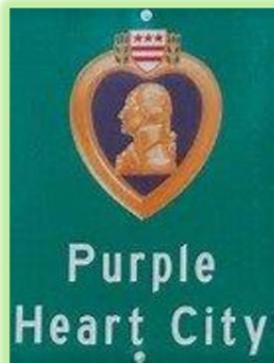


Fiscal Year Ended
June 30, 2023

City of Cornelius

Excellence in Action

Popular Annual Financial Report



Oregon's Family Town

Message from the Mayor



Jeffrey C Dalin, Mayor

In this report

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Dear Cornelius Community Members,

The City Council and I are pleased to present the 2023 Popular Annual Financial Report (PAFR) to the residents of Cornelius. This report is a shorter version of the Annual Comprehensive Financial Report that is required by the State of Oregon to be produced each year by all municipal corporations. The PAFR report is designed to offer a snapshot of important financial information and is easy to understand for those who are not experts in government finance. We believe this report helps provide transparency, accountability and is paramount to responsible government.

We are proud that our independent, outside auditors again found that our budget received a “clean opinion” when audited. This means that you can be assured that your taxpayer dollars are being spent in a legal manner and are fully accounted for again this past year. It is a big challenge to develop and balance a \$60 million budget each year. The entire organization contributes to an effective budget outcome. The City Council and I receive monthly reports that update us on specific spending actions and the remaining funds in each department.

We had many challenges and successes in FY2023. The city received the Government Finance Officers (GFOA) Award of Excellence in Financial Reporting award for the 2022 report. In addition, the 2022 PAFR received recognition from the GFOA.

There was a change in leadership during FY2023. They continue to strongly support having a transparent, efficient and responsible city government. We believe that you will find this year’s PAFR to be easy to read and understand. It is my pleasure to offer you this review of the city’s financial position and honor to serve as your Mayor.

Sincerely,

Jeffrey C Dalin
Mayor
Jef.dalin@corneliusor.gov

City Council

City Council

Cornelius is governed by a City Council comprised of an elected Mayor and four Councilors. The City Council exercises policy-making and legislative authority and is responsible for City legislation, adopting the budget, appointing committees, and hiring the City Attorney, Municipal Court Judge and the City Manager. The Mayor serves a two year term. Councilors serve for four years, with two of the four Councilor's terms expiring in each biennial election. The City Manager is responsible for carrying out the day-to-day operations of the City.

Government

The City of Cornelius operates under a home rule charter and has all powers granted to municipal corporations by State statutes, including the power to issue debt, levy taxes on real property within its boundaries, and extend its corporate limits by annexation.

The City provides a full range of services, including police protection, fire protection, library, construction and maintenance of streets, parks, utility infrastructure, recreational activities and cultural events, short and long-range planning and development review, and building permits and inspection.



Mayor

Jeffrey C Dalin

Term expires 12/2024

jef.dalin@corneliusor.gov



Councilor

Eden Lopez

Term expires 12/2026

eden.lopez@corneliusor.gov



Councilor

John Colgan

Term expires 12/2026

john.colgan@corneliusor.gov



Councilor

Doris Gonzalez

Term expires 12/2024

doris.gonzalez@corneliusor.gov



Councilor

Angeles Godinez

Term expires 12/2024

angeles.godinez@corneliusor.gov



Message from City Manager



*Peter Brandom
City Manager
Hired October 2022*

Oregon's Family Town

Dear Cornelius Community Members:

We are pleased to present the Popular Annual Financial Report (PAFR) for the City of Cornelius for Fiscal Year (FY) 2023. This report is the short and easier to read version of our larger Annual Comprehensive Financial Report. The report is required by Oregon Revised Statutes to be published annually after an independent, outside auditor reviews and summarizes city finances for conformity with the law. I am proud to say that the full report received an unmodified “clean opinion” from our auditors. This means that our finances were properly managed and accounted for throughout the year. This is due to the dedicated elected and appointed leaders who oversee the City, and the effective staff who operate the City day-to-day.

Cornelius is in Washington County, which is considered to be the “economic engine” of the state, given the vast array of job-creating industry that exists here. During FY2023, the local, state and national economy remained relatively healthy, and unemployment rates in the county declined. Cornelius is predominantly residential, which limits the revenue generated to support City services. This makes our continual careful oversight of the City’s spending critical, and we intentionally look for ways to improve efficiencies to lower spending.

In the coming years, the relatively large residential expansion in Cornelius will slow dramatically, and with little available buildable land, commercial development will be modest. We will be focused on the quality of the services that we deliver, enhancing the City’s connectivity with residents and businesses, and sharpening a shared, long term future vision that will guide our community’s evolution.

This is the 13th year that the city has produced a PAFR. We also produce a PAFR in Spanish for our Latinx residents who comprise over 52% of our population. We will continue to focus on transparency, fiscal accountability, and understanding of how a municipal government operates.

Peter Brandom, City Manager
503-357-9112
peter.brandom@corneliusor.gov

Strategic Performance Plan



A Look Back at 2023

Financial Highlights

In early FY2023, the City was working on completing its Fiscal Year 2022 Annual Comprehensive Financial Report. Unemployment rates in the county continued to decrease, with our current unemployment rate at 3.1%, compared to 3.3% in 2022. Together with our external auditor, we worked on and reviewed our financial performance for the previous year, while closely watching the changing economic indicators. Although the economy has been stable, City staff continue to look for additional revenues and keep current and future expenses at a minimum.

The past nine years the City has noted a strong performance from the Police Chief and Washington County Sheriff's Office personnel who manage an excellent department. The police services contract was originally implemented in 2014 and was recently renewed in July 2021 for an additional ten years. We continue to contract with neighboring City of Forest Grove for a Fire Chief and Logistics Technician. Two firefighter positions and nine student interns are currently funded through a Levy that was renewed in 2019.

Development activity, both residential and commercial, has been on the rise. There have been multiple residential subdivisions built over the last few years, as well as new residential and commercial projects in various phases of development. Once all the subdivisions are completed there will be over 1,200 new homes. During FY2023 there were about 65 new residential homes built, as well as completion of some commercial development.

The FY2022 Annual Comprehensive Financial Report earned the Government Finance Officers Association's Certificate of Achievement in Financial Reporting, and the 2023 Budget earned the Government Finance Officers Association's Award for Distinguished Budget Presentation. Both awards have been earned the past 15 years. The Government Finance Officers Award for Outstanding Achievement in Popular Annual Finance Reporting (PAFR) for FY2022 was earned for the 12th year in a row. All of these awards

illustrate our continued pursuit to provide transparent and easy-to-understand communication tools with our residents.

Revenues and Expenditures

The City's largest revenue sources are property taxes, franchise fees, fees for charges and services, and state shared revenues. Cornelius is known for its affordable housing stock. The market values of these homes began increasing, reflecting a decrease of foreclosures, bankruptcies of residents unable to sell their home or refinance. The housing market is becoming more competitive for those looking for homes. The overall assessed value continued to increase due to some new construction, higher home values and the 3% increase allowed by law.

The City's interest income has been increasing since the COVID-19 pandemic.. Personnel costs continue to rise due to increasing healthcare and retirement costs. Currently the City pays 90% of an employee's healthcare plan, with the employee paying the other 10%. Some employees cover only themselves, while some cover their entire family. The City's cost of employee retirement continues to increase every two years.

Revenue is anticipated to increase due to the fees collected for new residential and commercial construction. However, some of the fees are pass-through fees so Cornelius does not keep 100% of the revenue. And once construction is complete we anticipate overall revenue to decrease again.

The City received approximately \$2.8 million in American Rescue Plan Act (ARPA) funds and allocated a large majority to community based uses and capital needs of the city, which helped offset expenses within the General Fund.

The COVID-19 pandemic did not cause any dramatic changes in revenues or expenditures. Internally, City departments will continue to monitor revenues and expenses closely and work together to keep our bottom line stable.

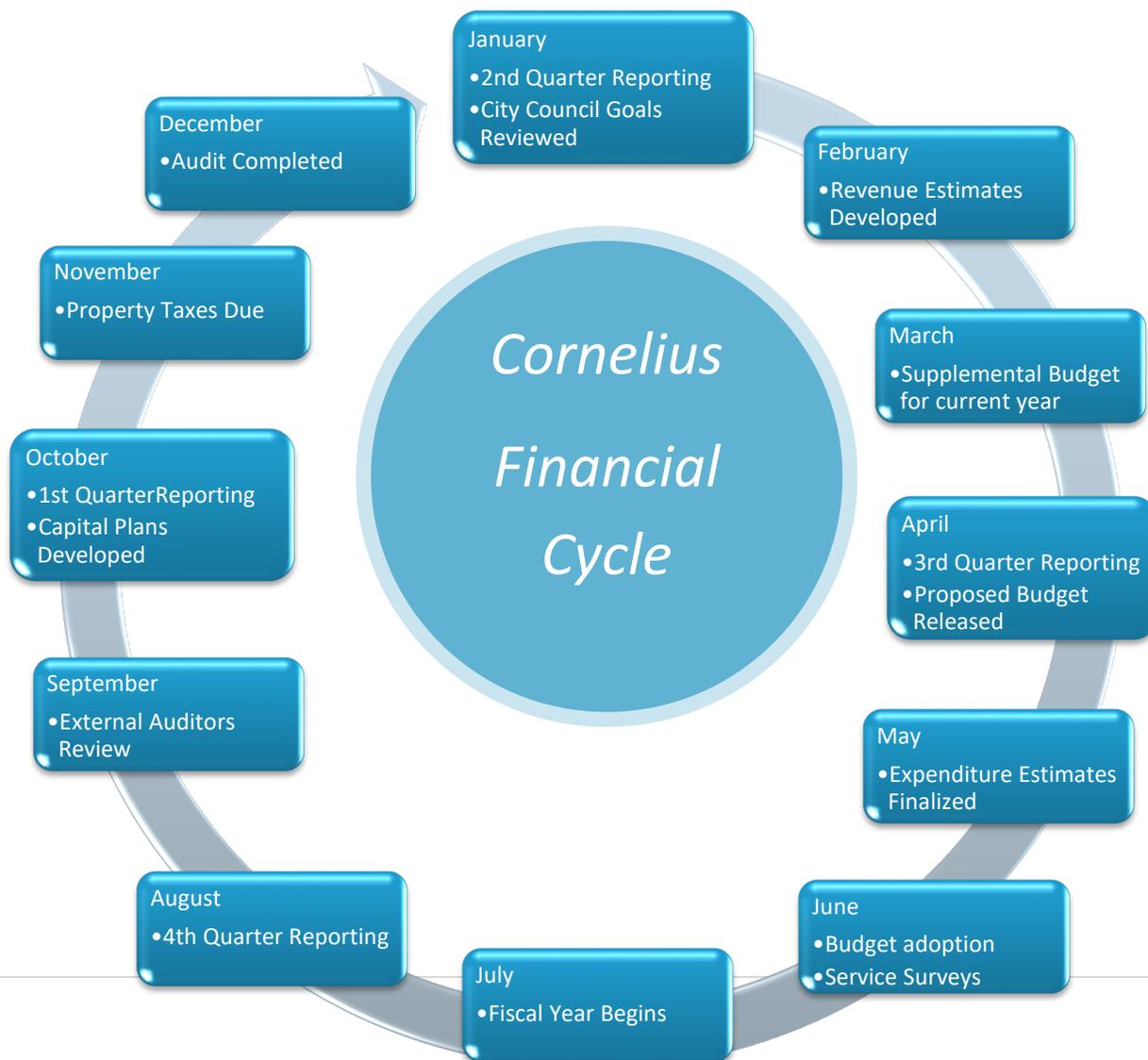
A Look Back at 2023

Reserves

Over the next few years, it will be critical for the City Council and staff to continue to address current and future operational needs, which will be an ongoing challenge and will require continued careful planning. City staff remains committed to providing quality essential services and infrastructure to its residential and commercial population. City officials were careful with spending during the past few years. While revenue came in as expected, costs were kept to minimum operating standards. This seems to have been a good strategy to rebuild financial reserves for cash flow purposes.

Conclusion

This has been a year of continued improvements for the City. The City of Cornelius is excited about the new construction coming to our city, increasing revenue, and boosting our economy. The City's history of fiscally responsible decision-making and regular monitoring of our financial position has put the City in a position to weather these latest economic fluctuations. Responsible proactive decreases in expenditures have been used to address slowing revenues; these reductions have been designed in a way that we believe will make Cornelius stronger as economic conditions change.



2023 Achievements

Reporting

The City of Cornelius achieved the Government Finance Officers Association Popular Annual Financial Reporting Awards Program award. The GFOA established the Popular Annual Financial Reporting Awards Program (PAFR Program) in 1991 to encourage and assist state and local governments to extract information from their annual comprehensive financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.



Popular annual financial reports submitted to the PAFR Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in governmental accounting and financial reporting.

Financial Reporting

The City of Cornelius received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

Budget



Cornelius also received recognition for our budget. The document earned the Government Finance Officers Association Distinguished Budget Presentation Award Program (Budget Awards Program) Award. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

All-America City

Cornelius was selected as an All-America City in June 2019. We began promoting our achievement in early FY2020 with local businesses sponsoring banners that appear on our main fairway. The theme for 2019 was "Creating Healthy Communities Through Inclusive City Engagement". Since 1949, the National Civic League has recognized and celebrated the best in American civic innovation with the prestigious All-America City Award. The Award, bestowed yearly on 10 communities, recognizes the work of communities in using inclusive civic engagement to address critical issues and create stronger connections among residents, businesses and nonprofit and government leaders.



Service

Connecting with more residents

The sharing of information continues to propel us to higher levels of involvement and communication while opening the window on government and improving access to our services and information.

City Staff prepare a monthly bilingual newsletter that informs citizens of happenings within the City, provides information on upcoming meetings, events and activities as well as statistical information from various departments. The newsletter is mailed with the City utility bill, posted on the City website and delivered to various community and senior facilities within the City.

City staff recently redesigned the City website, which provides ongoing, up to date, community news and event information. The new website also has the ability to be translated into multiple languages using a Google translate button on our main page. Information regarding City events is also posted on our Facebook page.

With COVID restrictions being lifted the City has begun to hold our annual community events again, which include Flicks In the Park, Concerts in the Park, the Farmers Market, National Night Out, Take Care of Cornelius Day citywide clean-up, Holiday Tree Lighting, the Veterans Day celebration and the annual Community Thanksgiving Dinner.



Rifle Salute – Veteran’s Day Celebration

Online services 24/7

Residents can view their utility billing history and pay their bills from anywhere they can access the internet. Not only is this system convenient, it also instantly reflects payments minimizing the amount of processing required by staff. Online services have proven to be very popular.

Community Education

Each year Cornelius hosts a National Night Out Against Crime picnic where residents can get an up close look at the equipment used to keep their community safe. This includes police cars, fire engines and even some of the street maintenance equipment. This event also offers City staff a chance to provide information on how to keep their homes and neighborhoods safe.



The Cornelius Fire department involves citizens in Fire Prevention Week with a safety fair. Fire prevention information is distributed and citizens can get information about how to test fire alarms, how to use a fire extinguisher and meet the Firefighters and EMT’s of our community.

Financial Highlights

Financial Trend Summary

The financial data below is intended to provide a big picture overview of key financial metrics over the past three years. The information below is from selected funds and does not represent all of the City's component units. For ease of reading, this data is summarized in ways that are not in accordance with Generally Accepted Accounting Principles (GAAP) and the notes to the financial statements are not provided. The City of Cornelius is audited annually and prepares a full GAAP-based Annual Comprehensive Financial Report. The latest report is available on the City of Cornelius web site at <https://www.corneliusor.gov/finance/page/financial-reporting> For more information contact City Hall at 503-357-9112.

		2021	2022	2023	
Government Wide					
	Assets and Deferred Outflows of Resources	86,172,966	93,232,696	98,593,842	
	Liabilities and Deferred Inflows of Resources	10,969,673	11,061,280	10,232,573	
	Total Net Position	\$75,203,293	\$82,171,416	\$88,361,269	
	Total Liabilities and Net Position	\$86,172,966	\$93,232,696	\$98,593,842	
Revenues					
Governmental	Program Revenues	6,820,812	6,890,509	4,806,462	
Activities	General Revenues	6,565,899	7,084,835	8,309,082	
Business	Program Revenues	13,083,269	12,113,265	10,507,926	
Activities	General Revenues	84,592	68,535	403,575	
	Total Revenues	\$26,554,572	\$26,157,144	\$24,027,045	
Expenses					
Governmental	General Government	2,927,362	1,908,630	1,448,434	
Activities	Public Safety	4,083,790	4,403,695	4,823,745	
	Highways and Streets	1,358,872	1,106,411	1,124,905	
	Culture and Recreation	1,241,746	2,272,333	1,699,112	
	Interest on Long-Term Debt	28,888	5,782	0	
Business	Water Operations	5,076,155	4,152,516	3,249,662	
Activities	Sewer Operations	4,244,252	4,494,733	4,479,257	
	Surface Water Management Operations	996,172	844,922	1,012,076	
	Total Expenditures	\$19,957,237	\$19,189,021	\$17,837,191	
Capital Assets, net of depreciation					
	Governmental Activities	43,200,541	43,302,979	43,809,108	
	Business Activities	16,207,738	16,706,316	16,686,076	
	Total Capital Assets, net of depreciation	\$59,408,279	\$60,009,295	\$60,495,184	
Net Position					
	Governmental Funds				
		Restricted	7,564,194	10,436,333	11,747,190
		Unassigned	(233,391)	980,095	3,130,651
	Debt Service		247,561	0	0
Long Term Debt					
	Governmental Activities	697,106	394,939	334,636	
	Business Activities	1,984,790	1,906,773	1,827,666	
	TOTAL	\$2,681,896	\$2,301,712	\$2,162,302	

Financial Highlights

Accounting Terminology

- Business Activities.....Water, Sewer and Storm Water Utility funded by fees charged to users
- Capital OutlayFunds spent to purchase or construct buildings, machinery, vehicles, etc.
- Fund Balance..... The difference between revenue and expenses of a fund
- Government-wide..... The City as a whole
- Governmental Activities.... The City’s basic services such as Police, Fire, and Parks which are mostly funded by property tax, and franchise fees
- Infrastructure AssetsStationary assets of the City that include streets, sidewalks, water, sewer and drainage systems
- Net Position..... The difference between assets and liabilities for the City by fund
- PERS.....Public Employee Retirement System
- Deferred Outflows & Inflows.....Consumption of Net Assets that are applicable to a future reporting period

Major Employers

- Wal-Mart
- Fred Meyer
- Sheldon Manufacturing
- Forest Grove School District
- Virginia Garcia
- Pavement Maintenance Inc.

Major Tax payers

- Wal-Mart
- Laurel Wood Development
- Tom Moyer Theaters
- Portland General Electric
- 495 LLC
- RCI Properties

Trend Variances

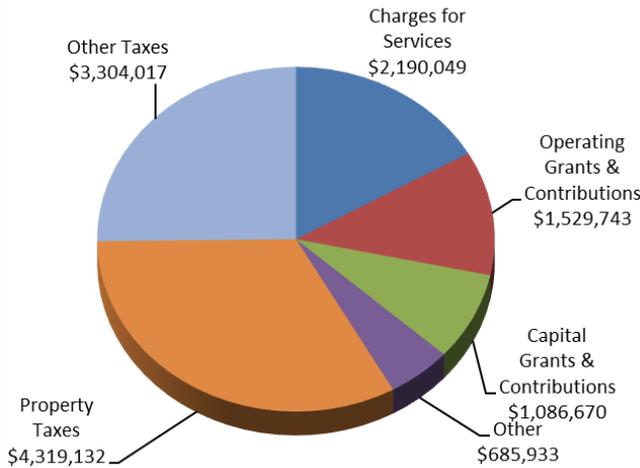
In 2023 the City’s assessed value increased 11.14%; while the market value increased 24.42%. The following graph depicts the growth of both the real market value of property and the artificially restrained trend line of assessed valuation for taxation purposes.



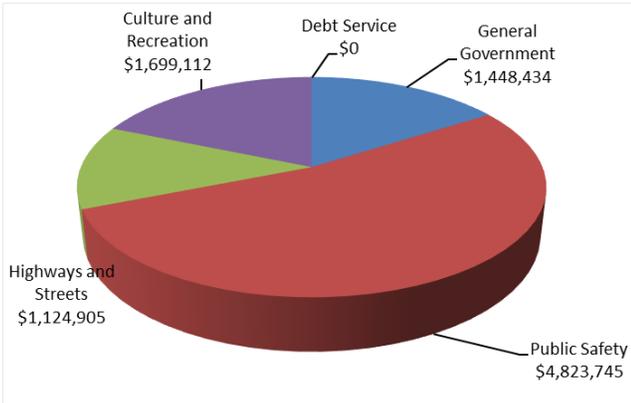
Financial Highlights

Cornelius has effectively managed its financial condition by remaining conservative. City leaders are prepared to continue to take steps necessary to manage city finances in a way that preserves the city’s ability to serve the public.

Governmental Revenue

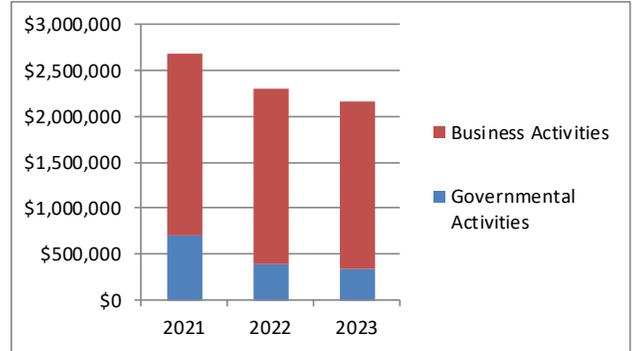


Governmental Activity Expenses



The General Fund’s budgeted appropriations between the original and final budget decreased by \$747,757. There were budget increases for unanticipated grant revenue, unanticipated project carryover, and conflagration reimbursements. There was also a large budget discrepancy in the amount of \$2,070,564 caused by incorrect construction estimates. This error affected budgeted revenue and pass through expenses.. Net working capital was \$777,256 larger than anticipated which increased contingency funds.

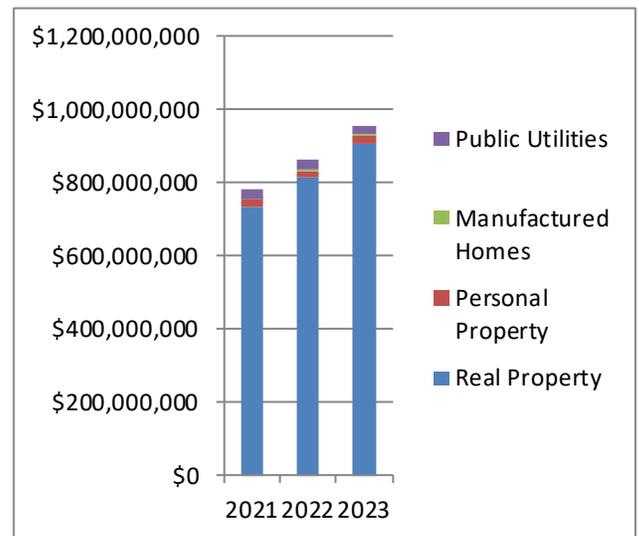
Long Term Debt



	2021	2022	2023
Governmental Activities	697,106	394,939	334,636
Business Activities	1,984,790	1,906,773	1,827,666
TOTAL	\$2,681,896	\$2,301,712	\$2,162,302

The City of Cornelius does not currently have a bond rating. City staff hopes to attain one in the future.

Assessed Property Tax Base



	2021	2022	2023
Real Property	732,189,860	812,183,370	906,703,850
Personal Property	20,678,711	20,988,957	20,245,409
Manufactured Homes	4,947,350	5,289,370	5,475,430
Public Utilities	23,419,300	22,666,900	24,669,200
TOTAL	\$781,235,221	\$861,128,597	\$957,093,889

Cornelius, Oregon Community Profile

Cornelius Oregon was established as a rural farming community along the banks of the Tualatin River in 1893. Today Cornelius has 14,389 residents within the 2.34 square miles of land that the city covers.

Cornelius is a city with a rich culture and history. The municipal government of Cornelius is dedicated to promoting community involvement, and building a safe, livable and sustainable community by providing fair, efficient and effective public services.

Quick Facts

CITY TAX RATE

\$3.9836 per \$1,000 assessed valuation (2023)

\$0.4870 per \$1,000 5-year local option levy

WORKFORCE BY INDUSTRY

Manufacturing 23.4%

Trade (retail/wholesale) 13.1%

Agriculture 4.0%

Services(including educational) 59.0%



Cornelius offers a full range of services including public safety, street maintenance, library, water, sewer, permits, licenses, inspections and zoning.

The City offers a full range of public services including public safety, street maintenance, a library, water, parks, sewer, permits, licenses, inspections, and zoning.

Certain services are provided by or in cooperation with regional organizations. The City owns portions of its water utility and purchases water from the city of Hillsboro for distribution. Cornelius owns and operates sanitary sewer and storm water collection facilities; treatment is by Clean Water Services, a regional authority. Electricity, telephone service, and trash disposal are provided by private businesses. Cornelius is part of two school districts, Hillsboro School District and Forest Grove School Districts.

LAND AREA & ZONING

Total Area..... 2.34 square miles

Vacant Industrial..... 89 acres

Developed industrial..... 103 acres

Vacant Commercial..... 51 acres

Developed Commercial..... 181 acres

SCHOOLS SERVING CORNELIUS (Public)

Elementary Schools – Cornelius..... 2

Elementary Schools – Hillsboro 1

Middle Schools –Forest Grove 2

Middle Schools – Hillsboro 1

High Schools – Forest Grove 1

High Schools – Hillsboro 1

A Look Forward

Cornelius is known as Oregon's Family Town. People enjoy our safe community and believe it is an outstanding place to live, work and play. Our Mayor and City Councilors have committed to a transparent, efficient and responsive city government. With so much working well for our community, we look forward to a positive and productive future as a city.

Cornelius is in the Portland region, known for innovation, high technology industry, sporting goods manufacturing, and citizens having a zeal for outdoor recreation and protecting the environment. Many of our citizens work in the high technology and sporting goods industries. Over half (52%) of our citizens are Latinx, which makes Cornelius rich in Cultural diversity.

Both the northern and southern boundaries of Cornelius touch productive and active farmland, which is protected by state law with an urban growth boundary. We continue to look for ways to grow our local industry, jobs and to increase overall assessed values. This will leverage partnerships with our elected State Representatives, regional partners, Washington County and neighboring cities.

The City of Cornelius has purchased wholesale potable drinking water from the City of Hillsboro since 1941. We continue to explore other long term supply options to ensure a consistent water supply in the future. Our investment in an Aquifer Storage and Recovery (ASR) system allows us greater flexibility in how we deliver water. The ASR can store up to 80 million gallons of potable water.

The City is working with key partners and State lawmakers to identify ways to expand our commercial and industrial land supply. One key aspect is our Economic Opportunities Analysis (EOA), which we plan to update in 2024. The updated EOA will define economic opportunities including land needs. The City's Urban Renewal Area continues to generate funding that will benefit the defined area.

Cornelius continues to improve efficiencies of service delivery by partnering with other government agencies. In addition to currently sharing a Fire Chief with the City of Forest Grove, in the spring of 2013 we merged our municipal court with Forest Grove to reduce costs and provide a higher level of service. We began contracting for Building Department services with Forest Grove in mid-2013. We are saving expenses and improving building services. Training will be shared between the departments to reduce costs. Cornelius continues to be an active partner with the Cooperative Agencies of Washington County and will continue in the future. This partnership encourages sharing of equipment and services to reduce overall service and capital costs.

Another major focus going forward will be communications and community engagement. We also plan to develop a plan to rebrand the city.

To provide for transparency in City decision making, the Metropolitan Area Communications Commission (MACC) televises City Council meetings. Citizens can learn more about their City by having access to watch City Council meetings on public cable access channels.

In addition to the televised meetings, the City is encouraging more citizen participation through public events and community outreach. A new Organizational Strategic Plan was adopted in 2023 which identifies the Mission, Values, Vision and Goals of the city including actions and timelines to meet each goal.

The City continues to sponsor multiple community events including the National Night Out Against Crime event. In November we host the Veterans Day Celebration Event and the Thanksgiving Holiday Dinner with great community turnout. Our monthly newsletter, *The Gazette*, is added to the utility bills monthly and is printed in both English and Spanish to better reach all members of our community. Event flyers are also printed in English and Spanish.

Cornelius has a bright future as a well-managed, transparent, and service-oriented public agency.