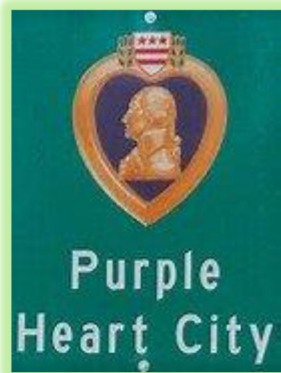


*CITY OF
CORNELIUS, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT*



*FISCAL YEAR ENDED
JUNE 30, 2021*

CITY OF CORNELIUS, OREGON

***Comprehensive Annual Financial
Report
Year Ended June 30, 2021***

***Prepared by the Finance Department of
the City of Cornelius, Oregon***

CITY OF CORNELIUS, OREGON
TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter	i-v
Certificate of Achievement	vi
Officials of the City of Cornelius, Oregon	vii
Organization Chart	viii
FINANCIAL SECTION	1
<i>INDEPENDENT AUDITOR'S REPORT</i>	2-4
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	5-11
<i>BASIC FINANCIAL STATEMENTS</i>	12
Government-wide Financial Statements	13
Statement of Net Position	14
Statement of Activities	15-16
Fund Financial Statements - Governmental Funds	17
Balance Sheet - Governmental Funds	18-19
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	23
Fund Financial Statements - Enterprise Funds	24
Statement of Fund Net Position - Proprietary Funds	25-26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	27-28
Statement of Cash Flows - Proprietary Funds	29-32
Notes to Basic Financial Statements	33-60
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	61
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	62
Street and Pathway Fund	63
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Oregon	
Public Employees Retirement System	64
Schedule of the City's Contributions – Oregon Public Employees Retirement System	65
Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios -	
Implicit Rate Subsidy	66
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset) –	
Oregon Public Employees Retirement System Retiree Health Insurance Account	67
Schedule of the City's Contributions - Oregon Public Employees Retirement System	
Retiree Health Insurance Account	68
Notes to the Required Supplementary Information	69-70
<i>SUPPLEMENTARY INFORMATION</i>	71
Governmental Funds	
Combining Schedules - Non-Major Governmental Funds	72
Balance Sheet – Nonmajor Funds	73
Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds	74

CITY OF CORNELIUS, OREGON
TABLE OF CONTENTS

FINANCIAL SECTION (Continued)

Governmental Funds (Continued)	
Budgetary Comparison Schedules - Governmental Funds (Non-RSI)	75
General Fund Schedule of Expenditures - Budgetary Basis	76-77
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Traffic Development Fund	78
Parks SDC Fund	79
Urban Renewal Fund	80
Bancroft Bond Assessment Fund	81
Enterprise Funds	
Budgetary Comparison Schedules - Enterprise Funds	82
Schedules of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	
Water Operations Combined	83
Water Fund	84
Fixed Asset Water Fund	85
Sanitary Sewer Operations Combined	86
Sanitary Sewer Fund	87
Fixed Asset Sanitary Sewer Fund	88
Surface Water Management Operations Combined	89
Surface Water Management Fund	90
Fixed Asset Surface Water Management Fund	91
Budgetary Comparison Schedules - Internal Service Fund	92
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Internal Service Fund	93

STATISTICAL SECTION 94-95

FINANCIAL TRENDS	96
Net Position by Component (Last Ten Fiscal Years)	97
Changes in Net Position (Last Ten Fiscal Years)	98
Governmental Activities Tax Revenues by Source (Last Ten Fiscal Years)	99
Fund Balance of Governmental Funds (Last Ten Fiscal Years)	100
Changes in Fund Balances of Governmental Funds (Last Ten Fiscal Years)	101
REVENUE CAPACITY	102
Market and Assessed Value of Taxable Property (Last Ten Fiscal Years)	103-104
Overlapping Debt Schedule	105
Property Tax Rates (Last Ten Fiscal Years)	106
Principal Property Taxpayers (Last Ten Fiscal Years)	107-108
Property Tax Levies and Collections (Last Ten Fiscal Years)	109
Property Tax Levies and Collections to Date (Last Ten Fiscal Years)	110
DEBT CAPACITY	111
Ratios of Outstanding Debt by Type (Last Ten Fiscal Years)	112
Ratios of General Bonded Debt Outstanding (Last Ten Fiscal Years)	113
Revenue Backed Debt (Last Ten Fiscal Years)	114
Direct and Overlapping Governmental Activities Debt	115
Legal Debt Margin Information (Last Ten Fiscal Years)	116

CITY OF CORNELIUS, OREGON
TABLE OF CONTENTS

STATISTICAL SECTION *(Continued)*

<i>DEMOGRAPHIC AND ECONOMIC INFORMATION</i>	117
Demographic and Economic Statistics (Last Ten Fiscal Years)	118
Principal Employers (Current Year and Nine Years Ago)	119
Full-time Equivalent City Government Employees by Function (Last Ten Fiscal Years)	120
<i>OPERATING INFORMATION</i>	121
Operating Indicators by Function (Last Ten Calendar Years)	122
Capital Asset Statistics by Function (Last Ten Fiscal Years)	123
Miscellaneous Statistical Data	124
Population Growth	125
 COMPLIANCE SECTION	 126
Independent Auditor's Report Required by Oregon State Regulations	127-128

INTRODUCTORY SECTION

Cornelius

Oregon's Family Town

November 30, 2021

To the Honorable Mayor, City Council, City Manager and citizens of Cornelius:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Cornelius, Oregon for the fiscal year ended June 30, 2021. This report is published to provide the City Council, city staff, citizens, and other readers with detailed information concerning the financial position and activities of the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The State of Oregon requires an annual audit of the fiscal affairs of the City by independent public accountants. The City's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements included in this report are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cornelius' financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

City Profile

The City of Cornelius has a population of 12,635 and is located 25 miles west of Portland, Oregon and 10 miles east of the Coast Range in the fertile Tualatin River Valley. Cornelius is surrounded by high-tech industries, vineyards and farmland in Washington County. Cornelius is a home-rule City Charter community and exercises all powers except those reserved 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 as authorized in its charter, ordinances and budget. These services include police and fire protection, street infrastructure construction and maintenance, parks, a library, water, sanitary sewer, and storm water services, land use planning and zoning, and economic development.

The City is governed by a City Council comprised of a Mayor and four Councilors. The City Council exercises policy-making and legislative authority and is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, appointing the city attorney and municipal court judge, and hiring the city manager. The City Manager is responsible for carrying out the day-to-day operations

of the City and appointing the heads of various departments. All Council members are elected at-large to serve a four-year term. Terms are staggered so that two Councilors are elected at one general election and two at the next general election. The Mayor is a member of the Council elected by the voters for a two-year term.

Police services have been contracted with the Washington County Sheriff's Office since July 2014. Building inspection services are contracted with neighboring City of Forest Grove. The City Council continues to support opportunities for citizens to gather and attend City-sponsored events. The City typically hosts many community events which have all been well attended in the past. However, the COVID-19 pandemic has caused the City to cancel many public events and in-person meetings starting in April 2020 and through today.

Factors Affecting the City's Financial Condition

Local Economy

The City of Cornelius continues to operate in an economic environment that was growing at the local, regional and State level. Washington County is recognized as the "economic engine" of the State of Oregon and recent development, employment levels and population have benefited the City's financial condition. Unemployment levels have changed this past year due to the COVID-19 pandemic, with many businesses facing restrictions and closures due to state mandates. The current unemployment rate in the county is down to 4.1%, a decrease from 6.7% in 2020.

Development construction, 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 subdivisions in various phases of development/construction. Once all the subdivisions are completed there will be over 1,200 new homes. During FY2021 there were about 370 new residential homes built, as well as completion of some new commercial development. The new Cornelius Place project was completed in February 2019, which included a 13,900 square foot library, a 3,000 square foot space planned for non-profit use, and 45 affordable senior housing units in the two floors above.

Our two largest retail stores, Fred Meyer and Walmart, provide citizens with job opportunities. Summit Foods produces premium dried fruit and fillings to retailers, bakers and culinary professionals nationwide. Higher Taste, a food processing facility specializing in vegetarian and vegan foods, also completed construction of their new building in Cornelius. This is an example of how Cornelius fills the role of supporting the rich agricultural industry in the Tualatin River Valley and contributes to the growth of the traded sector in Oregon. The strong business growth from Intel impacts Cornelius in positive ways and many Cornelius residents are employed by Intel in nearby Hillsboro.

Interest rates on the City's investment in the Oregon Local Government Investment Pool have continued to slowly decrease due to the COVID-19 pandemic, and staff continues to monitor investments regularly. Additionally, the City has been careful to maintain its financial reserves and reduce costs wherever possible.

Long-term Financial Planning

City Council and staff continue to assess current and future operational needs, which has been an ongoing challenge and requires careful planning. The new land added within the Urban Growth Boundary by the 2014 Oregon legislature has provided significant growth opportunity and we continue to see a rise in construction which will have an impact on the property tax revenue the City receives. We began to see a slight increase in property tax during 2020, and anticipate more increases in the next few years as new residential development is completed. Since the COVID-19 pandemic, staff has been monitoring revenue even more closely, and has not seen any dramatic impacts on revenues coming to the City.

Cornelius remains committed to providing responsive essential services and infrastructure to its residential and commercial population. With concern over the rising costs of public safety, operating materials like asphalt, ammunition and fuel, and employee healthcare and retirement benefits, 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 and unforeseen expenses. During the next budget cycle city staff plans to develop a 5-year revenue/expense projection, a fund balance/reserve policy, and continue with a more detailed, 20-year, Capital Improvement Program (CIP), to assist with long-term financial planning and to ensure that capital needs can be met.

Voters renewed a 5-year Fire Operating Levy in May 2019. The Levy provides for two additional full-time Firefighter/Paramedics and also allows the Fire Intern program to continue. The Fire Intern program was previously funded through a FEMA Grant that ended June 2015. An additional FEMA Grant that provides funding for a Volunteer Coordinator and Uniforms/Equipment ended in March 2018, and is now funded by the General Fund. Staff continues to look for additional funding to continue keeping the position in place.

The City has the lowest rate of assessed valuation per capita in Washington County reflecting a limited ability to pay. Therefore, the City has had to rely upon fees and charges for revenue to supplement a low tax base for general services. The City implemented a 2¢ per gallon fuel tax that began in 2010, which has generated a steady flow of income to the Street and Pathway fund. The effort to impose such fees fairly and equitably seems to have met with the approval of citizens so they will continue.

Oregon started distributing marijuana tax to cities in FY2018. Cornelius has one marijuana retailer located in the City that opened in FY2020 which also generates additional revenue. We anticipate more retailers in the future, so we will continue to monitor this revenue source.

As state and regional governmental agencies continue to look for more revenues for their programs, monies received from those sources by Cornelius could be at risk. The yield from most state-shared revenue has been flat. See the Management's Discussion and Analysis, Economic Factors section for additional details.

The Holladay Street Industrial area in northwest Cornelius has seen significant interest in the redevelopment of the area by private developers in the last year. The Higher Taste, producer of vegan and vegetarian food products, opened during FY2020 and will employ approximately sixty employees. Other areas of the industrial park have significant new developments in the planning stages.

Work on the new Downtown Plan and formation of the Urban Renewal Agency was completed in summer 2019. Urban Renewal taxes have not come in as expected due to changes with various properties, which has resulted in delays to the projects that will be funded with this revenue. Staff anticipates that projects can begin in FY2023.

Financial Information

Internal Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh the benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

Internal control training, monitoring and inspections continued to be commonplace among the staff of the city during this past year. Episodes elsewhere in prior years caused a heightened awareness of the need for good internal controls among even the smallest of local government units. Policies and procedures are reviewed and updated on a regular basis. The City uses financial software that has internal auditing capabilities to record and track changes made by staff. In addition to the basic software functions city staff also utilizes software modules for budgeting, capital assets, project/grant accounting, and licenses/permits which will help streamline workflow and reporting.

Budget Process

The annual budget is the basis for the City's financial planning and control. The budget process begins with the appointment of the budget officer and Budget Committee. The Budget Committee consists of the five City Council members and an equal number of citizen representatives. Budget recommendations are developed through late winter. The Committee approves the budget in early spring after public hearings are held and citizen input is considered. The Council adopts the budget prior to June 30th. Once the budget is established, expenditures can only exceed the legal level of budgetary control, the department level, after approval from the City Council (within restrictions established in State statutes).

Relevant Financial Policies

The City maintains a general checking account to fund daily operations. Cash in excess of daily operating needs is typically pooled and invested in the Local Government Investment Pool (LGIP). However, with banking fees continuing to increase on the general checking account and interest at the LGIP continuing to stay low, city staff maintained a higher balance in the general checking account during the last few fiscal years to help offset bank fees.

The City has risk management policies and a formal safety committee to address issues of employee safety, health and injury. The committee implements policies and procedures that include employee and employer accountability for safety and employee accident prevention training. The City participates in an insurance trust pool of Oregon cities and county governments for property, automobile, liability and worker's compensation insurance coverage. The City also uses the services of Assured Partners as its agent of record to provide additional risk management oversight.

Further details on the City's budget process, cash and cash equivalents, risk management, and retirement program can be found in the notes to the financial statements.

Major Initiatives

The City has continued to establish and work toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short and long term goals, evaluating results, and reassessing goals and their priorities.

To prepare for the budget, the City Council defines and adopts new goals. In Spring 2021 the City Council and Management staff had a Goal Setting Retreat to re-evaluate the mission, vision, short and long term goals of the City. The following list of goals were updated and included these major policy areas: Enhance the City's communication and engagement to be more representative and equitable; Develop a community mission, vision and values to guide the City over the next 20 years; Support the organization in implementing tools that increase their connectivity and engagement; Support the City in building infrastructure that meets the City's growth, service demands, and emergency preparedness needs; and Implement the City's downtown plan. The City Council typically updates the goals during the spring budget process.

Awards and Acknowledgements

The City of Cornelius received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for FY2020. The city has received this award for the thirteenth year in a row. 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report will once again meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for a certificate.

The City of Cornelius also received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for FY2020. This is the eleventh year in a row that the City has received this award. There are only twelve government entities in the state of Oregon that received this award. Cornelius has a 52% Latino population, so to increase our outreach to the Latino community this is the tenth year the PAFR has also been printed in Spanish.

The City has also been awarded the GFOA "Distinguished Budget Presentation" award for the last fourteen budget cycles.

The preparation of this report would not have been possible without the dedicated services of staff within the Finance Department, as well as other City staff. I sincerely appreciate their efforts. I also extend appreciation to the Mayor, City Council, and the City Manager, whose continuing support is vital to the financial health of the City of Cornelius, Oregon.

Respectfully submitted,



Ellie T. Jones
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cornelius
Oregon**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

MAYOR AND COUNCIL MEMBERS

<u><i>Name</i></u>	<u><i>Term Expires</i></u>
<i>Mayor</i>	
Jeffrey Dalin	December 31, 2022
<i>Council Members</i>	
Luis Hernandez	December 31, 2022
John Colgan	December 31, 2022
Angeles Godinez	December 31, 2024
Doris Gonzalez	December 31, 2024

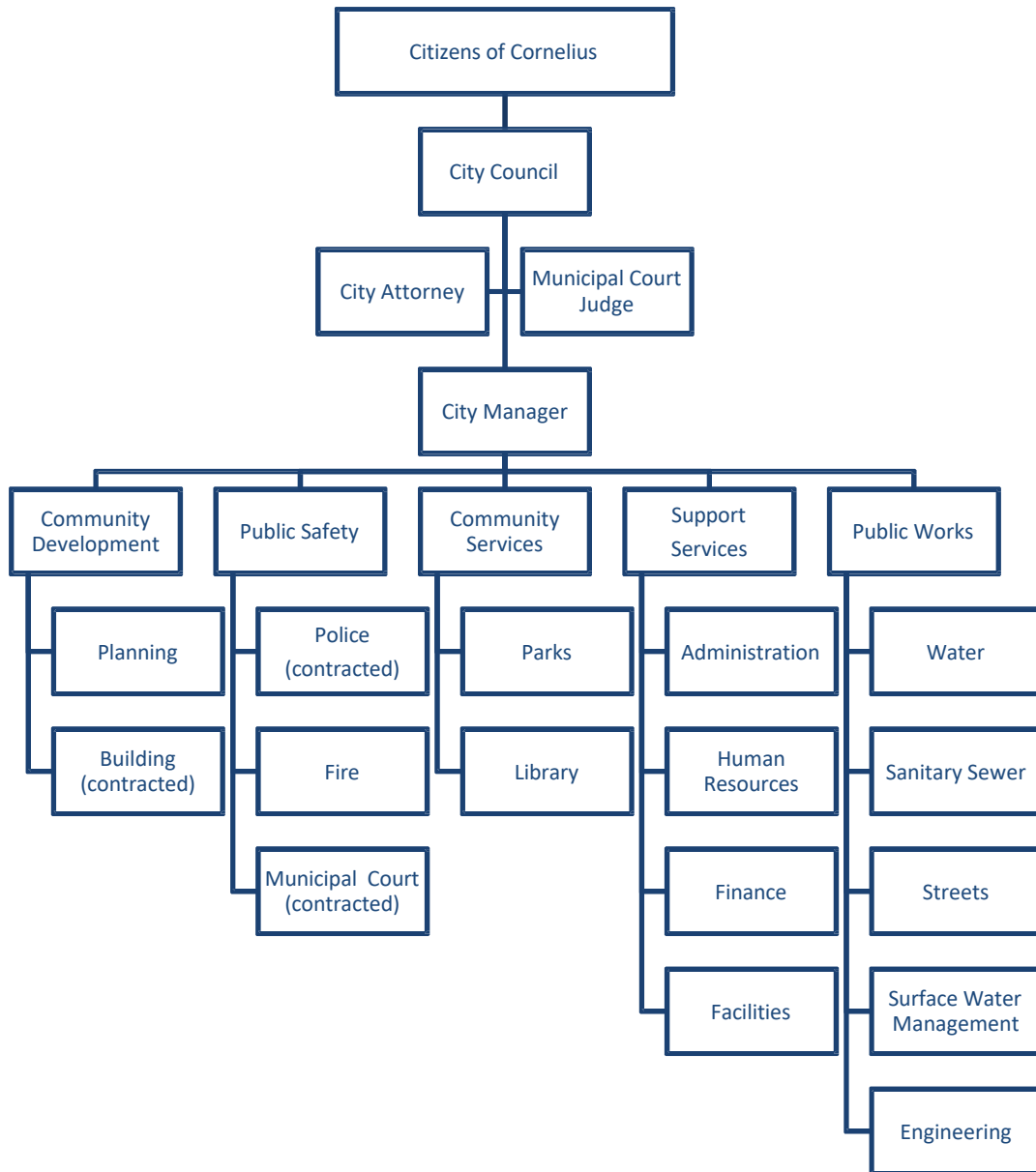
The above individuals may be contacted at the address below.

City Administration

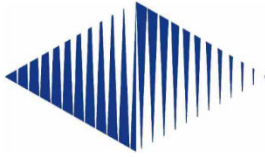
Robert Drake, City Manager
Debra Roth, City Recorder-Treasurer
Ellie Jones, Finance Director

City of Cornelius, Oregon
1355 N Barlow St
Cornelius, Oregon 97113

CITY OF CORNELIUS ORGANIZATIONAL CHART



FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council Members
City of Cornelius
1355 N Barlow St
Cornelius, Oregon 97113

Report on the 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 Cornelius, Oregon as of and for the year ended June 30, 2021, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 Cornelius, Oregon as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General and Street and Pathway funds (“the budgetary schedules”), the City's PERS schedules, and the City's 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 subject 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.

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 supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The 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, or other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

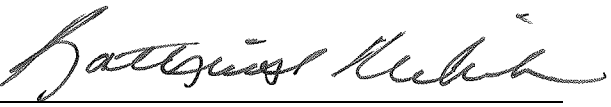
Other Information

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.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 30, 2021 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 the 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
November 30, 2021

**CITY OF CORNELIUS, OREGON
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The management of the City of Cornelius, Oregon offers readers of the Comprehensive Annual Financial Report, this narrative overview and analysis of the financial activities of the City of Cornelius for the fiscal year ended June 30, 2021. This analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances and specific issues related to funds and the economic factors affecting the City. Readers are encouraged to consider the information here in conjunction with additional information provided in the transmittal letter.

Financial Highlights

Assets totaled \$83,856,533 at June 30, 2021 and consisted of \$22,506,699 in cash and investments; \$1,941,555 in accounts and interest receivable and other assets; and \$59,408,279 in capital assets.

Deferred outflows related to pensions and other postemployment benefits totaled \$2,316,433.

Net position (assets and deferred outflows minus liabilities and deferred inflows) was \$75,203,293 at June 30, 2021 compared to \$68,605,958 at June 30, 2020.

Deferred inflows related to pensions and other postemployment benefits totaled \$364,772.

As of June 30, 2021, the City had \$2,410,827 in outstanding bonds and notes payable.

The City’s net position increased by \$6,597,335 from June 2020, primarily due to increases in charges for services. Net capital assets increased by \$3,041,225 in Fiscal Year 2021 mainly due to the completion of infrastructure projects and purchase of equipment.

Report Format

This Management’s Discussion and Analysis (MD&A) section provides users of the basic financial statements a narrative introduction, overview, and analysis of the statements. The report also includes government-wide financial statements, fund financial statements, notes to the financial statements and required supplementary information. The first several statements are highly condensed and present a government-wide view of the City’s finances. Within this view all City operations are categorized and reported as either governmental or business type activities.

Governmental activities include basic services such as public safety, transportation, culture and recreation, community development, and general governmental administration. Business-type activities are water, sewer, and storm water services.

Taken together the sections provide a comprehensive financial look at the City. The individual components of the report include the following:

- **Management Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.

- **Basic Financial Statements.** Includes the Statement of Net Position, Statement of Activities, fund financial statements and the notes to the basic financial statements. Statements of Net Position and Activities focus on government-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.
 - The Statement of Net Position focuses on resources available for future operations. This statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net differences are further separated into amounts invested in capital assets, restricted for special purposes, and unrestricted amounts.
 - The Statement of Activities focuses on gross and net costs of the City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user’s analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenue.
 - Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of governmental financial statements. The City’s major governmental funds are presented in their own column and the remaining funds are combined into a column titled “Other Governmental”. Budgetary comparison statements are presented for the General Fund and Street and Pathway fund as Required Supplementary Information. Statements for the City’s proprietary funds follow the governmental funds and include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flow.
 - The notes to the basic financial statements provide additional information to assist the reader in understanding the City’s financial condition.

- **Required Supplementary Information.** Includes the Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) for the General Fund and Street and Pathway Fund. This section also includes the Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions, as they relate to GASB 68, and the Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios – Implicit Rate Subsidy, Schedule of the City’s Proportionate Share of the Net OPEB Liability (Asset) and Schedule of Contributions, as they relate to GASB 75.

- **Other Supplementary Information.** Readers desiring additional information on major funds that are not a part of Required Supplementary Information and non-major funds can find it in the Combining Schedules of Non-Major Funds and the budgetary comparison sections of this report. Components within this section include:
 - Combining schedules. Major funds are included within the Basic Financial Statements, whereas non-major funds are presented here. These statements include combining balance sheets and combining schedule of revenues, expenditures and changes in fund balance.
 - Budgetary Comparisons. Includes budgetary information for major governmental funds budgetary comparison schedules not included in the Required Supplemental Information for all non-major funds and business type activities.

- **Compliance Section.** Report and related comments and disclosures required by Oregon State Statutes.

Financial Analysis of the Government's Funds

Governmental Funds. As of the end of the current fiscal year, the City of Cornelius' governmental funds reported combined ending fund balances of \$10,812,770, an increase of \$3,859,728 in comparison with the prior year. The General fund shows a positive change due to an increase in property tax revenues and license, permits and fees. The Street and Pathway fund shows a positive change due to increases in fuel tax revenue and a decrease in professional fees. The Traffic Development fund shows a positive change due to an increase in licenses, permits and fees related to new development. Other governmental funds show a positive change due to licenses, permits, and fees related to new development, as well.

Proprietary Funds. As of the end of the current fiscal year, the City of Cornelius' proprietary funds reported a total net position of \$24,756,841, an increase of \$3,006,610 in comparison with the prior year. Utility fees were increased in all funds during the fiscal year to ensure funds are available for future capital projects. There is also a rise in new development, which resulted in an increase in System Development Charges.

General Fund Budgetary Highlights

The City Council approved several changes to the 2020-2021 adopted budget including three supplemental budgets.

The General Fund's budgeted appropriations between the original and final budget increased by \$2,441,300. Some of the significant changes were due to the Fire Department receiving reimbursement of approximately \$86,000 for fire conflagration related expenses, unanticipated grant revenue in the amount of \$175,399, an unanticipated project carryover in the amount of \$58,700. There was also an increase in revenue related to new construction, which resulted in an increase to Intergovernmental Services expenses for approximately \$668,203. Net working capital was larger than anticipated which increased contingency funds.

The actual revenues and expenditures are fairly consistent with the final adopted budget. Revenue from permits and fees were higher than anticipated, and property taxes were higher than anticipated mainly due to new construction. Some of the permits and fees collected are pass-through expenses, so the change in revenue also caused a change in expenditures. Grant revenue was higher than anticipated, which also caused expenditures to be higher so that the funds could be spent. There was also a delay in capital projects which caused the actual Parks department expenditures to be less than budgeted.

Statement of Net Position

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

	<i>2021</i>			<i>2020</i>		
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Cash and investments	\$ 11,463,629	\$ 11,043,070	\$ 22,506,699	\$ 7,785,443	\$ 10,968,234	\$ 18,753,677
Other assets	918,847	1,022,708	1,941,555	1,030,677	818,525	1,849,202
Capital assets	43,200,541	16,207,738	59,408,279	42,990,047	13,377,007	56,367,054
<i>Total Assets</i>	<u>55,583,017</u>	<u>28,273,516</u>	<u>83,856,533</u>	<u>51,806,167</u>	<u>25,163,766</u>	<u>76,969,933</u>
Deferred outflows	2,033,562	282,871	2,316,433	1,431,239	193,477	1,624,716
Other liabilities	6,516,994	1,677,080	8,194,074	5,116,328	1,267,401	6,383,729
Long-term debt	458,100	1,952,727	2,410,827	1,167,641	2,028,208	3,195,849
<i>Total Liabilities</i>	<u>6,975,094</u>	<u>3,629,807</u>	<u>10,604,901</u>	<u>6,283,969</u>	<u>3,295,609</u>	<u>9,579,578</u>
Deferred inflows	320,680	44,092	364,772	360,685	48,428	409,113
Net position:						
Net investment in capital assets	42,742,441	14,255,011	56,997,452	41,822,406	11,348,799	53,171,205
Restricted	7,811,755	5,609,048	13,420,803	4,828,285	3,500,247	8,328,532
Unrestricted	(233,391)	5,018,429	4,785,038	(57,939)	7,164,160	7,106,221
<i>Total Net Position</i>	<u>\$ 50,320,805</u>	<u>\$ 24,882,488</u>	<u>\$ 75,203,293</u>	<u>\$ 46,592,752</u>	<u>\$ 22,013,206</u>	<u>\$ 68,605,958</u>

The net position for governmental activities increased by \$3,728,053 and business-type activities increased by \$2,869,282 mainly due to an increase in charges for services and completion of capital projects.

Statement of Activities

The following table reflects the condensed Statement of Activities compared to the prior year:

	2021			2020		
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Revenues						
Program Revenues						
Charges for service	\$ 3,114,726	\$ 11,003,949	\$ 14,118,675	\$ 2,128,556	\$ 8,134,353	\$ 10,262,909
Operating grants and contributions	529,954	-	529,954	209,473	-	209,473
Capital grants and contributions	3,176,132	2,079,320	5,255,452	1,988,439	3,802,181	5,790,620
<i>Total Program Revenues</i>	6,820,812	13,083,269	19,904,081	4,326,468	11,936,534	16,263,002
General Revenues						
Property taxes	3,447,650	-	3,447,650	3,167,024	-	3,167,024
Public service taxes and state revenue sharing	2,423,004	-	2,423,004	2,253,772	-	2,253,772
Franchise taxes	468,263	-	468,263	461,428	-	461,428
Other	226,982	84,592	311,574	616,625	206,321	822,946
<i>Total General Revenues</i>	6,565,899	84,592	6,650,491	6,498,849	206,321	6,705,170
<i>Total Revenues</i>	13,386,711	13,167,861	26,554,572	10,825,317	12,142,855	22,968,172
Expenses						
General government	2,927,362	-	2,927,362	1,860,333	-	1,860,333
Public safety	4,083,790	-	4,083,790	4,089,750	-	4,089,750
Highways and streets	1,358,872	-	1,358,872	1,327,153	-	1,327,153
Culture and recreation	1,241,746	-	1,241,746	1,188,569	-	1,188,569
Interest on long-term debt	28,888	-	28,888	35,233	-	35,233
Water operations	-	5,076,155	5,076,155	-	4,175,870	4,175,870
Sewer operations	-	4,244,252	4,244,252	-	3,098,937	3,098,937
Surface water management operations	-	996,172	996,172	-	947,019	947,019
<i>Total Expenses</i>	9,640,658	10,316,579	19,957,237	8,501,038	8,221,826	16,722,864
<i>Changes in Net Position Before Transfers</i>	3,746,053	2,851,282	6,597,335	2,324,279	3,921,029	6,245,308
<i>Transfers</i>	(18,000)	18,000	-	(82,179)	82,179	-
<i>Change in Net Position</i>	3,728,053	2,869,282	6,597,335	2,242,100	4,003,208	6,245,308
<i>Beginning Net Position, as restated</i>	46,592,752	22,013,206	68,605,958	44,350,652	18,009,998	62,360,650
<i>Ending Net Position</i>	\$ 50,320,805	\$ 24,882,488	\$ 75,203,293	\$ 46,592,752	\$ 22,013,206	\$ 68,605,958

Governmental activities increased by \$3,728,053 from 2020 mainly due to an increase in property and public service taxes, as well as an increase in system development charges related to new construction. Business-type activities increased by \$2,869,282 from 2020 primarily due to an increase in charges for services, system development charges and capital contributions.

Capital Assets

At June 30, 2021, the City has \$59,408,279, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements, equipment, roads, and water, sewer and storm water lines.

The following is a comparison of capital assets as of June 30:

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Land	\$ 1,884,067	\$ 1,884,067	\$ 20,000	\$ 20,000	\$ 1,904,067	\$ 1,904,067
Intangibles	16,088,232	16,088,232	2,978,358	-	19,066,590	16,088,232
Construction in progress	455,867	108,613	151,702	35,604	607,569	144,217
Buildings	8,890,957	8,890,957	2,049,551	2,049,551	10,940,508	10,940,508
Improvements	4,066,529	4,066,529	293,041	277,348	4,359,570	4,343,877
Equipment	1,155,910	1,072,697	690,969	615,755	1,846,879	1,688,452
Vehicles	1,534,215	1,546,215	1,199,259	1,199,259	2,733,474	2,745,474
Infrastructure	17,170,339	16,684,162	13,797,233	13,797,233	30,967,572	30,481,395
Accumulated depreciation	(8,045,575)	(7,351,425)	(4,972,375)	(4,657,743)	(13,017,950)	(12,009,168)
Net capital assets	\$ 43,200,541	\$ 42,990,047	\$16,207,738	\$ 13,337,007	\$ 59,408,279	\$ 56,327,054

For more detailed information regarding capital assets please refer to pages 43-44 in the Notes to the Financial Statements.

Debt

As of June 30, 2021, the City had \$2,681,896 in long-term debt and compensated absences, compared to \$3,477,802 at June 30, 2020. Both Governmental Activities and Business-Type Activities show a decrease due to debt payments being made and a change in accrued compensated absences.

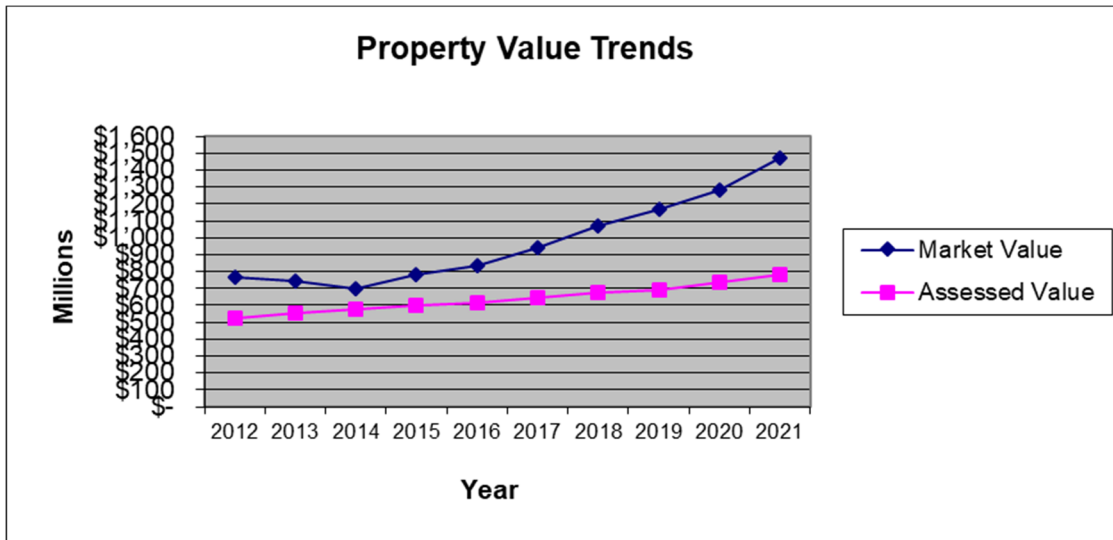
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Limited tax improvement bonds	\$ 183,100	\$ 623,641	\$ -	\$ -	\$ 183,100	\$ 623,641
Notes payable	275,000	544,000	1,952,727	2,028,208	2,227,727	2,572,208
	458,100	1,167,641	1,952,727	2,028,208	2,410,827	3,195,849
Accrued compensated absences	239,006	243,091	32,063	38,862	271,069	281,953
	\$ 697,106	\$ 1,410,732	\$ 1,984,790	\$ 2,067,070	\$ 2,681,896	\$ 3,477,802

For more detailed information regarding debt please refer to pages 45-47 in the Notes to the Financial Statements.

Economic Factors

The governmental funds largest revenue sources are property taxes, franchise fees, fees for charges and services and state shared revenues. The State of Oregon does not have a sales tax; resulting in local government's heavy reliance on property taxes and other self-generated revenues including franchise fees, business licenses, etc. In 1997 constituents in the State of Oregon passed a tax reform moving local governments from a tax base system to a tax rate system. The maximum allowed under Oregon statute is 3%.

In 2021 the City’s assessed value increased 6.3%, while the market value increased 14.5%. The following graph depicts the change of both the real market value of property and the artificially restrained trend line of assessed valuation for taxation purposes.



Cornelius is known for its affordable housing stock. The market values of these homes started steadily decreasing in 2009, but we’ve seen a consistent rise since 2014. The historic decrease caused many foreclosures and bankruptcies of residents unable to sell their home or refinance. However, during the past few years we’ve seen a change in cash flows for property taxes. Many property owners are choosing to pay their taxes in installments, rather than take advantage of the 3% discount by paying in full, which has caused revenue to be more evenly distributed during the fiscal year.

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, with other employees covering an entire family. The high rate of “healthcare inflation” has affected all employers and employees and has been mitigated by the increased effectiveness of various wellness programs. The Public Employee Retirement System (PERS) increased for the City of Cornelius for the biennium beginning July 1, 2019, with additional increases anticipated every two years. Staff is working diligently to try and absorb these costs, but may have to increase City fees or look at other funding options.

The City of Cornelius purchases its water from the City of Hillsboro as a wholesale customer, with rates increasing annually. Clean Water Services also adjusted the rates paid for sanitary sewer and system development charges on a pass-through basis.

Financial Information Contact

The City’s financial statements are designed to present users, including the taxpayers, citizens, customers, investors and creditors with a general overview of the City’s finances and overall accountability. If you have questions about the contents of this report or need additional financial information please contact Finance Director, Ellie Jones at 503-357-9112, 1355 N Barlow Street, Cornelius, Oregon 97113, email info@corneliusor.gov, or visit our website at www.ci.cornelius.or.us.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF CORNELIUS, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 11,463,629	\$ 11,043,070	\$ 22,506,699
Property taxes receivable	62,936	-	62,936
Accounts receivable, net	408,763	914,054	1,322,817
Internal balances	2,594	(2,594)	-
Inventories	-	107,093	107,093
Prepaid expenses	47,232	-	47,232
<i>Total Current Assets</i>	<u>11,985,154</u>	<u>12,061,623</u>	<u>24,046,777</u>
Noncurrent Assets			
Assessments receivable	367,539	-	367,539
OPEB asset	29,783	4,155	33,938
Capital assets			
Non-depreciable	18,428,166	3,150,060	21,578,226
Depreciable	24,772,375	13,057,678	37,830,053
<i>Total Noncurrent Assets</i>	<u>43,597,863</u>	<u>16,211,893</u>	<u>59,809,756</u>
<i>Total Assets</i>	<u>55,583,017</u>	<u>28,273,516</u>	<u>83,856,533</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,014,397	280,949	2,295,346
Deferred outflows related to OPEB	19,165	1,922	21,087
<i>Total Deferred Outflows of Resources</i>	<u>2,033,562</u>	<u>282,871</u>	<u>2,316,433</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 57,616,579</u>	<u>\$ 28,556,387</u>	<u>\$ 86,172,966</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 856,320	\$ 847,768	\$ 1,704,088
Deposits	9,192	6,000	15,192
Current portion of accrued compensated absences	47,801	6,412	54,213
Interest payable	3,204	36,815	40,019
Current portion of long-term debt	297,191	77,746	374,937
<i>Total Current Liabilities</i>	<u>1,213,708</u>	<u>974,741</u>	<u>2,188,449</u>
Noncurrent Liabilities			
Noncurrent portion of accrued compensated absences	191,209	25,651	216,860
Net pension liability	5,256,266	733,094	5,989,360
OPEB liability	153,002	21,340	174,342
Noncurrent portion of long-term debt	160,909	1,874,981	2,035,890
<i>Total Noncurrent Liabilities</i>	<u>5,761,386</u>	<u>2,655,066</u>	<u>8,416,452</u>
<i>Total Liabilities</i>	<u>6,975,094</u>	<u>3,629,807</u>	<u>10,604,901</u>
DEFERRED INFLOWS IN RESOURCES			
Deferred inflows related to pensions	245,418	34,229	279,647
Deferred inflows related to OPEB	75,262	9,863	85,125
<i>Total Deferred Inflows of Resources</i>	<u>320,680</u>	<u>44,092</u>	<u>364,772</u>
NET POSITION			
Net investment in capital assets	42,742,441	14,255,011	56,997,452
Restricted for:			
Highways and streets	1,451,689	-	1,451,689
Debt service	247,561	-	247,561
Community development	52,136	-	52,136
Capital projects	6,060,369	5,609,048	11,669,417
Unrestricted	(233,391)	5,018,429	4,785,038
<i>Total Net Position</i>	<u>50,320,805</u>	<u>24,882,488</u>	<u>75,203,293</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 57,616,579</u>	<u>\$ 28,556,387</u>	<u>\$ 86,172,966</u>

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

CITY OF CORNELIUS, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,927,362	\$ 2,839,399	\$ 527,933	\$ -
Public safety	4,083,790	270,919	-	-
Highways and streets	1,358,872	1,560	-	2,516,991
Culture and recreation	1,241,746	2,848	2,021	659,141
Interest on long-term debt	28,888	-	-	-
<i>Total governmental activities</i>	<u>9,640,658</u>	<u>3,114,726</u>	<u>529,954</u>	<u>3,176,132</u>
Business-type activities:				
Water	5,076,155	5,543,214	-	1,432,022
Sanitary sewer	4,244,252	4,351,787	-	90,712
Surface water management	996,172	1,108,948	-	556,586
<i>Total business-type activities</i>	<u>10,316,579</u>	<u>11,003,949</u>	<u>-</u>	<u>2,079,320</u>
<i>Total activities</i>	<u>\$ 19,957,237</u>	<u>\$ 14,118,675</u>	<u>\$ 529,954</u>	<u>\$ 5,255,452</u>

General Revenues:

Taxes:
Property taxes
Public service taxes and state revenue sharing
Franchise taxes
Interest earnings
Miscellaneous

Total general revenues

Transfers

Change in Net Position

Net Position - beginning of year as originally reported

Restatement

Net Position - beginning of year, as restated

Net Position - end of year

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

CITY OF CORNELIUS, OREGON
STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2021

<i>Net (Expenses) Revenues and Changes in Net Position</i>		
<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ 439,970	\$ -	\$ 439,970
(3,812,871)	-	(3,812,871)
1,159,679	-	1,159,679
(577,736)	-	(577,736)
(28,888)	-	(28,888)
(2,819,846)	-	(2,819,846)
-	1,899,081	1,899,081
-	198,247	198,247
-	669,362	669,362
-	2,766,690	2,766,690
(2,819,846)	2,766,690	(53,156)
3,447,650	-	3,447,650
2,423,004	-	2,423,004
468,263	-	468,263
103,643	84,292	187,935
123,339	300	123,639
6,565,899	84,592	6,650,491
(18,000)	18,000	-
3,728,053	2,869,282	6,597,335
46,592,752	21,973,206	68,565,958
-	40,000	40,000
46,592,752	22,013,206	68,605,958
<u>\$ 50,320,805</u>	<u>\$ 24,882,488</u>	<u>\$ 75,203,293</u>

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

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, library operations, parks and recreations.

Street and Pathway Fund

The Street and Pathway Fund accounts for revenue derived from state, county and local fuel tax that is used for repair, maintenance and construction of streets and pathways.

Traffic Development Fund

The purpose of this fund is to build new, reconstruct and increase the safe capacity of streets, sidewalks, signals and bridges within the City of Cornelius.

CITY OF CORNELIUS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<i>General</i>	<i>Special Revenue</i>	<i>Capital Projects</i>
		<i>Street and Pathway Fund</i>	<i>Traffic Development</i>
ASSETS			
Cash and investments	\$ 3,145,342	\$ 1,707,051	\$ 4,305,504
Property taxes receivable	62,936	-	-
Accounts receivable, net	592,894	124,769	-
Prepays	47,232	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 3,848,404</u>	<u>\$ 1,831,820</u>	<u>\$ 4,305,504</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 400,105	\$ 369,746	\$ 5
Accrued payroll and payroll liabilities	58,831	-	-
Due to other funds	23,571	10,385	-
<i>Total Liabilities</i>	<u>482,507</u>	<u>380,131</u>	<u>5</u>
Deferred Inflows of Resources			
Unavailable revenue	364,882	-	-
Fund Balance			
Restricted for:			
Highways and streets	-	1,451,689	-
Community development	-	-	-
Debt service	-	-	-
Capital projects	-	-	4,305,499
Unassigned	3,001,015	-	-
<i>Total Fund Balance</i>	<u>3,001,015</u>	<u>1,451,689</u>	<u>4,305,499</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 3,848,404</u>	<u>\$ 1,831,820</u>	<u>\$ 4,305,504</u>

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

CITY OF CORNELIUS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2021

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 2,018,018	\$ 11,175,915
-	62,936
57,560	775,223
-	47,232
36,549	36,549
<hr/> \$ 2,112,127	<hr/> \$ 12,097,855
<hr/>	<hr/>
\$ -	\$ 769,856
-	58,831
-	33,956
<hr/>	<hr/>
-	862,643
57,560	422,442
-	1,451,689
52,136	52,136
247,561	247,561
1,754,870	6,060,369
-	3,001,015
<hr/> 2,054,567	<hr/> 10,812,770
<hr/>	<hr/>
\$ 2,112,127	\$ 12,097,855
<hr/>	<hr/>

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

CITY OF CORNELIUS, OREGON
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

<i>Fund Balances</i>	\$ 10,812,770
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	43,200,541
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	422,442
Internal service funds are proprietary-type funds and not reported with governmental funds. However, because a portion of the internal service funds benefit governmental activities, a portion of their assets, liabilities and net position are reported along with governmental activities in the Statement of Net Position.	251,969
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(458,100)
Pension and OPEB and related deferred outflows and inflows	(3,666,603)
Compensated absences	(239,010)
Interest payable	(3,204)
	<hr/>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 50,320,805</u></u>

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

CITY OF CORNELIUS, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Street and Pathway Fund</u>	<u>Capital Projects Traffic Development</u>
REVENUES			
Taxes and assessments	\$ 3,399,056	\$ -	\$ -
Franchise fees	796,865	-	-
License, permits and fees	2,578,450	199,006	2,512,935
Intergovernmental	1,225,506	1,182,403	-
Grants	507,277	-	-
Fines and forfeitures	46,981	-	-
Interest revenue	21,187	11,048	-
Miscellaneous revenue	126,908	-	21,924
<i>Total Revenues</i>	<u>8,702,230</u>	<u>1,392,457</u>	<u>2,534,859</u>
EXPENDITURES			
Current			
General government	1,846,024	-	-
Public safety	3,887,188	-	-
Highways and streets	-	887,885	-
Culture and recreation	1,157,786	-	-
Capital outlay	240,122	678,376	-
Debt service			
Principal	440,540	-	-
Interest	35,303	830	-
<i>Total Expenditures</i>	<u>7,606,963</u>	<u>1,567,091</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	1,095,267	(174,634)	2,534,859
OTHER FINANCING SOURCES (USES)			
Transfers in	403,940	379,080	-
Transfers out	(622,949)	(281,826)	(93,660)
<i>Total Other Financing Sources (Uses)</i>	<u>(219,009)</u>	<u>97,254</u>	<u>(93,660)</u>
NET CHANGE IN FUND BALANCE	876,258	(77,380)	2,441,199
FUND BALANCES, BEGINNING	<u>2,124,757</u>	<u>1,529,069</u>	<u>1,864,300</u>
FUND BALANCES, ENDING	<u>\$ 3,001,015</u>	<u>\$ 1,451,689</u>	<u>\$ 4,305,499</u>

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

CITY OF CORNELIUS, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2021**

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 171,633	\$ 3,570,689
-	796,865
659,140	5,949,531
-	2,407,909
-	507,277
-	46,981
46,843	79,078
-	148,832
<hr/>	<hr/>
877,616	13,507,162
-	1,846,024
-	3,887,188
-	887,885
-	1,157,786
-	918,498
269,000	709,540
13,926	50,059
<hr/>	<hr/>
282,926	9,456,980
<hr/>	<hr/>
594,690	4,050,182
60,000	843,020
(35,039)	(1,033,474)
<hr/>	<hr/>
24,961	(190,454)
<hr/>	<hr/>
619,651	3,859,728
1,434,916	6,953,042
<hr/>	<hr/>
\$ 2,054,567	\$ 10,812,770
<hr/>	<hr/>

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

CITY OF CORNELIUS, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 3,859,728
Governmental funds report pension and OPEB contributions as expenditures. However, in the statements of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense.	
Pension expense	(747,973)
OPEB expense	(12,258)
The statement of revenues, expenditures, and changes in fund balances report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period	
Current year depreciation	(706,150)
Capital asset additions	916,644
Some revenues reported in the statement of activities do not provide current financial resources in the governmental funds.	(199,816)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	
Debt service principal payments	709,541
Changes in compensated absences	4,081
Accrued interest expense	15,425
Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(111,169)
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 3,728,053</u>

FUND FINANCIAL STATEMENTS

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations – Water, Sanitary Sewer, and Surface Water Management. Included in these segments are:

Water Operations

Water Fund

The Water Fund accounts for water services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations.

Fixed Asset Water Fund

The Fixed Asset Water Fund is used to implement the Water System Master Plan, provided sufficient revenue is generated from the water rate.

Sanitary Sewer Operations

Sanitary Sewer Fund

The Sanitary Sewer Fund accounts for sewer services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations.

Fixed Asset Sanitary Sewer Fund

The Fixed Asset Sanitary Sewer Fund accounts for expenditures on major construction projects or equipment acquisition. The principal resources are system development charges.

Surface Water Management Operations

Surface Water Management Fund

The Surface Water Management Fund accounts for storm drain services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations.

Fixed Asset Surface Water Management Fund

The Fixed Asset Surface Water Management Fund is used to implement the Storm Sewer System Master Plan provided there are sufficient revenues from operating rates and system development charges.

For Generally Accepted Accounting Principles purposes, these aforementioned funds are consolidated and included as three separate Enterprise funds.

Internal Service Fund

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Internal Service Fund

This fund accounts for services provided to other departments or agencies within the City on a cost reimbursement basis.

CITY OF CORNELIUS, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<i>Business-Type Activities - Enterprise Funds</i>		
	<i>Water Operations</i>	<i>Sanitary Sewer Operations</i>	<i>Surface Water Management Operations</i>
ASSETS			
<i>Current Assets</i>			
Cash and investments	\$ 5,961,762	2,741,450	\$ 2,196,387
Accounts receivable, net	417,928	354,430	141,158
Inventories	104,843	1,775	475
<i>Total Current Assets</i>	<u>6,484,533</u>	<u>3,097,655</u>	<u>2,338,020</u>
<i>Noncurrent Assets</i>			
Capital assets, net	10,496,029	3,929,360	1,782,349
OPEB asset	825	1,719	1,611
<i>Total Noncurrent Assets</i>	<u>10,496,854</u>	<u>3,931,079</u>	<u>1,783,960</u>
<i>Total Assets</i>	<u>16,981,387</u>	<u>7,028,734</u>	<u>4,121,980</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	55,769	116,255	108,925
Deferred outflows related to OPEB	492	425	1,005
<i>Total Deferred Outflows of Resources</i>	<u>56,261</u>	<u>116,680</u>	<u>109,930</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 17,037,648</u>	<u>\$ 7,145,414</u>	<u>\$ 4,231,910</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
<i>Current Liabilities</i>			
Accounts payable	\$ 452,007	\$ 346,762	\$ 30,637
Deposits	6,000	-	-
Accrued interest	36,815	-	-
Due to other funds	-	-	2,594
Current accrued compensated absences	2,137	2,138	2,137
Current portion of long-term debt	77,746	-	-
<i>Total Current Liabilities</i>	<u>574,705</u>	<u>348,900</u>	<u>35,368</u>
<i>Noncurrent Liabilities</i>			
Noncurrent accrued compensated absences	8,550	8,550	8,551
Noncurrent portion of long-term debt	1,874,981	-	-
Net pension liability	145,521	303,350	284,223
OPEB Liability	4,236	8,831	8,273
<i>Total Noncurrent Liabilities</i>	<u>2,033,288</u>	<u>320,731</u>	<u>301,047</u>
<i>Total Liabilities</i>	<u>2,607,993</u>	<u>669,631</u>	<u>336,415</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,794	14,164	13,271
Deferred inflows related to OPEB	2,024	3,885	3,954
<i>Total Deferred Inflows of Resources</i>	<u>8,818</u>	<u>18,049</u>	<u>17,225</u>
FUND NET POSITION			
Net investment in capital assets	8,543,302	3,929,360	1,782,349
Restricted for			
Capital projects	3,100,385	1,439,060	1,069,603
Unrestricted	2,777,150	1,089,314	1,026,318
<i>Total Fund Net Position</i>	<u>14,420,837</u>	<u>6,457,734</u>	<u>3,878,270</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Net Position</i>	<u>\$ 17,037,648</u>	<u>\$ 7,145,414</u>	<u>\$ 4,231,910</u>

Total net position

Internal balances result from transactions between the governmental activities, business-type activities and internal service funds

Net position of business-type activities

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

CITY OF CORNELIUS, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS (Continued)
JUNE 30, 2021

		<u>Governmental Activities</u>	
<u>Total</u>		<u>Internal Service</u>	
\$ 10,899,599	\$	431,184	
913,516		1,617	
107,093		-	
<hr/>		<hr/>	
11,920,208		432,801	
16,207,738		-	
4,155		-	
<hr/>		<hr/>	
16,211,893		-	
<hr/>		<hr/>	
28,132,101		432,801	
280,949		-	
1,922		-	
<hr/>		<hr/>	
282,871		-	
<hr/>		<hr/>	
\$ 28,414,972	\$	432,801	
<hr/>		<hr/>	
\$ 829,406	\$	55,186	
6,000		-	
36,815		-	
2,594		-	
6,412		-	
77,746		-	
<hr/>		<hr/>	
958,973		55,186	
<hr/>		<hr/>	
25,651		-	
1,874,981		-	
733,094		-	
21,340		-	
<hr/>		<hr/>	
2,655,066		-	
<hr/>		<hr/>	
3,614,039		55,186	
34,229		-	
9,863		-	
<hr/>		<hr/>	
44,092		-	
14,255,011		-	
5,609,048		-	
4,892,782		377,615	
<hr/>		<hr/>	
24,756,841		377,615	
<hr/>		<hr/>	
\$ 28,414,972	\$	432,801	
<hr/>		<hr/>	
\$ 24,756,841			
125,647			
<hr/>		<hr/>	
\$ 24,882,488			
<hr/>		<hr/>	

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

CITY OF CORNELIUS, OREGON

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021*

	<i>Business-Type Activities - Enterprise Funds</i>		
	<i>Water Operations</i>	<i>Sanitary Sewer Operations</i>	<i>Surface Water Management Operations</i>
OPERATING REVENUES			
Charges for services	\$ 2,919,613	\$ 2,913,711	\$ 1,108,948
Licenses, permits and fees	2,623,601	1,438,076	-
Miscellaneous income	300	-	-
<i>Total Operating Revenues</i>	<u>5,543,514</u>	<u>4,351,787</u>	<u>1,108,948</u>
OPERATING EXPENSES			
Materials and services	4,670,346	3,837,614	642,952
Personnel services	123,872	274,801	252,659
Depreciation expense	166,023	91,107	57,502
<i>Total Operating Expenses</i>	<u>4,960,241</u>	<u>4,203,522</u>	<u>953,113</u>
OPERATING INCOME	583,273	148,265	155,835
NONOPERATING REVENUES (EXPENSES)			
Interest income	53,243	18,177	12,872
Interest expense	(62,167)	-	(208)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(8,924)</u>	<u>18,177</u>	<u>12,664</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	574,349	166,442	168,499
Capital contributions	1,432,022	90,712	556,586
Transfers in	-	-	20,596
Transfers out	-	-	(2,596)
CHANGE IN FUND NET POSITION	2,006,371	257,154	743,085
FUND NET POSITION, beginning of year	12,374,466	6,200,580	3,135,185
Restatement	40,000	-	-
FUND NET POSITION, beginning of year as restated	<u>12,414,466</u>	<u>6,200,580</u>	<u>3,135,185</u>
FUND NET POSITION, end of year	<u>\$ 14,420,837</u>	<u>\$ 6,457,734</u>	<u>\$ 3,878,270</u>

Some amounts reported for business-type activities in the statement of activities are different because:
Change in net position, enterprise funds
A portion of the net revenue (expenses) of internal service funds is allocated to business-type activities

Total change in net position of business-type activities

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

CITY OF CORNELIUS, OREGON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS (Continued)
YEAR ENDED JUNE 30, 2021**

	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service</u>
\$ 6,942,272	\$ 1,541,183
4,061,677	24,930
300	16,198
<hr/>	<hr/>
11,004,249	1,617,242
9,150,912	1,077,103
651,332	791,988
314,632	-
<hr/>	<hr/>
10,116,876	1,869,091
<hr/>	<hr/>
887,373	(251,849)
84,292	3,351
(62,375)	-
<hr/>	<hr/>
21,917	3,351
<hr/>	<hr/>
909,290	(248,498)
2,079,320	-
20,596	-
(2,596)	-
<hr/>	<hr/>
3,006,610	(248,498)
21,710,231	626,113
40,000	-
<hr/>	<hr/>
21,750,231	626,113
<hr/>	<hr/>
\$ 24,756,841	\$ 377,615
<hr/>	<hr/>
\$ 3,006,610	
(137,328)	
<hr/>	
\$ 2,869,282	
<hr/>	

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

CITY OF CORNELIUS, OREGON
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	<i>Business-Type Activities - Enterprise Funds</i>		
	<i>Water Operations</i>	<i>Sanitary Sewer Operations</i>	<i>Surface Water Management Operations</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,450,425	\$ 4,295,869	\$ 1,095,936
Cash paid to employees for salaries and benefits	(103,180)	(225,864)	(211,448)
Cash paid to suppliers	(4,629,399)	(3,718,574)	(639,024)
<i>Net Cash Provided by (Used in) Operating Activities</i>	717,846	351,431	245,464
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Received from (paid to) other funds	-	-	(2,596)
Transfers in	-	-	18,000
<i>Net Cash Provided by Non-Capital Financing Activities</i>	-	-	15,404
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(2,999,122)	(25,071)	(121,170)
Principal paid on long-term debt	(75,481)	-	-
Interest paid	(60,846)	-	(208)
System development receipts	1,432,022	90,712	556,586
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(1,703,427)	65,641	435,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	53,243	18,177	12,872
<i>Increase (Decrease) in Cash and Investments</i>	(932,338)	435,249	708,947
CASH AND INVESTMENTS, Beginning of year	6,894,100	2,306,201	1,487,440
CASH AND INVESTMENTS, End of year	\$ 5,961,762	\$ 2,741,450	\$ 2,196,387

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

CITY OF CORNELIUS, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
<u>Totals</u>	<u>Internal Service</u>
\$ 10,842,230	\$ 1,617,174
(540,492)	(791,988)
(8,986,997)	(1,065,175)
1,314,741	(239,989)
(2,596)	-
18,000	-
15,404	-
(3,145,364)	-
(75,481)	-
(61,054)	-
2,079,320	-
(1,202,579)	-
84,292	3,351
211,858	(236,638)
10,687,741	667,821
\$ 10,899,599	\$ 431,183

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

CITY OF CORNELIUS, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2021

	<i>Business-Type Activities - Enterprise Funds</i>		
	<i>Water Operations</i>	<i>Sanitary Sewer Operations</i>	<i>Surface Water Management Operations</i>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income	\$ 583,273	\$ 148,265	\$ 155,835
Adjustments			
Depreciation	166,023	91,107	57,502
Accounts receivable	(93,089)	(55,918)	(13,012)
Inventories	(41,766)	552	(11)
OPEB asset	311	607	627
Deferred outflows	(17,607)	(38,063)	(33,724)
Increase (decrease) in			
Accounts payable	82,713	119,040	3,939
Deposits	-	-	-
Net pension liability	42,192	91,642	80,604
OPEB liability	(1,044)	(1,989)	(2,133)
Deferred inflows	(893)	(1,546)	(1,897)
Accrued compensated absences	(2,267)	(2,266)	(2,266)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ 717,846</u>	<u>\$ 351,431</u>	<u>\$ 245,464</u>

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

CITY OF CORNELIUS, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>	
<u>Totals</u>	<u>Internal Service</u>	
\$ 887,373	\$	(251,849)
314,632		-
(162,019)		(68)
(41,225)		-
1,545		-
(89,394)		-
205,692		11,928
-		-
214,438		-
(5,166)		-
(4,336)		-
(6,799)		-
\$ 1,314,741	\$	(239,989)

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

The City is an Oregon municipal corporation founded in 1893. The City is governed by an elected mayor and four-member council. Administration functions are delegated to individuals who reports to and are responsible to the mayor and council. The chief administrative officer is the City Manager.

The financial statements of the City of Cornelius, Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The City's financial statements include the Cornelius Urban Renewal Agency as a blended component unit. The City Council and the Directors of the Cornelius Urban Renewal Agency are composed of the same individuals.

Basic Financial Statements

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

Government-wide statements display information about the City as a whole. These statements include all the financial activities of the City. Generally, the effect of interfund activity has been eliminated to minimize the double-counting of internal activities. Exceptions to this include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions. The aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 and proprietary. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

General Fund

Street and Pathway Fund

Traffic Development Fund

The City reports each of its three proprietary funds as major funds. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. The City reports the following proprietary funds:

Water Operations

Sanitary Sewer Operations

Surface Water Management Operations

Additionally, the government reports the following fund types:

Internal Service Fund accounts for administration services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Administrative and occupancy costs for city hall and other facilities are paid through charges allocated to the Internal Services Fund for the following services based upon the cost to the department for using these services; administrative and financial services, risk management, utilities, computer and phone services, and building usage. The costs of these services are at full cost, including replacement cost of equipment, thereby providing more accurate costs of providing services. These appear as “allocated” costs in the respective funds. The basis for allocation is determined on a number of factors depending upon the individual charge to be allocated. Some of the factors used are amount of department budget, number of staff and time spent.

Activity for the administration, human resources, financial services and information technology are accounted for in this fund. Revenues are generated through user charges for the cost of providing the services. Expenditures are for personnel services, material and services, and transfers.

The Internal Service Fund includes the following departments:

Administrative

Information Technology

Facilities

Public Works - Support

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements and the proprietary funds financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Unavailable revenues arise in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide Statement of Net Position, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable revenue is eliminated. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when the City receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures when they mature. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized, thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 principle ongoing operations. The principle operating revenues of the City's enterprise funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary financial statements have incorporated all applicable GASB pronouncements.

Cash and Investments

For the purposes of the statement of cash flows the City considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

Investments included in cash and cash equivalents are reported at fair value. The City invests in the State of Oregon Local Government Investment Pool, which is authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated based on a fund's portion of the total investment balance. The City maintains depository insurance under Federal depository insurance funds and state and financial institution collateral pools for its cash deposits and investments, except the Local Government Investment Pool, which is exempt from statutes requiring such insurance.

Receivables

Uncollected property taxes receivable collected within sixty days following year end are considered measurable and available and are recognized as revenues. All other uncollected property taxes receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue. Property taxes are assessed and become a lien against the property as of July 1 each year and are payable in three installments on November 15, February 15, and May 15 following the lien date. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable are recognized at the time property owners are assessed for property improvements. Assessments receivable expected to be collected within sixty days following year end and are considered measurable and available and are recognized as revenue. All other assessments receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue.

Receivables for grants and state shared revenues, included in accounts receivable are recorded as revenues in governmental fund types as earned. Receivables of the proprietary fund types are recorded as revenues as earned, including services earned but not billed.

Interfund Loans Receivables/Payables

Interfund loans are classified as "Due to and due from other funds".

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories in the proprietary funds consist of expendable supplies held for maintenance and improvements. Inventories are stated at cost using the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, streetlights, etc.), are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets, donated arts or works of art and similar items, and capital assets received in a service organization are reported at acquisition value rather than fair value.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year ended June 30, 2021.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20 to 50
Infrastructure	20 to 75
Equipment and vehicles	5 to 15

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

GASB Statement No. 34 (GASB 34) required the City to prospectively report and depreciate all infrastructure assets of governmental activities (primarily transportation systems) effective July 1, 2003. GASB extended the implementation period for retroactive reporting of these capital assets to the beginning of the fiscal year ending June 30, 2008. The City reports newly acquired infrastructure in accordance with GASB 34.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Capital Assets

Intangible capital assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. Intangible capital assets are charged to expenditures as purchased in the governmental fund statements and capitalized in the proprietary fund statements. Intangible capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated intangible capital assets are recorded at acquisition value rather than fair value.

Intangible capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Amortization on exhaustible intangible assets is recorded as an allocated expense in the Statement of Activities with accumulated amortization reflected in the Statement of Net Position and is provided on the straight-line basis over the estimated useful life of the asset.

Monthly amortization is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of intangible capital assets are included in operations of the current period.

Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, accumulated vested vacation pay is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Accumulated vested vacation pay is reported in governmental funds only if they matured.

Funds used to liquidate accrued compensated absences included the general fund, street and pathway fund, water fund, sanitary sewer fund and surface water management fund, and the internal service fund.

Long-Term Debt

Long-term debt directly related and expected to be paid from the proprietary funds is recorded in these funds. All other unmatured long-term debt is recorded on the statement of net position. Repayment of general bonded debt will be made from debt service funds.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. They are the deferred amounts relating to pensions and other postemployment benefits. These amounts are deferred and recognized as outflows of resources in the period when the City recognizes the expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/ Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts will be recognized as revenue when available. The government-wide Statement of Net Position and the proprietary funds Statement of Net Position also reports deferred amounts related to pensions and other postemployment benefits. These amounts are deferred and will be recognized as a reduction of pension or other postemployment benefit expense in future years.

Pension

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net Pension Liability is reported as a Net Pension Assets. For purposes of measuring the net pension liability or asset, 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

The City reports two components of postemployment benefits other than pensions (OPEB) - Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA) and a single-employer defined benefit postemployment health plan administered by Citycounty Insurance Services (CIS).

The City reports its proportionate share of the Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA). A negative OPEB liability is reported as an OPEB asset. For purposes of measuring the City's OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS RHIA and additions to/deductions from OPERS RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS RHIA. For this purpose, the benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The City reports an OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to the implicit subsidy arising from the City's single-employer defined benefit postemployment health plan administered by CIS. For the purpose of measuring the City's OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on an actuarial valuation provided by CIS. Benefit payments are recognized when due and payable in accordance with benefit terms.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other restricted net position is temporarily restricted (ultimately expendable) assets. All other net position is considered unrestricted.

Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes amounts that can be used only for the specific purposes determined by resolution by the City Council, the City's highest level of decision-making authority. Committed amounts may not be used for any other purpose unless the City Council removes the constraint by similar council action. Commitments of fund balance must be made prior to the end of the fiscal year.

Assigned – Includes amounts assigned for specific purposes by council action who authorizes, by resolution, the Budget Officer or City Manager to assign fund balance. Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Unassigned – This is the residual classification used for those balances not assigned to another category. The General fund is the only fund that reports a positive unassigned fund balance. However, due to expenditures incurred for specific purposes exceeding amounts that are restricted, committed or assigned to those purposes, it may be necessary to report negative unassigned fund balance in governmental funds.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted requires that management make estimates and assumptions which affect the reporting amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimated.

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 on the Statement of Net Position as part of "cash and investments".

	<i>Carrying/Fair Value</i>
Cash	
Deposits with financial institutions	\$ 2,635,717
Cash on hand	950
Investments	
Local Government Investment Pool	19,870,032
	\$ 22,506,699
	\$ 22,506,699

Deposits

The book balance of the City's bank deposits was \$2,635,717 and the bank balance was \$2,795,733 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance, including deposits held in Insured Cash Sweep accounts. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, these 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. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS294.805 to 294.895). At June 30, 2021, the fair value of the position in the Oregon Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to classification. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all-time deposit and savings accounts at each financial institution.

CASH AND INVESTMENTS *(Continued)*

Custodial Credit Risk – Deposits (Continued)

Deposits in excess of FDIC coverage are with institutions covered by the Public Funds Collateralization program (PFCP). 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 funds 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 Oregon public funds bank depositories is available to repay deposits of public funds of governmental entities. As of June 30, 2021, \$2,545,733 of the City's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

Custodial 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 possession of an outside party. The City's investment policy, in accordance with Oregon Revised Statutes, limits the types of investments that may be held and does not allow securities to be held by the counterparty.

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 Council. 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 a custodian of or has control of any fund. The LGIP is comingled 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. Professional standards indicate that the investments in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe there are any substantial custodial risks related to investment in the LGIP. The LGIP is not rated for credit quality.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS

The summary of capital assets for governmental activities for the year ended June 30, 2021 is as follows:

	<i>Balances July 1, 2020</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2021</i>
Nondepreciable assets				
Land	\$ 1,884,067	\$ -	\$ -	\$ 1,884,067
Intangibles	16,088,232	-	-	16,088,232
Construction in progress	108,613	347,254	-	455,867
Subtotal, nondepreciable assets	18,080,912	347,254	-	18,428,166
Depreciable assets				
Buildings	8,890,957	-	-	8,890,957
Improvements	4,066,529	-	-	4,066,529
Equipment	1,072,697	83,213	-	1,155,910
Vehicles	1,546,215	-	(12,000)	1,534,215
Infrastructure	16,684,162	486,177	-	17,170,339
Subtotal, depreciable assets	32,260,560	569,390	(12,000)	32,817,950
Accumulated depreciation				
Buildings	(1,946,415)	(175,771)	-	(2,122,186)
Improvements	(1,514,340)	(110,345)	-	(1,624,685)
Equipment	(713,497)	(34,150)	-	(747,647)
Vehicles	(862,944)	(84,519)	12,000	(935,463)
Infrastructure	(2,314,229)	(301,365)	-	(2,615,594)
Total accumulated depreciation	(7,351,425)	(706,150)	12,000	(8,045,575)
<i>Total depreciable assets, net</i>	24,909,135	(136,760)	-	24,772,375
Net capital assets	\$ 42,990,047	\$ 210,494	\$ -	\$ 43,200,541

Depreciation expense for governmental activities was charged as follows:

General government	\$ 143,295
Public safety	142,141
Highways and streets	376,247
Culture and recreation	44,467
	<u>\$ 706,150</u>

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS (Continued)

The summary of capital assets for business-type activities for the year ended June 30, 2021 is as follows:

	<i>Balances July 1, 2020</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2021</i>
Nondepreciable assets				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Intangibles	-	2,978,358	-	2,978,358
Construction in progress	35,604	116,098	-	151,702
Subtotal, nondepreciable assets	55,604	3,094,456	-	3,150,060
Depreciable assets				
Buildings	2,049,551	-	-	2,049,551
Improvements	277,348	15,693	-	293,041
Equipment	615,755	75,214	-	690,969
Vehicles	1,199,259	-	-	1,199,259
Infrastructure	13,797,233	-	-	13,797,233
Subtotal, depreciable assets	17,939,146	90,907	-	18,030,053
Accumulated depreciation				
Buildings	(838,877)	(39,751)	-	(878,628)
Improvements	(132,139)	(5,304)	-	(137,443)
Equipment	(376,399)	(22,183)	-	(398,582)
Vehicles	(636,361)	(52,214)	-	(688,575)
Infrastructure	(2,673,967)	(195,180)	-	(2,869,147)
Total accumulated depreciation	(4,657,743)	(314,632)	-	(4,972,375)
<i>Total depreciable assets, net</i>	13,281,403	(223,725)	-	13,057,678
Net capital assets	\$ 13,337,007	\$ 2,870,731	\$ -	\$ 16,207,738

Depreciation expense for business-type activities was charged as follows:

Water	\$ 166,023
Sanitary sewer	91,107
Surface water management	57,502
	<u>\$ 314,632</u>

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

INTERFUND TRANSFERS

<i>Transfers From</i>	<i>Transfers To</i>						<i>Total</i>
	<i>Governmental Activities</i>			<i>Business-type Activities</i>			
	<i>General</i>	<i>Street and Pathway</i>	<i>Non-major Governmental</i>	<i>Sanitary Sewer</i>	<i>Surface Water Management</i>	<i>Internal Service</i>	
<i>Governmental activities</i>							
General	\$ -	\$ 6,000	\$ 60,000	\$ -	\$ 18,000	\$ 538,949	\$ 622,949
Street and Pathway	131,306	-	-	-	-	150,520	281,826
Traffic Development	-	93,660	-	-	-	-	93,660
Non-major governmental funds	35,039	-	-	-	-	-	35,039
<i>Business-type activities</i>							
Water	116,114	129,535	-	50,416	53,829	333,338	683,232
Sanitary Sewer	63,146	76,825	-	-	3,413	252,616	396,000
Surface Water Management	58,335	73,060	-	-	-	265,760	397,155
Total	\$ 403,940	\$ 379,080	\$ 60,000	\$ 50,416	\$ 75,242	\$ 1,541,183	2,509,861
Reconciliation:							
Total transfers to internal service funds for interfund charges							(1,541,183)
Internal charges between governmental funds and proprietary funds							(517,015)
Net transfers between governmental funds							(326,005)
Net transfers between proprietary funds							(107,658)
Government-wide transfers between governmental and business-type activities							\$ 18,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect from them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) to provide operational resources to funds providing services.

LONG-TERM DEBT

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

	<i>Outstanding July 1, 2020</i>	<i>Additions</i>	<i>Reductions</i>	<i>Outstanding June 30, 2021</i>	<i>Due Within One Year</i>
<i>Governmental Activities:</i>					
Notes/loans from direct borrowings	\$ 623,641	\$ -	\$ 440,541	\$ 183,100	\$ 22,191
Limited Tax Improvement Bonds	544,000	-	269,000	275,000	275,000
Compensated Absences	243,091	239,010	243,091	239,010	47,801
Total governmental activities	<u>\$ 1,410,732</u>	<u>\$ 239,010</u>	<u>\$ 952,632</u>	<u>\$ 697,110</u>	<u>\$ 344,992</u>
<i>Business-Type Activities</i>					
Notes from direct borrowings	\$ 2,028,208	\$ -	\$ 75,481	\$ 1,952,727	\$ 77,746
Compensated Absences	38,862	32,063	38,862	32,063	6,413
Total business-type activities	<u>\$ 2,067,070</u>	<u>\$ 32,063</u>	<u>\$ 114,343</u>	<u>\$ 1,984,790</u>	<u>\$ 84,159</u>

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

LONG-TERM DEBT (Continued)

Notes from Direct Borrowings – Governmental Activities

Community Housing Fund Note Payable: The balance of this note at June 30, 2021 was \$-0-. The note was paid in full October 2020.

Cornelius Rural Protection Fire District Loan Payable: In March 2014 the City entered into an agreement with the Cornelius Rural Fire Protection District to fund the City’s portion (\$331,387) of the jointly owned Fire Engine. The City will repay this amount in quarterly payments over 15 years with 2.5% interest.

The loan is secured by equipment. In the event of default, the loan becomes immediately due and payable.

Annual debt service requirements to maturity for notes payable are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Cornelius Rural Fire Protection District Loan</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 22,191	\$ 4,371	\$ 26,562
2023	22,751	3,811	26,562
2024	23,325	3,236	26,561
2025	23,913	2,648	26,561
2026	24,517	2,044	26,561
2027-2029	66,403	2,384	68,787
	\$ 183,100	\$ 18,494	\$ 201,594

Bonds Payable – Governmental Activities

Limited Tax Improvement Bond Series 2013 (2002 rebonding): In March 2013 the City issued bonds in the amount of \$2,249,000 at 2.56% for street, water, storm sewer, and sewer improvements in the East Baseline district. Bond interest is payable semiannually, while principal is due annually through March 2022.

The City has pledged as collateral assessment and installment payments received by the City from the owners of the benefited property and by lien of the assessments upon the real property benefited. In addition, the bond payments are secured and payable from the City's general non-restricted revenues and other funds lawfully available.

Annual debt service requirements to maturity for bonds payable are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Limited Tax Improvement Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 275,000	\$ 7,040	\$ 282,040

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

LONG-TERM DEBT (Continued)

Notes from Direct Borrowings – Business Type Activities

Business Oregon Aquifer Storage and Recovery Loan: In November 2013 the City entered into an agreement with the Business Oregon Infrastructure Finance Authority under which the City received \$2,778,208, of which \$750,000 was forgiven in 2020. The remaining balance is due in annual payments beginning in December 2020, including 3.0% interest.

The note is secured by the full faith and credit of the City. In addition, net revenues of the system have been pledged as payment for the obligation. In the event of default, the note becomes immediately due and payable.

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending June 30,	Cornelius Aquifer Storage and Recovery Safe Drinking Water Revolving Loan Fund		
	Principal	Interest	Total
2022	\$ 77,746	\$ 58,582	\$ 136,328
2023	80,078	56,249	136,327
2024	82,480	53,847	136,327
2025	84,955	51,373	136,328
2026	87,503	48,824	136,327
2027-2031	478,504	203,133	681,637
2032-2036	554,718	126,919	681,637
2037-2039	506,743	34,597	541,340
	\$ 1,952,727	\$ 633,524	\$ 2,586,251

INTERFUND LOANS - SPECIAL ASSESSMENT DEBT

Interfund activity from the Bancroft Debt Service Fund to the General Fund, the Street and Pathway Fund, and the Surface Water Management Operations Fund are for street, water, storm sewer, and sewer improvements. Interfund balances at June 30, 2021 are as follows:

Fund	Outstanding July 1, 2020	Payments Made	Outstanding June 30, 2021
General	\$ 47,141	\$ 23,570	\$ 23,571
Street and Pathway	20,768	10,383	10,385
Surface Water Management Operations	5,189	2,595	2,594
	\$ 73,098	\$ 36,548	\$ 36,550

NET POSITION

The government-wide statement of net position reports \$13,420,803 of restricted net position, of which \$1,451,689 is restricted by enabling legislation, \$247,561 is restricted for debt service, \$52,136 is restricted for community development and \$11,669,417 is restricted for capital projects.

PENSION PLAN

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.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 percent for police and fire employees, 1.67 percent 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 minimum retirement age for a service retirement allowance if he or she has had a 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 fire members). General service employees may retire after reaching age 55. 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. 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:

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

Tier One/Tier Two Retirement Benefit (Continued)

- 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 (including PERS judge members) for disability benefits 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 fire members) when determining the monthly benefit.

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 fair value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

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 with the following 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 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

PENSION PLAN (Continued)

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping. OPERS contracts with VOYA Financial to maintain IAP participant records.

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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2020. The City's contribution rates for the period were 19.10% for Tier One/Tier Two members, 12.95% OPSRP General Service members and 17.58% for OPSRP Fire members. The City's total contributions were \$496,166. Covered employees are required to contribute 6% of their salary to the Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City reported a liability of \$5,989,360 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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 entities, actuarially determined. At June 30, 2020, the City's proportion was 0.0274%, which increased 0.0023% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's recognized pension expense (income) of \$862,763. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 263,604	\$ -
Changes of assumptions	321,430	11,262
Net difference between projected and actual earnings on investments	704,271	-
Changes in proportionate share	494,616	70,662
Differences between employer contributions and proportionate share of contributions	15,259	197,723
Contributions subsequent to measurement date	496,166	-
Total	<u>\$ 2,295,346</u>	<u>\$ 279,647</u>

Deferred outflows of resources related to pensions of \$496,166 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as an addition to (reduction from) as follows:

<u>Fiscal Year Ending June 30,</u>		
2022	\$	328,127
2023		464,539
2024		428,564
2025		284,418
2026		13,885
Total	<u>\$</u>	<u>1,519,533</u>

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.50%
Investment Rate of Return	7.20%
Projected Salary Increases/Cost of Living Adjustments	3.50% overall payroll growth; salaries for individuals are assumed to grow at a blend of 2.00% COLA and graded COLA (1.25%/0.015%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2018 experience study which reviewed experience for the four-year period ending on December 31, 2018.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN (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 2015 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 is 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.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation - Mean		2.50 %

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent 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 of the 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 CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN (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 calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$ 8,893,705	\$ 5,989,360	\$ 3,553,932

Pension Plan Fiduciary Net Position

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

POSTEMPLOYMENT 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
Total OPEB asset	\$ -	\$ 33,938	\$ 33,938
Deferred outflows of resources			
Contributions after measurement date	2,000	1,689	3,689
Differences between projected and actual earnings	-	3,774	3,774
Change in assumptions	5,430	-	5,430
Change in proportionate share	-	8,194	8,194
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	7,430	13,657	21,087
Total OPEB liability	(174,342)	-	(174,342)
Deferred inflows of resources			
Differences between expected and actual experience	(27,085)	(3,470)	(30,555)
Change in assumptions	(52,489)	(1,804)	(54,293)
Difference in earnings	-	(277)	(277)
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	(79,574)	(5,551)	(85,125)
OPEB expense/(income)	6,443	8,111	14,554

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy

Plan Description

The City’s single employer defined benefit postemployment healthcare plan is administered by Citycounty Insurance Services (CIS). 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.

The City’s postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem OR 97301.

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	1	
Active employees	34	
	35	
	35	

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 \$174,342 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. For the fiscal year ended June 30, 2021, the City recognized an OPEB expense from this plan of \$6,443. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ 27,085
Changes of assumptions	5,430	52,489
Contributions subsequent to the MD	2,000	-
	7,430	79,574
Net deferred outflow/(inflow) of resources	\$ 7,430	\$ 79,574

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Deferred outflows of resources related to OPEB of \$2,000 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30,</i>		
2022	\$	(13,435)
2023		(13,435)
2024		(13,435)
2025		(13,435)
2026		(10,315)
Thereafter		(10,089)
Total	\$	(74,144)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the July 1, 2020 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 2.21% (change from 3.50% in the previous measurement period), medical and vision varies between 3.75% and 4.00% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.00%, and mortality rates based on the Pub-2010 sex-distinct mortality tables, with generational adjustments per the Social Security Data Scale.

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

Changes in the Total OPEB Liability

	<i>Total OPEB Liability</i>
Balance as of June 30, 2020	\$ 221,909
Changes for the year:	
Service cost	13,723
Interest on total OPEB liability	8,154
Effect on economic/demographic gains or losses	(27,787)
Effect of assumptions changes or inputs	(36,263)
Benefit payments	(5,394)
Balance as of June 30, 2021	\$ 174,342

The effect of changes in assumptions is the result of the change in the discount rate from 3.50 to 2.21.

CITY OF CORNELIUS, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 188,413	\$ 174,342	\$ 160,805

Healthcare Cost Trend:

	<u>1% Decrease (3.75% increasing to 4.00%)</u>	<u>Current Healthcare Trend Rate (3.75% increasing to 4.00%)</u>	<u>1% Increase (4.75% increasing to 5.00%)</u>
Total OPEB liability	\$ 152,036	\$ 174,342	\$ 200,539

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>

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.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

Benefits Provided (Continued)

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, 2018 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2020. The City’s contribution rates for the period were 0.06% for Tier One/Tier Two members. The City’s total contributions for the year ended June 30, 2021 was \$1,689.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the City reported an asset of \$33,938 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020 and was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City’s proportionate share was 0.0167%, which is a decrease from its proportion of 0.0247% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB expense from this plan of \$8,111. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Net difference between expected and actual experience	\$ -	\$ 3,470
Changes of assumptions	-	1,804
Net difference between projected and actual earnings on investments	3,774	-
Change in proportionate share	8,194	277
Contributions subsequent to the MD	1,689	-
	<hr/>	<hr/>
Total	<u>\$ 13,657</u>	<u>\$ 5,551</u>

CITY OF CORNELIUS, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2021

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Deferred outflows of resources related to OPEB of \$1,689 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2022	\$ 675
2023	3,155
2024	1,395
2025	1,192
Total	<u>\$ 6,417</u>

Actuarial Methods and Assumptions

See OPERS Pension Plan footnote Table 28 for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

Sensitivity of the Total OPEB Liability (Asset)

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, 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 (6.20%) or 1 percentage point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Net OPEB liability (asset)	\$ (27,400)	\$ (33,938)	\$ (39,529)

OPEB Plan Fiduciary Net Position

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

PROPERTY TAX CALENDAR

Real and personal property taxes are levied in July of each fiscal year. Property taxes attach as an enforceable lien on property as of July 1, and are payable in three installments on November 15, February 15, and May 15. All property taxes are billed and collected by Washington County and remitted to the City. Uncollected taxes, including delinquent amounts, are considered substantially collectible or recoverable through liens, and accordingly no allowance for uncollected taxes has been established.

BEGINNING BALANCE RESTATEMENT

The City recorded a prior period adjustment of \$40,000 to capitalize costs related to the purchase of water rights that were expensed in prior years. Beginning construction in process and Water Fund net position have been increase by \$40,000 to account for this correction.

RISK MANAGEMENT

The City is exposed to various risks of loss related to errors and omissions; automobile; damage to or destruction of assets; bodily injury; and worker's compensation for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

The City Council adopted Risk Management Policies (Resolution No. 1712) outlining its approach to minimizing or transferring the risks of municipal operations. The City Manager is permitted to designate a Risk Manager.

NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year, the City implemented GASB Statement No. 84, "Fiduciary Activities". This statement was effective for reporting periods beginning after December 15, 2019, establishes criteria for identifying fiduciary activities within a government, and provides guidance regarding the reporting requirements of those activities. Implementation of this standard had no impact on the financial statements of the City.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2021, the date on which the financial statements were available to be issued.

In August 2021, the City received \$1,423,979 in American Rescue Plan Act funds.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedule
 - General Fund
 - Street and Pathway Fund
- Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) - Oregon Public Employees Retirement System
- Schedule of the City's Contributions - Oregon Public Employees Retirement System
- Schedule of the Changes in Total Other Postemployment Benefits Liability and Related Ratios - Implicit Rate Study
- Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset) - Oregon Public Employees Retirement System Retiree Health Insurance Account
- Schedule of the City's Contributions - Oregon Public Employees Retirement System Retiree Health Insurance Account

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Property taxes	\$ 3,106,000	\$ 3,106,000	\$ 3,399,056	\$ 293,056
Franchise fees	801,450	801,450	796,865	(4,585)
License, permits and fees	1,304,319	2,491,582	2,578,450	86,868
Intergovernmental	1,187,084	1,187,084	1,225,506	38,422
Grants	5,400	395,499	507,277	111,778
Fines and forfeitures	60,900	60,900	46,981	(13,919)
Interest revenue	37,500	37,500	21,187	(16,313)
Miscellaneous revenue	37,298	123,243	126,908	3,665
<i>Total Revenues</i>	6,539,951	8,203,258	8,702,230	498,972
EXPENDITURES				
City council	11,894	11,894	4,644	7,250
Community development	575,233	1,260,800	1,145,316	115,484
Engineering	382,206	382,206	367,372	14,834
Public safety - police	2,614,938	2,614,938	2,594,014	20,924
Public safety - court	2,900	4,700	4,160	540
Public safety - fire	1,057,821	1,149,383	1,030,386	118,997
Public safety - fire levy	416,155	410,538	286,526	124,012
Public services - parks	1,361,585	1,573,885	475,432	1,098,453
Public services - library	992,432	992,432	894,576	97,856
Non-departmental	36,011	381,410	328,694	52,716
Debt service	500,514	500,514	499,414	1,100
Contingency	734,519	1,844,808	-	1,844,808
<i>Total Expenditures</i>	8,686,208	11,127,508	7,630,534	3,496,974
REVENUES OVER (UNDER) EXPENDITURES	(2,146,257)	(2,924,250)	1,071,696	3,995,946
OTHER FINANCING SOURCES (USES)				
Transfers in	1,365,301	1,375,301	403,940	(971,361)
Transfers out	(622,949)	(622,949)	(622,949)	-
<i>Total Other Financing Sources (Uses)</i>	742,352	752,352	(219,009)	(971,361)
NET CHANGE IN FUND BALANCE	(1,403,905)	(2,171,898)	852,687	3,024,585
FUND BALANCE, beginning of year	1,403,905	2,171,898	2,171,899	1
FUND BALANCE, end of year	\$ -	\$ -	3,024,586	\$ 3,024,586
Interfund payable			(23,571) *	
FUND BALANCE, end of year			\$ 3,001,015	

*Interfund payables and receivables are not included in the budgetary ending fund balance.

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - STREET AND PATHWAY FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
License, permits and fees	\$ 223,560	\$ 223,560	\$ 199,006	\$ (24,554)
Intergovernmental	1,148,400	1,148,400	1,182,403	34,003
Grants	350,000	225,000	-	(225,000)
Interest revenue	26,600	26,600	11,048	(15,552)
<i>Total Revenues</i>	<u>1,748,560</u>	<u>1,623,560</u>	<u>1,392,457</u>	<u>(231,103)</u>
EXPENDITURES				
Streets				
Personnel service	610,372	610,372	578,664	31,708
Materials and services	298,300	690,100	309,221	380,879
Capital outlay	1,005,200	1,108,500	678,376	430,124
<i>Total Streets</i>	<u>1,913,872</u>	<u>2,408,972</u>	<u>1,566,261</u>	<u>842,711</u>
Debt service				
Principal	10,384	10,384	10,383	1
Interest	829	829	830	(1) **
Contingency	1,298,613	1,148,606	-	1,148,606
<i>Total Expenditures</i>	<u>3,223,698</u>	<u>3,568,791</u>	<u>1,577,474</u>	<u>1,991,317</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,475,138)	(1,945,231)	(185,017)	1,760,214
OTHER FINANCING SOURCES (USES)				
Transfers in	285,420	677,220	379,080	(298,140)
Transfers out	(281,826)	(281,826)	(281,826)	-
<i>Total Other Financing Sources (Uses)</i>	<u>3,594</u>	<u>395,394</u>	<u>97,254</u>	<u>(298,140)</u>
NET CHANGE IN FUND BALANCE	(1,471,544)	(1,549,837)	(87,763)	1,462,074
FUND BALANCE, beginning of year	<u>1,471,544</u>	<u>1,549,837</u>	<u>1,549,837</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>1,462,074</u>	<u>\$ 1,462,074</u>
Interfund payable			(10,385) *	
FUND BALANCE, end of year			<u>\$ 1,451,689</u>	

*Interfund payables and receivables are not included in budgetary ending fund balance.

**The budget for debt service is appropriated in total, therefore this is not an overexpenditure of appropriations.

CITY OF CORNELIUS, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS¹

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0274%	0.0251%	0.0227%	0.0217%	0.0241%	0.0297%	0.0283%	0.0283%
City's proportionate share of the net pension liability (asset)	\$ 5,989,360	\$ 4,342,191	\$ 3,436,586	\$ 2,920,774	\$ 3,616,700	\$ 1,704,596	\$ (641,190)	\$ 673,613
City's covered payroll	2,768,647	2,663,677	2,481,820	2,416,383	2,214,870	2,091,115	3,109,461	2,993,858
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	216.3%	163.0%	138.5%	120.9%	163.3%	81.5%	-20.6%	22.5%
Plan fiduciary net position as a percentage of the total pension liability	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%	92.0%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF CORNELIUS, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS¹

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 496,166	\$ 451,192	\$ 359,097	\$ 335,067	\$ 247,778	\$ 231,899	\$ 733,439	\$ 764,158
Contributions in relation to the contractually required contribution	(496,166)	(451,192)	(359,097)	(335,067)	(247,778)	(231,899)	(733,439)	(764,158)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,803,222	\$ 2,768,647	\$ 2,663,677	\$ 2,481,820	\$ 2,416,383	\$ 2,214,870	\$ 2,091,115	\$ 3,109,461
Contributions as a percentage of covered payroll	17.70%	16.30%	13.48%	13.50%	10.25%	10.47%	35.07%	35.07%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF CORNELIUS, OREGON**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY
LAST FOUR FISCAL YEARS¹**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 13,723	\$ 12,221	\$ 14,729	\$ 15,715
Interest on total OPEB liability	8,154	8,260	8,545	7,151
Effect of economic/demographic gains or (losses)	(27,787)	-	(5,215)	-
Effect of assumption change or inputs	(36,263)	7,368	(22,678)	(14,889)
Benefit payments	(5,394)	(14,197)	(21,961)	(16,580)
Net change in total OPEB liability	(47,567)	13,652	(26,580)	(8,603)
Net OPEB liability, beginning	221,909	208,257	234,837	243,440
Net OPEB liability, ending	<u>\$ 174,342</u>	<u>\$ 221,909</u>	<u>\$ 208,257</u>	<u>\$ 234,837</u>
Covered payroll	\$ 2,803,222	\$ 2,768,647	\$ 2,663,677	\$2,481,820
Total OPEB liability as a % of covered payroll	6.2%	8.0%	7.8%	9.5%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF CORNELIUS, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST FIVE FISCAL YEARS¹**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.0167%	0.0247%	0.0237%	0.0236%	0.0234%
City's proportionate share of the net OPEB liability (asset)	\$ (33,938)	\$ (47,711)	\$ (26,496)	\$ (9,861)	\$ 6,354
City's covered payroll	2,768,647	2,663,677	2,481,820	2,416,383	2,214,870
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-1.2%	-1.8%	-1.1%	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total pension liability	150.1%	144.4%	124.0%	108.9%	94.2%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF CORNELIUS, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST FIVE FISCAL YEARS¹

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 1,689	\$ 12,251	\$ 12,237	\$ 11,764	\$ 10,433
Contributions in relation to the contractually required contribution	<u>(1,689)</u>	<u>(12,251)</u>	<u>(12,237)</u>	<u>(11,764)</u>	<u>(10,433)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,803,222	\$ 2,768,647	\$ 2,663,677	\$ 2,481,820	\$ 2,416,383
Contributions as a percentage of covered payroll	0.06%	0.44%	0.46%	0.47%	0.43%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF CORNELIUS, OREGON

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

On or before June 30 of each year, the City enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. The City's budget is presented on the modified accrual basis of accounting which is the same basis as GAAP with the exception of interfund loans, which are not reported on the budgetary basis.

Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the City Council and a like number of interested citizens. The budget committee presents the budget to the City Council for budget hearings prior to enactment of the resolution. The City budgets all funds as required by Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Total expenditures by department as established by the resolution are the legal level of control for the General Fund. Expenditure categories of personal services, materials and services, capital outlay, debt service, transfers, and contingency are the legal level of control for all other funds. The detail budget document, however, is required to contain more specific information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the City Council. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the City Council. Management may not amend the budget without seeking the approval of the Council. The City had three supplemental budgets during the year-ended June 30, 2021. Appropriations lapse as of year-end.

Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. 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 will make restoration payments to those benefit recipients. Senate Bill 822 lowered the COLA from 2% to 1.5% for recipients who do not pay Oregon income tax because they are not residents of Oregon.

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 was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012, 2014, 2016 and 2018 experience study for the System, which were published on September 18, 2013, September 23, 2015, July 26, 2017 and July 25, 2019, respectively. These reports can be found at:
<http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

CITY OF CORNELIUS, OREGON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (Continued)

YEAR ENDED JUNE 30, 2021

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Other Postemployment Benefits

The tables on pages 67-69 present the activities, changes in the proportionate share and contributions related to the City's postemployment health insurance benefit plans (implicit rate subsidy and retiree's health insurance account) based on the most recent actuarial valuations for the City.

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

SUPPLEMENTARY INFORMATION

Supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include

- Combining Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Governmental Funds (Non-RSI)
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedules – Internal Service Funds

**COMBINING SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

Urban Renewal Fund

The Urban Renewal Fund is used to account for revenues from property taxes levied specifically for urban renewal and development. These revenues are to be used to fund grants and project related to new development and revitalization of the City's urban renewal area.

Parks SDC Fund

The Parks SDC Fund is used to account for revenues from the Parks System Development Charges. These funds are to be used to provide new and upgraded play equipment, picnic tables, lighting, irrigation, and land purchases for new parks to accommodate growth.

DEBT SERVICE FUNDS

These funds are used to budget for the payment of principal and interest on long-term debt. The fund included in this category is:

Bancroft Bond Assessment Fund

The Bancroft Bond Assessment Fund accounts for the resources accumulated and payments made for principal and interest of long-term debt of governmental funds.

CITY OF CORNELIUS, OREGON
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total</u>
	<u>Urban Renewal</u>	<u>Parks SDC</u>	<u>Bancroft Bond Assessment</u>	
ASSETS				
Cash and investments	\$ 52,136	\$ 1,754,870	\$ 211,012	2,018,018
Accounts receivable, net	-	-	57,560	57,560
Due from other funds	-	-	36,549	36,549
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 52,136	\$ 1,754,870	\$ 305,121	\$ 2,112,127
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Deferred Inflows:				
Unavailable revenue	-	-	57,560	57,560
Fund Balance:				
Restricted for:				
Debt service	-	-	247,561	247,561
Community development	52,136	-	-	52,136
Capital projects	-	1,754,870	-	1,754,870
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	52,136	1,754,870	247,561	2,054,567
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	\$ 52,136	\$ 1,754,870	\$ 305,121	\$ 2,112,127
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF CORNELIUS, OREGON**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR FUNDS**

YEAR ENDED JUNE 30, 2021

	<i>Special Revenue</i>		<i>Debt Service</i>	<i>Total</i>
	<i>Urban Renewal</i>	<i>Parks SDC</i>	<i>Bancroft Bond Assessment</i>	
REVENUES				
Taxes and assessments	\$ 51,926	\$ -	\$ 119,707	\$ 171,633
Licenses, permits and fees	-	659,140	-	659,140
Interest revenue	210	10,147	36,486	46,843
<i>Total Revenues</i>	52,136	669,287	156,193	877,616
EXPENDITURES				
Debt service				
Principal	-	-	269,000	269,000
Interest	-	-	13,926	13,926
<i>Total Expenditures</i>	-	-	282,926	282,926
REVENUES OVER (UNDER) EXPENDITURES	52,136	669,287	(126,733)	594,690
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	60,000	60,000
Transfers out	-	(35,039)	-	(35,039)
<i>Total Other Financing Sources (Uses)</i>	-	(35,039)	60,000	24,961
NET CHANGE IN FUND BALANCE	52,136	634,248	(66,733)	619,651
FUND BALANCE, beginning of year	-	1,120,622	314,294	1,434,916
FUND BALANCE, end of year	\$ 52,136	\$ 1,754,870	\$ 247,561	\$ 2,054,567

***BUDGETARY COMPARISON SCHEDULES
GOVERNMENTAL FUNDS (NON-RSI)***

Pursuant to the provisions of Oregon Revised Statutes, an individual schedule of revenues, expenditures, and changes in fund balances – budget and actual be displayed for each fund where legally adopted budgets are required.

Major Governmental Budgetary Comparison schedules not included in required supplemental information include the following

- General Fund Schedule of Expenditures – Budgetary Basis
- Traffic Development Fund

Nonmajor Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
 - Parks SDC Fund
 - Urban Renewal Fund
- Debt Service Funds
 - Bancroft Bond Assessment Fund

CITY OF CORNELIUS, OREGON
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>City council</i>				
Personnel services	\$ 6,594	\$ 6,594	\$ 3,231	\$ 3,363
Materials and services	5,300	5,300	1,413	3,887
<i>Subtotal</i>	11,894	11,894	4,644	7,250
<i>Community development</i>				
Personnel services	302,786	304,586	259,941	44,645
Materials and services	272,447	956,214	885,375	70,839
<i>Subtotal</i>	575,233	1,260,800	1,145,316	115,484
<i>Engineering</i>				
Personnel services	364,501	364,501	359,206	5,295
Materials and services	17,705	17,705	8,166	9,539
<i>Subtotal</i>	382,206	382,206	367,372	14,834
<i>Public safety</i>				
Police operations				
Personnel services	61,004	61,004	58,895	2,109
Materials and services	2,553,934	2,553,934	2,535,119	18,815
<i>Subtotal</i>	2,614,938	2,614,938	2,594,014	20,924
Court				
Materials and services	2,900	4,700	4,160	540
Fire				
Personnel services	661,618	737,918	722,869	15,049
Materials and services	332,203	347,465	279,617	67,848
Capital outlay	64,000	64,000	27,900	36,100
<i>Subtotal</i>	1,057,821	1,149,383	1,030,386	118,997
Fire levy				
Personnel services	416,155	410,538	286,526	124,012
<i>Total Public safety</i>	4,091,814	4,179,559	3,915,086	264,473

CITY OF CORNELIUS, OREGON

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND (Continued)

YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>Public services</i>				
Parks				
Personnel services	\$ 211,385	\$ 211,385	\$ 170,672	\$ 40,713
Materials and services	128,400	138,400	92,538	45,862
Capital outlay	1,021,800	1,224,100	212,222	1,011,878
<i>Subtotal</i>	1,361,585	1,573,885	475,432	1,098,453
Library				
Personnel services	848,882	848,882	758,878	90,004
Materials and services	143,550	143,550	135,698	7,852
<i>Subtotal</i>	992,432	992,432	894,576	97,856
<i>Total Public services</i>	2,354,017	2,566,317	1,370,008	1,196,309
<i>Non-departmental</i>				
Materials and services	36,011	381,410	328,694	52,716
<i>Debt service</i>				
Principal	464,116	464,116	464,111	5
Interest	36,398	36,398	35,303	1,095
<i>Subtotal</i>	500,514	500,514	499,414	1,100
<i>Total Expenditures</i>	\$ 7,951,689	\$ 9,282,700	\$ 7,630,534	\$ 1,652,166

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - TRAFFIC DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 966,199	\$ 2,669,393	\$ 2,512,935	\$ (156,458)
Interest revenue	17,300	17,300	21,924	4,624
<i>Total Revenues</i>	983,499	2,686,693	2,534,859	(151,834)
EXPENDITURES				
Contingency	2,540,564	4,821,593	-	4,821,593
REVENUES OVER (UNDER) EXPENDITURES	(1,557,065)	(2,134,900)	2,534,859	4,669,759
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(391,800)	(93,660)	298,140
NET CHANGE IN FUND BALANCE	(1,557,065)	(2,526,700)	2,441,199	4,967,899
FUND BALANCE, beginning of year	1,557,065	2,526,700	1,864,300	(662,400)
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,305,499	\$ 4,305,499

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 114,050	\$ 114,050	\$ 51,926	\$ (62,124)
Interest revenue	-	-	210	210
<i>Total Revenues</i>	114,050	114,050	52,136	(61,914)
EXPENDITURES				
Materials and services	7,000	7,000	-	7,000
Capital outlay	244,008	244,008	-	244,008
Contingency	113,042	113,042	-	113,042
<i>Total Expenditures</i>	364,050	364,050	-	364,050
REVENUES OVER (UNDER) EXPENDITURES				
	(250,000)	(250,000)	52,136	302,136
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	250,000	250,000	-	(250,000)
NET CHANGE IN FUND BALANCE				
	-	-	52,136	52,136
FUND BALANCE, beginning of year				
	-	-	-	-
FUND BALANCE, end of year				
	\$ -	\$ -	\$ 52,136	\$ 52,136

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – PARKS SDC FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 336,435	\$ 336,434	\$ 659,140	\$ 322,706
Interest revenue	16,200	16,200	10,147	(6,053)
<i>Total Revenues</i>	352,635	352,634	669,287	316,653
EXPENDITURES				
Contingency	250,899	466,856	-	466,856
REVENUES OVER (UNDER) EXPENDITURES	101,736	(114,222)	669,287	783,509
OTHER FINANCING SOURCES (USES)				
Transfers out	(996,400)	(1,006,400)	(35,039)	971,361
NET CHANGE IN FUND BALANCE	(894,664)	(1,120,622)	634,248	1,754,870
FUND BALANCE, beginning of year	894,664	1,120,622	1,120,622	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,754,870	\$ 1,754,870

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - BANCROFT BOND ASSESSMENT FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and assessments	\$ 103,000	\$ 103,000	\$ 156,256	\$ 53,256
Interest revenue	13,300	13,300	36,486	23,186
<i>Total Revenues</i>	116,300	116,300	192,742	76,442
EXPENDITURES				
Debt service				
Principal	269,000	269,000	269,000	-
Interest	13,928	13,928	13,926	2
<i>Total Expenditures</i>	282,928	282,928	282,926	2
REVENUES OVER (UNDER) EXPENDITURES	(166,628)	(166,628)	(90,184)	76,444
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
NET CHANGE IN FUND BALANCE	(106,628)	(106,628)	(30,184)	76,444
FUND BALANCE, beginning of year	239,923	241,195	241,196	1
FUND BALANCE, end of year	<u>\$ 133,295</u>	<u>\$ 134,567</u>	211,012	<u>\$ 76,445</u>
Interfund receivable			36,549 *	
FUND BALANCE, end of year (GAAP basis)			<u>\$ 247,561</u>	

*Interfund payables and receivables are not included in budgetary ending fund balance.

***BUDGETARY COMPARISON SCHEDULES
ENTERPRISE FUNDS***

Pursuant to the provisions of Oregon Revised Statutes, an individual schedule of revenues, expenditures, and changes in fund balances – budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following

- Water Operations
 - Water Fund
 - Fixed Asset – Water Fund

- Sanitary Sewer Operations
 - Sanitary Sewer Fund
 - Fixed Asset - Sanitary Sewer Fund

- Surface Water Management Operations
 - Surface Water Management Fund
 - Fixed Asset - Surface Water Management Fund

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - WATER OPERATIONS
COMBINED**

YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Fixed Asset - Water</u>	<u>Total Water Operations</u>
REVENUES			
Charges for services	\$ 2,919,613	\$ -	\$ 2,919,613
Licenses, permits and fees	2,623,601	1,432,022	4,055,623
Interest revenue	36,526	16,717	53,243
Miscellaneous revenue	300	-	300
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	5,580,040	1,448,739	7,029,079
EXPENDITURES			
Personnel services	100,914	-	100,914
Materials and services	4,028,878	-	4,028,878
Capital outlay	2,999,122	-	2,999,122
Debt service			
Principal	75,481	-	75,481
Interest	60,846	-	60,846
	<hr/>	<hr/>	<hr/>
<i>Total Expenses</i>	7,265,241	-	-
	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	(1,685,201)	1,448,739	7,029,079
OTHER FINANCING SOURCES (USES)			
Transfers out	(683,232)	-	(683,232)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(2,368,433)	1,448,739	(919,694)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	5,179,042	1,651,648	6,830,690
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	<u>\$ 2,810,609</u>	<u>\$ 3,100,387</u>	<u>5,910,996</u>

RECONCILIATION TO FUND NET POSITION - GAAP BASIS

Inventories	104,843
Capital assets, net	10,496,029
OPEB asset	825
Deferred outflows related to pensions	55,769
Deferred outflows related to OPEB	492
Long-term debt	(1,952,727)
Interest on long-term debt	(36,815)
Deferred inflows related to pensions	(6,794)
Deferred inflows related to OPEB	(2,024)
OPEB liability	(4,236)
Net pension liability	(145,521)
	<hr/>

FUND NET POSITION

\$ 14,420,837

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 2,784,650	\$ 2,898,100	\$ 2,919,613	\$ 21,513
Licenses, permits and fees	1,680,092	2,695,156	2,623,601	(71,555)
Interest revenue	96,900	96,900	36,526	(60,374)
Miscellaneous revenue	-	-	300	300
<i>Total Revenues</i>	<u>4,561,642</u>	<u>5,690,156</u>	<u>5,580,040</u>	<u>(110,116)</u>
EXPENDITURES				
Water				
Personnel services	111,092	111,092	100,914	10,178
Materials and services	3,543,768	4,540,617	4,028,878	511,739
Capital outlay	3,522,400	3,524,900	2,999,122	525,778
<i>Total Water</i>	<u>7,177,260</u>	<u>8,176,609</u>	<u>7,128,914</u>	<u>1,047,695</u>
Debt service				
Principal	75,482	75,482	75,481	1
Interest	60,847	60,847	60,846	1
Contingency	1,954,136	1,923,028	-	1,923,028
<i>Total Expenditures</i>	<u>9,267,725</u>	<u>10,235,966</u>	<u>7,265,241</u>	<u>2,970,725</u>
REVENUES OVER (UNDER) EXPENDITURES	(4,706,083)	(4,545,810)	(1,685,201)	2,860,609
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	(50,000)
Transfers out	(683,232)	(683,232)	(683,232)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(633,232)</u>	<u>(633,232)</u>	<u>(683,232)</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCE	(5,339,315)	(5,179,042)	(2,368,433)	2,810,609
FUND BALANCE, beginning of year	<u>5,339,315</u>	<u>5,179,042</u>	<u>5,179,042</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,810,609</u>	<u>\$ 2,810,609</u>

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - FIXED ASSET – WATER FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Licenses, permits and fees	\$ 423,350	\$ 1,301,134	\$ 1,432,022	\$ 130,888
Interest revenue	20,400	20,400	16,717	(3,683)
<i>Total Revenues</i>	443,750	1,321,534	1,448,739	127,205
EXPENDITURES				
Contingency	1,837,533	2,923,182	-	2,923,182
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	-	50,000
NET CHANGE IN FUND BALANCE	(1,443,783)	(1,651,648)	1,448,739	3,100,387
FUND BALANCE, beginning of year	1,443,783	1,651,648	1,651,648	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,100,387	\$ 3,100,387

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SANITARY SEWER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2021**

	<u>Sanitary Sewer</u>	<u>Fixed Asset - Sanitary Sewer</u>	<u>Total Sanitary Sewer Operations</u>
REVENUES			
Charges for services	\$ 2,913,711	\$ -	\$ 2,913,711
Licenses, permits and fees	1,438,076	90,712	1,528,788
Interest revenue	8,019	10,157	18,176
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	4,359,806	100,869	4,460,675
EXPENDITURES			
Personnel services	224,150	-	224,150
Materials and services	3,491,479	-	3,491,479
Capital outlay	25,071	-	25,071
	<hr/>	<hr/>	<hr/>
<i>Total Expenses</i>	3,740,700	-	3,740,700
	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	619,106	100,869	719,975
OTHER FINANCING SOURCES (USES)			
Transfers in	50,416	-	50,416
Transfers out	(396,000)	-	(396,000)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(345,584)	-	(345,584)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	273,522	100,869	374,391
FUND BALANCE, beginning of year	1,025,845	1,338,194	2,364,039
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 1,299,367	\$ 1,439,063	2,738,430
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION TO FUND NET POSITION - GAAP BASIS			
Inventories			1,775
Capital assets, net			3,929,360
OPEB Asset			1,719
Deferred outflows related to pensions			116,255
Deferred outflows related to OPEB			425
Deferred inflows related to pensions			(14,164)
Deferred outflows related to OPEB			(3,885)
Net pension liability			(303,350)
OPEB liability			(8,831)
			<hr/>
FUND NET POSITION			\$ 6,457,734
			<hr/> <hr/>

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - SANITARY SEWER FUND
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 2,702,400	\$ 2,702,400	\$ 2,913,711	\$ 211,311
Licenses, permits and fees	473,234	1,649,213	1,438,076	(211,137)
Interest revenue	11,900	11,900	8,019	(3,881)
<i>Total Revenues</i>	3,187,534	4,363,513	4,359,806	(3,707)
EXPENDITURES				
Sanitary Sewer				
Personnel services	229,836	229,836	224,150	5,686
Materials and services	2,586,340	3,759,000	3,491,479	267,521
Capital outlay	55,400	57,900	25,071	32,829
<i>Total Sanitary Sewer</i>	2,871,576	4,046,736	3,740,700	306,036
Contingency	945,364	997,037	-	997,037
<i>Total Expenditures</i>	3,816,940	5,043,773	3,740,700	1,303,073
REVENUES OVER (UNDER) EXPENDITURES	(629,406)	(680,260)	619,106	1,299,366
OTHER FINANCING SOURCES (USES)				
Transfers in	50,416	50,416	50,416	-
Transfers out	(396,000)	(396,000)	(396,000)	-
<i>Total Other Financing Sources (Uses)</i>	(345,584)	(345,584)	(345,584)	-
NET CHANGE IN FUND BALANCE	(974,990)	(1,025,844)	273,522	1,299,366
FUND BALANCE, beginning of year	974,990	1,025,844	1,025,845	1
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,299,367	\$ 1,299,367

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - FIXED ASSET - SANITARY SEWER FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$ 27,840	\$ 80,272	\$ 90,712	\$ 10,440
Interest revenue	22,500	22,500	10,157	(12,343)
<i>Total Revenues</i>	50,340	102,772	100,869	(1,903)
EXPENDITURES				
Contingency	1,377,362	1,440,967	-	1,440,967
NET CHANGE IN FUND BALANCE	(1,327,022)	(1,338,195)	100,869	1,439,064
FUND BALANCE, beginning of year	1,327,022	1,338,195	1,338,194	(1)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,439,063	\$ 1,439,063

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SURFACE WATER
MANAGEMENT OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2021**

	<u>Surface Water Management</u>	<u>Fixed Asset - Surface Water Management</u>	<u>Total Surface Water Operations</u>
REVENUES			
Charges for services	\$ 1,108,948	\$ -	\$ 1,108,948
Licenses, permits and fees	-	556,586	556,586
Interest revenue	7,459	5,412	12,871
<i>Total Revenues</i>	<u>1,116,407</u>	<u>561,998</u>	<u>1,678,405</u>
EXPENDITURES			
Personnel services	209,181	-	209,181
Materials and services	303,050	-	303,050
Capital outlay	121,169	-	121,169
Debt service			
Principal	-	2,596	2,596
Interest	-	208	208
<i>Total Expenses</i>	<u>633,400</u>	<u>2,804</u>	<u>636,204</u>
REVENUES OVER (UNDER) EXPENDITURES	483,007	559,194	1,042,201
OTHER FINANCING SOURCES (USES)			
Transfers in	75,242	-	75,242
Transfers out	(397,155)	-	(397,155)
<i>Total Other Financing Sources (Uses)</i>	<u>(321,913)</u>	<u>-</u>	<u>(321,913)</u>
NET CHANGE IN FUND BALANCE	161,094	559,194	720,288
FUND BALANCE, beginning of year	<u>1,065,516</u>	<u>510,416</u>	<u>1,575,932</u>
FUND BALANCE, end of year	<u>\$ 1,226,610</u>	<u>\$ 1,069,610</u>	<u>2,296,220</u>
RECONCILIATION TO FUND NET POSITION - GAAP BASIS			
Inventories			475
Capital assets, net			1,782,349
OPEB asset			1,611
Deferred outflows related to pensions			108,925
Deferred outflows related to OPEB			1,005
Due to other funds			(2,594)
Deferred inflows related to pensions			(13,271)
Deferred inflows related to OPEB			(3,954)
Net pension liability			(284,223)
OPEB liability			(8,273)
FUND NET POSITION			<u>\$ 3,878,270</u>

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - SURFACE WATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,108,980	\$ 1,108,980	\$ 1,108,948	\$ (32)
Interest revenue	13,400	13,400	7,459	(5,941)
<i>Total Revenues</i>	1,122,380	1,122,380	1,116,407	(5,973)
EXPENDITURES				
Surface Water Management				
Personnel services	215,316	215,316	209,181	6,135
Materials and services	366,310	366,310	303,050	63,260
Capital outlay	85,400	198,300	121,169	77,131
<i>Total Surface Water Management</i>	667,026	779,926	633,400	146,526
Contingency	1,070,014	1,086,057	-	1,086,057
<i>Total Expenditures</i>	1,737,040	1,865,983	633,400	1,232,583
REVENUES OVER (UNDER) EXPENDITURES	(614,660)	(743,603)	483,007	1,226,610
OTHER FINANCING SOURCES (USES)				
Transfers in	75,242	75,242	75,242	-
Transfers out	(397,155)	(397,155)	(397,155)	-
<i>Total Other Financing Sources (Uses)</i>	(321,913)	(321,913)	(321,913)	-
NET CHANGE IN FUND BALANCE	(936,573)	(1,065,516)	161,094	1,226,610
FUND BALANCE, beginning of year	936,573	1,065,516	1,065,516	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,226,610	\$ 1,226,610

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - FIXED ASSET - SURFACE WATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$ 179,688	\$ 527,304	\$ 556,586	\$ 29,282
Interest revenue	5,900	5,900	5,412	(488)
<i>Total Revenues</i>	185,588	533,204	561,998	28,794
EXPENDITURES				
Debt service				
Principal	2,596	2,596	2,596	-
Interest	208	208	208	-
Contingency	618,990	1,040,816	-	1,040,816
<i>Total Expenditures</i>	621,794	1,043,620	2,804	1,040,816
NET CHANGE IN FUND BALANCE	(436,206)	(510,416)	559,194	1,069,610
FUND BALANCE, beginning of year	436,206	510,416	510,416	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,069,610	\$ 1,069,610

BUDGETARY COMPARISON SCHEDULES
INTERNAL SERVICE FUNDS

Pursuant to the provisions of Oregon Revised Statutes, an individual schedule of revenues, expenditures, and changes in fund balances – budget and actual be displayed for each fund where legally adopted budgets are required.

- Internal Service
 - Internal Service Fund
 - Internal Service Fund Schedule of Expenditures

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 13,500	\$ 13,500	\$ 24,930	\$ 11,430
Intergovernmental	35,969	35,969	34,931	(1,038)
Interest revenue	12,000	12,000	3,351	(8,649)
Miscellaneous revenue	33,500	33,500	16,198	(17,302)
<i>Total Revenues</i>	94,969	94,969	79,410	(15,559)
EXPENDITURES				
Support Services				
Administration	1,256,445	1,256,445	1,151,305	105,140
Public works - support	258,727	258,727	253,375	5,352
IT	65,300	65,300	58,214	7,086
Facilities	460,709	484,709	404,772	79,937
Total Support Services	2,041,181	2,065,181	1,867,666	197,515
Materials and services - non-departmental	3,000	3,000	1,425	1,575
Contingency	172,414	194,084	-	194,084
<i>Total Expenditures</i>	2,216,595	2,262,265	1,869,091	393,174
REVENUES OVER (UNDER) EXPENDITURES	(2,121,626)	(2,167,296)	(1,789,681)	377,615
OTHER FINANCING SOURCES (USES)				
Transfers in	1,541,183	1,541,183	1,541,183	-
NET CHANGE IN FUND BALANCE	(580,443)	(626,113)	(248,498)	377,615
FUND BALANCE, beginning of year	580,443	626,113	626,113	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 377,615	\$ 377,615

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Cornelius' comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, required supplementary information, and other supplementary information says about the City's overall financial health.

<u><i>Contents</i></u>	<u><i>Page</i></u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	96
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	102
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	110
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	116
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.	120

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

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FINANCIAL TRENDS

CITY OF CORNELIUS, OREGON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<i>Fiscal Year</i>									
	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Governmental activities										
Net investment in capital assets	\$ 27,836,634	\$ 29,024,906	\$ 32,475,589	\$ 34,559,585	\$ 34,766,088	\$ 34,694,739	\$ 36,732,532	\$ 40,949,025	\$ 41,822,406	\$ 42,742,441
Restricted	2,691,592	2,731,403	1,757,252	3,472,102	4,107,126	4,745,290	4,795,499	3,273,727	4,828,285	7,811,755
Unrestricted	2,162,276	1,650,725	1,749,887	1,315,791	385,034	345,556	106,272	127,900	(57,939)	(233,391)
Total governmental activities net position	\$ 32,690,502	\$ 33,407,034	\$ 35,982,728	\$ 39,347,478	\$ 39,258,248	\$ 39,785,585	\$ 41,634,303	\$ 44,350,652	\$ 46,592,752	\$ 50,320,805
Business-type activities										
Net investment in capital assets	\$ 4,704,811	\$ 5,642,372	\$ 5,596,357	\$ 5,301,626	\$ 6,283,538	\$ 7,336,978	\$ 7,596,120	\$ 8,396,847	\$ 11,308,799	\$ 14,255,011
Restricted*	-	-	-	2,097,139	2,042,263	2,074,586	2,045,615	2,632,356	3,500,247	5,609,048
Unrestricted*	5,995,997	5,999,698	6,484,232	4,449,941	4,966,457	5,017,001	5,912,476	6,980,795	7,164,160	5,018,429
Total business-type activities net position	\$ 10,700,808	\$ 11,642,070	\$ 12,080,589	\$ 11,848,706	\$ 13,292,258	\$ 14,428,565	\$ 15,554,211	\$ 18,009,998	\$ 21,973,206	\$ 24,882,488
Primary government										
Net investment in capital assets	\$ 32,541,445	\$ 34,667,278	\$ 38,071,946	\$ 39,861,211	\$ 41,049,626	\$ 42,031,717	\$ 44,328,652	\$ 49,345,872	\$ 53,171,205	\$ 56,997,452
Restricted	2,691,592	2,731,403	1,757,252	5,569,241	6,149,389	6,819,876	6,841,114	5,906,083	8,328,532	13,420,803
Unrestricted	8,158,273	7,650,423	8,234,119	5,765,732	5,351,491	5,362,557	6,018,748	7,108,695	7,106,221	4,785,038
Total primary government net position	\$ 43,391,310	\$ 45,049,104	\$ 48,063,317	\$ 51,196,184	\$ 52,550,506	\$ 54,214,150	\$ 57,188,514	\$ 62,360,650	\$ 68,605,958	\$ 75,203,293

Note: *Business Type Activities was reclassified from prior years

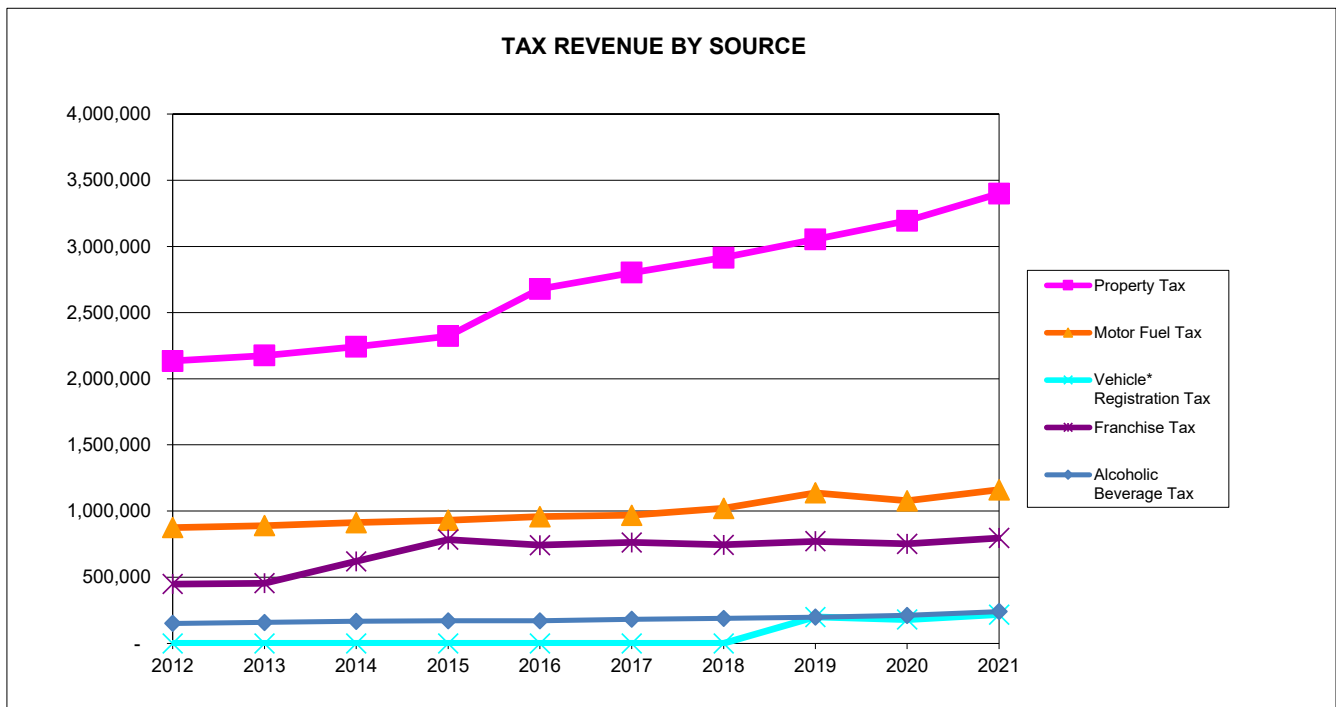
CITY OF CORNELIUS, OREGON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Expenses	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 1,253,580	\$ 1,085,808	\$ 1,294,587	\$ 802,705	\$ 1,619,638	\$ 1,693,384	\$ 1,156,314	\$ 1,634,729	\$ 1,860,333	\$ 2,927,362
Public safety	3,190,923	3,330,799	3,072,017	3,027,540	4,145,025	3,736,012	3,879,121	3,990,024	4,089,750	4,083,790
Highways and streets	793,239	838,550	804,279	929,062	1,064,969	1,070,906	1,121,774	1,489,598	1,327,153	1,358,872
Culture and recreation	538,471	582,711	568,848	755,104	855,833	714,733	950,082	983,770	1,188,569	1,241,746
Interest on long-term debt	213,820	146,709	68,987	67,031	62,141	66,422	23,750	34,721	35,233	28,888
Total governmental activities expenses	5,990,033	5,984,577	5,808,718	5,581,442	7,747,606	7,281,457	7,131,041	8,132,842	8,501,038	9,640,658
Business-type activities:										
Water	\$ 1,489,088	\$ 1,660,700	\$ 1,545,986	\$ 2,067,833	\$ 1,423,348	\$ 1,457,059	\$ 1,893,797	\$ 2,752,516	\$ 4,175,870	\$ 5,076,155
Sewer	1,787,339	1,834,057	2,131,554	2,235,607	2,296,952	2,200,744	2,476,676	3,362,073	3,098,937	4,244,252
Storm Drain	417,978	496,244	443,081	604,990	733,401	724,646	821,348	845,612	947,019	996,172
Total business-type activities expenses	3,694,405	3,991,001	4,120,621	4,908,430	4,453,701	4,382,449	5,191,821	6,960,201	8,221,826	10,316,579
Total primary government expenses	\$ 9,684,438	\$ 9,975,578	\$ 9,929,339	\$ 10,489,872	\$ 12,201,307	\$ 11,663,906	\$ 12,322,862	\$ 15,093,043	\$ 16,722,864	\$ 19,957,237
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 985,945	\$ 602,358	\$ 319,308	\$ 929,300	\$ 781,537	\$ 1,017,062	\$ 1,039,607	\$ 1,680,490	\$ 1,848,554	\$ 2,839,399
Culture and recreation	17,032	19,895	21,477	17,884	36,286	11,838	7,751	6,858	5,941	2,848
Public Safety	353,123	358,088	317,646	94,510	76,367	74,410	283,807	263,428	272,761	270,919
Highways and Streets	53,952	323,104	190,412	200,566	211,149	1,560	1,560	1,560	1,300	1,560
Interest in Long Term Debt	227,923	-	-	-	-	-	-	-	-	-
Operating grants and contributions	381,040	607,911	473,660	600,934	268,672	274,051	248,841	348,426	209,473	529,954
Capital grants and contributions	10,250	409,892	2,245,014	2,870,808	716,391	699,500	1,418,652	1,695,899	1,988,439	3,176,132
Total governmental activities program revenues	2,029,265	2,321,248	3,567,517	4,714,002	2,090,402	2,078,421	3,000,218	3,996,661	4,326,468	6,820,812
Business-type activities:										
Charges for services:										
Water	1,839,279	1,829,847	2,031,432	2,319,854	2,467,815	2,635,554	2,709,059	3,848,979	3,904,729	5,543,214
Sewer	2,045,571	2,056,322	2,139,016	2,286,762	2,308,193	2,325,145	2,446,662	3,623,252	3,156,943	4,351,787
Storm Drain	743,836	788,361	821,226	904,457	913,831	961,531	966,323	1,010,731	1,072,681	1,108,948
Operating grants and contributions	-	-	-	-	74,895	7,479	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	79,056	655,667	3,802,181	2,079,320
Total business-type activities program revenues	4,628,686	4,674,530	4,991,674	5,511,073	5,764,734	5,929,709	6,201,100	9,138,629	11,936,534	13,083,269
Total primary government program revenues	\$ 6,657,951	\$ 6,995,778	\$ 8,559,191	\$ 10,225,075	\$ 7,855,136	\$ 8,008,130	\$ 9,201,318	\$ 13,135,290	\$ 16,263,002	\$ 19,904,081
Net (expense)/revenue										
Governmental activities	(3,960,768)	(3,663,329)	(2,241,201)	(867,440)	(5,657,204)	(5,203,036)	(4,130,823)	(4,136,181)	(4,174,570)	(2,819,846)
Business-type activities	934,281	683,529	871,053	602,643	1,311,033	1,547,260	1,009,279	2,178,428	3,714,708	2,766,690
Total primary government net expense	\$ (3,026,487)	\$ (2,979,800)	\$ (1,370,148)	\$ (264,797)	\$ (4,346,171)	\$ (3,655,776)	\$ (3,121,544)	\$ (1,957,753)	\$ (459,862)	\$ (53,156)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	2,159,525	2,178,949	2,247,586	2,316,868	2,694,055	2,814,006	2,915,750	2,950,213	3,167,024	3,447,650
Public Services taxes	1,037,579	1,355,211	1,394,095	1,324,126	1,411,647	1,462,532	1,645,994	2,138,944	2,253,772	2,423,004
Franchise taxes	448,913	454,643	620,716	784,607	742,384	762,605	462,889	476,314	461,428	468,263
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Alcoholic beverage taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	19,115	19,481	17,680	18,003	39,938	76,103	114,689	143,366	159,282	103,643
Miscellaneous	74,636	66,761	73,589	130,409	160,730	120,118	273,855	182,749	451,025	123,339
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	3,640	22,278	6,318	-
Transfers	195,318	(171,542)	463,229	781,436	519,220	495,009	453,604	938,666	(82,179)	(18,000)
Total governmental activities	\$ 3,935,086	\$ 3,903,503	\$ 4,816,895	\$ 5,355,449	\$ 5,567,974	\$ 5,730,373	\$ 5,870,421	\$ 6,852,530	\$ 6,416,670	\$ 6,547,899
Business-type activities:										
Franchise Taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	27,544	30,388	29,089	32,013	36,439	75,407	116,759	207,467	206,321	84,292
Miscellaneous	2,685	55,803	1,606	1,987	14,703	8,649	334,901	253,545	-	300
Gain (loss) on disposal of capital assets	-	-	-	323	-	-	25,321	5,013	-	-
Loan Forgiveness	-	-	-	-	-	-	-	750,000	-	-
Transfers	(195,318)	171,542	(463,229)	(781,436)	(519,220)	(495,009)	(453,604)	(938,666)	82,179	18,000
Total business-type activities	(165,089)	257,733	(432,534)	(747,113)	(468,078)	(410,953)	23,377	277,359	288,500	102,592
Total primary government	\$ 3,769,997	\$ 4,161,236	\$ 4,384,361	\$ 4,608,336	\$ 5,099,896	\$ 5,319,420	\$ 5,893,798	\$ 7,129,889	\$ 6,705,170	\$ 6,650,491
Change in Net Position										
Governmental activities	(25,682)	240,174	2,575,694	4,488,009	(89,230)	527,337	1,739,598	2,716,349	2,242,100	3,728,053
Business-type activities	769,192	941,262	438,519	(144,470)	842,955	1,136,307	1,032,656	2,455,787	4,003,208	2,869,282
Total primary government	\$ 743,510	\$ 1,181,436	\$ 3,014,213	\$ 4,343,539	\$ 753,725	\$ 1,663,644	\$ 2,772,254	\$ 5,172,136	\$ 6,245,308	\$ 6,597,335

CITY OF CORNELIUS, OREGON
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

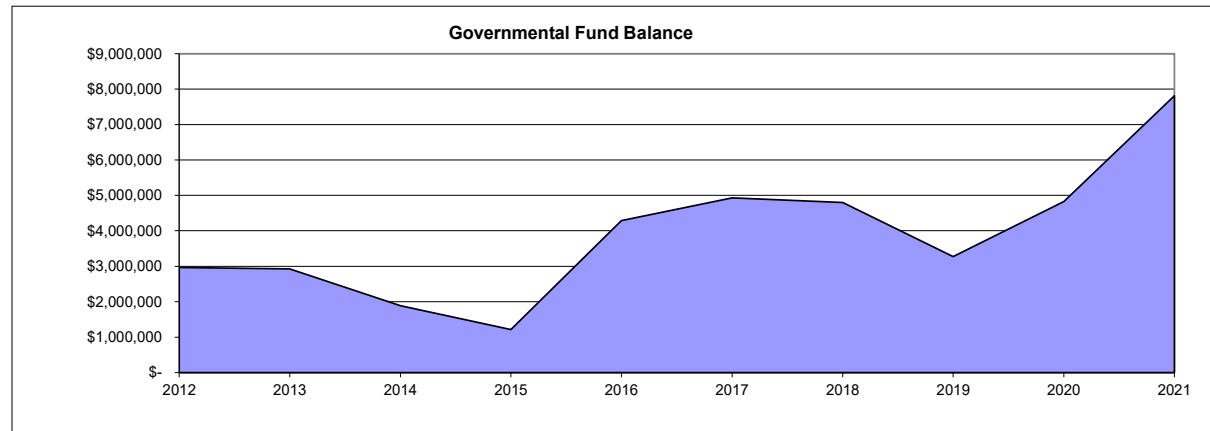
Fiscal Year	Property Tax	Motor Fuel Tax	Vehicle* Registration Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2012	2,134,465	875,733	-	448,913	151,953	\$ 3,611,064
2013	2,175,620	889,860	-	454,643	158,753	3,678,876
2014	2,241,425	913,884	-	620,716	166,884	3,942,909
2015	2,322,062	930,989	-	784,607	171,593	4,209,251
2016	2,678,714	958,274	-	742,384	170,980	4,550,352
2017	2,802,258	968,002	-	762,605	182,467	4,715,332
2018	2,915,002	1,021,405	-	744,266	189,963	4,870,636
2019	3,053,409	1,138,580	199,703	772,235	198,725	5,362,652
2020	3,193,473	1,078,780	179,835	753,180	211,770	5,417,038
2021	3,399,056	1,161,773	218,076	796,865	240,895	5,816,665

*Vehicle Registration Tax is a newly implemented tax that is collected by Washington County and distributed to Cities.



CITY OF CORNELIUS, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<i>Fiscal Year</i>									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Committed	\$ 175,342	\$ -	\$ -	\$ 2,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	160,734	100,962	410,250	626,228	1,078,219	1,425,297	1,612,529	1,792,509	2,124,757	3,001,015
Total general fund	\$ 336,076	\$ 100,962	\$ 410,250	\$ 3,026,228	\$ 1,078,219	\$ 1,425,297	\$ 1,612,529	\$ 1,792,509	\$ 2,124,757	\$ 3,001,015
All other governmental funds										
Restricted										
Street & roadside maint.	\$ 2,590,942	\$ 2,569,858	\$ 1,466,496	\$ 701,379	\$ 833,342	\$ 923,926	\$ 1,377,375	\$ 2,001,283	\$ 1,529,069	\$ 1,451,689
Community Development	-	-	-	-	-	-	-	-	-	52,136
911 operations system	406	408	410	-	-	-	-	-	-	-
Library Capital Projects	-	-	-	-	2,885,668	3,431,630	2,671,845	-	-	-
Debt Service payments	100,244	161,137	290,346	370,723	388,116	389,734	514,046	429,444	314,294	247,561
Capital Projects	194,647	190,313	126,703	145,216	182,378	184,303	232,233	843,000	2,984,922	6,060,369
Assigned										
Building and Engineering	74,763	5,599	1,536	1,131	1,137	1,149	-	-	-	-
Unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	10,383	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,971,385	\$ 2,927,315	\$ 1,885,491	\$ 1,218,449	\$ 4,290,641	\$ 4,930,742	\$ 4,795,499	\$ 3,273,727	\$ 4,828,285	\$ 7,811,755
Total all funds	\$ 3,307,461	\$ 3,028,277	\$ 2,295,741	\$ 4,244,677	\$ 5,368,860	\$ 6,356,039	\$ 6,408,028	\$ 5,066,236	\$ 6,953,042	\$ 10,812,770



CITY OF CORNELIUS, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes and assessments	\$ 2,362,388	\$ 2,626,269	\$ 2,459,670	\$ 2,564,839	\$ 2,847,947	\$ 2,962,564	\$ 3,013,524	\$ 3,128,666	\$ 3,250,345	\$ 3,570,689
Licenses and permits, fees	1,012,186	987,465	779,848	1,110,616	998,077	987,622	1,050,261	2,997,784	3,358,033	5,949,531
Intergovernmental	1,370,604	1,347,767	1,387,611	1,317,993	1,403,241	1,455,098	1,612,614	2,099,265	2,238,535	2,407,909
Franchise Fees	448,913	454,643	620,716	784,607	742,384	762,605	744,266	772,235	770,938	796,865
Fines	188,977	189,020	147,253	94,510	76,367	86,248	82,127	54,286	48,975	46,981
Investment earnings	18,456	18,459	16,997	17,546	39,341	74,641	108,715	128,770	120,555	79,078
Grants	376,754	1,017,803	2,708,056	3,471,742	942,321	870,686	1,168,626	409,236	101,185	507,277
Miscellaneous	63,755	51,253	65,394	123,721	182,082	209,278	661,262	388,388	552,292	148,832
Reimbursement - other funds										
Total revenues	5,842,033	6,692,679	8,185,545	9,485,574	7,231,760	7,408,742	8,441,395	9,978,630	10,440,858	13,507,162
Expenditures										
General government	\$ 725,961	\$ 529,246	\$ 569,752	\$ 612,886	\$ 622,413	\$ 1,431,030	\$ 771,170	\$ 1,071,243	\$ 1,178,917	\$ 1,846,024
Public safety	2,801,609	2,983,161	2,844,501	3,068,602	3,337,535	3,402,258	3,742,096	3,848,252	3,922,532	3,887,188
Highways and streets	566,697	639,927	656,789	651,172	664,771	899,992	788,298	1,072,082	876,406	887,885
Culture and recreation	443,203	497,780	502,721	717,491	567,292	651,945	897,038	927,621	1,121,275	1,157,786
Capital outlay	208,587	943,306	4,272,603	2,349,494	438,633	213,828	2,303,188	4,007,447	596,871	918,498
Debt service										
Bond Issuance Costs	-	66,250	-	-	-	-	-	-	-	-
Principle	158,953	2,420,000	224,000	250,449	264,814	262,591	270,085	276,592	498,112	709,540
Interest	173,571	173,655	69,094	70,791	63,031	54,928	46,836	37,949	37,148	50,059
Total expenditures	5,078,581	8,253,325	9,139,460	7,720,885	5,958,489	6,916,572	8,818,711	11,241,186	8,231,261	9,456,980
Excess of revenues over (under) expenditures	763,452	(1,560,646)	(953,915)	1,764,689	1,273,271	492,170	(377,316)	(1,262,556)	2,209,597	4,050,182
Other financing sources (uses)										
Loan Proceeds	-	2,249,000	331,388	-	-	-	-	-	-	-
Transfers in	497,156	328,897	2,089,056	1,061,936	3,158,288	725,581	1,190,089	935,974	833,073	843,020
Transfers out	(1,183,257)	(1,188,930)	(2,199,065)	(877,689)	(3,307,376)	(230,572)	(943,534)	(1,324,972)	(1,162,032)	(1,033,474)
Proceeds from issuance of debt	-	-	-	-	-	-	-	309,769	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	6,168	-
Total other financing sources (uses)	(686,101)	1,388,967	221,379	184,247	(149,088)	495,009	246,555	(79,229)	(322,791)	(190,454)
Net change in fund balances	\$ 77,351	\$ (171,679)	\$ (732,536)	\$ 1,948,936	\$ 1,124,183	\$ 987,179	\$ (130,761)	\$ (1,341,785)	\$ 1,886,806	\$ 3,859,728
Capital Asset additions (from reconciliation of governmental funds)	196,823	1,435,138	3,965,938	2,370,507	464,954	213,003	2,295,347	5,128,444	826,083	916,644
Debt service as a percentage of non-capital expenditures ((Debt/Other Exp)-Capital Additions)	6.8%	38.0%	5.7%	6.0%	6.0%	4.7%	4.9%	5.1%	7.2%	8.9%

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REVENUE CAPACITY

CITY OF CORNELIUS, OREGON
MARKET AND ASSESSED VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	<i>Real Property</i>			<i>Personal Property</i>			<i>Manufactured Homes</i>		
	Market Value	Measure 5	Assessed Value	Market Value	Measure 5	Assessed Value	Market Value	Measure 5	Assessed Value
2012	\$ 726,679,060	\$ 720,742,850	\$ 485,388,370	\$ 15,229,392	\$ 15,229,392	\$ 15,229,392	\$ 6,839,440	\$ 6,839,440	\$ 4,857,000
2013	698,786,770	692,871,420	509,570,960	16,164,185	16,164,185	16,164,185	6,826,780	6,826,780	4,763,350
2014	657,521,360	652,602,600	537,590,430	18,117,098	18,117,098	18,117,098	6,718,560	6,718,560	4,608,730
2015	734,768,920	729,846,720	556,014,570	18,082,282	18,082,282	18,082,282	7,251,510	7,251,510	4,902,860
2016	784,717,850	779,800,310	574,512,280	17,692,884	17,692,884	17,692,884	9,395,410	9,395,410	6,022,040
2017	890,735,470	886,135,980	599,799,590	20,280,741	20,280,741	20,280,741	11,067,760	11,067,760	6,887,590
2018	1,015,740,430	999,674,280	624,644,350	21,501,595	21,501,595	21,501,595	12,457,130	12,457,130	4,842,950
2019	1,107,172,870	1,087,860,350	642,405,080	21,580,904	21,580,904	21,580,904	15,779,350	15,779,350	4,705,650
2020	1,228,363,220	1,201,196,940	688,984,250	18,396,771	18,396,771	18,396,771	16,019,580	16,019,580	4,722,900
2021	1,409,700,480	1,290,006,940	732,189,860	22,335,397	21,114,337	20,678,711	16,326,710	15,995,430	4,947,350

Source: Washington County Assessment and Taxation

Note: In May, 1997 Oregon voters approved Measure 50 that revised the property tax system state-wide effective July 1, 1997. For property tax purposes, the measure changed a property's assessed valuation from real market value to a value for tax purposes. For FY 97-98, a property's assessed value for tax purposes will equal the property's market value as of July 1, 1995 less 10%. In addition, the maximum assessed value of a property was limited to a maximum of 3% growth per year.

Definition: Measure 5 value is the value used to calculate the Measure 5 limits. This value differs from Real Market Value for property that is assessed under a Special Assessment program (such as Farm and Forest property). For non-specially assessed property, Measure 5 Value is equal to Real Market Value (RMV). For specially assessed property, Measure 5 Value is the sum of the Real Market Value of the market portion of the account plus the Specially Assessed Value (SAV) of the specially assessed portion of the account.

CITY OF CORNELIUS, OREGON
MARKET AND ASSESSED VALUE
OF TAXABLE PROPERTY (Continued)
LAST TEN FISCAL YEARS

<i>Public Utilities</i>			<i>Total</i>			Total Assessed Value to Total Market Value	Total Direct Tax Rate	Assessed Value Change
Market Value	Measure 5	Assessed Value	Market Value	Measure 5	Assessed Value			
\$ 20,824,097	\$ 20,824,097	\$ 20,654,600	\$ 769,571,989	\$ 763,635,779	\$ 526,129,362	68.4%	3.98	1.028
21,350,346	21,350,346	20,629,580	743,128,081	737,212,731	551,128,075	74.2%	3.98	1.048
19,552,328	19,552,328	17,766,690	701,909,346	696,990,586	578,082,948	82.4%	3.98	1.049
19,724,516	19,724,516	18,358,100	779,827,228	774,905,028	597,357,812	76.6%	3.98	1.033
22,178,690	22,178,690	19,534,900	833,984,834	829,067,294	617,762,104	74.1%	3.98	1.034
20,427,673	20,427,673	20,163,300	942,511,644	937,912,154	647,131,221	68.7%	4.47	1.048
23,053,441	23,053,441	22,646,200	1,072,752,596	1,056,686,446	673,635,095	62.8%	4.47	1.041
21,002,277	21,002,277	20,997,100	1,165,535,401	1,146,222,881	689,688,734	59.2%	4.47	1.024
22,700,206	22,700,206	22,691,900	1,285,479,777	1,258,313,497	734,795,821	57.2%	4.47	1.065
23,428,408	23,428,408	23,419,300	1,471,790,995	1,350,545,115	781,235,221	53.1%	4.47	1.063

CITY OF CORNELIUS, OREGON
OVERLAPPING DEBT SCHEDULE
JUNE 30, 2021

<i>Overlapping Issuer Name</i>	<i>Real Market Valuation</i>	<i>Percent Overlapping</i>	<i>Overlapping</i>	
			<i>Gross Property-tax Backed Debt</i>	<i>Net Property-tax Backed Debt</i>
BANKS FIRE DISTRICT 13	\$ 937,148,331	0.04%	\$ 3,665,000	\$ 3,665,000
METRO	358,995,131,497	0.36%	958,580,000	920,585,000
NORTHWEST REGIONAL ESD	143,031,920,237	0.95%	1,964,662	-
PORT OF PORTLAND	390,565,299,889	0.35%	51,330,000	-
PORTLAND COMMUNITY COLLEGE	285,951,317,436	0.47%	607,975,000	545,535,000
TUALATIN VALLEY FIRE & RESCUE DISTRICT	108,613,199,569	0.01%	26,035,000	17,325,000
WASHINGTON COUNTY	115,617,138,581	1.17%	196,818,344	196,818,344
WASHINGTON COUNTY SD 13 (BANKS)	1,105,297,961	0.03%	8,796,137	8,796,137
WASHINGTON CTY SD 15 (FOREST GROVE)	4,851,943,289	19.14%	69,693,058	69,693,058
WASHINGTON CTY SD 1J (HILLSBORO 7 Bd)	26,906,601,565	1.58%	263,751	263,751
WASHINGTON CTY SD 1J (HILLSBORO)	26,939,566,174	1.58%	556,907,167	556,907,167
Totals: Overlapping Issuer Count: 11			2,482,028,119	2,319,588,457

Net Property-tax Backed Debt of Subject Issuer is:	\$ 2,410,812	Ratio of Net Property-tax Backed Debt to Real Market Value is:	0.18%
Net Property-tax Backed Debt of Overlapping Issuers is:	<u>30,317,869</u>	Per Capita Net Property-tax Backed Debt is:	\$ 191
Total Net Property-tax Backed Debt of Subject Issuer and Overlapping Issuers is:	\$ 32,728,681	Ratio of Total Net Property-tax Backed Debt to Real Market Value is:	2.42%
Cornelius Population	12,635	Per Capita Total Net Property-tax Backed Debt is:	\$ 2,590
Real Market Value of Subject Issuer is:	\$ 1,354,206,005	As of :	7/1/2020
		As of :	1/1/2020

Definition: "Gross Property-tax Backed Debt" includes all General Obligation (GO) bonds and Full Faith & Credit bonds.

Definition: "Net Property-tax Backed Debt" is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax GO and less Self-supporting Full Faith & Credit debt.

Appropriation Credits, Conduit Revenue Bonds, Dedicated Niche Obligations, Other, Revenue Bonds, and any other obligations issued for less than 13 months (E.g. Bond Anticipation Notes, Tax Anticipation Notes), lease purchase agreements and loans are NOT included in Property-tax backed calculations.

Source: State of Oregon, Debt Management Division

CITY OF CORNELIUS, OREGON
PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Overlapping Rates

Fiscal Year	<i>City of Cornelius</i>			<i>County</i>			<i>School District Forest Grove</i>			<i>School District Hillsboro</i>			Special Districts	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total City Millage		
2012	3.9836	-	3.984	2.2484	0.1414	2.3898	4.9142	3.5253	8.4395	4.9749	1.4252	6.400	-	21.213
2013	3.9836	-	3.984	2.2484	0.1360	2.3844	4.9142	3.3413	8.2555	4.9749	1.3184	6.293	-	20.917
2014	3.9836	-	3.984	2.2484	0.1291	2.3775	4.9142	3.0345	7.9487	4.9749	1.3029	6.278	-	20.588
2015	3.9836	-	3.984	2.2484	0.5900	2.8384	4.9142	2.8601	7.7743	4.9749	0.9640	5.939	-	20.535
2016	3.9836	-	3.984	2.2484	0.5900	2.8384	4.9142	2.8601	7.7743	4.9749	0.9640	5.939	-	20.535
2017	4.4706	-	4.471	2.2484	0.0709	2.3193	4.9142	1.6921	6.6063	4.9749	0.8856	5.861	-	19.257
2018	4.4706	-	4.471	2.2484	0.0700	2.3184	4.9142	1.6736	6.5878	4.9749	0.8647	5.840	-	19.216
2019	4.4706	-	4.471	2.2484	0.0699	2.3183	4.9142	1.617	6.5312	4.9749	1.2417	6.217	-	19.537
2020	4.4706	-	4.471	2.2484	0.0691	2.3175	4.9142	1.3138	6.2280	4.9749	1.2930	6.268	-	19.284
2021	4.4706	-	4.471	2.2484	0.0674	2.3158	4.9142	1.2983	6.2125	4.9749	1.3646	6.340	-	19.338

Source: Washington County Assessment and Taxation Department

CITY OF CORNELIUS, OREGON
PRINCIPAL PROPERTY TAXPAYERS
LAST TEN FISCAL YEARS

Taxpayer	2011-2012			2012-2013			2013-2014			2014-2015			2015-2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
WAL-MART STORES INC	\$ 4,696,200	4	0.89%	\$ 20,575,816	1	3.73%	\$ 20,575,816	1	3.73%	\$ 20,704,477	1	3.58%	\$ 20,930,826	1	3.62%
TOM MOYER THEATERS	17,782,600	1	3.38%	16,995,670	2	3.08%	16,995,670	2	3.08%	17,369,310	2	3.00%	17,860,390	2	3.09%
PORTLAND GENERAL ELECTRIC	7,440,000	3	1.41%	8,055,000	4	1.46%	8,055,000	4	1.46%	6,925,000	4	1.20%	6,708,000	4	1.16%
LAURELWOOD DEVELOPMENT LLC 495 LLC															
NORTHWEST NATURAL GAS CO	4,805,600	6	0.91%	3,315,900	9	0.60%	3,315,900	9	0.60%	3,339,000	9	0.58%	3,599,600	9	0.62%
CPI FOREST HILLS OWNER LLC	3,552,620	8	0.68%	3,768,730	6	0.68%	3,768,730	6	0.68%	3,881,820	6	0.67%	3,998,260	6	0.69%
SHELDON MANUFACTURING INC	4,985,820	5	0.95%	4,919,890	5	0.89%	4,919,890	5	0.89%	4,578,670	5	0.79%	4,583,020	5	0.79%
ALL CROP INC	1,895,403	18	0.36%	1,920,657	19	0.35%	1,920,657	19	0.35%	1,953,713	20	0.34%	3,354,430	11	0.58%
LW THA LLC															
CORNELIUS SELF STORAGE LLC															
COASTAL FARM REAL															
ESTATE INC	3,171,415	10	0.60%	3,350,392	8	0.61%	3,350,392	8	0.61%	3,414,870	8	0.59%	3,489,870	10	0.60%
FRED MEYER STORES INC	2,654,179	14	0.50%	3,170,500	11	0.58%	3,170,500	11	0.58%	3,435,400	11	0.59%	2,582,476	14	0.45%
LENNAR NORTHWEST INC															
CORNELIUS CINEMAS 2 LLC	2,234,050	16	0.42%	2,287,180	15	0.41%	2,287,180	15	0.42%	2,355,780	15	0.41%	2,504,110	15	0.43%
LW HOFII LLC															
CORNELIUS GATEWAY LLC	2,697,080	13	0.51%	2,260,970	17	0.41%	2,260,970	17	0.41%	2,297,080	17	0.40%	2,343,020	18	0.41%
SMOKETREE MHC LLC	2,427,430	15	0.46%	2,559,330	13	0.46%	2,559,330	13	0.46%	2,633,790	13	0.46%	2,697,280	13	0.47%
COUNTRY MEADOW															
ESTATES APARTMENTS LLC															
HANK'S PROPERTIES LLC	2,750,760	12	0.52%	2,922,470	12	0.53%	2,922,470	12	0.53%	2,926,060	12	0.51%	2,984,580	12	0.52%
JSTT INC	8,289,240	2	1.58%	8,210,030	3	1.49%	8,210,030	3	1.49%	8,598,140	3	1.49%	8,538,240	3	1.48%
RICHMOND AMERICAN HOMES															
ROBERT MOREY															
JBK PROPERTIES MGMT	2,107,440	17	0.40%	2,235,740	16	0.41%	2,235,740	16	0.41%	2,302,800	16	0.40%	2,029,370	20	0.35%
KEN LEAHY CONSTRUCTION INC															
FARM CREDIT LEASING															
SCHRAGER LIVING TRUST															
COMCAST CORPORATION	2,976,100	11	0.57%	3,170,500	10	0.58%	3,170,500	10	0.58%	3,435,400	7	0.59%	3,864,600	7	0.67%
MAG LLC															
HAZELNUT GROWERS OF OREGON	3,669,620	9	0.70%	3,586,980	7	0.65%	3,586,980	7	0.65%	3,395,640	10	0.59%	3,881,550	8	0.67%
FRONTIER COMMUNICATIONS	3,840,100	7	0.73%	2,558,000	14	0.46%	2,558,000	14	0.46%	2,552,000	14	0.44%	2,479,000	16	0.43%
CAPLACO TWELVE INC	1,842,080	20	0.35%	1,954,260	18	0.35%	1,954,260	18	0.35%	2,012,880	19	0.35%	2,073,260	19	0.36%
STERLING SAVINGS BANK															
CASTRO, RICHARD TR				1,826,740	20	0.33%	1,826,740	20	0.33%	504,750	18	0.09%			
EATA LLC	1,846,583	19	0.35%												
Totals	85,664,320		16.28%	99,644,755		18.08%	99,644,755		18.08%	98,616,580		17.06%	102,873,752		17.80%

Source: Washington County Assessment and Taxation
*Note: 2015-2016 data (current data not available from the County at time of printing CAFR)

CITY OF CORNELIUS, OREGON
PRINCIPAL PROPERTY TAXPAYERS (Continued)
LAST TEN FISCAL YEARS

2016-2017*			2017-2018			2018-2019			2019-2020			2020-2021		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 20,930,826	1	3.62%	\$ 21,601,535	1	3.21%	\$ 22,112,664	1	3.21%	\$ 22,433,823	1	3.05%	\$ 23,588,612	1	3.21%
17,860,390	2	3.09%	16,196,640	2	2.40%	16,682,520	2	2.42%	17,182,970	2	2.34%	17,698,430	2	2.41%
6,708,000	4	1.16%	10,111,000	3	1.50%	10,700,000	3	1.55%	11,643,000	3	1.58%	11,218,000	3	1.53%
			5,443,380	6	0.81%	6,756,530	5	0.98%	9,516,350	4	1.30%	8,721,670	4	1.19%
												7,119,960	5	0.97%
3,599,600	9	0.62%	4,044,000	12	0.60%	4,343,000	8	0.63%	4,838,000	7	0.66%	5,871,000	6	0.80%
3,998,260	6	0.69%	4,364,810	10	0.65%	4,491,240	6	0.65%	4,625,640	8	0.63%	4,765,500	7	0.65%
4,583,020	5	0.79%	5,747,510	5	0.85%	4,658,750	7	0.68%	4,471,700	9	0.61%	4,657,890	8	0.63%
3,354,430	11	0.58%	3,665,470	14	0.54%	3,775,430	10	0.55%	3,888,690	11	0.53%	4,005,350	9	0.55%
												3,827,630	10	0.52%
												3,867,650	11	0.53%
3,489,870	10	0.60%	3,883,883	13	0.58%	3,964,637	9	0.57%	4,048,882	10	0.55%	3,779,520	12	0.51%
2,582,476	14	0.45%			2,461,688	19	0.36%	2,464,685	20	0.34%	3,567,950	13	0.49%	
												3,469,320	14	0.47%
2,504,110	15	0.43%	5,388,966	7	0.80%	3,456,861	11	0.50%	3,539,661	12	0.48%	3,390,050	15	0.46%
									10,865,330	5	1.48%	3,228,500	16	0.44%
2,343,020	18	0.41%	2,867,970	18	0.43%	2,954,000	13	0.43%	3,110,480	14	0.42%	3,203,790	17	0.44%
2,697,280	13	0.47%	2,921,210	16	0.43%	3,008,840	12	0.44%	3,099,100	15	0.42%	3,192,060	18	0.43%
												2,897,240	19	0.39%
2,984,580	12	0.52%	3,166,330	15	0.47%	2,691,970	17	0.39%	2,772,720	17	0.38%	2,855,900	20	0.39%
8,538,240	3	1.48%	8,473,870	4	1.26%	8,424,430	4	1.22%	8,033,070	6	1.09%			
									3,346,420	13	0.46%			
2,029,370	20	0.35%	2,651,400	19	0.39%	2,730,940	16	0.40%	2,812,860	16	0.38%			
2,371,870	17	0.41%	2,591,760	20	0.38%	2,669,500	18	0.39%	2,749,570	18	0.37%			
						2,904,786	14	0.42%	2,904,786		0.40%			
			3,123,794	17	0.46%	2,966,055	15	0.43%	2,966,055		0.40%			
						2,333,450	20	0.34%	2,333,450		0.32%			
3,864,600	7	0.67%	4,515,000	8	0.67%									
			1,491,183	9	0.22%									
3,881,550	8	0.67%	4,500,790	11	0.67%									
2,479,000	16	0.43%												
2,073,260	19	0.36%												
102,873,752		17.80%	116,750,501		17.33%	114,087,291		16.54%	136,046,402		18.51%	124,926,022		17.00%

CITY OF CORNELIUS, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
BALANCE										
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior	85,264	107,268	101,317	105,868	101,481	117,228	129,455	131,538	49,373	53,888
	85,264	107,268	101,317	105,868	101,481	117,228	129,455	131,538	49,373	53,888
LEVY										
Current	2,199,047	2,243,360	2,311,677	2,382,960	2,764,901	2,895,815	3,020,663	3,084,656	3,292,775	3,492,556
Prior	(15)	-	-	-	(28)	54	365	(401)	-	-
	2,199,032	2,243,360	2,311,677	2,382,960	2,764,873	2,895,869	3,021,028	3,084,255	3,292,775	3,492,556
ADJUSTMENTS										
Current	3,333	3,141	(6,314)	(2,324)	(2,691)	(7,049)	(22,997)	(8,663)	(10,926)	(8,966)
Prior	(4,253)	(25,736)	(1,170)	(6,687)	(1,075)	(4,200)	(2,837)	(38,991)	(1,545)	(246)
	(921)	(22,595)	(7,484)	(9,011)	(3,766)	(11,248)	(25,834)	(47,654)	(12,471)	(9,212)
NET INTEREST (Discounts)										
Current	(55,615)	(57,608)	(60,288)	(62,447)	(74,234)	(77,178)	(81,918)	(83,884)	(88,561)	(94,044)
Prior	7,836	6,795	5,514	5,177	5,265	3,958	3,830	2,494	3,340	2,839
	(47,778)	(50,813)	(54,775)	(57,270)	(68,969)	(73,221)	(78,089)	(81,390)	(85,221)	(91,205)
COLLECTIONS										
Current	2,092,086	2,142,013	2,199,225	2,278,007	2,642,372	2,764,443	2,884,152	2,961,045	3,159,047	3,355,386
Prior	36,243	33,890	45,642	43,060	34,019	34,730	30,870	76,331	31,520	36,870
	2,128,329	2,175,903	2,244,867	2,321,067	2,676,391	2,799,173	2,915,023	3,037,376	3,190,567	3,392,256
BALANCES end of FY										
Current	54,678	46,880	45,850	40,182	45,604	47,145	31,595	31,065	34,240	34,160
Prior	52,590	54,437	60,019	61,299	71,624	82,310	99,942	18,309	19,648	19,611
	\$ 107,268	\$ 101,317	\$ 105,868	\$ 101,481	\$ 117,228	\$ 129,455	\$ 131,538	\$ 49,373	\$ 53,888	\$ 53,770

Notes:

Fiscal Year runs from July 1st to June 30th

Source: Washington County Assessment and Taxation

CITY OF CORNELIUS, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS TO DATE
YEAR ENDED JUNE 30, 2021

<i>Tax Year Ended December 31</i>	<i>Total Tax Levy for Fiscal Year</i>	<i>Collected within the Fiscal Year of the Levy</i>		<i>Collections in subsequent years</i>	<i>Total Collections to Date</i>	
		<i>Amount</i>	<i>Percentage of Levy</i>		<i>Amount</i>	<i>Percentage of Levy</i>
2012	2,199,047	2,092,086	95.1%	33,796	2,125,883	96.7%
2013	2,243,360	2,142,013	95.5%	66,853	2,208,866	98.5%
2014	2,311,677	2,199,225	95.1%	48,153	2,247,378	97.2%
2015	2,382,960	2,278,007	95.6%	39,860	2,317,867	97.3%
2016	2,764,901	2,642,372	95.6%	36,603	2,678,976	96.9%
2017	2,895,815	2,764,443	95.5%	35,087	2,799,530	96.7%
2018	3,020,663	2,884,152	95.5%	37,217	2,921,369	96.7%
2019	3,084,656	2,961,045	96.0%	28,016	2,989,061	96.9%
2020	3,292,775	3,159,047	95.9%	24,148	3,183,195	96.7%
2021	3,492,556	3,355,386	96.1%	-	3,355,386	96.1%

Source: Washington County Assessment and Taxation

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DEBT CAPACITY

CITY OF CORNELIUS, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
YEAR ENDED JUNE 30, 2021

<i>Fiscal Year</i>	<i>Governmental Activities</i>				<i>Business - Type Activities</i>				<i>Total Primary Government</i>	<i>Percentage of Personal Income</i>		
	<i>General Obligation Bonds</i>	<i>Special Assessment Bonds</i>	<i>Capital Leases</i>	<i>Other Notes</i>	<i>Revenue Bonds Series 2000</i>	<i>Special Assessment Bonds</i>	<i>Capital Leases</i>	<i>Other Notes*</i>		<i>Per Capita</i>	<i>Population</i>	
2012	-	2,420,000	42,250	-	840,000	-	-	-	3,302,250	N/A	278	11,869
2013	-	2,249,000	14,230	-	-	-	-	-	2,263,230	N/A	191	11,869
2014	-	2,025,000	-	-	-	-	-	34,613	2,059,613	N/A	173	11,915
2015	-	1,793,000	312,939	-	-	-	-	678,549	2,784,488	N/A	229	12,161
2016	-	1,555,000	286,125	-	-	-	-	1,153,818	2,994,943	N/A	246	12,161
2017	-	1,312,000	266,534	-	-	-	-	1,824,369	3,402,903	N/A	280	12,161
2018	-	1,062,000	246,449	-	-	-	-	2,753,957	4,062,406	N/A	334	12,161
2019	-	806,000	225,857	633,896	-	-	-	2,028,208	3,693,961	N/A	304	12,161
2020	-	544,000	204,745	418,896	-	-	-	2,028,208	3,195,849	N/A	261	12,225
2021	-	275,000	183,100	-	-	-	-	1,952,727	2,410,827	N/A	191	12,635

Note:

Details regarding the Cities outstanding debt can be found in the Notes to the Basic Financial Statements

*Business Type Activities Notes - Business Oregon Aquifer Storage and Recovery Loan

N/A - Not Available

CITY OF CORNELIUS, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
YEAR ENDED JUNE 30, 2021

<i>Fiscal Year</i>	<i>General Obligation Bonds</i>	<i>Less: Amounts Available in Debt Service Fund</i>	<i>Total</i>	<i>Percentage of Actual Taxable Value of Property</i>	<i>Per Capita</i>	<i>Population (1)</i>	<i>Assessed Value (2)</i>
2012	-	-	-	0.00%	-	11,869	\$ 526,129,362.00
2013	-	-	-	0.00%	-	11,915	551,128,075
2014	-	-	-	0.00%	-	12,161	578,082,948
2015	-	-	-	0.00%	-	12,161	597,357,812
2016	-	-	-	0.00%	-	12,161	617,762,104
2017	-	-	-	0.00%	-	12,161	647,131,221
2018	-	-	-	0.00%	-	12,161	673,635,095
2019	-	-	-	0.00%	-	12,161	689,688,734
2020	-	-	-	0.00%	-	12,225	734,795,821
2021	-	-	-	0.00%	-	12,635	781,235,221

Sources:

(1) United States Census

(2) Washington County Assessment and Taxation

N/A - Not Available

CITY OF CORNELIUS, OREGON
REVENUE BACKED DEBT
LAST TEN FISCAL YEARS

<i>Fiscal Year</i>	<i>Public works facility revenue bond</i>			<i>Debt Service</i>		
	<i>Utility Charges</i>	<i>Less: Operating Expenses</i>	<i>Net Available Revenue</i>	<i>Principal</i>	<i>Interest</i>	<i>Coverage</i>
2012	\$ 10,493,821	\$ 5,356,504	\$ 5,137,317	\$ 80,000	\$ 56,815	37.55
2013	12,198,185	7,300,348	4,897,837	840,000	45,077	5.53
2014	14,594,253	9,047,773	5,546,480	-	-	-
2015	12,220,246	6,521,394	5,698,852	-	-	-

<i>Fiscal Year</i>	<i>Aquifer Storage & Recovery Loan</i>			<i>Debt Service</i>		
	<i>Utility (Water) Charges</i>	<i>Less: Operating Expenses</i>	<i>Net Available Revenue</i>	<i>Principal</i>	<i>Interest</i>	<i>Coverage</i>
2016	\$ 5,352,679	\$ 2,272,365	\$ 3,080,314	\$ -	\$ -	-
2017	6,412,648	2,806,652	3,605,996	-	-	-
2018	7,607,659	3,165,458	4,442,202	-	-	-
2019	9,042,976	3,759,631	5,283,345	-	-	-
2020	8,277,204	3,098,161	5,179,042	-	145,663	35.55
2021	8,344,128	2,534,400	5,809,728	75,481	60,846	42.62

Note:

Details regarding the Cities outstanding debt can be found in the Notes to the Basic Financial Statements

Utility charges include all revenue from the Water, Sewer, Storm, and Street funds.

Operating expenses do not include depreciation.

FY2013 - The Debt Service for the Public Works Facility was paid in full

FY2016 - A new Capital project began - Aquifer Storage and Recovery. Debt repayment started in FY2020.

CITY OF CORNELIUS, OREGON
DIRECT AND OVERLAPPING OVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
<i>Debt repaid with property taxes</i>			
Banks Fire District 13	\$ 3,665,000	0.04%	\$ 1,455
Metro	958,580,000	0.36%	3,417,338
Portland Community College	607,975,000	0.47%	2,879,370
Tualatin Valley Fire & Rescue District	26,035,000	0.01%	1,406
Washington County	196,818,344	1.17%	2,305,333
Washington County SD 13 (Banks)	8,796,137	0.03%	2,964
Washington County SD 15 (Forest Grove)	69,693,058	19.14%	13,337,230
Washington County SD 1J (Hillsboro 7 Bd)	263,751	1.58%	4,164
Washington County SD 1J (Hillsboro)	556,907,167	1.58%	8,800,247
<i>Other debt</i>			
Metro	\$ -	0.00%	\$ -
Northwest Regional ESD	1,964,662	0.95%	18,601
Port of Portland	51,330,000	0.35%	177,961
Portland Community College	-	0.00%	-
Washington County	-	0.00%	-
Subtotal, overlapping debt	\$ 2,482,028,119		30,946,069
City direct debt			458,100
Total direct and overlapping debt			\$ 31,404,169

Source: State of Oregon, Debt Management Division

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. The State of Oregon provided overlapping debt data on real market valuation of properties for each jurisdiction.

CITY OF CORNELIUS, OREGON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

True Cash Value (1)	\$ 1,471,790,995
	<u> x 3%</u>
General Obligation Debt Limit (2)	44,153,730
Gross bonded debt subject to limitation	-
Legal debt margin available for future indebtedness	\$ 44,153,730
Total net debt applicable to the limit as a percentage of debt limit	0.00%

<i>Fiscal Year</i>	<i>True Cash Value</i>	<i>Debt Limit</i>	<i>Total debt applicable to limit</i>	<i>Legal Debt Margin</i>	<i>Total net debt applicable to the limit as a percentage of the debt limit</i>
2012	769,571,989	23,087,160	-	23,087,160	0.00%
2013	743,128,081	22,293,842	-	22,293,842	0.00%
2014	701,909,346	21,057,280	-	21,057,280	0.00%
2015	779,827,228	23,394,817	-	23,394,817	0.00%
2016	833,984,834	25,019,545	-	25,019,545	0.00%
2017	942,511,644	28,275,349	-	28,275,349	0.00%
2018	1,072,752,596	32,182,578	-	32,182,578	0.00%
2019	1,165,535,401	34,966,062	-	34,966,062	0.00%
2020	1,285,479,777	38,564,393	-	38,564,393	0.00%
2021	1,471,790,995	44,153,730	-	44,153,730	0.00%

Sources:

(1) From Washington County Assessment and Taxation

(2) ORS 257.004 provides a debt limit of 3% of the true cash value of all taxable property within the City boundaries

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF CORNELIUS, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<i>Fiscal Year</i>	<i>Population (1)</i>	<i>Median Household Income (1)</i>	<i>Persons below poverty level (1)</i>	<i>Unemployment Rate Washington County (2)</i>
2012	11,869	N/A	17.5%	7.3%
2013	11,915	\$ 48,778	17.5%	6.2%
2014	12,161	50,977	19.4%	5.7%
2015	12,161	50,799	13.1%	5.3%
2016	12,161	55,203	12.6%	5.2%
2017	12,161	54,390	9.9%	3.7%
2018	12,161	58,420	10.0%	3.5%
2019	12,161	60,766	10.0%	3.3%
2020	12,225	62,786	10.1%	6.7%
2021	12,635	67,207	6.7%	4.1%

Notes:

N/A - Not Available

Sources:

- (1) United States Census Bureau
- (2) Oregon State Employment Division

CITY OF CORNELIUS, OREGON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<i>Employer</i>	<i>2012</i>			<i>2021</i>		
	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total City Employment</i>	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total City Employment</i>
Fred Meyer	182	2	9.96%	294	1	13.13%
Walmart Superstore	294	1	16.08%	271	2	12.10%
Sheldon Manufacturing	140	3	7.66%	107	3	4.78%
Forest Grove School District	94	4	5.14%	94	4	4.20%
Virginia Garcia				89	5	3.97%
Pavement Maintenance Inc				80	6	3.57%
Coastal Farm and Ranch				46	7	2.05%
City of Cornelius	51	6	2.79%	43	8	1.92%
Truss Components				41	9	1.83%
Burger King	34	9	1.86%	37	10	1.65%
Sonic Drive-In	60	5	3.28%	23		1.03%
Hazelnut Growers of Oregon	44	7	2.41%	0		0.00%
Squires Electronics	38	8	2.08%	0		0.00%
RDF&P	31	10	1.70%	0		0.00%
Totals	968		52.95%	1125		50.25%
Total FT Employees 2012	1402			Total FT Employees 2021		1504
Total Part Time Employees	426			Total Part Time Employees		735
Total Employees	1828			Total Employees		2239

Source:

City Business licenses

CITY OF CORNELIUS, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	13	13	11	12	12	12	12	12	12.5	12.5
Public Safety										
Police										
Officers*	15	15	15	-	-	-	-	-	-	-
Fire										
Firefighters and officers	5	5	5	5	7	7	7	7	6	6
Highways and streets										
Engineering	3	3	3	3	3	3	3	3	3	3
Maintenance	5	5	5	5	5	5	5	5	6	6
Sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	6	6	6	6	7	7	7	7	10	10.5
Water	1	1	1	1	1	1	1	1	1	1
Sewer	1	1	1	1	1	1	1	2	2	2
Surfacewater	2	2	2	2	2	2	2	2	2	2
Electric	-	-	-	-	-	-	-	-	-	-
Total	51	51	49	35	38	38	38	39	42.5	43

Source: City Administration Department

Note:

*Police Services are contracted beginning FY2015

OPERATING INFORMATION

CITY OF CORNELIUS, OREGON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
Police*										
Physical arrests	570	470	661	490	473	429	654	562	427	449
Parking violations	19	9	39	20	59	16	160	93	168	142
Traffic violations	1,082	1,358	2,448	1,134	1,001	1,390	968	859	645	385
Fire										
Number of calls answered	1,190	1,275	1,183	1,383	1,916	1,984	1,960	1,875	1,983	2,127
Inspections	35	45	54	63	91	60	73	64	29	8
Highways and streets										
Street resurfacing (square yards)	8,088	2,562	14,535	11,161	12,680	11,572	9,467	20,821	1,098	3,742
Sewer										
Sewer mains cleaned (lineal feet)	167,609	131,258	120,419	117,409	189,993	135,304	134,934	170,269	105,939	55,556
Storm										
Storm catch basins cleaned	971	917	917	917	1,075	1,095	1,065	1,138	1,145	1,389
Sanitation**										
Refuse collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Culture and recreation										
Parks use permits	114	124	147	162	206	130	152	135	37	77
Athletic field permits issued	10	10	6	7	5	5	7	9	2	4
Library circulation	111,074	118,067	109,926	92,253	87,600	79,267	76,231	79,759	89,254	59,513
Library visitors	72,355	77,339	71,738	62,720	60,248	57,418	55,513	65,382	84,980	28,296
Library programs	139	208	257	153	144	214	271	260	517	231
Water										
New connections	-	-	1	6	7	1	28	115	142	370
Water main breaks repaired	22	33	48	29	26	17	20	27	19	43
City Code Violations										
Overgrown Vegetation	56	63	67	63	49	62	70	25	38	12
Abandoned Vehicles	195	210	158	171	189	222	337	299	168	286
Other	54	82	61	82	87	96	104	154	97	63

N/A - Not Available

Notes:

*Police Services are contracted beginning FY2015

**Private collection company

Source: City Administration, Court, Police, and Development and Operations Departments

CITY OF CORNELIUS, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units*	8	9	9	9	0	0	0	0	0	0
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire apparatus	5	5	6	6	6	6	6	6	6	6
Sanitation										
Collection trucks	0	0	0	0	0	0	0	0	0	0
Highways and streets										
Streets (miles)	36	36	36	36	36	36	36	37.65	37.65	39.43
Streetlights	662	669	670	857	857	923	923	1052	1126	1126
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Culture and recreation										
Parks acreage	22.62	25.45	25.45	25.7	25.7	25.91	25.91	26.73	24.8	31.58
Parks	13	13	13	14	14	14	14	19	21	23
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	0	0	0	0	0	0	0	0	0	0
Water										
Water mains (miles)	32	32	32	32	32	32	32	36	41.7	43.5
Fire hydrants	402	402	402	402	402	431	449	480	431	448
Maximum daily capacity (thousands of gallons)										
Sewer										
Sanitary sewers (miles)	24	24	24	24	24	24	24	28	35.3	36.9
Storm sewers (miles)	19	19	19	19	19	19	19	23	30	32.87
Maximum daily treatment capacity (millions of gallons)										

***Notes:**

Patrol units are now owned by Washington County Sheriffs Office.

Parks acreage decreased in FY2020- a new facility was built on existing park space.

Source: City Administration, Court, Police, and Development and Operations Departments

This report would usually contain 10 years worth of information

CITY OF CORNELIUS, OREGON
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2021

Date of Incorporation	1893
Form of Government	City Council/City Manager
Area in Miles	2.34
Fire Protection	
Number of Stations	1
Number of Firefighters, Officers and Other Personnel (exclusive of volunteer firefighters)	6
Police Protection	
Number of Stations	1
Number of Sworn officers budgeted**	0
Recreation and Culture	
Number of Parks and Open Spaces	31
Total number of Park and Open Space Acreage	31.58
Tennis Courts	1
Pools	0
Number of Libraries	1
Total Library Circulation	59,513
Total Library Cardholders	5,588
Total Library Volumes (Includes non-book material)	38,861
Transportation	
Designated Bike Routes	8
Bus Stops	25
Freight lines	2
Airports	0
Miles of Streets	39.43
Number of Street Lights*	1126
Full Time Employees	
Union Employees	27.35
Non Union Employees	16.15

Notes:

N/A =not available

* Some lights are owned and maintained by Portland General Electric

**Police Services are contracted beginning FY2015

Sources:

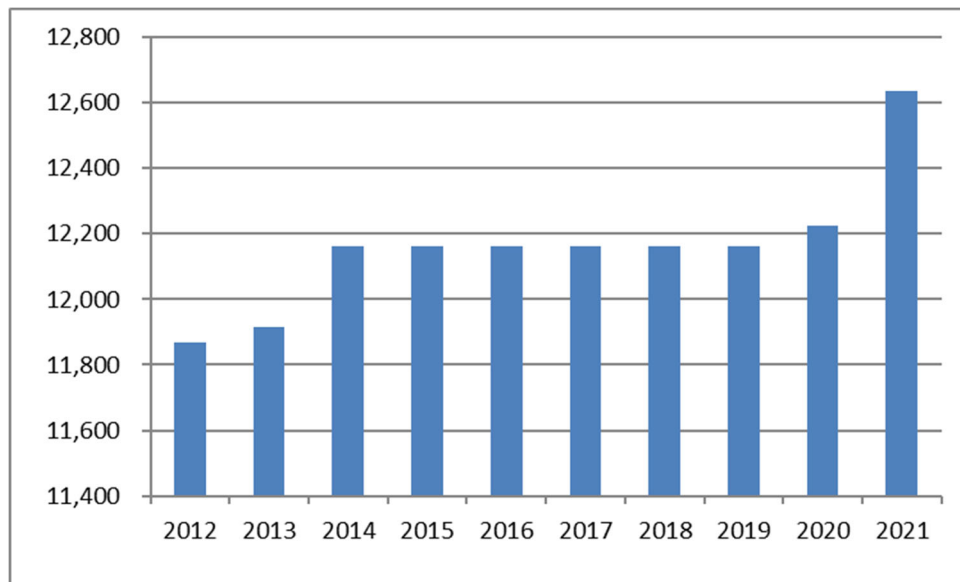
City:

Administration Department
Police Department
Engineering Department
Fire Department
Library Department
Development and Operations Department

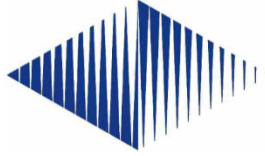
CITY OF CORNELIUS, OREGON
POPULATION GROWTH
LAST TEN FISCAL YEARS

<i>Year</i>	<i>Population</i>	<i>Percent change</i>
2012	11,869	0.00%
2013	11,915	0.39%
2014	12,161	2.06%
2015	12,161	0.00%
2016	12,161	0.00%
2017	12,161	0.00%
2018	12,161	0.00%
2019	12,161	0.00%
2020	12,225	0.53%
2021	12,635	3.35%

Cumulative population growth 6.33%



COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Council Members
City of Cornelius
1355 N Barlow St
Cornelius, Oregon 97113

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Cornelius as of and for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cornelius'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.

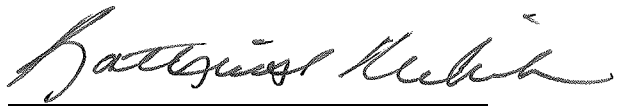
Internal Control Over Financial Reporting

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 Cornelius 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, Shareholder
November 30, 2021