,297. 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.

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2011**

OTHER POST EMPLOYMENT BENEFITS

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

Funding Policy

The City funds the single employer plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2011, the City had 92 active employees and only one retiree participating in the program with all insurance premium costs paid in full by the individual. The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2011, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	318,441
Amortization of UAAL		<u>62,585</u>
Annual required contribution		381,026
Implicit benefit payments		(10,621)
Increase in net OPEB obligation		370,405
Net OPEB obligation - beginning of year		<u>576,559</u>
Net OPEB obligation - end of year	\$	<u>946,964</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 was as follows:

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

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

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2011****OTHER POST EMPLOYMENT BENEFITS (Continued)***Methods and Assumptions*

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

In the June 30, 2011 valuation, the entry age normal actuarial cost method was used. The assumptions included a 5.5% investment rate of return (net of administrative expenses) and an annual healthcare cost rate of 8.5%. The UAAL is being amortized over an initial period of 30 years.

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

TRANSFERS

	Transfer In	Transfer Out
General	\$ 6,700	\$ 290,400
Street	-	210,500
Urban Renewal Project	616,790	-
Urban Renewal Tax Increment	-	616,790
Nonmajor governmental fund	355,225	6,700
Sewer	260,350	-
Water	-	200,000
Water Facility	200,000	-
Other business-type funds	210,500	325,175
	<u>\$ 1,649,565</u>	<u>\$ 1,649,565</u>

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2011

CONTINGENCIES

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

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

SUBSEQUENT EVENTS

The City follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 20, 2011, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEIZER, OREGON**SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIREMENT SYSTEM****JUNE 30, 2011**

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

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes and assessments	\$ 3,588,100	\$ 3,588,100	\$ 3,628,515	\$ 40,415
Licenses and permits	2,643,200	2,654,500	2,532,813	(121,687)
Intergovernmental	679,200	679,200	720,151	40,951
Fines and forfeitures	534,500	555,000	574,574	19,574
Miscellaneous	89,600	91,000	107,872	16,872
Total Revenues	7,534,600	7,567,800	7,563,925	(3,875)
EXPENDITURES				
Administration	1,114,100	1,195,700	1,162,753	32,947
Parks	251,300	252,700	232,665	20,035
Community development	348,800	354,500	341,414	13,086
Police	5,357,000	5,356,000	5,182,053	173,947
Municipal court	244,600	244,600	229,791	14,809
Contingency	70,300	74,200	-	74,200
Total Expenditures	7,386,100	7,477,700	7,148,676	329,024
REVENUES OVER (UNDER)				
EXPENDITURES	148,500	90,100	415,249	325,149
OTHER FINANCING SOURCES (USES)				
Transfers in	6,700	6,700	6,700	-
Transfers out	(259,900)	(290,400)	(290,400)	-
Total Other Financing Sources (Uses)	(253,200)	(283,700)	(283,700)	-
NET CHANGE IN FUND BALANCE	(104,700)	(193,600)	131,549	325,149
FUND BALANCE, Beginning of year	1,232,500	1,320,500	1,514,530	194,030
FUND BALANCE, End of year	\$ 1,127,800	\$ 1,126,900	\$ 1,646,079	\$ 519,179

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, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Licenses and permits	\$ 5,600	\$ 5,600	\$ 10,924	\$ 5,324
Intergovernmental	1,466,600	1,466,600	1,777,354	310,754
Miscellaneous	34,500	34,500	21,169	(13,331)
<i>Total Revenues</i>	1,506,700	1,506,700	1,809,447	302,747
EXPENDITURES				
Personnel services	247,400	247,400	245,584	1,816
Materials and services	601,500	603,700	531,446	72,254
Capital outlay	692,800	1,142,800	314,648	828,152
Contingency	64,300	62,700	-	62,700
Debt service				
Principal	169,000	169,000	169,000	-
Interest	40,700	40,700	40,670	30
<i>Total Expenditures</i>	1,815,700	2,266,300	1,301,348	964,952
REVENUES OVER (UNDER) EXPENDITURES				
	(309,000)	(759,600)	508,099	1,267,699
OTHER FINANCING SOURCES (USES)				
Proceeds from property sales	894,000	894,000	867,901	(26,099)
Transfers out	(210,800)	(210,500)	(210,500)	-
<i>Total Other Financing Sources (Uses)</i>	683,200	683,500	657,401	(26,099)
NET CHANGE IN FUND BALANCE	374,200	(76,100)	1,165,500	1,241,600
FUND BALANCE, Beginning of year	791,300	1,241,800	1,295,083	53,283
FUND BALANCE, End of year	\$ 1,165,500	\$ 1,165,700	\$ 2,460,583	\$ 1,294,883

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, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 600	\$ 600	\$ 6,997	\$ 6,397
EXPENDITURES				
Personnel services	91,400	91,400	90,632	768
Materials and services	309,900	316,800	304,471	12,329
Capital outlay	2,308,800	2,303,100	1,572,568	730,532
Contingency	598,500	597,300	-	597,300
<i>Total Expenditures</i>	<u>3,308,600</u>	<u>3,308,600</u>	<u>1,967,671</u>	<u>1,340,929</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(3,308,000)	(3,308,000)	(1,960,674)	1,347,326
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of property	2,273,000	2,273,000	2,253,919	(19,081)
Issuance of debt	1,100,000	1,100,000	616,790	(483,210)
<i>Total Other Financing Sources (Uses)</i>	<u>3,373,000</u>	<u>3,373,000</u>	<u>2,870,709</u>	<u>(502,291)</u>
NET CHANGE IN FUND BALANCES	65,000	65,000	910,035	845,035
FUND BALANCE, Beginning of year	<u>87,600</u>	<u>87,600</u>	<u>-</u>	<u>(87,600)</u>
FUND BALANCE, End of year	<u>\$ 152,600</u>	<u>\$ 152,600</u>	<u>\$ 910,035</u>	<u>\$ 757,435</u>

The budgetary basis of accounting and GAAP are the same.

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL TAX INCREMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Taxes and assessments	\$ 4,220,900	\$ 4,220,900	\$ 4,045,836	\$ (175,064)
Miscellaneous	6,400	6,400	4,656	(1,744)
<i>Total Revenues</i>	4,227,300	4,227,300	4,050,492	(176,808)
EXPENDITURES				
Debt service				
Principal	4,130,000	4,130,000	3,456,790	673,210
Interest	97,500	97,500	144,870	(47,370)
<i>Total Expenditures</i>	4,227,500	4,227,500	3,601,660	625,840
REVENUES OVER (UNDER)				
EXPENDITURES	(200)	(200)	448,832	449,032
FUND BALANCE, Beginning of year	21,800	21,800	15,322	(6,478)
FUND BALANCE, End of year	\$ 21,600	\$ 21,600	\$ 464,154	\$ 442,554

The budgetary basis of accounting and GAAP are the same.

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

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - KEIZER STATION LID FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Taxes and assessments	\$ 2,217,300	\$ 2,217,300	\$ 1,774,978	\$ (442,322)
Miscellaneous	19,600	19,600	58,736	39,136
<i>Total Revenues</i>	2,236,900	2,236,900	1,833,714	(403,186)
EXPENDITURES				
Materials and services	5,000	5,000	4,363	637
Debt service				
Principal	1,000,000	1,000,000	-	1,000,000
Interest	1,266,700	1,266,700	1,266,720	(20)
<i>Total Expenditures</i>	2,271,700	2,271,700	1,271,083	1,000,617
REVENUES OVER (UNDER)				
EXPENDITURES	(34,800)	(34,800)	562,631	597,431
FUND BALANCE, Beginning of year	2,725,000	2,725,000	2,720,399	(4,601)
FUND BALANCE, End of year	\$ 2,690,200	\$ 2,690,200	\$ 3,283,030	\$ 592,830

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<i>Revenue Sharing</i>	<i>Law Enforcement Grant</i>	<i>911 Fund</i>	<i>Public Education Government</i>
<i>ASSETS</i>				
Cash and investments	\$ -	\$ -	\$ -	\$ 111,846
Accounts receivable	58,839	21,711	46,130	28,398
Loans receivable	-	-	-	-
<i>Total Assets</i>	<u>\$ 58,839</u>	<u>\$ 21,711</u>	<u>\$ 46,130</u>	<u>\$ 140,244</u>
<i>LIABILITIES AND FUND BALANCES</i>				
<i>Liabilities</i>				
Accounts payable	\$ 1,124	\$ 844	\$ 18,470	\$ -
Due to other funds	18,858	19,866	21,567	-
Deferred revenue	-	-	-	-
<i>Total Liabilities</i>	19,982	20,710	40,037	-
<i>Fund Balances</i>				
Restricted	<u>38,857</u>	<u>1,001</u>	<u>6,093</u>	<u>140,244</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 58,839</u>	<u>\$ 21,711</u>	<u>\$ 46,130</u>	<u>\$ 140,244</u>

<i>Transportation Improvement</i>	<i>Park Improvement</i>	<i>Off-site Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 1,820,508	\$ 590,689	\$ 52,418	\$ 282,463	\$ 139,108	\$ 2,997,032
-	-	-	-	-	155,078
-	-	-	113,722	-	113,722
<u>\$ 1,820,508</u>	<u>\$ 590,689</u>	<u>\$ 52,418</u>	<u>\$ 396,185</u>	<u>\$ 139,108</u>	<u>\$ 3,265,832</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,438
-	-	-	-	-	60,291
-	-	-	113,722	-	113,722
-	-	-	113,722	-	194,451
<u>1,820,508</u>	<u>590,689</u>	<u>52,418</u>	<u>282,463</u>	<u>139,108</u>	<u>3,071,381</u>
<u>\$ 1,820,508</u>	<u>\$ 590,689</u>	<u>\$ 52,418</u>	<u>\$ 396,185</u>	<u>\$ 139,108</u>	<u>\$ 3,265,832</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<i>Revenue Sharing</i>	<i>Law Enforcement Grant</i>	<i>911 Fund</i>	<i>Public Education Government</i>
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ 111,776
Intergovernmental	251,920	49,680	182,517	-
Miscellaneous	-	-	-	442
<i>Total Revenues</i>	251,920	49,680	182,517	112,218
EXPENDITURES				
Current operating:				
General government	-	-	-	78,802
Public safety	-	-	446,360	-
Capital outlay	238,108	48,526	-	26,775
<i>Total Expenditures</i>	238,108	48,526	446,360	105,577
REVENUES OVER (UNDER) EXPENDITURES	13,812	1,154	(263,843)	6,641
OTHER FINANCING SOURCES (USES)				
Transfers in	20,500	-	269,900	-
Transfers out	(6,700)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	13,800	-	269,900	-
NET CHANGE IN FUND BALANCES	27,612	1,154	6,057	6,641
FUND BALANCES, Beginning of year	11,245	(153)	36	133,603
FUND BALANCES, End of year	\$ 38,857	\$ 1,001	\$ 6,093	\$ 140,244

<i>Transportation Improvement</i>	<i>Park Improvement</i>	<i>Offsite Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 74,041	\$ 20,234	\$ 52,364	\$ -	\$ -	\$ 258,415
-	1,809	-	-	138,500	624,426
7,583	2,710	54	1,234	608	12,631
81,624	24,753	52,418	1,234	139,108	895,472
-	-	-	-	-	78,802
-	-	-	-	-	446,360
-	103,250	-	-	-	416,659
-	103,250	-	-	-	941,821
81,624	(78,497)	52,418	1,234	139,108	(46,349)
64,825	-	-	-	-	355,225
-	-	-	-	-	(6,700)
64,825	-	-	-	-	348,525
146,449	(78,497)	52,418	1,234	139,108	302,176
1,674,059	669,186	-	281,229	-	2,769,205
<u>\$ 1,820,508</u>	<u>\$ 590,689</u>	<u>\$ 52,418</u>	<u>\$ 282,463</u>	<u>\$ 139,108</u>	<u>\$ 3,071,381</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - REVENUE SHARING FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 230,100	\$ 230,100	\$ 251,920	\$ 21,820
EXPENDITURES				
Capital outlay	223,400	243,900	238,108	5,792
REVENUES OVER (UNDER) EXPENDITURES	6,700	(13,800)	13,812	16,028
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20,500	20,500	-
Transfers out	(6,700)	(6,700)	(6,700)	-
<i>Total Other Financing Sources (Uses)</i>	(6,700)	13,800	13,800	-
NET CHANGE IN FUND BALANCE	-	-	27,612	27,612
FUND BALANCE, Beginning of year	-	-	11,245	11,245
FUND BALANCE, End of year	\$ -	\$ -	\$ 38,857	\$ 38,857

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, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Integovernmental	\$ 90,500	\$ 90,500	\$ 49,680	\$ (40,820)
EXPENDITURES				
Capital outlay	90,500	90,500	48,526	41,974
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	1,154	1,154
FUND BALANCE, Beginning of year	-	-	(153)	(153)
FUND BALANCE, End of year	\$ -	\$ -	\$ 1,001	\$ 1,001

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, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 182,517	\$ 2,517
EXPENDITURES				
Materials and services	439,900	449,900	446,360	3,540
REVENUES OVER (UNDER) EXPENDITURES	(259,900)	(269,900)	(263,843)	6,057
OTHER FINANCING SOURCES (USES)				
Transfers in	259,900	269,900	269,900	-
NET CHANGE IN FUND BALANCES	-	-	6,057	6,057
FUND BALANCE, Beginning of year	-	-	36	36
FUND BALANCE, End of year	\$ -	\$ -	\$ 6,093	\$ 6,093

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, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 106,800	\$ 106,800	\$ 111,776	\$ 4,976
Miscellaneous	500	500	442	(58)
<i>Total Revenues</i>	107,300	107,300	112,218	4,918
EXPENDITURES				
Materials and services	80,300	80,300	78,802	1,498
Capital outlay	27,000	27,000	26,775	225
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	157,300	157,300	105,577	51,723
REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(50,000)	6,641	56,641
FUND BALANCE, Beginning of year	128,600	128,600	133,603	5,003
FUND BALANCE, End of year	\$ 78,600	\$ 78,600	\$ 140,244	\$ 61,644

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, 2011**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Licenses and permits	\$ 75,300	\$ 75,300	\$ 74,041	\$ (1,259)
Miscellaneous	14,000	14,000	7,583	(6,417)
<i>Total Revenues</i>	89,300	89,300	81,624	(7,676)
EXPENDITURES				
Materials and services	440,000	440,000	-	440,000
Contingency	1,300,000	1,300,000	-	1,300,000
<i>Total Expenditures</i>	1,740,000	1,740,000	-	1,740,000
REVENUES OVER (UNDER)				
EXPENDITURES	(1,650,700)	(1,650,700)	81,624	1,732,324
OTHER FINANCING SOURCES (USES)				
Transfers in	23,600	23,600	64,825	41,225
NET CHANGE IN FUND BALANCES	(1,627,100)	(1,627,100)	146,449	1,773,549
FUND BALANCE, Beginning of year	1,666,200	1,666,200	1,674,059	7,859
FUND BALANCE, End of year	\$ 39,100	\$ 39,100	\$ 1,820,508	\$ 1,781,408

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – OFFSITE TRANSPORTATION IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 52,364	\$ 52,364
Miscellaneous	-	-	54	54
<i>Total Revenues</i>	-	-	52,418	52,418
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	52,418	52,418
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 52,418	\$ 52,418

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, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 29,900	\$ 29,900	\$ 20,234	\$ (9,666)
Intergovernmental	-	-	1,809	1,809
Miscellaneous	5,600	5,600	2,710	(2,890)
<i>Total Revenues</i>	35,500	35,500	24,753	(10,747)
EXPENDITURES				
Capital outlay	640,000	640,000	103,250	536,750
REVENUES OVER (UNDER) EXPENDITURES	(604,500)	(604,500)	(78,497)	526,003
FUND BALANCE, Beginning of year	622,500	622,500	669,186	46,686
FUND BALANCE, End of year	\$ 18,000	\$ 18,000	\$ 590,689	\$ 572,689

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, 2011**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Miscellaneous	2,400	2,400	1,234	(1,166)
Total Revenues	32,400	32,400	1,234	(31,166)
EXPENDITURES				
Materials and services	304,100	304,100	-	304,100
REVENUES OVER (UNDER)				
EXPENDITURES	(271,700)	(271,700)	1,234	272,934
FUND BALANCE, Beginning of year	281,900	281,900	281,229	(671)
FUND BALANCE, End of year	\$ 10,200	\$ 10,200	\$ 282,463	\$ 272,263

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ENERGY EFFICIENCY GRANT FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 138,500	\$ 138,500	\$ 138,500	\$ -
Miscellaneous	-	-	608	608
<i>Total Revenues</i>	138,500	138,500	139,108	608
EXPENDITURES				
Materials and services	138,500	138,500	-	138,500
REVENUES OVER (UNDER) EXPENDITURES	-	-	139,108	139,108
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 139,108	\$ 139,108

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – INTERNAL SERVICES FUND
YEAR ENDED JUNE 30, 2011**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,974,800	\$ 2,031,200	\$ 1,984,421	\$ (46,779)
Miscellaneous	-	22,900	23,499	599
<i>Total Revenues</i>	1,974,800	2,054,100	2,007,920	(46,180)
EXPENDITURES				
Personnel services	1,352,500	1,355,400	1,341,071	14,329
Materials and services	592,700	627,200	566,656	60,544
Capital outlay	29,600	54,900	49,871	5,029
<i>Total Expenditures</i>	1,974,800	2,037,500	1,957,598	79,902
REVENUES OVER (UNDER)				
EXPENDITURES	-	16,600	50,322	33,722
FUND BALANCE, Beginning of year	-	-	(26,502)	(26,502)
FUND BALANCE, End of year	\$ -	\$ 16,600	\$ 23,820	\$ 7,220

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

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS -****BUDGET AND ACTUAL - SEWER FUND****YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Charges for services	\$ 5,115,800	\$ 5,115,800	\$ 4,847,671	\$ 4,843,449
Miscellaneous	15,700	16,100	6,466	6,466
<i>Total Revenues</i>	5,131,500	5,131,900	4,854,137	4,849,915
EXPENDITURES				
Personnel services	147,300	147,300	145,473	144,250
Materials and services	4,990,300	4,992,300	4,776,699	4,776,699
Capital outlay/depreciation	-	-	-	199,563
Contingency	15,500	14,000	-	-
<i>Total Expenditures</i>	5,153,100	5,153,600	4,922,172	5,120,512
REVENUES OVER (UNDER)				
EXPENDITURES	(21,600)	(21,700)	(68,035)	(270,597)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	260,350
Transfers out	(137,100)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	(137,100)	-	-	260,350
NET CHANGE IN NET ASSETS	(158,700)	(21,700)	(68,035)	(10,247)
NET ASSETS, Beginning of year	365,900	365,900	307,928	2,758,425
NET ASSETS, End of year	\$ 207,200	\$ 344,200	\$ 239,893	\$ 2,748,178

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -****BUDGET AND ACTUAL - WATER FUND****YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Taxes and assessments	\$ 700	\$ 700	\$ 705	\$ -
Licenses and permits	600	600	-	-
Charges for services	2,483,600	2,483,600	2,337,732	2,356,444
Miscellaneous	57,100	57,100	66,207	66,186
<i>Total Revenues</i>	2,542,000	2,542,000	2,404,644	2,422,630
EXPENDITURES				
Personnel services	1,034,400	1,034,400	1,003,273	995,178
Materials and services	1,112,000	1,121,300	942,825	929,763
Capital outlay/depreciation	79,400	79,400	43,646	316,566
Debt service	230,900	230,900	230,770	78,719
Contingency	60,700	53,800	-	-
<i>Total Expenditures</i>	2,517,400	2,519,800	2,220,514	2,320,226
REVENUES OVER (UNDER)				
EXPENDITURES	24,600	22,200	184,130	102,404
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)	(200,000)	(200,000)	(200,000)
NET CHANGE IN NET ASSETS	(175,400)	(177,800)	(15,870)	(97,596)
NET ASSETS, Beginning of year	548,700	550,600	629,494	436,279
NET ASSETS, End of year	\$ 373,300	\$ 372,800	\$ 613,624	\$ 338,683

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - WATER FACILITY FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Taxes and assessments	\$ 10,000	\$ 10,000	\$ 4,711	\$ 100
Licenses and permits	25,300	25,300	19,104	19,104
Miscellaneous	13,200	13,200	5,931	5,931
<i>Total Revenues</i>	48,500	48,500	29,746	25,135
EXPENDITURES				
Capital outlay/depreciation	926,000	926,000	660,406	241,645
Contingency	100,000	100,000	-	-
<i>Total Expenditures</i>	1,026,000	1,026,000	660,406	241,645
REVENUES OVER (UNDER) EXPENDITURES	(977,500)	(977,500)	(630,660)	(216,510)
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	200,000
NET CHANGE IN NET ASSETS	(777,500)	(777,500)	(430,660)	(16,510)
NET ASSETS, Beginning of year	1,327,200	1,327,200	1,364,370	6,755,158
NET ASSETS, End of year	\$ 549,700	\$ 549,700	\$ 933,710	\$ 6,738,648

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS**JUNE 30, 2011

	<u><i>Sewer Reserve</i></u>	<u><i>Storm Water</i></u>	<u><i>Lighting District</i></u>
ASSETS			
<i>Current Assets</i>			
Cash and investments	\$ 84,621	\$ 346,258	\$ 308,870
Accounts receivable	-	111,643	37,405
Assessment liens receivable	<u>1,996</u>	<u>-</u>	<u>-</u>
<i>Total Current Assets</i>	86,617	457,901	346,275
<i>Noncurrent Assets</i>			
Other capital assets, net of depreciation	<u>-</u>	<u>428,008</u>	<u>-</u>
<i>Total Assets</i>	86,617	885,909	346,275
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	30,223	24,575	6,866
Deposits	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Current Liabilities</i>	30,223	24,575	6,866
<i>Noncurrent Liabilities</i>			
Accrued compensated absences	<u>-</u>	<u>32,824</u>	<u>2,251</u>
<i>Total Liabilities</i>	<u>30,223</u>	<u>57,399</u>	<u>9,117</u>
NET ASSETS			
Investment in capital assets (net of related debt)	-	428,008	-
Restricted	56,394	-	337,158
Unrestricted	<u>-</u>	<u>400,502</u>	<u>-</u>
<i>Total Net Assets</i>	<u>\$ 56,394</u>	<u>\$ 828,510</u>	<u>\$ 337,158</u>

<i>Community Center</i>	<i>Amphitheater</i>	<i>Totals</i>
<hr/>	<hr/>	<hr/>
\$ 35,853	\$ 5,795	\$ 781,397
-	-	149,048
-	-	1,996
<hr/>	<hr/>	<hr/>
35,853	5,795	932,441
-	-	428,008
<hr/>	<hr/>	<hr/>
35,853	5,795	1,360,449
790	124	62,578
9,483	-	9,483
<hr/>	<hr/>	<hr/>
10,273	124	72,061
-	-	35,075
<hr/>	<hr/>	<hr/>
10,273	124	107,136
<hr/>	<hr/>	<hr/>
-	-	428,008
25,580	5,671	424,803
-	-	400,502
<hr/>	<hr/>	<hr/>
<u>\$ 25,580</u>	<u>\$ 5,671</u>	<u>\$ 1,253,313</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	<i>Sewer Reserve</i>	<i>Storm Water</i>	<i>Lighting District</i>
OPERATING REVENUES			
Licenses and permits	\$ 3,359	\$ 451	\$ -
Charges for services	-	754,171	464,816
Miscellaneous	-	1,390	117
<i>Total Operating Revenues</i>	3,359	756,012	464,933
OPERATING EXPENSES			
Personnel services	-	479,257	18,527
Materials and services	-	213,881	397,566
Depreciation	-	64,948	-
<i>Total Operating Expenses</i>	-	758,086	416,093
OPERATING INCOME (LOSS)	3,359	(2,074)	48,840
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	1,295	661	1,484
INCOME (LOSS) BEFORE TRANSFERS	4,654	(1,413)	50,324
Transfers in	-	210,500	-
Transfers out	(260,350)	-	-
<i>Total Transfers</i>	(260,350)	210,500	-
CHANGE IN NET ASSETS	(255,696)	209,087	50,324
NET ASSETS, Beginning of year	312,090	619,423	286,834
NET ASSETS, End of year	\$ 56,394	\$ 828,510	\$ 337,158

<i>Community Center</i>	<i>Amphitheater</i>	<i>Totals</i>
\$ -	\$ -	\$ 3,810
85,532	2,531	1,307,050
10,000	-	11,507
95,532	2,531	1,322,367
6,825	-	504,609
5,541	950	617,938
-	-	64,948
12,366	950	1,187,495
83,166	1,581	134,872
201	23	3,664
83,367	1,604	138,536
-	-	210,500
(64,825)	-	(325,175)
(64,825)	-	(114,675)
18,542	1,604	23,861
7,038	4,067	1,229,452
\$ 25,580	\$ 5,671	\$ 1,253,313

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2011**

	<i>Sewer Reserve</i>	<i>Storm Water</i>	<i>Lighting District</i>
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>			
Cash received from customers	\$ 4,036	\$ 730,817	\$ 458,112
Cash paid to employees for services	-	(470,660)	(19,409)
Cash paid to suppliers for goods and services	6,027	(202,305)	(394,196)
<i>Net Cash Provided by (Used in) Operating Activities</i>	10,063	57,852	44,507
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</i>			
Transfers in	-	210,500	-
Transfers out	(260,350)	-	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(260,350)	210,500	-
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>			
Acquisition of capital assets	-	(15,909)	-
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>			
Interest on investment	1,295	661	1,484
<i>Increase (Decrease) in Cash and Investments</i>	(248,992)	253,104	45,991
<i>CASH AND INVESTMENTS, Beginning of year</i>	333,613	93,154	262,879
<i>CASH AND INVESTMENTS, End of year</i>	\$ 84,621	\$ 346,258	\$ 308,870
<i>RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)</i>			
Operating income (loss)	\$ 3,359	\$ (2,074)	\$ 48,840
Depreciation	-	64,948	-
<i>Change in assets and liabilities</i>			
Accounts receivable	677	(25,195)	(6,821)
Accounts payable and accrued liabilities	6,027	11,576	3,370
Compensated absences payable	-	8,597	(882)
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$ 10,063	\$ 57,852	\$ 44,507

<i>Community Center</i>	<i>Amphitheater</i>	<i>Totals</i>
\$ 105,015	\$ 2,531	\$ 1,300,511
(6,825)	-	(496,894)
(7,932)	(826)	(599,232)
90,258	1,705	204,385
-	-	210,500
(64,825)	-	(325,175)
(64,825)	-	(114,675)
-	-	(15,909)
201	23	3,664
25,634	1,728	77,465
10,219	4,067	703,932
\$ 35,853	\$ 5,795	\$ 781,397
\$ 83,166	\$ 1,581	\$ 134,872
-	-	64,948
-	-	(31,339)
7,092	124	28,189
-	-	7,715
\$ 90,258	\$ 1,705	\$ 204,385

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Licenses and permits	\$ 6,800	\$ 6,800	\$ 4,035	\$ 3,359
Miscellaneous	100,400	100,400	1,295	1,295
<i>Total Revenues</i>	107,200	107,200	5,330	4,654
EXPENDITURES				
Capital outlay/depreciation	365,000	365,000	260,350	-
Contingency	40,800	40,800	-	-
<i>Total Expenditures</i>	405,800	405,800	260,350	-
REVENUES OVER (UNDER) EXPENDITURES	(298,600)	(298,600)	(255,020)	4,654
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(260,350)
NET CHANGE IN NET ASSETS	(298,600)	(298,600)	(255,020)	(255,696)
NET ASSETS, Beginning of year	298,600	298,600	309,417	312,090
NET ASSETS, End of year	\$ -	\$ -	\$ 54,397	\$ 56,394

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Charges for services	\$ 441,700	\$ 454,100	\$ 457,697	\$ 464,816
Miscellaneous	1,600	1,600	1,601	1,601
<i>Total Revenues</i>	443,300	455,700	459,298	466,417
EXPENDITURES				
Personnel services	19,500	19,500	19,409	18,527
Materials and services	402,900	415,200	397,566	397,566
Contingency	21,100	20,700	-	-
<i>Total Expenditures</i>	443,500	455,400	416,975	416,093
NET CHANGE IN NET ASSETS	(200)	300	42,323	50,324
NET ASSETS, Beginning of year	250,900	251,000	259,359	286,834
NET ASSETS, End of year	<u>\$ 250,700</u>	<u>\$ 251,300</u>	<u>\$ 301,682</u>	<u>\$ 337,158</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL – STORM WATER FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 451	\$ 451
Charges for services	749,100	749,100	754,544	754,171
Miscellaneous	1,600	1,600	2,051	2,051
<i>Total Revenues</i>	750,700	750,700	757,046	756,673
EXPENDITURES				
Personnel services	503,500	503,500	470,660	479,257
Materials and services	251,900	255,900	212,446	213,881
Capital outlay/depreciation	142,000	142,000	17,344	64,948
Contingency	44,000	41,000	-	-
<i>Total Expenditures</i>	941,400	942,400	700,450	758,086
REVENUES OVER (UNDER)				
EXPENDITURES	(190,700)	(191,700)	56,596	(1,413)
OTHER FINANCING SOURCES (USES)				
Transfers in	210,500	210,500	210,500	210,500
NET CHANGE IN NET ASSETS	19,800	18,800	267,096	209,087
NET ASSETS, Beginning of year	114,100	114,900	131,480	619,423
NET ASSETS, End of year	\$ 133,900	\$ 133,700	\$ 398,576	\$ 828,510

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL – COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget	GAAP
	Original	Final	Basis	Basis
REVENUES				
Charges for services	\$ 85,900	\$ 85,900	\$ 85,532	\$ 85,532
Miscellaneous	10,000	10,000	10,201	10,201
<i>Total Revenues</i>	95,900	95,900	95,733	95,733
EXPENDITURES				
Personnel services	5,000	15,000	6,825	6,825
Materials and services	5,400	7,400	5,498	5,541
Capital outlay	1,000	1,000	43	-
<i>Total Expenditures</i>	11,400	23,400	12,366	12,366
REVENUES OVER (UNDER)				
EXPENDITURES	84,500	72,500	83,367	83,367
OTHER FINANCING SOURCES (USES)				
Transfers out	(24,100)	(65,000)	(64,825)	(64,825)
NET CHANGE IN NET ASSETS	60,400	7,500	18,542	18,542
NET ASSETS, Beginning of year	2,500	2,500	7,038	7,038
NET ASSETS, End of year	<u>\$ 62,900</u>	<u>\$ 10,000</u>	<u>\$ 25,580</u>	<u>\$ 25,580</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL – AMPHITHEATER FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budget Basis	GAAP Basis
	Original	Final		
REVENUES				
Charges for services	\$ 2,100	\$ 2,100	\$ 2,554	\$ 2,554
EXPENDITURES				
Materials and services	2,000	2,000	950	950
Capital outlay	2,200	2,200	-	-
<i>Total Expenditures</i>	4,200	4,200	950	950
REVENUES OVER (UNDER) EXPENDITURES	(2,100)	(2,100)	1,604	1,604
NET ASSETS, Beginning of year	2,600	2,600	4,067	4,067
NET ASSETS, End of year	\$ 500	\$ 500	\$ 5,671	\$ 5,671

CITY OF KEIZER, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2011

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2010</i>	<i>2010-2011 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2011</i>
2010-2011	\$ -	\$ 7,889,059	\$ 1,014	\$ (214,973)	\$ (7,349,982)	\$ 325,118
2009-2010	322,238	-	-	(1,579)	(155,479)	165,180
2008-2009	144,238	-	-	(1,233)	(54,967)	88,038
2007-2008	60,715	-	-	(754)	(33,513)	26,448
2006-2007	19,704	-	-	(414)	(13,460)	5,830
2005-2006	5,652	-	-	(655)	(970)	4,027
2004-2005	3,491	-	-	(626)	(344)	2,521
Prior Years	10,020	-	-	(214)	(387)	9,419
Total	<u>\$ 566,058</u>	<u>\$ 7,889,059</u>	<u>\$ 1,014</u>	<u>\$ (220,448)</u>	<u>\$ (7,609,102)</u>	<u>\$ 626,581</u>

CITY OF KEIZER, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2011

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

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Unmatured Interest Outstanding July 1, 2010</i>
<i>INTEREST TRANSACTIONS</i>			
Gas Tax Revenue Bonds 2005	3.92%	2005	\$ 137,004
2005 Water Revenue Loan	4.10%	2005	494,767
URA Credit Facility	variable	2009	1,267,200
Keizer Station LID Bonds 2008	5.20%	2008	26,601,120
			<u>\$ 28,500,091</u>

<i>Outstanding July 1, 2010</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2011</i>
\$ 1,122,000	\$ -	\$ (169,000)	\$ 953,000
2,045,000	-	(150,000)	1,895,000
5,500,000	260,000	(3,100,000)	2,660,000
24,360,000	-	-	24,360,000
<u>\$ 33,027,000</u>	<u>\$ 260,000</u>	<u>\$ (3,419,000)</u>	<u>\$ 29,868,000</u>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Adjustments</i>	<i>Unmatured Interest June 30, 2011</i>
\$ -	\$ (40,670)	\$ -	\$ 96,334
-	(80,769)	-	413,998
-	(144,870)	(537,130)	585,200
-	(1,266,720)	-	25,334,400
<u>\$ -</u>	<u>\$ (1,533,029)</u>	<u>\$ (537,130)</u>	<u>\$ 26,429,932</u>

CITY OF KEIZER, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
JUNE 30, 2011

<i>Fiscal Year Ending 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>
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	4,611	229,611
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
	<u>\$ 953,000</u>	<u>\$ 96,334</u>	<u>\$ 1,049,334</u>	<u>\$ 1,895,000</u>	<u>\$ 413,997</u>	<u>\$ 2,308,997</u>

<i>URA Credit Facility</i>			<i>2008 Keizer Station LID Bonds</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ -	\$ 106,400	\$ 106,400	\$ -	\$ 1,266,720	\$ 1,266,720
-	106,400	106,400	-	1,266,720	1,266,720
-	106,400	106,400	-	1,266,720	1,266,720
-	106,400	106,400	-	1,266,720	1,266,720
-	106,400	106,400	-	1,266,720	1,266,720
2,660,000	53,200	2,713,200	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	-	1,266,720	1,266,720
-	-	-	24,360,000	1,266,720	25,626,720
<u>\$ 2,660,000</u>	<u>\$ 585,200</u>	<u>\$ 3,245,200</u>	<u>\$ 24,360,000</u>	<u>\$ 25,334,400</u>	<u>\$ 49,694,400</u>

CITY OF KEIZER, OREGON**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)****JUNE 30, 2011**

<i>Fiscal Year Ending June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2012	\$ 331,000	\$ 1,481,546	\$ 1,812,546
2013	348,000	1,467,950	1,815,950
2014	360,000	1,453,771	1,813,771
2015	378,000	1,438,991	1,816,991
2016	391,000	1,423,589	1,814,589
2017	2,850,000	1,358,665	4,208,665
2018	200,000	1,297,470	1,497,470
2019	210,000	1,289,065	1,499,065
2020	215,000	1,280,353	1,495,353
2021	225,000	1,271,331	1,496,331
2022	-	1,266,720	1,266,720
2023	-	1,266,720	1,266,720
2024	-	1,266,720	1,266,720
2025	-	1,266,720	1,266,720
2026	-	1,266,720	1,266,720
2027	-	1,266,720	1,266,720
2028	-	1,266,720	1,266,720
2029	-	1,266,720	1,266,720
2030	-	1,266,720	1,266,720
2031	24,360,000	1,266,720	25,626,720
	<u>\$ 29,868,000</u>	<u>\$ 26,429,931</u>	<u>\$ 56,297,931</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

STATISTICAL SECTION

FINANCIAL TRENDS

CITY OF KEIZER, OREGON
SCHEDULE OF NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS - UNAUDITED

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 62,638,605	\$ 62,122,700	\$ 33,163,849
Restricted for special purposes	10,830,084	7,537,733	33,709,977
Unrestricted	<u>589,170</u>	<u>1,039,502</u>	<u>2,257,559</u>
Total governmental activities net assets	74,057,859	70,699,935	69,131,385
Business-type activities:			
Invested in capital assets, net of related debt	8,114,069	7,820,911	7,223,995
Restricted for special purposes	1,358,513	1,967,905	2,640,776
Unrestricted	<u>1,606,240</u>	<u>1,379,393</u>	<u>1,386,663</u>
Total business-type activities net assets	11,078,822	11,168,209	11,251,434
Total government			
Invested in capital assets, net of related debt	70,752,674	69,943,611	40,387,844
Restricted for special purposes	12,188,597	9,505,638	36,350,753
Unrestricted	<u>2,195,410</u>	<u>2,418,895</u>	<u>3,644,222</u>
Total government net assets	<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>

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

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

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.

<i>Fiscal Year</i>					
<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
\$ 30,392,428	\$ 28,189,116	\$ 27,955,845	\$ 23,224,084	\$ 16,394,836	\$ 15,241,660
34,612,171	7,064,192	4,336,275	4,192,611	3,848,710	5,731,314
3,462,013	2,491,374	3,133,453	3,182,409	7,106,856	3,385,922
68,466,612	37,744,682	35,425,573	30,599,104	27,350,402	24,358,896
6,247,552	5,883,166	5,281,178	5,692,550	6,598,348	6,756,074
2,569,911	3,111,776	3,193,748	1,446,926	1,138,347	768,777
2,383,818	1,782,778	1,160,811	2,004,662	1,320,732	-
11,201,281	10,777,720	9,635,737	9,144,138	9,057,427	7,524,851
36,639,980	34,072,282	33,237,023	28,916,634	22,993,184	21,997,734
37,182,082	10,175,968	7,530,023	5,639,537	4,987,057	6,500,091
5,845,831	4,274,152	4,294,264	5,187,071	8,427,588	3,385,922
<u>\$ 79,667,893</u>	<u>\$ 48,522,402</u>	<u>\$ 45,061,310</u>	<u>\$ 39,743,242</u>	<u>\$ 36,407,829</u>	<u>\$ 31,883,747</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses:				
Governmental activities:				
General government	\$ 1,282,546	\$ 1,206,448	\$ 1,348,120	\$ 1,031,186
Community and youth services	11,019	18,041	38,009	54,396
Community development	2,854,558	2,980,764	2,945,798	1,860,120
Parks	308,754	355,892	427,843	282,921
Public safety	6,299,787	6,404,239	6,885,994	6,208,351
Public works	1,511,602	1,480,993	1,483,813	2,468,103
Stadium operations	-	-	-	-
Interest on long-term debt	1,434,549	1,549,187	1,549,789	1,289,655
Total governmental activities expense	<u>13,702,815</u>	<u>13,995,564</u>	<u>14,679,366</u>	<u>13,194,732</u>
Business-type activities:				
Water	2,561,871	2,610,480	2,689,164	2,714,457
Sewer	5,120,512	5,117,610	4,729,024	4,500,964
Storm water	758,086	573,790	464,071	416,783
Community center	12,366	-	-	-
Amphitheater	950	-	-	-
Street lighting	416,093	423,953	428,905	202,530
Total business-type activities expense	<u>8,869,878</u>	<u>8,725,833</u>	<u>8,311,164</u>	<u>7,834,734</u>
Total City expenses	22,572,693	22,721,397	22,990,530	21,029,466
Program Revenues:				
Governmental activities:				
Fees, fines, and charges for services:				
General government	145,020	181,547	131,297	159,604
Community development	35,235	57,006	28,097	47,762
Parks	2,534	2,587	2,844	2,350
Public safety	574,574	731,465	618,027	652,000
Public works	8,779	1,215	14,565	16,067
Stadium operations	41,627	42,390	47,275	61,812
Operating grants and contributions	2,289,262	1,880,643	1,875,598	2,142,073
Capital grants and contributions	97,663	247,068	223,477	27,454,887
Total governmental activities program revenues	<u>3,194,694</u>	<u>3,143,921</u>	<u>2,941,180</u>	<u>30,536,555</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	2,420,266	2,480,006	2,587,519	2,506,207
Sewer and storm water	5,608,798	5,463,673	5,100,487	4,757,838
Community center	95,532	-	-	-
Amphitheater	2,531	-	-	-
Street lighting	464,933	454,933	451,641	423,013
Operating grants and contributions	-	-	-	72,364
Capital grants and contributions	19,104	49,265	35,006	208,741
Total business-type activities program revenues	<u>8,611,164</u>	<u>8,447,877</u>	<u>8,174,653</u>	<u>7,968,163</u>
Total City program revenues	<u>11,805,858</u>	<u>11,591,798</u>	<u>11,115,833</u>	<u>38,504,718</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.

Fiscal Year

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

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense) Revenue			
Governmental activities	\$ (10,508,121)	\$ (10,851,643)	\$ (11,738,186)
Business-type activities	<u>(258,714)</u>	<u>(277,956)</u>	<u>(136,511)</u>
Total City activities	(10,766,835)	(11,129,599)	(11,874,697)
General Revenues and Other Changes in Net Assets			
Governmental activities			
Taxes and assessments	7,654,368	7,625,782	7,348,334
Franchise taxes	2,475,239	2,371,341	2,398,389
Intergovernmental	918,055	894,860	920,506
Miscellaneous	1,452,870	1,698,151	1,868,577
Gain (loss) on sale of capital assets	1,522,293	-	-
Transfers	<u>(145,675)</u>	<u>(169,941)</u>	<u>(132,847)</u>
Total governmental activities	13,877,150	12,420,193	12,402,959
Business-type activities			
Miscellaneous	12,547	24,790	53,817
Gain (loss) on sale of capital assets	-	-	-
Transfers	<u>145,675</u>	<u>169,941</u>	<u>132,847</u>
Total business-type activities	158,222	194,731	186,664
Total City revenues	<u>14,035,372</u>	<u>12,614,924</u>	<u>12,589,623</u>
Change in Net Assets			
Governmental activities	3,369,029	1,568,550	664,773
Business-type activities	<u>(100,492)</u>	<u>(83,225)</u>	<u>50,153</u>
	3,268,537	1,485,325	714,926
Net Assets, July 1			
Governmental activities	70,688,830	69,131,385	68,466,612
Business-type activities	<u>11,179,314</u>	<u>11,251,434</u>	<u>11,201,281</u>
	81,868,144	80,382,819	79,667,893
Business-type activities - change in capitalization policy			
Total Government	<u>81,868,144</u>	<u>80,382,819</u>	<u>79,667,893</u>
Net Assets, June 30			
Governmental activities	74,057,859	70,699,935	69,131,385
Business-type activities	<u>11,078,822</u>	<u>11,168,209</u>	<u>11,251,434</u>
Total Government	<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>

<i>Fiscal Year</i>					
<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
\$ 17,341,823	\$ (8,454,504)	\$ (5,699,309)	\$ (6,797,404)	\$ (5,883,783)	\$ (5,572,847)
133,429	964,606	333,515	236,597	552,477	32,051
17,475,252	(7,489,898)	(5,365,794)	(6,560,807)	(5,331,306)	(5,540,796)
8,896,151	6,062,528	6,782,351	6,332,711	6,053,862	5,770,274
2,385,307	2,283,966	2,156,426	1,947,010	1,961,642	1,793,520
929,684	891,629	750,630	771,629	744,190	701,662
1,334,201	1,524,730	829,146	260,848	209,733	198,299
(9,731)	-	-	733,908	(94,140)	-
(155,506)	10,760	7,230	-	-	-
13,380,106	10,773,613	10,525,783	10,046,106	8,875,287	8,463,755
134,627	188,137	165,315	50,115	27,270	23,397
-	-	-	(200,000)	-	-
155,506	(10,760)	(7,230)	-	-	-
290,133	177,377	158,085	(149,885)	27,270	23,397
13,670,239	10,950,990	10,683,868	9,896,221	8,902,557	8,487,152
30,721,929	2,319,109	4,826,474	3,248,702	2,991,504	2,890,908
423,562	1,141,983	491,600	86,712	579,747	55,448
31,145,491	3,461,092	5,318,074	3,335,414	3,571,251	2,946,356
37,744,683	35,425,574	30,599,100	27,350,398	24,358,894	21,467,986
10,777,719	9,635,736	9,144,136	9,057,424	8,477,677	8,877,447
48,522,402	45,061,310	39,743,236	36,407,822	32,836,571	30,345,433
48,522,402	45,061,310	39,743,236	36,407,822	32,836,571	(455,218)
68,466,612	37,744,683	35,425,574	30,599,100	27,350,398	24,358,894
11,201,281	10,777,719	9,635,736	9,144,136	9,057,424	8,477,677
\$ 79,667,893	\$ 48,522,402	\$ 45,061,310	\$ 39,743,236	\$ 36,407,822	\$ 32,836,571

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General fund				
Unreserved	\$ -	\$ 1,514,530	\$ 1,435,308	\$ 2,291,258
Unassigned	1,646,079	-	-	-
Total General Fund	<u>\$ 1,646,079</u>	<u>\$ 1,514,530</u>	<u>\$ 1,435,308</u>	<u>\$ 2,291,258</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ 4,090,716	\$ 4,584,359	\$ 5,468,241
Debt service funds	-	2,720,399	4,246,857	2,854,800
Capital project funds	-	-	-	707,761
Restricted	10,189,183	-	-	-
Total all other governmental funds	<u>\$ 10,189,183</u>	<u>\$ 6,811,115</u>	<u>\$ 8,831,216</u>	<u>\$ 9,030,802</u>

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

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

<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
\$ 1,968,796	\$ 1,469,417	\$ 1,243,622	\$ 1,537,345	\$ 1,093,153
-	-	-	-	-
<u>\$ 1,968,796</u>	<u>\$ 1,469,417</u>	<u>\$ 1,243,622</u>	<u>\$ 1,537,345</u>	<u>\$ 1,093,153</u>
\$ 8,070,211	\$ 6,347,390	\$ 4,962,340	\$ 8,197,162	\$ 6,951,770
-	-	-	-	-
(581,180)	(518,476)	935,397	908,703	683,897
-	-	-	-	-
<u>\$ 7,489,031</u>	<u>\$ 5,828,914</u>	<u>\$ 5,897,737</u>	<u>\$ 9,105,865</u>	<u>\$ 7,635,667</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues				
Taxes and assessments	\$ 9,449,329	\$ 9,871,770	\$ 9,488,164	\$ 8,932,759
Licenses and permits	2,802,152	2,791,477	2,658,711	3,179,645
Intergovernmental	3,121,931	2,727,373	2,821,871	2,971,347
Fines and forfeitures	574,574	731,465	618,027	652,000
Miscellaneous	212,061	315,239	491,633	1,503,243
Total revenues	16,160,047	16,437,324	16,078,406	17,238,994
Expenditures				
Current operating:				
General government	1,230,536	1,151,914	1,095,746	841,054
Community and youth services	11,019	17,877	17,019	54,396
Community development	736,517	786,471	1,285,094	1,166,860
Parks	232,665	264,013	279,770	249,751
Public safety	5,858,204	5,863,258	6,076,101	5,968,617
Public works	781,393	752,322	761,352	961,381
Stadium operations	-	-	-	-
Capital outlay	2,303,875	2,886,717	13,592,575	7,792,381
Debt service				
Principal	3,269,000	5,613,000	3,657,000	30,410,000
Interest	1,452,260	1,522,690	1,586,437	1,123,815
Total expenditures	15,875,469	18,858,262	28,351,094	48,568,255
Revenues over (under) expenditures	284,578	(2,420,938)	(12,272,688)	(31,329,261)
Other financing sources (uses)				
Issuance of debt	260,000	650,000	11,350,000	33,349,000
Land sale proceeds	3,121,820	-	-	-
Transfers in	718,715	1,948,067	1,151,282	51,540
Transfers out	(864,390)	(2,118,008)	(1,284,129)	(207,046)
Total other financing sources (uses)	3,236,145	480,059	11,217,153	33,193,494
Net change in fund balances	3,520,723	(1,940,879)	(1,055,535)	1,864,233
Fund balance, beginning of year	8,314,539	10,266,524	11,322,059	9,457,826
Fund balance, end of year	<u>\$ 11,835,262</u>	<u>\$ 8,325,645</u>	<u>\$ 10,266,524</u>	<u>\$ 11,322,059</u>
Debt service as a percentage of noncapital expenditures	34.8%	44.7%	35.5%	77.3%

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

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

STATISTICAL SECTION

REVENUE CAPACITY

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

<i>June 30,</i>	<i>Residential Property</i>	<i>Farm Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>
2001-02	\$ 1,105,734	\$ 1,866	\$ 213,152	\$ 3,770
2002-03	1,158,236	2,412	221,825	3,698
2003-04	1,214,867	2,346	229,931	3,796
2004-05	1,276,334	2,428	239,725	3,976
2005-06	1,337,968	2,121	252,686	4,034
2006-07	1,390,319	1,636	288,657	4,412
2007-08	1,444,166	2,082	329,014	5,022
2008-09	1,558,501	1,639	384,554	2,437
2009-10	1,559,261	2,289	382,763	2,800
2010-11	1,610,275	2,981	389,224	2,818

* Per \$1,000 of assessed value

<i>Personal Property</i>	<i>Utility Property</i>	<i>Total Measure 50 Assessed Value</i>	<i>Total Direct Tax Rate *</i>	<i>Real Market Value</i>
\$ 19,463	\$ 29,519	\$ 1,373,504	\$ 2.08	\$ 1,722,643
19,827	31,314	1,437,312	2.08	1,814,135
19,087	31,459	1,501,486	2.08	1,891,624
17,959	35,555	1,575,977	2.08	2,031,390
20,589	32,769	1,650,167	2.08	2,220,579
21,505	32,246	1,738,775	2.08	2,525,782
28,324	35,420	1,844,028	2.08	3,023,857
27,874	37,591	2,012,596	2.08	3,070,376
27,874	37,591	2,012,578	2.08	3,356,568
26,825	37,224	2,069,347	2.08	3,122,423

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

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
City of Keizer	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
Overlapping Governments:					
Marion County	3.02	3.02	3.02	3.02	3.02
Keizer Fire District	1.84	1.85	1.50	1.85	1.85
Marion County Fire District	2.42	2.40	2.53	2.51	2.37
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
School District	6.31	6.53	6.58	6.46	6.45
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.79	0.89	0.71	0.70	0.94
Regional Library	0.08	0.08	0.08	0.08	0.08
Transit District	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
Total	<u>\$ 17.65</u>	<u>\$ 17.96</u>	<u>\$ 17.61</u>	<u>\$ 17.81</u>	<u>\$ 17.90</u>

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
3.02	3.02	3.02	3.02	3.02
1.87	1.88	1.87	1.54	1.55
2.34	2.35	2.37	2.42	2.44
0.05	0.05	0.05	0.05	0.05
6.61	7.11	6.89	6.88	6.98
0.30	0.30	0.30	0.28	0.28
0.96	0.96	0.77	0.76	0.76
0.08	0.08	0.08	0.08	0.08
<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
<u><u>\$ 18.07</u></u>	<u><u>\$ 18.59</u></u>	<u><u>\$ 18.19</u></u>	<u><u>\$ 17.87</u></u>	<u><u>\$ 18.00</u></u>

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

Private Enterprise	Industry	Rank	2011	
			Assessed Valuation	Percent of Total Assessed Value
Donahue Schriber Realty Group LP	Real Estate	1	\$ 53,197,870	1.95%
Lowe's HIW Inc	Retail	2	11,607,232	0.43%
Target Corporation	Retail	3	10,061,029	0.37%
Emerald Pointe LLC	Real Estate	4	9,787,916	0.36%
Keizer Campus LLC	Retirement Center	5	9,520,490	0.35%
Keizer Road Apartments LLC	Real Estate	6	8,301,970	0.30%
Keizer Schoolhouse LLC	Real Estate	7	7,854,750	0.29%
A Lee Sjothun Investments	Real Estate	8	6,294,390	0.23%
Hidden Creek Loop Apartments	Real Estate	9	5,826,350	0.21%
Keizer Hospitality	Hotel	10	5,207,878	0.19%
Team Management Co., Ltd.	Real Estate			
Sandstrum, Matthew & Sandstrum Homes	Real Estate			
Lydon Family LTD & Lydon Construction	Real Estate			
Safeway, Inc.	Retail			
McNary Heights Apartments LLC	Real Estate			
Public Utilities				
Northwest Natural Gas Co	Natural Gas		14,122,400	0.52%
Portland General Electric Co	Electricity		13,334,000	0.49%
Qwest Corporation	Telephone		5,688,200	0.21%
U.S. West Communications	Telephone			
Government				
City of Keizer*	Municipality		5,183,900	0.19%
All other taxpayers			2,557,887,885	93.91%
			<u>\$ 2,723,876,260</u>	<u>100.00%</u>

Source: Marion County Assessor's Office

*Related to baseball stadium property

2002		
Rank	Assessed Valuation	Percent of Total Assessed Value
7	\$ 5,514,720	0.42%
8	4,519,505	0.35%
1	13,881,382	1.07%
2	12,711,660	0.98%
6	6,513,260	0.50%
9	4,338,282	0.33%
10	3,832,850	0.30%
3	10,336,200	0.80%
4	10,036,700	0.77%
5	7,852,824	0.60%
	1,298,322	0.10%
	<u>1,217,486,185</u>	<u>93.77%</u>
	<u>\$ 1,298,321,890</u>	<u>100.00%</u>

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

<i>Fiscal year ended June 30,</i>	<i>Taxes levied in the fiscal year</i>		<i>Collected in fiscal year of levy</i>		<i>Collections in subsequent years</i>	<i>Total Collections</i>	
			<i>Amount</i>	<i>% of Levy</i>		<i>Amount</i>	<i>% of Levy</i>
2001-02	\$	2,437,208	\$ 2,261,174	92.78%	\$ 174,447	\$ 2,435,621	99.93%
2002-03		2,541,447	2,360,526	92.88%	180,036	2,540,562	99.97%
2003-04		2,648,896	2,475,397	93.45%	172,551	2,647,948	99.96%
2004-05		2,772,455	2,582,450	93.15%	188,959	2,771,409	99.96%
2005-06		2,894,613	2,803,179	96.84%	89,760	2,892,939	99.94%
2006-07		3,140,075	3,039,852	96.81%	97,188	3,137,040	99.90%
2007-08		3,225,446	3,125,233	96.89%	87,308	3,212,541	99.60%
2008-09		3,488,040	3,339,325	95.74%	107,729	3,447,054	98.82%
2009-10		3,533,537	3,387,003	95.85%	71,421	3,458,424	97.87%
2010-11		3,697,042	3,544,683	95.88%	-	3,544,683	95.88%

Source: Marion County Assessor's Office

STATISTICAL SECTION

DEBT CAPACITY

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

<i>Fiscal Year</i>	<i>Population</i>	<i>Real market value (in thousands)</i>	<i>Gross bonded debt</i>	<i>Ratio of bonded direct debt per capita</i>	<i>Ratio of bonded direct debt to market value</i>
2001-02	32,950	\$ 1,722,643	\$ 5,660,000	\$ 171.78	0.33%
2002-03	33,100	1,814,135	4,935,000	149.09	0.27%
2003-04	34,010	1,891,624	4,195,000	123.35	0.22%
2004-05	34,380	2,031,390	3,445,000	100.20	0.17%
2005-06	34,737	2,220,579	1,593,000	45.86	0.07%
2006-07	34,880	2,525,782	1,593,000	45.67	0.06%
2007-08	35,435	3,023,856	28,252,000	797.29	0.93%
2008-09	36,150	3,070,376	28,095,000	777.18	0.92%
2009-10	36,220	3,356,568	25,482,000	703.53	0.76%
2010-11	36,295	2,924,103	24,360,000	671.17	0.83%

Source:

Marion County Assessor's Office

Portland State University, Population Research and Census Center

City of Keizer Finance Department

CITY OF KEIZER, OREGON
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2011 - UNAUDITED

<i>Governmental unit</i>	<i>Real Market Value (In Thousands)</i>	<i>Percent Overlapping</i>	<i>Overlapping</i>	
			<i>Gross Property-tax backed debt</i>	<i>Net Property-tax backed debt</i>
City of Keizer	\$ 3,070,376	100.0000%	\$ 24,360,000	\$ -
Marion County	29,122,205	16.4300%	9,003,160	-
Keizer Fire District	4,513,942	99.1300%	926,861	926,861
Marion County Fire District	3,481,021	8.9200%	328,263	328,263
Salem-Keizer School District 24J	22,444,049	21.3200%	111,550,725	111,550,725
Gervais School District 1	595,465	0.0100%	741	741
Chemeketa Community College	42,303,434	11.3100%	15,637,209	10,277,063
Willamette ESD	46,233,208	10.3500%	2,291,618	194,582
Total direct and overlapping debt			<u>\$ 164,098,577</u>	<u>\$ 123,278,235</u>

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

Source: Oregon State Treasury

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

<i>Fiscal Year</i>	<i>Debt Limit</i>	<i>Total Debt Applicable to Limit</i>	<i>Legal Debt Margin *</i>	<i>Total Net Debt Applicable</i>
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	74,773,453	-	74,773,453	0.00%
2007-08	90,715,680	26,810,000	63,905,680	29.55%
2008-09	96,874,770	26,810,000	70,064,770	27.67%
2009-10	92,111,295	24,360,000	67,751,295	26.45%
2010-11	87,723,097	24,360,000	63,363,097	27.77%

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

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

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

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

Fiscal Year	Gross Revenues		Less Direct Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			Coverage			
					Principal	Interest	Total				
STREET FUND - GAS TAX LOAN											
2001-02	\$	1,585,347	\$	1,467,710	\$	117,637	\$	-	\$	-	-
2002-03		1,405,803		1,002,617		403,186		-		-	-
2003-04		1,582,591		992,656		589,935		-		-	-
2004-05		1,798,471		1,846,774		(48,303)		-		-	-
2005-06		2,215,653		2,998,196		(782,543)		-		28,955	(27.0)
2006-07		1,942,638		2,426,546		(483,908)		145,000		65,288	(2.3)
2007-08		1,639,536		2,203,875		(564,339)		151,000		59,486	(2.7)
2008-09		1,533,741		1,574,016		(40,275)		157,000		53,449	(0.2)
2009-10		1,549,097		1,094,801		454,296		163,000		47,177	2.2
2010-11		1,809,447		1,088,712		720,735		169,000		40,670	3.4
WATER FUND LOAN											
2001-02	\$	1,772,739	\$	1,375,949	\$	396,790	\$	-	\$	-	-
2002-03		1,890,154		1,416,303		473,851		-		-	-
2003-04		2,262,835		1,470,362		792,473		-		-	-
2004-05		2,178,271		1,698,641		479,630		-		-	-
2005-06		2,512,001		1,752,899		759,102		-		44,713	17.0
2006-07		2,864,857		1,796,905		1,067,952		135,000		103,833	4.5
2007-08		2,579,598		1,844,038		735,560		135,000		98,298	3.2
2008-09		2,669,862		2,098,179		571,683		140,000		92,660	2.5
2009-10		2,545,768		1,879,709		666,059		145,000		86,818	2.9
2010-11		2,447,765		1,924,941		522,824		150,000		80,770	2.3

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<i>Fiscal Year</i>	<i>Population at July 1</i>	<i>Area (square mile)</i>	<i>Average Density (persons/ square mile)</i>	<i>Total Personal Income</i>	<i>Per Capita Personal Income</i>	<i>School Enrollment</i>	<i>Average Annual Unemployment</i>
2001-02	32,950	7.36	4,477	\$ 814,556,950	\$ 24,721	7,831	6.3%
2002-03	33,100	7.36	4,497	843,752,100	25,491	7,258	7.1%
2003-04	34,010	7.36	4,621	902,149,260	26,526	7,445	7.8%
2004-05	34,380	7.36	4,671	945,450,000	27,500	7,518	7.4%
2005-06	34,735	7.36	4,719	996,095,595	28,677	7,772	6.3%
2006-07	34,880	7.36	4,739	1,015,252,160	29,107	6,496	5.6%
2007-08	35,435	7.36	4,815	1,074,530,940	30,324	7,887	5.4%
2008-09	36,150	7.36	4,912	1,125,747,150	31,141	7,740	9.6%
2009-10	36,220	7.36	4,921	1,159,619,520	32,016	7,664	10.8%
2010-11	36,295	7.36	4,931	1,193,234,420	32,876	7,357	9.7%

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

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

<i>Name</i>	<i>Industry</i>	<i>Number of employees</i>	
		<i>2011</i>	<i>2002</i>
Manufacturers :			
T-Mobile	Wireless Service	600	-
Norpac Foods, Incorporated	Food processor	1,550	1,000
Mitsubishi Silicon America	Silicon wafer	-	1,200
Non-manufacturers			
Salem Hospital	Healthcare	4,000	2,800
Fred Meyer, Incorporated	Grocery	-	700
Roth's IGA	Grocery	800	700
State Accident Insurance Fund	Insurance	814	731
Wal-Mart	Retail	1,000	-
Education			
Salem-Keizer School District	Primary and secondary public schools	5,000	4,000
Chemeketa Community College	State college of higher education	700	1,500
Government			
State of Oregon	State	22,000	19,500
U.S. Federal Agencies	Federal	2,300	1,567
City of Salem	Municipal	1,237	1,488
Marion County	County	1,552	1,400

STATISTICAL SECTION

OPERATING INFORMATION

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

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of municipal court citations processed	3,831	3,235	2,987	3,093
Number of land use applications processed	2	19	21	25
Number of building permits:				
Single family dwellings	17	49	23	63
Multi-family units	7	33	2	20
Valuation of permits issued (expressed in thousands)	\$ 13,621	\$ 17,300	\$ 5,306	\$ 14,027
Public Safety:				
Number of arrests by patrol officers	1,990	1,895	2,165	1,929
Number of traffic violations cited	3,610	3,483	4,580	5,360
Number of offenses	12,792	12,934	13,246	13,764
BUSINESS-TYPE ACTIVITIES:				
Water:				
Number of meters				
Single-family residential	9,414	9,456	9,422	9,365
Multi-family residential	255	256	257	250
Commercial	365	360	365	316
Consumption (ccf)				
Single-family residential	1,015,994	1,097,706	1,172,492	1,199,066
Multi-family residential	316,418	328,357	337,860	333,981
Commercial	150,304	161,689	173,914	164,417
Number of private fire lines	59	50	50	50
Sewer				
Number of accounts	10,129	10,139	10,094	10,403

Based on active meters at fiscal year end

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

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

<i>2006-07</i>	<i>2005-06</i>	<i>2004-05</i>	<i>2003-04</i>	<i>2002-03</i>	<i>2001-02</i>
3,314	3,222	3,722	2,885	3,163	2,378
53	42	46	48	44	69
50	75	72	162	151	100
-	200	22	28	96	3
\$ 10,287	\$ 32,936	\$ 16,378	\$ 33,181	\$ 36,505	\$ 13,094
2,730	2,948	2,670	2,404	2,342	1,928
5,500	4,323	3,506	4,100	4,510	3,571
14,260	15,444	14,696	15,959	15,816	14,636
9,355	9,298	9,233	8,802	8,442	N/A
255	248	249	453	438	N/A
322	278	264	226	219	N/A
1,243,543	1,132,089	1,245,552	1,284,997	1,341,896	N/A
338,127	287,360	298,327	288,676	243,365	N/A
156,211	143,757	141,172	126,056	11,907	N/A
34	34	34	34	34	N/A
9,987	9,921	9,400	9,380	9,359	9,183

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of City owned building facilities	3	3	3	3
Public Safety:				
Number of jail facilities (holding cells)	2	2	2	2
Parks and Recreation:				
Number of Parks and Acreage:				
Neighborhood parks (15)	65.5	65.5	65.5	65.5
Community parks (2)	27	27	27	27
Regional park (1)	120	120	120	120
Landscape areas (1)	0.5	0.5	0.5	0.5
Historical areas (1)	0.5	0.5	0.5	0.5
Streets:				
Miles of streets and alleys:				
Streets - Lane Miles	204	204	204	204
Alleys	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	7	7
Number of traffic signals	20	20	20	20
BUSINESS-TYPE ACTIVITIES:				
Water System:				
Number of reservoirs	3	3	3	3
Storage capacity (in millions of gallons)	2.75	2.75	2.75	2.75
Annual production (in millions of cubic feet)	168	165	178	183
Miles of water line	106	106	106	106
Number of pump stations	16	15	15	15
Number of public hydrants	859	758	758	758
Sewer System:				
Miles of storm drains	77	54	54	54
Miles of sewer lines	105	105	105	105
Number of lift stations	1	1	1	1

2007	2006	2005	2004	2003	2002
3	3	3	3	3	3
2	2	0	0	0	0
65.5	65.5	65.5	65.5	65.5	65.5
27	27	27	27	27	27
120	120	0	0	0	0
0.5	0.5	0.5	0.5	0.5	0.5
0.5	0.5	0.5	0.5	0.5	0.5
203.5	203.5	120	119	118	112
2	2	2	2	2	2
6	6	3	3	3	3
20	20	15	15	14	13
2	2	1	1	1	1
2.25	2.25	1.50	1.50	1.50	1.50
196	192	182	190	186	180
105	105	130	129	129	108
14	14	14	14	15	15
758	758	758	758	758	NA
54	54	55	54	54	35
104	104	121	120	120	102
1	1	1	3	3	3

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

<i>Fiscal Year</i>	<i>Community Development</i>	<i>General Government</i>	<i>Parks</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>Total</i>
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
2007-08	5.00	17.00	2.00	49.00	20.00	93.00
2008-09	5.00	17.00	2.00	49.00	22.00	95.00
2009-10	5.00	19.00	2.00	48.00	20.00	94.00
2010-11	5.00	19.00	2.00	45.00	22.00	93.00

Source: City of Keizer Finance Department

COMPLIANCE SECTION



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

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

We have audited the basic financial statements of the City of Keizer, Oregon as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control


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

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

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

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

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

By: 
Charles A. Swank, A Shareholder
December 20, 2011

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