

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

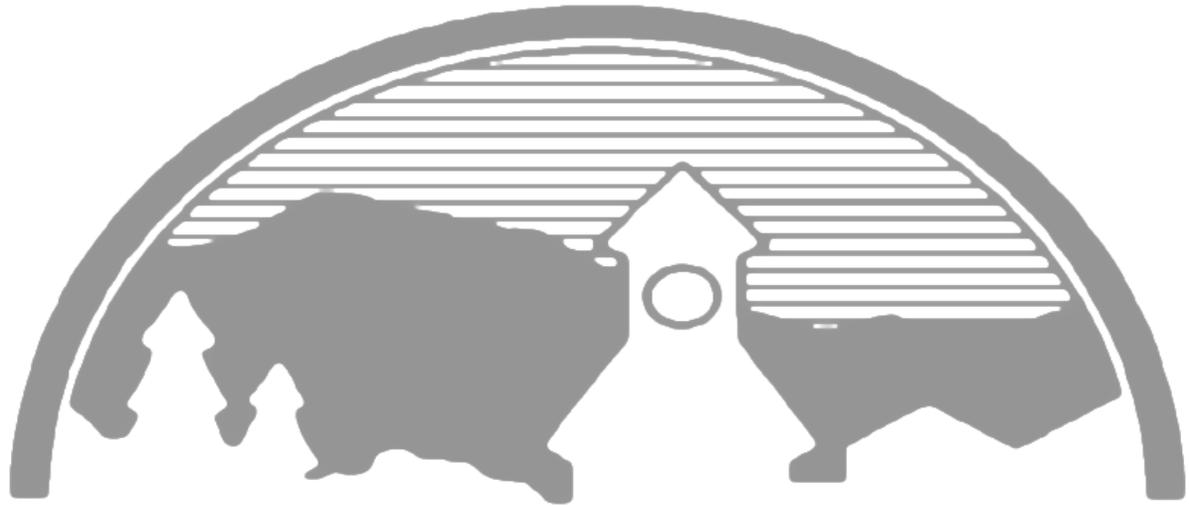
FOR THE YEAR ENDED JUNE 30, 2009

CITY OF CORVALLIS, OREGON



***CITY OF CORVALLIS, OREGON***  
***Comprehensive Annual Financial Report***  
***Fiscal Year Ended June 30, 2009***

***Prepared by the City of Corvallis***  
***Department of Finance***



# CORVALLIS

ENHANCING COMMUNITY LIVABILITY



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# INTRODUCTORY SECTION

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- CERTIFICATE OF ACHIEVEMENT
- ORGANIZATION CHART
- ELECTED AND APPOINTED OFFICIALS





**Finance Department**  
500 SW Madison Avenue  
PO Box 1083  
Corvallis, OR 97339-1083  
(541) 766-6990  
Fax: (541) 754-1729

December 7, 2009

To the Honorable Mayor, City Council, City Manager, and Citizens of Corvallis, Oregon

We hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Corvallis for the fiscal year ended June 30, 2009 in compliance with state law. State law requires that a CAFR be published within six months of fiscal year end and be audited in accordance with generally accepted auditing standards by independent certified public accountants.

Responsibility for the completeness and reliability of the information contained in this report rests with the City's management and is based on an internal control structure designed for this purpose. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met because the cost of the internal control should not exceed the related benefits.

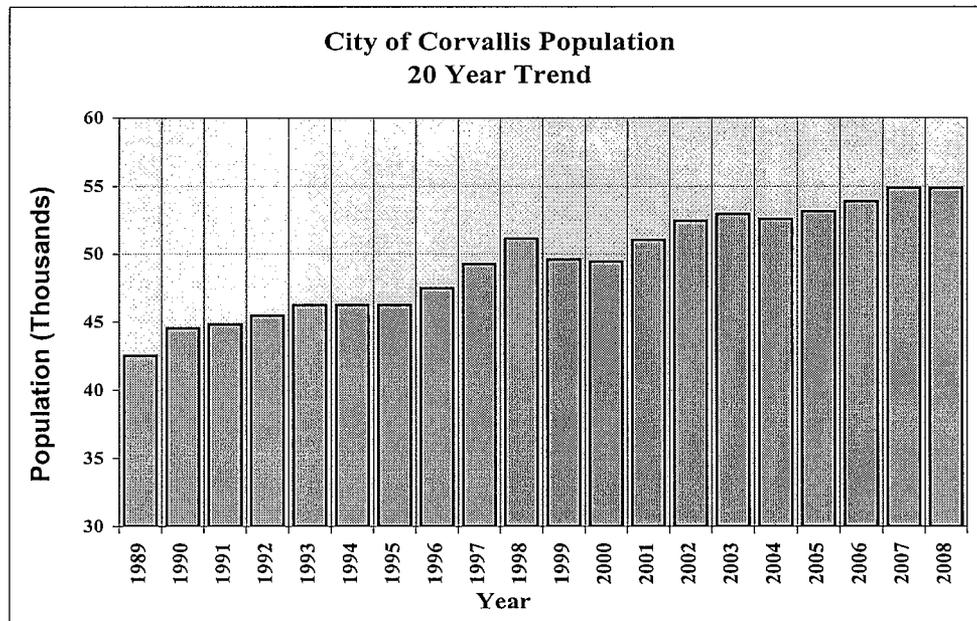
The City's financial statements were audited by Grove, Mueller, & Swank, PC, a firm of independent certified public accountants. The independent auditors have issued an unqualified opinion on the City of Corvallis' financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is presented at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) is located in the financial section immediately following the independent auditor's report and preceding the basic financial statements. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

#### **THE CITY OF CORVALLIS AND ITS SERVICES**

The City of Corvallis, Oregon (population 54,880) is Oregon's 10<sup>th</sup> largest City and the county seat of Benton County. Corvallis is located in the central Willamette Valley, approximately 80 miles south of Portland and 50 miles from the Pacific Ocean. The name Corvallis means "Heart of the Valley" and was arrived at by compounding the Latin words for heart and valley.

The City of Corvallis, Oregon is a municipal corporation governed by an elected Mayor and nine Councilors. The nine City Councilors are elected in the November general election by ward for two-year terms. The Mayor is elected at-large and serves a four-year term. The City Manager is appointed by the City Council and is responsible to the City Council for the day-to-day management of the City. The City Council is assisted in their policy making role by 20 standing advisory boards and commissions. The City has no component units as defined by accounting principles generally accepted in the United States of America.



The City provides a full range of municipal services including: police and fire protection; emergency communications for all of Benton County; parks and recreation programs; library; public infrastructure improvements; planning and housing; building plan inspections and reviews; water, wastewater, and storm water utilities; bus transit system; municipal airport; and general administrative services.

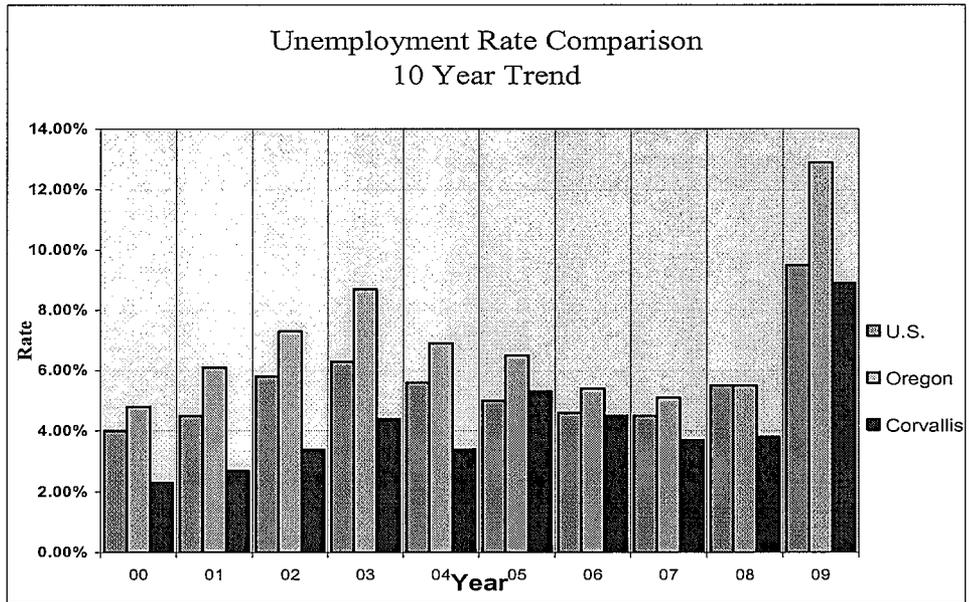
The Oregon Constitution and Oregon Revised Statutes require that the budget be balanced, adopted by July 1, and that the fiscal year for local governments is July 1 through June 30. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish Council's goals and objectives. The legal level of budgetary control, as adopted by Council Resolution, is by department within each fund. Appropriations lapse at fiscal year end and incomplete projects must be reappropriated in the following fiscal year as part of the adoption of the annual budget. The City did not exceed legally adopted budget appropriations during the 2008/2009 fiscal year.

**ASSESSING ECONOMIC CONDITION**

Corvallis' primary employment bases are education, high-technology, and service industries. Corvallis is home to Oregon State University (OSU). OSU is one of only two universities in the country designated as a combined land, space, sea, and sun grant university. OSU enrolls approximately 20,320 students and employs approximately 7,750 people. OSU serves as Oregon's leading source of basic applied research in forestry, agriculture, fisheries, engineering, electronics, home economics and the sciences for the development of human, land, atmospheric and oceanic resources, and is one of the nation's leading research universities. OSU is projected to receive \$250 million in funded research this year.

Corvallis is also home to high-tech industry. Hewlett-Packard (HP) employs approximately 1,800 people at its Corvallis location. HP's presence has generated satellite businesses to supply its needs, among these satellite businesses are Nypro-Oregon and ATF Systems Oregon. CH<sub>2</sub>M Hill, an international consulting firm of engineers, planners, economists and scientists, was founded in Corvallis in 1946. CH<sub>2</sub>M Hill maintains a regional headquarters in Corvallis which employs approximately 400 people. Good Samaritan Regional Medical Center employs more than 1,800 people and the Corvallis Clinic employs 600 people. Fiserv Corporation provides data processing systems created specifically for the credit union

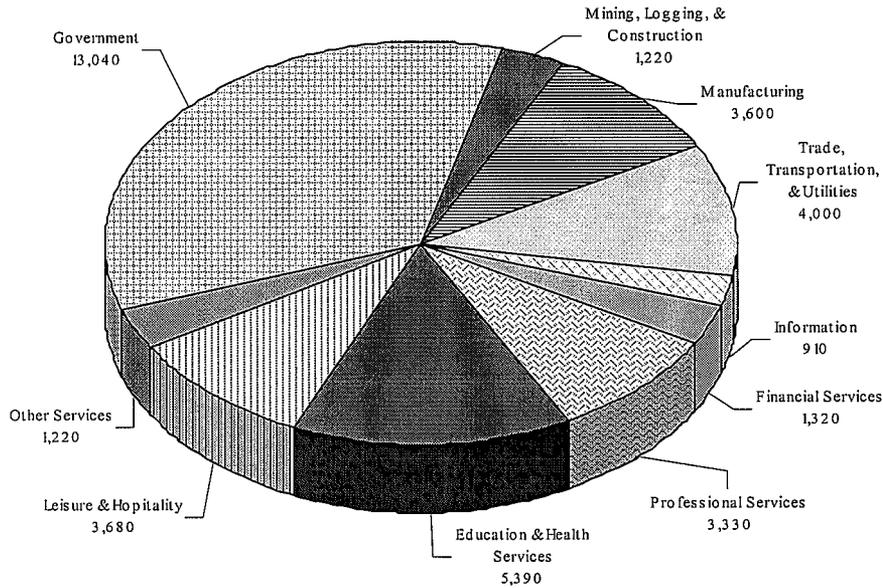
industry and employs 240 at its Corvallis location. The Oregon Nanoscience and Microtechnologies Institute (ONAMI) is a collaboration among Oregon universities, including OSU, and regional industry for micro and nanotechnology research and development and is a leader in this field. ONAMI has multiple facilities located in Oregon's Silicon Forest, including facilities in Corvallis.



Oregon's June 2009 unemployment was 12.1%. The Corvallis MSA's (Benton County) unemployment rate for June 2009 was 8.4%, 2.9% higher than the June 2008 unemployment rate of 5.5%. The Corvallis' MSA unemployment rate is 1.1% below the national unemployment rate and 3.7% below Oregon's unemployment rate. Compared to June 2008 the Corvallis MSA lost 1,860 jobs. Manufacturing jobs decreased by 870 and trade, transportation, utilities employment decreased by 280, and governmental employment increased by 210 jobs bringing total employment to 37,710. The Corvallis MSA unemployment rate is the second lowest in the state despite the significant loss of jobs. This is the first June unemployment rate that was not the state's lowest in 10 plus years.

Factors contributing to the Corvallis MSA's relatively low unemployment rate on a state-wide basis are a highly educated work force (47% hold a bachelor's degree or higher degree, 53% of those residing in Corvallis) and a high per capita personal income. The Corvallis MSA per capita income of \$36,398 was the fourth highest of Oregon's 36 counties. What makes the per capita income number more impressive is the high OSU student population with many students living in college induced poverty. The Corvallis MSA has been affected by the recession but has consistently had the state's lowest unemployment rate and a high per capita personal income. The recession has impacted the local housing market; residential construction activity has slowed significantly. There are major commercial construction projects planned or underway at OSU and Good Samaritan Regional Health Center.

### Corvallis MSA Nonfarm Employment



### MAJOR INITIATIVES

The Community Sustainability Consortium presented to the City Council a list of 300 action items developed from the year-long community sustainability planning process. The City has implemented and/or has operational 31 of the items recommended, 34 more items are already in development or in the planning phase for development/implementation (i.e., already in the budget and financial plan), and 51 items would be new initiatives. The City Council settled on energy and transportation as the two primary areas for staff focus, and then prioritized the associated action items. Projects range from reducing energy and paper use to pursuing composting food waste with Allied Waste, the private entity that provides solid waste collection services.

The City Council's primary economic development goal is to develop an integrated 10-year development plan for the Airport Industrial Park utilizing such tools as the Enterprise Zone. Actions to date include: implementation of an Enterprise Zone that gives limited property tax abatements for new development, listing the site on the Governor's Shovel Ready list of industrial property, and planning to implement an off-site wetlands mitigation bank to allow for development of a parcel currently considered jurisdictional wetlands.

### LONG-TERM FINANCIAL PLANNING

Long-term financial plans are developed for each operating fund of the organization. Revenue and expenditure estimates are updated as more information becomes available. The plans are presented in a three-year format but staff uses the financial plans projected over the course of seven years for longer range planning such as utility rate setting and modeling tax levies in order to see the long term impact of short term decisions. Capital project budgets are included in the financial plans to ensure that adequate revenue sources are projected to be available for both the construction of a project and the related operating costs that may be incurred upon the project's completion.

## **RELEVANT FINANCIAL POLICIES**

For general governmental and enterprise funds, the City's Fund Balance Policy guideline is to target an undesignated fund balance of at least 5% of estimated annual revenues for each fund. An analysis is completed annually which recommends the appropriate fund balance taking into account the 5% minimum fund balance, cash flow requirements, debt service needs, future capital projects, and significant revenue and expenditure trends.

The City's bond refunding policy specifies that the refunding bond issuances be authorized by City Council and comply with the rules adopted by the State Treasurer and outlined in Oregon Revised Statutes. Advance refundings require that a financial advisor be employed and must either have a present value savings of \$5 million or more or have a minimum savings ratio of 3.0%.

The City's Property Tax Allocation Policy requires that an annual analysis be completed for all property tax funds, General, Fire & Rescue, Parks & Recreation, Transit, and Library. The analysis is reviewed by City Council to ensure that the property tax allocations are sufficient to support Council approved operating costs.

The City's Investment Policy is designed to establish and provide guidelines for the safe and efficient management of the City's cash and investments. The primary Investment Policy objectives are: preservation of capital; conformance with federal, state and other legal requirements; maintaining sufficient liquidity to meet operating cash flows; and achieve diversification to limit risk exposure to acceptable levels. Staff prepares a monthly Treasury Report as required by the investment policy. Staff also meets quarterly with Investment Council to review reports and portfolio performance. The Investment Policy's diversification and risk management are discussed in greater detail in the Notes to the Basic Financial Statements under Cash and Investments.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Corvallis, Oregon for its comprehensive annual financial report for the year ended June 30, 2008. This was the twentieth consecutive year that the City of Corvallis has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **DISTINGUISHED BUDGET PRESENTATION AWARD**

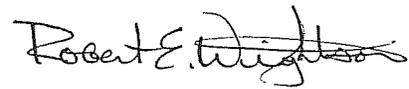
The City of Corvallis received GFOA's Distinguished Budget Presentation Award for its 2008/09 annual budget document and the 2009/2010 annual budget document has been submitted. The Distinguished Budget Presentation award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management. In order to receive the award, a governmental unit must publish a budget document that meets program criteria as a policy document, a communications medium, an operations guide, and a financial plan.

ACKNOWLEDGMENTS

The compilation of the Comprehensive Annual Financial Report is the responsibility of the Finance Department. This report is evidence of the dedication and many hours of hard work required to compile such a report. We would like to thank the entire Finance staff, specifically Lisa Hill, Tina Stephens, Mindy Perez, Cynthia Chavez and Brenda Wrightson, for the excellent service they provide throughout the year which is reflected in this Comprehensive Annual Financial Report. We would also like to thank the City Council, the Administrative Services Committee, and the City Manager for their leadership and support in developing this CAFR.



Nancy Brewer  
Finance Director



Robert E. Wrightson  
Financial Services Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Corvallis  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

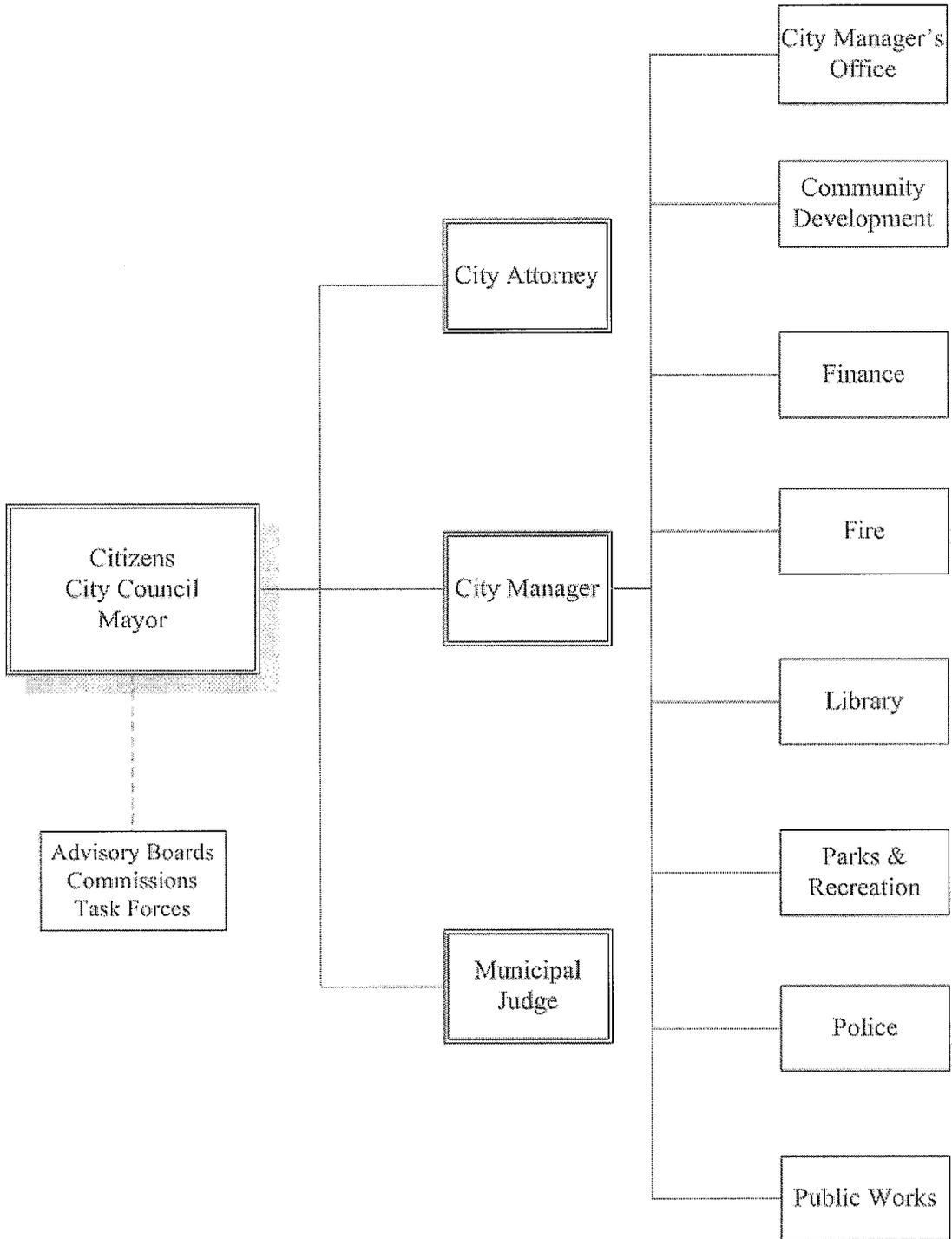
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF CORVALLIS  
ORGANIZATION CHART



**CITY OF CORVALLIS, OREGON**  
**ELECTED AND APPOINTED OFFICIALS OF THE CITY**  
**JUNE 30, 2009**

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***ELECTED***

***MAYOR***

Charles C. Tomlinson

Mark O'Brien	Ward 1
Patricia Daniels	Ward 2
Richard Hervey	Ward 3
Dan Brown	Ward 4
Mike Beilstein	Ward 5
Joel Hirsch	Ward 6
Jeanne Raymond	Ward 7
David Hamby	Ward 8
Hal Brauner	Ward 9

***APPOINTED***

***CITY MANAGER***

Jon Nelson

***FINANCE DIRECTOR***

Nancy Brewer

***FINANCIAL SERVICES MANAGER***

Robert E. Wrightson

***SENIOR ACCOUNTANT***

Brenda Wrightson

500 SW Madison Avenue  
Corvallis, Oregon 97333

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# FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- SUPPLEMENTARY INFORMATION





## 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*

To the Honorable Mayor, Members of the  
City Council and the City Manager  
City of Corvallis, Oregon

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 Corvallis, Oregon as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Corvallis, Oregon as of June 30, 2009 and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparisons for the general and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Other Postemployment Benefits Plan Schedule of Funding Progress are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corvallis' basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory information and data presented in the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Charles A. Swank, A Shareholder  
November 18, 2009

# MANAGEMENT'S DISCUSSION AND ANALYSIS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

*Management's Discussion and Analysis (MD&A) is a narrative, introduction, overview and analysis of the basic financial statements. MD&A is Required Supplementary Information.*

## Management's Discussion and Analysis

Readers of the City of Corvallis' Comprehensive Annual Financial Report (CAFR) are offered this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009 by management. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter, which can be found on pages 1-6 of this CAFR.

### Financial Highlights

- ❖ The assets of the City of Corvallis exceeded liabilities at the close of the fiscal year by \$279,466,797 (net assets), a decrease of (\$6,044,592) from June 30, 2008. Of this amount \$10,000,605 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ Net assets decreased for governmental activities by (\$7,098,665), or (4.52) percent from June 30, 2008, primarily the result of depreciation of existing infrastructure capital assets. Net assets increased for business-type activities by \$1,054,073, an increase of 0.82 percent from June 30, 2008, based on increases in capital assets constructed by the City and assets donated to the City by private developers.
- ❖ As of the close of FY 2009, the City of Corvallis' governmental funds reported combined ending fund balances of \$16,021,236, a decrease of (\$5,389,923) from the prior year. Approximately 76.13 percent of the total amount, \$12,197,081, is available for spending at the City Council's discretion (unreserved fund balance).
- ❖ At the end of FY 2009, unreserved fund balance in the General Fund was \$1,694,300 which was 12.55 percent of the total General Fund expenditures of \$13,501,943. This was a decrease of (\$1,854,883) from June 30, 2008, based on financial performance that was not as good as expected.
- ❖ Total governmental activities debt decreased by (\$1,721,192) or (3.67) percent during FY 2009. Total business-type activities debt decreased by (\$2,131,321) or (7.65) percent. The decrease for both governmental and business-type activities was the result of making all required payments and issuing no new debt. During FY 08-09 the City refunded the 1999 Series General Obligation Bonds, and Advance Refunded the 2001 Series General Obligation Bonds.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Corvallis' basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary and supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** The government-wide financial statements are designed to provide readers with a broad overview of the City of Corvallis' finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Corvallis is improving or deteriorating.

The Statement of Net Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected property taxes and earned but unused leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (called governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (called business-type activities). The governmental activities of the City include police, fire, library, parks and recreation, general administration, public works, and community development. The business-type activities of the City include water, wastewater, and storm water utilities, and the municipal airport.

The government-wide financial statements can be found on pages 21-22 of this report.

**Fund Financial Statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds, and proprietary funds.

***Governmental Funds*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Corvallis maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Street, Parks and Recreation, Fire and Rescue, Community Development Revolving, Library, and Capital Construction funds, all of which are considered to be major funds. Data from the other seven governmental funds is combined into a single aggregated presentation. Fund data for each of these non-major governmental funds is disclosed as supplementary information in the form of statements and schedules.

The City adopts an annual appropriated budget for its General Fund, along with all other funds. Budgetary comparison statements have been provided for the General Fund and major special revenue funds to demonstrate compliance with this budget. Budgetary comparisons for all other funds have been provided as supplementary information.

The basic governmental fund financial statements can be found on pages 23-32 of this report.

***Proprietary Funds*** The City of Corvallis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, storm water, and airport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Corvallis uses internal service funds to account for its garage, facility management, telephone and data systems, central administration, and risk management operations. Because these services predominantly benefit governmental rather than business-type functions, they have been consolidated within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Storm Water and Airport Funds, all of which are considered to be major funds of the City of Corvallis. The internal service funds are all considered to be non-major funds and are combined into a single aggregated presentation in the proprietary fund financial statements. In the basic financial statements, internal service funds are presented as governmental type activities after eliminating interfund transactions. Individual fund data for the internal service funds is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

***Fiduciary Funds*** The City has no fiduciary funds.

**Notes to the Basic Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the financial statements. The notes to the basic financial statements can be found on pages 36-59 of this report.

**Required Supplementary Information** Required supplementary information includes the Other Postemployment Benefits Plan Schedule of Funding Progress. This information can be found on page 60 of this report.

**Supplementary Information** Supplementary information includes the combining statements referred to earlier in connection with non-major governmental funds and internal service funds; budgetary comparisons for non-major, enterprise and internal service funds; and other financial schedules. This information can be found on pages 61-100 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$279,466,797 at the close of FY 2009. This represented a (\$6,044,592) or (2.12) percent decrease in net assets from the prior fiscal year.

<b>CITY OF CORVALLIS</b>
<b>Summary of Net Assets</b>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009
Current and other assets	\$ 56,477,536	\$ 50,131,479	\$ 22,322,029	\$ 22,675,020	\$ 78,799,565	\$ 72,806,499
Capital assets	154,863,353	154,420,296	135,773,427	134,863,128	290,636,780	289,283,424
Total assets	<u>211,340,889</u>	<u>204,551,775</u>	<u>158,095,456</u>	<u>157,538,148</u>	<u>369,436,345</u>	<u>362,089,923</u>
Current liabilities	2,664,188	2,800,771	1,005,103	1,033,030	3,669,291	3,833,801
Long-term liabilities	51,755,936	51,928,904	28,499,729	26,860,421	80,255,665	78,789,325
Total liabilities	<u>54,420,124</u>	<u>54,729,675</u>	<u>29,504,832</u>	<u>27,893,451</u>	<u>83,924,956</u>	<u>82,623,126</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	141,455,487	142,337,802	108,814,471	109,369,298	250,269,958	251,707,100
Restricted	3,579,434	4,289,737	13,145,730	13,469,355	16,725,164	17,759,092
Unrestricted	11,885,844	3,194,561	6,630,423	6,806,044	18,516,267	10,000,605
<b>Total Net Assets</b>	<u>\$ 156,920,765</u>	<u>\$ 149,822,100</u>	<u>\$ 128,590,624</u>	<u>\$ 129,644,697</u>	<u>\$ 285,511,389</u>	<u>\$ 279,466,797</u>

The largest portion of the City's net assets, \$251,707,100, reflects the City's investment in capital assets (land, building, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City's investment in capital assets increased \$1,437,142 or 0.57 percent from June 30, 2008. The City's major capital assets are investments in infrastructure – the water, wastewater and storm water systems of treatment plants and collection/ distribution facilities, the street and sidewalk system, and the municipal airport. The City uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets totaling \$17,759,092 or 6.35 percent represent resources that are subject to external restrictions on how they may be used. This represents an increase in the dollar value of the City's restricted net assets from June 30, 2008. The remaining balance of unrestricted net assets, \$10,000,605, may be used to meet the City's ongoing obligations to citizens and creditors.

Unrestricted net assets for governmental activities totaled \$3,194,561 or 2.13 percent of the total net assets for governmental activities. Business-type activities unrestricted net assets totaled \$6,806,044 or 5.25 percent of the total net assets for business-type activities. At the end of FY 2009, the City of Corvallis is able to report positive balances in all three categories of net assets.

**CITY OF CORVALLIS**  
**Summary of Changes in Net Assets**

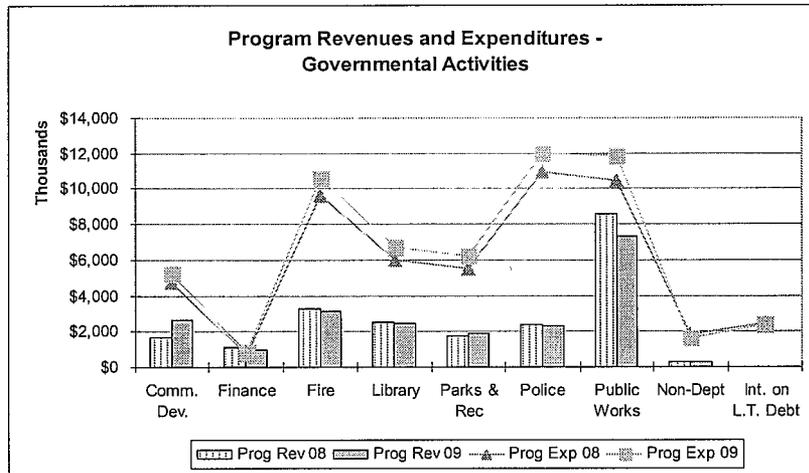
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
<b>Revenue:</b>						
Program Revenue:						
Charges for Service	\$ 10,681,023	\$ 10,210,980	\$ 19,396,729	\$ 19,659,301	\$ 30,077,752	\$ 29,870,281
Operating grants and contributions	7,542,838	7,650,047	-	43,463	7,542,838	7,693,510
Capital grants and contributions	3,256,066	3,013,921	2,057,705	1,840,821	5,313,771	4,854,742
General Revenue:						
Property taxes levied for op. purposes	17,978,490	18,652,631	-	-	17,978,490	18,652,631
Property taxes levied for debt service	1,818,914	1,967,513	-	-	1,818,914	1,967,513
Transient room taxes	1,147,595	1,076,629	-	-	1,147,595	1,076,629
Franchise Fees	4,988,241	5,178,552	-	-	4,988,241	5,178,552
Interest and investment earnings	1,098,958	491,698	931,722	436,941	2,030,680	928,639
Miscellaneous	1,641,909	1,453,065	16,046	12,631	1,657,955	1,465,696
Gain on sale of capital assets	30,768	5,451	-	-	30,768	5,451
<b>Total Revenues</b>	<b>50,184,802</b>	<b>49,700,487</b>	<b>22,402,202</b>	<b>21,993,157</b>	<b>72,587,004</b>	<b>71,693,644</b>
<b>Expenses:</b>						
Community Development	4,721,202	5,232,238	-	-	4,721,202	5,232,238
Finance Department	723,139	807,497	-	-	723,139	807,497
Fire Department	9,582,929	10,575,015	-	-	9,582,929	10,575,015
Library	5,956,494	6,664,627	-	-	5,956,494	6,664,627
Parks & Recreation	5,495,996	6,166,056	-	-	5,495,996	6,166,056
Police Department	10,949,777	12,002,325	-	-	10,949,777	12,002,325
Public Works	10,416,224	11,810,710	-	-	10,416,224	11,810,710
Non-Departmental	1,796,330	1,620,536	-	-	1,796,330	1,620,536
Interest on long-term debt	2,423,186	2,367,064	-	-	2,423,186	2,367,064
Water	-	-	8,063,852	8,342,283	8,063,852	8,342,283
Wastewater	-	-	8,732,200	9,170,904	8,732,200	9,170,904
Storm Water	-	-	2,670,369	2,298,342	2,670,369	2,298,342
Airport	-	-	594,875	680,639	594,875	680,639
<b>Total Expenses</b>	<b>52,065,277</b>	<b>57,246,068</b>	<b>20,061,296</b>	<b>20,492,168</b>	<b>72,126,573</b>	<b>77,738,236</b>
Excess of revenues over expenditures						
before transfers	(1,880,475)	(7,545,581)	2,340,906	1,500,989	460,431	(6,044,592)
Transfers	503,300	446,916	(503,300)	(446,916)	-	-
<b>Change in Net Assets</b>	<b>(1,377,175)</b>	<b>(7,098,665)</b>	<b>1,837,606</b>	<b>1,054,073</b>	<b>460,431</b>	<b>(6,044,592)</b>
Net Assets - Beginning	158,297,940	156,920,765	126,753,018	128,590,624	285,050,958	285,511,389
<b>Net Assets - Ending</b>	<b>\$ 156,920,765</b>	<b>\$ 149,822,100</b>	<b>\$ 128,590,624</b>	<b>\$ 129,644,697</b>	<b>\$ 285,511,389</b>	<b>\$ 279,466,797</b>

- Governmental activities decreased the City's net assets by (\$7,098,665). This was primarily the result of decreased revenues from building permits and plan reviews for new construction and Systems Development Charge (SDC) revenue for Parks and Streets coming in substantially below estimates due to slowed construction. SDC revenue is reserved for future capital projects; the result of the lower revenue may be the delay in implementing future year capital projects.
- Business-type activities increased the City's net assets by \$1,054,073. Rate increases in the water and wastewater funds have been implemented to increase program revenue to fund operating and maintenance costs as well as to build capacity for either cash or debt funded infrastructure projects.

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.



As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$16,021,236, a decrease of (\$5,389,923) in comparison with the prior year. Approximately \$12,197,081 or 76.13 percent constitutes unreserved fund balance which is available for spending at the City's discretion. The remainder of the fund balance, \$3,824,155 is reserved to indicate that it is not available for new spending because it has already been committed to pay for capital construction, endowments, and other purposes.

The General Fund is the main operating fund for the City. At the end of FY 2009, the unreserved fund balance of the General Fund was \$1,694,300. Reserves for construction totaled \$158,577, and other reserves totaled \$57,106. As a measure of the General Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. The unreserved fund balance represents 12.55 percent of the total General Fund operating expenditures.

The total fund balance (reserved plus unreserved balance) of the General Fund decreased by (\$1,854,883) during FY 2009. Key factors in this decrease are:

- ❖ Property tax, transient room tax, plan review, and interest earnings were all lower than expected in FY 08-09. These decreases were the result of the general economic downturn facing all cities in the US and in other countries.
- ❖ Fine revenue was lower than expected due to a number of vacancies in the Police Department and a commensurate decrease in the number of citations issued.
- ❖ Community Development Department under expended its budget by around \$300,000 due to the slower rate of development.
- ❖ The Non-Departmental budget had included monies to start a Business License Fee program to fund economic development efforts; the process to develop a fee ended when the stakeholder committee recommended not implementing, resulting in an under expenditure of \$250,000.

In the Street Fund, the fund balance decreased by (\$972,042). Street Systems Development Charge (SDC) revenue was considerably lower than expected due to the slowdown in the construction industry. State Highway Tax revenue was lower than budgeted by around \$325,000. The City received American Recovery and Reinvestment Act (ARRA) monies as part of the federal stimulus program. The City appropriated the grants in FY 08-09 to allow design and bidding activities to occur. Most of the monies were re-appropriated in FY 2010 for expenditure.

In the Parks and Recreation Fund, the ending fund balance was (\$581,909) lower than the prior year. Systems Development Charge revenue was significantly under budget due to the lack of residential construction.

The Fire and Rescue Fund ending fund balance was \$529,516 higher than June 30, 2008. The Fire and Finance Departments jointly implemented several changes in the ambulance billing process that significantly increased revenue collections. In addition, the Fire department appropriated for a replacement ladder truck, which was ordered, but not received before June 30.

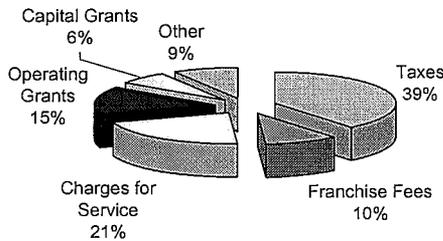
The Community Development Revolving Fund ending fund balance was (\$410,189) lower than the prior year, due to loan and grant allocations for affordable housing.

The Library Fund ended FY 2009 with a fund balance (\$441,544) lower than the prior year. This was the result of normal operations.

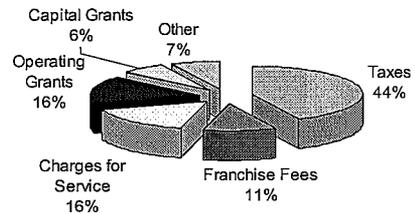
The Capital Construction Fund ending fund balance for June 30, 2009 was (\$521,100) lower than the prior year. The decrease was the result of several projects in progress at the end of the fiscal year.

**Revenue by Source – Governmental Funds**

**FY 07-08 Revenue by Source**

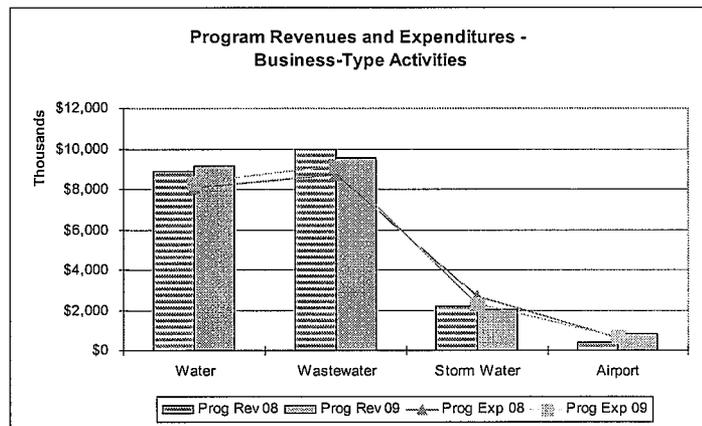


**FY 08-09 Revenue by Source**

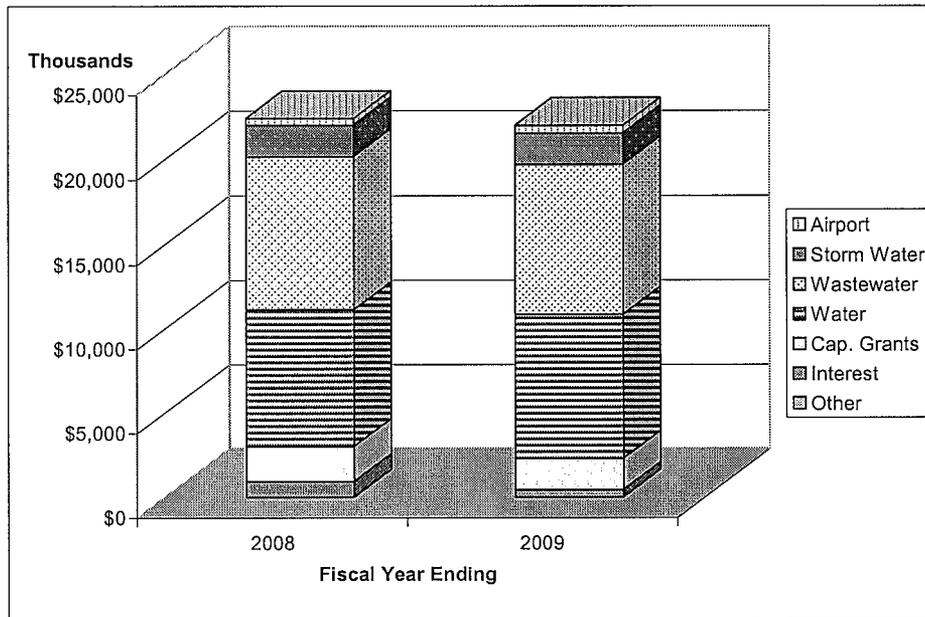


**Proprietary Funds** The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Activities in the proprietary funds increased the City’s net assets by \$1,054,073. Key elements of this increase are as follows:

- The Water and Wastewater funds accounted for a significant portion of this increase, which resulted in part from the approval of a 6 percent rate increase for water, and 2 percent for wastewater, primarily to provide additional monies for operations and maintenance and future capital projects.
- Storm Water fees were not increased in FY 2009, but had been increased substantially in earlier years, and are projected to increase in FY 09-10. This has primarily been to develop capacity within rates to implement new infrastructure projects that are the result of the storm water master plan.
- Systems Development Charges (SDCs) for water, wastewater, and storm water revenues combined were more than \$1.6 million lower than anticipated in FY 2009, the result of the national economic crisis that has led to a virtual standstill in new single family residential development. SDC revenue is used to fund infrastructure projects that occur as the result of increased demand. The drop in revenue may result in a delay in some of these infrastructure projects.



## Revenues by Source – Business-type Activities



### General Fund Budgetary Highlights

There was a \$99,627 increase between the adopted and final budget. During the course of the year the City Council accepted and appropriated two Department of Justice Grants for the Police Department. One grant was for \$8,000 for the purchase of bullet/knife proof vests, and the second grant was for the purchase of investigations materials. The City Council also appropriated \$25,000 from contingencies to provide a grant to the Coalition for Sheltering the Homeless. Significant variances between budget and actual activity can be summarized as follows:

- ❖ Revenues were lower than expected from transient room taxes, development review fees, and interest earnings due to the economic slow down.
- ❖ Property tax revenue was slightly lower due to decreases in value of industrial property.
- ❖ Community Development under expended its budget by around \$300,000 due to the lower level of development.
- ❖ The City had budgeted to implement a Business License program to fund economic development; the stakeholder committee working on the implementation recommended not going forward so the monies, budgeted in Non-Departmental, were not expended.

### Capital Asset and Debt Administration

**Capital Assets** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$289,283,424 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, machinery and equipment, office equipment, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was (0.47) percent. This total includes a (0.29) percent decrease in governmental activities and a (0.67) percent decrease in business-type activities.

Major capital asset events during FY 2009 included the following:

- ❖ Infrastructure maintenance projects capitalized for water, wastewater, storm water, streets, sidewalks, parks, and municipal buildings totaled \$661,118.
- ❖ The second phase of Walnut Boulevard re-construction was completed, and the third and final phase was initiated with costs in FY 08-09 totaling \$829,364.
- ❖ The Baldy Hill water reservoir floating cover was replaced for \$727,332.

- ❖ The improvements to Sunset Park were completed, with FY 08-09 costs totaling \$340,144.

The economic slow-down in Corvallis and the rest of the nation led to a lower than usual level of infrastructure assets constructed by private developers and donated to the City.

**CITY OF CORVALLIS' CAPITAL ASSETS**  
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009
Land	\$ 85,008,050	\$ 86,064,134	\$ 1,142,357	\$ 1,142,357	\$ 86,150,407	\$ 87,206,491
Buildings	16,283,827	16,814,937	1,306,982	1,639,814	17,590,809	18,454,751
Vehicles	3,889,429	4,747,228	1,121,734	1,047,973	5,011,163	5,795,201
Machinery and equipment	2,359,414	2,208,256	1,790,338	1,640,819	4,149,752	3,849,075
Infrastructure	42,343,478	41,274,364	127,750,914	128,091,924	170,094,392	169,366,288
Construction in Progress	4,979,155	3,311,377	2,661,402	1,300,241	7,640,557	4,611,618
<b>Total</b>	<u>\$ 154,863,353</u>	<u>\$154,420,296</u>	<u>\$135,773,727</u>	<u>\$134,863,128</u>	<u>\$ 290,637,080</u>	<u>\$289,283,424</u>

Additional information on the City of Corvallis' capital assets can be found on pages 48-49 of this report.

**Long-Term Debt** At the end of FY 2009 the City had total debt outstanding of \$70,941,454. Of this amount, \$12,100,000 comprises debt backed by the full faith and credit of the government, \$5,640,000 is revenue supported, backed by the revenue of the wastewater utility operation, and \$33,116,869 is limited-tax debt supported by operating funds of the City. The City also had total notes outstanding of \$20,084,585.

**CITY OF CORVALLIS**  
**Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009
General obligation bonds	\$ 13,530,000	\$ 12,100,000	\$ -	\$ -	\$ 13,530,000	\$ 12,100,000
Revenue bonds	-	-	6,025,000	5,640,000	6,025,000	5,640,000
Pension obligation bonds	33,408,061	33,116,869	-	-	33,408,061	33,116,869
Total bonded debt	46,938,061	45,216,869	6,025,000	5,640,000	52,963,061	50,856,869
Notes payable	-	-	21,830,906	20,084,585	21,830,906	20,084,585
<b>Total Debt Outstanding</b>	<u>\$ 46,938,061</u>	<u>\$ 45,216,869</u>	<u>\$ 27,855,906</u>	<u>\$ 25,724,585</u>	<u>\$ 74,793,967</u>	<u>\$ 70,941,454</u>

The City's total debt decreased (\$3,852,513) or (5.15) percent during FY 2009. The decrease was the result of paying scheduled debt payments along with refunding the 1999 Series General Obligation Bonds and advance refunding the 2001 Series General Obligation Bonds; the City did not incur any new debt during the fiscal year.

The City had a debt rating of A1 from Moody's for the 2006 wastewater refunding bonds and a debt rating of Aa3 from Moody's for the 2009 refunding bonds.

Additional information on the City of Corvallis' long-term debt can be found on pages 50-54 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The seasonally adjusted unemployment rate for the Corvallis MSA in June 2009 was 8.2%, an increase from last June's 4.1% seasonally adjusted rate. Benton County has continued to have one of the lowest unemployment rates in the State of Oregon, where the June seasonally adjusted statewide rate was 12%.
- Property tax revenue has remained relatively stable. Oregon's property tax system, where assessed values for tax purposes are not tied to real market values, has allowed revenue to remain stable even as real market value has declined by 2% to 4%. In Corvallis, the average residential property assessed value is 40% lower than real market value.

- Utility rates for the water, wastewater, and storm water funds are projected to increase slightly more than the City Council's policy guidelines of 2% to 3% on the average residential utility bill. The need for infrastructure improvements is driving the slightly higher rate increases.
- Residential construction has essentially stopped in Corvallis, although commercial projects have remained strong, and Oregon State University is in the middle of several major building projects with additional construction projects anticipated in the next several months. At this point, it is difficult to predict when the residential market will return to its previous level.

All of these factors were considered when preparing the budget for the 2010 fiscal year.

During FY 2009, unreserved fund balances in the General Fund decreased to \$1,694,300. The City of Corvallis has appropriated \$1,461,250 of this amount for spending in FY 2010. This draw on fund balances continues a trend over the last five years of decreasing operating revenue and increasing operating expenses.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Corvallis' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Corvallis, 500 SW Madison, Corvallis, Oregon 97333, 541-766-6990 or via e-mail at [finance@ci.corvallis.or.us](mailto:finance@ci.corvallis.or.us).

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# BASIC FINANCIAL STATEMENTS

- GOVERNMENT-WIDE FINANCIAL STATEMENTS
- FUND FINANCIAL STATEMENTS
  - GOVERNMENTAL FUNDS
  - PROPRIETARY FUNDS
- NOTES TO THE BASIC FINANCIAL STATEMENTS



## BASIC FINANCIAL STATEMENTS

*The basic financial statements consist of the government-wide financial statements, fund financial statements and the notes to the financial statements. An auditor's opinion is expressed on the basic financial statements.*

**CITY OF CORVALLIS, OREGON**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>ASSETS</b>			
Cash and investments	\$ 16,970,405	\$ 18,304,959	\$ 35,275,364
Receivables (net of allowances for uncollectibles)			
Property taxes	874,524	-	874,524
Accounts	1,162,420	1,913,490	3,075,910
Accrued interest	6,274	8,801	15,075
Assessments	130,885	53,374	184,259
Franchise fees	345,147	-	345,147
Grants	1,079,598	43,463	1,123,061
Revolving loans	2,643,652	-	2,643,652
Other receivables	474,158	186	474,344
Other assets	10,021	-	10,021
Deferred charges	532,744	572,517	1,105,261
Property held for resale	1,040,083	-	1,040,083
Prepaid pension obligation costs	24,861,568	-	24,861,568
Other restricted assets	-	151,071	151,071
Restricted cash and investments	-	1,627,159	1,627,159
Capital assets:			
Non-depreciable	89,375,511	2,442,598	91,818,109
Other (net of accumulated depreciation)	65,044,785	132,420,530	197,465,315
<i>Total Assets</i>	<u>\$ 204,551,775</u>	<u>\$ 157,538,148</u>	<u>\$ 362,089,923</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,201,299	\$ 594,790	\$ 1,796,089
Accrued interest	696,663	293,839	990,502
Other accrued liabilities	800,427	144,401	944,828
Unearned revenue	102,382	-	102,382
Noncurrent liabilities:			
Due within one year			
Accrued compensated absences	3,433,646	681,599	4,115,245
Bonds payable	1,589,592	400,000	1,989,592
Notes payable	-	1,821,277	1,821,277
Due in more than one year:			
Accrued compensated absences	1,853,036	367,837	2,220,873
Net OPEB obligation	1,442,859	317,154	1,760,013
Bonds payable (net of unamortized premium and deferred amount on refunding)	43,609,771	5,009,245	48,619,016
Notes payable	-	18,263,309	18,263,309
<i>Total Liabilities</i>	<u>54,729,675</u>	<u>27,893,451</u>	<u>82,623,126</u>
<b>Net Assets</b>			
Investment in capital assets (net of related debt)	142,337,802	109,369,298	251,707,100
Restricted for:			
Streets and highways	2,756,739	-	2,756,739
Capital projects and construction	921,477	11,691,125	12,612,602
Debt service	465,582	1,778,230	2,243,812
Endowments - nonexpendable	5,000	-	5,000
Other purposes	140,939	-	140,939
Unrestricted	3,194,561	6,806,044	10,000,605
<i>Total Net Assets</i>	<u>149,822,100</u>	<u>129,644,697</u>	<u>279,466,797</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 204,551,775</u>	<u>\$ 157,538,148</u>	<u>\$ 362,089,923</u>

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

**CITY OF CORVALLIS, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2009**

<i>Activities</i>	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Fees, Fines, and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<b>Governmental Activities:</b>				
Community Development	\$ 5,232,238	\$ 1,634,006	\$ 980,184	\$ -
Finance	807,497	956,815	-	-
Fire	10,575,015	3,074,246	3,116	54,963
Library	6,664,627	196,913	2,208,178	13,198
Parks and Recreation	6,166,056	1,528,078	28,457	357,580
Police	12,002,325	913,453	1,381,543	1,512
Public Works	11,810,710	1,655,549	3,048,569	2,586,668
General Government	1,620,536	251,920	-	-
Interest on long-term debt	2,367,064	-	-	-
<i>Total Governmental Activities</i>	<u>57,246,068</u>	<u>10,210,980</u>	<u>7,650,047</u>	<u>3,013,921</u>
<b>Business-type Activities:</b>				
Water	8,342,283	8,538,420	18,500	589,218
Wastewater	9,170,904	8,838,806	16,463	683,990
Storm Water	2,298,342	1,829,778	-	193,831
Airport	680,639	452,297	8,500	373,782
<i>Total Business-type Activities</i>	<u>20,492,168</u>	<u>19,659,301</u>	<u>43,463</u>	<u>1,840,821</u>
<i>Total Activities</i>	<u>\$ 77,738,236</u>	<u>\$ 29,870,281</u>	<u>\$ 7,693,510</u>	<u>\$ 4,854,742</u>

**General Revenues:**

- Taxes
  - Property taxes, levied for general purposes
  - Property taxes, levied for debt service
  - Transient room taxes
- Franchise fees
- Interest and investment earnings
- Miscellaneous
- Gain on sale of capital assets

*Total General Revenues*

**Transfers**

**Change in Net Assets**

*Net Assets, Beginning of Year*

*Net Assets, End of Year*

*Net (Expenses) Revenues and  
Changes in Net Assets*

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (2,618,048)	\$ -	\$ (2,618,048)
149,318	-	149,318
(7,442,690)	-	(7,442,690)
(4,246,338)	-	(4,246,338)
(4,251,941)	-	(4,251,941)
(9,705,817)	-	(9,705,817)
(4,519,924)	-	(4,519,924)
(1,368,616)	-	(1,368,616)
(2,367,064)	-	(2,367,064)
(36,371,120)	-	(36,371,120)
-	803,855	803,855
-	368,355	368,355
-	(274,733)	(274,733)
-	153,940	153,940
-	1,051,417	1,051,417
(36,371,120)	1,051,417	(35,319,703)
18,652,631	-	18,652,631
1,967,513	-	1,967,513
1,076,629	-	1,076,629
5,178,552	-	5,178,552
491,698	436,941	928,639
1,453,065	12,631	1,465,696
5,451	-	5,451
28,825,539	449,572	29,275,111
446,916	(446,916)	-
(7,098,665)	1,054,073	(6,044,592)
156,920,765	128,590,624	285,511,389
\$ 149,822,100	\$ 129,644,697	\$ 279,466,797

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

**CITY OF CORVALLIS, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	<u>General</u>	<u>Street</u>	<u>Parks and Recreation</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,023,067	\$ 2,848,100	\$ 2,006,393
Receivables			
Property taxes	874,524	-	-
Accounts	371,048	54,938	66,564
Accrued interest	328	2,188	2,161
Assessments	98,813	14,605	17,467
Franchise fees	345,147	-	-
Grants	36,894	15,349	-
Revolving loans	-	-	-
Other receivables	211,661	180,084	1,032
Property held for resale	1,040,083	-	-
Other assets	-	-	-
	<u>5,001,565</u>	<u>3,115,264</u>	<u>2,093,617</u>
<i>Total Assets</i>	<u>\$ 5,001,565</u>	<u>\$ 3,115,264</u>	<u>\$ 2,093,617</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 95,224	\$ 268,026	\$ 125,274
Other accrued liabilities	670,875	75,894	3,752
Deferred revenue	2,325,483	14,605	44,405
	<u>3,091,582</u>	<u>358,525</u>	<u>173,431</u>
<i>Total Liabilities</i>	<u>3,091,582</u>	<u>358,525</u>	<u>173,431</u>
 <b>Fund Balances</b>			
Reserved			
Streets and highways	-	2,756,739	-
Capital projects and construction	158,577	-	92,658
Endowments	-	-	-
Other purposes	57,106	-	83,833
Unreserved, reported in			
General Fund	1,694,300	-	-
Special Revenue Funds	-	-	1,743,695
Debt Service Funds	-	-	-
Permanent Fund	-	-	-
	<u>1,909,983</u>	<u>2,756,739</u>	<u>1,920,186</u>
<i>Total Fund Balance</i>	<u>1,909,983</u>	<u>2,756,739</u>	<u>1,920,186</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,001,565</u>	<u>\$ 3,115,264</u>	<u>\$ 2,093,617</u>

<i>Fire &amp; Rescue</i>	<i>Community Development Revolving</i>	<i>Library</i>	<i>Capital Construction</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 3,364,023	\$ 820,378	\$ 1,657,289	\$ 617,629	\$ 1,966,256	\$ 15,303,135
-	-	-	-	-	874,524
329,331	439	-	-	336,077	1,158,397
474	103	251	106	374	5,985
-	-	-	-	-	130,885
-	-	-	-	-	345,147
54,963	67,669	-	96,735	807,988	1,079,598
-	2,643,652	-	-	-	2,643,652
10,413	-	70,968	-	-	474,158
-	-	-	-	-	1,040,083
-	10,000	-	-	21	10,021
<u>\$ 3,759,204</u>	<u>\$ 3,542,241</u>	<u>\$ 1,728,508</u>	<u>\$ 714,470</u>	<u>\$ 3,110,716</u>	<u>\$ 23,065,585</u>
\$ 172,850	\$ 1,800	\$ 75,721	\$ 43,411	\$ 69,510	\$ 851,816
-	2,878	160	817	64	754,440
366,658	2,653,652	194	-	33,096	5,438,093
<u>539,508</u>	<u>2,658,330</u>	<u>76,075</u>	<u>44,228</u>	<u>102,670</u>	<u>7,044,349</u>
-	-	-	-	-	2,756,739
-	-	-	670,242	-	921,477
-	-	-	-	5,000	5,000
-	-	-	-	-	140,939
-	-	-	-	-	1,694,300
3,219,696	883,911	1,652,433	-	2,536,011	10,035,746
-	-	-	-	465,582	465,582
-	-	-	-	1,453	1,453
<u>3,219,696</u>	<u>883,911</u>	<u>1,652,433</u>	<u>670,242</u>	<u>3,008,046</u>	<u>16,021,236</u>
<u>\$ 3,759,204</u>	<u>\$ 3,542,241</u>	<u>\$ 1,728,508</u>	<u>\$ 714,470</u>	<u>\$ 3,110,716</u>	<u>\$ 23,065,585</u>

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

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# FUND FINANCIAL STATEMENTS

## MAJOR GOVERNMENTAL FUNDS



## MAJOR GOVERNMENTAL FUNDS

**GENERAL FUND** - Accounts for all of the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, licenses, permits and state shared revenues. Primary expenditures in the General Fund are for police, planning, municipal court, and facilities maintenance.

**STREET FUND** - Accounts for the engineering, maintenance and improvements of city streets. The major revenue sources are state gasoline tax proceeds and system development charges.

**PARKS AND RECREATION FUND** - Accounts for the operation of the Parks and Recreation Department including park maintenance, the aquatic center and recreational programs for youth and adults. Major revenue sources include property taxes, fees for recreational programs, and system development charges.

**FIRE AND RESCUE FUND** - Accounts for revenues and expenditures associated with the operation of fire, emergency medical and transport ambulance services. Fund operations are financed by property taxes, ambulance fees, and Firemed revenue.

**COMMUNITY DEVELOPMENT REVOLVING FUND** - Accounts for Housing and community improvement services funded by loan repayments from community development block grant activities and federal HOME grants. Major revenue sources include grants and loan repayments.

**LIBRARY FUND** - Accounts for the operation and extension services of the Corvallis-Benton County Public Library. The major revenue sources are property taxes and intergovernmental monies from the Benton County Library Service District.

**CAPITAL CONSTRUCTION FUND** - Accounts for the construction and improvement of roads, parks, and facilities, and for the acquisition of park land. Major revenue sources are from interfund transfers and grants.

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**CITY OF CORVALLIS, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	<u>General</u>	<u>Street</u>	<u>Parks and Recreation</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,023,067	\$ 2,848,100	\$ 2,006,393
Receivables			
Property taxes	874,524	-	-
Accounts	371,048	54,938	66,564
Accrued interest	328	2,188	2,161
Assessments	98,813	14,605	17,467
Franchise fees	345,147	-	-
Grants	36,894	15,349	-
Revolving loans	-	-	-
Other receivables	211,661	180,084	1,032
Property held for resale	1,040,083	-	-
Other assets	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Assets</i>	<u><u>\$ 5,001,565</u></u>	<u><u>\$ 3,115,264</u></u>	<u><u>\$ 2,093,617</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 95,224	\$ 268,026	\$ 125,274
Other accrued liabilities	670,875	75,894	3,752
Deferred revenue	2,325,483	14,605	44,405
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Liabilities</i>	<u>3,091,582</u>	<u>358,525</u>	<u>173,431</u>
 <b>Fund Balances</b>			
Reserved			
Streets and highways	-	2,756,739	-
Capital projects and construction	158,577	-	92,658
Endowments	-	-	-
Other purposes	57,106	-	83,833
Unreserved, reported in			
General Fund	1,694,300	-	-
Special Revenue Funds	-	-	1,743,695
Debt Service Funds	-	-	-
Permanent Fund	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Fund Balance</i>	<u>1,909,983</u>	<u>2,756,739</u>	<u>1,920,186</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 5,001,565</u></u>	<u><u>\$ 3,115,264</u></u>	<u><u>\$ 2,093,617</u></u>

<i>Fire &amp; Rescue</i>	<i>Community Development Revolving</i>	<i>Library</i>	<i>Capital Construction</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 3,364,023	\$ 820,378	\$ 1,657,289	\$ 617,629	\$ 1,966,256	\$ 15,303,135
-	-	-	-	-	874,524
329,331	439	-	-	336,077	1,158,397
474	103	251	106	374	5,985
-	-	-	-	-	130,885
-	-	-	-	-	345,147
54,963	67,669	-	96,735	807,988	1,079,598
-	2,643,652	-	-	-	2,643,652
10,413	-	70,968	-	-	474,158
-	-	-	-	-	1,040,083
-	10,000	-	-	21	10,021
<u>\$ 3,759,204</u>	<u>\$ 3,542,241</u>	<u>\$ 1,728,508</u>	<u>\$ 714,470</u>	<u>\$ 3,110,716</u>	<u>\$ 23,065,585</u>
\$ 172,850	\$ 1,800	\$ 75,721	\$ 43,411	\$ 69,510	\$ 851,816
-	2,878	160	817	64	754,440
366,658	2,653,652	194	-	33,096	5,438,093
<u>539,508</u>	<u>2,658,330</u>	<u>76,075</u>	<u>44,228</u>	<u>102,670</u>	<u>7,044,349</u>
-	-	-	-	-	2,756,739
-	-	-	670,242	-	921,477
-	-	-	-	5,000	5,000
-	-	-	-	-	140,939
-	-	-	-	-	1,694,300
3,219,696	883,911	1,652,433	-	2,536,011	10,035,746
-	-	-	-	465,582	465,582
-	-	-	-	1,453	1,453
<u>3,219,696</u>	<u>883,911</u>	<u>1,652,433</u>	<u>670,242</u>	<u>3,008,046</u>	<u>16,021,236</u>
<u>\$ 3,759,204</u>	<u>\$ 3,542,241</u>	<u>\$ 1,728,508</u>	<u>\$ 714,470</u>	<u>\$ 3,110,716</u>	<u>\$ 23,065,585</u>

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

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**CITY OF CORVALLIS, OREGON**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

---

Amounts reported for governmental activities in the statement of net assets (page 21) are different because:

Fund balance - total governmental funds (page 23)	\$ 16,021,236
Capital assets used in governmental activities are not financial resources and, therefore, are not included in the funds. Capital assets reported in internal service funds are included in the governmental capital assets reported on the statement of net assets but are not included here.	153,554,485
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	532,744
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(51,591,961)
Internal service funds are used by management to charge the costs of fleet, facility, technology and communications, administrative services and risk management to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,108,317
In 2002 and 2005, the City made a payment to PERS for unfunded pension liabilities. The expenditures were reported in the funds when paid; however, the prepaid asset is not reported in the funds and must be amortized over the life of the debt. The unamortized balance is reported as a prepaid asset of governmental funds on the entity wide statement of net assets.	24,861,568
Other revenues are earned but are deferred as they are not available in the current period to pay for current period expenditures; therefore, these revenues are not reported in the funds.	<u>5,335,711</u>
Net assets of governmental activities (page 21)	<u><u>\$ 149,822,100</u></u>

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Street</u>	<u>Parks and Recreation</u>
<b>REVENUES</b>			
Taxes	\$ 4,149,749	\$ -	\$ 3,977,513
Licenses, fees, and permits	5,396,443	471,913	55,320
Charges for services	531,606	379,167	1,582,464
Intergovernmental	1,288,467	2,296,385	7,591
Fines and forfeitures	646,667	3,326	744
Miscellaneous	144,828	90,914	121,824
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	12,157,760	3,241,705	5,745,456
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
Community Development	1,390,460	18,298	-
Finance	565,953	-	-
Fire	-	-	-
Library	-	-	-
Parks & Recreation	-	-	5,515,991
Police	9,042,755	-	-
Public Works	794,684	3,216,915	-
Nondepartmental	1,435,348	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	272,743	93,713	76,308
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	13,501,943	3,328,926	5,592,299
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,344,183)	(87,221)	153,157
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds - issuance of debt	-	-	-
Premium - issuance of debt	-	-	-
Proceeds - sale of capital assets	13,437	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	(524,137)	(884,821)	(735,066)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(510,700)	(884,821)	(735,066)
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	(1,854,883)	(972,042)	(581,909)
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, Beginning of year</b>	3,764,866	3,728,781	2,502,095
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, End of year</b>	\$ 1,909,983	\$ 2,756,739	\$ 1,920,186
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<i>Fire &amp; Rescue</i>	<i>Community Development Revolving</i>	<i>Library</i>	<i>Capital Construction</i>	<i>Other Governmental Funds</i>	<i>Total</i>
\$ 7,551,801	\$ -	\$ 3,428,564	\$ -	\$ 2,408,221	\$ 21,515,848
17,953	92,098	-	-	595,178	6,628,905
3,200,052	5,000	47,734	-	2,044,776	7,790,799
58,079	969,683	2,208,178	21,735	2,551,119	9,401,237
17,437	646	74,585	-	376,357	1,119,762
81,978	216,641	115,330	91,856	246,367	1,109,738
<u>10,927,300</u>	<u>1,284,068</u>	<u>5,874,391</u>	<u>113,591</u>	<u>8,222,018</u>	<u>47,566,289</u>
-	1,530,692	-	-	2,010,228	4,949,678
-	-	-	-	110,405	676,358
9,393,963	-	-	-	-	9,393,963
-	-	6,013,580	-	805	6,014,385
-	-	-	-	-	5,515,991
-	-	-	-	1,982,740	11,025,495
-	-	-	-	2,527,315	6,538,914
-	-	-	-	94,321	1,529,669
-	-	-	-	1,671,192	1,671,192
-	-	-	-	2,410,504	2,410,504
536,922	-	85,472	2,037,316	690,277	3,792,751
<u>9,930,885</u>	<u>1,530,692</u>	<u>6,099,052</u>	<u>2,037,316</u>	<u>11,497,787</u>	<u>53,518,900</u>
<u>996,415</u>	<u>(246,624)</u>	<u>(224,661)</u>	<u>(1,923,725)</u>	<u>(3,275,769)</u>	<u>(5,952,611)</u>
-	-	-	-	10,190,000	10,190,000
-	-	-	-	537,000	537,000
2,400	-	-	-	4,900	20,737
-	-	-	-	(10,631,965)	(10,631,965)
-	-	-	1,402,625	2,245,998	3,648,623
(469,299)	(163,565)	(216,883)	-	(207,936)	(3,201,707)
<u>(466,899)</u>	<u>(163,565)</u>	<u>(216,883)</u>	<u>1,402,625</u>	<u>2,137,997</u>	<u>562,688</u>
529,516	(410,189)	(441,544)	(521,100)	(1,137,772)	(5,389,923)
<u>2,690,180</u>	<u>1,294,100</u>	<u>2,093,977</u>	<u>1,191,342</u>	<u>4,145,818</u>	<u>21,411,159</u>
<u>\$ 3,219,696</u>	<u>\$ 883,911</u>	<u>\$ 1,652,433</u>	<u>\$ 670,242</u>	<u>\$ 3,008,046</u>	<u>\$ 16,021,236</u>

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

**CITY OF CORVALLIS, OREGON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

---

Amounts reported for governmental activities in the statement of activities (page 22) are different because:

Net change in fund balances - total governmental funds (page 25) \$ (5,389,923)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and depreciation expense is recorded over the assets' useful lives. These are the amounts associated with the current period.

Capital outlay 3,614,388  
Current period depreciation (4,998,660)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (810,257)

Contributions of capital assets increase net assets. These assets are not reported in the funds. 1,745,005

The issuance of long-term debt (i.e., bonds, leases, notes) 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. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 498,556

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,595,099)

Some revenues are earned but are deferred as they are not available in the current period and, therefore, are not reported in the funds. 335,109

Internal service funds are used by management to charge the costs of fleet, facility, technology and communications, administrative services and risk management to the individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (497,784)

Change in net assets of governmental activities (page 22) \$ (7,098,665)

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – GENERAL FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 4,410,480	\$ 4,410,480	\$ 4,149,749	\$ (260,731)
Licenses, fees, and permits	5,521,520	5,521,520	5,396,443	(125,077)
Charges for services	689,010	689,010	531,606	(157,404)
Intergovernmental	1,226,580	1,326,207	1,288,467	(37,740)
Fines and forfeitures	785,300	785,300	646,667	(138,633)
Miscellaneous	217,740	217,740	144,828	(72,912)
<i>Total Revenues</i>	<u>12,850,630</u>	<u>12,950,257</u>	<u>12,157,760</u>	<u>(792,497)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	1,693,390	1,693,390	1,390,460	302,930
Finance	590,050	590,050	565,953	24,097
Police	9,311,800	9,411,427	9,315,498	95,929
Public Works	893,160	893,160	794,684	98,476
Nondepartmental	1,744,060	1,769,060	1,435,348	333,712
Contingency	261,450	236,450	-	236,450
<i>Total Expenditures</i>	<u>14,493,910</u>	<u>14,593,537</u>	<u>13,501,943</u>	<u>1,091,594</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,643,280)</u>	<u>(1,643,280)</u>	<u>(1,344,183)</u>	<u>299,097</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	13,437	13,437
Transfers out	(652,150)	(652,150)	(524,137)	128,013
<i>Total Other Financing Sources (Uses)</i>	<u>(652,150)</u>	<u>(652,150)</u>	<u>(510,700)</u>	<u>141,450</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(2,295,430)</u>	<u>(2,295,430)</u>	<u>(1,854,883)</u>	<u>440,547</u>
<b>FUND BALANCE, Beginning of year</b>	<u>3,663,713</u>	<u>3,663,713</u>	<u>3,764,866</u>	<u>101,153</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,368,283</u>	<u>\$ 1,368,283</u>	<u>\$ 1,909,983</u>	<u>\$ 541,700</u>

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – STREET FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses, fees, and permits	\$ 450,420	\$ 450,420	\$ 471,913	\$ 21,493
Charges for services	1,044,100	1,044,100	379,167	(664,933)
Intergovernmental	2,634,070	4,363,561	2,296,385	(2,067,176)
Fines and forfeitures	100	100	3,326	3,226
Miscellaneous	134,170	134,170	90,914	(43,256)
<i>Total Revenues</i>	<u>4,262,860</u>	<u>5,992,351</u>	<u>3,241,705</u>	<u>(2,750,646)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	18,660	18,660	18,298	362
Public Works	3,588,430	5,317,921	3,310,628	2,007,293
Contingency	65,200	65,200	-	65,200
<i>Total Expenditures</i>	<u>3,672,290</u>	<u>5,401,781</u>	<u>3,328,926</u>	<u>2,072,855</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	590,570	590,570	(87,221)	(677,791)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,903,450)	(1,903,450)	(884,821)	1,018,629
<b>NET CHANGE IN FUND BALANCE</b>	(1,312,880)	(1,312,880)	(972,042)	340,838
<b>FUND BALANCE, Beginning of year</b>	<u>3,206,867</u>	<u>3,206,867</u>	<u>3,728,781</u>	<u>521,914</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,893,987</u>	<u>\$ 1,893,987</u>	<u>\$ 2,756,739</u>	<u>\$ 862,752</u>

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – PARKS AND RECREATION FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 3,967,700	\$ 3,967,700	\$ 3,977,513	\$ 9,813
Licenses, fees, and permits	43,500	43,500	55,320	11,820
Charges for services	1,750,540	1,750,540	1,582,464	(168,076)
Intergovernmental	27,400	27,400	7,591	(19,809)
Fines and forfeitures	-	-	744	744
Miscellaneous	153,080	153,080	121,824	(31,256)
<i>Total Revenues</i>	<u>5,942,220</u>	<u>5,942,220</u>	<u>5,745,456</u>	<u>(196,764)</u>
<b>EXPENDITURES</b>				
Current				
Parks & Recreation	5,695,870	5,695,870	5,592,299	103,571
Contingency	92,600	92,600	-	92,600
<i>Total Expenditures</i>	<u>5,788,470</u>	<u>5,788,470</u>	<u>5,592,299</u>	<u>196,171</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	153,750	153,750	153,157	(593)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,247,655)	(1,247,655)	(735,066)	512,589
<b>NET CHANGE IN FUND BALANCE</b>	(1,093,905)	(1,093,905)	(581,909)	511,996
<b>FUND BALANCE, Beginning of year</b>	<u>2,772,805</u>	<u>2,772,805</u>	<u>2,502,095</u>	<u>(270,710)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,678,900</u>	<u>\$ 1,678,900</u>	<u>\$ 1,920,186</u>	<u>\$ 241,286</u>

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – FIRE AND RESCUE FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 7,529,510	\$ 7,529,510	\$ 7,551,801	\$ 22,291
Licenses, fees, and permits	17,720	17,720	17,953	233
Charges for services	2,996,290	2,996,290	3,200,052	203,762
Intergovernmental	-	71,634	58,079	(13,555)
Fines and forfeitures	9,470	9,470	17,437	7,967
Miscellaneous	130,810	130,810	81,978	(48,832)
<i>Total Revenues</i>	<u>10,683,800</u>	<u>10,755,434</u>	<u>10,927,300</u>	<u>171,866</u>
<b>EXPENDITURES</b>				
Current				
Fire	10,638,570	10,710,204	9,930,885	779,319
Contingency	192,170	192,170	-	192,170
<i>Total Expenditures</i>	<u>10,830,740</u>	<u>10,902,374</u>	<u>9,930,885</u>	<u>971,489</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(146,940)</u>	<u>(146,940)</u>	<u>996,415</u>	<u>1,143,355</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	2,400	2,400
Transfers out	(1,365,440)	(1,365,440)	(469,299)	896,141
<i>Total Other Financing Sources (Uses)</i>	<u>(1,365,440)</u>	<u>(1,365,440)</u>	<u>(466,899)</u>	<u>898,541</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,512,380)</u>	<u>(1,512,380)</u>	<u>529,516</u>	<u>2,041,896</u>
<b>FUND BALANCE, Beginning of year</b>	<u>2,402,175</u>	<u>2,402,175</u>	<u>2,690,180</u>	<u>288,005</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 889,795</u>	<u>\$ 889,795</u>	<u>\$ 3,219,696</u>	<u>\$ 2,329,901</u>

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – COMMUNITY DEVELOPMENT REVOLVING FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses, fees, and permits	\$ 94,320	\$ 94,320	\$ 92,098	\$ (2,222)
Charges for services	5,000	5,000	5,000	-
Intergovernmental	2,775,300	2,775,300	969,683	(1,805,617)
Fines and forfeitures	2,400	2,400	646	(1,754)
Miscellaneous	473,910	473,910	216,641	(257,269)
<i>Total Revenues</i>	<u>3,350,930</u>	<u>3,350,930</u>	<u>1,284,068</u>	<u>(2,066,862)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	3,365,980	3,215,980	1,530,692	1,685,288
Contingency	30,350	30,350	-	30,350
<i>Total Expenditures</i>	<u>3,396,330</u>	<u>3,246,330</u>	<u>1,530,692</u>	<u>1,715,638</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(45,400)	104,600	(246,624)	(351,224)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(39,470)	(189,470)	(163,565)	25,905
<b>NET CHANGE IN FUND BALANCE</b>	(84,870)	(84,870)	(410,189)	(325,319)
<b>FUND BALANCE, Beginning of year</b>	<u>1,270,469</u>	<u>1,270,469</u>	<u>1,294,100</u>	<u>23,631</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,185,599</u>	<u>\$ 1,185,599</u>	<u>\$ 883,911</u>	<u>\$ (301,688)</u>

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

**CITY OF CORVALLIS, OREGON****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – LIBRARY FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 3,418,440	\$ 3,418,440	\$ 3,428,564	\$ 10,124
Charges for services	44,500	44,500	47,734	3,234
Intergovernmental	2,204,150	2,204,150	2,208,178	4,028
Fines and forfeitures	83,000	83,000	74,585	(8,415)
Miscellaneous	142,900	142,900	115,330	(27,570)
<i>Total Revenues</i>	<u>5,892,990</u>	<u>5,892,990</u>	<u>5,874,391</u>	<u>(18,599)</u>
<b>EXPENDITURES</b>				
Current				
Library	6,192,510	6,192,510	6,099,052	93,458
Contingency	121,320	121,320	-	121,320
<i>Total Expenditures</i>	<u>6,313,830</u>	<u>6,313,830</u>	<u>6,099,052</u>	<u>214,778</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(420,840)	(420,840)	(224,661)	196,179
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(216,960)	(216,960)	(216,883)	77
<b>NET CHANGE IN FUND BALANCE</b>	(637,800)	(637,800)	(441,544)	196,256
<b>FUND BALANCE, Beginning of year</b>	<u>2,049,099</u>	<u>2,049,099</u>	<u>2,093,977</u>	<u>44,878</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,411,299</u>	<u>\$ 1,411,299</u>	<u>\$ 1,652,433</u>	<u>\$ 241,134</u>

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

# FUND FINANCIAL STATEMENTS

## PROPRIETARY FUNDS



## PROPRIETARY FUNDS

### **ENTERPRISE FUNDS:**

*These funds account for activities and services performed primarily for external users. Charges are based on the cost of services.*

- **WATER, WASTEWATER AND STORM WATER FUNDS** - Account for the operation, maintenance, department services, and capital improvements of the water, wastewater, and storm water systems of the City. The primary source of revenue is user service charges.
- **AIRPORT FUND** - Accounts for the operation, maintenance, debt service, and capital improvements of the City's airport facilities. Revenues are derived primarily from hangar and building rental revenue, seed crop revenue, and capital improvement grants.

### **INTERNAL SERVICE FUNDS:**

*These funds account for activities and services performed primarily for other organizational units within the City. Charges are based on recovering costs from the benefitted City units.*

**CITY OF CORVALLIS, OREGON**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2009**

	<i>Business-type Activities - Enterprise Funds</i>					<i>Governmental Activities Internal Service Funds</i>
	<i>Water</i>	<i>Wastewater</i>	<i>Storm Water</i>	<i>Airport</i>	<i>Total</i>	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$ 5,310,171	\$ 10,386,969	\$ 1,857,467	\$ 750,352	\$ 18,304,959	\$ 1,667,270
Receivables						
Accounts	850,692	841,364	172,936	48,498	1,913,490	4,023
Accrued interest	1,873	6,304	538	86	8,801	289
Grants	18,500	16,463	-	8,500	43,463	-
Other receivables	-	186	-	-	186	-
<b>Total Current Assets</b>	<b>6,181,236</b>	<b>11,251,286</b>	<b>2,030,941</b>	<b>807,436</b>	<b>20,270,899</b>	<b>1,671,582</b>
<b>Noncurrent Assets</b>						
Assessments receivable	28,695	23,148	1,531	-	53,374	-
Deferred issuance costs	308,757	263,760	-	-	572,517	-
Other restricted assets	151,067	4	-	-	151,071	-
Restricted cash and investments	-	1,627,159	-	-	1,627,159	-
Capital assets						
Non-depreciable	1,157,798	801,586	364,257	118,957	2,442,598	500,663
Other (net of accumulated depreciation)	43,487,881	66,650,732	15,223,699	7,058,218	132,420,530	365,148
<b>Total Noncurrent Assets</b>	<b>45,134,198</b>	<b>69,366,389</b>	<b>15,589,487</b>	<b>7,177,175</b>	<b>137,267,249</b>	<b>865,811</b>
<b>Total Assets</b>	<b>\$ 51,315,434</b>	<b>\$ 80,617,675</b>	<b>\$ 17,620,428</b>	<b>\$ 7,984,611</b>	<b>\$ 157,538,148</b>	<b>\$ 2,537,393</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 279,263	\$ 242,183	\$ 46,810	\$ 26,534	\$ 594,790	\$ 349,483
Accrued compensated absences	260,855	319,682	93,328	7,734	681,599	533,457
Accrued interest	161,069	126,454	-	6,316	293,839	-
Other accrued liabilities	96,344	28,069	19,988	-	144,401	45,987
Bonds payable, current portion	-	400,000	-	-	400,000	-
Notes payable, current portion	739,858	1,062,871	-	18,548	1,821,277	-
<b>Total Current Liabilities</b>	<b>1,537,389</b>	<b>2,179,259</b>	<b>160,126</b>	<b>59,132</b>	<b>3,935,906</b>	<b>928,927</b>
<b>Long-Term Liabilities</b>						
Accrued compensated absences	140,775	172,522	50,366	4,174	367,837	287,891
Net OPEB obligations	129,361	134,817	48,752	4,224	317,154	212,258
Bonds payable (net of unamortized premium and deferred amount on refunding)	-	5,009,245	-	-	5,009,245	-
Notes payable	4,625,080	13,457,349	-	180,880	18,263,309	-
<b>Total Long-Term Liabilities</b>	<b>4,895,216</b>	<b>18,773,933</b>	<b>99,118</b>	<b>189,278</b>	<b>23,957,545</b>	<b>500,149</b>
<b>Total Liabilities</b>	<b>6,432,605</b>	<b>20,953,192</b>	<b>259,244</b>	<b>248,410</b>	<b>27,893,451</b>	<b>1,429,076</b>
<b>Net Assets</b>						
Investment in capital assets, net of related debt	39,280,742	47,522,853	15,587,956	6,977,747	109,369,298	865,811
Restricted						
Capital projects and construction	4,313,393	7,377,192	540	-	11,691,125	-
Debt service	151,067	1,627,163	-	-	1,778,230	-
Unrestricted	1,137,627	3,137,275	1,772,688	758,454	6,806,044	242,506
<b>Total Net Assets</b>	<b>44,882,829</b>	<b>59,664,483</b>	<b>17,361,184</b>	<b>7,736,201</b>	<b>129,644,697</b>	<b>1,108,317</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 51,315,434</b>	<b>\$ 80,617,675</b>	<b>\$ 17,620,428</b>	<b>\$ 7,984,611</b>	<b>\$ 157,538,148</b>	<b>\$ 2,537,393</b>

See notes to the financial statements.

**CITY OF CORVALLIS, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009**

	<i>Business-type Activities - Enterprise Funds</i>					<i>Governmental Activities Internal Service Funds</i>
	<i>Water</i>	<i>Wastewater</i>	<i>Storm Water</i>	<i>Airport</i>	<i>Total</i>	
<b>OPERATING REVENUES</b>						
Licenses, fees, and permits	\$ -	\$ -	\$ -	\$ 4,878	\$ 4,878	\$ -
Charges for services	8,364,067	9,265,067	1,843,640	441,500	19,914,274	8,377,501
Intergovernmental	18,500	16,463	-	8,500	43,463	-
Fines and forfeitures	284	-	10	-	294	-
Miscellaneous	403,282	15,903	1,921	5,919	427,025	76,584
<i>Total Operating Revenues</i>	<u>8,786,133</u>	<u>9,297,433</u>	<u>1,845,571</u>	<u>460,797</u>	<u>20,389,934</u>	<u>8,454,085</u>
<b>OPERATING EXPENSES</b>						
Personal services	3,129,345	3,143,063	1,011,813	117,933	7,402,154	5,053,252
Materials and supplies	931,764	530,574	46,277	6,754	1,515,369	633,227
Services	478,347	333,773	30,489	144,848	987,457	1,100,314
Utility and overhead	1,854,987	1,911,498	478,360	56,909	4,301,754	1,988,866
Training and conference	21,056	29,024	4,413	2,086	56,579	95,431
Depreciation and amortization	1,635,852	2,253,861	342,573	340,800	4,573,086	114,123
<i>Total Operating Expenses</i>	<u>8,051,351</u>	<u>8,201,793</u>	<u>1,913,925</u>	<u>669,330</u>	<u>18,836,399</u>	<u>8,985,213</u>
<b>OPERATING INCOME (LOSS)</b>	<u>734,782</u>	<u>1,095,640</u>	<u>(68,354)</u>	<u>(208,533)</u>	<u>1,553,535</u>	<u>(531,128)</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>						
Interest income	131,011	252,678	41,271	11,981	436,941	48,630
Interest expense	(292,358)	(949,118)	-	(11,309)	(1,252,785)	-
Gain (loss) on disposal of capital assets	1,426	(19,993)	(384,417)	-	(402,984)	(15,286)
<i>Total Non-Operating Income (Expense)</i>	<u>(159,921)</u>	<u>(716,433)</u>	<u>(343,146)</u>	<u>672</u>	<u>(1,218,828)</u>	<u>33,344</u>
<b>INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>574,861</u>	<u>379,207</u>	<u>(411,500)</u>	<u>(207,861)</u>	<u>334,707</u>	<u>(497,784)</u>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital assets	361,559	252,548	178,393	-	792,500	-
Capital grants	-	-	-	373,782	373,782	-
<i>Total Capital Contributions</i>	<u>361,559</u>	<u>252,548</u>	<u>178,393</u>	<u>373,782</u>	<u>1,166,282</u>	<u>-</u>
<b>TRANSFERS</b>						
Transfers out	(177,113)	(183,461)	(80,429)	(5,913)	(446,916)	-
<b>CHANGE IN NET ASSETS</b>	<u>759,307</u>	<u>448,294</u>	<u>(313,536)</u>	<u>160,008</u>	<u>1,054,073</u>	<u>(497,784)</u>
<b>NET ASSETS, Beginning of year</b>	<u>44,123,522</u>	<u>59,216,189</u>	<u>17,674,720</u>	<u>7,576,193</u>	<u>128,590,624</u>	<u>1,606,101</u>
<b>NET ASSETS, End of year</b>	<u>\$ 44,882,829</u>	<u>\$ 59,664,483</u>	<u>\$ 17,361,184</u>	<u>\$ 7,736,201</u>	<u>\$ 129,644,697</u>	<u>\$ 1,108,317</u>

See notes to the financial statements.

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**CITY OF CORVALLIS, OREGON**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<i>Business-type Activities - Enterprise Funds</i>					<i>Governmental Activities Internal Service Funds</i>
	<i>Water</i>	<i>Wastewater</i>	<i>Storm Water</i>	<i>Airport</i>	<i>Total</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 8,797,616	\$ 9,243,257	\$ 1,834,798	\$ 480,617	\$ 20,356,288	\$ 141,697
Receipts from interfund services provided	184	-	1,845	-	2,029	8,306,046
Payments to suppliers	(1,688,369)	(1,302,693)	(37,620)	(140,183)	(3,168,865)	(3,384,469)
Payments to employees	(2,986,270)	(2,959,191)	(1,035,255)	(125,166)	(7,105,882)	(4,517,523)
Payments for interfund services used	(1,518,922)	(1,541,676)	(429,141)	(53,087)	(3,542,826)	(596,010)
<i>Net Cash Provided by Operating Activities</i>	<u>2,604,239</u>	<u>3,439,697</u>	<u>334,627</u>	<u>162,181</u>	<u>6,540,744</u>	<u>(50,259)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers out	(177,113)	(183,461)	(80,429)	(5,913)	(446,916)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(1,910,134)	(334,275)	(564,139)	(393,816)	(3,202,364)	(135,876)
Capital contributions	-	-	-	373,782	373,782	-
Interest paid	(313,206)	(904,848)	-	-	(1,218,054)	-
Payments on bond principal	-	(385,000)	-	-	(385,000)	-
Payments on notes payable	(702,964)	(1,024,991)	-	(30,278)	(1,758,233)	-
Proceeds - sale of capital assets	7,034	-	-	-	7,034	-
<i>Net Cash Used In Capital and Related Financing Activities</i>	<u>(2,919,270)</u>	<u>(2,649,114)</u>	<u>(564,139)</u>	<u>(50,312)</u>	<u>(6,182,835)</u>	<u>(135,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	130,356	251,157	41,036	11,895	434,444	48,341
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	(361,788)	858,279	(268,905)	117,851	345,437	(137,794)
<b>CASH AND INVESTMENTS, Beginning of year</b>	5,671,959	11,155,849	2,126,372	632,501	19,586,681	1,805,064
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 5,310,171</u>	<u>\$ 12,014,128</u>	<u>\$ 1,857,467</u>	<u>\$ 750,352</u>	<u>\$ 19,932,118</u>	<u>\$ 1,667,270</u>

	<i>Business-type Activities - Enterprise Funds</i>					<i>Governmental Activities Internal Service Funds</i>
	<i>Water</i>	<i>Wastewater</i>	<i>Storm Water</i>	<i>Airport</i>	<i>Total</i>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 734,782	\$ 1,095,640	\$ (68,354)	\$ (208,533)	\$ 1,553,535	\$ (531,128)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	1,635,852	2,253,861	342,573	340,800	4,573,086	114,123
Change in assets and liabilities						
Receivables						
Accounts receivable	(29,561)	(51,418)	8,698	1,145	(71,136)	(1,823)
Assessments	31	4,292	59	-	4,382	-
Grants	(18,500)	(16,463)	-	18,645	(16,318)	-
Other	-	11	-	-	11	-
Other Assets	-	32	-	-	32	-
Accounts payable	73,950	(86,491)	(32,234)	4,455	(40,320)	18,150
Accrued compensated absences	51,989	80,844	24,844	-	157,677	104,309
Net OPEB obligations	129,361	134,817	48,752	4,224	317,154	212,258
Other accrued liabilities	26,335	24,572	10,289	1,445	62,641	33,852
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 2,604,239</u>	<u>\$ 3,439,697</u>	<u>\$ 334,627</u>	<u>\$ 162,181</u>	<u>\$ 6,540,744</u>	<u>\$ (50,259)</u>

**NONCASH CAPITAL AND RELATED  
FINANCING ACTIVITIES**

The City disposed of various assets during the year which resulted in gains (losses)	\$ 5,608	\$ (19,993)	\$ (384,417)	\$ -	\$ (398,802)	\$ -
Contributions of capital assets	361,559	252,548	178,393	-	792,500	-

See notes to the financial statements.

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# NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Reporting Entity*

The City of Corvallis, Oregon (“the City”) is a municipal corporation governed by an elected mayor and nine-member Council. The Council appoints a City Manager to act as the administrative head of operations. As required by accounting principles generally accepted in the United States of America (GAAP) all significant activities of the City have been included in the basic financial statements. The City qualifies as a primary government since the City has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the City’s boundaries. The City is not financially accountable for any of these entities; therefore, none of them are considered component units nor are they included in these basic financial statements.

*Government-wide and fund financial statements*

The government-wide financial statements, the Statement of Net Assets and the Statement of Activities, report information on all of the City’s activities. For the most part, the effect of interfund activity has been removed from the government-wide statements. An exception to this is services or goods provided by an activity and used by another activity. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are segregated from business-type activities, which are primarily supported by charges for services and fees.

The Statement of Activities demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Indirect expenses are recovered through internal service fund charges. These indirect expenses are allocated based on a full-cost approach, thereby allocating indirect expenses among functions with the objective of allocating all expenses. Taxes and other revenues that are not properly included among program revenues are reported as general revenues. When both restricted and unrestricted resources are available for use, the City’s policy is to utilize the restricted resources first; unrestricted resources are then utilized as needed.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Measurement Focus, Basis of Accounting and Basis of Presentation*

The City’s government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash inflows and outflows. Property taxes are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue when all eligibility requirements 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

collected within 30 days of June 30 for the year being reported. Expenditures other than debt service, compensated absences, and claims and judgments are recorded when a liability is incurred, as under accrual accounting. Debt service, compensated absences, and claims and judgments are recorded when payment is due.

Property taxes, franchise fees, transient room taxes, and state shared revenues associated with the current period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period when collected within 30 days following year end. Investment interest earned but not received as of June 30 is also accrued and recorded as revenue of the current fiscal year. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

*General Fund*

The General Fund is the primary operating fund of the City. The General Fund accounts for all financial resources of the City excluding those required to be accounted for in another fund. Principal sources of revenue are taxes, fees, licenses, permits, and intergovernmental revenues. Primary expenditures in the General Fund are made for police, community development, and finance.

*Street Fund*

The Street Fund accounts for the engineering, operations, maintenance and improvements of city streets. The major revenue sources for the Street Fund are intergovernmental revenue and charges for services.

*Parks and Recreation Fund*

The Parks and Recreation Fund accounts for the operations of the Parks and Recreation Department including park maintenance, the aquatic center, and recreation programs for youth and adults. Major revenue sources include taxes and charges for services.

*Fire and Rescue Fund*

The Fire and Rescue fund accounts for the revenues and expenditures associated with the operation of fire, emergency medical, and transport ambulance services. Primary sources of revenue are taxes and charges for services.

*Community Development Revolving Fund*

The Community Development Revolving Fund accounts for community improvement services funded by loan repayments from community development block grant activities. The fund also accounts for housing improvement activities funded by grants and loan repayments.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

*Library Fund*

The Library Fund accounts for the operation and extension services of the Corvallis-Benton County Public Library. Major revenue sources include taxes and intergovernmental revenues.

*Capital Construction Fund*

The Capital Construction Fund accounts for the construction and improvements of roads, park acquisition, park improvements, facility improvements, and facility construction. Primary sources of funds are grants and transfers-in of system development charges or operating fund monies.

The City reports the following major enterprise funds:

*Water Fund*

The Water Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's water acquisition, treatment, and distribution system. Primary revenues are charges for services.

*Wastewater Fund*

The Wastewater Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's sanitary sewer collection and treatment system. Primary revenues are charges for services.

*Storm Water Fund*

The Storm Water Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's storm water drainage system which includes both closed pipe and open urban streams. Primary revenues are charges for services.

*Airport Fund*

The Airport Fund accounts for the operation, maintenance, capital improvements and related debt service of the City's airport facilities. Primary revenues are from charges for services and intergovernmental revenues.

Additionally the City reports the following:

*Internal Service Funds*

Internal service funds account for services provided for departmental units within the City. Services provided by the internal service funds include facility maintenance, fleet maintenance, technology and communications, administrative services, and risk management. The cost of the services provided is recovered by charges to the department receiving the service.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

*Non-major Funds*

The City also reports on non-major special revenue funds, debt service funds and permanent funds. Non-major special revenue funds include the 9-1-1 Fund, Development Services Fund, Parking Fund, and Transit Fund. The City's non-major debt service funds are the General Obligation Debt Service Fund and the Pension Obligation Debt Service Fund. The City's permanent fund is the Davidson Library Fund. Budgetary statements for these funds are included as part of supplementary information.

The City's government-wide and proprietary statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 to the extent that those standards do not conflict or contradict guidance issued by GASB. Governments also have the option of following subsequent private sector guidance for business-type activities and enterprise funds subject to this same limitation. The City has elected not to implement FASB pronouncements issued after November 30, 1989.

Interfund transfers, interfund services provided and used, interfund reimbursements and interfund payables and receivables are all interfund activities. The effect of interfund activities and administrative charges are eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated from the government-wide statements since elimination would distort the program revenues and direct costs of the City's functions.

Amounts reported as program revenues in the government-wide statement of activities include: fines, fees, and charges to users for services provided, goods produced or privileges provided; operating grants and contributions; and capital grants and contributions. Taxes, grants and contributions that are not restricted are reported as general revenues. Franchise fees are based on gross receipts and are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The primary operating revenues of the Water Fund, Wastewater Fund, Storm Water Fund, Airport Fund, and internal service funds are charges to customers for sales and services. The Water Fund, Wastewater Fund, and Storm Water Fund also receive fees which are intended to recover the cost of connecting new customers to the utility systems. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Assets, Liabilities and Equity*

*Cash and Investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments. Cash and cash equivalents are recorded at cost, which approximates fair value. Fair value is defined as the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale.

**CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, Liabilities and Equity (Continued)*

*Cash and Investments (Continued)*

State Statutes authorize the City to invest in obligations of the U.S. Treasury, certificates of deposit, U.S. Government Agency Securities, instrumentalities of U.S. Government-sponsored corporations, commercial paper, bankers' acceptances, repurchase agreements and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City has an investment policy which is more restrictive than State law. The investment policy is reviewed annually by the City's Investment Council. The Investment Council meets quarterly and its membership includes the City Council President, City Manager, City Attorney, Finance Director, and a qualified citizen. Additionally, Oregon Revised Statutes require that deposits be made with approved depository banks. Local Government Investment Pool balances are backed by the full faith and credit of the State of Oregon.

The City maintains a cash and investment pool for all of the City's funds. Monies within the cash and investment pool are identified by fund and by type. Interest earned on the cash and investment pool is allocated to the individual funds based on the individual fund's average cash balance for the period in which the interest was earned. For the Statement of Cash Flow purposes the City considers "cash" to include the pooled cash and investments. The cash and investment pool has the general characteristics of a demand deposit account since the cash and investment pool has sufficient liquidity so that any fund may deposit or withdraw cash at any time without notice or penalty.

*Receivables*

Trade receivables are reported in total, except for ambulance receivables which are shown net of an allowance for uncollectibles.

Property taxes receivable that are collected within 30 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance the operations of the current period. Property taxes are levied and become a lien on the property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. All property taxes are billed and collected by Benton County, Oregon and then turned over to the City. No allowance for uncollectible property taxes is considered necessary as property taxes are collectible as a lien.

The City administers a loan program under the Housing and Community Development Act of 1974, Public Law 93-383. The City also administers a Rental Rehabilitation Loan Program as authorized by Section 17 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181), as approved November 30, 1983. The Rental Rehabilitation Loan Program is also subject to the interim regulations of the Department of Housing and Urban Development (HUD) 24 CFR Part 511. These loans are secured by the property and collectible as a lien.

Grant proceeds for costs of managing the rehabilitation loan program are recorded as revenue when operating costs are incurred. Two types of loans are extended. The first is to owner/occupants and may be a no-interest deferred or fully amortized payment loan. The second type is interest bearing to investor/owner borrowers. Both types are extended to qualified borrowers for rehabilitation of eligible properties and are collateralized by real property. Both types are recorded as revolving loans receivable and deferred revenue when the loan is extended to the borrower.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, Liabilities and Equity (Continued)*

*Receivables (Continued)*

The owner/occupied deferred payment loans are due upon sale or transfer of the real property. The interest bearing loans require monthly payments which are amortized over a period of years. The liens are due upon sale or transfer of the real property. When collections of the liens are received, such amounts are recognized as program income (revenue) and utilized to continue or benefit the program.

*Property Held for Resale*

Foreclosed land held for resale includes assessments receivable that have been foreclosed by the City. The properties are recorded at the lower of the cost of the assessment or the estimated net realizable value. Such amounts are fully offset by deferred revenue in the fund financial statements.

*Prepaid Pension Obligation Costs*

The City issued debt in 2002 and 2005 to fund the City's Public Employees Retirement System (PERS) unfunded actuarial liability. The amounts that were paid to PERS were recorded as prepaid pension obligation costs in the year of debt issuance and are amortized on a straight-line basis over the life of each debt issue.

*Capital Assets*

Capital assets are classified as land, buildings, office equipment, machinery and equipment, vehicles, utility plants and systems, infrastructure, and construction in progress. Capital assets have an initial, individual cost of \$5,000 or more and a useful life greater than one year. Capital assets, excluding governmental activity infrastructure acquired prior to June 30, 1980, have been capitalized in the government-wide and proprietary fund financial statements. Capital assets are recorded at historical cost or estimated historical cost when no historical cost records are available. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant and equipment in the proprietary funds is recorded at cost. Donated capital assets of the proprietary fund types are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the assets constructed, net of interest earned on the investment proceeds over the same period.

Depreciation on capital assets is calculated on a straight line basis over their estimated useful life. Depreciation is calculated on capital assets acquired during the fiscal year from the beginning of the month of acquisition to the end of the fiscal year. Retired or sold capital assets are depreciated through the end of the month in the month of retirement.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, Liabilities and Equity (Continued)*

*Capital Assets (Continued)*

The estimated useful lives of the capital asset classifications are as follows:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-75
Utility plants and system	40
Buildings	50
Vehicles	4-25
Machinery and equipment	10
Office equipment	3-5

*Compensated Absences*

It is the City’s policy to permit employees to accumulate earned but unused vacation within limits set by bargaining units. All employees with accrued vacation leave are paid the outstanding vacation accrual balance at separation. Employees with sick leave accruals and meeting longevity requirements are paid, within limits, for their sick leave accruals. All vacation and sick pay is accrued when incurred in the government-wide and proprietary statements. Compensated absences are paid by the individual funds when they become due.

*Long-term Debt*

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond issuance costs, prepaid assets, and deferred amounts on refunding, if significant, are deferred and amortized over the life of the bond using straight-line amortization. Bond premiums and discounts are amortized using the bonds outstanding method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Fund Equity*

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose by an outside third party. Designations of fund balance represent tentative management plans that are subject to change.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures/expenses. Actual results may differ from such estimates.

**CITY OF CORVALLIS, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
 YEAR ENDED JUNE 30, 2009

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City adopts an annual budget in accordance with Oregon Revised Statutes (ORS) 294.305 through 294.565. The adopted budget is on a modified accrual basis for all funds. Minor reclassifications are made between the budgetary and the GAAP statements. The Oregon Constitution and ORS requires that the budget must be balanced and that the fiscal year for local governments is from July 1 through June 30. The Budget Commission, consisting of nine citizen representatives and the nine City Councilors, is required by ORS as part of the budget process. Through a process of public hearings and deliberations, the Budget Commission develops and then recommends a budget to City Council for approval. The budget sets forth City Council’s goals and objectives, and identifies the resources necessary to accomplish the goals and objectives. The City’s budget is legally adopted by Council resolution before July 1.

The City maintains budgetary controls to ensure compliance with legal provisions of the City's annual appropriations resolution adopted by the City Council as part of the budget process. The legal level of budgetary control, by Council Resolution, is by department within each fund. The City cannot legally exceed appropriations at this level. Departments may transfer appropriations within a fund and department. All such transfers are reviewed by Finance Department staff for appropriateness. Appropriations lapse at fiscal year end. Capital projects not completed in the current fiscal year must be re-appropriated in the next fiscal year as part of the adoption of the annual budget.

City Council may change the budget throughout the fiscal year by transferring appropriations between levels of legal compliance. Unexpected additional resources may be budgeted by adopting supplemental budgets as authorized by ORS. A supplemental budget requires public comments or hearings, newspaper publications, and City Council approval. There were no supplemental budgets adopted for FY 08/09. City Council transferred General Fund contingencies to grant funds for a non-profit entity. City Council also approved several resolutions accepting and appropriating grant funds that had not been anticipated at the time that the budget had been adopted and authorizing transfers.

**CASH AND INVESTMENTS**

*Pooled Deposits and Investments*

The City maintains a cash management pool for its deposits and investments in which each fund participates. Interest earnings are allocated monthly based on average daily balances of each fund. Cash and investments are reflected in the government-wide Statement of Net Assets as follows:

	<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Total</i></b>
Cash and investments	\$ 16,970,405	\$ 18,304,959	\$ 35,275,364
Restricted cash and investments	-	1,627,159	1,627,159
 <i>Total Cash and Investments</i>	 <u>\$ 16,970,405</u>	 <u>\$ 19,932,118</u>	 <u>\$ 36,902,523</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

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**CASH AND INVESTMENTS (Continued)**

*Deposits*

As of June 30, the City’s bank deposits had a book balance of \$(329,058) and a bank balance is \$643,805. The difference is due to transactions in process. The Oregon legislature passed new public funds collateralization statutes effective July 1, 2008. The new legislation creates a shared liability structure for depository banks but does not guarantee that public funds are 100% protected. ORS requires depository banks to pledge collateral against public funds in excess of federal depository insurance (FDIC) amounts and sets the value and type of collateral needed. The Public Funds Collateralization Program (PFCP) was created by the Oregon Office of the State Treasurer to facilitate depository bank, custodian, and public official compliance with ORS. Depository banks are required to report quarterly to the Office of the State Treasurer information on public funds in excess of FDIC insurance limits, the bank’s net worth, and FDIC capitalization information. Based on this information the PFCP calculates the amount of collateral required for the following quarter. The City is required to verify that amounts in excess of FDIC insurance limits are deposited only in qualified depository banks listed by the Office of the State Treasurer. The City must also report, at least annually, the depository banks the City does business with and public official contact information. \$500,000 of the City’s cash and investment balance is insured by the FDIC. The remaining balance has been placed in qualified depository banks in compliance with Oregon Revised Statutes.

*Custodial Risk - Deposits*

Custodial credit risk is the risk of loss of funds due to the event of a bank failure. At June 30, 2009 the City had deposits of which \$500,000 of the balance was insured by federal depository insurance. The remainder was collateralized in accordance with Oregon Revised Statutes. The shared liability structure does not provide that all public funds are 100% protected.

*Investments*

As of June 30, 2009 the City had the following investments:

<u><i>Investment Type</i></u>	<u><i>Fair Value</i></u>	<u><i>Less than 18 months</i></u>	<u><i>18-60 months</i></u>
Investments in the State of Oregon			
Local Government Investment Pool (LGIP)	\$ 35,216,461	\$ 35,216,461	\$ -
Bankers Acceptances	2,005,380	2,005,380	-
	<u>\$ 37,221,841</u>	<u>\$ 37,221,841</u>	<u>\$ -</u>
<i>Total Investments</i>	<u>\$ 37,221,841</u>	<u>\$ 37,221,841</u>	<u>\$ -</u>

Fifty percent of the LGIP portfolio must mature within 93 days. A maximum of 25 percent of the LGIP portfolio may have maturities greater than one year. No investments may have maturities greater than three years. The LGIP does not report all investments at fair value in accordance with the provisions of GASB Statement No. 31. The LGIP is required by Oregon Revised Statutes (ORS) to compute the fair value of all investments with a maturity date greater than 270 days from the computation date. If the fair value computation’s unrealized gain or loss is greater than one percent of the LGIP balance then the unrealized gain or loss is required to be distributed to pool participants. At June 30, 2009, the City’s share of the amount of the unrealized loss reported by the LGIP, in accordance with ORS, was considered immaterial.

**CITY OF CORVALLIS, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2009*

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**CASH AND INVESTMENTS (Continued)**

*Custodial Credit Risk - Investments*

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Board has established portfolio diversification percentages based on the types and maturities of investments. LGIP must manage and invest its funds 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 risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. A copy of the State's Comprehensive Annual Financial Report may be obtained at <http://www.ost.state.or.us/>.

*Interest Rate Risk*

The City's investment policy limits long-term investments to 25% of the investment portfolio using specific identification. The City defines long-term as having a maturity of greater than 18 months to a maximum of 60 months. As of June 30, 2009 all of the City's investments were classified as short-term.

*Credit Risk*

The City's investment policy limits investments in commercial paper to the top rating by nationally recognized statistical rating organizations. This is more restrictive than what is allowed by state law. State and local government securities are required by the City's investment policy to have an AA rating or better. As of June 30, 2009 the City did not hold any commercial paper. The LGIP is not rated and is not registered with the U.S. Securities and Exchange Commission.

The City's investment policy also limits credit risk by restricting the amount invested in any class of security. The maximum percentage amount of the total investment portfolio that can be invested in US treasuries is 100%; US government agency securities 75%; LGIP 100%; banker acceptances, repurchase agreements, certificates of deposit, commercial paper, and State of Oregon and local government securities are limited to 25% of the total portfolio.

*Concentration of Credit Risk*

The City's investment policy limits the amount that may be invested with any one issuer or institution. A combination of certificates of deposits, bankers acceptances, repurchase agreements and commercial paper may not exceed 25% of the investment portfolio with any one institution. Commercial paper may have no more than 5% of the total portfolio from a single issuer. Certificates of deposit and repurchase agreements may have no more than 15% of the total portfolio invested with any one institution. No more than 15% of the total portfolio may be invested in one entity's state or local government security. US Government agency securities may be no more than 40% of the total portfolio. There is no limit on the percent of the portfolio that may be invested in US treasuries.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

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**RECEIVABLES**

Receivables include balances that are not expected to be collected within a year. The City anticipates that 47% of the property tax receivables will be collected after the subsequent year; 88% of assessments, housing and notes receivable are scheduled to be collected after the subsequent year.

**DEFERRED / UNEARNED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2009, the various components of deferred revenue and unearned revenues reported in the governmental funds are as follows:

	<u>Deferred</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 874,524	\$ -
Assessments not yet due:		
General Fund	90,992	-
Street Fund	14,605	-
Parks and Recreation Fund	17,467	-
Grants	-	27,132
Property held for resale (General Fund)	1,040,083	10,000
Housing loans not yet due (Community Development Revolving Fund)	2,643,652	-
Receivables to be collected in future years	654,388	-
Operating revenue received but unearned (Fire and Rescue Fund)	-	65,250
	<u>\$ 5,335,711</u>	<u>\$ 102,382</u>
<i>Total Deferred and Unearned Revenue</i>		

**ENDOWMENT**

The City's Permanent Fund includes amounts that are restricted for use. The non-expendable portion of the fund is segregated as a restriction for endowments on the Statement of Net Assets. The expendable portion of the fund is included as unrestricted net assets. The spending of investment income for these funds is budgeted in compliance with the related agreements; state law does not limit the ability to spend the investment income.

The following are the amounts available:

<u>Davidson Library Fund:</u>	<u>Permanently Restricted for Endowment</u>	<u>Amount Available for Specific Expenditure</u>	<u>Total</u>
<i>Total Net Assets</i>	<u>\$ 5,000</u>	<u>\$ 1,453</u>	<u>\$ 6,453</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

*Governmental Activities:*

	<i>Balances June 30, 2008</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2009</i>
<i>Non-depreciable capital assets</i>				
Land	\$ 85,008,050	\$ 1,056,084	\$ -	\$ 86,064,134
Construction in progress	4,979,155	1,858,953	(3,526,731)	3,311,377
<i>Total non-depreciable capital assets</i>	<u>89,987,205</u>	<u>2,915,037</u>	<u>(3,526,731)</u>	<u>89,375,511</u>
<i>Depreciable capital assets</i>				
Buildings	23,123,573	1,019,905	-	24,143,478
Machinery and equipment	5,207,901	286,260	(220,694)	5,273,467
Vehicles	7,955,798	1,504,750	(140,484)	9,320,064
Infrastructure	96,672,802	2,701,773	(224,569)	99,150,006
<i>Total depreciable capital assets</i>	<u>132,960,074</u>	<u>5,512,688</u>	<u>(585,747)</u>	<u>137,887,015</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(6,839,746)	(488,795)	-	(7,328,541)
Machinery and equipment	(2,848,487)	(429,295)	212,571	(3,065,211)
Vehicles	(4,066,369)	(612,818)	106,351	(4,572,836)
Infrastructure	(54,329,324)	(3,581,875)	35,557	(57,875,642)
<i>Total accumulated depreciation</i>	<u>(68,083,926)</u>	<u>(5,112,783)</u>	<u>354,479</u>	<u>(72,842,230)</u>
<i>Total depreciable capital assets, net of accumulated depreciation</i>	<u>64,876,148</u>	<u>399,905</u>	<u>(231,268)</u>	<u>65,044,785</u>
<i>Governmental activities capital assets, net of accumulated depreciation</i>	<u>\$ 154,863,353</u>	<u>\$ 3,314,942</u>	<u>\$ (3,757,999)</u>	<u>\$ 154,420,296</u>

Depreciation expense was charged to the functions of governmental activities as follows:

Finance	\$ 99,785
City Manager's Office	1,351
Community Development	27,502
Public Works	3,888,354
Library	220,871
Parks and Recreation	319,789
Police	196,512
Fire	358,619
<b>Total depreciation expense, governmental activities</b>	<u><u>\$ 5,112,783</u></u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**CAPITAL ASSETS (Continued)**

*Business-Type Activities:*

	<i>Balances</i> <i>June 30,</i> <i>2008</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances</i> <i>June 30,</i> <i>2009</i>
<i>Non-depreciable capital assets</i>				
Land	\$ 1,142,357	\$ -	\$ -	\$ 1,142,357
Construction in progress	2,661,402	2,671,461	(4,032,622)	1,300,241
<i>Total non-depreciable capital assets</i>	<u>3,803,759</u>	<u>2,671,461</u>	<u>(4,032,622)</u>	<u>2,442,598</u>
<i>Depreciable capital assets</i>				
Buildings	1,819,999	376,017	-	2,196,016
Machinery and equipment	3,837,897	106,265	(124,566)	3,819,596
Vehicles	2,530,848	169,999	(104,379)	2,596,468
Infrastructure	181,892,832	4,311,553	-	186,204,385
<i>Total depreciable capital assets</i>	<u>190,081,576</u>	<u>4,963,834</u>	<u>(228,945)</u>	<u>194,816,465</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(513,017)	(43,185)	-	(556,202)
Machinery and equipment	(2,047,559)	(255,784)	124,566	(2,178,777)
Vehicles	(1,409,114)	(225,932)	86,551	(1,548,495)
Infrastructure	(54,141,918)	(3,970,543)	-	(58,112,461)
<i>Total accumulated depreciation</i>	<u>(58,111,608)</u>	<u>(4,495,444)</u>	<u>211,117</u>	<u>(62,395,935)</u>
<i>Total depreciable capital assets, net of accumulated depreciation</i>	<u>131,969,968</u>	<u>468,390</u>	<u>(17,828)</u>	<u>132,420,530</u>
<i>Business-type activities capital assets, net of accumulated depreciation</i>	<u>\$ 135,773,727</u>	<u>\$ 3,139,851</u>	<u>\$ (4,050,450)</u>	<u>\$ 134,863,128</u>

Depreciation expense was charged to the functions of business-type activities as follows:

Water	\$ 1,585,296
Wastewater	2,226,775
Storm Water	342,573
Airport	340,800
<b>Total depreciation expense, business-type activities</b>	<u><u>\$ 4,495,444</u></u>

**CITY OF CORVALLIS, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2009

**LONG-TERM OBLIGATIONS**

*Bonds Payable*

*General Obligation Bonds*

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital construction. General obligation bonds are direct obligations and are backed by the full faith and credit of the City. The City has outstanding general obligation bonds for governmental activities. Principal and interest on the outstanding debt is paid by the debt service funds.

General obligation bonds outstanding are as follows:

<i><u>Governmental Activities:</u></i>	<i><u>Amount of Original Issue</u></i>	<i><u>Interest Rates on Outstanding Balances</u></i>	<i><u>Balances June 30, 2009</u></i>	<i><u>Due within One Year</u></i>
Advance Refunding 1994	\$ 5,380,000	4.90 - 4.95 %	\$ 1,185,000	\$ 580,000
Open Space, Series 2001A	7,900,000	4.50 - 5.00	725,000	355,000
Advance Refunding 2009	10,190,000	3.00 - 4.00	10,190,000	305,000
<i>Total</i>	<u>\$ 23,470,000</u>		<u>\$ 12,100,000</u>	<u>\$ 1,240,000</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<i><u>Year Ending June 30</u></i>	<i><u>Governmental Activities</u></i>	
	<i><u>Principal</u></i>	<i><u>Interest</u></i>
2010	\$ 1,240,000	\$ 438,255
2011	2,165,000	379,974
2012	1,895,000	312,650
2013	785,000	255,800
2014	835,000	232,250
2015-2019	5,180,000	649,600
<i>Total</i>	<u>\$ 12,100,000</u>	<u>\$ 2,268,529</u>

*Revenue Bonds*

The City issues revenue bonds to finance major capital construction projects for business-type activities. Income derived from the acquired or constructed assets is pledged to pay debt service. The City has committed to establish utility user charges sufficient to pay principal and interest when due. If user charges are not sufficient, the City is required by covenant to raise utility rates sufficient to pay maturing principal and interest. The City Council financial policy is to hold rate increases to 2 - 3 % of the total utility charge, with a maximum allowed rate of 7%, to meet operating costs and debt service requirements of the utilities. To date, utility rates have not been increased beyond the limits of the Council policy. Principal and interest on the revenue bonds are payable solely from user fees.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**LONG-TERM OBLIGATIONS (Continued)**

*Bonds Payable (Continued)*

*Revenue Bonds (Continued)*

The City borrowed \$8,105,000 (Series 2000A) on May 1, 2000 to construct a major Wastewater Fund project, the Combined Sewer Overflow (CSO). The Series 2000A revenue bonds mature over 20 years with interest rates from 4.40 to 5.65%. The Series 2000A revenue bonds are senior to the notes used to partially finance the CSO project.

A portion of the Series 2000A revenue bonds were defeased in 2006 when the City issued \$5,410,000 in Advanced Refunding bonds in order to reduce future debt payments. The refunding bonds mature over 14 years with interest rates from 3.00 to 5.00%. The defeased debt has been legally turned over to an escrow agent with sufficient funding to allow the agent to pay the debt as it matures. The defeased debt is no longer a liability of the City. The outstanding balance of the defeased debt at June 30, 2009 is \$5,050,000.

Revenue bonds outstanding are as follows:

<u><i>Business-type Activities:</i></u>	<u><i>Amount of Original Issue</i></u>	<u><i>Interest Rates on Outstanding Balances</i></u>	<u><i>Balances June 30, 2009</i></u>	<u><i>Due within One Year</i></u>
Series 2000A	\$ 8,105,000	5.15 %	\$ 375,000	\$ 375,000
Series 2006A	5,410,000	3.00 - 5.00	5,265,000	25,000
<i>Total</i>	<u>\$ 13,515,000</u>		<u>\$ 5,640,000</u>	<u>\$ 400,000</u>

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

<u><i>Year Ending June 30</i></u>	<u><i>Business-type Activities</i></u>	
	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2010	\$ 400,000	\$ 246,450
2011	420,000	226,200
2012	440,000	205,200
2013	465,000	183,200
2014	485,000	159,950
2015-2019	2,805,000	433,350
2020	625,000	25,000
<i>Total</i>	<u>\$ 5,640,000</u>	<u>\$ 1,479,350</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**LONG-TERM OBLIGATIONS (Continued)**

*Bonds Payable (Continued)*

*Limited Tax Bonds*

The City issued \$23,913,017 of limited tax Pension Obligation Bonds (Series 2002A) in fiscal year 2003 to finance a portion of the City's unfunded actuarial liability with the Oregon Public Employees Retirement System. The City issued another \$9,980,000 of limited tax obligation bonds in fiscal year 2006 (Series 2005A) to retire the City's transition liability with PERS. Payment source is transfers from operating funds.

Limited tax obligation bonds outstanding are as follows:

<u>Governmental Activities:</u>	<u>Amount of Original Issue</u>	<u>Interest Rates on Outstanding Balances</u>	<u>Balances June 30, 2009</u>	<u>Due within One Year</u>
Series 2002A	\$ 23,913,017	6.21 - 7.06 %	\$ 23,291,869	\$ 229,592
Series 2005A	9,980,000	4.44 - 5.50	9,825,000	120,000
<i>Total</i>	<u>\$ 33,893,017</u>		<u>\$ 33,116,869</u>	<u>\$ 349,592</u>

Annual debt service requirements to maturity for the pension obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 349,592	\$ 1,832,654
2011	406,667	1,875,255
2012	461,767	1,923,380
2013	516,249	1,974,000
2014	570,257	2,030,073
2015-2019	3,723,699	11,165,891
2020-2024	6,743,638	11,803,223
2025-2029	16,820,000	4,358,390
2030	3,525,000	229,125
<i>Total</i>	<u>\$ 33,116,869</u>	<u>\$ 37,191,991</u>

*Advanced Refunding*

The City issued \$10,190,000 of general obligation bonds to advance refund the Riverfront Park, Series 1999A general obligation bonds and a partial advance refunding of the Open Space, Series 2001A general obligation bonds. \$725,000 of the Series 2001A general obligation remains outstanding. The refunding bond proceeds were used to purchase non-callable and non-prepayable U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service of the Series 1999A and Series 2001A general obligation bonds. The refunded general obligation bonds are considered defeased and the related liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the carrying amount of the refunded debt by \$305,437. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt. The advance refunding was undertaken to reduce debt service payments over the next 10 years by \$1,061,918 and resulted in an economic gain of \$754,617. The defeased debt is no longer a liability of the City. The outstanding balance of the defeased debt at June 30, 2009 is \$4,790,000.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**LONG-TERM OBLIGATIONS (Continued)**

*Notes Payable*

The City issues notes payable to finance major acquisitions or construction projects in governmental and business-type activities. In 1992, the City borrowed \$700,000 from the State of Oregon Department of Environmental Quality (DEQ) to complete a project to replace/rehabilitate a portion of the sewers in the older part of the community that had exceeded their service life.

In 1994, the City began expansion of its water treatment capacity at the Taylor treatment plant. The City borrowed \$9,703,408 in 1994 and \$2,107,000 in 1996 to complete the project. Both Taylor treatment plant loans are from the Oregon Economic Development Department. The 1994 loan was refunded in 1998 in order to take advantage of lower interest rates.

In 1996, the City borrowed \$332,240 from the Oregon Economic Development Department to develop water and sewer utilities for land in the Airport Industrial Park, and in 1997, the City borrowed \$21,263,693 from the DEQ to finance construction of a combined sewer overflow project.

Outstanding notes payable are as follows:

<i><b>Business-type Activities:</b></i>	<i><b>Amount of Original Issue</b></i>	<i><b>Interest Rates on Outstanding Balances</b></i>	<i><b>Balances June 30, 2009</b></i>	<i><b>Due within One Year</b></i>
OEDD Loan G95003	\$ 9,703,048	4.5407 %	\$ 4,239,519	\$ 625,756
OEDD Loan B97001	2,107,000	5.4442	1,125,418	114,102
DEQ sewer rehabilitation	700,000	3.0000	203,166	42,827
DEQ CSO	21,263,693	3.6900	14,317,054	1,020,044
OEDD Loan B96002	332,240	5.4687	199,428	18,548
<i>Total Notes Payable, Business-type Activities</i>	<u>\$ 34,105,981</u>		<u>\$ 20,084,585</u>	<u>\$ 1,821,277</u>

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

<i><b>Year Ending June 30</b></i>	<i><b>Business-type Activities</b></i>	
	<i><b>Principal</b></i>	<i><b>Interest</b></i>
2010	\$ 1,821,277	\$ 885,888
2011	1,893,401	803,587
2012	1,982,793	717,404
2013	2,069,583	626,378
2014	2,129,548	530,758
2015-2019	7,962,112	1,360,937
2020-2021	2,225,871	97,542
<i>Total</i>	<u>\$ 20,084,585</u>	<u>\$ 5,022,494</u>

The above notes contain various restrictive covenants which include, among other conditions, requirements to maintain net operating revenues, create a loan reserve account and deposit from the fund's net operating revenues or other available funds into the loan reserve account, an amount equal to the average loan payments, and restrictions on certain additional indebtedness. As of June 30, 2009 \$1,627,159 was held in a loan reserve account. All of the covenants were met at June 30, 2009.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**LONG-TERM OBLIGATIONS (Continued)**

*Changes in Long-Term Obligations*

<i>Governmental Activities:</i>	<i>Balances June 30, 2008</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balances June 30, 2009</i>	<i>Due within One Year</i>
Bonds Payable					
General Obligation Bonds	\$ 13,530,000	\$ 10,190,000	\$ 11,620,000	\$ 12,100,000	\$ 1,240,000
Limited Tax Bonds	33,408,061	-	291,192	33,116,869	349,592
Less deferred amounts:					
For issuance premium	-	537,000	80,442	456,558	-
On refunding	-	(478,494)	(4,431)	(474,063)	-
<i>Total Bonds Payable</i>	46,938,061	10,248,506	11,987,203	45,199,364	1,589,592
Compensated Absences	4,817,875	3,320,962	2,852,155	5,286,682	3,433,646
Net OPEB obligation	-	1,442,859	-	1,442,859	-
<i>Total Long-Term Obligations,     Governmental Activities</i>	<u>\$ 51,755,936</u>	<u>\$ 15,012,327</u>	<u>\$ 14,839,358</u>	<u>\$ 51,928,905</u>	<u>\$ 5,023,238</u>
<i>Business-type Activities:</i>	<i>Balances June 30, 2008</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balances June 30, 2009</i>	<i>Due within One Year</i>
Bonds Payable					
Revenue Bonds	\$ 6,025,000	\$ -	\$ 385,000	\$ 5,640,000	\$ 400,000
Less deferred amounts:					
For issuance premium	117,043	-	14,986	102,057	-
On refunding	(363,534)	-	(30,721)	(332,813)	-
<i>Total Bonds Payable</i>	5,778,509	-	369,265	5,409,244	400,000
Notes Payable	21,830,906	-	1,746,321	20,084,585	1,821,277
Compensated Absences	890,314	686,298	527,176	1,049,436	681,599
Net OPEB obligation	-	317,154	-	317,154	-
<i>Total Long-Term Obligations,     Business-Type Activities</i>	<u>\$ 28,499,729</u>	<u>\$ 1,003,452</u>	<u>\$ 2,642,762</u>	<u>\$ 26,860,419</u>	<u>\$ 2,902,876</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**INTERFUND TRANSFERS**

Interfund transfers between governmental and business-type activities are reported as net transfers in the Statement of Activities. Details of the transfers between governmental and business-type activities are as follows:

<b><i>Transfers Out:</i></b>	<b><i>Transfers In</i></b>		<b><i>Total</i></b>
	<b><i>Capital Construction</i></b>	<b><i>Other Governmental Funds</i></b>	
General Fund	\$ 24,318	\$ 499,819	\$ 524,137
Street Fund	788,451	96,370	884,821
Parks & Recreation Fund	574,656	160,410	735,066
Fire and Rescue Fund	-	469,299	469,299
Community Development Revolving Fund	1,900	161,665	163,565
Library Fund	-	216,883	216,883
Non-Major Governmental Funds	6,840	201,096	207,936
Water Fund	3,420	173,693	177,113
Wastewater Fund	1,520	181,941	183,461
Storm Water Fund	1,520	78,909	80,429
Airport Fund	-	5,913	5,913
<b><i>Total Transfers</i></b>	<b>\$ 1,402,625</b>	<b>\$ 2,245,998</b>	<b>\$ 3,648,623</b>

The City routinely transfers monies to the Capital Construction Fund to finance the acquisition and construction of capital assets; all funds, excluding the permanent fund, transfer funds to the Pension Obligation Fund for annual debt service payments; and the Storm Water Fund supports the erosion and sediment control program in the Development Services Fund.

**RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance policies from commercial suppliers and annual premiums are paid for the following coverage: real and personal property of \$174,615,405; earthquake of \$100,000,000; water damage of \$25,000,000; computer data and media / extra expense of \$1,000,000; fine art of \$1,000,000; tort liability of \$5,000,000; airport liability of \$5,000,000; honesty blanket bond of \$700,000; public official bonds of \$300,000; various real, personal and inland marine property coverage for replacement costs; and various flood coverage for city buildings. The City also carries commercial insurance for workers' compensation and employee health, life and disability coverage. No insurance claims settled in each of the past three years have exceeded policy coverage.

The City's Risk Management Fund, an Internal Service Fund, accounts for and finances the City's risks of loss. All funds of the City participate in the Risk Management Fund. Amounts payable to the Risk Management Fund are based on cost estimates necessary to pay premiums and if applicable, prior and current year claims and to establish a reserve of \$450,000 for catastrophic losses.

**CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2009

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**OTHER POST EMPLOYMENT BENEFITS**

*Plan Description*

The City administers a single-employer defined benefit healthcare plan as established through negotiations between the City and collective bargaining units. The healthcare plan provides post-retirement medical, dental, and vision coverage for eligible retirees, spouses, domestic partners, and dependents. Eligible retirees are those who were hired prior to July 1, 1992 (January 7, 1992 for firefighters) and retired from active service at age 55 and over, age 50 for sworn police and fire retirees. Retirees are eligible even if they delay receiving Oregon PERS retirement payments. The City pays the single party premiums for retirees. Retirees must pay for spouse and dependent coverage. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees and dependents until the retiree becomes eligible for Medicare, typically age 65.

The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including active employees and retirees. The difference between retiree claims costs, which because of the effect of age, is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

The City also provides post-employment life insurance benefits to retirees. The City purchases life insurance (\$2,500 face value) for general service, fire, and police retirees until age 65. After age 65 the City pays for life insurance with a face value of \$1,500. The City pays life insurance for exempt employees with a face value equal to the employee's final annual salary until age 65. After age 65 the City pays for life insurance with a face value of \$1,500 for exempt employees.

The City has not established an irrevocable trust (or equivalent arrangement) to account for the plan. The plan does not issue a separate report.

*Funding Policy*

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. Since the City's healthcare plan is self-insured, the annual required contributions can fluctuate. For the fiscal year ending June 30, 2009, the City's plan contributions were \$1,178,470.

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City amortizes unfunded actuarial liabilities over fifteen years.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation (Continued)*

The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2009, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 2,938,483
Interest on net OPEB obligation	-
Adjustment to the Annual Required Contribution	-
Annual OPEB cost (expense)	<u>2,938,483</u>
Contribution made	<u>1,178,470</u>
Increase in net OPEB obligation	1,760,013
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 1,760,013</u></u>

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2009 were as follows:

<i>Fiscal year ended June 30,</i>	<i>Annual OPEB Cost</i>	<i>Contribution</i>	<i>Percentage of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
2009	\$ 2,938,483	\$ 1,178,470	40.10%	\$ 1,760,013

*Funded Status and Funding Progress*

As of August 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$28,083,082, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$28,083,082. The covered payroll (annual payroll of active employees covered by the plan) was \$27,612,464, and the ratio of the UAAL to the covered payroll was 98.32%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to the evaluation date. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF CORVALLIS, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2009*

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**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Actuarial Methods and Assumptions (Continued)*

The August 1, 2008 actuarial valuations for the OPEB plan is based on the projected unit credit actuarial cost method. The actuarial assumptions include an investment return of 4.5%, a healthcare cost inflation trend rate of 8.0% for the 1st year, August 1, 2008 to August 1, 2009, 7.0% in the 2nd year, 6.5% in the third year, 6.0% for the 4<sup>th</sup> through 14<sup>th</sup> year, 5.5% for the 15<sup>th</sup> through 29<sup>th</sup> year, and 5.0% thereafter. Annual payroll increases are compounded at 3.75% annually. The unfunded actuarially accrued liability and the gain or loss is amortized as a level percentage of projected payroll over 15 years.

**PENSION PLAN**

*Plan Description*

The City is a participating employer in the Oregon Public Employees Retirement System (“OPERS”), a cost-sharing multiple-employer defined benefit pension plan. The Public Employee Retirement System (PERS), which was established under Oregon Revised Statute (ORS) 238.600, applies to all employees who had established membership prior to August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), which was established under ORS 238A and went into effect on January 1, 2004, applies to all people who are first employed with a public employer after August 29, 2003. The Public Employees Retirement Board (PERB) governs and acts as a common investment and administrative agent for both plans which are the retirement plans for most public employers in the State of Oregon. Benefits are established by state statute, and employer contributions are made at the actuarially determined rate for each system as adopted by the PERB. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Both PERS and OPSRP plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

*Funding Status*

Covered employees are required by state statute to contribute 6.0 percent of their salary to the plan which is invested in the Individual Account Program (IAP). Employers are permitted to pay employee contributions to the fund. During fiscal year 2008-09, employees of the City of Corvallis who are in the American Federation of State, County and Municipal Employees bargaining unit and exempt employees contribute the 6.0 percent share from their salary. The City Manager and the members of the International Association of Fire Fighters, the Corvallis Police Officers Association, and the Corvallis Regional Communications Center Association have their 6.0 percent contribution paid by the City based upon their respective contracts.

The City is required by statute to contribute actuarially computed amounts as determined by OPERS. OPERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuations and the proportion of the system that is funded for each local government employer.

**CITY OF CORVALLIS, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2009*

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**PENSION PLAN** (Continued)

*Funding Status (Continued)*

For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general service participants. Beginning January 1, 2004 OPSRP rates were set at 11.65 percent for police and fire and 8.04 percent for general service employees. These rates changed to 11.23 percent and 7.96 percent, respectively, on July 1, 2007 based on the December 31, 2005 valuation.

*Annual Pension Cost*

The City's contributions to PERS for the fiscal years ending June 30, 2007, 2008, and 2009 were \$2,525,983, \$2,313,355, and \$2,663,525, respectively, which equaled the required contribution for the year. In March 2002 the City issued \$23,913,017 in Pension Obligation Bonds to pay the City's unfunded actuarial liability as identified by OPERS based on the December 31, 2000 system valuation brought forward to the March 2002 pay-off date. In September 2005 the City issued \$9,980,000 in Pension Obligation Bonds to retire the City's transition liability with PERS.

**CONTINGENCIES**

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

There have been a number of court cases in State and Federal Court involving OPERS. There have been State Supreme Court decisions on the OPERS litigation, and the PERS board has nearly completed implementation. Litigation concerning OPERS is still pending in the Federal Courts. The City is not a named party in the lawsuits, but the decisions could have an impact on the City's unfunded actuarial liability.

**NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have future effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on future financial statements.

GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets," issued June 2007 establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The statement is effective for financial statements for periods beginning after June 30, 2009.

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," issued February 2009 will be effective for the City beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types.

# REQUIRED SUPPLEMENTARY INFORMATION

- OTHER POSTEMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS



**CITY OF CORVALLIS, OREGON**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS**  
**YEAR ENDED JUNE 30, 2009**

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Asset</u>	<u>AAL Unit Credit</u>	<u>UAAL</u>	<u>Ratio Funded</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
August 1, 2006	\$ -	\$25,132,913	\$25,132,913	- %	\$26,385,989	95.25 %
August 1, 2008	-	28,083,082	28,083,082	-	27,612,464	101.70

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# SUPPLEMENTARY INFORMATION

- NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS
  
- NON-MAJOR SPECIAL REVENUE, CAPITAL  
PROJECTS, DEBT SERVICE, PERMANENT, AND  
PROPRIETARY FUND STATEMENTS AND  
SCHEDULES
  - NON-MAJOR SPECIAL REVENUE FUNDS
  - CAPITAL PROJECTS FUND
  - DEBT SERVICE FUNDS
  - PERMANENT FUNDS
  - ENTERPRISE FUNDS
  - INTERNAL SERVICE FUNDS
  
- OTHER FINANCIAL SCHEDULES



**CITY OF CORVALLIS, OREGON**  
**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Permanent</i>	<i>Total</i>
<b>ASSETS</b>				
Cash and investments	\$ 1,493,509	\$ 466,294	\$ 6,453	\$ 1,966,256
Receivables				
Accounts	336,077	-	-	336,077
Accrued interest	284	90	-	374
Grants	807,988	-	-	807,988
Other assets	-	21	-	21
	<u>2,637,858</u>	<u>466,405</u>	<u>6,453</u>	<u>3,110,716</u>
<i>Total Assets</i>	<u>\$ 2,637,858</u>	<u>\$ 466,405</u>	<u>\$ 6,453</u>	<u>\$ 3,110,716</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 68,687	\$ 823	\$ -	\$ 69,510
Other accrued liabilities	64	-	-	64
Deferred revenue	33,096	-	-	33,096
	<u>101,847</u>	<u>823</u>	<u>-</u>	<u>102,670</u>
<i>Total Liabilities</i>	<u>101,847</u>	<u>823</u>	<u>-</u>	<u>102,670</u>
<b>Fund Balances</b>				
Reserved				
Endowments	-	-	5,000	5,000
Unreserved				
Undesignated	2,536,011	465,582	1,453	3,003,046
	<u>2,536,011</u>	<u>465,582</u>	<u>6,453</u>	<u>3,008,046</u>
<i>Total Fund Balances</i>	<u>2,536,011</u>	<u>465,582</u>	<u>6,453</u>	<u>3,008,046</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,637,858</u>	<u>\$ 466,405</u>	<u>\$ 6,453</u>	<u>\$ 3,110,716</u>

**CITY OF CORVALLIS, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
<b>REVENUES</b>				
Taxes	\$ 440,708	\$ 1,967,513	\$ -	\$ 2,408,221
Licenses, fees, and permits	595,178	-	-	595,178
Charges for services	2,044,776	-	-	2,044,776
Intergovernmental	2,551,119	-	-	2,551,119
Fines and forfeitures	376,357	-	-	376,357
Miscellaneous	234,947	11,269	151	246,367
	<u>6,243,085</u>	<u>1,978,782</u>	<u>151</u>	<u>8,222,018</u>
<i>Total Revenues</i>				
<b>EXPENDITURES</b>				
Current				
Community Development	2,010,228	-	-	2,010,228
Finance	110,405	-	-	110,405
Library	-	-	805	805
Police	1,982,740	-	-	1,982,740
Public Works	2,527,315	-	-	2,527,315
Nondepartmental	-	94,321	-	94,321
Debt service				
Principal	-	1,671,192	-	1,671,192
Interest	-	2,410,504	-	2,410,504
Capital outlay	690,277	-	-	690,277
	<u>7,320,965</u>	<u>4,176,017</u>	<u>805</u>	<u>11,497,787</u>
<i>Total Expenditures</i>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(1,077,880)</u>	<u>(2,197,235)</u>	<u>(654)</u>	<u>(3,275,769)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - issuance of debt	-	10,190,000	-	10,190,000
Proceeds - premium	-	537,000	-	537,000
Proceeds - sale of capital assets	4,900	-	-	4,900
Payment to refunded bond escrow agent	-	(10,631,965)	-	(10,631,965)
Transfers in	158,960	2,087,038	-	2,245,998
Transfers out	(207,936)	-	-	(207,936)
	<u>(44,076)</u>	<u>2,182,073</u>	<u>-</u>	<u>2,137,997</u>
<i>Total Other Financing Sources (Uses)</i>				
<b>NET CHANGE IN FUND BALANCES</b>	(1,121,956)	(15,162)	(654)	(1,137,772)
<b>FUND BALANCE, Beginning of year</b>	<u>3,657,967</u>	<u>480,744</u>	<u>7,107</u>	<u>4,145,818</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 2,536,011</u>	<u>\$ 465,582</u>	<u>\$ 6,453</u>	<u>\$ 3,008,046</u>

**CITY OF CORVALLIS, OREGON**  
**COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2009**

	<u>9-1-1</u>	<u>Development Services</u>	<u>Parking</u>	<u>Transit</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 425,913	\$ 90,118	\$ 847,086	\$ 130,392	\$ 1,493,509
Receivables					
Accounts	136,137	149,642	33,336	16,962	336,077
Accrued interest	67	22	103	92	284
Grants	-	-	-	807,988	807,988
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b>\$ 562,117</b>	<b>\$ 239,782</b>	<b>\$ 880,525</b>	<b>\$ 955,434</b>	<b>\$ 2,637,858</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 294	\$ 10,493	\$ 2,206	\$ 55,694	\$ 68,687
Other accrued liabilities	-	-	-	64	64
Deferred revenue	-	-	33,096	-	33,096
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<b>294</b>	<b>10,493</b>	<b>35,302</b>	<b>55,758</b>	<b>101,847</b>
<b>Fund Balances</b>					
Unreserved					
Undesignated	561,823	229,289	845,223	899,676	2,536,011
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 562,117</b>	<b>\$ 239,782</b>	<b>\$ 880,525</b>	<b>\$ 955,434</b>	<b>\$ 2,637,858</b>

# NON-MAJOR SPECIAL REVENUE FUNDS



## NON-MAJOR SPECIAL REVENUE FUNDS

*These funds account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.*

**9-1-1 FUND** - Accounts for the regional emergency 9-1-1 system activities. Major revenues include state revenues from 9-1-1 tax, and charges for services from regional and local agencies.

**DEVELOPMENT SERVICES FUND** - Accounts for the plan review and inspection services provided by the Development Services Division. The primary revenue source is fees paid by developers for these services.

**PARKING FUND** - Accounts for revenues and expenditures associated with the operation, enforcement, maintenance, and capital improvements for downtown parking. Major revenue sources include charges for services, parking meters, and fines.

**TRANSIT FUND** - Accounts for revenues and expenditures associated with the operation of the City's transit system. Major revenue sources include property taxes, grant monies, and charges for services (rider fees).

**CITY OF CORVALLIS, OREGON**  
**COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2009**

	<u>9-1-1</u>	<u>Development Services</u>	<u>Parking</u>	<u>Transit</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 425,913	\$ 90,118	\$ 847,086	\$ 130,392	\$ 1,493,509
Receivables					
Accounts	136,137	149,642	33,336	16,962	336,077
Accrued interest	67	22	103	92	284
Grants	-	-	-	807,988	807,988
<i>Total Assets</i>	<u>\$ 562,117</u>	<u>\$ 239,782</u>	<u>\$ 880,525</u>	<u>\$ 955,434</u>	<u>\$ 2,637,858</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 294	\$ 10,493	\$ 2,206	\$ 55,694	\$ 68,687
Other accrued liabilities	-	-	-	64	64
Deferred revenue	-	-	33,096	-	33,096
<i>Total Liabilities</i>	294	10,493	35,302	55,758	101,847
<b>Fund Balances</b>					
Unreserved					
Undesignated	561,823	229,289	845,223	899,676	2,536,011
<i>Total Liabilities and Fund Balances</i>	<u>\$ 562,117</u>	<u>\$ 239,782</u>	<u>\$ 880,525</u>	<u>\$ 955,434</u>	<u>\$ 2,637,858</u>

**CITY OF CORVALLIS, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2009**

	<u>9-1-1</u>	<u>Development Services</u>	<u>Parking</u>	<u>Transit</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 440,708	\$ 440,708
Licenses, fees, and permits	-	578,632	16,546	-	595,178
Charges for services	830,754	549,154	175,355	489,513	2,044,776
Intergovernmental	1,025,386	-	-	1,525,733	2,551,119
Fines and forfeitures	-	-	376,302	55	376,357
Miscellaneous	10,620	29,231	18,439	176,657	234,947
<i>Total Revenues</i>	<u>1,866,760</u>	<u>1,157,017</u>	<u>586,642</u>	<u>2,632,666</u>	<u>6,243,085</u>
<b>EXPENDITURES</b>					
Current					
Community Development	-	2,006,719	3,509	-	2,010,228
Finance	-	-	110,405	-	110,405
Police	1,721,575	-	261,165	-	1,982,740
Public Works	-	-	130,183	2,397,132	2,527,315
Capital outlay	-	-	-	690,277	690,277
<i>Total Expenditures</i>	<u>1,721,575</u>	<u>2,006,719</u>	<u>505,262</u>	<u>3,087,409</u>	<u>7,320,965</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>145,185</u>	<u>(849,702)</u>	<u>81,380</u>	<u>(454,743)</u>	<u>(1,077,880)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds - sale of capital assets	-	4,900	-	-	4,900
Transfers in	-	158,960	-	-	158,960
Transfers out	(77,001)	(102,870)	(18,900)	(9,165)	(207,936)
<i>Total Other Financing Sources (Uses)</i>	<u>(77,001)</u>	<u>60,990</u>	<u>(18,900)</u>	<u>(9,165)</u>	<u>(44,076)</u>
<b>NET CHANGE IN FUND BALANCE</b>	68,184	(788,712)	62,480	(463,908)	(1,121,956)
<b>FUND BALANCE, Beginning of year</b>	<u>493,639</u>	<u>1,018,001</u>	<u>782,743</u>	<u>1,363,584</u>	<u>3,657,967</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 561,823</u>	<u>\$ 229,289</u>	<u>\$ 845,223</u>	<u>\$ 899,676</u>	<u>\$ 2,536,011</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – BUDGETARY BASIS – 9-1-1 FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 830,670	\$ 830,670	\$ 830,754	\$ 84
Intergovernmental	995,660	995,660	1,025,386	29,726
Miscellaneous	12,280	12,280	10,620	(1,660)
<i>Total Revenues</i>	<u>1,838,610</u>	<u>1,838,610</u>	<u>1,866,760</u>	<u>28,150</u>
<b>EXPENDITURES</b>				
Current				
Police	1,732,200	1,732,200	1,721,575	10,625
Contingency	36,720	36,720	-	36,720
<i>Total Expenditures</i>	<u>1,768,920</u>	<u>1,768,920</u>	<u>1,721,575</u>	<u>47,345</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	69,690	69,690	145,185	75,495
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(77,050)	(77,050)	(77,001)	49
<b>NET CHANGE IN FUND BALANCE</b>	(7,360)	(7,360)	68,184	75,544
<b>FUND BALANCE, Beginning of year</b>	<u>325,900</u>	<u>325,900</u>	<u>493,639</u>	<u>167,739</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 318,540</u>	<u>\$ 318,540</u>	<u>\$ 561,823</u>	<u>\$ 243,283</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – DEVELOPMENT SERVICES FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses, fees, and permits	\$ 1,194,500	\$ 1,194,500	\$ 578,632	\$ (615,868)
Charges for services	855,530	855,530	549,154	(306,376)
Miscellaneous	58,500	58,500	29,231	(29,269)
<i>Total Revenues</i>	<u>2,108,530</u>	<u>2,108,530</u>	<u>1,157,017</u>	<u>(951,513)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	2,562,680	2,562,680	2,006,719	555,961
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	<u>2,612,680</u>	<u>2,612,680</u>	<u>2,006,719</u>	<u>605,961</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(504,150)</u>	<u>(504,150)</u>	<u>(849,702)</u>	<u>(345,552)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	4,900	4,900
Transfers in	25,000	25,000	158,960	133,960
Transfers out	(138,700)	(138,700)	(102,870)	35,830
<i>Total Other Financing Sources (Uses)</i>	<u>(113,700)</u>	<u>(113,700)</u>	<u>60,990</u>	<u>174,690</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(617,850)</u>	<u>(617,850)</u>	<u>(788,712)</u>	<u>(170,862)</u>
<b>FUND BALANCE, Beginning of year</b>	<u>965,545</u>	<u>965,545</u>	<u>1,018,001</u>	<u>52,456</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 347,695</u>	<u>\$ 347,695</u>	<u>\$ 229,289</u>	<u>\$ (118,406)</u>

**CITY OF CORVALLIS, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – PARKING FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses, fees, and permits	\$ 17,000	\$ 17,000	\$ 16,546	\$ (454)
Charges for services	195,290	195,290	175,355	(19,935)
Fines and forfeitures	373,000	373,000	376,302	3,302
Miscellaneous	20,500	20,500	18,439	(2,061)
<i>Total Revenues</i>	<u>605,790</u>	<u>605,790</u>	<u>586,642</u>	<u>(19,148)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	3,580	3,580	3,509	71
Finance	117,650	117,650	110,405	7,245
Police	294,400	294,400	261,165	33,235
Public Works	142,960	142,960	130,183	12,777
Contingency	12,400	12,400	-	12,400
<i>Total Expenditures</i>	<u>570,990</u>	<u>570,990</u>	<u>505,262</u>	<u>65,728</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	34,800	34,800	81,380	46,580
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(218,930)	(218,930)	(18,900)	200,030
<b>NET CHANGE IN FUND BALANCE</b>	(184,130)	(184,130)	62,480	246,610
<b>FUND BALANCE, Beginning of year</b>	<u>767,676</u>	<u>767,676</u>	<u>782,743</u>	<u>15,067</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 583,546</u>	<u>\$ 583,546</u>	<u>\$ 845,223</u>	<u>\$ 261,677</u>

**CITY OF CORVALLIS, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – TRANSIT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 439,410	\$ 439,410	\$ 440,708	\$ 1,298
Charges for services	457,340	457,340	489,513	32,173
Intergovernmental	1,452,710	1,541,758	1,525,733	(16,025)
Fines and forfeitures	-	-	55	55
Miscellaneous	722,440	722,440	176,657	(545,783)
<i>Total Revenues</i>	<u>3,071,900</u>	<u>3,160,948</u>	<u>2,632,666</u>	<u>(528,282)</u>
<b>EXPENDITURES</b>				
Current				
Public Works	3,209,880	3,298,928	3,087,409	211,519
Contingency	59,510	59,510	-	59,510
<i>Total Expenditures</i>	<u>3,269,390</u>	<u>3,358,438</u>	<u>3,087,409</u>	<u>271,029</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(197,490)	(197,490)	(454,743)	(257,253)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(21,730)	(21,730)	(9,165)	12,565
<b>NET CHANGE IN FUND BALANCE</b>	(219,220)	(219,220)	(463,908)	(244,688)
<b>FUND BALANCE, Beginning of year</b>	<u>1,397,629</u>	<u>1,397,629</u>	<u>1,363,584</u>	<u>(34,045)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,178,409</u>	<u>\$ 1,178,409</u>	<u>\$ 899,676</u>	<u>\$ (278,733)</u>

# CAPITAL PROJECTS FUND



## CAPITAL PROJECTS FUND

*The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed solely by Proprietary Funds. Included is:*

**CAPITAL CONSTRUCTION FUND** - Accounts for the construction and improvement of roads, parks, and facilities, and for acquisition of park land. Major revenues are from interfund transfers and grants.

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET  
AND ACTUAL – BUDGETARY BASIS – CAPITAL CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 848,430	\$ 848,430	\$ 21,735	\$ (826,695)
Miscellaneous	228,670	228,670	91,856	(136,814)
<i>Total Revenues</i>	1,077,100	1,077,100	113,591	(963,509)
<b>EXPENDITURES</b>				
Capital outlay	5,413,150	5,413,150	2,037,316	3,375,834
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,336,050)	(4,336,050)	(1,923,725)	2,412,325
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,248,155	4,248,155	1,402,625	(2,845,530)
<b>NET CHANGE IN FUND BALANCE</b>	(87,895)	(87,895)	(521,100)	(433,205)
<b>FUND BALANCE, Beginning of year</b>	400,819	400,819	1,191,342	790,523
<b>FUND BALANCE, End of year</b>	\$ 312,924	\$ 312,924	\$ 670,242	\$ 357,318

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# DEBT SERVICE FUNDS



## DEBT SERVICE FUNDS

*The Debt Service Funds account for the accumulation of resources for the payment of general obligation and special assessment debt including principal, interest and related costs. Included are:*

### **NON-MAJOR FUNDS:**

**GENERAL OBLIGATION DEBT SERVICE FUND** - Accounts for the accumulation of resources for, and the payment of, general obligation bond principal and interest. The principal source of revenue is property taxes.

**PENSION OBLIGATION DEBT SERVICE FUND** - Accounts for the accumulation of resources for, and the payment of, pension obligation bond principal and interest. The principal source of revenue is payments from operating funds for their portion of annual debt service.

**CITY OF CORVALLIS, OREGON**  
**COMBINING BALANCE SHEET – DEBT SERVICE FUNDS**  
**JUNE 30, 2009**

	<b><i>General Obligation Debt Service</i></b>	<b><i>Pension Obligation Debt Service</i></b>	<b><i>Total</i></b>
<b><i>ASSETS</i></b>			
Cash and investments	\$ 464,595	\$ 1,699	\$ 466,294
Receivables			
Accrued interest	90	-	90
Other assets	-	21	21
<i>Total Assets</i>	<u>\$ 464,685</u>	<u>\$ 1,720</u>	<u>\$ 466,405</u>
<b><i>LIABILITIES AND FUND BALANCES</i></b>			
<b><i>Liabilities</i></b>			
Accounts payable	\$ 823	\$ -	\$ 823
<b><i>Fund Balances</i></b>			
Unreserved			
Undesignated	463,862	1,720	465,582
<i>Total Liabilities and Fund Balances</i>	<u>\$ 464,685</u>	<u>\$ 1,720</u>	<u>\$ 466,405</u>
Difference	-	-	-
<b><i>FUND BALANCES</i></b>			
Unreserved	<u>\$ 464,685</u>	<u>\$ 1,720</u>	<u>\$ 466,405</u>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<b>General Obligation Debt Service</b>	<b>Pension Obligation Debt Service</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ 1,967,513	\$ -	\$ 1,967,513
Miscellaneous	11,130	139	11,269
<i>Total Revenues</i>	<u>1,978,643</u>	<u>139</u>	<u>1,978,782</u>
<b>EXPENDITURES</b>			
Current			
Nondepartmental	93,471	850	94,321
Debt service			
Principal	1,380,000	291,192	1,671,192
Interest	615,508	1,794,996	2,410,504
<i>Total Expenditures</i>	<u>2,088,979</u>	<u>2,087,038</u>	<u>4,176,017</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(110,336)</u>	<u>(2,086,899)</u>	<u>(2,197,235)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds - issuance of debt	10,190,000	-	10,190,000
Proceeds - premium	537,000	-	537,000
Payment to refunded bond escrow agent	(10,631,965)	-	(10,631,965)
Transfers in	-	2,087,038	2,087,038
<i>Total Other Financing Sources (Uses)</i>	<u>95,035</u>	<u>2,087,038</u>	<u>2,182,073</u>
<b>NET CHANGE IN FUND BALANCES</b>	(15,301)	139	(15,162)
<b>FUND BALANCE, Beginning of year</b>	<u>479,163</u>	<u>1,581</u>	<u>480,744</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 463,862</u>	<u>\$ 1,720</u>	<u>\$ 465,582</u>

**CITY OF CORVALLIS, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL OBLIGATION DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 1,965,000	\$ 1,965,000	\$ 1,967,513	\$ 2,513
Miscellaneous	11,060	11,060	11,130	70
<i>Total Revenues</i>	<u>1,976,060</u>	<u>1,976,060</u>	<u>1,978,643</u>	<u>2,583</u>
<b>EXPENDITURES</b>				
Current				
Nondepartmental	-	95,040	93,471	1,569
Debt service				
Principal	1,380,000	1,380,000	1,380,000	-
Interest	615,520	615,520	615,508	12
<i>Total Expenditures</i>	<u>1,995,520</u>	<u>2,090,560</u>	<u>2,088,979</u>	<u>1,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(19,460)</u>	<u>(114,500)</u>	<u>(110,336)</u>	<u>4,164</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - issuance of debt	-	10,190,000	10,190,000	-
Proceeds - premium	-	537,010	537,000	(10)
Payment to refunded bond escrow agent	-	(10,631,970)	(10,631,965)	5
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>95,040</u>	<u>95,035</u>	<u>(5)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(19,460)</u>	<u>(19,460)</u>	<u>(15,301)</u>	<u>4,159</u>
<b>FUND BALANCE, Beginning of year</b>	<u>482,480</u>	<u>482,480</u>	<u>479,163</u>	<u>(3,317)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 463,020</u>	<u>\$ 463,020</u>	<u>\$ 463,862</u>	<u>\$ 842</u>

**CITY OF CORVALLIS, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – BUDGETARY BASIS – PENSION OBLIGATION DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 139	\$ 139
<b>EXPENDITURES</b>				
Current				
Nondepartmental	1,350	1,350	850	500
Debt service				
Principal	291,200	291,200	291,192	8
Interest	1,795,000	1,795,000	1,794,996	4
<i>Total Expenditures</i>	<u>2,087,550</u>	<u>2,087,550</u>	<u>2,087,038</u>	<u>512</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,087,550)	(2,087,550)	(2,086,899)	651
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,087,990</u>	<u>2,087,990</u>	<u>2,087,038</u>	<u>(952)</u>
<b>NET CHANGE IN FUND BALANCE</b>	440	440	139	(301)
<b>FUND BALANCE, Beginning of year</b>	<u>2,127</u>	<u>2,127</u>	<u>1,581</u>	<u>(546)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 2,567</u>	<u>\$ 2,567</u>	<u>\$ 1,720</u>	<u>\$ (847)</u>

# NON-MAJOR PERMANENT FUND



## NON-MAJOR PERMANENT FUND

*The Permanent Fund accounts for resources that are legally restricted to the extent that earnings, not principal, are used to support the City's programs.*

**DAVIDSON LIBRARY FUND** - Accounts for Library resources restricted for book purchases. The major revenue source derives from interest earnings.

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - BUDGETARY BASIS – DAVIDSON LIBRARY FUND  
YEAR ENDED JUNE 30, 2009**

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	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 290	\$ 290	\$ 151	\$ (139)
<b>EXPENDITURES</b>				
Current				
Library	1,000	1,000	805	195
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(710)	(710)	(654)	56
<b>FUND BALANCE, Beginning of year</b>	7,051	7,051	7,107	56
<b>FUND BALANCE, End of year</b>	<u>\$ 6,341</u>	<u>\$ 6,341</u>	<u>\$ 6,453</u>	<u>\$ 112</u>

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# ENTERPRISE FUNDS



## ENTERPRISE FUNDS

*Enterprise Funds are used to account for the acquisition, operation, maintenance, and debt service of governmental facilities and services which are entirely or predominantly self-supporting by user charges. Enterprise funds use the economic resources measurement focus and accrual accounting to report the results of operation.*

**WATER, WASTEWATER AND STORM WATER FUNDS** - Accounts for the operation, maintenance, debt service, and capital improvements of the water, wastewater, and storm water systems of the City. The primary source of revenue is user service charges.

**AIRPORT FUND** - Accounts for the operation, maintenance, debt service, and capital improvements of the City's airport facilities. Revenues are derived primarily from hanger and building rental revenue, seed crop revenue, and capital improvement grants.

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - WATER FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 9,233,100	\$ 9,233,100	\$ 8,364,067	\$ (869,033)
Intergovernmental	65,700	84,200	18,500	(65,700)
Fines and forfeitures	-	-	284	284
Miscellaneous	1,202,970	1,202,970	534,293	(668,677)
<i>Total Revenues</i>	<u>10,501,770</u>	<u>10,520,270</u>	<u>8,917,144</u>	<u>(1,603,126)</u>
<b>EXPENDITURES</b>				
Community Development	46,600	46,600	46,040	560
Public Works	7,057,390	7,075,890	6,643,677	432,213
Capital Projects	2,548,810	2,548,810	1,454,566	1,094,244
Debt service				
Principal	702,970	702,970	702,964	6
Interest	313,210	313,210	313,206	4
Contingency	177,470	177,470	-	177,470
<i>Total Expenditures</i>	<u>10,846,450</u>	<u>10,864,950</u>	<u>9,160,453</u>	<u>1,704,497</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(344,680)</u>	<u>(344,680)</u>	<u>(243,309)</u>	<u>101,371</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	7,034	7,034
Transfers in	2,753,840	2,753,840	-	(2,753,840)
Transfers out	(2,948,170)	(2,948,170)	(177,113)	2,771,057
<i>Total Other Financing Sources (Uses)</i>	<u>(194,330)</u>	<u>(194,330)</u>	<u>(170,079)</u>	<u>24,251</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(539,010)</u>	<u>(539,010)</u>	<u>(413,388)</u>	<u>125,622</u>
<b>FUND BALANCE, Beginning of year</b>	<u>6,247,631</u>	<u>6,247,631</u>	<u>6,247,711</u>	<u>80</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 5,708,621</u>	<u>\$ 5,708,621</u>	<u>\$ 5,834,323</u>	<u>\$ 125,702</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - WASTEWATER FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 10,579,680	\$ 10,579,680	\$ 9,265,067	\$ (1,314,613)
Intergovernmental	-	23,738	16,463	(7,275)
Miscellaneous	350,580	350,580	268,581	(81,999)
<i>Total Revenues</i>	<u>10,930,260</u>	<u>10,953,998</u>	<u>9,550,111</u>	<u>(1,403,887)</u>
<b>EXPENDITURES</b>				
Community Development	45,380	45,380	45,019	361
Public Works	6,578,400	6,602,138	5,762,587	839,551
Capital Projects	1,765,630	1,765,630	258,939	1,506,691
Debt service				
Principal	1,410,010	1,410,010	1,409,991	19
Interest	904,910	904,910	904,881	29
Contingency	190,880	190,880	-	190,880
<i>Total Expenditures</i>	<u>10,895,210</u>	<u>10,918,948</u>	<u>8,381,417</u>	<u>2,537,531</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>35,050</u>	<u>35,050</u>	<u>1,168,694</u>	<u>1,133,644</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,323,370	2,323,370	-	(2,323,370)
Transfers out	(2,514,570)	(2,514,570)	(183,461)	2,331,109
<i>Total Other Financing Sources (Uses)</i>	<u>(191,200)</u>	<u>(191,200)</u>	<u>(183,461)</u>	<u>7,739</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(156,150)</u>	<u>(156,150)</u>	<u>985,233</u>	<u>1,141,383</u>
<b>FUND BALANCE, Beginning of year</b>	<u>10,865,077</u>	<u>10,865,077</u>	<u>11,646,111</u>	<u>781,034</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 10,708,927</u>	<u>\$ 10,708,927</u>	<u>\$ 12,631,344</u>	<u>\$ 1,922,417</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL – STORM WATER FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 1,885,570	\$ 1,885,570	\$ 1,843,640	\$ (41,930)
Fines and forfeitures	-	-	10	10
Miscellaneous	85,930	85,930	43,192	(42,738)
<i>Total Revenues</i>	<u>1,971,500</u>	<u>1,971,500</u>	<u>1,886,842</u>	<u>(84,658)</u>
<b>EXPENDITURES</b>				
Community Development	46,770	46,770	45,875	895
Public Works	1,818,320	1,818,320	1,451,881	366,439
Capital Projects	732,100	732,100	564,139	167,961
Contingency	37,860	37,860	-	37,860
<i>Total Expenditures</i>	<u>2,635,050</u>	<u>2,635,050</u>	<u>2,061,895</u>	<u>573,155</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(663,550)</u>	<u>(663,550)</u>	<u>(175,053)</u>	<u>488,497</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	723,100	723,100	-	(723,100)
Transfers out	(811,240)	(811,240)	(80,429)	730,811
<i>Total Other Financing Sources (Uses)</i>	<u>(88,140)</u>	<u>(88,140)</u>	<u>(80,429)</u>	<u>7,711</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(751,690)</u>	<u>(751,690)</u>	<u>(255,482)</u>	<u>496,208</u>
<b>FUND BALANCE, Beginning of year</b>	<u>1,822,171</u>	<u>1,822,171</u>	<u>2,221,156</u>	<u>398,985</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,070,481</u>	<u>\$ 1,070,481</u>	<u>\$ 1,965,674</u>	<u>\$ 895,193</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - AIRPORT FUND**  
**YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses, fees, and permits	\$ 4,500	\$ 4,500	\$ 4,878	\$ 378
Charges for services	341,620	341,620	441,500	99,880
Intergovernmental	929,090	929,090	382,282	(546,808)
Miscellaneous	27,360	27,360	17,900	(9,460)
<i>Total Revenues</i>	<u>1,302,570</u>	<u>1,302,570</u>	<u>846,560</u>	<u>(456,010)</u>
<b>EXPENDITURES</b>				
Public Works	802,110	802,110	322,861	479,249
Capital Projects	442,400	442,400	393,816	48,584
Debt service				
Principal	18,370	18,370	18,366	4
Interest	11,920	11,920	11,912	8
Contingency	7,670	7,670	-	7,670
<i>Total Expenditures</i>	<u>1,282,470</u>	<u>1,282,470</u>	<u>746,955</u>	<u>535,515</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>20,100</u>	<u>20,100</u>	<u>99,605</u>	<u>79,505</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,990	20,990	-	(20,990)
Transfers out	(26,930)	(26,930)	(5,913)	21,017
<i>Total Other Financing Sources (Uses)</i>	<u>(5,940)</u>	<u>(5,940)</u>	<u>(5,913)</u>	<u>27</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>14,160</u>	<u>14,160</u>	<u>93,692</u>	<u>79,532</u>
<b>FUND BALANCE, Beginning of year</b>	<u>611,133</u>	<u>611,133</u>	<u>687,210</u>	<u>76,077</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 625,293</u>	<u>\$ 625,293</u>	<u>\$ 780,902</u>	<u>\$ 155,609</u>

# INTERNAL SERVICE FUNDS



## INTERNAL SERVICE FUNDS

*These funds account for activities and services performed primarily for other organizational units within the City. Charges are based on recovering costs from the benefitted City units.*

**FLEET MANAGEMENT FUND** - Accounts for the activities to operate the City's fleet of vehicles and equipment.

**FACILITY MAINTENANCE FUND** - Accounts for the operation of the City's central shop facility.

**TECHNOLOGY AND COMMUNICATIONS FUND** - Accounts for the activities related to centralized information and management systems, and operations.

**ADMINISTRATIVE SERVICES FUND** - Accounts for the activities to provide administrative services to the City departments.

**RISK MANAGEMENT FUND** - Accounts for the activities associated with providing risk management services to the organization.

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF NET ASSETS – ALL INTERNAL SERVICE FUNDS**  
**JUNE 30, 2009**

	<u>Fleet Services</u>	<u>Facility Maintenance</u>	<u>Technology and Communications</u>	<u>Administrative Services</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and investments	\$ 43,946	\$ 134,253	\$ 569,387	\$ 153,214	\$ 766,470	\$ 1,667,270
Receivables						
Accounts	2,505	-	1,518	-	-	4,023
Accrued interest	9	28	96	63	93	289
<b>Total Current Assets</b>	<b>46,460</b>	<b>134,281</b>	<b>571,001</b>	<b>153,277</b>	<b>766,563</b>	<b>1,671,582</b>
<b>Capital Assets</b>						
Land	-	-	-	500,663	-	500,663
Buildings	-	34,136	-	86,849	-	120,985
Vehicles	1,413	17,993	22,506	-	43,491	85,403
Machinery and equipment	-	67,529	966,470	25,857	25,710	1,085,566
<b>Total Capital Assets</b>	<b>1,413</b>	<b>119,658</b>	<b>988,976</b>	<b>613,369</b>	<b>69,201</b>	<b>1,792,617</b>
Less accumulated depreciation	(706)	(17,809)	(750,041)	(112,705)	(45,545)	(926,806)
<b>Capital Assets (net of accumulated depreciation)</b>	<b>707</b>	<b>101,849</b>	<b>238,935</b>	<b>500,664</b>	<b>23,656</b>	<b>865,811</b>
<b>Total Assets</b>	<b>\$ 47,167</b>	<b>\$ 236,130</b>	<b>\$ 809,936</b>	<b>\$ 653,941</b>	<b>\$ 790,219</b>	<b>\$ 2,537,393</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 15,471	\$ 71,840	\$ 72,055	\$ 39,174	\$ 150,943	\$ 349,483
Accrued compensated absences	11,077	60,057	78,261	384,062	-	533,457
Other accrued liabilities	-	-	-	45,987	-	45,987
<b>Total Current Liabilities</b>	<b>26,548</b>	<b>131,897</b>	<b>150,316</b>	<b>469,223</b>	<b>150,943</b>	<b>928,927</b>
<b>Noncurrent liabilities</b>						
Accrued compensated absences	5,978	32,411	42,235	207,267	-	287,891
Net OPEB Obligations	12,320	16,368	47,873	135,697	-	212,258
<b>Total Liabilities</b>	<b>44,846</b>	<b>180,676</b>	<b>240,424</b>	<b>812,187</b>	<b>150,943</b>	<b>1,429,076</b>
<b>Net Assets</b>						
Investment in capital assets	707	101,849	238,935	500,664	23,656	865,811
Unrestricted	1,614	(46,395)	330,577	(658,910)	615,620	242,506
<b>Total Net Assets</b>	<b>2,321</b>	<b>\$ 55,454</b>	<b>\$ 569,512</b>	<b>\$ (158,246)</b>	<b>\$ 639,276</b>	<b>\$ 1,108,317</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 47,167</b>	<b>\$ 236,130</b>	<b>\$ 809,936</b>	<b>\$ 653,941</b>	<b>\$ 790,219</b>	<b>\$ 2,537,393</b>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS - INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Fleet Services</u>	<u>Facility Maintenance</u>	<u>Technology and Communications</u>	<u>Administrative Services</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 662,392	\$ 679,954	\$ 1,612,885	\$ 4,465,050	\$ 957,220	\$ 8,377,501
Miscellaneous	552	2,201	4,042	27,816	41,973	76,584
<i>Total Operating Revenues</i>	<u>662,944</u>	<u>682,155</u>	<u>1,616,927</u>	<u>4,492,866</u>	<u>999,193</u>	<u>8,454,085</u>
<b>OPERATING EXPENSES</b>						
Personal services	213,038	405,341	1,138,088	3,296,785	-	5,053,252
Materials and supplies	346,163	68,951	84,847	71,991	61,275	633,227
Services	58,467	130,113	293,660	615,924	2,150	1,100,314
Utility and overhead	36,147	99,470	91,914	721,841	1,039,494	1,988,866
Training and conference	578	213	49,137	41,929	3,574	95,431
Depreciation and amortization	141	6,488	99,443	2,011	6,040	114,123
<i>Total Operating Expenses</i>	<u>654,534</u>	<u>710,576</u>	<u>1,757,089</u>	<u>4,750,481</u>	<u>1,112,533</u>	<u>8,985,213</u>
<b>OPERATING INCOME (LOSS)</b>	8,410	(28,421)	(140,162)	(257,615)	(113,340)	(531,128)
<b>NONOPERATING INCOME (EXPENSE)</b>						
Interest income	1,014	3,960	15,126	9,143	19,387	48,630
Gain (loss) on disposal of capital assets	-	-	-	(15,286)	-	(15,286)
<i>Total Non-Operating Income (Expense)</i>	<u>1,014</u>	<u>3,960</u>	<u>15,126</u>	<u>(6,143)</u>	<u>19,387</u>	<u>33,344</u>
<b>CHANGE IN NET ASSETS</b>	9,424	(24,461)	(125,036)	(263,758)	(93,953)	(497,784)
<b>NET ASSETS, Beginning of year</b>	<u>(7,103)</u>	<u>79,915</u>	<u>694,548</u>	<u>105,512</u>	<u>733,229</u>	<u>1,606,101</u>
<b>NET ASSETS, End of year</b>	<u>\$ 2,321</u>	<u>\$ 55,454</u>	<u>\$ 569,512</u>	<u>\$ (158,246)</u>	<u>\$ 639,276</u>	<u>\$ 1,108,317</u>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2009**

	<i>Fleet Services</i>	<i>Facility Maintenance</i>	<i>Technology and Comm</i>	<i>Administrative Services</i>	<i>Risk Management</i>	<i>Total</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 58,503	\$ 6,062	\$ 4,289	\$ 30,630	\$ 42,213	\$ 141,697
Receipts from interfund services provided	603,697	675,850	1,603,460	4,465,819	957,220	8,306,046
Payments to suppliers	(424,523)	(311,308)	(501,483)	(1,119,270)	(1,027,885)	(3,384,469)
Payments to employees	(177,169)	(367,843)	(1,077,707)	(2,894,804)	-	(4,517,523)
Payments for interfund services used	(34,752)	(35,932)	(36,449)	(487,862)	(1,015)	(596,010)
<i>Net Cash Provided by (Used In) Operating Activities</i>	25,756	(33,171)	(7,890)	(5,487)	(29,467)	(50,259)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	-	(34,136)	(85,794)	(15,946)	-	(135,876)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	1,005	3,932	15,030	9,080	19,294	48,341
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	26,761	(63,375)	(78,654)	(12,353)	(10,173)	(137,794)
<b>CASH AND INVESTMENTS, Beginning of year</b>	17,185	197,628	648,041	165,567	776,643	1,805,064
<b>CASH AND INVESTMENTS, End of year</b>	<u>\$ 43,946</u>	<u>\$ 134,253</u>	<u>\$ 569,387</u>	<u>\$ 153,214</u>	<u>\$ 766,470</u>	<u>\$ 1,667,270</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 8,410	\$ (28,421)	\$ (140,162)	\$ (257,615)	\$ (113,340)	\$ (531,128)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	141	6,488	99,443	2,011	6,040	114,123
Change in assets and liabilities						
Receivables						
Accounts receivable	(305)	-	(1,518)	-	-	(1,823)
Accounts payable	3,005	(40,180)	(25,423)	2,915	77,833	18,150
Accrued compensated absences	2,185	12,574	11,897	77,653	-	104,309
Net OPEB obligations	12,320	16,368	47,873	135,697	-	212,258
Other accrued liabilities	-	-	-	33,852	-	33,852
<i>Net Cash Provided by (Used In) Operating Activities</i>	<u>\$ 25,756</u>	<u>\$ (33,171)</u>	<u>\$ (7,890)</u>	<u>\$ (5,487)</u>	<u>\$ (29,467)</u>	<u>\$ (50,259)</u>

**CITY OF CORVALLIS, OREGON**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – BUDGETARY BASIS – FLEET MAINTENANCE FUND  
YEAR ENDED JUNE 30, 2009*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 760,470	\$ 760,470	\$ 662,392	\$ (98,078)
Miscellaneous	800	800	1,566	766
<i>Total Revenues</i>	<u>761,270</u>	<u>761,270</u>	<u>663,958</u>	<u>(97,312)</u>
<b>EXPENDITURES</b>				
Public Works	736,350	736,350	639,888	96,462
Contingency	16,000	16,000	-	16,000
<i>Total Expenditures</i>	<u>752,350</u>	<u>752,350</u>	<u>639,888</u>	<u>112,462</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	8,920	8,920	24,070	15,150
<b>FUND BALANCE, Beginning of year</b>	<u>32,150</u>	<u>32,150</u>	<u>6,918</u>	<u>(25,232)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 41,070</u>	<u>\$ 41,070</u>	<u>\$ 30,988</u>	<u>\$ (10,082)</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – BUDGETARY BASIS – FACILITY MAINTENANCE FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 723,290	\$ 723,290	\$ 679,954	\$ (43,336)
Miscellaneous	5,870	5,870	6,161	291
<i>Total Revenues</i>	<u>729,160</u>	<u>729,160</u>	<u>686,115</u>	<u>(43,045)</u>
<b>EXPENDITURES</b>				
Public Works	739,520	739,520	709,282	30,238
Contingency	10,000	10,000	-	10,000
<i>Total Expenditures</i>	<u>749,520</u>	<u>749,520</u>	<u>709,282</u>	<u>40,238</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(20,360)	(20,360)	(23,167)	(2,807)
<b>FUND BALANCE, Beginning of year</b>	<u>67,991</u>	<u>67,991</u>	<u>85,608</u>	<u>17,617</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 47,631</u>	<u>\$ 47,631</u>	<u>\$ 62,441</u>	<u>\$ 14,810</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – BUDGETARY BASIS – TECHNOLOGY AND COMMUNICATIONS FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 1,647,650	\$ 1,647,650	\$ 1,612,885	\$ (34,765)
Miscellaneous	23,780	23,780	19,168	(4,612)
<i>Total Revenues</i>	<u>1,671,430</u>	<u>1,671,430</u>	<u>1,632,053</u>	<u>(39,377)</u>
<b>EXPENDITURES</b>				
Finance	1,494,050	1,494,050	1,471,197	22,853
Public Works	260,840	260,840	212,473	48,367
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	<u>1,784,890</u>	<u>1,784,890</u>	<u>1,683,670</u>	<u>101,220</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(113,460)	(113,460)	(51,617)	61,843
<b>FUND BALANCE, Beginning of year</b>	<u>550,786</u>	<u>550,786</u>	<u>550,564</u>	<u>(222)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 437,326</u>	<u>\$ 437,326</u>	<u>\$ 498,947</u>	<u>\$ 61,621</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – BUDGETARY BASIS – ADMINISTRATIVE SERVICES FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 4,547,450	\$ 4,547,450	\$ 4,465,050	\$ (82,400)
Miscellaneous	15,460	15,460	36,959	21,499
<i>Total Revenues</i>	<u>4,562,910</u>	<u>4,562,910</u>	<u>4,502,009</u>	<u>(60,901)</u>
<b>EXPENDITURES</b>				
City Manager's Office	1,994,630	1,994,630	1,973,653	20,977
Finance	2,612,890	2,612,890	2,577,413	35,477
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	<u>4,637,520</u>	<u>4,637,520</u>	<u>4,551,066</u>	<u>86,454</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(74,610)	(74,610)	(49,057)	25,553
<b>FUND BALANCE, Beginning of year</b>	<u>108,402</u>	<u>108,402</u>	<u>117,173</u>	<u>8,771</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 33,792</u>	<u>\$ 33,792</u>	<u>\$ 68,116</u>	<u>\$ 34,324</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – BUDGETARY BASIS – RISK MANAGEMENT FUND  
YEAR ENDED JUNE 30, 2009**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 957,220	\$ 957,220	\$ 957,220	\$ -
Miscellaneous	69,310	69,310	61,360	(7,950)
<i>Total Revenues</i>	<u>1,026,530</u>	<u>1,026,530</u>	<u>1,018,580</u>	<u>(7,950)</u>
<b>EXPENDITURES</b>				
City Manager's Office	966,530	1,152,530	1,106,493	46,037
Contingency	275,000	89,000	-	89,000
<i>Total Expenditures</i>	<u>1,241,530</u>	<u>1,241,530</u>	<u>1,106,493</u>	<u>135,037</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(215,000)	(215,000)	(87,913)	127,087
<b>FUND BALANCE, Beginning of year</b>	<u>704,329</u>	<u>704,329</u>	<u>703,532</u>	<u>(797)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 489,329</u>	<u>\$ 489,329</u>	<u>\$ 615,619</u>	<u>\$ 126,290</u>

# OTHER FINANCIAL SCHEDULES



**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
**YEAR ENDED JUNE 30, 2009**

<i>Fiscal Year</i>	<i>Property Taxes Receivable June 30, 2008</i>	<i>Extended by Assessor</i>	<i>(Deduct) Collections (1)</i>	<i>Add (Deduct) Discounts and Adjustments</i>	<i>Property Taxes Receivable June 30, 2009</i>
2009	\$ -	\$ 21,162,976	\$ (20,104,983)	\$ (523,308)	\$ 534,685
2008	408,824	-	(222,172)	(11,069)	175,583
2007	136,536	-	(49,735)	(3,953)	82,848
2006	72,504	-	(32,382)	(2,070)	38,052
2005	32,358	-	(23,448)	(1,510)	7,400
2004	8,803	-	(2,753)	(431)	5,619
2003 and prior	34,575	-	(3,747)	(491)	30,337
	<u>\$ 693,600</u>	<u>\$ 21,162,976</u>	<u>\$ (20,439,220)</u>	<u>\$ (542,832)</u>	<u>\$ 874,524</u>

Notes:

- (1) The records from Benton County include collection adjustments for the 2003 fiscal year's levy as well as prior fiscal years. A total of \$20,439,220 in property tax receipts were received by the City in FY 2008/09. The City also received an additional \$39,965 from Benton County for property tax related interest.

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2009**

<i>Series</i>	<i>Date of Issue</i>	<i>Final Maturity Date</i>	<i>Amount of Original Issue</i>	<i>Outstanding July 1, 2008</i>	<i>Bonds Issued</i>	<i>Bonds Called and Matured</i>	<i>Outstanding June 30, 2009</i>
<b>BONDS PAYABLE</b>							
<i>General Obligation Bonds</i>							
Advance Refunding 1994	01/01/94	08/01/10	\$ 5,380,000	\$ 1,735,000	\$ -	\$ 550,000	\$ 1,185,000
Series 1999 A	02/01/99	06/01/18	9,500,000	5,940,000	-	5,940,000	-
Series 2001 A	05/01/01	05/01/21	7,900,000	5,855,000	-	5,130,000	725,000
Series 2009	05/27/09	06/01/19	10,190,000	-	10,190,000	-	10,190,000
<i>Total General Obligation Bonds</i>				<u>13,530,000</u>	<u>10,190,000</u>	<u>11,620,000</u>	<u>12,100,000</u>
<i>Pension Obligation Bonds</i>							
Series 2002 A	03/01/02	01/01/30	23,913,017	23,493,061	-	201,192	23,291,869
Series 2005 A	09/23/05	06/01/28	9,980,000	9,915,000	-	90,000	9,825,000
<i>Total Pension Obligation Bonds</i>				<u>33,408,061</u>	<u>-</u>	<u>291,192</u>	<u>33,116,869</u>
<i>Revenue Bonds</i>							
Series 2000 A	05/01/00	05/01/20	8,105,000	735,000	-	360,000	375,000
Series 2006 A	03/01/06	05/01/20	5,410,000	5,290,000	-	25,000	5,265,000
<i>Total Revenue Bonds</i>				<u>6,025,000</u>	<u>-</u>	<u>385,000</u>	<u>5,640,000</u>
<i>Total all Bonds</i>				<u>52,963,061</u>	<u>10,190,000</u>	<u>12,296,192</u>	<u>50,856,869</u>
<b>NOTES PAYABLE</b>							
OEDD Loan G95003	11/13/98	12/01/14	9,703,048	4,834,356	-	594,837	4,239,519
OEDD Loan B97001	09/06/96	12/01/16	2,107,000	1,233,545	-	108,127	1,125,418
SRF/DEQ Sewer Rehab	01/20/92	07/01/13	700,000	244,736	-	41,570	203,166
SRF/DEQ CSO	09/01/97	12/01/20	21,263,693	15,300,475	-	983,421	14,317,054
OEDD Loan B96002	09/06/96	12/01/16	332,240	217,794	-	18,366	199,428
<i>Total all Notes</i>				<u>21,830,906</u>	<u>-</u>	<u>1,746,321</u>	<u>20,084,585</u>
<i>Total Long-term Debt Transactions</i>				<u>\$ 74,793,967</u>	<u>\$ 10,190,000</u>	<u>\$ 14,042,513</u>	<u>\$ 70,941,454</u>

Note: The 2002A issue consists of two separate bond structures: the Capital Appreciation Bonds with par value of \$5,353,017 are dated 3/12/02; the Current Interest Bond with par value of \$18,560,000 are dated 3/1/02.

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF LONG-TERM DEBT INTEREST TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2009**

<i>Series</i>	<i>Interest Rates on Outstanding Balances</i>	<i>Unmatured and Outstanding July 1, 2008</i>	<i>Bonds Issued</i>	<i>Coupons Called and Matured</i>	<i>Unmatured and Outstanding June 30, 2009</i>
<b>BONDS PAYABLE</b>					
<b>General Obligation Bonds</b>					
Advance Refunding 1994	4.90 - 4.95 %	\$ 130,699	\$ -	\$ 71,567	\$ 59,132
Series 1999 A	4.10 - 4.75 %	1,593,669	-	1,593,669	0
Series 2001 A	4.50%	2,171,591	-	2,122,316	49,275
Series 2009	3.00 - 4.00 %	-	2,160,122	-	2,160,122
<i>Total General Obligation Bonds</i>		<u>3,895,959</u>	<u>2,160,122</u>	<u>3,787,552</u>	<u>2,268,529</u>
<b>Pension Obligation Bonds</b>					
Series 2002 A	6.21 - 7.06 %	32,227,264	-	1,305,208	30,922,056
Series 2005 A	4.44 - 5.50 %	6,759,723	-	489,788	6,269,935
<i>Total Pension Obligation Bonds</i>		<u>38,986,987</u>	<u>-</u>	<u>1,794,996</u>	<u>37,191,991</u>
<b>Revenue Bonds</b>					
Series 2000 A	5.15%	56,985	-	37,673	19,312
Series 2006 A	3.00 - 5.00 %	1,688,113	-	228,075	1,460,038
<i>Total Revenue Bonds</i>		<u>1,745,098</u>	<u>-</u>	<u>265,748</u>	<u>1,479,350</u>
<i>Total All Bonds</i>		<u>44,628,044</u>	<u>2,160,122</u>	<u>5,848,296</u>	<u>40,939,870</u>
<b>NOTES PAYABLE</b>					
OEDD Loan G95003	4.5407%	1,045,803	-	245,727	800,076
OEDD Loan B97001	5.4442%	363,374	-	67,479	295,895
SRF/DEQ Sewer Rehab	3.0000%	22,567	-	7,032	15,535
SRF/DEQ CSO	3.6900%	4,490,656	-	632,101	3,858,555
OEDD Loan B96002	5.4687%	64,345	-	11,912	52,433
<i>Total All Notes</i>		<u>5,986,745</u>	<u>-</u>	<u>964,251</u>	<u>5,022,494</u>
<i>Total Long-term Debt Interest Transactions</i>		<u>\$ 50,614,789</u>	<u>\$ 2,160,122</u>	<u>\$ 6,812,547</u>	<u>\$ 45,962,364</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF GENERAL OBLIGATION BONDS**

**JUNE 30, 2009**

<i>Year of Maturity</i>	<i>Total Requirements</i>			<i>Series 1994</i>		<i>Series 2001 A</i>		<i>Series 2009</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009-2010	\$ 1,240,000	\$ 438,255	\$ 1,678,255	\$ 580,000	\$ 44,158	\$ 355,000	\$ 32,625	\$ 305,000	\$ 361,472
2010-2011	2,165,000	379,974	2,544,974	605,000	14,974	370,000	16,650	1,190,000	348,350
2011-2012	1,895,000	312,650	2,207,650	-	-	-	-	1,895,000	312,650
2012-2013	785,000	255,800	1,040,800	-	-	-	-	785,000	255,800
2013-2014	835,000	232,250	1,067,250	-	-	-	-	835,000	232,250
2014-2015	895,000	207,200	1,102,200	-	-	-	-	895,000	207,200
2015-2016	965,000	171,400	1,136,400	-	-	-	-	965,000	171,400
2016-2017	1,035,000	132,800	1,167,800	-	-	-	-	1,035,000	132,800
2017-2018	1,115,000	91,400	1,206,400	-	-	-	-	1,115,000	91,400
2018-2019	1,170,000	46,800	1,216,800	-	-	-	-	1,170,000	46,800
Total	<u>\$ 12,100,000</u>	<u>\$ 2,268,529</u>	<u>\$ 14,368,529</u>	<u>\$ 1,185,000</u>	<u>\$ 59,132</u>	<u>\$ 725,000</u>	<u>\$ 49,275</u>	<u>\$ 10,190,000</u>	<u>\$ 2,160,122</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF PENSION OBLIGATION BONDS**

**JUNE 30, 2009**

<i>Year of Maturity</i>	<i>Total Requirements</i>			<i>Series 2002 A</i>		<i>Series 2005 A</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009-2010	\$ 349,592	\$ 1,832,654	\$ 2,182,246	\$ 229,592	\$ 1,346,808	\$ 120,000	\$ 485,846
2010-2011	406,667	1,875,255	2,281,922	256,667	1,394,733	150,000	480,522
2011-2012	461,767	1,923,380	2,385,147	281,767	1,449,632	180,000	473,748
2012-2013	516,249	1,974,000	2,490,249	301,249	1,510,152	215,000	463,848
2013-2014	570,257	2,030,073	2,600,330	320,257	1,576,143	250,000	453,930
2014-2015	627,139	2,091,529	2,718,668	337,139	1,649,261	290,000	442,268
2015-2016	684,519	2,160,057	2,844,576	349,519	1,731,881	335,000	428,176
2016-2017	744,957	2,228,342	2,973,299	359,957	1,816,443	385,000	411,899
2017-2018	805,251	2,304,341	3,109,592	370,251	1,911,149	435,000	393,192
2018-2019	861,833	2,381,622	3,243,455	376,833	2,009,567	485,000	372,055
2019-2020	926,608	2,463,281	3,389,889	381,608	2,114,792	545,000	348,489
2020-2021	996,024	2,547,383	3,543,407	386,024	2,225,376	610,000	322,007
2021-2022	1,065,211	2,637,672	3,702,883	390,211	2,346,189	675,000	291,483
2022-2023	1,140,795	2,728,311	3,869,106	390,795	2,470,605	750,000	257,706
2023-2024	2,615,000	1,426,576	4,041,576	1,790,000	1,206,400	825,000	220,176
2024-2025	2,955,000	1,268,943	4,223,943	2,045,000	1,090,050	910,000	178,893
2025-2026	3,315,000	1,090,482	4,405,482	2,320,000	957,125	995,000	133,357
2026-2027	3,715,000	889,892	4,604,892	2,620,000	806,325	1,095,000	83,567
2027-2028	3,525,000	664,798	4,189,798	2,950,000	636,025	575,000	28,773
2028-2029	3,310,000	444,275	3,754,275	3,310,000	444,275	-	-
2029-2030	3,525,000	229,125	3,754,125	3,525,000	229,125	-	-
<b>Total</b>	<b>\$ 33,116,869</b>	<b>\$ 37,191,991</b>	<b>\$ 70,308,860</b>	<b>\$ 23,291,869</b>	<b>\$ 30,922,056</b>	<b>\$ 9,825,000</b>	<b>\$ 6,269,935</b>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF NOTES**  
**JUNE 30, 2009**

<i>Year of Maturity</i>	<i>Total Requirements</i>			<i>OEDD Loan G95003</i>		<i>OEDD Loan B97001</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009-2010	\$ 1,821,277	\$ 885,888	\$ 2,707,165	\$ 625,756	\$ 216,959	\$ 114,102	\$ 61,667
2010-2011	1,893,401	803,587	2,696,988	647,376	186,203	120,134	55,505
2011-2012	1,982,793	717,404	2,700,197	684,743	153,816	131,222	49,017
2012-2013	2,069,583	626,378	2,695,961	722,906	119,053	137,390	41,799
2013-2014	2,129,548	530,758	2,660,306	756,914	81,815	143,622	34,242
2014-2015	2,201,033	431,699	2,632,732	801,824	42,230	149,920	26,342
2015-2016	1,461,441	328,139	1,789,580	-	-	161,291	18,097
2016-2017	1,515,461	263,969	1,779,430	-	-	167,737	9,226
2017-2018	1,366,642	197,428	1,564,070	-	-	-	-
2018-2019	1,417,535	139,702	1,557,237	-	-	-	-
2019-2020	1,470,325	79,824	1,550,149	-	-	-	-
2020-2021	755,546	17,718	773,264	-	-	-	-
	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 20,084,585</b>	<b>\$ 5,022,494</b>	<b>\$ 25,107,079</b>	<b>\$ 4,239,519</b>	<b>\$ 800,076</b>	<b>\$ 1,125,418</b>	<b>\$ 295,895</b>

<i>SRF/DEQ Sewer Rehab</i>		<i>SRF/DEQ CSO</i>		<i>OEDD Loan B96002</i>	
<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
\$ 42,827	\$ 5,775	\$ 1,020,044	\$ 590,561	\$ 18,548	\$ 10,926
44,121	4,481	1,058,031	547,474	23,739	9,924
45,455	3,147	1,097,433	502,782	23,940	8,642
46,829	1,773	1,138,301	456,427	24,157	7,326
23,934	359	1,180,692	408,344	24,386	5,998
-	-	1,224,662	358,471	24,627	4,656
-	-	1,270,269	306,740	29,881	3,302
-	-	1,317,574	253,084	30,150	1,659
-	-	1,366,642	197,428	-	-
-	-	1,417,535	139,702	-	-
-	-	1,470,325	79,824	-	-
-	-	755,546	17,718	-	-
-	-	-	-	-	-
<u>\$ 203,166</u>	<u>\$ 15,535</u>	<u>\$ 14,317,054</u>	<u>\$ 3,858,555</u>	<u>\$ 199,428</u>	<u>\$ 52,433</u>

**CITY OF CORVALLIS, OREGON**

**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF SENIOR AND SUBORDINATE DEBT  
IN WASTEWATER FUND**

JUNE 30, 2009

**SENIOR DEBT**

<i>Year of Maturity</i>	<i>Total Requirements</i>			<i>Series 2000 A</i>		<i>Series 2006 A</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009-2010	\$ 400,000	\$ 246,450	\$ 646,450	\$ 375,000	\$ 19,312	\$ 25,000	\$ 227,138
2010-2011	420,000	226,200	646,200	-	-	420,000	226,200
2011-2012	440,000	205,200	645,200	-	-	440,000	205,200
2012-2013	465,000	183,200	648,200	-	-	465,000	183,200
2013-2014	485,000	159,950	644,950	-	-	485,000	159,950
2014-2015	510,000	135,700	645,700	-	-	510,000	135,700
2015-2016	535,000	110,200	645,200	-	-	535,000	110,200
2016-2017	565,000	83,450	648,450	-	-	565,000	83,450
2017-2018	590,000	60,850	650,850	-	-	590,000	60,850
2018-2019	605,000	43,150	648,150	-	-	605,000	43,150
2019-2020	625,000	25,000	650,000	-	-	625,000	25,000
<b>Total</b>	<b>\$ 5,640,000</b>	<b>\$ 1,479,350</b>	<b>\$ 7,119,350</b>	<b>\$ 375,000</b>	<b>\$ 19,312</b>	<b>\$ 5,265,000</b>	<b>\$ 1,460,038</b>

**SUBORDINATE DEBT**

<i>Year of Maturity</i>	<i>Total Requirements</i>			<i>SRF-DEQ #R24480</i>		<i>SRF-DEQ #R24481</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009-2010	\$ 1,062,871	\$ 596,336	\$ 1,659,207	\$ 42,827	\$ 5,775	\$ 1,020,044	\$ 590,561
2010-2011	1,102,152	551,955	1,654,107	44,121	4,481	1,058,031	547,474
2011-2012	1,142,888	505,929	1,648,817	45,455	3,147	1,097,433	502,782
2012-2013	1,185,130	458,200	1,643,330	46,829	1,773	1,138,301	456,427
2013-2014	1,204,626	408,703	1,613,329	23,934	359	1,180,692	408,344
2014-2015	1,224,662	358,471	1,583,133	-	-	1,224,662	358,471
2015-2016	1,270,269	306,740	1,577,009	-	-	1,270,269	306,740
2016-2017	1,317,574	253,084	1,570,658	-	-	1,317,574	253,084
2017-2018	1,366,642	197,428	1,564,070	-	-	1,366,642	197,428
2018-2019	1,417,535	139,702	1,557,237	-	-	1,417,535	139,702
2019-2020	1,470,325	79,824	1,550,149	-	-	1,470,325	79,824
2020-2021	755,546	17,718	773,264	-	-	755,546	17,718
<b>Total</b>	<b>\$ 14,520,220</b>	<b>\$ 3,874,090</b>	<b>\$ 18,394,310</b>	<b>\$ 203,166</b>	<b>\$ 15,535</b>	<b>\$ 14,317,054</b>	<b>\$ 3,858,555</b>

**CITY OF CORVALLIS, OREGON**  
**ANNUAL DISCLOSURE INFORMATION – PROPERTY TAX COLLECTION RECORD**  
**LAST TEN FISCAL YEARS - UNAUDITED**

<i>Fiscal Year Ended June 30,</i>	<i>Assessed Value of Real Estate (1)</i>	<i>Percent Change in Assessed Value</i>	<i>Total Levy (2)</i>	<i>Percent Change in Levy</i>	<i>Tax Rate per \$1,000 Assessed Value</i>	<i>Percent Collected at June 30, 2009 (1)</i>
2000	\$ 2,835,592,065	1.93 %	\$ 15,773,306	3.45 %	\$ 5.5544	99.99 %
2001	2,879,105,878	1.53	15,812,506	0.25	5.4665	99.99
2002	2,922,822,672	1.52	16,689,552	5.55	5.7030	99.98
2003	3,026,702,455	3.55	17,325,984	3.81	5.7197	99.98
2004	3,113,328,235	2.86	17,710,636	2.22	5.6812	99.97
2005	3,292,880,209	5.77	18,451,963	4.19	5.5988	99.96
2006	3,433,620,092	4.27	19,458,295	5.45	5.6485	99.80
2007	3,467,065,775	0.97	19,611,621	0.79	5.6406	99.57
2008	3,613,016,933	4.21	20,352,962	3.78	5.6219	99.11
2009	3,745,146,887	3.66	21,162,976	3.98	5.6448	97.41

(1) Source: Benton County Assessor's Office

(2) The total levy includes taxes levied for operations and debt.

**CITY OF CORVALLIS, OREGON**  
**ANNUAL DISCLOSURE INFORMATION – STATE REVOLVING FUND AND REVENUE**  
**BOND RATE COVENANT CALCULATIONS – WASTEWATER FUND**  
**YEAR ENDED JUNE 30, 2009 - UNAUDITED**

<b>REVENUES</b>	
Gross operating revenues (1)	\$ 8,965,392
SDC revenues	584,719
Transfers from (to) Rate Stabilization Account (RSA)	<u>-</u>
<i>Total Gross Revenues</i>	9,550,111
<b>OPERATING EXPENSES (2)</b>	<u>(5,732,270)</u>
<b>NET REVENUES (3)</b>	<u>\$ 3,817,841</u>
<b>NET OPERATING REVENUES (4)</b>	<u>\$ 3,233,122</u>
<b>ANNUAL DEBT SERVICE (Principal &amp; Interest)</b>	
Senior Debt	
CSO Revenue Bond (2000A)	\$ 397,673
CSO Revenue Bond (2006A)	<u>253,075</u>
<i>Total Senior Debt Service</i>	<u>650,748</u>
Subordinate Debt	
State Revolving Fund / DEQ Loan (1992) #R24480	48,602
State Revolving Fund / DEQ Loan (1998) #R24481	<u>1,615,522</u>
<i>Total Subordinated Debt Service</i>	<u>1,664,124</u>
<i>Total Annual Debt Service</i>	<u>\$ 2,314,872</u>
<b>NET REVENUE DEBT SERVICE COVERAGE (Requirement is 1.20 times senior debt)</b>	<u>5.87</u>
<b>NET REVENUE DEBT SERVICE COVERAGE (Requirement is 1.05 times subordinate debt)</b>	<u>2.29</u>
<b>NET OPERATING REVENUE DEBT SERVICE COVERAGE</b> (Requirement is 1.05 times total debt service)	<u>1.40</u>
<b>RATE STABILIZATION ACCOUNT (RSA) BALANCE - JUNE 30, 2009</b>	<u>\$ 300,000</u>

The Wastewater Fund Retained Earnings Reserved for Debt Service and Construction include \$1,627,159 reserved for the two state revolving fund loans. The 2000A revenue bond issue maintains a debt reserve amount equal to \$672,443 through a credit facility with MBIA. The 2000A reserve is backed by a surety bond that guarantees future scheduled principal and interest payments. In addition, both the 2000A and 2006A issues are supported by financial guarantee insurance policies through MBIA and XL Capital Assurance, respectively.

Principal and interest have rate covenant requirements according to the above coverage ratios. The annual debt service for subordinate debt will decrease in future years and should not exceed \$2 million per year based on debt commitments as of June 30, 2009.

- (1) Gross operating revenues include charges for service, intergovernmental and miscellaneous income. SDC revenues are not included in gross operating revenues.
- (2) Operating expenses do not include debt service, depreciation, amortization or capital outlay.
- (3) Gross revenue less operating expenses.
- (4) Net revenues less SDC revenues.

**CITY OF CORVALLIS, OREGON**

**ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF WASTEWATER FUND STATISTICS  
HISTORICAL SYSTEM STATISTICS AND LARGEST SEWER SYSTEM CUSTOMERS  
YEAR ENDED JUNE 30, 2009 - UNAUDITED**

**HISTORICAL SYSTEM STATISTICS**

<i>Fiscal Year Ended June 30,</i>	<i>Net Revenues (less SDCs)</i>	<i>Number of Sewer Customers</i>	<i>Average Monthly Residential Sewer Bill</i>
2005	\$ 3,040,744	14,121	\$ 28.64
2006	3,180,940	14,341	29.47
2007	3,548,543	14,593	30.43
2008	3,638,196	14,698	31.49
2009	3,233,122	14,769	32.39

**LARGEST SEWER SYSTEM CUSTOMERS**

<i>Customer</i>	<i>2009 System Usage in Units (1)</i>	<i>2009 Annual Revenue</i>	<i>Percent of Total System Gross Revenue (2)</i>
Hewlett-Packard (all facilities)	268,677	\$ 765,885	8.02 %
Oregon State University	175,606	592,452	6.20
Samaritan Helath Services	27,287	117,932	1.23
Asset Management, LLC	21,520	62,602	0.66
Foster Poultry Farms	16,864	56,026	0.59
Fred Haruda	18,430	54,186	0.57
Evanite	12,859	42,828	0.45
Corvallis Schools 509J	14,311	42,583	0.45
Mt. View @ Rivergreen Phase II	13,672	42,443	0.44
David Huarte Safeway	10,408	30,281	0.32
Conifer Place / Bird LLC	9,524	28,987	0.30
Meadow Park Mobile Est	9,265	26,556	0.28
Julantru Limited Partnership	8,795	25,349	0.27
Korda Group	7,857	24,357	0.26
Heart of the Valley	5,820	19,435	0.20
	<u>620,895</u>	<u>\$ 1,931,902</u>	<u>20.24 %</u>

(1) One unit = 1 hcf - 748 gallons

(2) Total system gross revenues for fiscal year 2009 were \$ 9,550,111

**CITY OF CORVALLIS, OREGON**

**ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF DIRECT AND OVERLAPPING DEBT  
TO PROPERTY VALUE RATIOS  
JUNE 30, 2009 - UNAUDITED**

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	<u>Values</u>	<u>Per Capita</u>	<u>Percent of Real Market Value</u>	<u>Percent of Assessed Value</u>
2009 population	54,880	-	-	-
2008-09 real market value	\$ 5,946,532,468	\$ 108,355	100.00 %	-
2008-09 assessed value	3,745,146,887	68,242	62.98	100.00 %
Long-term gross bonded debt	50,856,869	927	0.86	1.36
Long-term net direct debt	11,636,138	212	0.20	0.31
Overlapping debt	59,148,156	1,078	0.99	1.58
Long-term net direct and overlapping debt	70,784,294	1,290	1.19	1.89

The purpose of this schedule is to provide disclosures required by debt covenants.

**CITY OF CORVALLIS, OREGON**

**ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF OUTSTANDING DEBT OBLIGATIONS**

**JUNE 30, 2009 - UNAUDITED**

<i>Series</i>	<i>Issuance Date</i>	<i>Maturity Date</i>	<i>Bond CUSIP or Loan No.</i>	<i>Original Issuance Amount</i>	<i>Principal Balance June 30, 2009</i>
<b>UNLIMITED TAX GENERAL OBLIGATION BONDS</b>					
<i>Tax Supported</i>					
Advance Refunding 1994	01/01/94	08/01/10	2208853H8	\$ 5,380,000	\$ 1,185,000
Series 2001 A	05/01/01	05/01/21	2208854Y0	7,900,000	725,000
Series 2009	05/27/09	06/01/19	2208855	10,190,000	10,190,000
<b>DEBT PAID AND/OR SECURED BY THE GENERAL FUND</b>					
<i>Limited Tax Obligation Bonds</i>					
Pension Obligation - Series 2002 A	3/1/2002 & 03/12/02	01/01/30	2208854Z-5T	23,913,017	23,291,869
Pension Obligation - Series 2005 A	09/23/05	06/01/28	68608D	9,980,000	9,825,000
<b>REVENUE BONDS</b>					
Combined Sewer Overflow - Series 2000 A	05/01/00	05/01/20	221004Av6	8,105,000	375,000
Combined Sewer Overflow - Series 2006 A	03/01/06	05/01/20	221004	5,410,000	5,265,000
<i>Total Unlimited Tax General Obligation Bonds, Debt Paid and/or Secured by the General Fund, and Revenue Bonds</i>				<u>70,878,017</u>	<u>50,856,869</u>
<b>OTHER REVENUE SUPPORTED LOANS</b>					
Sewer Rehabilitation - SRF/DEQ 1992	01/20/92	07/01/13	R24480	700,000	203,166
Taylor Treatment Plant - OEDD 1994 (Refunded 1998)	11/02/94	12/01/14	G95003	9,703,048	4,239,519
Taylor Treatment Plant - OEDD 1996	09/06/96	12/01/16	B97001	2,107,000	1,125,418
Airport - OEDD 1996	09/06/96	12/01/16	B96002	332,240	199,428
Combined Sewer Overflow - SRF/DEQ 1997	10/01/97	12/01/20	R24481	21,263,693	14,317,054
<i>Total Other Revenue Supported Loans</i>				<u>34,105,981</u>	<u>20,084,585</u>
<i>Total Outstanding Debt Obligations</i>				<u>\$ 104,983,998</u>	<u>\$ 70,941,454</u>

**CITY OF CORVALLIS, OREGON**

**ANNUAL DISCLOSURE INFORMATION – SUMMARY OF ADOPTED BUDGET – ALL FUNDS  
LAST TWO FISCAL YEARS - UNAUDITED**

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	<u>2007-08</u>	<u>2008-09</u>
<b>RESOURCES</b>		
Fund Balance, Beginning of Year	\$ 40,494,356	\$ 40,724,025
Revenues		
Property taxes	19,402,680	20,509,610
Other taxes	1,032,490	1,220,930
Licenses, fees, and permits	6,732,720	7,343,480
Charges for services	37,178,590	39,544,320
Intergovernmental	11,954,010	13,159,090
Fines and forfeitures	1,180,720	1,253,270
Miscellaneous	4,195,290	4,088,410
Other financing sources	13,748,665	12,182,445
<i>Total Revenues</i>	<u>95,425,165</u>	<u>99,301,555</u>
<i>Total Resources</i>	<u>\$ 135,919,521</u>	<u>\$ 140,025,580</u>
<b>REQUIREMENTS</b>		
Operating Expense		
Personal services	\$ 39,211,210	\$ 41,319,960
Supplies and services	31,601,600	32,998,130
Capital outlay	3,335,850	2,679,870
<i>Total Operating Expense</i>	<u>74,148,660</u>	<u>76,997,960</u>
Nonoperating Expense		
Capital projects	11,197,000	10,902,090
Tranfers	12,338,665	12,182,445
Debt service	7,533,710	7,443,110
Contingencies	1,584,350	1,696,600
<i>Total Nonoperating Expense</i>	<u>32,653,725</u>	<u>32,224,245</u>
<i>Total Expenditures</i>	<u>\$ 106,802,385</u>	<u>\$ 109,222,205</u>

**CITY OF CORVALLIS, OREGON**

**ANNUAL DISCLOSURE INFORMATION – STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGETARY BASIS – GENERAL FUND  
LAST FIVE FISCAL YEARS - UNAUDITED**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
<b>REVENUES</b>					
Taxes	\$ 4,971,390	\$ 4,989,007	\$ 5,319,213	\$ 4,784,086	\$ 4,149,749
Licenses, fees, and permits	4,324,137	4,645,225	5,071,181	5,228,281	5,396,443
Charges for services	420,996	365,128	554,627	723,496	531,606
Intergovernmental	1,058,988	1,165,448	1,180,864	1,009,226	1,288,467
Fines and forfeitures	707,250	707,246	796,101	739,487	646,667
Miscellaneous	173,764	266,883	343,816	251,502	144,828
<i>Total Revenues</i>	<u>11,656,525</u>	<u>12,138,937</u>	<u>13,265,802</u>	<u>12,736,078</u>	<u>12,157,760</u>
<b>EXPENDITURES</b>					
Current					
Community Development	1,063,421	1,038,914	1,149,683	1,277,252	1,390,460
Finance	454,504	460,900	496,410	515,175	565,953
Police	6,954,248	7,763,524	8,353,027	8,605,967	9,315,498
Public Works	830,800	563,739	693,063	783,384	794,684
Nondepartmental	1,179,622	1,361,023	1,354,701	1,367,740	1,435,348
Debt service					
Principal	120,000	125,000	-	-	-
Interest	10,991	4,794	-	-	-
<i>Total Expenditures</i>	<u>10,613,586</u>	<u>11,317,894</u>	<u>12,046,884</u>	<u>12,549,518</u>	<u>13,501,943</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,042,939</u>	<u>821,043</u>	<u>1,218,918</u>	<u>186,560</u>	<u>(1,344,183)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds - sale of capital assets	-	18,984	5,661	24,136	13,437
Transfers in	57,010	56,480	-	-	-
Transfers out	(230,953)	(611,219)	(893,127)	(531,293)	(524,137)
<i>Total Other Financing Sources (Uses)</i>	<u>(173,943)</u>	<u>(535,755)</u>	<u>(887,466)</u>	<u>(507,157)</u>	<u>(510,700)</u>
<b>NET CHANGE IN FUND BALANCE</b>	868,996	285,288	331,452	(320,597)	(1,854,883)
<b>FUND BALANCE, Beginning of year</b>	<u>2,599,727</u>	<u>3,468,723</u>	<u>3,754,011</u>	<u>4,085,463</u>	<u>3,764,866</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 3,468,723</u>	<u>\$ 3,754,011</u>	<u>\$ 4,085,463</u>	<u>\$ 3,764,866</u>	<u>\$ 1,909,983</u>

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# STATISTICAL SECTION



## STATISTICAL SECTION

*The Statistical Section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City of Corvallis.*

### **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

### **DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's capacity to issue additional debt in the future.

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **OPERATING INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services the City provides and the activities it performs.

# STATISTICAL SECTION

## FINANCIAL TRENDS



**CITY OF CORVALLIS, OREGON**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year						
	2003 <sup>(a)</sup>	2004	2005	2006	2007	2008	2009
<b>Governmental Activities</b>							
Invested in capital assets, net of related debt	\$ 129,736,676	\$ 134,302,482	\$ 135,631,050	\$ 137,331,672	\$ 140,587,954	\$ 141,455,487	\$ 142,337,802
Restricted for special purposes	5,677,732	6,028,650	3,978,206	3,647,503	4,311,449	3,579,434	4,289,737
Unrestricted	15,581,392	13,598,184	16,632,858	14,946,146	13,398,537	11,885,844	3,194,561
<b>Total Governmental Activities Net Assets</b>	<b>\$ 150,995,800</b>	<b>\$ 153,929,316</b>	<b>\$ 156,242,114</b>	<b>\$ 155,925,321</b>	<b>\$ 158,297,940</b>	<b>\$ 156,920,765</b>	<b>\$ 149,822,100</b>
<b>Business-type Activities</b>							
Invested in capital assets, net of related debt	\$ 79,151,163	\$ 90,265,015	\$ 96,337,907	\$ 104,168,328	\$ 106,978,116	\$ 108,814,471	\$ 109,369,298
Restricted for special purposes	10,636,632	9,951,921	11,583,667	12,421,513	13,472,647	13,145,730	13,469,355
Unrestricted	13,604,517	10,144,280	7,995,633	5,181,976	6,302,255	6,630,423	6,806,044
<b>Total Business-type Activities Net Assets</b>	<b>\$ 103,392,312</b>	<b>\$ 110,361,216</b>	<b>\$ 115,917,207</b>	<b>\$ 121,771,817</b>	<b>\$ 126,753,018</b>	<b>\$ 128,590,624</b>	<b>\$ 129,644,697</b>
<b>Primary Government</b>							
Invested in capital assets, net of related debt	\$ 208,887,839	\$ 224,567,497	\$ 231,968,957	\$ 241,500,000	\$ 247,566,070	\$ 250,269,958	\$ 251,707,100
Restricted for special purposes	16,314,364	15,980,571	15,561,873	16,069,016	17,784,096	16,725,164	17,759,092
Unrestricted	29,185,909	23,742,464	24,628,491	20,128,122	19,700,792	18,516,267	10,000,605
<b>Total Primary Government Activities Net Assets</b>	<b>\$ 254,388,112</b>	<b>\$ 264,290,532</b>	<b>\$ 272,159,321</b>	<b>\$ 277,697,138</b>	<b>\$ 285,050,958</b>	<b>\$ 285,511,389</b>	<b>\$ 279,466,797</b>

(a) The beginning balance of invested in capital assets, net of related debt was restated in fiscal year 2003/04 due to a change in accounting for the Pension Obligation Bonds (POB).

Financial trend schedule: Net assets by component is intended to provide the user with summary data to analyze changes in the components of net assets.

Accompanying schedule: Changes in net assets provides user with additional detail for analytical purposes.

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

**CITY OF CORVALLIS, OREGON**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS - UNAUDITED**  
*(accrual basis of accounting)*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
Governmental Activities:							
General Government	\$ 3,401,774	\$ 1,341,051	\$ 1,504,824	\$ 1,687,447	\$ 1,652,481	\$ 1,796,330	\$ 1,620,536
Community Development	3,337,680	4,429,195	4,120,924	4,284,073	5,168,425	4,721,202	5,232,238
Finance	496,896	636,148	643,858	676,305	723,744	723,139	807,497
Fire	6,707,388	6,895,286	7,662,260	8,656,311	9,200,110	9,582,929	10,575,015
Library	4,866,842	4,987,063	5,194,096	5,591,093	5,716,184	5,956,494	6,664,627
Parks and Recreation	4,103,637	4,543,507	4,719,536	5,098,047	5,396,528	5,495,996	6,166,056
Police	8,306,310	9,502,172	9,245,375	10,344,246	10,744,348	10,949,777	12,002,325
Public Works	8,379,298	9,009,275	9,826,111	9,811,124	9,975,656	10,416,224	11,810,710
Interest on long-term debt	2,100,736	2,086,022	2,038,212	2,373,330	2,452,755	2,423,186	2,367,064
<b>Total Governmental Activities</b>	<b>41,700,561</b>	<b>43,429,719</b>	<b>44,955,196</b>	<b>48,521,976</b>	<b>51,030,231</b>	<b>52,065,277</b>	<b>57,246,068</b>
Business-type Activities:							
Water	7,411,746	7,067,877	7,376,890	7,318,210	7,641,213	8,063,852	8,342,283
Wastewater	8,077,938	7,954,165	8,244,864	8,025,574	8,492,767	8,732,200	9,170,904
Storm Water	1,426,681	1,543,130	1,630,566	1,710,288	1,707,827	2,670,369	2,298,342
Airport	409,125	517,965	495,144	545,676	597,816	594,875	680,639
<b>Total Business-type Activities</b>	<b>17,325,490</b>	<b>17,083,137</b>	<b>17,747,464</b>	<b>17,599,748</b>	<b>18,439,623</b>	<b>20,061,296</b>	<b>20,492,168</b>
<b>Total Primary Government</b>	<b>\$ 59,026,051</b>	<b>\$ 60,512,856</b>	<b>\$ 62,702,660</b>	<b>\$ 66,121,724</b>	<b>\$ 69,469,854</b>	<b>\$ 72,126,573</b>	<b>\$ 77,738,236</b>
<b>Program Revenues</b>							
Governmental Activities:							
Charges for services	\$ 181,896	\$ 228,250	\$ 183,146	\$ 258,355	\$ 256,786	\$ 285,301	\$ 251,920
General Government	1,671,224	2,296,253	3,114,476	1,576,158	2,441,356	914,830	1,634,006
Community Development	787,346	835,772	1,024,993	1,045,316	1,192,579	1,122,641	956,815
Finance	2,406,835	2,474,002	2,401,259	2,656,598	2,948,347	3,256,362	3,074,246
Fire	126,463	152,048	138,361	173,497	168,862	216,866	196,913
Library	1,238,048	1,649,349	1,538,150	1,368,525	1,398,611	1,423,883	1,528,078
Parks and Recreation	746,912	756,240	791,786	726,802	1,008,405	1,094,862	913,453
Police	1,365,254	835,541	957,000	1,475,280	1,909,003	2,366,278	1,655,549
Public Works	5,375,432	7,927,343	7,015,894	7,442,569	7,854,696	7,542,838	7,650,047
Operating grants and contributions	8,922,267	5,134,923	4,719,933	4,076,091	5,754,056	3,256,066	3,013,921
Capital grants and contributions	22,821,677	22,289,721	21,884,998	20,799,191	24,932,701	21,479,927	20,874,948
<b>Total Governmental Activities</b>	<b>64,591,161</b>	<b>68,388,575</b>	<b>67,902,271</b>	<b>70,004,077</b>	<b>77,779,966</b>	<b>81,266,619</b>	<b>85,388,420</b>
Business-type Activities:							
Charges for services	7,434,553	7,963,496	7,840,994	7,922,298	8,702,620	9,028,522	8,838,806
Water	1,719,255	1,757,383	1,768,116	1,811,365	1,866,500	1,859,065	1,829,778
Wastewater	243,554	309,419	371,093	290,869	330,477	382,523	452,297
Storm Water	-	90,478	4,993	54,624	1,773	-	43,463
Airport	7,556,656	6,551,941	6,167,665	5,995,971	4,311,390	2,057,705	1,840,821
Operating grants and contributions	23,413,179	23,511,292	22,943,132	23,079,204	22,992,726	21,454,434	21,543,585
Capital grants and contributions	46,234,856	45,801,013	44,828,130	43,878,395	47,925,427	42,934,361	42,418,533
<b>Total Business-type Activities</b>	<b>77,942,148</b>	<b>78,564,586</b>	<b>77,682,150</b>	<b>77,997,226</b>	<b>87,738,746</b>	<b>87,377,648</b>	<b>84,634,208</b>
<b>Total Primary Government</b>	<b>\$ 136,968,200</b>	<b>\$ 139,077,442</b>	<b>\$ 140,384,810</b>	<b>\$ 143,118,950</b>	<b>\$ 157,208,600</b>	<b>\$ 159,504,221</b>	<b>\$ 162,372,444</b>

**CITY OF CORVALLIS, OREGON**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST SEVEN FISCAL YEARS - UNAUDITED**  
*(accrual basis of accounting)*

	<i>Fiscal Year</i>						
	2003	2004	2005	2006	2007	2008	2009
<b>Net (Expense) / Revenue</b>							
Governmental activities	\$ (18,878,884)	\$ (21,139,998)	\$ (23,070,198)	\$ (27,722,785)	\$ (26,097,530)	\$ (30,585,350)	\$ (36,371,120)
Business-type activities	6,087,689	6,428,155	5,195,668	5,479,456	4,553,103	1,393,138	1,051,417
<b>Total Primary Government</b>	<b>\$ (12,791,195)</b>	<b>\$ (14,711,843)</b>	<b>\$ (17,874,530)</b>	<b>\$ (22,243,329)</b>	<b>\$ (21,544,427)</b>	<b>\$ (29,192,212)</b>	<b>\$ (35,319,703)</b>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities							
Taxes							
Property taxes	\$ 16,726,032	\$ 17,221,001	\$ 17,945,723	\$ 18,860,943	\$ 19,100,501	\$ 19,797,404	\$ 20,620,144
Other taxes	692,399	938,601	946,925	1,002,657	1,113,828	1,147,595	1,076,629
Franchise fees	3,996,138	4,017,391	4,142,251	4,423,025	4,827,108	4,988,241	5,178,552
Interest and investment earnings	602,457	340,073	562,460	1,054,506	1,332,488	1,098,958	491,698
Miscellaneous	1,380,820	1,348,363	1,514,561	1,542,147	1,451,951	1,641,909	1,453,065
Gain on sale of capital assets	4,617	4,935	53,061	45,207	58,082	30,768	5,451
Transfers	431,906	203,150	218,015	477,507	586,191	503,300	446,916
<b>Total Governmental Activities</b>	<b>23,834,369</b>	<b>24,073,514</b>	<b>25,382,996</b>	<b>27,405,992</b>	<b>28,470,149</b>	<b>29,208,175</b>	<b>29,272,455</b>
Business-type activities							
Interest and investment earnings	531,114	272,976	446,418	770,821	1,001,448	931,722	436,941
Miscellaneous	199,864	452,923	129,329	81,840	12,841	16,046	12,631
Gain on sale of capital assets	958	18,000	2,591	-	-	-	-
Transfers	(431,906)	(203,150)	(218,015)	(477,507)	(586,191)	(503,300)	(446,916)
<b>Total Business-type Activities</b>	<b>300,030</b>	<b>540,749</b>	<b>360,323</b>	<b>375,154</b>	<b>428,098</b>	<b>444,468</b>	<b>2,656</b>
<b>Total Primary Government</b>	<b>\$ 24,134,399</b>	<b>\$ 24,614,263</b>	<b>\$ 25,743,319</b>	<b>\$ 27,781,146</b>	<b>\$ 28,898,247</b>	<b>\$ 29,652,643</b>	<b>\$ 29,275,111</b>
<b>Change in Net Assets</b>							
Governmental activities	\$ 4,955,485	\$ 2,933,516	\$ 2,312,798	\$ (316,793)	\$ 2,372,619	\$ (1,377,175)	\$ (7,098,665)
Business-type activities	6,387,719	6,968,904	5,555,991	3,854,610	4,981,201	1,837,606	1,054,073
<b>Total Primary Government</b>	<b>\$ 11,343,204</b>	<b>\$ 9,902,420</b>	<b>\$ 7,868,789</b>	<b>\$ 3,537,817</b>	<b>\$ 7,353,820</b>	<b>\$ 460,431</b>	<b>\$ (6,044,592)</b>

Financial trend schedule: Changes in net assets is intended to provide the user with summary data to analyze changes in the activities and changes in those activities.

This schedule normally requires presentation of ten years of data. Governmental Accounting Standards Board (GASB) Statement No. 44 permits the City to retroactively present data beginning with the implementation of GASB Statement No. 34, which occurred June 30, 2003.

**CITY OF CORVALLIS, OREGON**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ 159,577	\$ 1,151,596	\$ 8,407	\$ 83,066	\$ 108,157	\$ 142,454	\$ 215,683
Unreserved	6,120,945	4,698,389	3,597,137	1,799,776	1,448,131	3,460,316	3,670,945	3,977,306	3,622,412	1,694,300
<b>Total General Fund</b>	<b>6,120,945</b>	<b>4,698,389</b>	<b>3,597,137</b>	<b>1,959,353</b>	<b>2,599,727</b>	<b>3,468,723</b>	<b>3,754,011</b>	<b>4,085,463</b>	<b>3,764,866</b>	<b>1,909,983</b>
<b>All Other Governmental Funds</b>										
Reserved, reported in:										
Streets and highways (a)	-	-	-	-	-	-	-	-	-	2,756,739
Special revenue funds	-	-	-	2,047,095	2,214,957	2,427,359	2,102,891	2,460,436	1,643,048	92,658
Capital projects fund	-	-	-	972,238	641,457	655,597	568,641	1,006,689	1,191,342	670,242
Permanent fund	1,549,254	1,468,460	1,375,162	472,209	456,885	5,000	5,000	5,000	5,000	5,000
Other purposes	-	-	-	-	-	-	124,359	116,500	116,846	83,833
Unreserved, reported in:										
Special revenue funds	14,941,847	14,899,934	14,603,087	13,595,199	12,300,523	13,864,522	13,861,263	13,130,057	14,207,206	10,035,746
Capital projects fund	8,781,805	9,427,197	1,635,337	-	-	-	-	-	-	-
Debt service fund	1,812,816	1,666,594	2,230,417	2,026,613	1,563,755	881,843	763,546	614,667	480,744	465,582
Permanent fund	-	-	-	35,655	49,281	3,567	3,159	2,681	2,107	1,453
<b>Total All Other Governmental Funds</b>	<b>27,085,722</b>	<b>27,462,185</b>	<b>19,844,003</b>	<b>19,149,009</b>	<b>17,226,858</b>	<b>17,837,888</b>	<b>17,428,859</b>	<b>17,336,030</b>	<b>17,646,293</b>	<b>14,111,253</b>
<b>Total Fund Balance, Governmental Funds</b>	<b>\$ 33,206,667</b>	<b>\$ 32,160,574</b>	<b>\$ 23,441,140</b>	<b>\$ 21,108,362</b>	<b>\$ 19,826,585</b>	<b>\$ 21,306,611</b>	<b>\$ 21,182,870</b>	<b>\$ 21,421,493</b>	<b>\$ 21,411,159</b>	<b>\$ 16,021,236</b>
<b>Totals by Fund</b>										
General Fund	\$ 6,120,945	\$ 4,698,389	\$ 3,597,137	\$ 1,959,353	\$ 2,599,727	\$ 3,468,723	\$ 3,754,011	\$ 4,085,463	\$ 3,764,866	\$ 1,909,983
Special Revenue	14,941,847	14,899,934	14,603,087	15,642,294	14,515,480	16,291,881	16,088,513	15,706,993	15,967,100	10,212,237
Debt Service	1,812,816	1,666,594	2,230,417	2,026,613	1,563,755	881,843	763,546	614,667	480,744	465,582
Capital Projects	8,781,805	9,427,197	1,635,337	972,238	641,457	655,597	568,641	1,006,689	1,191,342	670,242
Permanent Funds	1,549,254	1,468,460	1,375,162	507,864	506,166	8,567	8,159	7,681	7,107	6,453
<b>Total</b>	<b>\$ 33,206,667</b>	<b>\$ 32,160,574</b>	<b>\$ 23,441,140</b>	<b>\$ 21,108,362</b>	<b>\$ 19,826,585</b>	<b>\$ 21,306,611</b>	<b>\$ 21,182,870</b>	<b>\$ 21,421,493</b>	<b>\$ 21,411,159</b>	<b>\$ 13,264,497</b>

(a) Prior to 2009, the balances reserved for streets and highways were reported included as either reservations for capital projects and construction or unreserved balances reported in the Special Revenue Funds.

**CITY OF CORVALLIS, OREGON**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(modified accrual basis of accounting)*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 15,928,718	\$ 15,904,779	\$ 17,012,593	\$ 17,420,385	\$ 18,293,641	\$ 18,946,837	\$ 19,847,086	\$ 20,135,770	\$ 20,945,820	\$ 21,515,848
Licenses, fees and permits	3,886,580	4,425,868	4,788,266	5,181,690	5,514,902	5,677,958	5,761,430	6,724,385	6,903,922	6,628,905
Charges for services	4,692,078	5,959,479	7,271,344	6,795,631	7,423,696	7,891,789	7,155,204	8,383,481	9,251,853	7,790,799
Intergovernmental	6,622,533	7,163,972	8,027,466	7,891,967	10,312,917	8,770,198	9,054,686	9,912,764	9,065,501	9,401,237
Fines and forfeitures	975,659	898,294	848,122	882,524	914,559	1,070,391	1,115,954	1,297,790	1,213,369	1,119,762
Miscellaneous	2,702,849	3,293,269	2,029,990	1,793,147	1,382,863	1,566,146	2,400,275	2,436,752	2,753,223	1,109,738
<b>Total Revenues</b>	<b>34,808,417</b>	<b>37,645,661</b>	<b>39,977,781</b>	<b>39,965,344</b>	<b>43,842,578</b>	<b>43,923,319</b>	<b>45,334,635</b>	<b>48,890,942</b>	<b>50,133,688</b>	<b>47,566,289</b>
<b>Expenditures</b>										
Community Development	2,487,626	3,203,629	3,360,221	3,276,799	4,397,863	4,020,308	4,099,543	4,999,714	4,607,964	4,949,678
Finance	356,353	406,223	458,642	458,027	556,484	560,701	569,606	595,666	623,352	676,358
Fire	5,520,457	5,817,642	5,934,332	6,266,441	6,481,451	7,142,795	7,859,065	8,499,465	8,793,931	9,393,963
Library	3,772,026	3,986,439	4,664,106	4,597,949	4,763,415	4,868,998	5,221,912	5,336,415	5,669,909	6,014,385
Parks and Recreation	2,749,838	3,187,251	4,030,623	3,957,010	4,349,882	4,453,344	4,687,642	4,981,924	5,114,752	5,515,991
Police	7,250,921	8,075,307	8,022,106	7,969,757	9,386,130	8,707,851	9,611,397	9,984,726	10,445,595	11,025,495
Public Works	4,251,884	4,590,447	4,126,952	4,211,882	5,023,348	5,030,103	5,432,133	5,911,169	6,538,914	6,538,914
Miscellaneous nondepartmental	2,940,068	3,348,454	3,355,332	3,320,995	1,142,365	1,295,660	1,490,786	1,357,376	1,539,101	1,529,669
Payment of unfunded pension liability	-	-	23,124,956	-	-	-	9,795,521	-	-	-
Capital outlay	8,824,924	12,631,139	14,009,824	5,503,767	5,908,448	3,287,815	3,812,503	4,282,594	3,994,551	3,792,751
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	2,338,462	1,085,000	1,333,000	1,244,000	1,224,000	1,319,582	1,416,893	1,392,863	1,540,618	1,671,192
Interest	846,146	644,953	999,796	1,912,108	2,099,054	2,052,365	2,349,139	2,464,856	2,437,148	2,410,504
<b>Total Expenditures</b>	<b>41,338,705</b>	<b>46,976,484</b>	<b>73,419,890</b>	<b>42,718,735</b>	<b>45,332,440</b>	<b>42,714,574</b>	<b>55,944,110</b>	<b>49,327,762</b>	<b>50,678,090</b>	<b>53,518,900</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(6,530,288)</b>	<b>(9,330,823)</b>	<b>(33,442,109)</b>	<b>(2,753,391)</b>	<b>(1,489,862)</b>	<b>1,208,745</b>	<b>(10,609,475)</b>	<b>(436,820)</b>	<b>(544,402)</b>	<b>(5,952,611)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds - issuance of debt	-	8,461,000	23,913,017	-	-	-	9,980,000	-	-	10,190,000
Premium - issuance of debt	-	-	-	-	-	-	-	-	-	537,000
Proceeds - sale of capital assets	2,375	9,600	-	4,617	4,935	53,265	45,207	58,082	30,768	20,737
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(10,631,965)
Operating transfers in	7,146,955	7,197,708	6,849,191	4,624,865	4,741,726	2,405,139	3,611,267	4,793,019	4,687,961	3,648,623
Operating transfers out	(7,054,473)	(7,383,578)	(6,039,533)	(4,208,869)	(4,538,576)	(2,187,123)	(3,150,740)	(4,175,658)	(4,184,661)	(3,201,707)
<b>Total Other Financing Sources (Uses)</b>	<b>94,857</b>	<b>8,284,730</b>	<b>24,722,675</b>	<b>420,613</b>	<b>208,085</b>	<b>271,281</b>	<b>10,485,734</b>	<b>675,443</b>	<b>534,068</b>	<b>562,688</b>
<b>Net Residual Transfers In (Out)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (6,435,431)</b>	<b>\$ (1,046,093)</b>	<b>\$ (8,719,434)</b>	<b>\$ (2,332,778)</b>	<b>\$ (1,281,777)</b>	<b>\$ 1,480,026</b>	<b>\$ (123,741)</b>	<b>\$ 238,623</b>	<b>\$ (10,334)</b>	<b>\$ (5,389,923)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	9.8%	5.0%	3.9%	8.5%	8.4%	8.6%	7.2%	8.6%	8.5%	8.2%

**CITY OF CORVALLIS, OREGON**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
**LAST SEVEN FISCAL YEARS – UNAUDITED**  
*(accrual basis of accounting)*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental Activities:</b>							
General government	\$ 181,896	\$ 228,250	\$ 183,146	\$ 258,355	\$ 256,786	\$ 285,301	\$ 251,920
Community Development	2,254,942	3,283,781	4,094,210	2,396,155	4,118,817	1,668,613	2,614,190
Finance	787,346	835,772	1,024,993	1,045,316	1,192,579	1,122,641	956,815
Fire	2,460,757	2,483,143	2,401,259	2,876,287	3,041,540	3,276,979	3,132,325
Library	1,829,770	2,138,745	1,999,770	2,166,175	2,279,942	2,479,887	2,418,289
Parks and Recreation	2,243,851	2,147,398	2,228,539	1,761,995	2,665,317	1,724,669	1,914,115
Police	1,461,214	2,627,353	1,858,178	1,975,730	1,732,885	2,363,212	2,296,508
Public Works	11,601,901	8,545,279	8,094,903	8,319,178	9,644,835	8,558,625	7,290,786
<b>Total Governmental Activities</b>	<b>22,821,677</b>	<b>22,289,721</b>	<b>21,884,998</b>	<b>20,799,191</b>	<b>24,932,701</b>	<b>21,479,927</b>	<b>20,874,948</b>
<b>Business-type Activities</b>							
Water	8,844,231	9,040,689	8,641,773	8,355,687	9,221,365	8,873,854	9,146,138
Wastewater	10,023,638	10,508,490	11,262,803	10,105,792	10,574,818	9,960,251	9,539,259
Storm Water	3,744,530	2,639,044	2,468,198	2,495,285	2,865,142	2,210,661	2,023,609
Airport	800,780	1,323,069	570,358	2,122,440	331,401	409,668	834,579
<b>Total Business-type Activities</b>	<b>23,413,179</b>	<b>23,511,292</b>	<b>22,943,132</b>	<b>23,079,204</b>	<b>22,992,726</b>	<b>21,454,434</b>	<b>21,543,585</b>
<b>Total Primary Government</b>	<b>\$ 46,234,856</b>	<b>\$ 45,801,013</b>	<b>\$ 44,828,130</b>	<b>\$ 43,878,395</b>	<b>\$ 47,925,427</b>	<b>\$ 42,934,361</b>	<b>\$ 42,418,533</b>

**CITY OF CORVALLIS, OREGON**  
**TAX AND FRANCHISE FEE REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	General Property Taxes (1)	% Change From Prior Year		Franchise Fees	% Change From Prior Year		Transient Room Taxes	% Change From Prior Year		Total Taxes and Fees	% Change From Prior Year	
2000	\$ 15,221,623	3.15		\$ 3,133,978	2.32		\$ 707,095	9.14		\$ 19,062,696	3.22	
2001	15,150,783	(0.47)		3,396,528	8.38		753,997	6.63		19,301,308	1.25	
2002	16,271,088	7.39		3,731,397	9.86		741,505	(1.66)		20,743,990	7.47	
2003	16,727,986	2.81		3,996,138	7.09		692,399	(6.62)		21,416,523	3.24	
2004	17,355,040	3.75		4,017,391	0.53		938,601	35.56		22,311,032	4.18	
2005	17,999,911	3.72		4,142,251	3.11		946,925	0.89		23,089,087	3.49	
2006	18,844,428	4.69		4,423,025	6.78		1,002,657	5.89		24,270,110	5.12	
2007	19,021,943	0.94		4,827,108	9.14		1,113,828	11.09		24,962,879	2.85	
2008	19,798,225	4.08		4,988,241	3.34		1,147,595	3.03		25,934,061	3.89	
2009	20,439,220	3.24		5,178,552	3.82		1,076,629	(6.18)		26,694,401	2.93	
Change 2000-2009	34.28%			65.24%			52.26%			40.03%		

(1) Balances do not include taxes that are collected for the Corvallis Arts Center until 2004. Effective July 1, 2004 the Corvallis Arts Center property tax collections and allocations are accounted for in the General Fund as a General Fund property tax revenue and General Fund City allocation expenditure, respectively.

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# STATISTICAL SECTION

## REVENUE CAPACITY



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

<b>Fiscal Year Ended June 30,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Manufactured Property</b>	<b>Utility Property</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Real Market Value (RMV)</b>	<b>Assessed Value as a % of Real Market Value (RMV)</b>
2000	\$ 2,560,888	\$ 210,076	\$ 16,374	\$ 49,265	\$ 1,011	\$ 2,835,592	5.5544	\$ 3,413,759	83.064 %
2001	2,673,331	133,210	17,427	55,138	-	2,879,106	5.4664	3,513,758	81.938
2002	2,694,923	154,904	18,476	54,519	-	2,922,822	5.7030	3,523,137	82.961
2003	2,805,447	144,169	16,430	60,656	-	3,026,702	5.7197	3,580,388	84.536
2004	2,902,281	141,153	15,040	54,854	-	3,113,328	5.6812	3,717,868	83.740
2005	3,078,680	132,536	15,079	66,585	-	3,292,880	5.5988	4,299,629	76.585
2006	3,209,956	156,544	13,579	53,541	-	3,433,620	5.6485	4,522,703	75.920
2007	3,255,651	154,425	12,590	53,400	-	3,476,066	5.6406	5,088,443	68.313
2008	3,390,920	144,925	12,660	64,511	-	3,613,016	5.6219	5,565,083	64.923
2009	3,517,710	159,318	13,661	54,458	-	3,745,147	5.6448	5,946,532	62.980

Source: Benton County Assessor

Note: Two initiatives approved by Oregon voters have imposed constitutional limitations on property tax rates and assessed values of property. Measure 5 (1990) places a maximum tax rate for non-school governments of \$10 per \$1,000 of real market value on each parcel of property. Measure 50 (1997) put into place different values for real market value and assessed value and set permanent tax rates for each unit of local government. Assessed value for each parcel is limited to an annual 3% increase. Total assessed value can also increase by an amount for new development and can decrease based on reductions in real market value to below assessed value, including reductions due to depreciation on industrial property. Local governments may temporarily increase their tax rate with voter approval of a local option levy. In addition, levies for voter approved general obligation debt are not subject to any constitutional limits on taxes. The City's permanent tax rate is \$5.1067 per \$1,000 of assessed value.

The debt service levy is set annually in the amount required to fulfill debt obligations.

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

Fiscal Year Ended June 30,	City of Corvallis Direct Rates				Overlapping Rates *					Total Rate	
	Permanent Rate	General Obligation Debt Service		School District No. 509J	Linn-Benton ESD	Linn-Benton Community College (LBCC)		Benton County Soil and Water District	Benton County Library		
		Total Direct									
2000	\$ 5.1067	\$ 0.4477	\$ 5.5444	\$ 4.5300	\$ 0.3049	\$ 0.7000	\$ -	\$ 0.3947	\$ 2.5300	\$ 14.01	
2001	5.1067	0.3598	5.4665	5.3500	0.3049	0.7100	-	0.3947	2.5500	14.77	
2002	5.1067	0.5963	5.7030	5.4900	0.3049	0.7200	-	0.3947	2.8700	15.48	
2003	5.1067	0.6130	5.7197	5.4500	0.3049	0.6900	-	0.3947	2.8700	15.42	
2004	5.1067	0.5745	5.6812	7.1300	0.3049	0.6800	-	0.3947	2.8700	17.06	
2005	5.1067	0.4921	5.5988	7.1489	0.3049	0.6805	-	0.3947	2.4952	16.62	
2006	5.1067	0.5418	5.6485	6.2375	0.3049	0.6858	0.0500	0.3947	2.4952	15.81	
2007	5.1067	0.5339	5.6406	6.1644	0.3049	0.6805	0.0500	0.3947	2.4652	15.70	
2008	5.1067	0.5152	5.6219	7.2494	0.3049	0.6733	0.0500	0.3947	2.4652	16.75	
2009	5.1067	0.5381	5.6448	7.2183	0.3049	0.6767	0.0500	0.3947	3.1052	17.39	

Source: Benton County

Notes: Two initiatives approved by Oregon voters have imposed constitutional limitations on property tax rates and assessed values of property. Measure 5 (1990) places a maximum tax rate for non-school governments of \$10 per \$1,000 of real market value on each parcel of property. Measure 50 (1997) put into place different values for real market value and assessed value and set permanent tax rates for each unit of local government. Assessed value for each parcel is limited to an annual 3% increase. Total assessed value can also increase by an amount for new development and can decrease based on reductions in real market value to below assessed value, including reductions due to depreciation on industrial property. Local governments may temporarily increase their tax rate with voter approval of a local option levy. In addition, levies for voter approved general obligation debt are not subject to any constitutional limits on taxes. The City's permanent tax rate is \$5.1067 per \$1,000 of assessed value.

The debt service levy is set annually in the amount required to fulfill debt obligations.

\* Overlapping rates are those of local and county governments that apply to property owners within the City of Corvallis. All overlapping rates apply to Corvallis property owners.

**CITY OF CORVALLIS, OREGON**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO - UNAUDITED**

	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value(c)	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value(c)
Hewlett-Packard Co. (a)	\$ 393,103,380	1	10.50 %	\$ 645,861,190	1	22.78 %
Evanite Fiber Inc.	25,041,392	2	0.67	23,939,916	3	0.84
Qwest Corporation (b)	20,259,000	3	0.54	32,158,222	2	1.13
Accu Fab Systems, Inc.	16,123,512	4	0.43	10,243,283	9	0.36
Avery Investments LLC	13,769,192	5	0.37	-	-	-
Witham Hill Oaks Apartments LLC	13,416,192	6	0.36	-	-	-
Suncor Partners LLC	10,481,804	7	0.28	-	-	-
Creekside Group LLC	10,453,151	8	0.28	-	-	-
Northwest Natural Gas Co.	10,398,000	9	0.28	16,714,120	5	0.59
Bender Equities, Inc	10,198,296	10	0.27	-	-	-
Pacificcorp	-	-	-	22,162,200	4	0.78
Nypro Realty Holdings Inc.	-	-	-	14,991,880	6	0.53
Pioneer Telephone	-	-	-	21,445,133	7	0.76
Jones, Jerry G., et al	-	-	-	10,282,395	8	0.36
Wilson, Robert C.	-	-	-	9,122,923	10	0.32
<b>Total</b>	<b>\$ 523,243,919</b>		<b>13.98 %</b>	<b>\$ 806,921,262</b>		<b>28.45 %</b>
<b>City Assessed Value</b>	<b>\$ 3,745,146,887</b>			<b>\$ 2,835,592,065</b>		

Source: Benton County Finance and Assessment Department

- (a) Transfer of substantial manufacturing operations overseas, property tax appeals and depreciation have reduced Hewlett-Packard's taxable assessed value over the last 10 years.
- (b) U.S. West Communications became Qwest Corporation in FY 2002.
- (c) Percentage of Total City Assessed Value = Taxpayer Assessed Value / City Assessed Value

Purpose: Property taxes are the City's most significant own source revenue. This schedule provides the user with basic information about the City's most significant revenue payers and the degree of dependence on a small number of payees.

**CITY OF CORVALLIS, OREGON**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS - UNAUDITED**

Fiscal Year Ended June 30,	Original Tax Levy for the Year		To Date Levy Adjustments (1)		Collected within the Fiscal Year of the Levy		Collected in subsequent years		Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy (2)	Amount	Percentage of Adjusted Levy	Amount	Percentage of Adjusted Levy
2000	\$ 15,773,306	3.03 %	\$ (478,120)	3.03 %	\$ 14,879,465	94.33 %	\$ 15,294,097	99.99 %	\$ 15,294,097	99.99 %
2001	15,812,506	3.15	(498,328)	3.15	14,852,174	93.93	15,312,566	99.99	15,312,566	99.99
2002	16,689,552	2.45	(408,931)	2.45	15,790,901	94.62	16,278,135	99.98	16,278,135	99.98
2003	17,325,984	3.26	(565,230)	3.26	16,361,270	94.43	16,756,810	99.98	16,756,810	99.98
2004	17,710,636	2.64	(468,034)	2.64	17,242,602	95.56	17,236,551	99.96	17,236,551	99.96
2005	18,451,963	2.68	(494,799)	2.68	17,658,023	95.70	17,948,253	99.95	17,948,253	99.95
2006	19,458,295	2.79	(542,317)	2.79	18,915,978	95.47	18,875,855	99.79	18,875,855	99.79
2007	19,611,621	2.61	(511,185)	2.61	18,707,158	95.39	19,013,636	99.55	19,013,636	99.55
2008	20,352,962	2.48	(504,861)	2.48	19,439,277	95.51	19,661,449	99.06	19,661,449	99.06
2009	21,162,976	2.47	(523,308)	2.47	20,639,668	95.00	-	97.41	20,104,983	97.41

Source: Benton County Finance and Assessment Department

(1) Property tax levy adjustments include discounts taken plus or minus roll adjustments. Property taxpayers are granted a statutory 3% discount when taxes are paid in full by the November 15th due date.  
(2) Calculated as a percentage of the original levy.

Purpose: Property taxes are the City's most significant own source revenue. This schedule provides the user with basic information concerning property tax levy and collection ratios over time.

# STATISTICAL SECTION

## DEBT CAPACITY



**CITY OF CORVALLIS, OREGON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(in thousands of dollars, except per capita)*

Fiscal Year Ended June 30,	General Bonded Debt Amount				Percentage of Actual Property Value	Per Capita	Other Governmental Activities Debt		
	General Obligation Bonds	Restricted to Paying Debt Principal	Net General Obligation Bonds (1)	Bancroft Improvement Bonds			Limited Tax Obligation Bonds	Notes Payable	Capital Leases
2000	\$ 14,530	\$ 1,797	\$ 12,733	\$ 257.54	0.37 %	\$	-	\$	-
2001	21,695	1,583	20,112	394.04	0.57	-	-	561	-
2002	20,655	1,345	19,310	368.15	0.55	60	23,913	468	-
2003	19,580	1,255	18,325	346.09	0.51	-	23,913	359	-
2004	18,470	1,262	17,208	327.22	0.46	-	23,913	245	-
2005	17,310	882	16,428	309.01	0.38	-	23,873	125	-
2006	16,105	753	15,352	284.82	0.34	-	33,767	-	-
2007	14,840	614	14,226	259.17	0.28	-	33,639	-	-
2008	13,530	479	13,051	237.81	0.23	-	33,408	-	-
2009	12,100	463	11,637	212.04	0.20	-	33,117	-	-

**Business-Type Activities**

Fiscal Year Ended June 30,	Business-Type Activities				Percentage of Personal Income	Per Capita
	Water Bonds	Wastewater Bonds	Storm Water Bonds	Airport Bonds		
2000	\$ 138	\$ 9,157	\$ 127	\$ 8	40 %	\$ 1,124.13
2001	72	8,752	107	4	-	1,217.16
2002	-	8,325	85	-	-	1,584.49
2003	-	8,525	70	-	-	1,525.50
2004	-	7,055	-	-	-	1,456.14
2005	-	6,760	-	-	-	1,389.21
2006	-	6,735	-	-	-	1,502.33
2007	-	6,390	-	-	-	1,416.72
2008	-	6,025	-	-	-	1,354.13
2009	-	5,640	-	-	-	n/a

Notes: n/a = Personal Income is not available.

Details regarding the City's outstanding debt can be found in the Management Discussion and Analysis, in the Notes to the Financial Statements and in Other Financial Schedules. Population and personal income data can be found in the Schedule of Demographic and Economic Statistics.  
 (1) Bonded debt is net of accumulated funds for repayment of bond principal.

**CITY OF CORVALLIS, OREGON**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2009 - UNAUDITED**

<i>Governmental Unit</i>	<i>Debt Outstanding(1)</i>	<i>Assessed Property Value</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Overlapping Debt</i>
<b>Debt repaid with property taxes</b>				
School District No. 509J	\$ 68,205,677	\$ 4,644,208,585	80.64 %	\$ 55,001,058
Benton County	-	6,170,619,369	60.69	-
Linn-Benton Community College	6,713,774	6,063,475,691	61.77	4,147,098
Subtotal Overlapping Debt				59,148,156
<b>City direct debt</b>				<b>12,100,000</b>
<b>Total direct and overlapping debt</b>				<b>\$ 71,248,156</b>

Source: Assessed value data used to estimate applicable percentages provided by Benton County.  
 Outstanding debt data provided by governmental unit.

Note: (1) The debt outstanding is the portion of debt that is applicable to Benton County only.

Note: Overlapping governments are those that coincide, at least in part, with 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 Corvallis. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 102,412,769	\$ 104,844,887	\$ 101,709,316	\$ 110,834,773	\$ 110,978,724	\$ 128,415,787	\$ 135,681,077	\$ 152,653,305	\$ 166,952,486	\$ 178,395,974
Total net debt applicable to limit	12,741,025	20,116,268	19,309,719	18,990,483	17,208,404	16,428,471	15,351,558	14,226,030	13,050,837	11,636,138
Legal debt margin	89,671,744	84,728,619	82,399,597	91,844,290	93,770,320	11,987,316	120,329,519	138,427,275	153,901,649	166,759,836
Total net debt applicable to the limit as a percentage of debt limit	12.44%	19.19%	18.99%	17.31%	15.51%	12.79%	11.31%	9.32%	7.82%	6.52%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2009**

TOTAL REAL MARKET VALUE OF REAL ESTATE WITHIN THE CITY	\$ 5,946,532,468
Debt Limitation - 3% of total real market value (1)	0.03
<b>DEBT LIMIT</b>	<b>\$ 178,395,974</b>

**AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT**

Total General Obligation Bonded Debt (2)	\$ 12,100,000
Governmental Activities	
Business-type Activities	
<i>Total General Obligation Bonded Debt</i>	12,100,000
Less: Amount held for repayment of principal	(463,862)

**TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT**

**\$ 11,636,138**

**LEGAL DEBT MARGIN**

**\$ 166,759,836**

(1) Oregon Revised Statutes (ORS) 287A.050 states: "Unless a lesser limitation upon the issuance of bonds has otherwise been provided by law or charter, no city shall issue or have outstanding at any one time bonds in excess of three percent of real market value of all taxable property within its boundaries, computed in accordance with ORS 308.207, after deducting for outstanding bonds such cash funds and sinking funds as are applicable to the payment of principal thereof."

(2) Oregon Revised Status (ORS) 287A.001(3) states: "Bonds" means (a) a contractual undertaking or instrument of a public body to repay borrowed moneys; (b) does not mean a credit enhancement device.

**CITY OF CORVALLIS, OREGON**  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS - UNAUDITED**  
*(accrual basis of accounting)*

Fiscal Year Ended June 30,	Gross Revenues (1)	Less Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<b>WATER - 1992 B REVENUE SUPPORTED GO BONDS</b>							
2000	\$ 6,339,700	\$ 4,249,447	\$ 2,090,253	\$ 443,886	\$ 18,716	\$ 462,602	4.52 %
2001	6,422,582	4,779,098	1,643,484	66,450	5,636	72,086	22.80
2002	7,691,820	5,010,527	2,681,293	71,766	1,938	73,704	36.38
2003	7,345,209	5,602,874	1,742,335	-	-	-	-
2004	7,857,669	5,315,598	2,542,071	-	-	-	-
2005	7,857,742	5,409,565	2,448,177	-	-	-	-
2006	7,972,024	5,411,509	2,560,515	-	-	-	-
2007	8,442,259	5,730,153	2,712,106	-	-	-	-
2008	8,513,967	6,134,721	2,379,246	-	-	-	-
2009	8,786,133	6,415,499	2,370,634	-	-	-	-
<b>WASTEWATER (3)</b>							
2000	\$ 6,875,064	\$ 3,353,956	\$ 3,521,108	\$ 459,073	112,551	\$ 571,624	6.16 %
2001	7,201,095	4,050,128	3,150,967	437,433	2,407,876	2,845,309	1.11
2002	8,479,736	4,267,537	4,212,199	1,222,547	1,370,611	2,593,158	1.62
2003	8,779,193	4,789,553	3,989,640	1,219,659	1,315,806	2,535,465	1.57
2004	9,731,868	4,761,007	4,970,861	1,729,574	1,294,807	3,024,381	1.64
2005	9,911,357	5,018,829	4,892,528	1,181,517	1,171,243	2,352,760	2.08
2006	9,596,476	4,937,112	4,659,364	1,304,272	1,021,310	2,325,582	2.00
2007	9,952,942	5,357,269	4,595,673	1,298,240	1,353,465	2,651,705	1.73
2008	9,710,972	5,526,010	4,184,962	1,353,465	964,255	2,317,720	1.81
2009	9,297,433	5,947,932	3,349,501	1,409,991	904,881	2,314,872	1.45
<b>STORM WATER (4)</b>							
2000	\$ 1,457,013	\$ 881,959	\$ 575,054	\$ 57,285	\$ 9,023	\$ 66,308	8.67 %
2001	1,559,213	857,892	701,321	19,900	6,930	26,830	26.14
2002	1,752,272	959,470	792,802	21,492	5,733	27,225	29.12
2003	1,744,417	1,186,176	558,241	14,812	4,666	19,478	28.66
2004	1,819,277	1,288,788	530,489	70,357	8,807	79,164	6.70
2005	1,842,036	1,307,261	534,775	-	-	-	-
2006	1,864,578	1,392,309	472,269	-	-	-	-
2007	1,967,006	1,387,353	579,653	-	-	-	-
2008	1,911,049	1,730,244	180,805	-	-	-	-
2009	1,845,571	1,571,352	274,219	-	-	-	-
<b>AIRPORT - 1992 B REVENUE SUPPORTED GO BONDS</b>							
2000	\$ 291,014	\$ 185,594	\$ 105,420	\$ 26,553	\$ 1,120	\$ 27,673	3.81 %
2001	354,393	269,982	84,411	3,975	337	4,312	19.58
2002	254,331	215,782	38,549	4,293	116	4,409	8.74
2003	243,553	232,138	11,415	-	-	-	-
2004	395,157	337,716	57,441	-	-	-	-
2005	376,086	238,781	137,305	-	-	-	-
2006	345,492	281,570	63,922	-	-	-	-
2007	331,402	244,637	86,765	-	-	-	-
2008	382,522	242,607	139,915	-	-	-	-
2009	460,797	328,530	132,267	-	-	-	-

(1) Gross Revenues consist primarily of charges for services.

(2) Direct Operating Expenses do not include interest or depreciation.

(3) The Wastewater fund debt service requirement includes the following debt: 2000A CSO Revenue Bonds, 2006A Adf Ref CSO Bonds, DEQ Loan R24480, DEQ Loan R24481 and the 1986 C & 1992 B Revenue Supported GO Bonds.

(4) The Storm Water fund debt service requirement includes the following debt: 1986 C Revenue Supported GO Bonds and the 1992 B Revenue Supported GO Bonds.

# STATISTICAL SECTION

## DEMOGRAPHIC AND ECONOMIC INFORMATION



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

<b>Year</b>	<b>City of Corvallis Population (1)</b>	<b>Corvallis Metropolitan Area (MSA) Population (2)</b>	<b>Total Personal Income (MSA) (Thousands of dollars) (2)</b>	<b>Per Capita Personal Income (MSA) (2)</b>	<b>Unemployment Rate (MSA) (3)</b>	<b>Corvallis Public School Enrollment (4)</b>
2000	49,440	78,118	\$ 2,259,372	\$ 28,923	4.1	6,940
2001	51,040	77,822	2,330,893	29,952	4.5	7,068
2002	52,450	79,029	2,373,827	30,037	3.5	6,875
2003	52,950	79,201	2,410,599	30,436	4.5	6,821
2004	52,590	78,383	2,664,113	33,988	5.6	6,624
2005	53,165	78,640	2,826,102	35,937	5.3	6,492
2006	53,900	79,061	3,030,585	38,332	4.8	6,470
2007	54,890	81,428	3,040,634	37,341	3.9	6,642
2008	54,880	81,859	3,046,063	37,211	3.8	6,631
2009	54,880	n/a	n/a	n/a	8.4	6,568

Sources:

- (1) Portland State University, Population Research Center (2000 from the US Census) - with the exception of 2000, population data is an estimate
- (2) U.S. Bureau of Economic Analysis
- (3) Oregon Employment Department, Oregon Labor Market Information System
- (4) Corvallis School District 509J

Notes: The Corvallis Metropolitan Statistical Area (MSA) is defined as Benton County by the Bureau of Economic Analysis, U.S. Department of Commerce. The unemployment rate is for Benton County and is the rate for June of each year.

Prior to 2009, Public school enrollment data from the Corvallis School District are figures reported in September of each year. 2009 data is as of June.

n/a = Data for 2009 is not available.

**CITY OF CORVALLIS, OREGON**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO - UNAUDITED**

	2009			2000		
	Employees	Rank	Percentage of Total Employment*	Employees	Rank	Percentage of Total Employment*
Oregon State University (1)	7,749	1	20.47 %	8,836	1	26.06 %
Samaritan Health Services (2)	2,572	2	6.80	-	-	-
Hewlett Packard (3)	1,800	3	4.76	3,400	2	10.03
Corvallis School District 509J (4)	618	4	1.63	890	4	2.63
Corvallis Clinic (5)	600	5	1.59	514	5	1.52
City of Corvallis (6)	432	6	1.14	408	8	1.20
Benton County (7)	417	7	1.10	434	7	1.28
CH2M Hill (5)	400	8	1.06	375	9	1.11
ATS Systems Oregon (5)	276	9	0.73	-	-	-
Fiserv (formerly Summit Information Systems (5))	240	10	0.63	361	10	1.06
Good Samaritan Hospital (a)	-	-	-	1,100	3	3.24
Siuslaw National Forest	-	-	-	463	6	1.37
<b>Total</b>	<b>15,104</b>		<b>39.91 %</b>	<b>16,781</b>		<b>49.50 %</b>

**Sources:**

- Nine years ago employer / employee information is from the City of Corvallis annual budget document.
- Current year information:
  - (1) Estimate based on OSU Office of Institutional Research April, 2009 Employment Report. More recent data is not available.
  - (2) Samaritan Health Services
  - (3) Estimate based on trends from previous estimates
  - (4) Corvallis School District 509J (FTE)
  - (5) Corvallis-Benton Chamber Coalition, estimate from April, 2009
  - (6) City of Corvallis 4th Quarter Vacancy Summary (FTE)
  - (7) Benton County

**Notes:**

(a) Good Samaritan Hospital is now included in Samaritan Health Services.  
 \* Total employment is for the Corvallis Metropolitan Statistical Area (MSA) which is Benton County.  
 The MSA information is from the Oregon Employment Department (OED) - Oregon Labor Market Information System.

**Total non-farm MSA employment:**

Current year:	37,850
Nine years ago:	33,901

# STATISTICAL SECTION

## OPERATING INFORMATION



**CITY OF CORVALLIS, OREGON**  
**FULL-TIME EQUIVALENT EMPLOYEES BY ACTIVITY**  
**LAST TEN FISCAL YEARS - UNAUDITED**

	Full-Time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>ACTIVITIES</b>										
City Manager's Office	9.00	9.50	9.50	9.50	9.50	9.50	9.50	9.00	10.00	10.00
Community Development	29.50	31.50	31.00	30.90	29.80	32.00	34.70	34.55	36.05	34.55
Finance	31.25	37.25	36.00	34.75	34.75	36.25	34.25	35.25	36.75	37.75
Fire	57.00	59.00	59.00	59.00	60.00	67.72	69.72	66.72	66.72	69.00
Library	46.07	46.27	42.77	45.27	43.76	45.77	45.14	45.77	45.77	46.39
Parks and Recreation	19.50	25.13	28.13	27.88	27.43	27.43	27.43	34.46	31.79	37.64
Police	83.25	86.25	84.25	80.25	82.25	76.25	77.25	78.75	77.25	81.75
Public Works	33.07	33.07	32.77	34.72	35.02	33.52	30.82	34.27	35.14	35.40
Water	32.96	32.96	32.66	34.61	34.91	33.41	31.53	33.48	31.93	33.23
Wastewater	31.94	31.94	31.65	33.54	33.83	32.38	32.38	32.00	31.42	33.93
Storm Water	10.96	10.96	10.86	11.51	11.61	11.11	11.20	11.21	10.47	11.54
Airport	1.07	1.07	1.06	1.12	1.13	1.08	1.08	1.04	1.04	1.08
<b>Total Full-Time Equivalent Employees</b>	<b>385.57</b>	<b>404.90</b>	<b>399.65</b>	<b>403.05</b>	<b>403.99</b>	<b>406.42</b>	<b>405.00</b>	<b>416.50</b>	<b>414.33</b>	<b>432.26</b>

Source: City of Corvallis Fourth Quarter Operating Report - Vacancy Report - Filled Positions

Notes:  
 1 Full-Time Equivalent (FTE) = 2,080 hours  
 Amounts do not include casual or temporary employees.

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

FUNCTION <sup>(1)</sup>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Community Development</b>										
Building permits - single family <sup>(2)</sup>	141	196	250	184	195	210	190	89	34	n/a
Building permits - total <sup>(2)</sup>	731	805	843	741	756	743	727	645	588	n/a
Inspections	17,464	16,627	19,760	18,145	17,433	19,215	23,260	18,755	16,537	n/a
Residential plan reviews	387	488	431	377	426	429	403	423	284	248
<b>Public Works</b>										
Street resurfacing (miles) <sup>(2)</sup>	2.21	0.75	0.54	1.51	0.16	1.67	1.70	2.26	4.32	n/a
<b>Library</b>										
Volumes	270,683	284,369	297,051	311,281	318,010	328,381	347,616	358,130	363,398	344,557
Average monthly circulation	121,079	128,135	130,065	127,108	125,484	119,177	121,844	128,215	124,817	132,914
Registrations	39,452	38,672	39,323	46,847	46,008	46,130	49,576	46,586	50,122	50,111
Patrons using library	724,290	710,495	733,963	1,035,340	1,085,505	1,223,400	1,301,299	1,420,633	1,632,114	1,748,618
<b>Parks and Recreation</b>										
Sports teams	597	577	554	568	495	505	470	446	502	449
Recreation programs, classes, events	n/a	1,410	1,669	2,144	1,395	1,188	1,052	1,194	1,055	1,021
Recreation program registrations	n/a	22,923	19,844	22,476	20,180	21,630	21,832	25,534	29,799	34,086
<b>Police <sup>(2)</sup></b>										
Public safety dispatches	35,753	35,425	34,426	34,204	34,348	33,059	35,034	36,190	35,174	n/a
Total 911 center calls	134,309	124,721	146,049	167,380	157,932	166,345	164,057	152,642	146,319	n/a
Major felonies	2,346	2,267	2,293	2,574	2,323	2,308	2,307	1,824	1,690	n/a
Incidents investigated	22,773	22,036	21,183	20,378	21,199	20,531	22,038	23,278	22,886	n/a
<b>Fire</b>										
All fire responses	212	226	205	220	270	134	202	187	174	177
All non-fire responses	1,672	1,857	1,647	1,815	2,155	1,987	2,256	2,450	2,812	2,966
Fire safety inspections	1,475	1,647	1,356	1,455	1,317	1,911	1,950	1,993	2,711	2,155
Patient contacts	2,365	2,739	2,937	2,798	3,048	3,181	3,203	3,767	4,295	4,094
<b>Transportation</b>										
Bus ridership	479,417	499,417	525,021	502,420	511,830	530,287	566,670	551,906	613,166	681,456

**CITY OF CORVALLIS, OREGON**  
**OPERATING INDICATORS BY FUNCTION (Continued)**  
**LAST TEN FISCAL YEARS - UNAUDITED**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Water</b>										
Number of consumers	13,674	13,607	14,333	14,631	14,398	14,635	15,061	15,348	15,498	15,911
Average daily use (1,000 gal)	7,950	7,795	7,650	7,900	8,090	7,900	7,900	7,751	7,564	7,328
Annual water production (MG)	2,912	2,580	2,792	2,870	2,953	2,742	2,781	2,791	2,750	2,666
<b>Wastewater <sup>(3)</sup></b>										
Number of consumers	13,263	13,175	13,852	13,858	13,874	14,212	14,341	14,593	14,698	15,097
Average daily use (1,000 gal)	7,240	6,570	7,120	7,320	7,750	8,861	9,717	8,947	10,178	9,156
Annual wastewater treated (MG)	3,475	2,460	3,799	3,901	3,833	3,233	3,547	3,547	3,715	3,342
Bio-solids recycled (MG)	n/a	n/a	3.9	4.3	3.0	2.6	1.1	1.1	1.2	4.1
<b>Storm Water</b>										
Number of consumers	13,375	13,295	13,951	13,958	13,974	14,210	14,444	14,650	14,764	15,107
<b>Airport <sup>(4)</sup></b>										
Estimated aircraft movements	82,000	56,800	56,300	70,340	91,000	91,000	93,000	103,000	103,000	103,000
Permanently based aircraft	148	138	141	148	152	152	152	157	157	157

Sources: Data has been supplied by various City departments.

Notes:

- (1) Operating indicators are not available for Finance or the City Manager's Office.
- (2) Data reported is on calendar year basis.
- (3) Wastewater daily usage is reported for dry weather flow for the months of May through December.
- (4) Considered the busiest non-towered / non-controlled airport in Oregon based on the 2004 state report of take offs and landings.

n/a = information not available

**CITY OF CORVALLIS, OREGON**  
**CAPITAL ASSET STATISTICS BY ACTIVITY**  
**LAST TEN FISCAL YEARS - UNAUDITED**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>ACTIVITIES <sup>(1)</sup></b>										
<b>Public Works</b>										
Streets (miles)	168	170	172	175	175	177	177	178	180	180
Traffic signals	61	79	79	79	80	80	80	82	83	83
<b>Library</b>										
Branch libraries	3	3	3	4	4	4	4	4	4	4
<b>Parks and Recreation</b>										
Parks	34	46	46	47	47	47	47	43	43	43
Acres devoted to parks	1,393	1,684	1,684	1,685	1,685	1,685	1,685	1,685	1,685	1,685
Beautification areas <sup>(2)</sup>	n/a	37	37	40	40	40	40	45	45	45
Playgrounds (excluding schools)	21	17	17	17	22	24	24	28	28	28
Sports fields / courts	46	46	49	46	47	60	60	59	59	58
Swimming pools <sup>(3)</sup>	-	1	1	1	1	1	1	1	1	1
<b>Police</b>										
Stations <sup>(4)</sup>	1	1	1	1	1	1	1	1	1	1
Patrol vehicles, motorcycles	19	19	20	20	20	18	18	19	19	19
<b>Fire</b>										
Stations - city	4	4	4	4	4	5	5	5	5	5
Stations - rural <sup>(5)</sup>	-	-	1	1	1	1	1	1	1	1
Emergency vehicles <sup>(6)</sup>	33	33	32	30	30	30	30	29	31	33
<b>Transportation</b>										
Bike paths (miles) <sup>(7)</sup>	12.00	12.74	12.74	12.74	13.46	13.69	13.89	13.89	21	21
Bike lanes (miles) <sup>(7)</sup>	57.22	58.24	60.04	60.45	61.23	61.23	61.23	63.29	105	111
City buses	9	9	11	11	10	10	10	10	10	12

**CITY OF CORVALLIS, OREGON**  
**CAPITAL ASSET STATISTICS BY ACTIVITY (Continued)**  
**LAST TEN FISCAL YEARS - UNAUDITED**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Water</b>										
Lineal miles of system	202	214	227	239	244	246	249	244	245	245
Treatment capacity (1,000 gal)	24,000	24,000	24,000	24,000	24,000	31,000	31,000	31,000	31,000	31,000
<b>Wastewater</b>										
Lineal miles of system	220	202	206	209	211	214	216	215	216	216
Treatment capacity (1,000 gal)	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
<b>Storm Water</b>										
Lineal miles of system	118	143	147	154	136	158	162	166	168	168
<b>Airport</b>										
Runways	2	2	2	2	2	2	2	2	2	2

Sources: Data has been supplied by various City departments.

Notes:

- (1) Capital asset indicators are not available for Finance or the City Manager's Office.
- (2) Beautification areas were not identified until FY 2001 when the Parks Facilities Plan was published.
- (3) The City assumed operation and maintenance responsibility for Osborn Aquatic Center in the fall of 2000. The pool is owned by the Corvallis School District 509J.
- (4) The police station is owned by Benton County but is staffed and maintained by both the City of Corvallis and Benton County.
- (5) The rural fire station is owned by the Corvallis Rural Fire District but is staffed by the City of Corvallis per agreement with the Rural Fire District.
- (6) Includes fire apparatus, tankers, ambulances and passenger vehicles.
- (7) Data reported is on a calendar year basis. In 2008, the bike lane calculation was standardized to include lanes in both directions on a single street ("bike travel lanes").

n/a = information not available

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# COMPLIANCE SECTION



***CITY OF CORVALLIS, OREGON***

***COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON MINIMUM STANDARDS  
FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS  
YEAR ENDED JUNE 30, 2009***

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Oregon Administrative Rules 162-10-000 through 162-16-000 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Corvallis, Oregon (the City) as of and for the year ended June 30, 2009, which collectively comprised the City's basic financial statements and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***ACCOUNTING AND INTERNAL CONTROL***

Our reports relating to accounting and internal control systems are contained in the Single Audit Section of this annual financial report. We issued a letter on control deficiencies in internal control to management dated November 18, 2009.

***ACCOUNTING RECORDS***

We found the City's accounting records to be adequate for audit purposes.

***ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES***

Our review indicated that the City complied with Oregon Revised Statutes 295 relating to the deposit of public funds during the year ended June 30, 2009.

***INVESTMENTS***

Our review of deposit and investment balances indicated that, during the year ended June 30, 2009, the City was in compliance with ORS 294, as it pertains to investment of public funds.

***LEGAL REQUIREMENTS RELATING TO DEBT***

The general obligation bonded debt of the City is in compliance with the limitation imposed by ORS 328. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of this bonded debt.

***BUDGET COMPLIANCE***

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation and adoption of its budget and tax levy for the years ended June 30, 2009 and 2010. A description of the budgeting process is in the notes to the basic financial statements.

**CITY OF CORVALLIS, OREGON**

*COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON MINIMUM STANDARDS  
FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)  
YEAR ENDED JUNE 30, 2009*

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***INSURANCE POLICIES AND FIDELITY BONDS***

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering City-owned property.

***PUBLIC CONTRACTS***

The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

***PROGRAMS FUNDED FROM OUTSIDE SOURCES***

Our reports on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 are contained in the Single Audit Section of the Comprehensive Annual Financial Report.

***FINANCIAL REPORTING REQUIREMENTS***

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

***HIGHWAY FUNDS***

The City complied with the legal requirements, Article IX, Section 3a of the Oregon Constitution pertaining to the use of revenue from taxes on motor vehicle fuel, and the statutory requirements of ORS 368 and 373 as they pertain to the use of road funds.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*GROVE, MUELLER & SWANK, PC  
CERTIFIED PUBLIC ACCOUNTANTS*

By: \_\_\_\_\_



Charles A. Swank, A Shareholder

Salem, Oregon  
November 18, 2009



**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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of the City Council  
City of Corvallis, Oregon

We have audited the basic financial statements of the City of Corvallis, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

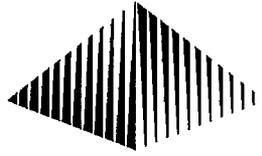
*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City of Corvallis, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

Salem, Oregon  
November 18, 2009



**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 ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133***

To the Honorable Mayor and Members of the City Council  
City of Corvallis, Oregon

**Compliance**

We have audited the compliance of the City of Corvallis with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City of Corvallis, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

Salem, Oregon  
November 18, 2009

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**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through/ Grant Number</b>
<b>U.S. DEPARTMENT OF ENERGY</b>		
<i>Passed through the State of Oregon Department of Fish and Wildlife</i>		
Herbert Open Space Area Mitigation	81.XXX	012-5305-S
<i>Total U.S. Department of Energy</i>		
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<i>Direct Program</i>		
Community Development Block Grant Program - FY 07/08	14.218	B-07-MC-41-0009
Community Development Block Grant Program - FY 08/09	14.218	B-08-MC-41-0009
<i>Subtotal Entitlement Grants Cluster</i>		
HOME Grant Program - FY 07/08	14.239	M07-MC410205
HOME Grant Program - FY 08/09	14.239	M08-MC410205
<i>Total U.S. Department of Housing and Urban Development</i>		
<b>U.S. DEPARTMENT OF THE INTERIOR</b>		
<i>Passed through the State of Oregon Historic Preservation Office</i>		
Basic Certified Local Govt.	15.904	HPF OR-07-07
Basic Certified Local Govt.	15.904	HPF OR-08-07
<i>Total U.S. Department of Interior</i>		
<b>U.S. DEPARTMENT OF JUSTICE</b>		
<i>Bureau of Justice</i>		
Bulletproof Vest Program (2006)	16.607	---
Bulletproof Vest Program (2008)	16.607	---
2008 Byrne JAG Grant	16.738	06-006
<i>Total U.S. Department of Justice</i>		
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>		
<i>Direct Program</i>		
FAA: Airport Apron Improvements	20.106	3-41-0014-013
FAA: Airport Apron Improvements	20.106	3-41-0014-014

The accounting policies applied in the preparation of this schedule are the same as those documented in the Notes to the Basic Financial Statements.

<i>Program Award Amount</i>	<i>Receivable/ (Deferred Revenue) July 1, 2008</i>	<i>Total Receipts</i>	<i>Total Expenditures</i>	<i>Receivable/ (Deferred Revenue) June 30, 2009 (1)</i>
\$ 27,100	\$ 12,734	\$ 12,734	\$ -	\$ -
	12,734	12,734	-	-
556,048	119,880	237,878	117,998	-
535,724	-	425,338	493,006	67,668
	119,880	663,216	611,004	67,668
420,259	12,158	14,234	2,076	-
405,690	-	356,603	356,603	-
	132,038	1,034,053	969,683	67,668
11,778	5,600	5,600	-	-
10,500	-	6,000	10,500	4,500
	5,600	11,600	10,500	4,500
2,975	310	1,122	812	-
8,000	-	1,651	2,005	354
91,627	-	21,301	53,341	32,040
	310	24,074	56,158	32,394
334,379	27,145	334,379	307,234	-
116,508	-	66,548	66,548	-

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through/ Grant Number</b>
<b>U. S. DEPARTMENT OF TRANSPORTATION (Continued)</b>		
<i>Direct Program</i>		
FTA: Transit Operations Center	20.500	OR-03-0101-00
FTA: Bus Purchase IC750	20.500	OR-04-0028-00
FTA: Bus Purchase IC749	20.500	OR-04-0001-00
FTA: Transit Operating Grant	20.507	OR-90-X103
FTA: Transit Operating Grant (2008)	20.507	OR-90-X148-00
FTA: Transit Operating Grant (2009)	20.507	OR-90-X148-02
<i>Subtotal Federal Transit Cluster</i>		
<i>Passed through the State of Oregon</i>		
<i>Department of Transportation</i>		
Transportation Demand Management Program (2009)	20.205	24994
ARRA FHWA Grind/Inlay (Corvallis)	20.205	1580(031) / 25540
ARRA Corvallis-Philomath Path Resurfacing	20.205	1580(032) / 25548
ARRA Alpine Road Pavement Overlay (County)	20.205	C003(035) / 25789
ARRA Campus Way Multi-Use Path (County)	20.205	C003(036) / 25983
<i>Subtotal Highway Planning and Construction Cluster</i>		
Rural Transit Assistance Program	20.509	---
Job Access and Reverse Commute Program (2008)	20.516	24421
New Freedom/ADA Bus Stop & Pedestrian Accessibility	20.521	24422
<i>Subtotal Transit Services Programs Cluster</i>		
<i>Total U.S. Department of Transportation</i>		
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>		
<i>Passed through the State of Oregon Library</i>		
Library Services and Technology Act	45.310	08-02-2Y
<i>Total Institute of Museum and Library Services</i>		
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>		
<i>Direct Program</i>		
Assistance to Firefighters Grant - Exhaust System Upgrades	97.044	EMW-2008-FO-01406
<i>Passed through the State of Oregon</i>		
<i>Department of State Police</i>		
State Mobilization Training	97.073	---
<i>Total Federal Emergency Management Agency</i>		
<i>Total Federal Assistance</i>		

<i>Program Award Amount</i>	<i>Receivable/ (Deferred Revenue) July 1, 2008</i>	<i>Total Receipts</i>	<i>Total Expenditures</i>	<i>Receivable/ (Deferred Revenue) June 30, 2009 (1)</i>
\$ 257,482	\$ -	\$ -	\$ -	\$ -
320,865	-	-	320,288	320,288
296,183	-	-	295,607	295,607
621,072	-	864	864	-
687,751	251,263	251,263	-	-
746,749	-	605,893	746,749	140,856
	<u>251,263</u>	<u>858,020</u>	<u>1,363,508</u>	<u>756,751</u>
40,379	-	31,628	40,379	8,751
1,246,491	-	-	1,309	1,309
483,000	-	-	2,902	2,902
489,900	-	-	1,185	1,185
90,000	-	-	1,202	1,202
	<u>-</u>	<u>31,628</u>	<u>46,977</u>	<u>15,349</u>
1,734	-	1,734	1,734	-
318,535	107,433	216,687	146,091	36,837
114,400	-	-	36,135	36,135
	<u>107,433</u>	<u>216,687</u>	<u>182,226</u>	<u>72,972</u>
	425,471	1,508,996	1,968,227	885,066
75,500	-	500	500	-
	-	500	500	-
71,634	-	-	54,963	54,963
3,116	-	3,116	3,116	-
	-	3,116	58,079	54,963
	<u>\$ 576,153</u>	<u>\$ 2,595,073</u>	<u>\$ 3,063,147</u>	<u>\$ 1,044,591</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

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*Purpose of the Schedule*

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to the City of Corvallis' financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the City of Corvallis, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds' revenues and expenditures for the City of Corvallis.

**SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

*Federal Financial Assistance*

Pursuant to the Single Audit Act of 1984 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

*Major Programs*

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the City of Corvallis are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

*Reporting Entity*

The reporting entity is fully described in the notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the City of Corvallis for the year ended June 30, 2008.

*Revenue and Expenditure Recognition*

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2008**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's opinion issued:	Unqualified
Internal control reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

**CFDA Numbers**

**Name of Federal Program or Cluster**

20.106  
14.218

Airport Apron Improvements  
Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.