

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

CITY OF CORVALLIS, OREGON



***CITY OF CORVALLIS, OREGON***  
***Comprehensive Annual Financial Report***  
***Fiscal Year Ended June 30, 2010***



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

**CITY OF CORVALLIS, OREGON**  
**TABLE OF CONTENTS**

---

	<u>Page(s)</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	1-6
Certificate of Achievement for Excellence in Financial Reporting.....	7
Organization Chart .....	8
Elected and Appointed Officials of the City .....	9
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditor’s Report</b> .....	10-11
<b>Management’s Discussion and Analysis</b> .....	12-20
 <b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Assets .....	21
Statement of Activities .....	22
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	24
Statement of Revenues, Expenditures and Changes in Fund Balances.....	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
General Fund.....	27
Street Fund.....	28
Parks and Recreation Fund .....	29
Fire and Rescue Fund.....	30
Community Development Revolving Fund .....	31
Library Fund .....	32
Proprietary Funds	
Statement of Net Assets .....	33
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	34
Statement of Cash Flows .....	35
Notes to the Basic Financial Statements .....	36-61
 <b>Required Supplementary Information</b>	
Other Postemployment Benefit Plan Schedule of Funding Progress.....	62
 <b>Supplementary Information</b>	
Non-Major Governmental Funds Combining Statements	
Combining Balance Sheet .....	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	64
Non-Major Special Revenue Funds	
Combining Balance Sheet .....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
9-1-1 Fund .....	67

**CITY OF CORVALLIS, OREGON**  
**TABLE OF CONTENTS (Continued)**

---

**Page(s)**

**FINANCIAL SECTION (continued)**

**Supplementary Information (continued)**

Non-Major Special Revenue Funds (continued)	
Development Services Fund.....	68
Parking Fund .....	69
Transit Fund .....	70
Capital Construction Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	71
Debt Service Funds	
Combining Balance Sheet .....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Obligation Debt Service Fund.....	74
Pension Obligation Debt Service Fund.....	75
Permanent Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Davidson Library Fund.....	76
Enterprise Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Water Fund .....	77
Wastewater Fund .....	78
Storm Water Fund.....	79
Airport Fund .....	80
Internal Service Funds	
Combining Statement of Net Assets.....	81
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	82
Combining Statement of Cash Flows .....	83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Fleet Maintenance Fund.....	84
Facility Maintenance Fund .....	85
Technology and Communications Fund .....	86
Administrative Services Fund.....	87
Risk Management Fund .....	88
Other Financial Schedules	
Schedule of Property Tax Transactions and Outstanding Balances .....	89
Schedule of Long-Term Debt Transactions.....	90
Schedule of Long-Term Debt Interest Transactions.....	91
Schedule of Future Debt Service Requirements	
General Obligation Bonds .....	92
Pension Obligation Bonds .....	93
Notes .....	94
Senior and Subordinate Debt in Wastewater Fund .....	95
Annual Disclosure Information	
Property Tax Collection Record .....	96
State Revolving Fund and Revenue Bond Rate Covenant Calculations - Wastewater Fund.....	97
Schedule of Wastewater Fund Statistics	
Historical System Statistics.....	98
Largest Sewer System Customers.....	98

**CITY OF CORVALLIS, OREGON**  
**TABLE OF CONTENTS (Continued)**

---

**Page(s)**

**FINANCIAL SECTION (continued)**

**Supplementary Information (continued)**

Other Financial Schedules (continued)

Annual Disclosure Information (continued)

Schedule of Direct and Overlapping Debt to Property Value Ratios - Year Ended June 30, 2010.....	99
Schedule of Outstanding Debt Obligations - Year Ended June 30, 2010 .....	100
Summary of Adopted Budget - All Funds - Last Two Fiscal Years .....	101
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis - General Fund - Last Five Fiscal Years.....	102

**STATISTICAL SECTION**

**Financial Trends**

Net Assets by Component - Last Eight Fiscal Years.....	103
Changes in Net Assets - Last Eight Fiscal Years .....	104
Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	105
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	106
Program Revenues by Function/Program - Last Eight Fiscal Years .....	107
Tax and Franchise Fee Revenues by Source - Last Ten Fiscal Years .....	108

**Revenue Capacity**

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years .....	109
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years.....	110
Principal Property Taxpayers - Current Year and Nine Years Ago.....	111
Property Tax Levies and Collections - Last Ten Fiscal Years .....	112

**Debt Capacity**

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	113
Direct and Overlapping Debt - As of June 30, 2010 .....	114
Legal Debt Margin Information - Last Ten Fiscal Years .....	115
Pledged-Revenue Coverage - Last Ten Fiscal Years .....	116

**Demographic and Economic Information**

Demographic and Economic Statistics - Last Ten Fiscal Years.....	117
Principal Employers - Current Year and Nine Years Ago.....	118

**Operating Information**

Full Time Equivalent Employees by Activity - Last Ten Fiscal Years .....	119
Operating Indicators by Function - Last Ten Fiscal Years.....	120
Capital Asset Statistics by Activity - Last Ten Fiscal Years .....	121

**COMPLIANCE SECTION**

Comments and Disclosures Required by State of Oregon Minimum Standards for Audits of Oregon Municipal Corporations.....	122-123
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	124-125
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	126-127
Schedule of Expenditures of Federal Awards .....	128-130
Notes to Schedule of Expenditures of Federal Awards .....	131
Schedule of Findings and Questioned Costs - Year Ended June 30, 2010.....	132

# INTRODUCTORY SECTION

- LETTER OF TRANSMITTAL
- 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 8, 2010

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, 2010 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, 2010. The independent auditor's report is presented in the Financial Section of this report.

Management's Discussion and Analysis (MD&A) is located in its own Management's Discussion and Analysis section of this report. 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.

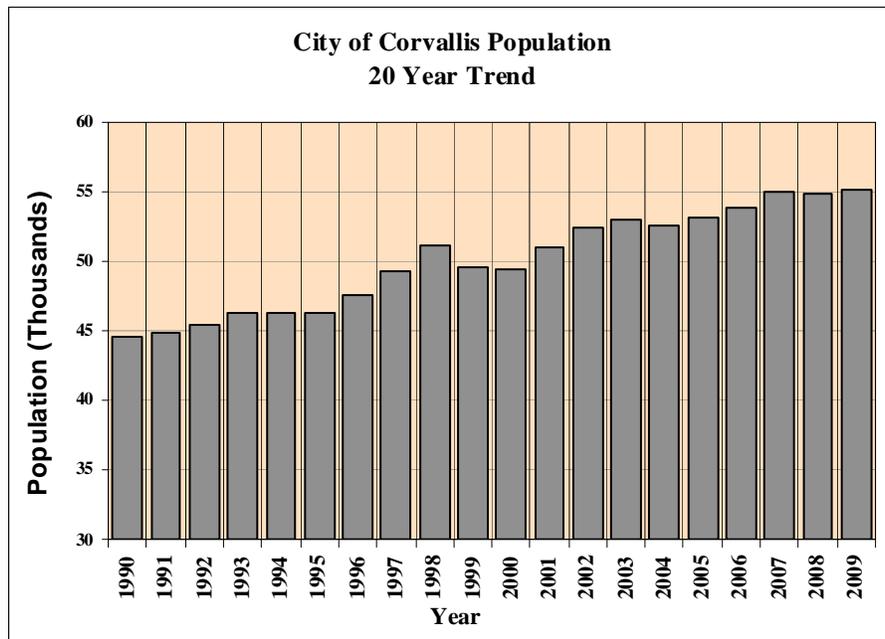
### THE CITY OF CORVALLIS AND ITS SERVICES

The City of Corvallis, Oregon (population 55,125) is Oregon's 10th 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 21 standing advisory boards and commissions. The City has no component units as defined by accounting principles generally accepted in the United States of America.



*A Community That Honors Diversity*



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.

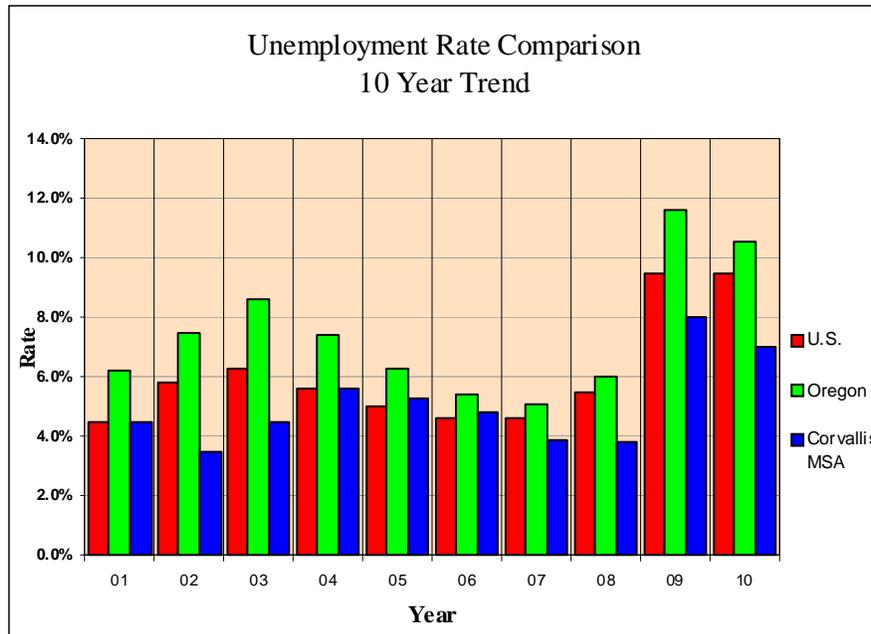
The Oregon Constitution and Oregon Revised Statutes require that the budget be balanced, adopted by July 1, and that the fiscal year for local governments is July 1 through June 30. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish Council's 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 re-appropriated 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 2009-10 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 21,970 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 \$275 million in grants for 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

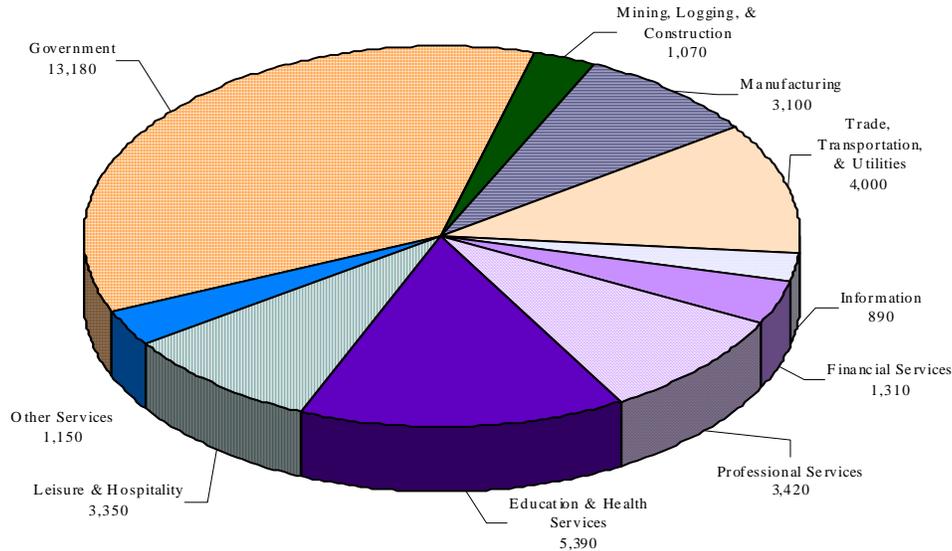
Samaritan Regional Medical Center employs 2,572 people and the Corvallis Clinic employs 600 people. Fiserv Corporation provides data processing systems created specifically for the credit union industry and employs 240 at its Corvallis location. The Oregon Nanoscience and Microtechnologies Institute (ONAMI) is 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 2010 seasonally adjusted unemployment rate was 10.5%. The Corvallis MSA's (Benton County) seasonally adjusted unemployment rate for June 2010 was 7.0% or one percentage point lower than the June 2009 unemployment rate of 8.0%. The Corvallis' MSA seasonally adjusted unemployment rate is two and a half percentage points below the national unemployment rate and three and a half percentage points below Oregon's unemployment rate. Compared to June 2009 the Corvallis MSA lost 600 jobs. Manufacturing jobs decreased by 520 and trade, transportation, utilities employment increased by 100, and governmental employment increased by 140 jobs bringing total employment to 37,110. Total employment went down even though the unemployment rate decreased for the same period. This was due to the total number of jobs available decreasing. The Corvallis MSA unemployment rate is the lowest in the state despite the loss of jobs.

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 \$37,030 was the sixth 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 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. A decision on the funding development is scheduled for late Fall of 2010.

The City Council's ad hoc energy task force developed a community energy plan, to allocate Energy Efficiency and Conservation Block Grant (EECBG) monies to fund parts of the plan. The purpose of the EECBG program is to reduce fossil fuel emissions, reduce a community's total energy use, and improve energy efficiency in government buildings and transportation 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. In addition, discussions are underway for possible expansion of the enterprise zone.

Local governments throughout the Willamette Valley, the State of Oregon and the USA are experiencing budget reductions due to the slowdown in the economy and low property taxes. The City of Corvallis is no different in this experience. The City of Corvallis' challenges as an organization, similar to years past, are the property tax supported services. The structural challenges of a revenue stream that grows, at best, by 3% annually while mandated expenditures grow at 5.5% or more annually result in cyclical corrections to the organization's budget. The City's non-dedicated revenues (property taxes, franchise fees, transient room taxes, and state shared revenues), which provide over 68% of the total revenues available to fund the Police, Fire, Library, Parks & Recreation, Transit and Land-Use Planning functions, are projected to

grow only 0.89% in total in FY 10-11. For FY 09-10 the City's property tax revenue grew by only 2.3%, and projections for FY 10-11 are for only 1.475% growth from the original FY 09-10 budget. Existing residential property in Corvallis has done better than national averages at holding its value, with median values dropping 1% in 2008 and 4.3% in 2009. As a result of the 40% difference between real market and assessed values, most existing residential and commercial property will see the constitutional 3% increase in assessed value in 2010. However, industrial property is again projected to decrease 10% in value. The general economic downturn that has led to the steep decline in new residential construction has meant that there is very little new assessed value added to the tax roles to offset the declines in value for industrial property. New non-residential development occurring in Corvallis has predominantly been tax exempt facilities at OSU or at Good Samaritan Regional Medical Center. Budget cuts in property supported programs will inevitably occur for FY 10-11 and going into the future.

### **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 project a positive budgetary ending fund balance for each fund for the year. The Finance Director recommends an appropriate ending fund balance for each fund taking into account items such as:

- the current fund balance;
- the City Council's recommended fund balance for the property tax funds combined;
- cash flow requirements to support expenditures, including up to three months of payroll costs;
- future capital needs;
- significant revenue and expenditure trends;
- relative rate stability from year to year for enterprise funds;
- susceptibility of the fund to emergency or unanticipated expenditures;
- credit worthiness and capacity to support debt service requirements;
- legal or regulatory requirements affecting revenues, expenditures, and fund balances;
- reliability of outside revenues; and
- any other factors pertinent to that fund's operations.

The Budget Commission and City Council amend or approve the recommended appropriate fund balance through the adoption of the annual budget. An analysis is completed annually which recommends the appropriate fund balance taking into account the 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, 2009. This is the twenty-first 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 2009/10 annual budget document and the 2010/2011 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, Staci Voight and Jeanna Yeager, 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

  
Julian Contreras  
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, 2009

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.



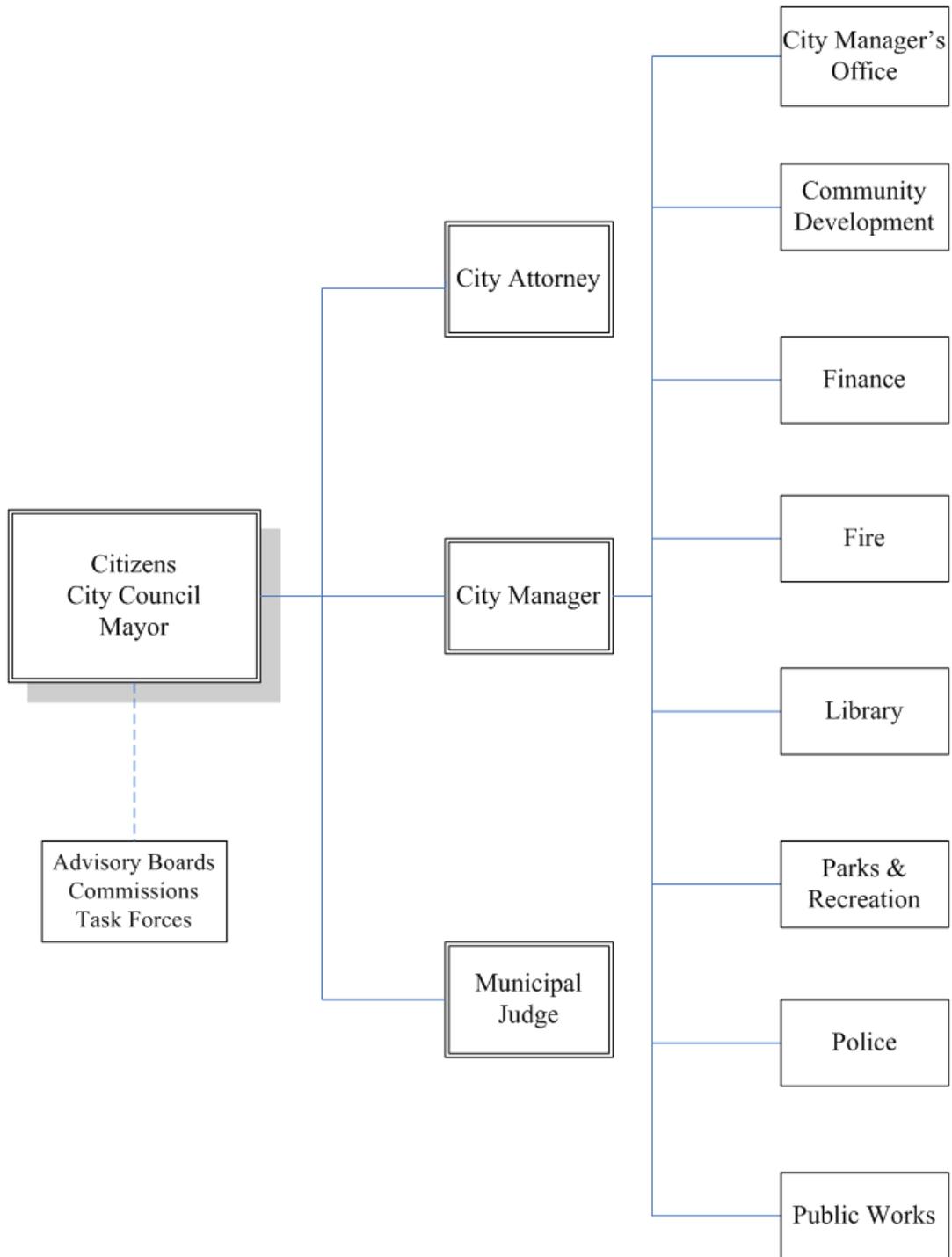
A stylized, handwritten signature in black ink, appearing to be "J.R. Emer".

President

A handwritten signature in black ink, clearly legible as "Jeffrey R. Emer".

Executive Director

CITY OF CORVALLIS  
ORGANIZATION CHART



**CITY OF CORVALLIS, OREGON**  
**ELECTED AND APPOINTED OFFICIALS OF THE CITY**  
**JUNE 30, 2010**

---

***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

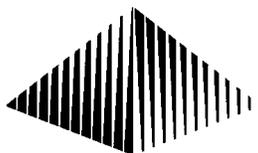
***FINANCIAL SERVICES MANAGER***  
Julian Contreras

***SENIOR ACCOUNTANT - AIC***  
Tina Stephens

500 SW Madison Avenue  
Corvallis, Oregon 97333

# FINANCIAL SECTION

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

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, 2010, 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, 2010 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 December 8, 2010 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other postemployment benefit plan schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corvallis' basic financial statements as a whole. The introductory section, combining and individual fund financial statements and other financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, other financial schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

By: 

Charles A. Swank, A Shareholder  
December 8, 2010

# 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, 2010 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 \$278,546,243 (net assets), a decrease of \$920,554 from June 30, 2009. Of this amount \$4,151,814 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ Net assets decreased for governmental activities by \$1,278,526 or 0.85 percent from June 30, 2009, primarily the result of depreciation of existing infrastructure capital assets. Net assets increased for business-type activities by \$357,972, an increase of 0.28 percent from June 30, 2009, 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 2010, the City of Corvallis' governmental funds reported combined ending fund balances of \$13,125,351, a decrease of \$2,895,885 from the prior year. Approximately 75.20 percent of the total amount, \$9,869,660, is available for spending at the City Council's discretion (unreserved fund balance).
- ❖ At the end of FY 2010, unreserved fund balance in the General Fund was \$482,266 which was 3.35 percent of the total General Fund expenditures of \$14,413,107. This was a decrease in the unreserved fund balance of \$1,212,034 from June 30, 2009, based on financial performance that was not as good as expected.
- ❖ Total governmental activities debt decreased by \$1,589,592 or 3.52 percent during FY 2010. Total business-type activities debt decreased by \$2,221,276 or 8.63 percent. The decrease for both governmental and business-type activities was the result of making all required payments and issuing no new debt. In August 2010, subsequent to the close of the 2010 fiscal year, the City issued a full faith and credit bank loan for \$2.1 million principal at 2.96 percent interest to implement several public safety related capital improvements, including the City Hall Seismic Upgrade, and construction of a new Fire Department Drill Tower.

### 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 in the basic financial statements 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 36-61 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 62 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 63-102 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 \$278,546,243 at the close of FY 2010. This represented a \$920,554 or 0.33 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, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010
Current and other assets	\$ 50,131,479	\$ 46,366,483	\$ 22,675,020	\$ 22,556,438	\$ 72,806,499	\$ 68,922,921
Capital assets	154,420,296	156,776,284	134,863,128	133,750,711	289,283,424	290,526,995
Total assets	<u>204,551,775</u>	<u>203,142,767</u>	<u>157,538,148</u>	<u>156,307,149</u>	<u>362,089,923</u>	<u>359,449,916</u>
Current liabilities	2,800,771	2,812,151	1,033,030	1,345,685	3,833,801	4,157,836
Long-term liabilities	51,928,904	51,787,042	26,860,421	24,958,795	78,789,325	76,745,837
Total liabilities	<u>54,729,675</u>	<u>54,599,193</u>	<u>27,893,451</u>	<u>26,304,480</u>	<u>82,623,126</u>	<u>80,903,673</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	142,337,802	145,961,066	109,369,298	110,462,358	251,707,100	256,423,424
Restricted	4,289,737	3,980,184	13,469,355	13,990,821	17,759,092	17,971,005
Unrestricted	3,194,561	(1,397,676)	6,806,044	5,549,490	10,000,605	4,151,814
<b>Total Net Assets</b>	<u><b>\$ 149,822,100</b></u>	<u><b>\$ 148,543,574</b></u>	<u><b>\$ 129,644,697</b></u>	<u><b>\$ 130,002,669</b></u>	<u><b>\$ 279,466,797</b></u>	<u><b>\$ 278,546,243</b></u>

The largest portion of the City's net assets, \$256,423,424, 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 \$4,716,324 or 1.87 percent from June 30, 2009. 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 \$17,971,005 or 6.45 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, 2009. The remaining balance of unrestricted net assets, \$4,151,814, may be used to meet the City's ongoing obligations to citizens and creditors.

Unrestricted net assets for governmental activities totaled (1,397,676) or (0.94) percent of the total net assets for governmental activities. Business-type activities unrestricted net assets totaled 5,549,490 or 4.27 percent of the total net assets for business-type activities. At the end of FY 2010, the City of Corvallis is able to report positive balances in all three categories of net assets, though the governmental activities total is negative. The City is taking action during FY 10-11 to bring the unrestricted net assets in governmental activities to a positive balance.

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

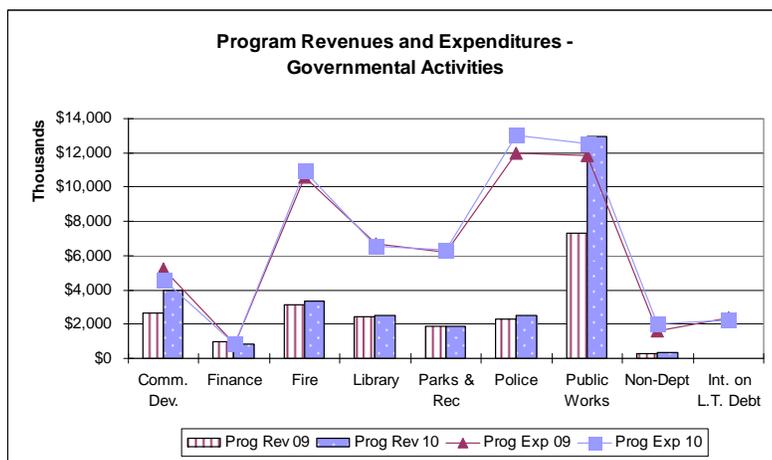
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
<b>Revenue:</b>						
Program Revenue:						
Charges for Service	\$ 10,210,980	\$ 13,093,894	\$ 19,659,301	\$ 19,352,231	\$ 29,870,281	\$ 32,446,125
Operating grants and contributions	7,650,047	8,641,809	43,463	27,238	7,693,510	8,669,047
Capital grants and contributions	3,013,921	6,713,015	1,840,821	2,177,949	4,854,742	8,890,964
General Revenue:						
Property taxes levied for op. purposes	18,652,631	19,017,384	-	-	18,652,631	19,017,384
Property taxes levied for debt service	1,967,513	1,933,343	-	-	1,967,513	1,933,343
Transient room taxes	1,076,629	1,079,621	-	-	1,076,629	1,079,621
Franchise Fees	5,178,552	5,004,727	-	-	5,178,552	5,004,727
Interest and investment earnings	491,698	158,840	436,941	144,423	928,639	303,263
Miscellaneous	1,453,065	1,579,768	12,631	5,808	1,465,696	1,585,576
Gain on sale of capital assets	5,451	6,643	-	-	5,451	6,643
Total Revenues	<u>49,700,487</u>	<u>57,229,044</u>	<u>21,993,157</u>	<u>21,707,649</u>	<u>71,693,644</u>	<u>78,936,693</u>
<b>Expenses:</b>						
Community Development	5,232,238	4,622,690	-	-	5,232,238	4,622,690
Finance Department	807,497	807,225	-	-	807,497	807,225
Fire Department	10,575,015	10,963,047	-	-	10,575,015	10,963,047
Library	6,664,627	6,544,201	-	-	6,664,627	6,544,201
Parks & Recreation	6,166,056	6,323,592	-	-	6,166,056	6,323,592
Police Department	12,002,325	13,013,915	-	-	12,002,325	13,013,915
Public Works	11,810,710	12,515,686	-	-	11,810,710	12,515,686
Non-Departmental	1,620,536	1,986,064	-	-	1,620,536	1,986,064
Interest on long-term debt	2,367,064	2,254,830	-	-	2,367,064	2,254,830
Water	-	-	8,342,283	8,499,854	8,342,283	8,499,854
Wastewater	-	-	9,170,904	9,462,535	9,170,904	9,462,535
Storm Water	-	-	2,298,342	2,021,492	2,298,342	2,021,492
Airport	-	-	680,639	842,116	680,639	842,116
Total Expenses	<u>57,246,068</u>	<u>59,031,250</u>	<u>20,492,168</u>	<u>20,825,997</u>	<u>77,738,236</u>	<u>79,857,247</u>
Excess of revenues over expenditures						
before transfers	(7,545,581)	(1,802,206)	1,500,989	881,652	(6,044,592)	(920,554)
Transfers	446,916	523,680	(446,916)	(523,680)	-	-
Change in Net Assets	<u>(7,098,665)</u>	<u>(1,278,526)</u>	<u>1,054,073</u>	<u>357,972</u>	<u>(6,044,592)</u>	<u>(920,554)</u>
Net Assets - Beginning	156,920,765	149,822,100	128,590,624	129,644,697	285,511,389	279,466,797
Net Assets - Ending	<u>\$149,822,100</u>	<u>\$148,543,574</u>	<u>\$129,644,697</u>	<u>\$130,002,669</u>	<u>\$279,466,797</u>	<u>\$278,546,243</u>

- Governmental activities decreased the City’s net assets by \$1,278,526. This was primarily the result of decreased revenues from most major sources, including property taxes, franchise fees, State Revenue Sharing, building permits and plan reviews for new construction and Systems Development Charge (SDC) revenue for Parks and Streets. The lower operating revenues have led to mid-year budget reductions to bring expenditures in line with decreased revenue. 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 \$357,972. 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, 2010, the City’s governmental funds reported combined ending fund balances of \$13,125,351, a decrease of \$2,895,885 in comparison with the prior year. Approximately \$9,869,660 or 75.20 percent constitutes unreserved fund balance which is available for spending at the City’s discretion. The remainder of the fund balance, \$3,255,691 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 2010, the unreserved fund balance of the General Fund was \$482,266. Reserves for construction totaled \$177,357, and other reserves totaled \$10,780. 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 3.35 percent of the total General Fund operating expenditures.

The total fund balance (reserved plus unreserved balance) of the General Fund decreased by \$1,212,034 during FY 2010. Key factors in this decrease are:

- ❖ Property tax, transient room tax, plan review, and interest earnings were all lower than expected in FY 09-10. Most of these decreases were the result of the general economic downturn facing all cities in the US and in other countries. Benton County withheld 1% of the property tax distribution in FY 09-10 to pay the potential refund required due to a pending appeal of the 2008 value of a large industrial property tax payer.
- ❖ 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. However, collections activity was initiated at Municipal Court, with certain delinquent accounts turned over to a collection agency. Future year

revenues are expected to improve due to this action, and an increase in Police Department staffing levels.

In the Street Fund, the fund balance decreased by \$766,755. 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.

In the Parks and Recreation Fund, the ending fund balance was \$499,831 lower than the prior year. Systems Development Charge revenue was significantly under budget due to the lack of residential construction.

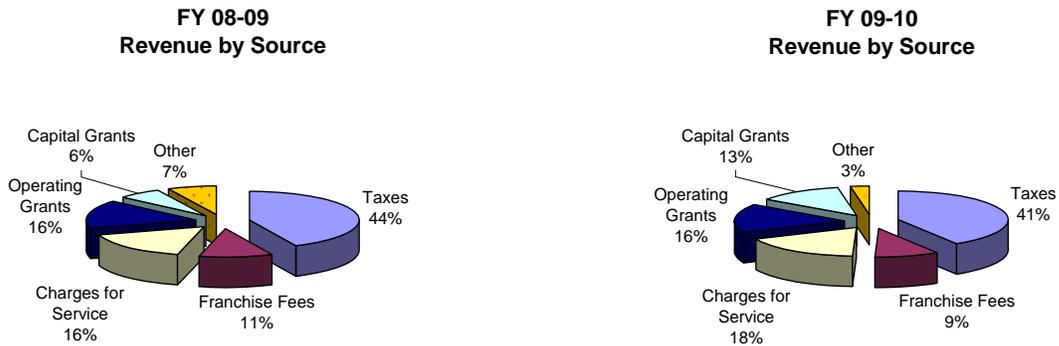
The Fire and Rescue Fund ending fund balance was \$1,398,817 lower than June 30, 2009. As with other funds, the decreases in property tax revenue, combined with the purchase of several replacement vehicles served to lower the fund balance.

The Community Development Revolving Fund ending fund balance was \$93,919 higher than the prior year, due to loan and grant allocations for affordable housing.

The Library Fund ended FY 2010 with a fund balance \$839,425 lower than the prior year. This was the result of normal operations with lower than expected revenues.

The Capital Construction Fund ending fund balance for June 30, 2010 was \$162,480 higher than the prior year. The increase was the result of balances being held for several projects in progress at the end of the fiscal year.

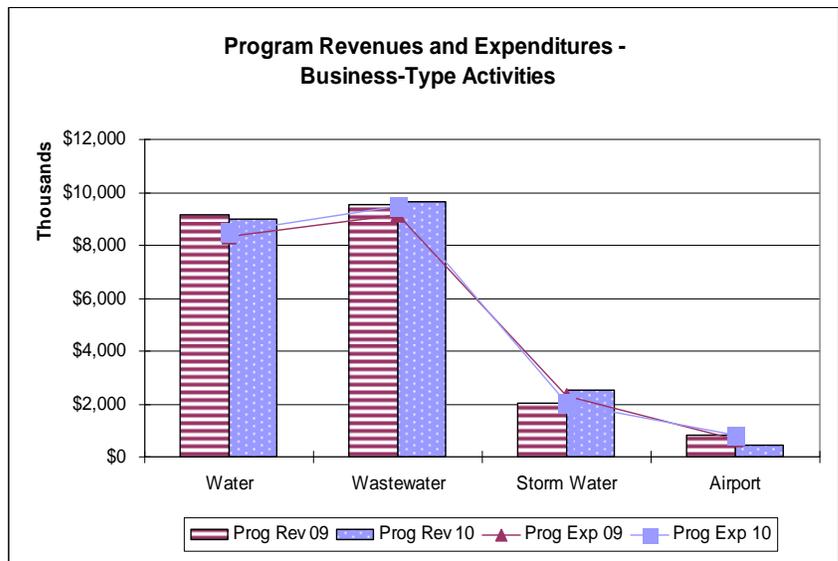
**Revenue by Source – Governmental Funds**



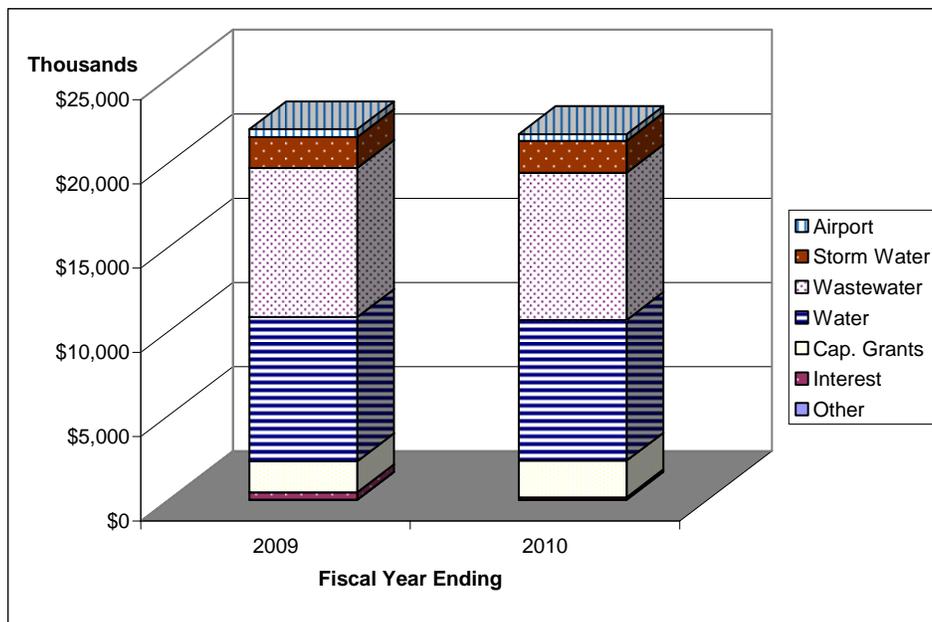
**Proprietary Funds** The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Activities in the proprietary funds increased the City’s net assets by \$357,972. Key elements of this increase are as follows:

- The Water and Wastewater funds accounted for a significant portion of this increase, which resulted in part from the approval of a two percent rate increase each for water and wastewater to provide additional monies for operations and maintenance and future capital projects.

- Storm Water fees were increased ten percent 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 \$365,000 lower than anticipated in FY 2010, 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 \$570,911 increase between the adopted and final budget in the General Fund. During the course of the year the City Council accepted and appropriated Department of Justice Grants for the Police Department and an Energy Efficiency Conservation Block Grant (EECBG) grant from the Department of Energy for several energy projects. 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 lower due to decreases in value of industrial property and Benton County's hold back of 1 percent of property taxes pending an appeal of 2008 value from a large industrial property owner.
- ❖ Franchise Fees were lower than expected due to both a decrease in the number of land line phones in use and general conservation measures put into place by Corvallis homeowners as part of the community sustainability efforts.

## 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, 2010, amounts to \$290,526,995 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, machinery and equipment, office equipment, intangibles, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 0.43 percent. This total includes a 1.53 percent increase in governmental activities and a 0.82 percent decrease in business-type activities.

Major capital asset events during FY 2010 included the following:

- ❖ Infrastructure maintenance projects capitalized for water, wastewater, storm water, streets, sidewalks, parks, and municipal buildings totaled \$7,736,000.
- ❖ The final phase of Walnut Boulevard re-construction was completed with costs in FY 09-10 totaling \$489,838.
- ❖ FY 2010 marks the first year the City is reporting the acquisition of intangible assets. Recorded in the governmental activities are intangible assets for land easements and software development.
- ❖ The first phase of Majestic Theatre seismic upgrade was completed in FY 09-10 totaling \$284,203.

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.

<b>CITY OF CORVALLIS' CAPITAL ASSETS</b>						
<b>(net of depreciation)</b>						

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Intangibles	\$ -	\$ 106,023	\$ -	\$ -	\$ -	\$ 106,023
Land	86,064,134	87,240,451	1,142,357	1,142,357	87,206,491	88,382,808
Buildings	16,814,937	16,706,974	1,639,814	1,574,303	18,454,751	18,281,277
Machinery and equipment	2,208,256	1,961,823	1,640,819	1,825,941	3,849,075	3,787,764
Vehicles	4,747,228	6,301,978	1,047,973	1,197,953	5,795,201	7,499,931
Infrastructure	41,274,364	42,586,423	128,091,924	126,467,494	169,366,288	169,053,917
Construction in Progress	3,311,377	1,872,612	1,300,241	1,542,663	4,611,618	3,415,275
<b>Total</b>	<u>\$ 154,420,296</u>	<u>\$ 156,776,284</u>	<u>\$ 134,863,128</u>	<u>\$ 133,750,711</u>	<u>\$ 289,283,424</u>	<u>\$ 290,526,995</u>

Additional information on the City of Corvallis' capital assets can be found on pages 49-50 of this report.

**Long-Term Debt** At the end of FY 2010 the City had total debt outstanding of \$67,130,586 . Of this amount, \$10,860,000 comprises debt backed by the full faith and credit of the government, \$5,240,000 is revenue supported, backed by the revenue of the wastewater utility operation, and \$32,767,277 is limited-tax debt supported by operating funds of the City. The City also had total notes outstanding of \$18,263,309 .

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
General obligation bonds	\$ 12,100,000	\$ 10,860,000	\$ -	\$ -	\$ 12,100,000	\$ 10,860,000
Revenue bonds	-	-	5,640,000	5,240,000	5,640,000	5,240,000
Pension obligation bonds	33,116,869	32,767,277	-	-	33,116,869	32,767,277
Total bonded debt	45,216,869	43,627,277	5,640,000	5,240,000	50,856,869	48,867,277
Notes payable	-	-	20,084,585	18,263,309	20,084,585	18,263,309
<b>Total Debt Outstanding</b>	<u>\$ 45,216,869</u>	<u>\$ 43,627,277</u>	<u>\$ 25,724,585</u>	<u>\$ 23,503,309</u>	<u>\$ 70,941,454</u>	<u>\$ 67,130,586</u>

The City's total debt decreased \$3,810,868 or 5.37 percent during FY 2010. The decrease was the result of paying scheduled debt payments; the City did not incur any new debt during the fiscal year, but completed a full faith and credit bank loan for \$2.1 million in August 2010.

Moody's change to a global rating system has changed the City's debt ratings. The City's 2002 pension obligation bonds are rated Aa3; all other City issued debt is rated Aa2.

Additional information on the City of Corvallis' long-term debt can be found on pages 51-55 of this report.

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

- The seasonally adjusted unemployment rate for the Corvallis MSA in June 2010 was 7 percent, a decrease from last June's 8 percent 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 10.5 percent.
- 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 percent. In Corvallis, the average residential property assessed value is forty percent lower than real market value. However, valuation appeals by large industrial properties have led to a lower than expected level of revenue.
- Utility rates for the water, wastewater, and storm water funds are projected to increase in line with the City Council's policy guidelines of 2 to 3 percent on the average residential utility bill. The need for infrastructure maintenance and improvements is driving the annual 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. 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 2011 fiscal year.

During FY 2010, unreserved fund balances in the General Fund decreased to \$482,266. The City of Corvallis has appropriated this entire amount for spending in FY 2011; mid-year budget cuts are being enacted to increase the projected ending fund balance for FY 2011 to \$1 million. The planned draw on fund balances continues a trend over the last five years where operating expenses are higher than operating revenue. For FY 2011 the City cut the budget by \$2.4 million to obtain a balanced budget.

**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).

# 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, 2010**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 13,765,452	\$ 18,142,508	\$ 31,907,960
Receivables (net of allowances for uncollectibles)			
Property taxes	1,131,977	-	1,131,977
Accounts	1,092,495	1,826,537	2,919,032
Accrued interest	17,918	24,256	42,174
Assessments	115,367	44,387	159,754
Franchise fees	400,388	-	400,388
Grants	1,442,280	43,830	1,486,110
Revolving loans	2,699,089	-	2,699,089
Other receivables	552,776	38,820	591,596
Other assets	12	-	12
Deferred charges	493,094	494,874	987,968
Property held for resale	1,040,083	-	1,040,083
Prepaid pension obligation costs	23,615,552	-	23,615,552
Other restricted assets	-	314,067	314,067
Restricted cash and investments	-	1,627,159	1,627,159
Capital assets:			
Non-depreciable	89,219,087	2,685,020	91,904,107
Other (net of accumulated depreciation)	67,557,197	131,065,691	198,622,888
<i>Total Assets</i>	<u>\$ 203,142,767</u>	<u>\$ 156,307,149</u>	<u>\$ 359,449,916</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,219,499	\$ 742,664	\$ 1,962,163
Accrued interest	680,584	262,048	942,632
Other accrued liabilities	735,706	340,973	1,076,679
Unearned revenue	176,362	-	176,362
Noncurrent liabilities:			
Due within one year			
Accrued compensated absences	3,498,943	679,996	4,178,939
Bonds payable	2,571,667	420,000	2,991,667
Notes payable	-	1,893,401	1,893,401
Due in more than one year:			
Accrued compensated absences	1,903,810	369,992	2,273,802
Net OPEB obligation	2,801,795	620,454	3,422,249
Bonds payable (net of unamortized premium and deferred amount on refunding)	41,010,827	4,605,044	45,615,871
Notes payable	-	16,369,908	16,369,908
<i>Total Liabilities</i>	<u>54,599,193</u>	<u>26,304,480</u>	<u>80,903,673</u>
<b>Net Assets</b>			
Investment in capital assets (net of related debt)	145,961,066	110,462,358	256,423,424
Restricted for:			
Streets and highways	1,989,984	-	1,989,984
Capital projects and construction	1,183,633	12,212,595	13,396,228
Debt service	724,493	1,778,226	2,502,719
Endowments - nonexpendable	5,000	-	5,000
Other purposes	77,074	-	77,074
Unrestricted	(1,397,676)	5,549,490	4,151,814
<i>Total Net Assets</i>	<u>148,543,574</u>	<u>130,002,669</u>	<u>278,546,243</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 203,142,767</u>	<u>\$ 156,307,149</u>	<u>\$ 359,449,916</u>

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

**CITY OF CORVALLIS, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

<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	\$ 4,622,690	\$ 3,275,953	\$ 719,068	\$ -
Finance	807,226	861,040	-	-
Fire	10,963,048	3,296,688	76,380	-
Library	6,544,201	182,153	2,322,025	-
Parks and Recreation	6,323,593	1,708,603	54,305	130,056
Police	13,013,915	1,320,249	1,175,676	31,302
Public Works	12,515,686	2,131,077	4,287,316	6,551,657
General Government	1,986,064	318,131	7,039	-
Interest on long-term debt	2,254,830	-	-	-
<i>Total Governmental Activities</i>	<i>59,031,253</i>	<i>13,093,894</i>	<i>8,641,809</i>	<i>6,713,015</i>
<b>Business-type Activities:</b>				
Water	8,499,854	8,328,087	27,238	637,406
Wastewater	9,462,535	8,739,964	-	883,622
Storm Water	2,021,492	1,883,720	-	637,960
Airport	842,116	400,460	-	18,961
<i>Total Business-type Activities</i>	<i>20,825,997</i>	<i>19,352,231</i>	<i>27,238</i>	<i>2,177,949</i>
<i>Total Activities</i>	<i>\$ 79,857,250</i>	<i>\$ 32,446,125</i>	<i>\$ 8,669,047</i>	<i>\$ 8,890,964</i>

**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***

<b><i>Governmental Activities</i></b>	<b><i>Business-type Activities</i></b>	<b><i>Totals</i></b>
\$ (627,669)	\$ -	\$ (627,669)
53,814	-	53,814
(7,589,980)	-	(7,589,980)
(4,040,023)	-	(4,040,023)
(4,430,629)	-	(4,430,629)
(10,486,688)	-	(10,486,688)
454,364	-	454,364
(1,660,894)	-	(1,660,894)
(2,254,830)	-	(2,254,830)
(30,582,535)	-	(30,582,535)
-	492,877	492,877
-	161,051	161,051
-	500,188	500,188
-	(422,695)	(422,695)
-	731,421	731,421
(30,582,535)	731,421	(29,851,114)
19,017,384	-	19,017,384
1,933,343	-	1,933,343
1,079,621	-	1,079,621
5,004,727	-	5,004,727
158,842	144,423	303,265
1,579,768	5,808	1,585,576
6,644	-	6,644
28,780,329	150,231	28,930,560
523,680	(523,680)	-
(1,278,526)	357,972	(920,554)
149,822,100	129,644,697	279,466,797
\$ 148,543,574	\$ 130,002,669	\$ 278,546,243

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

# 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, the transportation maintenance fee 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.

**CITY OF CORVALLIS, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<u>General</u>	<u>Street</u>	<u>Parks and Recreation</u>
<b>ASSETS</b>			
Cash and investments	\$ 570,727	\$ 1,826,466	\$ 1,567,217
Receivables			
Property taxes	1,131,977	-	-
Accounts	328,252	55,163	61,958
Accrued interest	1,236	3,647	3,854
Assessments	93,510	10,761	11,096
Franchise fees	400,388	-	-
Grants	88,995	417,031	-
Revolving loans	-	-	-
Other receivables	226,563	192,464	-
Property held for resale	1,040,083	-	-
Other assets	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Assets</i>	<u>\$ 3,881,731</u>	<u>\$ 2,505,532</u>	<u>\$ 1,644,125</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 102,364	\$ 421,622	\$ 173,581
Other accrued liabilities	585,979	83,165	3,325
Deferred/unearned revenue	2,522,985	10,761	46,864
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	<u>3,211,328</u>	<u>515,548</u>	<u>223,770</u>
 <b>Fund Balances</b>			
Reserved			
Streets and highways	-	1,989,984	-
Capital projects and construction	177,357	-	173,554
Endowments	-	-	-
Other purposes	10,780	-	66,294
Unreserved, reported in			
General Fund	482,266	-	-
Special Revenue Funds	-	-	1,180,507
Debt Service Funds	-	-	-
Permanent Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Fund Balance</i>	<u>670,403</u>	<u>1,989,984</u>	<u>1,420,355</u>
	<u>\$ 3,881,731</u>	<u>\$ 2,505,532</u>	<u>\$ 1,644,125</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 3,881,731</u>	<u>\$ 2,505,532</u>	<u>\$ 1,644,125</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>
\$ 1,989,110	\$ 970,890	\$ 878,217	\$ 215,610	\$ 4,171,593	\$ 12,189,830
-	-	-	-	-	1,131,977
431,221	653	4	-	202,127	1,079,378
2,089	777	1,064	305	3,212	16,184
-	-	-	-	-	115,367
-	-	-	-	-	400,388
-	11,114	-	696,628	228,512	1,442,280
-	2,699,089	-	-	-	2,699,089
5,814	-	-	-	127,935	552,776
-	-	-	-	-	1,040,083
-	-	-	-	12	12
<u>\$ 2,428,234</u>	<u>\$ 3,682,523</u>	<u>\$ 879,285</u>	<u>\$ 912,543</u>	<u>\$ 4,733,391</u>	<u>\$ 20,667,364</u>
\$ 61,888	\$ 2,467	\$ 64,098	\$ 77,856	\$ 78,007	\$ 981,883
-	3,137	185	1,965	18,053	695,809
545,467	2,699,089	1,994	-	37,161	5,864,321
<u>607,355</u>	<u>2,704,693</u>	<u>66,277</u>	<u>79,821</u>	<u>133,221</u>	<u>7,542,013</u>
-	-	-	-	-	1,989,984
-	-	-	832,722	-	1,183,633
-	-	-	-	5,000	5,000
-	-	-	-	-	77,074
-	-	-	-	-	482,266
1,820,879	977,830	813,008	-	3,869,646	8,661,870
-	-	-	-	724,493	724,493
-	-	-	-	1,031	1,031
<u>1,820,879</u>	<u>977,830</u>	<u>813,008</u>	<u>832,722</u>	<u>4,600,170</u>	<u>13,125,351</u>
<u>\$ 2,428,234</u>	<u>\$ 3,682,523</u>	<u>\$ 879,285</u>	<u>\$ 912,543</u>	<u>\$ 4,733,391</u>	<u>\$ 20,667,364</u>

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

**CITY OF CORVALLIS, OREGON**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

---

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

Fund balance - total governmental funds (page 23)	\$ 13,125,351
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.	155,954,407
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	493,094
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(51,338,995)
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.	1,006,206
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.	23,615,552
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.	5,687,959
Net assets of governmental activities (page 21)	<u>\$ 148,543,574</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, 2010**

	<u>General</u>	<u>Street</u>	<u>Parks and Recreation</u>
<b>REVENUES</b>			
Taxes	\$ 5,978,510	\$ -	\$ 3,809,025
Licenses, fees, and permits	5,227,722	460,898	56,518
Charges for services	585,995	918,982	1,467,079
Intergovernmental	1,347,433	4,101,111	7,400
Fines and forfeitures	573,806	1,311	1,004
Miscellaneous	95,575	26,370	291,510
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	13,809,041	5,508,672	5,632,536
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
Community Development	1,453,556	17,369	-
Finance	585,958	-	-
Fire	-	-	-
Library	-	-	-
Parks & Recreation	-	-	5,631,708
Police	9,763,512	-	-
Public Works	863,804	4,846,375	-
Nondepartmental	1,487,599	292,385	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	258,678	120,420	19,390
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	14,413,107	5,276,549	5,651,098
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(604,066)	232,123	(18,562)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds - sale of capital assets	6,396	1,865	-
Transfers in	-	-	-
Transfers out	(641,910)	(1,000,743)	(481,269)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(635,514)	(998,878)	(481,269)
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	(1,239,580)	(766,755)	(499,831)
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, Beginning of year</b>	1,909,983	2,756,739	1,920,186
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, End of year</b>	\$ 670,403	\$ 1,989,984	\$ 1,420,355
	<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>
\$ 6,827,677	\$ -	\$ 3,007,225	\$ -	\$ 2,150,457	\$ 21,772,894
18,792	116,510	-	-	1,179,446	7,059,886
3,150,266	5,000	43,077	-	3,478,932	9,649,331
76,380	704,068	2,322,025	705,234	3,014,632	12,278,283
12,025	1,831	74,579	-	367,449	1,032,005
33,309	425,520	75,472	89,904	754,156	1,791,816
10,118,449	1,252,929	5,522,378	795,138	10,945,072	53,584,215
-	1,126,470	-	-	1,802,654	4,400,049
-	-	-	-	105,451	691,409
9,868,475	-	-	-	-	9,868,475
-	-	6,010,835	-	466	6,011,301
-	-	-	-	-	5,631,708
-	-	-	-	2,194,238	11,957,750
-	-	-	-	2,871,840	8,582,020
-	-	-	-	1,350	1,781,334
-	-	-	-	1,589,592	1,589,592
-	-	-	-	2,270,909	2,270,909
1,172,299	-	126,558	1,844,010	690,277	4,231,632
11,040,774	1,126,470	6,137,393	1,844,010	11,526,778	57,016,179
(922,325)	126,459	(615,015)	(1,048,872)	(581,706)	(3,431,964)
4,138	-	-	-	-	12,399
-	-	-	1,211,352	2,400,650	3,612,002
(480,630)	(32,540)	(224,410)	-	(226,820)	(3,088,322)
(476,492)	(32,540)	(224,410)	1,211,352	2,173,830	536,079
(1,398,817)	93,919	(839,425)	162,480	1,592,124	(2,895,885)
3,219,696	883,911	1,652,433	670,242	3,008,046	16,021,236
\$ 1,820,879	\$ 977,830	\$ 813,008	\$ 832,722	\$ 4,600,170	\$ 13,125,351

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, 2010**

---

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)	\$ (2,895,885)
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	4,496,086
Current period depreciation	(5,240,201)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(127,110)
Contributions of capital assets increase net assets. These assets are not reported in the funds.	3,271,147
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.	347,282
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.	(1,379,982)
Some revenues are earned but are deferred as they are not available in the current period and, therefore, are not reported in the funds.	352,248
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.	(102,111)
Change in net assets of governmental activities (page 22)	<u>\$ (1,278,526)</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 – GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 6,078,300	\$ 6,078,300	\$ 5,978,510	\$ (99,790)
Licenses, fees, and permits	5,523,720	5,523,720	5,227,722	(295,998)
Charges for services	633,950	633,950	585,995	(47,955)
Intergovernmental	1,252,480	1,823,391	1,347,433	(475,958)
Fines and forfeitures	912,200	912,200	573,806	(338,394)
Miscellaneous	151,770	151,770	95,575	(56,195)
<i>Total Revenues</i>	<u>14,552,420</u>	<u>15,123,331</u>	<u>13,809,041</u>	<u>(1,314,290)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	1,722,190	1,722,190	1,453,556	268,634
Finance	684,130	684,130	614,534	69,596
Police	9,948,300	10,127,611	9,978,567	149,044
Public Works	890,220	1,281,820	878,851	402,969
Nondepartmental	1,525,230	1,525,230	1,487,599	37,631
Contingency	253,500	253,500	-	253,500
<i>Total Expenditures</i>	<u>15,023,570</u>	<u>15,594,481</u>	<u>14,413,107</u>	<u>1,181,375</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(471,150)	(471,150)	(604,066)	(132,916)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	6,396	6,396
Transfers out	(990,100)	(990,100)	(641,910)	348,190
<i>Total Other Financing Sources (Uses)</i>	<u>(990,100)</u>	<u>(990,100)</u>	<u>(635,514)</u>	<u>354,586</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,461,250)	(1,461,250)	(1,239,580)	221,670
<b>FUND BALANCE, Beginning of year</b>	<u>2,016,856</u>	<u>2,016,856</u>	<u>1,909,983</u>	<u>(106,873)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 555,606</u>	<u>\$ 555,606</u>	<u>\$ 670,403</u>	<u>\$ 114,797</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, 2010**

	<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	\$ 478,490	\$ 478,490	\$ 460,898	\$ (17,592)
Charges for services	620,430	620,430	918,982	298,552
Intergovernmental	4,687,110	5,130,324	4,101,111	(1,029,213)
Fines and forfeitures	100	100	1,311	1,211
Miscellaneous	96,470	96,470	26,370	(70,100)
<i>Total Revenues</i>	<u>5,882,600</u>	<u>6,325,814</u>	<u>5,508,672</u>	<u>(817,142)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	19,710	19,710	17,369	2,341
Public Works	6,026,800	6,470,014	4,966,795	1,503,219
Nondepartmental	-	292,400	292,385	15
Contingency	65,200	65,200	-	65,200
<i>Total Expenditures</i>	<u>6,111,710</u>	<u>6,847,324</u>	<u>5,276,549</u>	<u>1,570,775</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(229,110)	(521,510)	232,123	753,633
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	1,865	1,865
Transfers out	(2,189,100)	(1,896,700)	(1,000,743)	895,957
<b>NET CHANGE IN FUND BALANCE</b>	(2,418,210)	(2,418,210)	(766,755)	1,651,455
<b>FUND BALANCE, Beginning of year</b>	<u>2,826,781</u>	<u>2,826,781</u>	<u>2,756,739</u>	<u>(70,042)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 408,571</u>	<u>\$ 408,571</u>	<u>\$ 1,989,984</u>	<u>\$ 1,581,413</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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 3,822,950	\$ 3,822,950	\$ 3,809,025	\$ (13,925)
Licenses, fees, and permits	46,700	46,700	56,518	9,818
Charges for services	1,580,440	1,580,440	1,467,079	(113,361)
Intergovernmental	27,400	27,400	7,400	(20,000)
Fines and forfeitures	-	-	1,004	1,004
Miscellaneous	120,650	132,873	291,510	158,637
<i>Total Revenues</i>	<u>5,598,140</u>	<u>5,610,363</u>	<u>5,632,536</u>	<u>22,173</u>
<b>EXPENDITURES</b>				
Current				
Parks & Recreation	5,991,290	6,023,513	5,651,098	372,415
Contingency	114,440	114,440	-	114,440
<i>Total Expenditures</i>	<u>6,105,730</u>	<u>6,137,953</u>	<u>5,651,098</u>	<u>486,855</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(507,590)	(527,590)	(18,562)	509,028
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,171,465)	(1,171,465)	(481,269)	690,196
<b>NET CHANGE IN FUND BALANCE</b>	(1,679,055)	(1,699,055)	(499,831)	1,199,225
<b>FUND BALANCE, Beginning of year</b>	<u>1,930,055</u>	<u>1,930,055</u>	<u>1,920,186</u>	<u>(9,869)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 251,000</u>	<u>\$ 231,000</u>	<u>\$ 1,420,355</u>	<u>\$ 1,189,356</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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 6,851,680	\$ 6,851,680	\$ 6,827,677	\$ (24,003)
Licenses, fees, and permits	17,720	17,720	18,792	1,072
Charges for services	3,207,910	3,207,910	3,150,266	(57,644)
Intergovernmental	-	-	76,380	76,380
Fines and forfeitures	16,110	16,110	12,025	(4,085)
Miscellaneous	77,070	77,070	33,309	(43,761)
<i>Total Revenues</i>	<u>10,170,490</u>	<u>10,170,490</u>	<u>10,118,449</u>	<u>(52,041)</u>
<b>EXPENDITURES</b>				
Current				
Fire	11,524,260	11,524,260	11,040,774	483,486
Contingency	220,870	220,870	-	220,870
<i>Total Expenditures</i>	<u>11,745,130</u>	<u>11,745,130</u>	<u>11,040,774</u>	<u>704,356</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,574,640)	(1,574,640)	(922,325)	652,315
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	4,138	4,138
Transfers out	(1,376,920)	(1,376,920)	(480,630)	896,290
<i>Total Other Financing Sources (Uses)</i>	<u>(1,376,920)</u>	<u>(1,376,920)</u>	<u>(476,492)</u>	<u>900,428</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,951,560)	(2,951,560)	(1,398,817)	1,552,743
<b>FUND BALANCE, Beginning of year</b>	<u>3,520,740</u>	<u>3,520,740</u>	<u>3,219,696</u>	<u>(301,044)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 569,180</u>	<u>\$ 569,180</u>	<u>\$ 1,820,879</u>	<u>\$ 1,251,699</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, 2010**

	<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	\$ 110,680	\$ 110,680	\$ 116,510	\$ 5,830
Charges for services	5,000	5,000	5,000	-
Intergovernmental	2,937,680	2,937,680	704,068	(2,233,612)
Fines and forfeitures	2,400	2,400	1,831	(569)
Miscellaneous	541,070	541,070	425,520	(115,550)
<i>Total Revenues</i>	<u>3,596,830</u>	<u>3,596,830</u>	<u>1,252,929</u>	<u>(2,343,901)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	3,777,000	3,777,000	1,126,470	2,650,530
Contingency	30,350	30,350	-	30,350
<i>Total Expenditures</i>	<u>3,807,350</u>	<u>3,807,350</u>	<u>1,126,470</u>	<u>2,680,880</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(210,520)	(210,520)	126,459	336,979
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(46,950)	(46,950)	(32,540)	14,410
<b>NET CHANGE IN FUND BALANCE</b>	(257,470)	(257,470)	93,919	351,389
<b>FUND BALANCE, Beginning of year</b>	<u>1,256,740</u>	<u>1,256,740</u>	<u>883,911</u>	<u>(372,829)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 999,270</u>	<u>\$ 999,270</u>	<u>\$ 977,830</u>	<u>\$ (21,440)</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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 3,018,010	\$ 3,018,010	\$ 3,007,225	\$ (10,785)
Charges for services	45,600	45,600	43,077	(2,523)
Intergovernmental	2,288,000	2,388,000	2,322,025	(65,975)
Fines and forfeitures	81,500	81,500	74,579	(6,921)
Miscellaneous	117,390	117,390	75,472	(41,918)
<i>Total Revenues</i>	<u>5,550,500</u>	<u>5,650,500</u>	<u>5,522,378</u>	<u>(128,122)</u>
<b>EXPENDITURES</b>				
Current				
Library	6,273,370	6,473,370	6,137,393	335,977
Contingency	121,320	21,320	-	21,320
<i>Total Expenditures</i>	<u>6,394,690</u>	<u>6,494,690</u>	<u>6,137,393</u>	<u>357,297</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(844,190)</u>	<u>(844,190)</u>	<u>(615,015)</u>	<u>229,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(224,550)	(224,550)	(224,410)	140
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,068,740)</u>	<u>(1,068,740)</u>	<u>(839,425)</u>	<u>229,315</u>
<b>FUND BALANCE, Beginning of year</b>	<u>1,669,287</u>	<u>1,669,287</u>	<u>1,652,433</u>	<u>(16,854)</u>
<b>FUND BALANCE, End of year</b>	<u><u>\$ 600,547</u></u>	<u><u>\$ 600,547</u></u>	<u><u>\$ 813,008</u></u>	<u><u>\$ 212,461</u></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, 2010**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Storm Water</b>	<b>Airport</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and investments	\$ 5,765,478	\$ 10,093,027	\$ 1,718,311	\$ 565,692	\$ 18,142,508	\$ 1,575,622
Receivables						
Accounts	713,005	856,528	195,314	61,690	1,826,537	13,117
Accrued interest	6,222	15,699	1,755	580	24,256	1,734
Grants	23,223	1,646	-	18,961	43,830	-
Other receivables	38,635	185	-	-	38,820	-
<b>Total Current Assets</b>	<b>6,546,563</b>	<b>10,967,085</b>	<b>1,915,380</b>	<b>646,923</b>	<b>20,075,951</b>	<b>1,590,473</b>
<b>Noncurrent Assets</b>						
Assessments receivable	23,572	19,619	1,196	-	44,387	-
Deferred issuance costs	258,201	236,673	-	-	494,874	-
Other restricted assets	151,067	-	-	163,000	314,067	-
Restricted cash and investments	-	1,627,159	-	-	1,627,159	-
Capital assets						
Non-depreciable	1,158,711	960,038	358,140	208,131	2,685,020	500,663
Other (net of accumulated depreciation)	42,923,154	65,625,516	15,790,282	6,726,739	131,065,691	321,214
<b>Total Noncurrent Assets</b>	<b>44,514,705</b>	<b>68,469,005</b>	<b>16,149,618</b>	<b>7,097,870</b>	<b>136,231,198</b>	<b>821,877</b>
<b>Total Assets</b>	<b>\$ 51,061,268</b>	<b>\$ 79,436,090</b>	<b>\$ 18,064,998</b>	<b>\$ 7,744,793</b>	<b>\$ 156,307,149</b>	<b>\$ 2,412,350</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 284,637	\$ 347,907	\$ 58,856	\$ 51,264	\$ 742,664	\$ 237,616
Accrued compensated absences	258,595	320,517	92,517	8,367	679,996	481,590
Accrued interest	139,727	116,583	-	5,738	262,048	-
Other accrued liabilities	138,545	15,284	24,144	163,000	340,973	39,897
Bonds payable, current portion	-	420,000	-	-	420,000	-
Notes payable, current portion	767,510	1,102,152	-	23,739	1,893,401	-
<b>Total Current Liabilities</b>	<b>1,589,014</b>	<b>2,322,443</b>	<b>175,517</b>	<b>252,108</b>	<b>4,339,082</b>	<b>759,103</b>
<b>Long-Term Liabilities</b>						
Accrued compensated absences	140,704	174,397	50,339	4,552	369,992	262,038
Net OPEB obligations	255,642	259,064	89,663	16,085	620,454	385,003
Bonds payable (net of unamortized premium and deferred amount on refunding)	-	4,605,044	-	-	4,605,044	-
Notes payable	3,857,570	12,355,197	-	157,141	16,369,908	-
<b>Total Long-Term Liabilities</b>	<b>4,253,916</b>	<b>17,393,702</b>	<b>140,002</b>	<b>177,778</b>	<b>21,965,398</b>	<b>647,041</b>
<b>Total Liabilities</b>	<b>5,842,930</b>	<b>19,716,145</b>	<b>315,519</b>	<b>429,886</b>	<b>26,304,480</b>	<b>1,406,144</b>
<b>Net Assets</b>						
Investment in capital assets, net of related debt	39,456,785	48,103,161	16,148,422	6,753,990	110,462,358	821,877
Restricted						
Capital projects and construction	4,589,429	7,612,509	10,657	-	12,212,595	-
Debt service	151,067	1,627,159	-	-	1,778,226	-
Unrestricted	1,021,057	2,377,116	1,590,400	560,917	5,549,490	184,329
<b>Total Net Assets</b>	<b>45,218,338</b>	<b>59,719,945</b>	<b>17,749,479</b>	<b>7,314,907</b>	<b>130,002,669</b>	<b>1,006,206</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 51,061,268</b>	<b>\$ 79,436,090</b>	<b>\$ 18,064,998</b>	<b>\$ 7,744,793</b>	<b>\$ 156,307,149</b>	<b>\$ 2,412,350</b>

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

**CITY OF CORVALLIS, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Storm Water</b>	<b>Airport</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>						
License s, fees s, and permits	\$ -	\$ -	\$ -	\$ 4,297	\$ 4,297	\$ -
Charges for services	8,258,499	9,264,718	1,912,004	390,113	19,825,334	8,560,454
Intergovernmental	27,238	-	-	-	27,238	-
Fines and forfeitures	1,018	-	100	-	1,118	-
Miscellaneous	324,021	23,193	4,298	6,050	357,561	42,528
<i>Total Operating Revenues</i>	<u>8,610,776</u>	<u>9,287,911</u>	<u>1,916,402</u>	<u>400,460</u>	<u>20,215,548</u>	<u>8,602,982</u>
<b>OPERATING EXPENSES</b>						
Personal services	3,196,730	3,196,868	1,046,823	133,123	7,573,544	5,054,206
Materials and supplies	916,057	510,044	67,297	7,713	1,501,111	513,609
Services	474,809	625,900	50,930	276,943	1,428,582	1,104,627
Utility and overhead	1,906,616	1,985,607	494,677	61,932	4,448,832	1,843,103
Training and conference	20,587	22,779	4,981	578	48,925	83,959
Depreciation and amortization	1,728,779	2,271,973	360,784	351,480	4,713,016	114,625
<i>Total Operating Expenses</i>	<u>8,243,578</u>	<u>8,613,171</u>	<u>2,025,492</u>	<u>831,769</u>	<u>19,714,010</u>	<u>8,714,129</u>
<b>OPERATING INCOME (LOSS)</b>	<u>367,198</u>	<u>674,740</u>	<u>(109,090)</u>	<u>(431,309)</u>	<u>501,538</u>	<u>(111,147)</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>						
Interest income	41,539	85,654	11,908	5,321	144,423	14,792
Interest expense	(257,285)	(848,716)	-	(10,347)	(1,116,348)	-
Gain (loss) on disposal of capital assets	1,009	(648)	4,000	-	4,361	(5,756)
<i>Total Non-Operating Income (Expense)</i>	<u>(214,737)</u>	<u>(763,710)</u>	<u>15,908</u>	<u>(5,026)</u>	<u>(967,564)</u>	<u>9,036</u>
<b>INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>152,461</u>	<u>(88,970)</u>	<u>(93,182)</u>	<u>(436,335)</u>	<u>(466,026)</u>	<u>(102,111)</u>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital assets	384,068	339,262	605,387	-	1,328,717	-
Capital grants	-	-	-	18,961	18,961	-
<i>Total Capital Contributions</i>	<u>384,068</u>	<u>339,262</u>	<u>605,387</u>	<u>18,961</u>	<u>1,347,678</u>	<u>-</u>
<b>TRANSFERS</b>						
Transfers in	-	-	5,000	8,200	13,200	-
Transfers out	(201,020)	(194,830)	(128,910)	(12,120)	(536,880)	-
<i>Total Transfers</i>	<u>(201,020)</u>	<u>(194,830)</u>	<u>(123,910)</u>	<u>(3,920)</u>	<u>(523,680)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<u>335,509</u>	<u>55,462</u>	<u>388,295</u>	<u>(421,294)</u>	<u>357,972</u>	<u>(102,111)</u>
<b>NET ASSETS, Beginning 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>
<b>NET ASSETS, End of year</b>	<u>\$ 45,218,338</u>	<u>\$ 59,719,945</u>	<u>\$ 17,749,479</u>	<u>\$ 7,314,907</u>	<u>\$ 130,002,669</u>	<u>\$ 1,006,206</u>

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

**CITY OF CORVALLIS, OREGON**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Storm Water</b>	<b>Airport</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 8,767,130	\$ 9,289,546	\$ 1,884,604	\$ 376,807	\$ 20,318,087	\$ 119,282
Receipts from interfund services provided	501	-	2,408	-	2,909	8,724,997
Payments to suppliers	(1,767,673)	(1,460,082)	(105,621)	(241,466)	(3,574,842)	(3,323,187)
Payments to employees	(3,045,641)	(3,078,977)	(1,040,261)	(154,638)	(7,319,517)	(4,736,831)
Payments for interfund services used	(1,587,119)	(1,580,622)	(455,054)	(46,582)	(3,669,377)	(812,811)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>2,367,198</u>	<u>3,169,865</u>	<u>286,076</u>	<u>(65,879)</u>	<u>5,757,260</u>	<u>(28,550)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	5,000	8,200	13,200	-
Transfers out	(201,020)	(194,830)	(128,910)	(12,120)	(536,880)	-
<i>Net Cash Used In Noncapital Financing Activities</i>	<u>(201,020)</u>	<u>(194,830)</u>	<u>(123,910)</u>	<u>(3,920)</u>	<u>(523,680)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(735,125)	(1,039,507)	(315,864)	(109,174)	(2,199,670)	(76,444)
Capital contributions	-	-	-	18,961	18,961	-
Interest paid	(278,626)	(842,781)	-	(10,926)	(1,132,333)	-
Payments on bond principal	-	(400,000)	-	-	(400,000)	-
Payments on notes payable	(739,857)	(1,062,871)	-	(18,548)	(1,821,276)	-
Proceeds - sale of capital assets	5,790	-	4,000	-	9,790	-
<i>Net Cash Used In Capital and Related Financing Activities</i>	<u>(1,747,818)</u>	<u>(3,345,159)</u>	<u>(311,864)</u>	<u>(119,687)</u>	<u>(5,524,528)</u>	<u>(76,444)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	36,947	76,182	10,541	4,826	128,496	13,346
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>455,307</b>	<b>(293,942)</b>	<b>(139,157)</b>	<b>(184,660)</b>	<b>(162,452)</b>	<b>(91,648)</b>
<b>CASH AND INVESTMENTS, Beginning of year</b>	<b>5,310,171</b>	<b>12,014,128</b>	<b>1,857,468</b>	<b>750,352</b>	<b>19,932,119</b>	<b>1,667,270</b>
<b>CASH AND INVESTMENTS, End of year</b>	<b>\$ 5,765,478</b>	<b>\$ 11,720,186</b>	<b>\$ 1,718,311</b>	<b>\$ 565,692</b>	<b>\$ 19,769,667</b>	<b>\$ 1,575,622</b>

	<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)	\$ 367,198	\$ 674,740	\$ (109,090)	\$ (431,309)	\$ 501,538	\$ (111,147)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	1,728,779	2,271,973	360,784	351,480	4,713,016	114,625
Change in assets and liabilities						
Receivables						
Accounts receivable	137,691	(15,165)	(22,379)	(13,191)	86,956	(9,094)
Assessments	5,364	3,600	485	-	9,449	-
Grants	(4,723)	14,817	-	(10,461)	(367)	-
Other	(38,635)	1	-	-	(38,634)	-
Other Assets	-	3	-	(163,000)	(162,997)	-
Accounts payable	5,375	105,724	12,047	24,730	147,876	(111,869)
Accrued compensated absences	(2,331)	2,710	(838)	1,011	552	(77,720)
Net OPEB obligations	126,281	124,247	40,911	11,861	303,300	172,745
Other accrued liabilities	42,199	(12,784)	4,156	163,000	196,571	(6,090)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>\$ 2,367,198</u>	<u>\$ 3,169,865</u>	<u>\$ 286,076</u>	<u>\$ (65,879)</u>	<u>\$ 5,757,260</u>	<u>\$ (28,550)</u>

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS



**REFERENCE LIST**

	<b><u>Page(s)</u></b>
<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b> .....	37
<i>Reporting Entity</i> .....	37
<i>Government-wide and fund financial statements</i> .....	37
<i>Measurement Focus, Basis of Accounting and Basis of Presentation</i> .....	37
<i>Assets, Liabilities and Equity</i> .....	40
<i>Use of Estimates</i> .....	44
<b>STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY</b> .....	45
<b>CASH AND INVESTMENTS</b> .....	45
<i>Pooled Deposits and Investments</i> .....	45
<i>Deposits</i> .....	46
<i>Custodial Risk - Deposits</i> .....	46
<i>Custodial Credit Risk - Investments</i> .....	47
<i>Credit Risk</i> .....	47
<i>Concentration of Credit Risk</i> .....	47
<b>RECEIVABLES</b> .....	48
<b>DEFERRED / UNEARNED REVENUE</b> .....	48
<b>ENDOWMENT</b> .....	48
<b>CAPITAL ASSETS</b> .....	49
<b>LONG-TERM OBLIGATIONS</b> .....	51
<i>Bonds Payable</i> .....	51
<i>Notes Payable</i> .....	53
<i>Changes in Long-Term Obligations</i> .....	55
<b>INTERFUND TRANSFERS</b> .....	56
<b>RISK MANAGEMENT</b> .....	56
<b>OTHER POST EMPLOYMENT BENEFITS</b> .....	57
<b>PENSION PLAN</b> .....	59
<b>CONTINGENCIES</b> .....	60
<b>SUBSEQUENT EVENT</b> .....	60
<b>NEW PRONOUNCEMENTS</b> .....	61

**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

**CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

---

**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, the transportation maintenance fee 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.

**CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

---

**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, 2010

---

**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 housing rehabilitation and acquisition assistance loan programs under Title 1 of the Housing and Community Development Act of 1974 as codified under federal regulations at 24 CFR Part 570, as well as under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as codified at 24 CFR Part 92. Loans from these programs are secured by the assisted property and collectible as a lien.

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

*Assets, Liabilities and Equity (Continued)*

*Receivables (Continued)*

Grant proceeds for costs of managing the rehabilitation loan program are recorded as revenue when operating costs are incurred. Three types of programs are used to deliver loans. The first provides loans to low income owner/occupants for single family housing rehabilitation and may be a no-interest deferred or fully amortized payment loan. The second type consists of loans to low income purchasers of Corvallis homes which typically combine an initial period of loan deferral followed by a period of amortization with monthly payments. The final type consists of interest bearing loans to investor/owner borrowers who own rental housing property occupied primarily by low income tenants. All three loan types are extended to qualified buyers for rehabilitation or acquisition of eligible properties and are collateralized by real property. All three types are recorded as revolving loans receivable and deferred revenue when the loan is extended to the borrower.

The owner/occupants deferred payment loans are due upon sale or transfer of the real property or at such time as the property is no longer the owner's primary residence. Interest bearing loans require monthly payments which are amortized over a period of years. When loan payments or payoffs 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.

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

*Assets, Liabilities and Equity (Continued)*

*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 a single reporting 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, utility plants and equipment in the proprietary funds are 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.

*Intangible Assets*

As of and for the year ended June 30, 2010 the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, which established accounting and financial reporting requirements for intangible assets. In accordance with GASB Statement No. 51, the City has recorded identifiable intangible assets as part of capital assets in the government-wide and proprietary fund Statements of Net Assets, and is reflected in the Notes to the Basic Financial Statements.

Intangible assets are classified as computer software, land easements, patents, trademarks as well as, water, sewer and timber rights. Intangible assets lack physical substance, are not financial in nature and have a useful life extending beyond a single reporting period. The City has established a capitalization threshold for all intangible assets of \$100,000, with the exception of one. Land easements are treated like all other land acquisitions, and have no established threshold. Major outlays for intangible assets and significant improvements are capitalized as constructed and are reported in the government-wide Statement of Net Assets.

Depreciation on intangible assets is calculated on a straight line basis over their estimated useful life. Depreciation is calculated on intangible assets acquired during the fiscal year from the beginning of the month of acquisition to the end of the fiscal year. Retired intangibles 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 and Intangible Assets (Continued)*

The estimated useful lives of the capital and intangible 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
<b><u>Intangible Assets</u></b>	
Computer Software	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, 2010

---

**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 require 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 09-10. City Council transferred Risk Management Fund contingencies to cover unexpected workers’ compensation costs, Library Fund contingencies for replacement of the boiler in the main library facility, and Street, Water, and Storm Water Fund Transfer appropriations were transferred to Non-Departmental to refund prior year payment of Systems Development Charges when the development plan was withdrawn. 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:

	<i>Governmental</i>	<i>Business-type</i>	
	<i>Activities</i>	<i>Activities</i>	<i>Total</i>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash and investments	\$ 13,765,452	\$ 18,142,508	\$ 31,907,960
Restricted cash and investments	-	1,627,159	1,627,159
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Cash and Investments</i>	<u>\$ 13,765,452</u>	<u>\$ 19,769,667</u>	<u>\$ 33,535,119</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

---

**CASH AND INVESTMENTS (Continued)**

*Deposits*

As of June 30, the City's bank deposits had a book balance of \$3,853,751 and a bank balance is \$4,341,723. The difference is due to transactions in process.

*Custodial Risk - Deposits*

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. The shared liability structure does not provide that all public funds are 100% protected.

*Investments*

As of June 30, 2010 the City had the following investments:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Less than 18 months</i>	<i>18-60 months</i>
Investments in the State of Oregon			
Local Government Investment Pool (LGIP)	\$ 25,455,410	\$ 25,455,410	\$ -
US Agencies	4,245,450	4,245,450	-
<i>Total Investments</i>	\$ 29,700,860	\$ 29,700,860	\$ -

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, 2010, 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, 2010

---

### **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, 2010 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, 2010 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, banker's 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, 2010**

**RECEIVABLES**

Receivables include balances that are not expected to be collected within a year. The City anticipates that 48% of the property tax receivables will be collected after the subsequent year; 97% 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, 2010, 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)	\$ 1,131,977	\$ -
Assessments not yet due:		
General Fund	82,771	-
Street Fund	10,762	-
Parks and Recreation Fund	11,096	-
Grants	-	116,512
Property held for resale (General Fund)	1,040,083	-
Housing loans not yet due (Community Development Revolving Fund)	2,699,089	-
Receivables to be collected in future years	712,181	-
Operating revenue received but unearned (Fire and Rescue Fund)	-	59,850
	<u>                    </u>	<u>                    </u>
<i>Total Deferred and Unearned Revenue</i>	<u>\$ 5,687,959</u>	<u>\$ 176,362</u>

**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>	\$ 5,000	\$ 1,031	\$ 6,031

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows:

*Governmental Activities:*

	<i>Balances June 30, 2009</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2010</i>
<i>Non-depreciable capital assets</i>				
Intangible	\$ -	\$ 106,023	\$ -	\$ 106,023
Land	86,064,134	1,176,317	-	87,240,451
Construction in progress	3,311,377	1,690,364	(3,129,129)	1,872,612
<i>Total non-depreciable capital assets</i>	<u>89,375,511</u>	<u>2,972,704</u>	<u>(3,129,129)</u>	<u>89,219,086</u>
<i>Depreciable capital assets</i>				
Buildings	24,143,478	421,213	-	24,564,691
Machinery and equipment	5,273,467	189,435	(106,841)	5,356,061
Vehicles	9,320,064	2,454,945	(352,560)	11,422,449
Infrastructure	99,150,006	4,895,359	-	104,045,365
<i>Total depreciable capital assets</i>	<u>137,887,015</u>	<u>7,960,952</u>	<u>(459,401)</u>	<u>145,388,566</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(7,328,541)	(529,176)	-	(7,857,717)
Machinery and equipment	(3,065,211)	(435,003)	105,976	(3,394,238)
Vehicles	(4,572,836)	(807,347)	259,712	(5,120,471)
Infrastructure	(57,875,642)	(3,583,300)	-	(61,458,942)
<i>Total accumulated depreciation</i>	<u>(72,842,230)</u>	<u>(5,354,826)</u>	<u>365,688</u>	<u>(77,831,368)</u>
<i>Total depreciable capital assets, net of accumulated depreciation</i>	<u>65,044,785</u>	<u>2,606,126</u>	<u>(93,713)</u>	<u>67,557,198</u>
<i>Governmental activities capital assets, net of accumulated depreciation</i>	<u>\$ 154,420,296</u>	<u>\$ 5,578,830</u>	<u>\$ (3,222,842)</u>	<u>\$ 156,776,284</u>

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

Finance	\$ 103,834
Community Development	23,952
Public Works	3,905,906
Library	228,542
Parks and Recreation	422,618
Police	232,989
Fire	436,985
<b>Total depreciation expense, governmental activities</b>	<u>\$ 5,354,826</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSETS (Continued)**

*Business-Type Activities:*

	<i>Balances June 30, 2009</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2010</i>
<i>Non-depreciable capital assets</i>				
Land	\$ 1,142,357	\$ -	\$ -	\$ 1,142,357
Construction in progress	1,300,241	1,346,846	(1,104,424)	1,542,663
<i>Total non-depreciable capital assets</i>	<u>2,442,598</u>	<u>1,346,846</u>	<u>(1,104,424)</u>	<u>2,685,020</u>
<i>Depreciable capital assets</i>				
Buildings	2,196,016	-	-	2,196,016
Machinery and equipment	3,819,596	437,746	(138,894)	4,118,448
Vehicles	2,596,468	419,890	(193,218)	2,823,140
Infrastructure	186,204,385	2,433,141	-	188,637,526
<i>Total depreciable capital assets</i>	<u>194,816,465</u>	<u>3,290,777</u>	<u>(332,112)</u>	<u>197,775,130</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(556,202)	(65,511)	-	(621,713)
Machinery and equipment	(2,178,777)	(251,975)	138,245	(2,292,507)
Vehicles	(1,548,495)	(260,317)	183,625	(1,625,187)
Infrastructure	(58,112,461)	(4,057,571)	-	(62,170,032)
<i>Total accumulated depreciation</i>	<u>(62,395,935)</u>	<u>(4,635,374)</u>	<u>321,870</u>	<u>(66,709,439)</u>
<i>Total depreciable capital assets, net of accumulated depreciation</i>	<u>132,420,530</u>	<u>(1,344,597)</u>	<u>(10,242)</u>	<u>131,065,691</u>
<i>Business-type activities capital assets, net of accumulated depreciation</i>	<u>\$ 134,863,128</u>	<u>\$ 2,249</u>	<u>\$ (1,114,666)</u>	<u>\$ 133,750,711</u>

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

Water	\$ 1,678,223
Wastewater	2,244,887
Storm Water	360,784
Airport	351,480
<b>Total depreciation expense, business-type activities</b>	<u><u>\$ 4,635,374</u></u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**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:

<u>Governmental Activities:</u>	<u>Amount of Original Issue</u>	<u>Interest Rates on Outstanding Balances</u>	<u>Balances June 30, 2010</u>	<u>Due within One Year</u>
Advance Refunding 1994	\$ 5,380,000	4.95 %	\$ 605,000	\$ 605,000
Open Space, Series 2001A	7,900,000	4.50	370,000	370,000
Advance Refunding 2009	10,190,000	3.00 - 4.00	9,885,000	1,190,000
<i>Total</i>	<u>\$ 23,470,000</u>		<u>\$ 10,860,000</u>	<u>\$ 2,165,000</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,165,000	\$ 379,974
2012	1,895,000	312,650
2013	785,000	255,800
2014	835,000	232,250
2015	895,000	207,200
2016-2019	4,285,000	442,400
<i>Total</i>	<u>\$ 10,860,000</u>	<u>\$ 1,830,274</u>

In the year ended June 30, 2009, 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. The outstanding balance of the defeased debt at June 30, 2010 is \$4,790,000.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**LONG-TERM OBLIGATIONS (Continued)**

*Bonds Payable (Continued)*

*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.

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, 2010</i></u>	<u><i>Due within One Year</i></u>
Series 2006A	\$ 5,410,000	3.00 - 5.00 %	\$ 5,240,000	\$ 420,000

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>
2011	\$ 420,000	\$ 226,200
2012	440,000	205,200
2013	465,000	183,200
2014	485,000	159,950
2015	510,000	135,700
2016-2020	<u>2,920,000</u>	<u>322,650</u>
<i>Total</i>	<u>\$ 5,240,000</u>	<u>\$ 1,232,900</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**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, 2010</u>	<u>Due within One Year</u>
Series 2002A	\$ 23,913,017	6.35 - 7.06 %	\$ 23,062,277	\$ 256,667
Series 2005A	9,980,000	4.52 - 5.50	9,705,000	150,000
<i>Total</i>	<u>\$ 33,893,017</u>		<u>\$ 32,767,277</u>	<u>\$ 406,667</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>
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	627,139	2,091,529
2016-2020	4,023,168	11,537,643
2021-2025	8,772,030	10,608,885
2026-2030	17,390,000	3,318,572
<i>Total</i>	<u>\$ 32,767,277</u>	<u>\$ 35,359,337</u>

*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.

**CITY OF CORVALLIS, OREGON**

*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*

*YEAR ENDED JUNE 30, 2010*

**LONG-TERM OBLIGATIONS (Continued)**

*Notes Payable (Continued)*

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 Business Development Department, formally known as 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 Business 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.

In 2009, the City entered into a loan agreement with the Oregon Business Development Department to develop the Corvallis Airport Industrial Park. The loan proceeds will be disbursed to the City on a reimbursement basis. As of June 30, 2010, no proceeds had been requested or disbursed.

Outstanding notes payable are as follows:

<b><i>Business-type Activities:</i></b>	<b><i>Amount of Original Issue</i></b>	<b><i>Interest Rates on Outstanding Balances</i></b>	<b><i>Balances June 30, 2010</i></b>	<b><i>Due within One Year</i></b>
OEDD Loan G95003	\$ 9,703,048	4.5407 %	\$ 3,613,763	\$ 647,376
OEDD Loan B97001	2,107,000	5.4442	1,011,316	120,134
DEQ sewer rehabilitation	700,000	3.0000	160,339	44,121
DEQ CSO	21,263,693	3.6900	13,297,010	1,058,031
OEDD Loan B96002	332,240	5.4687	180,880	23,739
<i>Total Notes Payable, Business-type Activities</i>	<b><u>\$ 34,105,981</u></b>		<b><u>\$ 18,263,308</u></b>	<b><u>\$ 1,893,401</u></b>

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

<b><i>Year Ending June 30</i></b>	<b><i>Business-type Activities</i></b>	
	<b><i>Principal</i></b>	<b><i>Interest</i></b>
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	2,201,033	431,699
2016-2020	7,231,404	1,009,062
2021	755,546	17,718
<i>Total</i>	<b><u>\$ 18,263,308</u></b>	<b><u>\$ 4,136,606</u></b>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**LONG-TERM OBLIGATIONS (Continued)**

*Notes Payable (Continued)*

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, 2010 \$1,627,159 was held in a loan reserve account. All of the covenants were met at June 30, 2010.

*Changes in Long-Term Obligations*

<i>Governmental Activities:</i>	<b>Balances June 30, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances June 30, 2010</b>	<b>Due within One Year</b>
Bonds Payable					
General Obligation Bonds	\$ 12,100,000	\$ -	\$ 1,240,000	\$ 10,860,000	\$ 2,165,000
Limited Tax Bonds	33,116,869	-	349,592	32,767,277	406,667
Less deferred amounts:					
For issuance premium	456,558	-	80,443	376,115	-
On refunding	(474,063)	-	(53,166)	(420,897)	-
<i>Total Bonds Payable</i>	45,199,364	-	1,616,869	43,582,495	2,571,667
Compensated Absences	5,286,682	3,442,198	3,326,127	5,402,753	3,498,943
Net OPEB obligation	1,442,859	1,358,936	-	2,801,795	-
<i>Total Long-Term Obligations, Governmental Activities</i>	<u>\$ 51,928,905</u>	<u>\$ 4,801,134</u>	<u>\$ 4,942,996</u>	<u>\$ 51,787,043</u>	<u>\$ 6,070,610</u>

<i>Business-type Activities:</i>	<b>Balances June 30, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances June 30, 2010</b>	<b>Due within One Year</b>
Bonds Payable					
Revenue Bonds	\$ 5,640,000	\$ -	\$ 400,000	\$ 5,240,000	\$ 420,000
Less deferred amounts:					
For issuance premium	102,057	-	14,986	87,071	-
On refunding	(332,813)	-	(30,721)	(302,092)	-
<i>Total Bonds Payable</i>	5,409,244	-	384,265	5,024,979	420,000
Notes Payable	20,084,585	-	1,821,276	18,263,309	1,893,401
Compensated Absences	1,049,436	660,675	660,123	1,049,988	679,996
Net OPEB obligation	317,154	303,300	-	620,454	-
<i>Total Long-Term Obligations, Business-Type Activities</i>	<u>\$ 26,860,419</u>	<u>\$ 963,975</u>	<u>\$ 2,865,664</u>	<u>\$ 24,958,730</u>	<u>\$ 2,993,397</u>

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**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:

<u><i>Transfers Out:</i></u>	<i>Transfers In</i>		
	<i>Capital Construction</i>	<i>Other Governmental Funds</i>	<i>Total</i>
General Fund	\$ -	\$ 641,910	\$ 641,910
Street Fund	869,363	123,180	992,543
Parks & Recreation Fund	293,759	187,510	481,269
Fire and Rescue Fund	-	480,630	480,630
Community Development Revolving Fund	5,560	26,980	32,540
Library Fund	-	224,410	224,410
Non-Major Governmental Funds	24,320	202,500	226,820
Water Fund	9,670	191,350	201,020
Wastewater Fund	4,340	190,490	194,830
Storm Water Fund	4,340	124,570	128,910
Airport Fund	-	7,120	7,120
<i>Total Transfers</i>	<u>\$ 1,211,352</u>	<u>\$ 2,400,650</u>	<u>\$ 3,612,002</u>

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. The Street Fund, Parks and Recreation Fund, Water Fund, Wastewater Fund, and Storm Water Fund support the system development charge and site engineering program in the Development Services Fund. The General Fund supports the Land Use Senior Planner position 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 \$184,163,730; 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.

**CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

---

**RISK MANAGEMENT (Continued)**

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.

**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, 2010, the City's plan contributions were \$1,318,382.

**CITY OF CORVALLIS, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*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.

The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2010, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 3,029,739
Interest on net OPEB obligation	79,200
Adjustment to the Annual Required Contribution	<u>(128,321)</u>
Annual OPEB cost (expense)	2,980,618
Contribution made	<u>1,318,382</u>
Increase in net OPEB obligation	1,662,236
Net OPEB obligation, beginning of year	1,760,013
Net OPEB obligation, end of year	<u><u>\$ 3,422,249</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 the past two years 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
2010	2,980,618	1,318,382	44.23%	3,422,249

*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 \$29,258,781, and the ratio of the UAAL to the covered payroll was 95.98%.

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.

## **CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

---

### **OTHER POST EMPLOYMENT BENEFITS (Continued)**

#### *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.

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 2009-10, employees of the City of Corvallis who are in the

American Federation of State, County and Municipal Employees bargaining unit and exempt employees contributed 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.

## **CITY OF CORVALLIS, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

---

### **PENSION PLAN (Continued)**

#### *Funding Status (Continued)*

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.

For PERS, the City is a participant in the State and Local Government Rate Pool, which includes the State, Oregon Community Colleges, and most local governmental entities. Employer rates can be set as a single rate, weighted for police and fire participants, or the government can choose to have separate rates for police and fire participants and general service participants; the City has elected to have separate rates. For FY 2009-2010 the City's contribution rates were 2.05 percent of payroll for general service participants and 10.33 percent for police and fire participants. For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general service participants. For FY 2009-2010 the City's contribution rates were 3.09 percent for general service participants and 5.80 percent for police and fire participants.

#### *Annual Pension Cost*

The City's employer contributions to PERS for the fiscal years ending June 30, 2008, 2009, and 2010 were \$2,313,355, \$2,663,525, and \$1,933,734 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.

### **SUBSEQUENT EVENT**

The City adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through November 2010, the date on which the financial statements were available to be issued. On August 5, 2010, the City entered into a financing agreement with Bank of America. The agreement is for a \$2,100,000 loan to finance various capital improvements within the City. The interest rate is fixed at 2.96 percent and maturity is August 1, 2020. Management is not aware of any other subsequent events that require recognition or disclosure in the financial statements.

***CITY OF CORVALLIS, OREGON***  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2010*

---

***NEW PRONOUNCEMENT***

The Governmental Accounting Standards Board (GASB) has issued a pronouncement that has a future effective date that may impact future financial presentations.

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

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, 2010**

---

<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
August 1, 2008	-	28,083,082	28,083,082	-	29,258,781	95.98

# 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, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,441,843	\$ 723,723	\$ 6,027	\$ 4,171,593
Receivables				
Accounts	202,127	-	-	202,127
Accrued interest	2,450	758	4	3,212
Grants	228,512	-	-	228,512
Other receivables	127,935	-	-	127,935
Other assets	-	12	-	12
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Assets</i>	<u>\$ 4,002,867</u>	<u>\$ 724,493</u>	<u>\$ 6,031</u>	<u>\$ 4,733,391</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 78,007	\$ -	\$ -	\$ 78,007
Other accrued liabilities	18,053	-	-	18,053
Deferred revenue	37,161	-	-	37,161
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	133,221	-	-	133,221
 <b>Fund Balances</b>				
Reserved				
Endowments	-	-	5,000	5,000
Unreserved				
Undesignated	3,869,646	724,493	1,031	4,595,170
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Fund Balances</i>	<u>3,869,646</u>	<u>724,493</u>	<u>6,031</u>	<u>4,600,170</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,002,867</u>	<u>\$ 724,493</u>	<u>\$ 6,031</u>	<u>\$ 4,733,391</u>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
<b>REVENUES</b>				
Taxes	\$ 217,114	\$ 1,933,343	\$ -	\$ 2,150,457
Licenses, fees, and permits	1,179,446	-	-	1,179,446
Charges for services	3,478,932	-	-	3,478,932
Intergovernmental	3,014,632	-	-	3,014,632
Fines and forfeitures	367,449	-	-	367,449
Miscellaneous	748,952	5,160	44	754,156
	<u>9,006,525</u>	<u>1,938,503</u>	<u>44</u>	<u>10,945,072</u>
<i>Total Revenues</i>				
<b>EXPENDITURES</b>				
Current				
Community Development	1,802,654	-	-	1,802,654
Finance	105,451	-	-	105,451
Library	-	-	466	466
Police	2,194,238	-	-	2,194,238
Public Works	2,871,840	-	-	2,871,840
Nondepartmental	-	1,350	-	1,350
Debt service				
Principal	-	1,589,592	-	1,589,592
Interest	-	2,270,909	-	2,270,909
Capital outlay	690,277	-	-	690,277
	<u>7,664,460</u>	<u>3,861,852</u>	<u>466</u>	<u>11,526,778</u>
<i>Total Expenditures</i>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>1,342,065</u>	<u>(1,923,349)</u>	<u>(422)</u>	<u>(581,706)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	218,390	2,182,260	-	2,400,650
Transfers out	(226,820)	-	-	(226,820)
	<u>(8,430)</u>	<u>2,182,260</u>	<u>-</u>	<u>2,173,830</u>
<i>Total Other Financing Sources (Uses)</i>				
<b>NET CHANGE IN FUND BALANCES</b>	1,333,635	258,911	(422)	1,592,124
<b>FUND BALANCE, Beginning of year</b>	<u>2,536,011</u>	<u>465,582</u>	<u>6,453</u>	<u>3,008,046</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 3,869,646</u>	<u>\$ 724,493</u>	<u>\$ 6,031</u>	<u>\$ 4,600,170</u>

# 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, 2010**

	<u>9-1-1</u>	<u>Development Services</u>	<u>Parking</u>	<u>Transit</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 508,174	\$ 1,445,678	\$ 889,846	\$ 598,145	\$ 3,441,843
Receivables					
Accounts	1,424	162,326	37,242	1,135	202,127
Accrued interest	504	1,074	707	165	2,450
Grants	-	-	-	228,512	228,512
Other receivables	127,413	-	-	522	127,935
	<u>637,515</u>	<u>1,609,078</u>	<u>927,795</u>	<u>828,479</u>	<u>4,002,867</u>
<i>Total Assets</i>	<u>\$ 637,515</u>	<u>\$ 1,609,078</u>	<u>\$ 927,795</u>	<u>\$ 828,479</u>	<u>\$ 4,002,867</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 19,773	\$ 22,207	\$ 5,135	\$ 30,892	\$ 78,007
Other accrued liabilities	-	17,614	-	439	18,053
Deferred revenue	-	-	37,161	-	37,161
	<u>19,773</u>	<u>39,821</u>	<u>42,296</u>	<u>31,331</u>	<u>133,221</u>
<i>Total Liabilities</i>	19,773	39,821	42,296	31,331	133,221
<b>Fund Balances</b>					
Unreserved					
Undesignated	617,742	1,569,257	885,499	797,148	3,869,646
	<u>617,742</u>	<u>1,569,257</u>	<u>885,499</u>	<u>797,148</u>	<u>3,869,646</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 637,515</u>	<u>\$ 1,609,078</u>	<u>\$ 927,795</u>	<u>\$ 828,479</u>	<u>\$ 4,002,867</u>

**CITY OF CORVALLIS, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>9-1-1</b>	<b>Development Services</b>	<b>Parking</b>	<b>Transit</b>	<b>Total</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 217,114	\$ 217,114
Licenses, fees, and permits	-	1,163,606	15,840	-	1,179,446
Charges for services	986,656	1,848,679	164,942	478,655	3,478,932
Intergovernmental	1,059,507	-	-	1,955,125	3,014,632
Fines and forfeitures	-	-	367,280	169	367,449
Miscellaneous	4,548	6,602	7,148	730,654	748,952
<i>Total Revenues</i>	<u>2,050,711</u>	<u>3,018,887</u>	<u>555,210</u>	<u>3,381,717</u>	<u>9,006,525</u>
<b>EXPENDITURES</b>					
Current					
Community Development	-	1,798,849	3,805	-	1,802,654
Finance	-	-	105,451	-	105,451
Police	1,914,402	-	279,836	-	2,194,238
Public Works	-	-	104,872	2,766,968	2,871,840
Capital outlay	-	-	-	690,277	690,277
<i>Total Expenditures</i>	<u>1,914,402</u>	<u>1,798,849</u>	<u>493,964</u>	<u>3,457,245</u>	<u>7,664,460</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>136,309</u>	<u>1,220,038</u>	<u>61,246</u>	<u>(75,528)</u>	<u>1,342,065</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	218,390	-	-	218,390
Transfers out	(80,390)	(98,460)	(20,970)	(27,000)	(226,820)
<i>Total Other Financing Sources (Uses)</i>	<u>(80,390)</u>	<u>119,930</u>	<u>(20,970)</u>	<u>(27,000)</u>	<u>(8,430)</u>
<b>NET CHANGE IN FUND BALANCE</b>	55,919	1,339,968	40,276	(102,528)	1,333,635
<b>FUND BALANCE, Beginning of year</b>	<u>561,823</u>	<u>229,289</u>	<u>845,223</u>	<u>899,676</u>	<u>2,536,011</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 617,742</u>	<u>\$ 1,569,257</u>	<u>\$ 885,499</u>	<u>\$ 797,148</u>	<u>\$ 3,869,646</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, 2010**

	<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	\$ 986,660	\$ 986,660	\$ 986,656	\$ (4)
Intergovernmental	977,700	977,700	1,059,507	81,807
Miscellaneous	7,520	7,520	4,548	(2,972)
<i>Total Revenues</i>	<u>1,971,880</u>	<u>1,971,880</u>	<u>2,050,711</u>	<u>78,831</u>
<b>EXPENDITURES</b>				
Current				
Police	2,070,690	2,070,690	1,914,402	156,288
Contingency	38,570	38,570	-	38,570
<i>Total Expenditures</i>	<u>2,109,260</u>	<u>2,109,260</u>	<u>1,914,402</u>	<u>194,858</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(137,380)	(137,380)	136,309	273,689
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(80,440)	(80,440)	(80,390)	50
<b>NET CHANGE IN FUND BALANCE</b>	(217,820)	(217,820)	55,919	273,739
<b>FUND BALANCE, Beginning of year</b>	<u>481,019</u>	<u>481,019</u>	<u>561,823</u>	<u>80,804</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 263,199</u>	<u>\$ 263,199</u>	<u>\$ 617,742</u>	<u>\$ 354,543</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, 2010**

	<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	\$ 686,930	\$ 686,930	\$ 1,163,606	\$ 476,676
Charges for services	703,110	703,110	1,848,679	1,145,569
Miscellaneous	27,530	27,530	6,602	(20,928)
<i>Total Revenues</i>	<u>1,417,570</u>	<u>1,417,570</u>	<u>3,018,887</u>	<u>1,601,317</u>
<b>EXPENDITURES</b>				
Current				
Community Development	<u>1,883,090</u>	<u>1,883,090</u>	<u>1,798,849</u>	<u>84,241</u>
<i>Total Expenditures</i>	<u>1,883,090</u>	<u>1,883,090</u>	<u>1,798,849</u>	<u>84,241</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(465,520)	(465,520)	1,220,038	1,685,558
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	218,390	218,390	218,390	-
Transfers out	<u>(129,070)</u>	<u>(129,070)</u>	<u>(98,460)</u>	<u>30,610</u>
<i>Total Other Financing Sources (Uses)</i>	<u>89,320</u>	<u>89,320</u>	<u>119,930</u>	<u>30,610</u>
<b>NET CHANGE IN FUND BALANCE</b>	(376,200)	(376,200)	1,339,968	1,716,168
<b>FUND BALANCE, Beginning of year</b>	<u>391,551</u>	<u>391,551</u>	<u>229,289</u>	<u>(162,262)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 15,351</u>	<u>\$ 15,351</u>	<u>\$ 1,569,257</u>	<u>\$ 1,553,906</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, 2010**

	<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	\$ 18,000	\$ 18,000	\$ 15,840	\$ (2,160)
Charges for services	175,840	175,840	164,942	(10,898)
Fines and forfeitures	401,000	401,000	367,280	(33,720)
Miscellaneous	13,910	13,910	7,148	(6,762)
<i>Total Revenues</i>	<u>608,750</u>	<u>608,750</u>	<u>555,210</u>	<u>(53,540)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	3,900	3,900	3,805	95
Finance	129,500	129,500	105,451	24,049
Police	296,370	296,370	279,836	16,534
Public Works	173,770	173,770	104,872	68,898
Contingency	12,400	12,400	-	12,400
<i>Total Expenditures</i>	<u>615,940</u>	<u>615,940</u>	<u>493,964</u>	<u>121,976</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(7,190)	(7,190)	61,246	68,436
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(224,190)	(224,190)	(20,970)	203,220
<b>NET CHANGE IN FUND BALANCE</b>	(231,380)	(231,380)	40,276	271,656
<b>FUND BALANCE, Beginning of year</b>	<u>839,853</u>	<u>839,853</u>	<u>845,223</u>	<u>5,370</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 608,473</u>	<u>\$ 608,473</u>	<u>\$ 885,499</u>	<u>\$ 277,026</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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 451,080	\$ 451,080	\$ 217,114	\$ (233,966)
Charges for services	442,050	442,050	478,655	36,605
Intergovernmental	2,338,620	2,338,620	1,955,125	(383,495)
Fines and forfeitures	-	-	169	169
Miscellaneous	730,260	730,260	730,654	394
<i>Total Revenues</i>	<u>3,962,010</u>	<u>3,962,010</u>	<u>3,381,717</u>	<u>(580,293)</u>
<b>EXPENDITURES</b>				
Current				
Public Works	3,988,670	3,988,670	3,457,245	531,425
Contingency	79,210	79,210	-	79,210
<i>Total Expenditures</i>	<u>4,067,880</u>	<u>4,067,880</u>	<u>3,457,245</u>	<u>610,635</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(105,870)	(105,870)	(75,528)	30,342
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(27,010)	(27,010)	(27,000)	10
<b>NET CHANGE IN FUND BALANCE</b>	(132,880)	(132,880)	(102,528)	30,352
<b>FUND BALANCE, Beginning of year</b>	<u>1,295,464</u>	<u>1,295,464</u>	<u>899,676</u>	<u>(395,788)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,162,584</u>	<u>\$ 1,162,584</u>	<u>\$ 797,148</u>	<u>\$ (365,436)</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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 841,080	\$ 841,080	\$ 705,234	\$ (135,846)
Miscellaneous	166,920	166,920	89,904	(77,016)
<i>Total Revenues</i>	<u>1,008,000</u>	<u>1,008,000</u>	<u>795,138</u>	<u>(212,862)</u>
<b>EXPENDITURES</b>				
Capital outlay	5,806,140	5,806,140	1,844,010	3,962,130
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,798,140)	(4,798,140)	(1,048,872)	3,749,268
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,627,625	4,627,625	1,211,352	(3,416,273)
<b>NET CHANGE IN FUND BALANCE</b>	(170,515)	(170,515)	162,480	332,995
<b>FUND BALANCE, Beginning of year</b>	<u>332,182</u>	<u>332,182</u>	<u>670,242</u>	<u>338,060</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 161,667</u>	<u>\$ 161,667</u>	<u>\$ 832,722</u>	<u>\$ 671,055</u>

# 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, 2010**

	<b>General Obligation Debt Service</b>	<b>Pension Obligation Debt Service</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 723,332	\$ 391	\$ 723,723
Receivables			
Accrued interest	758	-	758
Other assets	-	12	12
	<u>724,090</u>	<u>403</u>	<u>724,493</u>
<i>Total Assets</i>	<u>\$ 724,090</u>	<u>\$ 403</u>	<u>\$ 724,493</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Undesignated	724,090	403	724,493
	<u>724,090</u>	<u>403</u>	<u>724,493</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 724,090</u>	<u>\$ 403</u>	<u>\$ 724,493</u>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<b>General Obligation Debt Service</b>	<b>Pension Obligation Debt Service</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes	\$ 1,933,343	\$ -	\$ 1,933,343
Miscellaneous	5,140	20	5,160
<i>Total Revenues</i>	<u>1,938,483</u>	<u>20</u>	<u>1,938,503</u>
<b>EXPENDITURES</b>			
Current			
Nondepartmental	-	1,350	1,350
Debt service			
Principal	1,240,000	349,592	1,589,592
Interest	438,255	1,832,655	2,270,909
<i>Total Expenditures</i>	<u>1,678,255</u>	<u>2,183,597</u>	<u>3,861,852</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	260,228	(2,183,577)	(1,923,349)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	2,182,260	2,182,260
<b>NET CHANGE IN FUND BALANCES</b>	260,228	(1,317)	258,911
<b>FUND BALANCE, Beginning of year</b>	<u>463,862</u>	<u>1,720</u>	<u>465,582</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 724,090</u>	<u>\$ 403</u>	<u>\$ 724,493</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,933,460	\$ 1,933,460	\$ 1,933,343	\$ (117)
Miscellaneous	12,940	12,940	5,140	(7,800)
<i>Total Revenues</i>	<u>1,946,400</u>	<u>1,946,400</u>	<u>1,938,483</u>	<u>(7,917)</u>
<b>EXPENDITURES</b>				
Current				
Principal	1,240,000	1,240,000	1,240,000	-
Interest	438,270	438,270	438,255	15
<i>Total Expenditures</i>	<u>1,678,270</u>	<u>1,678,270</u>	<u>1,678,255</u>	<u>15</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	268,130	268,130	260,228	(7,902)
<b>FUND BALANCE, Beginning of year</b>	<u>458,833</u>	<u>458,833</u>	<u>463,862</u>	<u>5,029</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 726,963</u>	<u>\$ 726,963</u>	<u>\$ 724,090</u>	<u>\$ (2,873)</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, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 20	\$ 20
<b>EXPENDITURES</b>				
Current				
Nondepartmental	1,490	1,490	1,350	140
Debt service				
Principal	349,600	349,600	349,592	8
Interest	1,832,660	1,832,660	1,832,655	5
<i>Total Expenditures</i>	<u>2,183,750</u>	<u>2,183,750</u>	<u>2,183,597</u>	<u>153</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,183,750)	(2,183,750)	(2,183,577)	173
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,183,610</u>	<u>2,183,610</u>	<u>2,182,260</u>	<u>(1,350)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(140)	(140)	(1,317)	(1,177)
<b>FUND BALANCE, Beginning of year</b>	<u>2,021</u>	<u>2,021</u>	<u>1,720</u>	<u>(301)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 1,881</u>	<u>\$ 1,881</u>	<u>\$ 403</u>	<u>\$ (1,478)</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, 2010**

---

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 140	\$ 140	\$ 44	\$ (96)
<b>EXPENDITURES</b>				
Current				
Library	500	500	466	34
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(360)	(360)	(422)	(62)
<b>FUND BALANCE, Beginning of year</b>	6,267	6,267	6,453	186
<b>FUND BALANCE, End of year</b>	<u>\$ 5,907</u>	<u>\$ 5,907</u>	<u>\$ 6,031</u>	<u>\$ 124</u>

# 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 hangar 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, 2010**

	<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	\$ 8,859,910	\$ 8,859,910	\$ 8,258,499	\$ (601,411)
Intergovernmental	-	100,250	27,238	(73,012)
Fines and forfeitures	-	-	1,018	1,018
Miscellaneous	555,360	555,360	365,560	(189,800)
<i>Total Revenues</i>	<u>9,415,270</u>	<u>9,515,520</u>	<u>8,652,315</u>	<u>(863,205)</u>
<b>EXPENDITURES</b>				
Community Development	49,580	49,580	45,409	4,171
Public Works	7,222,760	7,323,010	6,780,741	542,269
Nondepartmental	-	2,200	2,198	2
Capital Projects	1,337,930	1,337,930	297,628	1,040,302
Debt service				
Principal	739,870	739,870	739,858	12
Interest	278,630	278,630	278,626	4
Contingency	177,470	177,470	-	177,470
<i>Total Expenditures</i>	<u>9,806,240</u>	<u>9,908,690</u>	<u>8,144,459</u>	<u>1,764,231</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(390,970)</u>	<u>(393,170)</u>	<u>507,856</u>	<u>901,026</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	5,790	5,790
Transfers in	1,848,480	1,848,480	-	(1,848,480)
Transfers out	(2,074,660)	(2,072,460)	(201,020)	1,871,440
<i>Total Other Financing Sources (Uses)</i>	<u>(226,180)</u>	<u>(223,980)</u>	<u>(195,230)</u>	<u>28,750</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(617,150)</u>	<u>(617,150)</u>	<u>312,626</u>	<u>929,776</u>
<b>FUND BALANCE, Beginning of year</b>	<u>5,326,831</u>	<u>5,326,831</u>	<u>5,834,323</u>	<u>507,492</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 4,709,681</u>	<u>\$ 4,709,681</u>	<u>\$ 6,146,949</u>	<u>\$ 1,437,268</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - WASTEWATER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<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	\$ 9,763,460	\$ 9,763,460	\$ 9,264,718	\$ (498,742)
Miscellaneous	211,790	211,790	108,847	(102,943)
<i>Total Revenues</i>	<u>9,975,250</u>	<u>9,975,250</u>	<u>9,373,565</u>	<u>(601,685)</u>
<b>EXPENDITURES</b>				
Community Development	48,420	48,420	44,485	3,935
Public Works	7,036,340	7,036,340	6,455,404	580,936
Capital Projects	3,855,150	3,855,150	753,858	3,101,292
Debt service				
Principal	1,462,880	1,462,880	1,462,871	9
Interest	842,810	842,810	842,786	24
Contingency	190,880	190,880	-	190,880
<i>Total Expenditures</i>	<u>13,436,480</u>	<u>13,436,480</u>	<u>9,559,404</u>	<u>3,877,076</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,461,230)</u>	<u>(3,461,230)</u>	<u>(185,839)</u>	<u>3,275,391</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,246,080	4,246,080	-	(4,246,080)
Transfers out	(4,452,240)	(4,452,240)	(194,830)	4,257,410
<i>Total Other Financing Sources (Uses)</i>	<u>(206,160)</u>	<u>(206,160)</u>	<u>(194,830)</u>	<u>11,330</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,667,390)</u>	<u>(3,667,390)</u>	<u>(380,669)</u>	<u>3,286,721</u>
<b>FUND BALANCE, Beginning of year</b>	<u>12,184,951</u>	<u>12,184,951</u>	<u>12,631,344</u>	<u>446,393</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 8,517,561</u>	<u>\$ 8,517,561</u>	<u>\$ 12,250,675</u>	<u>\$ 3,733,114</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL – STORM WATER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<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	\$ 1,914,450	\$ 1,914,450	\$ 1,912,004	\$ (2,446)
Fines and forfeitures	-	-	100	100
Miscellaneous	44,790	44,790	16,206	(28,584)
<i>Total Revenues</i>	<u>1,959,240</u>	<u>1,959,240</u>	<u>1,928,310</u>	<u>(30,930)</u>
<b>EXPENDITURES</b>				
Community Development	49,820	49,820	45,474	4,346
Public Works	2,248,400	2,248,400	1,685,348	563,052
Nondepartmental	-	3,500	3,493	7
Capital Projects	745,000	745,000	206,185	538,815
Contingency	37,860	37,860	-	37,860
<i>Total Expenditures</i>	<u>3,081,080</u>	<u>3,084,580</u>	<u>1,940,500</u>	<u>1,144,080</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,121,840)</u>	<u>(1,125,340)</u>	<u>(12,190)</u>	<u>1,113,150</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	4,000	4,000
Transfers in	745,000	745,000	5,000	(740,000)
Transfers out	(828,860)	(825,360)	(128,910)	696,450
<i>Total Other Financing Sources (Uses)</i>	<u>(83,860)</u>	<u>(80,360)</u>	<u>(119,910)</u>	<u>(39,550)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,205,700)</u>	<u>(1,205,700)</u>	<u>(132,100)</u>	<u>1,073,600</u>
<b>FUND BALANCE, Beginning of year</b>	<u>1,576,506</u>	<u>1,576,506</u>	<u>1,965,674</u>	<u>389,168</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 370,806</u>	<u>\$ 370,806</u>	<u>\$ 1,833,574</u>	<u>\$ 1,462,768</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - AIRPORT FUND**  
**YEAR ENDED JUNE 30, 2010**

	<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	\$ 4,297	\$ (203)
Charges for services	377,900	377,900	390,113	12,213
Intergovernmental	681,250	256,730	18,961	(237,769)
Miscellaneous	18,030	18,030	11,371	(6,659)
<i>Total Revenues</i>	<u>1,081,680</u>	<u>657,160</u>	<u>424,742</u>	<u>(232,418)</u>
<b>EXPENDITURES</b>				
Public Works	934,110	934,110	487,417	446,693
Capital Projects	122,390	122,390	89,174	33,216
Debt service				
Principal	18,550	18,550	18,548	2
Interest	10,930	10,930	10,926	4
Contingency	7,670	7,670	-	7,670
<i>Total Expenditures</i>	<u>1,093,650</u>	<u>1,093,650</u>	<u>606,065</u>	<u>487,585</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(11,970)</u>	<u>(436,490)</u>	<u>(181,323)</u>	<u>255,167</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - issuance of debt	-	424,520	-	(424,520)
Transfers in	11,150	11,150	8,200	(2,950)
Transfers out	(64,780)	(64,780)	(12,120)	52,660
<i>Total Other Financing Sources (Uses)</i>	<u>(53,630)</u>	<u>370,890</u>	<u>(3,920)</u>	<u>(374,810)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(65,600)</u>	<u>(65,600)</u>	<u>(185,243)</u>	<u>(119,643)</u>
<b>FUND BALANCE, Beginning of year</b>	<u>794,850</u>	<u>794,850</u>	<u>780,902</u>	<u>(13,948)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 729,250</u>	<u>\$ 729,250</u>	<u>\$ 595,659</u>	<u>\$ (133,591)</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, 2010**

	<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	\$ 54,646	\$ 114,625	\$ 617,031	\$ 135,536	\$ 653,784	\$ 1,575,622
Receivables						
Accounts	13,069	-	44	4	-	13,117
Accrued interest	50	160	574	416	534	1,734
<b>Total Current Assets</b>	<b>67,765</b>	<b>114,785</b>	<b>617,649</b>	<b>135,956</b>	<b>654,318</b>	<b>1,590,473</b>
<b>Capital Assets</b>						
Land	-	-	-	500,663	-	500,663
Buildings	-	47,786	-	86,849	-	134,635
Vehicles	19,464	17,993	22,506	-	15,465	75,428
Machinery and equipment	9,850	67,529	994,278	25,857	15,464	1,112,978
<b>Total Capital Assets</b>	<b>29,314</b>	<b>133,308</b>	<b>1,016,784</b>	<b>613,369</b>	<b>30,929</b>	<b>1,823,704</b>
Less accumulated depreciation	(1,737)	(26,398)	(848,918)	(112,705)	(12,069)	(1,001,827)
<b>Capital Assets (net of accumulated depreciation)</b>	<b>27,577</b>	<b>106,910</b>	<b>167,866</b>	<b>500,664</b>	<b>18,860</b>	<b>821,877</b>
<b>Total Assets</b>	<b>\$ 95,342</b>	<b>\$ 221,695</b>	<b>\$ 785,515</b>	<b>\$ 636,620</b>	<b>\$ 673,178</b>	<b>\$ 2,412,350</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 37,941	\$ 48,924	\$ 62,465	\$ 23,215	\$ 65,071	\$ 237,616
Accrued compensated absences	12,702	48,623	75,532	344,733	-	481,590
Other accrued liabilities	-	-	-	39,897	-	39,897
<b>Total Current Liabilities</b>	<b>50,643</b>	<b>97,547</b>	<b>137,997</b>	<b>407,845</b>	<b>65,071</b>	<b>759,103</b>
<b>Noncurrent liabilities</b>						
Accrued compensated absences	6,912	26,456	41,097	187,573	-	262,038
Net OPEB Obligations	16,769	24,298	90,005	253,931	-	385,003
<b>Total Liabilities</b>	<b>74,324</b>	<b>148,301</b>	<b>269,099</b>	<b>849,349</b>	<b>65,071</b>	<b>1,406,144</b>
<b>Net Assets</b>						
Investment in capital assets	27,577	106,910	167,866	500,664	18,860	821,877
Unrestricted	(6,559)	(33,516)	348,550	(713,393)	589,247	184,329
<b>Total Net Assets</b>	<b>21,018</b>	<b>73,394</b>	<b>516,416</b>	<b>(212,729)</b>	<b>608,107</b>	<b>1,006,206</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 95,342</b>	<b>\$ 221,695</b>	<b>\$ 785,515</b>	<b>\$ 636,620</b>	<b>\$ 673,178</b>	<b>\$ 2,412,350</b>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS - INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<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	\$ 712,438	\$ 757,044	\$ 1,638,622	\$ 4,550,450	\$ 901,900	\$ 8,560,454
Miscellaneous	1,550	11,201	42	5,562	24,173	42,528
<i>Total Operating Revenues</i>	<u>713,988</u>	<u>768,245</u>	<u>1,638,664</u>	<u>4,556,012</u>	<u>926,073</u>	<u>8,602,982</u>
<b>OPERATING EXPENSES</b>						
Personal services	226,084	421,803	1,192,645	3,213,674	-	5,054,206
Materials and supplies	369,143	57,206	27,712	48,075	11,473	513,609
Services	49,831	158,742	248,593	646,461	1,000	1,104,627
Utility and overhead	46,957	103,973	96,610	666,946	928,617	1,843,103
Training and conference	2,690	1,198	32,146	46,834	1,091	83,959
Depreciation and amortization	1,031	8,590	98,877	-	6,127	114,625
<i>Total Operating Expenses</i>	<u>695,736</u>	<u>751,512</u>	<u>1,696,583</u>	<u>4,621,990</u>	<u>948,308</u>	<u>8,714,129</u>
<b>OPERATING INCOME (LOSS)</b>	18,252	16,733	(57,919)	(65,978)	(22,235)	(111,147)
<b>NONOPERATING INCOME (EXPENSE)</b>						
Interest income	445	1,207	4,823	3,116	5,201	14,792
capital assets	-	-	-	8,379	(14,135)	(5,756)
<i>Total Non-Operating Income (Expense)</i>	<u>445</u>	<u>1,207</u>	<u>4,823</u>	<u>11,495</u>	<u>(8,934)</u>	<u>9,036</u>
<b>CHANGE IN NET ASSETS</b>	18,697	17,940	(53,096)	(54,483)	(31,169)	(102,111)
<b>NET ASSETS, Beginning 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>
<b>NET ASSETS, End of year</b>	<u>\$ 21,018</u>	<u>\$ 73,394</u>	<u>\$ 516,416</u>	<u>\$ (212,729)</u>	<u>\$ 608,107</u>	<u>\$ 1,006,206</u>

**CITY OF CORVALLIS, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<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	\$ 75,553	\$ 12,161	\$ 1,669	\$ 5,726	\$ 24,173	\$ 119,282
Receipts from interfund services provided	595,355	788,180	1,704,661	4,734,901	901,900	8,724,997
Payments to suppliers	(422,913)	(310,906)	(360,866)	(1,201,547)	(1,026,955)	(3,323,187)
Payments to employees	(195,963)	(421,124)	(1,153,691)	(2,966,053)	-	(4,736,831)
Payments for interfund services used	(13,835)	(75,364)	(120,666)	(601,847)	(1,099)	(812,811)
<i>Net Cash Provided by (Used In) Operating Activities</i>	<u>38,197</u>	<u>(7,053)</u>	<u>71,107</u>	<u>(28,820)</u>	<u>(101,981)</u>	<u>(28,550)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(27,901)	(13,650)	(27,807)	8,379	(15,465)	(76,444)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	404	1,075	4,344	2,763	4,760	13,346
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<u>10,700</u>	<u>(19,628)</u>	<u>47,644</u>	<u>(17,678)</u>	<u>(112,686)</u>	<u>(91,648)</u>
<b>CASH AND INVESTMENTS, Beginning 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>CASH AND INVESTMENTS, End of year</b>	<u>\$ 54,646</u>	<u>\$ 114,625</u>	<u>\$ 617,031</u>	<u>\$ 135,536</u>	<u>\$ 653,784</u>	<u>\$ 1,575,622</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 18,252	\$ 16,733	\$ (57,919)	\$ (65,978)	\$ (22,235)	\$ (111,147)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	1,031	8,590	98,877	-	6,127	114,625
Change in assets and liabilities						
Receivables						
Accounts receivable	(10,564)	-	1,474	(4)	-	(9,094)
Accounts payable	22,470	(22,917)	(9,590)	(15,959)	(85,873)	(111,869)
Accrued compensated absences	2,559	(17,389)	(3,867)	(59,023)	-	(77,720)
Net OPEB obligations	4,449	7,930	42,132	118,234	-	172,745
Other accrued liabilities	-	-	-	(6,090)	-	(6,090)
<i>Net Cash Provided by (Used In) Operating Activities</i>	<u>\$ 38,197</u>	<u>\$ (7,053)</u>	<u>\$ 71,107</u>	<u>\$ (28,820)</u>	<u>\$ (101,981)</u>	<u>\$ (28,550)</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, 2010**

	<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	\$ 739,640	\$ 739,640	\$ 712,438	\$ (27,202)
Miscellaneous	850	850	1,995	1,145
<i>Total Revenues</i>	<u>740,490</u>	<u>740,490</u>	<u>714,433</u>	<u>(26,057)</u>
<b>EXPENDITURES</b>				
Public Works	741,410	741,410	715,598	25,812
Contingency	16,000	16,000	-	16,000
<i>Total Expenditures</i>	<u>757,410</u>	<u>757,410</u>	<u>715,598</u>	<u>41,812</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(16,920)	(16,920)	(1,165)	15,755
<b>FUND BALANCE, Beginning of year</b>	<u>30,128</u>	<u>30,128</u>	<u>30,988</u>	<u>860</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 13,208</u>	<u>\$ 13,208</u>	<u>\$ 29,823</u>	<u>\$ 16,615</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, 2010**

	<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	\$ 792,320	\$ 792,320	\$ 757,044	\$ (35,276)
Miscellaneous	3,880	3,880	12,408	8,528
<i>Total Revenues</i>	<u>796,200</u>	<u>796,200</u>	<u>769,452</u>	<u>(26,748)</u>
<b>EXPENDITURES</b>				
Public Works	798,810	798,810	766,031	32,779
Contingency	10,000	10,000	-	10,000
<i>Total Expenditures</i>	<u>808,810</u>	<u>808,810</u>	<u>766,031</u>	<u>42,779</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(12,610)	(12,610)	3,421	16,031
<b>FUND BALANCE, Beginning of year</b>	<u>68,498</u>	<u>68,498</u>	<u>62,441</u>	<u>(6,057)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 55,888</u>	<u>\$ 55,888</u>	<u>\$ 65,862</u>	<u>\$ 9,974</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, 2010**

	<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	\$ 1,730,310	\$ 1,730,310	\$ 1,638,622	\$ (91,688)
Miscellaneous	13,840	13,840	4,865	(8,975)
<i>Total Revenues</i>	<u>1,744,150</u>	<u>1,744,150</u>	<u>1,643,487</u>	<u>(100,663)</u>
<b>EXPENDITURES</b>				
Finance	1,484,810	1,484,810	1,387,856	96,954
Public Works	251,430	251,430	199,393	52,037
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	<u>1,766,240</u>	<u>1,766,240</u>	<u>1,587,249</u>	<u>178,991</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(22,090)	(22,090)	56,238	78,328
<b>FUND BALANCE, Beginning of year</b>	<u>482,434</u>	<u>482,434</u>	<u>498,947</u>	<u>16,513</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 460,344</u>	<u>\$ 460,344</u>	<u>\$ 555,185</u>	<u>\$ 94,841</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, 2010**

	<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	\$ 4,734,450	\$ 4,734,450	\$ 4,550,450	\$ (184,000)
Miscellaneous	15,090	15,090	8,678	(6,412)
<i>Total Revenues</i>	<u>4,749,540</u>	<u>4,749,540</u>	<u>4,559,128</u>	<u>(190,412)</u>
<b>EXPENDITURES</b>				
City Manager's Office	2,127,350	2,127,350	2,003,998	123,352
Finance	2,615,050	2,615,050	2,558,781	56,269
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	<u>4,772,400</u>	<u>4,772,400</u>	<u>4,562,779</u>	<u>209,621</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(22,860)	(22,860)	(3,651)	19,209
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds - sale of capital assets	-	-	8,379	8,379
<b>NET CHANGE IN FUND BALANCE</b>	(22,860)	(22,860)	4,728	27,588
<b>FUND BALANCE, Beginning of year</b>	<u>64,753</u>	<u>64,753</u>	<u>68,116</u>	<u>3,363</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 41,893</u>	<u>\$ 41,893</u>	<u>\$ 72,844</u>	<u>\$ 30,951</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, 2010**

	<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	\$ 901,900	\$ 901,900	\$ 901,900	\$ -
Miscellaneous	57,540	57,540	29,374	(28,166)
<i>Total Revenues</i>	<u>959,440</u>	<u>959,440</u>	<u>931,274</u>	<u>(28,166)</u>
<b>EXPENDITURES</b>				
City Manager's Office	959,420	984,420	957,646	26,774
Contingency	275,000	250,000	-	250,000
<i>Total Expenditures</i>	<u>1,234,420</u>	<u>1,234,420</u>	<u>957,646</u>	<u>276,774</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(274,980)	(274,980)	(26,372)	248,608
<b>FUND BALANCE, Beginning of year</b>	<u>666,862</u>	<u>666,862</u>	<u>615,619</u>	<u>(51,243)</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 391,882</u>	<u>\$ 391,882</u>	<u>\$ 589,247</u>	<u>\$ 197,365</u>

# OTHER FINANCIAL SCHEDULES



**CITY OF CORVALLIS, OREGON****SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES****YEAR ENDED JUNE 30, 2010**

<i>Fiscal Year</i>	<i>Property Taxes Receivable June 30, 2009</i>	<i>Extended by Assessor</i>	<i>(Deduct) Collections (1)</i>	<i>Add (Deduct) Discounts and Adjustments</i>	<i>Property Taxes Receivable June 30, 2010</i>
2010	\$ -	\$ 21,544,022	\$ (20,261,342)	\$ (565,555)	\$ 717,125
2009	534,685	-	(290,487)	(16,639)	227,559
2008	175,583	-	(79,193)	(3,460)	92,930
2007	82,848	-	(37,457)	(2,608)	42,783
2006	38,052	-	(23,337)	(2,504)	12,211
2005	7,400	-	87	(1,661)	5,826
2004 and prior	35,956	-	(1,544)	(869)	33,543
	<u>\$ 874,524</u>	<u>\$ 21,544,022</u>	<u>\$ (20,693,273)</u>	<u>\$ (593,296)</u>	<u>\$ 1,131,977</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 \$20,693,573 in property tax receipts were received by the City in FY 2009/10. The City also received an additional \$38,410 from Benton County for property tax related interest.

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2010**

<i>Series</i>	<i>Date of Issue</i>	<i>Final Maturity Date</i>	<i>Amount of Original Issue</i>	<i>Outstanding July 1, 2009</i>	<i>Bonds Issued</i>	<i>Bonds Called and Matured</i>	<i>Outstanding June 30, 2010</i>
<b>BONDS PAYABLE</b>							
<i>General Obligation Bonds</i>							
Advance Refunding 1994	01/01/94	08/01/10	\$ 5,380,000	\$ 1,185,000	\$ -	\$ 580,000	\$ 605,000
Series 2001 A	05/01/01	05/01/21	7,900,000	725,000	-	355,000	370,000
Series 2009	05/27/09	06/01/19	10,190,000	10,190,000	-	305,000	9,885,000
<i>Total General Obligation Bonds</i>				<u>12,100,000</u>	<u>-</u>	<u>1,240,000</u>	<u>10,860,000</u>
<i>Pension Obligation Bonds</i>							
Series 2002 A	03/01/02	01/01/30	23,913,017	23,291,869	-	229,592	23,062,277
Series 2005 A	09/23/05	06/01/28	9,980,000	9,825,000	-	120,000	9,705,000
<i>Total Pension Obligation Bonds</i>				<u>33,116,869</u>	<u>-</u>	<u>349,592</u>	<u>32,767,277</u>
<i>Revenue Bonds</i>							
Series 2000 A	05/01/00	05/01/20	8,105,000	375,000	-	375,000	-
Series 2006 A	03/01/06	05/01/20	5,410,000	5,265,000	-	25,000	5,240,000
<i>Total Revenue Bonds</i>				<u>5,640,000</u>	<u>-</u>	<u>400,000</u>	<u>5,240,000</u>
<i>Total all Bonds</i>				<u>50,856,869</u>	<u>-</u>	<u>1,989,592</u>	<u>48,867,277</u>
<b>NOTES PAYABLE</b>							
OEDD Loan G95003	11/13/98	12/01/14	9,703,048	4,239,519	-	625,756	3,613,763
OEDD Loan B97001	09/06/96	12/01/16	2,107,000	1,125,418	-	114,102	1,011,316
SRF/DEQ Sewer Rehab	01/20/92	07/01/13	700,000	203,166	-	42,827	160,339
SRF/DEQ CSO	09/01/97	12/01/20	21,263,693	14,317,054	-	1,020,044	13,297,010
OEDD Loan B96002	09/06/96	12/01/16	332,240	199,428	-	18,548	180,880
<i>Total all Notes</i>				<u>20,084,585</u>	<u>-</u>	<u>1,821,277</u>	<u>18,263,308</u>
<i>Total Long-term Debt Transactions</i>				<u>\$ 70,941,454</u>	<u>\$ -</u>	<u>\$ 3,810,869</u>	<u>\$ 67,130,585</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, 2010**

<i>Series</i>	<i>Interest Rates on Outstanding Balances</i>	<i>Unmatured and Outstanding July 1, 2009</i>	<i>Bonds Issued</i>	<i>Coupons Called and Matured</i>	<i>Unmatured and Outstanding June 30, 2010</i>
<b>BONDS PAYABLE</b>					
<b>General Obligation Bonds</b>					
Advance Refunding 1994	4.95%	\$ 59,132	\$ -	\$ 44,158	\$ 14,974
Series 2001 A	4.50%	49,275	-	32,625	16,650
Series 2009	3.00 - 4.00 %	2,160,122	-	361,472	1,798,650
<i>Total General Obligation Bonds</i>		<u>2,268,529</u>	<u>-</u>	<u>438,255</u>	<u>1,830,274</u>
<b>Pension Obligation Bonds</b>					
Series 2002 A	6.35 - 7.06 %	30,922,056	-	1,346,808	29,575,248
Series 2005 A	4.516 - 5.50 %	6,269,935	-	485,846	5,784,089
<i>Total Pension Obligation Bonds</i>		<u>37,191,991</u>	<u>-</u>	<u>1,832,654</u>	<u>35,359,337</u>
<b>Revenue Bonds</b>					
Series 2000 A		19,312	-	19,312	-
Series 2006 A	3.00 - 5.00 %	1,460,038	-	227,138	1,232,900
<i>Total Revenue Bonds</i>		<u>1,479,350</u>	<u>-</u>	<u>246,450</u>	<u>1,232,900</u>
<i>Total All Bonds</i>		<u>40,939,870</u>	<u>-</u>	<u>2,517,359</u>	<u>38,422,511</u>
<b>NOTES PAYABLE</b>					
OEDD Loan G95003	4.5407%	800,076	-	216,959	583,117
OEDD Loan B97001	5.4442%	295,895	-	61,667	234,228
SRF/DEQ Sewer Rehab	3.0000%	15,535	-	5,775	9,760
SRF/DEQ CSO	3.6900%	3,858,555	-	590,561	3,267,994
OEDD Loan B96002	5.4687%	52,433	-	10,926	41,507
<i>Total All Notes</i>		<u>5,022,494</u>	<u>-</u>	<u>885,888</u>	<u>4,136,606</u>
<i>Total Long-term Debt Interest Transactions</i>		<u>\$ 45,962,364</u>	<u>\$ -</u>	<u>\$ 3,403,247</u>	<u>\$ 42,559,117</u>

**CITY OF CORVALLIS, OREGON**

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

**JUNE 30, 2010**

<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>
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>\$ 10,860,000</u>	<u>\$ 1,830,274</u>	<u>\$ 12,690,274</u>	<u>\$ 605,000</u>	<u>\$ 14,974</u>	<u>\$ 370,000</u>	<u>\$ 16,650</u>	<u>\$ 9,885,000</u>	<u>\$ 1,798,650</u>

**CITY OF CORVALLIS, OREGON****SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF PENSION OBLIGATION BONDS**

JUNE 30, 2010

<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>
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>\$ 32,767,277</b>	<b>\$ 35,359,337</b>	<b>\$ 68,126,614</b>	<b>\$ 23,062,277</b>	<b>\$ 29,575,248</b>	<b>\$ 9,705,000</b>	<b>\$ 5,784,089</b>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF NOTES**  
**JUNE 30, 2010**

<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>
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>\$ 18,263,308</b>	<b>\$ 4,136,606</b>	<b>\$ 22,399,914</b>	<b>\$ 3,613,763</b>	<b>\$ 583,117</b>	<b>\$ 1,011,316</b>	<b>\$ 234,228</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>
\$ 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>\$ 160,339</u>	<u>\$ 9,760</u>	<u>\$ 13,297,010</u>	<u>\$ 3,267,994</u>	<u>\$ 180,880</u>	<u>\$ 41,507</u>

**CITY OF CORVALLIS, OREGON**

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

**JUNE 30, 2010**

**SENIOR DEBT**

<i>Year of Maturity</i>	<i>Total Requirements</i>			<i>Series 2006 A</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>
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>\$ 5,240,000</b>	<b>\$ 1,232,900</b>	<b>\$ 6,472,900</b>	<b>\$ 5,240,000</b>	<b>\$ 1,232,900</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>
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>\$ 13,457,349</b>	<b>\$ 3,277,754</b>	<b>\$ 16,735,103</b>	<b>\$ 160,339</b>	<b>\$ 9,760</b>	<b>\$ 13,297,010</b>	<b>\$ 3,267,994</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, 2010 (1)</i>
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
2010	3,825,053,618	2.13	21,544,022	1.80	5.6251	96.58

(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, 2010 - UNAUDITED**

<b>REVENUES</b>	
Gross operating revenues (1)	\$ 8,774,449
SDC revenues	599,115
Transfers from (to) Rate Stabilization Account (RSA)	-
<i>Total Gross Revenues</i>	<u>9,373,564</u>
<b>OPERATING EXPENSES (2)</b>	<u>(6,214,242)</u>
<b>NET REVENUES (3)</b>	<u>\$ 3,159,322</u>
<b>NET OPERATING REVENUES (4)</b>	<u>\$ 2,560,207</u>
<b>ANNUAL DEBT SERVICE (Principal &amp; Interest)</b>	
Senior Debt	
CSO Revenue Bond (2000A)	\$ 394,312
CSO Revenue Bond (2006A)	252,138
<i>Total Senior Debt Service</i>	<u>646,450</u>
Subordinate Debt	
State Revolving Fund / DEQ Loan (1992) #R24480	48,602
State Revolving Fund / DEQ Loan (1998) #R24481	1,610,605
<i>Total Subordinated Debt Service</i>	<u>1,659,207</u>
<i>Total Annual Debt Service</i>	<u>\$ 2,305,657</u>
<b>NET REVENUE DEBT SERVICE COVERAGE</b> (Requirement is 1.20 times senior debt)	<u>4.89</u>
<b>NET REVENUE DEBT SERVICE COVERAGE</b> (Requirement is 1.05 times subordinate debt)	<u>1.90</u>
<b>NET OPERATING REVENUE DEBT SERVICE COVERAGE</b> (Requirement is 1.05 times total debt service)	<u>1.11</u>
<b>RATE STABILIZATION ACCOUNT (RSA) BALANCE - JUNE 30, 2010</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 \$1.7 million per year based on debt commitments as of June 30, 2010.

- (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, 2010 - 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>
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
2010	2,560,207	14,835	33.01

**LARGEST SEWER SYSTEM CUSTOMERS**

<i>Customer</i>	<i>2010 System Usage in Units (1)</i>	<i>2010 Annual Revenue</i>	<i>Percent of Total System Gross Revenue (2)</i>
Hewlett-Packard (all facilities)	197,337	\$ 765,885	8.17 %
Oregon State University	193,131	658,922	7.03
Samaritan Helath Services	26,846	94,301	1.01
Asset Management, LLC	20,781	61,676	0.66
Foster Poultry Farms	14,031	47,624	0.51
Fred Haruda	11,993	36,361	0.39
Evanite	10,327	35,257	0.38
Corvallis Schools 509J	13,473	40,783	0.44
Mt. View @ Rivergreen Phase II	13,799	43,159	0.46
David Huarte Safeway	11,982	35,460	0.38
Conifer Place / Bird LLC	9,891	30,621	0.33
Meadow Park Mobile Est	8,023	23,414	0.25
Julantru Limited Partnership	9,416	27,619	0.29
Korda Group	7,925	25,019	0.27
Hilton Garden Inn	5,147	17,559	0.19
	<u>554,102</u>	<u>\$ 1,943,660</u>	<u>20.76 %</u>

(1) One unit = 1 hcf - 748 gallons

(2) Total system gross revenues for fiscal year 2010 were \$9,373,565

**CITY OF CORVALLIS, OREGON**

**ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF DIRECT AND OVERLAPPING DEBT  
TO PROPERTY VALUE RATIOS  
JUNE 30, 2010 - UNAUDITED**

---

	<u>Values</u>	<u>Per Capita</u>	<u>Percent of Real Market Value</u>	<u>Percent of Assessed Value</u>
2010 population	55,125	-	-	-
2009-10 real market value	\$ 5,825,692,594	\$ 105,681	100.00 %	-
2009-10 assessed value	3,825,053,618	69,389	65.66	100.00 %
Long-term gross bonded debt	48,867,277	886	0.84	1.28
Long-term net direct debt	10,135,910	184	0.17	0.26
Overlapping debt	54,290,649	985	0.93	1.42
Long-term net direct and overlapping debt	64,426,559	1,169	1.11	1.68

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, 2010 - 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, 2010</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	\$ 605,000
Series 2001 A	05/01/01	05/01/21	2208854Y0	7,900,000	370,000
Series 2009	05/27/09	06/01/19	2208855	10,190,000	9,885,000
<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	23,062,277
Pension Obligation - Series 2005 A	09/23/05	06/01/28	68608D	9,980,000	9,705,000
<b>REVENUE BONDS</b>					
Combined Sewer Overflow - Series 2006 A	03/01/06	05/01/20	221004	5,410,000	5,240,000
<i>Total Unlimited Tax General Obligation Bonds, Debt Paid and/or Secured by the General Fund, and Revenue Bonds</i>				<u>62,773,017</u>	<u>48,867,277</u>
<b>OTHER REVENUE SUPPORTED LOANS</b>					
Sewer Rehabilitation - SRF/DEQ 1992	01/20/92	07/01/13	R24480	700,000	160,339
Taylor Treatment Plant - OEDD 1994 (Refunded 1998)	11/02/94	12/01/14	G95003	9,703,048	3,613,763
Taylor Treatment Plant - OEDD 1996	09/06/96	12/01/16	B97001	2,107,000	1,011,316
Airport - OEDD 1996	09/06/96	12/01/16	B96002	332,240	180,880
Combined Sewer Overflow - SRF/DEQ 1997	10/01/97	12/01/20	R24481	21,263,693	13,297,010
<i>Total Other Revenue Supported Loans</i>				<u>34,105,981</u>	<u>18,263,308</u>
<i>Total Outstanding Debt Obligations</i>				<u>\$ 96,878,998</u>	<u>\$ 67,130,585</u>

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

	<u>2008-09</u>	<u>2009-10</u>
<b>RESOURCES</b>		
Fund Balance, Beginning of Year	\$ 40,724,025	\$ 38,223,492
Revenues		
Property taxes	20,509,610	20,961,130
Other taxes	1,220,930	1,194,350
Licenses, fees, and permits	7,343,480	6,886,740
Charges for services	39,544,320	38,215,330
Intergovernmental	13,159,090	16,031,320
Fines and forfeitures	1,253,270	1,413,310
Miscellaneous	4,088,410	3,095,810
Other financing sources	12,182,445	13,769,335
<i>Total Revenues</i>	<u>99,301,555</u>	<u>101,567,325</u>
<i>Total Resources</i>	<u>\$ 140,025,580</u>	<u>\$ 139,790,817</u>
<b>REQUIREMENTS</b>		
Operating Expense		
Personal services	\$ 41,319,960	\$ 43,109,280
Supplies and services	32,998,130	36,562,130
Capital outlay	2,679,870	3,826,780
<i>Total Operating Expense</i>	<u>76,997,960</u>	<u>83,498,190</u>
Nonoperating Expense		
Capital projects	10,902,090	11,866,610
Tranfers	12,182,445	13,880,335
Debt service	7,443,110	7,214,200
Contingencies	1,696,600	1,710,740
<i>Total Nonoperating Expense</i>	<u>32,224,245</u>	<u>34,671,885</u>
<i>Total Expenditures</i>	<u>\$ 109,222,205</u>	<u>\$ 118,170,075</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>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
<b>REVENUES</b>					
Taxes	\$ 4,989,007	\$ 5,319,213	\$ 4,784,086	\$ 4,149,749	\$ 5,978,510
Licenses, fees, and permits	4,645,225	5,071,181	5,228,281	5,396,443	5,227,722
Charges for services	365,128	554,627	723,496	531,606	585,995
Intergovernmental	1,165,448	1,180,864	1,009,226	1,288,467	1,347,433
Fines and forfeitures	707,246	796,101	739,487	646,667	573,806
Miscellaneous	266,883	343,816	251,502	144,828	95,575
<i>Total Revenues</i>	<u>12,138,937</u>	<u>13,265,802</u>	<u>12,736,078</u>	<u>12,157,760</u>	<u>13,809,041</u>
<b>EXPENDITURES</b>					
Current					
Community Development	1,038,914	1,149,683	1,277,252	1,390,460	1,453,556
Finance	460,900	496,410	515,175	565,953	614,534
Police	7,763,524	8,353,027	8,605,967	9,315,498	9,978,567
Public Works	563,739	693,063	783,384	794,684	878,851
Nondepartmental	1,361,023	1,354,701	1,367,740	1,435,348	1,487,599
Debt service					
Principal	125,000	-	-	-	-
Interest	4,794	-	-	-	-
<i>Total Expenditures</i>	<u>11,317,894</u>	<u>12,046,884</u>	<u>12,549,518</u>	<u>13,501,943</u>	<u>14,413,107</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>821,043</u>	<u>1,218,918</u>	<u>186,560</u>	<u>(1,344,183)</u>	<u>(604,066)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds - sale of capital assets	18,984	5,661	24,136	13,437	6,396
Transfers in	56,480	-	-	-	-
Transfers out	(611,219)	(893,127)	(531,293)	(524,137)	(641,910)
<i>Total Other Financing Sources (Uses)</i>	<u>(535,755)</u>	<u>(887,466)</u>	<u>(507,157)</u>	<u>(510,700)</u>	<u>(635,514)</u>
<b>NET CHANGE IN FUND BALANCE</b>	285,288	331,452	(320,597)	(1,854,883)	(1,239,580)
<b>FUND BALANCE, Beginning 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>
<b>FUND BALANCE, End of year</b>	<u>\$ 3,754,011</u>	<u>\$ 4,085,463</u>	<u>\$ 3,764,866</u>	<u>\$ 1,909,983</u>	<u>\$ 670,403</u>

# 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 EIGHT FISCAL YEARS**  
*(accrual basis of accounting)*

	<i>Fiscal Year</i>							
	<u>2003<sup>(a)</sup></u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities								
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	\$ 145,961,066
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	3,980,184
Unrestricted	15,581,392	13,598,184	16,632,858	14,946,146	13,398,537	11,885,844	3,194,561	(1,397,676)
<i>Total Governmental Activities Net Assets</i>	<u>\$ 150,995,800</u>	<u>\$ 153,929,316</u>	<u>\$ 156,242,114</u>	<u>\$ 155,925,321</u>	<u>\$ 158,297,940</u>	<u>\$ 156,920,765</u>	<u>\$ 149,822,100</u>	<u>\$ 148,543,574</u>
Business-type Activities								
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	\$ 110,462,358
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	13,990,821
Unrestricted	13,604,517	10,144,280	7,995,633	5,181,976	6,302,255	6,630,423	6,806,044	5,549,490
<i>Total Business-type Activities Net Assets</i>	<u>\$ 103,392,312</u>	<u>\$ 110,361,216</u>	<u>\$ 115,917,207</u>	<u>\$ 121,771,817</u>	<u>\$ 126,753,018</u>	<u>\$ 128,590,624</u>	<u>\$ 129,644,697</u>	<u>\$ 130,002,669</u>
Primary Government								
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	\$ 256,423,424
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	17,971,005
Unrestricted	29,185,909	23,742,464	24,628,491	20,128,122	19,700,792	18,516,267	10,000,605	4,151,814
<i>Total Primary Government Activities Net Assets</i>	<u>\$ 254,388,112</u>	<u>\$ 264,290,532</u>	<u>\$ 272,159,321</u>	<u>\$ 277,697,138</u>	<u>\$ 285,050,958</u>	<u>\$ 285,511,389</u>	<u>\$ 279,466,797</u>	<u>\$ 278,546,243</u>

(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 EIGHT FISCAL YEARS - UNAUDITED**  
*(accrual basis of accounting)*

	<i>Fiscal Year</i>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<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	\$ 1,986,064
Community Development	3,337,680	4,429,195	4,120,924	4,284,073	5,168,425	4,721,202	5,232,238	4,622,690
Finance	496,896	636,148	643,858	676,305	723,744	723,139	807,497	807,225
Fire	6,707,388	6,895,286	7,662,260	8,656,311	9,200,110	9,582,929	10,575,015	10,963,047
Library	4,866,842	4,987,063	5,194,096	5,591,093	5,716,184	5,956,494	6,664,627	6,544,201
Parks and Recreation	4,103,637	4,543,507	4,719,536	5,098,047	5,396,528	5,495,996	6,166,056	6,323,592
Police	8,306,310	9,502,172	9,245,375	10,344,246	10,744,348	10,949,777	12,002,325	13,013,915
Public Works	8,379,298	9,009,275	9,826,111	9,811,124	9,975,656	10,416,224	11,810,710	12,515,686
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	2,254,830
<i>Total Governmental Activities</i>	<u>41,700,561</u>	<u>43,429,719</u>	<u>44,955,196</u>	<u>48,521,976</u>	<u>51,030,231</u>	<u>52,065,277</u>	<u>57,246,068</u>	<u>59,031,250</u>
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	8,499,854
Wastewater	8,077,938	7,954,165	8,244,864	8,025,574	8,492,767	8,732,200	9,170,904	9,462,535
Storm Water	1,426,681	1,543,130	1,630,566	1,710,288	1,707,827	2,670,369	2,298,342	2,021,492
Airport	409,125	517,965	495,144	545,676	597,816	594,875	680,639	842,116
<i>Total Business-type Activities</i>	<u>17,325,490</u>	<u>17,083,137</u>	<u>17,747,464</u>	<u>17,599,748</u>	<u>18,439,623</u>	<u>20,061,296</u>	<u>20,492,168</u>	<u>20,825,997</u>
<i>Total Primary Government</i>	<u>\$ 59,026,051</u>	<u>\$ 60,512,856</u>	<u>\$ 62,702,660</u>	<u>\$ 66,121,724</u>	<u>\$ 69,469,854</u>	<u>\$ 72,126,573</u>	<u>\$ 77,738,236</u>	<u>\$ 79,857,247</u>
<b>Program Revenues</b>								
Governmental Activities:								
Charges for services								
General Government	\$ 181,896	\$ 228,250	\$ 183,146	\$ 258,355	\$ 256,786	\$ 285,301	\$ 251,920	\$ 318,131
Community Development	1,671,224	2,296,253	3,114,476	1,576,158	2,441,356	914,830	1,634,006	3,275,953
Finance	787,346	835,772	1,024,993	1,045,316	1,192,579	1,122,641	956,815	861,040
Fire	2,406,835	2,474,002	2,401,259	2,656,598	2,948,347	3,256,362	3,074,246	3,296,688
Library	126,463	152,048	138,361	173,497	168,862	216,866	196,913	182,153
Parks and Recreation	1,238,048	1,649,349	1,538,150	1,368,525	1,398,611	1,423,883	1,528,078	1,708,603
Police	746,912	756,240	791,786	726,802	1,008,405	1,094,862	913,453	1,320,249
Public Works	1,365,254	835,541	957,000	1,475,280	1,909,003	2,366,278	1,655,549	2,131,077
Operating grants and contributions	5,375,432	7,927,343	7,015,894	7,442,569	7,854,696	7,542,838	7,650,047	8,641,809
Capital grants and contributions	8,922,267	5,134,923	4,719,933	4,076,091	5,754,056	3,256,066	3,013,921	6,713,015
<i>Total Governmental Activities</i>	<u>22,821,677</u>	<u>22,289,721</u>	<u>21,884,998</u>	<u>20,799,191</u>	<u>24,932,701</u>	<u>21,479,927</u>	<u>20,874,948</u>	<u>28,448,718</u>
Business-type Activities:								
Charges for services								
Water	6,459,161	6,838,575	6,790,271	7,004,077	7,779,966	8,126,619	8,538,420	8,328,087
Wastewater	7,434,553	7,963,496	7,840,994	7,922,298	8,702,620	9,028,522	8,838,806	8,739,964
Storm Water	1,719,255	1,757,383	1,768,116	1,811,365	1,866,500	1,859,065	1,829,778	1,883,720
Airport	243,554	309,419	371,093	290,869	330,477	382,523	452,297	400,460
Operating grants and contributions	-	90,478	4,993	54,624	1,773	-	43,463	27,238
Capital grants and contributions	7,556,656	6,551,941	6,167,665	5,995,971	4,311,390	2,057,705	1,840,821	2,177,949
<i>Total Business-type Activities</i>	<u>23,413,179</u>	<u>23,511,292</u>	<u>22,943,132</u>	<u>23,079,204</u>	<u>22,992,726</u>	<u>21,454,434</u>	<u>21,543,585</u>	<u>21,557,418</u>
<i>Total Primary Government</i>	<u>\$ 46,234,856</u>	<u>\$ 45,801,013</u>	<u>\$ 44,828,130</u>	<u>\$ 43,878,395</u>	<u>\$ 47,925,427</u>	<u>\$ 42,934,361</u>	<u>\$ 42,418,533</u>	<u>\$ 50,006,136</u>

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

	<i>Fiscal Year</i>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<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)	\$ (30,582,532)
Business-type activities	6,087,689	6,428,155	5,195,668	5,479,456	4,553,103	1,393,138	1,051,417	731,421
<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>\$ (29,851,111)</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	\$ 20,950,727
Other taxes	692,399	938,601	946,925	1,002,657	1,113,828	1,147,595	1,076,629	1,079,621
Franchise fees	3,996,138	4,017,391	4,142,251	4,423,025	4,827,108	4,988,241	5,178,552	5,004,727
Interest and investment earnings	602,457	340,073	562,460	1,054,506	1,332,488	1,098,958	491,698	158,840
Miscellaneous	1,380,820	1,348,363	1,514,561	1,542,147	1,451,951	1,641,909	1,453,065	1,579,768
Gain on sale of capital assets	4,617	4,935	53,061	45,207	58,082	30,768	5,451	6,643
Transfers	431,906	203,150	218,015	477,507	586,191	503,300	446,916	523,680
<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>	<b>29,304,006</b>
Business-type activities								
Interest and investment earnings	531,114	272,976	446,418	770,821	1,001,448	931,722	436,941	144,423
Miscellaneous	199,864	452,923	129,329	81,840	12,841	16,046	12,631	5,808
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)	(523,680)
<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>(373,449)</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>\$ 28,930,557</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)	\$ (1,278,526)
Business-type activities	6,387,719	6,968,904	5,555,991	3,854,610	4,981,201	1,837,606	1,054,073	357,972
<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>	<b>\$ (920,554)</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)*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ 159,577	\$ 1,151,596	\$ 8,407	\$ 83,066	\$ 108,157	\$ 142,454	\$ 215,683	\$ 188,137
Unreserved	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	482,266
<b>Total General Fund</b>	<u>4,698,389</u>	<u>3,597,137</u>	<u>1,959,353</u>	<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>	<u>1,909,983</u>	<u>670,403</u>
<b>All Other Governmental Funds</b>										
Reserved, reported in:										
Streets and highways (a)	-	-	-	-	-	-	-	-	2,756,739	1,989,984
Special revenue funds	-	-	2,047,095	2,214,957	2,427,359	2,102,891	2,460,436	1,643,048	92,658	173,554
Capital projects fund	-	-	972,238	641,457	655,597	568,641	1,006,689	1,191,342	670,242	832,722
Permanent fund	1,468,460	1,375,162	472,209	456,885	5,000	5,000	5,000	5,000	5,000	5,000
Other purposes	-	-	-	-	-	124,359	116,500	116,846	83,833	66,294
Unreserved, reported in:										
Special revenue funds	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	8,661,870
Capital projects fund	9,427,197	1,635,337	-	-	-	-	-	-	-	-
Debt service fund	1,666,594	2,230,417	2,026,613	1,563,755	881,843	763,546	614,667	480,744	465,582	724,493
Permanent fund	-	-	35,655	49,281	3,567	3,159	2,681	2,107	1,453	1,031
<b>Total All Other Governmental Funds</b>	<u>27,462,185</u>	<u>19,844,003</u>	<u>19,149,009</u>	<u>17,226,858</u>	<u>17,837,888</u>	<u>17,428,859</u>	<u>17,336,030</u>	<u>17,646,293</u>	<u>14,111,253</u>	<u>12,454,948</u>
<b>Total Fund Balance, Governmental Funds</b>	<u>\$ 32,160,574</u>	<u>\$ 23,441,140</u>	<u>\$ 21,108,362</u>	<u>\$ 19,826,585</u>	<u>\$ 21,306,611</u>	<u>\$ 21,182,870</u>	<u>\$ 21,421,493</u>	<u>\$ 21,411,159</u>	<u>\$ 16,021,236</u>	<u>\$ 13,125,351</u>
<b>Totals by Fund</b>										
General Fund	\$ 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	\$ 670,403
Special Revenue	14,899,934	14,603,087	15,642,294	14,515,480	16,291,881	16,088,513	15,706,993	15,967,100	12,968,976	10,891,702
Debt Service	1,666,594	2,230,417	2,026,613	1,563,755	881,843	763,546	614,667	480,744	465,582	724,493
Capital Projects	9,427,197	1,635,337	972,238	641,457	655,597	568,641	1,006,689	1,191,342	670,242	832,722
Permanent Funds	1,468,460	1,375,162	507,864	506,166	8,567	8,159	7,681	7,107	6,453	6,031
<b>Total</b>	<u>\$ 32,160,574</u>	<u>\$ 23,441,140</u>	<u>\$ 21,108,362</u>	<u>\$ 19,826,585</u>	<u>\$ 21,306,611</u>	<u>\$ 21,182,870</u>	<u>\$ 21,421,493</u>	<u>\$ 21,411,159</u>	<u>\$ 16,021,236</u>	<u>\$ 13,125,351</u>

(a) Prior to 2009, the balances reserved for streets and highways were reported 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)*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 21,772,894
Licenses, fees and permits	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	7,059,886
Charges for services	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	9,649,331
Intergovernmental	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	12,278,283
Fines and forfeitures	898,294	848,122	882,524	914,559	1,070,391	1,115,954	1,297,790	1,213,369	1,119,762	1,032,005
Miscellaneous	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	1,791,816
<b>Total Revenues</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>53,584,215</b>
<b>Expenditures</b>										
Community Development	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	4,400,049
Finance	406,223	458,642	458,027	556,484	560,701	569,606	595,666	623,352	676,358	691,409
Fire	5,817,642	5,934,332	6,266,441	6,481,451	7,142,795	7,859,065	8,499,495	8,793,931	9,393,963	9,868,475
Library	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	6,011,301
Parks and Recreation	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	5,631,708
Police	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	11,957,750
Public Works	4,590,447	4,126,952	4,211,882	5,023,348	5,005,155	5,030,103	5,432,133	5,911,169	6,538,914	8,582,020
Miscellaneous nondepartmental	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	1,781,334
Payment of unfunded pension liability	-	23,124,956	-	-	-	9,795,521	-	-	-	-
Capital outlay	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	4,231,632
Debt Service										
Principal	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	1,589,592
Interest	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	2,270,909
<b>Total Expenditures</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>57,016,179</b>
<b>Excess of Revenues Over (Under) Expenditures</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>(3,431,964)</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	9,600	-	4,617	4,935	53,265	45,207	58,082	30,768	20,737	12,399
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(10,631,965)	-
Operating transfers in	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	3,612,002
Operating transfers out	(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)	(3,088,322)
<b>Total Other Financing Sources (Uses)</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>536,079</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>\$ (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>\$ (2,895,885)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.0%</b>	<b>3.9%</b>	<b>8.5%</b>	<b>8.4%</b>	<b>8.6%</b>	<b>7.2%</b>	<b>8.6%</b>	<b>8.5%</b>	<b>8.2%</b>	<b>7.3%</b>

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

	<i>Fiscal Year</i>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:								
General government	\$ 181,896	\$ 228,250	\$ 183,146	\$ 258,355	\$ 256,786	\$ 285,301	\$ 251,920	\$ 325,170
Community Development	2,254,942	3,283,781	4,094,210	2,396,155	4,118,817	1,668,613	2,614,190	3,995,021
Finance	787,346	835,772	1,024,993	1,045,316	1,192,579	1,122,641	956,815	861,040
Fire	2,460,757	2,483,143	2,401,259	2,876,287	3,041,540	3,276,979	3,132,325	3,373,068
Library	1,829,770	2,138,745	1,999,770	2,166,175	2,279,942	2,479,887	2,418,289	2,504,178
Parks and Recreation	2,243,851	2,147,398	2,228,539	1,761,995	2,665,317	1,724,669	1,914,115	1,892,964
Police	1,461,214	2,627,353	1,858,178	1,975,730	1,732,885	2,363,212	2,296,508	2,527,227
Public Works	11,601,901	8,545,279	8,094,903	8,319,178	9,644,835	8,558,625	7,290,786	12,970,050
<i>Total Governmental</i>								
<i>Activities</i>	<u>22,821,677</u>	<u>22,289,721</u>	<u>21,884,998</u>	<u>20,799,191</u>	<u>24,932,701</u>	<u>21,479,927</u>	<u>20,874,948</u>	<u>28,448,718</u>
Business-type Activities								
Water	8,844,231	9,040,689	8,641,773	8,355,687	9,221,365	8,873,854	9,146,138	8,992,731
Wastewater	10,023,638	10,508,490	11,262,803	10,105,792	10,574,818	9,960,251	9,539,259	9,623,586
Storm Water	3,744,530	2,639,044	2,468,198	2,495,285	2,865,142	2,210,661	2,023,609	2,521,680
Airport	800,780	1,323,069	570,358	2,122,440	331,401	409,668	834,579	419,421
<i>Total Business-type</i>								
<i>Activities</i>	<u>23,413,179</u>	<u>23,511,292</u>	<u>22,943,132</u>	<u>23,079,204</u>	<u>22,992,726</u>	<u>21,454,434</u>	<u>21,543,585</u>	<u>21,557,418</u>
<i>Total Primary</i>								
<i>Government</i>	<u>\$ 46,234,856</u>	<u>\$ 45,801,013</u>	<u>\$ 44,828,130</u>	<u>\$ 43,878,395</u>	<u>\$ 47,925,427</u>	<u>\$ 42,934,361</u>	<u>\$ 42,418,533</u>	<u>\$ 50,006,136</u>

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

<i>Fiscal Year Ended June 30,</i>	<i>General Property Taxes (1)</i>	<i>% Change From Prior Year</i>	<i>Franchise Fees</i>	<i>% Change From Prior Year</i>	<i>Transient Room Taxes</i>	<i>% Change From Prior Year</i>	<i>Total Taxes and Fees</i>	<i>% Change From Prior Year</i>
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
2010	20,693,274	1.24	5,004,727	(3.36)	1,079,621	0.28	26,777,622	0.31
Change 2001-2010	36.58%		47.35%		43.19%		38.73%	

(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.

# 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)*

<i>Fiscal Year Ended June 30,</i>	<i>Real Property</i>	<i>Personal Property</i>	<i>Manufactured Property</i>	<i>Utility Property</i>	<i>Less Tax Exempt Property</i>	<i>Total Taxable Assessed Value</i>	<i>Total Direct Tax Rate</i>	<i>Real Market Value (RMV)</i>	<i>Assessed Value as a % of Real Market Value (RMV)</i>
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
2010	3,566,440	156,153	14,667	87,793	-	3,825,053	5.6251	5,825,692	65.658

Source: Benton County Assessor

Note: 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 and is the difference between the total direct tax rate and the permanent rate.

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

<i>Fiscal Year Ended June 30,</i>	<i>City of Corvallis Direct Rates</i>			<i>Overlapping Rates *</i>						<i>Total Rate</i>
	<i>Permanent Rate</i>	<i>General Obligation Debt Service</i>	<i>Total Direct</i>	<i>School District No. 509J</i>	<i>Linn-Benton ESD</i>	<i>Linn-Benton Community College (LBCC)</i>	<i>Benton County Soil and Water District</i>	<i>Benton County Library</i>	<i>Benton County</i>	<i>Total Direct and Overlapping</i>
2001	\$ 5.1067	\$ 0.3598	\$ 5.4665	\$ 5.3500	\$ 0.3049	\$ 0.7100	\$ -	\$ 0.3947	\$ 2.5500	\$ 14.7761
2002	5.1067	0.5963	5.7030	5.4900	0.3049	0.7200	-	0.3947	2.8700	15.4826
2003	5.1067	0.6130	5.7197	5.4500	0.3049	0.6900	-	0.3947	2.8700	15.4293
2004	5.1067	0.5745	5.6812	7.1300	0.3049	0.6800	-	0.3947	2.8700	17.0608
2005	5.1067	0.4921	5.5988	7.1489	0.3049	0.6805	-	0.3947	2.4952	16.6230
2006	5.1067	0.5418	5.6485	6.2375	0.3049	0.6858	0.0500	0.3947	2.4952	15.8166
2007	5.1067	0.5339	5.6406	6.1644	0.3049	0.6805	0.0500	0.3947	2.4652	15.7003
2008	5.1067	0.5152	5.6219	7.2494	0.3049	0.6733	0.0500	0.3947	2.4652	16.7594
2009	5.1067	0.5381	5.6448	7.2183	0.3049	0.6767	0.0500	0.3947	3.1052	17.3946
2010	5.1067	0.5184	5.6251	7.6710	0.3049	0.6822	0.0500	0.3947	2.7952	17.5231

Source: Benton County

Notes: The debt service levy is set annually in the amount required to fulfill debt obligations and is the difference between the total direct tax rate and the permanent rate.

\* 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

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

<i>Taxpayer</i>	<i>2010</i>			<i>2001</i>		
	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total City Taxable Assessed Value (f)</i>	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total City Taxable Assessed Value</i>
	Hewlett-Packard Co. (a)	\$ 322,583,505	1	8.43 %	\$ 572,074,248	1
Comcast Corporation (b)	31,560,600	2	0.83	-		-
Evanite Fiber Inc	24,730,383	3	0.65	24,910,952	3	0.87
Qwest Corporation (c)	17,030,300	4	0.45	35,849,554	2	1.25
Avery Investments LLC	16,946,462	5	0.44	-		-
Accu Fab Systems, Inc	15,218,298	6	0.40	10,982,789	9	0.38
Witham Hill Oaks Apartments, LLC	13,818,678	7	0.36	-		-
Northwest Natural Gas Co	12,244,100	8	0.32	17,437,154	5	0.61
Pacificorp (d)	11,834,000	9	0.31	18,979,400	4	0.66
Suncor Partners LLC	10,796,259	10	0.28	-		-
Jones, Jerry G., et al	-		-	10,590,866	8	0.37
Pioneer Telephone (e)	-		-	13,439,942	6	0.47
Starker Forests (e)	-		-	16,535,282	7	0.57
Wilson, Robert C	-		-	9,889,864	10	0.34
<b>Total</b>	<b>\$ 476,762,585</b>		<b>12.47 %</b>	<b>\$ 730,690,051</b>		<b>25.39 %</b>
<b>City Assessed Value</b>	<b>\$ 3,825,053,618</b>			<b>\$ 2,879,105,878</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) Comcast is new on this list due to a change in the way the State values cable companies. This has been appealed statewide by Comcast.
- (c) U. S West Communication became Qwest Communications in FY 2002.
- (d) Pacific Power and Light prior to 2002.
- (e) Prior to the FY 2008 CAFR, this report listed the top 10 taxpayers for Benton County, rather than only the City of Corvallis. The majority of this company's property is outside of the City.
- (f) Percentage of Total City Assessed Value = Taxpayer Assessed Value/Total 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 payers.

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

<i>Fiscal Year Ended June 30,</i>	<i>Original Tax Levy for the Year</i>	<i>To Date Levy Adjustments (1)</i>			<i>Collected within the Fiscal Year of the Levy</i>		<i>Collected in subsequent years</i>	<i>Total Collections to Date</i>	
		<i>Amount</i>	<i>Percentage of Levy</i>	<i>Adjusted Levy</i>	<i>Amount</i>	<i>Percentage of Levy (2)</i>		<i>Amount</i>	<i>Percentage of Adjusted Levy</i>
2001	\$ 15,812,506	\$ (498,328)	3.15 %	\$ 15,314,178	\$ 14,852,174	93.93 %	\$ 460,392	\$ 15,312,566	99.99 %
2002	16,689,552	(408,931)	2.45	16,280,621	15,790,901	94.62	487,234	16,278,135	99.98
2003	17,325,984	(565,230)	3.26	16,760,754	16,361,270	94.43	395,540	16,756,810	99.98
2004	17,710,636	(468,034)	2.64	17,242,602	16,924,276	95.56	312,275	17,236,551	99.96
2005	18,451,963	(494,799)	2.68	17,957,164	17,658,023	95.70	290,230	17,948,253	99.95
2006	19,458,295	(542,317)	2.79	18,915,978	18,577,677	95.47	298,178	18,875,855	99.79
2007	19,611,621	(511,185)	2.61	19,100,436	18,707,158	95.39	306,478	19,013,636	99.55
2008	20,352,962	(504,861)	2.48	19,848,101	19,439,277	95.51	222,172	19,661,449	99.06
2009	21,162,976	(523,308)	2.47	20,639,668	20,104,983	95.00	290,487	20,395,470	98.82
2010	21,544,022	(565,555)	2.63	20,978,467	20,261,342	94.05	-	20,261,342	96.58

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)*

<i>Fiscal Year Ended June 30,</i>	<b>General Bonded Debt</b>				<b>Other Governmental Activities Debt</b>				
	<i>General Obligation Bonds</i>	<i>Amount Restricted to Paying Debt Principal</i>	<i>Net General Obligation Bonds (1)</i>	<i>Percentage of Actual Property Value</i>	<i>Per Capita</i>	<i>Bancroft Improvement Bonds</i>	<i>Limited Tax Obligation Bonds</i>	<i>Notes Payable</i>	<i>Capital Leases</i>
2001	\$ 21,695	\$ 1,583	\$ 20,112	0.57 %	\$ 394.04	\$ 260	\$ -	\$ 561	\$ -
2002	20,655	1,345	19,310	0.55	368.15	60	23,913	468	-
2003	19,580	1,255	18,325	0.51	346.09	-	23,913	359	-
2004	18,470	1,262	17,208	0.46	327.22	-	23,913	245	-
2005	17,310	882	16,428	0.38	309.01	-	23,873	125	-
2006	16,105	753	15,352	0.34	284.82	-	33,767	-	-
2007	14,840	614	14,226	0.28	259.17	-	33,639	-	-
2008	13,530	479	13,051	0.23	237.81	-	33,408	-	-
2009	12,100	463	11,637	0.20	212.04	-	33,117	-	-
2010	10,860	724	10,136	0.17	183.87	-	32,767	-	-

<i>Fiscal Year Ended June 30,</i>	<b>Business-Type Activities</b>						<i>Total City Government Debt</i>	<i>Percentage of Personal Income</i>	<i>Per Capita</i>
	<i>Water Bonds</i>	<i>Wastewater Bonds</i>	<i>Storm Water Bonds</i>	<i>Airport Bonds</i>	<i>Capital Leases</i>	<i>Notes Payable</i>			
2001	\$ 72	\$ 8,752	\$ 107	\$ 4	\$ -	\$ 32,256	\$ 62,124	2.67 %	\$ 1,217.16
2002	-	8,325	85	-	-	30,946	83,107	3.50	1,584.49
2003	-	8,525	70	-	-	29,583	80,775	3.35	1,525.50
2004	-	7,055	-	-	-	28,157	76,578	2.87	1,456.14
2005	-	6,760	-	-	-	26,671	73,857	2.61	1,389.21
2006	-	6,735	-	-	-	25,122	80,976	2.67	1,502.33
2007	-	6,390	-	-	-	23,509	77,764	2.56	1,416.72
2008	-	6,025	-	-	-	21,831	74,315	2.44	1,354.13
2009	-	5,640	-	-	-	20,084	70,478	2.30	1,278.51
2010	-	5,240	-	-	-	18,263	66,406	n/a	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, 2010 - 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	\$ 63,067,023	\$ 4,762,285,703	80.32 %	\$ 50,655,432
Benton County	-	6,355,074,797	60.19	-
Linn-Benton Community College	5,932,142	6,242,009,940	61.28	3,635,216
Subtotal Overlapping Debt				54,290,649
<b>City direct debt</b>				10,860,000
<b>Total direct and overlapping debt</b>				\$ 65,150,649

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**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 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	\$ 174,770,778
Total net debt applicable to limit	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	10,135,910
Legal debt margin	84,728,619	82,399,597	91,844,290	93,770,320	111,987,316	120,329,519	138,427,275	153,901,649	166,759,836	164,634,868
Total net debt applicable to the limit as a percentage of debt limit	19.19%	18.99%	17.31%	15.51%	12.79%	11.31%	9.32%	7.82%	6.52%	5.80%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2010**

TOTAL REAL MARKET VALUE OF REAL ESTATE WITHIN THE CITY	\$ 5,825,692,594
Debt Limitation - 3% of total real market value (1)	<u>0.03</u>
<b>DEBT LIMIT</b>	<b><u>\$ 174,770,778</u></b>
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	
Total General Obligation Bonded Debt (2)	
Governmental Activities	\$ 10,860,000
Business-type Activities	<u>-</u>
Total General Obligation Bonded Debt	10,860,000
Less: Amount held for repayment of principal	<u>(724,090)</u>
<b>TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT</b>	<b><u>\$ 10,135,910</u></b>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 164,634,868</u></b>

(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 Statutes (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)*

<i>Fiscal Year Ended June 30,</i>	<i>Gross Revenues (1)</i>	<i>Less Direct Operating Expenses (2)</i>	<i>Net Revenue Available for Debt Service</i>	<i>Debt Service Requirements</i>			<i>Coverage</i>
				<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
<b>WASTEWATER (3)</b>							
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
2010	9,287,911	6,341,198	2,946,713	1,463,071	252,225	1,715,296	1.72

Notes: The purpose of this schedule is to provide information on economic condition, and does not fulfill legal compliance. State Revolving Fund and Revenue Bond Rate Covenant Calculations - Wastewater Fund is located in the Other Financial Schedules section.

- (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, 2006A Adv Ref CSO Bonds, DEQ Loan R24480, DEQ Loan R24481.

# STATISTICAL SECTION

## DEMOGRAPHIC AND ECONOMIC INFORMATION



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

<u>Year</u>	<u>City of Corvallis Population (1)</u>	<u>Corvallis Metropolitan Statistical Area (MSA) Population (2)</u>	<u>Total Personal Income (MSA) (Thousands of dollars) (2)</u>	<u>Per Capita Personal Income (MSA) (2)</u>	<u>Unemployment Rate (MSA) (3)</u>	<u>Corvallis Public School Enrollment (4)</u>
2001	49,440	77,822	\$ 2,330,893	\$ 29,952	4.3 %	7,068
2002	51,040	79,029	2,373,827	30,037	5.2	6,875
2003	52,450	79,201	2,410,599	30,436	6.5	6,821
2004	52,950	78,383	2,664,113	33,988	5.4	6,624
2005	52,590	78,640	2,826,102	35,937	5.1	6,492
2006	53,165	79,061	3,030,585	38,332	4.7	6,470
2007	53,900	81,428	3,040,634	37,341	4.0	6,642
2008	54,890	81,859	3,046,063	37,211	4.1	6,631
2009	54,880	82,605	3,058,827	37,030	8.0	6,568
2010	55,125	n/a	n/a	n/a	7.0	6,461

Sources:

- (1) Portland State University, Population Research Center as reported in December of each year as of July of that year. Since population for current fiscal year is reported in December (after CAFR is published), population data will be used as of the prior year. Prior years were adjusted to reflect the correct numbers as reported by PSU.
- (2) U.S. Bureau of Economic Analysis, AMSA04 report - Advanced Metropolitan Statistical Area.
- (3) Seasonally adjusted unemployment rate as reported in the Oregon Employment Department, Oregon Labor Market Information System. Unemployment rates prior to FY 2009 have been adjusted to reflect the seasonally adjusted unemployment rate.
- (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 seasonally adjusted 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 2010 is not available.

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

<i>Employer</i>	<i>2010</i>			<i>2001</i>		
	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total Employment*</i>	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total Employment*</i>
Oregon State Univerity (1)	8,116	1	21.86 %	8,802	1	23.58 %
Samaritan Health Services (2)	1,950	2	5.25	-	-	
Hewlett Packard (3)	1,700	3	4.58	3,400	2	9.11
Corvallis School District 509J (4)	616	4	1.66	832	4	2.23
Corvallis Clinic (5)	603	5	1.62	555	5	1.49
Benton County (6)	482	6	1.30	389	8	1.04
City of Corvallis (7)	420	7	1.13	426	7	1.14
CH2M Hill (8)	375	8	1.01	385	9	1.03
ATS Systems Oregon (9)	225	9	0.61	320	-	0.86
Fiserv (formerly Summit Information Systems) (2)	200	10	0.54	-	10	
Good Samaritan Hospital (a)	-	-	-	1,300	3	3.48
Siuslaw National Forest	-	-	-	463	6	1.24
<b>Total</b>	<b>14,686</b>		<b>39.56 %</b>	<b>16,872</b>		<b>45.20 %</b>

Sources:

Nine years ago employer / employee information is from the City of Corvallis annual buget document.

Current year information:

- (1) Estimate based on OSU Office of Institutional Research June 2010 Employment Report.
- (2) Estimate based on 2010-11 budget document.
- (3) Estimate based on trends from previous estimates
- (4) Corvallis School District 509J (FTE)
- (5) Corvallis Clinic
- (6) Benton County
- (7) City of Corvallis 4th Quarter Vacancy Summary (FTE)
- (8) 12/09 GT Article
- (9) ATS website

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:	37,130
Nine years ago:	37,330

# 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*

	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
<b>ACTIVITIES</b>										
City Manager's Office	9.50	9.50	9.50	9.50	9.50	9.50	9.00	10.00	10.00	9.80
Community Development	31.50	31.00	30.90	29.80	32.00	34.70	34.55	36.05	34.55	33.80
Finance	37.25	36.00	34.75	34.75	36.25	34.25	35.25	36.75	37.75	36.00
Fire	59.00	59.00	59.00	60.00	67.72	69.72	66.72	66.72	69.00	65.00
Library	46.27	42.77	45.27	43.76	45.77	45.14	45.77	45.77	46.39	43.39
Parks and Recreation	25.13	28.13	27.88	27.43	27.43	27.43	34.46	31.79	37.64	35.97
Police	86.25	84.25	80.25	82.25	76.25	77.25	78.75	77.25	81.75	84.25
Public Works	33.07	32.77	34.72	35.02	33.52	30.82	34.27	35.14	35.40	35.23
Water	32.96	32.66	34.61	34.91	33.41	31.53	33.48	31.93	33.23	31.67
Wastewater	31.94	31.65	33.54	33.83	32.38	32.38	32.00	31.42	33.93	32.54
Storm Water	10.96	10.86	11.51	11.61	11.11	11.20	11.21	10.47	11.54	10.61
Airport	1.07	1.06	1.12	1.13	1.08	1.08	1.04	1.04	1.08	1.58
Total Full-Time Equivalent Employees	<u>404.90</u>	<u>399.65</u>	<u>403.05</u>	<u>403.99</u>	<u>406.42</u>	<u>405.00</u>	<u>416.50</u>	<u>414.33</u>	<u>432.26</u>	<u>419.84</u>

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**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>FUNCTION <sup>(1)</sup></b>										
<b>Community Development</b>										
Building permits - single family <sup>(2)</sup>	196	250	184	195	210	190	89	34	34	n/a
Building permits - total <sup>(2)</sup>	805	843	741	756	743	727	645	588	557	n/a
Inspections	16,627	19,760	18,145	17,433	19,215	23,260	18,755	16,537	14,329	n/a
Residential plan reviews	488	431	377	426	429	403	423	284	248	256
<b>Public Works</b>										
Street resurfacing (miles) <sup>(2)</sup>	0.75	0.54	1.51	0.16	1.67	1.70	2.26	4.32	4.32	n/a
<b>Library</b>										
Volumes	284,369	297,051	311,281	318,010	328,381	347,616	358,130	363,398	344,557	347,465
Average monthly circulation	128,135	130,065	127,108	125,484	119,177	121,844	128,215	124,817	132,914	139,530
Registrations	38,672	39,323	46,847	46,008	46,130	49,576	46,586	50,122	50,111	49,942
Patrons using library	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	1,884,890
<b>Parks and Recreation</b>										
Sports teams	577	554	568	495	505	470	446	502	449	432
Recreation programs, classes, events	1,410	1,669	2,144	1,395	1,188	1,052	1,194	1,055	1,021	1,020
Recreation program registrations	22,923	19,844	22,476	20,180	21,630	21,832	25,534	29,799	34,086	25,504
<b>Police <sup>(2)</sup></b>										
Public safety dispatches	35,425	34,426	34,204	34,348	33,059	35,034	36,190	35,174	36,813	n/a
Total 911 center calls	124,721	146,049	167,380	157,932	166,345	164,057	152,642	146,319	142,872	n/a
Major felonies	2,267	2,293	2,574	2,323	2,308	2,307	1,824	1,690	2,055	n/a
Incidents investigated	22,036	21,183	20,378	21,199	20,531	22,038	23,278	22,886	24,405	n/a
<b>Fire</b>										
All fire responses	226	205	220	270	134	202	187	174	177	131
All non-fire responses	1,857	1,647	1,815	2,155	1,987	2,256	2,450	2,812	2,966	3,092
Fire safety inspections	1,647	1,356	1,455	1,317	1,911	1,950	1,993	2,711	2,155	2,752
Patient contacts	2,739	2,937	2,798	3,048	3,181	3,203	3,767	4,295	4,094	4,104
<b>Transportation</b>										
Bus ridership	499,417	525,021	502,420	511,830	530,287	566,670	551,906	613,166	681,456	700,791

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Water</b>										
Number of consumers	13,607	14,333	14,631	14,398	14,635	15,061	15,348	15,498	15,911	15,609
Average daily use (1,000 gal)	7,795	7,650	7,900	8,090	7,900	7,900	7,751	7,564	7,328	6,933
Annual water production (MG)	2,580	2,792	2,870	2,953	2,742	2,781	2,791	2,750	2,666	2,497
<b>Wastewater <sup>(3)</sup></b>										
Number of consumers	13,175	13,852	13,858	13,874	14,212	14,341	14,593	14,698	15,097	14,835
Average daily use (1,000 gal)	6,570	7,120	7,320	7,750	8,861	9,717	8,947	10,178	9,156	12,783
Annual wastewater treated (MG)	2,460	3,799	3,901	3,833	3,233	3,547	3,547	3,715	3,342	3,726
Bio-solids recycled (MG)	n/a	3.9	4.3	3.0	2.6	1.1	1.1	1.2	4.1	3.8
<b>Storm Water</b>										
Number of consumers	13,295	13,951	13,958	13,974	14,210	14,444	14,650	14,764	15,107	14,892
<b>Airport <sup>(4)</sup></b>										
Estimated aircraft movements	56,800	56,300	70,340	91,000	91,000	93,000	103,000	103,000	103,000	103,000
Permanently based aircraft	138	141	148	152	152	152	157	157	157	167

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**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>ACTIVITIES <sup>(1)</sup></b>										
<b>Public Works</b>										
Streets (miles)	170	172	175	175	177	177	178	180	180	n/a
Traffic signals	79	79	79	80	80	80	82	83	83	86
<b>Library</b>										
Branch libraries	3	3	4	4	4	4	4	4	4	4
<b>Parks and Recreation</b>										
Parks	46	46	47	47	47	47	43	43	43	43
Acreage devoted to parks	1,684	1,684	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,685
Beautification areas <sup>(2)</sup>	37	37	40	40	40	40	45	45	45	45
Playgrounds (excluding schools)	17	17	17	22	24	24	28	28	28	28
Sports fields / courts	46	49	46	47	60	60	59	59	58	59
Swimming pools <sup>(3)</sup>	1	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	20	20	20	18	18	19	19	19	20
<b>Fire</b>										
Stations - city	4	4	4	4	5	5	5	5	5	5
Stations - rural <sup>(5)</sup>	-	1	1	1	1	1	1	1	1	1
Emergency vehicles <sup>(6)</sup>	33	32	30	30	30	30	29	31	33	34
<b>Transportation</b>										
Bike paths (miles) <sup>(7)</sup>	12.74	12.74	12.74	13.46	13.69	13.89	13.89	21	21	21
Bike lanes (miles) <sup>(7)</sup>	58.24	60.04	60.45	61.23	61.23	61.23	63.29	105	111	111
City buses	9	11	11	10	10	10	10	10	12	15

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Water</b>										
Lineal miles of system	214	227	239	244	246	249	244	245	245	246
Treatment capacity (1,000 gal)	24,000	24,000	24,000	24,000	31,000	31,000	31,000	31,000	31,000	31,000
<b>Wastewater</b>										
Lineal miles of system	202	206	209	211	214	216	215	216	216	222
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	143	147	154	136	158	162	166	168	168	171
<b>Airport</b>										
Runways	2	2	2	2	2	2	2	2	2	2

Sources: Data has been supplied by various City departments.

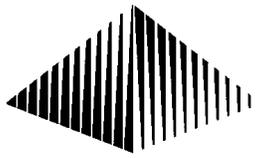
Notes:

- (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*

# COMPLIANCE SECTION





## GROVE, MUELLER & SWANK, P.C.

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

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

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

We have audited the basic financial statements of the City of Corvallis as of and for the year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

As part of obtaining reasonable assurance about whether the City of Corvallis's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the City is not in compliance with ORS 166-200-0075(15) requiring that the file retention for traffic citation cases is 5 years after the case is closed, dismissed or date of last action. The City's current retention policy is to retain

completed citations five years from original issuance. This caused citations with cash receipts in the current year to be destroyed before the required five years.

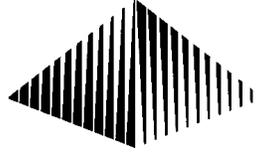
**OAR 162-10-0230 Internal Control**

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.

This report is intended solely for the information and use of the council members and management of the City of Corvallis and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By:   
Charles A. Swank, A Shareholder  
December 8, 2010



**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***

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, 2010, and have issued our report thereon dated December 8, 2010. 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 deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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**

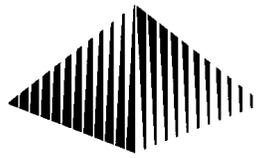
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and

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

December 8, 2010



**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***

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, 2010. 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, 2010.

### *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 *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

December 8, 2010

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

---

<b><i>Federal Grantor/Pass-Through Grantor/Program Title</i></b>	<b><i>Federal CFDA Number</i></b>	<b><i>Grant Number</i></b>
<b>U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE</b>		
<i>Passed through Cascade Pacific Resource Conservation and Development</i>		
CPRCD - Corvallis Forest Habitat Enhancement	10.678	WY-M2-05
ARRA CPRCD - Corvallis Forest Down Wood & Tree Topping	10.687	STIM1-08
<i>Total U.S. Department of Agriculture Forest Service</i>		
<b>U.S. DEPARTMENT OF ENERGY</b>		
<i>Direct Program</i>		
ARRA Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002467
<i>Total U.S. Department of Energy</i>		
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<i>Direct Program</i>		
<i>CDBG - Entitlement Grants Cluster</i>		
Community Development Block Grant Program - FY 08/09	14.218	B-08-MC-41-0009
Community Development Block Grant Program - FY 09/10	14.218	B-09-MC-41-0009
ARRA Community Development Block Grant Program - FY 09/10	14.218	B-09-MY-41-0009
<i>Total CDBG - Entitlement Grants Cluster</i>		
HOME Grant Program - FY 09/10	14.239	M09-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-08-07
Basic Certified Local Govt.	15.904	HPF OR-09-07
<i>Total U.S. Department of Interior</i>		

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><b>Program Award Amount</b></i>	<i><b>Receivable/ (Deferred Revenue) July 1, 2009</b></i>	<i><b>Total Receipts</b></i>	<i><b>Total Expenditures</b></i>	<i><b>Receivable/ (Deferred Revenue) June 30, 2010</b></i>
\$ 33,600	\$ -	\$ -	\$ 6,805	\$ 6,805
44,550	-	-	12,403	12,403
	-	-	19,208	19,208
391,600	-	-	63,120	63,120
	-	-	63,120	63,120
27,100	67,668	67,668	-	-
544,060	-	362,445	373,559	11,114
145,490	-	141,357	141,357	-
	67,668	571,470	514,916	11,114
450,735	-	189,152	189,152	-
	67,668	760,622	704,068	11,114
10,500	4,500	4,500	-	-
15,000	-	8,250	15,000	6,750
	4,500	12,750	15,000	6,750

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

<i><b>Federal Grantor/Pass-Through Grantor/Program Title</b></i>	<i><b>Federal CFDA Number</b></i>	<i><b>Grant Number</b></i>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
<i>Bureau of Justice</i>		
Bulletproof Vest Program (2008)	16.607	---
Bulletproof Vest Program (2009)	16.607	---
2008 Byrne JAG Grant (Year 1)	16.738	06-006
2008 Byrne JAG Grant (Year 2)	16.738	07-006
2009 Byrne JAG Grant - Local Solicitation	16.738	2009-DJ-BX-0720
ARRA 2009 Byrne JAG Grant	16.804	2009-SB-B9-1773
<i>Total U.S. Department of Justice</i>		
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>		
<i>Direct Program</i>		
<i>Federal Transit Cluster</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 (2009)	20.507	OR-90-X148-02
FTA: Transit Operating Grant (2010)	20.507	OR-90-X148-03
ARRA 09 5307 Buses, Facilities & Equipment	20.507	OR-96-X002-00
<i>Total Federal Transit Cluster</i>		
<i>Passed through the State of Oregon</i>		
<i>Department of Transportation</i>		
<i>Highway Planning and Construction Cluster</i>		
Transportation Demand Management Program (2009)	20.205	24994
Transportation Demand Management Program (2010)	20.205	25848
Transportation Demand Management Scholarship	20.205	---
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
ARRA Springhill Drive (County)	20.205	103(037) / 25789-01
FHWA: Corvallis (509J) Safe Routes to School	20.205	1580(038) / 26651
FHWA: Airport Industrial Park Improvements - Hout Street	20.205	1580(035) / 26287
<i>Total Highway Planning and Construction Cluster</i>		

<i>Program Award Amount</i>	<i>Receivable/ (Deferred Revenue) July 1, 2009</i>	<i>Total Receipts</i>	<i>Total Expenditures</i>	<i>Receivable/ (Deferred Revenue) June 30, 2010</i>
\$ 8,000	\$ 354	\$ 6,350	\$ 5,996	\$ -
6,800	-	1,991	2,653	662
91,627	32,040	53,055	21,015	-
77,778	-	3,220	11,354	8,134
14,681	-	14,681	14,681	-
80,052	-	51,044	60,471	9,427
	<u>32,394</u>	<u>130,341</u>	<u>116,170</u>	<u>18,223</u>
257,482	-	43,458	64,083	20,625
320,865	320,288	320,288	-	-
296,183	295,607	295,607	-	-
746,749	140,856	140,856	-	-
794,332	-	612,645	794,332	181,687
1,053,488	-	1,002,353	1,002,657	304
	<u>756,751</u>	<u>2,415,207</u>	<u>1,861,072</u>	<u>202,616</u>
40,379	8,751	8,751	-	-
40,379	-	25,079	40,379	15,300
375	-	375	375	-
1,246,491	1,309	736,494	1,109,224	374,039
483,000	2,902	250,402	247,500	-
343,751	1,185	317,467	316,282	-
90,000	1,202	75,755	74,553	-
146,149	-	-	5,878	5,878
43,201	-	-	21,814	21,814
732,518	-	-	18,961	18,961
	<u>15,349</u>	<u>1,414,323</u>	<u>1,834,966</u>	<u>435,992</u>

**CITY OF CORVALLIS, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>
<i>Transit Services Cluster</i>		
Job Access and Reverse Commute Program (2008)	20.516	24421
Job Access and Reverse Commute Program (2010)	20.516	25887
New Freedom/ADA Bus Stop & Pedestrian Accessibility	20.521	24422
New Freedom/ADA Ramp & Sidewalk Improvements	20.521	25868
<i>Total Transit Services 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	09-14-2P
<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-0140
<i>Passed through the State of Oregon</i>		
<i>Department of State Police</i>		
Conflagration (2009) - Microwave	97.046	---
Conflagration (2009) - Siskiyou Fire	97.046	---
South Willamette Valley Urban Search & Rescue Response Program	97.073	08-214
<i>Total Federal Emergency Management Agency</i>		
<i>Total Federal Assistance</i>		

<i>Program Award Amount</i>	<i>Receivable/ (Deferred Revenue) July 1, 2009</i>	<i>Total Receipts</i>	<i>Total Expenditures</i>	<i>Receivable/ (Deferred Revenue) June 30, 2010</i>
\$ 318,535	\$ 36,837	\$ 36,837	\$ -	\$ -
328,040	-	111,615	158,136	46,521
114,400	36,135	76,283	40,148	-
121,440	-	-	45,200	45,200
	<u>72,972</u>	<u>224,735</u>	<u>243,484</u>	<u>91,721</u>
	845,072	4,054,265	3,939,522	730,329
150,000	-	85,018	85,018	-
	-	85,018	85,018	-
71,634	54,963	54,963	-	-
27,495	-	27,495	27,495	-
39,695	-	39,695	39,695	-
9,190	-	9,190	9,190	-
	54,963	131,343	76,380	-
	<u>\$ 1,004,597</u>	<u>\$ 5,174,339</u>	<u>\$ 5,018,486</u>	<u>\$ 848,744</u>

***CITY OF CORVALLIS, OREGON***  
***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***  
***YEAR ENDED JUNE 30, 2010***

---

*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 Amendment of 1996 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 Amendment of 1996 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, 2010.

*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, 2010**

---

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's opinion issued:	Unqualified
Internal control reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
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**

14.218	Community Development Block Grant
20.205	Highway Planning and Construction Cluster
20.500 & 20.507	Federal Transit Cluster

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.