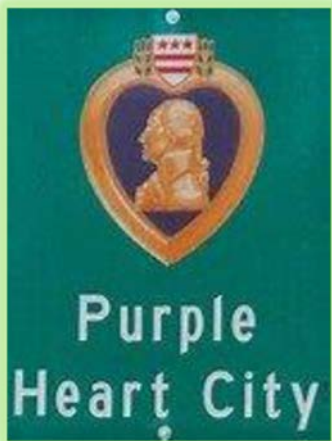


Fiscal Year Ending  
June 30, 2019

# City of Cornelius

## *Excellence in Action*

Popular Annual Financial Report



*Oregon's Family Town*

# Message from the Mayor



***Jeffrey C Dalin, Mayor***

## **In this report**

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Dear Cornelius Residents,

The City Council and I are pleased to present the 2019 Popular Annual Financial Report (PAFR) to the residents of Cornelius. This report is a shorter version of the Comprehensive Annual Financial Report (CAFR) that is required by the State of Oregon to be produced each year by all municipal corporations. The PAFR report is designed to offer a snapshot of important financial information and is easy to understand for those who are not experts in government finance. We believe this report helps provide transparency, accountability and is paramount to responsible government.

We are proud that our independent, outside auditors again found that our budget received a “clean opinion” when audited. This means that you can be assured that your taxpayer dollars are being spent in a legal manner and are fully accounted for again this past year. It is a big challenge to develop and balance a \$42 million budget each year. The entire organization contributes to an effective budget outcome. The City Council and I receive monthly reports that update us on specific spending actions and the remaining funds in each department.

We had many challenges and successes in FY2019. The city received the Government Finance Officers (GFOA) Award of Excellence in Financial Reporting award for the 2018 CAFR. In addition, the 2018 PAFR received recognition from the GFOA.

New political leadership took over in 2012 and strongly supports having a transparent, efficient and responsible city government. We believe that you will find this year’s PAFR to be easy to read and understand. It is my pleasure to offer you this review of the city’s financial position and honor to serve as your Mayor.

Sincerely,

Jeffrey C Dalin  
Mayor  
Jdalin@ci.cornelius.or.us

# City Council

## City Council

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

## Government

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

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



### Mayor

Jeffrey C Dalin

Term expires 12/2020

[jdalin@ci.cornelius.or.us](mailto:jdalin@ci.cornelius.or.us)



### Council President

David Schamp

Term expires 12/2020

[dschamp@ci.cornelius.or.us](mailto:dschamp@ci.cornelius.or.us)



### Councilor

Steve Heinrich

Term expires 12/2020

[sheinrich@ci.cornelius.or.us](mailto:sheinrich@ci.cornelius.or.us)



### Councilor

John Colgan

Term expires 12/2022

[jcolgan@ci.cornelius.or.us](mailto:jcolgan@ci.cornelius.or.us)



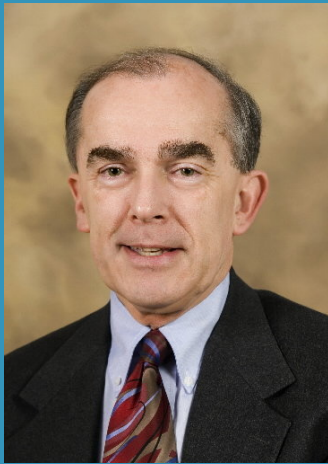
### Councilor

Luis Hernandez

Term expires 12/2022

[lhernandez@ci.cornelius.or.us](mailto:lhernandez@ci.cornelius.or.us)

# Message from City Manager



*Rob Drake, City Manager*

*Oregon's Family Town*

Dear Cornelius Residents:

We are pleased to present the Popular Annual Financial Report (PAFR) for the City of Cornelius for Fiscal Year (FY) 2019. This report is the short and easier to read version of our larger Comprehensive Annual Financial Report (CAFR). The CAFR is required by Oregon Revised Statutes to be published annually after an independent, outside auditor reviews and summarizes city finances for conformity with the law. I am proud to say that the full CAFR received an unmodified “clean opinion” from our auditors. This means that our finances were properly managed and accounted for throughout the year.

During the FY 2019, the local, state and national economy showed strong growth and unemployment declined. Cornelius is in Washington County, which is considered to be the “economic engine” of the state. Local businesses reported growth and an improved economy. In addition to the economy improving, Cornelius has continued with progressive political leaders who are forward thinking and pride themselves on having a transparent, efficient and responsive city government.

We have streamlined the city’s spending practices since my arrival seven years ago. The city management team also evaluated opportunities for improved efficiencies and how to enhance communications between the departments. Due to the 2014 Oregon Legislature providing vacant land for growth and our existing infill projects, over 1,300 homes have been approved and are in multiple stages of development and construction. We still have some vacant industrial land that is not yet fully master planned or state certified. In the coming year, there will be an opportunity to continue planning and upgrading the visibility of the industrial land to increase development and improve our jobs opportunities.

This is the ninth year that the city has produced a PAFR. Six years ago we also began producing a PAFR in Spanish to improve outreach to our Latino residents who comprise about 52% of our population. We have done so to improve our transparency with our citizens, enhance fiscal accountability, and facilitate understanding of how a municipal government operates.

Rob Drake, City Manager  
503-357-9112  
rdrake@ci.cornelius.or.us

# Strategic Performance Plan



Note: Goals were revised beginning with the FY2020 budget.



# A Look Back at 2019

## Financial Highlights

In early FY2019, the City was working on completing its 2018 Comprehensive Annual Financial Report (CAFR). Previously the economy had been weak for multiple years and it impacted the City of Cornelius. In the past few years, with a current county unemployment rate down to 3.3%, local businesses reported a very robust economy. Together with our external auditor, we worked on and reviewed our financial performance for the previous year, while closely watching the changing economic indicators. Although the economy has continued to improve, city staff continue to look for additional revenues and keep current and future expenses at a minimum.

The past five years the City has noted a strong performance from the Police Chief and Washington County Sheriff's Office personnel who have stabilized and improved the department. The police services contract was renewed in July 2017. The City Council supported providing additional opportunities for citizens to gather and attend City-sponsored events.

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.

The FY2018 CAFR earned the Government Finance Officers Association's Certificate of Achievement in Financial Reporting, and the 2018 Budget earned the Government Finance Officers Association's Award for Distinguished Budget Presentation. Both awards have been earned the past eleven years. The Government Finance Officers Award for Outstanding Achievement in Popular Annual Finance

Reporting (PAFR) for FY2018 was earned for the ninth year in a row. All of these awards illustrate our continued pursuit to provide transparent and easy-to-understand communication tools with our residents.

## Revenues and Expenditures

Cornelius saw the nation's past economic downturn negatively impact our resource collections. The governmental funds largest revenue sources are property taxes, franchise fees, fees for charges and services, and state shared revenues. Cornelius is known for its affordable housing stock. The market values of these homes began stabilizing and increasing, reflecting a decrease of foreclosures, bankruptcies of residents unable to sell their home or refinance, and the market becoming more competitive looking for housing choices. The overall assessed value increased due to some new construction, higher home values and the 3% increase allowed by law.

The City's interest income continued to increase during FY2019, but not significant enough to have a large financial impact. 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.

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

Internally, City departments looked for more efficient and effective ways to accomplish their business. Because of the slowed economy and flat collection in revenues in recent years, City departments sought ways to reduce expenditures.

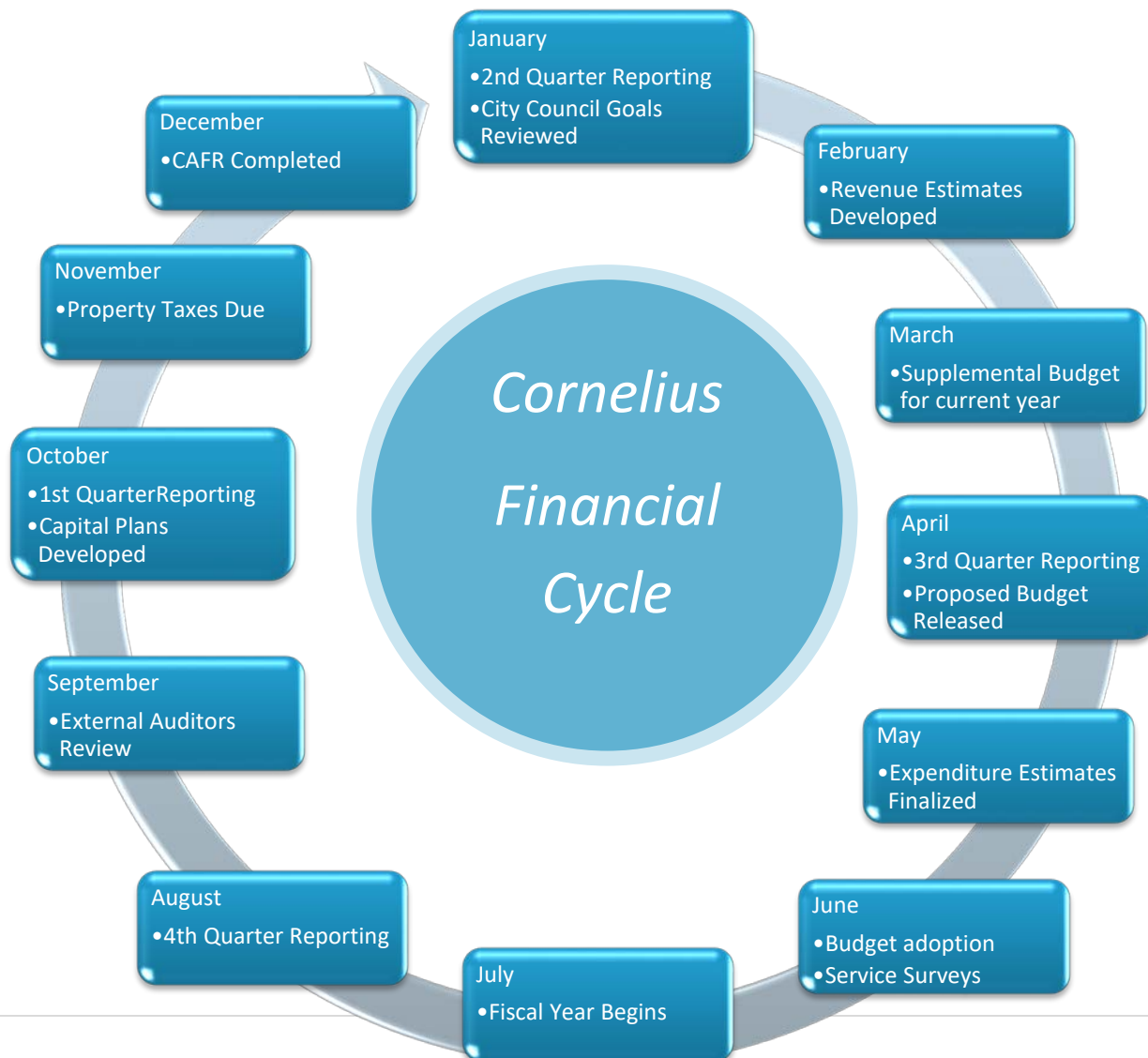
# A Look Back at 2019

## Reserves

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

## Conclusion

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



# 2019 Achievements

## Reporting

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



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

## Financial Reporting

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

## Budget



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

## All-America City

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





# Service

## Connecting with more residents

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

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

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

In 2019 the City hosted the eighth annual Take Care of Cornelius Day, the seventh annual Holiday Tree Lighting, three free Flicks in the Park, two Concerts in the Park, the annual Veterans Day celebration, the annual Thanksgiving dinner and other various community events. The City Council and staff plan to continue with community event outreach.



Rifle Salute – Veteran's Day Celebration

## Online services 24/7

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

## Community Education

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



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

# Financial Highlights

## Financial Trend Summary

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

	2017	2018	2019	
<b>Government Wide</b>				
Assets and Deferred Outflows of Resources	64,519,801	66,413,828	72,598,298	
Liabilities and Deferred Inflows of Resources	10,305,651	9,342,304	10,237,648	
Total Net Position	54,214,150	57,071,524	62,360,650	
Total Liabilities and Net Position	64,519,801	66,413,828	72,598,298	
<b>Revenues</b>				
Governmental Activities	7,563,785	8,489,764	9,910,525	
Business Activities	6,013,765	6,678,081	10,354,654	
Total Revenues	13,577,550	15,167,845	20,265,179	
<b>Expenses</b>				
Governmental Activities	7,281,457	7,131,042	8,132,842	
Business Activities	4,382,449	5,191,821	6,960,201	
Total Expenditures	11,663,906	12,322,863	15,093,043	
<b>Capital Assets, net of depreciation</b>				
Governmental Activities	36,523,273	38,277,772	42,855,386	
Business Activities	9,161,348	10,389,308	10,433,883	
Total Capital Assets, net of depreciation	45,684,621	48,667,080	53,289,269	
<b>Net Position</b>				
Governmental Funds				
	Restricted	4,355,556	4,281,453	2,844,283
	Unassigned	345,556	106,272	127,900
Debt Service		389,734	514,046	429,444
<b>Long Term Debt</b>				
Governmental Activities	1,817,630	1,545,240	1,906,361	
Business Activities	1,862,402	2,793,188	2,072,348	
TOTAL	3,680,032	4,338,428	3,978,709	

# Financial Highlights

## Accounting Terminology

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

### Major Employers

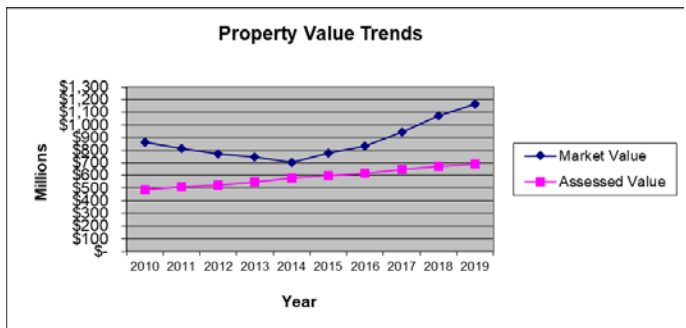
- Wal-Mart
- Fred Meyer
- Sheldon Manufacturing
- Forest Grove School District
- Virginia Garcia
- Kauffman Engineering, Inc.

### Major Tax payers

- Wal-Mart
- Tom Moyer Theaters
- Portland General Electric
- JSTT Inc.
- Laurelwood Development
- Forest Hills-McGill LLC

## Trend Variances

In 2019 the City’s assessed value increased 2.38%; while the market value increased 8.65%. The following graph depicts the growth of both the real market value of property and the artificially restrained trend line of assessed valuation for taxation purposes.

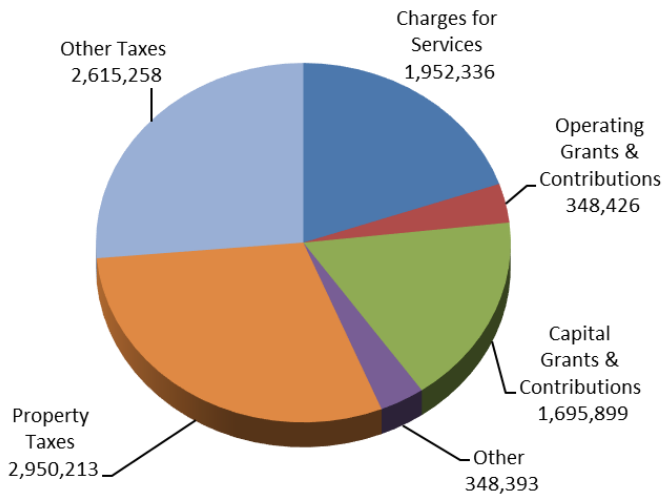


*Residents enjoying the Thanksgiving Community Dinner*

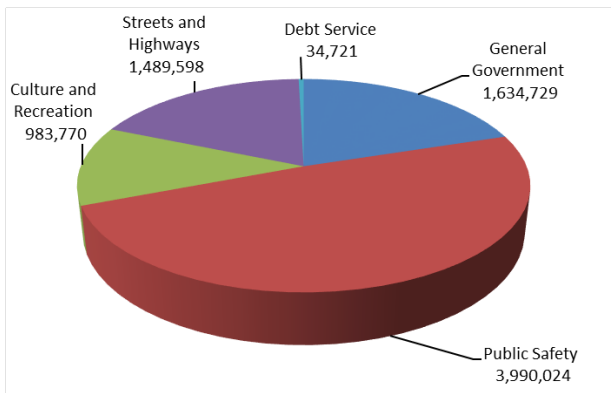
# Financial Highlights

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

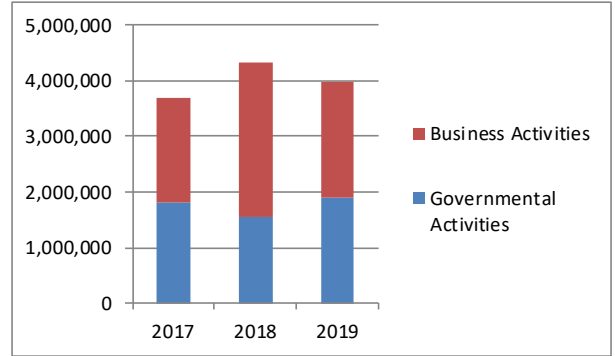
## Governmental Revenue



## Governmental Activity Expenditures



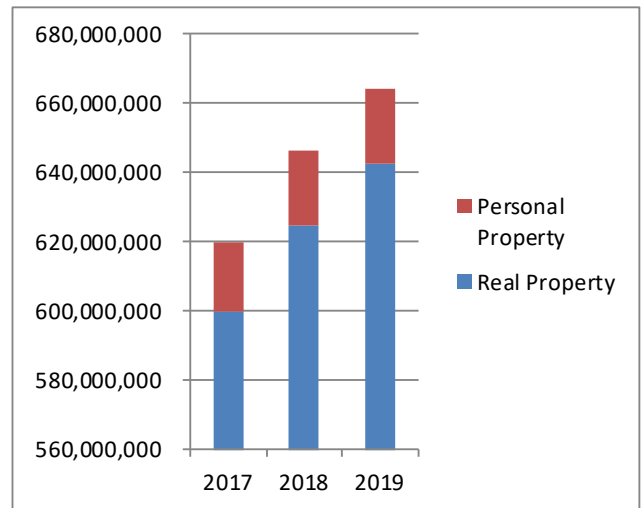
## Long Term Debt



	2017	2018	2019
Governmental Activities	1,817,630	1,545,240	1,906,361
Business Activities	1,862,402	2,793,188	2,072,348
<b>Total</b>	<b>3,680,032</b>	<b>4,338,428</b>	<b>3,978,709</b>

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

## Assessed Property Tax Base



	2017	2018	2019
Real Property	599,799,590	624,644,350	642,405,080
Personal Property	20,280,741	21,501,595	21,580,904
Manufactured Homes	6,887,590	4,842,950	4,705,650
Public Utilities	20,163,300	22,646,200	20,997,100
<b>TOTAL</b>	<b>647,131,221</b>	<b>673,635,095</b>	<b>689,688,734</b>

# Cornelius, Oregon Community Profile

Cornelius Oregon was established as a rural farming community along the banks of the Tualatin River in 1893. Today Cornelius has 12,161 residents within the 2.27 square miles of land that the city covers.

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

## Quick Facts

### CITY TAX RATE

\$3.9836 per \$1,000 assessed valuation (2019)

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

### WORKFORCE BY INDUSTRY

Manufacturing ..... 20%

Trade (retail/wholesale) ..... 23%

Agriculture ..... 2%

Services(including educational) ..... 55%



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

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

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

### LAND AREA & ZONING

Total Area..... 2.27 square miles

Vacant Industrial..... 48 acres

Developed industrial..... 112 acres

Vacant Commercial..... 220 acres

Developed Commercial..... 55 acres

### SCHOOLS SERVING CORNELIUS (Public)

Elementary Schools – Cornelius..... 2

Elementary Schools – Hillsboro ..... 1

Middle Schools –Forest Grove ..... 2

Middle Schools – Hillsboro ..... 1

High Schools – Forest Grove ..... 1

High Schools – Hillsboro ..... 1



# A Look Forward

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

Cornelius is in the Portland region known for innovation, high technology industry, sporting goods manufacturing, and citizens having a zeal for outdoor recreation and protecting the environment. Many of our citizens work in the high technology and sporting goods industries. Half of our citizens are Latino, which makes Cornelius rich in its diversity and possibilities.

Both the northern and southern boundaries of Cornelius touch productive and active farmland, which is protected by state law with an urban growth boundary. That said we have over 50 acres of undeveloped industrial land that provides an excellent opportunity for the community to grow its industry, jobs and increase overall assessed values. In 2014, we began a process to master plan and state-certify a 50+ acre parcel in the northern portion of Cornelius. The state approved the industrial certification in 2015. To help improve access to the industrial area, Washington County funded and finished construction in 2018 on \$8.6 million in road and pedestrian improvements to 10th Avenue, which is designed to be the major ingress and egress to the expanded industrial park.

The State of Oregon and City have completed construction on a federal CMAQ grant of \$3.5 million to improve Baseline Street in our downtown couplet, which will improve the new Downtown Plan area and Metro's designated Town Center area in the years ahead. The roadway project added new sidewalks, underground drainage improvements, and undergrounded most of the overhead utilities. As part of the project, the city has invested an additional \$2.5 million to aid in the roadway redevelopment and upsizing storm, sewer and water lines for future growth in the downtown core. This road project was completed by summer-2016.

For years, the high cost of potable drinking water has been part of the political discussion since we are a wholesale customer of an adjoining city since 1941. We are continuing to explore other options to lower costs and ensure a consistent supply in the future. As part of developing additional storage capacity, we have begun and will complete by winter 2019 an Aquifer Storage and Recovery (ASR) project as a means to storing larger volumes of water underground in basalt aquifers that would be purchased at lower winter rates and being available for peak usage and emergencies. It is estimated that the ASR well can store up to 80 million gallons of potable water.

In spring 2014, we began efforts to reactivate our Economic Development Commission (EDC). In addition to the City Council appointing new EDC members, the commission completed work in early 2015 on a new Economic Development Strategic Plan. The City continues to work actively with the reformed Forest Grove/Cornelius Chamber of Commerce to support and enhance local business opportunities and services. An Economic Opportunity Analysis (EOA) Grant provided by Metro has explored potential new businesses and construction opportunities in our downtown area beginning in fall 2016. In fall 2017, the City also received a \$315,000 Metro 2040 Grant to help revitalize downtown. The grant funds will assist in re-zoning downtown into a new Downtown Plan, create an Urban Renewal Plan, and also provide master planning designs for some specific properties in the core area. At the end of FY2018 the Downtown Plan, Urban Renewal Plan creation and other activities were actively moving forward with a great deal of community input and interaction.

Cornelius continues to improve efficiencies of service delivery by partnering with other government agencies. In addition to currently sharing a Fire Chief with the City of Forest Grove, in the spring of 2013 we merged our municipal court with Forest Grove to reduce costs and provide a higher level of service. We began contracting for Building Department services with Forest Grove in mid-2013. We are saving expenses and improving building services. Training will be shared between the

# A Look Forward

departments to reduce costs. Cornelius continues to be an active partner with the Cooperative Agencies of Washington County and will continue in the future. This partnership encourages sharing of equipment and services to reduce overall service and capital costs.

To encourage more transparency in how we operate and provide services, the Metropolitan Area Communications Commission (MACC) began televising city council meetings beginning in 2013. Citizens can learn more about their city by having access to watch city council meetings on public cable access channels. We continue to televise meetings monthly. When the new City Library and affordable housing project is finished in early 2019, the old Library will be refurbished into a new City Council Chamber and our meetings will then be televised live due to adding a television studio to the new Chamber.

In addition to the televised meetings, the city is encouraging more citizen participation through public events. We began a new tradition in 2012 by holding the first Annual Holiday Tree Lighting at Veterans Memorial Park. Over 300 citizens participated. It was a huge success and has continued into the future.

In 2012, the city hosted the first Annual Take Care of Cornelius Clean-up Day in the city. Over 100 citizens helped clean-up all major public roadways and most parks in the city. In addition, bark dust was spread in three parks. Several dumpsters were filled and the local waste hauler provided the dumpsters and hauling fees free of charge. The annual clean-up continues to this day.

The City also continues to sponsor the summer Flicks in the Park, Concerts in the Park, and the successful National Night Out Against Crime event. These events continue annually. In 2014, we added the Veterans Day Celebration Event and the Thanksgiving Holiday Dinner for people in need that now have also become annual events. Because half our population is Latino, we hold several Spanish-speaking Town Halls each year to outreach to our Latino community. The meetings have a translator who converses in Spanish to communicate back and forth with the English and Spanish-speaking attendees. Our monthly newsletter, *The Gazette*, is added to the utility bills monthly and is printed in both English and Spanish to better reach all members of our community. Event flyers are also printed in English and Spanish.

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