COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

CITY OF CORVALLIS, OREGON

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

Prepared by the City of Corvallis
Department of Finance

CITY OF CORVALLIS, OREGON
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CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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December 1, 2015

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, 2015 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.

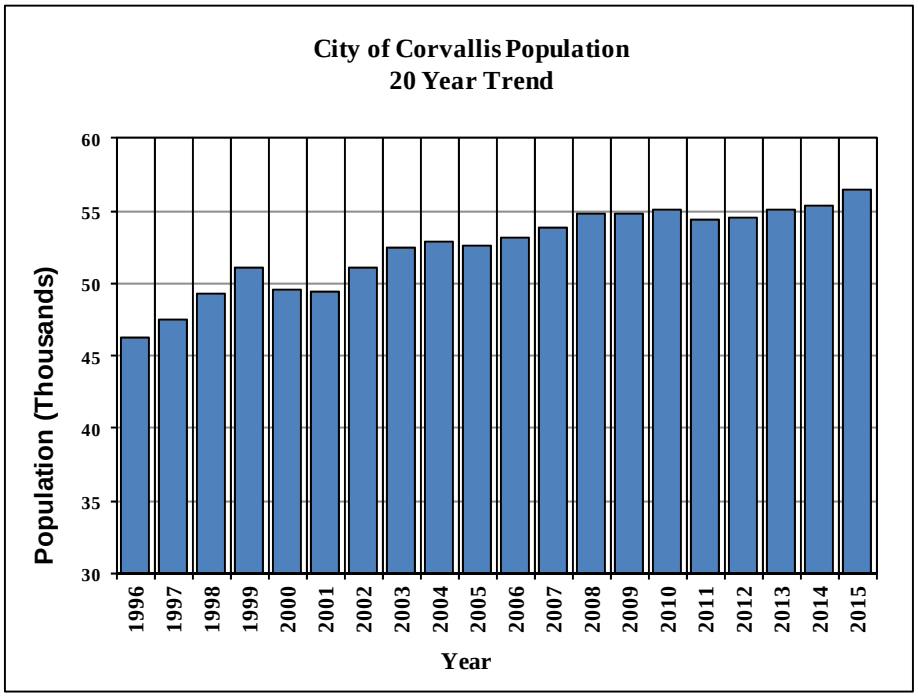
The City's financial statements were audited by Pauly Rogers and Co. PC, a firm of independent certified public accountants. The independent auditors have issued an unmodified opinion on the City of Corvallis' financial statements for the fiscal year ended June 30, 2015. The independent auditors' report 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 56,535) 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 over 20 standing advisory boards and commissions. The City has no component units as defined by accounting principles generally accepted in the United States of America.



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

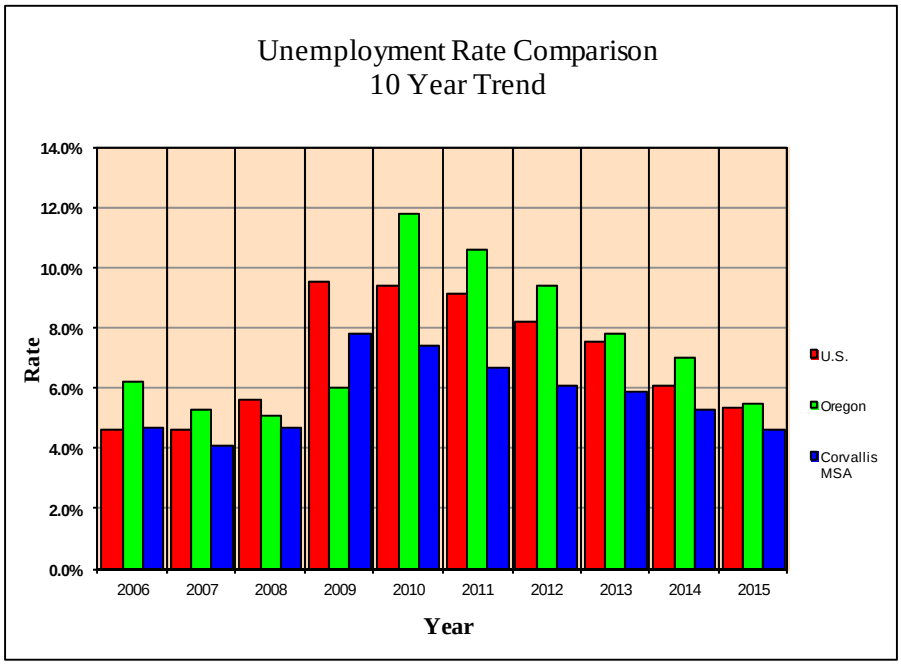
The Oregon Constitution and Oregon Revised Statutes require that the budget be balanced, adopted by July 1, and that the fiscal year for local governments is July 1 through June 30. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish them. The 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 2014-15 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 24,380 students and employs approximately 10,920 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.

Corvallis is also home to high-tech industry. Hewlett-Packard (HP) employs approximately 1,500 people at its Corvallis location. ATS Systems Oregon, designs, builds and installs manufacturing automation systems solutions, employs approximately 190. CH_2M Hill, an international consulting firm of engineers, planners, economists and scientists, was founded in Corvallis in 1946. CH_2M Hill maintains a regional headquarters in Corvallis which employs approximately 390 people. Good Samaritan Regional Medical

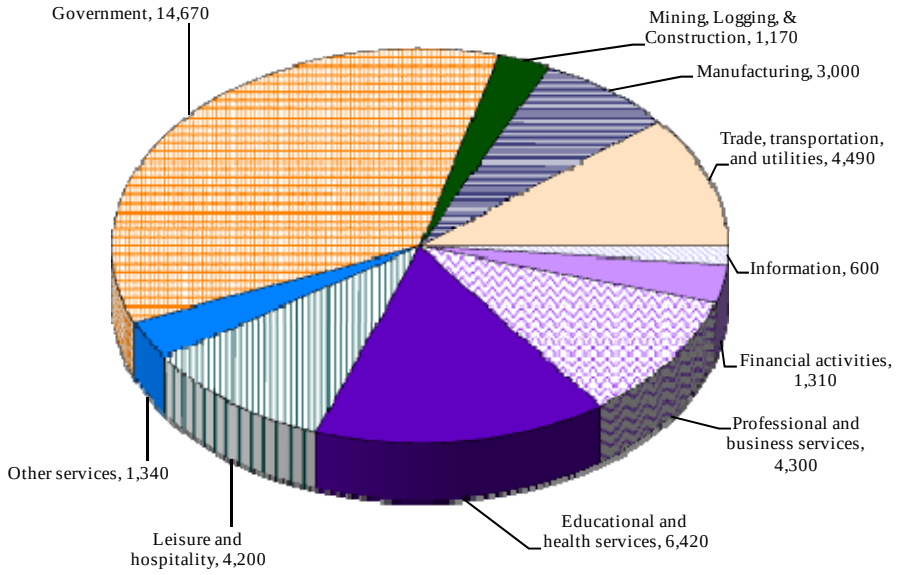
Center employs approximately 2,930 people and the Corvallis Clinic employs 590 people. Fiserv Corporation provides data processing systems created specifically for the credit union industry and employs approximately 230 at its Corvallis location. The Oregon Nanoscience and Mictrotechnologies Institute (ONAMI) is a collaboration among Oregon universities, including OSU, and regional industry for micro and nanotechnology research and development and is a leader in this field. ONAMI has multiple facilities located in Oregon's Silicon Forest, including facilities in Corvallis.



Oregon's June 2015 seasonally adjusted unemployment rate was 5.5%. The Corvallis' Metropolitan Statistical Area's (MSA) (Benton County) seasonally adjusted unemployment rate for June 2015 was 4.6% or seven percentage points lower than the June 2014 unemployment rate of 5.3%. The Corvallis' MSA seasonally adjusted unemployment rate is seven percentage points below the national unemployment rate and nine percentage points below Oregon's unemployment rate. Compared to June 2014 the Corvallis MSA gained 1,520 jobs. Manufacturing jobs decreased by 50 and trade, transportation, utilities employment increased by 200, education and health services increased by 400, governmental employment increased by 90, and all other services increased by 880 jobs bringing total employment to 41,480.

Factors contributing to the Corvallis' MSA' relatively low unemployment rate on a state-wide basis are a highly educated work force (50 percent hold a bachelor's degree or higher degree, 56 percent of those residing in Corvallis) and a high per capita personal income. The most recent reported Corvallis MSA per capita median income of $40,502 (2012). 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 seasonally adjusted unemployment rate and a high per capita personal income. The recession has impacted the local housing market; residential construction activity continues to be down. There are major commercial construction projects planned or underway, as well as several related to OSU.

Corvallis MSA Nonfarm Employment



MAJOR INITIATIVES

The economy has seen some improvement over the past fiscal year, with strong growth of the stock market, lower unemployment numbers and increased housing sales. While this situation has had some positive impacts on property tax growth, these revenues are still not keeping up with the pace of expenditure increases. The City of Corvallis continues to experience fiscal challenges, as in years past, especially with regard to its property tax supported services. Other special revenue funds and enterprise funds have also been impacted in recent years by spending exceeding current revenues. The structural issue of a revenue stream that grows, typically by less than 3 percent annually, while mandated personnel-related expenditures often grow at more than 5% annually, results 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 nearly 70 percent of the total revenues available to fund the Police, Fire, Library, Parks & Recreation and Land-Use Planning functions, are forecast to grow only marginally in FY 15-16. The City continues to await final court rulings on valuation appeals for both Hewlett-Packard (H-P) and Comcast, the results of which could have long-term impacts on the amount of taxes able to be raised. The City Council will continue working in the coming fiscal year on its goal of developing a long-term, financially sustainable budget, including building sufficient fund balance reserves as dictated by Council Financial Policy.

For FY 14-15, the City's certified assessed value grew by about 4.3 percent after three years that were lower than the 3.0 percent increase that most properties are assumed to incur based on the Oregon constitutional limitation known as Measure 50 (1997). This year's higher than forecast growth was primarily due to an increase in commercial development which was added to the tax base. Existing residential property in Corvallis has generally done better than national averages at holding its market value. The 34.5 percent difference between the 2014 total real market and certified assessed values, which is about the same order of magnitude differential as has been seen for the past several years between these two values, should mean that most existing residential and commercial property will experience the constitutional 3 percent increase in assessed value in 2015. While this should serve to partly offset

declines in industrial property values, based on how those properties are assessed, it is not a foregone conclusion as seen in the past two fiscal years. New residential development coming onto the tax rolls in FY 15-16 is mostly expected to be multi-family housing, brought on by growth in the Oregon State university student population. New non-residential development occurring in Corvallis continues to predominantly be added by tax exempt entities such as OSU and the Good Samaritan Regional Medical Center, although some commercial, private sector construction has also become more prevalent and more of this development should come onto the tax rolls by 2015.

During the FY 15-16 budget process, the City Council adopted six goals for their 2015-2016 term. These are all significant, and will require a substantial amount of work by the Mayor and City Council, along with staff and community members to develop and implement. There is a strong linkage between the first four goals – Sustainable Budget, Climate Action Plan, Vision and Action Plan, and Housing Development, and in that regard task forces have been created to support work on these four areas which include both City Council representation and citizen members. The timing and scope of these goals in particular will need to be closely coordinated with each other to ensure successful implementation. Work on all six goals has begun, and they are listed here as context for possible financial impacts for FY 15-16:

1) **Sustainable Budget** – The council will continue to manage a long-term sustainable budget including the consideration of possible new or expanded revenue sources. An inventory of City of Corvallis known infrastructure and unmet program needs, including public safety, will be compiled and prioritized by December of 2015.
2) **Climate Action** - Over the next two years, take bold action to address climate change by (1) supporting the energy conservation efforts of the Corvallis Georgetown university energy prize team, and (2) adopting and beginning to implement a comprehensive, long-term climate action plan that will significantly reduce Corvallis' greenhouse gas emissions and foster Corvallis' resilience to the effects of climate change.
3) **Vision and Action Plan for Corvallis** – Using an engaged community process, create a new Corvallis vision and action plan 2040 by December 2016. The resulting plan will include an inspirational vision, an action plan for the city and community partners that is achievable and measureable using a livability index, and a method for regular evaluation and necessary revision. The vision and action plan will be the foundation for necessary work on other city plans.
4) **Housing Development** – The city will analyze policy and programmatic tools suggested by the 2014 ECONorthwest housing policy options study, including funding/resource requirements, and by December 2016, select and implement strategies to facilitate creation of additional transitional, low-income, and workforce housing. In addition, the city will develop strategies to sustain or increase service levels in order to continue the programs currently in place to build and maintain affordable housing.
5) **Economic Vitality** – The city will develop a comprehensive strategy utilizing institutional partnerships (e.g. OSU, Samaritan Health Services (SHS)), government entities, and community groups, to (1) increase access to family wage jobs, (2) strengthen the path from innovation to manufacturing, (3) identify methods of encouraging the success of locally owned businesses, and (4) improve Corvallis as an economically resilient community. Modify the economic development office role and the economic development advisory board's charge by December 2015 to implement this goal.
6) **OSU/City Relations** – By the end of 2016, the City will have a renewed relationship with Oregon State University (OSU), including the following:
    - Implement a new intergovernmental agreement by July 2015 in order to identify opportunities and implement solutions to problems.
    - Monitor, mitigate and reduce negative community impacts related to OSU development including implementing land use strategies and/or contractual arrangements as appropriate.

- Review and update all assumptions and policies as appropriate in the Corvallis comprehensive plan and land development code (LDC) relating the OSU development and the OSU district plan by December 2016. Include strategies to monitor the OSU district plan and the LDC to assure compliance and enable modification as conditions change.

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 through each fiscal year. The plans are presented in a five-year format, but staff uses the financial plans projected over the course of seven years and longer for more robust planning of longer term impacts related to short term decisions around utility rate setting, modeling tax levies, debt issuance opportunities, etc. 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 all of the City's funds, the 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 budgetary fund balance;
- 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.

For the General Fund, in addition to the considerations above, Council also has established a fund balance reserve target totaling three months of payroll, or approximately $6.3 million, which is being built over a five year period beginning in FY 12-13; the City is currently ahead of policy targets. Of that reserve, 10% is appropriated each year as a contingency for unanticipated expenditures usually associated with an emergency, and the use of which is expected to be infrequent.

Per the Fund Balance policy, the City of Corvallis is using the GASB's definitions of Fund Balance for the Comprehensive Annual Financial Report (CAFR) and for all other financial reporting. For all financial planning purposes, the term Budgetary Fund Balance will be used and will include any portion of the fund balance that is available for appropriation. Portions of the fund balance not available for appropriation will be identified as a Reserved Balance. The fund balance classification definitions are provided in the Notes to the Basic Financial Statements in the Fund Balance section.

The City's bond refunding policy specifies that any 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 Municipal Advisor be employed.

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, while optimizing earnings on idle funds. The City has a contractual relationship with an investment advisor for investment advisory services. Staff prepares a monthly treasury report as required by the investment policy. Staff also meets quarterly with the Administrative Services Committee 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, 2014. This is the 30th 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 as well as Special Performance Measures Recognition for its FY 14-15 annual budget document and the FY 15-16 annual budget document has been submitted. This is the 28th consecutive year that the City of Corvallis has achieved the prestigious award of a distinguished presentation and the fourth time it has earned special recognition. 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, especially Tina Stephens, Lisa Hill, Tom Johnston and J.C. Rowley, 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 the leadership and support they have provided in developing this CAFR.

Nancy Brewer
Finance Director

Julian Contreras
Financial Services Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Corvallis

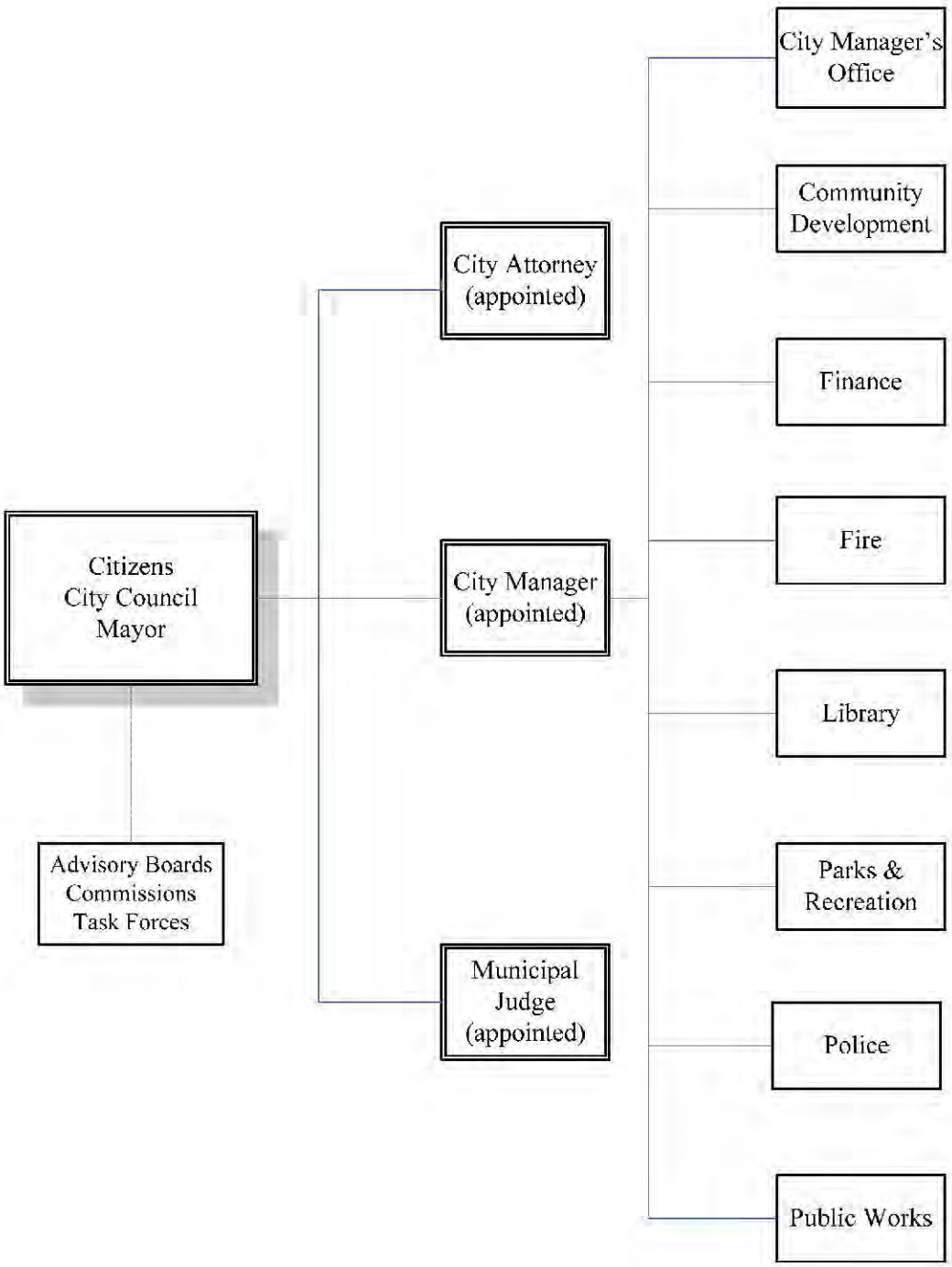
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF CORVALLIS
ORGANIZATION CHART



ELECTED

MAYOR
Biff Traber

City Council Member	Ward
Penny York	1
Roen Hogg	2
Zacharian Baker	3
Barbara Bull	4
Mike Beilstein	5
Joel Hirsch	6
Bill Glassmire	7
Frank Hann	8
Hal Brauner	9

The term for all elected officials expires on December 31, 2016.

APPOINTED

CITY MANAGER
Mark Shepard

FINANCE DIRECTOR
Nancy Brewer

FINANCIAL SERVICES MANAGER
Julian Contreras

SENIOR ACCOUNTANT
Tina Stephens

501 SW Madison Avenue
Corvallis, Oregon 97333

FINANCIAL SECTION

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

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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December 1, 2015

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corvallis as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic 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, as of June 30, 2015, and the respective changes in financial position and budgetary comparisons for the general fund, street fund, parks SDC fund, capital construction fund, and community development revolving fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, 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 Management's Discussion and required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of council members containing their term expiration dates, as listed in the table of contents, and the introductory, statistical, and other information sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 1, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are 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 internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 1, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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 of Corvallis (City) for the fiscal year ended June 30, 2015 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 1-7 of this CAFR.

Financial Highlights

- The assets of the City of Corvallis exceeded liabilities at the close of the fiscal year by $282,995,040 (net position), an increase of $23,464,788 from June 30, 2014. Of this amount ($25,002,726) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net position increased for governmental activities by $14,610,575 or 12.07 percent from June 30, 2014. Net position increased for business-type activities by $8,854,213, an increase of 6.39 percent from June 30, 2014. Both governmental and business-type activities improved net position was based on increases in current assets and decreases in liabilities.
- As of the close of FY 2015, the City of Corvallis' governmental funds reported combined ending fund balances of $28,550,906, an increase of $7,324,579 from the prior year. Approximately 60.6 percent of the total amount, $17,306,675, is available for spending at the City Council's discretion (committed, assigned and unassigned fund balance).
- At the end of FY 2015, the total assigned and unassigned fund balance in the General Fund was $8,227,597 which was 21.5 percent of the total General Fund operating expenditures of $38,239,624. This increase in the June 30, 2015 fund balance available for expenditures is due primarily to the City Council policy to build a Fund Balance Reserve; the targeted set-aside is expected to be achieved in FY 16-17.
- Total governmental activities debt increased by $2,177,861 or 5.80 percent during FY 2015. The increase was the result of a new full faith and credit borrowing in late 2014. Total business-type activities debt decreased by $2,850,000 or 22.57 percent. The decrease in business-type activities was the result of making all required scheduled payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's 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's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 24-25 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 maintained eleven governmental funds in FY 2015. 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 SDC, Community Development Revolving, and Capital Construction funds, all of which are considered to be major funds. Data from the other 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 26-34 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 technology 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 35-38 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 39-71 of this report.

Required Supplementary Information Required supplementary information includes the Other Postemployment Benefits Plan Schedule of Funding Progress, the Schedule of the Proportionate share of the Net Pension Liability (Asset) and the Schedule of Contributions related to that Liability. This information can be found on page 72-74 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 75-106 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $282,995,040 at the close of FY 2015. This represented a $23,464,788 or 9.04 percent increase in net position from the prior fiscal year.

CITY OF CORVALLIS
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014 (restated)	June 30, 2015	June 30, 2014 (restated)	June 30, 2015	June 30, 2014 (restated)	June 30, 2015
Current and other assets	$ 32,505,047	$ 47,345,914	$ 26,117,823	$ 34,296,318	$ 58,622,870	$ 81,642,232
Capital assets	156,242,383	160,231,331	131,248,206	129,484,746	287,490,589	289,716,077
Total assets	188,747,430	207,577,245	157,366,029	163,781,064	346,113,459	371,358,309
Total deferred outflows of resources	2,099,256	2,101,999	436,384	436,954	2,535,640	2,538,953
Total assets and deferred ouflows of resources	190,846,686	209,679,244	157,802,413	164,218,018	348,649,099	373,897,262
Current liabilities	4,741,214	5,074,078	738,609	904,344	5,479,823	5,978,422
Long-term liabilities	65,153,710	56,481,689	18,241,480	13,194,135	83,395,190	69,675,824
Total liabilities	69,894,924	61,555,767	18,980,089	14,098,479	88,875,013	75,654,246
Total deferred inflows of resources	(79,944)	12,481,196	323,778	2,766,780	243,834	15,247,976
Total liabilities and deferred inflows of resources	69,814,980	74,036,963	19,303,867	16,865,259	89,118,847	90,902,222
Net Position						
Net Investment in capital assets	149,612,328	150,543,949	118,294,427	119,496,665	267,906,755	270,040,614
Restricted	9,804,205	16,340,444	17,027,541	21,616,708	26,831,746	37,957,152
Unrestricted	(38,384,827)	(31,242,112)	3,176,578	6,239,386	(35,208,249)	(25,002,726)
Total Net Position	**$ 121,031,706**	**$ 135,642,281**	**$ 138,498,546**	**$ 147,352,759**	**$ 259,530,252**	**$ 282,995,040**

The largest portion of the City's net position, $270,040,614, 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 $2,133,859 or 0.80 percent from June 30, 2014. 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.

The City's restricted net position totaled $37,957,152 or 13.41 percent of the total net position representing resources that are subject to external restrictions on how they may be used. This represents an increase of $11,125,406 in the City's restricted net position from June 30, 2014. The remaining balance of unrestricted net position, ($25,002,726), may be used to meet the City's ongoing obligations to citizens and creditors. Ending the year with negative unrestricted net position has required the City to modify the services it offers to balance the budget for FY 2016.

Unrestricted net position for governmental activities totaled ($31,242,112) or (23.03) percent of the total net position for governmental activities. Business-type activities unrestricted net position totaled $6,239,386 or 4.23 percent of the total net position for business-type activities. At the end of FY 2015, the City of Corvallis is able to report positive balances in two of three categories of net position, with the total unrestricted net position negative. The City has taken action during FY 2015 that is expected to bring the unrestricted net position in governmental activities to a positive balance in FY 2016.

CITY OF CORVALLIS
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014 (restated)	June 30, 2015	June 30, 2014 (restated)	June 30, 2015	June 30, 2014 (restated)	June 30, 2015
Revenue:						
Program Revenue:						
Charges for Service	$ 17,469,043	$ 18,434,985	$ 21,660,192	$ 24,232,118	$ 39,129,235	$ 42,667,103
Operating grants and contributions	9,694,350	9,387,749	43,975	16,635	9,738,325	9,404,384
Capital grants and contributions	5,923,404	4,480,448	2,515,543	4,757,420	8,438,947	9,237,868
General Revenue:						
Property taxes levied for op. purposes	21,347,731	25,331,103	-	-	21,347,731	25,331,103
Property taxes levied for debt service	1,082,773	1,131,328	-	-	1,082,773	1,131,328
Transient room taxes	1,424,997	1,604,370	-	-	1,424,997	1,604,370
Franchise Fees	5,486,499	5,635,615	-	-	5,486,499	5,635,615
Interest and investment earnings	250,895	289,554	143,869	159,831	394,764	449,385
Miscellaneous	2,266,469	1,681,005	116,134	17,925	2,382,603	1,698,930
Gain on sale of capital assets	66,733	20,298	-	-	66,733	20,298
Total Revenues	65,012,894	67,996,455	24,479,713	29,183,929	89,492,607	97,180,384
Expenses:						
Community Development	6,083,655	5,533,179	-	-	6,083,655	5,533,179
Finance Department	944,298	158,059	-	-	944,298	158,059
Fire Department	11,442,641	9,310,261	-	-	11,442,641	9,310,261
Library	6,241,948	5,724,638	-	-	6,241,948	5,724,638
Parks & Recreation	6,704,226	6,536,936	-	-	6,704,226	6,536,936
Police Department	13,783,254	12,218,752	-	-	13,783,254	12,218,752
Public Works	9,619,034	10,063,491	-	-	9,619,034	10,063,491
General Government	2,518,089	1,931,655	-	-	2,518,089	1,931,655
Interest on long-term debt	2,305,645	2,419,549	-	-	2,305,645	2,419,549
Water	-	-	8,314,648	8,388,726	8,314,648	8,388,726
Wastewater	-	-	8,570,089	8,503,193	8,570,089	8,503,193
Storm Water	-	-	2,655,470	2,217,614	2,655,470	2,217,614
Airport	-	-	762,258	709,543	762,258	709,543
Total Expenses	59,642,790	53,896,520	20,302,465	19,819,076	79,945,255	73,715,596
Excess of revenues over expenditures before transfers	5,370,104	14,099,935	4,177,248	9,364,853	9,547,352	23,464,788
Transfers	482,060	510,640	(482,060)	(510,640)	-	-
Change in Net Position	5,852,164	14,610,575	3,695,188	8,854,213	9,547,352	23,464,788
Net Position - Beginning	145,665,542	121,031,706	137,267,618	138,498,546	282,933,160	259,530,252
Restatement	(30,486,000)	-	(2,464,260)	-	(32,950,260)	-
Net Position - Beginning, Restated	115,179,542	121,031,706	134,803,358	138,498,546	249,982,900	259,530,252
Net Position - Ending	$ 121,031,706	$ 135,642,281	$ 138,498,546	$ 147,352,759	$ 259,530,252	$ 282,995,040

Due to the implementation of GASB Statements 68 and 71, beginning net position was restated as of July 1, 2014. Prior year comparative information has been presented in the same manner as it was in last year's report. Comparative data will be provided in future years.

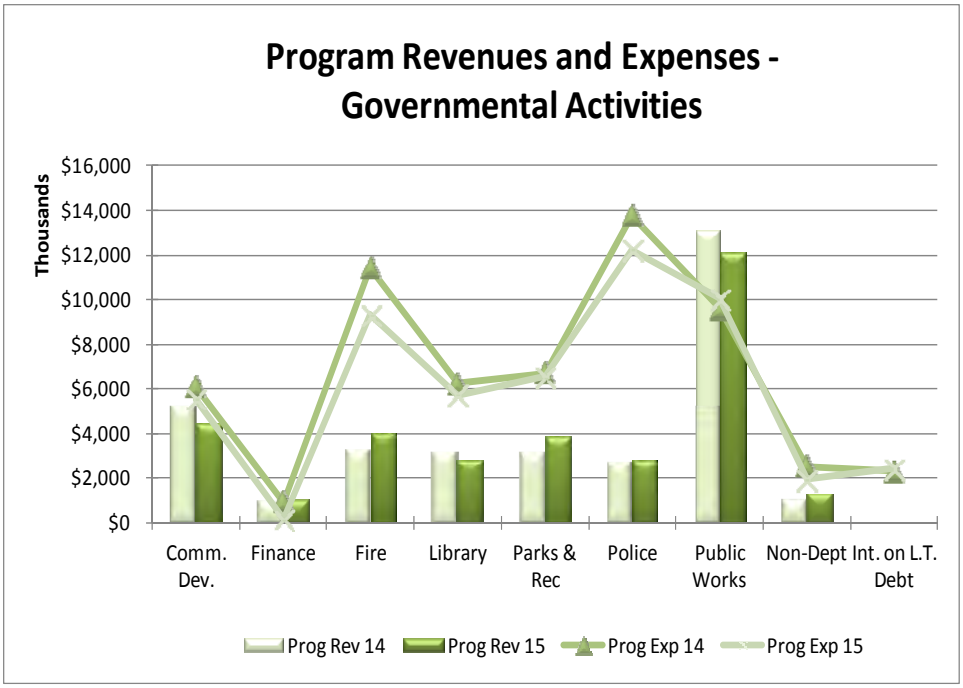
- Governmental activities increased the City's net position by $14,610,575. This improvement was partially due to continued implementation of the Council Policy to fund an operating reserve, combined with implementation of a voter-approved local option property tax levy at the rate of $0.8181 per $1,000 of assessed value. Revenue from the levy is dedicated to specific operations. In addition, for FY 2015, the City has a GASB-68 reported asset with the Oregon Public Employees Retirement System (OPERS) which improved the City's net position. Due to subsequent events, this is expected to be reported as a liability in FY 2016.

- Business-type activities increased the City's net position by $8,854,213. A significant base rate restructuring in the utility funds was implemented which, along with much less rainfall than usual resulting in higher use, led to an overall increase in program revenue available to be used for fund operating and maintenance costs as well as to build capacity for either cash or debt funded infrastructure projects. Business-type activities also have a share of the OPERS GASB-68 asset.

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, unrestricted fund balance (committed, assigned and unassigned) 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, 2015, the City's governmental funds reported combined ending fund balances of $28,550,906, an increase of $7,324,579 in comparison with the prior year. Approximately $17,306,675, or 60.1 percent, constitutes committed, assigned and unassigned fund balance which is available for spending at the City's discretion. The City holds $5,000 in a non-spendable Permanent Fund. The remainder of the fund balance, or approximately $11,239,231, is restricted to indicate that it is not available for new spending because it has already been earmarked to pay for capital construction and other purposes.

The General Fund is the main operating fund for the City. At the end of FY 2015, the unassigned and assigned fund balance of the General Fund was $8,227,597. Monies restricted and committed totaled $2,073,925. As a measure of the General Fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. The unassigned and assigned fund balance represents 21.52 percent of the total General Fund operating expenditures.

The total fund balance (restricted, committed, unassigned, and assigned) of the General Fund increased by $3,772,742 during FY 2015. The key factor in this increase relates to the City Council's continued emphasis on building reserves. Contributing influences to the total growth included the following:

- The City Council has continued its commitment to build the General Fund Fund Balance Reserve, bringing its total set aside from current revenues over the past two years to $4,820,209, which is higher than the $2,835,000 (representing 45 percent of $6,300,000) required by policy by this point in time. This balance is currently reflected in the unassigned balance on page 26.
- Total revenues were higher than the final amended budget by $1,508,690. Almost all revenue sources were higher than projected.
- Total expenditures were about $2,562,906 lower, or 6.3 percent of the final budget, due to departmental vacancy savings. A portion of the savings was set aside in vehicle/equipment reserves (assigned reserves) for future year use.

In the Street Fund, the fund balance increased by $1,512,140. Systems Development Charge (SDC) revenue, a category of Charges for Services in the Street Fund, was nearly double projections at $1,395,080, but is restricted for spending so does not serve to help operational appropriations.

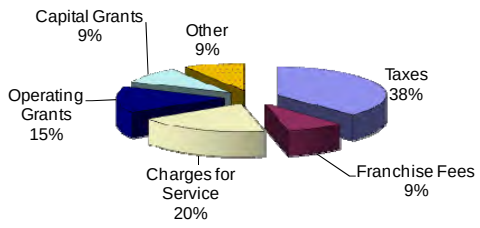
The Parks SDC Fund, with revenues from System Development Charges paid by new development restricted to system capacity enhancements, experienced an increase in fund balance of $1,487,782 based on revenues that were twice as high as expected. Monies held in this fund are planned for use in the future to expand capacity in the Park system.

The Community Development Revolving Fund ending fund balance was $58,166 lower than the prior year. As part of adopting the FY 15-16 budget, the City Council approved a grant of $300,000 from the General Fund to keep the Community Development Revolving Fund in a positive position in FY 14-15, with another $100,000 granted in FY 15-16. The City Council's Housing Development Task Force, along with the Sustainable Budget Task Force, is developing recommendations for Housing programs and potential future funding sources.

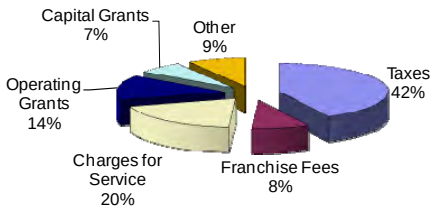
The Capital Construction Fund ending fund balance for June 30, 2015 was $29,108 greater than the prior year. The increase was the result of balances being built up in anticipation of spending on summer projects.

Revenue by Source – Governmental Funds

FY 13-14
Revenue by Source

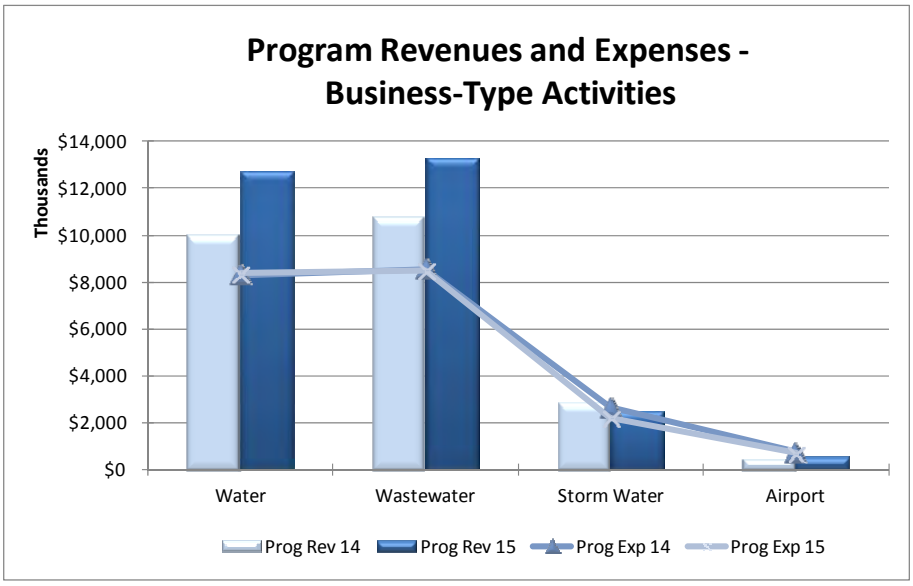


FY 14-15
Revenue by Source

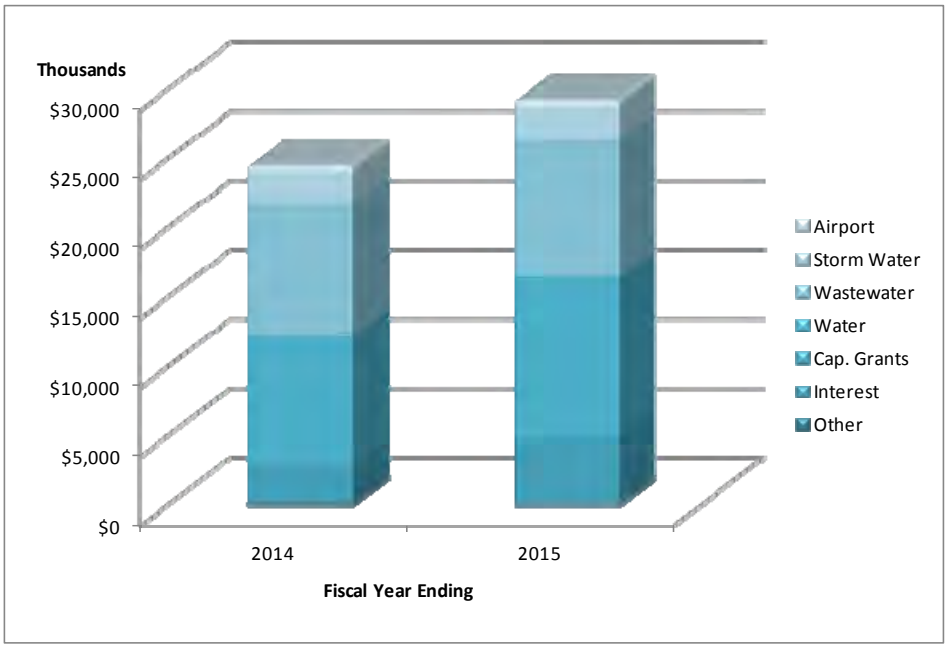


<u>Proprietary Funds</u> The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Activities in the proprietary funds increased the City's net position by $8,854,213. Key elements of this increase are as follows:

- The Water, Wastewater and Storm Water Funds rates underwent a significant rate review during the year, with rates re-structured to better account for fixed costs of each system within the fixed rate base. As a result of this review, no rate increase was implemented during the year. However, the year was also significantly drier than normal, resulting in higher water usage than usual; this led to an increase in revenue over budgeted projections.
- Systems Development Charges (SDCs) for water, wastewater, and storm water revenues combined were around $2.4 million higher than anticipated as the result of significant new multi-family development.



Revenues by Source – Business-type Activities



General Fund Budgetary Highlights

There was a $687,810 increase between the adopted and final amended budgeted expenditures in the General Fund. During the course of the year the City Council accepted and appropriated three grants and approved three supplemental budgets in this fund; one grant was for the Police Department bullet-proof vests, one was for Oak Habitat Restoration at Chip Ross Park, and one was for various Parks & Recreation specific purpose donations. Supplemental budgets were completed for the City to operate the Majestic Theatre (City-owned, but previously contracted for operations), pass-through payments made to State, School District and County governments for a

variety of purposes, and for Chintimini Community Center equipment. Significant variances between budget and actual activity can be summarized as follows:

- Revenues were generally close to budget, but almost all categories were higher than originally projected.
- Departments controlled spending and in some cases, set aside savings into assigned reserves for future vehicle/equipment replacements.

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, 2015, amounts to $289,716,077 (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 $2,225,489 , or 0.77 percent. This total includes a 2.55 percent increase in governmental activities and a 1.34 percent decrease in business-type activities.

Major capital asset events during FY 2015 included the following:

- Infrastructure maintenance projects capitalized for water, wastewater, and storm water totaled $1,282,185.
- Recorded intangibles include assets for land easements and software development.
- Construction in progress includes $3,886,534 towards the expected FY 2016 completion of a Fire Drill Tower facility.
- Street system replacement resources were focused on a single project – construction of the 15th Street and Washington Way Improvements began with FY 2014 expenditures totaling $945,912; expenditures in fiscal 2015 totaled $2,321,350 with work projected to be completed early in fiscal 2016. This project is being done in conjunction with Oregon State University, where the City is managing the overall project.

Depreciation of infrastructure, vehicles and equipment in FY 2015 served to largely offset the growth in additions to the City's capital assets reflected above.

CITY OF CORVALLIS' CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Intangibles	$ 2,391,341	$ 2,480,282	$ 425,573	$ 360,090	$ 2,816,914	$ 2,840,372
Land	89,536,102	89,694,078	1,142,357	1,142,357	90,678,459	90,836,435
Buildings	17,461,630	16,760,054	1,671,363	1,633,378	19,132,993	18,393,432
Machinery and equipment	2,372,338	2,180,635	1,864,509	2,017,041	4,236,847	4,197,676
Vehicles	5,652,129	5,519,873	871,291	778,506	6,523,420	6,298,379
Infrastructure	36,071,336	33,622,061	123,967,136	122,440,054	160,038,472	156,062,115
Mach/Vehic work in Progress	-	657,669	-	-	-	657,669
Construction in Progress	2,757,507	9,316,679	1,305,976	1,113,320	4,063,483	10,429,999
Total	$ 156,242,383	$ 160,231,331	$ 131,248,205	$ 129,484,746	$ 287,490,588	$ 289,716,077

Additional information on the City of Corvallis' capital assets can be found on pages 53-54 of this report.

Long-Term Debt At the end of FY 2015 the City had total debt outstanding of $49,480,198. Of this amount, $15,045,000 comprises general obligation debt and other bonds backed by the full faith and credit of the government; $2,920,000 is revenue supported based on direct pledges from the wastewater utility operation revenues; and $30,185,198 is limited-tax pension-related debt, supported by operating funds of the City. The City also had total notes outstanding of $1,330,000 which are fully General Fund supported.

CITY OF CORVALLIS
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
General obligation bonds	$ 5,180,000	$ 4,285,000	$ -	$ -	$ 5,180,000	$ 4,285,000
Full Faith and Credit bonds	-	3,900,000	9,200,000	6,860,000	9,200,000	10,760,000
Pension obligation bonds	30,812,337	30,185,198	-	-	30,812,337	30,185,198
Revenue bonds	-	-	3,430,000	2,920,000	3,430,000	2,920,000
Total bonded debt	35,992,337	38,370,198	12,630,000	9,780,000	48,622,337	48,150,198
Notes payable	1,530,000	1,330,000	-	-	1,530,000	1,330,000
Total Debt Outstanding	$ 37,522,337	$ 39,700,198	$ 12,630,000	$ 9,780,000	$ 50,152,337	$ 49,480,198

The City's total debt decreased $672,139 or 1.34 percent during FY 2015. The decrease was driven by paying scheduled debt service, netted against a new full faith and credit borrowing in fall 2014 to fund the Fire Drill Tower and several roof projects.

Moody's global rating system has established 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 55-59 of this report.

Economic Factors and Next Year's Budgets and Rates

- The seasonally adjusted unemployment rate for the Corvallis MSA in June 2015 was 4.6 percent, a decrease from last June's 5.3 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 5.5 percent.
- Historically, property tax revenue has been relatively stable, with an average rate of growth of around 3 percent annually over the last decade.
- The budget adopted for FY 2016 did not include an allowance for any additional property tax refund for Hewlett-Packard, pending a final decision from the Oregon Supreme Court on appeal by the State department of Revenue. The principal on the refund was paid in 2014 based on the Court of Appeals decision on Hewlett-Packard's appeal; any additional monies owed would be interest, which stopped accruing when the principle was repaid. Comcast has also appealed its valuation statewide, with a decision from the Supreme Court not expected until 2016 or later.
- Utility rates for the water, wastewater, and storm water funds are projected to continue 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 drives the annual rate increases.
- Commercial development has remained strong, and Oregon State University is continuing a series of significant construction projects. Enrollment growth at OSU has slowed some, but development of off-campus student housing has been strong with a current vacancy rate of less than 1percent for rental units.

All of these factors were considered when preparing the budget for the 2016 fiscal year.

During FY 2015, assigned and unassigned fund balances in the General Fund increased to a combined total of $8,227,597. The City Council has affirmed their financial policy to build the General Fund reserve to three-months of payroll costs, or around $6.3 million and has continued to apply the strategy to meet that goal. Significant work has continued to develop and maintain a sustainable budget. The City Council appointed a task force to achieve the Council's goal of adopting a a sustainable 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@corvallisoregon.gov.

BASIC FINANCIAL STATEMENTS

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

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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 opinion is expressed on the basic financial statements.

CITY OF CORVALLIS, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and investments	$ 32,498,696	$ 30,233,739	$ 62,732,435
Receivables (net of allowances for uncollectibles)			
Property taxes	2,365,192	-	2,365,192
Accounts	1,567,938	2,666,273	4,234,211
Accrued interest	33,787	36,508	70,295
Assessments	61,739	34,625	96,364
Franchise fees	473,384	-	473,384
Grants	858,846	36,645	895,491
Revolving loans	2,614,417	-	2,614,417
Other receivables	700,139	119	700,258
Other assets	2	-	2
Net pension asset	6,197,982	1,288,407	7,486,389
Other restricted assets	-	2	2
Capital assets:			
Non-depreciable	101,953,777	2,255,677	104,209,454
Other (net of accumulated depreciation)	58,277,554	127,229,069	185,506,623
Total Assets	207,603,453	163,781,064	371,384,517
Deferred Outflows of Resources			
Deferred outflows of resources - pension	2,101,999	436,954	2,538,953
Total Assets and Deferred Outflows of Resources	$ 209,705,452	$ 164,218,018	$ 373,923,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Accounts payable	$ 2,130,806	$ 608,296	$ 2,739,102
Accrued interest	711,735	33,517	745,252
Other accrued liabilities	2,163,955	262,531	2,426,486
Unearned revenue	93,790	-	93,790
Noncurrent liabilities:			
Due within one year			
Accrued compensated absences	3,543,061	571,084	4,114,145
Bonds payable	1,989,519	2,095,000	4,084,519
Notes payable	205,000	-	205,000
Due in more than one year:			
Accrued compensated absences	1,891,990	304,959	2,196,949
Net OPEB obligation	11,346,439	2,538,093	13,884,532
Bonds payable	36,380,680	7,684,999	44,065,679
Notes payable	1,125,000	-	1,125,000
Total Liabilities	61,581,975	14,098,479	75,680,454
Deferred Inflows of Resources			
Deferred amounts from debt refundings	172,384	208,082	380,466
Deferred inflows of resources - pension	12,308,812	2,558,698	14,867,510
Total Deferred Inflows of Resources	12,481,196	2,766,780	15,247,976
Net Position			
Net investment in capital assets	150,543,949	119,496,665	270,040,614
Restricted for:			
Streets and highways	5,365,284	-	5,365,284
Capital projects and construction	5,946,870	21,616,708	27,563,578
Debt service	61,259	-	61,259
Endowments - nonexpendable	5,000	-	5,000
Other purposes	4,962,031	-	4,962,031
Unrestricted	(31,242,112)	6,239,386	(25,002,726)
Total Net Position	135,642,281	147,352,759	282,995,040
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 209,705,452	$ 164,218,018	$ 373,923,470

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

CITY OF CORVALLIS, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Activities	***Expenses***	***Fees, Fines, and Charges for Services***	***Operating Grants and Contributions***	***Capital Grants and Contributions***	***Governmental Activities***	***Business-type Activities***	***Totals***
Governmental Activities:							
Community Development	$ 5,533,179	$ 3,545,204	$ 920,009	$ -	$ (1,067,966)	$ -	$ (1,067,966)
Finance	158,059	980,389	-	-	822,330	-	822,330
Fire	9,310,261	4,036,008	-	-	(5,274,253)	-	(5,274,253)
Library	5,724,638	291,441	2,499,938	-	(2,933,259)	-	(2,933,259)
Parks and Recreation	6,536,936	2,222,250	64,686	1,544,913	(2,705,087)	-	(2,705,087)
Police	12,218,752	1,558,850	1,204,088	-	(9,455,814)	-	(9,455,814)
Public Works	10,063,491	4,515,185	4,699,028	2,935,535	2,086,257	-	2,086,257
General Government	1,931,655	1,285,658	-	-	(645,997)	-	(645,997)
Interest on long-term debt	2,419,549	-	-	-	(2,419,549)	-	(2,419,549)
Total Govermental Activities	53,896,520	18,434,985	9,387,749	4,480,448	(21,593,338)	-	(21,593,338)
Business-type Activities:							
Water	8,388,726	11,459,098	16,635	1,214,904	-	4,301,911	4,301,911
Wastewater	8,503,193	9,928,985	-	3,361,956	-	4,787,748	4,787,748
Storm Water	2,217,614	2,345,832	-	123,916	-	252,134	252,134
Airport	709,543	498,203	-	56,644	-	(154,696)	(154,696)
Total Business-type Activities	19,819,076	24,232,118	16,635	4,757,420	-	9,187,097	9,187,097
Total Activities	$ 73,715,596	$ 42,667,103	$ 9,404,384	$ 9,237,868	(21,593,338)	9,187,097	(12,406,241)
		General Revenues:					
		Taxes					
		Property taxes, levied for general purposes			25,331,103	-	25,331,103
		Property taxes, levied for debt service			1,131,328	-	1,131,328
		Transient room taxes			1,604,370	-	1,604,370
		Franchise fees			5,635,615	-	5,635,615
		Interest and investment earnings			289,554	159,831	449,385
		Miscellaneous			1,681,005	17,925	1,698,930
		Gain on sale of capital assets			20,298	-	20,298
		Total General Revenues			35,693,273	177,756	35,871,029
		Transfers			510,640	(510,640)	-
		Change in Net Position			14,610,575	8,854,213	23,464,788
		Net Position, Beginning of Year			151,517,706	140,962,806	292,480,512
		Restatement (see note)			(30,486,000)	(2,464,260)	(32,950,260)
		Net Position, Beginning of Year, Restated			121,031,706	138,498,546	259,530,252
		Net Position, End of Year			$ 135,642,281	$ 147,352,759	$ 282,995,040

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

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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, fire, parks and recreation, library, 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 SDC FUND - Accounts for the expansion and improvements of the Parks system. The major revenue sources are charges for services from collection of system development charges.

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.

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, 2015

	General	Street	Parks SDC	Community Development Revolving	Capital Construction	Other Governmental Funds	Total
ASSETS							
Cash and investments	$ 12,288,005	$ 5,122,141	$ 4,381,548	$ -	$ 1,388,703	$ 6,694,683	$ 29,875,080
Receivables							
Property taxes	2,365,192	-	-	-	-	-	2,365,192
Accounts	1,043,147	111,625	-	920	3,474	362,988	1,522,154
Accrued interest	10,241	8,258	7,967	(95)	1,406	5,411	33,188
Assessments	35,225	10,388	16,126	-	-	-	61,739
Franchise fees	473,384	-	-	-	-	-	473,384
Grants	8,606	5,577	-	36,579	331,391	476,693	858,846
Revolving loans	8,169	-	-	2,606,248	-	-	2,614,417
Other receivables	266,341	303,827	-	-	-	129,971	700,139
Other assets	-	-	-	-	-	2	2
Total Assets	$ 16,498,310	$ 5,561,816	$ 4,405,641	$ 2,643,652	$ 1,724,974	$ 7,669,748	$ 38,504,141
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 1,114,189	$ 47,400	$ -	$ 4,659	$ 193,098	$ 477,746	$ 1,837,092
Other accrued liabilities	1,798,651	138,744	-	30,191	175,947	368	2,143,901
Total Liabilities	2,912,840	186,144	-	34,850	369,045	478,114	3,980,993
Deferred Inflows of Resources							
Unavailable/unearned revenue	3,283,948	10,388	16,126	2,606,248	-	55,532	5,972,242
Total Deferred Inflows of Resources	3,283,948	10,388	16,126	2,606,248	-	55,532	5,972,242
Fund Balances							
Nonspendable	-	-	-	-	-	5,000	5,000
Restricted	1,010,637	4,010,962	4,013,661	1,386,767	755,364	61,840	11,239,231
Committed	1,063,288	286,496	-	394,584	-	3,321,207	5,065,575
Assigned	2,048,243	1,067,826	375,854	-	600,565	3,748,055	7,840,543
Unassigned	6,179,354	-	-	(1,778,797)	-	-	4,400,557
Total Fund Balances	10,301,522	5,365,284	4,389,515	2,554	1,355,929	7,136,102	28,550,906
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 16,498,310	$ 5,561,816	$ 4,405,641	$ 2,643,652	$ 1,724,974	$ 7,669,748	$ 38,504,141

The accompanying notes to the basic financial statements 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 POSITION
JUNE 30, 2015

Amounts reported for governmental activities in the statement of net position (page 24) are different because:

Fund balance - total governmental funds (page 26)	$	28,550,906
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 position but are not included here.		159,490,396
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		8,299,981
Long-term liabilities and deferred inflows of resources, including accured liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(67,579,527)
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 position.		1,002,073
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.		5,878,452
Net position of governmental activities (page 24)	$	135,642,281

The accompanying notes to the basic financial statements 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, 2015

	General	Street	Parks SDC	Community Development Revolving	Capital Construction	Other Governmental Funds	Total
REVENUES							
Taxes	$ 26,539,972	$ -	$ -	$ -	$ -	$ 1,131,328	$ 27,671,300
Licenses, fees, and permits	6,025,876	714,788	-	156,178	-	2,770,746	9,667,588
Charges for services	6,461,916	1,632,151	1,541,641	5,000	-	3,290,727	12,931,435
Intergovernmental	3,952,221	3,280,856	-	913,429	791,805	2,936,408	11,874,719
Fines and forfeitures	693,085	602	-	1,965	-	398,817	1,094,469
Miscellaneous	672,815	33,884	27,107	210,619	1,718,180	261,766	2,924,371
Total Revenues	44,345,885	5,662,281	1,568,748	1,287,191	2,509,985	10,789,792	66,163,882
EXPENDITURES							
Current							
City Manager's Office	292,929	-	-	-	-	-	292,929
Community Development	1,403,358	15,745	-	1,619,307	-	2,799,229	5,837,639
Finance	567,681	-	-	-	-	211,887	779,568
Fire	10,136,406	-	-	-	-	-	10,136,406
Library	5,781,734	-	-	-	-	-	5,781,734
Parks & Recreation	6,260,291	-	-	-	-	-	6,260,291
Police	10,843,496	-	-	-	-	2,532,569	13,376,065
Public Works	736,365	2,980,803	-	-	-	3,000,005	6,717,173
Nondepartmental	854,523	-	-	-	-	1,350	855,873
Debt service							
Principal	200,000	-	-	-	-	1,522,140	1,722,140
Interest	79,053	-	-	-	-	2,298,728	2,377,781
Capital outlay	1,083,788	683,457	-	-	7,182,969	459,138	9,409,352
Total Expenditures	38,239,624	3,680,005	-	1,619,307	7,182,969	12,825,046	63,546,951
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,106,261	1,982,276	1,568,748	(332,116)	(4,672,984)	(2,035,254)	2,616,931
OTHER FINANCING SOURCES (USES)							
Proceeds - issuance of debt	-	-	-	-	3,900,000	-	3,900,000
Premium - issuance of debt	-	-	-	-	281,852	-	281,852
Proceeds - sale of capital assets	505	1,074	-	-	-	13,577	15,156
Transfers in	20,966	-	-	300,000	520,240	2,838,420	3,679,626
Transfers out	(2,354,990)	(471,210)	(80,966)	(26,050)	-	(235,770)	(3,168,986)
Total Other Financing Sources (Uses)	(2,333,519)	(470,136)	(80,966)	273,950	4,702,092	2,616,227	4,707,648
NET CHANGE IN FUND BALANCES	3,772,742	1,512,140	1,487,782	(58,166)	29,108	580,973	7,324,579
FUND BALANCE, Beginning of year	6,528,780	3,853,144	2,901,733	60,720	1,326,821	6,555,129	21,226,327
FUND BALANCE, End of year	$ 10,301,522	$ 5,365,284	$ 4,389,515	$ 2,554	$ 1,355,929	$ 7,136,102	$ 28,550,906

The accompanying notes to the basic financial statements 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, 2015

Amounts reported for governmental activities in the statement of activities (page 25) are different because:

Net change in fund balances - total governmental funds (page 28)	$	7,324,579
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 (net)		9,566,363
Current period depreciation		(5,549,668)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(330,220)
Contributions of capital assets increase net position. These assets are not reported in the funds.		282,729
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 position. Also, governmental funds report the effect of 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.		(2,390,301)
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.		4,972,634
Some revenues are earned but are deferred as they are not available in the current period and, therefore, are not reported in the funds.		391,154
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.		343,305
Change in net position of governmental activities (page 25)	$	14,610,575

The accompanying notes to the basic financial statements 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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 25,874,650	$ 25,874,650	$ 26,539,972	$ 665,322
Licenses, fees, and permits	5,741,280	5,741,280	6,025,876	284,596
Charges for services	5,786,580	5,892,810	6,461,916	569,106
Intergovernmental	3,867,120	3,907,120	3,952,221	45,101
Fines and forfeitures	759,660	759,660	693,085	(66,575)
Miscellaneous	536,080	652,660	663,800	11,140
Total Revenues	42,565,370	42,828,180	44,336,870	1,508,690
EXPENDITURES				
Current				
City Manager's Office	293,300	293,300	292,929	371
Community Development	1,498,870	1,498,870	1,403,358	95,512
Finance	647,260	647,260	567,681	79,579
Fire	11,397,090	11,397,090	10,777,552	619,538
Library	6,151,640	6,151,640	5,818,695	332,945
Parks & Recreation	6,114,820	6,367,630	6,269,652	97,978
Police	11,283,220	11,293,220	11,081,561	211,659
Public Works	991,940	991,940	894,620	97,320
Nondepartmental	994,420	994,420	854,523	139,897
Debt service				
Principal	695,400	695,400	200,000	495,400
Interest	141,760	141,760	79,053	62,707
Contingency	630,000	330,000	-	330,000
Total Expenditures	40,839,720	40,802,530	38,239,624	2,562,906
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,725,650	2,025,650	6,097,246	4,071,596
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	505	505
Funds collected for other municipalities	790,130	1,215,130	1,144,768	(70,362)
Funds due to other municipalities	(790,130)	(1,215,130)	(1,135,753)	79,377
Transfers in	8,200	20,970	20,966	(4)
Transfers out	(2,150,510)	(2,450,510)	(2,354,990)	95,520
Total Other Financing Sources (Uses)	(2,142,310)	(2,429,540)	(2,324,504)	105,036
NET CHANGE IN FUND BALANCE	(416,660)	(403,890)	3,772,742	4,176,632
FUND BALANCE, Beginning of year	6,451,158	6,451,158	6,528,780	77,622
FUND BALANCE, End of year	$ 6,034,498	$ 6,047,268	$ 10,301,522	$ 4,254,254

The accompanying notes to the basic financial statements 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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Licenses, fees, and permits	$ 634,020	$ 634,020	$ 714,788	$ 80,768
Charges for services	831,000	831,000	1,632,151	801,151
Intergovernmental	3,498,010	3,498,010	3,280,856	(217,154)
Fines and forfeitures	1,000	1,000	602	(398)
Miscellaneous	20,260	20,260	33,884	13,624
Total Revenues	4,984,290	4,984,290	5,662,281	677,991
EXPENDITURES				
Current				
Community Development	21,020	21,020	15,745	5,275
Public Works	4,187,390	4,187,390	3,664,260	523,130
Contingency	85,740	85,740	-	85,740
Total Expenditures	4,294,150	4,294,150	3,680,005	614,145
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	690,140	690,140	1,982,276	1,292,136
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	1,074	1,074
Transfers out	(1,939,210)	(1,939,210)	(471,210)	1,468,000
Total Other Financing Sources (Uses)	(1,939,210)	(1,939,210)	(470,136)	1,469,074
NET CHANGE IN FUND BALANCE	(1,249,070)	(1,249,070)	1,512,140	2,761,210
FUND BALANCE, Beginning of year	3,635,219	3,635,219	3,853,144	217,925
FUND BALANCE, End of year	$ 2,386,149	$ 2,386,149	$ 5,365,284	$ 2,979,135

The accompanying notes to the basic financial statements 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 SDC FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 603,000	$ 603,000	$ 1,541,641	$ 938,641
Miscellaneous	15,100	15,100	27,107	12,007
Total Revenues	618,100	618,100	1,568,748	950,648
EXPENDITURES				
Current				
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	618,100	618,100	1,568,748	950,648
OTHER FINANCING SOURCES (USES)				
Transfers out	(908,700)	(908,700)	(80,966)	827,734
NET CHANGE IN FUND BALANCE	(290,600)	(290,600)	1,487,782	1,778,382
FUND BALANCE, Beginning of year	3,000,303	3,000,303	2,901,733	(98,570)
FUND BALANCE, End of year	$ 2,709,703	$ 2,709,703	$ 4,389,515	$ 1,679,812

The accompanying notes to the basic financial statements 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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Licenses, fees, and permits	$ 157,410	$ 157,410	$ 156,178	$ (1,232)
Charges for services	5,000	5,000	5,000	-
Intergovernmental	2,439,140	2,439,140	913,429	(1,525,711)
Fines and forfeitures	-	-	1,965	1,965
Miscellaneous	57,500	57,500	210,619	153,119
Total Revenues	2,659,050	2,659,050	1,287,191	(1,371,859)
EXPENDITURES				
Current				
Community Development	2,775,530	2,775,530	1,619,307	1,156,223
Contingency	22,650	22,650	-	22,650
Total Expenditures	2,798,180	2,798,180	1,619,307	1,178,873
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(139,130)	(139,130)	(332,116)	(192,986)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	300,000	300,000
Transfers out	(26,050)	(26,050)	(26,050)	-
Total Other Financing Sources (Uses)	(26,050)	(26,050)	273,950	300,000
NET CHANGE IN FUND BALANCE	(165,180)	(165,180)	(58,166)	107,014
FUND BALANCE, Beginning of year	198,873	198,873	60,720	(138,153)
FUND BALANCE, End of year	$ 33,693	$ 33,693	$ 2,554	$ (31,139)

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

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, 2015

	Budgeted Amounts			Variance with Final
	Original	***Final***	***Actual***	***Budget***
REVENUES				
Intergovernmental	$ 2,251,260	$ 2,251,260	$ 791,805	$ (1,459,455)
Miscellaneous	2,805,420	2,830,420	1,718,180	(1,112,240)
Total Revenues	5,056,680	5,081,680	2,509,985	(2,571,695)
EXPENDITURES				
Capital outlay	11,825,000	12,425,500	7,182,969	5,242,531
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,768,320)	(7,343,820)	(4,672,984)	2,670,836
OTHER FINANCING SOURCES (USES)				
Proceeds - issuance of debt	3,501,500	4,077,000	3,900,000	(177,000)
Premium - issuance of debt	-	-	281,852	281,852
Transfers in	3,175,770	3,163,000	520,240	(2,642,760)
Total Other Financing Sources (Uses)	6,677,270	7,240,000	4,702,092	(2,537,908)
NET CHANGE IN FUND BALANCE	(91,050)	(103,820)	29,108	132,928
FUND BALANCE, Beginning of year	766,016	766,016	1,326,821	560,805
FUND BALANCE, End of year	$ 674,966	$ 662,196	$ 1,355,929	$ 693,733

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

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FUND FINANCIAL STATEMENTS

PROPRIETARY FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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, 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.

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 benefited City units.

CITY OF CORVALLIS, OREGON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Wastewater	Storm Water	Airport	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets						
Cash and investments	$ 11,641,442	$ 16,424,377	$ 1,529,318	$ 638,602	$ 30,233,739	$ 2,623,616
Receivables						
Accounts	1,285,464	1,114,636	226,037	40,136	2,666,273	45,784
Accrued interest	10,998	23,252	1,840	418	36,508	599
Grants	8,120	-	-	28,525	36,645	-
Other receivables	-	119	-	-	119	-
Total Current Assets	12,946,024	17,562,384	1,757,195	707,681	32,973,284	2,669,999
Noncurrent Assets						
Assessments receivable	9,780	23,887	958	-	34,625	-
Net pension asset	528,539	528,539	199,886	31,443	1,288,407	-
Other restricted assets	-	2	-	-	2	-
Capital assets						
Non-depreciable	322,289	1,272,052	412,719	248,617	2,255,677	500,664
Other (net of accumulated depreciation)	44,369,644	61,075,752	16,615,024	5,168,649	127,229,069	240,273
Total Noncurrent Assets	45,230,252	62,900,232	17,228,587	5,448,709	130,807,780	740,937
Total Assets	58,176,276	80,462,616	18,985,782	6,156,390	163,781,064	3,410,936
Deferred Outflows of Resources						
Deferred outflows of resources - pension	179,250	179,250	67,790	10,664	436,954	-
Total Assets and Deferred Outflows of Resources	$ 58,355,526	$ 80,641,866	$ 19,053,572	$ 6,167,054	$ 164,218,018	$ 3,410,936
LIABILITIES AND NET POSITION						
Current Liabilities						
Accounts payable	$ 194,819	$ 303,657	$ 69,106	$ 40,714	$ 608,296	$ 293,714
Accrued compensated absences	237,867	225,324	97,175	10,718	571,084	426,043
Accrued interest	634	32,883	-	-	33,517	-
Other accrued liabilities	218,455	25,319	18,757	-	262,531	20,055
Bonds payable, current portion	160,000	1,935,000	-	-	2,095,000	-
Total Current Liabilities	811,775	2,522,183	185,038	51,432	3,570,428	739,812
Long-Term Liabilities						
Accrued compensated absences	127,021	120,322	51,892	5,724	304,959	263,937
Net OPEB obligations	1,028,844	1,033,009	406,817	69,423	2,538,093	1,405,114
Bonds payable (net of unamortized premium and deferred amount on refunding)	165,407	7,727,674	-	-	7,893,081	-
Total Long-Term Liabilities	1,321,272	8,881,005	458,709	75,147	10,736,133	1,669,051
Total Liabilities	2,133,047	11,403,188	643,747	126,579	14,306,561	2,408,863
Deferred Inflows of Resources						
Deferred inflows of resources - pension	1,049,646	1,049,646	396,962	62,444	2,558,698	-
Net Position						
Net investment in capital assets	44,366,526	52,685,130	17,027,743	5,417,266	119,496,665	740,937
Restricted						
Capital projects and construction	7,409,935	13,940,759	266,014	-	21,616,708	-
Unrestricted	3,396,372	1,563,143	719,106	560,765	6,239,386	261,136
Total Net Position	55,172,833	68,189,032	18,012,863	5,978,031	147,352,759	1,002,073
Total Liabilities and Net Position	$ 58,355,526	$ 80,641,866	$ 19,053,572	$ 6,167,054	$ 164,218,018	$ 3,410,936

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

CITY OF CORVALLIS, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Wastewater	Storm Water	Airport	Total	
OPERATING REVENUES						
Licenses, fees, and permits	$ -	$ -	$ -	$ 4,779	$ 4,779	$ 37,428
Charges for services	11,508,667	12,742,545	2,429,989	488,544	27,169,745	9,067,736
Fines and forfeitures	2,366	568	50	-	2,984	104
Miscellaneous	925,413	126,861	3,057	4,880	1,060,211	202,757
Total Operating Revenues	12,436,446	12,869,974	2,433,096	498,203	28,237,719	9,308,025
OPERATING EXPENSES						
Personnel services	2,769,763	2,745,059	1,030,153	132,170	6,677,145	4,697,073
Materials and supplies	863,265	488,809	61,534	19,548	1,433,156	545,219
Services	915,518	380,130	174,141	121,806	1,591,595	1,311,330
Utility and overhead	2,319,816	2,248,727	521,337	75,959	5,165,839	2,339,728
Training and conference	13,138	14,501	2,412	2,164	32,215	41,467
Depreciation and amortization	1,507,214	2,356,822	424,926	357,896	4,646,858	37,683
Total Operating Expenses	8,388,714	8,234,048	2,214,503	709,543	19,546,808	8,972,500
OPERATING INCOME (LOSS)	4,047,732	4,635,926	218,593	(211,340)	8,690,911	335,525
NON-OPERATING INCOME (EXPENSE)						
Interest income	58,059	92,692	5,446	3,633	159,830	2,637
Interest expense	(1,665)	(230,123)	-	-	(231,788)	(848)
Intergovernmental	16,635	-	-	-	16,635	-
Gain (loss) on disposal of capital assets	1,653	(39,022)	(3,111)	-	(40,480)	5,142
Total Non-Operating Income (Expense)	74,682	(176,453)	2,335	3,633	(95,803)	6,931
INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS	4,122,414	4,459,473	220,928	(207,707)	8,595,108	342,456
CAPITAL CONTRIBUTIONS						
Capital assets	242,301	33,875	36,925	-	313,101	-
Capital grants	-	400,000	-	56,644	456,644	-
Total Capital Contributions	242,301	433,875	36,925	56,644	769,745	-
TRANSFERS						
Transfers out	(181,440)	(189,880)	(130,560)	(8,760)	(510,640)	-
CHANGE IN NET POSITION	4,183,275	4,703,468	127,293	(159,823)	8,854,213	342,456
NET POSITION, Beginning of year, Restated	50,989,558	63,485,564	17,885,570	6,137,854	138,498,546	659,617
NET POSITION, End of year	$ 55,172,833	$ 68,189,032	$ 18,012,863	$ 5,978,031	$ 147,352,759	$ 1,002,073

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

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CITY OF CORVALLIS, OREGON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Wastewater	Storm Water	Airport	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 12,381,468	$ 12,672,035	$ 2,414,942	$ 521,744	$ 27,990,189	$ 583,846
Receipts from interfund services provided	6,100	29,742	1,815	-	37,657	8,700,101
Other receipts	8,380	5,520	880	590	15,370	7,890
Payments to suppliers	(2,438,800)	(1,326,796)	(200,513)	(104,102)	(4,070,211)	(3,903,903)
Payments to employees	(3,119,832)	(3,122,708)	(1,201,699)	(185,582)	(7,629,821)	(4,148,600)
Payments for interfund services used	(1,853,424)	(1,775,409)	(489,841)	(83,597)	(4,202,271)	(583,082)
Other payments	-	-	-	-	-	(6,346)
Net Cash Provided (Used) by Operating Activities	4,983,892	6,482,384	525,584	149,053	12,140,913	649,906
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out	(181,440)	(189,880)	(130,560)	(8,760)	(510,640)	-
Net Cash Used In Noncapital Financing Activities	(181,440)	(189,880)	(130,560)	(8,760)	(510,640)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(439,249)	(1,717,479)	(243,782)	(131,660)	(2,532,170)	(103,565)
Capital contributions	-	400,000	-	56,644	456,644	-
Interest paid	(17,600)	(337,750)	-	-	(355,350)	-
Payments on bond principal	(960,000)	(1,890,000)	-	-	(2,850,000)	-
Proceeds - sale of capital assets	4,116	-	-	-	4,116	5,143
Net Cash Used In Capital and Related Financing Activities	(1,412,733)	(3,545,229)	(243,782)	(75,016)	(5,276,760)	(98,422)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	53,914	87,578	4,958	3,470	149,920	2,416
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	3,443,633	2,834,853	156,200	68,747	6,503,433	553,900
CASH AND INVESTMENTS, Beginning of year	8,197,809	13,589,524	1,373,118	569,855	23,730,306	2,069,716
CASH AND INVESTMENTS, End of year	$ 11,641,442	$ 16,424,377	$ 1,529,318	$ 638,602	$ 30,233,739	$ 2,623,616

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Wastewater	Storm Water	Airport	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 4,047,732	$ 4,635,926	$ 218,593	$ (211,340)	$ 8,690,911	$ 335,525
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation and amortization	1,507,214	2,356,822	424,926	357,896	4,646,858	37,683
Change in assets and liabilities						
Receivables						
Accounts receivable	(219,876)	(152,262)	(6,091)	52,656	(325,573)	(41,435)
Assessments	(3,777)	(12,908)	(273)	-	(16,958)	-
Grants	9,500	-	1,445	(28,525)	(17,580)	-
Other	-	2	-	-	2	-
Other Assets	(30,807)	(30,037)	(21,882)	-	(82,726)	-
Accounts payable	(64,171)	38,127	59,020	(675)	32,301	(50,893)
Accrued compensated absences	(10,649)	(18,812)	5,403	3,188	(20,870)	7,413
Net OPEB obligations	282,173	314,744	111,598	15,655	724,170	352,066
Pension expense (income)	(669,048)	(669,048)	(253,025)	(39,802)	(1,630,923)	-
Other accrued liabilities	135,601	19,830	(14,130)	-	141,301	9,547
Net Cash Provided (Used) by Operating Activities	$ 4,983,892	$ 6,482,384	$ 525,584	$ 149,053	$ 12,140,913	$ 649,906
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
The City disposed of various assets during the year which resulted in gains (losses)	$ 1,653	$ (39,022)	$ (3,111)	$ -	$ (40,480)	$ -
Contributions of capital assets	242,301	33,875	36,925	-	313,101	-

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-wide and fund financial statements

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

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The City's government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash inflows and outflows. Property taxes are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City. The General Fund accounts for all financial resources of the City excluding those required to be accounted for in another fund. Principal sources of revenue are taxes, fees, licenses, permits, charges for services, and intergovernmental revenues. Primary expenditures in the General Fund are made for police, fire, community development, public works, library, parks and recreation, general government, 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 System Development Charge (SDC) Fund

The Parks SDC Fund accounts for expansions and improvements to the Parks system. The major revenue sources for the Parks SDC Fund are charges for services from collection of system development charges.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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, Deferred Outflows/Inflows of Resources 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, with the exception of investments, 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. The City investments are reported using full accrual accounting, as it is a best practice for the industry. Investments are booked at par value, rather than cost, and interest income is accrued on a monthly basis, with the premium or discount paid up front on an investment being amortized or accreted respectively over the life of the investment.

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, and appropriately rated commercial paper, bankers' acceptances and corporate obligations, as well as 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 Council's Administrative Services Committee (ASC), as well as the City's Investment Advisor, and the Oregon Short Term Fund Board (OSTF) when substantive changes are made. The City uses the services of a third party investment advisor to assist with managing the City's investment portfolio. A monthly Treasury Report is submitted to the ASC and the portfolio status is reviewed quarterly with this body as part of Council's fiduciary responsibility to monitor City assets. Additionally, Oregon Revised Statutes require that deposits be made with approved depository financial institutions. Local Government Investment Pool balances are backed by the full faith and credit of the State of Oregon.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Cash and Investments (Continued)

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 by management policy to various funds and reserves based on average cash balances 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 by management 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.

Grant proceeds for costs of managing the rehabilitation loan program are recorded as revenue when operating costs are incurred. Three types of programmatic approaches 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 payment or fully amortized 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 both interest and non-interest bearing loans to investor/developer/owner borrowers who own rental housing property occupied primarily by low income tenants, or who are building new owner or renter housing for purchase/occupancy by low income households. All three loan types are extended to qualified borrowers for rehabilitation or acquisition or construction 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Receivables (Continued)

Although terms may vary, most loans are due upon sale or transfer of the real property when it is no longer used as an owner's primary residence, or when a rental property ceases to meet the federal requirements tied to the City's investment. Non-deferred loans require monthly payments which are amortized over a period of years. When loan payments or payoffs of loans originally underwritten with federal funds are received, such amounts are recognized as program income (revenue) and utilized to continue to provide the benefits the programs are required to deliver under federal rules.

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 $10,000 or more and a useful life greater than a single reporting year. Capital assets, excluding governmental activity, and 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 lives. 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

In accordance with the Governmental Accounting Standards Board (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 Position; the assets are reflected in these Notes to the Basic Financial Statements.

Intangible assets are classified as computer software, land easements, patents, and 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Intangible Assets (Continued)

intangible assets of $100,000, with the exception of land. 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 acquired. As such, computer software is added as a non-depreciable work in progress addition for each year of development. The work in progress is then disposed of and reacquired as a depreciable addition once software is put into service or implemented. All intangible assets are reported in the government-wide Statement of Net Position.

Depreciation on intangible assets is calculated on a straight line basis over the asset's 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.

The estimated useful lives of depreciable capital and intangible asset classifications are as follows:

Assets	***Years***
Infrastructure	20-75
Utility plants and system	40-80
Buildings	50
Vehicles	4-25
Machinery and equipment	5-10
Office equipment	3-5
Intangible Assets	
Computer Software	3

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation within limits set by collective bargaining agreements. 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. The General Fund is the governmental fund which has paid the largest share in prior years for compensated absences based on the high level of accruals for public safety staff that are funded from this source.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

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 Position. 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 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for City reporting in this category are: the deferred charges on refunding reported in the government-wide Statement of Net Position. The deferred charges on refunding reporting results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has *unavailable and unearned revenues* that qualify for reporting in this category. The *unavailable revenue* is reported only in the governmental funds balance sheet and the *unearned revenue* is reported in both the governmental balance sheet and the government-wide Statement of Net Position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Fund Balance

For governmental funds, assets in excess of liabilities are reported as fund balances. These balances are classified according to the constraints imposed upon them:

1) *Nonspendable*: Amounts inherently nonspendable or that must remain intact due to third party imposed legal or contractual restrictions.
2) *Restricted:* Amounts constrained to specific purposes by externally enforceable legal restrictions, such as those provided by creditors, grantors, higher levels of government, through constitutional provisions, or by enabling legislation.
3) *Committed*: Amounts constrained by City Council through resolution or ordinance before the end of the fiscal year. The State of Oregon recognizes resolutions and ordinances as being equally binding and the process for establishing, modifying, and rescinding resolutions and ordinances are substantively the same. Therefore, the City uses both to commit funds.
4) *Assigned*: Amounts the City intends to use for a specific purpose. The authority to assign resources lies with the City's Finance Director.
5) *Unassigned*: Amounts that are not categorized into one of the aforementioned classifications; these resources may be used for any purpose. Only the General Fund should show a positive unassigned fund balance. For all funds, a negative unassigned fund balance should be reported if more resources are used than are available in the fund.

The City Council authorized through its approved Financial Policies document, the Finance Director to assign fund balance. Assignments of fund balance can be done at any time, including after the fiscal year end date.

Commitments of fund balance should occur prior to the end of the reporting period, but the amount subject to the constraint may be determined in the subsequent period.

The City will use funds in the following order: restricted, committed, assigned, and unassigned.

Use of Estimates

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

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. The City Manager develops, and then through a process of public hearings and deliberations the Budget Commission 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; 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 City Council approval at a minimum, and may require newspaper publication, public comments, or public hearings, over a certain dollar threshold. There were seven supplemental budgets adopted during the fiscal year, none of which required republication of the budget or public hearings; all were adopted via resolution through regular City Council meetings. Three contingency transfers were required in FY 14-15. City Council also approved three resolutions accepting and appropriating grant funds that had not been anticipated at the time that the budget had been adopted.

Expenditures of the various funds were within authorized appropriations.

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 Position as follows:

	Governmental Activities	***Business-type Activities***	***Total***
Cash and investments	$ 32,498,696	$ 30,233,739	$ 62,732,435
Restricted cash and investments	-	-	-
Total Cash and Investments	$ 32,498,696	$ 30,233,739	$ 62,732,435

CASH AND INVESTMENTS *(Continued)*

Deposits

As of June 30, the City's bank deposits had a book balance of $1,997,143 and a bank balance of $5,725,634. The difference is due to transactions in process.

Custodial Risk - Deposits

Oregon statutes for public funds collateralization provide for 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 or credit unions listed by the Office of the State Treasurer. The City must also report, at least annually, the financial institutions with which the City does business, and public official contact information. The FDIC insures $500,000 of the City's cash and investment balance. The remaining balance has been placed in qualified depository banks and credit unions 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, 2015 the City had the following investments:

Investment Type	***Fair Value***	***Less than 18 months***	***18-60 months***
Investments in the State of Oregon			
Local Government Investment Pool (LGIP)	$ 33,973,092	$ 33,973,092	$ -
Certificates of Deposit	3,000,000	3,000,000	
US Agencies	19,034,950	8,018,000	11,016,950
US Treasuries	2,011,720	2,011,720	-
Corporate Bonds	2,177,344	676,924	1,500,420
Municipal Bonds	501,135	501,135	-
Total Investments	$ 60,698,241	$ 48,180,871	$ 12,517,370

CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 in the LGIP may have maturities greater than three years. The investments are valued at fair value as required by GASB 31. At June 30, 2015, the fair value of the City's position in the State Treasurer's LGIP was approximately the fair value of the pool share.

The City's holdings in United States Government Agency securities, treasuries, corporate bonds and municipal bonds with maturities greater than one-year since purchase date had a net unrealized fair value gain of $54,547 over cost as of June 30, 2015.

Custodial Credit Risk – Investments

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not rated or 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. The 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.oregon.gov/DAS/CFO/SARS/Pages/index.aspx .

Interest Rate Risk

The City's investment policy limits the maximum weighted average maturity of investments to one and one-half years, with a minimum of 10% of the investment portfolio maturing under 30 days and 25% maturing in under one year. The City defines long-term as having a maturity of greater than 18 months to a maximum of 60 months. As of June 30, 2015, 20% of the City's investment portfolio was classified as long-term.

Credit Risk

The City's investment policy limits investments in commercial paper to a rating by nationally recognized credit rating organizations that are higher than specified by State Law, and is therefore more restrictive than what is allowed by State Law. As of June 30, 2015 the City did not hold any commercial paper. State and local

CASH AND INVESTMENTS (Continued)

Credit Risk (Continued)

government securities are required by the City's investment policy to have an AA credit rating or better. As of June 30, 2015 the City held $500,000 par value of municipal obligations. The City may also invest in Corporate Bonds from a Council-approved list maintained by the City's third party investment advisor, with names which hold an Aa3 credit rating or better. As of fiscal year-end, the City owned $675,000 in General Electric Capital and $1,500,000 in Apple Inc. bonds.

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 100%; LGIP 100% (subject to the ORS imposed maximum dollar amount); certificates of deposit 25%; banker acceptances, commercial paper, corporate, and State of Oregon and local government securities are limited to 10% 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. Commercial paper and corporate bonds may have no more than 5% of the total portfolio from a single issuer. Certificates of deposit may have no more than 15% of the total portfolio invested with any one institution. No more than 5% of the total portfolio may be invested in one entity's state or local government security. Individual 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.

RECEIVABLES

Receivables include balances that are not expected to be collected within a year. The City anticipates that 57.39% of the property tax receivables will be collected after the subsequent year; 98% of assessments, housing and notes receivable are scheduled to be collected after the subsequent year.

DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

Governmental funds report deferred inflows of resources 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.

DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE (Continued)

At June 30, 2015, the various components of deferred revenue and unearned revenues reported in the governmental funds are as follows:

	Deferred Revenue	*Unearned*	*Total*
Delinquent property taxes receivable (General Fund)	$ 2,365,192	$ -	$ 2,365,192
Assessments not yet due:			
General Fund	6,941	-	6,941
Street Fund	10,388	-	10,388
Parks SDC Fund	16,126	-	16,126
Grants	-	37,370	37,370
Housing loans not yet due (Community Development Revolving Fund)	2,614,417	-	2,614,417
Receivables to be collected in future years	865,388	2,665	868,053
Operating revenue received but unearned (General Fund)	-	53,755	53,755
Total Deferred and Unearned Revenue	$ 5,878,452	$ 93,790	$ 5,972,242

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 Position. The expendable portion of the fund is included as restricted net position. 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:

Davidson Library Fund:	***Permanently Restricted for Endowment***	***Amount Available for Specific Expenditure***	***Total***
Total Net Position	$ 5,000	$ 581	$ 5,581

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities:

	Balances June 30, 2014	***Increases***	***Decreases***	***Balances June 30, 2015***
Non-depreciable capital assets				
Intangible	$ 2,173,500	$ 111,851	$ -	$ 2,285,351
Land	89,536,102	157,975	-	89,694,077
Mach/Vehic work in progress	-	657,670	-	657,670
Construction in progress	2,757,507	7,143,926	(584,754)	9,316,679
Total non-depreciable capital assets	94,467,109	8,071,422	(584,754)	101,953,777
Depreciable capital assets				
Intangible	432,615	84,202	-	516,817
Buildings	27,749,977	-	(70,000)	27,679,977
Machinery and equipment	5,870,547	271,708	(153,909)	5,988,346
Vehicles	12,058,702	784,025	(291,475)	12,551,252
Infrastructure	111,911,702	1,018,345	-	112,930,047
Total depreciable capital assets	158,023,543	2,158,280	(515,384)	159,666,439
Less Accumulated Depreciation				
Intangible	(214,774)	(107,112)	-	(321,886)
Buildings	(10,288,347)	(698,604)	67,028	(10,919,923)
Machinery and equipment	(3,498,209)	(463,262)	153,760	(3,807,711)
Vehicles	(6,406,573)	(850,754)	225,948	(7,031,379)
Infrastructure	(75,840,366)	(3,467,620)	-	(79,307,986)
Total accumulated depreciation	(96,248,269)	(5,587,352)	446,736	(101,388,885)
Total depreciable capital assets, net of accumulated depreciation	61,775,274	(3,429,072)	(68,648)	58,277,554
Governmental activities capital assets, net of accumulated depreciation	$ 156,242,383	$ 4,642,350	$ (653,402)	$ 160,231,331

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

Finance	$ 35,571
Community Development	117,011
Public Works	4,036,997
Library	228,077
Parks and Recreation	468,275
Police	239,212
Fire	462,209
Total depreciation expense, governmental activities	$ 5,587,352

CAPITAL ASSETS *(Continued)*

Business-Type Activities:

	Balances June 30, 2014	***Increases***	***Decreases***	***Balances June 30, 2015***
Non-depreciable capital assets				
Land	$ 1,142,357	$ -	$ -	$ 1,142,357
Construction in progress	1,305,976	1,849,441	(2,042,097)	1,113,320
Intangible in progress	-	-	-	-
Total non-depreciable capital assets	2,448,333	1,849,441	(2,042,097)	2,255,677
Depreciable capital assets				
Intangible	437,732	82,726	-	520,458
Buildings	2,568,669	27,544	-	2,596,213
Machinery and equipment	4,957,915	545,803	(10,807)	5,492,911
Vehicles	2,990,293	109,380	(74,562)	3,025,111
Infrastructure	201,919,091	2,313,064	-	204,232,155
Total depreciable capital assets	212,873,700	3,078,517	(85,369)	215,866,848
Less Accumulated Depreciation				
Intangible	(12,159)	(148,209)	-	(160,368)
Buildings	(897,305)	(65,530)	-	(962,835)
Machinery and equipment	(3,093,406)	(393,271)	10,807	(3,475,870)
Vehicles	(2,119,002)	(199,701)	72,098	(2,246,605)
Infrastructure	(77,951,955)	(3,840,146)	-	(81,792,101)
Total accumulated depreciation	(84,073,827)	(4,646,857)	82,905	(88,637,779)
Total depreciable capital assets, net of accumulated depreciation	128,799,873	(1,568,340)	(2,464)	127,229,069
Business-type activities capital assets, net of accumulated depreciation	$ 131,248,206	$ 281,101	$ (2,044,561)	$ 129,484,746

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

Water	$ 1,507,214
Wastewater	2,356,822
Storm Water	424,926
Airport	357,895
Total depreciation expense, business-type activities	$ 4,646,857

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. Voter approved 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:

Governmental Activities:	***Amount of Original Issue***	***Interest Rates on Outstanding Balances***	***Balances June 30, 2015***	***Due within One Year***
Advance Refunding 2009	$ 10,190,000	4.00 %	4,285,000	$ 965,000

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

Year Ending June 30	***Governmental Activities***	
	Principal	***Interest***
2016	$ 965,000	$ 171,400
2017	1,035,000	132,800
2018	1,115,000	91,400
2019	1,170,000	46,800
Total	$ 4,285,000	$ 442,400

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. As of June 30, 2015 there is no outstanding defeased debt associated with these bonds.

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:

Business-type Activities:	***Amount of Original Issue***	***Interest Rates on Outstanding Balances***	***Balances June 30, 2015***	***Due within One Year***
Series 2006A	$ 5,410,000	3.00 - 5.00 %	$ 2,920,000	$ 535,000

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

Year Ending June 30	***Business-type Activities***	
	Principal	***Interest***
2016	$ 535,000	$ 110,200
2017	565,000	83,450
2018	590,000	60,850
2019	605,000	43,150
2020	625,000	25,000
Total	$ 2,920,000	$ 322,650

LONG-TERM OBLIGATIONS *(Continued)*

Bonds Payable (Continued)

Full Faith and Credit Obligations

The City issued $23,913,017 of 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 bonds in fiscal year 2006 (Series 2005A) to retire the City's transition liability with PERS. Payment source is transfers from operating funds.

In fiscal year 2013, the City issued $11,485,000 in Full Faith and Credit Refunding Obligations (Series 2012) to prepay three utility loans that were revenue backed.

In fiscal year 2015, the City issued $3,900,000 in Full Faith and Credit Obligations (Series 2014) to finance the costs of roof replacements, the construction, equipping and furnishing of a fire drill tower and training facility, and related capital projects.

Full faith and credit obligation bonds outstanding are as follows:

Governmental Activities:	***Amount of Original Issue***	***Interest Rates on Outstanding Balances***	***Balances June 30, 2015***	***Due within One Year***
Series 2002A	$ 23,913,017	6.50 - 7.06 %	$ 21,565,198	$ 349,519
Series 2005A	9,980,000	4.859 - 5.004	8,620,000	335,000
Series 2014	3,900,000	3.00	3,900,000	340,000
Total Full Faith and Credit Bonds, Governmental	$ 37,793,017		$ 34,085,198	$ 1,024,519
Business-type Activities:				
Series 2012	$ 11,485,000	2.00 - 4.00 %	$ 6,860,000	$ 1,560,000

Annual debt service requirements to maturity for the full faith and credit bonds are as follows:

Year Ending	***Governmental Activities***		***Business-type Activities***	
June 30	***Principal***	***Interest***	***Principal***	***Interest***
2016	$ 1,024,519	$ 2,271,957	$ 1,560,000	$ 180,650
2017	1,094,957	2,329,892	1,240,000	146,450
2018	1,165,252	2,395,241	1,115,000	111,125
2019	1,231,833	2,461,572	1,150,000	77,150
2020	1,311,608	2,531,906	1,190,000	42,050
2021-2025	10,867,029	10,769,760	605,000	12,100
2026-2030	17,390,000	3,318,572	-	-
Total	$ 34,085,198	$ 26,078,900	$ 6,860,000	$ 569,525

LONG-TERM OBLIGATIONS *(Continued)*

Notes Payable

The City issues notes payable to finance major acquisitions or construction projects in governmental and business-type activities.

In fiscal year 2011, the City entered into a loan agreement with Bank of America (BOA) for $2,100,000 (2010 CIP Loan) to finance several capital improvement projects.

Outstanding notes payable are as follows:

Governmental Activities:	***Amount of Original Issue***	***Interest Rates on Outstanding Balances***	***Balances June 30, 2015***	***Due within One Year***
BOA 2010 CIP Loan	$ 2,100,000	2.9600 %	$ 1,330,000	$ 205,000

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

Year Ending June 30	***Governmental Activities***	
	Principal	***Interest***
2016	$ 205,000	$ 36,334
2017	210,000	30,192
2018	220,000	23,828
2019	225,000	17,242
2020	230,000	10,508
2021	240,000	3,552
Total	$ 1,330,000	$ 121,656

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, financial reporting, and disclosure of any material events. All of the covenants were met at June 30, 2015.

Changes in Long-Term Obligations

Governmental Activities:	***Balances June 30, 2014***	***Additions***	***Reductions***	***Balances June 30, 2015***	***Due within One Year***
Bonds Payable					
General Obligation Bonds	$ 5,180,000	$ -	$ 895,000	$ 4,285,000	$ 965,000
Full Faith and Credit Obligations	30,812,337	3,900,000	627,139	34,085,198	1,024,519
Total Bonds Payable	35,992,337	3,900,000	1,522,139	38,370,198	1,989,519
Notes Payable	1,530,000	-	200,000	1,330,000	205,000
Compensated Absences	5,346,548	3,531,649	3,443,146	5,435,051	3,543,061
Net OPEB obligation	8,331,060	3,841,246	825,867	11,346,439	-
Total Long-Term Obligations, Governmental Activities	$ 51,199,945	$ 11,272,895	$ 5,991,152	$ 56,481,688	$ 5,737,580

Business-type Activities:	***Balances June 30, 2014***	***Additions***	***Reductions***	***Balances June 30, 2015***	***Due within One Year***
Bonds Payable					
Revenue Bonds	$ 3,430,000	$ -	$ 510,000	$ 2,920,000	$ 535,000
Full Faith and Credit Obligations	9,200,000	-	2,340,000	6,860,000	1,560,000
Total Bonds Payable	12,630,000	-	2,850,000	9,780,000	2,095,000
Notes Payable	-	-	-	-	-
Compensated Absences	896,913	556,942	577,812	876,043	571,084
Net OPEB obligation	1,813,923	939,956	215,786	2,538,093	-
Total Long-Term Obligations, Business-Type Activities	$ 15,340,836	$ 1,496,898	$ 3,643,598	$ 13,194,136	$ 2,666,084

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:

	Transfers In					
Transfers Out:	***General Fund***	***CD Revolving***	***Capital Construction***	***Other Governmental Funds***	***Business-Type Funds***	***Total***
General Fund	$ -	$ 300,000	$ 115,000	$ 1,939,990	$ -	$ 2,354,990
Street Fund	-	-	345,240	125,970	-	471,210
Parks SDC Fund	20,966	-	60,000	-	-	80,966
Community Development Revolving Fund	-	-	-	26,050	-	26,050
Non-Major Governmental Funds	-	-	-	235,770	-	235,770
Water Fund	-	-	-	181,440	-	181,440
Wastewater Fund	-	-	-	189,880	-	189,880
Storm Water Fund	-	-	-	130,560	-	130,560
Airport Fund	-	-	-	8,760	-	8,760
Total Transfers	$ 20,966	$ 300,000	$ 520,240	$ 2,838,420	$ -	$ 3,679,626

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 General Fund, Street Fund, Water Fund, Wastewater Fund, and Storm Water Fund support the system development charge and site engineering program in the Development Services Fund.

FUND BALANCE

The City has continued to build a fund balance reserve in the General Fund as established per City Council Financial Policy #10.01. The target is to build this reserve to three-months of payroll costs, currently estimated around $6.3 million. The City Council must authorize expenditure of the reserve via a resolution. The reserve balance at the end of fiscal year 2015 is $4,820,209 and is included in the General Fund's unassigned fund balance.

FUND BALANCE (Continued)

Below is a schedule of ending fund balance, based on GASB Statement No. 54:

Fund Balances:	**General**	**Street**	**Parks SDC**	**Community Development Revolving**	**Capital Construction**	**Other Governmental Funds**	**Total**
Nonspendable:							
Endowment	$ -	$ -	$ -	$ -	$ -	$ 5,000	$ 5,000
Restricted:							
Street and highway improvements	-	4,010,962	-	-	-	-	4,010,962
Capital projects and construction	201,425	-	4,013,661	-	755,364	-	4,970,450
Debt service	-	-	-	-	-	61,259	61,259
Other							
Housing Loans				1,386,767		-	1,386,767
Senior Center reserve	186,903	-	-	-	-	-	186,903
Open Space	96,123	-	-	-	-	-	96,123
Other purposes	526,186	-	-	-	-	581	526,767
Total - Restricted	1,010,637	4,010,962	4,013,661	1,386,767	755,364	61,840	11,239,231
Committed:							
Street improvements	-	286,496	-	-	-	-	286,496
Other							
Public access television	38,047	-	-	-	-	-	38,047
Civic beautification	91,902	-	-	-	-	-	91,902
Urban forestry	86,976	-	-	-	-	-	86,976
Majestic Theatre reserve	427,718	-	-	-	-	-	427,718
Senior Center reserve	6,363	-	-	-	-	-	6,363
Housing loans	-	-	-	394,584	-	-	394,584
Other purposes	412,282	-	-	-	-	3,321,207	3,733,489
Total - Committed	1,063,288	286,496	-	394,584	-	3,321,207	5,065,575
Assigned:							
Vehicle reserves	1,494,410	372,434	-	-	-	460,167	2,327,011
Other purposes	553,833	695,392	375,854	-	600,565	3,287,888	5,513,532
Total - Assigned	2,048,243	1,067,826	375,854	-	600,565	3,748,055	7,840,543
Unassigned:	6,179,354	-	-	(1,778,797)	-	-	4,400,557
Total Fund Balances:	$ 10,301,522	$ 5,365,284	$ 4,389,515	$ 2,554	$ 1,355,929	$ 7,136,102	$ 28,550,906

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 $234,903,791; earthquake of $50,000,000; water damage of $10,000,000; tort liability of $5,000,000; airport liability of $5,000,000; public official bonds of $500,000; cyber security of $1,000,000; various real, personal and inland marine property coverage for replacement costs; and various flood coverage for city buildings. The City also carries commercial insurance for workers' compensation and employee health, life and disability coverage. No insurance claims settled in each of the past three years have exceeded policy coverage.

The City's Risk Management Fund, an Internal Service Fund, accounts for and finances the City's risks of loss. All funds of the City participate in the Risk Management Fund. Amounts payable to the Risk Management Fund are based on cost estimates necessary to pay premiums and if applicable, prior and current year claims and to establish a reserve of $500,000 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 eligible 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, as required by State labor law. 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 $1,250. 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 $1,250 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.

OTHER POST EMPLOYMENT BENEFITS (Continued)

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, 2015, the City's plan contributions were $1,606,070. The General Fund is the governmental fund that has been primarily used in prior years to liquidate the net OPEB obligation based on the significant level of related public safety personnel costs in that Fund.

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 an open period of ten years.

The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2015 and two years prior, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

	Fiscal Years Ended June 30,		
	2013	***2014****	***2015***
Annual required contribution	$ 3,577,379	$ 5,187,113	$ 5,259,095
Interest on net OPEB obligation	264,540	290,776	391,472
Adjustment to the Annual Required Contribution	(449,447)	(1,003,441)	(1,344,888)
Annual OPEB cost (expense)	3,392,472	4,474,448	4,305,679
Contribution made	1,676,439	1,619,050	1,606,070
Increase in net OPEB obligation	1,716,033	2,855,398	2,699,609
Net OPEB obligation, beginning of year	6,613,491	8,329,524	11,184,922
Net OPEB obligation, end of year	$ 8,329,524	$ 11,184,922	$ 13,884,532

* Amounts restated for 2014

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 three years were as follows:

Fiscal year ended June 30,	***Annual OPEB Cost***	***Contribution***	***Percentage of Annual OPEB Cost Contributed***	***Net OPEB Obligation***
2013	$ 3,392,472	$ 1,676,439	49.42%	$ 8,329,524
2014*	4,474,448	1,619,050	36.18%	11,184,922
2015	4,305,679	1,606,070	37.30%	13,884,532

* Amounts restated for 2014

OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of August 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $29,235,018, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $ 29,235,018. The covered payroll (annual payroll of active employees covered by the plan) was $29,374,861, and the ratio of the UAAL to the covered payroll was 99.52%.

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 regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The August 1, 2014 actuarial valuations for the OPEB plan is based on the projected unit credit actuarial cost method. The actuarial assumptions include an investment return of 3.5%, a 2.75% general inflation rate assumption, and healthcare cost trend rates that start at 5.75-6.5% (Pre-65 and Post-65 trends respectively) for the first year, August 1, 2014 to August 1, 2015, and then range from a high of 6.75% in 2033 to as low as 4.75% in 2070 onward, for an average annual rate increase of approximately 5.7%. Annual payroll increases are compounded at 3.5% annually. The unfunded actuarially accrued liability and the gain or loss is amortized as a level percentage of projected payroll over an open period of 10 years.

EMPLOYEE RETIREMENT PENSION PLAN

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a single cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERB) to administer and manage the system. The PERB governs and acts as a common investment and administrative agent for public employers in the State of Oregon. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The Oregon Public Employees Retirement System, a component unit of the State of Oregon, issues an independently audited Comprehensive Annual Financial Report (CAFR) which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

1) *Public Employee Retirement System (PERS) - Tier One/Tier Two Retirement Benefit (ORS Chapter 238).* The Tier One/Tier Two Retirement Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

EMPLOYEE RETIREMENT PENSION PLAN (continued)

a) *Pension Benefits.* The PERS retirement allowance is payable monthly for life, selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

b) *Death Benefits.* Upon death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following criterion are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job a the time of death.

c) *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

d) *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLA).

2) *Oregon Public Service Retirement Pension Defined Benefit Program (OPSRP DB).* The ORS Chapter 238A Defined Benefit (DB) Pension Program provides benefits to members hired on or after August 29, 2003.

a) *Pension Benefits.* This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program terminated, the date on which termination becomes effective.

EMPLOYEE RETIREMENT PENSION PLAN (continued)

b) *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

c) *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

d) *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments (COLA).

3) *OPSRP Individual Account Program (OPSRP IAP).*

a) *Pension Benefits.* An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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

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

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 Policy

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the OPERS Tier 1/Tier 2 and OPSRP Defined Benefit Plans and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced.

EMPLOYEE RETIREMENT PENSION PLAN (continued)

City of Corvallis contributions for the year ended June 30, 2015 were $2,538,953, excluding amounts to fund employer specific liabilities. The City's contribution rates for the year ended June 30, 2015 for each participant type were as follows:

Rate Category	Contractually Required Contribution Rate	Retirement Health Insurance Allocation	Normal Cost Rate Percentage	Combined UAL Rate Percentage	Net Rate Percentage
PERS General Service	7.69%	0.19%	7.88%	0.22%	8.10%
PERS Police & Fire	14.99%	0.19%	15.18%		15.40%
OPSRP General Service	6.17%	0.10%	6.27%		6.49%
OPSRP Police & Fire	8.90%	0.10%	9.00%		9.22%

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

At June 30, 2015 the City reported a net pension asset of $7,486,389 for its proportionate share of the plan net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City's proportion was 0.33027485 percent.

For the year ended June 30, 2015, the City recognized pension expense/(income) of ($6,964,003). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	14,445,697
Changes in proportion and differences between City contributions and proportionate share of contributions	-	421,813
Subtotal - Amortized Deferrals (below)	-	14,867,510
City contributions subsequent to the measurement date	2,538,953	-
Total	2,538,953	14,867,510
Net deferred outflow (inflow) of resources		$ (12,328,557)

EMPLOYEE RETIREMENT PENSION PLAN (continued)

Deferred outflows of resources related to pensions of $2,538,953 resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ending June 30, 2016. Amounts reported as deferred inflows of resources related to pension will be recognized as a pension expense as follows:

Year ended June 30:		
2016	$	(3,703,123)
2017		(3,703,123)
2018		(3,703,123)
2019		(3,703,123)
2020		(55,018)
Thereafter		-
Total	$	(14,867,510)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015.

Actuarial Valuations

The employer contribution rates effective July 1, 2013 through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with the new unfunded actuarial accrued liabilities being amortized over 16 years.

EMPLOYEE RETIREMENT PENSION PLAN (continued)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/ longevity increases based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension

EMPLOYEE RETIREMENT PENSION PLAN (continued)

(asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	***Discount Rate (7.75%)***	***1% Increase (8.75%)***
Corvallis' proportionate share of the net pension liability (asset)	$ 15,853,467	$ (7,486,389)	$ (27,226,432)

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled in the *Moro* decision, that the provisions of Senate Bills 822 and 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a two percent increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the *Moro* decision on the total pension liability and net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the *Moro* decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest $10 million.

	June 30, 2014 Measurement Date for all PERS Employers (in millions)	
Net pension liability	Pre-*Moro*	Post-*Moro*
Total pension liability	$ 63,135	$ 68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	$ (2,267)	$ 2,650

Additional disclosures related to the Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO Box 23700, Tigard, Oregon 97281-3700.

CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts to be immaterial.

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.

RESTATEMENT OF PRIOR YEAR NET POSITION

Based on the implementation of GASB Statement No. 68, a restatement of the City's prior year net position is required. Following are the restated balances of net position as of June 30, 2014:

	Governmental Activities	*Business-Type Activities*	*Total*
Net position-Beginning as previously reported	$ 151,517,706	$ 140,962,806	$ 292,480,512
Prepaid Pension Asset Write-off as of 6/30/14	(18,631,491)	-	(18,631,491)
Proportionate share of net pension (asset) liability at prior measurement date	(13,953,765)	(2,900,644)	(16,854,409)
Net outflow/(inflows) of resources (prior year employer contributions)	2,099,256	436,384	2,535,640
Net position-Beginning as restated	$ 121,031,706	$ 138,498,546	$ 259,530,252

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 December 1, 2015, the date on which the financial statements were available to be issued. On August 6, 2015, the Supreme Court affirmed the Tax Court Decision for the Hewlett Packard (HP) appeal for the 2008, 2009 and 2010 tax years. As a result, local taxing districts are now responsible to pay out the final interest due to HP. In order to accomplish this, the County will hold back $99,545 from the City's 2015 tax revenue in November 2015.

Management is not aware of any other subsequent events that require recognition or disclosure in the financial statements.

NEW PRONOUNCEMENT

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

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

GASB Statement No. 72, "Fair Value Measurement and Application", which prescribes how state and local governments should define and measure fair value. It also prescribes which assets and liabilities should be measured at fair value, and expands disclosures related to fair value measurements. This statement will be effective for financial statements for periods beginning after June 15, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

- OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS
- SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
- SCHEDULE OF CONTRIBUTIONS

CITY OF CORVALLIS, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2015

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Asset	AAL Unit Credit	UAAL	Ratio Funded	Actual Covered Payroll	UAAL as a % of Covered Payroll
2008	August 1, 2006	$ -	$ 25,132,913	$ 25,132,913	- %	$ 26,385,989	95.25 %
2009	August 1, 2008	-	28,083,082	28,083,082	-	27,612,464	101.70
2010	August 1, 2008	-	28,083,082	28,083,082	-	29,258,781	95.98
2011	August 1, 2010	-	34,469,170	34,469,170	-	29,865,298	115.42
2012	August 1, 2010	-	34,469,170	34,469,170	-	29,178,937	118.13
2013	August 1, 2012	-	35,308,146	35,308,146	-	28,816,495	122.53
2014	August 1, 2012	-	35,308,146	35,308,146	-	28,857,895 *	122.35
2015	August 1, 2014	-	29,235,018	29,235,018	-	29,374,861	99.52

* Actual Covered Payroll amount corrected for 2014.

CITY OF CORVALLIS, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

LAST TWO FISCAL YEARS

Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2015	0.33027485 %	$ (7,486,389)	$ 28,850,558	(25.95) %	103.60 %
2014	0.33027485	16,854,409	28,544,073	59.05	91.97

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF CORVALLIS, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST TWO FISCAL YEARS

Year Ended June 30,	Statutorily Required Contribution	Contributions in relation to the Staturorily Required Contribution	Contribution Deficiency (excess)	City's Covered Payroll	Contributions as a Percent of Covered Payroll
2015	$ 2,538,953	$ 2,538,953	$ -	$ 28,850,558	8.80 %
2014	2,535,640	2,535,640	-	28,544,073	8.88

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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SUPPLEMENTARY INFORMATION

- NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENTS

- NON-MAJOR SPECIAL REVENUE, DEBT SERVICE, PERMANENT, AND PROPRIETARY FUND STATEMENTS AND SCHEDULES
  - NON-MAJOR SPECIAL REVENUE FUNDS
  - DEBT SERVICE FUNDS
  - PERMANENT FUNDS
  - ENTERPRISE FUNDS
  - INTERNAL SERVICE FUNDS

- OTHER FINANCIAL SCHEDULES

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Special Revenue	***Debt Service***	***Permanent***	***Total***
ASSETS				
Cash and investments	$ 6,628,284	$ 60,822	$ 5,577	$ 6,694,683
Receivables				
Accounts	362,988	-	-	362,988
Accrued interest	4,972	435	4	5,411
Grants	476,693	-	-	476,693
Other receivables	129,971	-	-	129,971
Other assets	-	2	-	2
Total Assets	$ 7,602,908	$ 61,259	$ 5,581	$ 7,669,748
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 477,746	$ -	$ -	$ 477,746
Other accrued liabilities	368	-	-	368
Total Liabilities	478,114	-	-	478,114
Deferred Inflows of Resources				
Deferred revenue	55,532	-	-	55,532
Fund Balances				
Nonspendable	-	-	5,000	5,000
Restricted	-	61,259	581	61,840
Committed	3,321,207	-	-	3,321,207
Assigned	3,748,055	-	-	3,748,055
Total Fund Balances	7,069,262	61,259	5,581	7,136,102
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,602,908	$ 61,259	$ 5,581	$ 7,669,748

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	Special Revenue	***Debt Service***	***Permanent***	***Total***
REVENUES				
Taxes	$ -	$ 1,131,328	$ -	$ 1,131,328
Licenses, fees, and permits	2,770,746	-	-	2,770,746
Charges for services	3,290,727	-	-	3,290,727
Intergovernmental	2,936,408	-	-	2,936,408
Fines and forfeitures	398,817	-	-	398,817
Miscellaneous	260,110	1,621	35	261,766
Total Revenues	9,656,808	1,132,949	35	10,789,792
EXPENDITURES				
Current				
Community Development	2,799,229	-	-	2,799,229
Finance	211,887	-	-	211,887
Police	2,532,569	-	-	2,532,569
Public Works	3,000,005	-	-	3,000,005
Nondepartmental	-	1,350	-	1,350
Debt service				
Principal	-	1,522,140	-	1,522,140
Interest	-	2,298,728	-	2,298,728
Capital outlay	459,138	-	-	459,138
Total Expenditures	9,002,828	3,822,218	-	12,825,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	653,980	(2,689,269)	35	(2,035,254)
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	13,577	-	-	13,577
Transfers in	118,390	2,720,030	-	2,838,420
Transfers out	(235,770)	-	-	(235,770)
Total Other Financing Sources (Uses)	(103,803)	2,720,030	-	2,616,227
NET CHANGE IN FUND BALANCES	550,177	30,761	35	580,973
FUND BALANCE, Beginning of year	6,519,085	30,498	5,546	6,555,129
FUND BALANCE, End of year	$ 7,069,262	$ 61,259	$ 5,581	$ 7,136,102

NON-MAJOR SPECIAL REVENUE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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, transit operations fee and charges for services (rider fees).

CITY OF CORVALLIS, OREGON

COMBINING BALANCE SHEET – NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	9-1-1	***Development Services***	***Parking***	***Transit***	***Total***
ASSETS					
Cash and investments	$ 405,982	$ 3,257,078	$ 817,948	$ 2,147,276	$ 6,628,284
Receivables					
Accounts	-	199,891	55,533	107,564	362,988
Accrued interest	436	2,438	585	1,513	4,972
Grants	-	-	-	476,693	476,693
Other receivables	129,971	-	-	-	129,971
Total Assets	$ 536,389	$ 3,459,407	$ 874,066	$ 2,733,046	$ 7,602,908
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 2,910	$ 10,484	$ 34,412	$ 429,940	$ 477,746
Other accrued liabilities	-	368	-	-	368
Total Liabilities	2,910	10,852	34,412	429,940	478,114
Deferred Inflows of Resources					
Unavailable revenue	-	-	55,532	-	55,532
Fund Balances					
Committed	-	1,619,025	56,997	1,645,185	3,321,207
Assigned	533,479	1,829,530	727,125	657,921	3,748,055
Total Fund Balances	533,479	3,448,555	784,122	2,303,106	7,069,262
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 536,389	$ 3,459,407	$ 874,066	$ 2,733,046	$ 7,602,908

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2015

	9-1-1	*Development Services*	*Parking*	*Transit*	*Total*
REVENUES					
Licenses, fees, and permits	$ -	$ 1,542,751	$ 39,030	$ 1,188,965	$ 2,770,746
Charges for services	1,168,738	1,720,881	214,829	186,279	3,290,727
Intergovernmental	1,190,063	-	-	1,746,345	2,936,408
Fines and forfeitures	-	-	398,817	-	398,817
Miscellaneous	5,407	14,408	3,183	237,112	260,110
Total Revenues	2,364,208	3,278,040	655,859	3,358,701	9,656,808
EXPENDITURES					
Current					
Community Development	-	2,795,797	3,432	-	2,799,229
Finance	-	-	211,887	-	211,887
Police	2,235,400	-	297,169	-	2,532,569
Public Works	-	-	208,376	2,791,629	3,000,005
Capital outlay	48,388	578	44,438	365,734	459,138
Total Expenditures	2,283,788	2,796,375	765,302	3,157,363	9,002,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	80,420	481,665	(109,443)	201,338	653,980
OTHER FINANCING SOURCES (USES)					
Proceeds - sale of capital assets	-	12,577	-	1,000	13,577
Transfers in	-	118,390	-	-	118,390
Transfers out	(99,040)	(96,800)	(22,240)	(17,690)	(235,770)
Total Other Financing Sources (Uses)	(99,040)	34,167	(22,240)	(16,690)	(103,803)
NET CHANGE IN FUND BALANCE	(18,620)	515,832	(131,683)	184,648	550,177
FUND BALANCE, Beginning of year	552,099	2,932,723	915,805	2,118,458	6,519,085
FUND BALANCE, End of year	$ 533,479	$ 3,448,555	$ 784,122	$ 2,303,106	$ 7,069,262

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 1,168,890	$ 1,168,890	$ 1,168,738	$ (152)
Intergovernmental	1,178,690	1,178,690	1,190,063	11,373
Miscellaneous	2,560	2,560	5,407	2,847
Total Revenues	2,350,140	2,350,140	2,364,208	14,068
EXPENDITURES				
Current				
Police	2,254,870	2,301,870	2,283,788	18,082
Contingency	47,000	-	-	-
Total Expenditures	2,301,870	2,301,870	2,283,788	18,082
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	48,270	48,270	80,420	32,150
OTHER FINANCING SOURCES (USES)				
Transfers out	(99,040)	(99,040)	(99,040)	-
NET CHANGE IN FUND BALANCE	(50,770)	(50,770)	(18,620)	32,150
FUND BALANCE, Beginning of year	512,117	512,117	552,099	39,982
FUND BALANCE, End of year	$ 461,347	$ 461,347	$ 533,479	$ 72,132

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Licenses, fees, and permits	$ 1,154,700	$ 1,154,700	$ 1,542,751	$ 388,051
Charges for services	1,551,120	1,551,120	1,720,881	169,761
Miscellaneous	5,680	5,680	14,408	8,728
Total Revenues	2,711,500	2,711,500	3,278,040	566,540
EXPENDITURES				
Current				
Community Development	3,423,890	3,423,890	2,796,375	627,515
Contingency	56,600	56,600	-	56,600
Total Expenditures	3,480,490	3,480,490	2,796,375	684,115
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(768,990)	(768,990)	481,665	1,250,655
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	12,577	12,577
Transfers in	118,390	118,390	118,390	-
Transfers out	(96,800)	(96,800)	(96,800)	-
Total Other Financing Sources (Uses)	21,590	21,590	34,167	12,577
NET CHANGE IN FUND BALANCE	(747,400)	(747,400)	515,832	1,263,232
FUND BALANCE, Beginning of year	1,938,336	1,938,336	2,932,723	994,387
FUND BALANCE, End of year	$ 1,190,936	$ 1,190,936	$ 3,448,555	$ 2,257,619

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – PARKING FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 76,860	$ 76,860	$ 39,030	$ (37,830)
Charges for services	188,200	188,200	214,829	26,629
Fines and forfeitures	860,400	860,400	398,817	(461,583)
Miscellaneous	3,960	3,960	3,183	(777)
Total Revenues	1,129,420	1,129,420	655,859	(473,561)
EXPENDITURES				
Current				
Community Development	4,120	4,120	3,432	688
Finance	312,560	312,560	232,326	80,234
Police	641,530	641,530	297,169	344,361
Public Works	379,490	379,490	232,375	147,115
Contingency	16,900	16,900	-	16,900
Total Expenditures	1,354,600	1,354,600	765,302	589,298
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(225,180)	(225,180)	(109,443)	115,737
OTHER FINANCING SOURCES (USES)				
Transfers out	(273,750)	(273,750)	(22,240)	251,510
NET CHANGE IN FUND BALANCE	(498,930)	(498,930)	(131,683)	367,247
FUND BALANCE, Beginning of year	661,174	661,174	915,805	254,631
FUND BALANCE, End of year	$ 162,244	$ 162,244	$ 784,122	$ 621,878

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS – TRANSIT FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Licenses, fees, and permits	$ 1,163,350	$ 1,163,350	$ 1,188,965	$ 25,615
Charges for services	213,020	213,020	186,279	(26,741)
Intergovernmental	1,897,950	1,897,950	1,746,345	(151,605)
Miscellaneous	201,100	201,100	237,112	36,012
Total Revenues	3,475,420	3,475,420	3,358,701	(116,719)
EXPENDITURES				
Current				
Public Works	3,299,740	3,299,740	3,157,363	142,377
Contingency	69,510	69,510	-	69,510
Total Expenditures	3,369,250	3,369,250	3,157,363	211,887
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	106,170	106,170	201,338	95,168
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	1,000	1,000
Transfers out	(17,690)	(17,690)	(17,690)	-
Total Other Financing Sources (Uses)	(17,690)	(17,690)	(16,690)	1,000
NET CHANGE IN FUND BALANCE	88,480	88,480	184,648	96,168
FUND BALANCE, Beginning of year	2,183,170	2,183,170	2,118,458	(64,712)
FUND BALANCE, End of year	$ 2,271,650	$ 2,271,650	$ 2,303,106	$ 31,456

DEBT SERVICE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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, 2015

	General Obligation Debt Service	***Pension Obligation Debt Service***	***Total***
ASSETS			
Cash and investments	$ 60,325	$ 497	$ 60,822
Receivables			
Accrued interest	435	-	435
Other assets	-	2	2
Total Assets	$ 60,760	$ 499	$ 61,259
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ -	$ -	$ -
Total Liabilities	-	-	-
Fund Balances			
Restricted	60,760	499	61,259
Total Fund Balances	60,760	499	61,259
Total Liabilities and Fund Balances	$ 60,760	$ 499	$ 61,259

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	General Obligation Debt Service	Pension Obligation Debt Service	Total
REVENUES			
Taxes	$ 1,131,328	$ -	$ 1,131,328
Miscellaneous	1,619	2	1,621
Total Revenues	1,132,947	2	1,132,949
EXPENDITURES			
Current			
Nondepartmental	-	1,350	1,350
Debt service			
Principal	895,000	627,140	1,522,140
Interest	207,200	2,091,528	2,298,728
Total Expenditures	1,102,200	2,720,018	3,822,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30,747	(2,720,016)	(2,689,269)
OTHER FINANCING SOURCES			
Transfers in	-	2,720,030	2,720,030
NET CHANGE IN FUND BALANCES	30,747	14	30,761
FUND BALANCE, Beginning of year	30,013	485	30,498
FUND BALANCE, End of year	$ 60,760	$ 499	$ 61,259

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,130,000	$ 1,130,000	$ 1,131,328	$ 1,328
Miscellaneous	1,610	1,610	1,619	9
Total Revenues	1,131,610	1,131,610	1,132,947	1,337
EXPENDITURES				
Debt service				
Principal	895,000	895,000	895,000	-
Interest	207,200	207,200	207,200	-
Total Expenditures	1,102,200	1,102,200	1,102,200	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,410	29,410	30,747	1,337
FUND BALANCE, Beginning of year	94,976	94,976	30,013	(64,963)
FUND BALANCE, End of year	$ 124,386	$ 124,386	$ 60,760	$ (63,626)

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Miscellaneous	$ -	$ -	$ 2	$ 2
EXPENDITURES				
Current				
Nondepartmental	1,350	1,350	1,350	-
Debt service				
Principal	627,140	627,140	627,140	-
Interest	2,091,540	2,091,540	2,091,528	12
Total Expenditures	2,720,030	2,720,030	2,720,018	12
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,720,030)	(2,720,030)	(2,720,016)	14
OTHER FINANCING SOURCES (USES)				
Transfers in	2,720,030	2,720,030	2,720,030	-
NET CHANGE IN FUND BALANCE	-	-	14	14
FUND BALANCE, Beginning of year	471	471	485	14
FUND BALANCE, End of year	$ 471	$ 471	$ 499	$ 28

NON-MAJOR PERMANENT FUND

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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, 2015

	Budgeted Amounts			***Variance with Final Budget***
	Original	***Final***	***Actual***	
REVENUES				
Miscellaneous	$ -	$ -	$ 35	$ 35
EXPENDITURES				
Current	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	35	35
FUND BALANCE, Beginning of year	5,536	5,536	5,546	10
FUND BALANCE, End of year	$ 5,536	$ 5,536	$ 5,581	$ 45

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ENTERPRISE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final
	Original	***Final***	***Actual***	***Budget***
REVENUES				
Charges for services	$ 9,445,480	$ 9,445,480	$ 11,508,667	$ 2,063,187
Intergovernmental	225,180	225,180	16,635	(208,545)
Fines and forfeitures	-	-	2,366	2,366
Miscellaneous	1,242,670	1,242,670	983,472	(259,198)
Total Revenues	10,913,330	10,913,330	12,511,140	1,597,810
EXPENDITURES				
Community Development	57,770	57,770	52,332	5,438
Public Works	8,063,740	8,063,740	7,342,650	721,090
Capital Projects	1,659,450	1,659,450	354,098	1,305,352
Debt service				
Principal	960,000	960,000	960,000	-
Interest	17,600	17,600	17,600	-
Contingency	193,660	193,660	-	193,660
Total Expenditures	10,952,220	10,952,220	8,726,680	2,225,540
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,890)	(38,890)	3,784,460	3,823,350
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	4,116	4,116
Transfers in	2,484,520	2,484,520	-	(2,484,520)
Transfers out	(2,665,960)	(2,665,960)	(181,440)	2,484,520
Total Other Financing Sources (Uses)	(181,440)	(181,440)	(177,324)	4,116
NET CHANGE IN FUND BALANCE	(220,330)	(220,330)	3,607,136	3,827,466
FUND BALANCE, Beginning of year	7,211,169	7,211,169	8,935,395	1,724,226
FUND BALANCE, End of year	$ 6,990,839	$ 6,990,839	$ 12,542,531	$ 5,551,692

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WASTEWATER FUND

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 11,072,870	$ 11,072,870	$ 12,742,545	$ 1,669,675
Fines and forfeitures	-	-	568	568
Miscellaneous	575,890	575,890	619,553	43,663
Total Revenues	11,648,760	11,648,760	13,362,666	1,713,906
EXPENDITURES				
Community Development	55,490	55,490	50,052	5,438
Public Works	7,953,400	7,953,400	6,800,361	1,153,039
Capital Projects	9,653,590	9,653,590	1,147,445	8,506,145
Debt service				
Principal	1,890,000	1,890,000	1,890,000	-
Interest	337,750	337,750	337,750	-
Contingency	209,410	209,410	-	209,410
Total Expenditures	20,099,640	20,099,640	10,225,608	9,874,032
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,450,880)	(8,450,880)	3,137,058	11,587,938
OTHER FINANCING SOURCES (USES)				
Transfers in	10,005,140	10,005,140	-	(10,005,140)
Transfers out	(10,195,020)	(10,195,020)	(189,880)	10,005,140
Total Other Financing Sources (Uses)	(189,880)	(189,880)	(189,880)	-
NET CHANGE IN FUND BALANCE	(8,640,760)	(8,640,760)	2,947,178	11,587,938
FUND BALANCE, Beginning of year	12,931,899	12,931,899	14,310,116	1,378,217
FUND BALANCE, End of year	$ 4,291,139	$ 4,291,139	$ 17,257,294	$ 12,966,155

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – STORM WATER FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 2,332,850	$ 2,332,850	$ 2,429,989	$ 97,139
Fines and forfeitures	600	600	50	(550)
Miscellaneous	7,310	7,310	8,503	1,193
Total Revenues	2,340,760	2,340,760	2,438,542	97,782
EXPENDITURES				
Community Development	56,380	56,380	50,744	5,636
Public Works	2,206,120	2,206,120	1,896,739	309,382
Capital Projects	437,500	437,500	243,782	193,718
Contingency	46,080	46,080	-	46,080
Total Expenditures	2,746,080	2,746,080	2,191,265	554,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(405,320)	(405,320)	247,277	652,597
OTHER FINANCING SOURCES (USES)				
Transfers in	437,500	437,500	-	(437,500)
Transfers out	(568,060)	(568,060)	(130,560)	437,500
Total Other Financing Sources (Uses)	(130,560)	(130,560)	(130,560)	-
NET CHANGE IN FUND BALANCE	(535,880)	(535,880)	116,717	652,597
FUND BALANCE, Beginning of year	1,106,334	1,106,334	1,553,574	447,240
FUND BALANCE, End of year	$ 570,454	$ 570,454	$ 1,670,291	$ 1,099,837

CITY OF CORVALLIS, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - AIRPORT FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Licenses, fees, and permits	$ 5,000	$ 5,000	$ 4,779	$ (221)
Charges for services	474,500	474,500	488,544	14,044
Intergovernmental	101,560	101,560	56,644	(44,916)
Miscellaneous	11,590	11,590	8,513	(3,077)
Total Revenues	592,650	592,650	558,480	(34,170)
EXPENDITURES				
Public Works	459,240	459,240	400,150	59,090
Capital Projects	112,850	112,850	104,116	8,734
Contingency	9,820	9,820	-	9,820
Total Expenditures	581,910	581,910	504,266	77,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,740	10,740	54,214	43,474
OTHER FINANCING SOURCES (USES)				
Transfers in	9,300	9,300	-	(9,300)
Transfers out	(18,060)	(18,060)	(8,760)	9,300
Total Other Financing Sources (Uses)	(8,760)	(8,760)	(8,760)	-
NET CHANGE IN FUND BALANCE	1,980	1,980	45,454	43,474
FUND BALANCE, Beginning of year	637,715	637,715	621,514	(16,201)
FUND BALANCE, End of year	$ 639,695	$ 639,695	$ 666,968	$ 27,273

INTERNAL SERVICE FUNDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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 benefited 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 POSITION – ALL INTERNAL SERVICE FUNDS

JUNE 30, 2015

	Fleet Maintenance	*Facility Maintenance*	*Technology and Communications*	*Administrative Services*	*Risk Management*	*Total*
ASSETS						
Current assets						
Cash and investments	$ 103,610	$ 137,304	$ 630,100	$ 917,834	$ 834,768	$ 2,623,616
Receivables						
Accounts	18,275	-	-	27,509	-	45,784
Accrued interest	-	-	-	-	599	599
Total Current Assets	121,885	137,304	630,100	945,343	835,367	2,669,999
Capital Assets						
Land	-	-	-	500,664	-	500,664
Buildings	-	47,786	-	86,849	-	134,635
Vehicles	23,556	41,995	24,016	15,647	71,012	176,226
Machinery and equipment	-	67,529	618,441	18,489	8,454	712,913
Total Capital Assets	23,556	157,310	642,457	621,649	79,466	1,524,438
Less accumulated depreciation	(11,882)	(67,501)	(575,719)	(110,162)	(18,237)	(783,501)
Capital Assets (net of accumulated depreciation)	11,674	89,809	66,738	511,487	61,229	740,937
Total Assets	$ 133,559	$ 227,113	$ 696,838	$ 1,456,830	$ 896,596	$ 3,410,936
LIABILITIES AND NET POSITION						
Current liabilities						
Accounts payable	$ 22,122	$ 43,817	$ 32,613	$ 96,004	$ 99,158	$ 293,714
Accrued compensated absences	9,036	50,963	74,102	315,691	-	449,792
Other accrued liabilities	-	-	-	20,055	-	20,055
Total Current Liabilities	31,158	94,780	106,715	431,750	99,158	763,561
Noncurrent liabilities						
Accrued compensated absences	4,825	27,214	39,570	168,579	-	240,188
Net OPEB Obligations	74,976	138,845	281,856	909,437	-	1,405,114
Total Liabilities	110,959	260,839	428,141	1,509,766	99,158	2,408,863
Net Position						
Investment in capital assets	11,674	89,809	66,738	511,487	61,229	740,937
Unrestricted	10,926	(123,535)	201,959	(564,423)	736,209	261,136
Total Net Position	22,600	(33,726)	268,697	(52,936)	797,438	1,002,073
Total Liabilities and Net Position	$ 133,559	$ 227,113	$ 696,838	$ 1,456,830	$ 896,596	$ 3,410,936

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2015

	Fleet Maintenance	Facility Maintenance	Technology and Communications	Administrative Services	Risk Management	Total
OPERATING REVENUES						
Licenses, fees, and permits	-	-	-	37,428	-	37,428
Charges for services	$ 716,309	$ 784,360	$ 1,557,891	$ 4,918,666	$ 1,090,510	$ 9,067,736
Fines and forfeitures	34	-	-	70	-	104
Miscellaneous	2,802	4,014	829	10,638	184,474	202,757
Total Operating Revenues	719,145	788,374	1,558,720	4,966,802	1,274,984	9,308,025
OPERATING EXPENSES						
Personnel services	227,657	487,998	1,041,693	2,939,725	-	4,697,073
Materials and supplies	357,433	97,168	36,663	52,878	1,077	545,219
Services	37,953	122,908	293,957	803,274	53,238	1,311,330
Utility and overhead	43,469	104,056	62,847	980,246	1,149,110	2,339,728
Training and conference	1,359	1,186	14,028	24,894	-	41,467
Depreciation and amortization	2,355	8,582	23,120	1,565	2,061	37,683
Total Operating Expenses	670,226	821,898	1,472,308	4,802,582	1,205,486	8,972,500
OPERATING INCOME (LOSS)	48,919	(33,524)	86,412	164,220	69,498	335,525
NONOPERATING INCOME (EXPENSE)						
Interest income	-	-	-	-	2,637	2,637
Interest expense	(32)	(105)	(388)	(323)	-	(848)
Gain (loss) on disposal of Capital assets	-	-	5,142	-	-	5,142
Total Non-Operating Income (Expense)	(32)	(105)	4,754	(323)	2,637	6,931
CHANGE IN NET POSITION	48,887	(33,629)	91,166	163,897	72,135	342,456
NET POSITION, Beginning of year	(26,287)	(97)	177,531	(216,833)	725,303	659,617
NET POSITION, End of year	$ 22,600	$ (33,726)	$ 268,697	$ (52,936)	$ 797,438	$ 1,002,073

CITY OF CORVALLIS, OREGON

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2015

	Fleet Maintenance	Facility Maintenance	Technology and Communications	Administrative Services	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 47,676	$ 7,227	$ 121	$ 344,349	$ 184,473	$ 583,846
Receipts from interfund services provided	653,751	778,460	1,557,580	4,619,800	1,090,510	8,700,101
Other receipts	2,410	1,910	40	3,530	-	7,890
Payments to suppliers	(409,863)	(304,438)	(429,818)	(1,521,737)	(1,238,047)	(3,903,903)
Payments to employees	(194,905)	(432,086)	(996,175)	(2,525,434)	-	(4,148,600)
Payments for interfund services used	(42,293)	(34,736)	(39,832)	(466,221)	-	(583,082)
Other Payments	-	(6,346)	-	-	-	(6,346)
Net Cash Provided by (Used In) Operating Activities	56,776	9,991	91,916	454,287	36,936	649,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	-	(24,002)	(24,016)	-	(55,547)	(103,565)
Net Cash Used In Capital and Related Financing Activities	-	(24,002)	(18,873)	-	(55,547)	(98,422)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	6	9	(70)	(3)	2,474	2,416
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	56,782	(14,002)	72,973	454,284	(16,137)	553,900
CASH AND INVESTMENTS, Beginning of year	46,828	151,306	557,127	463,550	850,905	2,069,716
CASH AND INVESTMENTS, End of year	$ 103,610	$ 137,304	$ 630,100	$ 917,834	$ 834,768	$ 2,623,616
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 48,919	$ (33,524)	$ 86,412	$ 164,220	$ 69,498	$ 335,525
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	2,355	8,582	23,120	1,565	2,061	37,683
Change in assets and liabilities						
Receivables						
Accounts receivable	(14,331)	400	-	(27,504)	-	(41,435)
Accounts payable	3,430	(1,779)	(62,085)	44,164	(34,623)	(50,893)
Accrued compensated absences	(4,805)	946	(6,082)	17,354	-	7,413
Net OPEB obligations	21,208	35,366	50,551	244,941	-	352,066
Other accrued liabilities	-	-	-	9,547	-	9,547
Net Cash Provided by (Used In) Operating Activities	$ 56,776	$ 9,991	$ 91,916	$ 454,287	$ 36,936	$ 649,906

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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	$ 850,110	$ 850,110	$ 716,309	$ (133,801)
Fines and forfeitures	-	-	34	34
Miscellaneous	1,000	1,000	2,770	1,770
Total Revenues	851,110	851,110	719,113	(131,997)
EXPENDITURES				
Public Works	851,840	851,840	651,467	200,373
Contingency	16,000	16,000	-	16,000
Total Expenditures	867,840	867,840	651,467	216,373
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,730)	(16,730)	67,646	84,376
FUND BALANCE, Beginning of year	46,308	46,308	32,117	(14,191)
FUND BALANCE, End of year	$ 29,578	$ 29,578	$ 99,763	$ 70,185

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 804,690	$ 804,690	$ 784,360	$ (20,330)
Miscellaneous	1,800	1,800	3,909	2,109
Total Revenues	806,490	806,490	788,269	(18,221)
EXPENDITURES				
Public Works	813,640	837,140	801,006	36,134
Contingency	10,000	10,000	-	10,000
Total Expenditures	823,640	847,140	801,006	46,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,150)	(40,650)	(12,737)	27,913
FUND BALANCE, Beginning of year	70,981	70,981	106,225	35,244
FUND BALANCE, End of year	$ 53,831	$ 30,331	$ 93,488	$ 63,157

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 1,582,880	$ 1,582,880	$ 1,557,891	$ (24,989)
Miscellaneous	400	400	441	41
Total Revenues	1,583,280	1,583,280	1,558,332	(24,948)
EXPENDITURES				
Finance	1,440,090	1,440,090	1,297,117	142,973
Public Works	143,190	166,690	131,619	35,071
Contingency	30,000	30,000	-	30,000
Total Expenditures	1,613,280	1,636,780	1,428,736	208,044
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,000)	(53,500)	129,596	183,096
OTHER FINANCING SOURCES (USES)				
Proceeds - sale of capital assets	-	-	5,142	5,142
NET CHANGE IN FUND BALANCE	(30,000)	(53,500)	134,738	188,238
FUND BALANCE, Beginning of year	390,804	390,804	462,748	71,944
FUND BALANCE, End of year	$ 360,804	$ 337,304	$ 597,486	$ 260,182

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Licenses, fees, and permits	40,420	40,420	37,428	(2,992)
Charges for services	$ 4,960,400	$ 4,960,400	$ 4,918,666	$ (41,734)
Fines and forfeitures	-	-	70	70
Miscellaneous	26,000	26,000	10,315	(15,685)
Total Revenues	5,026,820	5,026,820	4,966,479	(60,341)
EXPENDITURES				
City Manager's Office	2,321,480	2,321,480	2,066,319	255,161
Finance	2,705,340	2,705,340	2,472,403	232,937
Contingency	30,000	30,000	-	30,000
Total Expenditures	5,056,820	5,056,820	4,538,722	518,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,000)	(30,000)	427,757	457,757
FUND BALANCE, Beginning of year	53,438	53,438	401,528	348,090
FUND BALANCE, End of year	$ 23,438	$ 23,438	$ 829,285	$ 805,847

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Charges for services	$ 1,090,510	$ 1,090,510	$ 1,090,510	$ -
Miscellaneous	30,840	90,840	187,111	96,271
Total Revenues	1,121,350	1,181,350	1,277,621	96,271
EXPENDITURES				
City Manager's Office	363,690	363,690	328,494	35,196
Finance	789,100	945,100	930,478	14,622
Contingency	275,000	179,000	-	179,000
Total Expenditures	1,427,790	1,487,790	1,258,972	228,818
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(306,440)	(306,440)	18,649	325,089
FUND BALANCE, Beginning of year	842,587	842,587	717,560	(125,027)
FUND BALANCE, End of year	$ 536,147	$ 536,147	$ 736,209	$ 200,062

OTHER FINANCIAL SCHEDULES

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2015

Fiscal Year	*Property Taxes Receivable June 30, 2014*	*Extended by Assessor*	*(Deduct) Collections (1)*	*Add (Deduct) Discounts and Adjustments*	*Property Taxes Receivable June 30, 2015*
2015	$ -	$ 27,209,159	$ (25,558,286)	$ (736,398)	$ 914,475
2014	887,739		(286,843)	(2,397)	598,499
2013	551,024	-	(107,903)	(2,030)	441,091
2012	239,644	-	(77,650)	(1,474)	160,520
2011	38,416	-	(27,386)	(1,870)	9,160
2010	218,377	-	(3,425)	(1,605)	213,347
2009 and prior	34,491	-	(5,448)	(942)	28,101
	$ 1,969,691	$ 27,209,159	$ (26,066,941)	$ (746,716)	$ 2,365,193

Notes:

(1) A total of $26,066,941 in property tax receipts were received by the City in FY 2014/15. The City also received an additional $70,408 from Benton County for property tax related interest.

CITY OF CORVALLIS, OREGON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2015

Series	*Date of Issue*	*Final Maturity Date*	*Amount of Original Issue*	*Outstanding July 1, 2014*	*Bonds Issued*	*Bonds Called and Matured*	*Outstanding June 30, 2015*
BONDS PAYABLE							
General Obligation Bonds							
Series 2009	05/27/09	06/01/19	$ 10,190,000	$ 5,180,000	$ -	$ 895,000	$ 4,285,000
Total General Obligation Bonds				5,180,000	-	895,000	4,285,000
Debt Secured by the General Fund							
Series 2002 A	03/01/02	01/01/30	23,913,017	21,902,337	-	337,139	21,565,198
Series 2005 A	09/23/05	06/01/28	9,980,000	8,910,000	-	290,000	8,620,000
Total Pension Obligation Bonds				30,812,337	-	627,139	30,185,198
FFC Ref. Oblig. Series 2012	11/15/12	12/01/20	11,485,000	9,200,000	-	2,340,000	6,860,000
FFC Oblig. Series 2014	09/23/14	08/01/24	3,900,000	-	3,900,000	-	3,900,000
Total Full Faith and Credit Bonds				9,200,000	3,900,000	2,340,000	10,760,000
Total Debt Secured by the General Fund				40,012,337	3,900,000	2,967,139	40,945,198
Revenue Bonds							
Series 2006 A	03/01/06	05/01/20	5,410,000	3,430,000	-	510,000	2,920,000
Total Revenue Bonds				3,430,000	-	510,000	2,920,000
Total All Bonds				48,622,337	3,900,000	4,372,139	48,150,198
NOTES PAYABLE							
BOA 2010 CIP Loan	08/05/10	08/01/20	2,100,000	1,530,000	-	200,000	1,330,000
Total All Notes				1,530,000	-	200,000	1,330,000
Total Long-term Debt Transactions				$ 50,152,337	$ 3,900,000	$ 4,572,139	$ 49,480,198

Notes: 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.

The following bonds were issued on 9/23/14, and closed on 10/8/2014: Full Faith and Credit Obligations Series 2014.

CITY OF CORVALLIS, OREGON
SCHEDULE OF LONG-TERM DEBT INTEREST TRANSACTIONS
YEAR ENDED JUNE 30, 2015

Series	*Interest Rates on Outstanding Balances*	*Unmatured and Outstanding July 1, 2014*	*Bonds Issued*	*Coupons Called and Matured*	*Unmatured and Outstanding June 30, 2015*
BONDS PAYABLE					
General Obligation Bonds					
Series 2009	4.00%	$ 649,600	$ -	$ 207,200	$ 442,400
Total General Obligation Bonds		649,600	-	207,200	442,400
Debt Secured by the General Fund					
Series 2002 A	6.50 - 7.06 %	23,644,588	-	1,649,261	21,995,327
Series 2005 A	4.859 - 5.004 %	3,912,041	-	442,268	3,469,773
Total Pension Obligation Bonds		27,556,629	-	2,091,529	25,465,100
FFC Ref. Oblig. Series 2012	2.00 - 4.00 %	789,175	-	219,650	569,525
FFC Oblig. Series 2014	3.00 %	-	650,525	36,725	613,800
Total Full Faith and Credit Bonds		789,175	650,525	256,375	1,183,325
Total Debt Secured by the General Fund		28,345,804	650,525	2,347,904	26,648,425
Revenue Bonds					
Series 2006 A	3.00 - 5.00 %	458,350	-	135,700	322,650
Total Revenue Bonds		458,350	-	135,700	322,650
Total All Bonds		29,453,754	650,525	2,690,804	27,413,475
NOTES PAYABLE					
BOA 2010 CIP Loan	2.9600%	163,984	-	42,328	121,656
Total All Notes		163,984	-	42,328	121,656
Total Long-term Debt Interest Transactions		$ 29,617,738	$ 650,525	$ 2,733,132	$ 27,535,131

Notes: The following bonds were issued on 9/23/14 and closed on 10/8/2014: Full Faith and Credit Obligations Series 2014.

CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF GENERAL OBLIGATION BONDS

JUNE 30, 2015

Year of Maturity	*Total Requirements*			*Series 2009*	
	Principal	*Interest*	*Total*	*Principal*	*Interest*
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	$ 4,285,000	$ 442,400	$ 4,727,400	$ 4,285,000	$ 442,400

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CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF FULL FAITH AND CREDIT OBLIGATIONS
JUNE 30, 2015

				Governmental - Bonds					
Year of	*Total Requirements*			*Series 2014*		*Series 2005 A*		*Series 2002 A*	
Maturity	*Principal*	*Interest*	*Total*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
2015-2016	$ 2,789,519	$ 2,488,941	$ 5,278,460	$ 340,000	$ 111,900	$ 335,000	$ 428,176	$ 349,519	$ 1,731,881
2016-2017	2,544,957	2,506,534	5,051,491	350,000	101,550	385,000	411,899	359,957	1,816,443
2017-2018	2,500,252	2,530,194	5,030,446	360,000	90,900	435,000	393,192	370,252	1,911,149
2018-2019	2,606,833	2,555,964	5,162,797	370,000	79,950	485,000	372,055	376,833	2,009,567
2019-2020	2,731,608	2,584,464	5,316,072	385,000	68,625	545,000	348,489	381,608	2,114,792
2020-2021	2,236,024	2,619,960	4,855,984	395,000	56,925	610,000	322,007	386,024	2,225,376
2021-2022	1,470,211	2,682,597	4,152,808	405,000	44,925	675,000	291,483	390,211	2,346,189
2022-2023	1,560,794	2,760,861	4,321,655	420,000	32,550	750,000	257,706	390,794	2,470,605
2023-2024	3,045,000	1,446,376	4,491,376	430,000	19,800	825,000	220,176	1,790,000	1,206,400
2024-2025	3,400,000	1,275,618	4,675,618	445,000	6,675	910,000	178,893	2,045,000	1,090,050
2025-2026	3,315,000	1,090,482	4,405,482	-	-	995,000	133,357	2,320,000	957,125
2026-2027	3,715,000	889,892	4,604,892	-	-	1,095,000	83,567	2,620,000	806,325
2027-2028	3,525,000	664,798	4,189,798	-	-	575,000	28,773	2,950,000	636,025
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
Total	$ 42,275,198	$ 26,770,081	$ 69,045,279	$ 3,900,000	$ 613,800	$ 8,620,000	$ 3,469,773	$ 21,565,198	$ 21,995,327

CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF FULL FAITH AND CREDIT OBLIGATIONS
JUNE 30, 2015

Business-type - Bonds		*Governmental - Notes*	
Series 2012		*BOA 2010 CIP Loan*	
Principal	*Interest*	*Principal*	*Interest*
$ 1,560,000	$ 180,650	$ 205,000	$ 36,334
1,240,000	146,450	210,000	30,192
1,115,000	111,125	220,000	23,828
1,150,000	77,150	225,000	17,242
1,190,000	42,050	230,000	10,508
605,000	12,100	240,000	3,552
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 6,860,000	$ 569,525	$ 1,330,000	$ 121,656

CITY OF CORVALLIS, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF SENIOR AND SUBORDINATE DEBT
IN WASTEWATER FUND
JUNE 30, 2015

SENIOR DEBT

Year of	Total Requirements			Series 2006 A	
Maturity	Principal	Interest	Total	Principal	Interest
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
Total	$ 2,920,000	$ 322,650	$ 3,242,650	$ 2,920,000	$ 322,650

SUBORDINATE DEBT

Year of	Total Requirements			Series 2012	
Maturity	Principal	Interest	Total	Principal	Interest
2015-2016	$ 1,400,000	$ 174,250	$ 1,574,250	$ 1,400,000	$ 174,250
2016-2017	1,080,000	144,050	1,224,050	1,080,000	144,050
2017-2018	1,115,000	111,125	1,226,125	1,115,000	111,125
2018-2019	1,150,000	77,150	1,227,150	1,150,000	77,150
2019-2020	1,190,000	42,050	1,232,050	1,190,000	42,050
2020-2021	605,000	12,100	617,100	605,000	12,100
Total	$ 6,540,000	$ 560,725	$ 7,100,725	$ 6,540,000	$ 560,725

STATISTICAL SECTION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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.

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

STATISTICAL SECTION

FINANCIAL TRENDS

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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

	2006	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014 (restated)*	*2015*
Governmental Activities										
Invested in capital assets, net of related debt	$ 137,331,672	$ 140,587,954	$ 141,455,487	$ 142,337,802	$ 145,961,066	$ 146,306,669	$ 145,112,271	$ 145,619,845	$ 149,612,328	$ 150,543,949
Restricted for special purposes	3,647,503	4,311,449	3,579,434	4,289,737	3,980,184	7,343,850	9,136,247	9,538,132	9,804,205	16,340,444
Unrestricted	14,946,146	13,398,537	11,885,844	3,194,561	(1,397,676)	(6,872,343)	(9,076,217)	(9,085,682)	(38,384,827)	(31,242,112)
Total Governmental Activities Net Position	$ 155,925,321	$ 158,297,940	$ 156,920,765	$ 149,822,100	$ 148,543,574	$ 146,778,176	$ 145,172,301	$ 146,072,295	$ 121,031,706	$ 135,642,281
Business-type Activities										
Invested in capital assets, net of related debt	$ 104,168,328	$ 106,978,116	$ 108,814,471	$ 109,369,298	$ 110,462,358	$ 111,598,330	$ 115,238,767	$ 116,547,672	$ 118,294,427	$ 119,496,665
Restricted for special purposes	12,421,513	13,472,647	13,145,730	13,469,355	13,990,821	15,403,422	14,757,490	14,781,966	17,027,541	21,616,708
Unrestricted	5,181,976	6,302,255	6,630,423	6,806,044	5,549,490	4,948,672	3,951,628	6,114,993	3,176,578	6,239,386
Total Business-type Activities Net Position	$ 121,771,817	$ 126,753,018	$ 128,590,624	$ 129,644,697	$ 130,002,669	$ 131,950,424	$ 133,947,885	$ 137,444,631	$ 138,498,546	$ 147,352,759
Primary Government										
Invested in capital assets, net of related debt	$ 241,500,000	$ 247,566,070	$ 250,269,958	$ 251,707,100	$ 256,423,424	$ 257,904,999	$ 260,351,038	$ 262,167,517	$ 267,906,755	$ 270,040,614
Restricted for special purposes	16,069,016	17,784,096	16,725,164	17,759,092	17,971,005	22,747,272	23,893,737	24,320,098	26,831,746	37,957,152
Unrestricted	20,128,122	19,700,792	18,516,267	10,000,605	4,151,814	(1,923,671)	(5,124,589)	(2,970,689)	(35,208,249)	(25,002,726)
Total Primary Government Activities Net Position	$ 277,697,138	$ 285,050,958	$ 285,511,389	$ 279,466,797	$ 278,546,243	$ 278,728,600	$ 279,120,186	$ 283,516,926	$ 259,530,252	$ 282,995,040

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	$ 1,687,447	$ 1,652,481	$ 1,796,330	$ 1,620,536	$ 1,986,064	$ 1,511,814	$ 1,407,376	$ 2,647,885	$ 2,518,089	$ 1,931,655
Community Development	4,284,073	5,168,425	4,721,202	5,232,238	4,622,690	5,854,253	5,439,231	5,523,235	6,083,655	5,533,179
Finance	676,305	723,744	723,139	807,497	807,226	782,197	901,288	899,514	944,298	158,059
Fire	8,656,311	9,200,110	9,582,929	10,575,015	10,963,048	11,426,793	11,829,749	11,273,160	11,442,641	9,310,261
Library	5,591,093	5,716,184	5,956,494	6,664,627	6,544,201	6,221,228	6,417,292	6,525,123	6,241,948	5,724,638
Parks and Recreation	5,098,047	5,396,528	5,495,996	6,166,056	6,323,593	6,020,914	6,444,932	6,831,977	6,704,226	6,536,936
Police	10,344,246	10,744,348	10,949,777	12,002,325	13,013,915	13,184,192	13,879,967	13,271,326	13,783,254	12,218,752
Public Works	9,811,124	9,975,656	10,416,224	11,810,710	12,515,686	11,245,957	12,241,185	11,538,724	9,619,034	10,063,491
Interest on long-term debt	2,373,330	2,452,755	2,423,186	2,367,064	2,254,830	2,292,797	2,287,956	2,278,660	2,305,645	2,419,549
Total Governmental Activities	48,521,976	51,030,231	52,065,277	57,246,068	59,031,253	58,540,145	60,848,976	60,789,604	59,642,790	53,896,520
Business-type Activities:										
Water	7,318,210	7,641,213	8,063,852	8,342,283	8,499,854	8,745,859	8,879,814	8,286,092	8,314,648	8,388,726
Wastewater	8,025,574	8,492,767	8,732,200	9,170,904	9,462,535	9,970,607	9,735,989	9,550,971	8,570,089	8,503,193
Storm Water	1,710,288	1,707,827	2,670,369	2,298,342	2,021,492	2,097,052	2,558,029	2,436,998	2,655,470	2,217,614
Airport	545,676	597,816	594,875	680,639	842,116	1,497,794	979,303	808,105	762,258	709,543
Total Business-type Activities	17,599,748	18,439,623	20,061,296	20,492,168	20,825,997	22,311,312	22,153,135	21,082,166	20,302,465	19,819,076
Total Primary Government	$ 66,121,724	$ 69,469,854	$ 72,126,573	$ 77,738,236	$ 79,857,250	$ 80,851,457	$ 83,002,111	$ 81,871,770	$ 79,945,255	$ 73,715,596
Program Revenues										
Governmental Activities:										
Charges for services										
General Government	$ 258,355	$ 256,786	$ 285,301	$ 251,920	$ 318,131	$ 371,003	$ 566,293	$ 1,399,786	$ 1,094,032	$ 1,285,658
Community Development	1,576,158	2,441,356	914,830	1,634,006	3,275,953	2,157,595	1,569,182	3,203,687	4,053,116	3,545,204
Finance	1,045,316	1,192,579	1,122,641	956,815	861,040	1,094,015	1,108,034	990,959	1,038,023	980,389
Fire	2,656,598	2,948,347	3,256,362	3,074,246	3,296,688	3,318,101	3,559,002	3,419,560	3,329,370	4,036,008
Library	173,497	168,862	216,866	196,913	182,153	211,198	202,737	208,361	895,065	291,441
Parks and Recreation	1,368,525	1,398,611	1,423,883	1,528,078	1,708,603	1,512,646	1,693,632	2,133,838	2,010,791	2,222,250
Police	726,802	1,008,405	1,094,862	913,453	1,320,249	1,293,267	1,279,862	1,357,873	1,454,562	1,558,850
Public Works	1,475,280	1,909,003	2,366,278	1,655,549	2,131,077	1,901,110	3,235,735	4,106,072	3,594,084	4,515,185
Operating grants and contributions	7,442,569	7,854,696	7,542,838	7,650,047	8,641,809	8,962,239	9,792,384	9,199,032	9,694,350	9,387,749
Capital grants and contributions	4,076,091	5,754,056	3,256,066	3,013,921	6,713,015	5,641,347	3,212,701	3,251,247	5,923,404	4,480,448
Total Governmental Activities	20,799,191	24,932,701	21,479,927	20,874,948	28,448,718	26,462,521	26,219,562	29,270,415	33,086,797	32,303,182
Business-type Activities:										
Charges for services										
Water	7,004,077	7,779,966	8,126,619	8,538,420	8,328,087	8,482,624	8,944,214	9,944,486	9,332,436	11,459,098
Wastewater	7,922,298	8,702,620	9,028,522	8,838,806	8,739,964	8,969,074	9,077,154	9,421,748	9,554,808	9,928,985
Storm Water	1,811,365	1,866,500	1,859,065	1,829,778	1,883,720	2,005,560	2,083,142	2,098,547	2,293,264	2,345,832
Airport	290,869	330,477	382,523	452,297	400,460	408,313	467,018	507,062	479,684	498,203
Operating grants and contributions	54,624	1,773	-	43,463	27,238	58,196	188,774	179,089	43,975	16,635
Capital grants and contributions	5,995,971	4,311,390	2,057,705	1,840,821	2,177,949	4,808,133	3,379,269	2,681,928	2,515,543	4,757,420
Total Business-type Activities	23,079,204	22,992,726	21,454,434	21,543,585	21,557,418	24,731,900	24,139,571	24,832,860	24,219,710	29,006,173
Total Primary Government	$ 43,878,395	$ 47,925,427	$ 42,934,361	$ 42,418,533	$ 50,006,136	$ 51,194,421	$ 50,359,133	$ 54,103,275	$ 57,306,507	$ 61,309,355

CITY OF CORVALLIS, OREGON

CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS - UNAUDITED
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) / Revenue										
Governmental activities	$ (27,722,785)	$ (26,097,530)	$ (30,585,350)	$ (36,371,120)	$ (30,582,535)	$ (32,077,624)	$ (34,629,414)	$ (31,519,189)	$ (26,555,993)	$ (21,593,338)
Business-type activities	5,479,456	4,553,103	1,393,138	1,051,417	731,421	2,420,588	1,986,436	3,750,694	3,917,245	9,187,097
Total Primary Government	$ (22,243,329)	$ (21,544,427)	$ (29,192,212)	$ (35,319,703)	$ (29,851,114)	$ (29,657,036)	$ (32,642,978)	$ (27,768,495)	$ (22,638,748)	$ (12,406,241)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	$ 18,860,943	$ 19,100,501	$ 19,797,404	$ 20,620,144	$ 20,950,727	$ 21,775,474	$ 24,425,374	$ 23,351,641	$ 22,430,504	$ 26,462,431
Other taxes	1,002,657	1,113,828	1,147,595	1,076,629	1,079,621	1,190,725	1,239,155	1,396,192	1,424,997	1,604,370
Franchise fees	4,423,025	4,827,108	4,988,241	5,178,552	5,004,727	5,142,289	5,306,529	5,186,269	5,486,499	5,635,615
Interest and investment earnings	1,054,506	1,332,488	1,098,958	491,698	158,842	144,235	200,061	136,567	250,895	289,554
Miscellaneous	1,542,147	1,451,951	1,641,909	1,453,065	1,579,768	1,421,942	1,518,054	1,707,759	2,266,469	1,681,005
Gain on sale of capital assets	45,207	58,082	30,768	5,451	6,644	43,271	7,606	26,047	66,733	20,298
Transfers	477,507	586,191	503,300	446,916	523,680	594,290	326,760	358,250	482,060	510,640
Total Governmental Activities	27,405,992	28,470,149	29,208,175	29,272,455	29,304,009	30,312,226	33,023,539	32,162,725	32,408,157	36,203,913
Business-type activities										
Interest and investment earnings	770,821	1,001,448	931,722	436,941	144,423	113,416	149,489	91,137	143,869	159,831
Miscellaneous	81,840	12,841	16,046	12,631	5,808	8,041	188,296	13,165	116,134	17,925
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(477,507)	(586,191)	(503,300)	(446,916)	(523,680)	(594,290)	(326,760)	(358,250)	(482,060)	(510,640)
Total Business-type Activities	375,154	428,098	444,468	2,656	(373,449)	(472,833)	11,025	(253,948)	(222,057)	(332,884)
Total Primary Government	$ 27,781,146	$ 28,898,247	$ 29,652,643	$ 29,275,111	$ 28,930,560	$ 29,839,393	$ 33,034,564	$ 31,908,777	$ 32,186,100	$ 35,871,029
Change in Net Position										
Governmental activities	$ (316,793)	$ 2,372,619	$ (1,377,175)	$ (7,098,665)	$ (1,278,526)	$ (1,765,398)	$ (1,605,875)	$ 643,536	$ 5,852,164	$ 14,610,575
Business-type activities	3,854,610	4,981,201	1,837,606	1,054,073	357,972	1,947,755	1,997,461	3,496,746	3,695,188	8,854,213
Total Primary Government	$ 3,537,817	$ 7,353,820	$ 460,431	$ (6,044,592)	$ (920,554)	$ 182,357	$ 391,586	$ 4,140,282	$ 9,547,352	$ 23,464,788

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

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

	2006	2007	2008	2009	2010	2011(a)	2012	2013	2014(b)	2015
General Fund										
Restricted	$ -	$ -	$ -	$ -	$ -	$ 263,683	$ 307,435	$ 303,287	$ 763,715	$ 1,010,637
Committed	-	-	-	-	-	252,415	192,715	144,309	1,173,045	1,063,288
Assigned	-	-	-	-	-	-	107,906	17,926	2,194,126	2,048,243
Unassigned	3,754,011	4,085,463	3,764,866	1,909,983	670,403	(112,018)	666,633	2,047,758	2,397,894	6,179,354
Total General Fund	3,754,011	4,085,463	3,764,866	1,909,983	670,403	404,080	1,274,689	2,513,280	6,528,780	10,301,522
Street										
Restricted	-	-	-	-	-	1,874,768	2,537,842	2,199,219	2,656,339	4,010,962
Committed	-	-	-	-	-	91,625	93,993	185,150	348,160	286,496
Assigned	3,297,908	3,899,117	3,728,781	2,756,739	1,989,984	356,867	332,358	555,190	848,645	1,067,826
Total Street Fund	3,297,908	3,899,117	3,728,781	2,756,739	1,989,984	2,323,260	2,964,193	2,939,559	3,853,144	5,365,284
Parks and Recreation										
Restricted	-	-	-	-	-	1,612,951	2,100,350	2,331,857	-	-
Committed	-	-	-	-	-	572,523	603,049	598,382	-	-
Assigned	3,091,823	2,798,345	2,502,095	1,920,186	1,420,355	329,406	956,309	737,061	-	-
Total Parks and Recreation Fund	3,091,823	2,798,345	2,502,095	1,920,186	1,420,355	2,514,880	3,659,708	3,667,300	-	-
Parks SDC										
Restricted	-	-	-	-	-	-	-	-	2,552,463	4,013,661
Assigned	-	-	-	-	-	-	-	-	349,270	375,854
Total Parks SDC Fund	-	-	-	-	-	-	-	-	2,901,733	4,389,515
Fire & Rescue										
Committed	-	-	-	-	-	3,408	3,719	7,251		-
Assigned	3,056,427	2,519,585	2,690,180	3,219,696	1,820,879	1,161,738	675,566	1,108,719		-
Total Fire & Rescue Fund	3,056,427	2,519,585	2,690,180	3,219,696	1,820,879	1,165,146	679,285	1,115,970	-	-
Community Development Revolving										
Restricted	-	-	-	-	-	-	-	887,407	1,262,592	1,386,767
Committed	-	-	-	-	-	240,706	364,077	358,303	392,208	394,584
Assigned	685,127	964,169	1,294,100	883,911	977,830	-	-	-	-	-
Unassigned	-	-	-	-	-	(186,239)	(300,283)	(1,245,467)	(1,594,080)	(1,778,797)
Total Community Development Fund	685,127	964,169	1,294,100	883,911	977,830	54,467	63,794	243	60,720	2,554

CITY OF CORVALLIS, OREGON

FUND BALANCES, GOVERNMENTAL FUNDS (Continued)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011(a)	2012	2013	2014(b)	2015
Library										
Restricted	$ -	$ -	$ -	$ -	$ -	$ 6,086	$ 5,241	$ 41,672	$ -	$ -
Committed	-	-	-	-	-	444,917	581,970	578,984	-	-
Assigned	1,984,385	2,030,479	2,093,977	1,652,433	813,008	779,970	903,533	561,465	-	-
Total Library Fund	1,984,385	2,030,479	2,093,977	1,652,433	813,008	1,230,973	1,490,744	1,182,121	-	-
Capital Construction										
Restricted	-	-	-	-	-	1,133,541	1,098,746	529,504	275,638	755,364
Assigned	568,641	1,006,689	1,191,342	670,242	832,722	684,151	588,244	540,872	1,051,183	600,565
Total Capital Construction Fund	568,641	1,006,689	1,191,342	670,242	832,722	1,817,692	1,686,990	1,070,376	1,326,821	1,355,929
Other Governmental Funds										
Nonspendable	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000
Restricted	-	-	-	-	-	81,557	69,731	72,542	19,067	61,840
Committed	-	-	-	-	-	37,323	37,323	309,064	1,591,338	3,321,207
Assigned	4,744,548	4,117,646	4,145,818	3,008,046	4,600,170	3,116,126	3,636,777	4,786,532	4,939,724	3,748,055
Total Other Governemntal Funds	4,744,548	4,117,646	4,145,818	3,008,046	4,600,170	3,240,006	3,748,831	5,173,138	6,555,129	7,136,102
Total All Funds	$ 21,182,870	$ 21,421,493	$ 21,411,159	$ 16,021,236	$ 13,125,351	$ 12,750,504	$ 15,568,234	$ 17,661,987	$ 21,226,327	$ 28,550,906

(a) GASB 54 implemented in 2011 - requiring new fund balance categories. Over time, all fund balance will be reported under new GASB 54 fund balance categories.
(b) As of FY 2014, the following property tax funds were consolidated into a single General Fund: Parks & Recreation, Fire & Rescue, and Library. The Parks SDC fund was created in 2014.

CITY OF CORVALLIS, OREGON

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	$ 19,847,086	$ 20,135,770	$ 20,945,820	$ 21,515,848	$ 21,772,894	$ 22,898,521	$ 25,687,038	$ 24,376,528	$ 23,434,262	$ 27,671,300
Licenses, fees and permits	5,761,430	6,724,385	6,903,922	6,628,905	7,059,886	7,590,473	8,594,467	8,736,159	9,513,933	9,667,588
Charges for services	7,155,204	8,383,481	9,251,853	7,790,799	9,649,331	9,756,768	9,813,866	10,099,996	12,372,330	12,931,435
Intergovernmental	9,054,686	9,912,764	9,065,501	9,401,237	12,278,283	11,113,186	11,908,300	11,503,583	13,347,688	11,874,719
Fines and forfeitures	1,115,954	1,297,790	1,213,369	1,119,762	1,032,005	1,227,114	1,231,281	1,150,562	1,169,969	1,094,469
Miscellaneous	2,400,275	2,436,752	2,753,223	1,109,738	1,791,816	892,476	1,754,719	2,710,498	3,211,173	2,924,371
Total Revenues	45,334,635	48,890,942	50,133,688	47,566,289	53,584,215	53,478,538	58,989,671	58,577,326	63,049,355	66,163,882
Expenditures										
City Manager's Office	-	-	-	-	-	-	-	231,272	320,760	292,929
Community Development	4,099,543	4,999,714	4,607,964	4,949,678	4,400,049	5,633,527	5,326,295	5,396,834	5,752,266	5,837,639
Finance	569,606	595,666	623,352	676,358	691,409	688,431	787,360	786,441	824,386	779,568
Fire	7,859,065	8,499,495	8,793,931	9,393,963	9,868,475	9,240,854	10,462,480	10,149,908	10,290,614	10,136,406
Library	5,221,912	5,336,415	5,669,909	6,014,385	6,011,301	5,993,188	5,935,014	5,811,237	5,842,275	5,781,734
Parks and Recreation	4,687,642	4,981,924	5,114,752	5,515,991	5,631,708	5,420,677	5,672,465	6,025,296	6,113,940	6,260,291
Police	9,611,397	9,984,726	10,445,595	11,025,495	11,957,750	12,189,702	12,514,029	12,402,564	12,751,197	13,376,065
Public Works	5,030,103	5,432,133	5,911,169	6,538,914	8,582,020	7,073,190	7,555,667	7,202,262	6,850,651	6,717,173
Miscellaneous nondepartmental	1,490,786	1,357,376	1,539,101	1,529,669	1,781,334	1,425,391	1,260,044	1,324,580	1,298,030	855,873
Payment of unfunded pension liability	9,795,521	-	-	-	-	-	-	-	-	-
Capital outlay	3,812,503	4,282,594	3,994,551	3,792,751	4,231,632	4,068,701	2,189,628	3,762,557	5,998,515	1,722,140
Debt Service										
Principal	1,416,893	1,392,863	1,540,618	1,671,192	1,589,592	2,571,667	2,541,767	1,491,248	1,680,257	2,377,781
Interest	2,349,139	2,464,856	2,437,148	2,410,504	2,270,909	2,285,618	2,295,453	2,283,672	2,310,929	9,409,352
Total Expenditures	55,944,110	49,327,762	50,678,090	53,518,900	57,016,179	56,590,946	56,540,202	56,867,871	60,033,820	63,546,951
Excess of Revenues Over (Under) Expenditures	(10,609,475)	(436,820)	(544,402)	(5,952,611)	(3,431,964)	(3,112,408)	2,449,469	1,709,455	3,015,535	2,616,931
Other Financing Sources (Uses)										
Proceeds - issuance of debt	9,980,000	-	-	10,190,000	-	2,100,000	-	-	-	3,900,000
Premium - issuance of debt	-	-	-	537,000	-	-	-	-	-	281,852
Proceeds - sale of capital assets	45,207	58,082	30,768	20,737	12,399	43,271	41,500	26,047	66,744	15,156
Payment to refunded bond escrow agent	-	-	-	(10,631,965)	-	-	-	-	-	-
Operating transfers in	3,611,267	4,793,019	4,687,961	3,648,623	3,612,002	3,659,779	4,586,755	5,432,615	11,967,829	3,679,626
Operating transfers out	(3,150,740)	(4,175,658)	(4,184,661)	(3,201,707)	(3,088,322)	(3,065,489)	(4,259,995)	(5,074,364)	(11,485,768)	(3,168,986)
Total Other Financing Sources (Uses)	10,485,734	675,443	534,068	562,688	536,079	2,737,561	368,260	384,298	548,805	4,707,648
Net Changes in Fund Balances	$ (123,741)	$ 238,623	$ (10,334)	$ (5,389,923)	$ (2,895,885)	$ (374,847)	$ 2,817,729	$ 2,093,753	$ 3,564,340	$ 7,324,579
Debt Service as a Percentage of Noncapital Expenditures	7.2%	8.6%	8.5%	8.2%	7.4%	9.1%	8.9%	7.1%	7.6%	21.8%

Notes:
Proceeds from the issuance of debt are as follows: Pension Obligation Bonds (Series 2005), GO '09 Adv. Refunding (refunding Series 1999 and 2001), CIP Bank Loan.

CITY OF CORVALLIS, OREGON

PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS – UNAUDITED
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General government	$ 258,355	$ 256,786	$ 285,301	$ 251,920	$ 325,170	$ 371,003	$ 566,293	$ 1,399,786	$ 1,094,032	$ 1,285,658
Community Development	2,396,155	4,118,817	1,668,613	2,614,190	3,995,021	3,181,700	2,881,873	4,234,754	5,310,242	4,465,213
Finance	1,045,316	1,192,579	1,122,641	956,815	861,040	1,094,015	1,108,034	990,959	1,038,023	980,389
Fire	2,876,287	3,041,540	3,276,979	3,132,325	3,373,068	3,413,675	3,644,865	3,580,469	3,329,370	4,036,008
Library	2,166,175	2,279,942	2,479,887	2,418,289	2,504,178	2,655,472	2,702,506	2,627,257	3,196,680	2,791,379
Parks and Recreation	1,761,995	2,665,317	1,724,669	1,914,115	1,892,964	2,768,909	2,641,980	2,648,706	3,232,788	3,831,849
Police	1,975,730	1,732,885	2,363,212	2,296,508	2,527,227	2,969,151	2,570,378	2,546,136	2,788,191	2,762,938
Public Works	8,319,178	9,644,835	8,558,625	7,290,786	12,970,050	10,008,596	10,103,633	11,242,348	13,097,471	12,149,748
Total Governmental Activities	20,799,191	24,932,701	21,479,927	20,874,948	28,448,718	26,462,521	26,219,562	29,270,415	33,086,797	32,303,182
Business-type Activities										
Water	8,355,687	9,221,365	8,873,854	9,146,138	8,992,731	10,375,881	10,063,420	11,071,937	9,991,824	12,690,637
Wastewater	10,105,792	10,574,818	9,960,251	9,539,259	9,623,586	10,457,146	10,902,066	10,696,262	10,799,625	13,290,941
Storm Water	2,495,285	2,865,142	2,210,661	2,023,609	2,521,680	2,820,009	2,486,388	2,504,717	2,922,263	2,469,748
Airport	2,122,440	331,401	409,668	834,579	419,421	1,078,864	687,697	559,944	505,998	554,847
Total Business-type Activities	23,079,204	22,992,726	21,454,434	21,543,585	21,557,418	24,731,900	24,139,571	24,832,860	24,219,710	29,006,173
Total Primary Government	$ 43,878,395	$ 47,925,427	$ 42,934,361	$ 42,418,533	$ 50,006,136	$ 51,194,421	$ 50,359,133	$ 54,103,275	$ 57,306,507	$ 61,309,355

CITY OF CORVALLIS, OREGON

TAX AND FRANCHISE FEE REVENUES BY SOURCE

LAST TEN FISCAL YEARS - UNAUDITED

(modified accrual basis of accounting)

Fiscal Year Ended June 30,	***General Property Taxes***	***% Change From Prior Year***	***Franchise Fees***	***% Change From Prior Year***	***Transient Room Taxes***	***% Change From Prior Year***	***Total Taxes and Fees***	***% Change From Prior Year***
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
2011	21,707,796	4.90	5,142,289	2.75	1,190,725	10.29	28,040,810	4.72
2012	24,447,883	12.62	5,306,529	3.19	1,239,155	4.07	30,993,566	10.53
2013	22,980,336	(6.00)	5,186,269	(2.27)	1,396,192	12.67	29,562,797	(4.62)
2014	22,009,265	(4.23)	5,486,499	5.79	1,424,997	2.06	28,920,761	(2.17)
2015	26,066,930	18.44	5,635,615	2.72	1,604,370	12.59	33,306,915	15.17
Change 2006-2015	38.33%		27.42%		60.01%		37.23%	

STATISTICAL SECTION

REVENUE CAPACITY

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS – UNAUDITED
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property	Personal Property	Manufactured Property	Utility Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Real Market Value (RMV)	Assessed Value as a % of Real Market Value (RMV)
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
2011	3,752,236	140,303	15,463	91,075	-	3,999,077	5.5939	5,664,529	70.599
2012	3,867,365	144,084	13,735	93,397	-	4,118,581	6.0871	5,672,461	72.607
2013	3,927,299	121,439	14,196	76,931	-	4,139,865	5.8145	5,496,250	75.322
2014	3,973,587	129,377	15,391	83,113	-	4,201,468	5.8369	5,574,068	75.375
2015	4,149,087	128,683	15,261	88,337	-	4,381,368	6.1893	5,891,390	74.369

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)

	City of Corvallis Direct Rates				Overlapping Rates (2)						Total Rate
Fiscal Year Ended June 30,	Permanent Rate	General Obligation Debt Service	(1) Local Option	Total Direct	School District No. 509J	Linn-Benton ESD	Linn-Benton Community College (LBCC)	Benton County Soil and Water District	Benton County Library	Benton County	Total Direct and Overlapping
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
2011	5.1067	0.4872	-	5.5939	7.6546	0.3049	0.6736	0.0500	0.3947	2.8452	17.5169
2012	5.1067	0.5304	0.4500	6.0871	7.6457	0.3049	0.6814	0.0500	0.3947	2.2052	17.3690
2013	5.1067	0.2578	0.4500	5.8145	7.6102	0.3049	0.6754	0.0500	0.3947	2.9665	17.8162
2014	5.1067	0.2802	0.4500	5.8369	7.6150	0.3049	0.6915	0.0500	0.3947	2.2052	17.0982
2015	5.1067	0.2645	0.8181	6.1893	7.7500	0.3049	0.6771	0.0500	0.3947	2.2052	17.5712

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.

(1) In November 2013, voters approved a local option levy to support operations of the Library, Osborn Aquatic Center, Chintimini Senior Center, Social Service grants, long range planning, code enforcement, fire prevention, three additional Police Officers, one School Resource Officer, and replacement of unrestriced revenue from the Hewlett-Packard judgement. The local option levy lasts for five years and began on July 1, 2014.

(2) 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

	2015			2006		
Taxpayer	***Taxable Assessed Value***	***Rank***	***Percentage of Total City Taxable Assessed Value (b)***	***Taxable Assessed Value***	***Rank***	***Percentage of Total City Taxable Assessed Value (b)***
Hewlett-Packard Co. (a)	$ 263,656,212	1	6.02 %	$ 353,361,323	1	10.29 %
Comcast Corporation	46,944,200	2	1.07	-		-
Pacificorp	37,953,000	3	0.87	-		-
Hollingsworth & Vose Fiber Company	24,079,502	4	0.55	-		-
Avery Investments LLC	20,273,243	5	0.46	-		-
Northwest Natural Gas Co.	26,448,000	6	0.60	11,824,982	5	0.34
Starker Forests, Inc	25,221,981	7	0.58	10,087,400	7	0.29
Witham Hill Oaks Apartments, LLC	16,019,635	8	0.37	-		-
American Campus Communities, Inc.	15,257,259	9	0.35	12,277,717	4	0.36
Bender Equities, Inc.	12,260,211	10	0.28	-		-
Qwest Communications	-		-	24,051,500	2	0.70
Evanite Fiber, Inc	-		-	19,616,282	3	0.57
Accu Fab Systems, Inc.	-		-	10,536,775	6	0.31
Wilson, Robert C	-		-	9,697,496	8	0.28
Suncor Partners LLC	-		-	9,616,531	9	0.28
Creekside Group LLC	-		-	9,545,442	10	0.28
Total	$ 488,113,243		11.15 %	$ 470,615,448		13.70 %
City Assessed Value	$ 4,381,368,000			$ 3,433,620,000		

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) 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

Fiscal Year Ended June 30,	Original Tax Levy for the Year	To Date Levy Adjustments (1)			Collected within the Fiscal Year of the Levy		Collected in subsequent years	Total Collections to Date	
		Amount	Percentage of Levy	Adjusted Levy	Amount	Percentage of Levy (2)		Amount	Percentage of Adjusted Levy
2006	$ 19,458,295	$ (549,752)	2.83 %	$ 18,908,543	$ 18,577,677	95.47 %	$ 328,504	$ 18,906,181	99.99 %
2007	19,611,621	(522,804)	2.67	19,088,817	18,707,158	95.39	378,377	19,085,535	99.98
2008	20,352,962	(523,204)	2.57	19,829,758	19,439,277	95.51	386,989	19,826,266	99.98
2009	21,162,976	(559,674)	2.64	20,603,302	20,104,983	95.00	491,531	20,596,514	99.97
2010	21,544,022	(608,280)	2.82	20,935,742	20,261,342	94.05	456,024	20,717,366	98.96
2011	22,383,029	(625,455)	2.79	21,757,574	21,261,945	94.99	457,213	21,719,158	99.82
2012	25,112,165	(693,590)	2.76	24,418,575	23,891,965	95.14	286,966	24,178,931	99.02
2013	24,106,808	(665,813)	2.76	23,440,995	22,631,373	93.88	258,597	22,889,970	97.65
2014	24,535,588	(648,612)	2.64	23,886,976	23,001,714	93.75	286,843	23,288,557	97.49
2015	27,209,159	(736,398)	2.71	26,472,761	25,558,284	93.93	-	25,558,284	96.55

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

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

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

	General Bonded Debt					Other Governmental Activities Debt			
Fiscal Year Ended June 30,	General Obligation Bonds (4) (5)	Amount Restricted to Paying Debt Principal (4)	Net General Obligation Bonds (1) (4)	Percentage of Actual Property Value (4)	Per Capita (2) (4)	Bancroft Improvement Bonds	Limited Tax Obligation Bonds	Notes Payable	Capital Leases
2006	$ 16,105	$ 753	$ 15,352	0.34	$ 288.75	$ -	$ 33,767	$ -	$ -
2007	14,840	614	14,226	0.28	263.93	-	33,639	-	-
2008	13,530	479	13,051	0.23	237.76	-	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	-	-
2011	8,695	82	8,613	0.15	155.55	-	32,361	2,100	-
2012	6,800	12	6,788	0.12	124.50	-	31,899	1,915	-
2013	6,015	13	6,002	0.14	109.02	-	31,383	1,725	-
2014	5,180	13	5,167	0.09	93.37	-	30,812	1,530	-
2015	4,285	61	4,224	0.07	74.72	-	30,185	1,330	-

	Business-Type Activities								
Fiscal Year Ended June 30,	Water Bonds	Wastewater Bonds	Storm Water Bonds	Airport Bonds	Capital Leases	Notes Payable	Total City Government Debt (5)	Percentage of Personal Income (3)	Per Capita (2)
2006	$ -	$ 6,735	$ -	$ -	$ -	$ 25,122	$ 81,729	2.67	$ 1,523.10
2007	-	6,390	-	-	-	23,509	78,378	2.56	1,442.75
2008	-	6,025	-	-	-	21,831	74,794	2.44	1,353.89
2009	-	5,640	-	-	-	20,084	70,941	2.30	1,284.22
2010	-	5,240	-	-	-	18,263	67,130	2.08	1,204.65
2011	-	4,820	-	-	-	16,370	64,346	1.93	1,160.63
2012	-	4,380	-	-	-	14,387	59,381	1.72	1,088.94
2013	-	15,400	-	-	-	133	54,656	2	992.51
2014	-	12,630	-	-	-	-	50,152	N/A	905.95
2015	-	9,780	-	-	-	-	45,580	N/A	805.16

Notes:

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.

(2) Due to restatement of population data based on Portland State University (Population Research Center), the per capita ratios are slightly different than reported in previous years.

(3) N/A means data for 2014 and 2015 personal income are not available as of 9/8/2015. The Bureau of Economic Analysis does not have updated information at this time.

(4) This data is used to present the Ratios of General Bonded Debt Outstanding.

(5) The Total City Government Debt uses the full amount of General Obligation Bonds rather than the Net General Obligation Bonds to calculate this column's totals.

CITY OF CORVALLIS, OREGON
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015 - UNAUDITED

Governmental Unit	*Debt Outstanding*	*Assessed Property Value (3)*	*Estimated Percentage Applicable (3)*	*Estimated Share of Overlapping Debt*
Debt repaid with property taxes				
School District No. 509J	$ 33,532,674	$ 5,464,846,035	80.17 %	$ 26,883,145
Benton County	-	7,337,316,160	59.71	-
Linn-Benton Community College (1)	17,111,426	7,206,248,437	60.80	10,403,747
Subtotal Overlapping Debt				37,286,892
City direct debt (2)		$ 4,381,366,766	100.00 %	4,285,000
Total direct and overlapping debt				$ 41,571,892

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.
(2) City Direct Debt includes all General Obligation (G.O.) bonds which are voter-approved and repaid with property taxes and does not include the Pension Obligation Bonds, Series 2002A and Series 2005A, the Bank of America 2010 CIP Loan, or other Full Faith and Credit bonds.
(3) Assessed property values are an appropriate detriment of the City taxpayers' share of overlapping debt with other jurisdictions.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the oustanding 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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	$ 135,681,077	$ 152,653,305	$ 166,952,486	$ 178,395,974	$ 174,770,778	$ 169,935,872	$ 170,173,852	$ 164,887,499	$ 167,222,044	$ 176,741,690
Total net debt applicable to limit	15,351,558	14,226,030	13,050,837	11,636,138	10,135,910	8,612,943	6,788,237	6,001,845	5,167,376	4,224,240
Legal debt margin	120,329,519	138,427,275	153,901,649	166,759,836	164,634,868	161,322,929	163,385,615	158,885,654	162,054,668	172,517,450
Total net debt applicable to the limit as a percentage of debt limit	11.31%	9.32%	7.82%	6.52%	5.80%	5.07%	3.99%	3.64%	3.09%	2.39%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2015

TOTAL REAL MARKET VALUE OF REAL ESTATE WITHIN THE CITY		$ 5,891,389,651
Debt Limitation - 3% of total real market value (1)		0.03
DEBT LIMIT		$ 176,741,690
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		
Total General Obligation Bonded Debt (2)		
Governmental Activities	$ 4,285,000	
Business-type Activities	-	
Total General Obligation Bonded Debt		4,285,000
Less: Amount held for repayment of principal		(60,760)
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		$ 4,224,240
LEGAL DEBT MARGIN		$ 172,517,450

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

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

CITY OF CORVALLIS, OREGON

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS - UNAUDITED
(accrual basis of accounting)

Fiscal Year Ended June 30,	*Gross Revenues (1)*	*Less Direct Operating Expenses (2)*	*Net Revenue Available for Debt Service*	*Debt Service Requirements*			*Coverage*
				Principal	*Interest*	*Total*	
WASTEWATER (3)							
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	904,880	2,314,871	1.45
2010	9,287,911	6,341,198	2,946,713	1,463,071	252,225	1,715,296	1.72
2011	10,095,562	6,500,564	3,594,998	1,522,152	821,242	2,343,394	1.53
2012	10,789,259	6,702,778	4,086,481	1,582,888	711,129	2,294,017	1.78
2013	10,520,933	6,767,202	3,753,731	511,829	(4) 317,246	(4) 829,075	4.53
2014	10,727,705	5,970,271	4,757,434	1,863,934	389,709	2,253,643	2.11
2015	13,362,666	5,877,226	7,485,440	1,890,000	337,750	2,227,750	3.36

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: 2006A Adv Ref CSO Bonds, DEQ Loan R24480, 2012 FFC Ref Oblig.
(4) Corrected debt service requirement from that reflected in 2012-13 CAFR.

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS - UNAUDITED

Year	*City of Corvallis Population (1)*	*Corvallis Metropolitan Statistical Area (MSA) Population (1)*	*Total Personal Income (MSA) (Thousands of dollars) (2)*	*Per Capita Personal Income (MSA) (6)*	*Unemployment Rate (MSA) (3)*	*Corvallis Public School Enrollment (4)*
2006	53,165	81,957	2,863,698	34,941	4.7	6,781
2007	53,900	83,718	3,012,941	35,989	4.1	6,757
2008	54,890	84,150	3,231,877	38,406	4.7	6,729
2009	54,880	85,390	3,120,550	36,545	7.8	6,663
2010	55,125	85,420	3,193,015	37,380	7.4	6,553
2011	54,460	85,735	3,323,437	38,764	6.7	6,448
2012	54,520	85,995	3,446,794	40,081	6.1	6,278
2013	55,055	86,785	3,507,101	40,502	5.9	6,299[5]
2014	55,345	87,725	n/a	n/a	5.3	6,346
2015	56,535	88,740	n/a	n/a	4.6	6,503

Sources:

(1) Portland State University, Population Research Center as generally reported in December of each year as of July of that year. Since the population for the current fiscal year is reported after the CAFR is published, population data will be used as of the prior year.

(2) U.S. Bureau of Economic Analysis, CA1-3 Personal Income Summary (previously the Advanced Metropolitan Statistical A Adjusted to reflect revised estimates for 2005-2009.

(3) Seasonally adjusted unemployment rate as reported in the Oregon Employment Department, Worksource (Qualityinfo.org website), Local Area Employement Statistics.

(4) Corvallis School District 509J. Enrollment data from the Corvallis School District (CSD) are figures reported in September of each year. Prior years have been adjusted to match enrollment statistics as reported in CSD's CAFR.

(5) Corvallis public school enrollment corrected for 2013.

(6) Per capita personal income is derived by dividing Total Personal Income by Corvallis Metropolitan Statistical Area (MSA) Population.

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.

(n/a) = Data for 2014 and 2015 is not available as of 9/3/15.
Bureau of Economic Analysis and the CA1-3 Personal Income Summary does not have updated information at this time.

CITY OF CORVALLIS, OREGON

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

	2015			2006		
Employer	***Employees***	***Rank***	***Percentage of Total Employment****	***Employees***	***Rank***	***Percentage of Total Employment****
Oregon State University (1)	10,923	1	26.33 %	7,393	1	19.25 %
Samaritan Health Services (formerly Good Sam. Hospital)(2)	2,934	2	7.07	1,300	3	3.39
Hewlett Packard (3)	1,500	3	3.62	3,500	2	9.11
Corvallis School District 509J (4)	593	4	1.43	759	4	1.98
Corvallis Clinic (5)	531	5	1.28	580	5	1.51
Benton County (7)	414	6	1.00	365	8	0.95
CH2M Hill (3)	400	7	0.96	385	7	1.00
City of Corvallis (6)	389	8	0.94	430	6	1.12
Fiserv (formerly Summit Information Systems) (3)	232	9	0.56	310	9	0.81
ATS Systems Oregon (3)	190	10	0.46	-	10	0.00
Total	18,106		43.65 %	15,022		39.12 %

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 January 2015 Employment Report (assuming 91% of faculty work at Corvallis campus).
(2) Samaritan Health Services. Includes Good Samaritan Hospital numbers. 3/2/15 Estimate.
(3) Estimate based on trends from previous estimates. As of 3/2/15 & 2/13/15.
(4) Corvallis School District 509J (FTE).
(5) Corvallis Clinic (FTE).
(6) City of Corvallis HR/Payroll (FTE).
(7) Benton County (FTE) Estimate of 2/13/15.

Notes:

* 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:	41,480
Nine years ago:	38,400

STATISTICAL SECTION

OPERATING INFORMATION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

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

	2006	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
ACTIVITIES										
City Manager's Office	9.50	9.00	10.00	10.00	9.80	9.75	8.75	9.80	10.30	10.30
Community Development	34.70	34.55	36.05	34.55	33.80	33.80	31.00	32.00	33.50	35.00
Finance	34.25	35.25	36.75	37.75	36.00	36.75	34.00	31.00	31.00	29.75
Fire	69.72	66.72	66.72	69.00	65.00	65.00	66.00	63.00	63.00	59.00
Library	45.14	45.77	45.77	46.39	43.39	41.39	40.00	42.12	39.65	41.05
Parks and Recreation	27.43	34.46	31.79	37.64	35.97	31.56	29.80	31.06	30.06	31.55
Police	77.25	78.75	77.25	81.75	84.25	85.50	84.25	81.25	81.25	79.00
Public Works	30.82	34.27	35.14	35.40	35.23	34.64	31.98	31.57	30.13	30.35
Water	31.53	33.48	31.93	33.23	31.67	33.69	31.24	30.23	29.90	30.03
Wastewater	32.38	32.00	31.42	33.93	32.54	33.98	32.50	31.63	28.71	30.15
Storm Water	11.20	11.21	10.47	11.54	10.61	11.11	10.81	11.37	11.06	11.17
Airport	1.08	1.04	1.04	1.08	1.58	1.70	1.60	1.70	1.70	1.55
Total Full-Time Equivalent Employees	405.00	416.50	414.33	432.26	419.84	418.87	401.93	396.73	390.26	388.90

Source: City of Corvallis HR/Payroll System

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
FUNCTION [1]										
Community Development										
Building permits - single family [2]	190	89	34	34	34	30	54	87	46	N/A
Building permits - total [2]	727	645	588	557	557	595	529	811	912	N/A
Inspections	23,260	18,755	16,537	14,329	14,265	14,686	15,001	13,658	14,918	15,981
Residential plan reviews	403	423	284	248	256	271	301	401	386	403
Public Works										
Street resurfacing (miles) [2]	1.70	2.26	4.32	4.32	7.00	3	2	2	7	5
Library										
Volumes	347,616	358,130	363,398	344,557	347,465	345,279	357,917	362,200	367,850	366,788
Average monthly circulation	121,844	128,215	124,817	132,914	139,530	137,811	140,174	142,246	143,720	140,825
Registrations	49,576	46,586	50,122	50,111	49,942	50,557	50,550	49,529	47,972	45,280
Patrons using library [6]	1,301,299	1,420,633	1,632,114	1,748,618	1,884,890	1,901,807	1,512,697	1,557,901	1,684,913	1,352,692
Parks and Recreation										
Sports teams	470	446	502	449	432	395	351	358	356	307
Recreation programs, classes, events [7]	1,052	1,194	1,055	1,021	1,020	909	2,859	2,041	1,877	1,028
Recreation program registrations [7]	21,832	25,534	29,799	34,086	25,504	19,980	96,917	86,650	88,912	54,133
Police [2]										
Public safety dispatches	35,034	36,190	35,174	36,813	36,926	39,734	40,743	41,504	46,274	N/A
Total 911 center calls	164,057	152,642	146,319	142,872	134,565	136,992	137,573	139,779	158,817	N/A
Major felonies	2,307	1,824	1,690	2,055	1,757	2,108	2,165	1,954	2,149	N/A
Incidents investigated	22,038	23,278	22,886	24,405	23,650	26,170	26,998	27,477	30,512	N/A
Fire										
All fire responses	202	187	174	177	131	155	122	203	274	287
All non-fire responses	2,256	2,450	2,812	2,966	3,092	3,276	3,982	3,483	3,801	3,978
Fire safety inspections	1,950	1,993	2,711	2,155	2,752	2,665	1,801	1,977	2,053	2,023
Patient contacts	3,203	3,767	4,295	4,094	4,104	4,139	4,477	4,683	4,525	4,942
Transportation										
Bus ridership	566,670	551,906	613,166	681,456	700,791	884,687	1,131,842	1,152,665	1,101,711	1,175,306

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water										
Number of consumers	15,061	15,348	15,498	15,911	15,609	16,033	15,812	15,973	16,105	16,325
Average daily use (1,000 gal)	7,900	7,751	7,564	7,328	6,933	6,910	6,958	6,830	6,496	6,714
Annual water production (MG)	2,781	2,791	2,750	2,666	2,497	2,434	2,524	2,731	2,570	2,796
Wastewater [3]										
Number of consumers	14,341	14,593	14,698	15,097	14,835	14,840	14,898	15,029	15,139	15,373
Average daily use (1,000 gal)[5]	9,717	8,947	10,178	9,156	4,042	3,999	3,365	3,393	2,966	3,437
Annual wastewater treated (MG)	3,547	3,547	3,715	3,342	3,726	3,872	3,772	3,615	3,238	3,507
Bio-solids recycled (MG)	1.1	1.1	1.2	4.1	3.8	3.0	4.0	4.0	1.0	2.0
Storm Water										
Number of consumers	14,444	14,650	14,764	15,107	14,892	14,900	14,964	15,093	15,205	15,424
Airport [4]										
Estimated aircraft movements	93,000	103,000	103,000	103,000	103,000	103,000	103,000	57,420	57,420	57,420
Permanently based aircraft	152	157	157	157	167	167	167	164	164	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, complete totals for 2015 not yet available.
(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.
(5) Restated Average daily use for 2010, based on new methodology using Utility Billing data.
(6) In August 2011, the Library started using different software (Google Analytics) to provide a more reliable count of remote users.
(7) FY 2012 includes Osborn Aquatic Center activities for the first time.

n/a = information not available

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ACTIVITIES										
Public Works										
Streets (miles)	177	178	180	180	180	181	181	181	184	185
Traffic signals	80	82	83	83	86	90	90	90	57	57
Library										
Branch libraries	4	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Parks	47	43	43	43	43	43	43	44	45	45
Acreage devoted to parks	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,686	1,734	1,734
Beautification areas (1)	40	45	45	45	45	45	45	45	45	45
Playgrounds (excluding schools)	24	28	28	28	28	28	28	28	28	28
Sports fields / courts	60	59	59	58	59	59	59	59	59	59
Swimming pools (2)	1	1	1	1	1	1	1	1	1	1
Police										
Stations (3)	1	1	1	1	1	1	1	1	1	1
Patrol vehicles, motorcycles	18	19	19	19	20	20	22	24	23	25
Fire										
Stations - city	5	5	5	5	5	5	4	4	4	4
Stations - rural (4)	1	1	1	1	1	1	1	1	1	1
Emergency vehicles (5)	30	29	31	33	34	34	34	29	27	23
Transportation										
Bike paths (miles) (6)	13.89	13.89	21.00	21	21	21	21	22	22	22
Bike lanes (miles) (6)	61.23	63.29	105.00	111	113	113	114	115	115	108
City buses	10	10	10	12	15	12	12	13	14	14

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water										
Lineal miles of system	249	244	245	245	247	247	249	250	250	250
Treatment capacity (1,000 gal)	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Wastewater										
Lineal miles of system	216	215	216	216	216	217	217	192	192	218
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
Storm Water										
Lineal miles of system	162	166	168	168	168	170	169	173	173	174
Airport										
Runways	2	2	2	2	2	2	2	2	2	2

Sources: Data has been supplied by various City departments.

Notes:

(1) Beautification areas were not identified until FY 2001 when the Parks Facilities Plan was published.
(2) 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.
(3) The police station is owned by Benton County but is staffed and maintained by both the City of Corvallis and Benton County.
(4) 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.
(5) Includes fire apparatus, tankers, ambulances and passenger vehicles.
(6) Data reported is on a calendar year basis. In 2008, the bike lane calculation was standardized to include lanes in both directions on a single street ("bike travel lanes").

n/a = information not available

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OTHER INFORMATION SECTION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – PROPERTY TAX COLLECTION RECORD
LAST TEN FISCAL YEARS - UNAUDITED

Fiscal Year Ended June 30,	*Assessed Value of Real Estate (1)*	*Percent Change in Assessed Value*	*Total Levy (2)*	*Percent Change in Levy*	*Tax Rate per $1,000 Assessed Value*	*Percent Collected at June 30, 2015 (1)*
2006	$ 3,433,620,092	4.27 %	$ 19,458,295	5.45 %	$ 5.6485	99.99 %
2007	3,467,065,775	0.97	19,611,621	0.79	5.6406	99.98
2008	3,613,016,933	4.21	20,352,962	3.78	5.6219	99.98
2009	3,745,146,887	3.66	21,162,976	3.98	5.6448	99.97
2010	3,825,053,618	2.13	21,544,022	1.80	5.6251	98.96
2011	3,999,075,433	4.55	22,383,029	3.89	5.5939	99.82
2012	4,118,580,206	2.99	25,112,165	12.19	6.0871	99.02
2013	4,139,865,134	0.52	24,106,808	-4.00	5.8145	97.65
2014	4,201,468,631	1.49	24,535,588	1.78	5.8369	96.28
2015	4,381,366,766	4.28	27,209,159	10.90	6.1893	96.55

(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, 2015- UNAUDITED

REVENUES		
Gross operating revenues *(1)*	$	10,336,805
SDC revenues		3,025,861
Transfers from (to) Rate Stabilization Account (RSA)		-
Total Gross Revenues		13,362,666
OPERATING EXPENSES *(2)*		(6,280,381)
NET REVENUES *(3)*	$	7,082,285
NET OPERATING REVENUES *(4)*	$	4,056,424
ANNUAL DEBT SERVICE (Principal & Interest)		
Senior Debt		
CSO Revenue Bond (2006A)	$	645,700
Total Senior Debt Service		645,700
Subordinate Debt		
State Revolving Fund / DEQ Loan (1992) #R24480		0
FFC 2012 Refunding Obligation		1,582,050
Total Subordinated Debt Service		1,582,050
Total Annual Debt Service	$	2,227,750
NET REVENUE DEBT SERVICE COVERAGE (Requirement is 1.20 times senior debt)		10.97
NET REVENUE DEBT SERVICE COVERAGE (Requirement is 1.05 times subordinate debt)		4.48
NET OPERATING REVENUE DEBT SERVICE COVERAGE (Requirement is 1.05 times total debt service)		1.82
RATE STABILIZATION ACCOUNT (RSA) BALANCE - JUNE 30, 2015	$	300,000

The 2006A Revenue Bonds are backed, and the reserve amount requirement has been met, by insurance from Syncora Guarantee in respect of future scheduled principal and interest payments.

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 $1.58 million per year based on debt commitments as of June 30, 2015.

(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.

HISTORICAL SYSTEM STATISTICS

Fiscal Year Ended June 30,	*Net Revenues (less SDCs)*	*Number of Sewer Customers*	*Average Monthly Residential Sewer Bill*
2011	$ 3,686,625	14,840	$ 33.99
2012	4,342,909	14,898	35.11
2013	3,819,344	15,029	36.14
2014	4,806,912	15,139	37.61
2015	7,082,285	15,373	39.16

LARGEST SEWER SYSTEM CUSTOMERS

Customer	*2015 System Usage in Units (1)*	*2015 Annual Revenue*	*Percent of Total System Gross Revenue (2)*
Oregon State University	224,517	$ 747,212	5.59 %
Hewlett-Packard	147,450	404,531	3.03
Samaritan Health Services	38,279	122,164	0.91
Witham Hill Oaks Apts, LLC	22,568	64,112	0.48
Corvallis Schools 509J	19,398	57,810	0.43
Safeway	11,243	47,940	0.36
Foster Poultry Farms	14,111	45,978	0.34
Evanite	12,479	41,284	0.31
Mtn View at Rivergreen	11,629	38,070	0.28
The Gem	9,533	31,094	0.23
Conifer Place / Bird LLC	8,713	27,184	0.20
Kaady Care Washes	8,188	27,047	0.20
Korda Group	7,963	25,335	0.19
Meadow Park Mobile Est	7,555	20,907	0.16
Capri Villa	6,669	18,480	0.14
Total	550,295	$ 1,719,148	12.85 %

(1) One unit = 1 hcf - 748 gallons
(2) Total system gross revenues for fiscal year 2015 were $13,362,666

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – SCHEDULE OF DIRECT AND OVERLAPPING DEBT TO PROPERTY VALUE RATIOS

JUNE 30, 2015 - UNAUDITED

	Values	***Per Capita***	***Percent of Real Market Value***	***Percent of Assessed Value***
2015 population	56,535	-	-	-
2014-15 real market value	$ 5,891,389,651	$ 104,208	100.00 %	-
2014-15 assessed value	4,381,366,766	77,498	74.37	100.00 %
Long-term gross bonded debt	49,480,198	875	0.84	1.13
Long-term net direct debt	39,639,438	701	0.67	0.90
Overlapping debt	61,187,668	1,082	1.04	1.40
Long-term net direct and overlapping debt	100,827,106	1,783	1.71	2.30

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, 2015 - UNAUDITED

Series	*Issuance Date*	*Maturity Date*	*Bond CUSIP or Loan No.*	*Original Issuance Amount*	*Principal Balance June 30, 2015*
GENERAL OBLIGATION BONDS					
General Obligation Bonds - Series 2009	05/27/09	06/01/19	2208855	$ 10,190,000	$ 4,285,000
FULL FAITH AND CREDIT OBLIGATIONS					
Pension Obligation Bonds - Series 2002 A	03/01/02	01/01/30	2208854Z-5T	23,913,017	21,565,198
Pension Obligation Bonds - Series 2005 A	09/23/05	06/01/28	68608D	9,980,000	8,620,000
Full Faith and Credit Refunding Obligation - Series 2012	11/15/12	12/01/20	2208855	11,485,000	6,860,000
Full Faith and Credit Obligation - Series 2014	09/23/14	08/01/24	2208856	3,900,000	3,900,000
BOA 2010 CIP Loan	08/05/10	08/01/20	Series 2010	2,100,000	1,330,000
Total Full Faith and Credit Obligations				51,378,017	42,275,198
REVENUE BONDS					
Combined Sewer Overflow - Series 2006 A	03/01/06	05/01/20	221004	5,410,000	2,920,000
Total Outstanding Debt Obligations				$ 66,978,017	$ 49,480,198

CITY OF CORVALLIS, OREGON

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

	2013-14	2014-15
RESOURCES		
Fund Balance, Beginning of Year	$ 39,849,641	$ 42,738,583
Revenues		
Property taxes	23,636,480	25,577,050
Other taxes	1,372,600	1,427,600
Licenses, fees, and permits	9,079,840	8,973,040
Charges for services	42,002,980	42,961,100
Intergovernmental	16,891,240	15,458,910
Fines and forfeitures	1,202,630	1,621,660
Miscellaneous	2,153,750	5,546,770
Other financing sources	19,695,047	23,250,480
Total Revenues	116,034,567	124,816,610
Total Resources	$ 155,884,208	$ 167,555,193
REQUIREMENTS		
Operating Expense		
Personnel services	$ 47,350,170	$ 47,668,590
Supplies and services	34,434,110	34,935,270
Capital outlay	2,195,360	2,350,700
Total Operating Expense	83,979,640	84,954,560
Nonoperating Expense		
Capital projects	10,136,785	23,688,390
Debt service	7,245,970	7,863,390
Transfers	18,395,007	18,958,850
Other Non-Op Uses	1,270,040	790,130
Contingencies	1,727,790	1,748,370
Total Nonoperating Expense	38,775,592	53,049,130
Total Expenditures	$ 122,755,232	$ 138,003,690

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

	2010-11	2011-12	2012-13	2013-14	2014-15
REVENUES					
Taxes	$ 20,921,577	$ 21,747,739	$ 21,522,513	$ 20,578,215	$ 26,539,972
Licenses, fees, and permits	5,481,731	5,710,000	5,598,425	5,889,568	6,025,876
Charges for services	6,559,042	6,425,943	6,213,575	6,114,840	6,461,916
Intergovernmental	3,820,228	4,230,716	4,068,662	4,005,722	3,952,221
Fines and forfeitures	809,652	805,079	685,830	747,489	693,085
Miscellaneous	390,621	524,053	597,671	1,176,316	672,815
Total Revenues	37,982,851	39,443,530	38,686,676	38,512,150	44,345,885
EXPENDITURES					
Current					
City Manager's Office	-	-	231,272	320,760	292,929
Community Development	1,450,222	1,256,557	1,225,394	1,236,566	1,403,358
Finance	576,402	659,181	599,019	606,319	567,681
Fire	9,240,854	10,462,480	10,149,908	10,290,614	10,136,406
Library	5,993,041	5,935,014	5,810,755	5,842,275	5,781,734
Parks & Recreation	5,420,677	5,672,465	6,025,296	6,113,940	6,260,291
Police	9,894,021	10,128,072	9,967,842	10,308,348	10,843,496
Public Works	887,312	1,130,034	934,159	765,377	736,365
Nondepartmental	1,424,041	1,258,694	1,323,230	1,296,680	854,523
Debt service					-
Principal	-	185,000	190,000	195,000	200,000
Interest	30,389	59,422	53,872	48,174	79,053
Capital outlay	1,185,815	633,837	301,118	1,240,996	1,083,788
Total Expenditures	36,102,774	37,380,756	36,811,865	38,265,050	38,239,624
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,880,077	2,062,774	1,874,811	247,100	6,106,261
OTHER FINANCING SOURCES (USES)					
Proceeds - sale of capital assets	21,507	41,500	16,432	66,744	505
Funds collected for other municipalities	-	-	786,695	-	-
Funds due to other municipalities	-	-	(784,828)	-	-
Transfers in	345,450	1,753,522	1,809,961	5,708,552	20,966
Transfers out	(1,656,600)	(2,068,450)	(2,328,825)	(7,972,287)	(2,354,990)
Total Other Financing Sources (Uses)	(1,289,643)	(273,428)	(500,565)	(2,196,991)	(2,333,519)
NET CHANGE IN FUND BALANCES	590,434	1,789,346	1,374,246	(1,949,891)	3,772,742
FUND BALANCE, Beginning of year	4,724,645	5,315,079	7,104,425	8,478,671	6,528,780
FUND BALANCE, End of year	$ 5,315,079	$ 7,104,425	$ 8,478,671	$ 6,528,780	$ 10,301,522

* FY 2009-10 to FY FY 2012-13 have been restated to include all property tax funds for comparison to FY 2013-14 and FY 2014-15 actuals. As of FY 2013-14, all property tax funds are reported in the General Fund, whereas prior to that there were four property tax funds.

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – BALANCE SHEET - GENERAL FUND
LAST FIVE FISCAL YEARS - UNAUDITED

	2010-11	2011-12	2012-13	2013-14	2014-15
ASSETS					
Cash and investments	$ 5,645,713	$ 8,417,199	$ 9,570,632	$ 8,427,626	$ 12,288,005
Receivables					
Property taxes	1,199,656	1,177,147	1,548,452	1,969,691	2,365,192
Accounts	881,076	1,036,854	1,232,751	982,010	1,043,147
Accrued interest	7,678	7,790	12,978	5,530	10,241
Assessments	70,698	117,791	96,582	31,896	35,225
Franchise fees	429,107	431,533	392,885	432,614	473,384
Grants	109,193	112,028	186,351	151,459	8,606
Revolving loans	-	87,247	54,705	34,380	8,169
Other receivables	324,484	332,037	240,400	233,389	266,341
Property held for resale	1,040,083	-	-	-	-
Total Assets	$ 9,707,688	$ 11,719,626	$ 13,335,736	$ 12,268,595	$ 16,498,310
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 468,863	$ 514,330	$ 1,072,917	$ 969,923	$ 1,114,189
Other accrued liabilities	844,878	1,828,513	1,018,499	1,901,683	1,798,651
Total Liabilities	1,313,741	2,342,843	2,091,416	2,871,606	2,912,840
Deferred Inflows of Resources					
Unavailable/unearned revenue	3,078,868	2,272,357	2,765,649	2,868,209	3,283,948
Total Deferred Inflows of Resources	3,078,868	2,272,357	2,765,649	2,868,209	3,283,948
Fund Balances					
Restricted	1,882,720	2,413,026	2,676,816	763,715	1,010,637
Committed	1,273,263	1,381,453	1,328,926	1,173,045	1,063,288
Assigned	2,271,114	2,643,314	2,425,171	2,194,126	2,048,243
Unassigned	(112,018)	666,633	2,047,758	2,397,894	6,179,354
Total Fund Balances	5,315,079	7,104,426	8,478,671	6,528,780	10,301,522
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,707,688	$ 11,719,626	$ 13,335,736	$ 12,268,595	$ 16,498,310

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – STATEMENT OF NET POSITION – WATER FUND
LAST FIVE FISCAL YEARS - UNAUDITED

	2010-11	*2011-12*	*2012-13*	*2013-14*	*2014-15*
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	$ 6,485,057	$ 6,154,481	$ 7,271,017	$ 8,197,809	$ 11,641,442
Receivables					
Accounts	763,878	901,700	1,025,432	1,065,589	1,285,464
Accrued interest	6,217	5,123	8,010	6,552	10,998
Grants	25,170	4,722	-	984	8,120
Total Current Assets	7,280,322	7,066,026	8,304,459	9,270,934	12,946,024
Noncurrent Assets					
Assessments receivable	20,418	49,148	42,713	6,306	9,780
Net pension asset	-	-	-	-	528,539
Other restricted assets	207,645	157,089	25,349	-	-
Restricted cash and investments	151,067	-	-	-	-
Capital assets					
Non-depreciable	507,225	1,626,403	680,114	1,151,985	322,289
Other (net of accumulated depreciation)	43,543,967	43,614,672	44,963,071	44,337,268	44,369,644
Total Noncurrent Assets	44,430,322	45,447,312	45,711,247	45,495,559	45,230,252
Total Assets	51,710,644	52,513,338	54,015,706	54,766,493	58,176,276
Deferred Outflows of Resources					
Deferred outflows of resources - pension	-	-	-	-	179,250
Total Assets and Deferred Outflows of Resources	$ 51,710,644	$ 52,513,338	$ 54,015,706	$ 54,766,493	$ 58,355,526
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts payable	$ 300,032	$ 394,696	$ 201,167	$ 258,991	$ 194,819
Accrued compensated absences	259,142	255,557	247,968	242,481	237,867
Accrued interest	117,254	93,171	3,629	2,155	634
Other accrued liabilities	62,588	323,198	110,795	82,855	218,455
Bonds payable, current portion	-	-	930,000	960,000	160,000
Notes payable, current portion	815,965	860,296	-	-	-
Total Current Liabilities	1,554,981	1,926,918	1,493,559	1,546,482	811,775
Long-Term Liabilities					
Accrued compensated absences	136,543	140,946	137,906	133,056	127,021
Net OPEB obligations	388,987	504,609	608,055	746,671	1,028,844
Bonds payable (net of unamortized premium and deferred amount on refunding)	-	-	1,324,709	339,821	165,407
Notes payable	3,041,605	2,181,309	-	-	-
Total Long-Term Liabilities	3,567,135	2,826,864	2,070,670	1,219,548	1,321,272
Total Liabilities	5,122,116	4,753,782	3,564,229	2,766,030	2,133,047
Deferred Inflows of Resources					
Deferred inflows of resources - pension	-	-	-	-	1,049,646
Total Deferred Inflows of Resources	-	-	-	-	1,049,646
Net Position					
Investment in capital assets, net of related debt	40,193,622	42,199,470	43,388,476	44,189,432	44,366,526
Restricted					
Capital projects and construction	5,093,417	4,802,599	5,025,337	5,999,100	7,409,935
Debt service	151,067	-	-	-	-
Unrestricted	1,150,422	757,487	2,037,664	1,811,931	3,396,372
Total Net Position	46,588,528	47,759,556	50,451,477	52,000,463	55,172,833
Total Liabilities and Net Position	$ 51,710,644	$ 52,513,338	$ 54,015,706	$ 54,766,493	$ 58,355,526

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – WATER FUND

LAST FIVE FISCAL YEARS - UNAUDITED

	2010-11	2011-12	2012-13	2013-14	2014-15
OPERATING REVENUES					
Charges for services	$ 8,646,978	$ 9,094,084	$ 9,782,616	$ 9,710,144	$ 11,508,667
Intergovernmental	46,544	17,858	292	3,866	-
Fines and forfeitures	3,149	2,954	50	5,495	2,366
Miscellaneous	421,611	464,599	601,569	94,610	925,413
Total Operating Revenues	9,118,282	9,579,495	10,384,527	9,814,115	12,436,446
OPERATING EXPENSES					
Personnel services	3,430,144	3,519,241	3,395,973	3,415,069	2,769,763
Materials and supplies	955,359	712,033	718,426	881,890	863,265
Services	488,888	623,156	639,433	478,231	915,518
Utility and overhead	1,917,113	1,985,863	1,983,445	2,052,918	2,319,816
Training and conference	20,420	12,730	13,151	10,009	13,138
Depreciation and amortization	1,716,800	1,733,391	1,539,011	1,469,913	1,507,214
Total Operating Expenses	8,528,724	8,586,414	8,289,439	8,308,030	8,388,714
OPERATING INCOME (LOSS)	589,558	993,081	2,095,088	1,506,085	4,047,732
NON-OPERATING INCOME (EXPENSE)					
Interest income	35,258	47,877	31,462	50,600	58,059
Interest expense	(219,235)	(178,750)	(64,323)	(10,138)	(1,665)
Intergovernmental grants	-	-	-	-	16,635
Gain (loss) on disposal of capital assets	2,100	(114,650)	51,150	3,520	1,653
Total Non-Operating Income (Expense)	(181,877)	(245,523)	18,289	43,982	74,682
INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS	407,681	747,558	2,113,377	1,550,067	4,122,414
CAPITAL CONTRIBUTIONS					
Capital assets	1,260,329	530,210	690,674	204,458	242,301
Capital grants	-	-	-	-	-
Total Capital Contributions	1,260,329	530,210	690,674	204,458	242,301
TRANSFERS					
Transfers out	(297,820)	(106,740)	(128,650)	(180,190)	(181,440)
CHANGE IN NET POSITION	1,370,190	1,171,028	2,675,401	1,574,335	4,183,275
NET POSITION, Beginning of year, Restated	45,218,338	46,588,528	47,759,556	50,426,128	50,989,558
NET POSITION, End of year	$ 46,588,528	$ 47,759,556	$ 50,434,957	$ 52,000,463	$ 55,172,833

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – STATEMENT OF NET POSITION – WASTEWATER FUND
LAST FIVE FISCAL YEARS - UNAUDITED

	2010-11	2011-12	2012-13	2013-14	2014-15
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	$ 10,424,490	$ 9,768,874	$ 11,879,721	$ 13,589,524	$ 16,424,377
Receivables					
Accounts	863,750	960,776	914,802	962,370	1,114,636
Accrued interest	15,490	14,067	23,300	16,918	23,252
Grants	10,171	-	49,675	-	-
Other receivables	182	123	122	120	119
Total Current Assets	11,314,083	10,743,840	12,867,620	14,568,932	17,562,384
Noncurrent Assets					
Assessments receivable	21,551	133,247	130,742	12,200	23,887
Net pension asset	-	-	-	-	528,539
Other restricted assets	11	2	2	2	2
Restricted cash and investments	1,627,159	1,627,159	47,891	-	-
Capital assets					
Non-depreciable	980,078	1,361,730	716,578	817,561	1,272,052
Other (net of accumulated depreciation)	64,233,352	64,290,333	63,434,990	62,144,700	61,075,752
Total Noncurrent Assets	66,862,151	67,412,471	64,330,203	62,974,463	62,900,232
Total Assets	78,176,234	78,156,311	77,197,823	77,543,395	80,462,616
Deferred Outflows of Resources					
Deferred issuance costs	212,875	189,078	151,664	-	-
Deferred outflows of resources - pension	-	-	-	-	179,250
Total Assets and Deferred Outflows of Resources	$ 78,389,109	$ 78,345,389	$ 77,349,487	$ 77,543,395	$ 80,641,866
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts payable	$ 428,755	$ 321,272	$ 132,473	$ 265,530	$ 303,657
Accrued compensated absences	290,930	325,541	291,456	235,327	225,324
Accrued interest	106,350	95,768	45,686	39,227	32,883
Other accrued liabilities	950	156,022	26,032	5,489	25,319
Bonds payable, current portion	440,000	465,000	1,840,000	1,890,000	1,935,000
Notes payable, current portion	1,142,888	1,185,130	23,934	-	-
Total Current Liabilities	2,409,873	2,548,733	2,359,581	2,435,573	2,522,183
Long-Term Liabilities					
Accrued compensated absences	153,292	179,544	162,092	129,131	120,322
Net OPEB obligations	392,946	531,063	635,543	718,265	1,033,009
Bonds payable (net of unamortized premium and deferred amount on refunding)	4,180,926	3,732,995	11,777,536	9,763,957	7,727,674
Notes payable	11,212,309	10,027,179	-	-	-
Total Long-Term Liabilities	15,939,473	14,470,781	12,575,171	10,611,353	8,881,005
Total Liabilities	18,349,346	17,019,514	14,934,752	13,046,926	11,403,188
Deferred Inflows of Resources					
Deferred inflows of resources - pension	-	-	-	-	1,049,646
Total Deferred Inflows of Resources	-	-	-	-	1,049,646
Net Position					
Investment in capital assets, net of related debt	48,237,307	50,241,759	50,510,098	51,308,304	52,685,130
Restricted					
Capital projects and construction	8,430,550	8,220,534	9,551,444	10,907,144	13,940,759
Debt service	1,627,159	1,627,159	47,891	-	-
Unrestricted	1,744,747	1,236,423	2,305,302	2,281,021	1,563,143
Total Net Position	60,039,763	61,325,875	62,414,735	64,496,469	68,189,032
Total Liabilities and Net Position	$ 78,389,109	$ 78,345,389	$ 77,349,487	$ 77,543,395	$ 80,641,866

CITY OF CORVALLIS, OREGON

ANNUAL DISCLOSURE INFORMATION – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – WASTEWATER FUND

LAST FIVE FISCAL YEARS - UNAUDITED

	2010-11	2011-12	2012-13	2013-14	2014-15
OPERATING REVENUES					
Charges for services	$ 10,064,001	$ 10,628,403	$ 10,401,066	$ 10,620,263	$ 12,742,545
Intergovernmental	8,525	-	89,173	3,252	-
Fines and forfeitures	-	262	349	460	568
Miscellaneous	23,036	160,593	30,345	103,730	126,861
Total Operating Revenues	10,095,562	10,789,258	10,520,933	10,727,705	12,869,974
OPERATING EXPENSES					
Personnel services	3,366,935	3,439,171	3,501,936	3,034,016	2,745,059
Materials and supplies	473,091	446,526	392,212	496,734	488,809
Services	604,504	714,682	796,815	255,316	380,130
Utility and overhead	2,024,696	2,076,478	2,191,544	2,170,516	2,248,727
Training and conference	31,338	25,921	22,532	9,324	14,501
Depreciation and amortization	2,267,516	2,280,156	2,428,850	2,298,064	2,356,822
Total Operating Expenses	8,768,080	8,982,934	9,333,889	8,263,970	8,234,048
OPERATING INCOME (LOSS)	1,327,482	1,806,324	1,187,044	2,463,735	4,635,926
NON-OPERATING INCOME (EXPENSE)					
Interest income	66,043	85,057	50,489	83,693	92,692
Interest expense	(783,803)	(717,616)	(329,857)	(259,672)	(230,123)
Gain (loss) on disposal of capital assets	(418,724)	(35,439)	(25,062)	(46,447)	(39,022)
Total Non-Operating Income (Expense)	(1,136,484)	(667,998)	(304,430)	(222,426)	(176,453)
INCOME (EXPENSE) BEFORE CONTRIBUTIONS AND TRANSFERS	190,998	1,138,326	882,614	2,241,309	4,459,473
CAPITAL CONTRIBUTIONS					
Capital assets	366,810	253,526	185,110	161,178	33,875
Capital grants	-	-	-	-	400,000
Total Capital Contributions	366,810	253,526	185,110	161,178	433,875
TRANSFERS					
Transfers out	(237,990)	(105,740)	(116,700)	(169,090)	(189,880)
CHANGE IN NET POSITION	319,818	1,286,112	951,023	2,233,398	4,703,468
NET POSITION, Beginning of year, Restated	59,719,945	60,039,763	61,325,875	62,263,071	63,485,564
NET POSITION, End of year	$ 60,039,763	$ 61,325,875	$ 62,276,898	$ 64,496,469	$ 68,189,032

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS SECTION

CORVALLIS
ENHANCING COMMUNITY LIVABILITY

PAULY, ROGERS AND CO., P.C.
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December 1, 2015

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Corvallis as of and for the year ended June 30, 2015, and have issued our report thereon dated December 1, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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).**

In connection with our testing nothing came to our attention that caused us to believe the City of Corvallis 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

Roy R Rogers

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December 1, 2015

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

INDEPENDENT AUDITORS' 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*

We have audited, in accordance with the 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, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corvallis as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roy R Rogers

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December 1, 2015

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited the City of Corvallis's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Corvallis, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

CITY OF CORVALLIS, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	*Federal CFDA Number*	*Grant Number*	*Program Award Amount*	*Receivable/ (Deferred Revenue) July 1, 2014*	*Total Receipts*	*Total Expenditures*	*Receivable/ (Deferred Revenue) June 30, 2015*
U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE							
Passed through Cascade Pacific Resource Conservation and Development							
CPRCD - Old Peak Meadow Habitat Enhancement	10.693	WY-M14-13	$ 43,112	$ 984	$ 9,499	$ 16,635	$ 8,120
Passed through the State of Oregon							
UCF-SPF Scholarship Grant	10.664	SPF-1403	950	-	950	950	-
Total U.S. Department of Agriculture Forest Service				984	10,449	17,585	8,120
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Direct Program							
CDBG - Entitlement Grants Cluster							
Community Development Block Grant Program	14.218	B-13-MY-41-0009	493,675	21,855	21,855	-	-
Community Development Block Grant Program	14.218	B-14-MY-41-0009	509,401	-	382,466	404,819	22,353
Total CDBG - Entitlement Grants Cluster				21,855	404,321	404,819	22,353
HOME Grant Program	14.239	M13 / M14-MC410205	550,241	-	494,383	508,609	14,226
Total U.S. Department of Housing and Urban Development				21,855	898,704	913,428	36,579
U.S. DEPARTMENT OF THE INTERIOR							
Passed through the State of Oregon Historic Preservation Office							
Basic Certified Local Govt.	15.904	HPF OR-13-03	13,000	8,000	8,000	-	-
Basic Certified Local Govt.	15.904	HPF OR-15-04	13,000	-	-	6,580	6,580
Passed through the State Parks and Recreation Department							
Central Park Plaza Rehabilitation	15.916	NPS 41-01574	50,000	50,000	50,000	-	-
Total U.S. Department of Interior				58,000	58,000	6,580	6,580
U.S. DEPARTMENT OF JUSTICE							
Bureau of Justice							
Federal Equitable Sharing Program	16.922	OR0020100	$ 23,551	$ (9,146)	$ 13,560	$ 9,178	$ (13,528)
Bulletproof Vest Program (2013)	16.607	---	6,901	6,901	6,901	-	-
Bulletproof Vest Program (2014)	16.607	---	10,004	-	2,820	4,846	2,026
Total U.S. Department of Justice				(2,245)	23,281	14,024	(11,502)
U. S. DEPARTMENT OF TRANSPORTATION							
Direct Program							
FAA: Planning for Airport Cargo Apron Access Road	20.106	3-41-0014-017-2014	56,644	-	28,119	56,644	28,525
Direct Program							
FTA: Bus Replacement (IC 758)	20.507	OR-95-X045-00	322,131	-	-	13,442	13,442
FTA: Bus Replacement (IC 758)	20.507	OR-95-X059-00	332,001	-	-	314,732	314,732
FTA: Transit Operating Grant (2015)	20.507	OR-90-X180-00	3,300	-	3,300	3,300	-
FTA: Transit Operating Grant (2015)	20.507	OR-90-X174-00	1,570,844	-	1,265,702	1,414,221	148,519
FTA: Transit Operating Grant (2014)	20.507	OR-90-X169-00	1,521,311	176,553	176,553	-	-
FTA: Transit Vehicle Information System Replacement	20.507	OR-95-X032-00	448,650	175,071	175,071	-	-
				-	-	-	-
Total Federal Transit Cluster				351,624	1,620,626	1,745,695	476,693

CITY OF CORVALLIS, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	*Federal CFDA Number*	*Grant Number*	*Program Award Amount*	*Receivable/ (Deferred Revenue) July 1, 2014*	*Total Receipts*	*Total Expenditures*	*Receivable/ (Deferred Revenue) June 30, 2015*
U. S. DEPARTMENT OF TRANSPORTATION (continued)							
Passed through the State of Oregon							
Department of Transportation							
Highway Planning and Construction Cluster							
FHWA: Oak Creek (SW Morris Avenue) Bridge No. 03C25	20.205	1580(046) / 29254	1,079,452	12,156	324,781	333,450	20,825
Transportation Demand Management Program (2014)	20.205	29575	88,739	14,963	53,822	44,436	5,577
FHWA: Pedestrian Crossing & Sidewalk at Three (3) Schools	20.205	1580((049,050) / 29422	207,276	-	30,328	67,563	37,235
Total Highway Planning and Construction Cluster				27,119	408,931	445,449	63,637
Passed through the State of Oregon							
Department of Transportation							
Corvallis PD eCitation Grant	20.610	K9-14-54-03 CPD	136,380	53,899	53,899	-	-
Transit Services Cluster							
Rural Transit Assistance Program	20.509	-------	851	$ -	$ 851	$ 851	$ -
New Freedom/Facility Infrastructure ADA Improvements	20.521	27629	237,603	66,216	66,216	-	-
Total Transit Services Cluster				66,216	67,067	851	-
Total U.S. Department of Transportation				498,858	2,178,642	2,248,639	568,855
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Direct Program							
Climate Showcase Communities Grant	66.041	AF-83495501-0	491,762	82,658	82,658	-	-
Urban Waters Project - Green Streets	66.440	UW-00J54301-0	45,620	1,445	1,445	-	-
Passed through the State of Oregon Business Development							
Total U.S. Environmental Protection Agency				84,103	84,103	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through Benton County Health Department							
Reach Grant	93.738		6,000	-	6,000	6,000	-
				-	-	-	-
Total U.S. Department of Health and Human Services				-	6,000	6,000	-
FEDERAL EMERGENCY MANAGEMENT AGENCY							
Passed through the State of Oregon							
Emergency Management							
Marys River Natural Area Boardwalk Repair	97.039	FEMA-4055-DR-OR/PW-373	193,911	7,050	-	-	7,050
Total Federal Emergency Management Agency				7,050	-	-	7,050
Total Federal Assistance				$ 668,605	$ 3,259,179	$ 3,206,256	$ 615,682

NOTES:
(1) Accrual should equal reimbursements.

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

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, 2015.

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
Corvallis, OREGON

SCHEDULE FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	☐ yes	☒ none reported
Noncompliance material to financial statements noted?	☐ yes	☒ no
Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133?	☐ yes	☒ no

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	☐ yes	☒ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)?	☐ yes	☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER	NAME OF FEDERAL PROGRAM CLUSTER
20.507	Federal Transit Capital Grants
14.218	Community Development Block Grant Program

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	☒ yes	☐ no

The City of Corvallis
Corvallis, OREGON

SCHEDULE FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.