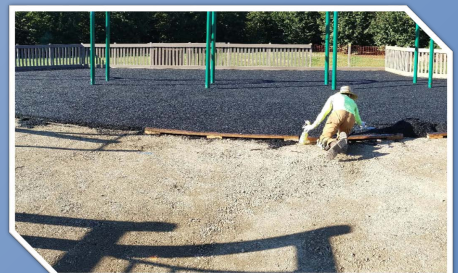


City of Keizer

Marion County, Oregon

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



***CITY OF KEIZER
MARION COUNTY, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended June 30, 2018***

*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, 2018

MAYOR

Term Expires

Cathy Clark

January 2019

CITY COUNCIL

Bruce Anderson

January 2019

Kim Freeman

January 2021

Roland Herrera

January 2019

Marlene Parsons

January 2021

Laura Reid

January 2021

Amy Ryan

January 2019

City Officials may be contacted at:

Mailing Address
930 Chemawa Road NE
Keizer, Oregon 97303

STAFF

CITY MANAGER
Chris Eppley

HUMAN RESOURCES DIRECTOR
Machell DePina

CHIEF OF POLICE
John Teague

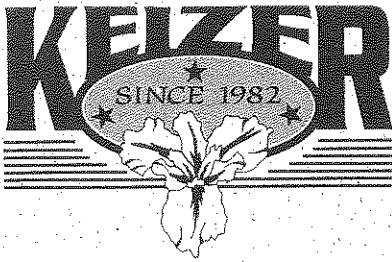
COMMUNITY DEVELOPMENT DIRECTOR
Nathan Brown

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

December 15, 2018

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, 2018. 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 opinions are 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 13th 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, 2018 there are 101 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 2018, the City's taxable assessed value increased 4.80% 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 4.1% as compared to 4.4% the previous year. The City's economy is supported by jobs in the service, technology/manufacturing, retail and government sector.

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, 2017. This was the nineteenth 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.

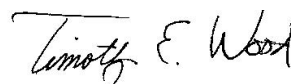
DISTINGUISHED BUDGET PRESENTATION AWARD

The City of Keizer received GFOA's Distinguished Budget Presentation Award for its FY 17-18 annual budget document and the FY 18-19 annual budget has been submitted. This is the fourth 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.

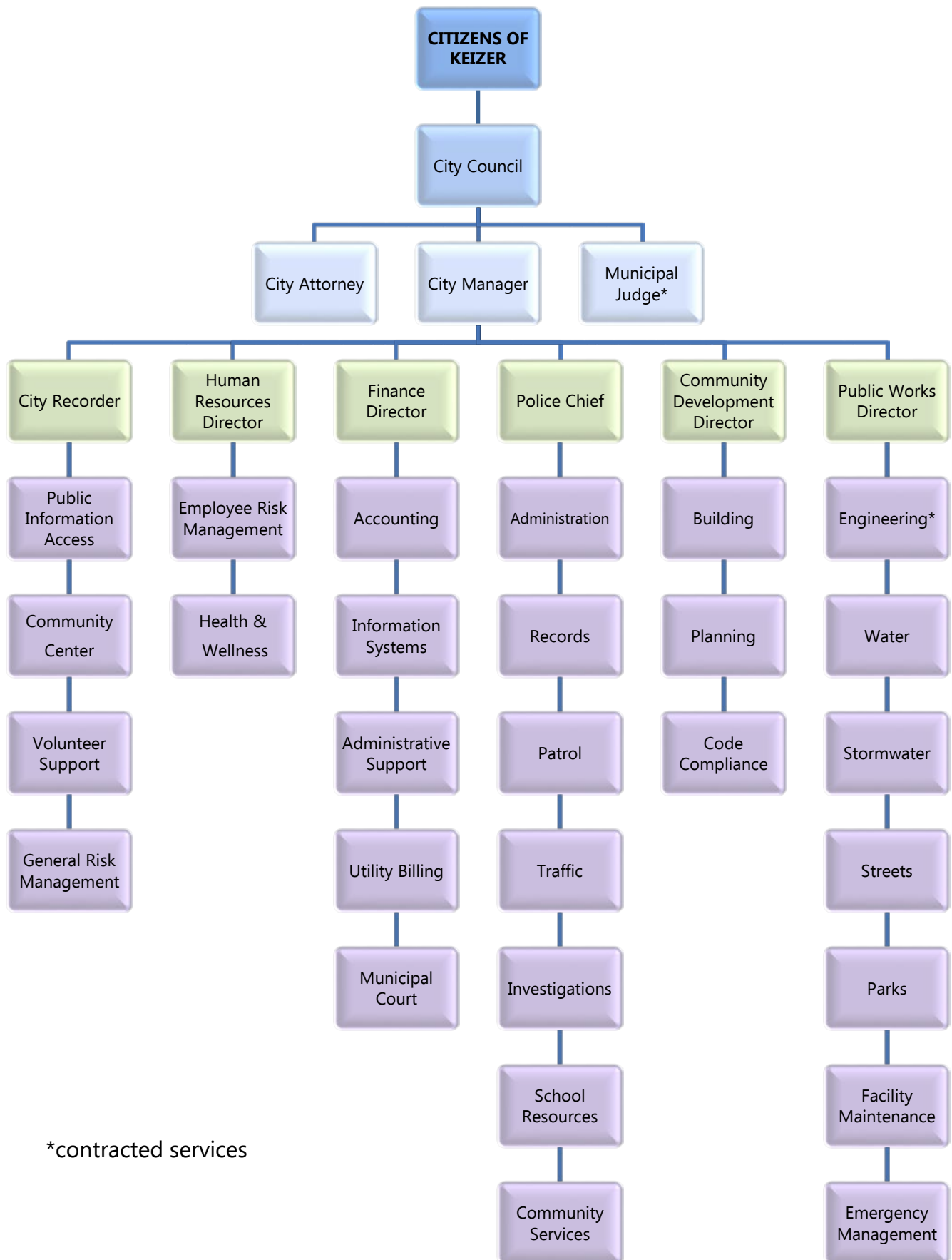
ACKNOWLEDGMENTS

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,

A handwritten signature in black ink that reads "Timothy E. Wood". The signature is written in a cursive, flowing style.

Timothy E. Wood
Finance Director



*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, 2017

Christopher P. Morrell

Executive Director/CEO



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and 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, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which resulted in the restatement of the beginning balances for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 4 through 14 and the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General and Street funds ("the budgetary schedules"), the schedule of the City's proportionate share of the net pension liability (asset) – Oregon public employees retirement system, the schedule of the City's contributions – Oregon public employees retirement system (PERS schedules), the schedule of the changes in total other post-employment benefits liability and related ratios, the schedule of the City's proportionate share of the net OPEB liability (asset) – Oregon public employees retirement system retiree health insurance account, and the schedule of the City's contributions – Oregon public employees retirement system retiree health insurance account (OPEB 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, PERS schedules and OPEB 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 December 15, 2018, 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: 
Katherine R. Wilson, Shareholder
December 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

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, 2018. Please read it in conjunction with the accompanying transmittal letter (beginning on page ii), the basic financial statements (beginning on page 16), 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,

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Cash and investments	\$ 12,539,641	\$ 10,959,048	\$ 2,475,341	\$ 2,266,604	\$ 15,014,982	\$ 13,225,652
Other assets	13,735,323	14,623,462	1,832,357	1,714,922	15,567,680	16,338,384
Capital assets	61,219,327	61,135,604	10,400,061	10,147,623	71,619,388	71,283,227
Total assets	87,494,291	86,718,114	14,707,759	14,129,149	102,202,050	100,847,263
Total deferred outflows of resources	2,361,369	3,950,102	665,659	1,044,832	3,027,028	4,994,934
Total assets and deferred outflows of resources	89,855,660	90,668,216	15,373,418	15,173,981	105,229,078	105,842,197
Other liabilities	8,838,179	11,547,385	2,844,956	3,543,064	11,683,135	15,090,449
Long-term debt	15,625,000	14,685,000	650,000	850,000	16,275,000	15,535,000
Total liabilities	24,463,179	26,232,385	3,494,956	4,393,064	27,958,135	30,625,449
Total deferred inflows of resources	304,673	172,653	136,244	75,255	440,917	247,908
Total liabilities and deferred inflows of resources	24,767,852	26,405,038	3,631,200	4,468,319	28,399,052	30,873,357
Net position						
Net investment in capital assets	46,907,730	46,386,969	9,750,061	9,297,623	56,657,791	55,684,592
Restricted	20,441,015	22,063,736	1,040,844	1,064,417	21,481,859	23,128,153
Unrestricted	(2,260,937)	(4,187,527)	951,313	343,622	(1,309,624)	(3,843,905)
Total net position	\$ 65,087,808	\$ 64,263,178	\$ 11,742,218	\$ 10,705,662	\$ 76,830,026	\$ 74,968,840

Overall the City's financial position increased by \$1.9 million. The majority of this is due to the application of the provisions of Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. This pronouncement included an adjustment to the current year 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 increased by \$0.8 million from \$64.3 million to \$65.1 million. This increase is the change in net position reflected in the condensed Statement of Net Position, and explained below:

- Cash and investments increased by \$1.6 million as the result of normal fluctuations in when cash is received.
- Other assets decreased by \$0.9 million, as a result the ongoing collection of \$0.8 million in assessments associated with the Keizer Station Local Improvement District offset by an increase in accounts receivable associated with normal fluctuations in when cash is received.
- Capital assets increased by \$0.1 million, primarily as a result of
 - \$3.2 million for acquisition of capital assets (primarily street resurfacing projects) offset by
 - \$3.1 million of depreciation expense and asset disposals.
- Other liabilities decreased by \$2.7 million primarily due to the application of the provisions of Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions.
- Long-term debt outstanding increased by \$0.9 million, as the result issuing \$1.8 million in debt to replace the Dearborn Bridge offset by 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 increased by \$1.0 million from \$10.7 million to \$11.7 million. This increase is the change in net position reflected in the Statement of Net Position, and explained below:

- Capital assets increased by \$0.3 million as a result of \$0.8 million investment in water and sewer systems and equipment and vehicles offset by \$0.5 million of depreciation expense.
- Other liabilities decreased by \$0.7 million as the result of the application of the provisions of Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions.
- Long-term debt decreased by \$0.2 million as the result of the scheduled principal payments 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,

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Fees, fines, and charges for services	\$ 1,626,958	\$ 838,677	\$ 11,045,465	\$ 10,449,920	\$ 12,672,423	\$ 11,288,597
Operating grants and contributions	2,871,026	2,625,522	-	-	2,871,026	2,625,522
Capital grants and contributions	214,983	224,701	41,764	55,482	256,747	280,183
Total program revenues	4,712,967	3,688,900	11,087,229	10,505,402	15,800,196	14,194,302
General Revenues						
Taxes and assessments	5,613,585	5,007,045	-	-	5,613,585	5,007,045
Franchise taxes	2,764,326	2,729,145	-	-	2,764,326	2,729,145
Intergovernmental	828,085	786,466	-	-	828,085	786,466
Gain (loss) on the sale of capital assets	8,500	17,000	-	-	8,500	17,000
Miscellaneous	904,857	1,148,390	149,050	119,787	1,053,907	1,268,177
Total general revenues	10,119,353	9,688,046	149,050	119,787	10,268,403	9,807,833
Total Revenues	14,832,320	13,376,946	11,236,279	10,625,189	26,068,599	24,002,135
Expenses						
Programs	15,606,011	15,009,305	11,066,098	10,758,909	26,672,109	25,768,214
Change in net position before transfers	(773,691)	(1,632,359)	170,181	(133,720)	(603,510)	(1,766,079)
Transfers	(460,400)	(423,800)	460,400	423,800	-	-
Change in net position	(1,234,091)	(2,056,159)	630,581	290,080	(603,510)	(1,766,079)
Beginning net position,	64,263,178	66,319,337	10,705,662	10,415,582	74,968,840	76,734,919
Restatement from implementing new accounting standard	2,058,721	-	405,975	-	2,464,696	-
Beginning net position, revised	66,321,899	66,319,337	11,111,637	10,415,582	77,433,536	76,734,919
Ending net position	\$ 65,087,808	\$ 64,263,178	\$ 11,742,218	\$ 10,705,662	\$ 76,830,026	\$ 74,968,840

Governmental Activities

The City's net position from governmental activities decreased by \$1.2 million in the current year as compared to a decrease of \$2.1 in the previous year. This change in net position primarily reflects:

- Fee, fines and charges for services – These revenues increased \$0.8 million primarily as the result of implementing a Police Services Fee and Park Services Fee in November 2017.
- Operating grants and contributions increased by \$0.2 million as the result of an increase in gas tax received in the current year as compared to the prior year.

- Taxes and assessments – These are revenues arising from property taxes, street lighting district assessments, local improvement district assessments and urban renewal tax increment revenues. Taxes and assessments increased \$0.6 million as the result of an increase in the assessed value of property within the City limits and additional construction resulting in more property tax collected.
- Miscellaneous – Revenues primarily consist of interest earnings on funds held for working capital needs and interest earned on assessments and reserves held over an extended period of time. Miscellaneous revenues decreased by \$0.2 million primarily due to one-time revenue received in the prior year that did not recur in 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,

Programs	2018		2017		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 2,034,704	13.0%	\$ 2,057,330	13.7%	\$ (22,626)	-1.1%
Community and youth services	22,187	0.1%	14,926	0.1%	7,261	48.6%
Community development	2,453,238	15.7%	2,512,532	16.7%	(59,294)	-2.4%
Parks	723,829	4.6%	453,211	3.0%	270,618	59.7%
Public safety	7,912,602	50.7%	7,574,569	50.5%	338,033	4.5%
Public works	1,701,588	10.9%	1,605,167	10.7%	96,421	6.0%
Interest on long-term debt	757,863	4.9%	791,570	5.3%	(33,707)	-4.3%
Total expenses	<u>\$ 15,606,011</u>	<u>100.0%</u>	<u>\$ 15,009,305</u>	<u>100.0%</u>	<u>\$ 596,706</u>	<u>4.0%</u>

Program expenses increased by \$0.6 million from \$15.0 million in the prior year to \$15.6 million in the current year. The primary reason for the increase is the Police Department added five additional officers and the Parks Department added two additional employees in response to the Police Services Fee and Park Services Fee which started in November 2017.

Business-type Activities

The City's change in net position from business-type activities increased by \$0.3 million in the current year as compared to the prior year.

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

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

Programs	2018		2017		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water	\$ 2,842,910	25.7%	\$ 2,773,955	25.8%	\$ 68,955	2.5%
Sewer	5,938,158	53.7%	5,811,582	54.0%	126,576	2.2%
Stormwater	1,580,629	14.3%	1,531,923	14.2%	48,706	3.2%
Community Center	290,796	2.6%	247,938	2.3%	42,858	17.3%
Street Lighting Districts	413,605	3.7%	393,511	3.7%	20,094	5.1%
Total expenses	\$ 11,066,098	100.0%	\$ 10,758,909	100.0%	\$ 307,189	2.9%

Program expenses increased by \$0.3 million primarily as the result of an increase in pass through sewer charges from the City of Salem who is responsible for maintaining the regional sewer system.

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	2018		2017		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 2,609,897	21.1%	\$ 2,231,504	19.6%	\$ 378,393	17.0%
Streets	3,037,414	24.6%	2,153,935	18.9%	883,479	41.0%
Transportation Improvement	2,997,193	24.3%	2,821,713	24.8%	175,480	6.2%
Keizer Station LID	2,716,376	22.0%	2,704,120	23.7%	12,256	0.5%
Other Governmental Funds	989,024	8.0%	1,476,955	13.0%	(487,931)	-33.0%
Total fund balances	\$ 12,349,904	100.0%	\$ 11,388,227	100.0%	\$ 961,677	8.4%

At June 30, 2018, the City's governmental funds reported combined fund balances of \$12.3 million, which is an increase of \$1.0 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 \$1.4 million from \$9.7 million in the prior year to \$11.0 million in the current year. General fund revenue consisted of the following:

	2018		2017		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Taxes and assessments	\$ 5,513,465	49.9%	\$ 5,026,132	51.9%	\$ 487,333	9.7%
Licenses and permits	3,729,602	33.8%	2,865,089	29.6%	864,513	30.2%
Intergovernmental	1,211,771	11.0%	1,156,927	12.0%	54,844	4.7%
Fines and forfeitures	387,003	3.5%	423,291	4.4%	(36,288)	-8.6%
Miscellaneous	204,220	1.8%	208,652	2.2%	(4,432)	-2.1%
Total General fund revenue	<u>\$ 11,046,061</u>	<u>100.0%</u>	<u>\$ 9,680,091</u>	<u>100.0%</u>	<u>\$ 1,365,970</u>	<u>14.1%</u>

General fund expenditures consisted of the following:

	2018		2017		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General government	\$ 2,003,679	18.4%	\$ 1,844,037	19.7%	\$ 159,642	8.7%
Community and youth services	22,187	0.2%	14,926	0.2%	7,261	48.6%
Community development	520,647	4.8%	492,419	5.3%	28,228	5.7%
Parks	727,864	6.7%	336,399	3.6%	391,465	116.4%
Public safety	7,600,091	69.9%	6,658,910	71.2%	941,181	14.1%
Total General fund expenditures	<u>\$ 10,874,468</u>	<u>100.0%</u>	<u>\$ 9,346,691</u>	<u>100.0%</u>	<u>\$ 1,527,777</u>	<u>16.3%</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. In addition the Street fund incurred \$1.8 million in debt to finance the construction of a new bridge on Dearborn Avenue NE over Claggett Creek.

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 remained consistent at 1.6 million in the current year as compared to the prior year.

The Keizer Station LID fund expenditures remained consistent at \$1.6 million in the current year as compared to the prior year. The \$1.6 million is principal and interest payments on the outstanding debt.

Other Governmental Funds

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

Fund Financial Statements - Proprietary Funds

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

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

Major Funds	2018		2017		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Sewer	\$ 1,906,724	16.2%	\$ 1,828,672	17.1%	\$ 78,052	4.3%
Water and Water Facility	7,811,234	66.5%	7,172,183	67.0%	639,051	8.9%
Stormwater	1,285,897	11.0%	988,941	9.2%	296,956	30.0%
Other Funds	738,363	6.3%	715,866	6.7%	22,497	3.1%
Total net position	<u>\$ 11,742,218</u>	<u>100.0%</u>	<u>\$ 10,705,662</u>	<u>100.0%</u>	<u>\$ 1,036,556</u>	<u>9.7%</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 from \$2.9 million in the prior year to \$3.2 million in the current year. The Water fund had a 4% rate increase that took effect January 1, 2018. In addition the Water and Water Facility funds received one-time revenue in the current year which did not occur in the prior year.

The Water and Water Facility funds expenses increased to \$2.8 million in the current year as compared to \$2.7 million in fiscal prior year.

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 \$5.9 million in the current year as compared to \$5.8 million in the prior year. The increase is due to a 2.5% rate increase that took effect January 1, 2018 offset by lower consumption charges.

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 \$1.2 million in prior year to \$1.3 million in the current year. The increase is due to a rate increase that took effect January 1, 2018.

The Stormwater fund expenses remained consistent at \$1.6 million in the current year as compared to the prior year.

Budgetary Highlights

The General fund budget was modified during the year to account for the adoption of the Police Services Fee and Park Services Fee in November 2017. Specifically, Police Department expenditures increased by \$410,000 to provide resources and appropriations to hire and equip five additional police officers. The Parks Department appropriations were increased by \$430,700 to provide for hiring two additional parks employees and to increase the level of maintenance throughout the park system.

In addition General fund transfers in and Police Department appropriations was increased by \$215,700 to provide resources to acquire handheld radios.

Transfers in and General fund administration appropriations was increased by \$250,000 to provide for costs associated with preparing City owned land for lease by a third party.

The General fund was also modified to reflect the results of a salary survey by increasing working capital carryforward and personal services by \$34,600.

Capital Assets

As of June 30, 2018, the City had invested \$71.6 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions, and depreciation) of \$0.3 million, when compared to the previous fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 14,941,368	\$ 14,941,368	\$ 371,759	\$ 371,759	\$ 15,313,127	\$ 15,313,127
Construction in process	544,562	-	201,474	-	746,036	-
Building and improvements	50,966,874	48,924,180	1,065,730	1,065,730	52,032,604	49,989,910
Equipment and vehicles	2,824,608	2,278,793	1,049,057	992,085	3,873,665	3,270,878
Infrastructure	38,620,049	38,620,049	25,026,590	24,489,250	63,646,639	63,109,299
Accumulated depreciation	(46,678,134)	(43,628,786)	(17,314,549)	(16,771,201)	(63,992,683)	(60,399,987)
Net capital assets	<u>\$ 61,219,327</u>	<u>\$ 61,135,604</u>	<u>\$ 10,400,061</u>	<u>\$ 10,147,623</u>	<u>\$ 71,619,388</u>	<u>\$ 71,283,227</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, 2018

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 61,135,604	\$ 10,147,623	\$ 71,283,227
Additions	3,212,037	814,986	4,027,023
Depreciation	<u>(3,128,314)</u>	<u>(562,548)</u>	<u>(3,690,862)</u>
Net capital assets	<u>\$ 61,219,327</u>	<u>\$ 10,400,061</u>	<u>\$ 71,619,388</u>

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

The City depreciates all its capital assets except for land.

Debt Outstanding

As of June 30, 2018, the City had \$16.3 million in debt (bonds, notes, etc.) outstanding compared to the \$15.5 million last year.

Table 9
Outstanding Debt at Year End
June 30,

	Totals	
	2018	2017
Governmental Activities		
Gas Tax Revenue Loan 2018	\$ 1,800,000	\$ -
Keizer Station LID Bonds 2008	13,825,000	14,685,000
Total Governmental Activities	15,625,000	14,685,000
Business-type Activities		
Water Revenue Loan	650,000	850,000
Total	<u>\$ 16,275,000</u>	<u>\$ 15,535,000</u>

For more detailed information see the Notes to Basic Financial Statements (pages 41-43).

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, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 12,539,641	\$ 2,475,341	\$ 15,014,982
Accounts receivable	854,620	1,708,588	2,563,208
Property taxes receivable	362,095	-	362,095
Assessment liens receivable	12,113,778	137	12,113,915
Loans receivable	383,271	-	383,271
Inventories	-	118,427	118,427
Nondepreciable capital assets	15,485,930	573,233	16,059,163
Other capital assets, net of depreciation	45,733,397	9,826,828	55,560,225
Other post-employment benefits	21,559	5,205	26,764
<i>Total Assets</i>	<i>87,494,291</i>	<i>14,707,759</i>	<i>102,202,050</i>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB	46,419	11,207	57,626
Deferred outflows of resources related to pensions	2,314,950	654,452	2,969,402
<i>Total Deferred Outflows of Resources</i>	<i>2,361,369</i>	<i>665,659</i>	<i>3,027,028</i>
LIABILITIES			
Accounts payable	818,644	592,226	1,410,870
Deposits	59,375	225,603	284,978
Accrued interest payable	69,058	8,883	77,941
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	91,000	210,000	301,000
Accrued compensated absences	248,796	69,509	318,305
Due in more than one year:			
Bonds and notes payable	15,534,000	440,000	15,974,000
Accrued compensated absences	462,049	128,973	591,022
Other post-employment benefits	841,234	203,104	1,044,338
Net pension liability	6,339,023	1,616,658	7,955,681
<i>Total Liabilities</i>	<i>24,463,179</i>	<i>3,494,956</i>	<i>27,958,135</i>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	64,413	15,551	79,964
Deferred inflows of resources related to pensions	240,260	120,693	360,953
<i>Total Deferred Inflows of Resources</i>	<i>304,673</i>	<i>136,244</i>	<i>440,917</i>
NET POSITION			
Net investment in capital assets	46,907,730	9,750,061	56,657,791
Restricted for:			
Debt service	14,761,967	234,100	14,996,067
Construction	5,294,489	370,789	5,665,278
Other	384,559	435,955	820,514
Unrestricted	(2,260,937)	951,313	(1,309,624)
<i>Total Net Position</i>	<i>\$ 65,087,808</i>	<i>\$ 11,742,218</i>	<i>\$ 76,830,026</i>

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

CITY OF KEIZER, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

		<i>Program Revenues</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
FUNCTIONS/PROGRAMS	Expenses			
Governmental Activities:				
General government	\$ 2,034,704	\$ 184,271	\$ -	\$ 152,765
Community and youth services	22,187	-	-	-
Community development	2,453,238	83,190	1,200	-
Parks	723,829	495,460	4,700	61,869
Public safety	7,912,602	802,300	410,397	-
Public works	1,701,588	9,404	2,454,729	349
Stadium operations	-	52,333	-	-
Interest on long-term debt	757,863	-	-	-
<i>Total Governmental Activities</i>	15,606,011	1,626,958	2,871,026	214,983
Business-type Activities:				
Water	2,842,910	3,198,816	-	41,764
Sewer	5,938,158	5,918,325	-	-
Stormwater	1,580,629	1,316,590	-	-
Community center	290,796	192,826	-	-
Street lighting	413,605	418,908	-	-
<i>Total Business-type Activities</i>	11,066,098	11,045,465	-	41,764
<i>Total Activities</i>	\$ 26,672,109	\$ 12,672,423	\$ 2,871,026	\$ 256,747

General Revenues:

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

Total General Revenues and Transfers

Change in Net Position

Net Position, July 1, 2017, as originally reported

Restatement from implementing new accounting standard

Net Position, July 1, 2017, as restated

Net Position, June 30, 2018

<i>Net (Expenses) Revenues and Changes in Net Position</i>		
<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (1,697,668)	\$ -	\$ (1,697,668)
(22,187)	-	(22,187)
(2,368,848)	-	(2,368,848)
(161,800)	-	(161,800)
(6,699,905)	-	(6,699,905)
762,894	-	762,894
52,333	-	52,333
(757,863)	-	(757,863)
(10,893,044)	-	(10,893,044)
-	397,670	397,670
-	(19,833)	(19,833)
-	(264,039)	(264,039)
-	(97,970)	(97,970)
-	5,303	5,303
-	21,131	21,131
(10,893,044)	21,131	(10,871,913)
5,360,972	-	5,360,972
252,613	-	252,613
2,764,326	-	2,764,326
828,085	-	828,085
8,500	-	8,500
904,857	149,050	1,053,907
(460,400)	460,400	-
9,658,953	609,450	10,268,403
(1,234,091)	630,581	(603,510)
64,263,178	10,705,662	74,968,840
2,058,721	405,975	2,464,696
66,321,899	11,111,637	77,433,536
\$ 65,087,808	\$ 11,742,218	\$ 76,830,026

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

CITY OF KEIZER, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

		<u>Special Revenue</u>	
	<u>General</u>	<u>Street</u>	<u>Transportation Improvement</u>
ASSETS			
Cash and investments	\$ 2,399,011	\$ 3,163,412	\$ 2,997,193
Accounts receivable	583,548	236,384	-
Loans receivable	-	-	-
Property taxes receivable	362,095	-	-
Assessment liens receivable, net	-	8,279	-
<i>Total Assets</i>	<u>\$ 3,344,654</u>	<u>\$ 3,408,075</u>	<u>\$ 2,997,193</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 197,731	\$ 362,382	\$ -
Accrued expenses payable	168,544	-	-
Deposits	59,375	-	-
<i>Total Liabilities</i>	425,650	362,382	-
Deferred Inflows			
Unavailable revenue	309,107	8,279	-
Fund Balances			
Restricted for:			
Debt service	-	-	-
Construction	-	3,037,414	2,997,193
Committed	278,736	-	-
Unassigned	2,331,161	-	-
<i>Total Fund Balances</i>	<u>2,609,897</u>	<u>3,037,414</u>	<u>2,997,193</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 3,344,654</u>	<u>\$ 3,408,075</u>	<u>\$ 2,997,193</u>

<i>Debt Service</i>	<i>Other</i>	
<i>Keizer</i>	<i>Governmental</i>	
<i>Station LID</i>	<i>Funds</i>	<i>Totals</i>
\$ 2,716,376	\$ 956,830	\$ 12,232,822
-	33,943	853,875
-	383,271	383,271
-	-	362,095
12,105,499	-	12,113,778
<u>\$ 14,821,875</u>	<u>\$ 1,374,044</u>	<u>\$ 25,945,841</u>
\$ -	\$ 1,749	\$ 561,862
-	-	168,544
-	-	59,375
-	1,749	789,781
12,105,499	383,271	12,806,156
2,716,376	-	2,716,376
-	604,465	6,639,072
-	384,559	663,295
-	-	2,331,161
<u>2,716,376</u>	<u>989,024</u>	<u>12,349,904</u>
<u>\$ 14,821,875</u>	<u>\$ 1,374,044</u>	<u>\$ 25,945,841</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, 2018**

<i>Fund Balances</i>	\$ 12,349,904
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.	
	12,806,156
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	(6,339,023)
Deferred outflows	2,314,950
Deferred inflows	(240,260)
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	107,897,461
Accumulated depreciation	(46,678,134)
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	(15,625,000)
Accrued interest payable	(69,058)
Accrued compensated absences	(710,845)
OPEB liability	(841,234)
OPEB asset	21,559
OPEB deferred outflows	46,419
OPEB deferred inflows	(64,413)
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.	
	<u>219,326</u>
Net Position of governmental activities	<u>\$ 65,087,808</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, 2018**

		Special Revenue	
	General	Street	Transportation Improvement
REVENUES			
Taxes and assessments	\$ 5,513,465	\$ 860	\$ -
Licenses and permits	3,729,602	9,406	152,765
Intergovernmental	1,211,771	2,451,366	-
Fines and forfeitures	387,003	-	-
Miscellaneous	204,220	21,557	22,715
<i>Total Revenues</i>	11,046,061	2,483,189	175,480
EXPENDITURES			
Current operating			
General government	2,003,679	-	-
Community and youth services	22,187	-	-
Community development	520,647	-	-
Parks	421,668	-	-
Public safety	7,120,604	-	-
Public works	-	902,689	-
Capital outlay	785,683	2,054,021	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total Expenditures</i>	10,874,468	2,956,710	-
REVENUES OVER (UNDER) EXPENDITURES	171,593	(473,521)	175,480
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	1,800,000	-
Proceeds from property sales	8,500	-	-
Transfers in	215,700	-	-
Transfers out	(17,400)	(443,000)	-
<i>Total Other Financing Sources (Uses)</i>	206,800	1,357,000	-
NET CHANGE IN FUND BALANCES	378,393	883,479	175,480
FUND BALANCES, Beginning of year	2,231,504	2,153,935	2,821,713
FUND BALANCES, End of year	\$ 2,609,897	\$ 3,037,414	\$ 2,997,193

<i>Debt Service</i>	<i>Other</i>	
<i>Keizer</i>	<i>Governmental</i>	
<i>Station LID</i>	<i>Funds</i>	<i>Totals</i>
\$ 820,876	\$ -	\$ 6,335,201
-	201,991	4,093,764
-	-	3,663,137
-	-	387,003
803,820	13,955	1,066,267
1,624,696	215,946	15,545,372
-	106,088	2,109,767
-	-	22,187
-	-	520,647
-	-	421,668
-	-	7,120,604
-	-	902,689
-	382,089	3,221,793
860,000	-	860,000
752,440	-	752,440
1,612,440	488,177	15,931,795
12,256	(272,231)	(386,423)
-	-	1,800,000
-	-	8,500
-	-	215,700
-	(215,700)	(676,100)
-	(215,700)	1,348,100
12,256	(487,931)	961,677
2,704,120	1,476,955	11,388,227
\$ 2,716,376	\$ 989,024	\$ 12,349,904

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, 2018**

Net change in fund balances - total governmental funds \$ 961,677

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. (721,552)

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. (58,808)

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	3,212,037
Depreciation	(3,128,314)

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.

Proceeds from issuance of debt	(1,800,000)
Debt principal payments	860,000
Accrued interest payable	(5,423)

Current year pension expense related to change in net pension liability and other post
employment benefits are reported as expenses in the Statement of Activities but are
not recorded as expenditures in the governmental funds. (601,652)

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. 47,944

Change in net position of governmental activities \$ (1,234,091)

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

CITY OF KEIZER, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	<i>Business-type Activities - Enterprise Funds</i>					<i>Governmental Activities</i>
		<i>Water and Water Facility</i>	<i>Stormwater</i>	<i>Other Enterprise Funds</i>	<i>Totals</i>	<i>Administrative Service Fund</i>
	<i>Sewer</i>					
ASSETS						
Current Assets						
Cash and investments	\$ 160,545	\$ 1,112,266	\$ 350,632	\$ 851,898	\$ 2,475,341	\$ 306,819
Accounts receivable	894,726	551,604	198,059	64,199	1,708,588	745
Assessment liens receivable	-	137	-	-	137	-
Inventories	-	117,324	1,103	-	118,427	-
<i>Total Current Assets</i>	1,055,271	1,781,331	549,794	916,097	4,302,493	307,564
Noncurrent Assets						
Nondepreciable capital assets	-	371,759	201,474	-	573,233	-
Other capital assets, net of depreciation	1,376,301	7,327,097	1,107,583	15,847	9,826,828	-
OPEB asset	301	2,490	1,988	426	5,205	-
<i>Total Noncurrent Assets</i>	1,376,602	7,701,346	1,311,045	16,273	10,405,266	-
<i>Total Assets</i>	2,431,873	9,482,677	1,860,839	932,370	14,707,759	307,564
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to OPEB	649	5,361	4,280	917	11,207	-
Deferred outflows related to pensions	37,534	336,963	232,609	47,346	654,452	-
<i>Total Deferred Outflows of Resources</i>	38,183	342,324	236,889	48,263	665,659	-
LIABILITIES						
Current Liabilities						
Accounts payable	423,194	77,167	34,130	57,735	592,226	88,238
Deposits	-	184,105	-	41,498	225,603	-
Accrued interest payable	-	8,883	-	-	8,883	-
Bonds payable - due within one year	-	210,000	-	-	210,000	-
Accrued compensated absences	4,537	40,574	21,385	3,014	69,509	-
<i>Total Current Liabilities</i>	427,731	520,729	55,515	102,247	1,106,221	88,238
Noncurrent Liabilities						
Bonds payable	-	440,000	-	-	440,000	-
Accrued compensated absences	8,425	75,351	39,715	5,481	128,973	-
Other post-employment benefits	11,762	97,165	77,565	16,612	203,104	-
Net pension liability	97,830	808,960	596,942	112,926	1,616,658	-
<i>Total Noncurrent Liabilities</i>	118,017	1,421,476	714,222	135,019	2,388,735	-
<i>Total Liabilities</i>	545,748	1,942,205	769,737	237,266	3,494,956	88,238
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB	901	7,440	5,939	1,271	15,551	-
Deferred inflows related to pensions	16,683	64,122	36,155	3,733	120,693	-
<i>Total Deferred Inflows of Resources</i>	17,584	71,562	42,094	5,004	136,244	-
NET POSITION						
Net investment in capital assets	1,376,301	7,048,856	1,309,057	15,847	9,750,061	-
Restricted for:						
Capital projects	-	171,319	-	199,471	370,790	-
Debt service	-	234,100	-	-	234,100	-
Other	-	-	-	435,955	435,955	-
Unrestricted	530,423	356,959	(23,160)	87,090	951,312	219,326
<i>Total Net Position</i>	\$ 1,906,724	\$ 7,811,234	\$ 1,285,897	\$ 738,363	\$ 11,742,218	\$ 219,326

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, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Sewer	Water and Water Facility	Stormwater	Other Enterprise Funds	Totals	Administrative Service Fund
OPERATING REVENUES						
Licenses and permits	\$ -	\$ 87,040	\$ 10,870	\$ 14,547	\$ 112,457	\$ -
Charges for services	5,902,725	3,009,511	1,301,126	597,447	10,810,809	3,419,073
Miscellaneous	1,053	102,265	4,594	14,287	122,199	943
<i>Total Operating Revenues</i>	5,903,778	3,198,816	1,316,590	626,281	11,045,465	3,420,016
OPERATING EXPENSES						
Personnel services	15,563	1,043,490	789,089	115,071	1,963,213	2,486,585
Materials and services	5,850,251	1,346,032	731,557	584,481	8,512,321	885,487
Depreciation	72,344	425,372	59,983	4,849	562,548	-
<i>Total Operating Expenses</i>	5,938,158	2,814,894	1,580,629	704,401	11,038,082	3,372,072
OPERATING INCOME (LOSS)	(34,380)	383,922	(264,039)	(78,120)	7,383	47,944
NONOPERATING REVENUES (EXPENSES)						
Investment revenue	1,159	8,929	1,459	6,652	18,199	-
Miscellaneous	-	-	-	130,851	130,851	-
Interest expense	-	(28,016)	-	-	(28,016)	-
<i>Total Nonoperating Revenues (Expenses)</i>	1,159	(19,087)	1,459	137,503	121,034	-
CAPITAL CONTRIBUTION	-	41,764	-	-	41,764	-
INCOME (LOSS) BEFORE TRANSFERS	(33,221)	406,599	(262,580)	59,383	170,181	47,944
Transfers in	65,562	17,400	443,000	-	525,962	-
CHANGE IN NET POSITION	32,341	423,999	180,420	(6,179)	630,581	47,944
NET POSITION, Beginning of year, as reported	1,828,672	7,172,183	988,941	715,866	10,705,662	171,382
<i>Restatement from implementing new accounting standard</i>	45,711	215,052	116,536	28,676	405,975	-
NET POSITION, Beginning of year	1,874,383	7,387,235	1,105,477	744,542	11,111,637	171,382
NET POSITION, End of year	\$ 1,906,724	\$ 7,811,234	\$ 1,285,897	\$ 738,363	\$ 11,742,218	\$ 219,326

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, 2018

	<u>Sewer</u>	<u>Water and Water Facility</u>	<u>Stormwater</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,899,112	\$ 3,061,636	\$ 1,298,289
Cash paid for employee services and benefits	(3,136)	(962,298)	(721,536)
Cash paid to suppliers for goods and services	(5,853,866)	(1,358,888)	(718,137)
<i>Net Cash Provided by (Used in) Operating Activities</i>	42,110	740,450	(141,384)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Taxes available for operating purposes	-	-	-
Transfers in	-	17,400	443,000
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	-	17,400	443,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(514,977)	(227,907)
Principal paid on contracts/bonds payable	-	(200,000)	-
Contribution of capital	-	41,822	-
Interest paid	-	(30,750)	-
<i>Net Cash Used in Capital Related Financing Activities</i>	-	(703,905)	(227,907)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	1,159	8,929	1,459
<i>Increase (Decrease) in Cash and Investments</i>	43,269	62,874	75,168
CASH AND INVESTMENTS, Beginning of year	117,276	1,049,392	275,464
CASH AND INVESTMENTS, End of year	<u>\$ 160,545</u>	<u>\$ 1,112,266</u>	<u>\$ 350,632</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)			
Operating income (loss)	\$ (34,380)	\$ 383,922	\$ (264,039)
Depreciation	72,344	425,372	59,983
<i>Change in assets and liabilities</i>			
Accounts receivable	(4,666)	(109,370)	(18,301)
Prepaid items	106	23,587	16,221
Inventory	-	(10,472)	380
Accounts payable	(3,721)	(25,972)	(3,181)
Accrued compensated absences	3,341	6,147	7,646
Net pension liability	9,622	79,487	63,453
Other post-employment benefits	(536)	(4,442)	(3,546)
Deposits payable	-	(27,809)	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 42,110</u>	<u>\$ 740,450</u>	<u>\$ (141,384)</u>
Non-cash Transfer	<u>\$ 65,562</u>	<u>\$ -</u>	<u>\$ -</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</i>	<i>Service Fund</i>
\$ 617,854	\$ 10,876,891	\$ 3,420,016	
(100,120)	(1,787,090)	(2,486,585)	
(557,864)	(8,488,755)	(647,240)	
(40,130)	601,046	286,191	
133,006	133,006	-	
-	460,400	-	
133,006	593,406	-	
(72,102)	(814,986)	-	
-	(200,000)	-	
-	41,822	-	
-	(30,750)	-	
(72,102)	(1,003,914)	-	
6,652	18,199	-	
27,426	208,737	286,191	
824,472	2,266,604	20,628	
<u>\$ 851,898</u>	<u>\$ 2,475,341</u>	<u>\$ 306,819</u>	
\$ (86,121)	\$ (618)	\$ 47,944	
4,849	562,548	-	
(12,468)	(144,805)	-	
2,695	42,609	229,577	
-	(10,092)	-	
30,118	(2,756)	8,670	
2,123	19,257	-	
13,591	166,153	-	
5,083	(3,441)	-	
-	(27,809)	-	
<u>\$ (40,130)</u>	<u>\$ 601,046</u>	<u>\$ 286,191</u>	
<u>\$ (65,562)</u>	<u>\$ -</u>	<u>\$ -</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, 2018

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. In accordance with GASB No. 54, the Police Services Fund and the Parks Services Funds, which are budgeted separately, are combined with the General Fund for financial reporting purposes.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018. 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 has three items that qualify for reporting in this category: unavailable revenue, deferred inflows related to OPEB, deferred inflows related to pensions. 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. The deferred pension and OPEB amounts result from differences between projected and actual investment earnings.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

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, 2018

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. Water revenue loan is payable from water sales and system development fees. Gas tax loan is payable from gas tax revenues. 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 and OPEB related items that apply to 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 and OPEB for contributions made after the June 30, 2017 measurement date, differences between expected and actual experience, and changes in proportionate share.

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, 2018

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.

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.

Other Postemployment Benefit Plans

The City's net other postemployment benefits plan (OPEB) asset/liability, deferred inflows and outflows related to OPEB and OPEB benefit/expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS). Additionally, the City's total OPEB obligation, deferred inflows and outflows related to OPEB, and OPEB benefit/expense for the implicit subsidy have been actuarially determined. These amounts are recognized in the government-wide financial statements.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

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, 2018 the carrying value of cash and investments and fair value are approximately equal. Cash and investments are comprised of the following at June 30, 2018:

Cash	
Cash on hand	\$ 2,200
Deposits with financial institutions	6,806,387
Investments	
Local Government Investment Pool	<u>8,206,395</u>
 <i>Total Cash and Investments</i>	 <u><u>\$ 15,014,982</u></u>

Deposits

At year end, the book balance of the City's bank deposits (checking and money market accounts) was \$6,808,587 and the bank balance was \$6,925,364. 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, 2018, \$6,675,364 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, 2018, 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. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018****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. 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	\$ 583,548	\$ 362,095	\$ -	\$ -
Street	236,384	-	8,279	-
Keizer Station LID	-	-	12,902,499	-
Other governmental funds	33,943	-	-	383,271
Sewer	894,726	-	-	-
Water	551,604	-	137	-
Stormwater	198,059	-	-	-
Other business-type funds	64,944	-	-	-
Allowance for doubtful accounts	-	-	(797,000)	-
	<u>\$ 2,563,208</u>	<u>\$ 362,095</u>	<u>\$ 12,113,915</u>	<u>\$ 383,271</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS

The summary of capital assets for the business-type activities for the year ended June 30, 2018 is as follows:

	Balances July 1, 2017	Additions	Deletions	Balances June 30, 2018
NON-DEPRECIABLE				
Land	\$ 371,759	\$ -	\$ -	\$ 371,759
Construction work-in-progress	-	201,474		201,474
Total non-depreciable	371,759	201,474	-	573,233
DEPRECIABLE				
Buildings and improvements	1,065,730	-	-	1,065,730
Water and sewer systems	24,489,250	537,340	-	25,026,590
Equipment and vehicles	992,085	76,172	19,200	1,049,057
Total depreciable	26,547,065	613,512	19,200	27,141,377
ACCUMULATED DEPRECIATION				
Buildings	893,608	19,270	-	912,878
Water and sewer systems	15,039,866	473,501	-	15,513,367
Equipment and vehicles	837,727	69,777	19,200	888,304
Total accumulated depreciation	16,771,201	562,548	19,200	17,314,549
<i>Business-type activities capital assets, net</i>	<u>\$ 10,147,623</u>	<u>\$ 252,438</u>	<u>\$ -</u>	<u>\$ 10,400,061</u>

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

Water	\$ 425,372
Sewer	72,344
Stormwater	59,983
Community Center	4,849
Total depreciation expense for business-type activities	<u>\$ 562,548</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS (continued)

The changes in the capital assets for governmental activities for the year ended June 30, 2018 are as follows:

	Balances July 1, 2017	Additions	Deletions	Balances June 30, 2018
NON-DEPRECIABLE				
Land	\$ 14,941,368	\$ -	\$ -	\$ 14,941,368
Construction work-in-progress	-	544,562		544,562
Total non-depreciable	14,941,368	544,562	-	15,485,930
DEPRECIABLE				
Buildings and improvements	48,924,180	2,042,694	-	50,966,874
Equipment and vehicles	2,278,793	624,781	78,966	2,824,608
Infrastructure	38,620,049	-	-	38,620,049
Total depreciable	89,823,022	2,667,475	78,966	92,411,531
ACCUMULATED DEPRECIATION				
Buildings	24,133,856	1,533,209	-	25,667,065
Equipment and vehicles	1,876,228	322,420	78,966	2,119,682
Infrastructure	17,618,702	1,272,685	-	18,891,387
Total accumulated depreciation	43,628,786	3,128,314	78,966	46,678,134
Governmental activities capital assets, net	<u>\$ 61,135,604</u>	<u>\$ 83,723</u>	<u>\$ -</u>	<u>\$ 61,219,327</u>

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

General government	\$ 18,054
Public safety	267,030
Public works	773,853
Community development	1,902,240
Parks	167,137
Total depreciation expense for governmental activities	<u>\$ 3,128,314</u>

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM OBLIGATIONS

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

	<i>Outstanding July 1, 2017</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2018</i>	<i>Due in One Year</i>
Governmental Activities					
City of Keizer, Full Faith and Credit Financing 2018					
Initial issue \$1,800,000					
interest at 3.05%	\$ -	\$ 1,800,000	\$ -	\$ 1,800,000	\$ 91,000
Keizer Station LID Bonds 2008					
Initial issue \$26,810,000,					
interest only at 5.20%	14,685,000	-	(860,000)	13,825,000	-
Total governmental activities	<u>\$ 14,685,000</u>	<u>\$ 1,800,000</u>	<u>\$ (860,000)</u>	<u>\$ 15,625,000</u>	<u>\$ 91,000</u>
Accrued compensated absences	<u>\$ 652,037</u>	<u>\$ 644,284</u>	<u>\$ (585,476)</u>	<u>\$ 710,845</u>	<u>\$ 248,796</u>
Business-type Activities					
2005 Water Revenue Loan					
Initial issue \$2,600,000,					
interest at 4.10%	<u>\$ 850,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 650,000</u>	<u>\$ 210,000</u>
Accrued compensated absences	<u>\$ 179,225</u>	<u>\$ 155,523</u>	<u>\$ (136,266)</u>	<u>\$ 198,482</u>	<u>\$ 69,469</u>

The Keizer Station LID bonds require a reserve of \$2,681,000 which was included in the Keizer Station LID fund. The Water Revenue Loan requires a reserve of \$234,100 which was included in the Water and Water Facility Fund. The Full Faith and Credit Financing 2018 requires a reserve of \$152,200 which was included in the Street Fund. In addition, the 2018 Full Faith and Credit Financing had \$1,313,400 in unspent bond proceeds at June 30, 2018.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM OBLIGATIONS (Continued)

The future maturities of obligations outstanding as of June 30, 2018:

Governmental Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 91,000	\$ 779,138	\$ 870,138
2020	100,000	771,025	871,025
2021	103,000	767,975	870,975
2022	106,000	764,833	870,833
2023	109,000	761,600	870,600
2024-2028	597,000	3,756,089	4,353,089
2029-2033	14,519,000	2,221,452	16,740,452
	<u>\$ 15,625,000</u>	<u>\$ 9,822,112</u>	<u>\$ 25,447,112</u>

Business-type Activities

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 210,000	\$ 22,345	\$ 232,345
2020	215,000	13,633	228,633
2021	225,000	4,612	229,612
	<u>\$ 650,000</u>	<u>\$ 40,590</u>	<u>\$ 690,590</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, 2018

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/Financials/CAFR-Previous-Years.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, 2018

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 17.22% for Tier One/Tier Two members, 6.87% for OPSRP General Service members, and 11.64% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" was \$870,385.

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 \$411,905 of the employees' contribution.

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018****PENSION PLANS (Continued)****Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the City reported a liability of \$7,955,648 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. 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, 2018, the City's proportion was 0.05902% as compared to 0.06187% 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, 2017, and has been included in the net pension asset/liability proportionate shares calculated by OPERS.

For the year ended June 30, 2018, the City recognized pension expense of \$806,256. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 384,738	\$ -
Changes in assumptions	1,450,171	-
Net difference between projected and actual earnings on pension plan investments	81,962	-
Changes in proportionate share	128,017	193,109
Difference between employer contributions and employer's proportionate share of system contributions	89,527	167,844
City contributions subsequent to the measurement date	834,987	-
Total	<u>\$ 2,969,402</u>	<u>\$ 360,953</u>

Deferred outflows of resources related to pensions of \$834,987 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 ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 315,816
2019	973,278
2020	688,247
2021	(205,869)
2022	1,990
Thereafter	-
Total	<u>\$ 1,773,462</u>

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018**

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

The total pension liability in the December 31, 2015 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	2.50%
Investment Rate of Return	7.50%
Projected Salary Increases	3.50% overall payroll growth; salaries for individuals are assumed to grow at 3.50% 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 (70% for males, 95% 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, 2018****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 Allocation	Annual Arithmetic Return	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.10%	4.00%
Short-Term Bonds	8.00%	3.65%	3.61%
Bank/Leveraged Loans	3.00%	5.69%	5.42%
High Yield Bonds	1.00%	6.67%	6.20%
Large/Mid Cap US equities	15.75%	7.96%	6.70%
Small Cap US Equities	1.30%	8.93%	6.99%
Micro Cap US Equities	1.30%	9.37%	7.01%
Developed Foreign Equities	13.13%	8.34%	6.73%
Emerging Market Equities	4.12%	10.56%	7.25%
Non-US Small Cap Equities	1.88%	9.01%	7.22%
Private Equity	17.50%	11.60%	7.97%
Real Estate (Property)	10.00%	6.48%	5.87%
Real Estate (REITS)	2.50%	8.74%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%
Timber	1.88%	6.60%	5.85%
Farmland	1.88%	7.11%	6.37%
Infrastructure	3.75%	8.31%	7.13%
Commodities	1.88%	6.07%	4.58%
Total	100.00%		
Assumed Inflation - Mean			2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% 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, 2018

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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 13,557,857	\$ 7,955,681	\$ 3,271,143

Pension Plan Fiduciary Net Position

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

Change in Plan Provisions Subsequent to Measurement Date

The PERS Board lowered the assumed rate of return from 7.50% to 7.2% on July 28, 2017. This change is effective January 1, 2018, and will increase the net pension liability in future periods.

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, 2018, amounted to \$16,448. 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 \$418,122 for the year ended June 30, 2018.

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018**

OTHER POST EMPLOYMENT BENEFITS**Post Employment Benefits Other than Pensions**

The other postemployment benefits (OPEB) for the City combines two separate plans. The City provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 26,764	\$ 26,764
Deferred Outflows of Resources			
Contributions After the Measurement Date	25,914	31,712	57,626
Total OPEB Liability	(1,044,338)	-	(1,044,338)
Deferred Inflows of Resources			
Change in Proportionate Share	-	(1,279)	(1,279)
Change in Assumptions	(66,290)	-	(66,290)
Difference in Earnings	-	(12,395)	(12,395)
OPEB Expense	84,480	(330)	84,150
(Included in program expenses on Statement of Activities)			

Implicit Rate Subsidy

Plan Description - The City's single-employer defined benefit postemployment healthcare plan is administered by the City's health insurance providers. Benefit provisions are established through negotiations between the City and representatives of City or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided - The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	4
Active employees	91
	<u>95</u>

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018**

OTHER POST EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The City's total OPEB liability of \$1,044,338 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, the City recognized OPEB expense from this plan of \$84,480. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 66,290
Contributions subsequent to the measurement date	25,914	-
Total	<u>\$ 25,914</u>	<u>\$ 66,290</u>

Deferred outflows of resources related to OPEB of \$25,914 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (7,987)
2020	(7,987)
2021	(7,987)
2022	(7,987)
2023	(7,987)
Thereafter	(26,355)
Total	<u>\$ (66,290)</u>

Actuarial Assumptions and Other Inputs - The total OPEB liability for the June 30, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 3.58% (change from 2.85% in the previous measurement period), medical and vision varies between 7.50% and 5.00% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.50%, and mortality rates based on the RP-2000 sex-distinct mortality tables, with generational adjustments per scale BB.

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

CITY OF KEIZER, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2017	\$ 1,063,376
Changes for the year:	
Service cost	60,950
Interest on Total OPEB Liability	31,517
Effect of assumptions changes or inputs	(74,277)
Benefit payments	(37,228)
Balance as of June 30, 2018	<u>\$ 1,044,338</u>

Changes in assumptions is the result of the change in the discount rate from 2.85 to 3.58.

Sensitivity of the Total OPEB Liability - The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 1,149,257	\$ 1,044,338	\$ 948,661

Healthcare Cost Trend:

	1% Decrease (6.5% decreasing to 4.0%)	Current Healthcare Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	\$ 918,704	\$ 1,044,338	\$ 1,192,238

PERS Retirement Health Insurance Account

Plan Description - The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits Provided - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions - PERS funding policy provides for 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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2018 contributions was \$31,712.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, the City reported an asset of \$26,764 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2017, the City's proportionate share was 0.0641%, which is a decrease from its proportion of 0.0706% as of June 30, 2016.

For the year ended June 30, 2018, the City recognized OPEB income from this plan of \$330. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ -	\$ 12,395
Changes in proportionate share	-	1,279
Contributions subsequent to the measurement date	31,712	-
Total	<u>\$ 31,712</u>	<u>\$ 13,674</u>

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018**

OTHER POST EMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to OPEB of \$31,712 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (3,573)
2020	(3,573)
2021	(3,430)
2022	(3,099)
Total	<u>\$ (13,675)</u>

Actuarial Methods and Assumptions - The healthcare cost trend rate ranges from 6.30% in 2016 to 4.40% in 2094. See OPERS Pension Plan footnote for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

Sensitivity of the proportionate share of the net OPEB liability (asset) to changes in the discount rate - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB (Asset)	\$ 3,731	\$ (26,764)	\$ (52,702)

OPEB Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions Subsequent to Measurement Date - The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

CITY OF KEIZER, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2018****CHANGE IN ACCOUNTING PRINCIPAL**

In implementing GASB Statement No. 75, the City has restated beginning net position in order to recognize the correct Total OPEB Liability for the City's Implicit Rate Subsidy plan and to recognize the City's proportionate share of the Net OPEB Asset of the Oregon Public Employees Retirement Systems (OPERS). The City had previously reported a Net OPEB Obligation in accordance with GASB Statement No. 45 related to the Implicit Rate Subsidy plan, which has been replaced with the total OPEB Liability. The restatement also recognizes a deferred outflow of resources related to OPEB for contributions from each plan made after the June 30, 2017 measurement date.

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Net position - beginning (as reported)	\$ 64,263,178	\$ 10,705,662	\$ 74,968,840
Cumulative effect of change in accounting principle	2,058,721	405,975	2,464,696
Net position - beginning (as restated)	<u>\$ 66,321,899</u>	<u>\$ 11,111,637</u>	<u>\$ 77,433,536</u>

TRANSFERS

<i>Fund</i>	<i>Transfer In</i>	<i>Transfer Out</i>
General	\$ 215,700	\$ 17,400
Street	-	443,000
Park Improvement	-	215,700
Water	17,400	425,000
Water Facility	425,000	-
Stormwater	443,000	-
	<u>\$ 1,101,100</u>	<u>\$ 1,101,100</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.

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.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS

During the fiscal year ended June 30, 2018, the City implemented the following GASB pronouncements:

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, 2017.

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. There was no effect to the City's financials as a result of implementing this standard.

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. There was no effect to the City's financials as a result of implementing this standard.

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. 83, "Certain Asset Retirement Obligation", addresses accounting and financial reporting for certain asset retirement obligations. The statement is effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 84, "Fiduciary Activities." This statement establishes criteria for identifying fiduciary activities of all state and local governments. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, "Leases." This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single models for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the first reporting period beginning after December 15, 2019.

GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The statement is effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period." This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The statement is effective for reporting periods beginning after December 15, 2019.

CITY OF KEIZER, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

NEW ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING STANDARDS (continued)

GASB Statement No. 90, “Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.” This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The statement is effective for reporting periods beginning after December 15, 2018.

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 FIVE FISCAL YEARS**

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 covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.0590%	\$ 7,955,648	\$ 6,865,083	115.9%	83.1%
2017	0.0619%	9,287,987	6,419,498	144.7%	80.5%
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 FIVE FISCAL YEARS

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
2018	\$ 1,282,290	\$ 1,282,290	\$ -	\$ 6,865,083	18.68%
2017	1,081,511	1,081,511	-	6,419,498	16.85%
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 CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS****LIABILITY AND RELATED RATIOS****IMPLICIT RATE SUBSIDY****LAST FISCAL YEARS**

	Fiscal year Ending June 30, 2018
Service Cost	\$ 60,950
Interest on total OPEB liability	31,517
Effect of assumption change or inputs	(74,277)
Benefit payments	<u>(37,228)</u>
Net change in total OPEB liability	(19,038)
Net OPEB liability, beginning	<u>1,063,376</u>
Net OPEB liability, ending	<u><u>\$ 1,044,338</u></u>
Covered payroll	\$ 7,263,146
Total OPEB liability as a % of covered payroll	14%

Notes:

The above table presents the most recent actuarial valuations for the City's post-employment health insurance benefits plan and provides information that approximates the funding progress of the plan.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

10-year trend information required by GASB Statement No. 75 will be presented prospectively.

CITY OF KEIZER, OREGON**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)****OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST TWO FISCAL YEARS**

	2018	2017
City's proportion of the net OPEB liability (asset)	0.0641%	0.0706%
City's proportionate share of the net OPEB liability (asset)	\$ (26,764)	\$ 19,168
City's covered-employee payroll	6,865,083	6,419,498
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-0.39%	0.30%
Plan fiduciary net position as a percentage of the total pension liability	-287066%	391115%

CITY OF KEIZER, OREGON**SCHEDULE OF CITY'S CONTRIBUTIONS****OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 31,712	\$ 31,928
Contributions in relation to the contractually required contribution	<u>(31,712)</u>	<u>(31,928)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,865,083	\$ 6,419,498
Contributions as a percentage of covered-employee payroll	-0.46%	-0.50%

10-year trend information required by GASB Statement No. 75 will be presented prospectively.

CITY OF KEIZER, OREGON**COMBINING BALANCE SHEET – BUDGETARY FUNDS REPORTED AS GENERAL OPERATING FUND**

JUNE 30, 2018

	Budgetary Funds			Total General Operating Fund
	General Fund	Police Services	Park Services	
ASSETS				
Cash and investments	\$ 2,134,784	\$ 127,065	\$ 137,162	\$ 2,399,011
Accounts receivable	460,650	61,462	61,436	583,548
Property taxes receivable	362,095	-	-	362,095
<i>Total Assets</i>	<u>2,957,529</u>	<u>188,527</u>	<u>198,598</u>	<u>3,344,654</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	89,342	-	108,389	197,731
Accrued expenses payable	168,544	-	-	168,544
Deposits	59,375	-	-	59,375
<i>Total Liabilities</i>	317,261	-	108,389	425,650
Deferred Inflows				
Unavailable revenue	309,107	-	-	309,107
Fund Balances				
Committed	-	188,527	90,209	278,736
Unassigned	2,331,161	-	-	2,331,161
<i>Total Fund Balances</i>	<u>2,331,161</u>	<u>188,527</u>	<u>90,209</u>	<u>2,609,897</u>
<i>Total Liabilities , Deferred Inflows and Fund Balances</i>	<u>\$ 2,957,529</u>	<u>\$ 188,527</u>	<u>\$ 198,598</u>	<u>\$ 3,344,654</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****BUDGETARY FUNDS REPORTED AS GENERAL OPERATING FUND****JUNE 30, 2018**

	Budgetary Funds			Eliminate	Total General
	General Fund	Police Services	Park Services	Interfund Activity	Operating Fund
REVENUES					
Taxes and assessments	\$ 5,513,465	\$ -	\$ -	\$ -	\$ 5,513,465
Licenses and permits	2,872,960	424,027	432,615	-	3,729,602
Intergovernmental	1,207,071	-	4,700	-	1,211,771
Fines and forfeitures	387,003	-	-	-	387,003
Miscellaneous	146,362	-	66,358	-	212,720
<i>Total Revenues</i>	10,126,861	424,027	503,673	-	11,054,561
EXPENDITURES					
Administration	2,025,866	-	-	-	2,025,866
Parks	-	-	727,864	-	727,864
Community development	520,647	-	-	-	520,647
Police	7,395,536	-	-	-	7,395,536
Municipal court	204,555	-	-	-	204,555
<i>Total Expenditures</i>	10,146,604	-	727,864	-	10,874,468
REVENUES OVER (UNDER)					
EXPENDITURES	(19,743)	424,027	(224,191)	-	180,093
OTHER FINANCING SOURCES (USES)					
Transfers in	451,200	-	331,800	(567,300)	215,700
Transfers out	(331,800)	(235,500)	(17,400)	567,300	(17,400)
<i>Total Other Financing Sources (Uses)</i>	119,400	(235,500)	314,400	-	198,300
NET CHANGE IN FUND BALANCE	99,657	188,527	90,209	-	378,393
FUND BALANCE, Beginning of year	2,231,504	-	-	-	2,231,504
FUND BALANCE, End of year	\$ 2,331,161	\$ 188,527	\$ 90,209	\$ -	\$ 2,609,897

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes and assessments	\$ 5,379,500	\$ 5,379,500	\$ 5,513,465	\$ 133,965
Licenses and permits	2,844,900	2,838,400	2,872,960	34,560
Charges for services	5,000	-	-	-
Intergovernmental	1,133,000	1,131,300	1,207,071	75,771
Fines and forfeitures	428,000	425,000	387,003	(37,997)
Miscellaneous	163,900	114,900	146,362	31,462
Total Revenues	9,954,300	9,889,100	10,126,861	237,761
EXPENDITURES				
Administration	2,090,400	2,353,900	2,025,866	328,034
Parks	372,400	-	-	-
Community development	628,900	630,000	520,647	109,353
Police	7,010,000	7,667,800	7,395,536	272,264
Municipal court	212,850	212,850	204,555	8,295
Contingency	50,000	50,000	-	50,000
Total Expenditures	10,364,550	10,914,550	10,146,604	767,946
REVENUES OVER (UNDER) EXPENDITURES				
	(410,250)	(1,025,450)	(19,743)	1,005,707
OTHER FINANCING SOURCES (USES)				
Transfers in	-	875,700	451,200	(424,500)
Transfers out	(17,400)	(331,800)	(331,800)	-
NET CHANGE IN FUND BALANCE	(427,650)	(481,550)	99,657	581,207
FUND BALANCE, Beginning of year	1,915,000	1,968,900	2,231,504	262,604
FUND BALANCE, End of year	\$ 1,487,350	\$ 1,487,350	\$ 2,331,161	\$ 843,811

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 – POLICE SERVICES FUND****YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
License & Fees	\$ -	\$ 410,000	\$ 424,027	\$ 14,027
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(410,000)	(235,500)	174,500
NET CHANGE IN FUND BALANCES	-	-	188,527	188,527
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,527</u>	<u>\$ 188,527</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PARK SERVICES FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
License & Fees	\$ -	\$ 416,500	\$ 432,615	\$ 16,115
Intergovernmental	-	4,700	4,700	-
Miscellaneous	-	67,500	66,358	(1,142)
<i>Total Revenues</i>	-	488,700	503,673	14,973
EXPENDITURES				
Personnel services	-	266,300	202,925	63,375
Materials and services	-	223,800	218,743	5,057
Capital outlay	-	313,000	306,196	6,804
<i>Total Expenditures</i>	-	803,100	727,864	75,236
REVENUES OVER (UNDER) EXPENDITURES	-	(314,400)	(224,191)	9,311
OTHER FINANCING SOURCES (USES)				
Transfers in	-	331,800	331,800	-
Transfers out	-	(17,400)	(17,400)	-
<i>Total Other Financing Sources (Uses)</i>	-	314,400	314,400	-
NET CHANGE IN FUND BALANCE	-	-	90,209	90,209
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 90,209	\$ 90,209

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, 2018**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Licenses and permits	\$ 10,600	\$ 10,600	\$ 9,406	\$ (1,194)
Intergovernmental	2,228,000	2,228,000	2,451,366	223,366
Taxes and assessments	-	-	860	860
Miscellaneous	2,000	2,000	21,557	19,557
<i>Total Revenues</i>	2,240,600	2,240,600	2,483,189	242,589
EXPENDITURES				
Personnel services	140,000	140,000	122,704	17,296
Materials and services	786,700	786,700	779,985	6,715
Capital outlay	3,819,200	3,819,200	2,054,021	1,765,179
Contingency	46,300	46,300	-	46,300
<i>Total Expenditures</i>	4,792,200	4,792,200	2,956,710	1,835,490
REVENUES OVER (UNDER)				
EXPENDITURES	(2,551,600)	(2,551,600)	(473,521)	2,078,079
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,000,000	2,000,000	1,800,000	(200,000)
Transfers out	(443,000)	(443,000)	(443,000)	-
NET CHANGE IN FUND BALANCE	(994,600)	(994,600)	883,479	1,878,079
FUND BALANCE, Beginning of year	1,881,300	1,881,300	2,153,935	272,635
FUND BALANCE, End of year	\$ 886,700	\$ 886,700	\$ 3,037,414	\$ 2,150,714

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, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>REVENUES</i>				
Licenses and permits	\$ 44,000	\$ 44,000	\$ 152,765	\$ 108,765
Miscellaneous	5,000	5,000	22,715	17,715
<i>Total Revenues</i>	49,000	49,000	175,480	126,480
<i>EXPENDITURES</i>				
Capital outlay	650,000	400,000	-	400,000
<i>REVENUES OVER (UNDER) EXPENDITURES</i>	(601,000)	(351,000)	175,480	526,480
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	(2,000,000)	(2,250,000)	-	2,250,000
<i>NET CHANGE IN FUND BALANCES</i>	(2,601,000)	(2,601,000)	175,480	2,776,480
<i>FUND BALANCE, Beginning of year</i>	2,783,400	2,783,400	2,821,713	38,313
<i>FUND BALANCE, End of year</i>	\$ 182,400	\$ 182,400	\$ 2,997,193	\$ 2,814,793

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, 2018**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Taxes and assessments	\$ 821,000	\$ 821,000	\$ 820,876	\$ (124)
Miscellaneous	788,000	788,000	803,820	15,820
<i>Total Revenues</i>	1,609,000	1,609,000	1,624,696	15,696
EXPENDITURES				
Debt service				
Principal	864,200	864,200	860,000	4,200
Interest	759,000	759,000	752,440	6,560
<i>Total Expenditures</i>	1,623,200	1,623,200	1,612,440	10,760
REVENUES OVER (UNDER)				
EXPENDITURES	(14,200)	(14,200)	12,256	26,456
FUND BALANCE, Beginning of year	2,695,900	2,695,900	2,704,120	8,220
FUND BALANCE, End of year	\$ 2,681,700	\$ 2,681,700	\$ 2,716,376	\$ 34,676

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<i>Special Revenue</i>		
	<i>Public Education Government</i>	<i>Park Improvement</i>	<i>Off-site Transportation Improvement</i>
ASSETS			
Cash and investments	\$ 294,634	\$ 511,446	\$ 94,486
Accounts receivable	33,943	-	-
Loans receivable	-	-	-
<i>Total Assets</i>	<u>\$ 328,577</u>	<u>\$ 511,446</u>	<u>\$ 94,486</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 282	\$ 1,467	\$ -
Deferred inflows			
Unavailable revenue	-	-	-
Fund Balances			
Restricted	<u>328,295</u>	<u>509,979</u>	<u>94,486</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 328,577</u>	<u>\$ 511,446</u>	<u>\$ 94,486</u>

<i>Housing Services</i>	<i>Energy Efficiency</i>	<i>Totals</i>
\$ 45,017	\$ 11,247	\$ 956,830
-	-	33,943
296,499	86,772	383,271
<u>\$ 341,516</u>	<u>\$ 98,019</u>	<u>\$ 1,374,044</u>
\$ -	\$ -	\$ 1,749
296,499	86,772	383,271
<u>45,017</u>	<u>11,247</u>	<u>989,024</u>
<u>\$ 341,516</u>	<u>\$ 98,019</u>	<u>\$ 1,374,044</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<i>Special Revenue</i>		
	<i>Public Education Government</i>	<i>Park Improvement</i>	<i>Offsite Transportation Improvement</i>
REVENUES			
Licenses and permits	\$ 140,297	\$ 61,694	\$ -
Miscellaneous	2,301	10,920	734
<i>Total Revenues</i>	142,598	72,614	734
EXPENDITURES			
Current operating			
General government	106,060	-	-
Capital outlay	1,052	381,037	-
<i>Total Expenditures</i>	107,112	381,037	-
REVENUES OVER (UNDER) EXPENDITURES	35,486	(308,423)	734
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(215,700)	-
NET CHANGE IN FUND BALANCES	35,486	(524,123)	734
FUND BALANCES, Beginning of year	292,809	1,034,102	93,752
FUND BALANCES, End of year	\$ 328,295	\$ 509,979	\$ 94,486

<i><u>Housing Services</u></i>	<i><u>Energy Efficiency</u></i>	<i><u>Totals</u></i>
\$ -	\$ -	\$ 201,991
-	-	13,955
-	-	215,946
28	-	106,088
-	-	382,089
28	-	488,177
(28)	-	(272,231)
-	-	(215,700)
(28)	-	(487,931)
45,045	11,247	1,476,955
<u>\$ 45,017</u>	<u>\$ 11,247</u>	<u>\$ 989,024</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LAW ENFORCEMENT GRANT FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
EXPENDITURES				
Law enforcement grant	30,000	30,000	-	30,000
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC EDUCATION GOVERNMENT FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 132,400	\$ 132,400	\$ 140,297	\$ 7,897
Miscellaneous	500	500	2,301	1,801
<i>Total Revenues</i>	132,900	132,900	142,598	9,698
EXPENDITURES				
Materials and services	110,400	110,400	106,060	4,340
Capital outlay	25,000	25,000	1,052	23,948
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	185,400	185,400	107,112	78,288
REVENUES OVER (UNDER)				
EXPENDITURES	(52,500)	(52,500)	35,486	87,986
FUND BALANCE, Beginning of year	275,100	275,100	292,809	17,709
FUND BALANCE, End of year	<u>\$ 222,600</u>	<u>\$ 222,600</u>	<u>\$ 328,295</u>	<u>\$ 105,695</u>

The budgetary basis of accounting and GAAP are the same.

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – OFFSITE TRANSPORTATION IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>REVENUES</i>				
Miscellaneous	\$ 300	\$ 300	\$ 734	\$ 434
<i>EXPENDITURES</i>				
Capital outlay	90,500	90,500	-	90,500
<i>REVENUES OVER (UNDER) EXPENDITURES</i>	(90,200)	(90,200)	734	90,934
<i>FUND BALANCE, Beginning of year</i>	90,200	90,200	93,752	3,552
<i>FUND BALANCE, End of year</i>	\$ -	\$ -	\$ 94,486	\$ 94,486

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, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>REVENUES</i>				
Licenses and permits	\$ 59,800	\$ 59,800	\$ 61,694	\$ 1,894
Intergovernmental	456,800	456,800	-	(456,800)
Miscellaneous	1,000	1,000	10,920	9,920
<i>Total Revenues</i>	517,600	517,600	72,614	(444,986)
<i>EXPENDITURES</i>				
Capital outlay	981,800	766,100	381,037	385,063
<i>REVENUES OVER (UNDER) EXPENDITURES</i>	(464,200)	(248,500)	(308,423)	(59,923)
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers out	-	(215,700)	(215,700)	-
<i>NET CHANGE IN FUND BALANCE</i>	(464,200)	(464,200)	(524,123)	(59,923)
<i>FUND BALANCE, Beginning of year</i>	1,000,200	1,000,200	1,034,102	33,902
<i>FUND BALANCE, End of year</i>	\$ 536,000	\$ 536,000	\$ 509,979	\$ (26,021)

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, 2018**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
<i>REVENUES</i>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
<i>EXPENDITURES</i>				
Materials and services	43,800	43,800	28	43,772
<i>REVENUES OVER (UNDER) EXPENDITURES</i>	(13,800)	(13,800)	(28)	13,772
<i>FUND BALANCE, Beginning of year</i>	13,800	13,800	45,045	31,245
<i>FUND BALANCE, End of year</i>	\$ -	\$ -	\$ 45,017	\$ 45,017

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, 2018**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
EXPENDITURES				
Materials and services	17,400	17,400	-	17,400
REVENUES OVER (UNDER) EXPENDITURES	(2,400)	(2,400)	-	2,400
FUND BALANCE, Beginning of year	2,400	2,400	11,247	8,847
FUND BALANCE, End of year	\$ -	\$ -	\$ 11,247	\$ 11,247

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, 2018**

	<i>Budgeted Amounts</i>			
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Variance</i>
REVENUES				
Charges for services	\$ 3,598,600	\$ 3,598,600	\$ 3,419,073	\$ (179,527)
Miscellaneous	-	-	943	943
<i>Total Revenues</i>	3,598,600	3,598,600	3,420,016	(178,584)
EXPENDITURES				
Administrative services - general	263,200	263,200	251,663	11,537
City manager	235,200	235,200	234,946	254
City attorney	295,500	299,100	289,176	9,924
City recorder	235,200	241,200	236,491	4,709
Human resources	318,300	318,300	311,515	6,785
Finance - non-departmental	430,500	434,700	424,843	9,857
Finance - information systems	535,700	537,300	430,146	107,154
Finance - utility billing	342,900	349,400	348,471	929
Public works - non-departmental	550,300	550,300	540,222	10,078
Public works - facility maintenance	308,200	309,500	304,599	4,901
Contingency	231,500	225,000	-	225,000
<i>Total Expenditures</i>	3,746,500	3,763,200	3,372,072	391,128
REVENUES OVER (UNDER)				
EXPENDITURES	(147,900)	(164,600)	47,944	212,544
FUND BALANCE, Beginning of year	147,900	164,600	171,382	6,782
FUND BALANCE, End of year	\$ -	\$ -	\$ 219,326	\$ 219,326

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, 2018**

	<i>Budgeted Amounts</i>		<i>Budget</i>	
	<i>Original</i>	<i>Final</i>	<i>Basis</i>	<i>Variance</i>
REVENUES				
Charges for services	\$ 5,918,000	\$ 5,918,000	\$ 5,899,348	\$ (18,652)
Miscellaneous	400	400	2,212	1,812
<i>Total Revenues</i>	5,918,400	5,918,400	5,901,560	(16,840)
EXPENDITURES				
Personnel services	3,600	3,600	3,136	464
Materials and services	5,930,500	5,930,500	5,850,251	80,249
Contingency	20,000	20,000	-	20,000
<i>Total Expenditures</i>	5,954,100	5,954,100	5,853,387	100,713
REVENUES OVER (UNDER)				
EXPENDITURES	(35,700)	(35,700)	48,173	83,873
FUND BALANCE, Beginning of year	261,000	261,000	303,011	42,011
FUND BALANCE, End of year	\$ 225,300	\$ 225,300	\$ 351,184	\$ 125,884

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Budget	
	Original	Final	Basis	Variance
REVENUES				
Licenses and permits	\$ 52,500	\$ 52,500	\$ 87,040	\$ 34,540
Charges for services	2,936,000	2,936,000	2,974,899	38,899
Miscellaneous	7,000	7,000	109,142	102,142
<i>Total Revenues</i>	2,995,500	2,995,500	3,171,081	175,581
EXPENDITURES				
Personnel services	1,027,800	1,027,800	962,298	65,502
Materials and services	1,412,600	1,412,600	1,356,504	56,096
Capital outlay/depreciation	63,900	63,900	59,249	4,651
Debt service	230,800	230,800	230,750	50
Contingency	165,000	140,000	-	140,000
<i>Total Expenditures</i>	2,900,100	2,875,100	2,608,801	266,299
REVENUES OVER (UNDER) EXPENDITURES	95,400	120,400	562,280	441,880
OTHER FINANCING SOURCES (USES)				
Transfers in	17,400	17,400	17,400	-
Transfers out	(400,000)	(425,000)	(425,000)	-
<i>Total Other Financing Sources (Uses)</i>	(382,600)	(407,600)	(407,600)	-
CHANGE IN FUND BALANCE	(287,200)	(287,200)	154,680	441,880
FUND BALANCE, Beginning of year	811,900	811,900	868,680	56,780
FUND BALANCE, End of year	\$ 524,700	\$ 524,700	\$ 1,023,360	\$ 498,660

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FACILITY FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Budget	
	Original	Final	Basis	Variance
REVENUES				
Licenses and permits	\$ 33,600	\$ 33,600	\$ 41,822	\$ 8,222
Miscellaneous	1,500	1,500	2,052	552
<i>Total Revenues</i>	35,100	35,100	43,874	8,774
EXPENDITURES				
Capital outlay/depreciation	440,000	465,000	455,728	9,272
REVENUES OVER (UNDER) EXPENDITURES	(404,900)	(429,900)	(411,854)	18,046
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	425,000	425,000	-
CHANGE IN FUND BALANCE	(4,900)	(4,900)	13,146	18,046
FUND BALANCE, Beginning of year	236,300	236,300	158,172	(78,128)
FUND BALANCE, End of year	\$ 231,400	\$ 231,400	\$ 171,318	\$ (60,082)

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORMWATER FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Budget	
	Original	Final	Basis	Variance
REVENUES				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 10,870	\$ 870
Charges for services	1,263,000	1,263,000	1,295,701	32,701
Miscellaneous	2,000	2,000	6,053	4,053
<i>Total Revenues</i>	1,275,000	1,275,000	1,312,624	37,624
EXPENDITURES				
Personnel services	732,500	732,500	721,537	10,963
Materials and services	781,600	781,600	727,270	54,330
Capital outlay/depreciation	339,400	339,400	231,812	107,588
Contingency	102,700	102,700	-	102,700
<i>Total Expenditures</i>	1,956,200	1,956,200	1,680,619	275,581
REVENUES OVER (UNDER)				
EXPENDITURES	(681,200)	(681,200)	(367,995)	313,205
OTHER FINANCING SOURCES (USES)				
Issuance of debt	150,000	150,000	-	(150,000)
Transfers in	443,000	443,000	443,000	-
<i>Total Other Financing Sources (Uses)</i>	593,000	593,000	443,000	(150,000)
CHANGE IN FUND BALANCE	(88,200)	(88,200)	75,005	163,205
FUND BALANCE, Beginning of year	323,600	323,600	377,035	53,435
FUND BALANCE, End of year	\$ 235,400	\$ 235,400	\$ 452,040	\$ 216,640

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

JUNE 30, 2018

	<i>Sewer Reserve</i>	<i>Lighting Districts</i>	<i>Community Center</i>	<i>Totals</i>
ASSETS				
Current Assets				
Cash and investments	\$ 199,500	\$ 468,415	\$ 183,983	\$ 851,898
Accounts receivable	-	27,958	36,241	64,199
<i>Total Current Assets</i>	199,500	496,373	220,224	916,097
Noncurrent Assets				
Other capital assets, net of depreciation	-	-	15,847	15,847
Other post-employment benefits	-	44	382	426
<i>Total Noncurrent Assets</i>	-	44	16,229	16,273
<i>Total Assets</i>	199,500	496,417	236,453	932,370
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	-	94	823	917
Deferred outflows related to pensions	-	5,257	42,089	47,346
<i>Total Deferred Outflows of Resources</i>	-	5,351	42,912	48,263
LIABILITIES				
Current Liabilities				
Accounts payable	29	47,299	10,407	57,735
Accrued compensated absences	-	597	2,417	3,014
Deposits	-	-	41,498	41,498
<i>Total Current Liabilities</i>	29	47,896	54,322	102,247
Noncurrent Liabilities				
Accrued compensated absences	-	993	4,488	5,481
Other post-employment benefits	-	1,706	14,906	16,612
Net pension liability	-	13,512	99,414	112,926
<i>Total Noncurrent Liabilities</i>	-	16,211	118,808	135,019
<i>Total Liabilities</i>	29	64,107	173,130	237,266
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	-	130	1,141	1,271
Deferred inflows related to pensions	-	1,576	2,157	3,733
<i>Total Deferred Inflows of Resources</i>	-	1,706	3,298	5,004
NET POSITION				
Net investment in capital assets	-	-	15,847	15,847
Restricted	199,471	435,955	-	635,426
Unrestricted	-	-	87,090	87,090
<i>Total Net Position</i>	<u>\$ 199,471</u>	<u>\$ 435,955</u>	<u>\$ 102,937</u>	<u>\$ 738,363</u>

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u><i>Sewer Reserve</i></u>	<u><i>Lighting Districts</i></u>	<u><i>Community Center</i></u>	<u><i>Totals</i></u>
OPERATING REVENUES				
Licenses and permits	\$ 14,547	\$ -	\$ -	\$ 14,547
Charges for services	-	412,622	184,825	597,447
Miscellaneous	-	6,286	8,001	14,287
<i>Total Operating Revenues</i>	14,547	418,908	192,826	626,281
OPERATING EXPENSES				
Personnel services	-	1,301	113,770	115,071
Materials and services	-	412,304	172,177	584,481
Depreciation	-	-	4,849	4,849
<i>Total Operating Expenses</i>	-	413,605	290,796	704,401
OPERATING INCOME (LOSS)	14,547	5,303	(97,970)	(78,120)
NONOPERATING REVENUES (EXPENSES)				
Investment revenue	1,814	3,765	1,073	6,652
Miscellaneous	-	-	130,851	130,851
<i>Total Nonoperating Revenues (Expenses)</i>	1,814	3,765	131,924	137,503
INCOME (LOSS) BEFORE TRANSFERS	16,361	9,068	33,954	59,383
Transfers out	(65,562)	-	-	(65,562)
CHANGE IN NET POSITION	(49,201)	9,068	33,954	(6,179)
NET POSITION, Beginning of year	248,672	423,473	43,721	715,866
Restatement from implementing new accounting standard	-	3,414	25,262	28,676
NET POSITION, Beginning of year, as adjusted	248,672	426,887	68,983	744,542
NET POSITION, End of year	\$ 199,471	\$ 435,955	\$ 102,937	\$ 738,363

CITY OF KEIZER, OREGON**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS****YEAR ENDED JUNE 30, 2018**

	<i>Sewer Reserve</i>	<i>Lighting Districts</i>	<i>Community Center</i>	<i>Totals</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 14,547	\$ 412,286	\$ 191,021	\$ 617,854
Cash paid to employees for services	-	-	(100,120)	(100,120)
Cash paid to suppliers for goods and services	-	(393,831)	(164,033)	(557,864)
<i>Net Cash Provided by (Used in) Operating Activities</i>	14,547	18,455	(73,132)	(40,130)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Taxes available for operating purposes	-	-	133,006	133,006
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(65,562)	-	(6,540)	(72,102)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investment	1,814	3,765	1,073	6,652
<i>Increase (Decrease) in Cash and Investments</i>	(49,201)	22,220	54,407	27,426
CASH AND INVESTMENTS, Beginning of year	248,701	446,195	129,576	824,472
CASH AND INVESTMENTS, End of year	<u>\$ 199,500</u>	<u>\$ 468,415</u>	<u>\$ 183,983</u>	<u>\$ 851,898</u>
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING INCOME (LOSS)				
Operating income (loss)	\$ 14,547	\$ 5,303	\$ (105,971)	\$ (86,121)
Depreciation	-	-	4,849	4,849
<i>Change in assets and liabilities</i>				
Accounts receivable	-	(6,622)	(5,846)	(12,468)
Prepaid items	-	-	2,695	2,695
Accounts payable	-	18,473	11,645	30,118
Accrued compensated absences	-	(16)	2,139	2,123
Net pension liability	-	1,397	12,194	13,591
Other post-employment benefits	-	(80)	5,163	5,083
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 14,547</u>	<u>\$ 18,455</u>	<u>\$ (73,132)</u>	<u>\$ (40,130)</u>
Non-cash Transfer	<u>\$ (65,562)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,562)</u>

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER RESERVE FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Budget</i>	
	<i>Original</i>	<i>Final</i>	<i>Basis</i>	<i>Variance</i>
REVENUES				
Licenses and permits	\$ 35,000	\$ 35,000	\$ 14,547	\$ (20,453)
Miscellaneous	200	200	1,814	1,614
<i>Total Revenues</i>	35,200	35,200	16,361	(18,839)
EXPENDITURES				
Capital outlay/depreciation	253,300	253,300	65,562	187,738
REVENUES OVER (UNDER)				
EXPENDITURES	(218,100)	(218,100)	(49,201)	168,899
FUND BALANCE, Beginning of year	253,100	253,100	248,672	(4,428)
FUND BALANCE, End of year	\$ 35,000	\$ 35,000	\$ 199,471	\$ 164,471

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Budget</i>	
	<i>Original</i>	<i>Final</i>	<i>Basis</i>	<i>Variance</i>
REVENUES				
Charges for services	\$ 411,200	\$ 411,200	\$ 406,200	\$ (5,000)
Miscellaneous	7,000	7,000	10,051	3,051
<i>Total Revenues</i>	418,200	418,200	416,251	(1,949)
EXPENDITURES				
Materials and services	439,900	439,900	412,304	27,596
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	469,900	469,900	412,304	57,596
REVENUES OVER (UNDER)				
EXPENDITURES	(51,700)	(51,700)	3,947	55,647
FUND BALANCE, Beginning of year	384,900	384,900	417,578	32,678
FUND BALANCE, End of year	\$ 333,200	\$ 333,200	\$ 421,525	\$ 88,325

CITY OF KEIZER, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2018**

	<i>Budgeted Amounts</i>		<i>Budget</i>	
	<i>Original</i>	<i>Final</i>	<i>Basis</i>	<i>Variance</i>
REVENUES				
Charges for services	\$ 145,000	\$ 145,000	\$ 184,825	\$ 39,825
Miscellaneous	108,000	108,000	139,925	31,925
<i>Total Revenues</i>	253,000	253,000	324,750	71,750
EXPENDITURES				
Community center	278,900	279,900	278,837	1,063
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	328,900	329,900	278,837	51,063
REVENUES OVER (UNDER)				
EXPENDITURES	(75,900)	(76,900)	45,913	20,687
FUND BALANCE, Beginning of year	99,500	100,500	122,405	21,905
FUND BALANCE, End of year	\$ 23,600	\$ 23,600	\$ 168,318	\$ 144,718

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 46,907,730	\$ 46,386,969	\$ 47,885,058	\$ 48,396,074
Restricted for special purposes	20,441,015	22,063,736	21,760,454	22,270,151
Unrestricted	<u>(2,260,937)</u>	<u>(4,187,227)</u>	<u>(3,326,175)</u>	<u>(1,078,821)</u>
Total governmental activities net position	65,087,808	64,263,478	66,319,337	69,587,404
Business-type activities:				
Net investment in capital assets	9,750,061	9,297,623	8,809,630	8,400,648
Restricted for special purposes	1,040,844	1,064,417	1,035,403	906,164
Unrestricted	<u>951,313</u>	<u>343,622</u>	<u>570,549</u>	<u>1,132,641</u>
Total business-type activities net position	11,742,218	10,705,662	10,415,582	10,439,453
Total government				
Net investment in capital assets	56,657,791	55,684,592	56,694,688	56,796,722
Restricted for special purposes	21,481,859	23,128,153	22,795,857	23,176,315
Unrestricted	<u>(1,309,624)</u>	<u>(3,843,905)</u>	<u>(2,755,626)</u>	<u>53,820</u>
Total government net position	<u>\$ 76,830,026</u>	<u>\$ 74,968,840</u>	<u>\$ 76,734,919</u>	<u>\$ 80,026,857</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.

<i>Fiscal Year</i>					
<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
\$ 47,862,183	\$ 39,605,284	\$ 37,455,473	\$ 38,278,605	\$ 37,762,700	\$ 33,163,849
25,606,003	32,206,315	35,457,026	35,190,084	31,897,733	33,709,977
634,849	912,419	621,715	739,296	1,119,801	2,257,559
74,103,035	72,724,018	73,534,214	74,207,985	70,780,234	69,131,385
7,989,214	8,164,309	8,130,948	8,114,069	7,820,911	7,223,995
956,861	965,652	1,162,551	1,358,513	1,967,905	2,640,776
1,296,459	1,376,408	1,372,907	1,456,114	1,299,094	1,386,663
10,242,534	10,506,369	10,666,406	10,928,696	11,087,910	11,251,434
55,851,397	47,769,593	45,586,421	46,392,674	45,583,611	40,387,844
26,562,864	33,171,967	36,619,577	36,548,597	33,865,638	36,350,753
1,931,308	2,288,827	1,994,622	2,195,410	2,418,895	3,644,222
<u>\$ 84,345,569</u>	<u>\$ 83,230,387</u>	<u>\$ 84,200,620</u>	<u>\$ 85,136,681</u>	<u>\$ 81,868,144</u>	<u>\$ 80,382,819</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:				
Governmental activities:				
General government	\$ 2,034,704	\$ 2,057,330	\$ 2,130,033	\$ 2,100,607
Community and youth services	22,187	14,926	29,317	19,493
Community development	2,453,238	2,512,532	2,704,035	4,500,288
Parks	723,829	453,211	483,174	388,200
Public safety	7,912,602	7,574,569	8,539,975	5,644,121
Public works	1,701,588	1,605,167	1,658,334	1,415,078
Interest on long-term debt	757,863	791,570	866,363	924,296
Total governmental activities expense	<u>15,606,011</u>	<u>15,009,305</u>	<u>16,411,231</u>	<u>14,992,083</u>
Business-type activities:				
Water	2,842,910	2,773,955	2,920,211	2,419,921
Sewer	5,938,158	5,811,582	5,711,828	5,522,545
Storm water	1,580,629	1,531,923	1,507,343	1,106,176
Community center and Amphitheater	290,796	247,938	250,248	171,525
Street lighting	413,605	393,511	410,320	409,131
Total business-type activities expense	<u>11,066,098</u>	<u>10,758,909</u>	<u>10,799,950</u>	<u>9,629,298</u>
Total City expenses	<u>26,672,109</u>	<u>25,768,214</u>	<u>27,211,181</u>	<u>24,621,381</u>
Program Revenues:				
Governmental activities:				
Fees, fines, and charges for services:				
General government	184,271	253,265	284,394	234,703
Community development	83,190	106,065	121,808	99,652
Parks	495,460	11,470	15,472	7,456
Public safety	802,300	402,479	406,195	325,818
Public works	9,404	12,904	65,063	26,236
Stadium operations	52,333	52,494	54,631	48,899
Operating grants and contributions	2,871,026	2,625,522	2,543,156	2,555,870
Capital grants and contributions	214,983	224,701	773,529	613,253
Total governmental activities program revenues	<u>4,712,967</u>	<u>3,688,900</u>	<u>4,264,248</u>	<u>3,911,887</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	3,198,816	2,872,830	2,947,965	2,732,223
Sewer and storm water	7,234,915	7,000,564	6,728,498	6,445,708
Community center and Amphitheater	192,826	156,536	154,416	125,844
Street lighting	418,908	419,990	313,399	519,563
Operating grants and contributions	-	-	-	-
Capital grants and contributions	41,764	55,482	116,962	105,151
Total business-type activities program revenues	<u>11,087,229</u>	<u>10,505,402</u>	<u>10,261,240</u>	<u>9,928,489</u>
Total City program revenues	<u>15,800,196</u>	<u>14,194,302</u>	<u>14,525,488</u>	<u>13,840,376</u>

<i>Fiscal Year</i>						
<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	
\$ 2,992,312	\$ 1,753,597	\$ 1,406,963	\$ 1,282,546	\$ 1,206,448	\$ 1,348,120	
15,971	5,530	8,719	11,019	18,041	38,009	
2,789,728	3,805,625	5,459,845	2,854,558	2,980,764	2,945,798	
392,258	386,174	318,911	308,754	355,892	427,843	
6,390,471	6,342,334	6,454,171	6,299,787	6,404,239	6,885,994	
1,692,960	1,648,403	1,404,779	1,452,880	1,480,993	1,483,813	
1,164,981	1,272,365	1,327,508	1,434,549	1,549,187	1,549,789	
15,438,681	15,214,028	16,380,896	13,644,093	13,995,564	14,679,366	
2,751,772	2,590,864	2,559,552	2,591,674	2,610,480	2,689,164	
5,379,925	5,188,916	5,076,755	5,124,701	5,117,610	4,729,024	
1,170,447	983,980	954,541	779,980	573,790	464,071	
121,246	151,428	116,861	13,316	-	-	
443,225	405,658	435,313	418,929	423,953	428,905	
9,866,615	9,320,846	9,143,022	8,928,600	8,725,833	8,311,164	
25,305,296	24,534,874	25,523,918	22,572,693	22,721,397	22,990,530	
180,800	176,993	177,073	145,020	181,547	131,297	
60,510	49,810	35,079	35,235	57,006	28,097	
17,107	7,216	2,604	2,534	2,587	2,844	
418,237	507,154	648,165	574,574	731,465	618,027	
21,178	7,225	123	8,779	1,215	14,565	
46,449	45,922	46,696	41,627	42,390	47,275	
2,520,561	2,799,523	2,402,228	2,289,262	1,880,643	1,875,598	
218,513	811,621	92,063	97,663	247,068	223,477	
3,483,355	4,405,464	3,404,031	3,194,694	3,143,921	2,941,180	
2,536,257	2,508,264	2,407,469	2,420,266	2,480,006	2,587,519	
6,511,153	6,045,064	5,694,866	5,608,798	5,463,673	5,100,487	
108,356	108,293	118,369	98,063	-	-	
416,965	405,585	424,280	464,933	454,933	451,641	
-	-	-	-	-	-	
51,963	24,203	17,483	19,104	49,265	35,006	
9,624,694	9,091,409	8,662,467	8,611,164	8,447,877	8,174,653	
13,108,049	13,496,873	12,066,498	11,805,858	11,591,798	11,115,833	

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (Expense) Revenue				
Governmental activities	\$ (10,893,044)	\$ (11,320,405)	\$ (12,146,983)	\$ (11,080,196)
Business-type activities	21,131	(253,507)	(538,710)	299,191
Total City activities	(10,871,913)	(11,573,912)	(12,685,693)	(10,781,005)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes and assessments	5,613,585	5,007,045	4,852,373	5,521,449
Franchise taxes	2,764,326	2,729,145	2,606,744	2,539,863
Intergovernmental	828,085	786,466	743,428	803,880
Miscellaneous	904,857	1,148,390	1,076,723	195,193
Gain (loss) on sale of capital assets	8,500	17,000	(10,050)	-
Transfers	(460,400)	(423,800)	(390,302)	(393,336)
Total governmental activities	9,658,953	9,264,246	8,878,916	8,667,049
Business-type activities				
Miscellaneous	149,050	119,787	124,537	4,601
Transfers	460,400	423,800	390,302	393,336
Total business-type activities	609,450	543,587	514,839	397,937
Total City revenues	10,268,403	9,807,833	9,393,755	9,064,986
Change in Net Position				
Governmental activities	(1,234,091)	(2,056,159)	(3,268,067)	(2,413,147)
Business-type activities	630,581	290,080	(23,871)	697,128
	(603,510)	(1,766,079)	(3,291,938)	(1,716,019)
Net Position, July 1				
Governmental activities	64,263,178	66,319,337	69,587,404	74,103,035
Business-type activities	10,705,662	10,415,582	10,439,453	10,242,534
	74,968,840	76,734,919	80,026,857	84,345,569
Governmental activities - restatement	2,058,721	-	-	(2,102,484)
Business-type activities - restatement	405,975	-	-	(500,209)
Governmental activities - loss on impairment	-	-	-	-
Total Government	77,433,536	76,734,919	80,026,857	81,742,876
Net Position, June 30				
Governmental activities	65,087,808	64,263,178	66,319,337	69,587,404
Business-type activities	11,742,218	10,705,662	10,415,582	10,439,453
Total Government	<u>\$ 76,830,026</u>	<u>\$ 74,968,840</u>	<u>\$ 76,734,919</u>	<u>\$ 80,026,857</u>

<i>Fiscal Year</i>					
<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
\$ (11,955,326) (241,921)	\$ (10,808,564) (229,437)	\$ (12,976,865) (480,555)	\$ (10,449,399) (317,436)	\$ (10,851,643) (277,956)	\$ (11,738,186) (136,511)
(12,197,247)	(11,038,001)	(13,457,420)	(10,766,835)	(11,129,599)	(11,874,697)
5,416,357	5,545,135	7,951,843	7,654,368	7,625,782	7,348,334
2,490,463	2,433,345	2,462,290	2,475,239	2,371,341	2,398,389
768,187	770,249	887,403	918,055	894,860	920,506
4,631,567	1,658,468	1,212,058	1,452,870	1,698,151	1,868,577
-	-	-	1,522,293	-	-
27,769	(62,792)	(210,500)	(145,675)	(169,941)	(132,847)
13,334,343	10,344,405	12,303,094	13,877,150	12,420,193	12,402,959
5,855	6,608	7,765	12,547	24,790	53,817
(27,769)	62,792	210,500	145,675	169,941	132,847
(21,914)	69,400	218,265	158,222	194,731	186,664
13,312,429	10,413,805	12,521,359	14,035,372	12,614,924	12,589,623
1,386,654	(464,159)	(673,771)	3,427,751	1,568,550	664,773
(271,472)	(160,037)	(262,290)	(159,214)	(83,225)	50,153
1,115,182	(624,196)	(936,061)	3,268,537	1,485,325	714,926
72,724,018	73,534,214	74,207,985	70,780,234	69,131,385	68,466,612
10,506,369	10,666,406	10,928,696	11,087,910	11,251,434	11,201,281
83,230,387	84,200,620	85,136,681	81,868,144	80,382,819	79,667,893
-	-	-	-	-	-
-	-	-	-	-	-
-	346,037	-	-	-	-
83,230,387	84,546,657	85,136,681	81,868,144	80,382,819	79,667,893
74,103,035	72,724,018	73,534,214	74,207,985	70,699,935	69,131,385
10,242,534	10,506,369	10,666,406	10,928,696	11,168,209	11,251,434
\$ 84,345,569	\$ 83,230,387	\$ 84,200,620	\$ 85,136,681	\$ 81,868,144	\$ 80,382,819

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Unassigned	2,331,161	2,231,504	1,898,504	2,252,430
Total General Fund	<u>\$ 2,331,161</u>	<u>\$ 2,231,504</u>	<u>\$ 1,898,504</u>	<u>\$ 2,252,430</u>
All Other Governmental Funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Restricted	10,018,743	9,156,723	8,073,301	7,141,457
Total all other governmental funds	<u>\$ 10,018,743</u>	<u>\$ 9,156,723</u>	<u>\$ 8,073,301</u>	<u>\$ 7,141,457</u>

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

<i>Fiscal Year</i>					
<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
\$ -	\$ -	\$ -	\$ -	\$ 1,514,530	\$ 1,435,308
2,241,954	2,144,797	1,877,738	1,646,079	-	-
<u>\$ 2,241,954</u>	<u>\$ 2,144,797</u>	<u>\$ 1,877,738</u>	<u>\$ 1,646,079</u>	<u>\$ 1,514,530</u>	<u>\$ 1,435,308</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,090,716	\$ 4,584,359
-	-	-	-	2,720,399	4,246,857
-	-	-	-	-	-
6,970,715	12,636,124	13,631,432	10,189,183	-	-
<u>\$ 6,970,715</u>	<u>\$ 12,636,124</u>	<u>\$ 13,631,432</u>	<u>\$ 10,189,183</u>	<u>\$ 6,811,115</u>	<u>\$ 8,831,216</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues				
Taxes and assessments	\$ 6,335,201	\$ 5,803,798	\$ 6,287,872	\$ 6,444,385
Licenses and permits	4,093,764	3,246,930	3,685,709	3,319,557
Intergovernmental	3,663,137	3,398,159	3,267,481	3,237,002
Fines and forfeitures	387,003	423,291	415,874	386,984
Miscellaneous	1,066,267	1,324,651	1,284,531	1,236,979
Total revenues	15,545,372	14,196,829	14,941,467	14,624,907
Expenditures				
Current operating:				
General government	2,109,767	1,947,167	2,280,259	1,645,180
Community and youth services	22,187	14,926	29,317	19,493
Community development	520,647	492,419	532,274	584,370
Parks	421,668	300,842	306,683	281,119
Public safety	7,120,604	6,625,239	6,529,017	6,170,100
Public works	902,689	787,918	807,639	704,993
Capital outlay	3,221,793	600,016	1,152,734	1,676,533
Debt service				
Principal	860,000	810,000	1,490,000	2,030,000
Interest	752,440	795,080	872,820	938,565
Total expenditures	15,931,795	12,373,607	14,000,743	14,050,353
Revenues over (under) expenditures	(386,423)	1,823,222	940,724	574,554
Other financing sources (uses)				
Issuance of debt	1,800,000	-	-	-
Proceeds from the sale of capital assets	8,500	17,000	27,496	-
Transfers in	215,700	-	-	76,481
Transfers out	(676,100)	(423,800)	(390,302)	(469,817)
Total other financing sources (uses)	1,348,100	(406,800)	(362,806)	(393,336)
Net change in fund balances	961,677	1,416,422	577,918	181,218
Fund balance, beginning of year	11,388,227	9,971,805	9,393,887	9,212,669
Fund balance, end of year	<u>\$ 12,349,904</u>	<u>\$ 11,388,227</u>	<u>\$ 9,971,805</u>	<u>\$ 9,393,887</u>
Debt service as a percentage of noncapital expenditures	12.7%	13.6%	18.4%	24.0%

<i>Fiscal Year</i>						
<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	
\$ 9,984,150	\$ 7,009,859	\$ 9,468,976	\$ 9,449,329	\$ 9,871,770	\$ 9,488,164	
2,919,492	2,767,306	2,706,955	2,802,152	2,791,477	2,658,711	
3,158,760	3,803,537	3,252,754	3,121,931	2,727,373	2,821,871	
448,615	571,525	648,165	574,574	731,465	618,027	
1,248,775	1,613,364	338,558	212,061	315,239	491,633	
17,759,792	15,765,591	16,415,408	16,160,047	16,437,324	16,078,406	
2,912,876	1,728,960	1,377,214	1,230,536	1,151,914	1,095,746	
15,971	5,530	8,719	11,019	17,877	17,019	
740,748	671,543	627,441	736,517	786,471	1,285,094	
269,821	293,089	261,696	232,665	264,013	279,770	
5,951,077	5,822,788	5,874,096	5,858,204	5,863,258	6,076,101	
976,579	909,450	743,603	781,393	752,322	761,352	
4,993,159	4,050,924	1,309,615	2,303,875	2,886,717	13,592,575	
6,294,000	1,668,000	996,000	3,269,000	5,613,000	3,657,000	
1,201,582	1,280,764	1,332,616	1,452,260	1,522,690	1,586,437	
23,355,813	16,431,048	12,531,000	15,875,469	18,858,262	28,351,094	
(5,596,021)	(665,457)	3,884,408	284,578	(2,420,938)	(12,272,688)	
-	-	-	260,000	650,000	11,350,000	
-	-	-	3,121,820	-	-	
4,217,166	1,036,256	546,289	718,715	1,948,067	1,151,282	
(4,189,397)	(1,099,048)	(756,789)	(864,390)	(2,118,008)	(1,284,129)	
27,769	(62,792)	(210,500)	3,236,145	480,059	11,217,153	
(5,568,252)	(728,249)	3,673,908	3,520,723	(1,940,879)	(1,055,535)	
14,780,921	15,509,170	11,835,262	8,314,539	10,266,524	11,322,059	
\$ 9,212,669	\$ 14,780,921	\$ 15,509,170	\$ 11,835,262	\$ 8,325,645	\$ 10,266,524	
40.8%	23.8%	20.8%	34.8%	44.7%	35.5%	

STATISTICAL SECTION

REVENUE CAPACITY

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

<i>June 30,</i>	<i>Residential Property</i>	<i>Farm Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>
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	-
2016-17	1,912,682	2,115	491,943	-
2017-18	1,985,939	2,337	526,220	-

* Per \$1,000 of assessed value

Source: Marion County Assessor's Office

<i>Personal Property</i>	<i>Utility Property</i>	<i>Total Measure 50 Assessed Value</i>	<i>Total Direct Tax Rate *</i>	<i>Real Market Value</i>
\$ 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
31,312	38,882	2,476,934	2.08	3,272,616
33,013	48,389	2,595,898	2.08	3,729,329

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

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
City of Keizer	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08	\$ 2.08
Overlapping Governments:					
Marion County	3.03	3.03	3.03	3.02	3.02
Keizer Fire District	2.08	2.08	2.04	2.05	1.81
Marion County Fire District	2.92	2.93	2.51	2.52	2.53
Marion County Soil & Water	0.05	0.05	0.05	0.05	0.05
Marion County Extension and 4-H	0.05	0.05	0.05	-	-
School District	6.08	5.87	6.52	6.40	6.67
Willamette Regional ESD	0.30	0.30	0.30	0.30	0.30
Community College	0.90	0.90	0.92	0.89	0.86
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>\$ 18.32</u>	<u>\$ 18.13</u>	<u>\$ 18.35</u>	<u>\$ 18.15</u>	<u>\$ 18.16</u>

Source: Marion County Assessor's Office

<u>2012-13</u>		<u>2011-12</u>		<u>2010-11</u>		<u>2009-10</u>		<u>2008-09</u>	
\$	2.08	\$	2.08	\$	2.08	\$	2.08	\$	2.08
	3.02		3.02		3.02		3.02		3.02
	1.82		1.84		1.84		1.85		1.50
	2.47		2.35		2.42		2.40		2.53
	0.05		0.05		0.05		0.05		0.05
	-		-		-		-		-
	6.69		6.44		6.31		6.53		6.58
	0.30		0.30		0.30		0.30		0.30
	0.90		0.88		0.79		0.89		0.71
	0.08		0.08		0.08		0.08		0.08
	0.76		0.76		0.76		0.76		0.76
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\$	18.17	\$	17.80	\$	17.65	\$	17.96	\$	17.61
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CITY OF KEIZER, OREGON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

Private Enterprise	Industry	Rank	2018	
			Assessed Valuation	Percent of Total Assessed Value
Donahue Schriber Realty Group LP	Real Estate	1	\$ 61,182,830	1.77%
Lowe's HIW Inc	Retail	2	11,938,480	0.35%
Target Corporation	Retail	3	11,833,838	0.34%
Emerald Pointe LLC	Real Estate	4	11,802,740	0.34%
MWIC Keizer LLC	Real Estate	5	11,781,060	0.34%
CCP Keizer 1526 LLC	Retirement Center	6	11,708,910	0.34%
Hawk's Point Apartments LLC	Real Estate	7	11,352,710	0.33%
McGee Court LLC	Real Estate	8	10,441,520	0.30%
Keizer Road Apartments LLC	Real Estate	9	9,677,420	0.28%
Hidden Creek Loop Apartments	Real Estate	10	7,165,610	0.21%
Keizer Schoolhouse LLC	Real Estate		-	-
Keizer Campus LLC	Real Estate		-	-
Keizer Hospitality Inc	Hotel		-	-
Trail Development LLC	Real Estate		-	-
Public Utilities				
Northwest Natural Gas Co	Natural Gas		16,530,000	0.48%
Portland General Electric Co	Electricity		20,361,000	0.59%
Qwest Corporation	Telephone		-	-
Government				
City of Keizer*	Municipality		6,608,470	0.19%
All other taxpayers			3,252,917,338	94.14%
			<u>\$ 3,455,301,926</u>	<u>100.00%</u>

Source: Marion County Assessor's Office

*Related to baseball stadium property

2009		
Rank	Assessed Valuation	Percent of Total Assessed Value
1	\$ 50,432,430	2.60%
2	11,608,159	0.60%
3	9,958,981	0.51%
10	4,847,070	0.25%
	-	-
	-	-
5	7,825,420	0.40%
8	5,491,910	0.28%
6	7,403,870	0.38%
4	8,974,010	0.46%
7	6,098,380	0.31%
9	5,047,980	0.26%
	13,898,200	0.72%
	11,993,000	0.62%
	6,656,900	0.34%
	4,886,390	0.25%
	<u>1,783,635,571</u>	<u>92.00%</u>
	<u>\$ 1,938,758,271</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>
2008-09	\$	3,488,040	\$ 3,339,325	95.74%	\$ 147,377	\$ 3,486,702	99.96%
2009-10		3,533,537	3,387,003	95.85%	131,918	3,518,921	99.59%
2010-11		3,697,042	3,544,683	95.88%	141,923	3,686,606	99.72%
2011-12		3,788,065	3,652,199	96.41%	120,382	3,772,581	99.59%
2012-13		4,215,696	4,070,606	96.56%	129,334	4,199,940	99.63%
2013-14		4,380,096	4,249,504	97.02%	113,237	4,362,741	99.60%
2014-15		4,556,032	4,437,265	97.39%	90,736	4,528,001	99.38%
2015-16		4,948,959	4,840,799	97.81%	72,471	4,913,270	99.28%
2016-17		5,165,626	5,004,062	96.87%	108,886	5,112,948	98.98%
2017-18		5,409,298	5,238,586	96.84%	-	5,238,586	96.84%

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>
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%	1.13%
2016-17	37,505	2,476,934	14,685,000	2,704,120	11,980,880	319.45	0.59%	1.03%
2017-18	38,345	2,595,898	13,825,000	2,716,376	11,108,624	289.70	0.53%	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, 2018 - 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	\$ 3,729,329	100.00%	\$ 15,625,000	\$ 15,625,000
Overlapping:				
Marion County	42,213,950	15.58%	58,589,541	16,514,237
Keizer Fire District	3,617,801	99.09%	3,445,000	3,445,000
Marion County Fire District	5,085,165	9.57%	4,110,990	4,110,990
Salem-Keizer School District 24J	26,730,415	20.56%	373,278,963	373,278,963
Gervais School District 1	1,199,533	0.01%	9,337,328	9,337,328
Chemeketa Community College	42,213,950	10.68%	112,290,826	73,078,244
Willamette ESD	41,565,119	9.68%	22,097,050	9,309,144
Total Overlapping			583,149,698	489,073,906
Total Direct and Overlapping Debt			\$ 598,774,698	\$ 504,698,906

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

Source: Oregon State Treasury

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

<i>Fiscal Year</i>	<i>Debt Limit</i>	<i>Total Debt Applicable to Limit</i>	<i>Legal Debt Margin *</i>	<i>Total Net Debt Applicable</i>
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%
2016-17	98,178,467	14,685,000	83,493,467	14.96%
2017-18	111,879,882	15,625,000	96,254,882	13.97%

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													
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		2,291,471		1,844,554		446,917		-		-		-	-
2016-17		2,458,630		1,261,008		1,197,622		-		-		-	-
2017-18		2,483,189		2,956,710		(473,521)		-		-		-	-
WATER FUND LOAN													
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
2016-17		2,934,480		2,322,705		611,775		190,000		38,745		228,745	2.7
2017-18		3,249,509		2,401,793		847,716		200,000		30,750		230,750	3.7

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<i>Fiscal Year</i>	<i>Population at July 1</i>	<i>Area (square mile)</i>	<i>Average Density (persons/ square mile)</i>	<i>Total Personal Income</i>	<i>Per Capita Personal Income</i>	<i>School Enrollment</i>	<i>Average Annual Unemployment</i>
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	11.0%
2010-11	36,220	7.36	4,921	1,213,949,520	33,516	7,357	10.0%
2011-12	36,295	7.36	4,931	1,224,266,645	33,731	7,276	9.2%
2012-13	36,715	7.36	4,988	1,271,917,745	34,643	7,256	8.4%
2013-14	36,735	7.36	4,991	1,290,610,755	35,133	7,478	7.3%
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	1,375,805,015	37,199	7,354	5.2%
2016-17	37,505	7.36	5,096	1,431,490,840	38,168	7,466	4.4%
2017-18	38,345	7.36	5,210	N/A	N/A	7,676	4.1%

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**

<i>Name</i>	<i>Industry</i>	<i>Number of employees</i>	
		<i>2018</i>	<i>2009</i>
State of Oregon	State	20,655	21,300
Salem Hospital	Healthcare	4,700	4,000
Salem-Keizer School District	Primary and secondary public schools	4,437	3,937
Norpac Foods, Incorporated	Food processor	1,500	1,565
Marion County	County	1,548	1,605
U.S. Federal Agencies	Federal	1,305	-
City of Salem	Municipal	1,195	1,479
State Accident Insurance Fund	Insurance	1,007	871
Chemeketa Community College	State college of higher education	900	700
Willamette University	Private University	800	700

STATISTICAL SECTION

OPERATING INFORMATION

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

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of municipal court citations processed	1,702	2,016	2,036	1,263
Number of land use applications processed	25	36	23	17
Number of building permits:				
Single family dwellings	28	47	91	68
Multi-family units	17	3	19	69
Valuation of permits issued (expressed in thousands)	\$ 8,255	\$ 34,503	\$ 69,190	\$ 32,464
Public Safety:				
Number of arrests by patrol officers	1,854	1,165	1,171	1,698
Number of traffic violations cited	1,264	2,303	1,757	1,374
BUSINESS-TYPE ACTIVITIES:				
Water:				
Number of meters				
Single-family residential	10,067	10,015	9,841	9,719
Multi-family residential	270	257	261	260
Commercial	415	402	419	406
Consumption (ccf)				
Single-family residential	1,047,355	1,021,708	1,115,548	1,068,653
Multi-family residential	317,031	327,037	393,083	320,347
Commercial	147,110	167,630	173,790	161,668
Number of private fire lines	83	80	76	70
Sewer				
Number of accounts	10,517	10,557	10,343	10,274

Based on active meters at fiscal year end

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

<i>2013-14</i>	<i>2012-13</i>	<i>2011-12</i>	<i>2010-11</i>	<i>2009-10</i>	<i>2008-09</i>
1,712	2,499	3,497	3,831	3,235	2,987
23	15	17	12	19	21
45	33	24	35	49	23
-	-	-	1	33	2
\$ 26,236	\$ 17,198	\$ 13,036	\$ 13,578	\$ 17,300	\$ 5,306
1,844	1,725	1,969	1,990	1,895	2,165
1,932	2,102	3,229	3,610	3,483	4,580
9,691	9,431	9,426	9,414	9,456	9,422
260	254	259	255	256	257
398	387	371	365	360	365
1,041,894	1,039,564	1,015,975	1,015,994	1,097,706	1,172,492
320,741	302,744	322,947	316,418	328,357	337,860
153,453	150,256	155,693	150,304	161,689	173,914
65	60	60	59	50	50
10,189	10,136	10,140	10,129	10,139	10,094

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GOVERNMENT ACTIVITIES:				
General Government:				
Number of City owned building facilities	3	3	3	3
Public Safety:				
Number of jail facilities (holding cells)	2	2	2	2
Parks and Recreation:				
Number of Parks and Acreage:				
Neighborhood parks (15)	65.5	65.5	65.5	65.5
Community parks (2)	27	27	27	27
Regional park (1)	148	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
Streets:				
Miles of streets and alleys:				
Streets - Lane Miles	206	206	206	205
Alleys	2	2	2	2
Number of street, pedestrian, and other bridges	7	7	7	7
Number of traffic signals	21	21	21	21
BUSINESS-TYPE ACTIVITIES:				
Water System:				
Number of reservoirs	3	3	3	3
Storage capacity (in millions of gallons)	2.75	2.75	2.75	2.75
Annual production (in millions of cubic feet)	187.6	173.1	177.2	179.4
Miles of water line	125	125	107	107
Number of pump stations	15	15	16	16
Number of public hydrants	898	898	898	898
Sewer System:				
Miles of storm drains	73	73	80	80
Miles of sewer lines	105	105	105	105
Number of lift stations	1	1	1	1

2014	2013	2012	2011	2010	2009
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	148	148	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	204
2	2	2	2	2	2
7	7	7	7	7	7
20	20	20	20	20	20
3	3	3	3	3	3
2.75	2.75	2.75	2.75	2.75	2.75
165.5	172.5	163	168	165	178
106	106	106	106	106	106
16	16	16	16	15	15
859	859	859	859	758	758
80	80	80	77	54	54
105	105	105	105	105	105
1	1	1	1	1	1

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

<i>Fiscal Year</i>	<i>Community Development</i>	<i>General Government</i>	<i>Parks</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>Total</i>
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
2016-17	5.00	19.00	2.00	45.00	23.00	94.00
2017-18	5.00	18.00	4.00	50.00	24.00	101.00

Source: City of Keizer Finance Department

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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, 2018 and have issued our report thereon dated December 15, 2018.

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.

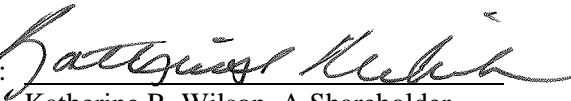
Internal Control Over Financial Reporting

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: 
Katherine R. Wilson, A Shareholder
December 15, 2018

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