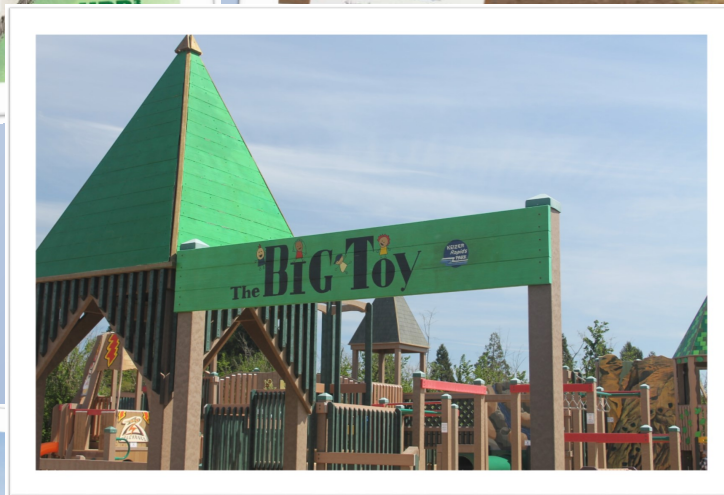


# City of Keizer Marion County, Oregon

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



***CITY OF KEIZER  
MARION COUNTY, OREGON  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
Fiscal Year Ended June 30, 2016***

*Prepared by  
City of Keizer - Finance Department  
Timothy E. Wood, Finance Director*

***CITY OF KEIZER, OREGON***  
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***CITY OF KEIZER, OREGON***  
***JUNE 30, 2016***

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***MAYOR***

Cathy Clark

***Term Expires***

January 2017

***CITY COUNCIL***

Bruce Anderson

January 2019

Mark Caillier

January 2017

Kim Freeman

January 2017

Roland Herrera

January 2019

Marlene Parsons

January 2017

Amy Ryan

January 2019

Mailing Address  
930 Chemawa Road NE  
Keizer, Oregon 97303

***STAFF***

CITY MANAGER  
Chris Eppley

HUMAN RESOURCES DIRECTOR  
Machell DePina

CHIEF OF POLICE  
John Teague

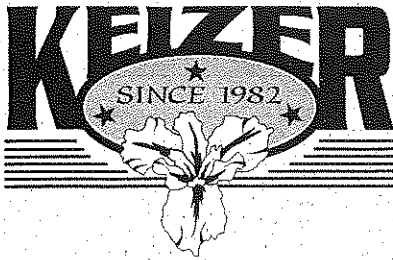
COMMUNITY DEVELOPMENT DIRECTOR  
Nathan Brown

CITY RECORDER  
Tracy Davis

PUBLIC WORKS DIRECTOR  
Bill Lawyer

FINANCE DIRECTOR  
Timothy E. Wood

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

November 30, 2016

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

## *INTRODUCTION*

The City of Keizer Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Keizer, Oregon for the fiscal year ended June 30, 2016. This report is published in fulfillment of the Oregon Revised Statutes (ORS 297.425), which require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year.

The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State. We believe the data, as presented, are accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

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

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

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

## *THE CITY*

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

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

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

The Council appoints a City Manager who is responsible for the administration and execution of the City's policies and ordinances. As of June 30, 2016 there are approximately 93 full-time city employees working in eight departments: City Manager, Finance, Human Resources, Public Works, Community Development, City Recorder, Legal Services and Police Services. The City is subject to collective bargaining agreements with the Keizer Police Association and the Municipal Utility Workers' Local 320.

The City provides basic services. These services include police, municipal court, street construction and maintenance, water reservoirs, wells and water lines, storm drainage, land use planning and zoning, public improvements, parks and administrative services. The City contracts with the City of Salem, Oregon for maintenance of its sanitary sewer system and administers the billing function for use of this facility.

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 3.0% plus any new construction, remodeling, or value increases due to property sales. In Fiscal Year 2016, the City's taxable assessed value increased 8.6% overall.

### ***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. The area's unemployment rate dropped to 6.1% as compared to 7.1% the previous year. The City's economy is supported by jobs in the service, technology/manufacturing, retail and government sector all of which have been impacted by the economic slowdown.

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

### ***FINANCIAL INFORMATION***

#### ***ACCOUNTING SYSTEM AND BUDGETARY CONTROL***

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



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

#### *FINANCIAL PLANNING*

The City will continue to have an ongoing need for new or expanded streets, water, stormwater, and sanitary sewer systems, public safety measures and cultural and recreation opportunities. The guiding principle for all of the City's long-term financial planning is a focus on sustainability. Service levels are set and planned for in a manner in which costs are not allowed to exceed revenue. The City actively engages in long-term financial planning through its annual budgetary process, the creation of master plans for certain services and through the development of a multi-year long-range financial plan.

#### *CERTIFICATE OF ACHIEVEMENT*

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, 2015. This was the seventeenth 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.

#### *DISTINGUISHED BUDGET PRESENTATION AWARD*

The City of Keizer received GFOA's Distinguished Budget Presentation Award for its FY 15-16 annual budget document and the FY 16-17 annual budget has been submitted. This is the second year that the City of Keizer has achieved the prestigious award of a distinguished presentation. The Distinguished Budget Presentation is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management. In order to receive the award, a governmental unit must publish a budget document that meets program criteria as a policy document, a communications medium, an operations guide, and a financial plan.

#### *ACKNOWLEDGMENTS*

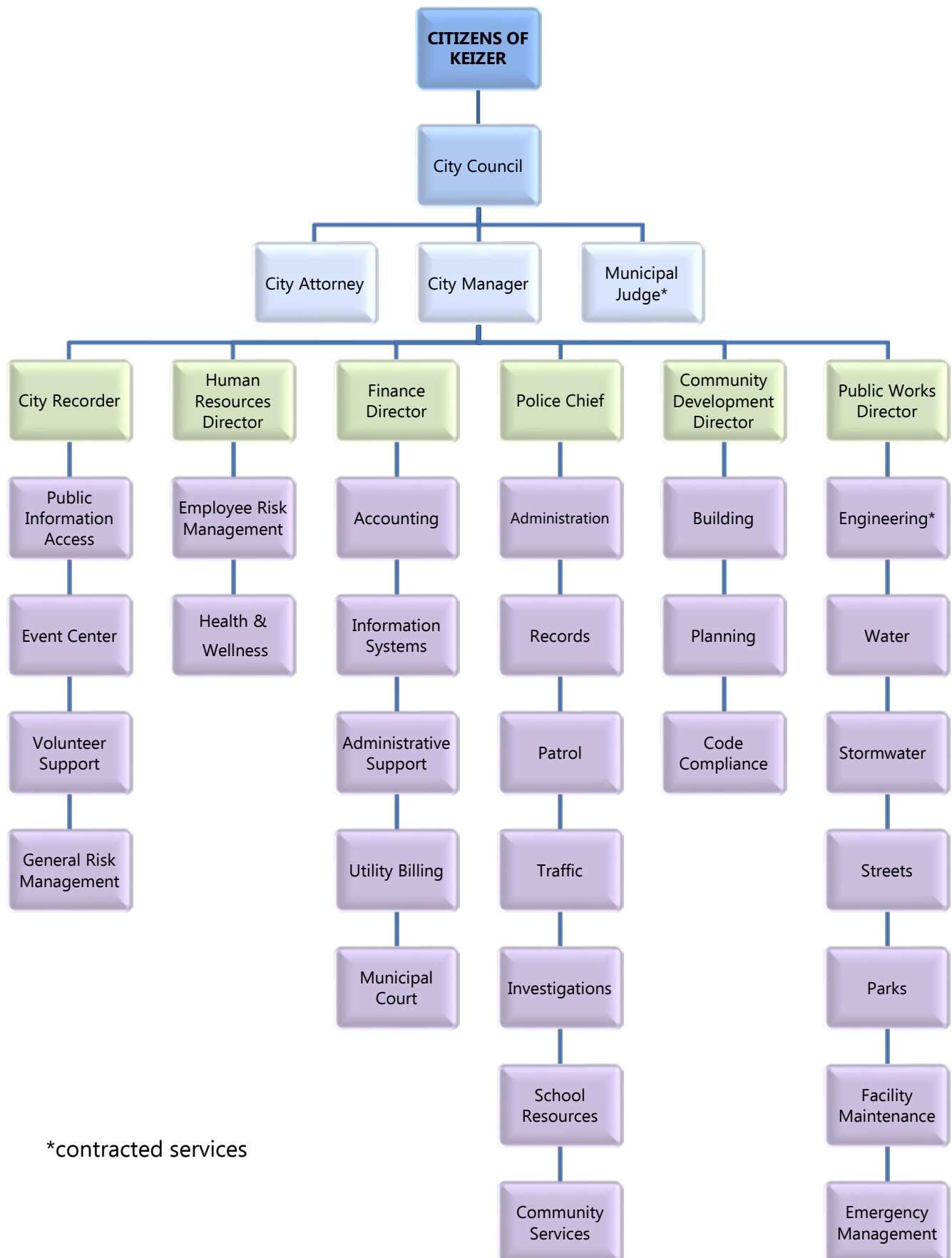
Special recognition is given to the City's Finance staff whose hard work and dedication during the annual audit ensures the preparation of the Comprehensive Annual Financial Report on a timely basis. I also recognize and thank all other Departments within the City who provided supporting information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



Timothy E. Wood  
Finance Director

# Organizational Chart



\*contracted services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Keizer  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO



## ***INDEPENDENT AUDITOR'S REPORT***

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

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keizer, Oregon, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, the schedule of the city's proportionate share of the net pension liability – Oregon public employees retirement system and the schedule of the city's contributions – Oregon public employees retirement system on pages 56-57 ("PERS schedules") and the schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Street, and Transportation Improvement funds on pages 58-60 ("budgetary schedules") be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and PERS schedules described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


*Other Information*

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

***Report on Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 30, 2016, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and results of that testing and not to provide an opinion on compliance.

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

By:   
Ryan T. Pasquarella, Shareholder  
November 30, 2016

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

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, 2016. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii), the basic financial statements (beginning on page 15), and the accompanying notes to those basic financial statements (beginning on page 29).

## THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Keizer (the City) and its component unit using the integrated approach as prescribed by GASB Statement No. 34. The *government-wide financial statements* (pages 16-18) 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 19-28) include statements for each of the categories of activities - governmental and proprietary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

## REPORTING THE CITY AS A WHOLE

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

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

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

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

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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

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

## FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

### *Government-wide Financial Statements*

#### *Statement of Net Position*

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

**Table 1**  
**Statements of Net Position**  
**As of June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Cash and investments	\$ 9,767,805	\$ 9,487,882	\$ 2,292,137	\$ 2,093,975	\$ 12,059,942	\$ 11,581,857
Other assets	15,116,493	17,630,283	1,628,372	1,807,867	16,744,865	19,438,150
Capital assets	63,447,203	65,454,676	9,849,630	9,625,648	73,296,833	75,080,324
Total assets	88,331,501	92,572,841	13,770,139	13,527,490	102,101,640	106,100,331
Total deferred outflows of resources	681,476	312,360	168,175	74,314	849,651	386,674
Total assets and deferred outflows of resources	89,012,977	92,885,201	13,938,314	13,601,804	102,951,291	106,487,005
Other liabilities	6,379,456	4,143,619	2,264,666	1,421,273	8,644,122	5,564,892
Long-term debt	15,495,000	16,985,000	1,040,000	1,225,000	16,535,000	18,210,000
Total liabilities	21,874,456	21,128,619	3,304,666	2,646,273	25,179,122	23,774,892
Total deferred inflows of resources	819,184	2,169,178	218,066	516,078	1,037,250	2,685,256
Total liabilities and deferred inflows of resources	22,693,640	23,297,797	3,522,732	3,162,351	26,216,372	26,460,148
Net position						
Net investment in capital assets	47,885,058	48,396,074	8,809,630	8,400,648	56,694,688	56,796,722
Restricted	21,760,454	22,270,151	1,035,403	906,164	22,795,857	23,176,315
Unrestricted	(3,326,175)	(1,078,821)	570,549	1,132,641	(2,755,626)	53,820
Total net position	\$ 66,319,337	\$ 69,587,404	\$ 10,415,582	\$ 10,439,453	\$ 76,734,919	\$ 80,026,857



Overall the City's financial position changed by \$3.3 million. The majority of this is due to the application of the provisions of Statement No. 68, Accounting and Financial Reporting for Pensions from the Governmental Accounting Standards Board. This pronouncement included an adjustment to the current year pension expense based on the results of the actuarial study as describe in the notes to the financial statements.

### ***Governmental Activities***

The City's net position from governmental activities decreased by \$3.3 million from \$69.6 million to \$66.3 million. This decrease is the change in net position reflected in the condensed Statement of Activities, and explained below:

- Cash and investments increased by \$0.3 million as the result of normal fluctuations in when cash is received.
- Other assets decreased by \$2.5 million, as a result of recognizing a net pension liability of \$2.7 million instead of an asset of \$1.0 million in the prior year, offset by the ongoing collection of \$1.5 million in assessments associated with the Keizer Station Local Improvement District.
- Capital assets decreased \$2.0 million, primarily as a result of
  - \$1.2 million for acquisition of capital assets (primarily street resurfacing projects) offset by
  - \$3.2 million of depreciation expense and asset disposals.
- Other liabilities increased by \$2.2 million primarily due to recognizing a \$2.7 million net pension liability and increase of \$0.3 million in the projected other postemployment benefit obligation associated with providing retiree healthcare benefits offset by a \$0.8 million reduction in accounts payable as the result of normal timing fluctuations in when invoices are received and paid.
- Long-term debt outstanding decreased \$1.5 million, as the result of paying down the debt associated with the Keizer Station Local Improvement District bond.

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

The City's net position from business-type activities remained consistent with the previous year at \$10.4 million. This increase is the change in net position reflected in the Statement of Activities, and explained below:

- Cash and investments increased by \$0.2 million as the result of normal fluctuations in when cash is received.
- Other assets decreased by \$0.2 million as the result of recognizing a net pension liability of \$0.7 million instead of an asset of \$0.3 million in the prior year offset by the impact of January 2016 utility rate increases on the year end utility receivable balances.
- Capital assets increased by \$0.3 million as a result of \$0.9 million investment in water and sewer systems and equipment and vehicles offset by \$0.6 million of depreciation expense.
- Other liabilities increased by \$0.9 million as the result of recognizing a \$0.7 million net pension liability, a \$0.1 million increase in the projected other postemployment benefit obligation associated with providing retiree healthcare benefits and a \$0.1 million increase in accounts payable associated with the normal timing fluctuations in when invoices are received and paid.
- Long-term debt decreased by \$0.2 million as the result of the scheduled principal and interest payment on outstanding debt.

## **Statement of Activities**

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

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Program Revenues						
Fees, fines, and charges for services	\$ 947,563	\$ 742,764	\$ 10,144,278	\$ 9,823,338	\$ 11,091,841	\$ 10,566,102
Operating grants and contributions	2,543,156	2,555,870	-	-	2,543,156	2,555,870
Capital grants and contributions	773,529	613,253	116,962	105,151	890,491	718,404
Total program revenues	4,264,248	3,911,887	10,261,240	9,928,489	14,525,488	13,840,376
General Revenues						
Taxes and assessments	4,852,373	5,521,449	-	-	4,852,373	5,521,449
Franchise taxes	2,606,744	2,539,863	-	-	2,606,744	2,539,863
Intergovernmental	743,428	803,880	-	-	743,428	803,880
Loss on the sale of capital assets	(10,050)	-	-	-	(10,050)	-
Miscellaneous	1,076,723	195,193	124,537	4,601	1,201,260	199,794
Total general revenues	9,269,218	9,060,385	124,537	4,601	9,393,755	9,064,986
Total Revenues	13,533,466	12,972,272	10,385,777	9,933,090	23,919,243	22,905,362
Expenses						
Programs	16,411,231	14,992,083	10,799,950	9,629,298	27,211,181	24,621,381
Change in net position before transfers	(2,877,765)	(2,019,811)	(414,173)	303,792	(3,291,938)	(1,716,019)
Transfers	(390,302)	(393,336)	390,302	393,336	-	-
Change in net position	(3,268,067)	(2,413,147)	(23,871)	697,128	(3,291,938)	(1,716,019)
Beginning net position,	69,587,404	72,000,551	10,439,453	9,742,325	80,026,857	81,742,876
Ending net position	\$ 66,319,337	\$ 69,587,404	\$ 10,415,582	\$ 10,439,453	\$ 76,734,919	\$ 80,026,857

### ***Governmental Activities***

The City's net position from governmental activities decreased by \$3.3 million in the current year as compared to a decrease of \$2.4 in the previous year. This decrease in the change in net assets primarily reflects:

- Fees, fines and charges for services increased as the result of an increase in municipal court citation revenue associated with reinstating one-half of the traffic safety unit.
- Capital grants and contributions increased by approximately \$0.2 million as the result of receiving more than anticipated system development fees associated with new construction.
- 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 \$0.7 million as the result of not collecting additional tax increment revenue associated with the City of Keizer Urban Renewal Agency that closed at the end of the prior year.

- **Miscellaneous** – Revenues primarily consist of interest earnings on funds held for working capital needs and interest earned on assessments and reserves held over an extended period of time. Miscellaneous revenues increased by \$0.8 million primarily as the result of the City recognizing an allowance for doubtful accounts during the prior year that did not recur during the current year.
- **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,**

<b>Programs</b>	<b>2016</b>		<b>2015</b>		<b>Compared to Prior Year</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Change</b>	<b>%</b>
General government	\$ 2,130,033	13.0%	\$ 2,100,607	14.0%	\$ 29,426	1.4%
Community and youth services	29,317	0.2%	19,493	0.1%	9,824	50.4%
Community development	2,704,035	16.5%	4,500,288	30.0%	(1,796,253)	-39.9%
Parks	483,174	2.9%	388,200	2.6%	94,974	24.5%
Public safety	8,539,975	52.0%	5,644,121	37.6%	2,895,854	51.3%
Public works	1,658,334	10.1%	1,415,078	9.4%	243,256	17.2%
Interest on long-term debt	866,363	5.3%	924,296	6.2%	(57,933)	-6.3%
<b>Total expenses</b>	<b>\$ 16,411,231</b>	<b>100.0%</b>	<b>\$ 14,992,083</b>	<b>100.0%</b>	<b>\$ 1,419,148</b>	<b>9.5%</b>

Program expenses increased by \$1.4 million from \$15.0 million in the prior year to \$16.4 million in the current year. The primary reason for the increase is the City recognized \$2.1 million in pension expense associated with implementing GASB 68 during the current year as compared to a \$1.4 million reduction in pension expense during the prior year. In addition during the prior year the City wrote off \$1.9 million in Keizer Station Local Improvement District assessments related to foreclosed properties that did not recur during the current year.

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

The City's change in net position from business-type activities remained consistent with prior year.

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

**Table 4**  
**Business-type Activities - Program Expenses**  
**For the years ending June 30,**

Programs	2016		2015		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,920,211	27.0%	\$ 2,419,921	25.1%	\$ 500,290	20.7%
Sewer	5,711,828	52.9%	5,522,545	57.4%	189,283	3.4%
Stormwater	1,507,343	14.0%	1,106,176	11.5%	401,167	36.3%
Community Center	250,248	2.3%	171,525	1.8%	78,723	45.9%
Street Lighting Districts	410,320	3.8%	409,131	4.2%	1,189	0.3%
Total expenses	<u>\$ 10,799,950</u>	<u>100.0%</u>	<u>\$ 9,629,298</u>	<u>100.0%</u>	<u>\$ 1,170,652</u>	<u>12.2%</u>

The Program expenses increased by \$1.2 million from \$9.6 million in the prior year to \$10.8 million in the current year. The primary reason for the increase is that the City recognized a \$0.5 million pension expense in the current year as compared to a \$0.8 million reduction in pension expense as the result of implementing GASB 68.

### Fund Financial Statements - Governmental Funds

The following table reflects a summary of ending fund balances for governmental funds compared to the prior year.

**Table 5**  
**Governmental Funds - Fund Balances**  
**As of June 30,**

Major Funds	2016		2015		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 1,898,504	19.0%	\$ 2,252,430	24.0%	\$ (353,926)	-15.7%
Streets	1,362,713	13.7%	1,260,800	13.4%	101,913	8.1%
Transportation Improvement	2,681,359	26.9%	2,416,363	25.7%	264,996	11.0%
Keizer Station LID	2,693,208	27.0%	2,685,804	28.6%	7,404	0.3%
Other Governmental Funds	1,336,021	13.4%	778,490	8.3%	557,531	71.6%
Total fund balances	<u>\$ 9,971,805</u>	<u>100.0%</u>	<u>\$ 9,393,887</u>	<u>100.0%</u>	<u>\$ 577,918</u>	<u>6.2%</u>

At June 30, 2016, the City's governmental funds reported combined fund balances of \$10.0 million, which is an increase of \$0.6 million compared with last year. In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

## ***General***

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

The General fund revenue increased by \$0.5 million from \$8.8 million in the prior year to \$9.3 million in the current year. General fund revenue consisted of the following:

	<b>2016</b>		<b>2015</b>		<b>Compared to Prior Year</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Change</b>	<b>%</b>
Taxes and assessments	\$ 4,839,705	51.9%	\$ 4,534,152	51.3%	\$ 305,553	6.7%
Licenses and permits	2,763,879	29.7%	2,668,491	30.2%	95,388	3.6%
Intergovernmental	1,079,588	11.6%	1,067,300	12.1%	12,288	1.2%
Fines and forfeitures	415,874	4.5%	386,984	4.4%	28,890	7.5%
Miscellaneous	217,291	2.3%	186,646	2.1%	30,645	16.4%
Total General fund revenue	<u>\$ 9,316,337</u>	<u>100.0%</u>	<u>\$ 8,843,573</u>	<u>100.0%</u>	<u>\$ 472,764</u>	<u>5.3%</u>

General fund expenditures consisted of the following:

	<b>2016</b>		<b>2015</b>		<b>Compared to Prior Year</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Change</b>	<b>%</b>
General government	\$ 2,182,159	22.6%	\$ 1,545,618	17.6%	\$ 636,541	41.2%
Community and youth services	29,317	0.3%	19,493	0.2%	9,824	50.4%
Community development	532,274	5.5%	461,553	5.3%	70,721	15.3%
Parks	342,240	3.5%	309,581	3.5%	32,659	10.5%
Public safety	6,566,471	68.0%	6,449,816	73.4%	116,655	1.8%
Total General fund expenditures	<u>\$ 9,652,461</u>	<u>100.0%</u>	<u>\$ 8,786,061</u>	<u>100.0%</u>	<u>\$ 866,400</u>	<u>9.9%</u>

## ***Street Fund***

The Street fund accounts for the use of gas tax revenue received. Expenditures are restricted to street and bike-path related projects and costs, plus debt service on street-related debt. During the current year the Street Fund continued its ongoing street resurfacing projects.

## ***Transportation Improvement Fund***

The Transportation Improvement fund is used to account for systems development charges designated for transportation improvements. These fees are collected from new development in the City. Improvements are included in the City Council adopted Transportation Master Plan and expenditures follow the adopted methodology.

Consistent with prior year the Transportation Improvement fund collected approximately \$0.2 million in revenues and did not have any expenditures.

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

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

The Keizer Station LID fund revenues increased \$0.7 million from \$1.7 million in the prior year to \$2.4 million in the current year. The increase is the result of an assessment holder making a one-time payment of \$0.7 million to pay off their assessment in full.

The Keizer Station LID fund expenditures increased by \$0.7 million as the result of a \$0.8 million principal payment on the outstanding debt in the prior year as compared to a \$1.5 million dollar payment in the current year.

### ***Other Governmental Funds***

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

## **Fund Financial Statements - Proprietary Funds**

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

**Table 6**  
**Proprietary Funds - Net Position**  
**As of June 30,**

<b>Major Funds</b>	<b>2016</b>		<b>2015</b>		<b>Compared to Prior Year</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Change</b>	<b>%</b>
Sewer	\$ 1,842,657	17.7%	\$ 2,070,975	19.8%	\$ (228,318)	-11.0%
Water and Water Facility	6,994,258	67.2%	6,828,436	65.4%	165,822	2.4%
Stormwater	918,783	8.8%	946,779	9.1%	(27,996)	-3.0%
Other Funds	659,884	6.3%	593,263	5.7%	66,621	11.2%
Total net position	<u>\$ 10,415,582</u>	<u>100.0%</u>	<u>\$ 10,439,453</u>	<u>100.0%</u>	<u>\$ (23,871)</u>	<u>-0.2%</u>

### ***Water and Water Facility Funds***

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

The Water and Water Facility funds revenues increased to \$2.9 million in the current year as compared to \$2.7 million in the prior year. The increase is primarily due to a 4% rate increase that took effect January 1, 2016.

The Water and Water Facility funds expenses increased to \$2.9 million in the current year as compared to \$2.4 million in fiscal prior year. The increase is primarily the result of a \$0.3 million pension expense in the current year compared to \$0.2 million expense reduction in the prior year associated with implementing GASB 68.

### ***Sewer and Sewer Reserve Funds***

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

The Sewer fund revenues and expenses increased to \$5.7 million in the current year as compared to \$5.3 million in the prior year. The increase is due to a 3% rate increase that took effect January 1, 2016.

### ***Stormwater Fund***

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

The Stormwater fund revenues increased \$0.1 million from \$1.0 million in prior year to \$1.1 million in the current year. The increase is due to a rate increase that took effect January 1, 2016.

The Stormwater fund expenses increased to \$1.5 million in the current year as compared to \$1.1 million in the prior year. The increase is due to an increase in personnel services.

### **Budgetary Highlights**

The General fund budgeted revenue was increased by \$17,900 during the year primarily in anticipation of receiving additional grant revenue. The General fund expenditure budget was increased by \$37,900. The increase in expenditures was associated with grant related costs in addition to additional Municipal Court costs in excess of what was originally budgeted due to the Police Department reinstating one-half of the traffic safety unit.

### **Capital Assets**

As of June 30, 2016, the City had invested \$73.3 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions, and depreciation) of \$1.7 million, when compared to the previous fiscal year.

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 14,941,368	\$ 14,978,914	\$ 371,759	\$ 371,759	\$ 15,313,127	\$ 15,350,673
Building and improvements	48,427,355	47,321,217	1,065,730	1,065,730	49,493,085	48,386,947
Equipment and vehicles	2,287,953	2,236,164	918,288	834,236	3,206,241	3,070,400
Infrastructure	38,586,608	38,586,608	23,739,159	22,958,180	62,325,767	61,544,788
Accumulated depreciation	(40,796,081)	(37,668,227)	(16,245,306)	(15,604,257)	(57,041,387)	(53,272,484)
Net capital assets	<u>\$ 63,447,203</u>	<u>\$ 65,454,676</u>	<u>\$ 9,849,630</u>	<u>\$ 9,625,648</u>	<u>\$ 73,296,833</u>	<u>\$ 75,080,324</u>

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, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ 65,454,676	\$ 9,625,648	\$ 75,080,324
Additions	1,157,927	865,031	2,022,958
Retirements	(37,546)	-	(37,546)
Depreciation	<u>(3,127,854)</u>	<u>(641,049)</u>	<u>(3,768,903)</u>
Net capital assets	<u>\$ 63,447,203</u>	<u>\$ 9,849,630</u>	<u>\$ 73,296,833</u>

For more detailed information see the Notes to Basic Financial Statements (pages 41-42).

The City depreciates all its capital assets except for land.

### Debt Outstanding

As of June 30, 2016, the City had \$16.5 million in debt (bonds, notes, etc.) outstanding compared to the \$18.2 million last year.

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

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
Governmental Activities		
Keizer Station LID Bonds 2008	\$ 15,495,000	\$ 16,985,000
Business-type Activities		
Water Revenue Loan	<u>1,040,000</u>	<u>1,225,000</u>
Total	<u>\$ 16,535,000</u>	<u>\$ 18,210,000</u>

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

### ECONOMIC FACTORS

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



## **FINANCIAL CONTACT**

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

***BASIC FINANCIAL STATEMENTS***



**CITY OF KEIZER, OREGON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 9,767,805	\$ 2,292,137	\$ 12,059,942
Accounts receivable	674,520	1,525,285	2,199,805
Property taxes receivable	286,283	-	286,283
Assessment liens receivable	13,713,117	247	13,713,364
Loans receivable	442,573	-	442,573
Inventories	-	102,840	102,840
Nondepreciable capital assets	14,941,368	371,759	15,313,127
Other capital assets, net of depreciation	48,505,835	9,477,871	57,983,706
<i>Total Assets</i>	88,331,501	13,770,139	102,101,640
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	681,476	168,175	849,651
<b>LIABILITIES</b>			
Accounts payable	360,101	655,229	1,015,330
Deposits	39,527	217,405	256,932
Accrued interest payable	67,145	14,213	81,358
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	190,000	190,000
Accrued compensated absences	218,414	62,278	280,692
Due in more than one year:			
Bonds and notes payable	15,495,000	850,000	16,345,000
Accrued compensated absences	405,626	115,659	521,285
Other post-employment benefits	2,558,094	546,590	3,104,684
Net pension liability	2,730,549	653,292	3,383,841
<i>Total Liabilities</i>	21,874,456	3,304,666	25,179,122
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	819,184	218,066	1,037,250
<b>NET POSITION</b>			
Net investment in capital assets	47,885,058	8,809,630	56,694,688
Restricted for:			
Debt service	16,395,083	234,100	16,629,183
Construction	5,088,810	406,695	5,495,505
Other	276,561	394,608	671,169
Unrestricted	(3,326,175)	570,549	(2,755,626)
<i>Total Net Position</i>	\$ 66,319,337	\$ 10,415,582	\$ 76,734,919

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

**CITY OF KEIZER, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**

		<b>Program Revenues</b>		
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
	<b>Expenses</b>			
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,130,033	\$ 284,394	\$ -	\$ 257,895
Community and youth services	29,317	-	-	-
Community development	2,704,035	121,808	1,820	-
Parks	483,174	15,472	4,700	515,058
Public safety	8,539,975	406,195	348,443	-
Public works	1,658,334	65,063	2,188,193	576
Stadium operations	-	54,631	-	-
Interest on long-term debt	866,363	-	-	-
<i>Total Governmental Activities</i>	16,411,231	947,563	2,543,156	773,529
<b>Business-type Activities:</b>				
Water	2,920,211	2,947,965	-	116,962
Sewer	5,711,828	5,622,368	-	-
Stormwater	1,507,343	1,106,130	-	-
Community center	250,248	154,416	-	-
Street lighting	410,320	313,399	-	-
<i>Total Business-type Activities</i>	10,799,950	10,144,278	-	116,962
<i>Total Activities</i>	<u>\$ 27,211,181</u>	<u>\$ 11,091,841</u>	<u>\$ 2,543,156</u>	<u>\$ 890,491</u>

**General Revenues:**

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

*Total General Revenues and Transfers*

**Change in Net Position**

*Net Position, July 1, 2015*

*Net Position, June 30, 2016*

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

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<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
\$ (1,587,744)	\$ -	\$ (1,587,744)
(29,317)	-	(29,317)
(2,580,407)	-	(2,580,407)
52,056	-	52,056
(7,785,337)	-	(7,785,337)
595,498	-	595,498
54,631	-	54,631
(866,363)	-	(866,363)
(12,146,983)	-	(12,146,983)
-	144,716	144,716
-	(89,460)	(89,460)
-	(401,213)	(401,213)
-	(95,832)	(95,832)
-	(96,921)	(96,921)
-	(538,710)	(538,710)
(12,146,983)	(538,710)	(12,685,693)
4,852,373	-	4,852,373
2,606,744	-	2,606,744
743,428	-	743,428
(10,050)	-	(10,050)
1,076,723	124,537	1,201,260
(390,302)	390,302	-
8,878,916	514,839	9,393,755
(3,268,067)	(23,871)	(3,291,938)
69,587,404	10,439,453	80,026,857
<u>\$ 66,319,337</u>	<u>\$ 10,415,582</u>	<u>\$ 76,734,919</u>

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

**CITY OF KEIZER, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

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		<i>Special Revenue</i>	
	<i>General</i>	<i>Street</i>	<i>Transportation Improvement</i>
<b>ASSETS</b>			
Cash and investments	\$ 1,626,982	\$ 1,269,393	\$ 2,681,359
Accounts receivable	446,069	193,905	-
Loans receivable	-	-	-
Property taxes receivable	286,283	-	-
Assessment liens receivable	-	11,242	-
<i>Total Assets</i>	<u>\$ 2,359,334</u>	<u>\$ 1,474,540</u>	<u>\$ 2,681,359</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 64,612	\$ 100,585	\$ -
Accrued expenses payable	128,617	-	-
Deposits	39,527	-	-
<i>Total Liabilities</i>	232,756	100,585	-
<b>Deferred Inflows</b>			
Unavailable revenue	228,074	11,242	-
<b>Fund Balances</b>			
Restricted for:			
Debt service	-	-	-
Construction	-	1,362,713	2,681,359
Other	-	-	-
Unassigned	1,898,504	-	-
<i>Total Fund Balances</i>	<u>1,898,504</u>	<u>1,362,713</u>	<u>2,681,359</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,359,334</u>	<u>\$ 1,474,540</u>	<u>\$ 2,681,359</u>

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<i><b>Debt Service</b></i>	<i><b>Other</b></i>	
<i><b>Keizer</b></i>	<i><b>Governmental</b></i>	
<i><b>Station LID</b></i>	<i><b>Funds</b></i>	<i><b>Totals</b></i>
\$ 2,693,208	\$ 1,313,247	\$ 9,584,189
-	34,546	674,520
-	442,573	442,573
-	-	286,283
13,701,875	-	13,713,117
<u>\$ 16,395,083</u>	<u>\$ 1,790,366</u>	<u>\$ 24,700,682</u>
\$ -	\$ 11,772	\$ 176,969
-	-	128,617
-	-	39,527
-	11,772	345,113
13,701,875	442,573	14,383,764
2,693,208	-	2,693,208
-	1,059,460	5,103,532
-	276,561	276,561
-	-	1,898,504
2,693,208	1,336,021	9,971,805
<u>\$ 16,395,083</u>	<u>\$ 1,790,366</u>	<u>\$ 24,700,682</u>

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



**CITY OF KEIZER, OREGON**

**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF  
NET POSITION**

**JUNE 30, 2016**

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<i>Fund Balances</i>	\$ 9,971,805
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	14,383,764
Net pension asset, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Position	
Net pension liability	(2,730,549)
Deferred outflows	681,476
Deferred inflows	(819,184)
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Costs of capital assets	104,243,284
Accumulated depreciation	(40,796,081)
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Bonds and notes payable	(15,495,000)
Accrued interest payable	(67,145)
Accrued compensated absences	(624,040)
Other post-employment benefits	(2,558,094)
An internal service fund is used to charge the cost of technology, communications, administrative services and risk management to the individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the the Statement of Net Position.	129,101
Net Position of governmental activities	<u><u>\$ 66,319,337</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, 2016**

		<b><i>Special Revenue</i></b>	
	<b><i>General</i></b>	<b><i>Street</i></b>	<b><i>Transportation Improvement</i></b>
<b>REVENUES</b>			
Taxes and assessments	\$ 4,839,705	\$ 3,153	\$ -
Licenses and permits	2,763,879	90,063	257,895
Intergovernmental	1,079,588	2,187,893	-
Fines and forfeitures	415,874	-	-
Miscellaneous	217,291	10,362	7,101
<i>Total Revenues</i>	9,316,337	2,291,471	264,996
<b>EXPENDITURES</b>			
Current operating			
General government	2,182,159	-	-
Community and youth services	29,317	-	-
Community development	532,274	-	-
Parks	306,683	-	-
Public safety	6,529,017	-	-
Public works	-	807,639	-
Capital outlay	73,011	1,036,915	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total Expenditures</i>	9,652,461	1,844,554	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(336,124)	446,917	264,996
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from property sales	-	27,496	-
Transfers out	(17,802)	(372,500)	-
<i>Total Other Financing Sources (Uses)</i>	(17,802)	(345,004)	-
<b>NET CHANGE IN FUND BALANCES</b>	(353,926)	101,913	264,996
<b>FUND BALANCES, Beginning of year</b>	2,252,430	1,260,800	2,416,363
<b>FUND BALANCES, End of year</b>	\$ 1,898,504	\$ 1,362,713	\$ 2,681,359

<i><b>Debt Service</b></i>	<i><b>Other</b></i>	
<i><b>Keizer</b></i>	<i><b>Governmental</b></i>	
<i><b>Station LID</b></i>	<i><b>Funds</b></i>	<i><b>Totals</b></i>
\$ 1,445,014	\$ -	\$ 6,287,872
-	598,872	3,710,709
-	-	3,267,481
-	-	415,874
925,210	99,567	1,259,531
2,370,224	698,439	14,941,467
-	98,100	2,280,259
-	-	29,317
-	-	532,274
-	-	306,683
-	-	6,529,017
-	-	807,639
-	42,808	1,152,734
1,490,000	-	1,490,000
872,820	-	872,820
2,362,820	140,908	14,000,743
7,404	557,531	940,724
-	-	27,496
-	-	(390,302)
-	-	(362,806)
7,404	557,531	577,918
2,685,804	778,490	9,393,887
<u>\$ 2,693,208</u>	<u>\$ 1,336,021</u>	<u>\$ 9,971,805</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, 2016**

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*Net change in fund balances - total governmental funds* \$ 577,918

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

Governmental funds defer revenues that do not provide current financial resources.  
However, the Statement of Activities recognizes such revenues at their net realizable  
value when earned, regardless of when received. (1,435,497)

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. (317,298)

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

Capital outlays	1,157,927
Depreciation	(3,127,854)
Asset Disposal	(37,546)

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

Debt principal payments	1,490,000
Accrued interest payable	6,457
Repayment of tax increment revenue to overlapping tax jurisdictions	526,663

Current year pension expense related to change in net pension liability is reported as  
an expense in the Statement of Activities but is not recorded as an expenditure in the  
governmental funds. (2,077,239)

An internal service fund is used to charge technology, communications, administrative  
services and risk management to the individual funds. The net revenue of certain  
activities of the internal service fund is reported with governmental activities. (31,598)

*Change in net position of governmental activities* \$ (3,268,067)

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

**CITY OF KEIZER, OREGON**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	<i>Business-type Activities - Enterprise Funds</i>					<i>Governmental Activities</i>
	<i>Sewer</i>	<i>Water and Water Facility</i>	<i>Stormwater</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Administrative Service Fund</i>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$ 50,086	\$ 1,059,682	\$ 444,627	\$ 737,742	\$ 2,292,137	\$ 183,616
Accounts receivable	870,568	439,277	163,643	51,797	1,525,285	-
Assessment liens receivable	-	247	-	-	247	-
Inventories	-	102,129	711	-	102,840	-
<i>Total Current Assets</i>	920,654	1,601,335	608,981	789,539	3,920,509	183,616
<b>Noncurrent Assets</b>						
Nondepreciable capital assets	-	371,759	-	-	371,759	-
Other capital assets, net of depreciation	1,453,242	7,116,088	906,735	1,806	9,477,871	-
<i>Total Noncurrent Assets</i>	1,453,242	7,487,847	906,735	1,806	9,849,630	-
<i>Total Assets</i>	2,373,896	9,089,182	1,515,716	791,345	13,770,139	183,616
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to pensions	13,674	83,947	61,344	9,210	168,175	-
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	410,936	94,196	118,540	31,557	655,229	54,515
Deposits	-	201,582	-	15,823	217,405	-
Accrued interest payable	-	14,213	-	-	14,213	-
Bonds payable - due within one year	-	190,000	-	-	190,000	-
Accrued compensated absences	4,320	39,325	16,902	1,731	62,278	-
<i>Total Current Liabilities</i>	415,256	539,316	135,442	49,111	1,139,125	54,515
<b>Noncurrent Liabilities</b>						
Bonds payable	-	850,000	-	-	850,000	-
Accrued compensated absences	8,022	73,033	31,390	3,214	115,659	-
Other post-employment benefits	51,924	283,077	171,106	40,483	546,590	-
Net pension liability	48,090	319,419	249,350	36,433	653,292	-
<i>Total Noncurrent Liabilities</i>	108,036	1,525,529	451,846	80,130	2,165,541	-
<i>Total Liabilities</i>	523,292	2,064,845	587,288	129,241	3,304,666	54,515
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions	21,621	114,026	70,989	11,430	218,066	-
<b>NET POSITION</b>						
Net investment in capital assets	1,453,242	6,447,847	906,735	1,806	8,809,630	-
Restricted for:						
Capital projects	-	167,783	-	238,912	406,695	-
Debt service	-	234,100	-	-	234,100	-
Other	-	-	-	394,608	394,608	-
Unrestricted	389,415	144,528	12,048	24,558	570,549	129,101
<i>Total Net Position</i>	\$ 1,842,657	\$ 6,994,258	\$ 918,783	\$ 659,884	\$ 10,415,582	\$ 129,101

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

**CITY OF KEIZER, OREGON****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	<i>Business-type Activities - Enterprise Funds</i>				<i>Governmental Activities</i>	
	<i>Sewer</i>	<i>Water and Water Facility</i>	<i>Stormwater</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Administrative Service Fund</i>
<b>OPERATING REVENUES</b>						
Licenses and permits	\$ -	\$ 91,837	\$ 22,764	\$ 85,939	\$ 200,540	\$ -
Charges for services	5,536,340	2,807,389	1,080,823	451,851	9,876,403	3,232,513
Miscellaneous	89	48,739	2,543	15,964	67,335	1,759
<i>Total Operating Revenues</i>	5,536,429	2,947,965	1,106,130	553,754	10,144,278	3,234,272
<b>OPERATING EXPENSES</b>						
Personnel services	46,591	1,163,767	841,205	142,551	2,194,114	2,371,720
Materials and services	5,461,217	1,324,435	616,544	518,689	7,920,885	894,150
Depreciation	201,542	388,105	49,594	1,806	641,047	-
<i>Total Operating Expenses</i>	5,709,350	2,876,307	1,507,343	663,046	10,756,046	3,265,870
<b>OPERATING INCOME (LOSS)</b>	(172,921)	71,658	(401,213)	(109,292)	(611,768)	(31,598)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment revenue	203	3,304	717	1,857	6,081	-
Miscellaneous	-	-	-	118,456	118,456	-
Interest expense	-	(43,904)	-	-	(43,904)	-
<i>Total Nonoperating Revenues (Expenses)</i>	203	(40,600)	717	120,313	80,633	-
<b>CAPITAL CONTRIBUTION</b>	-	116,962	-	-	116,962	-
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(172,718)	148,020	(400,496)	11,021	(414,173)	(31,598)
Transfers in	-	17,802	372,500	55,600	445,902	-
Transfers out	(55,600)	-	-	-	(55,600)	-
<i>Total Transfers</i>	(55,600)	17,802	372,500	55,600	390,302	-
<b>CHANGE IN NET POSITION</b>	(228,318)	165,822	(27,996)	66,621	(23,871)	(31,598)
<b>NET POSITION, Beginning of year</b>	2,070,975	6,828,436	946,779	593,263	10,439,453	160,699
<b>NET POSITION, End of year</b>	<u>\$ 1,842,657</u>	<u>\$ 6,994,258</u>	<u>\$ 918,783</u>	<u>\$ 659,884</u>	<u>\$ 10,415,582</u>	<u>\$ 129,101</u>

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





**CITY OF KEIZER, OREGON**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2016**

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	<u>Sewer</u>	<u>Water and Water Facility</u>	<u>Stormwater</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 5,496,467	\$ 2,961,617	\$ 1,094,148
Cash paid for employee services and benefits	(3,079)	(886,037)	(630,979)
Cash paid to suppliers for goods and services	(5,440,535)	(1,347,298)	(519,606)
<i>Net Cash Provided by (Used in) Operating Activities</i>	52,853	728,282	(56,437)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	267,802	372,500
Transfers out	(55,600)	(250,000)	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(55,600)	17,802	372,500
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	(634,463)	(230,568)
Principal paid on contracts/bonds payable	-	(185,000)	-
Contribution of capital	-	117,077	-
Interest paid	-	(46,433)	-
<i>Net Cash Used in Capital Related Financing Activities</i>	-	(748,819)	(230,568)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investment	203	3,304	717
<i>Increase (Decrease) in Cash and Investments</i>	(2,544)	569	86,212
<b>CASH AND INVESTMENTS, Beginning of year</b>	52,630	1,059,113	358,415
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 50,086</u>	<u>\$ 1,059,682</u>	<u>\$ 444,627</u>
<b>RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)</b>			
Operating income (loss)	\$ (172,921)	\$ 71,658	\$ (401,213)
Depreciation	201,542	388,107	49,594
<i>Change in assets and liabilities</i>			
Accounts receivable	(39,962)	(16,532)	(11,982)
Inventory	-	18,672	(711)
Accounts payable and accrued liabilities	20,682	(41,537)	97,649
Compensated absences payable	(1,049)	266	(2,313)
Net pension liability	39,090	249,966	189,237
Other post-employment benefits	5,471	27,498	23,302
Deposits payable	-	30,184	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 52,853</u>	<u>\$ 728,282</u>	<u>\$ (56,437)</u>

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

<i>Other Proprietary Funds</i>	<i>Totals</i>	<i>Governmental Activities</i>	
		<i>Administrative Service Fund</i>	
\$ 652,245	\$ 10,204,477	\$ 3,235,227	
(68,839)	(1,588,934)	(2,371,720)	
(526,939)	(7,834,378)	(886,265)	
56,467	781,165	(22,758)	
55,600	695,902	-	
-	(305,600)	-	
55,600	390,302	-	
-	(865,031)	-	
-	(185,000)	-	
-	117,077	-	
-	(46,433)	-	
-	(979,387)	-	
1,857	6,081	-	
113,924	198,161	(22,758)	
623,818	2,093,976	206,374	
<u>\$ 737,742</u>	<u>\$ 2,292,137</u>	<u>\$ 183,616</u>	
\$ 9,164	\$ (493,312)	\$ (31,598)	
1,806	641,049	-	
(23,675)	(92,151)	955	
-	17,961	-	
(7,018)	69,776	7,885	
3,297	201	-	
36,696	514,989	-	
36,197	92,468	-	
-	30,184	-	
<u>\$ 56,467</u>	<u>\$ 781,165</u>	<u>\$ (22,758)</u>	

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Financial 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.

*Basic Financial Statements*

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

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

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

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

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

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

*Basic Financial Statements (Continued)*

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

*Basis of Presentation*

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

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

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

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

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

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

The City reports the following major governmental funds:

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

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

*Basis of Presentation (Continued)*

*Special Revenue Funds*

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

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

*Debt Service Fund*

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

The City reports the following non-major governmental funds:

*Special Revenue Funds*

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

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

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

*Off-site Transportation Improvement Fund* - this fund was established to account for future transportation improvement projects. The resources are from developer fees required to be paid as set forth in the Keizer Station master plan orders.

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

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

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

The City reports the following major proprietary funds:

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

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

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

*Stormwater Fund* – this fund accounts for the operation of the City's stormwater system.

The City reports the following nonmajor proprietary funds:

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

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

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

The City has one internal service fund, the Administrative Services Fund. This fund provides administrative services to other City funds.

***Fund Balance***

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental Fund type fund balances are reported in the following classifications.

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

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

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

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

*Fund Balance (Continued)*

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

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

When expenditures are paid for purposes in which multiple classifications of fund balance are available, the City deems committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Measurement Focus and Basis of Accounting*

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

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

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

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

Transfers between funds are to facilitate operations.

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

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

***YEAR ENDED JUNE 30, 2016***

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

##### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2016. Actual results may differ from such estimates.

##### *Cash and Investments*

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

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

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

##### *Receivables/Deferred Inflows of Resources*

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one item that qualifies for reporting in this category. It arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



## **CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

##### *Receivables/Deferred Inflows of Resources (Continued)*

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

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

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

##### *Inventory*

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

##### *Capital Assets*

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

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

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

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

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

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

***YEAR ENDED JUNE 30, 2016***

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

##### ***Capital Assets (Continued)***

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

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

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

##### ***Long-Term Debt***

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

##### ***Deferred Outflows***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents pension related items that apply to a future periods and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflow of resources related to pensions for contributions made after the June 30, 2015 measurement date.

##### ***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, which have matured and will be paid from available resources are accrued. Liabilities for accrued compensated absences are generally paid from funds which incur personnel service expenses.

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

## **CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

##### *Restricted Assets*

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

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

##### *Operating Revenues and Expenses*

The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes 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.

##### *Budget and Budgetary Accounting*

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

##### *New Accounting Pronouncements and Accounting Standards*

During the fiscal year ended June 30, 2016, the City implemented the following GASB pronouncements:

GASB Statement No. 72 "Fair Value Measurement and Application" addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", completes the suite of pension standards. The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. The statement is generally effective for fiscal years beginning after June 15, 2015.

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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

*New Accounting Pronouncements and Accounting Standards (Continued)*

GASB Statement No. 76 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS’s fiduciary net position have been determined on the same basis as they are reported by OPERS.

## **CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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#### **CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as part of "cash and investments." At June 30, 2016 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2016:

##### ***Cash***

Cash on hand	\$ 2,200
Deposits with financial institutions	6,509,957

##### ***Investments***

Local Government Investment Pool	<u>5,547,785</u>
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<i>Total Cash and Investments</i>	<u><u>\$ 12,059,942</u></u>
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##### ***Deposits***

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$6,509,957 and the bank balance was \$6,624,252. 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.

##### ***Custodial Credit Risk - Deposits***

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depositary Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all demand accounts and the aggregate of all time deposit accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2016, \$6,374,252 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

##### ***Investments***

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. At June 30, 2016, 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.

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016****CASH AND INVESTMENTS (Continued)***Interest Rate Risk*

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

*Custodial Credit Risk - Investments*

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

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

**RECEIVABLES**

<i>Fund</i>	<i>Accounts</i>	<i>Property Taxes</i>	<i>Assessments</i>	<i>Loans</i>
General	\$ 446,069	\$ 286,283	\$ -	\$ -
Street	193,905	-	11,242	-
Keizer Station LID	-	-	14,498,875	-
Other governmental funds	34,546	-	-	442,573
Sewer	870,568	-	-	-
Water	439,277	-	247	-
Stormwater	163,643	-	-	-
Other business-type funds	51,797	-	-	-
Allowance for doubtful accounts	-	-	(797,000)	-
	<u>\$ 2,199,805</u>	<u>\$ 286,283</u>	<u>\$ 13,713,364</u>	<u>\$ 442,573</u>

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**CAPITAL ASSETS**

The summary of capital assets for the business-type activities for the year ended June 30, 2016 is as follows:

	<b>Balances July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances June 30, 2016</b>
<b>NON-DEPRECIABLE</b>				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
<b>DEPRECIABLE</b>				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	22,958,180	780,979	-	23,739,159
Equipment and vehicles	834,236	84,052	-	918,288
Total depreciable	24,858,146	865,031	-	25,723,177
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	855,068	19,270	-	874,338
Water and sewer systems	14,022,303	561,973	-	14,584,276
Equipment and vehicles	726,886	59,806	-	786,692
Total accumulated depreciation	15,604,257	641,049	-	16,245,306
Business-type activities capital assets, net	<u>\$ 9,625,648</u>	<u>\$ 223,982</u>	<u>\$ -</u>	<u>\$ 9,849,630</u>

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

Water	\$ 388,105
Sewer	201,544
Stormwater	49,594
Community Center	<u>1,806</u>
Total depreciation expense for business-type activities	<u>\$ 641,049</u>

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSETS** (continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2016 are as follows:

	<b>Balances July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances June 30, 2016</b>
<b>NON-DEPRECIABLE</b>				
Land	\$ 14,978,914	\$ -	\$ 37,546	\$ 14,941,368
<b>DEPRECIABLE</b>				
Buildings and improvements	47,321,217	1,106,138	-	48,427,355
Equipment and vehicles	2,236,164	51,789	-	2,287,953
Infrastructure	38,586,608	-	-	38,586,608
Total depreciable	88,143,989	1,157,927	-	89,301,916
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	21,009,005	1,617,854	-	22,626,859
Equipment and vehicles	1,595,935	229,540	-	1,825,475
Infrastructure	15,063,287	1,280,460	-	16,343,747
Total accumulated depreciation	37,668,227	3,127,854	-	40,796,081
Governmental activities capital assets, net	<u>\$ 65,454,676</u>	<u>\$ (1,969,927)</u>	<u>\$ 37,546</u>	<u>\$ 63,447,203</u>

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

General government	\$ 12,442
Public safety	200,335
Public works	768,707
Community development	2,025,722
Parks	120,648
Total depreciation expense for governmental activities	<u>\$ 3,127,854</u>



**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**LONG-TERM OBLIGATIONS**

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

	<i>Outstanding July 1, 2015</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2016</i>	<i>Due in One Year</i>
<b>Governmental Activities</b>					
Keizer Station LID Bonds 2008					
Initial issue \$26,810,000, interest only at 5.20%	\$ 16,985,000	\$ -	\$ (1,490,000)	\$ 15,495,000	\$ -
Accrued compensated absences	\$ 642,303	\$ 659,394	\$ (677,657)	\$ 624,040	\$ 218,414
<b>Business-type Activities</b>					
2005 Water Revenue Loan					
Initial issue \$2,600,000, interest at 4.10%	\$ 1,225,000	\$ -	\$ (185,000)	\$ 1,040,000	\$ 190,000
Accrued compensated absences	\$ 177,735	\$ 139,134	\$ (138,931)	\$ 177,938	\$ 62,278

The Keizer Station LID bonds require a reserve of \$2,681,000 which was included in the Keizer Station LID fund.

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**LONG-TERM OBLIGATIONS (Continued)**

The future maturities of obligations outstanding as of June 30, 2016:

**Governmental Activities**

<b><i>Fiscal Year Ending June 30,</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Total</i></b>
2017	\$ -	\$ 805,740	\$ 805,740
2018	-	805,740	805,740
2019	-	805,740	805,740
2020	-	805,740	805,740
2021	-	805,740	805,740
2022-2026	-	4,028,700	4,028,700
2027-2031	15,495,000	4,028,700	19,523,700
	<u>\$ 15,495,000</u>	<u>\$ 12,086,100</u>	<u>\$ 27,581,100</u>

**Business-type Activities**

<b><i>Fiscal Year Ending June 30,</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Total</i></b>
2017	\$ 190,000	\$ 38,745	\$ 228,745
2018	200,000	30,750	230,750
2019	210,000	22,345	232,345
2020	215,000	13,633	228,633
2021	225,000	4,612	229,612
	<u>\$ 1,040,000</u>	<u>\$ 110,085</u>	<u>\$ 1,150,085</u>

**Compensated Absences**

Compensated absences are liabilities of the fund in which the related payroll costs are accrued, primarily the General Fund, Street Fund, Water Fund, Stormwater Fund and Administrative Services Fund.

## **CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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## **PENSION PLANS**

### ***Plan Description***

Substantially all City employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

### ***Benefits Provided***

#### **Tier One/Tier Two Retirement Benefit**

*Pension Benefits.* The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefit regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

## **CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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#### ***PENSION PLANS (Continued)***

*Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

#### **OPSRP Pension Program**

*Pension Benefits.* The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit Changes After Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

#### ***Contributions***

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The City's contribution rates for the period were 14.09% for Tier One/Tier Two members, 6.19% for OPSRP General Service members, and 10.30% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$686,771.

Covered employees are required to contribute 6% of their salary to the Plan, 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% "pick-up" or \$391,742 of the employees' contribution.

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016****PENSION PLANS (Continued)****Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the City reported a liability of \$3,383,841 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 0.05894% as compared to 0.05820% at the prior measurement date.

The Oregon Supreme Court (Court) ruled on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms prior to the measurement date of June 30, 2015, and has been included in the net pension asset/liability proportionate shares calculated by OPERS.

For the year ended June 30, 2016, the City recognized pension expense of \$2,592,228. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 182,471	\$ -
Net difference between projected and actual earnings on pension plan investments	-	709,297
Changes in proportionate share	12,529	-
Difference between employer contributions and employer's proportionate share of system contributions	-	327,953
City contributions subsequent to the measurement date	654,651	-
Total	<u>\$ 849,651</u>	<u>\$ 1,037,250</u>

Deferred outflows of resources related to pensions of \$654,651 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year ended June 30:</u></b>	
2016	\$ 374,166
2017	374,166
2018	374,166
2019	282,399
2020	2,172
Thereafter	-

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016**

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**PENSION PLANS (Continued)****Actuarial Methods and Assumptions**

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75% overall payroll growth; salaries for individuals are assumed to grow at 3.75% plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries:  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.  Active members:  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  Disabled retirees:  Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 experience study which reviewed experience for the four-year period ending on December 31, 2014.

**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016**

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**PENSION PLANS (Continued)***Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	1.25	6.07
Assumed Inflation – Mean		2.75

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF KEIZER, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2016**

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**PENSION PLANS (Continued)**

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate**

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<b>1% Decrease (6.75%)</b>	<b>Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City's proportionate share of the net pension liability (asset)	\$ 8,166,634	\$ 3,383,841	\$ (646,904)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**OTHER RETIREMENT AND DEFERRED COMPENSATION PLANS**

*Defined Contribution*

The City transitioned most previous non-PERS employees from a section 401(a) retirement plan to the Oregon PERS retirement fund during fiscal year 2010. At that time a few employees elected to continue with a section 401(a) qualified pension plan. The City Council has the authority to amend the plan provisions and contribution requirements. Contributions to the plan are 11 to 12 percent of compensation paid by the City. There are no employee contributions. Contributions for the year ended June 30, 2016, amounted to \$26,438. Plan assets are invested in registered mutual funds. Benefits are provided at normal retirement age or under other circumstances such as death or disability.

*Deferred Compensation*

The City offers its permanent, full-time employees a deferred compensation plan under Internal Revenue Code section 457 wherein they may defer amounts earned until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation or retirement. Payment to the employees will be made in a lump sum or by annuity. Under the plan the City will match employee contributions up to 6% of an employee's eligible salary, matching contributions totaled \$380,352 for the year ended June 30, 2016.



**CITY OF KEIZER, OREGON****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2016****OTHER POST EMPLOYMENT BENEFITS**

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

*Funding Policy*

The City funds the single employer plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. At June 30, 2016, the City had 93 active employees and four retiree's participating in the program with all insurance premium costs paid in full by the individual. The City has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB obligation that arises from the implicit subsidy.

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2016, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Normal cost at year end	\$	267,007
Amortization of UAAL with interest		<u>141,755</u>
Annual required contribution (ARC)		408,762
Interest on prior year net OPEB obligation		147,216
Adjustment to ARC		<u>(79,174)</u>
Annual OPEB cost		476,804
Less contribution (amounts paid during year for OPEB)		-
Less implicit benefit payments		<u>(48,775)</u>
Increase in net OPEB obligation		428,029
Net OPEB obligation - beginning of year		<u>2,676,655</u>
Net OPEB obligation - end of year	\$	<u><u>3,104,684</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<i><b>Fiscal Year Ended June 30,</b></i>	<i><b>Annual OPEB Cost</b></i>	<i><b>Percentage of Annual OPEB Cost Contribution</b></i>	<i><b>Net OPEB Obligation</b></i>
2016	\$ 476,804	10%	\$ 3,104,684
2015	472,602	11%	2,676,655
2014	413,427	11%	2,254,981

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, 2016****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, 2016 valuation, the entry age normal actuarial cost method was used. The assumptions included a 5.5% investment rate of return (net of administrative expenses), 3.0% projected salary increase and an annual healthcare cost rate of 7%. The UAAL is being amortized over an initial period of 30 years.

Valuation Date June 30,	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)
2016	\$ -	\$ 1,376,875	\$ 1,376,875	0%	\$ 7,122,377	19.3%
2015	-	1,439,460	1,439,460	0%	6,591,098	21.8%
2014	-	1,502,045	1,502,045	0%	6,213,398	24.2%

**TRANSFERS**

	Transfer In	Transfer Out
General fund	\$ -	\$ 17,802
Street	-	372,500
Sewer	-	55,600
Water	17,802	250,000
Water Facility	250,000	-
Stormwater	372,500	-
Other business-type funds	55,600	-
	<u>\$ 695,902</u>	<u>\$ 695,902</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, 2016***

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#### ***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.

#### ***NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS***

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement replaces Statement No. 46, "Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans" as amended, and Statement 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", as amended, and Statement No. 50, "Pension Disclosures". This statement is effective for financial statement periods beginning after June 15, 2016.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 77, "Tax Abatement Disclosures." This statement requires governments that enter into tax abatement agreements to disclose certain information about those agreements. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement is to address a practice issue regarding the scope and applicability of Statement No. 68, "Accounting and Financial Reporting for Pensions." The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement is effective for fiscal years beginning after December 15, 2015.

**CITY OF KEIZER, OREGON**

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

**YEAR ENDED JUNE 30, 2016**

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**NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS (continued)**

GASB Statement No. 80, “Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.” This statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 81, “Irrevocable Split-Interest Agreements.” This statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The statement is effective for fiscal years beginning after December 15, 2016.

GASB Statement No. 82, “Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.” This statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (2) the classification of payments made by employers to satisfy employee contributions requirements. This statement is effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF KEIZER, OREGON****SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)****OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM****LAST THREE FISCAL YEARS**

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Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its	Plan fiduciary net position as a percentage of the total pension liability
2016	0.0589%	\$ 3,383,841	\$ 6,014,572	56.3%	91.9%
2015	0.0582%	(1,319,368)	6,235,184	-21.2%	103.6%
2014	0.0582%	2,970,346	5,783,998	51.4%	92.0%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

***CITY OF KEIZER, OREGON***  
***SCHEDULE OF THE CITY'S CONTRIBUTIONS***  
***OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM***  
***LAST THREE FISCAL YEARS***

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Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	\$ 1,078,513	\$ 1,078,513	\$ -	\$ 6,014,572	17.93%
2015	806,453	806,453	-	6,235,184	12.93%
2014	744,892	744,892	-	5,783,998	12.88%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>REVENUES</b>				
Taxes and assessments	\$ 4,835,900	\$ 4,835,900	\$ 4,839,705	\$ 3,805
Licenses and permits	2,720,200	2,720,200	2,763,879	43,679
Charges for services	17,500	17,500	-	(17,500)
Intergovernmental	1,326,200	1,339,100	1,079,588	(259,512)
Fines and forfeitures	419,000	419,000	415,874	(3,126)
Miscellaneous	213,500	231,000	217,291	(13,709)
<i>Total Revenues</i>	9,532,300	9,562,700	9,316,337	(246,363)
<b>EXPENDITURES</b>				
Administration	2,406,000	2,396,000	2,211,476	184,524
Parks	348,900	358,900	342,240	16,660
Community development	772,500	772,500	532,274	240,226
Police	6,534,400	6,547,300	6,362,440	184,860
Municipal court	191,900	209,300	204,031	5,269
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	10,303,700	10,334,000	9,652,461	681,539
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(771,400)	(771,300)	(336,124)	435,176
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(29,200)	(21,800)	(17,802)	3,998
<b>NET CHANGE IN FUND BALANCE</b>	(800,600)	(793,100)	(353,926)	439,174
<b>FUND BALANCE, Beginning of year</b>	2,139,900	2,144,900	2,252,430	107,530
<b>FUND BALANCE, End of year</b>	\$ 1,339,300	\$ 1,351,800	\$ 1,898,504	\$ 546,704

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, 2016**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>REVENUES</b>				
Licenses and permits	\$ 12,100	\$ 12,100	\$ 90,063	\$ 77,963
Intergovernmental	2,100,000	2,100,000	2,187,893	87,893
Taxes and assessments	-	-	3,153	3,153
Miscellaneous	1,500	1,500	10,362	8,862
<i>Total Revenues</i>	2,113,600	2,113,600	2,291,471	177,871
<b>EXPENDITURES</b>				
Personnel services	128,000	128,000	122,696	5,304
Materials and services	772,600	772,600	684,943	87,657
Capital outlay	1,310,200	1,310,200	1,036,915	273,285
Contingency	45,300	45,300	-	45,300
<i>Total Expenditures</i>	2,256,100	2,256,100	1,844,554	411,546
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(142,500)	(142,500)	446,917	589,417
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from property sales	-	-	27,496	27,496
Transfers out	(372,500)	(372,500)	(372,500)	-
<b>NET CHANGE IN FUND BALANCE</b>	(515,000)	(515,000)	101,913	616,913
<b>FUND BALANCE, Beginning of year</b>	1,126,600	1,126,600	1,260,800	134,200
<b>FUND BALANCE, End of year</b>	\$ 611,600	\$ 611,600	\$ 1,362,713	\$ 751,113

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, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 216,900	\$ 216,900	\$ 257,895	\$ 40,995
Miscellaneous	4,500	4,500	7,101	2,601
<i>Total Revenues</i>	221,400	221,400	264,996	43,596
<b>EXPENDITURES</b>				
Capital outlay	2,200,000	2,200,000	-	2,200,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,978,600)	(1,978,600)	264,996	2,243,596
<b>FUND BALANCE, Beginning of year</b>	2,369,900	2,369,900	2,416,363	46,463
<b>FUND BALANCE, End of year</b>	\$ 391,300	\$ 391,300	\$ 2,681,359	\$ 2,290,059

***OTHER SUPPLEMENTARY INFORMATION***

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - KEIZER STATION LID FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>REVENUES</b>				
Taxes and assessments	\$ 767,900	\$ 1,442,900	\$ 1,445,014	\$ 2,114
Miscellaneous	920,700	920,700	925,210	4,510
<i>Total Revenues</i>	1,688,600	2,363,600	2,370,224	6,624
<b>EXPENDITURES</b>				
Debt service				
Principal	815,000	1,490,000	1,490,000	-
Interest	876,300	876,300	872,820	3,480
<i>Total Expenditures</i>	1,691,300	2,366,300	2,362,820	3,480
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(2,700)	(2,700)	7,404	10,104
<b>FUND BALANCE, Beginning of year</b>	2,683,700	2,683,700	2,685,804	2,104
<b>FUND BALANCE, End of year</b>	\$ 2,681,000	\$ 2,681,000	\$ 2,693,208	\$ 12,208

The budgetary basis of accounting and GAAP are the same.

**CITY OF KEIZER, OREGON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

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	<i>Special Revenue</i>		
	<i>Law Enforcement Grant</i>	<i>Public Education Government</i>	<i>Park Improvement</i>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 233,851	\$ 964,521
Accounts receivable	-	34,546	-
Loans receivable	-	-	-
<i>Total Assets</i>	<u>\$ -</u>	<u>\$ 268,397</u>	<u>\$ 964,521</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 8,000	\$ -
<b>Deferred inflows</b>			
Unavailable revenue	-	-	-
<b>Fund Balances</b>			
Restricted	-	260,397	964,521
<i>Total Liabilities and Fund Balances</i>	<u>\$ -</u>	<u>\$ 268,397</u>	<u>\$ 964,521</u>

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<i>Off-site Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 98,711	\$ 13,775	\$ 2,389	\$ 1,313,247
-	-	-	34,546
-	335,199	107,374	442,573
<u>\$ 98,711</u>	<u>\$ 348,974</u>	<u>\$ 109,763</u>	<u>\$ 1,790,366</u>
\$ 3,772	\$ -	\$ -	\$ 11,772
-	335,199	107,374	442,573
<u>94,939</u>	<u>13,775</u>	<u>2,389</u>	<u>1,336,021</u>
<u>\$ 98,711</u>	<u>\$ 348,974</u>	<u>\$ 109,763</u>	<u>\$ 1,790,366</u>

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	<i>Special Revenue</i>		
	<i>Law Enforcement Grant</i>	<i>Public Education Government</i>	<i>Park Improvement</i>
<b>REVENUES</b>			
Licenses and permits	\$ -	\$ 134,816	\$ 464,056
Miscellaneous	-	630	53,244
<i>Total Revenues</i>	-	135,446	517,300
<b>EXPENDITURES</b>			
Current operating			
General government	-	98,100	-
Capital outlay	-	14,335	24,701
<i>Total Expenditures</i>	-	112,435	24,701
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	23,011	492,599
<b>FUND BALANCES, Beginning of year</b>	-	237,386	471,922
<b>FUND BALANCES, End of year</b>	\$ -	\$ 260,397	\$ 964,521

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<i>Offsite Transportation Improvement</i>	<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ -	\$ -	\$ -	\$ 598,872
45,693	-	-	99,567
45,693	-	-	698,439
-	-	-	98,100
3,772	-	-	42,808
3,772	-	-	140,908
41,921	-	-	557,531
53,018	13,775	2,389	778,490
\$ 94,939	\$ 13,775	\$ 2,389	\$ 1,336,021



**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - LAW ENFORCEMENT GRANT FUND  
YEAR ENDED JUNE 30, 2016**

	<b><i>Budgeted Amounts</i></b>		<b><i>Actual</i></b>	<b><i>Variance</i></b>
	<b><i>Original</i></b>	<b><i>Final</i></b>		
<b><i>REVENUES</i></b>				
Integovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
<b><i>EXPENDITURES</i></b>				
Materials and services	-	-	-	-
Capital outlay	30,000	30,000	-	30,000
<i>Total Expenditures</i>	30,000	30,000	-	30,000
<b><i>REVENUES OVER (UNDER) EXPENDITURES</i></b>	-	-	-	-
<b><i>FUND BALANCE, Beginning of year</i></b>	-	-	-	-
<b><i>FUND BALANCE, End of year</i></b>	\$ -	\$ -	\$ -	\$ -

The budgetary basis of accounting and GAAP are the same.

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - PUBLIC EDUCATION GOVERNMENT FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>REVENUES</b>				
Licenses and permits	\$ 126,200	\$ 126,200	\$ 134,816	\$ 8,616
Miscellaneous	600	600	630	30
<i>Total Revenues</i>	126,800	126,800	135,446	8,646
<b>EXPENDITURES</b>				
Materials and services	98,300	98,300	98,100	200
Capital outlay	20,000	20,000	14,335	5,665
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	168,300	168,300	112,435	55,865
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(41,500)	(41,500)	23,011	64,511
<b>FUND BALANCE, Beginning of year</b>	232,000	232,000	237,386	5,386
<b>FUND BALANCE, End of year</b>	\$ 190,500	\$ 190,500	\$ 260,397	\$ 69,897

The budgetary basis of accounting and GAAP are the same.

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – OFFSITE TRANSPORTATION IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 45,500	\$ 45,500	\$ 45,693	\$ 193
<b>EXPENDITURES</b>				
Capital outlay	98,500	98,500	3,772	94,728
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(53,000)	(53,000)	41,921	94,921
<b>FUND BALANCE, Beginning of year</b>	53,000	53,000	53,018	18
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 94,939	\$ 94,939

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, 2016**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<b>REVENUES</b>				
Licenses and permits	\$ 366,100	\$ 366,100	\$ 464,056	\$ 97,956
Intergovernmental	75,000	75,000	-	(75,000)
Miscellaneous	600	600	53,244	52,644
<i>Total Revenues</i>	441,700	441,700	517,300	75,600
<b>EXPENDITURES</b>				
Capital outlay	901,900	901,900	24,701	877,199
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(460,200)	(460,200)	492,599	952,799
<b>FUND BALANCE, Beginning of year</b>	460,200	460,200	471,922	11,722
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 964,521	\$ 964,521

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, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
<b>EXPENDITURES</b>				
Materials and services	58,700	58,700	-	58,700
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(28,700)	(28,700)	-	28,700
<b>FUND BALANCE, Beginning of year</b>	28,700	28,700	13,775	(14,925)
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 13,775	\$ 13,775

The budgetary basis of accounting and GAAP are the same.

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – ENERGY EFFICIENCY GRANT FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
<b>EXPENDITURES</b>				
Materials and services	17,300	17,300	-	17,300
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,300)	(2,300)	-	2,300
<b>FUND BALANCE, Beginning of year</b>	2,300	2,300	2,389	89
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,389</u>	<u>\$ 2,389</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 – ADMINISTRATIVE SERVICES FUND  
YEAR ENDED JUNE 30, 2016**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 3,507,300	\$ 3,499,900	\$ 3,232,513	\$ (267,387)
Miscellaneous	-	-	1,759	1,759
<i>Total Revenues</i>	3,507,300	3,499,900	3,234,272	(265,628)
<b>EXPENDITURES</b>				
Personnel services	2,463,000	2,455,600	2,371,720	83,880
Materials and services	855,800	866,300	791,275	75,025
Capital outlay	127,000	127,000	102,875	24,125
Contingency	192,000	181,500	-	181,500
<i>Total Expenditures</i>	3,637,800	3,630,400	3,265,870	364,530
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(130,500)	(130,500)	(31,598)	98,902
<b>FUND BALANCE, Beginning of year</b>	130,600	130,600	160,699	30,099
<b>FUND BALANCE, End of year</b>	\$ 100	\$ 100	\$ 129,101	\$ 129,001

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

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - SEWER FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Variance</b>
<b>REVENUES</b>				
Charges for services	\$ 5,562,800	\$ 5,562,800	\$ 5,519,128	\$ (43,672)
Miscellaneous	400	400	292	(108)
<i>Total Revenues</i>	5,563,200	5,563,200	5,519,420	(43,780)
<b>EXPENDITURES</b>				
Personnel services	3,500	3,500	3,079	421
Materials and services	5,529,200	5,529,200	5,461,217	67,983
Contingency	16,200	16,200	-	16,200
<i>Total Expenditures</i>	5,548,900	5,548,900	5,464,296	84,604
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	14,300	14,300	55,124	40,824
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(55,600)	(55,600)	(55,600)	-
<b>CHANGE IN FUND BALANCE</b>	(41,300)	(41,300)	(476)	40,824
<b>FUND BALANCE, Beginning of year</b>	246,000	246,000	239,031	(6,969)
<b>FUND BALANCE, End of year</b>	\$ 204,700	\$ 204,700	\$ 238,555	\$ 33,855



**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - WATER FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Variance</b>
<b>REVENUES</b>				
Licenses and permits	\$ 69,500	\$ 69,500	\$ 91,837	\$ 22,337
Charges for services	2,662,400	2,812,400	2,813,795	1,395
Miscellaneous	8,500	8,500	7,174	(1,326)
<i>Total Revenues</i>	2,740,400	2,890,400	2,912,806	22,406
<b>EXPENDITURES</b>				
Personnel services	908,700	908,700	886,037	22,663
Materials and services	1,437,100	1,437,100	1,305,763	131,337
Capital outlay/depreciation	99,500	99,500	73,786	25,714
Debt service	231,500	231,500	231,433	67
Contingency	125,000	125,000	-	125,000
<i>Total Expenditures</i>	2,801,800	2,801,800	2,497,019	304,781
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(61,400)	88,600	415,787	327,187
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	17,400	17,400	17,802	402
Transfers out	(100,000)	(250,000)	(250,000)	-
<i>Total Other Financing Sources (Uses)</i>	(82,600)	(232,600)	(232,198)	402
<b>CHANGE IN FUND BALANCE</b>	(144,000)	(144,000)	183,589	327,589
<b>FUND BALANCE, Beginning of year</b>	598,200	598,200	682,149	83,949
<b>FUND BALANCE, End of year</b>	\$ 454,200	\$ 454,200	\$ 865,738	\$ 411,538

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - WATER FACILITY FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Variance</b>
<b>REVENUES</b>				
Licenses and permits	\$ 73,700	\$ 73,700	\$ 117,077	\$ 43,377
Miscellaneous	2,000	45,500	44,869	(631)
<i>Total Revenues</i>	75,700	119,200	161,946	42,746
<b>EXPENDITURES</b>				
Capital outlay/depreciation	622,500	706,500	560,676	145,824
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(546,800)	(587,300)	(398,730)	188,570
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	460,000	310,000	-	310,000
Transfers in	100,000	250,000	250,000	-
<i>Total Other Financing Sources (Uses)</i>	560,000	560,000	250,000	310,000
<b>CHANGE IN FUND BALANCE</b>	13,200	(27,300)	(148,730)	(121,430)
<b>FUND BALANCE, Beginning of year</b>	270,500	311,000	316,514	5,514
<b>FUND BALANCE, End of year</b>	\$ 283,700	\$ 283,700	\$ 167,784	\$ (115,916)

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – STORMWATER FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Variance</b>
<b>REVENUES</b>				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 22,764	\$ 12,764
Charges for services	1,062,500	1,062,500	1,076,260	13,760
Miscellaneous	2,000	2,000	3,260	1,260
<i>Total Revenues</i>	1,074,500	1,074,500	1,102,284	27,784
<b>EXPENDITURES</b>				
Personnel services	647,100	647,100	630,979	16,121
Materials and services	668,900	668,900	617,255	51,645
Capital outlay/depreciation	259,700	259,700	230,568	29,132
Contingency	46,600	46,600	-	46,600
<i>Total Expenditures</i>	1,622,300	1,622,300	1,478,802	143,498
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(547,800)	(547,800)	(376,518)	171,282
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	372,500	372,500	372,500	-
<b>CHANGE IN FUND BALANCE</b>	(175,300)	(175,300)	(4,018)	171,282
<b>FUND BALANCE, Beginning of year</b>	422,500	422,500	441,794	19,294
<b>FUND BALANCE, End of year</b>	\$ 247,200	\$ 247,200	\$ 437,776	\$ 190,576

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

JUNE 30, 2016

	<i><b>Sewer Reserve</b></i>	<i><b>Lighting Districts</b></i>	<i><b>Community Center</b></i>	<i><b>Totals</b></i>
<b>ASSETS</b>				
<i><b>Current Assets</b></i>				
Cash and investments	\$ 238,941	\$ 417,025	\$ 81,776	\$ 737,742
Accounts receivable	-	18,660	33,137	51,797
<i>Total Current Assets</i>	238,941	435,685	114,913	789,539
<i><b>Noncurrent Assets</b></i>				
Other capital assets, net of depreciation	-	-	1,806	1,806
<i>Total Assets</i>	238,941	435,685	116,719	791,345
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	-	1,630	7,580	9,210
<b>LIABILITIES</b>				
<i><b>Current Liabilities</b></i>				
Accounts payable	29	28,167	3,361	31,557
Deposits	-	-	15,823	15,823
<i>Total Current Liabilities</i>	29	28,167	19,184	47,380
<i><b>Noncurrent Liabilities</b></i>				
Accrued compensated absences	-	1,438	3,507	4,945
Other post-employment benefits	-	4,720	35,763	40,483
Net pension liability	-	6,063	30,370	36,433
<i>Total Noncurrent Liabilities</i>	-	12,221	69,640	81,861
<i>Total Liabilities</i>	29	40,388	88,824	129,241
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	-	2,319	9,111	11,430
<b>NET POSITION</b>				
Net investment in capital assets	-	-	1,806	1,806
Restricted	238,912	394,608	-	633,520
Unrestricted	-	-	24,558	24,558
<i>Total Net Position</i>	<u>\$ 238,912</u>	<u>\$ 394,608</u>	<u>\$ 26,364</u>	<u>\$ 659,884</u>

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2016**

	<i><b>Sewer Reserve</b></i>	<i><b>Lighting Districts</b></i>	<i><b>Community Center</b></i>	<i><b>Totals</b></i>
<b>OPERATING REVENUES</b>				
Licenses and permits	\$ 85,939	\$ -	\$ -	\$ 85,939
Charges for services	-	307,435	144,416	451,851
Miscellaneous	-	5,964	10,000	15,964
<i>Total Operating Revenues</i>	85,939	313,399	154,416	553,754
<b>OPERATING EXPENSES</b>				
Personnel services	-	5,019	137,532	142,551
Materials and services	2,478	405,301	110,910	518,689
Depreciation	-	-	1,806	1,806
<i>Total Operating Expenses</i>	2,478	410,320	250,248	663,046
<b>OPERATING INCOME (LOSS)</b>	83,461	(96,921)	(95,832)	(109,292)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment revenue	574	1,156	127	1,857
Miscellaneous	-	-	118,456	118,456
<i>Total Nonoperating Revenues (Expenses)</i>	574	1,156	118,583	120,313
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	84,035	(95,765)	22,751	11,021
Transfers in	-	55,600	-	55,600
<b>CHANGE IN NET POSITION</b>	84,035	(40,165)	22,751	66,621
<b>NET POSITION, Beginning of year</b>	154,877	434,773	3,613	593,263
<b>NET POSITION, End of year</b>	<u>\$ 238,912</u>	<u>\$ 394,608</u>	<u>\$ 26,364</u>	<u>\$ 659,884</u>

**CITY OF KEIZER, OREGON****COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2016**

	<i><b>Sewer Reserve</b></i>	<i><b>Lighting Districts</b></i>	<i><b>Community Center</b></i>	<i><b>Totals</b></i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 85,939	\$ 322,641	\$ 243,665	\$ 652,245
Cash paid to employees for services	(2,478)	-	(66,361)	(68,839)
Cash paid to suppliers for goods and services	-	(409,105)	(117,834)	(526,939)
<i>Net Cash Provided by (Used in) Operating Activities</i>	83,461	(86,464)	59,470	56,467
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	55,600	-	55,600
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investment	574	1,156	127	1,857
<i>Increase (Decrease) in Cash and Investments</i>	84,035	(29,708)	59,597	113,924
<b>CASH AND INVESTMENTS, Beginning of year</b>	154,906	446,733	22,179	623,818
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 238,941</u>	<u>\$ 417,025</u>	<u>\$ 81,776</u>	<u>\$ 737,742</u>
<b>RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)</b>				
Operating income (loss)	\$ 83,461	\$ (96,921)	\$ 22,624	\$ 9,164
Depreciation	-	-	1,806	1,806
<i>Change in assets and liabilities</i>				
Accounts receivable	-	9,242	(32,917)	(23,675)
Accounts payable and accrued liabilities	-	(3,804)	(3,214)	(7,018)
Compensated absences payable	-	(210)	3,507	3,297
Pension Obligation	-	4,795	31,901	36,696
Other post-employment benefits	-	434	35,763	36,197
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 83,461</u>	<u>\$ (86,464)</u>	<u>\$ 59,470</u>	<u>\$ 56,467</u>

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - SEWER RESERVE FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget Basis</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 108,700	\$ 108,700	\$ 85,939	\$ (22,761)
Miscellaneous	200	200	574	374
<i>Total Revenues</i>	108,900	108,900	86,513	(22,387)
<b>EXPENDITURES</b>				
Capital outlay/depreciation	270,500	270,500	2,478	268,022
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(161,600)	(161,600)	84,035	245,635
<b>FUND BALANCE, Beginning of year</b>	162,200	162,200	154,877	(7,323)
<b>FUND BALANCE, End of year</b>	\$ 600	\$ 600	\$ 238,912	\$ 238,312

**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Variance</b>
<b>REVENUES</b>				
Charges for services	\$ 305,000	\$ 305,000	\$ 316,940	\$ 11,940
Miscellaneous	7,000	7,000	7,120	120
<i>Total Revenues</i>	312,000	312,000	324,060	12,060
<b>EXPENDITURES</b>				
Materials and services	458,200	458,200	405,301	52,899
Contingency	23,000	23,000	-	23,000
<i>Total Expenditures</i>	481,200	481,200	405,301	75,899
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(169,200)	(169,200)	(81,241)	87,959
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	55,600	55,600	55,600	-
<b>CHANGE IN FUND BALANCE</b>	(113,600)	(113,600)	(25,641)	87,959
<b>FUND BALANCE, Beginning of year</b>	346,500	346,500	414,716	68,216
<b>FUND BALANCE, End of year</b>	<u>\$ 232,900</u>	<u>\$ 232,900</u>	<u>\$ 389,075</u>	<u>\$ 156,175</u>



**CITY OF KEIZER, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL – COMMUNITY CENTER FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budgeted Amounts</b>		<b>Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Variance</b>
<b>REVENUES</b>				
Charges for services	\$ 100,000	\$ 115,000	\$ 144,416	\$ 29,416
Miscellaneous	70,000	70,000	128,583	58,583
<i>Total Revenues</i>	170,000	185,000	272,999	87,999
<b>EXPENDITURES</b>				
Personnel services	57,200	67,200	66,361	839
Materials and services	120,200	117,800	109,296	8,504
Capital outlay/depreciation	3,000	3,000	1,614	1,386
Contingency	1,500	1,500	-	1,500
<i>Total Expenditures</i>	181,900	189,500	177,271	12,229
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(11,900)	(4,500)	95,728	75,770
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,800	4,400	-	4,400
<b>CHANGE IN FUND BALANCE</b>	(100)	(100)	95,728	100,228
<b>FUND BALANCE, Beginning of year</b>	100	100	-	(100)
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 95,728	\$ 100,128

***CITY OF KEIZER, OREGON***  
***SCHEDULE OF PROPERTY TAX TRANSACTIONS***  
***YEAR ENDED JUNE 30, 2016***

<i><b>Tax Year</b></i>	<i><b>Uncollected Balances July 1, 2015</b></i>	<i><b>2015-2016 Levy</b></i>	<i><b>Added To Rolls</b></i>	<i><b>Interest, Discounts &amp; Adjustments</b></i>	<i><b>Turnovers</b></i>	<i><b>Uncollected Balances June 30, 2016</b></i>
2015-2016	\$ -	\$ 4,948,959	\$ 5,969	\$ (139,835)	\$ (4,636,786)	\$ 178,307
2014-2015	158,434	-	42	(4,984)	(101,734)	51,758
2013-2014	56,757	-	-	(3,829)	(22,953)	29,975
2012-2013	34,849	-	-	(4,036)	(19,201)	11,612
2011-2012	12,170	-	-	(3,410)	(5,236)	3,524
2010-2011	4,601	-	-	(3,316)	1,184	2,469
2009-2010	3,236	-	-	(179)	(1,358)	1,699
Prior Years	7,726	-	-	(145)	(642)	6,939
Total	<u>\$ 277,773</u>	<u>\$ 4,948,959</u>	<u>\$ 6,011</u>	<u>\$ (159,734)</u>	<u>\$ (4,786,726)</u>	<u>\$ 286,283</u>

***STATISTICAL SECTION***

## STATISTICAL SECTION

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

### **FINANCIAL TRENDS**

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

### **REVENUE CAPACITY**

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

### **DEBT CAPACITY**

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

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

### **OPERATING INFORMATION**

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

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

# STATISTICAL SECTION

## FINANCIAL TRENDS



**CITY OF KEIZER, OREGON**  
**SCHEDULE OF NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS - UNAUDITED**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 47,885,058	\$ 48,396,074	\$ 47,862,183	\$ 39,605,284
Restricted for special purposes	21,760,454	22,270,151	25,606,003	32,206,315
Unrestricted	<u>(3,326,175)</u>	<u>(1,078,821)</u>	<u>634,849</u>	<u>912,419</u>
Total governmental activities net position	66,319,337	69,587,404	74,103,035	72,724,018
Business-type activities:				
Net investment in capital assets	8,809,630	8,400,648	7,989,214	8,164,309
Restricted for special purposes	1,035,403	906,164	956,861	965,652
Unrestricted	<u>570,549</u>	<u>1,132,641</u>	<u>1,296,459</u>	<u>1,376,408</u>
Total business-type activities net position	10,415,582	10,439,453	10,242,534	10,506,369
Total government				
Net investment in capital assets	56,694,688	56,796,722	55,851,397	47,769,593
Restricted for special purposes	22,795,857	23,176,315	26,562,864	33,171,967
Unrestricted	<u>(2,755,626)</u>	<u>53,820</u>	<u>1,931,308</u>	<u>2,288,827</u>
Total government net position	<u>\$ 76,734,919</u>	<u>\$ 80,026,857</u>	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>

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

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

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<i>Fiscal Year</i>					
<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
\$ 37,455,473	\$ 38,278,605	\$ 37,762,700	\$ 33,163,849	\$ 30,392,428	\$ 28,189,116
35,457,026	35,190,084	31,897,733	33,709,977	34,612,171	7,064,192
621,715	739,296	1,119,801	2,257,559	3,462,013	2,491,374
73,534,214	74,207,985	70,780,234	69,131,385	68,466,612	37,744,682
8,130,948	8,114,069	7,820,911	7,223,995	6,247,552	5,883,166
1,162,551	1,358,513	1,967,905	2,640,776	2,569,911	3,111,776
1,372,907	1,456,114	1,299,094	1,386,663	2,383,818	1,782,778
10,666,406	10,928,696	11,087,910	11,251,434	11,201,281	10,777,720
45,586,421	46,392,674	45,583,611	40,387,844	36,639,980	34,072,282
36,619,577	36,548,597	33,865,638	36,350,753	37,182,082	10,175,968
1,994,622	2,195,410	2,418,895	3,644,222	5,845,831	4,274,152
<u>\$ 84,200,620</u>	<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>	<u>\$ 79,667,893</u>	<u>\$ 48,522,402</u>



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

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 2,130,033	\$ 2,100,607	\$ 2,992,312	\$ 1,753,597
Community and youth services	29,317	19,493	15,971	5,530
Community development	2,704,035	4,500,288	2,789,728	3,805,625
Parks	483,174	388,200	392,258	386,174
Public safety	8,539,975	5,644,121	6,390,471	6,342,334
Public works	1,658,334	1,415,078	1,692,960	1,648,403
Stadium operations	-	-	-	-
Interest on long-term debt	866,363	924,296	1,164,981	1,272,365
Total governmental activities expense	<u>16,411,231</u>	<u>14,992,083</u>	<u>15,438,681</u>	<u>15,214,028</u>
Business-type activities:				
Water	2,920,211	2,419,921	2,751,772	2,590,864
Sewer	5,711,828	5,522,545	5,379,925	5,188,916
Storm water	1,507,343	1,106,176	1,170,447	983,980
Community center and Amphitheater	250,248	171,525	121,246	151,428
Street lighting	410,320	409,131	443,225	405,658
Total business-type activities expense	<u>10,799,950</u>	<u>9,629,298</u>	<u>9,866,615</u>	<u>9,320,846</u>
Total City expenses	<u>27,211,181</u>	<u>24,621,381</u>	<u>25,305,296</u>	<u>24,534,874</u>
<b>Program Revenues:</b>				
Governmental activities:				
Fees, fines, and charges for services:				
General government	284,394	234,703	180,800	176,993
Community development	121,808	99,652	60,510	49,810
Parks	15,472	7,456	17,107	7,216
Public safety	406,195	325,818	418,237	507,154
Public works	65,063	26,236	21,178	7,225
Stadium operations	54,631	48,899	46,449	45,922
Operating grants and contributions	2,543,156	2,555,870	2,520,561	2,799,523
Capital grants and contributions	773,529	613,253	218,513	811,621
Total governmental activities program revenues	<u>4,264,248</u>	<u>3,911,887</u>	<u>3,483,355</u>	<u>4,405,464</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	2,947,965	2,732,223	2,536,257	2,508,264
Sewer and storm water	6,728,498	6,445,708	6,511,153	6,045,064
Community center and Amphitheater	154,416	125,844	108,356	108,293
Street lighting	313,399	519,563	416,965	405,585
Operating grants and contributions	-	-	-	-
Capital grants and contributions	116,962	105,151	51,963	24,203
Total business-type activities program revenues	<u>10,261,240</u>	<u>9,928,489</u>	<u>9,624,694</u>	<u>9,091,409</u>
Total City program revenues	<u>14,525,488</u>	<u>13,840,376</u>	<u>13,108,049</u>	<u>13,496,873</u>

<i>Fiscal Year</i>					
<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
\$ 1,406,963	\$ 1,282,546	\$ 1,206,448	\$ 1,348,120	\$ 1,031,186	\$ 1,105,397
8,719	11,019	18,041	38,009	54,396	5,891
5,459,845	2,854,558	2,980,764	2,945,798	1,860,120	2,477,616
318,911	308,754	355,892	427,843	282,921	182,179
6,454,171	6,299,787	6,404,239	6,885,994	6,208,351	5,779,195
1,404,779	1,452,880	1,480,993	1,483,813	2,468,103	1,477,995
-	-	-	-	-	-
1,327,508	1,434,549	1,549,187	1,549,789	1,289,655	984,239
16,380,896	13,644,093	13,995,564	14,679,366	13,194,732	12,012,512
2,559,552	2,591,674	2,610,480	2,689,164	2,714,457	2,253,494
5,076,755	5,124,701	5,117,610	4,729,024	4,500,964	4,335,363
954,541	779,980	573,790	464,071	416,783	-
116,861	13,316	-	-	-	-
435,313	418,929	423,953	428,905	202,530	406,052
9,143,022	8,928,600	8,725,833	8,311,164	7,834,734	6,994,909
25,523,918	22,572,693	22,721,397	22,990,530	21,029,466	19,007,421
177,073	145,020	181,547	131,297	159,604	147,399
35,079	35,235	57,006	28,097	47,762	67,114
2,604	2,534	2,587	2,844	2,350	3,201
648,165	574,574	731,465	618,027	652,000	654,136
123	8,779	1,215	14,565	16,067	60,448
46,696	41,627	42,390	47,275	61,812	57,425
2,402,228	2,289,262	1,880,643	1,875,598	2,142,073	2,127,964
92,063	97,663	247,068	223,477	27,454,887	440,321
3,404,031	3,194,694	3,143,921	2,941,180	30,536,555	3,558,008
2,407,469	2,420,266	2,480,006	2,587,519	2,506,207	2,832,074
5,694,866	5,608,798	5,463,673	5,100,487	4,757,838	4,418,375
118,369	98,063	-	-	-	-
424,280	464,933	454,933	451,641	423,013	404,918
-	-	-	-	72,364	27,783
17,483	19,104	49,265	35,006	208,741	276,365
8,662,467	8,611,164	8,447,877	8,174,653	7,968,163	7,959,515
12,066,498	11,805,858	11,591,798	11,115,833	38,504,718	11,517,523

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (12,146,983)	\$ (11,080,196)	\$ (11,955,326)	\$ (10,808,564)
Business-type activities	(538,710)	299,191	(241,921)	(229,437)
Total City activities	(12,685,693)	(10,781,005)	(12,197,247)	(11,038,001)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes and assessments	4,852,373	5,521,449	5,416,357	5,545,135
Franchise taxes	2,606,744	2,539,863	2,490,463	2,433,345
Intergovernmental	743,428	803,880	768,187	770,249
Miscellaneous	1,076,723	195,193	4,631,567	1,658,468
Gain (loss) on sale of capital assets	(10,050)	-	-	-
Transfers	(390,302)	(393,336)	27,769	(62,792)
Total governmental activities	8,878,916	8,667,049	13,334,343	10,344,405
Business-type activities				
Miscellaneous	124,537	4,601	5,855	6,608
Transfers	390,302	393,336	(27,769)	62,792
Total business-type activities	514,839	397,937	(21,914)	69,400
Total City revenues	9,393,755	9,064,986	13,312,429	10,413,805
<b>Change in Net Position</b>				
Governmental activities	(3,268,067)	(2,413,147)	1,386,654	(464,159)
Business-type activities	(23,871)	697,128	(271,472)	(160,037)
	(3,291,938)	(1,716,019)	1,115,182	(624,196)
Net Position, July 1				
Governmental activities	69,587,404	74,103,035	72,724,018	73,534,214
Business-type activities	10,439,453	10,242,534	10,506,369	10,666,406
	80,026,857	84,345,569	83,230,387	84,200,620
Governmental activities - restatement	-	(2,102,484)	-	-
Business-type activities - restatement	-	(500,209)	-	-
Governmental activities - loss on impairment	-	-	-	346,037
Total Government	80,026,857	81,742,876	83,230,387	84,546,657
Net Position, June 30				
Governmental activities	66,319,337	69,587,404	74,103,035	72,724,018
Business-type activities	10,415,582	10,439,453	10,242,534	10,506,369
Total Government	<u>\$ 76,734,919</u>	<u>\$ 80,026,857</u>	<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>

<i>Fiscal Year</i>					
<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
\$ (12,976,865)	\$ (10,449,399)	\$ (10,851,643)	\$ (11,738,186)	\$ 17,341,823	\$ (8,454,504)
(480,555)	(317,436)	(277,956)	(136,511)	133,429	964,606
(13,457,420)	(10,766,835)	(11,129,599)	(11,874,697)	17,475,252	(7,489,898)
7,951,843	7,654,368	7,625,782	7,348,334	8,896,151	6,062,528
2,462,290	2,475,239	2,371,341	2,398,389	2,385,307	2,283,966
887,403	918,055	894,860	920,506	929,684	891,629
1,212,058	1,452,870	1,698,151	1,868,577	1,334,201	1,524,730
-	1,522,293	-	-	(9,731)	-
(210,500)	(145,675)	(169,941)	(132,847)	(155,506)	10,760
12,303,094	13,877,150	12,420,193	12,402,959	13,380,106	10,773,613
7,765	12,547	24,790	53,817	134,627	188,137
210,500	145,675	169,941	132,847	155,506	(10,760)
218,265	158,222	194,731	186,664	290,133	177,377
12,521,359	14,035,372	12,614,924	12,589,623	13,670,239	10,950,990
(673,771)	3,427,751	1,568,550	664,773	30,721,929	2,319,109
(262,290)	(159,214)	(83,225)	50,153	423,562	1,141,983
(936,061)	3,268,537	1,485,325	714,926	31,145,491	3,461,092
74,207,985	70,780,234	69,131,385	68,466,612	37,744,683	35,425,574
10,928,696	11,087,910	11,251,434	11,201,281	10,777,719	9,635,736
85,136,681	81,868,144	80,382,819	79,667,893	48,522,402	45,061,310
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
85,136,681	81,868,144	80,382,819	79,667,893	48,522,402	45,061,310
73,534,214	74,207,985	70,699,935	69,131,385	68,466,612	37,744,683
10,666,406	10,928,696	11,168,209	11,251,434	11,201,281	10,777,719
\$ 84,200,620	\$ 85,136,681	\$ 81,868,144	\$ 80,382,819	\$ 79,667,893	\$ 48,522,402

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

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Unassigned	1,898,504	2,252,430	2,241,954	2,144,797
Total General Fund	<u>\$ 1,898,504</u>	<u>\$ 2,252,430</u>	<u>\$ 2,241,954</u>	<u>\$ 2,144,797</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	8,073,301	7,141,457	6,970,715	12,636,124
Total all other governmental funds	<u>\$ 8,073,301</u>	<u>\$ 7,141,457</u>	<u>\$ 6,970,715</u>	<u>\$ 12,636,124</u>

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

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<i>Fiscal Year</i>					
<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
\$ -	\$ -	\$ 1,514,530	\$ 1,435,308	\$ 2,291,258	\$ 1,968,796
1,877,738	1,646,079	-	-	-	-
<u>\$ 1,877,738</u>	<u>\$ 1,646,079</u>	<u>\$ 1,514,530</u>	<u>\$ 1,435,308</u>	<u>\$ 2,291,258</u>	<u>\$ 1,968,796</u>
\$ -	\$ -	\$ 4,090,716	\$ 4,584,359	\$ 5,468,241	\$ 8,070,211
-	-	2,720,399	4,246,857	2,854,800	-
-	-	-	-	707,761	(581,180)
13,631,432	10,189,183	-	-	-	-
<u>\$ 13,631,432</u>	<u>\$ 10,189,183</u>	<u>\$ 6,811,115</u>	<u>\$ 8,831,216</u>	<u>\$ 9,030,802</u>	<u>\$ 7,489,031</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>				
Taxes and assessments	\$ 6,287,872	\$ 6,444,385	\$ 9,984,150	\$ 7,009,859
Licenses and permits	3,685,709	3,319,557	2,919,492	2,767,306
Intergovernmental	3,267,481	3,237,002	3,158,760	3,803,537
Fines and forfeitures	415,874	386,984	448,615	571,525
Miscellaneous	1,284,531	1,236,979	1,248,775	1,613,364
Total revenues	14,941,467	14,624,907	17,759,792	15,765,591
<b>Expenditures</b>				
Current operating:				
General government	2,280,259	1,645,180	2,912,876	1,728,960
Community and youth services	29,317	19,493	15,971	5,530
Community development	532,274	584,370	740,748	671,543
Parks	306,683	281,119	269,821	293,089
Public safety	6,529,017	6,170,100	5,951,077	5,822,788
Public works	807,639	704,993	976,579	909,450
Stadium operations	-	-	-	-
Capital outlay	1,152,734	1,676,533	4,993,159	4,050,924
Debt service				
Principal	1,490,000	2,030,000	6,294,000	1,668,000
Interest	872,820	938,565	1,201,582	1,280,764
Total expenditures	14,000,743	14,050,353	23,355,813	16,431,048
Revenues over (under) expenditures	940,724	574,554	(5,596,021)	(665,457)
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Land sale proceeds	27,496	-	-	-
Transfers in	-	76,481	4,217,166	1,036,256
Transfers out	(390,302)	(469,817)	(4,189,397)	(1,099,048)
Total other financing sources (uses)	(362,806)	(393,336)	27,769	(62,792)
Net change in fund balances	577,918	181,218	(5,568,252)	(728,249)
<b>Fund balance, beginning of year</b>	9,393,887	9,212,669	14,780,921	15,509,170
<b>Fund balance, end of year</b>	<u>\$ 9,971,805</u>	<u>\$ 9,393,887</u>	<u>\$ 9,212,669</u>	<u>\$ 14,780,921</u>
<b>Debt service as a percentage of noncapital expenditures</b>	18.4%	24.0%	40.8%	23.8%

<i>Fiscal Year</i>						
<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	
\$ 9,468,976	\$ 9,449,329	\$ 9,871,770	\$ 9,488,164	\$ 8,932,759	\$ 6,167,077	
2,706,955	2,802,152	2,791,477	2,658,711	3,179,645	2,874,189	
3,252,754	3,121,931	2,727,373	2,821,871	2,971,347	3,076,740	
648,165	574,574	731,465	618,027	652,000	654,136	
338,558	212,061	315,239	491,633	1,503,243	1,613,935	
16,415,408	16,160,047	16,437,324	16,078,406	17,238,994	14,386,077	
1,377,214	1,230,536	1,151,914	1,095,746	841,054	812,189	
8,719	11,019	17,877	17,019	54,396	5,891	
627,441	736,517	786,471	1,285,094	1,166,860	1,164,131	
261,696	232,665	264,013	279,770	249,751	161,422	
5,874,096	5,858,204	5,863,258	6,076,101	5,968,617	5,519,381	
743,603	781,393	752,322	761,352	961,381	848,079	
-	-	-	-	-	-	
1,309,615	2,303,875	2,886,717	13,592,575	7,792,381	6,747,010	
996,000	3,269,000	5,613,000	3,657,000	30,410,000	145,000	
1,332,616	1,452,260	1,522,690	1,586,437	1,123,815	984,239	
12,531,000	15,875,469	18,858,262	28,351,094	48,568,255	16,387,342	
3,884,408	284,578	(2,420,938)	(12,272,688)	(31,329,261)	(2,001,265)	
-	260,000	650,000	11,350,000	33,349,000	4,150,000	
-	3,121,820	-	-	-	-	
546,289	718,715	1,948,067	1,151,282	51,540	378,727	
(756,789)	(864,390)	(2,118,008)	(1,284,129)	(207,046)	(367,967)	
(210,500)	3,236,145	480,059	11,217,153	33,193,494	4,160,760	
3,673,908	3,520,723	(1,940,879)	(1,055,535)	1,864,233	2,159,495	
11,835,262	8,314,539	10,266,524	11,322,059	9,457,826	7,298,331	
\$ 15,509,170	\$ 11,835,262	\$ 8,325,645	\$ 10,266,524	\$ 11,322,059	\$ 9,457,826	
20.8%	34.8%	44.7%	35.5%	77.3%	11.7%	



# STATISTICAL SECTION

## REVENUE CAPACITY



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

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<b><i>June 30,</i></b>	<b><i>Residential Property</i></b>	<b><i>Farm Property</i></b>	<b><i>Commercial Property</i></b>	<b><i>Industrial Property</i></b>
2006-07	\$ 1,389,950	\$ 2,240	\$ 288,422	\$ 4,412
2007-08	1,444,166	2,082	329,014	5,022
2008-09	1,506,465	1,411	361,951	5,469
2009-10	1,558,501	1,639	384,554	2,437
2010-11	1,606,706	1,896	391,123	2,501
2011-12	1,641,764	1,835	407,124	2,552
2012-13	1,632,503	2,047	422,279	2,620
2013-14	1,685,116	1,991	434,358	-
2014-15	1,767,018	2,088	445,738	-
2015-16	1,834,924	2,011	467,014	-

\* Per \$1,000 of assessed value

Source: Marion County Assessor's Office

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<i><b>Personal Property</b></i>	<i><b>Utility Property</b></i>	<i><b>Total Measure 50 Assessed Value</b></i>	<i><b>Total Direct Tax Rate *</b></i>	<i><b>Real Market Value</b></i>
\$ 21,505	\$ 32,246	\$ 1,738,775	2.08	\$ 2,525,782
28,324	35,420	1,844,028	2.08	3,023,857
27,296	36,166	1,938,758	2.08	3,229,159
27,873	37,591	2,012,595	2.08	3,070,376
26,824	37,224	2,066,274	2.08	2,924,103
26,662	38,793	2,118,730	2.08	2,761,019
27,604	37,470	2,124,523	2.08	2,604,791
27,136	33,960	2,182,561	2.08	2,669,051
28,348	35,228	2,278,420	2.08	2,878,298
31,126	38,504	2,373,579	2.08	3,034,894

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

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
City of Keizer	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
<b>Overlapping Governments:</b>					
Marion County	3.03	3.02	3.02	3.02	3.02
Keizer Fire District	2.04	2.05	1.81	1.82	1.84
Marion County Fire District	2.51	2.52	2.53	2.47	2.35
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
Marion County Extension and 4-H	0.05	-	-	-	-
School District	6.52	6.40	6.67	6.69	6.44
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.92	0.89	0.86	0.90	0.88
Regional Library	0.08	0.08	0.08	0.08	0.08
Transit District	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>	<u>0.76</u>
Total	<u>\$ 18.35</u>	<u>\$ 18.15</u>	<u>\$ 18.16</u>	<u>\$ 18.17</u>	<u>\$ 17.80</u>

Source: Marion County Assessor's Office

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<u>2010-11</u>		<u>2009-10</u>		<u>2008-09</u>		<u>2007-08</u>		<u>2006-07</u>	
\$	2.08	\$	2.08	\$	2.08	\$	2.08	\$	2.08
	3.02		3.02		3.02		3.02		3.02
	1.84		1.85		1.50		1.85		1.85
	2.42		2.40		2.53		2.51		2.37
	0.05		0.05		0.05		0.05		0.05
	-		-		-		-		-
	6.31		6.53		6.58		6.46		6.45
	0.30		0.30		0.30		0.30		0.30
	0.79		0.89		0.71		0.70		0.94
	0.08		0.08		0.08		0.08		0.08
	0.76		0.76		0.76		0.76		0.76
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	
\$	17.65	\$	17.96	\$	17.61	\$	17.81	\$	17.90
<hr/>		<hr/>		<hr/>		<hr/>		<hr/>	

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

Private Enterprise	Industry	Rank	2016	
			Assessed Valuation	Percent of Total Assessed Value
Donahue Schriber Realty Group LP	Real Estate	1	\$ 51,968,800	1.85%
Target Corporation	Retail	2	11,444,684	0.41%
Emerald Pointe LLC	Real Estate	3	11,423,418	0.41%
Lowe's HIW Inc	Retail	4	11,253,170	0.40%
CCP Keizer 1526 LLC	Retirement Center	5	11,036,800	0.39%
Hawk's Point Apartments LLC	Real Estate	6	10,701,040	0.38%
Keizer Road Apartments LLC	Real Estate	7	8,396,310	0.30%
Keizer Schoolhouse LLC	Real Estate	8	8,370,170	0.30%
Bob & Mary LLC	Real Estate	9	8,052,720	0.29%
Hidden Creek Loop Apartments	Real Estate	10	6,754,290	0.24%
Northwest National LLC	Real Estate		-	-
Keizer Campus LLC	Real Estate		-	-
Senior Management Co., Ltd.	Real Estate		-	-
Poplar Chemawa LLC	Real Estate		-	-
Century Apartments LLC	Retail		-	-
<b>Public Utilities</b>				
Northwest Natural Gas Co	Natural Gas		15,214,300	0.54%
Portland General Electric Co	Electricity		14,375,000	0.51%
Qwest Corporation	Telephone		-	-
<b>Government</b>				
City of Keizer*	Municipality		5,869,380	0.21%
All other taxpayers			2,635,696,255	93.78%
			<u>\$ 2,810,556,337</u>	<u>100.00%</u>

Source: Marion County Assessor's Office

\*Related to baseball stadium property

2007		
Rank	Assessed Valuation	Percent of Total Assessed Value
	-	-
4	7,786,760	0.33%
	-	-
2	10,525,098	0.44%
	-	-
	-	-
5	7,376,250	0.31%
6	6,469,550	0.27%
	-	-
8	5,176,670	0.22%
1	10,550,180	0.44%
3	8,439,140	0.35%
7	6,073,590	0.25%
9	4,888,480	0.21%
10	4,459,755	0.19%
	12,343,200	0.52%
	10,564,000	0.44%
	6,960,200	0.29%
	4,605,950	0.19%
	<u>2,276,438,371</u>	<u>95.54%</u>
	<u>\$ 2,382,657,194</u>	<u>100.00%</u>



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

<i>Fiscal year ended June 30,</i>	<i>Taxes levied in the fiscal year</i>		<i>Collected in fiscal year of levy</i>		<i>Collections in subsequent years</i>	<i>Total Collections</i>	
			<i>Amount</i>	<i>% of Levy</i>		<i>Amount</i>	<i>% of Levy</i>
2006-07	\$	3,140,075	\$ 3,039,852	96.81%	\$ 99,973	\$ 3,139,825	99.99%
2007-08		3,225,446	3,125,233	96.89%	99,613	3,224,846	99.98%
2008-09		3,488,040	3,339,325	95.74%	147,424	3,486,749	99.96%
2009-10		3,533,537	3,387,003	95.85%	143,296	3,530,299	99.91%
2010-11		3,697,042	3,544,683	95.88%	149,896	3,694,579	99.93%
2011-12		3,788,065	3,652,199	96.41%	132,786	3,784,985	99.92%
2012-13		4,215,696	4,070,606	96.56%	133,476	4,204,082	99.72%
2013-14		4,380,096	4,249,504	97.02%	100,617	4,350,121	99.32%
2014-15		4,556,032	4,437,265	97.39%	67,010	4,504,275	98.86%
2015-16		4,948,959	4,840,799	97.81%	-	4,840,799	97.81%

Source: Marion County Assessor's Office

# STATISTICAL SECTION

## DEBT CAPACITY

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

<i>Fiscal Year</i>	<i>Population</i>	<i>Assessed Value (in thousands)</i>	<i>Gross Bonded Debt</i>	<i>Less Debt Service Money Available</i>	<i>Net Bonded Debt</i>	<i>Ratio of Net Bonded Debt Per Capita</i>	<i>Ratio of Net Bonded Debt to Assessed Value</i>	<i>Percentage of Total Personal Income*</i>
2006-07	34,737	\$ 1,738,775	\$ 1,593,000	\$ -	\$ 1,593,000	45.86	0.09%	0.16%
2007-08	34,880	1,844,028	28,252,000	3,388,761	24,863,239	712.82	1.53%	2.63%
2008-09	35,435	1,938,758	28,095,000	4,246,857	23,848,143	673.01	1.45%	2.50%
2009-10	36,150	2,012,595	25,482,000	2,720,400	22,761,600	629.64	1.27%	2.18%
2010-11	36,220	2,066,274	24,360,000	3,283,030	21,076,970	581.92	1.18%	2.01%
2011-12	36,295	2,118,730	23,540,000	2,729,997	20,810,003	573.36	1.11%	1.92%
2012-13	36,715	2,124,523	22,050,000	2,687,875	19,362,125	527.36	1.04%	1.73%
2013-14	36,735	2,182,561	19,050,000	2,685,746	16,364,254	445.47	0.87%	1.48%
2014-15	36,795	2,278,420	16,985,000	2,685,804	14,299,196	388.62	0.75%	1.30%
2015-16	36,985	2,373,579	15,495,000	2,693,208	12,801,792	346.13	0.65%	N/A

Source:

Marion County Assessor's Office

Portland State University, Population Research and Census Center

City of Keizer Finance Department

**CITY OF KEIZER, OREGON**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2016 - UNAUDITED**

<i>Governmental unit</i>	<i>Real Market Value (In Thousands)</i>	<i>Percent Overlapping</i>	<i>Overlapping</i>	
			<i>Gross Property-tax Backed Debt</i>	<i>Net Property-tax Backed Debt</i>
Direct:				
City of Keizer	\$ 3,034,894	100.00%	\$ 15,495,000	\$ 15,495,000
Overlapping:				
Marion County	36,716,577	16.14%	8,952,159	1,465,562
Keizer Fire District	3,000,638	99.12%	3,736,911	3,736,911
Marion County Fire District	4,362,943	9.02%	505,142	505,142
Salem-Keizer School District 24J	23,173,661	21.27%	91,563,609	91,563,609
Gervais School District 1	1,056,174	0.01%	1,254	1,254
Chemeketa Community College	36,716,577	11.20%	14,282,814	9,702,786
Willamette ESD	36,113,695	10.19%	2,502,744	1,095,360
Total Overlapping			121,544,633	108,070,624
Total Direct and Overlapping Debt			\$ 137,039,633	\$ 123,565,624

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

Source: Oregon State Treasury

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

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<i><b>Fiscal Year</b></i>	<i><b>Debt Limit</b></i>	<i><b>Total Debt Applicable to Limit</b></i>	<i><b>Legal Debt Margin *</b></i>	<i><b>Total Net Debt Applicable</b></i>
2006-07	\$ 74,773,453	\$ -	\$ 74,773,453	0.00%
2007-08	90,715,680	26,810,000	63,905,680	29.55%
2008-09	96,874,770	26,810,000	70,064,770	27.67%
2009-10	92,111,295	24,360,000	67,751,295	26.45%
2010-11	87,723,097	24,360,000	63,363,097	27.77%
2011-12	82,830,572	23,540,000	59,290,572	28.42%
2012-13	78,143,734	22,050,000	56,093,734	28.22%
2013-14	80,071,541	17,755,000	62,316,541	22.17%
2014-15	86,348,943	16,985,000	69,363,943	19.67%
2015-16	91,046,830	15,495,000	75,551,830	17.02%

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

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

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

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

Fiscal Year	Gross Revenues	Less Direct Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
STREET FUND - GAS TAX LOAN							
2006-07	\$ 1,942,638	\$ 2,426,546	\$ (483,908)	\$ 145,000	\$ 65,288	\$ 210,288	(2.3)
2007-08	1,639,536	2,203,875	(564,339)	151,000	59,486	210,486	(2.7)
2008-09	1,533,741	1,574,016	(40,275)	157,000	53,449	210,449	(0.2)
2009-10	1,549,097	1,094,801	454,296	163,000	47,177	210,177	2.2
2010-11	1,809,447	1,088,712	720,735	169,000	40,670	209,670	3.4
2011-12	2,150,294	1,448,481	701,813	176,000	33,908	209,908	3.3
2012-13	2,073,957	3,163,773	(1,089,816)	183,000	26,872	209,872	(5.2)
2013-14	2,128,602	1,779,211	349,391	190,000	19,561	209,561	1.7
2014-15	2,168,436	1,757,477	410,959	-	-	-	-
2015-16	2,266,471	1,844,554	421,917	-	-	-	-
WATER FUND LOAN							
2006-07	\$ 2,864,857	\$ 1,796,905	\$ 1,067,952	\$ 135,000	\$ 103,833	\$ 238,833	4.5
2007-08	2,579,598	1,844,038	735,560	135,000	98,298	233,298	3.2
2008-09	2,669,862	2,098,179	571,683	140,000	92,660	232,660	2.5
2009-10	2,545,768	1,879,709	666,059	145,000	86,818	231,818	2.9
2010-11	2,447,765	1,924,941	522,824	150,000	80,770	230,770	2.3
2011-12	2,430,151	1,919,503	510,648	155,000	74,518	229,518	2.2
2012-13	2,537,001	1,967,837	569,164	165,000	67,958	232,958	2.4
2013-14	2,591,882	2,125,666	466,216	170,000	61,090	231,090	2.0
2014-15	2,840,186	2,172,980	667,206	180,000	53,915	233,915	2.9
2015-16	3,068,231	2,488,202	580,029	185,000	46,433	231,433	2.5

# STATISTICAL SECTION

## DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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<i>Fiscal Year</i>	<i>Population at July 1</i>	<i>Area (square mile)</i>	<i>Average Density (persons/ square mile)</i>	<i>Total Personal Income</i>	<i>Per Capita Personal Income</i>	<i>School Enrollment</i>	<i>Average Annual Unemployment</i>
2006-07	34,735	7.36	4,719	\$ 1,015,252,160	\$ 29,107	6,496	5.6%
2007-08	34,880	7.36	4,739	1,074,530,940	30,377	7,887	5.4%
2008-09	35,435	7.36	4,815	1,125,747,150	32,016	7,740	9.6%
2009-10	36,150	7.36	4,912	1,168,368,000	32,320	7,664	10.8%
2010-11	36,220	7.36	4,921	1,213,949,520	33,516	7,357	9.7%
2011-12	36,295	7.36	4,931	1,224,266,645	33,731	7,276	9.7%
2012-13	36,715	7.36	4,988	1,271,917,745	34,643	7,256	9.7%
2013-14	36,735	7.36	4,991	1,290,610,755	35,133	7,478	7.1%
2014-15	36,795	7.36	4,999	1,305,817,755	35,489	7,332	6.1%
2015-16	36,985	7.36	5,025	N/A	N/A	7,354	5.7%

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



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

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<i>Name</i>	<i>Industry</i>	<i>Number of employees</i>	
		<i>2016</i>	<i>2007</i>
State of Oregon	State	21,000	20,200
Salem-Keizer School District	Primary and secondary public schools	4,100	4,000
Salem Hospital	Healthcare	3,900	3,500
Chemeketa Community College	State college of higher education	1,660	1,000
Marion County	County	1,500	1,560
U.S. Federal Agencies	Federal	1,400	1,500
City of Salem	Municipal	1,310	1,530
Norpac Foods, Incorporated	Food processor	1,000	1,000
State Accident Insurance Fund	Insurance	850	710
Willamette University	Private University	800	700

# STATISTICAL SECTION

## OPERATING INFORMATION

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

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
<b>GOVERNMENT ACTIVITIES:</b>				
<b>General Government:</b>				
Number of municipal court citations processed	2,036	1,263	1,712	2,499
Number of land use applications processed	23	17	23	15
Number of building permits:				
Single family dwellings	142	68	45	33
Multi-family units	19	69	-	-
Valuation of permits issued (expressed in thousands)	\$ 69,190	\$ 32,464	\$ 26,236	\$ 17,198
<b>Public Safety:</b>				
Number of arrests by patrol officers	1,171	1,698	1,844	1,725
Number of traffic violations cited	1,757	1,374	1,932	2,102
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b>Water:</b>				
Number of meters				
Single-family residential	9,841	9,719	9,691	9,431
Multi-family residential	261	260	260	254
Commercial	419	406	398	387
Consumption (ccf)				
Single-family residential	1,115,548	1,068,653	1,041,894	1,039,564
Multi-family residential	393,083	320,347	320,741	302,744
Commercial	173,790	161,668	153,453	150,256
Number of private fire lines	76	70	65	60
<b>Sewer</b>				
Number of accounts	10,343	10,274	10,189	10,136

Based on active meters at fiscal year end

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

<i>2011-12</i>	<i>2010-11</i>	<i>2009-10</i>	<i>2008-09</i>	<i>2007-08</i>	<i>2006-07</i>
3,497	3,831	3,235	2,987	3,093	3,314
17	12	19	21	25	53
24	35	49	23	63	50
-	1	33	2	20	-
\$ 13,036	\$ 13,578	\$ 17,300	\$ 5,306	\$ 14,027	\$ 10,287
1,969	1,990	1,895	2,165	1,929	2,730
3,229	3,610	3,483	4,580	5,360	5,500
9,426	9,414	9,456	9,422	9,365	9,355
259	255	256	257	250	255
371	365	360	365	316	322
1,015,975	1,015,994	1,097,706	1,172,492	1,199,066	1,243,543
322,947	316,418	328,357	337,860	333,981	338,127
155,693	150,304	161,689	173,914	164,417	156,211
60	59	50	50	50	34
10,140	10,129	10,139	10,094	10,403	9,987

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>GOVERNMENT ACTIVITIES:</b>				
<b>General Government:</b>				
Number of City owned building facilities	3	3	3	3
<b>Public Safety:</b>				
Number of jail facilities (holding cells)	2	2	2	2
<b>Parks and Recreation:</b>				
Number of Parks and Acreage:				
Neighborhood parks (15)	65.5	65.5	65.5	65.5
Community parks (2)	27	27	27	27
Regional park (1)	148	148	148	148
Landscape areas (1)	0.5	0.5	0.5	0.5
Historical areas (1)	0.5	0.5	0.5	0.5
<b>Streets:</b>				
Miles of streets and alleys:				
Streets - Lane Miles	206	205	204	204
Alleys	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	7	7
Number of traffic signals	21	21	20	20
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b>Water System:</b>				
Number of reservoirs	3	3	3	3
Storage capacity (in millions of gallons)	2.75	2.75	2.75	2.75
Annual production (in millions of cubic feet)	177.2	179.4	165.5	172.5
Miles of water line	107	107	106	106
Number of pump stations	16	16	16	16
Number of public hydrants	898	898	859	859
<b>Sewer System:</b>				
Miles of storm drains	80	80	80	80
Miles of sewer lines	105	105	105	105
Number of lift stations	1	1	1	1

2012	2011	2010	2009	2008	2007
3	3	3	3	3	3
2	2	2	2	2	2
65.5	65.5	65.5	65.5	65.5	65.5
27	27	27	27	27	27
148	120	120	120	120	120
0.5	0.5	0.5	0.5	0.5	0.5
0.5	0.5	0.5	0.5	0.5	0.5
204	204	204	204	204	203.5
2	2	2	2	2	2
7	7	7	7	7	6
20	20	20	20	20	20
3	3	3	3	3	2
2.75	2.75	2.75	2.75	2.75	2.25
163	168	165	178	183	196
106	106	106	106	106	105
16	16	15	15	15	14
859	859	758	758	758	758
80	77	54	54	54	54
105	105	105	105	105	104
1	1	1	1	1	1

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

<i><b>Fiscal Year</b></i>	<i><b>Community Development</b></i>	<i><b>General Government</b></i>	<i><b>Parks</b></i>	<i><b>Public Safety</b></i>	<i><b>Public Works</b></i>	<i><b>Total</b></i>
2006-07	5.00	16.50	1.00	49.00	15.00	86.50
2007-08	5.00	17.00	2.00	49.00	20.00	93.00
2008-09	5.00	17.00	2.00	49.00	22.00	95.00
2009-10	5.00	19.00	2.00	48.00	20.00	94.00
2010-11	5.00	19.00	2.00	45.00	22.00	93.00
2011-12	4.00	18.00	2.00	45.00	22.00	91.00
2012-13	4.00	17.00	2.00	45.00	23.00	91.00
2013-14	4.00	18.00	2.00	45.00	24.00	93.00
2014-15	5.00	19.00	2.00	45.00	24.00	95.00
2015-16	5.00	19.00	2.00	45.00	24.00	95.00

Source: City of Keizer Finance Department

***COMPLIANCE SECTION***





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Keizer (the City) as of and for the year ended June 30, 2016 and have issued our report thereon dated November 30, 2016.

***Compliance and Other Matters***

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

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

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

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


***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

***Restriction on Use***

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

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

By:   
Ryan T. Pasquarella, A Shareholder  
November 30, 2016

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