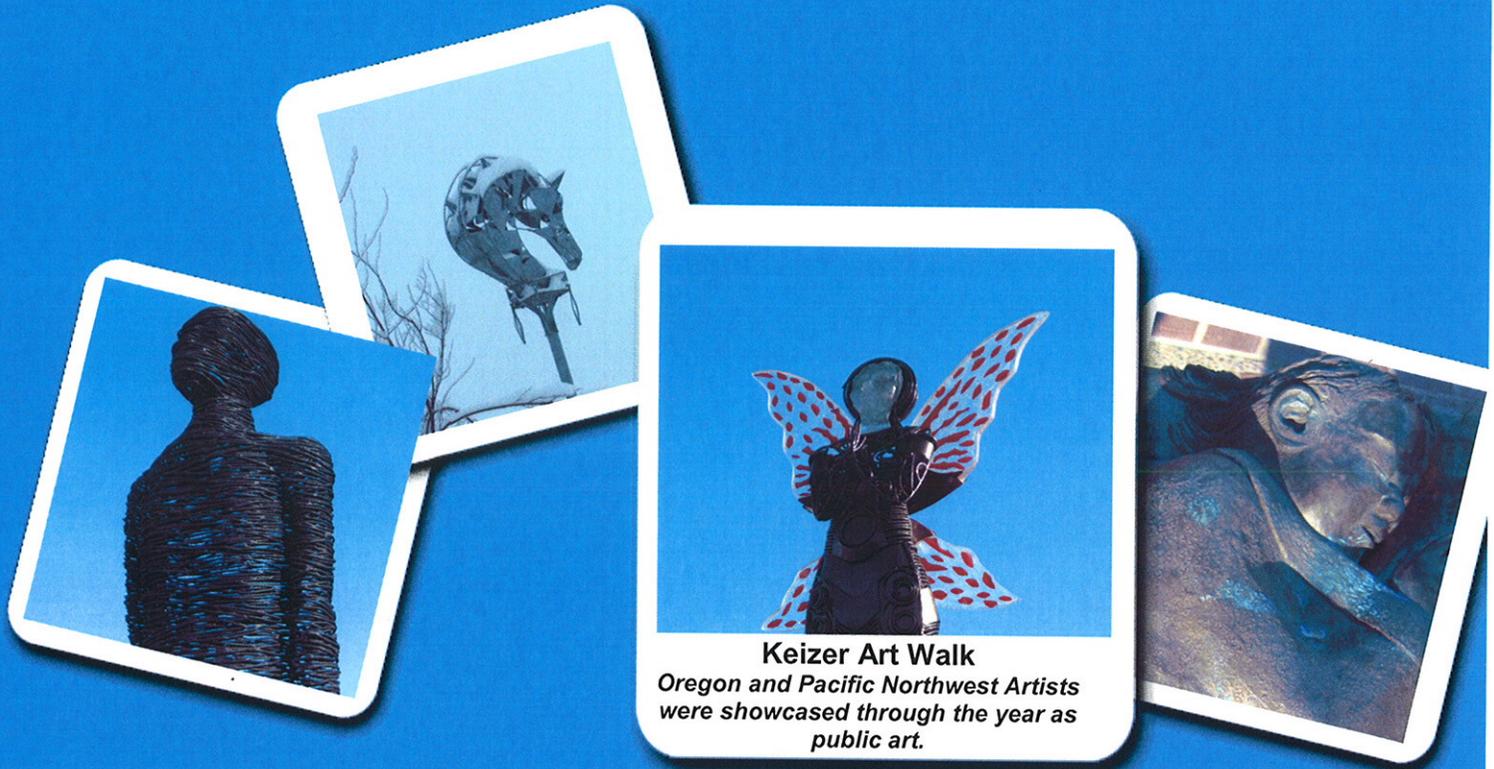


Comprehensive Annual Financial Report



Keizer Art Walk
*Oregon and Pacific Northwest Artists
were showcased through the year as
public art.*

For the year ended June 30, 2009

City of Keizer
Marion County, Oregon

*CITY OF KEIZER
MARION COUNTY, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2009*

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

CITY OF KEIZER, OREGON
TABLE OF CONTENTS

	<u>Page</u>
<i>Introductory Section</i>	
City Officials	i
Letter of Transmittal	ii-iv
Organization Chart	v
Certificate of Achievement for Excellence in Financial Reporting	vi
<i>Financial Section</i>	
<i>INDEPENDENT AUDITOR'S REPORT</i>	1-2
<i>MANAGEMENT'S DISCUSSION & ANALYSIS</i>	3-13
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
Statement of Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Notes to Basic Financial Statements	23-40
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Schedule of Funding Progress - Public Employees Retirement System	41
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	42
Street Fund	43
Urban Renewal Project Fund	44
Urban Renewal Tax Increment Fund	45
<i>OTHER SUPPLEMENTARY INFORMATION</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Keizer Station LID Fund	46
Nonmajor Governmental Funds	
Combining Balance Sheet	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Revenue Sharing Fund	49
Local Law Enforcement Grant Fund	50
911 Fund	51
Public Education Government Fund	52

CITY OF KEIZER, OREGON
TABLE OF CONTENTS (Continued)

Page

Financial Section (Continued)

OTHER SUPPLEMENTARY INFORMATION (Continued)

Nonmajor Governmental Funds (Continued)

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Continued)

Transportation Improvement Fund	53
City Hall Facility Fund	54
Park Improvement Fund	55
Housing Services Fund	56
Community Center Fund	57
Amphitheater Fund	58

Proprietary Funds

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Sewer Fund	59
Water Fund	60
Water Facility Fund	61

Nonmajor Proprietary Funds

Combining Statement of Net Assets	62
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	63
Combining Statement of Cash Flows	64
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Sewer Reserve Fund	65
Lighting Districts Fund	66
Storm Drain Fund	67
Schedule of Property Tax Transactions	68
Schedule of Bond Transactions	69
Schedule of Future Debt Requirements by Issue	70-71

Statistical Section

Financial Trends

Schedule of Net Assets by Component - Last Seven Fiscal Years - Unaudited	72
Changes in Net Assets - Last Seven Fiscal Years - Unaudited	73-74
Fund Balances - Governmental Funds - Last Seven Fiscal Years - Unaudited	75
Change in Fund Balances - Governmental Funds - Last Seven Fiscal Years - Unaudited	76

Revenue Capacity

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years - Unaudited	77
Direct and Overlapping Property Taxes - Last Ten Fiscal Years - Unaudited	78
Principal Property Taxpayers - Current Year and Nine Years Ago - Unaudited	79
General Fund Property Tax Levies and Collections - Last Ten Fiscal Years - Unaudited	80

Debt Capacity

Ratio of Bonded Direct Debt to Assessed Value and Bonded Debt per Capita - Last Ten Fiscal Years	81
Direct and Overlapping Debt - as of June 30, 2009 - Unaudited	82
Legal Debt Margin Information - Last Ten Fiscal Years - Unaudited	83
Pledged Revenue Coverage - Last Ten Fiscal Years - Unaudited	84

Demographic and Economic Information

Demographic and Economic Statistics - Last Ten Fiscal Years - Unaudited	85
Principal Employers - Current Year and Nine Years Ago - Unaudited	86

CITY OF KEIZER, OREGON
TABLE OF CONTENTS (Continued)

Page

Statistical Section (Continued)

Operating Information	
Operating Indicators by Function - Last Ten Fiscal Years - Unaudited	87
Capital Asset Statistics by Function - Last Ten Fiscal Years - Unaudited	88
Full-Time Equivalent City Government Employees by Function/Program - Last Ten Fiscal Years	89

Compliance Section

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	90-92
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INTRODUCTORY SECTION

CITY OF KEIZER, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

CITY OF KEIZER, OREGON

JUNE 30, 2009

MAYOR

Lore Christopher
6598 Stone Mason Lane NE
Keizer, Oregon 97303

Term Expires

January 2011

CITY COUNCIL

Mark Caillier
1388 Marigold Street NE
Keizer, Oregon 97303

January 2013

Richard Walsh
5945 Shoreview Lane N.
Keizer, Oregon 97303

January 2011

James Taylor
1986 Meadowlark Drive NE
Keizer, Oregon 97303

January 2011

David McKane
674 Fall Creek Drive N
Keizer, Oregon 97303

January 2013

Brandon Smith
1716 Brian Ct NE
Keizer, Oregon 97303

January 2013

Cathy Clark
715 Ventura Street N.
Keizer, Oregon 97303

January 2011

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

ASSISTANT TO THE CITY MANAGER
Kevin Watson

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 23, 2009

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

INTRODUCTION

The City of Keizer Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Keizer, Oregon for the fiscal year ended June 30, 2009. 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

"Pride, Spirit and Volunteerism"

of six non-partisan members elected to four-year terms, with half the council elected every two years. These seven officers comprise the Council who make the policy decisions for municipal activity and pass its ordinances and resolutions.

The Council appoints a City Manager who is responsible for the administration and execution of the City's policies and ordinances. Presently there are 95 city employees working in seven departments: Administration, Finance, Human Resources, Public Works, Community Development, 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 Keizer Urban Renewal District. The District was created in 1993 to strengthen the overall economic health of the commercial corridors, and enhance aesthetic appeal and safety within the District. The 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 2009, the City's assessed value increased 5% overall with a 3% increase 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, experienced an economic slowdown as the result of the financial and housing market meltdown. This resulted in a dramatic increase in the area's unemployment rate. 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 significantly exceeds the assessed value.

The City continues to experience population growth. In response to that growth and in an attempt to stimulate the local economy and prepare for the future, the City constructed a new Civic Center. The Civic Center houses all of the administrative functions of the City, including the Police Department as well as several community meeting rooms. Construction was substantially completed during fiscal 2009; however, the City will continue to have an increased capital outlay during fiscal 2010 as the Civic Center project is completed.

FINANCIAL INFORMATION

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

FINANCIAL PLANNING

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

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, 2008. This was the tenth 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

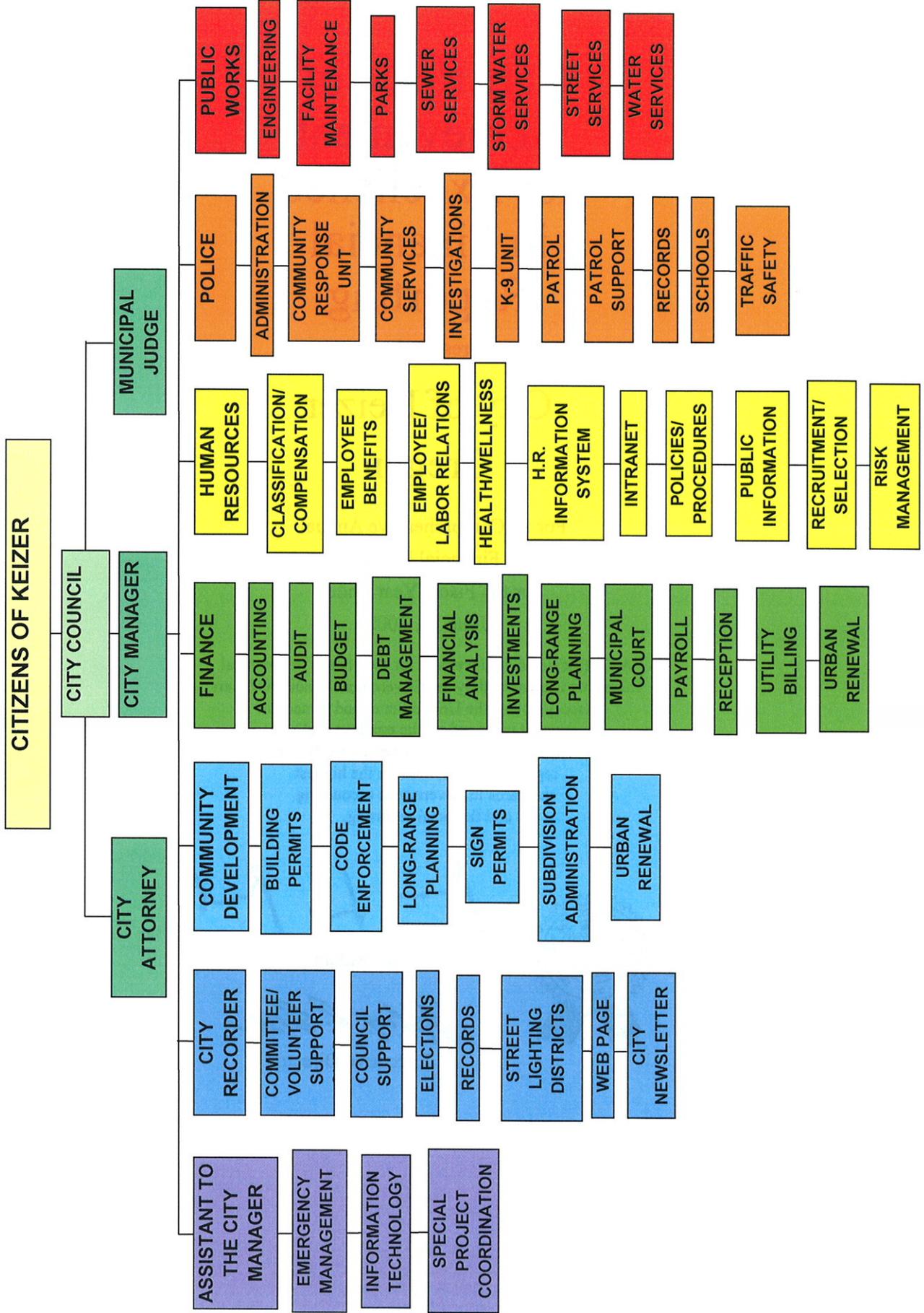
Special recognition is given to the City's Finance staff whose hard work and dedication during the annual audit ensures the preparation of the Comprehensive Annual Financial Report on a timely basis. I also recognize and thank all other Departments within the City who provided supporting information 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, 2008

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



President

Executive Director



FINANCIAL SECTION

CITY OF KEIZER, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and 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 the City of Keizer, Oregon as of and for the year ended June 30, 2009, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009 and the respective changes in financial position and its cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedule of funding progress – public employees retirement system are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the schedules of revenues, expenditures, and changes in fund balances - budget and actual for the General Fund, Street Fund, Urban

Renewal Project Fund, and Urban Renewal Tax Increment Fund, the other supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedules of revenues, expenditures, and changes in fund balances - budget and actual for the General Fund, Street Fund, Urban Renewal Project Fund, and Urban Renewal Tax Increment Fund and the other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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 express no opinion on them.

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

By: 
Charles A. Swank, A Shareholder
December 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2009

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, 2009. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii), the basic financial statements (beginning on page 11), and the accompanying notes to those basic financial statements (beginning on page 23).

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 14-15) 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 16-22) include statements for each of the categories of activities - governmental and proprietary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Government-wide Financial Statements

Statement of Net Assets

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

Table 1
Statements of Net Assets
As of June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Cash and investments	\$ 10,767,416	\$ 12,750,645	\$ 3,822,630	\$ 4,529,367	\$ 14,590,046	\$ 17,280,012
Other assets	27,533,676	28,185,506	1,257,671	1,268,011	28,791,347	29,453,517
Capital assets	69,108,849	58,644,428	9,413,995	8,577,552	78,522,844	67,221,980
Total assets	107,409,941	99,580,579	14,494,296	14,374,930	121,904,237	113,955,509
Other liabilities	2,333,556	5,800,967	1,052,862	843,649	3,386,418	6,644,616
Long-term debt	35,945,000	25,313,000	2,190,000	2,330,000	38,135,000	27,643,000
Total liabilities	38,278,556	31,113,967	3,242,862	3,173,649	41,521,418	34,287,616
Net assets						
Investment in capital assets, net of debt	33,163,849	30,392,428	7,223,995	6,247,552	40,387,844	36,639,980
Restricted	33,709,977	34,612,171	2,640,776	2,569,911	36,350,753	37,182,082
Unrestricted	2,257,559	3,462,013	1,386,663	2,383,818	3,644,222	5,845,831
Total net assets	\$ 69,131,385	\$ 68,466,612	\$ 11,251,434	\$ 11,201,281	\$ 80,382,819	\$ 79,667,893

Governmental Activities

The City's net assets from governmental activities increased approximately 1% from \$68.5 million to \$69.1 million. This increase is the change in net assets reflected in the condensed Statement of Activities, and explained below:

- Cash and investments decreased \$2.0 million.
- Other assets decreased \$0.7 million, primarily as a result of a decrease in assessments receivable due to the collection of one-time assessments associated with certain local improvement districts received in the prior year.
- Capital assets increased \$10.5 million, primarily as a result of
 - \$13.6 million for acquisition of capital assets (primarily for the construction of the new Civic Center)
 - \$2.9 million of depreciation expense
- Other liabilities decreased \$3.5 million, primarily as a result of decrease in deferred revenue attributed to certain local improvements district assessments.
- Long-term debt outstanding increased \$10.6 million, as new debt was issued for the URA Credit Facility. This increase is net of the normal retirement of debt.

Business-type Activities

The City's net assets from business-type activities increased 1%, from \$11.2 million to \$11.3 million. This increase is the change in net assets reflected in the Statement of Activities, and explained below:

- Cash and investments decreased \$0.7 million.
- Capital assets increased \$0.8 million, as a result of \$1.6 million investment in water and sewer systems and equipment and vehicles offset by \$0.8 million of depreciation expense.
- Other liabilities increased \$0.2 million, primarily as a result of an increase in accounts payable.
- Long-term debt outstanding decreased \$140 thousand 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, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Revenues						
Fees, fines, & charges for services	\$ 842,105	\$ 939,595	\$ 8,139,647	\$ 7,687,058	\$ 8,981,752	\$ 8,626,653
Operating grants and contributions	1,875,598	2,142,073	-	72,364	1,875,598	2,214,437
Capital grants and contributions	223,477	27,454,887	35,006	208,741	258,483	27,663,628
Total program revenues	2,941,180	30,536,555	8,174,653	7,968,163	11,115,833	38,504,718
General Revenues						
Taxes and assessments	7,348,334	8,896,151	-	-	7,348,334	8,896,151
Franchise taxes	2,398,389	2,385,307	-	-	2,398,389	2,385,307
Intergovernmental	920,506	929,684	-	-	920,506	929,684
Miscellaneous	1,868,577	1,324,470	53,817	134,627	1,922,394	1,459,097
Total general revenues	12,535,806	13,535,612	53,817	134,627	12,589,623	13,670,239
Total Revenues	15,476,986	44,072,167	8,228,470	8,102,790	23,705,456	52,174,957
Expenses						
Programs	14,679,366	13,194,732	8,311,164	7,834,734	22,990,530	21,029,466
Increase in net assets before transfers	797,620	30,877,435	(82,694)	268,056	714,926	31,145,491
Transfers	(132,847)	(155,506)	132,847	155,506	-	-
Change in net assets	664,773	30,721,929	50,153	423,562	714,926	31,145,491
Beginning net assets	68,466,612	37,744,683	11,201,281	10,777,719	79,667,893	48,522,402
Ending net assets	<u>\$ 69,131,385</u>	<u>\$ 68,466,612</u>	<u>\$ 11,251,434</u>	<u>\$ 11,201,281</u>	<u>\$ 80,382,819</u>	<u>\$ 79,667,893</u>

Governmental Activities

The City's change in net assets from governmental activities decreased from \$30.7 million to \$0.7 million. This decrease in the changes in net assets primarily reflects:

- Capital grants and contributions - These are revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in capital improvement programs. Revenues primarily consist of federal and state grants (e.g. community development grants), local improvement assessments and system development charges (e.g. transportation). Capital grants and contributions decreased \$27.2 million.
- Taxes and assessments - These are revenues arising from property taxes, street lighting district assessments, local improvement district assessments and urban renewal tax increment revenues. Taxes and assessments decreased \$1.5 million primarily as a result of \$2.2 million in one-time assessment payments received in the prior year for the Keizer Station local improvement district, offset by a 3% increase in the assessed value of existing properties on the tax rolls as provided for by Measure 50.
- Miscellaneous - Revenues primarily consist of interest earnings on funds held for working capital needs and interest earned on assessments financed over an extended period of time. Miscellaneous revenues increased \$0.5 million primarily resulting from recognizing a full year's worth of interest revenue on assessments in the current year as opposed to only a partial in the prior year, due to when the assessments were initiated.

- 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, 2009 and 2008

Programs	June 30, 2009		June 30, 2008		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 2,053,838	14.0%	\$ 1,031,186	7.8%	\$ 1,022,652	99%
Community and youth services	38,009	0.3%	54,396	0.4%	(16,387)	-30%
Community development	2,240,080	15.3%	1,860,120	14.1%	379,960	20%
Parks	427,843	2.9%	282,921	2.1%	144,922	51%
Public safety	6,885,994	46.9%	6,208,351	47.1%	677,643	11%
Public works	1,483,813	10.1%	2,468,103	18.7%	(984,290)	-40%
Interest on long-term debt	1,549,789	10.6%	1,289,655	9.8%	260,134	20%
Total expenses	\$ 14,679,366	100.1%	\$ 13,194,732	100.0%	\$ 1,484,634	11%

The increased program expenses of \$1.4 million reflect a \$1.0 million increase in general government primarily for one time capital outlay costs associated with the new civic center, a \$0.6 million increase in public safety primarily for personnel costs, a \$1.0 million decrease in public works primarily for street improvements, and an increase in interest paid on long-term debt of \$0.3 million.

Business-type Activities

The City's change in net assets from business-type activities decreased 88% from \$0.4 million to \$0.1 million.

This decrease in the change in net assets primarily reflects:

- Transfers from governmental funds are for revenues required to be collected in governmental funds and expended for business-type activities. The transfer of \$156 thousand is primarily for gas tax revenues transferred to the Storm Drain fund to support its operations.
- 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, 2009 and 2008

Programs	June 30, 2009		June 30, 2008		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$2,689,164	32%	\$2,714,457	35%	\$ (25,293)	-1%
Sewer	4,729,024	57%	4,500,964	57%	228,060	5%
Storm Drain	464,071	6%	202,530	3%	261,541	n/a
Street Lighting	428,905	5%	416,783	5%	12,122	3%
Total expenses	\$8,311,164	100%	\$7,834,734	100%	\$476,430	6%

The Program expense increase of \$0.5 million primarily reflect:

- Water, sewer, storm drain and street lighting consist of operations and maintenance of water, wastewater and storm water collection systems and the City's lighting districts. Cost increases primarily reflect the increase in overall operating costs to provide and maintain existing service levels.
 - The increase in the Sewer fund is primarily related to increases in materials and services related to payments for sewer services remitted to the City of Salem per an interagency agreement,
 - The increase in the Storm Drain program related to an increase in capital outlay associated with an additional field truck.

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, 2009 and 2008

Major Funds	June 30, 2009		June 30, 2008		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 1,435,308	14%	\$ 2,291,258	20%	\$ (855,950)	-37%
Streets	1,010,729	10%	1,228,435	11%	(217,706)	-18%
Urban Renewal Project	240,702	2%	1,163,018	10%	(922,316)	-79%
Urban Renewal Tax	712,091	7%	439,424	4%	272,667	62%
Keizer Station LID	4,246,857	41%	3,388,761	30%	858,096	25%
Other Governmental Funds	2,620,837	26%	2,811,163	25%	(190,326)	-7%
Total fund balances	\$10,266,524	100%	\$11,322,059	100%	\$ (1,055,535)	-9%

At June 30, 2009, the City's governmental funds reported combined fund balances of \$10.3 million, which is a decrease of \$1.1 million or 9% compared with last year.

General

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

The General fund revenues remained consistent with the prior year at approximately \$7.0 million.

The General fund expenditures increased 4%, from \$7.1 million to \$7.4 million. This increase in expenditures primarily reflects increases in expenditures for general government of \$242 thousand.

Street Fund

The Street Fund accounts for the use of gas tax revenue received. Expenditures are restricted to street and bike-path-related projects and costs, plus debt service on street-related debt. During the year the City spent some of the reserves that had been accumulated in prior years on street-related capital projects.

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 increased 115%, from \$5.7 million to \$12.2 million. This increase reflects the cost of constructing a new Civic Center for the City.

The Urban Renewal Project's other financing sources increased \$4.8 million due to the issuance of short-term debt.

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 increased 9%, primarily from a \$0.4 million increase in tax increment revenues.

Expenditures decreased \$2.9 million over the previous year due to the payment of short-term debt issued by the Urban Renewal Project Fund in the prior year.

Keizer Station LID Fund

The Keizer Station LID Fund accounts for the improvements to the Keizer Station Development project. In fiscal year 2007 a line-of-credit was used to finance the construction phase of the project. The development was completed in fiscal year 2008 and the City paid off the line-of-credit by issuing long-term debt. The cost 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 23%, from \$2.9 million to \$2.3 million. This decrease in revenues reflects assessment payments from property owners and reimbursements from the developer for interest paid on the line-of-credit.

The Keizer Station LID fund expenditures decreased from \$25.8 million to \$1.4 million, which reflects a \$23.4 million decrease in debt service primarily for the payoff of the line-of-credit net a \$790 thousand decrease in capital construction as the development project was completed early in fiscal year 2008.

Other financing sources decreased \$26.8 million reflecting the issuance of long-term debt in fiscal year 2008.

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, 2009 and 2008

Major Funds	Fiscal Year June 30, 2009		Fiscal Year June 30, 2008		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 2,309,340	21%	\$ 2,251,590	20%	\$ 57,750	3%
Water	382,252	3%	1,450,135	13%	(1,067,883)	-74%
Water Facility	6,825,336	61%	5,878,635	52%	946,701	16%
Other funds	1,734,506	15%	1,620,921	14%	113,585	7%
Total net assets	\$ 11,251,434	100%	\$ 11,201,281	100%	\$ 50,153	0%

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 increased a combined 3%, from \$2.6 million to \$2.7 million. This increase primarily reflects an increase in water sales.

The Water and Water Facility funds expenses increased a combined 13%, from \$2.4 million to \$2.7. This increase primarily reflects a decrease in capital construction in the Water Facility fund.

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 remained consistent at \$4.6 million in fiscal year 2009 compared to \$4.4 million in fiscal 2008.

The Sewer fund expenses increased 5%, from \$4.5 million to \$4.7 million. This increase primarily reflects an increase in materials and services costs for payments to the City of Salem for sewer services.

Storm Drain Fund

The Storm Drain 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 Drain fund revenues increased from \$0.4 million to \$0.6 million. This increase primarily reflects an increase in service charges.

The Storm Drain fund expenses increased from \$0.2 million to \$0.5 million. This increase primarily reflect the increase in personal services.

Street Lighting District Fund

This fund accounts for assessments to property owners to pay for street lighting. Street Lighting District fund revenues increased by 7%, from \$0.4 million to \$0.5 million as a result of an increase in lighting costs passed on to users through charges for services and the addition of several new street lighting districts. Expenses also increased 3% from \$417 thousand to \$428 thousand reflecting the increases in lighting costs.

Budgetary Highlights

The General Fund budget was increased by \$50,000 during the year to account for the receipt of a grant that had not been anticipated when the budget was originally adopted. There were no significant variances from the budget.

Capital Assets

As of June 30, 2009, the City had invested \$78.5 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions, and depreciation) of \$11.3 million, or 16.8% from the previous fiscal year.

Table 7
Capital Assets at June 30, 2009 and 2008
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 10,114,507	\$ 9,764,507	\$ 371,759	\$ 371,759	\$ 10,486,266	\$ 10,136,266
Building and improvements	39,943,871	27,679,939	1,065,730	1,065,730	41,009,601	28,745,669
Equipment and vehicles	1,059,946	928,710	573,676	287,424	1,633,622	1,216,134
Infrastructure	37,670,066	37,670,066	18,355,403	17,046,301	56,025,469	54,716,367
Accumulated depreciation	(19,679,541)	(17,398,794)	(10,952,573)	(10,193,660)	(30,632,114)	(27,592,454)
Net capital assets	<u>\$ 69,108,849</u>	<u>\$ 58,644,428</u>	<u>\$ 9,413,995</u>	<u>\$ 8,577,554</u>	<u>\$ 78,522,844</u>	<u>\$ 67,221,982</u>

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

The following table is a summarized reconciliation of the change in capital assets.

Table 8
Changes in Capital Assets
For the year ending June 30, 2009

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 58,644,428	\$ 8,577,554	\$ 67,221,982
Additions	13,592,575	1,595,354	15,187,929
Retirements	(189,742)	-	(189,742)
Depreciation	(2,938,412)	(758,913)	(3,697,325)
Ending balance	<u>\$ 69,108,849</u>	<u>\$ 9,413,995</u>	<u>\$ 78,522,844</u>

The City depreciates all its capital assets except for land.

Debt Outstanding

As of June 30, 2009 the City had \$38,135,000 in debt (bonds, notes, etc.) outstanding compared to the \$30,582,000 last year, a 25% net increase from additional borrowing.

Table 9
Outstanding Debt at Year End
June 30, 2009 and 2008

	Totals	
	2009	2008
<i>Governmental Activities</i>		
Gas Tax Revenue Bonds 2005	\$ 1,285,000	\$ 1,442,000
Keizer Station LID Bonds 2008	26,810,000	26,810,000
URA Credit Facility	7,850,000	-
Total Governmental	35,945,000	28,252,000
<i>Business-type Activites</i>		
Water Revenue Loan	2,190,000	2,330,000
Total	<u>\$38,135,000</u>	<u>\$30,582,000</u>

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

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, 2009

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 10,767,416	\$ 3,822,630	\$ 14,590,046
Accounts receivable	719,956	1,137,820	1,857,776
Property taxes receivable	558,837	-	558,837
Assessment liens receivable	26,127,641	22,061	26,149,702
Loan receivables	127,242	-	127,242
Inventories	-	97,790	97,790
Nondepreciable capital assets	10,114,507	371,759	10,486,266
Other capital assets, net of depreciation	58,994,342	9,042,236	68,036,578
<i>Total Assets</i>	107,409,941	14,494,296	121,904,237
LIABILITIES			
Accounts payable	1,310,724	769,142	2,079,866
Deposits	24,283	137,269	161,552
Accrued interest payable	129,193	31,843	161,036
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	163,000	145,000	308,000
Accrued compensated absences	206,066	42,017	248,083
Due in more than one year:			
Bonds and notes payable	35,782,000	2,045,000	37,827,000
Accrued compensated absences	388,047	72,591	460,638
Other post-employment benefits	275,243	-	275,243
<i>Total Liabilities</i>	38,278,556	3,242,862	41,521,418
NET ASSETS			
Investment in capital assets (net of related debt)	33,163,849	7,223,995	40,387,844
Restricted for:			
Debt service	30,374,498	-	30,374,498
Construction	3,248,130	2,386,690	5,634,820
Other	87,349	254,086	341,435
Unrestricted	2,257,559	1,386,663	3,644,222
<i>Total Net Assets</i>	\$ 69,131,385	\$ 11,251,434	\$ 80,382,819

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

CITY OF KEIZER, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 2,053,838	\$ 131,297	\$ 332,293	\$ 77,511
Community and youth services	38,009	-	-	-
Community development	2,240,080	28,097	2,500	-
Parks	427,843	2,844	77,667	51,595
Public safety	6,885,994	618,027	80,750	-
Public works	1,483,813	14,565	1,382,388	94,371
Stadium operations	-	47,275	-	-
Interest on long-term debt	1,549,789	-	-	-
<i>Total Governmental Activities</i>	14,679,366	842,105	1,875,598	223,477
Business-type Activities:				
Water	2,689,164	2,587,519	-	35,006
Sewer	4,729,024	4,549,414	-	-
Storm drain	464,071	551,073	-	-
Street lighting	428,905	451,641	-	-
<i>Total Business-type Activities</i>	8,311,164	8,139,647	-	35,006
<i>Total Activities</i>	\$ 22,990,530	\$ 8,981,752	\$ 1,875,598	\$ 258,483

General Revenues:

- Property taxes
- Franchise taxes
- Intergovernmental - unrestricted
- Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

Net Assets, July 1, 2008

Net Assets, June 30, 2009

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (1,512,737)	\$ -	\$ (1,512,737)
(38,009)	-	(38,009)
(2,209,483)	-	(2,209,483)
(295,737)	-	(295,737)
(6,187,217)	-	(6,187,217)
7,511	-	7,511
47,275	-	47,275
(1,549,789)	-	(1,549,789)
(11,738,186)	-	(11,738,186)
-	(66,639)	(66,639)
-	(179,610)	(179,610)
-	87,002	87,002
-	22,736	22,736
-	(136,511)	(136,511)
(11,738,186)	(136,511)	(11,874,697)
7,348,334	-	7,348,334
2,398,389	-	2,398,389
920,506	-	920,506
1,868,577	53,817	1,922,394
12,535,806	53,817	12,589,623
(132,847)	132,847	-
664,773	50,153	714,926
68,466,612	11,201,281	79,667,893
\$ 69,131,385	\$ 11,251,434	\$ 80,382,819

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

CITY OF KEIZER, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Streets</u>	<u>Urban Renewal Project</u>	<u>Urban Renewal Tax Increment</u>
ASSETS				
Cash and investments	\$ 1,245,079	\$ 942,830	\$ 956,693	\$ 710,475
Accounts receivable	392,069	123,534	-	-
Loans receivable	-	-	-	-
Property taxes receivable	263,867	-	-	294,970
Assessment liens receivable	-	-	-	-
Due from other funds	56,327	-	-	-
	<u>1,957,342</u>	<u>1,066,364</u>	<u>956,693</u>	<u>1,005,445</u>
<i>Total Assets</i>	<u>\$ 1,957,342</u>	<u>\$ 1,066,364</u>	<u>\$ 956,693</u>	<u>\$ 1,005,445</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 140,752	\$ 54,935	\$ 715,591	\$ 58,271
Accrued expenses payable	148,504	-	-	-
Deposits	23,183	700	400	-
Due to other funds	-	-	-	-
Deferred revenue	209,595	-	-	235,083
	<u>522,034</u>	<u>55,635</u>	<u>715,991</u>	<u>293,354</u>
<i>Total Liabilities</i>	<u>522,034</u>	<u>55,635</u>	<u>715,991</u>	<u>293,354</u>
Fund Balances				
Unreserved, reported in:				
General fund	1,435,308	-	-	-
Special revenue funds	-	1,010,729	240,702	712,091
Debt service fund	-	-	-	-
	<u>1,435,308</u>	<u>1,010,729</u>	<u>240,702</u>	<u>712,091</u>
<i>Total Fund Balances</i>	<u>1,435,308</u>	<u>1,010,729</u>	<u>240,702</u>	<u>712,091</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,957,342</u>	<u>\$ 1,066,364</u>	<u>\$ 956,693</u>	<u>\$ 1,005,445</u>

<u>Keizer Station LID</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ 4,246,857	\$ 2,665,482	\$ 10,767,416
-	204,353	719,956
-	127,242	127,242
-	-	558,837
26,127,641	-	26,127,641
-	-	56,327
<u>\$ 30,374,498</u>	<u>\$ 2,997,077</u>	<u>\$ 38,357,419</u>
\$ -	\$ 192,671	\$ 1,162,220
-	-	148,504
-	-	24,283
-	56,327	56,327
26,127,641	127,242	26,699,561
26,127,641	376,240	28,090,895
-	-	1,435,308
-	2,620,837	4,584,359
4,246,857	-	4,246,857
<u>4,246,857</u>	<u>2,620,837</u>	<u>10,266,524</u>
<u>\$ 30,374,498</u>	<u>\$ 2,997,077</u>	<u>\$ 38,357,419</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, 2009

RECONCILIATION TO THE STATEMENT OF NET ASSETS

<i>Fund Balances</i>	\$ 10,266,524
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.	26,699,561
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	
Cost of capital assets	88,776,563
Accumulated depreciation	(19,667,714)
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	(35,945,000)
Accrued interest payable	(129,193)
Accrued compensated absences	(594,113)
Other post-employment benefits	(275,243)
	<hr/>
<i>Net assets of governmental activities</i>	<u><u>\$ 69,131,385</u></u>

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

CITY OF KEIZER, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Streets</u>	<u>Urban Renewal Project</u>	<u>Urban Renewal Tax Increment</u>
REVENUES				
Taxes and assessments	\$ 3,423,835	\$ -	\$ -	\$ 3,847,041
Licenses and permits	2,441,176	11,227	-	-
Charges for services	110	-	-	-
Intergovernmental	764,707	1,471,978	-	-
Fines and forfeitures	618,027	-	-	-
Miscellaneous	208,810	50,536	8,825	25,768
<i>Total Revenues</i>	<u>7,456,665</u>	<u>1,533,741</u>	<u>8,825</u>	<u>3,872,809</u>
EXPENDITURES				
Current operating:				
General government	1,031,176	-	-	-
Community and youth services	17,019	-	-	-
Community development	455,665	-	813,680	-
Parks	260,952	-	-	-
Public safety	5,641,401	-	-	-
Public works	-	750,518	-	-
Capital outlay	35,928	613,049	11,431,543	-
Debt service				
Principal	-	157,000	-	3,500,000
Interest	-	53,449	-	100,142
<i>Total Expenditures</i>	<u>7,442,141</u>	<u>1,574,016</u>	<u>12,245,223</u>	<u>3,600,142</u>
REVENUES OVER (UNDER) EXPENDITURES	14,524	(40,275)	(12,236,398)	272,667
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	11,350,000	-
Transfers in	1,104	-	-	-
Transfers out	(871,578)	(177,431)	(35,918)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(870,474)</u>	<u>(177,431)</u>	<u>11,314,082</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(855,950)	(217,706)	(922,316)	272,667
FUND BALANCES, Beginning of year	2,291,258	1,228,435	1,163,018	439,424
FUND BALANCES, End of year	<u>\$ 1,435,308</u>	<u>\$ 1,010,729</u>	<u>\$ 240,702</u>	<u>\$ 712,091</u>

<u>Keizer Station LID</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ 2,217,288	\$ -	\$ 9,488,164
-	206,308	2,658,711
-	-	110
-	585,186	2,821,871
-	-	618,027
76,565	121,019	491,523
<u>2,293,853</u>	<u>912,513</u>	<u>16,078,406</u>
-	64,570	1,095,746
-	-	17,019
-	15,749	1,285,094
-	18,818	279,770
-	434,700	6,076,101
2,911	7,923	761,352
-	1,512,055	13,592,575
-	-	3,657,000
1,432,846	-	1,586,437
<u>1,435,757</u>	<u>2,053,815</u>	<u>28,351,094</u>
858,096	(1,141,302)	(12,272,688)
-	-	11,350,000
-	1,150,178	1,151,282
-	(199,202)	(1,284,129)
<u>-</u>	<u>950,976</u>	<u>11,217,153</u>
858,096	(190,326)	(1,055,535)
3,388,761	2,811,163	11,322,059
<u>\$ 4,246,857</u>	<u>\$ 2,620,837</u>	<u>\$ 10,266,524</u>

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, 2009**

**RECONCILIATION OF 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 \$ (1,055,535)

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. (622,403)

The Statement of Activities reports gains and losses arising from the disposal of existing capital assets, while governmental funds do not report any gains and losses on the disposal of existing capital assets. (189,742)

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. (465,357)

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	13,592,575
Depreciation	(2,938,412)

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

Proceeds from issuance of debt	(11,350,000)
Debt principal payments	3,657,000
Accrued interest payable	36,647

Change in net assets of governmental activities \$ 664,773

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

CITY OF KEIZER, OREGON
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Sewer</u>	<u>Water</u>	<u>Water Facility</u>
ASSETS			
Current Assets			
Cash and investments	\$ 327,069	\$ 255,939	\$ 1,706,257
Accounts receivable	690,378	344,798	-
Assessment liens receivable	-	3,264	15,459
Inventories	-	97,790	-
<i>Total Current Assets</i>	<u>1,017,447</u>	<u>701,791</u>	<u>1,721,716</u>
Noncurrent Assets			
Nondepreciable capital assets	-	371,759	-
Other capital assets, net of depreciation	1,653,350	1,676,453	5,397,315
<i>Total Noncurrent Assets</i>	<u>1,653,350</u>	<u>2,048,212</u>	<u>5,397,315</u>
<i>Total Assets</i>	<u>2,670,797</u>	<u>2,750,003</u>	<u>7,119,031</u>
LIABILITIES			
Current Liabilities			
Accounts payable	349,907	67,264	156,836
Deposits	-	410	136,859
Accrued interest payable	-	31,843	-
Bonds payable - due within one year	-	145,000	-
<i>Total Current Liabilities</i>	<u>349,907</u>	<u>244,517</u>	<u>293,695</u>
Noncurrent Liabilities			
Bonds payable	-	2,045,000	-
Accrued compensated absences	11,550	78,234	-
<i>Total Noncurrent Liabilities</i>	<u>11,550</u>	<u>2,123,234</u>	<u>-</u>
<i>Total Liabilities</i>	<u>361,457</u>	<u>2,367,751</u>	<u>293,695</u>
NET ASSETS			
Investment in capital assets (net of related debt)	1,653,350	(141,788)	5,397,315
Restricted	-	-	1,428,021
Unrestricted	655,990	524,040	-
<i>Total Net Assets</i>	<u>\$ 2,309,340</u>	<u>\$ 382,252</u>	<u>\$ 6,825,336</u>

<i>Other Proprietary Funds</i>	<i>Totals</i>
\$ 1,533,365	\$ 3,822,630
102,644	1,137,820
3,338	22,061
-	97,790
1,639,347	5,080,301
-	371,759
315,118	9,042,236
315,118	9,413,995
1,954,465	14,494,296
195,135	769,142
-	137,269
-	31,843
-	145,000
195,135	1,083,254
-	2,045,000
24,824	114,608
24,824	2,159,608
219,959	3,242,862
315,118	7,223,995
1,212,755	2,640,776
206,633	1,386,663
\$ 1,734,506	\$ 11,251,434

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, 2009**

	<u>Sewer</u>	<u>Water</u>	<u>Water Facility</u>
OPERATING REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 15,913
Licenses and permits	583	3,715	-
Charges for services	4,548,831	2,526,570	-
Miscellaneous	5,209	41,321	20
	<hr/>	<hr/>	<hr/>
<i>Total Operating Revenues</i>	4,554,623	2,571,606	15,933
OPERATING EXPENSES			
Personal services	207,531	1,145,797	-
Materials and services	4,356,079	847,323	12,399
Depreciation	165,413	378,302	212,682
	<hr/>	<hr/>	<hr/>
<i>Total Operating Expenses</i>	4,729,023	2,371,422	225,081
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(174,400)	200,184	(209,148)
NONOPERATING REVENUES (EXPENSES)			
System development charges	-	-	35,006
Investment revenue	-	22,986	24,331
Interest expense	-	(92,660)	-
	<hr/>	<hr/>	<hr/>
<i>Total Nonoperating Revenue (Expenses)</i>	-	(69,674)	59,337
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(174,400)	130,510	(149,811)
Transfers in	253,374	21,841	1,096,512
Transfers out	(21,224)	(1,220,234)	-
	<hr/>	<hr/>	<hr/>
<i>Total Transfers</i>	232,150	(1,198,393)	1,096,512
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	57,750	(1,067,883)	946,701
NET ASSETS, Beginning of year	2,251,590	1,450,135	5,878,635
	<hr/>	<hr/>	<hr/>
NET ASSETS, End of year	\$ 2,309,340	\$ 382,252	\$ 6,825,336
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Other Proprietary Funds</i>	<i>Totals</i>
\$ -	\$ 15,913
1,456	5,754
1,001,258	8,076,659
277	46,827
1,002,991	8,145,153
405,912	1,759,240
484,548	5,700,349
2,516	758,913
892,976	8,218,502
110,015	(73,349)
-	35,006
992	48,309
-	(92,660)
992	(9,345)
111,007	(82,694)
298,400	1,670,127
(295,822)	(1,537,280)
2,578	132,847
113,585	50,153
1,620,921	11,201,281
\$ 1,734,506	\$ 11,251,434

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, 2009

	<u>Sewer</u>	<u>Water</u>	<u>Water Facility</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,562,916	\$ 2,601,168	\$ 19,823
Cash paid to employees for services	(203,735)	(1,129,538)	-
Cash paid to suppliers for goods and services	(4,332,486)	(824,641)	(69,037)
<i>Net Cash Provided by (Used in) Operating Activities</i>	26,695	646,989	(49,214)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	253,374	21,841	1,096,512
Transfers out	(21,224)	(1,220,234)	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	232,150	(1,198,393)	1,096,512
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(253,373)	(43,447)	(1,000,046)
Principal paid on contracts/bonds payable	-	(140,000)	-
Contribution of capital	-	-	35,006
Interest paid	-	(92,660)	-
<i>Net Cash Used in Capital Related Financing Activities</i>	(253,373)	(276,107)	(965,040)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	22,986	24,331
<i>Increase (Decrease) in Cash and Investments</i>	5,472	(804,525)	106,589
CASH AND INVESTMENTS, Beginning of year	321,597	1,060,464	1,599,668
CASH AND INVESTMENTS, End of year	<u>\$ 327,069</u>	<u>\$ 255,939</u>	<u>\$ 1,706,257</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ (174,400)	\$ 200,184	\$ (209,148)
Depreciation	165,413	378,303	212,682
<i>Change in assets and liabilities</i>			
Accounts receivable	8,293	29,561	(13,853)
Inventory	-	14,518	-
Accounts payable and accrued liabilities	23,593	8,143	(42,785)
Compensated absences payable	3,796	16,259	-
Deposits payable	-	21	3,890
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 26,695</u>	<u>\$ 646,989</u>	<u>\$ (49,214)</u>

<i>Other Proprietary Funds</i>		<i>Totals</i>	
\$	974,813	\$	8,158,720
	(389,776)		(1,723,049)
	(304,390)		(5,530,554)
	280,647		905,117
	298,400		1,670,127
	(295,822)		(1,537,280)
	2,578		132,847
	(298,490)		(1,595,356)
	-		(140,000)
	-		35,006
	-		(92,660)
	(298,490)		(1,793,010)
	992		48,309
	(14,273)		(706,737)
	1,547,638		4,529,367
\$	1,533,365	\$	3,822,630
\$	110,015	\$	(73,349)
	2,516		758,914
	(28,178)		(4,177)
	-		14,518
	180,158		169,109
	16,136		36,191
	-		3,911
\$	280,647	\$	905,117

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.

Basic Financial Statements

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

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. 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 *nonoperating* 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 nonoperating revenues and expenses.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

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

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

Debt Service Fund

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

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

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. Designated funds and interest earnings are the primary source of revenue.

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

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

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.

The City reports the following major proprietary funds:

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

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

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

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

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

Storm Drain Fund - this fund accounts for the operation of the City's storm drain system.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

Transfers between funds are to facilitate operations.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2009. Actual results may differ from such estimates.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial paper Record, and the State Treasurer's Investment Pool. 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 for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

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

Property taxes receivable for the governmental fund types, which have been collected within sixty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Marion County, Oregon.

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

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

Inventory

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

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

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Budget and Budgetary Accounting

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

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except for restricted cash and investments. Each fund type's portion of this pool is displayed as part of "cash and investments." At June 30, 2009 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2009:

Cash	
Cash on hand	\$ 1,790
Deposits with financial institutions	2,100,777
Money market	4,055,724
Investments	
Certificate of deposit	1,000,000
Local Government Investment Pool	7,431,755
	<hr/>
<i>Total Cash and Investments</i>	<u><u>\$ 14,590,046</u></u>

Deposits

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$6,156,500 and the bank balance was \$6,156,593. 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.

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, 2009, 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.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments

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

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

<u>Fund</u>	<u>Accounts</u>	<u>Loans</u>	<u>Property Taxes</u>	<u>Assessments</u>
General	\$ 392,069	\$ -	\$ 263,867	\$ -
Street	123,534	-	-	-
Housing Services	-	127,242	-	-
Urban Renewal Tax	-	-	294,970	-
Keizer Station LID	-	-	-	26,127,641
Other governmental funds	204,353	-	-	-
Sewer	690,378	-	-	-
Water	344,798	-	-	3,264
Water Facility	-	-	-	15,459
Other business-type funds	102,644	-	-	3,338
	<u>\$ 1,857,776</u>	<u>\$ 127,242</u>	<u>\$ 558,837</u>	<u>\$ 26,149,702</u>

During the current year the City discovered that assessment liens for the Keizer LID Fund had not been recorded in the prior year. To correct this error, the beginning net assets of the governmental activities in the government-wide Statement of Activities has been increased by \$26,809,998.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2009 is as follows:

	<i>Balances July 1, 2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balances June 30, 2009</i>
NON-DEPRECIABLE				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
DEPRECIABLE				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	17,046,301	1,309,102	-	18,355,403
Equipment and vehicles	287,424	286,252	-	573,676
<i>Total depreciable</i>	18,399,455	1,595,354	-	19,994,809
ACCUMULATED DEPRECIATION				
Buildings	(618,130)	(53,286)	-	(671,416)
Water and sewer systems	(9,380,252)	(611,847)	-	(9,992,099)
Equipment and vehicles	(195,278)	(93,780)	-	(289,058)
<i>Total accumulated depreciation</i>	(10,193,660)	(758,913)	-	(10,952,573)
<i>Business-type activities capital assets, net</i>	<u>\$ 8,577,554</u>	<u>\$ 836,441</u>	<u>\$ -</u>	<u>\$ 9,413,995</u>

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

Water	\$ 590,984
Sewer	165,413
Storm Drain	2,516
<i>Total depreciation expense for business-type activities</i>	<u>\$ 758,913</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

CAPITAL ASSETS (continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2009 are as follows:

	<i>Balances July 1, 2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balances June 30, 2009</i>
NON-DEPRECIABLE				
Land	\$ 9,764,507	\$ 350,000	\$ -	\$ 10,114,507
DEPRECIABLE				
Buildings and improvements	27,679,939	13,111,339	(847,407)	39,943,871
Equipment and vehicles	928,710	131,236	-	1,059,946
Infrastructure	37,670,066	-	-	37,670,066
<i>Total depreciable</i>	66,278,715	13,242,575	(847,407)	78,673,883
ACCUMULATED DEPRECIATION				
Buildings	(10,432,733)	(1,598,600)	657,665	(11,373,668)
Equipment and vehicles	(759,502)	(88,204)	-	(847,706)
Infrastructure	(6,206,559)	(1,251,608)	-	(7,458,167)
<i>Total accumulated depreciation</i>	(17,398,794)	(2,938,412)	657,665	(19,679,541)
<i>Governmental activities capital assets, net</i>	<u>\$ 58,644,428</u>	<u>\$ 10,654,163</u>	<u>\$ (189,742)</u>	<u>\$ 69,108,849</u>

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

General government	\$ 40,165
Public safety	38,066
Public works	703,473
Community development	2,087,241
Parks	69,467
<i>Total depreciation expense for governmental activities</i>	<u>\$ 2,938,412</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

LONG-TERM OBLIGATIONS

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

	<u>Outstanding July 1, 2008</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2009</u>	<u>Due in One Year</u>
Governmental Activities					
Gas Tax Revenue Bonds 2005 Initial issue \$1,738,000, interest at 3.92%	\$ 1,442,000	\$ -	\$ (157,000)	\$ 1,285,000	\$ 163,000
Keizer Station LID Bonds 2008 Initial issue \$26,810,000, interest only at 5.20%	26,810,000	-	-	26,810,000	-
URA Credit Facility, Series 2008 Initial issue \$11,350,000, interest only at 3.25%	-	11,350,000	(3,500,000)	7,850,000	-
	<u>\$ 28,252,000</u>	<u>\$ 11,350,000</u>	<u>\$ (3,657,000)</u>	<u>\$ 35,945,000</u>	<u>\$ 163,000</u>
Accrued compensated absences	<u>\$ 403,999</u>	<u>\$ 718,266</u>	<u>\$ (315,494)</u>	<u>\$ 806,771</u>	<u>\$ 206,066</u>
Business-type Activities					
2005 Water Revenue Loan Initial issue \$2,600,000, interest at 4.10%	<u>\$ 2,330,000</u>	<u>\$ -</u>	<u>\$ (140,000)</u>	<u>\$ 2,190,000</u>	<u>\$ 145,000</u>
Accrued compensated absences	<u>\$ 78,418</u>	<u>\$ 102,527</u>	<u>\$ (66,338)</u>	<u>\$ 114,607</u>	<u>\$ 42,017</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 property tax levies. 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, 2013, with estimated interest costs to the City of approximately \$1,500,000.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

LONG-TERM OBLIGATIONS (Continued)

The future maturities of obligations outstanding as of June 30, 2009:

Governmental Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ 163,000	\$ 1,791,697	\$ 1,954,697
2011	169,000	1,785,190	1,954,190
2012	176,000	1,778,428	1,954,428
2013	183,000	1,771,392	1,954,392
2014	190,000	1,764,081	1,954,081
2015-19	8,254,000	7,512,193	15,766,193
2020-24	-	6,970,600	6,970,600
2025-29	-	6,970,600	6,970,600
2030-31	26,810,000	2,788,240	29,598,240
	<u>\$ 35,945,000</u>	<u>\$ 33,132,421</u>	<u>\$ 69,077,421</u>

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ 145,000	\$ 86,817	\$ 231,817
2011	150,000	80,770	230,770
2012	155,000	74,518	229,518
2013	165,000	67,958	232,958
2014	170,000	61,090	231,090
2015-2019	965,000	192,187	1,157,187
2020-2021	440,000	18,244	458,244
	<u>\$ 2,190,000</u>	<u>\$ 581,584</u>	<u>\$ 2,771,584</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, 2009

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 13.32% of Tier1/Tier2 subject payroll, 9.29% of OPSRP general service subject payroll, and 12.56% of OPSRP police and fire subject payroll for the fiscal year ended June 30, 2009. This contribution rate was determined as part of the December 31, 2005 actuarial evaluation and was recalculated to reflect the impact of recently passed legislation (House Bills 2001, 2003, and 2004). Subject salary for the year was \$3,212,974 and the City's total payroll was \$5,773,003.

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>	<u>% of Required</u> <u>Contribution</u>
2009	\$ 625,827	100%
2008	587,910	100%
2007	612,786	100%

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

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 4.25%, health cost inflation graded from 8.5% in 2004 to 5% in 2013, and a consumer price inflation component of 3.25%.

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

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>Tier 1/Tier 2</i>	<i>OPSRP</i>	
		<i>General Services</i>	<i>Police 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, 2009, amounted to \$256,569. 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, 2009

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 plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2009, the City had 93 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, 2009, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$ 212,658
Amortization of UAAL	<u>62,585</u>
Annual required contribution	275,243
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 275,243</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, 2009 was as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
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, 2009

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, 2009 valuation, the entry age normal actuarial cost method was used. The assumptions included a 5.5% investment rate of return (net of administrative expenses) and an annual healthcare cost rate of between 5.6% and 7%. 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)
06/30/2009	\$ -	\$ 1,877,555	\$ 1,877,555	0%	\$ 8,161,999	23.0%

TRANSFERS

	Transfer In	Transfer Out
General	\$ 1,104	\$ 871,578
Street	-	177,431
Revenue Sharing	105,300	-
911 Fund	248,404	-
Urban Renewal Agency	-	35,918
City Hall Facility	706,893	-
Park Improvement	2,822	-
Transporation Improvement	22,257	199,202
Community Center	64,502	-
Sewer	-	21,224
Water	21,841	1,220,234
Sewer Reserve	149,200	-
Street Lighting District	-	7,108
Water Facility	1,096,512	-
Storm	149,200	35,340
	<u>\$ 2,568,035</u>	<u>\$ 2,568,035</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, 2009

EXPENDITURES IN EXCESS OF APPROPRIATIONS

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

Expenditures in excess of appropriations in individual funds for the year ended June 30, 2009 occurred as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
City Hall Facility			
Materials & services	\$ -	\$ 2,249	\$ (2,249)
Urban Renewal Tax Increment			
Debt principal	2,973,400	3,500,000	(526,600) *

* except that debt repayment of amounts issued in the current year is exempt, ORS 294.326(6)d

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.

GASB PRONOUNCEMENTS ISSUED, NOT YET IN EFFECT

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that may impact future financial presentations. Management has determined that GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 will be effective for the City beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types. Management has not determined the impact implementation will have on the financial statements of the City.

REQUIRED SUPPLEMENTARY INFORMATION

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

JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b - a)	Funded Ratio (a + b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) ÷ c)
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%	2,623,588	-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	-101%

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,448,300	\$ 3,448,300	\$ 3,423,835	\$ (24,465)
Licenses and permits	2,506,900	2,506,900	2,441,176	(65,724)
Charges for services	-	-	110	110
Intergovernmental	743,100	793,100	764,707	(28,393)
Fines and forfeitures	689,200	689,200	618,027	(71,173)
Miscellaneous	267,500	267,500	208,810	(58,690)
<i>Total Revenues</i>	<u>7,655,000</u>	<u>7,705,000</u>	<u>7,456,665</u>	<u>(248,335)</u>
EXPENDITURES				
Administration	827,000	837,500	798,923	38,577
Parks	315,200	335,200	296,880	38,320
Community development	429,200	479,200	455,665	23,535
Police	5,765,900	5,792,200	5,641,401	150,799
Municipal court	269,600	269,600	249,272	20,328
Contingency	79,600	42,300	-	42,300
<i>Total Expenditures</i>	<u>7,686,500</u>	<u>7,756,000</u>	<u>7,442,141</u>	<u>313,859</u>
REVENUES OVER (UNDER) EXPENDITURES				
	(31,500)	(51,000)	14,524	65,524
OTHER FINANCING SOURCES (USES)				
Transfers in	130,000	-	1,104	1,104
Transfers out	(823,600)	(898,200)	(871,578)	26,622
<i>Total Other Financing Sources (Uses)</i>	<u>(693,600)</u>	<u>(898,200)</u>	<u>(870,474)</u>	<u>27,726</u>
NET CHANGE IN FUND BALANCE	<u>(725,100)</u>	<u>(949,200)</u>	<u>(855,950)</u>	<u>93,250</u>
FUND BALANCE, Beginning of year	<u>1,921,900</u>	<u>1,983,300</u>	<u>2,291,258</u>	<u>307,958</u>
FUND BALANCE, End of year	<u>\$ 1,196,800</u>	<u>\$ 1,034,100</u>	<u>\$ 1,435,308</u>	<u>\$ 401,208</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 29,700	\$ 29,700	\$ 11,227	\$ (18,473)
Intergovernmental	1,635,400	1,635,400	1,471,978	(163,422)
Miscellaneous	114,400	114,400	50,536	(63,864)
<i>Total Revenues</i>	1,779,500	1,779,500	1,533,741	(245,759)
EXPENDITURES				
Personal services	297,700	298,300	293,558	4,742
Materials and services	537,900	535,900	456,960	78,940
Capital outlay	1,304,700	1,485,200	613,049	872,151
Debt service				
Principal	157,000	157,000	157,000	-
Interest	53,500	53,500	53,449	51
<i>Total Expenditures</i>	2,350,800	2,529,900	1,574,016	955,884
REVENUES OVER (UNDER) EXPENDITURES	(571,300)	(750,400)	(40,275)	710,125
OTHER FINANCING SOURCES (USES)				
Transfers in	-	181,100	-	(181,100)
Transfers out	(176,600)	(178,600)	(177,431)	1,169
<i>Total Other Financing Sources (Uses)</i>	(176,600)	2,500	(177,431)	(179,931)
NET CHANGE IN FUND BALANCE	(747,900)	(747,900)	(217,706)	530,194
FUND BALANCE, Beginning of year	1,323,000	1,323,000	1,228,435	(94,565)
FUND BALANCE, End of year	\$ 575,100	\$ 575,100	\$ 1,010,729	\$ 435,629

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, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 150,000	\$ 150,000	\$ 8,825	\$ (141,175)
EXPENDITURES				
Personal services	310,000	312,900	312,337	563
Materials and services	92,200	90,600	83,305	7,295
Capital outlay	12,411,500	12,396,100	11,849,581	546,519
Contingency	40,300	39,000	-	39,000
<i>Total Expenditures</i>	<u>12,854,000</u>	<u>12,838,600</u>	<u>12,245,223</u>	<u>593,377</u>
REVENUES OVER (UNDER) EXPENDITURES				
	(12,704,000)	(12,688,600)	(12,236,398)	452,202
OTHER FINANCING SOURCES (USES)				
Issuance of debt	12,341,100	12,341,100	11,350,000	(991,100)
Transfers out	(20,600)	(36,000)	(35,918)	82
<i>Total Other Financing Sources (Uses)</i>	<u>12,320,500</u>	<u>12,305,100</u>	<u>11,314,082</u>	<u>(991,018)</u>
NET CHANGE IN FUND BALANCE	(383,500)	(383,500)	(922,316)	(538,816)
FUND BALANCE, Beginning of year	<u>786,700</u>	<u>786,700</u>	<u>1,163,018</u>	<u>376,318</u>
FUND BALANCE, End of year	<u>\$ 403,200</u>	<u>\$ 403,200</u>	<u>\$ 240,702</u>	<u>\$ (162,498)</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL TAX INCREMENT FUND
YEAR ENDED JUNE 30, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,721,200	\$ 3,721,200	\$ 3,847,041	\$ 125,841
Miscellaneous	107,800	107,800	25,768	(82,032)
<i>Total Revenues</i>	3,829,000	3,829,000	3,872,809	43,809
EXPENDITURES				
Debt service				
Principal	2,835,400	2,973,400	3,500,000	(526,600) *
Interest	568,700	568,700	100,142	468,558
<i>Total Expenditures</i>	3,404,100	3,542,100	3,600,142	(58,042)
REVENUES OVER (UNDER)				
EXPENDITURES	424,900	286,900	272,667	(14,233)
FUND BALANCE, Beginning of year	387,600	387,600	439,424	51,824
FUND BALANCE, End of year	\$ 812,500	\$ 674,500	\$ 712,091	\$ 37,591

The budgetary basis of accounting and GAAP are the same.

*over-expenditure not in violation of local budget law under ORS 294.326(6)d

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - KEIZER STATION LID FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,170,800	\$ 3,170,800	\$ 2,217,288	\$ (953,512)
Miscellaneous	80,400	80,400	76,565	(3,835)
<i>Total Revenues</i>	<u>3,251,200</u>	<u>3,251,200</u>	<u>2,293,853</u>	<u>(957,347)</u>
EXPENDITURES				
Materials and services	30,000	30,000	2,911	27,089
Debt service				
Interest	<u>2,430,500</u>	<u>2,430,500</u>	<u>1,432,846</u>	<u>997,654</u>
<i>Total Expenditures</i>	<u>2,460,500</u>	<u>2,460,500</u>	<u>1,435,757</u>	<u>1,024,743</u>
REVENUES OVER (UNDER) EXPENDITURES	790,700	790,700	858,096	67,396
FUND BALANCE, Beginning of year	<u>2,696,200</u>	<u>2,696,200</u>	<u>3,388,761</u>	<u>692,561</u>
FUND BALANCE, End of year	<u>\$ 3,486,900</u>	<u>\$ 3,486,900</u>	<u>\$ 4,246,857</u>	<u>\$ 759,957</u>

The budgetary basis of accounting and GAAP are the same.

OTHER SUPPLEMENTARY INFORMATION

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

JUNE 30, 2009

	<u>Revenue Sharing</u>	<u>911 Fund</u>	<u>Public Education Government</u>	<u>City Hall Facility</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ 60,899	\$ 11,028
Accounts receivable	62,603	45,218	26,450	-
Loans receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 62,603</u>	<u>\$ 45,218</u>	<u>\$ 87,349</u>	<u>\$ 11,028</u>
LIABILITIES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable	\$ 2,241	\$ 19,443	\$ -	\$ 11,028
Due to other funds	30,552	25,775	-	-
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	32,793	45,218	-	11,028
<i>Fund Balances</i>				
Unreserved, reported in:				
Special revenue funds	<u>29,810</u>	<u>-</u>	<u>87,349</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 62,603</u>	<u>\$ 45,218</u>	<u>\$ 87,349</u>	<u>\$ 11,028</u>

<u>Park Improvement</u>	<u>Transportation Improvement</u>	<u>Housing Services</u>	<u>Community Center</u>	<u>Amphitheater</u>	<u>Totals</u>
\$ 776,128	\$ 1,544,969	\$ 265,952	\$ 6,181	\$ 325	\$ 2,665,482
70,082	-	-	-	-	204,353
-	-	127,242	-	-	127,242
<u>\$ 846,210</u>	<u>\$ 1,544,969</u>	<u>\$ 393,194</u>	<u>\$ 6,181</u>	<u>\$ 325</u>	<u>\$ 2,997,077</u>
\$ 153,778	\$ -	\$ -	\$ 6,181	\$ -	\$ 192,671
-	-	-	-	-	56,327
-	-	127,242	-	-	127,242
153,778	-	127,242	6,181	-	376,240
692,432	1,544,969	265,952	-	325	2,620,837
<u>\$ 846,210</u>	<u>\$ 1,544,969</u>	<u>\$ 393,194</u>	<u>\$ 6,181</u>	<u>\$ 325</u>	<u>\$ 2,997,077</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	<i>Revenue Sharing</i>	<i>Law Enforcement Grant</i>	<i>911 Fund</i>	<i>Public Education Government</i>
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ 100,973
Intergovernmental	260,015	4,666	189,223	-
Miscellaneous	-	-	-	429
<i>Total Revenues</i>	<u>260,015</u>	<u>4,666</u>	<u>189,223</u>	<u>101,402</u>
EXPENDITURES				
Current operating:				
General government	-	-	-	62,321
Community development	-	-	-	-
Parks	-	-	-	-
Public safety	-	(169)	434,869	-
Public works	-	-	-	-
Capital outlay	358,926	-	-	378
<i>Total Expenditures</i>	<u>358,926</u>	<u>(169)</u>	<u>434,869</u>	<u>62,699</u>
REVENUES OVER (UNDER) EXPENDITURES	(98,911)	4,835	(245,646)	38,703
OTHER FINANCING SOURCES (USES)				
Transfers in	105,300	-	248,404	-
Transfers out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>105,300</u>	<u>-</u>	<u>248,404</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6,389	4,835	2,758	38,703
FUND BALANCES (Deficit), Beginning of year	<u>23,421</u>	<u>(4,835)</u>	<u>(2,758)</u>	<u>48,646</u>
FUND BALANCES, End of year	<u>\$ 29,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,349</u>

<u>City Hall Facility</u>	<u>Park Improvement</u>	<u>Transportation Improvement</u>	<u>Housing Services</u>	<u>Community Center</u>	<u>Ampitheater</u>	<u>Totals</u>
\$ -	\$ 25,711	\$ 79,624	\$ -	\$ -	\$ -	\$ 206,308
-	70,082	-	61,200	-	-	585,186
8,122	45,462	32,196	4,490	29,995	325	121,019
8,122	141,255	111,820	65,690	29,995	325	912,513
2,249	-	-	-	-	-	64,570
-	-	-	-	15,749	-	15,749
-	18,818	-	-	-	-	18,818
-	-	-	-	-	-	434,700
-	-	7,923	-	-	-	7,923
714,691	359,312	-	-	78,748	-	1,512,055
716,940	378,130	7,923	-	94,497	-	2,053,815
(708,818)	(236,875)	103,897	65,690	(64,502)	325	(1,141,302)
706,893	2,822	22,257	-	64,502	-	1,150,178
-	-	(199,202)	-	-	-	(199,202)
706,893	2,822	(176,945)	-	64,502	-	950,976
(1,925)	(234,053)	(73,048)	65,690	-	325	(190,326)
1,925	926,485	1,618,017	200,262	-	-	2,811,163
\$ -	\$ 692,432	\$ 1,544,969	\$ 265,952	\$ -	\$ 325	\$ 2,620,837

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - REVENUE SHARING FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 245,300	\$ 245,300	\$ 260,015	\$ 14,715
EXPENDITURES				
Capital outlay	370,500	394,800	358,926	35,874
REVENUES OVER (UNDER) EXPENDITURES	(125,200)	(149,500)	(98,911)	50,589
OTHER FINANCING SOURCES (USES)				
Transfers in	125,200	127,000	105,300	(21,700)
NET CHANGE IN FUND BALANCE	-	(22,500)	6,389	28,889
FUND BALANCE, Beginning of year	-	22,500	23,421	921
FUND BALANCE, End of year	\$ -	\$ -	\$ 29,810	\$ 29,810

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 4,666	\$ (45,334)
EXPENDITURES				
Materials and services	25,000	25,000	(169)	25,169
Capital outlay	25,000	25,000	-	25,000
<i>Total Expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>(169)</u>	<u>50,169</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	4,835	4,835
FUND BALANCE (DEFICIT), Beginning of year	<u>-</u>	<u>-</u>	<u>(4,835)</u>	<u>(4,835)</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - 911 FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 200,100	\$ 205,100	\$ 189,223	\$ (15,877)
EXPENDITURES				
Materials and services	438,800	443,800	434,869	8,931
REVENUES OVER (UNDER) EXPENDITURES	(238,700)	(238,700)	(245,646)	(6,946)
OTHER FINANCING SOURCES (USES)				
Transfers in	238,700	238,700	248,404	9,704
NET CHANGE IN FUND BALANCE	-	-	2,758	2,758
FUND BALANCE (DEFICIT), Beginning of year	-	-	(2,758)	(2,758)
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

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, 2009*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 92,100	\$ 92,100	\$ 100,973	\$ 8,873
Miscellaneous	100	100	429	329
<i>Total Revenues</i>	92,200	92,200	101,402	9,202
EXPENDITURES				
Materials and services	62,800	64,800	62,321	2,479
Capital outlay	20,000	20,000	378	19,622
Contingency	62,400	60,400	-	60,400
<i>Total Expenditures</i>	145,200	145,200	62,699	82,501
REVENUES OVER (UNDER) EXPENDITURES				
	(53,000)	(53,000)	38,703	91,703
FUND BALANCE, Beginning of year	68,400	68,400	48,646	(19,754)
FUND BALANCE, End of year	\$ 15,400	\$ 15,400	\$ 87,349	\$ 71,949

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, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 107,000	\$ 107,000	\$ 79,624	\$ (27,376)
Miscellaneous	65,200	65,200	32,196	(33,004)
<i>Total Revenues</i>	172,200	172,200	111,820	(60,380)
EXPENDITURES				
Materials and services	445,000	447,000	7,923	439,077
Contingency	957,700	832,600	-	832,600
<i>Total Expenditures</i>	1,402,700	1,279,600	7,923	1,271,677
REVENUES OVER (UNDER) EXPENDITURES	(1,230,500)	(1,107,400)	103,897	1,211,297
OTHER FINANCING SOURCES (USES)				
Transfers in	-	22,300	22,257	(43)
Transfers out	(272,100)	(395,200)	(199,202)	195,998
<i>Total Other Financing Sources (Uses)</i>	(272,100)	(372,900)	(176,945)	195,955
NET CHANGE IN FUND BALANCE	(1,502,600)	(1,480,300)	(73,048)	1,407,252
FUND BALANCE, Beginning of year	1,502,600	1,502,600	1,618,017	115,417
FUND BALANCE, End of year	\$ -	\$ 22,300	\$ 1,544,969	\$ 1,522,669

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CITY HALL FACILITY FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 8,122	\$ 8,122
EXPENDITURES				
Materials and services	-	-	2,249	(2,249)
Capital outlay	687,900	735,900	714,691	21,209
<i>Total Expenditures</i>	<u>687,900</u>	<u>735,900</u>	<u>716,940</u>	<u>18,960</u>
REVENUES OVER (UNDER) EXPENDITURES	(687,900)	(735,900)	(708,818)	27,082
OTHER FINANCING SOURCES (USES)				
Transfers in	686,100	734,100	706,893	(27,207)
NET CHANGE IN FUND BALANCE	(1,800)	(1,800)	(1,925)	(125)
FUND BALANCE, Beginning of year	<u>1,800</u>	<u>1,800</u>	<u>1,925</u>	<u>125</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARK IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 41,700	\$ 41,700	\$ 25,711	\$ (15,989)
Intergovernmental	-	101,250	70,082	(31,168)
Miscellaneous	34,300	34,300	45,462	11,162
<i>Total Revenues</i>	76,000	177,250	141,255	(35,995)
EXPENDITURES				
Materials and services	-	25,000	18,818	6,182
Capital outlay	215,200	377,700	359,312	18,388
Contingency	700,000	613,750	-	613,750
<i>Total Expenditures</i>	915,200	1,016,450	378,130	638,320
REVENUES OVER (UNDER) EXPENDITURES	(839,200)	(839,200)	(236,875)	602,325
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,822	2,822
NET CHANGE IN FUND BALANCE	(839,200)	(839,200)	(234,053)	605,147
FUND BALANCE, Beginning of year	929,300	929,300	926,485	(2,815)
FUND BALANCE, End of year	\$ 90,100	\$ 90,100	\$ 692,432	\$ 602,332

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, 2009*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 61,200	\$ 61,200
Miscellaneous	7,900	7,900	4,490	(3,410)
<i>Total Revenues</i>	7,900	7,900	65,690	57,790
EXPENDITURES				
Materials and services	183,300	183,300	-	183,300
Contingency	20,000	20,000	-	20,000
<i>Total Expenditures</i>	203,300	203,300	-	203,300
REVENUES OVER (UNDER) EXPENDITURES	(195,400)	(195,400)	65,690	261,090
FUND BALANCE, Beginning of year	195,400	195,400	200,262	4,862
FUND BALANCE, End of year	\$ -	\$ -	\$ 265,952	\$ 265,952

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 - COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ 30,000	\$ 29,995	\$ (5)
EXPENDITURES				
Materials and services	-	23,200	15,749	7,451
Capital outlay	-	78,800	78,748	52
<i>Total Expenditures</i>	-	102,000	94,497	7,503
REVENUES OVER (UNDER) EXPENDITURES	-	(72,000)	(64,502)	7,498
OTHER FINANCING SOURCES (USES)				
Transfers in	-	72,000	64,502	(7,498)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

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 - AMPHITHEATER FUND
 YEAR ENDED JUNE 30, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 325	\$ 325
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	325	325
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 325</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 500	\$ 500	\$ 583	\$ 583
Charges for services	4,508,600	4,653,600	4,539,355	4,548,831
Miscellaneous	6,000	6,000	5,210	5,209
<i>Total Revenues</i>	4,515,100	4,660,100	4,545,148	4,554,623
EXPENDITURES				
Personal services	208,400	208,800	203,735	207,531
Materials and services	4,294,200	4,439,200	4,351,253	4,356,079
Capital outlay/depreciation	7,200	7,200	4,826	165,413
Contingency	15,500	13,600	-	-
<i>Total Expenditures</i>	4,525,300	4,668,800	4,559,814	4,729,023
REVENUES OVER (UNDER) EXPENSES				
	(10,200)	(8,700)	(14,666)	(174,400)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	253,374
Transfers out	(20,600)	(22,100)	(21,224)	(21,224)
<i>Total Other Financing Sources (Uses)</i>	(20,600)	(22,100)	(21,224)	232,150
NET CHANGE IN FUND BALANCE	(30,800)	(30,800)	(35,890)	57,750
FUND BALANCE, Beginning of year	177,000	177,000	481,269	2,251,590
FUND BALANCE, End of year	\$ 146,200	\$ 146,200	\$ 445,379	\$ 2,309,340

CITY OF KEIZER, OREGON

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2009*

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 354	\$ -
Licenses and permits	5,000	5,000	3,715	3,715
Charges for services	2,838,100	2,838,100	2,532,813	2,526,570
Miscellaneous	102,400	102,400	64,682	64,307
<i>Total Revenues</i>	<u>2,945,500</u>	<u>2,945,500</u>	<u>2,601,564</u>	<u>2,594,592</u>
EXPENDITURES				
Personal services	1,130,300	1,135,800	1,129,538	1,145,797
Materials and services	904,200	900,900	797,684	847,323
Capital outlay/depreciation	108,300	108,300	78,564	378,302
Debt service	232,700	232,700	232,660	92,660
Contingency	117,800	107,400	-	-
<i>Total Expenditures</i>	<u>2,493,300</u>	<u>2,485,100</u>	<u>2,238,446</u>	<u>2,464,082</u>
REVENUES OVER (UNDER) EXPENSES	452,200	460,400	363,118	130,510
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	21,841	21,841
Transfers out	(1,346,700)	(1,354,800)	(1,220,234)	(1,220,234)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,346,700)</u>	<u>(1,354,800)</u>	<u>(1,198,393)</u>	<u>(1,198,393)</u>
NET CHANGE IN FUND BALANCE	(894,500)	(894,400)	(835,275)	(1,067,883)
FUND BALANCE, Beginning of year	<u>1,233,700</u>	<u>1,233,700</u>	<u>1,228,869</u>	<u>1,450,135</u>
FUND BALANCE, End of year	<u>\$ 339,200</u>	<u>\$ 339,300</u>	<u>\$ 393,594</u>	<u>\$ 382,252</u>

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FACILITY FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 1,400	\$ 1,400	\$ 2,060	\$ 15,913
Licenses and permits	44,000	44,000	35,006	35,006
Miscellaneous	106,200	106,200	24,351	24,351
<i>Total Revenues</i>	151,600	151,600	61,417	75,270
EXPENDITURES				
Materials and services	-	-	-	12,399
Capital outlay/depreciation	1,255,000	1,255,000	1,012,444	212,682
<i>Total Expenditures</i>	1,255,000	1,255,000	1,012,444	225,081
REVENUES OVER (UNDER) EXPENSES				
	(1,103,400)	(1,103,400)	(951,027)	(149,811)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,230,100	1,230,100	1,096,512	1,096,512
NET CHANGE IN FUND BALANCE	126,700	126,700	145,485	946,701
FUND BALANCE, Beginning of year	1,274,600	1,274,600	1,267,077	5,878,635
FUND BALANCE, End of year	\$ 1,401,300	\$ 1,401,300	\$ 1,412,562	\$ 6,825,336

CITY OF KEIZER, OREGON

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2009

	<i>Sewer Reserve</i>	<i>Storm Drain</i>	<i>Lighting District</i>	<i>Totals</i>
ASSETS				
<i>Current Assets</i>				
Cash and investments	\$ 1,112,335	\$ 185,792	\$ 235,238	\$ 1,533,365
Accounts receivable	-	71,265	31,379	102,644
Assessment liens receivable	3,338	-	-	3,338
<i>Total Current Assets</i>	1,115,673	257,057	266,617	1,639,347
<i>Noncurrent Assets</i>				
Other capital assets, net of depreciation	-	315,118	-	315,118
<i>Total Assets</i>	1,115,673	572,175	266,617	1,954,465
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	157,004	28,484	9,647	195,135
<i>Noncurrent Liabilities</i>				
Accrued compensated absences	-	21,940	2,884	24,824
<i>Total Liabilities</i>	157,004	50,424	12,531	219,959
NET ASSETS				
Investment in capital assets	-	315,118	-	315,118
Restricted	958,669	-	254,086	1,212,755
Unrestricted	-	206,633	-	206,633
<i>Total Net Assets</i>	\$ 958,669	\$ 521,751	\$ 254,086	\$ 1,734,506

CITY OF KEIZER, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	<u>Sewer Reserve</u>	<u>Storm Drain</u>	<u>Lighting District</u>	<u>Totals</u>
OPERATING REVENUES				
Licenses and permits	\$ -	\$ 1,456	\$ -	\$ 1,456
Charges for services	-	549,617	451,641	1,001,258
Miscellaneous	-	277	-	277
<i>Total Operating Revenues</i>	-	551,350	451,641	1,002,991
OPERATING EXPENSES				
Personal services	-	347,826	58,086	405,912
Materials and services	-	113,729	370,819	484,548
Depreciation	-	2,516	-	2,516
<i>Total Operating Expenses</i>	-	464,071	428,905	892,976
OPERATING INCOME	-	87,279	22,736	110,015
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	74	918	-	992
INCOME BEFORE TRANSFERS	74	88,197	22,736	111,007
Transfers in	149,200	149,200	-	298,400
Transfers out	(253,374)	(35,340)	(7,108)	(295,822)
<i>Total Transfers</i>	(104,174)	113,860	(7,108)	2,578
CHANGE IN NET ASSETS	(104,100)	202,057	15,628	113,585
NET ASSETS, Beginning of year	1,062,769	319,694	238,458	1,620,921
NET ASSETS, End of year	\$ 958,669	\$ 521,751	\$ 254,086	\$ 1,734,506

CITY OF KEIZER, OREGON

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2009

	<u>Sewer Reserve</u>	<u>Storm Drain</u>	<u>Lighting District</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 651	\$ 532,043	\$ 442,119	\$ 974,813
Cash paid to employees for services	-	(331,683)	(58,093)	(389,776)
Cash paid to suppliers for goods and services	156,974	(91,886)	(369,478)	(304,390)
<i>Net Cash Provided by (Used in) Operating Activities</i>	157,625	108,474	14,548	280,647
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	149,200	149,200	-	298,400
Transfers out	(253,374)	(35,340)	(7,108)	(295,822)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(104,174)	113,860	(7,108)	2,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(298,490)	-	(298,490)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	74	918	-	992
<i>Increase (Decrease) in Cash and Investments</i>	53,525	(75,238)	7,440	(14,273)
CASH AND INVESTMENTS, Beginning of year	1,058,810	261,030	227,798	1,547,638
CASH AND INVESTMENTS, End of year	<u>\$ 1,112,335</u>	<u>\$ 185,792</u>	<u>\$ 235,238</u>	<u>\$ 1,533,365</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)				
Operating income	\$ -	\$ 87,279	\$ 22,736	\$ 110,015
Depreciation	-	2,516	-	2,516
<i>Change in assets and liabilities</i>				
Accounts receivable	651	(19,307)	(9,522)	(28,178)
Accounts payable and accrued liabilities	156,974	21,843	1,341	180,158
Compensated absences payable	-	16,143	(7)	16,136
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 157,625</u>	<u>\$ 108,474</u>	<u>\$ 14,548</u>	<u>\$ 280,647</u>

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 651	\$ -
Miscellaneous	1,000	1,000	74	74
<i>Total Revenues</i>	1,000	1,000	725	74
EXPENDITURES				
Materials and services	20,000	20,000	-	-
Capital outlay/depreciation	1,026,100	1,026,100	253,375	-
<i>Total Expenditures</i>	1,046,100	1,046,100	253,375	-
REVENUES OVER (UNDER) EXPENSES				
	(1,045,100)	(1,045,100)	(252,650)	74
OTHER FINANCING SOURCES (USES)				
Transfers in	-	18,500	149,200	149,200
Transfers out	-	-	-	(253,374)
<i>Total Other Financing Sources (Uses)</i>	-	18,500	149,200	(104,174)
NET CHANGE IN FUND BALANCE	(1,045,100)	(1,026,600)	(103,450)	(104,100)
FUND BALANCE, Beginning of year	1,045,100	1,045,100	1,058,781	1,062,769
FUND BALANCE, End of year	\$ -	\$ 18,500	\$ 955,331	\$ 958,669

CITY OF KEIZER, OREGON

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2009*

	<u>Budgeted Amounts</u>		<u>Budget Basis</u>	<u>GAAP Basis</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 432,600	\$ 432,600	\$ 442,119	\$ 451,641
EXPENDITURES				
Personal services	55,600	59,200	58,094	58,086
Materials and services	374,400	379,800	370,042	370,819
Capital outlay/depreciation	1,100	1,100	777	-
Contingency	21,300	12,000	-	-
<i>Total Expenditures</i>	<u>452,400</u>	<u>452,100</u>	<u>428,913</u>	<u>428,905</u>
REVENUES OVER (UNDER)				
EXPENSES	(19,800)	(19,500)	13,206	22,736
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,900)</u>	<u>(7,400)</u>	<u>(7,108)</u>	<u>(7,108)</u>
NET CHANGE IN FUND BALANCE	(26,700)	(26,900)	6,098	15,628
FUND BALANCE, Beginning of year	<u>221,300</u>	<u>221,300</u>	<u>219,493</u>	<u>238,458</u>
FUND BALANCE, End of year	<u><u>\$ 194,600</u></u>	<u><u>\$ 194,400</u></u>	<u><u>\$ 225,591</u></u>	<u><u>\$ 254,086</u></u>

CITY OF KEIZER, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM DRAIN FUND
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Budget Basis</i>	<i>GAAP Basis</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 1,456	\$ 1,456
Charges for services	559,200	559,200	526,738	549,617
Miscellaneous	6,500	6,500	1,195	1,195
<i>Total Revenues</i>	<u>570,700</u>	<u>570,700</u>	<u>529,389</u>	<u>552,268</u>
EXPENDITURES				
Personal services	324,300	336,200	331,683	347,826
Materials and services	188,600	177,500	102,896	113,729
Capital outlay/depreciation	398,000	398,000	309,323	2,516
Contingency	35,900	32,700	-	-
<i>Total Expenditures</i>	<u>946,800</u>	<u>944,400</u>	<u>743,902</u>	<u>464,071</u>
REVENUES OVER (UNDER) EXPENSES	(376,100)	(373,700)	(214,513)	88,197
OTHER FINANCING SOURCES (USES)				
Transfers in	291,300	291,300	149,200	149,200
Transfers out	(34,300)	(36,700)	(35,340)	(35,340)
<i>Total Other Financing Sources (Uses)</i>	<u>257,000</u>	<u>254,600</u>	<u>113,860</u>	<u>113,860</u>
NET CHANGE IN FUND BALANCE	(119,100)	(119,100)	(100,653)	202,057
FUND BALANCE, Beginning of year	<u>319,300</u>	<u>319,300</u>	<u>306,347</u>	<u>319,694</u>
FUND BALANCE, End of year	<u><u>\$ 200,200</u></u>	<u><u>\$ 200,200</u></u>	<u><u>\$ 205,694</u></u>	<u><u>\$ 521,751</u></u>

CITY OF KEIZER, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2009

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2008</i>	<i>2008-2009 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2009</i>
2008-2009	\$ -	\$ 7,492,320	\$ 2,039	\$ (206,272)	\$ (6,968,645)	\$ 319,442
2007-2008	247,651	-	-	(3,823)	(141,396)	102,432
2006-2007	75,469	-	-	(882)	(32,219)	42,368
2005-2006	45,594	-	-	(587)	(27,865)	17,142
2004-2005	20,564	-	-	(1,739)	(13,399)	5,426
2003-2004	5,588	-	-	(209)	(1,333)	4,046
2002-2003	4,680	-	-	(606)	(937)	3,137
Prior Years	9,786	-	-	(129)	(688)	8,969
Total	\$ 409,332	\$ 7,492,320	\$ 2,039	\$ (214,247)	\$ (7,186,482)	502,962
				Undistributed taxes with County		55,875
						\$ 558,837

CITY OF KEIZER, OREGON
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 2009

<i>BOND PRINCIPAL TRANSACTIONS</i>	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Fiscal Year of Maturity</i></u>
General Obligation Bonds			
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>Unmatured Interest Outstanding</i>
			<i>July 1, 2008</i>
<i>BOND INTEREST TRANSACTIONS</i>	<u><i>Interest Rates</i></u>	<u><i>Date of Issue</i></u>	<u><i>Unmatured Interest Outstanding</i></u>
General Obligation Bonds			
Gas Tax Revenue Bonds 2005	3.92%	2005	\$ 237,630
2005 Water Revenue Loan	4.10%	2005	674,244
URA Credit Facility	variable	2009	-
Keizer Station LID Bonds 2008	5.20%	2008	31,367,700
			<u>\$ 32,279,574</u>

<i>Outstanding July 1, 2008</i>	<i>Issued</i>	<i>Paid</i>	<i>Outstanding June 30, 2009</i>
\$ 1,442,000	\$ -	\$ (157,000)	\$ 1,285,000
2,330,000	-	(140,000)	2,190,000
-	11,350,000	(3,500,000)	7,850,000
26,810,000	-	-	26,810,000
<u>\$ 30,582,000</u>	<u>\$ 11,350,000</u>	<u>\$ (3,797,000)</u>	<u>\$ 38,135,000</u>

<i>New Issues</i>	<i>Interest Paid</i>	<i>Unmatured Interest June 30, 2009</i>
\$ -	\$ (53,449)	\$ 184,181
-	(92,660)	581,584
2,377,741	(100,141)	2,277,600
-	(697,060)	30,670,640
<u>\$ 2,377,741</u>	<u>\$ (943,310)</u>	<u>\$ 33,714,005</u>

CITY OF KEIZER, OREGON
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
JUNE 30, 2009

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Gas Tax Revenue Bonds 2005</i>			<i>2005 Water Revenue Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ 163,000	\$ 47,177	\$ 210,177	\$ 145,000	\$ 86,817	\$ 231,817
2011	169,000	40,670	209,670	150,000	80,770	230,770
2012	176,000	33,908	209,908	155,000	74,518	229,518
2013	183,000	26,872	209,872	165,000	67,958	232,958
2014	190,000	19,561	209,561	170,000	61,090	231,090
2015	198,000	11,956	209,956	180,000	53,915	233,915
2016	206,000	4,037	210,037	185,000	46,432	231,432
2017	-	-	-	190,000	38,745	228,745
2018	-	-	-	200,000	30,750	230,750
2019	-	-	-	210,000	22,345	232,345
2020	-	-	-	215,000	13,633	228,633
2021	-	-	-	225,000	4,611	229,611
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
	<u>\$ 1,285,000</u>	<u>\$ 184,181</u>	<u>\$ 1,469,181</u>	<u>\$ 2,190,000</u>	<u>\$ 581,584</u>	<u>\$ 2,771,584</u>

CITY OF KEIZER, OREGON

SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)

JUNE 30, 2009

<i>Fiscal Year Ending June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ 308,000	\$ 1,878,514	\$ 2,186,514
2011	319,000	1,865,960	2,184,960
2012	331,000	1,852,946	2,183,946
2013	348,000	1,839,350	2,187,350
2014	360,000	1,825,171	2,185,171
2015	378,000	1,810,391	2,188,391
2016	8,241,000	1,619,789	9,860,789
2017	190,000	1,432,865	1,622,865
2018	200,000	1,424,870	1,624,870
2019	210,000	1,416,465	1,626,465
2020	215,000	1,407,753	1,622,753
2021	225,000	1,398,731	1,623,731
2022	-	1,394,120	1,394,120
2023	-	1,394,120	1,394,120
2024	-	1,394,120	1,394,120
2025	-	1,394,120	1,394,120
2026	-	1,394,120	1,394,120
2027	-	1,394,120	1,394,120
2028	-	1,394,120	1,394,120
2029	-	1,394,120	1,394,120
2030	-	1,394,120	1,394,120
2031	26,810,000	1,394,120	28,204,120
	<u>\$ 38,135,000</u>	<u>\$ 33,714,005</u>	<u>\$ 71,849,005</u>



STATISTICAL SECTION

CITY OF KEIZER, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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 SEVEN FISCAL YEARS - UNAUDITED

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 33,163,849	\$ 30,392,428	\$ 28,189,116
Reserved for special purposes	33,709,977	34,612,171	7,064,192
Unrestricted	<u>2,257,559</u>	<u>3,462,013</u>	<u>2,491,374</u>
Total governmental activities net assets	69,131,385	68,466,612	37,744,682
Business-type activities			
Invested in capital assets, net of related debt	7,223,995	6,247,552	5,883,166
Reserved for special purposes	2,640,776	2,569,911	3,111,776
Unrestricted	<u>1,386,663</u>	<u>2,383,818</u>	<u>1,782,778</u>
Total business-type activities nets assets	11,251,434	11,201,281	10,777,720
Total government			
Invested in capital assets, net of related debt	40,387,844	36,639,980	34,072,282
Reserved for special purposes	36,350,753	37,182,082	10,175,968
Unrestricted	<u>3,644,222</u>	<u>5,845,831</u>	<u>4,274,152</u>
Total government net assets	<u>\$ 80,382,819</u>	<u>\$ 79,667,893</u>	<u>\$ 48,522,402</u>

Source: City of Keizer Finance Department

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>			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 27,955,845	\$ 23,224,084	\$ 16,394,836	\$ 15,241,660
4,336,275	4,192,611	3,848,710	5,731,314
3,133,453	3,182,409	7,106,856	3,385,922
35,425,573	30,599,104	27,350,402	24,358,896
5,281,178	5,692,550	6,598,348	6,756,074
3,193,748	1,446,926	1,138,347	768,777
1,160,811	2,004,662	1,320,732	952,832
9,635,737	9,144,138	9,057,427	8,477,683
33,237,023	28,916,634	22,993,184	21,997,734
7,530,023	5,639,537	4,987,057	6,500,091
4,294,264	5,187,071	8,427,588	4,338,754
<u>\$ 45,061,310</u>	<u>\$ 39,743,242</u>	<u>\$ 36,407,829</u>	<u>\$ 32,836,579</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses:			
Governmental activities:			
General government	\$ 2,053,838	\$ 1,031,186	\$ 1,105,397
Community and youth services	38,009	54,396	5,891
Community development	2,240,080	1,860,120	2,477,616
Parks	427,843	282,921	182,179
Public safety	6,885,994	6,208,351	5,779,195
Public works	1,483,813	2,468,103	1,477,995
Stadium operations	-	-	-
Interest on long-term debt	1,549,789	1,289,655	984,239
Total governmental activities expenses	<u>14,679,366</u>	<u>13,194,732</u>	<u>12,012,512</u>
Business-type activities:			
Water	2,689,164	2,714,457	2,253,494
Sewer	4,729,024	4,500,964	4,335,363
Street lighting	428,905	202,530	406,052
Storm drain	464,071	416,783	-
Total business-type activities expenses	<u>8,311,164</u>	<u>7,834,734</u>	<u>6,994,909</u>
Total City expenses	22,990,530	21,029,466	19,007,421
Program Revenues:			
Governmental activities:			
Fees, fines, and charges for services:			
General government	131,297	159,604	147,399
Community development	28,097	47,762	67,114
Parks	2,844	2,350	3,201
Public safety	618,027	652,000	654,136
Public works	14,565	16,067	60,448
Stadium operations	47,275	61,812	57,425
Operating grants and contributions	1,875,598	2,142,073	2,127,964
Capital grants and contributions	223,477	27,454,887	440,321
Total governmental activities program revenues	<u>2,941,180</u>	<u>30,536,555</u>	<u>3,558,008</u>
Business-type activities:			
Fees, fines, and charges for services:			
Water	2,587,519	2,506,207	2,832,074
Sewer and storm drain	5,100,487	4,757,838	4,418,375
Street lighting	451,641	423,013	404,918
Operating grants and contributions	-	72,364	27,783
Capital grants and contributions	35,006	208,741	276,365
Total business-type activities program revenues	<u>8,174,653</u>	<u>7,968,163</u>	<u>7,959,515</u>
Total City program revenues	<u>11,115,833</u>	<u>38,504,718</u>	<u>11,517,523</u>

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

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

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue			
Governmental activities	\$ (11,738,186)	\$ 17,341,823	\$ (8,454,504)
Business-type activities	(136,511)	133,429	964,606
Total City activities	(11,874,697)	17,475,252	(7,489,898)
General Revenues and Other Changes in Net Assets			
Governmental activities			
Taxes and assessments	7,348,334	8,896,151	6,062,528
Franchise taxes	2,398,389	2,385,307	2,283,966
Intergovernmental	920,506	929,684	891,629
Miscellaneous	1,868,577	1,334,201	1,524,730
Gain (loss) on sale of capital assets	-	(9,731)	-
Transfers	(132,847)	(155,506)	10,760
Total governmental activities	12,402,959	13,380,106	10,773,613
Business-type activities			
Miscellaneous	53,817	134,627	188,137
Gain (loss) on sale of capital assets	-	-	-
Transfers	132,847	155,506	(10,760)
Total business-type activities	186,664	290,133	177,377
Total City revenues	12,589,623	13,670,239	10,950,990
Changes in Net Assets			
Governmental activities	664,773	30,721,929	2,319,109
Business-type activities	50,153	423,562	1,141,983
Total	714,926	31,145,491	3,461,092
Net Assets, July 1			
Governmental activities	68,466,612	37,744,683	35,425,574
Business-type activities	11,201,281	10,777,719	9,635,736
Total	79,667,893	48,522,402	45,061,310
Business-type activities - change in capitalization policy	-	-	-
Total Government	79,667,893	48,522,402	45,061,310
Net Assets, June 30			
Governmental activities	69,131,385	68,466,612	37,744,683
Business-type activities	11,251,434	11,201,281	10,777,719
Total Government	<u>\$ 80,382,819</u>	<u>\$ 79,667,893</u>	<u>\$ 48,522,402</u>

Source: City of Keizer Finance Department

<i>Fiscal Year</i>			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ (5,699,309)	\$ (6,797,404)	\$ (5,883,783)	\$ (5,572,847)
333,515	236,597	552,477	32,051
(5,365,794)	(6,560,807)	(5,331,306)	(5,540,796)
6,782,351	6,332,711	6,053,862	5,770,274
2,156,426	1,947,010	1,961,642	1,793,520
750,630	771,629	744,190	701,662
829,146	260,848	209,733	198,299
-	733,908	(94,140)	-
7,230	-	-	-
10,525,783	10,046,106	8,875,287	8,463,755
165,315	50,115	27,270	23,397
-	(200,000)	-	-
(7,230)	-	-	-
158,085	(149,885)	27,270	23,397
10,683,868	9,896,221	8,902,557	8,487,152
4,826,474	3,248,702	2,991,504	2,890,908
491,600	86,712	579,747	55,448
5,318,074	3,335,414	3,571,251	2,946,356
30,599,100	27,350,398	24,358,894	21,467,986
9,144,136	9,057,424	8,477,677	8,877,447
39,743,236	36,407,822	32,836,571	30,345,433
-	-	-	(455,218)
39,743,236	36,407,822	32,836,571	29,890,215
35,425,574	30,599,100	27,350,398	24,358,894
9,635,736	9,144,136	9,057,424	8,477,677
\$ 45,061,310	\$ 39,743,236	\$ 36,407,822	\$ 32,836,571

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
General fund, unreserved	<u>\$ 1,435,308</u>	<u>\$ 2,291,258</u>	<u>\$ 1,968,796</u>
All Other Governmental Funds			
Unreserved, reported in:			
Special revenue funds	\$ 4,584,359	\$ 5,468,241	\$ 8,070,211
Debt service funds	4,246,857	2,854,800	-
Capital project funds	-	707,761	(581,180)
Total all other governmental funds	<u>\$ 8,831,216</u>	<u>\$ 9,030,802</u>	<u>\$ 7,489,031</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.

<i>Fiscal Year</i>			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>\$ 1,469,417</u>	<u>\$ 1,243,622</u>	<u>\$ 1,537,345</u>	<u>\$ 1,093,153</u>
\$ 6,347,390	\$ 4,962,340	\$ 8,197,162	\$ 6,951,770
-	-	-	-
(518,476)	935,397	908,703	683,897
<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 SEVEN FISCAL YEARS - UNAUDITED

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues			
Taxes and assessments	\$ 9,488,164	\$ 8,932,759	\$ 6,167,077
Licenses and permits	2,658,711	3,179,645	2,874,189
Charges for services	110	-	-
Intergovernmental	2,821,871	2,971,347	3,076,740
Fines and forfeitures	618,027	652,000	654,136
Miscellaneous	491,523	1,503,243	1,613,935
	<u>16,078,406</u>	<u>17,238,994</u>	<u>14,386,077</u>
Expenditures			
Current operating:			
General government	1,095,746	841,054	812,189
Community and youth services	17,019	54,396	5,891
Community development	1,285,094	1,166,860	1,164,131
Parks	279,770	249,751	161,422
Public safety	6,076,101	5,968,617	5,519,381
Public works	761,352	961,381	848,079
Stadium operations	-	-	-
Capital outlay	13,592,575	7,792,381	6,747,010
Debt service			
Principal	3,657,000	30,410,000	145,000
Interest	1,586,437	1,123,815	984,239
	<u>28,351,094</u>	<u>48,568,255</u>	<u>16,387,342</u>
Revenues over (under) expenditures	(12,272,688)	(31,329,261)	(2,001,265)
Other financing sources (uses)			
Loan proceeds	-	-	-
Loan payments	-	-	-
Issuance of debt	11,350,000	33,349,000	4,150,000
Land sale proceeds	-	-	-
Transfers in	1,151,282	51,540	378,727
Transfers out	(1,284,129)	(207,046)	(367,967)
	<u>11,217,153</u>	<u>33,193,494</u>	<u>4,160,760</u>
Net change in fund balances	(1,055,535)	1,864,233	2,159,495
Fund balances, beginning of year	11,322,059	9,457,826	7,298,331
Fund balances, end of year	<u>\$ 10,266,524</u>	<u>\$ 11,322,059</u>	<u>\$ 9,457,826</u>
Debt service as a percentage of noncapital expenditures	35.5%	77.3%	11.7%

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>			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 6,885,664	\$ 6,433,869	\$ 6,071,753	\$ 5,743,671
3,331,392	2,345,388	2,191,270	1,942,555
-	-	-	-
3,481,103	2,630,074	2,544,839	2,320,107
545,247	473,327	372,964	443,464
<u>2,029,377</u>	<u>819,887</u>	<u>531,912</u>	<u>498,393</u>
16,272,783	12,702,545	11,712,738	10,948,190
745,142	841,178	643,722	588,800
5,104	4,400	441	1,296
781,603	1,636,548	792,396	606,088
161,308	132,165	110,801	107,661
5,155,034	5,001,246	4,498,140	4,417,328
734,385	716,465	665,252	642,068
40,515	40,610	38,343	36,300
25,755,507	7,811,339	2,084,622	1,264,843
4,445,000	750,000	740,000	725,000
<u>607,443</u>	<u>190,224</u>	<u>224,631</u>	<u>256,600</u>
<u>38,431,041</u>	<u>17,124,175</u>	<u>9,798,348</u>	<u>8,645,984</u>
(22,158,258)	(4,421,630)	1,914,390	2,302,206
-	2,514,912	5,225,000	-
-	(2,514,912)	(5,225,000)	-
22,308,000	-	-	-
-	919,778	-	-
1,349,753	284,491	78,574	95,088
<u>(1,342,523)</u>	<u>(284,491)</u>	<u>(78,574)</u>	<u>(95,088)</u>
<u>22,315,230</u>	<u>919,778</u>	<u>-</u>	<u>-</u>
156,972	(3,501,852)	1,914,390	2,302,206
7,141,359	10,643,210	8,728,820	6,426,614
<u>\$ 7,298,331</u>	<u>\$ 7,141,358</u>	<u>\$ 10,643,210</u>	<u>\$ 8,728,820</u>
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)

<u>June 30,</u>	<u>Residential Property</u>	<u>Farm Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>
1999-00	\$ 974,782	\$ 2,534	\$ 191,059	\$ 4,138
2000-01	1,044,951	2,182	202,542	4,009
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

<u>Personal Property</u>	<u>Utility Property</u>	<u>Total Measure 50 Assessed Value</u>	<u>Total direct tax rate</u>	<u>Real Market Value</u>
\$ 17,176	\$ 24,490	\$ 1,214,179	\$ 2.08	\$ 1,480,930
18,243	26,395	1,298,322	2.08	1,618,359
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	1,738,776	2.08	2,525,782
28,324	35,420	1,844,028	2.08	3,023,857
27,874	37,591	2,012,595	2.08	3,070,376

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

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</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	1.50	1.85	1.85	1.87	1.88
Marion County Fire District	2.53	2.51	2.37	2.34	2.35
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
School District	6.58	6.46	6.45	6.61	7.11
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.71	0.70	0.94	0.96	0.96
Regional Library*	0.08	0.08	0.08	0.08	0.08
Transit District	0.76	0.76	0.76	0.76	0.76
Total**	<u>\$ 17.61</u>	<u>\$ 17.81</u>	<u>\$ 17.90</u>	<u>\$ 18.07</u>	<u>\$ 18.59</u>

Source: Marion County Summary of Tax Roll.

<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
3.02	3.02	3.02	3.02	3.02
1.87	1.54	1.55	1.55	1.55
2.37	2.42	2.44	2.46	2.50
0.05	0.05	0.05	-	-
6.89	6.88	6.98	6.87	7.08
0.30	0.28	0.28	0.28	0.28
0.77	0.76	0.76	0.76	0.80
0.08	0.08	0.08	0.08	0.08
0.76	0.76	0.76	0.76	0.76
<u>\$ 18.19</u>	<u>\$ 17.87</u>	<u>\$ 18.00</u>	<u>\$ 17.86</u>	<u>\$ 18.15</u>

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

<u>Private enterprise</u>	<u>Industry</u>	<u>Rank</u>	<u>2009</u>	
			<u>Assessed valuation</u>	<u>Percent of total assessed value</u>
Donahue Schriber Realty Group	Real estate	1	\$ 50,432,430	2.73%
Lowe's HIW INC	Retail	2	11,608,159	0.63%
Target Corporation	Retail	3	9,958,981	0.54%
Keizer Campus LLC	Retirement Center	4	8,974,010	0.49%
Keizer Road Apartments LLC	Real estate	5	7,825,420	0.42%
Keizer Schoolhouse LLC	Real estate	6	7,403,870	0.40%
Keizer Hospitality Inc	Hotel	7	6,098,380	0.33%
Hidden Creek Loop Apartments LLC	Real estate	8	5,491,910	0.30%
Trail Development LLC	Real estate	9	5,047,980	0.27%
Emerald Pointe LLC	Real estate	10	4,847,070	0.26%
Team Management	Real estate			
ASA Properties, Inc	Real estate			
Staats Lake, LLC	Real estate			
Safeway, Inc	Grocery store			
Tran Co., An Oregon Corp.	Railroad			
<u>Public Utilities</u>				
Northwest Natural Gas Co	Natural gas		13,898,200	0.75%
Portland General Electric Co	Electricity		11,993,000	0.65%
Qwest Corporation	Telephone		6,656,900	0.36%
<u>Government</u>				
City of Keizer	Municipal		4,886,390	0.26%
All other taxpayers			<u>1,783,635,571</u>	<u>96.72%</u>
	Total		<u>\$ 1,844,028,175</u>	<u>105.14%</u>

Source: Marion County Assessor's Office

<i>2000</i>		
<i>Rank</i>	<i>Assessed valuation</i>	<i>Percent of total assessed value</i>
7	\$ 4,163,970	0.39%
1	10,866,660	1.02%
5	5,021,930	0.47%
6	4,575,370	0.43%
8	4,178,870	0.39%
9	3,605,360	0.34%
2	8,507,200	0.80%
4	6,506,000	0.61%
3	6,980,242	0.66%
10	3,452,840	0.32%
	<u>1,005,457,404</u>	<u>94.56%</u>
	<u>\$ 1,063,315,846</u>	<u>100.00%</u>

CITY OF KEIZER, OREGON
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 to date</i>	
		<i>amount</i>	<i>% of Levy</i>		<i>amount</i>	<i>% of Levy</i>
1999-00	\$ 2,173,946	\$ 2,029,249	93.34%	\$ 144,278	\$ 2,173,527	99.98%
2000-01	2,312,503	2,145,681	92.79%	165,148	2,310,411	99.91%
2001-02	2,437,208	2,261,174	92.78%	173,942	2,435,863	99.94%
2002-03	2,541,447	2,360,526	92.88%	179,576	2,539,726	99.93%
2003-04	2,648,896	2,475,397	93.45%	171,778	2,646,644	99.91%
2004-05	2,772,455	2,582,450	93.15%	187,753	2,765,332	99.74%
2005-06	2,894,613	2,803,179	96.84%	84,311	2,872,557	99.24%
2006-07	3,140,075	3,039,852	96.81%	78,167	3,090,092	98.41%
2007-08	3,225,446	3,125,233	96.89%	50,230	3,175,463	98.45%
2008-09	3,488,040	3,339,325	95.74%	-	3,339,325	95.74%

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Real market value (in thousands)</u>	<u>Gross bonded debt</u>	<u>Ratio of bonded direct debt per capita</u>	<u>Ratio of bonded direct debt to market value</u>
1999-00	31,220	\$ 1,214,180	\$ 6,970,000	\$ 223.25	0.57%
2000-01	32,203	1,618,359	6,395,000	198.58	0.40%
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	-	-	0.00%
2006-07	34,880	2,525,782	-	-	0.00%
2007-08	35,435	3,023,856	26,810,000	756.60	0.89%
2008-09	36,150	3,229,159	26,810,000	741.63	0.83%

Source:

Marion County Oregon

City of Keizer Finance Department

Portland State University

CITY OF KEIZER, OREGON
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2009 - UNAUDITED

<u>Governmental unit</u>	<u>Real market Value (In Thousands)</u>	<u>Percent overlapping</u>	<u>Overlapping</u>	
			<u>Gross Property-tax backed debt</u>	<u>Net Property-tax backed debt</u>
City of Keizer	\$ 3,229,159	100.0000%	\$ 25,980,000	\$ -
Marion County	29,030,252	10.4701%	6,003,957	-
Keizer Fire District	2,739,407	98.4319%	1,269,772	1,269,772
Marion County Fire District	3,850,022	8.9105%	445,525	445,525
Salem-Keizer School District 24J	21,985,850	13.8246%	69,229,656	41,883,034
Gervais School District I	628,272	0.0087%	751	-
Chemeketa Community College	42,912,663	7.0830%	8,372,606	8,853,676
Willamette ESD	47,133,401	6.4487%	1,537,770	156,059
Total direct and overlapping debt			<u>\$ 112,840,037</u>	<u>\$ 52,608,066</u>

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

Source: Oregon State Treasury

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

<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>
1999-00	\$ 36,425,400	\$ 6,970,000	\$ 29,455,400	19.13%
2000-01	48,550,763	6,395,000	42,155,763	13.17%
2001-02	51,679,290	5,660,000	46,019,290	10.95%
2002-03	54,424,050	4,935,000	49,489,050	9.07%
2003-04	56,748,720	4,195,000	52,553,720	7.39%
2004-05	60,941,700	3,445,000	57,496,700	5.65%
2005-06	66,617,370	-	66,617,370	0.00%
2006-07	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%

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

Source:
Oregon State Treasury
City of Keizer Finance Department

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

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

Fiscal Year	Gross Revenues	Less Direct Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
STREET FUND - GAS TAX LOAN							
1999-00	\$ 1,488,601	\$ 1,564,441	\$ (75,840)	\$ -	\$ -	\$ -	-
2000-01	1,508,348	1,197,998	310,350	-	-	-	-
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	28,955	(27.0)
2006-07	1,942,638	2,426,546	(483,908)	145,000	65,288	210,288	(2.3)
2007-08	1,639,536	2,203,875	(564,339)	151,000	59,486	210,486	(2.7)
2008-09	1,533,741	1574016	(40,275)	157,000	53,449	210,449	(0.2)
WATER FUND LOAN							
1999-00	\$ 1,991,459	\$ 1,413,882	\$ 577,577	\$ 340,000	\$ 41,660	\$ 381,660	1.5
2000-01	1,883,467	1,370,100	513,367	360,000	21,600	381,600	1.3
2001-02	1,772,739	1,375,949	396,790	-	-	-	-
2002-03	1,890,154	1,416,303	473,851	-	-	-	-
2003-04	2,262,835	1,470,362	792,473	-	-	-	-
2004-05	2,178,271	1,698,641	479,630	-	-	-	-
2005-06	2,512,001	1,752,899	759,102	-	44,713	44,713	17.0
2006-07	2,864,857	1,796,905	1,067,952	135,000	103,833	238,833	4.5
2007-08	2,579,598	1,844,038	735,560	135,000	98,298	233,298	3.2
2008-09	2,669,862	2,098,179	571,683	140,000	92,660	232,660	2.5

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<i>Fiscal year</i>	<i>(1) Population at July 1</i>	<i>(2) Area (square mile)</i>	<i>(1) - (2) Average Density (persons/ square mile)</i>	<i>Total Personal Income</i>	<i>(3) Per Capita Personal Income</i>	<i>(4) School Enrollment</i>	<i>(5) Average Annual Unemployment</i>
1999-00	30,260	7.36	4,111	\$ 717,010,700	\$ 23,695	6,003	5.8%
2000-01	32,515	7.36	4,418	794,829,175	24,445	6,325	5.4%
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%

- Sources: 1 Portland State University, Population Research & Census Center
2 City of Keizer Community Development Department
3 Bureau of Economic Analysis
4 Salem Keizer School District
5 www.salem-news.com

3 <http://www.qualityinfo.org/olmisi/PubReader?itemid=00001636>

5 http://www.employment.oregon.gov/EMPLOY/COMM/news/may_2007_unemployment.shtml

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>2009</i>	<i>2000</i>
Manufacturers:			
T-Mobile	Wireless Service	900	-
Norpac Foods, Incorporated	Food processor	1,565	850
Mitsubishi Silicon America	Silicon wafer	-	1,200
Non-Manufacturers:			
Salem Hospital*	Healthcare	4,000	2,800
Walmart/Cub Foods	Grocery	-	725
Roth's IGA	Grocery	950	-
State Accident Insurance Fund	Insurance	871	732
Wal-Mart	Retail	1,000	-
Education:			
Salem-Keizer School District*	Primary and secondary public schools	3,937	2,790
Chemeketa Community College	State college of higher education	700	1,170
Government:			
State of Oregon	State	21,300	15,253
U.S. Federal Agencies	Federal	-	1,530
City of Salem	Municipal	1,479	1,376
Marion County	County	1,605	1,781

* Includes full and part-time positions

STATISTICAL SECTION

OPERATING INFORMATION

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
GOVERNMENT ACTIVITIES:			
General Government:			
Number of municipal court citations processed	2,987	3,093	3,314
Number of land use applications processed	21	25	53
Number of building permits:			
Single family dwellings	23	63	50
Multi-family units	2	20	-
Valuation of permits issued (expressed in thousands)	\$ 5,306	\$ 14,027	\$ 10,287
Bank deposits (expressed in thousands)	NA	NA	\$ 227,060
Public Safety:			
Number of arrests by patrol officers	2,165	1,929	2,730
Number of traffic violations cited	4,580	5,360	5,500
Number of offenses	13,246	13,764	14,260
BUSINESS-TYPE ACTIVITIES:			
Water:			
Number of Meters*			
Single-Family Residential**	9,422	9,365	9,355
Multi-Family Residential	257	250	255
Commercial	365	316	322
Consumption (ccf)			
Single-Family Residential**	1,172,492	1,199,066	1,243,543
Multi-Family Residential	337,860	333,981	338,127
Commercial	173,914	164,417	156,211
Number of Private Fire Lines	50	50	34
Sewer:			
Number of accounts	10,094	10,403	9,987

NA - information not available

*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
State of Oregon Department of Consumer & Business Services.

<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
3,222	3,722	2,885	3,163	2,378	4,228	3,983
42	46	48	44	69	68	68
75	72	162	151	100	267	237
200	22	28	96	3	52	-
\$ 32,936	\$ 16,378	\$ 33,181	\$ 36,505	\$ 13,094	\$ 33,146	\$ 34,811
\$ 165,701	\$ 112,854	\$ 158,773	\$ 151,312	\$ 101,635	\$ 119,105	\$ 129,048
2,948	2,670	2,404	2,342	1,928	2,332	1,861
4,323	3,506	4,100	4,510	3,571	4,470	4,969
15,444	14,696	15,959	15,816	14,636	14,703	13,398
9,298	9,233	8,802	8,442	NA	NA	NA
248	249	453	438	NA	NA	NA
278	264	226	219	NA	NA	NA
1,132,089	1,245,552	1,284,997	1,341,896	NA	NA	NA
287,360	298,327	288,676	243,365	NA	NA	NA
143,757	141,172	126,056	11,907	NA	NA	NA
34	34	34	34	NA	NA	NA
9,921	9,400	9,380	9,359	9,183	8,924	NA

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

	2009	2008	2007	2006	2005
GOVERNMENT ACTIVITIES:					
General Government:					
Number of City owned building facilities	3	3	3	3	3
Public Safety:					
Number of jail facilities (holding cells)	2	2	2	2	-
Parks and Recreation:					
Number of Parks and Acreage:	2006 through 2009		1999 through 2005		
	Number	Acres	Number	Acres	
Neighborhood parks	15	65.5	15	65.5	
Community parks	2	27.0	2	27.0	
Regional park	1	120.0	0	-	
Landscape areas	1	0.5	1	0.5	
Historical areas	1	0.5	1	0.5	
Streets:					
Miles of streets and alleys:					
Streets - Lane Miles	204.0	204.0	203.5	203.5	120.0
Alleys	2	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	6	6	3
Number of traffic signals	20	20	20	20	15
BUSINESS-TYPE ACTIVITIES:					
Water System:					
Number of reservoirs	3	3	2	2	1
Storage capacity (in millions of gallons)	2.75	2.75	2.25	2.25	1.5
Annual production (in millions of cubic feet)	178	183	196	192	182
Miles of water line	106	106	105	105	130
Number of pump stations	15	15	14	14	14
Number of Public Hydrants	758	758	758	758	758
Sewer System:					
Miles of storm drains	54	54	54	54	55
Miles of sewer lines	105	105	104	104	121
Number of lift stations	1	1	1	1	1

Source: City of Keizer Public Works Department

<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
3	3	3	3	3
-	-	-	-	-

2004	2003	2002	2001	2000
119.0	118.0	112.0	112.0	112.0
2	2	2	2	2
3	3	3	3	3
15	14	13	13	13

2004	2003	2002	2001	2000
1	1	1	1	1
1.5	1.5	1.5	1.5	1.5
190	186	180	182	182
129	129	108	110	108
14	15	15	15	15
758	758	NA	NA	NA
54	54	35	38	35
120	120	102	104	102
3	3	3	3	3

CITY OF KEIZER, OREGON

FULL-TIME EQUIVALENT 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>
1999-00	3.50	15.00	1.00	47.00	11.00	77.50
2000-01	3.50	15.00	1.00	47.00	11.00	77.50
2001-02	3.50	15.00	1.00	47.00	11.00	77.50
2002-03	4.50	13.00	1.00	47.00	11.00	76.50
2003-04	4.50	15.00	1.00	47.00	13.00	80.50
2004-05	4.50	16.50	1.00	47.00	13.00	82.00
2005-06	5.00	16.50	1.00	47.00	15.00	84.50
2006-07	5.00	16.50	1.00	49.00	15.00	86.50
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

Source: City of Keizer Finance Department



COMPLIANCE SECTION

CITY OF KEIZER, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

CITY OF KEIZER, OREGON

**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS
YEAR ENDED JUNE 30, 2009**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules follow.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Keizer (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Significant Accounting Policies

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

Organization and Fund Structure

The organization and fund structure of the City are documented on the title page and in the notes to the basic financial statements.

Internal Control Over Financial Reporting

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 opinions 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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. We issued a letter to management on control deficiencies in internal control dated December 21, 2009.

CITY OF KEIZER, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)

YEAR ENDED JUNE 30, 2009

Adequacy of Accounting Records

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

Indebtedness

We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's liabilities, and no breach of the bond agreements, at June 30, 2009.

Adequacy of Collateral Securing Depository Balances

The City has complied with Oregon Revised Statutes Chapter 295 in relation to deposit accounts.

Investments

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, during the year ended June 30, 2009.

Budget Compliance

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2009, and the preparation and adoption of its budget for the year ending June 30, 2010, except as noted in the notes to the basic financial statements.

A description of the budgeting process is included in the notes to the basic financial statements.

Insurance Policies and Fidelity Bonds

We have reviewed the City's insurance coverage at June 30, 2009. We ascertained that such policies appeared to be in force.

Public Contracting and Purchasing

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

Programs Funded From Outside Sources

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

CITY OF KEIZER, OREGON

AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS (Continued)

YEAR ENDED JUNE 30, 2009

Financial Reporting Requirements

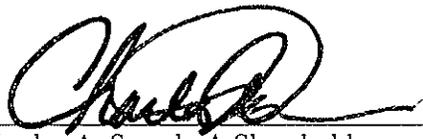
We have reviewed financial reports and other data relating to material programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

Highway Funds

The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel.

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

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

By: 
Charles A. Swank, A Shareholder

December 21, 2009

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