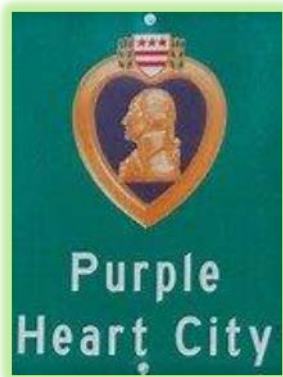


CITY OF CORNELIUS
CORNELIUS, OREGON
COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FISCAL YEAR ENDED
JUNE 30, 2019

CITY OF CORNELIUS, OREGON

***Comprehensive Annual Financial
Report
Year Ended June 30, 2019***

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

CITY OF CORNELIUS, OREGON
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INTRODUCTORY SECTION

Cornelius

Oregon's Family Town

November 15, 2019

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Cornelius, Oregon for the fiscal year ended June 30, 2019. 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 unmodified opinion that the City of Cornelius' financial statements for the fiscal year ended June 30, 2019 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 12,161 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 hosted three free 'Flicks In The Park' events, two Concerts in the Park, all being held at beautiful Harleman Park. In August, the Annual National Night Out Against Crime event was extremely successful. The City also hosted the Eighth Annual Take Care of Cornelius Day citywide clean-up event in May and the Seventh Annual Holiday Tree Lighting in December 2018. The City also presented the Community Thanksgiving Dinner and Veterans Day Celebration in FY 2018-19. All events were well attended.

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 continue to decrease, with the current rate at 3.3%, down from 5.2% in 2015.

Development construction, both residential and commercial, has been on the rise. During 2019 there were nine new residential subdivisions in various phases of construction that will result in approximately 1,200 new homes over the next few years. There are also five new commercial projects that should reach completion during the next fiscal year. 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 the YMCA, 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 Biofuels, which produces ethanol from food waste, recently expanded their operations. 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 also continues to increase slowly, but not substantial enough to have a significant financial impact. Additionally, the City has been careful to maintain its financial reserves and reduce costs wherever possible.

Long-term Financial Planning

Over the next few years, it will be critical for the City Council and staff to continue to address current and future operational needs, which will be an ongoing challenge and will require careful planning. The City had been close to build-out for some time, but the new land added within the Urban Growth Boundary by the 2014 Oregon legislature has provided significant growth opportunity and we are seeing a rise in construction which will have an impact on the property tax revenue the City receives. We saw a slight increase in property tax during 2019, and anticipate more increases in the next few years as new development is completed.

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 approved a 5-year Fire Operating Levy in May 2015, with the first year revenues being received in November 2015. The Levy was renewed for an additional 5-years 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 mid-June 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. Although Cornelius did not have any marijuana retailers located in the City during FY2019 we still received a portion of the State tax. We anticipate some retailers in the future, so we will continue to monitor this revenue source.

But, 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, is developing a new production facility in Cornelius 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 began in FY 2018 and was completed in summer 2019.

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 were updated in FY2018, and will continue to be 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 WSC Insurance 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. The list of goals during the 2018-2019 fiscal year included these major policy areas: Achieve a more stable, long term financial basis for the City; Increase the ratio of commercial/industrial assessed valuation relative to residential valuation, Increase local employment and create a healthier business climate; Increase the involvement of people in local government and community activities; Continue to improve the quality of the City's public services and infrastructure; and Collaborate with neighboring units of government, citizens, not-for profits and the business sector to promote the interests of Cornelius. The City Council updated the goals during the spring 2019 budget process, and will take effect with the FY2019-2020 budget.

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 FY 2018. The City has received this award for the eleventh 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 CAFR 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 FY 2018. This is the ninth year in a row that the City has received this award. There are only five (5) cities 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 eighth year the PAFR has also been printed in Spanish.

The City has also been awarded the GFOA "Distinguished Budget Presentation" award for the last twelve 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, 2018

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, 2020
<i>Council Members</i>	
David Schamp	December 31, 2020
Steve Heinrich	December 31, 2020
Luis Hernandez	December 31, 2022
John Colgan	December 31, 2022

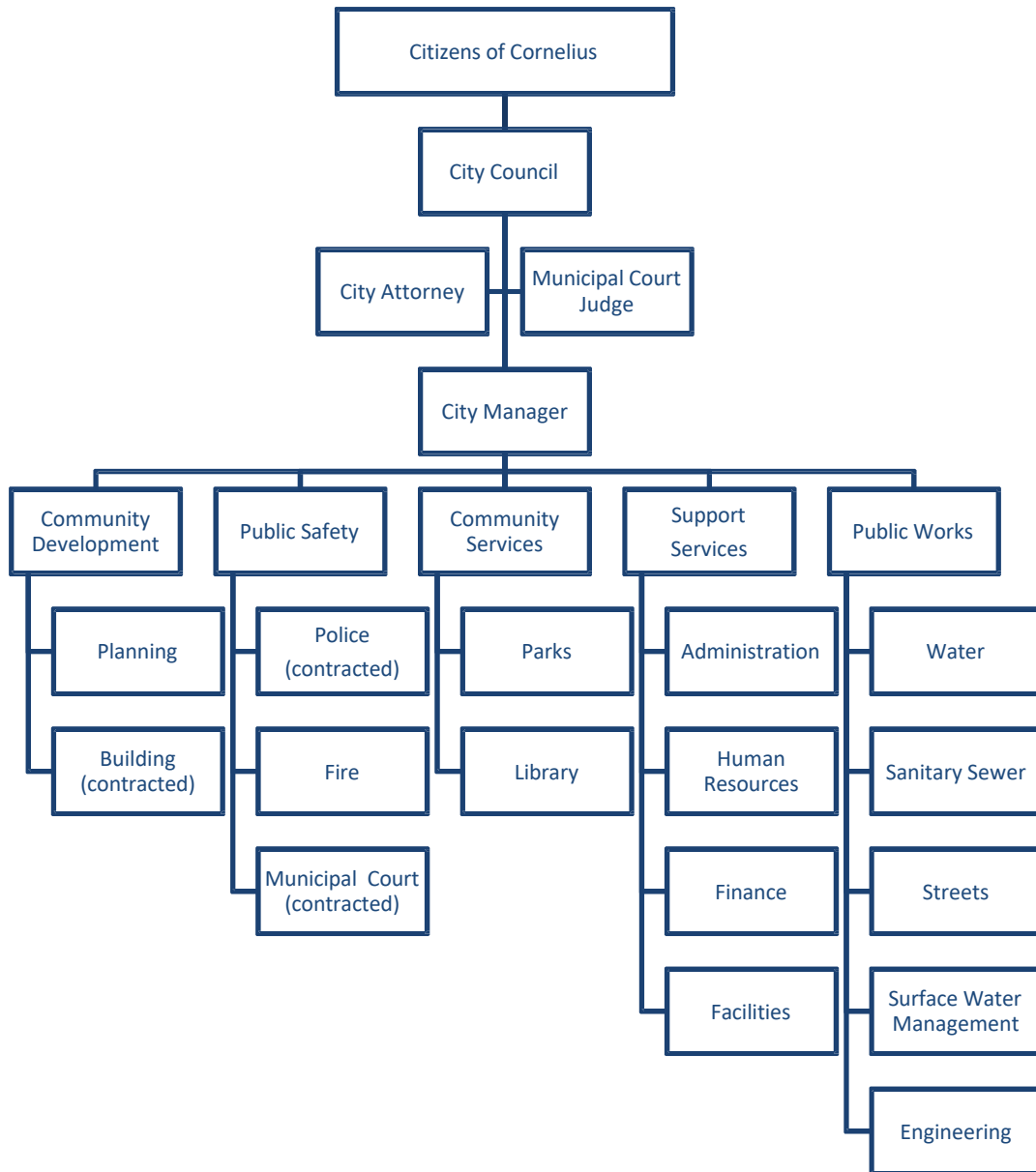
The above individuals may be contacted at the address below.

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
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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, 2019, 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, 2019, 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 schedule of the City's proportionate share of the net pension liability (asset) – Oregon public employees retirement system, the schedule of the City's contributions – Oregon public employees retirement system (PERS schedules), the schedule of the changes in total other post-employment benefits liability and related ratios, the schedule of the City's proportionate share of the net OPEB liability (asset) - Oregon public employees retirement system retiree health insurance account, and the schedule of the City's contributions - Oregon public employees retirement system retiree health insurance account (OPEB schedules) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been 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 15, 2019 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 15, 2019

**CITY OF CORNELIUS OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. 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 \$71,171,132 at June 30, 2019 and consisted of \$15,944,359 in cash and investments; \$1,937,504 in accounts and interest receivable and other assets; and \$53,289,269 in capital assets.

Deferred outflows related to pensions and other postemployment benefits totaled \$1,427,166.

Net position (assets and deferred outflows minus liabilities and deferred inflows) was \$62,360,650 at June 30, 2019 compared to \$57,188,514 at June 30, 2018 year end.

Deferred inflows related to pensions and other postemployment benefits totaled \$527,088.

As of June 30, 2019, the City had \$3,978,709 in outstanding bonds, notes payable and accrued compensated absences.

The City's net position increased by \$5,172,136 from June 2018, primarily due to increases in charges for services and completion of capital projects. During the year, the City recorded net prior period adjustments totaling \$116,990, which are detailed in the notes to the financial statements. Net capital assets increased by \$4,622,189 in Fiscal Year 2019 mainly due to the completion of construction projects in process.

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 snap shot 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 \$5,066,236, a decrease of \$1,341,785 in comparison with the prior year. The General fund shows a positive change due to an increase in property tax revenues. The Street and Pathway fund shows a positive change due to increases in fuel tax revenue and delay in capital projects. The Library Capital Project fund shows a negative change due to construction beginning during the fiscal year. Other governmental funds show a positive change due to an increase in licenses, permits, and fees related to new development.

Proprietary Funds. As of the end of the current fiscal year, the City of Cornelius' proprietary funds reported a total net position of \$17,669,769, an increase of \$2,300,625 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 2018-2019 adopted budget including two supplemental budgets.

The General Fund's budgeted appropriations between the original and final budget increased by \$707,498. Some of the significant changes were due to the Library receiving approximately \$183,000 in additional funding for the year, and the Fire Department receiving reimbursement of approximately \$113,000 for fire conflagration related expenses. There was also a larger than anticipated net working capital which increased contingency funds.

The actual revenues and expenditures are fairly consistent with the final adopted budget. Revenue from permits and fees were lower than anticipated, but property taxes were higher than anticipated. Some of the permits and fees collected are pass-through expenses, so the decrease in revenue also caused expenditures to be well under budget. Grant revenue was also lower than anticipated, which also caused expenditures to be lower than anticipated since projects that relied on grants were not completed.

Statement of Net Position

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

	<i>2019</i>			<i>2018</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	\$ 5,695,733	\$ 10,248,626	\$ 15,944,359	\$ 6,913,948	\$ 8,074,504	\$ 14,988,452
Other assets	984,660	952,844	1,937,504	1,021,106	743,467	1,764,573
Capital assets	42,855,386	10,433,883	53,289,269	38,277,772	10,389,308	48,667,080
<i>Total Assets</i>	<u>49,535,779</u>	<u>21,635,353</u>	<u>71,171,132</u>	<u>46,212,826</u>	<u>19,207,279</u>	<u>65,420,105</u>
Deferred outflows	1,263,718	163,448	1,427,166	998,525	112,188	1,110,713
Other liabilities	4,075,691	1,656,160	5,731,851	3,589,262	922,346	4,511,608
Long-term debt	1,906,361	2,072,348	3,978,709	1,545,240	2,793,188	4,338,428
<i>Total Liabilities</i>	<u>5,982,052</u>	<u>3,728,508</u>	<u>9,710,560</u>	<u>5,134,502</u>	<u>3,715,534</u>	<u>8,850,036</u>
Deferred inflows	466,793	60,295	527,088	442,546	49,722	492,268
Net position:						
Net investment in capital assets	40,949,025	8,396,847	49,345,872	36,732,532	7,596,120	44,328,652
Restricted	3,273,727	2,632,356	5,906,083	4,795,499	2,045,615	6,841,114
Unrestricted	127,900	6,980,795	7,108,695	106,272	5,912,476	6,018,748
<i>Total Net Position</i>	<u>\$ 44,350,652</u>	<u>\$ 18,009,998</u>	<u>\$ 62,360,650</u>	<u>\$ 41,634,303</u>	<u>\$ 15,554,211</u>	<u>\$ 57,188,514</u>

The net position for governmental activities increased by \$2,716,349 and business-type activities increased by \$2,455,787 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:

	2019			2018		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program Revenues						
Charges for service	\$ 1,952,336	\$ 8,482,962	\$ 10,435,298	\$ 1,332,725	\$ 6,122,044	\$ 7,454,769
Operating grants and contributions	348,426	-	348,426	248,841	-	248,841
Capital grants and contributions	1,695,899	655,667	2,351,566	1,418,652	79,056	1,497,708
<i>Total Program Revenues</i>	3,996,661	9,138,629	13,135,290	3,000,218	6,201,100	9,201,318
General Revenues						
Property taxes	2,950,213	-	2,950,213	2,915,750	-	2,915,750
Public service taxes and state revenue sharing	2,138,944	-	2,138,944	1,645,994	-	1,645,994
Franchise taxes	476,314	-	476,314	462,889	-	462,889
Other	348,393	1,216,025	1,564,418	464,913	476,981	941,894
<i>Total General Revenues</i>	5,913,864	1,216,025	7,129,889	5,489,546	476,981	5,966,527
<i>Total Revenues</i>	9,910,525	10,354,654	20,265,179	8,489,764	6,678,081	15,167,845
Expenses						
General government	1,634,729	-	1,634,729	1,156,315	-	1,156,315
Public safety	3,990,024	-	3,990,024	3,879,121	-	3,879,121
Highways and streets	1,489,598	-	1,489,598	1,121,774	-	1,121,774
Culture and recreation	983,770	-	983,770	950,082	-	950,082
Interest on long-term debt	34,721	-	34,721	23,750	-	23,750
Water operations	-	2,752,516	2,752,516	-	1,893,797	1,893,797
Sewer operations	-	3,362,073	3,362,073	-	2,476,676	2,476,676
Surface water management operations	-	845,612	845,612	-	821,348	821,348
<i>Total Expenses</i>	8,132,842	6,960,201	15,093,043	7,131,042	5,191,821	12,322,863
<i>Changes in Net Position Before Transfers</i>	1,777,683	3,394,453	5,172,136	1,358,722	1,486,260	2,844,982
<i>Transfers</i>	938,666	(938,666)	-	453,604	(453,604)	-
<i>Change in Net Position</i>	2,716,349	2,455,787	5,172,136	1,812,326	1,032,656	2,844,982
<i>Beginning Net Position, as restated</i>	41,634,303	15,554,211	57,188,514	39,821,977	14,521,555	54,343,532
<i>Ending Net Position</i>	\$ 44,350,652	\$ 18,009,998	\$ 62,360,650	\$ 41,634,303	\$ 15,554,211	\$ 57,188,514

Governmental activities increased by \$2,716,349 from 2018 due mainly to an increase in charges for services and an increase in public service taxes received. Business-type activities increased by \$2,455,787 from 2018 primarily due to an increase in charges for services that will be used for capital construction in the next budget year.

Net position for the Water Fund for 2018 has been adjusted to reflect recognition of costs related to the construction of the Aquifer Storage and Recovery system. For more information regarding beginning balance adjustments, please refer to the Notes to the Financial Statements.

Capital Assets

At June 30, 2019 the City has \$53,289,269, 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>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Land	\$ 1,890,467	\$ 1,890,467	\$ 20,000	\$ 20,000	\$ 1,910,467	\$ 1,910,467
Intangibles	16,088,232	16,088,232	-	-	16,088,232	16,088,232
Construction in progress	6,659	1,610,664	345,552	3,138,687	352,211	4,749,351
Buildings	8,949,957	3,599,077	2,049,551	2,049,551	10,999,508	5,648,628
Improvements	3,830,658	3,789,229	277,348	277,348	4,108,006	4,066,577
Equipment	1,014,512	1,073,847	547,595	543,776	1,562,107	1,617,623
Vehicles	1,556,415	1,556,415	1,101,942	1,101,942	2,658,357	2,658,357
Infrastructure	16,272,839	14,998,364	10,489,220	7,407,187	26,762,059	22,405,551
Accumulated depreciation	(6,754,353)	(6,328,523)	(4,397,325)	(4,149,183)	(11,151,678)	(10,477,706)
Net capital assets	<u>\$ 42,855,386</u>	<u>\$ 38,277,772</u>	<u>\$ 10,433,883</u>	<u>\$ 10,389,308</u>	<u>\$ 53,289,269</u>	<u>\$ 48,667,080</u>

For more detailed information regarding capital assets please refer to pages 38-39 in the Notes to the Financial Statements.

Debt

As of June 30, 2019, the City had \$3,978,709 in long-term debt and compensated absences, compared to \$4,338,428 at June 30, 2018. Governmental Activities shows an increase due to new debt related to construction of a new Library. Business-Type Activities shows a decrease partially due to the Aquifer Storage and Recovery Loan forgiven of \$750,000 at completion of the project. \$283,112 is due within one year.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Limited tax improvement bonds	\$ 859,753	\$ 246,449	\$ -	\$ -	\$ 859,753	\$ 246,449
Notes payable	806,000	1,062,000	2,028,208	2,753,957	2,834,208	3,815,957
Accrued compensated absences	240,608	236,791	44,140	39,231	284,748	276,022
	<u>\$ 1,906,361</u>	<u>\$ 1,545,240</u>	<u>\$ 2,072,348</u>	<u>\$ 2,793,188</u>	<u>\$ 3,978,709</u>	<u>\$ 4,338,428</u>

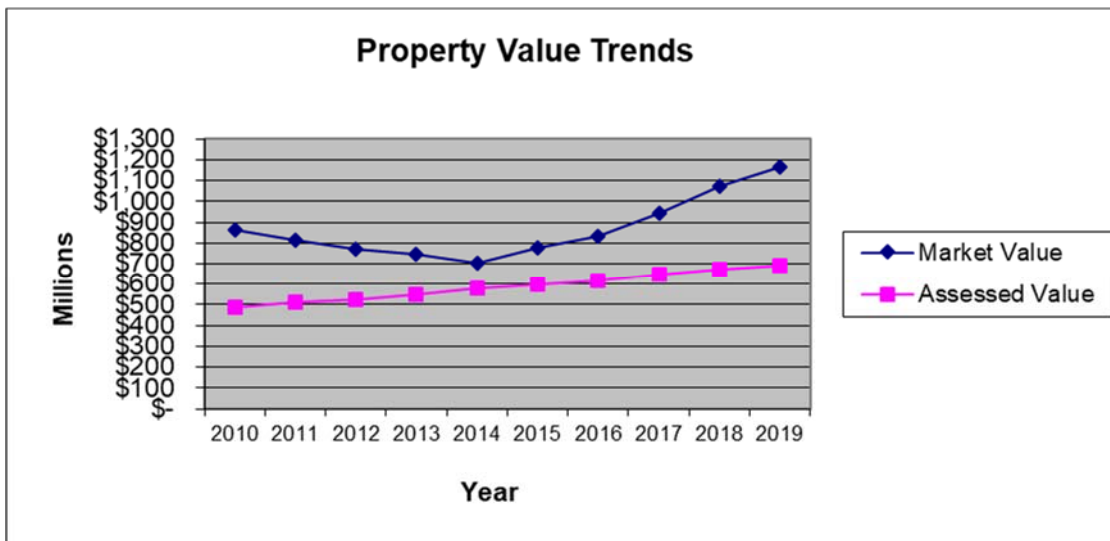
For more detailed information regarding debt please refer to pages 40-42 in the Notes to the Financial Statements.

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 2019 the City's assessed value increased 2.38%, while the market value increased 8.65%. 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 approximately 30% for the City of Cornelius for the biennium beginning July 1, 2017, with another large increase that took effect July 1, 2019. 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@ci.cornelius.or.us, 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 5,695,733	\$ 10,248,626	\$ 15,944,359
Property taxes receivable	57,071	-	57,071
Accounts receivable, net	565,429	885,633	1,451,062
Internal balances	7,785	(7,785)	-
Inventories	-	72,089	72,089
Prepaid expenses	88,300	-	88,300
<i>Total Current Assets</i>	<u>6,414,318</u>	<u>11,198,563</u>	<u>17,612,881</u>
Noncurrent Assets			
Assessments receivable	242,486	-	242,486
OPEB asset	23,589	2,907	26,496
Capital assets			
Non-depreciable	17,985,358	365,552	18,350,910
Depreciable	24,870,028	10,068,331	34,938,359
<i>Total Noncurrent Assets</i>	<u>43,121,461</u>	<u>10,436,790</u>	<u>53,558,251</u>
<i>Total Assets</i>	<u>49,535,779</u>	<u>21,635,353</u>	<u>71,171,132</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,239,826	160,876	1,400,702
Deferred outflows related to OPEB	23,892	2,572	26,464
<i>Total Deferred Outflows of Resources</i>	<u>1,263,718</u>	<u>163,448</u>	<u>1,427,166</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 50,799,497</u>	<u>\$ 21,798,801</u>	<u>\$ 72,598,298</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 821,034	\$ 1,156,955	\$ 1,977,989
Deposits	11,336	11,000	22,336
Current portion of accrued compensated absences	62,334	8,828	71,162
Interest payable	13,851	72,832	86,683
Current portion of long-term debt	283,112	-	283,112
<i>Total Current Liabilities</i>	<u>1,191,667</u>	<u>1,249,615</u>	<u>2,441,282</u>
Noncurrent Liabilities			
Noncurrent portion of accrued compensated absences	178,274	35,312	213,586
Net pension liability	3,041,880	394,706	3,436,586
OPEB liability	187,590	20,667	208,257
Noncurrent portion of long-term debt	1,382,641	2,028,208	3,410,849
<i>Total Noncurrent Liabilities</i>	<u>4,790,385</u>	<u>2,478,893</u>	<u>7,269,278</u>
<i>Total Liabilities</i>	<u>5,982,052</u>	<u>3,728,508</u>	<u>9,710,560</u>
DEFERRED INFLOWS IN RESOURCES			
Deferred inflows related to pensions	428,709	55,628	484,337
Deferred inflows related to OPEB	38,084	4,667	42,751
<i>Total Deferred Inflows of Resources</i>	<u>466,793</u>	<u>60,295</u>	<u>527,088</u>
NET POSITION			
Net investment in capital assets	40,949,025	8,396,847	49,345,872
Restricted for:			
Highways and streets	2,001,283	-	2,001,283
Debt service	429,444	-	429,444
Capital outlay	843,000	2,632,356	3,475,356
Unrestricted	127,900	6,980,795	7,108,695
<i>Total Net Position</i>	<u>44,350,652</u>	<u>18,009,998</u>	<u>62,360,650</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 50,799,497</u>	<u>\$ 21,798,801</u>	<u>\$ 72,598,298</u>

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

CITY OF CORNELIUS, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,634,729	\$ 1,680,490	\$ 336,109	\$ -
Public safety	3,990,024	263,428	4,163	53,159
Highways and streets	1,489,598	1,560	-	774,189
Culture and recreation	983,770	6,858	8,154	868,551
Interest on long-term debt	34,721	-	-	-
<i>Total governmental activities</i>	8,132,842	1,952,336	348,426	1,695,899
Business-type activities:				
Water	2,752,516	3,848,979	-	392,282
Sewer	3,362,073	3,623,252	-	53,157
Storm Drain	845,612	1,010,731	-	210,228
<i>Total business-type activities</i>	6,960,201	8,482,962	-	655,667
<i>Total activities</i>	<u>\$ 15,093,043</u>	<u>\$ 10,435,298</u>	<u>\$ 348,426</u>	<u>\$ 2,351,566</u>

General Revenues:

Taxes:
Property taxes
Public service taxes and state revenue sharing
Franchise taxes
Interest earnings
Gain on sale of assets
Loan forgiveness
Miscellaneous

Total general revenues

Transfers

Change in Net Position

Net Position - beginning of year

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, 2019

<i>Net (Expenses) Revenues and Changes in Net Position</i>		
<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ 381,870	\$ -	\$ 381,870
(3,669,274)	-	(3,669,274)
(713,849)	-	(713,849)
(100,207)	-	(100,207)
(34,721)	-	(34,721)
(4,136,181)	-	(4,136,181)
-	1,488,745	1,488,745
-	314,336	314,336
-	375,347	375,347
-	2,178,428	2,178,428
(4,136,181)	2,178,428	(1,957,753)
2,950,213	-	2,950,213
2,138,944	-	2,138,944
476,314	-	476,314
143,366	207,467	350,833
22,278	5,013	27,291
-	750,000	750,000
182,749	253,545	436,294
5,913,864	1,216,025	7,129,889
938,666	(938,666)	-
2,716,349	2,455,787	5,172,136
41,634,303	15,437,221	57,071,524
-	116,990	116,990
41,634,303	15,554,211	57,188,514
\$ 44,350,652	\$ 18,009,998	\$ 62,360,650

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.

Library Capital Project Fund

The purpose of this fund is to account for the major capital expenditures associated with building a new city library in the City of Cornelius. This fund will manage all revenues and expenditures related to the new Cornelius Place capital project.

CITY OF CORNELIUS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>Street and Pathway Fund</u>	<u>Capital Projects Library Capital Project Fund</u>
ASSETS			
Cash and investments	\$ 1,767,543	\$ 1,523,236	\$ 381
Property taxes receivable	57,071	-	-
Accounts receivable, net	415,357	142,314	-
Prepaid expenses	88,300	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 2,328,271</u>	<u>\$ 1,665,550</u>	<u>\$ 381</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 352,747	\$ 420,254	\$ 381
Accrued payroll and payroll liabilities	22,790	-	-
Due to other funds	70,711	31,151	-
<i>Total Liabilities</i>	<u>446,248</u>	<u>451,405</u>	<u>381</u>
Deferred Inflows of Resources			
Unavailable revenue	89,514	-	-
Fund Balance			
Restricted for:			
Highways and streets	-	1,214,145	-
Debt service	-	-	-
Capital outlay	-	-	-
Unassigned	1,792,509	-	-
<i>Total Fund Balance</i>	<u>1,792,509</u>	<u>1,214,145</u>	<u>-</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 2,328,271</u>	<u>\$ 1,665,550</u>	<u>\$ 381</u>

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

CITY OF CORNELIUS, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2019

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 1,949,940	\$ 5,241,100
-	57,071
242,486	800,157
-	88,300
109,647	109,647
<hr/>	<hr/>
\$ 2,302,073	\$ 6,296,275
<hr/> <hr/>	<hr/> <hr/>
\$ 5	\$ 773,387
-	22,790
-	101,862
<hr/>	<hr/>
5	898,039
242,486	332,000
787,138	2,001,283
429,444	429,444
843,000	843,000
-	1,792,509
<hr/>	<hr/>
2,059,582	5,066,236
<hr/>	<hr/>
\$ 2,302,073	\$ 6,296,275
<hr/> <hr/>	<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, 2019

<i>Fund Balances</i>	\$ 5,066,236
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	42,855,386
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds.	332,000
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.	426,198
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	(1,665,753)
Pension and OPEB and related deferred outflows and inflows	(2,408,956)
Compensated absences	(240,608)
Interest payable	(13,851)
	<hr/>
<i>Net Position of Governmental Activities</i>	<u>\$ 44,350,652</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, 2019

	<u>General Fund</u>	<u>Special Revenue Street and Pathway Fund</u>	<u>Capital Projects Library Capital Project Fund</u>
REVENUES			
Taxes and assessments	\$ 3,053,409	\$ -	\$ -
Franchise fees	772,235	-	-
License, permits and fees	1,384,569	222,059	-
Intergovernmental	981,481	1,117,784	-
Grants	272,488	-	136,748
Fines and forfeitures	54,286	-	-
Interest revenue	49,786	30,450	2,718
Miscellaneous revenue	252,118	21,434	114,836
<i>Total Revenues</i>	<u>6,820,372</u>	<u>1,391,727</u>	<u>254,302</u>
EXPENDITURES			
Current			
General government	1,071,243	-	-
Public safety	3,848,252	-	-
Highways and streets	-	1,072,082	-
Culture and recreation	927,045	-	576
Capital outlay	72,852	194,378	3,740,217
Debt service			
Principal	20,592	-	-
Interest	9,731	1,657	-
<i>Total Expenditures</i>	<u>5,949,715</u>	<u>1,268,117</u>	<u>3,740,793</u>
REVENUES OVER (UNDER) EXPENDITURES	870,657	123,610	(3,486,491)
OTHER FINANCING SOURCES (USES)			
Transfers in	351,476	303,748	180,750
Transfers out	(1,042,146)	(324,127)	-
Proceeds from issuance of debt	-	-	633,896
<i>Total Other Financing Sources and Uses</i>	<u>(690,670)</u>	<u>(20,379)</u>	<u>814,646</u>
NET CHANGE IN FUND BALANCE	179,987	103,231	(2,671,845)
FUND BALANCES, BEGINNING	1,612,522	1,110,914	2,671,845
FUND BALANCES, ENDING	<u>\$ 1,792,509</u>	<u>\$ 1,214,145</u>	<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 (Continued)
YEAR ENDED JUNE 30, 2019

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 75,257	\$ 3,128,666
-	772,235
1,391,156	2,997,784
-	2,099,265
-	409,236
-	54,286
45,816	128,770
-	388,388
1,512,229	9,978,630
-	1,071,243
-	3,848,252
-	1,072,082
-	927,621
-	4,007,447
-	-
256,000	276,592
26,561	37,949
282,561	11,241,186
1,229,668	(1,262,556)
100,000	935,974
(282,826)	(1,649,099)
-	633,896
(182,826)	(79,229)
1,046,842	(1,341,785)
1,012,740	6,408,021
\$ 2,059,582	\$ 5,066,236

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, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (1,341,785)

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	(146,459)
OPEB expense	9,531

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	(550,830)
Capital asset additions	5,128,444

Some revenues reported in the statement of activities do not provide current financial resources in the governmental funds.

(178,452)

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.

Issuance of long-term debt	(633,896)
Debt service principal payments	276,592
Changes in compensated absences	(3,817)
Accrued interest expense	(4,398)

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.

161,419

Change in Net Position of Governmental Activities

\$ 2,716,349

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 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, 2019

	<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 cash equivalents	\$ 6,821,725	2,063,004	\$ 1,000,964
Accounts receivable, net	497,982	269,649	111,811
Inventories	68,930	2,405	754
<i>Total Current Assets</i>	<u>7,388,637</u>	<u>2,335,058</u>	<u>1,113,529</u>
<i>Noncurrent Assets</i>			
Capital assets, net	7,702,057	1,017,502	1,714,324
OPEB asset	615	1,091	1,201
<i>Total Noncurrent Assets</i>	<u>7,702,672</u>	<u>1,018,593</u>	<u>1,715,525</u>
<i>Total Assets</i>	<u>15,091,309</u>	<u>3,353,651</u>	<u>2,829,054</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	32,315	66,358	62,203
Deferred outflows related to OPEB	621	692	1,259
<i>Total Deferred Outflows of Resources</i>	<u>32,936</u>	<u>67,050</u>	<u>63,462</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 15,124,245</u>	<u>\$ 3,420,701</u>	<u>\$ 2,892,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
<i>Current Liabilities</i>			
Accounts payable	\$ 946,832	\$ 162,069	\$ 19,159
Deposits	11,000	-	-
Accrued interest	72,832	-	-
Due to other funds	-	-	7,785
Current accrued compensated absences	2,943	2,943	2,942
<i>Total Current Liabilities</i>	<u>1,033,607</u>	<u>165,012</u>	<u>29,886</u>
<i>Noncurrent Liabilities</i>			
Noncurrent accrued compensated absences	11,770	11,771	11,771
Noncurrent portion of long-term debt	2,028,208	-	-
Net pension liability	79,285	162,808	152,613
OPEB Liability	4,878	5,960	9,829
<i>Total Noncurrent Liabilities</i>	<u>2,124,141</u>	<u>180,539</u>	<u>174,213</u>
<i>Total Liabilities</i>	<u>3,157,748</u>	<u>345,551</u>	<u>204,099</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	11,174	22,945	21,509
Deferred inflows related to OPEB	992	1,733	1,942
<i>Total Deferred Inflows of Resources</i>	<u>12,166</u>	<u>24,678</u>	<u>23,451</u>
NET POSITION			
Net investment in capital assets	5,673,849	1,017,502	1,714,324
Restricted for			
Capital projects	1,063,817	1,277,034	291,501
Unrestricted	5,216,665	755,936	659,141
<i>Total Net Position</i>	<u>11,954,331</u>	<u>3,050,472</u>	<u>2,664,966</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 15,124,245</u>	<u>\$ 3,420,701</u>	<u>\$ 2,892,516</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, 2019

	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service</u>
\$ 9,885,693	\$ 817,562
879,442	13,951
72,089	-
<u>10,837,224</u>	<u>831,513</u>
10,433,883	-
2,907	-
<u>10,436,790</u>	<u>-</u>
21,274,014	831,513
160,876	-
2,572	-
<u>163,448</u>	<u>-</u>
\$ 21,437,462	\$ 831,513
<u><u>21,437,462</u></u>	<u><u>831,513</u></u>
\$ 1,128,060	\$ 65,086
11,000	-
72,832	-
7,785	-
8,828	-
<u>1,228,505</u>	<u>65,086</u>
35,312	-
2,028,208	-
394,706	-
20,667	-
<u>2,478,893</u>	<u>-</u>
3,707,398	65,086
55,628	-
4,667	-
<u>60,295</u>	<u>-</u>
8,405,675	-
2,632,352	-
6,631,742	766,427
<u>17,669,769</u>	<u>766,427</u>
\$ 21,437,462	\$ 831,513
<u><u>21,437,462</u></u>	<u><u>831,513</u></u>
\$ 17,669,769	
340,229	
<u><u>\$ 18,009,998</u></u>	

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, 2019**

	<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	\$ 2,598,975	\$ 2,503,421	\$ 1,010,731
Licenses, permits and fees	1,250,004	856,331	-
Intergovernmental	-	263,500	-
Miscellaneous income	250,783	168	2,594
<i>Total Operating Revenues</i>	<u>4,099,762</u>	<u>3,623,420</u>	<u>1,013,325</u>
OPERATING EXPENSES			
Materials and services	2,488,229	3,122,714	639,994
Personnel services	99,844	242,065	201,130
Depreciation expense	152,730	43,184	52,227
<i>Total Operating Expenses</i>	<u>2,740,803</u>	<u>3,407,963</u>	<u>893,351</u>
OPERATING INCOME	<u>1,358,959</u>	<u>215,457</u>	<u>119,974</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	140,157	48,359	18,951
Interest expense	(72,832)	-	(414)
Gain on sale of assets	2,488	2,525	-
Loan forgiveness	750,000	-	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>819,813</u>	<u>50,884</u>	<u>18,537</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>2,178,772</u>	<u>266,341</u>	<u>138,511</u>
Capital contributions	392,282	53,157	210,228
Transfers in	269,967	81,646	56,162
Transfers out	(1,176,633)	(97,646)	(72,162)
CHANGE IN NET POSITION	<u>1,664,388</u>	<u>303,498</u>	<u>332,739</u>
NET POSITION, beginning of year	<u>10,172,953</u>	<u>2,746,974</u>	<u>2,332,227</u>
Restatement	<u>116,990</u>	<u>-</u>	<u>-</u>
NET POSITION, beginning of year as restated	<u>10,289,943</u>	<u>2,746,974</u>	<u>2,332,227</u>
NET POSITION, end of year	<u>\$ 11,954,331</u>	<u>\$ 3,050,472</u>	<u>\$ 2,664,966</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, 2019

	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service</u>
\$ 6,113,127	\$ 2,012,223
2,106,335	9,945
263,500	50,085
253,545	35,724
<hr/>	<hr/>
8,736,507	2,107,977
6,250,937	1,058,865
543,039	740,467
248,141	-
<hr/>	<hr/>
7,042,117	1,799,332
<hr/>	<hr/>
1,694,390	308,645
207,467	14,596
(73,246)	-
5,013	-
750,000	-
<hr/>	<hr/>
889,234	14,596
2,583,624	323,241
655,667	-
407,775	-
(1,346,441)	(6,659)
<hr/>	<hr/>
2,300,625	316,582
15,252,154	449,845
116,990	-
<hr/>	<hr/>
15,369,144	449,845
<hr/>	<hr/>
\$ 17,669,769	\$ 766,427
<hr/> <hr/>	<hr/> <hr/>
\$ 2,300,625	
155,161	
<hr/>	
\$ 2,455,786	
<hr/> <hr/>	

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

CITY OF CORNELIUS, OREGON
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	<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	\$ 3,814,248	\$ 3,646,673	\$ 1,007,620
Cash paid to employees for salaries and benefits	(94,531)	(192,967)	(196,743)
Cash paid to suppliers	(1,743,870)	(3,130,754)	(759,037)
<i>Net Cash Provided by Operating Activities</i>	1,975,847	322,952	51,840
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Received from (paid to) other funds	-	-	(2,595)
Transfers in	354,967	46,366	56,162
Transfers out	(112,000)	(97,646)	(72,162)
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	242,967	(51,280)	(18,595)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(1,139,750)	(263,499)	(3,819)
Proceeds on sale of assets	2,488	2,525	-
Interest paid	-	-	(414)
System development receipts	392,282	53,157	210,228
Loan proceeds	24,250	-	-
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(720,730)	(207,817)	205,995
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	140,157	48,359	18,951
<i>Increase in Cash and Investments</i>	1,638,241	112,214	258,191
CASH AND INVESTMENTS, Beginning of year	5,183,484	1,950,790	742,773
CASH AND INVESTMENTS, End of year	<u>\$ 6,821,725</u>	<u>\$ 2,063,004</u>	<u>\$ 1,000,964</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, 2019

	<u>Governmental Activities</u>
<u>Totals</u>	<u>Internal Service</u>
\$ 8,468,541	\$ 2,093,803
(484,241)	(740,467)
(5,633,661)	(1,023,673)
<hr/>	<hr/>
2,350,639	329,663
(2,595)	-
457,495	-
(281,808)	(6,659)
<hr/>	<hr/>
173,092	(6,659)
(1,407,068)	-
5,013	-
(414)	-
655,667	-
24,250	-
<hr/>	<hr/>
(722,552)	-
207,467	14,596
<hr/>	<hr/>
2,008,646	337,600
7,877,047	479,962
<hr/>	<hr/>
\$ 9,885,693	\$ 817,562
<hr/>	<hr/>

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

CITY OF CORNELIUS, OREGON
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2019

	<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	\$ 1,358,959	\$ 215,457	\$ 119,974
Adjustments			
Depreciation	152,730	43,184	52,227
Decrease (increase) in			
Accounts receivable	(208,325)	23,252	(5,705)
Inventories	(8,487)	(151)	7
OPEB asset	(384)	(788)	(739)
Deferred outflows	(6,961)	(32,906)	(11,393)
Increase (decrease) in			
Accounts payable	752,846	(8,039)	(119,051)
Deposits	(77,189)	-	-
Net pension liability	10,981	73,021	15,690
OPEB liability	(613)	(1,259)	(1,180)
Deferred inflows	654	9,545	374
Accrued compensated absences	1,636	1,636	1,636
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 1,975,847</u>	<u>\$ 322,952</u>	<u>\$ 51,840</u>
<i>Noncash Transactions</i>			
Transfer of capital assets	<u>\$ (1,149,633)</u>	<u>\$ 35,280</u>	<u>\$ -</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, 2019

	<u>Governmental Activities</u>
<u>Totals</u>	<u>Internal Service</u>
\$ 1,694,390	\$ 308,645
248,141	-
(190,778)	(12,174)
(8,631)	-
(1,911)	-
(51,260)	-
625,756	35,192
(77,189)	(2,000)
99,692	-
(3,052)	-
10,573	-
4,908	-
\$ 2,350,639	\$ 329,663
\$ (1,114,353)	\$ (6,659)

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

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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 has no blended or discretely presented component units.

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, 2019

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

Library Capital Project 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.

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, street lights, 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, 2019.

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
Water and sewer lines	75

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 their estimated fair market value at the time received.

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, 2019

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.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

CASH AND CASH EQUIVALENTS

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".

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash		
Deposits with financial institutions	\$ 1,087,814	\$ 1,087,814
Cash on hand	900	900
Investments		
Local Government Investment Pool	14,855,646	14,855,646
	<u>\$ 15,944,359</u>	<u>\$ 15,944,359</u>

Deposits

The book balance of the City's bank deposits was \$1,087,814 and the bank balance was \$1,274,016 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, 2019, 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 of Cornelius 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.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

CASH AND CASH EQUIVALENTS (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, 2019, \$1,024,016 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, 2019

CAPITAL ASSETS

The summary of capital assets for governmental activities for the year ended June 30, 2019 is as follows:

	<i>Balances July 1, 2018</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2019</i>
Nondepreciable assets				
Land	\$ 1,890,467	\$ -	-	\$ 1,890,467
Intangibles	16,088,232	-	-	16,088,232
Construction in progress	1,610,664	6,659	(1,610,664)	6,659
Subtotal, nondepreciable assets	19,589,363	6,659	(1,610,664)	17,985,358
Depreciable assets				
Buildings	3,599,077	5,350,880	-	8,949,957
Improvements	3,789,229	41,429	-	3,830,658
Equipment	1,073,847	65,665	(125,000)	1,014,512
Vehicles	1,556,415	-	-	1,556,415
Infrastructure	14,998,364	1,274,475	-	16,272,839
Subtotal, depreciable assets	25,016,932	6,732,449	(125,000)	31,624,381
Accumulated depreciation				
Buildings	(1,760,605)	(68,750)	-	(1,829,355)
Improvements	(1,321,304)	(94,517)	-	(1,415,821)
Equipment	(780,161)	(27,024)	125,000	(682,185)
Vehicles	(726,495)	(81,894)	-	(808,389)
Infrastructure	(1,739,958)	(278,645)	-	(2,018,603)
Total accumulated depreciation	(6,328,523)	(550,830)	125,000	(6,754,353)
<i>Total depreciable assets, net</i>	18,688,409	6,181,619	-	24,870,028
Net capital assets	\$ 38,277,772	\$ 6,188,278	\$ (1,610,664)	\$ 42,855,386
<i>Governmental activities:</i>				
General government		\$ 23,611		
Public safety		135,803		
Highways and streets		349,434		
Parks		41,982		
		\$ 550,830		

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS (Continued)

The summary of capital assets for business-type activities for the year ended June 30, 2019 is as follows:

	<i>Balances July 1, 2018 (restated)</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2019</i>
Nondepreciable assets				
Land	20,000	\$ -	\$ -	\$ 20,000
Construction in progress	3,138,687	263,500	(3,056,635)	345,552
Subtotal, nondepreciable assets	3,158,687	263,500	(3,056,635)	365,552
Depreciable assets				
Buildings	2,049,551	-	-	2,049,551
Improvements	277,348	-	-	277,348
Equipment	543,776	3,819	-	547,595
Vehicles	1,101,942	-	-	1,101,942
Infrastructure	7,407,188	3,082,032	-	10,489,220
Subtotal, depreciable assets	11,379,805	3,085,851	-	14,465,656
Accumulated depreciation				
Buildings	(759,375)	(39,751)	-	(799,126)
Improvements	(121,593)	(5,273)	-	(126,866)
Equipment	(343,349)	(15,716)	-	(359,065)
Vehicles	(550,055)	(39,206)	-	(589,261)
Infrastructure	(2,374,812)	(148,195)	-	(2,523,007)
Total accumulated depreciation	(4,149,184)	(248,141)	-	(4,397,325)
<i>Total depreciable assets, net</i>	7,230,621	2,837,710	-	10,068,331
Net capital assets	\$ 10,389,308	\$ 3,101,210	\$ (3,056,635)	\$ 10,433,883
<i>Business-type activities:</i>				
Water		\$ 152,730		
Sewer		43,184		
Storm Drain		52,227		
		\$ 248,141		

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

INTERFUND TRANSFERS - GAAP BASIS

<u>Transfers In</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>			<u>Total</u>
	<u>General</u>	<u>Street and Pathway</u>	<u>Non-major Governmental</u>	<u>Water Operations</u>	<u>Sanitary Sewer Operations</u>	<u>Surface Water Management Operations</u>	
Governmental activities							
General	\$ -	\$ 118,528	\$ 18,894	\$ 105,026	\$ 56,515	\$ 52,513	\$ 351,476
Street and Pathway	-	-	29,245	125,085	76,667	72,751	303,748
Library Capital Project	105,750	16,000	-	27,000	16,000	16,000	180,750
Other non-major governmental funds	100,000	-	-	-	-	-	100,000
Internal service	836,396	189,599	-	388,477	291,683	306,068	2,012,223
Business-type activities							
Water Operations	-	-	234,687	-	35,280	-	269,967
Sanitary Sewer Operations	-	-	-	46,366	-	-	46,366
Surface Water Management Operations	-	-	-	49,966	3,600	-	53,566
Total	\$ 1,042,146	\$ 324,127	\$ 282,826	\$ 741,920	\$ 479,745	\$ 447,332	3,318,096

Reconciliation:

Total internal service funds	(2,012,223)
Total governmental funds	(935,974)
Total business-type activities	(135,212)
Business-type activities capital assets transferred to governmental activities	(1,114,353)
Governmental activities transfers to business-type activities	(59,000)
	<u>\$ (938,666)</u>

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, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

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

	<u>Outstanding July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes/loans from direct borrowings	\$ 246,449	\$ 633,896	\$ 20,592	\$ 859,753	\$ 21,112
Limited Tax Improvement Bonds	1,062,000	-	256,000	806,000	262,000
Compensated Absences	236,791	240,608	236,791	240,608	62,334
Total governmental activities	<u>\$ 1,545,240</u>	<u>\$ 874,504</u>	<u>\$ 513,383</u>	<u>\$ 1,906,361</u>	<u>\$ 345,446</u>
Business Type Activities					
Notes from direct borrowings	\$ 2,753,957	\$ 24,251	\$ 750,000	\$ 2,028,208	\$ -
Compensated Absences	39,231	44,140	39,231	44,140	8,828
Total business type activities	<u>\$ 2,793,188</u>	<u>\$ 68,391</u>	<u>\$ 789,231</u>	<u>\$ 2,072,348</u>	<u>\$ 8,828</u>

CITY OF CORNELIUS, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2019

LONG-TERM DEBT (Continued)

Notes from Direct Borrowings – Governmental Activities

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.

\$ 225,857

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

<i>Fiscal Year Ending June 30,</i>	Cornelius Rural Fire Protection District Loan		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2020	\$ 21,112	\$ 5,450	\$ 26,562
2021	21,645	4,917	26,562
2022	22,191	4,371	26,562
2023	22,751	3,811	26,562
2024	23,325	3,236	26,561
2025-2029	114,833	7,076	121,909
	\$ 225,857	\$ 28,861	\$ 254,718

Community Housing Fund Note Payable: During the year, the City entered into an agreement with the Community Housing Fund, awarding the City a total of \$1,000,000. The balance in full, along with accrued interest, is due on October 19, 2020.

The note is secured by the full faith and credit of the City. In the event of default, the note becomes immediately due and payable.

As of June 30, 2019 City had accrued \$6,437 in interest and had drawn principal on the loan totaling:

\$ 633,896

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.

\$ 806,000

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

LONG-TERM DEBT (Continued)

Bonds Payable – Governmental Activities (Continued)

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

Fiscal Year Ending June 30,	Limited Tax Improvement Bonds		
	Principal	Interest	Total
2020	\$ 262,000	\$ 20,634	\$ 282,634
2021	269,000	13,926	282,926
2022	275,000	7,040	282,040
	<u>\$ 806,000</u>	<u>\$ 41,600</u>	<u>\$ 847,600</u>

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 2019. 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.

\$ 2,028,208

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
2020	\$ -	\$ 145,663	\$ 145,663
2021	75,481	60,846	136,327
2022	77,746	58,582	136,328
2023	80,078	56,249	136,327
2024	82,480	53,847	136,327
2025-2029	451,036	230,601	681,637
2030-2034	522,875	158,763	681,638
2035-2039	738,512	75,482	813,994
	<u>\$ 2,028,208</u>	<u>\$ 840,033</u>	<u>\$ 2,868,241</u>

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

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, 2019 are as follows:

<u>Fund</u>	<u>Outstanding July 1, 2018</u>	<u>Payments Made</u>	<u>Outstanding June 30, 2019</u>
General	\$ 94,281	\$ (23,570)	\$ 70,711
Street and Pathway	41,534	(10,383)	31,151
Surface Water Management Operations	10,381	(2,596)	7,785
	<u>\$ 146,196</u>	<u>\$ (36,549)</u>	<u>\$ 109,647</u>

NET POSITION

The government-wide statement of net position reports \$5,906,083 of restricted net position, of which \$2,001,283 is restricted by enabling legislation, \$429,444 is restricted for debt service and \$3,475,356 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.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Tier One/Tier Two Retirement Benefit (Continued)

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:

- 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 market 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.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

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.

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, 2016 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, 2017. The City's contribution rates for the period were 15.92% for Tier One/Tier Two members, 9.94% OPSRP General Service members and 14.71% for OPSRP Fire members. The City's total contributions were \$335,067. 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, 2019, the City reported a liability of \$3,436,586 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

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

pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018, the City's proportion was 0.0227%, which increased 0.001% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City's recognized pension expense (income) of \$201,739. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 116,902	\$ -
Changes of assumptions	799,000	-
Net difference between projected and actual earnings on investments	-	152,604
Changes in proportionate share	91,816	287,190
Differences between employer contributions and proportionate share of contributions	33,887	44,543
Contributions subsequent to measurement date	359,097	-
Total	<u>\$ 1,400,702</u>	<u>\$ 484,337</u>

Deferred outflows of resources related to pensions of \$359,097 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, 2020. 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>		
2020	\$	325,080
2021		215,181
2022		(64,116)
2023		56,221
2024		24,902
Total	<u>\$</u>	<u>557,268</u>

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50%
Investment Rate of Return	7.20%
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%/.015%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i></p> <p>RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i></p> <p>RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i></p> <p>RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

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	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.12	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50 %

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

PENSION PLAN (Continued)

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.

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:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Proportionate share of the net pension liability	\$ 5,743,185	\$ 3,436,586	\$ 1,532,678

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.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Total OPEB asset	\$ -	\$ 26,496	\$ 26,496
Deferred outflows of resources			
Contributions after measurement date	14,198	12,237	26,435
Change in proportionate share	-	29	29
Total OPEB liability	208,257	-	208,257
Deferred inflows of resources			
Differences between expected and actual experience	4,529	1,502	6,031
Change in assumptions	30,907	84	30,991
Difference in earnings	-	5,712	5,712
Changes in proportionate share	-	17	17
OPEB expense/(income) (Included in program expenses on Statement of Activities)	(3,568)	14,388	10,820

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.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	1
Active employees	34
	<u>35</u>

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 \$208,257 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018. For the fiscal year ended June 30, 2019, the City recognized a credit to OPEB expense from this plan of \$3,568. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ (4,529)
Changes of assumptions	-	(30,907)
Contributions subsequent to the MD	14,198	-
	<u>14,198</u>	<u>-</u>
Net deferred outflow/(inflow) of resources	\$ 14,198	\$ (35,436)

Deferred outflows of resources related to OPEB of \$14,198 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, 2020. 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>	
2019	\$ (4,430)
2020	(4,430)
2021	(4,430)
2022	(4,430)
2023	(4,430)
Thereafter	(13,289)
Total	<u>\$ (35,436)</u>

CITY OF CORNELIUS, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2019

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 3.87% (change from 3.58% in the previous measurement period), medical and vision varies between 6.75% and 4.75% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.50%, and mortality rates based on the RP-2014 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

	<u>Total OPEB Liability</u>
Balance as of June 30, 2018	\$ 234,837
Changes for the year:	
Service cost	14,729
Interest on total OPEB liability	8,545
Effect on economic/demographic gains or losses	(5,215)
Effect of assumptions changes or inputs	(22,678)
Benefit payments	(21,961)
Balance as of June 30, 2019	<u>\$ 208,257</u>

The effect of changes in assumptions is the result of the change in the discount rate from 3.58 to 3.87.

Sensitivity of the Total OPEB Liability

The following presents the City's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 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 (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 227,850	\$ 208,257	\$ 190,219

CITY OF CORNELIUS, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2019

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Sensitivity of the Total OPEB Liability (Continued)

Healthcare Cost Trend:

	1% Decrease (5.75% decreasing to 3.75%)	Current Healthcare Trend Rate (6.75% decreasing to 4.75%)	1% Increase (7.75% decreasing to 5.75%)
Total OPEB liability	\$ 183,226	\$ 208,257	\$ 237,932

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.

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2019 contributions was \$12,237.

CITY OF CORNELIUS, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2019

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

At June 30, 2019, the City reported an asset of \$26,496 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. 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, 2018, the City's proportionate share was 0.0237%, which is an increase from its proportion of 0.0236% as of June 30, 2017.

For the year ended June 30, 2019, the City recognized a credit to OPEB expense from this plan of \$14,388. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred Inflow of Resources</i>
Net difference between projected and actual experience	\$ -	\$ 1,502
Changes of assumptions	-	84
Net difference between projected and actual earnings on investments	-	5,712
Change in proportionate share	29	17
Contributions subsequent to the MD	12,237	-
Total	<u>\$ 12,266</u>	<u>\$ 7,315</u>

Deferred outflows of resources related to OPEB of \$12,237 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<i>Year ended June 30,</i>
2019	\$ (2,394)
2020	(2,399)
2021	(1,925)
2022	(568)
Total	<u>\$ (7,286)</u>

CITY OF CORNELIUS, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2019

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

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 proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, 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:

	<i>1% Decrease</i> <i>(6.20%)</i>	<i>Current</i> <i>Discount</i> <i>Rate (7.20%)</i>	<i>1% Increase</i> <i>(8.20%)</i>
Net OPEB liability (asset)	\$ (15,427)	\$ (26,496)	\$ (35,917)

OPEB Plan Fiduciary Net Position

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

BEGINNING BALANCE ADJUSTMENT

The City recorded a prior period adjustment of \$116,990 to capitalize costs related to the Aquifer Recovery and Storage system expensed in prior years. Beginning construction in progress and Water Fund net position have been increased by \$116,990 to account for this correction.

NEW PRONOUNCEMENTS

The City implemented the following pronouncement during the current fiscal year:

GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” addresses inconsistencies in the information disclosed in the notes to governmental financial statements related to debt, including direct borrowings and direct placements, and provides financial statement users with additional essential information about debt. The objective is to improve the consistency of the information presented.

CITY OF CORNELIUS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

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.

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.

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, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Property taxes	\$ 2,970,000	\$ 2,970,000	\$ 3,053,409	\$ 83,409
Franchise fees	768,791	768,791	772,235	3,444
License, permits and fees	1,981,457	1,981,457	1,384,569	(596,888)
Intergovernmental	879,598	976,161	981,481	5,320
Grants	150,200	325,951	272,488	(53,463)
Fines and forfeitures	68,800	68,800	54,286	(14,514)
Interest revenue	24,000	24,000	49,786	25,786
Miscellaneous revenue	46,881	129,705	252,118	122,413
<i>Total Revenues</i>	<u>6,889,727</u>	<u>7,244,865</u>	<u>6,820,372</u>	<u>(424,493)</u>
EXPENDITURES				
City council	11,894	22,394	20,089	2,305
Community development	1,022,629	1,102,351	732,439	369,912
Engineering	344,304	356,804	304,547	52,257
Public safety - police	2,566,562	2,567,537	2,548,843	18,694
Public safety - court	7,500	7,500	845	6,655
Public safety - fire	913,350	1,054,889	979,212	75,677
Public safety - fire levy	349,897	381,815	369,632	12,183
Public services - parks	479,681	520,605	227,584	293,021
Public services - library	634,575	805,885	722,033	83,852
Non-departmental	19,100	19,100	14,168	4,932
Debt service	53,902	53,902	53,893	9
Contingency	1,244,962	1,463,072	-	1,463,072
<i>Total Expenditures</i>	<u>7,648,356</u>	<u>8,355,854</u>	<u>5,973,285</u>	<u>2,382,569</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(758,629)</u>	<u>(1,110,989)</u>	<u>847,087</u>	<u>1,958,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	490,582	490,582	351,476	(139,106)
Transfers out	(1,086,396)	(1,086,396)	(1,042,146)	44,250
<i>Total Other Financing Sources (Uses)</i>	<u>(595,814)</u>	<u>(595,814)</u>	<u>(690,670)</u>	<u>(94,856)</u>
NET CHANGE IN FUND BALANCE	<u>(1,354,443)</u>	<u>(1,706,803)</u>	<u>156,417</u>	<u>1,863,220</u>
FUND BALANCE, beginning of year	<u>1,354,443</u>	<u>1,706,803</u>	<u>1,706,803</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>1,863,220</u>	<u>\$ 1,863,220</u>
Interfund payable			(70,711) *	
FUND BALANCE, end of year			<u>\$ 1,792,509</u>	

*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, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
License, permits and fees	\$ 193,560	\$ 193,560	\$ 222,059	\$ 28,499
Intergovernmental	760,400	836,400	1,117,784	281,384
Interest revenue	10,000	10,000	30,450	20,450
Miscellaneous revenue	-	-	21,434	21,434
<i>Total Revenues</i>	<u>963,960</u>	<u>1,039,960</u>	<u>1,391,727</u>	<u>351,767</u>
EXPENDITURES				
Streets				
Personnel service	584,133	595,413	573,277	22,136
Materials and service	516,640	516,640	498,805	17,835
Capital outlay	232,500	232,500	194,378	38,122
<i>Total Streets</i>	<u>1,333,273</u>	<u>1,344,553</u>	<u>1,266,460</u>	<u>78,093</u>
Debt service				
Principal	10,400	10,400	10,383	17
Interest	2,100	2,100	1,657	443
Contingency	918,181	1,085,731	-	1,085,731
<i>Total Expenditures</i>	<u>2,263,954</u>	<u>2,442,784</u>	<u>1,278,500</u>	<u>1,164,284</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,299,994)	(1,402,824)	113,227	1,516,051
OTHER FINANCING SOURCES (USES)				
Transfers in	574,503	574,503	303,748	(270,755)
Transfers out	(324,127)	(324,127)	(324,127)	-
<i>Total Other Financing Sources (Uses)</i>	<u>250,376</u>	<u>250,376</u>	<u>(20,379)</u>	<u>(270,755)</u>
NET CHANGE IN FUND BALANCE	(1,049,618)	(1,152,448)	92,848	1,245,296
FUND BALANCE, beginning of year	<u>1,049,618</u>	<u>1,152,448</u>	<u>1,152,448</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>1,245,296</u>	<u>\$ 1,245,296</u>
Interfund payable			(31,151) *	
FUND BALANCE, end of year			<u>\$ 1,214,145</u>	

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

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

	<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)	0.0227%	0.0217%	0.0241%	0.0297%	0.0283%	0.0283%
City's proportionate share of the net pension liability (asset)	\$ 3,436,586	\$ 2,920,774	\$ 3,616,700	\$ 1,704,596	\$ (641,190)	\$ 673,613
City's covered-employee payroll	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-employee payroll	138.5%	120.9%	163.3%	81.5%	-20.6%	22.5%
Plan fiduciary net position as a percentage of the total pension liability	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 SIX FISCAL YEARS¹**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 359,097	\$ 335,067	\$ 247,778	\$ 231,899	\$ 733,439	\$ 764,158
Contributions in relation to the contractually required contribution	<u>(359,097)</u>	<u>(335,067)</u>	<u>(247,778)</u>	<u>(231,899)</u>	<u>(733,439)</u>	<u>(764,158)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,663,677	\$ 2,481,820	\$ 2,416,383	\$ 2,214,870	\$ 2,091,115	\$ 3,109,461
Contributions as a percentage of covered-employee payroll	13.48%	13.50%	10.25%	10.47%	35.07%	24.58%

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 TWO FISCAL YEARS¹**

	<u>2019</u>	<u>2018</u>
Service cost	\$ 14,729	\$ 15,715
Interest on total OPEB liability	8,545	7,151
Effect of changes to benefit terms	-	-
Effect of economic/demographic gains or (losses)	(5,215)	-
Effect of assumption change or inputs	(22,678)	(14,889)
Benefit payments	(21,961)	(16,580)
	<hr/>	<hr/>
Net change in total OPEB liability	(26,580)	(8,603)
Net OPEB liability, beginning	234,837	243,440
	<hr/>	<hr/>
Net OPEB liability, ending	\$ 208,257	\$ 234,837
	<hr/> <hr/>	<hr/> <hr/>
Covered payroll	\$ 2,663,677	\$ 2,481,820
Total OPEB liability as a % of covered payroll	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 THREE FISCAL YEARS¹**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.0237%	0.0236%	0.0234%
City's proportionate share of the net OPEB liability (asset)	\$ (26,496)	\$ (9,861)	\$ 6,354
City's covered-employee payroll	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-employee payroll	-1.1%	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total pension liability	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 THREE FISCAL YEARS¹

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

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

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 two supplemental budgets during the year-ended June 30, 2019. 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, and 2016 experience study for the System, which were published on September 18, 2013, September 23, 2015, and July 26, 2017. These reports can be found at: <http://www.oregon.gov/PERS/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Other Postemployment Benefits

The tables on pages 62-63 present the activities, changes in the proportionate share and contributions related to the City's postemployment health insurance benefit plans (implicit rate subsidy and retirees 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:

Traffic Development Fund

The Traffic Development fund tracks revenues of the Transportation Development Tax (TDT) and the Traffic Impact Fee (TIF) programs. These programs were initiated throughout all of Washington County to charge new growth and development for the impact to arterial and collector designated streets. The funds can only be spent on arterial and collector streets that must be designated by the Washington County Coordinating Committee and adopted by the Washington County Commission. These funds are transferred to, and expended by, the Street and Pathway Fund for capital projects.

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, 2019

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total</u>
	<u>Traffic Development</u>	<u>Parks SDC</u>	<u>Bancroft Bond Assessment</u>	
ASSETS				
Cash and investments	\$ 787,143	\$ 843,000	\$ 319,797	\$ 1,949,940
Accounts receivable, net	-	-	242,486	242,486
Due from other funds	-	-	109,647	109,647
<i>Total Assets</i>	<u>\$ 787,143</u>	<u>\$ 843,000</u>	<u>\$ 671,930</u>	<u>\$ 2,302,073</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 5	\$ -	\$ -	\$ 5
Deferred Inflows:				
Unavailable revenue	-	-	242,486	242,486
Fund Balance:				
Restricted for:				
Highways and streets	787,138	-	-	787,138
Debt service	-	-	429,444	429,444
Capital outlay	-	843,000	-	843,000
<i>Total Fund Balance</i>	<u>787,138</u>	<u>843,000</u>	<u>429,444</u>	<u>2,059,582</u>
<i>Total Liabilities, Deferred Inflows and Fund Balance</i>	<u>\$ 787,143</u>	<u>\$ 843,000</u>	<u>\$ 671,930</u>	<u>\$ 2,302,073</u>

CITY OF CORNELIUS, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR FUNDS
YEAR ENDED JUNE 30, 2019

	<i>Special Revenue</i>		<i>Debt Service</i>	<i>Total</i>
	<i>Traffic Development</i>	<i>Parks SDC</i>	<i>Bancroft Bond Assessment</i>	
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 75,257	\$ 75,257
Licenses, permits and fees	774,189	616,967	-	1,391,156
Interest revenue	10,420	12,694	22,702	45,816
<i>Total Revenues</i>	784,609	629,661	97,959	1,512,229
EXPENDITURES				
Debt service				
Principal	-	-	256,000	256,000
Interest	-	-	26,561	26,561
<i>Total Expenditures</i>	-	-	282,561	282,561
REVENUES OVER (UNDER) EXPENDITURES	784,609	629,661	(184,602)	1,229,668
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	(263,932)	(18,894)	-	(282,826)
<i>Total Other Financing Sources and Uses</i>	(263,932)	(18,894)	100,000	(182,826)
NET CHANGE IN FUND BALANCE	520,677	610,767	(84,602)	1,046,842
FUND BALANCE, beginning of year	266,461	232,233	514,046	1,012,740
FUND BALANCE, end of year	\$ 787,138	\$ 843,000	\$ 429,444	\$ 2,059,582

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
- Library Capital Project Fund

Nonmajor Governmental Budgetary Comparison schedules included the following

- Special Revenue Funds
 - Traffic Development Fund
 - Parks SDC Fund
- Debt Service Funds
 - Bancroft Bond Assessment Fund

CITY OF CORNELIUS, OREGON
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	<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	\$ 3,230	\$ 3,364
Materials and services	5,300	15,800	16,859	(1,059)
<i>Subtotal</i>	11,894	22,394	20,089	2,305
<i>Community development</i>				
Personnel services	268,972	274,184	264,099	10,085
Materials and services	753,657	828,167	468,340	359,827
<i>Subtotal</i>	1,022,629	1,102,351	732,439	369,912
<i>Engineering</i>				
Personnel services	327,159	327,159	290,534	36,625
Materials and services	17,145	29,645	14,013	15,632
<i>Subtotal</i>	344,304	356,804	304,547	52,257
<i>Public safety</i>				
Police operations				
Personnel services	55,769	56,744	54,237	2,507
Materials and services	2,510,793	2,510,793	2,494,606	16,187
<i>Subtotal</i>	2,566,562	2,567,537	2,548,843	18,694
Municipal court				
Materials and services	7,500	7,500	845	6,655
Fire				
Personnel services	614,258	688,418	658,026	30,392
Materials and services	299,092	302,021	270,905	31,116
Capital outlay	-	64,450	50,281	14,169
<i>Subtotal</i>	913,350	1,054,889	979,212	75,677
Fire levy				
Personnel services	349,897	381,815	369,632	12,183
<i>Total Public safety</i>	3,837,309	4,011,741	3,898,532	113,209

CITY OF CORNELIUS, OREGON**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND (Continued)**

YEAR ENDED JUNE 30, 2019

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>Public services</i>				
Parks				
Personnel services	\$ 194,531	\$ 197,295	\$ 106,795	\$ 90,500
Materials and services	108,150	108,150	98,218	9,932
Capital outlay	177,000	215,160	22,571	192,589
<i>Subtotal</i>	479,681	520,605	227,584	293,021
Library				
Personnel services	567,255	683,671	591,565	92,106
Materials and services	67,320	122,214	130,468	(8,254)
<i>Subtotal</i>	634,575	805,885	722,033	83,852
<i>Total Public services</i>	1,114,256	1,326,490	949,617	376,873
<i>Non-departmental</i>				
Materials and services	19,100	19,100	14,168	4,932
<i>Debt service</i>				
Principal	44,165	44,165	44,162	3
Interest	9,737	9,737	9,731	6
<i>Subtotal</i>	53,902	53,902	53,893	9
<i>Total Expenditures</i>	\$ 6,403,394	\$ 6,892,782	\$ 5,973,285	\$ 919,497

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - LIBRARY CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Grants	\$ -	\$ 130,000	\$ 136,748	\$ 6,748
Interest revenue	2,500	2,500	2,718	218
Miscellaneous	-	120,000	114,836	(5,164)
<i>Total Revenues</i>	<u>2,500</u>	<u>252,500</u>	<u>254,302</u>	<u>1,802</u>
EXPENDITURES				
Library				
Materials and services	2,500	2,500	576	1,924
Capital outlay	4,450,000	4,146,845	3,740,217	406,628
<i>Total Library</i>	<u>4,452,500</u>	<u>4,149,345</u>	<u>3,740,793</u>	<u>408,552</u>
REVENUES OVER (UNDER) EXPENDITURES	(4,450,000)	(3,896,845)	(3,486,491)	410,354
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	225,000	180,750	(44,250)
Proceeds from issuance of debt	1,000,000	1,000,000	633,896	(366,104)
<i>Total Other Financing Sources (Uses)</i>	<u>1,225,000</u>	<u>1,225,000</u>	<u>814,646</u>	<u>(410,354)</u>
NET CHANGE IN FUND BALANCE	(3,225,000)	(2,671,845)	(2,671,845)	-
FUND BALANCE, beginning of year	<u>3,225,000</u>	<u>2,671,845</u>	<u>2,671,845</u>	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - TRAFFIC DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 2,409,241	\$ 2,409,241	\$ 774,189	\$(1,635,052)
Interest revenue	1,000	1,000	10,420	9,420
<i>Total Revenues</i>	2,410,241	2,410,241	784,609	(1,625,632)
EXPENDITURES				
Contingency	2,208,953	2,142,014	-	2,142,014
REVENUES OVER (UNDER) EXPENDITURES	201,288	268,227	784,609	516,382
OTHER FINANCING SOURCES (USES)				
Transfers out	(450,000)	(534,688)	(263,932)	270,756
NET CHANGE IN FUND BALANCE	(248,712)	(266,461)	520,677	787,138
FUND BALANCE, beginning of year	248,712	266,461	266,461	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 787,138	\$ 787,138

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - PARKS SDC FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 1,395,992	\$ 1,395,992	\$ 616,967	\$ (779,025)
Interest revenue	1,000	1,000	12,694	11,694
<i>Total Revenues</i>	1,396,992	1,396,992	629,661	(767,331)
EXPENDITURES				
Contingency	1,434,844	1,471,225	-	1,471,225
REVENUES OVER (UNDER) EXPENDITURES	(37,852)	(74,233)	629,661	703,894
OTHER FINANCING SOURCES (USES)				
Transfers out	(158,000)	(158,000)	(18,894)	139,106
NET CHANGE IN FUND BALANCE	(195,852)	(232,233)	610,767	843,000
FUND BALANCE, beginning of year	195,852	232,233	232,233	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 843,000	\$ 843,000

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - BANCROFT BOND ASSESSMENT FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Assessments	\$ 121,798	\$ 121,798	\$ 111,806	\$ (9,992)
Interest revenue	21,000	21,000	22,702	1,702
<i>Total Revenues</i>	142,798	142,798	134,508	(8,290)
EXPENDITURES				
Debt service				
Principal	256,000	256,000	256,000	-
Interest	27,188	27,188	26,561	627
<i>Total Expenditures</i>	283,188	283,188	282,561	627
REVENUES OVER (UNDER) EXPENDITURES	(140,390)	(140,390)	(148,053)	(7,663)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	(40,390)	(40,390)	(48,053)	(7,663)
FUND BALANCE, beginning of year	373,738	367,850	367,850	-
FUND BALANCE, end of year	\$ 333,348	\$ 327,460	319,797	\$ (7,663)
Interfund receivable			109,647 *	
FUND BALANCE, end of year (GAAP basis)			\$ 429,444	

*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 Fund - Water

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

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

CITY OF CORNELIUS, OREGON

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

YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Fixed Asset - Water</u>	<u>Interfund Transfers Elimination</u>	<u>Total Water Operations</u>
REVENUES				
Charges for services	\$ 2,598,975	\$ -	\$ -	\$ 2,598,975
Sales, permits and fees	1,250,004	392,282	-	1,642,286
Interest revenue	119,310	20,846	-	140,156
Miscellaneous revenue	253,271	-	-	253,271
<i>Total Revenues</i>	<u>4,221,560</u>	<u>413,128</u>	<u>4,634,688</u>	<u>9,269,376</u>
EXPENDITURES				
Personnel services	96,168	-	-	96,168
Materials and services	1,798,245	-	-	1,798,245
Capital outlay	1,123,299	-	-	1,123,299
<i>Total Expenses</i>	<u>3,017,712</u>	<u>-</u>	<u>-</u>	<u>3,017,712</u>
REVENUES OVER (UNDER) EXPENDITURES	1,203,848	413,128	4,634,688	6,251,664
OTHER FINANCING SOURCES				
Transfers in	354,967	-	(85,000)	269,967
Transfers out	(741,920)	(85,000)	85,000	(741,920)
Proceeds from issuance of debt	24,250	-	-	24,250
<i>Total Other Financing Sources (Uses)</i>	<u>(362,703)</u>	<u>(85,000)</u>	<u>-</u>	<u>(471,953)</u>
NET CHANGE IN FUND BALANCE	841,145	328,128	1,169,273	1,169,273
FUND BALANCE, beginning of year	<u>4,442,199</u>	<u>735,689</u>	<u>5,215,888</u>	<u>5,177,888</u>
FUND BALANCE, end of year	<u>\$ 5,283,344</u>	<u>\$ 1,063,817</u>	<u>6,347,161</u>	<u>6,347,161</u>

RECONCILIATION TO NET POSITION - GAAP BASIS

Inventories	68,930
Capital assets, net	7,702,057
OPEB asset	615
Deferred outflows related to pensions	32,315
Deferred outflows related to OPEB	622
Noncurrent portion of long-term debt	(2,028,208)
Interest on long-term debt	(72,832)
Deferred inflows related to pensions	(11,174)
Deferred inflows related to OPEB	(992)
OPEB liability	(4,878)
Net pension liability	(79,285)

NET POSITION

\$ 11,954,331

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 2,634,650	\$ 2,634,650	\$ 2,598,975	\$ (35,675)
Licenses, permits and fees	1,669,506	1,669,506	1,250,004	(419,502)
Interest revenue	20,000	20,000	119,310	99,310
Miscellaneous revenue	-	-	253,271	253,271
<i>Total Revenues</i>	4,324,156	4,324,156	4,221,560	(102,596)
EXPENDITURES				
Water				
Personnel services	97,502	99,533	96,168	3,365
Materials and services	2,865,691	2,954,591	1,798,245	1,156,346
Capital outlay	3,125,000	3,492,000	1,123,299	2,368,701
<i>Total Water</i>	6,088,193	6,546,124	3,017,712	3,528,412
Contingency	1,607,771	2,033,279	-	2,033,279
<i>Total Expenditures</i>	7,695,964	8,579,403	3,017,712	5,561,691
REVENUES OVER (UNDER) EXPENDITURES	(3,371,808)	(4,255,247)	1,203,848	5,459,095
OTHER FINANCING SOURCES (USES)				
Transfers in	335,000	454,968	354,967	(100,001)
Transfers out	(741,920)	(741,920)	(741,920)	-
Proceeds from issuance of debt	100,000	100,000	24,250	(75,750)
<i>Total Other Financing Sources (Uses)</i>	(306,920)	(186,952)	(362,703)	(175,751)
NET CHANGE IN FUND BALANCE	(3,678,728)	(4,442,199)	841,145	5,283,344
FUND BALANCE, beginning of year	3,678,728	4,442,199	4,442,199	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,283,344	\$ 5,283,344

CITY OF CORNELIUS, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND
ACTUAL - FIXED ASSET FUND - WATER
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 1,027,354	\$ 1,027,354	\$ 392,282	\$ (635,072)
Interest revenue	5,000	5,000	20,846	15,846
<i>Total Revenues</i>	1,032,354	1,032,354	413,128	(619,226)
EXPENDITURES				
Contingency	1,575,819	1,583,043	-	1,583,043
OTHER FINANCING SOURCES (USES)				
Transfers out	(185,000)	(185,000)	(85,000)	100,000
NET CHANGE IN FUND BALANCE	(728,465)	(735,689)	328,128	1,063,817
FUND BALANCE, beginning of year	728,465	735,689	735,689	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,063,817	\$ 1,063,817

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SANITARY SEWER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2019**

	<u>Sanitary Sewer</u>	<u>Fixed Asset - Sanitary Sewer</u>	<u>Total Sanitary Sewer Operations</u>
REVENUES			
Charges for services	\$ 2,503,421	\$ -	\$ 2,503,421
Sales, permits and fees	856,331	53,157	909,488
Intergovernmental	263,500	-	263,500
Interest revenue	18,966	29,393	48,359
Miscellaneous revenue	2,693	-	2,693
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	3,644,911	82,550	3,727,461
EXPENDITURES			
Personnel services	194,452	-	194,452
Materials and services	2,740,766	-	2,740,766
Capital outlay	263,500	-	263,500
	<hr/>	<hr/>	<hr/>
<i>Total Expenses</i>	3,198,718	-	3,198,718
	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES	446,193	82,550	528,743
OTHER FINANCING SOURCES			
Transfers in	46,366	-	46,366
Transfers out	(444,465)	(35,280)	(479,745)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(398,099)	(35,280)	(433,379)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	48,094	47,270	95,364
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	830,738	1,229,768	2,060,506
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 878,832	\$ 1,277,038	2,155,870
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Inventories			2,405
OPEB Asset			1,091
Capital assets, net			1,017,502
Deferred outflows related to pensions			66,358
Deferred outflows related to OPEB			692
Deferred inflows related to pensions			(22,945)
Deferred outflows related to OPEB			(1,733)
Net pension liability			(162,808)
OPEB liability			(5,960)
			<hr/>
NET POSITION			\$ 3,050,472
			<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, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 2,426,400	\$ 2,426,400	\$ 2,503,421	\$ 77,021
Licenses, permits and fees	1,755,300	1,755,300	856,331	(898,969)
Intergovernmental	934,778	3,455,646	263,500	(3,192,146)
Interest revenue	5,000	5,000	18,966	13,966
Miscellaneous	-	-	2,693	2,693
<i>Total Revenues</i>	5,121,478	7,642,346	3,644,911	(3,997,435)
EXPENDITURES				
Sanitary Sewer				
Personnel services	211,048	214,149	194,452	19,697
Materials and services	3,676,198	3,690,098	2,740,766	949,332
Capital outlay	1,182,778	3,703,646	263,500	3,440,146
<i>Total Sanitary Sewer</i>	5,070,024	7,607,893	3,198,718	4,409,175
Contingency	476,299	467,092	-	467,092
<i>Total Expenditures</i>	5,546,323	8,074,985	3,198,718	4,876,267
REVENUES OVER (UNDER) EXPENDITURES	(424,845)	(432,639)	446,193	878,832
OTHER FINANCING SOURCES (USES)				
Transfers in	46,366	46,366	46,366	-
Transfers out	(444,465)	(444,465)	(444,465)	-
<i>Total Other Financing Sources (Uses)</i>	(398,099)	(398,099)	(398,099)	-
NET CHANGE IN FUND BALANCE	(822,944)	(830,738)	48,094	878,832
FUND BALANCE, beginning of year	822,944	830,738	830,738	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 878,832	\$ 878,832

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - FIXED ASSET FUND - SANITARY SEWER
YEAR ENDED JUNE 30, 2019**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$ 93,272	\$ 93,272	\$ 53,157	\$ (40,115)
Interest revenue	8,000	8,000	29,393	21,393
<i>Total Revenues</i>	101,272	101,272	82,550	(18,722)
EXPENDITURES				
Contingency	1,324,578	1,295,760	-	1,295,760
REVENUES OVER (UNDER) EXPENDITURES				
	(1,223,306)	(1,194,488)	82,550	1,277,038
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(35,280)	(35,280)	-
NET CHANGE IN FUND BALANCE	(1,223,306)	(1,229,768)	47,270	1,277,038
FUND BALANCE, beginning of year	1,223,306	1,229,768	1,229,768	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,277,038	\$ 1,277,038

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SURFACE WATER
MANAGEMENT OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2019**

	<u>Surface Water Management</u>	<u>Fixed Asset - Surface Water Management</u>	<u>Total Surface Water Operations</u>
REVENUES			
Charges for services	\$ 1,010,731	\$ -	\$ 1,010,731
Sales, permits and fees	-	210,228	210,228
Interest revenue	14,832	4,119	18,951
Miscellaneous revenue	2,595	-	2,595
<i>Total Revenues</i>	<u>1,028,158</u>	<u>214,347</u>	<u>1,242,505</u>
EXPENDITURES			
Personnel services	198,378	-	198,378
Materials and services	262,221	-	262,221
Capital outlay	3,819	-	3,819
Debt service			
Principal	-	2,596	2,596
Interest	-	414	414
<i>Total Expenses</i>	<u>464,418</u>	<u>3,010</u>	<u>467,428</u>
REVENUES OVER (UNDER) EXPENDITURES	563,740	211,337	775,077
OTHER FINANCING SOURCES			
Transfers in	53,566	-	53,566
Transfers out	(447,332)	-	(447,332)
<i>Total Other Financing Sources (Uses)</i>	<u>(393,766)</u>	<u>-</u>	<u>(393,766)</u>
NET CHANGE IN FUND BALANCE	169,974	211,337	381,311
FUND BALANCE, beginning of year	<u>617,421</u>	<u>80,171</u>	<u>697,592</u>
FUND BALANCE, end of year	<u>\$ 787,395</u>	<u>\$ 291,508</u>	<u>1,078,903</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Inventories			754
OPEB asset			1,201
Deferred outflows related to pensions			62,203
Deferred outflows related to OPEB			1,259
Capital assets, net			1,714,324
Due to other funds			(7,785)
Deferred inflows related to pensions			(21,509)
Deferred inflows related to OPEB			(1,942)
Net pension liability			(152,613)
OPEB liability			(9,829)
NET POSITION			<u>\$ 2,664,966</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, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,001,820	\$ 1,001,820	\$ 1,010,731	\$ 8,911
Miscellaneous	-	-	2,595	2,595
Interest revenue	5,000	5,000	14,832	9,832
<i>Total Revenues</i>	<u>1,006,820</u>	<u>1,006,820</u>	<u>1,028,158</u>	<u>21,338</u>
EXPENDITURES				
Surface Water Management				
Personnel services	199,861	203,739	198,378	5,361
Materials and services	290,766	304,666	262,221	42,445
Capital outlay	54,000	54,000	3,819	50,181
<i>Total Surface Water Management</i>	<u>544,627</u>	<u>562,405</u>	<u>464,418</u>	<u>97,987</u>
Contingency	486,942	668,070	-	668,070
<i>Total Expenditures</i>	<u>1,031,569</u>	<u>1,230,475</u>	<u>464,418</u>	<u>766,057</u>
REVENUES OVER (UNDER) EXPENDITURES	(24,749)	(223,655)	563,740	787,395
OTHER FINANCING SOURCES (USES)				
Transfers in	53,566	53,566	53,566	-
Transfers out	(447,332)	(447,332)	(447,332)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(393,766)</u>	<u>(393,766)</u>	<u>(393,766)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(418,515)	(617,421)	169,974	787,395
FUND BALANCE, beginning of year	<u>418,515</u>	<u>617,421</u>	<u>617,421</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 787,395</u>	<u>\$ 787,395</u>

CITY OF CORNELIUS, OREGON**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - FIXED ASSET FUND - SURFACE WATER MANAGEMENT
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses, permits and fees	\$ 362,066	\$ 362,066	\$ 210,228	\$ (151,838)
Interest revenue	200	200	4,119	3,919
<i>Total Revenues</i>	362,266	362,266	214,347	(147,919)
EXPENDITURES				
Debt service				
Principal	2,600	2,600	2,596	4
Interest	550	550	414	136
Contingency	424,888	439,287	-	439,287
<i>Total Expenditures</i>	428,038	442,437	3,010	439,427
NET CHANGE IN FUND BALANCE	(65,772)	(80,171)	211,337	291,508
FUND BALANCE, beginning of year	65,772	80,171	80,171	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 291,508	\$ 291,508

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, 2019**

	<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	\$ 9,945	\$ (3,555)
Intergovernmental	27,797	42,647	50,085	7,438
Interest revenue	2,000	2,000	14,596	12,596
Miscellaneous revenue	22,500	22,500	35,724	13,224
<i>Total Revenues</i>	65,797	80,647	110,350	29,703
EXPENDITURES				
Support Services				
Administration	1,155,448	1,167,829	1,075,815	92,014
Public works - support	234,814	240,255	232,629	7,626
IT	71,000	71,000	45,897	25,103
Facilities	700,962	812,345	450,627	361,718
<i>Total Support Services</i>	2,162,224	2,291,429	1,804,968	486,461
Materials and services - non-departmental	2,700	8,700	1,024	7,676
Contingency	185,173	242,587	-	242,587
<i>Total Expenditures</i>	2,350,097	2,542,716	1,805,992	736,724
REVENUES OVER (UNDER) EXPENDITURES	(2,284,300)	(2,462,069)	(1,695,642)	766,427
OTHER FINANCING SOURCES (USES)				
Transfers in	2,012,223	2,012,223	2,012,223	-
NET CHANGE IN FUND BALANCE	(272,077)	(449,846)	316,581	766,427
FUND BALANCE, beginning of year	272,077	449,846	449,846	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 766,427	\$ 766,427

CITY OF CORNELIUS, OREGON

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2019**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>Support Services</i>				
Administration	\$ 1,155,448	\$ 1,167,829	\$ 1,075,815	\$ 92,014
Public works - support	234,814	240,255	232,629	7,626
IT	71,000	71,000	45,897	25,103
Facilities	700,962	812,345	450,627	361,718
<i>Total Support Services</i>	2,162,224	2,291,429	1,804,968	486,461
Materials and services - non-departmental	2,700	8,700	1,024	7,676
<i>Total Expenditures</i>	<u>\$ 2,164,924</u>	<u>\$ 2,300,129</u>	<u>\$ 1,805,992</u>	<u>\$ 494,137</u>

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.	85
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	90
<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.	97
<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.	102
<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.	105
<i>Comparative Information</i> These schedules contain comparisons of financial trends and debt capacity to help the reader understand how the city's performance has changed from the last fiscal year.	103

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)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 27,452,709	\$ 27,970,024	\$ 27,836,634	\$ 29,024,906	\$ 32,475,589	\$ 34,559,585	\$ 34,766,088	\$ 34,694,739	\$ 36,732,532	\$ 40,949,025
Restricted		2,609,627	2,691,592	2,731,403	1,757,252	3,472,102	4,107,126	4,745,290	4,795,499	3,273,727
Unrestricted	4,605,603	2,136,533	2,162,276	1,650,725	1,749,887	1,315,791	385,034	345,556	106,272	127,900
Total governmental activities net position	\$ 32,058,312	\$ 32,716,184	\$ 32,690,502	\$ 33,407,034	\$ 35,982,728	\$ 39,347,478	\$ 39,258,248	\$ 39,785,585	\$ 41,634,303	\$ 44,350,652
Business-type activities										
Net investment in capital assets	\$ 4,742,934	\$ 4,797,470	\$ 4,704,811	\$ 5,642,372	\$ 5,596,357	\$ 5,301,626	\$ 6,283,538	\$ 7,336,978	\$ 7,596,120	\$ 8,396,847
Restricted*						2,097,139	2,042,263	2,074,586	2,045,615	2,632,356
Unrestricted*	4,554,334	5,134,146	5,995,997	5,999,698	6,484,232	4,449,941	4,966,457	5,017,001	5,912,476	6,980,795
Total business-type activities net position	\$ 9,297,268	\$ 9,931,616	\$ 10,700,808	\$ 11,642,070	\$ 12,080,589	\$ 11,848,706	\$ 13,292,258	\$ 14,428,565	\$ 15,554,211	\$ 18,009,998
Primary government										
Net investment in capital assets	\$ 32,195,643	\$ 32,767,494	\$ 32,541,445	\$ 34,667,278	\$ 38,071,946	\$ 39,861,211	\$ 41,049,626	\$ 42,031,717	\$ 44,328,652	\$ 49,345,872
Restricted		2,609,627	2,691,592	2,731,403	1,757,252	5,569,241	6,149,389	6,819,876	6,841,114	5,906,083
Unrestricted	9,159,937	7,270,679	8,158,273	7,650,423	8,234,119	5,765,732	5,351,491	5,362,557	6,018,748	7,108,695
Total primary government net position	\$ 41,355,580	\$ 42,647,800	\$ 43,391,310	\$ 45,049,104	\$ 48,063,317	\$ 51,196,184	\$ 52,550,506	\$ 54,214,150	\$ 57,188,514	\$ 62,360,650

Note: *Business Type Activities was reclassified from prior years

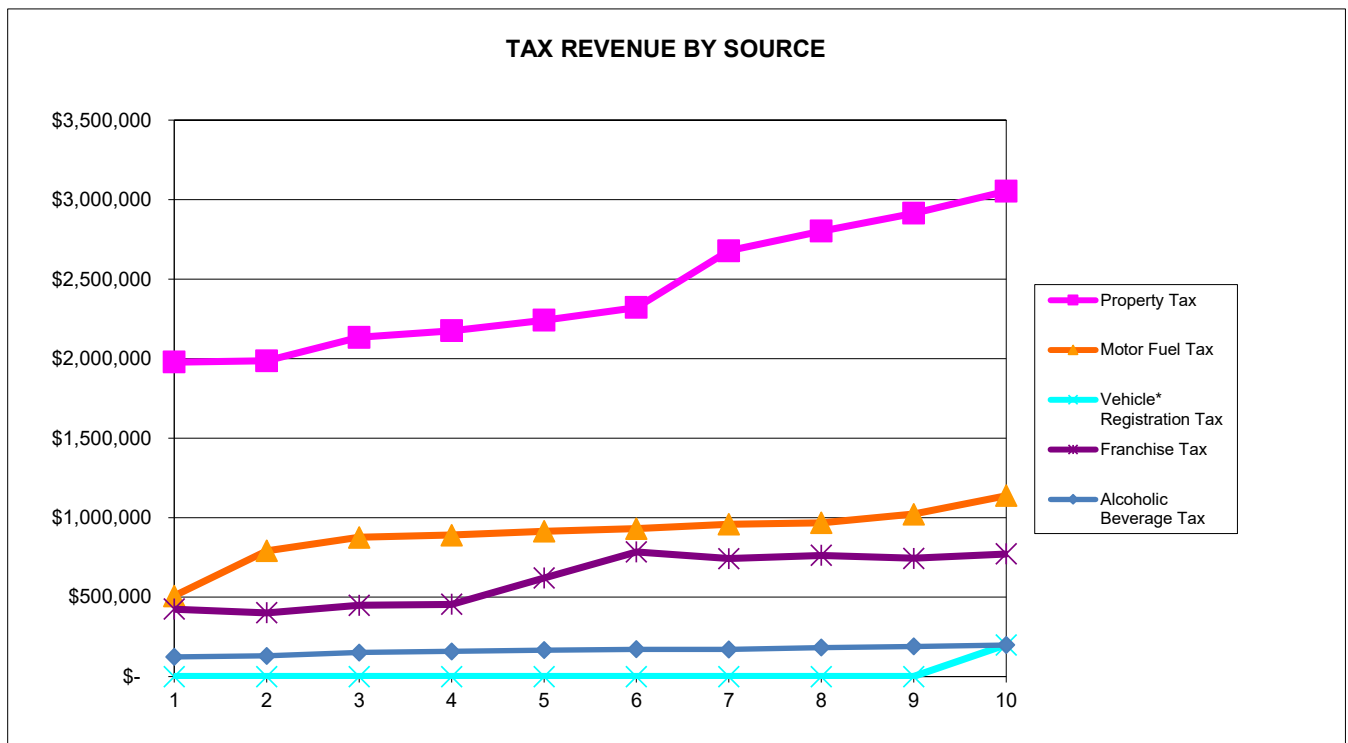
CITY OF CORNELIUS, OREGON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Expenses	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 1,486,245	\$ 1,698,129	\$ 1,253,580	\$ 1,085,808	\$ 1,294,587	\$ 802,705	\$ 1,619,638	\$ 1,693,384	\$ 1,156,314	\$ 1,634,729
Public safety	3,227,903	3,149,388	3,190,923	3,330,799	3,072,017	3,027,540	4,145,025	3,736,012	3,879,121	3,990,024
Highways and streets	755,969	833,645	793,239	838,550	804,279	929,062	1,064,969	1,070,906	1,121,774	1,489,598
Culture and recreation	575,709	556,916	538,471	582,711	568,848	755,104	855,833	714,733	950,082	983,770
Interest on long-term debt	215,714	224,584	213,820	146,709	68,987	67,031	62,141	66,422	23,750	34,721
Total governmental activities expenses	6,261,540	6,462,662	5,990,033	5,984,577	5,808,718	5,581,442	7,747,606	7,281,457	7,131,041	8,132,842
Business-type activities:										
Water	1,635,493	1,475,401	1,489,088	1,660,700	1,545,986	2,067,833	1,423,348	1,457,059	1,893,797	2,752,516
Sewer	1,586,161	1,525,503	1,787,339	1,834,057	2,131,554	2,235,607	2,296,952	2,200,744	2,476,676	3,362,073
Storm Drain	197,189	339,250	417,978	496,244	443,081	604,990	733,401	724,646	821,348	845,612
Total business-type activities expenses	3,418,843	3,340,154	3,694,405	3,991,001	4,120,621	4,908,430	4,453,701	4,382,449	5,191,821	6,960,201
Total primary government expenses	\$ 9,680,383	\$ 9,802,816	\$ 9,684,438	\$ 9,975,578	\$ 9,929,339	\$ 10,489,872	\$ 12,201,307	\$ 11,663,906	\$ 12,322,862	\$ 15,093,043
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,005,926	\$ 608,701	\$ 985,945	\$ 602,358	\$ 319,308	\$ 929,300	\$ 781,537	\$ 1,017,062	\$ 1,039,607	\$ 1,680,490
Culture and recreation	67,536	4,471	17,032	19,895	21,477	17,884	36,286	11,838	7,751	6,858
Public Safety	-	1,043,270	353,123	358,088	317,646	94,510	76,367	74,410	283,807	263,428
Highways and Streets	64,359	-	53,952	323,104	190,412	200,566	211,149	1,560	1,560	1,560
Interest in Long Term Debt	392,641	324,008	227,923	-	-	-	-	-	-	-
Operating grants and contributions	187,818	151,836	381,040	607,911	473,660	600,934	268,672	274,051	248,841	348,426
Capital grants and contributions	-	536,236	10,250	409,892	2,245,014	2,870,808	716,391	699,500	1,418,652	1,695,899
Total governmental activities program revenue	1,718,280	2,668,522	2,029,265	2,321,248	3,567,517	4,714,002	2,090,402	2,078,421	3,000,218	3,996,661
Business-type activities:										
Charges for services:										
Water	2,140,353	1,745,223	1,839,279	1,829,847	2,031,432	2,319,854	2,467,815	2,635,554	2,709,059	3,848,979
Sewer	2,045,692	1,932,505	2,045,571	2,056,322	2,139,016	2,286,762	2,308,193	2,325,145	2,446,662	3,623,252
Storm Drain	590,566	677,397	743,836	788,361	821,226	904,457	913,831	961,531	966,323	1,010,731
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	74,895	7,479	79,056	655,667
Total business-type activities program revenue	4,776,611	4,355,125	4,628,686	4,674,530	4,991,674	5,511,073	5,764,734	5,929,709	6,201,100	9,138,629
Total primary government program revenues	\$ 6,494,891	\$ 7,023,647	\$ 6,657,951	\$ 6,995,778	\$ 8,559,191	\$ 10,225,075	\$ 7,855,136	\$ 8,008,130	\$ 9,201,318	\$ 13,135,290
Net (expense)/revenue										
Governmental activities	\$ (4,543,260)	\$ (3,794,140)	\$ (3,960,768)	\$ (3,663,329)	\$ (2,241,201)	\$ (867,440)	\$ (5,657,204)	\$ (5,203,036)	\$ (4,130,823)	\$ (4,136,181)
Business-type activities	1,357,768	1,014,971	934,281	683,529	871,053	602,643	1,311,033	1,547,260	1,009,279	2,178,428
Total primary government net expense	\$ (3,185,492)	\$ (2,779,169)	\$ (3,026,487)	\$ (2,979,800)	\$ (1,370,148)	\$ (264,797)	\$ (4,346,171)	\$ (3,655,776)	\$ (3,121,544)	\$ (1,957,753)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 1,921,755	\$ 2,105,470	\$ 2,159,525	\$ 2,178,949	\$ 2,247,586	\$ 2,316,868	\$ 2,694,055	\$ 2,814,006	\$ 2,915,750	\$ 2,950,213
Public Services taxes	1,164,982	1,418,322	1,037,579	1,355,211	1,394,095	1,324,126	1,411,647	1,462,532	1,645,994	2,138,944
Franchise taxes	424,655	401,479	448,913	454,643	620,716	784,607	742,384	762,605	462,889	476,314
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Alcoholic beverage taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	22,483	17,623	19,115	19,481	17,680	18,003	39,938	76,103	114,689	143,366
Miscellaneous	912,073	123,384	74,636	66,761	73,589	130,409	160,730	120,118	273,855	182,749
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	3,640	22,278
Transfers	473,910	405,991	195,318	(171,542)	463,229	781,436	519,220	495,009	453,604	938,666
Total governmental activities	4,919,858	4,472,269	3,935,086	3,903,503	4,816,895	5,355,449	5,567,974	5,730,373	5,870,421	6,852,530
Business-type activities:										
Franchise Taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	26,340	21,989	27,544	30,388	29,089	32,013	36,439	75,407	116,759	207,467
Miscellaneous	2,201	3,379	2,685	55,803	1,606	1,987	14,703	8,649	334,901	253,545
Gain (loss) on disposal of capital assets	-	-	-	-	-	323	-	-	25,321	5,013
Loan Forgiveness	-	-	-	-	-	-	-	-	-	750,000
Transfers	(473,910)	(405,991)	(195,318)	171,542	(463,229)	(781,436)	(519,220)	(495,009)	(453,604)	(938,666)
Total business-type activities	(445,369)	(380,623)	(165,089)	257,733	(432,534)	(747,113)	(468,078)	(410,953)	23,377	277,359
Total primary government	\$ 4,474,489	\$ 4,091,646	\$ 3,769,997	\$ 4,161,236	\$ 4,384,361	\$ 4,608,336	\$ 5,099,896	\$ 5,319,420	\$ 5,893,798	\$ 7,129,889
Change in Net Position										
Governmental activities	\$ 376,598	\$ 678,129	\$ (25,682)	\$ 240,174	\$ 2,575,694	\$ 4,488,009	\$ (89,230)	\$ 527,337	\$ 1,739,598	\$ 2,716,349
Business-type activities	912,399	634,348	769,192	941,262	438,519	(144,470)	842,955	1,136,307	1,032,656	2,455,787
Total primary government	\$ 1,288,997	\$ 1,312,477	\$ 743,510	\$ 1,181,436	\$ 3,014,213	\$ 4,343,539	\$ 753,725	\$ 1,663,644	\$ 2,772,254	\$ 5,172,136

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

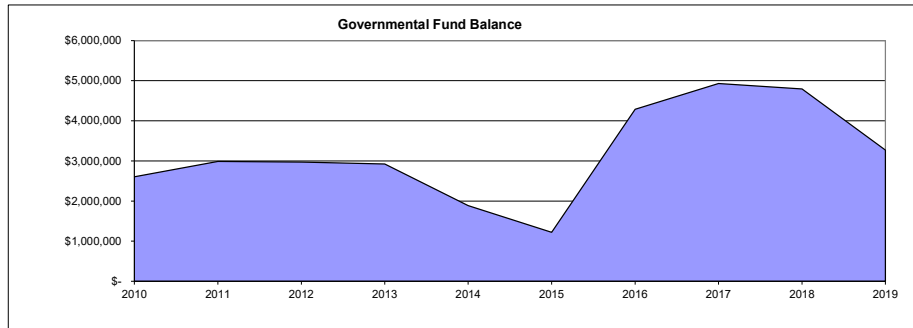
Fiscal Year	Property Tax	Motor Fuel Tax	Vehicle*		Alcoholic Beverage Tax	Total
			Registration Tax	Franchise Tax		
2010	\$ 1,978,770	\$ 507,265	\$ -	\$ 424,655	\$ 123,809	\$ 3,034,499
2011	1,986,215	791,202	-	401,479	130,070	3,308,967
2012	2,134,465	875,733	-	448,913	151,953	3,611,064
2013	2,175,620	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

*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)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Committed	\$ -	\$ 175,342	\$ 175,342	\$ -	\$ -	\$ 2,400,000	\$ -	\$ -	\$ -	\$ -
Unassigned	509,248	64,837	160,734	100,962	410,250	626,228	1,078,219	1,425,297	1,612,529	1,792,509
Total general fund	\$ 509,248	\$ 240,179	\$ 336,076	\$ 100,962	\$ 410,250	\$ 3,026,228	\$ 1,078,219	\$ 1,425,297	\$ 1,612,529	\$ 1,792,509
All other governmental funds										
Restricted	\$ 207,657									
Street & roadside maint.		\$ 2,461,262	\$ 2,590,942	\$ 2,569,858	\$ 1,466,496	\$ 701,379	\$ 833,342	\$ 923,926	\$ 1,377,375	\$ 2,001,283
911 operations system		404	406	408	410	-	-	-	-	-
Library Capital Projects							2,885,668	3,431,630	2,671,845	-
Debt Service payments		147,961	100,244	161,137	290,346	370,723	388,116	389,734	514,046	429,444
Parks Capital Projects		190,530	194,647	190,313	126,703	145,216	182,378	184,303	232,233	843,000
Assigned										
Building and Engineering		189,774	74,763	5,599	1,536	1,131	1,137	1,149	-	-
Unassigned, reported in:										
Special revenue funds	2,282,165	-	-	-	-	-	-	-	-	-
Debt Service Funds	105,256									
Capital project funds	10,298	-	10,383	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,605,376	\$ 2,989,931	\$ 2,971,385	\$ 2,927,315	\$ 1,885,491	\$ 1,218,449	\$ 4,290,641	\$ 4,930,742	\$ 4,795,499	\$ 3,273,727
Total all funds	\$ 3,114,624	\$ 3,230,110	\$ 3,307,461	\$ 3,028,277	\$ 2,295,741	\$ 4,244,677	\$ 5,368,860	\$ 6,356,039	\$ 6,408,028	\$ 5,066,236



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes and assessments	\$ 2,371,412	\$ 2,368,257	\$ 2,362,388	\$ 2,626,269	\$ 2,459,670	\$ 2,564,839	\$ 2,847,947	\$ 2,962,564	\$ 3,013,524	\$ 3,128,666
Licenses and permits, fees	1,256,659	1,723,693	1,012,186	987,465	779,848	1,110,616	998,077	987,622	1,050,261	2,997,784
Intergovernmental	1,156,373	1,409,366	1,370,604	1,347,767	1,387,611	1,317,993	1,403,241	1,455,098	1,612,614	2,099,265
Franchise Fees	424,655	401,479	448,913	454,643	620,716	784,607	742,384	762,605	744,266	772,235
Fines	137,448	135,731	188,977	189,020	147,253	94,510	76,367	86,248	82,127	54,286
Investment earnings	22,162	17,492	18,456	18,459	16,997	17,546	39,341	74,641	108,715	128,770
Grants	172,877	670,529	376,754	1,017,803	2,708,056	3,471,742	942,321	870,686	1,168,626	409,236
Miscellaneous	909,068	110,789	63,755	51,253	65,394	123,721	182,082	209,278	661,262	388,388
Reimbursement - other funds										
Total revenues	6,450,654	6,837,336	5,842,033	6,692,679	8,185,545	9,485,574	7,231,760	7,408,742	8,441,395	9,978,630
Expenditures										
General government	828,010	664,775	725,961	529,246	569,752	612,886	622,413	1,431,030	771,170	1,071,243
Public safety	2,790,325	2,707,289	2,801,609	2,983,161	2,844,501	3,068,602	3,337,535	3,402,258	3,742,096	3,848,252
Highways and streets	565,907	599,415	566,697	639,927	656,789	651,172	664,771	899,992	788,298	1,072,082
Culture and recreation	482,664	459,667	443,203	497,780	502,721	717,491	567,292	651,945	897,038	927,621
Capital outlay	708,045	1,538,674	208,587	943,306	4,272,603	2,349,494	438,633	213,828	2,303,188	4,007,447
Debt service										
Bond Issuance Costs				66,250	-	-	-	-	-	-
Principle	625,397	158,953	158,953	2,420,000	224,000	250,449	264,814	262,591	270,085	276,592
Interest	215,554	181,480	173,571	173,655	69,094	70,791	63,031	54,928	46,836	37,949
Total expenditures	6,215,902	6,310,253	5,078,581	8,253,325	9,139,460	7,720,885	5,958,489	6,916,572	8,818,711	11,241,186
Excess of revenues over (under) expenditures	234,752	527,083	763,452	(1,560,646)	(953,915)	1,764,689	1,273,271	492,170	(377,316)	(1,262,556)
Other financing sources (uses)										
Loan Proceeds	41,613	-	-	2,249,000	331,388	-	-	-	-	-
Transfers in	868,540	567,054	497,156	328,897	2,089,056	1,061,936	3,158,288	725,581	1,190,089	935,974
Transfers out	(1,064,316)	(958,394)	(1,183,257)	(1,188,930)	(2,199,065)	(877,689)	(3,307,376)	(230,572)	(943,534)	(1,324,972)
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	309,769
Capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(154,163)	(391,340)	(686,101)	1,388,967	221,379	184,247	(149,088)	495,009	246,555	(79,229)
Net change in fund balances	\$ 80,589	\$ 135,743	\$ 77,351	\$ (171,679)	\$ (732,536)	\$ 1,948,936	\$ 1,124,183	\$ 987,179	\$ (130,761)	\$ (1,341,785)
Capital Asset additions (from reconciliation of governmental funds)	516,452	684,112	196,823	1,435,138	3,965,938	2,370,507	464,954	213,003	2,295,347	5,128,444
Debt service as a percentage of non-capital expenditures ((Debt/Other Exp)-Capital Additions)	14.8%	6.1%	6.8%	38.0%	5.7%	6.0%	6.0%	4.7%	4.9%	5.1%

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REVENUE CAPACITY

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

Fiscal Year Ended	Real Property			Personal Property			Manufactured Homes		
	Market Value	Measure 5	Assessed Value	Market Value	Measure 5	Assessed Value	Market Value	Measure 5	Assessed Value
June 30									
2010	\$ 825,297,620	\$ 819,390,050	\$ 450,452,890	\$ 16,199,277	\$ 16,199,277	\$ 16,199,277	\$ 7,223,070	\$ 7,223,070	\$ 6,584,810
2011	771,210,340	765,244,060	469,601,850	15,206,983	15,206,983	15,206,983	7,322,030	7,322,030	6,597,530
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

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

Public Utilities			Total			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	Market Value		
\$ 16,208,464	\$ 16,208,464	\$ 15,902,970	\$ 864,928,431	\$ 859,020,861	\$ 489,139,947	56.6%	4.00	1.054
20,338,658	20,338,658	20,314,890	814,078,011	808,111,731	511,721,253	62.9%	3.98	1.046
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%	4.47	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

CITY OF CORNELIUS, OREGON
OVERLAPPING DEBT SCHEDULE
JUNE 30, 2019

Overlapping Issuer Name	Real Market Valuation	Percent Overlapping	Overlapping	
			Gross Property-tax Backed Debt	Net Property-tax Backed Debt
BANKS FIRE DISTRICT 13	\$ 837,028,633	0.04%	\$ 3,880,000	\$ 3,880,000
METRO	331,648,968,470	0.32%	836,005,000	819,020,000
NORTHWEST REGIONAL ESD	129,222,461,748	0.89%	3,299,644	-
PORT OF PORTLAND	359,418,340,514	0.32%	58,452,781	-
PORTLAND COMMUNITY COLLEGE	264,075,363,856	0.43%	678,492,900	602,297,900
TUALATIN VALLEY FIRE & RESCUE DISTRICT	99,388,943,329	0.00%	38,125,000	26,055,000
WASHINGTON COUNTY	105,200,124,063	1.09%	228,769,717	228,769,717
WASHINGTON COUNTY SD 13 (BANKS)	977,538,975	0.04%	11,370,621	11,370,621
WASHINGTON CTY SD 15 (FOREST GROVE)	4,241,341,573	18.32%	82,403,782	82,403,782
WASHINGTON CTY SD 1J (HILLSBORO 7 Bd)	24,054,568,605	1.53%	1,682,551	1,682,551
WASHINGTON CTY SD 1J (HILLSBORO)	24,109,599,877	1.53%	461,390,000	461,390,000
Totals: Overlapping Issuer Count: 9			\$ 2,403,871,996	\$ 2,236,869,571

Net Property-tax Backed Debt of Subject Issuer is:	\$ 806,000	Ratio of Net Property-tax Backed Debt to Real Market Value is:	0.07%
Net Property-tax Backed Debt of Overlapping Issuers is:	<u>29,979,763</u>	Per Capita Net Property-tax Backed Debt is:	\$ 68
Total Net Property-tax Backed Debt of Subject Issuer and Overlapping Issuers is:	\$ 30,785,763	Ratio of Total Net Property-tax Backed Debt to Real Market Value is:	2.68%
Cornelius Population	11,935	Per Capita Total Net Property-tax Backed Debt is:	\$ 2,579
Real Market Value of Subject Issuer is:	\$ 1,147,084,011	As of : 7/1/2018	
		As of : 1/1/2018	

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

Fiscal Year	City of Cornelius			County			School District Forest Grove			School District Hillsboro			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		
2010	3.9836	0.0169	4.001	2.2484	0.1456	2.3940	4.9142	3.4528	8.3670	4.9749	1.3187	6.294		21.055
2011	3.9836	0	3.984	2.2484	0.1456	2.3940	4.9142	3.3823	8.2965	4.9749	1.3573	6.332		21.006
2012	3.9836	0	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	0	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	0	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	0	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	0	3.984	2.2484	0.5900	2.8384	4.9142	2.8601	7.7743	4.9749	0.9640	5.939		20.535
2017	3.9836	0	3.984	2.2484	0.0709	2.3193	4.9142	1.6921	6.6063	4.9749	0.8856	5.861		18.770
2018	3.9836	0	3.984	2.2484	0.0700	2.3184	4.9142	1.6736	6.5878	4.9749	0.8647	5.840		18.729
2019	3.9836	0	3.984	2.2484	0.0699	2.3183	4.9142	1.617	6.5312	4.9749	1.2417	6.217		19.050

Source: Washington County Assessment and Taxation Department

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

Taxpayer	2009-2010			2010-2011			2011-2012			2012-2013			2013-2014			2014-2015			2015-2016			2016-2017*			2017-2018			2018-2019		
	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	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	\$ 3,746,300	7	0.77%	\$ 4,696,200	4	0.92%	\$ 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%	\$ 20,930,826	1	3.62%	\$ 21,601,535	1	3.21%	\$ 22,112,664	1	3.28%
TOM MOYER THEATERS	17,264,680	1	3.53%	17,782,600	1	3.48%	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%	17,860,390	2	3.09%	16,196,640	2	2.40%	16,682,520	2	2.48%
PORTLAND GENERAL ELECTRIC	6,883,000	3	1.41%	7,440,000	3	1.45%	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%	6,708,000	4	1.16%	10,111,000	3	1.50%	10,700,000	3	1.59%
JSTT INC	7,963,600	2	1.63%	8,289,240	2	1.62%	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%	8,538,240	3	1.48%	8,473,870	4	1.25%	8,424,430	4	1.23%
LAURELWOOD DEVELOPMENT LLC																														
FOREST HILLS-MCGILL LLC	3,449,260	9	0.71%	3,552,620	8	0.69%	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%	3,998,260	6	0.69%	4,364,810	10	0.65%	4,491,240	6	0.67%
SHELDON MANUFACTURING INC	5,359,130	4	1.10%	4,985,820	5	0.97%	4,985,820	5	0.95%	4,919,900	5	0.89%	4,919,900	5	0.89%	4,578,670	5	0.79%	4,583,020	5	0.79%	4,583,020	5	0.79%	5,747,510	5	0.85%	4,658,750	7	0.69%
NORTHWEST NATURAL GAS CO	5,119,400	5	1.05%	4,805,600	6	0.91%	4,805,600	6	0.91%	3,315,900	9	0.60%	3,315,900	9	0.60%	3,339,000	9	0.58%	3,999,600	9	0.62%	3,999,600	9	0.62%	4,044,000	12	0.60%	4,343,000	8	0.64%
COASTAL FARM REAL ESTATE INC	2,730,450	11	0.56%	3,171,415	10	0.62%	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%	3,489,870	10	0.60%	3,883,883	13	0.58%	3,964,637	9	0.59%
ALL CROP INC	1,763,310	19	0.36%	1,895,403	18	0.37%	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%	3,354,430	11	0.58%	3,775,430	10	0.56%			
CORNELIUS CINEMAS 2 LLC	2,180,650	16	0.45%	2,234,050	16	0.44%	2,234,050	16	0.42%	2,287,180	15	0.41%	2,287,180	15	0.42%	2,355,700	15	0.41%	2,504,110	15	0.43%	2,504,110	15	0.43%	5,388,966	7	0.80%	3,456,861	11	0.51%
SMOKETREE MHC LLC	2,317,000	15	0.47%	2,427,430	15	0.47%	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%	2,697,280	13	0.47%	2,921,210	16	0.43%	3,008,840	12	0.45%
CORNELIUS GATEWAY LLC	2,496,620	14	0.51%	2,697,080	13	0.53%	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%	2,343,020	18	0.41%	2,867,970	18	0.43%	2,954,000	13	0.44%
KEN LEAHY CONSTRUCTION INC																														
FARM CREDIT LEASING																														
ROBERT MOREY																														
HANKS PROPERTIES LLC	2,675,990	12	0.55%	2,750,760	12	0.54%	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%	2,984,580	12	0.52%	3,166,330	15	0.47%	2,691,970	17	0.46%
JBK PROPERTIES MGMT	2,046,080	17	0.42%	2,107,440	17	0.41%	2,107,440	17	0.40%	2,235,740	16	0.41%	2,235,740	16	0.41%	2,302,800	16	0.40%	2,371,870	17	0.41%	2,371,870	17	0.41%	2,591,760	20	0.38%	2,669,500	18	0.40%
FRED MEYER STORES INC	2,658,629	13	0.54%	2,654,179	14	0.52%	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%	2,582,476	14	0.45%				2,461,688	19	0.37%
SCHRAGER LIVING TRUST																														
COMCAST CORPORATION	2,956,000	10	0.60%	2,976,100	11	0.58%	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%	3,864,600	7	0.67%	4,515,000	8	0.67%			
MAG LLC																														
HAZELNUT GROWERS OF OREGON	3,866,930	8	0.79%	3,669,620	9	0.72%	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%	3,881,550	8	0.67%	4,500,790	11	0.67%			
FRONTIER COMMUNICATIONS	4,143,900	6	0.85%	3,840,100	7	0.75%	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%	2,479,000	16	0.43%				2,669,500	18	0.40%
CAPLACO TWELVE INC	1,788,430	18	0.37%	1,842,080	20	0.36%	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%	2,073,260	19	0.36%						
STERLING SAVINGS BANK																														
CASTRO, RICHARD TR	1,671,760	20	0.34%																											
EATA LLC				1,846,583	19	0.36%	1,846,583	19	0.35%																					
Totals	83,081,119		16.99%	85,664,320		16.74%	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%	102,873,752		17.80%	116,750,501		17.33%	114,087,291		16.94%

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
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Beginning July 1	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BALANCE										
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior	84,674	90,089	85,264	107,268	101,317	105,868	101,481	117,228	129,455	131,538
	<u>\$ 84,674</u>	<u>\$ 90,089</u>	<u>\$ 85,264</u>	<u>\$ 107,268</u>	<u>\$ 101,317</u>	<u>\$ 105,868</u>	<u>\$ 101,481</u>	<u>\$ 117,228</u>	<u>\$ 129,455</u>	<u>\$ 131,538</u>
LEVY										
Current	\$ 2,039,156	2,098,134	2,199,047	2,243,360	2,311,677	2,382,960	2,764,901	2,895,815	3,020,663	3,084,656
Prior		(43)	(15)	-	-	-	(28)	54	365	(401)
	<u>\$ 2,039,156</u>	<u>\$ 2,098,091</u>	<u>\$ 2,199,032</u>	<u>\$ 2,243,360</u>	<u>\$ 2,311,677</u>	<u>\$ 2,382,960</u>	<u>\$ 2,764,873</u>	<u>\$ 2,895,869</u>	<u>\$ 3,021,028</u>	<u>\$ 3,084,255</u>
ADJUSTMENTS										
Current	\$ (6,443)	(9,547)	3,333	3,141	(6,314)	(2,324)	(2,691)	(7,049)	(22,997)	(8,663)
Prior	(6,002)	(2,943)	(4,253)	(25,736)	(1,170)	(6,687)	(1,075)	(4,200)	(2,837)	(38,991)
	<u>\$ (12,445)</u>	<u>\$ (12,490)</u>	<u>\$ (921)</u>	<u>\$ (22,595)</u>	<u>\$ (7,484)</u>	<u>\$ (9,011)</u>	<u>\$ (3,766)</u>	<u>\$ (11,248)</u>	<u>\$ (25,834)</u>	<u>\$ (47,654)</u>
NET INTEREST (Discounts)										
Current	\$ (50,539)	(52,693)	(55,615)	(57,608)	(60,288)	(62,447)	(74,234)	(77,178)	(81,918)	(83,884)
Prior	5,316	6,599	7,836	6,795	5,514	5,177	5,265	3,958	3,830	2,494
	<u>\$ (45,223)</u>	<u>\$ (46,094)</u>	<u>\$ (47,778)</u>	<u>\$ (50,813)</u>	<u>\$ (54,775)</u>	<u>\$ (57,270)</u>	<u>\$ (68,969)</u>	<u>\$ (73,221)</u>	<u>\$ (78,089)</u>	<u>\$ (81,390)</u>
COLLECTIONS										
Current	\$ 1,925,328	1,986,301	2,092,086	2,142,013	2,199,225	2,278,007	2,642,372	2,764,443	2,884,152	2,961,045
Prior	50,745	58,031	36,243	33,890	45,642	43,060	34,019	34,730	30,870	76,331
	<u>\$ 1,976,073</u>	<u>\$ 2,044,333</u>	<u>\$ 2,128,329</u>	<u>\$ 2,175,903</u>	<u>\$ 2,244,867</u>	<u>\$ 2,321,067</u>	<u>\$ 2,676,391</u>	<u>\$ 2,799,173</u>	<u>\$ 2,915,023</u>	<u>\$ 3,037,376</u>
BALANCES end of FY										
Current	\$ 56,846	49,592	54,678	46,880	45,850	40,182	45,604	47,145	31,595	31,065
Prior	33,243	35,671	52,590	54,437	60,019	61,299	71,624	82,310	99,942	18,309
	<u>\$ 90,089</u>	<u>\$ 85,264</u>	<u>\$ 107,268</u>	<u>\$ 101,317</u>	<u>\$ 105,868</u>	<u>\$ 101,481</u>	<u>\$ 117,228</u>	<u>\$ 129,455</u>	<u>\$ 131,538</u>	<u>\$ 49,373</u>

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, 2019

Tax Year Ended December 31	<u>Collected within the Fiscal Year of the Levy</u>				<u>Total Collections to Date</u>			
	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in subsequent years	Amount	Percentage of Levy		
2010	\$ 2,039,156	\$ 1,925,328	94.4%	\$ 54,540	\$ 1,979,868	97.1%		
2011	2,098,134	1,986,301	94.7%	37,985	2,024,286	96.5%		
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%	46,979	2,246,204	97.2%		
2015	2,382,960	2,278,007	95.6%	39,244	2,317,251	97.2%		
2016	2,764,901	2,642,372	95.6%	34,613	2,676,985	96.8%		
2017	2,895,815	2,764,443	95.5%	30,303	2,794,746	96.5%		
2018	3,020,663	2,884,152	95.5%	29,555	2,913,707	96.5%		
2019	3,084,656	2,961,045	96.0%	-	2,961,045	96.0%		

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, 2019

Fiscal Year	Governmental Activities				Business - Type Activities				Total Primary Government	Percentage of Personal		
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Other Notes	Revenue Bonds Series 2000	Special Assessment Bonds	Capital Leases	Other Notes*		Income	Per Capita	Population
2010	-	\$ 2,670,000	\$ 40,315	-	\$ 995,000	-	-	-	\$ 3,705,315	N/A	336	11,020
2011	-	2,545,000	42,195	-	920,000	-	-	-	3,507,195	N/A	295	11,869
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	190	11,915
2014	-	2,025,000	-	-	-	-	-	34,613	2,059,613	N/A	169	12,161
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

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, 2019

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Per Capita	Population (1)	Assessed Value (2)
2010	\$ -	\$ -	\$ -	0.00%	\$ -	11,020	\$ 489,139,947
2011	-	-	-	0.00%	-	11,869	511,721,253
2012	-	-	-	0.00%	-	11,869	526,129,362
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

Note: In 2006 the Amount Available in in Debt Service Fund increased significantly due to a prior period adjustment.

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

Fiscal Year	Public works facility revenue bond			Debt Service		
	Utility Charges	Less:	Net	Principal	Interest	Coverage
		Operating Expenses	Available Revenue			
2010	\$ 11,681,423	\$ 7,779,392	\$ 3,902,031	\$ 70,000	\$ 65,088	28.89
2011	9,745,593	5,357,516	4,388,077	75,000	61,133	32.23
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	-	-	-

Fiscal Year	Aquifer Storage & Recovery Loan			Debt Service		
	Utility (Water) Charges	Less:	Net	Principal	Interest	Coverage
		Operating Expenses	Available Revenue			
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	-	-	-

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 will start being repaid in FY2020.

CITY OF CORNELIUS, OREGON
DIRECT AND OVERLAPPING OVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
<i>Debt repaid with property taxes</i>			
Banks Fire District 13	\$ 3,880,000	0.04%	\$ 1,727
Metro	836,005,000	0.32%	2,713,672
Portland Community College	678,492,900	0.43%	2,947,373
Tualatin Valley Fire & Rescue District	38,125,000	0.00%	114
Washington County	228,769,717	1.09%	2,494,505
Washington County SD 13 (Banks)	11,370,621	0.04%	4,332
Washington County SD 15 (Forest Grove)	82,403,782	18.32%	15,098,351
Washington County SD 1J (Hillsboro 7 Bd)	1,682,551	1.53%	25,819
Washington County SD 1J (Hillsboro)	461,390,000	1.53%	7,080,030
<i>Other debt</i>			
Metro	-		-
Northwest Regional ESD	3,299,644	0.89%	29,291
Port of Portland	58,452,781	0.32%	186,581
Portland Community College	-		-
Washington County	-		-
Subtotal, overlapping debt	\$ 2,403,871,996		30,581,795
City direct debt			1,665,753
Total direct and overlapping debt			\$ 32,247,548

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.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Fiscal Year	Population (1)	Median Household Income (1)	Persons below poverty level (1)	Unemployment Rate Washington County (2)
2010	11,020	N/A	N/A	9.0%
2011	11,869	N/A	N/A	8.1%
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%

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

Employer	2010			2019		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Walmart Superstore	339	1	18.15%	264	1	14.09%
Fred Meyer	169	2	9.05%	261	2	13.93%
Sheldon Manufacturing	140	3	7.49%	122	3	6.51%
Forest Grove School District	94	4	5.03%	94	4	5.02%
Virginia Garcia				92	5	4.91%
Kauffman Engineering, Inc				46	6	2.45%
Truss Components				44	7	2.35%
EPSM, LLC				42	8	2.24%
City of Cornelius	53	5	2.84%	39	9	2.08%
Burger King	34	8	1.82%	37	10	1.97%
Hazelnut Growers of Oregon	44	6	2.36%	0		0.00%
Squires Electronics	32	9	1.71%	0		0.00%
Sonicom	38	7	2.03%	27		1.44%
Cornelius 9 Cinema	27	10	1.45%	26		1.39%
Totals	970		51.93%	1094		58.38%
Total FT Employees 2010	1542			Total FT Employees 2019		1216
Total Part Time Employees	326			Total Part Time Employees		658
Total Employees	1868			Total Employees		1874

Source:
City Business licenses

Note: In 2010 most businesses did not separate full time and part time employees.

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	17	17	13	13	11	12	12	12	12	12
Public Safety										
Police										
Officers*	14	14	15	15	15	-	-	-	-	-
Fire										
Firefighters and officers	5	5	5	5	5	5	7	7	7	7
Highways and streets										
Engineering	3	3	3	3	3	3	3	3	3	3
Maintenance	5	5	5	5	5	5	5	5	5	5
Sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	6	6	6	6	6	6	7	7	7	7
Water	1	1	1	1	1	1	1	1	1	1
Sewer	1	1	1	1	1	1	1	1	1	2
Surfacewater	1	1	2	2	2	2	2	2	2	2
Electric	-	-	-	-	-	-	-	-	-	-
Total	53	53	51	51	49	35	38	38	38	39

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police*										
Physical arrests	551	428	570	470	661	490	473	429	654	562
Parking violations	14	11	19	9	39	20	59	16	160	93
Traffic violations	466	604	1,082	1,358	2,448	1,134	1,001	1,390	968	859
Fire										
Number of calls answered	1,133	935	1,190	1,275	1,183	1,383	1,916	1,984	1,960	1,875
Inspections	80	25	35	45	54	63	91	60	73	64
Highways and streets										
Street resurfacing (square yards)	19,027	3,240	8,088	2,562	14,535	11,161	12,680	11,572	9,467	20,821
Sewer										
Sewer mains cleaned (lineal feet)	88,291	99,320	167,609	131,258	120,419	117,409	189,993	135,304	134,934	170,269
Storm										
Storm catch basins cleaned	864	944	971	917	917	917	1,075	1,095	1,065	1,138
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	94	84	114	124	147	162	206	130	152	135
Athletic field permits issued	2	9	10	10	6	7	5	5	7	9
Library circulation	92,253	103,055	111,074	118,067	109,926	92,253	87,600	79,267	76,231	79,759
Library visitors	60,563	65,430	72,355	77,339	71,738	62,720	60,248	57,418	55,513	65,382
Library programs	322	157	139	208	257	153	144	214	271	260
Water										
New connections	20	4	-	-	1	6	7	1	28	115
Water main breaks repaired	44	52	22	33	48	29	26	17	20	27
City Code Violations										
Overgrown Vegetation		57	56	63	67	63	49	62	70	25
Abandoned Vehicles		147	195	210	158	171	189	222	337	299
Other		42	54	82	61	82	87	96	104	154

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units*	8	8	8	9	9	9	0	0	0	0
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire apparatus	5	5	5	5	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	36	36	40
Streetlights	662	662	662	669	670	857	857	923	923	1052
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	22.62	22.62	25.45	25.45	25.7	25.7	25.91	25.91	26.73
Parks	13	13	13	13	13	14	14	14	14	19
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	32	32	36
Fire hydrants	402	402	402	402	402	402	402	431	449	480
Maximum daily capacity (thousands of gallons)										
Sewer										
Sanitary sewers (miles)	24	24	24	24	24	24	24	24	24	28
Storm sewers (miles) capacity (millions of gallons)	19	19	19	19	19	19	19	19	19	23

*Note: Patrol units are now owned by Washington County Sheriffs Office

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, 2019

Date of Incorporation	1893
Form of Government	City Council/City Manager
Area in Miles	2.24
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	19
Total number of Park and Open Space Acreage	26.73
Tennis Courts	1
Pools	0
Number of Libraries	1
Total Library Circulation	96,445
Total Library Cardholders	4,114
Total Library Volumes (Includes non-book material)	167,226
Transportation	
Designated Bike Routes	8
Bus Stops	25
Freight lines	2
Airports	0
Miles of Streets	40
Number of Street Lights*	1052
Full Time Employees	
Union Employees	28
Non Union Employees	11

Notes:

N/A =not available

* Some lights are owned and maintained by Portland General Electric

**Police Services are contracted beginning FY2015

Sources:

City:

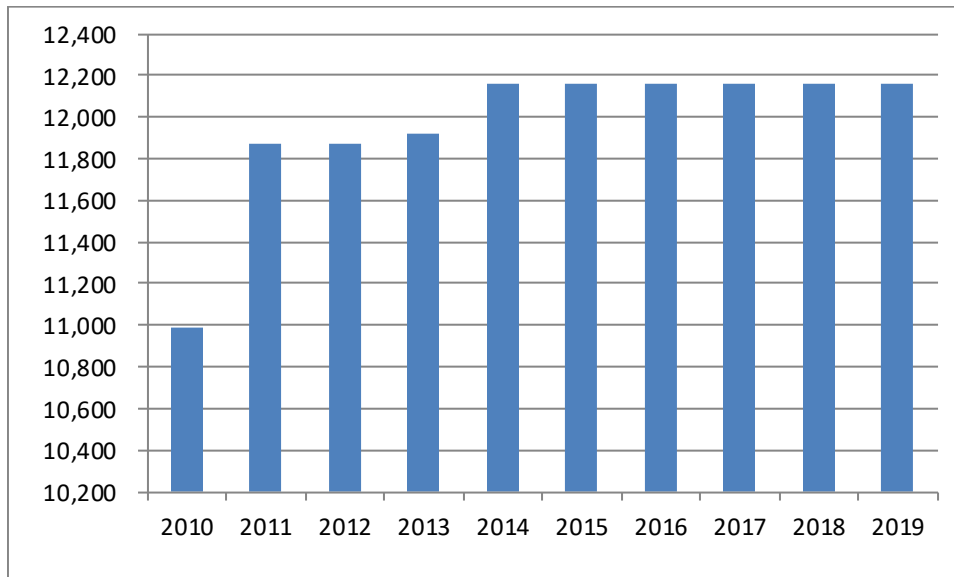
Administration Department
Police Department
Engineering Department
Fire Department
Library Department
Development and Operations Department

CITY OF CORNELIUS, OREGON
POPULATION GROWTH
LAST TEN FISCAL YEARS

Year	Population	Percent change
2010	10,985	0.00%
2011	11,869	8.05%
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%

Cumulative population growth

10.50%



COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Council Members
City of 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, 2019, and have issued our report thereon dated November 15, 2019.

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.

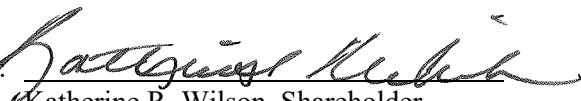
Internal Control Over Financial Reporting

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 15, 2019