

City of Roseburg, Oregon



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**CITY OF ROSEBURG,
OREGON**

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

FOR THE FISCAL YEAR ENDED June 30, 2017

Prepared by the Finance Department
of the City of Roseburg
D. Ron Harker, Finance Director

CITY OF ROSEBURG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING June 30, 2017

Table of Contents

I. INTRODUCTORY SECTION

Letter of Transmittal	i-vi
Certificate of Achievement	vii
City of Roseburg Organizational Chart	viii
List of Officials	ix

II. FINANCIAL SECTION

A. REPORT OF THE INDEPENDENT ACCOUNTANTS	1-3
B. MANAGEMENT DISCUSSION AND ANALYSIS	4-11
C. BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13-14
Fund Financial Statements	
<i>Major Governmental Funds:</i>	15
Balance Sheet	16-17
Reconciliation of the Balance Sheet to Statement of Net Positions	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
<i>Proprietary Fund Financial Statements:</i>	22
Statement of Net Position	23-24
Statement of Revenues, Expenses, and Changes in Fund Net Position	25-26
Statement of Cash Flows	27-28
Notes to the Financial Statements	29-60

III. REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
General Fund	61
Transportation Fund	62
Urban Renewal General Fund	63
Urban Renewal Capital Projects Fund	64
Schedule of Other Postemployment Benefits	65
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) Oregon Public Employee's Retirement System	66
Schedule of The City's Contributions-Oregon Public Employee's Retirement System	67

IV. SUPPLEMENTAL SECTION

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS	68
Combining Balance Sheet	
Nonmajor Special Revenue Funds	69
Nonmajor Debt Service Funds and Capital Projects Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Special Revenue Funds	71
Nonmajor Debt Service Funds and Capital Projects Funds	72

CITY OF ROSEBURG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING June 30, 2017

Table of Contents

C. Budgetary Comparisons	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	74
<i>Government Funds:</i>	
Special Revenue	
Grant	75
Hotel/Motel Tax	76
Streetlight/Sidewalk	77
Bike Trail Improvement	78
Economic Development	79
Golf	80
Stewart Trust	81
Debt Service	
Urban Renewal Debt Service	82
Debt Retirement	83
Pension Obligation	84
Capital Projects	
Parks Improvement	85
Equipment Replacement	86
Assessment Improvement	87
Facilities Replacement	88
<i>Proprietary Funds:</i>	89
Enterprise Funds	
Storm Drainage	90
Airport	91
Off Street Parking	92
Water Service Fund	93
Internal Service Fund	94
Workers Compensation	95
V. STATISTICAL SECTION	
Statistical Section	96
Net Position by Component	97-98
Changes in Net Position	99-102
Fund Balances, Governmental Funds	103-104
Changes in Fund Balances, Governmental Funds	105-106
Assessed Value and Actual Value of Taxable Property	107
Property Tax Rates - All Direct and Overlapping Governments	108
Principal Property Taxpayers	109
Property Tax Levies and Collections	110
Ratios of Outstanding Debt by Type	111

CITY OF ROSEBURG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING June 30, 2017

Table of Contents

Ratios of General Bonded Debt Outstanding	112
Legal Debt Margin	113
Demographic and Economic Statistics	114
Principal Employers	115
Full-time Equivalent City Government Employees by Function/Program	116
Operating Indicators by Function/Program	117-118
Capital Asset Statistics by Function/Program	119-120
VI. AUDIT COMMENTS	
Independent Auditor's Report Required by Oregon State Regulations	121-122
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	123-124

**INTRODUCTORY
SECTION**

City of Roseburg

December 15, 2017

The Citizens of Roseburg
Mayor Larry Rich
Members of the City Council

The Comprehensive Annual Financial Report of the City of Roseburg, Oregon for fiscal year ended June 30, 2017 is hereby submitted.

This report presents the financial position of the City as of June 30, 2017 and consists of management's representations concerning the finances of the City at this date. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the City administrative staff. To provide a reasonable basis for making these financial representations, management has established an internal control structure designed to safeguard City assets against loss, theft or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes the cost of the control structure should not exceed the benefits likely to be derived. We believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data is presented accurately, in all material respects, along with disclosures necessary to provide the reader with a reasonable understanding of the City's financial activities.

State law requires an annual independent audit of the City's financial records. Neuner, Davidson, & Cooley, LLC, a firm of licensed public accountants, conducted the audit in accordance with generally accepted auditing standards. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017 are free of material misstatement. The independent auditor concluded there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2017, are fairly presented, in all material respects, in conformity with GAAP. The Report of Independent Accountants is included at the beginning of the Financial Section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

City Overview

The City of Roseburg, timber capital of the nation, was incorporated in 1872. From its founding to present day, the area's greatest wealth has been its forests. Douglas County contains the largest stand of old growth timber in the world. Roseburg is situated at the heart of the Hundred Valleys of the Umpqua in scenic Southwestern Oregon. Adjacent to Interstate 5, it is 123 miles north of the California state line and approximately 70 miles south of Eugene, the state's second largest city. Roseburg is approximately 80 miles inland from the Pacific Ocean and 80 miles west of Diamond Lake at the summit of the Oregon Cascades. It is less than 100 miles from Crater Lake National Park.

As of June 30, 2017, 22,820 people resided in Roseburg, making it the largest city in Douglas County and the 25th largest city in Oregon according to the PSU Population Research Center. City boundaries cover nearly 11 square miles. The South Umpqua River runs through the City and is within close proximity to the downtown business district.

The City of Roseburg, the county seat of Douglas County, is the center of government and commerce for the county. The City provides a full range of municipal services. These services include police, fire, emergency medical services, municipal court, community development, parks, recreational and cultural activities, airport, water, storm water management, general public works, central services, administration and other services associated with a full-service city. These services are provided primarily to citizens who live within the corporate limits. However, many of the services and facilities operated by the City are provided for and financed by regional service areas larger than the City. Additionally, services like the airport, the park system, the transportation system and the Roseburg business district serve broader regional markets.

The City operates under the Council-Manager form of government. The City Council has eight members elected by ward to four-year terms, with one Council position in each of four wards elected every two years. The Mayor, who presides at the Council meetings, is elected for a two-year term. Council adopts legislation and policies to direct the City and appoints a City Manager to administer all City operations and personnel except the Municipal Judge. The City, empowered by state statute and the Oregon constitution, levies a property tax on real properties located within its boundaries, which is the City's primary General Fund revenue source.

For financial reporting purposes, the City includes all funds of the City subject to appropriation by the City Council. In addition, the City includes all governmental organizations and activities for which the City Council is financially accountable. Therefore, the financial statements of the Urban Renewal Agency of the City of Roseburg, although legally separate, are, in substance, part of the primary government's operations and have been blended with those of the City by including them in the appropriate statements and schedules in this report.

The City prepares and adopts an annual fiscal year budget which is the basis for financial planning and control. The budget is developed and administered in accordance with Oregon Local Budget Law. The legally adopted budget is appropriated by department for those funds with personnel expenditures and at the object level for all other funds. Budget and actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. The General Fund and the Urban Renewal General Fund budget and actual comparison are presented as part of the basic financial statements for the governmental funds. For all other funds, this comparison is presented in the supplemental section of this report.

Economic Condition

Roseburg is the largest city in Douglas County and the 25th largest city in Oregon. The City and its businesses serve the entire population of the greater Douglas County region and an estimated 65,000 people daily. Portland State University's Population Research Center shows a total Douglas County population of 110,395, with the City of Roseburg accounting for approximately 21 percent of the total county population.

While the US and Oregon economies have strengthened as they emerge out of the shadows of the Recession, our local economy's start and pace of recovery has lagged behind; however, good news has arrived in growing numbers of employed and the continued decline in unemployment rates. In 2017, Douglas County has added an additional 1,097 jobs year over year, a 2.4% growth in the employed, which has helped the unemployment rate drop to 4.7% percent. Of important note, this year's unemployment rate continued its decline primarily as a result of the two-year increase in job growth, not a decline in the labor force locally. Every year since 2009 the unemployment rate has declined from its high of 16.8 percent due to both a reduction of the labor force and an increase in available employment. While the recovery has not yet produced the same number of pre-recessionary jobs that existed in 2009, the total jobs numbers are now approaching 95% of the pre-recession job numbers and real growth in wages has now occurred in two consecutive years as well.

Douglas County's unemployment rate of 4.7% continues to exceed both the state and national rate of 3.7 percent and 4.3 percent respectively, the difference in rates is becoming smaller and both the number of those seeking jobs and the number of jobs available continues to improve in Roseburg and throughout Douglas County. Oregon's unemployment rates have historically exceeded the national rate, primarily as a result of high unemployment rates in rural Oregon counties, however that trend is now changing and the statewide unemployment rate has been below the national rate for two consecutive years. While Douglas County still lags the state and national rates, over the last eight years, the gap has closed from an almost 5% difference to just over 1%.

Current job growth is occurring mostly in the trade transportation and utilities, leisure and hospitality and construction sectors of the economy while the local government and manufacturing sectors have leveled off and are not keeping pace with the additional job growth.

Historically, Douglas County has been a timber dependent County and while its timber sector contributes approximately 10 percent of total County employment, as opposed to a little more than 1 percent statewide, the economy has become more diversified; over 75 percent of jobs are attributed to the following economic sectors in order of importance: 1) Trade, transportation and utilities, 2) Local government, 3) Education and health services, 4) Manufacturing, 5) Professional and business services, and 6) Leisure and hospitality.

Current Activities

The City is currently working with the Federal Aviation Administration to complete the airspace analysis that has impacted night time approaches at the airport. We received FAA funding to complete a project that will provide a new precision approach that should mitigate the night time runway closure. We received FAA and State of Oregon grant funding to complete an update to the Roseburg Regional Airport master plan as well. This \$400,000 project will take about a year to complete, but will set the stage for our five to ten year capital improvement planning and provide the basis for future FAA funding. The City continues to foster a great working relationship with the FAA which has funded in excess of \$10 million in the last ten years.

Our Storm drainage utility fund was established to provide funding for maintenance of the current system and improvements necessary to bring the system into conformance with our storm drainage master plan over time. In the last two years, staff identified some structural deficiencies in certain types of piping which does not appear to be meeting its useful life criteria. We have refocused our efforts in our capital plan to "reinforce" significant portions of this piping which was originally installed in the 1990s through utilization of a cast in place pipe process. In essence, the pipe is being "lined" with a product that will provide structural stability and extend the useful life back to its approximate initial design standard. We have initiated over \$1 million in CIPP improvements in the last two fiscal years and this process will likely utilize the majority of the available project for the next few years as well.

Construction of the Washington / Oak / Kane Street improvements was completed during fiscal year 2016; the project was a culmination of the Roseburg Downtown Master Plan, Roseburg Bike and Pedestrian Plan, and the Roseburg Outreach Project Transportation Strategy for Revitalizing Downtown. The project enhanced downtown parking, pedestrian foot traffic, and provided ADA accessibility while at the same time enhancing the downtown business district to make it more welcoming to visitors and thereby promoting economic development. After conducting significant public outreach with vested stake holders as well as the public at large to ensure public input and support for the project, the City, through the Urban Renewal Agency, proceeded with the project. Capital investment in the project in fiscal 2015 and 2016 were approximately \$2,000,000. The Oak/Washington project combined all of the above elements with a significant emphasis on creating public art as part of the intersection. The project has been extremely well received by the downtown community and the community at large. During 2017 a second phase of improvements was designed for downtown and we anticipate the project construction will take place early next fiscal year.

The City was a recipient of an Oregon Parks and Recreation Department Grant totaling \$300,000 to allow for design and construction of a playground and spray park in the Fir Grove section of Stewart Park. This state of the art play structure will provide spring and summer outdoor recreational activities for kids of all ages. In addition to the grant, the City received support from the local philanthropic community, and number of foundations, and the generous support of a local fundraising effort by our local Morning Rotary Club, who raised over \$100,000. The total project cost is estimated to be about \$700,000 and will be constructed during the fall of 2017 and spring of 2018.

During the summer of 2017 and continuing into the fall of 2017, the most recent phase of the Stewart Parkway street project was completed. This phase, costing almost \$6 million, widened the roadway from Valley View Drive to just south of Harvey Avenue adding two travel lanes, bicycle lanes, sidewalks and lighting along this stretch of very busy arterial. It also provided needed flood relief on Stewart Parkway and in the surrounding neighborhoods. The project, one of the largest City funded projects in history, was funded through a combination of transportation resources, street light/sidewalk resources and storm drainage resources. An extension of the project to add an additional turn lane at Garden Valley was paid for through the Urban Renewal Fund. The extension of Stewart Parkway through this area had been on the drawing board for over ten years.

Long-Term Financial Planning

Council Goal Setting

In early 2017, Council concluded its current goal setting process and adopted a resolution outlining goals for our organization for the next few years. The purpose of goal setting was, and is, to provide a priority framework for financial and human resource allocation to meet the needs of our community as outlined by our elected governing body. Resolution 2017-09 included four goals which are listed below along with current action items developed to comply with the goals:

Goal – Support and adopt policy development and implementation to enhance housing and community development.

- 1. Initiate a housing needs analysis and buildable lands inventory to determine current needs and Urban Growth Boundary expansion needs.*
- 2. Evaluate and implement a strategy to annex contiguous areas that are cost effective from a service/resource standpoint*
- 3. Update the Urban Growth Management agreement with Douglas County and urban services agreements.*
- 4. Update dangerous/derelict building and municipal code requirements to provide opportunities for redevelopment and accountability*
- 5. Review and implement infill zoning and development standards to encourage affordable development.*
- 6. Provide incentive programs like the façade program to generate private investment in upgrading properties.*

Goal – Develop and implement transportation funding policies to meet identified community needs.

- 1. Update the Transportation System Plan and incorporate the TSP into our policy documents.*
- 2. Provide for a community poll related to a local gas tax and place a gas tax on the May ballot that would allow the City to maintain or enhance its current Pavement Condition Index of 72.*
- 3. Complete the ADA transition plan and incorporate priority projects in next CIP.*
- 4. Work with ODOT on interchange area management plans and the I-5 capacity analysis.*
- 5. Evaluate and implement a new Urban Renewal Plan area to support infrastructure funding.*
- 6. Utilize TGM grants and processes to identify opportunities and obstacles to infrastructure development to serve targeted land use areas.*
- 7. Evaluate opportunities through the Bicycle Friendly Community program to provide funding opportunities for multi-modal transportation improvements.*

Goal –Take a proactive role in community economic development and revitalization.

- 1. Identify targeted commercial community needs and possible incentives to attract development.*
- 2. Evaluate cooperative tourism programs with the Visitor Center (Chamber), the Partnership and the private sector to enhance our area as a tourism hub.*
- 3. Support efforts of the Partnership and IDB related to MedEd, Data Center recruitment, Boutique Hotel and other prime target manufacturing.*
- 4. Support Travel Oregon Bicycle and Agra Tourism Studio work and implement priority opportunities including wayfinding and cooperative tourism programming.*
- 5. Update policies on vacant/zombie homes to provide additional housing stock and enhanced neighborhood viability.*
- 6. Support efforts by Umpqua Community College related to targeted work force development opportunities that benefit the City and the community.*

Goal- Develop programs and policies to enhance community livability and public safety.

- 1. Update policies on vacant/zombie homes to provide additional housing stock and enhanced neighborhood viability (duplicate from prior goal).*
- 2. Add a community oriented policing position in the PD to proactively work on targeted criminal activities that disrupt business and neighborhood activities.*

3. *Consider safety and security measures like video security cameras in targeted areas that experience significant criminal activity.*
4. *Expand coordinated compliance and nuisance abatement programs to enhance neighborhood livability.*
5. *Work with the Local Public Safety Coordinating Council and other partners on safe, appropriate transitional and short term housing for post incarceration housing/lodging needs.*
6. *Work with the legislature to development more local control over certain provisions of statute related to the OLCC for authorization of new licenses and alcohol related criminal activities.*

While the goals are in no particular order, each speaks to important issues in our community and each will be dependent on strong leadership and sound financial planning.

Capital Improvement Plan

The City's most recent comprehensive Capital Improvement Plan (CIP) was re-adopted in 2015. The five year CIP (2014-2019) is a financing and construction plan for projects that require significant capital investment. Long-range capital projects are identified and developed in coordination with the annual budget to maintain full utilization of available resources. The CIP will be updated every two years insuring that we continue to evaluate and monitor our progress towards completing projects in the plan and providing for needed flexibility to meet challenges and opportunities as they arise. We will be updating at least two components of the CIP during early 2017 in advance of the budget process. New information has become available relating to our storm drainage system, and the airport CIP needs updated to meet our FAA requirements.

We will continue to incorporate our Water, Transportation and Storm Drainage master plans in our CIP. In addition, the City is embarking on a multi-year Transportation System Plan through an ODOT process that is used around the state. We will be kicking of the multi-year project in December 2016 and hope to have a finished product by the end of 2018 that will help drive our planning and transportation planning processes in the future.

We will also be working with Douglas County and other utility providers to assure that reasonable urban growth boundary area services can be provided in a cost effective and efficient manner moving into the future.

Other Information

Awards

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 Roseburg for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the twenty-fourth consecutive year that the government has achieved the award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

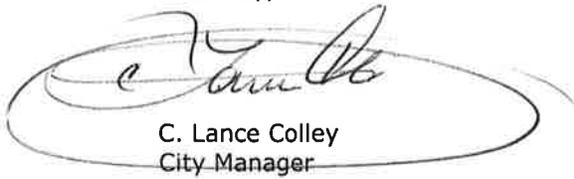
The GFOA gave an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Roseburg for its popular annual financial report for the fiscal years ended June 30, 2016. The report is designed to provide transparency and accountability of City financial information by providing a summary view of financial activities of the City that are reported in the City's comprehensive annual financial report. The report is specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This was the second year that the government has earned the award.

An Award for Outstanding Achievement is valid for a period of one year only. We believe our current popular annual financial report continues to meet the program's requirements and we are submitting it to GFOA to determine its eligibility for another award.

Acknowledgements

We wish to express our appreciation to the staff of the Finance Department and all other departments that assisted and contributed to the preparation of this report. We would also like to thank the Mayor and members of the City Council for their continued support and leadership.

Sincerely,



C. Lance Colley
City Manager



D. Ron Harker
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

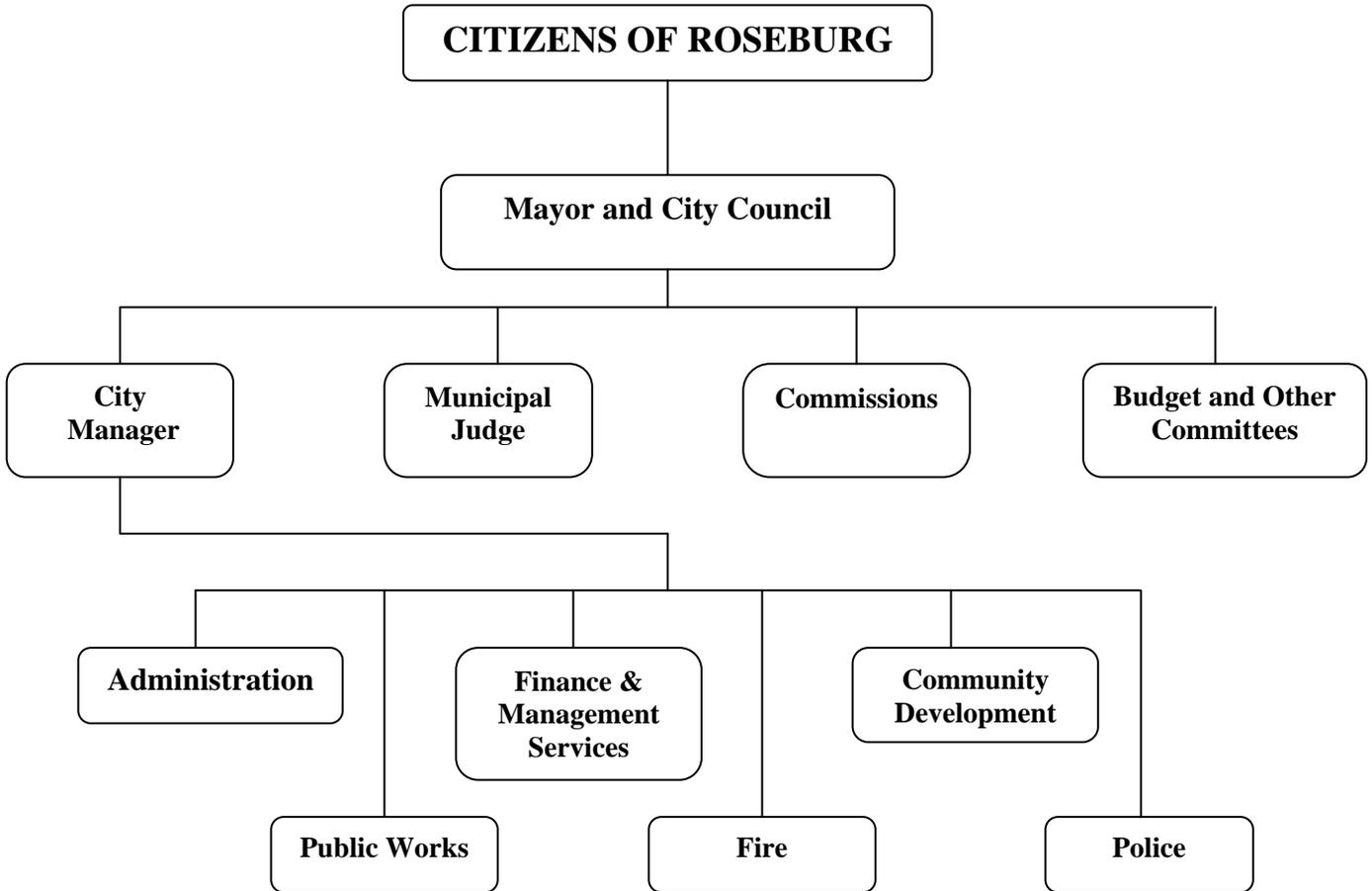
**City of Roseburg
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

**CITY OF ROSEBURG, OREGON
ORGANIZATIONAL CHART**



CITY OF ROSEBURG, OREGON

June 30, 2017

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Larry Rich	Mayor	December 31, 2018
Linda Fisher-Fowler	Councilor, Ward I	December 31, 2020
Alison Eggers	Councilor, Ward I	December 31, 2018
Andrea Zielinski	Councilor, Ward II	December 31, 2020
Tom Ryan	Councilor, Ward II	December 31, 2018
Brian Prawitz	Councilor, Ward III	December 31, 2020
John McDonald	Councilor, Ward III	December 31, 2018
Steve Kaser	Councilor, Ward IV	December 31, 2018
Ashley Hicks	Councilor, Ward IV	December 31, 2020

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>
C. Lance Colley	City Manager
Stuart I. Cowie	Community Development Director
Nicole A. Messenger	Public Works Director
Gregory G. Timm	Fire Chief
Sheila R. Cox	City Recorder
John D. VanWinkle	Human Resources Director
D. Ron Harker	Finance Director
Kenneth W. Madison	Municipal Judge
James A. Burge, Jr.	Police Chief

**FINANCIAL
SECTION**



NEUNER, DAVIDSON, COOLEY & RAPP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas J. Davidson, C.P.A.
Jeffrey R. Cooley, C.P.A.
Vickie L. Rapp, C.P.A.
Traci I. Trotter, C.P.A.
Brandon R. Lee, C.P.A.

2500 W. Harvard Ave.
Roseburg, Oregon 97471-2507
<http://www.ndkccpa.com>

P.O. Box 1786
Roseburg, Oregon 97470-0425
Phone (541) 672-4886
Fax (541) 673-3712

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council Members
City of Roseburg
900 SE Douglas Ave
Roseburg, OR 97470

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the CITY OF ROSEBURG, OREGON as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**City of Roseburg
Independent Auditor's Report**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ROSEBURG, OREGON, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Urban Renewal General Fund for the year 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 information, budgetary comparison information, the schedule of contributions, and the schedule of the proportionate share of net pension liability, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CITY OF ROSEBURG's basic financial statements. The introductory section, supplemental section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental section, as listed in the table of contents, is 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 supplemental section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**City of Roseburg
Independent Auditor's Report**

Other Reporting Required by Government Auditing Standards and Other Legal and Regulatory Requirements

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017, on our consideration of the CITY OF ROSEBURG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF ROSEBURG's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 5, 2017, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Neuner, Davidson, Cooley & Rapp, LLC
Certified Public Accountants

By: 
Jeffrey R. Cooley, CPA
Roseburg, Oregon
December 5, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Roseburg, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2017. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages *i* through *vi* of this report.

FINANCIAL HIGHLIGHTS (in thousands)

- The assets of the City of Roseburg exceeded its liabilities at June 30, 2017 by \$206,766 (*net position*). Of this amount, \$9,824 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position at June 30, 2017 decreased by \$920 from June 30, 2016. The decrease of total net position is a result of booking a \$12,663 adjustment to recognize a \$22,213 net pension liability per the requirements of GASB 68.
- The City's total liabilities increased by \$12,803 from \$23,452 to \$36,255 in the current year. Regular debt service payments were made as scheduled. Per the provisions of GASB 68, the City's net pension liability increased \$12,663 to \$22,213.
- At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$16,102, a decrease of \$365 from the prior year.
- At June 30, 2017, the City's business-type activities reported combined ending net position of \$82,802 an increase of \$337 over the prior year. Unrestricted net position increased by \$950 to \$7,714.
- At June 30, 2017, the unassigned fund balance for the General fund was \$7,472 or 37.6 percent of total General Fund expenditures and other financing uses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: Government-wide financial statements, Fund financial statements, and Notes to the basic financial statements.

This report also contains 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. These statements include:

Statement of Net Position. The *Statement of Net Position* presents information on all of the assets and liabilities of the City, 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 is improving or deteriorating.

Statement of Activities. The *Statement of Activities* presents information showing how the net position of the City changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. 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 (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The *governmental activities* of the City include administrative services, fire and emergency medical services, community development, police, court, public works, recreation and cultural services.

The *business-type activities* of the City include municipal airport, off street parking, storm drain utility, and water utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Urban Renewal Agency (URA) for which the City is financially accountable. Although legally separate, the URA's governing body is identical to the City's, and because the services of the URA are exclusively for the benefit of the City, it is included as an integral part of the primary government.

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 *fund financial statements* provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City as a whole. The City of Roseburg, 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. The *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 funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The City maintains 17 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Transportation Fund, Urban Renewal General Fund, and the Urban Renewal Capital Projects Fund.

Data from the other 13 governmental funds are combined into a single, aggregated presentation. Summary fund data by fund-type for these non-major governmental funds is provided in the form of combining statements. Individual fund data for each of these non-major governmental funds is provided as other supplementary information.

Proprietary funds. The City utilizes five *proprietary funds* made up of four business type funds and one internal service fund. The business type funds are used to account for acquisition, operation, and maintenance of storm drainage, airport, off street parking, and water. These funds are entirely or predominantly self-supported through user charges to the customer. The Workers Compensation Fund is an internal service fund used to account for the financing of the City's self-insured program.

Proprietary Funds information is presented separately in the Fund Financial Statements and Statement of Net Position and in summary form in the Statement of Net Position and the Statement of Activities.

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

funds have been provided as other supplementary information. The governmental fund financial statements can be found beginning on page 16 of this report.

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. The notes to the basic financial statements can be found on pages 29 through 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

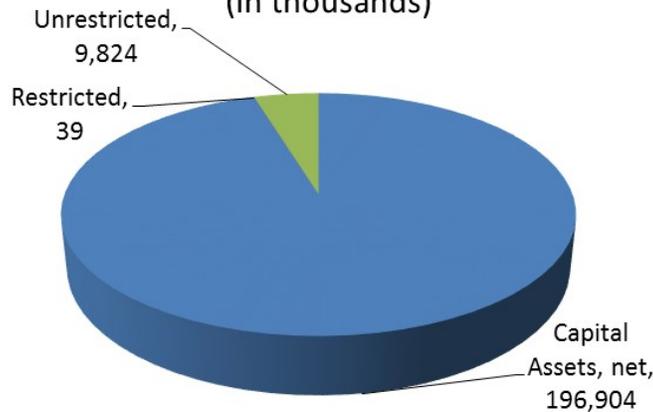
STATEMENT OF NET POSITION

The following table reflects a summary of Net Position compared to the prior fiscal year. Chart 1 displays the three components of Net Position as of June 30, 2017.

Table 1
City of Roseburg's Net Position
 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 21,116	\$ 19,651	\$ 9,328	\$ 7,975	\$ 30,444	\$ 27,626
Capital assets	123,316	123,413	76,495	77,125	199,811	200,538
Total Assets	144,432	143,064	85,823	85,100	230,255	228,164
Deferred outflows	12,770	4,774	1,203	484	13,973	5,258
Current liabilities	1,533	1,333	416	329	1,949	1,662
Noncurrent liabilities	30,601	19,209	3,705	2,580	34,306	21,789
Total Liabilities	32,134	20,542	4,121	2,909	36,255	23,451
Deferred inflows	1,103	2,074	104	210	1,207	2,284
Net Position:	123,965	125,222	82,801	82,465	206,766	207,687
Net investment in capital assets	121,816	121,413	75,088	75,701	196,904	197,114
Restricted	39	29	-	-	39	29
Unrestricted	2,110	3,780	7,714	6,764	9,824	10,544
Total net position	\$ 123,965	\$ 125,222	\$ 82,802	\$ 82,465	\$ 206,767	\$ 207,687

Chart 1
City of Roseburg - 2017 Net Position
 (in thousands)



As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$206,766 at June 30, 2017.

About 95 percent of the City's net assets reflect its investment in capital assets (e.g. infrastructure, land, buildings, vehicles and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to City residents; 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 this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's noncurrent liabilities of \$10,685 is for compensated absences, postemployment obligations and outstanding bonds, representing 29 percent of total liabilities. Current liabilities, representing 71 percent of the City's total liabilities, consist of payables on accounts, unearned revenues and net pension liabilities.

STATEMENT OF ACTIVITIES

The City reports governmental activities on a consolidated basis. Descriptions of significant activities follow the table below.

Table 2
City of Roseburg's Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,077	\$ 3,963	\$ 7,548	\$ 7,158	\$ 11,625	\$ 11,121
Operating Grants & Contributions	3,823	4,481	-	-	3,823	4,481
Capital Grants & Contributions	623	525	1,060	547	1,683	1,072
General Revenues:						
Taxes	21,772	20,618	-	-	21,772	20,618
Interest	213	134	85	40	298	174
Other	2,159	528	193	35	2,352	563
Total Revenues	<u>32,667</u>	<u>30,249</u>	<u>8,886</u>	<u>7,780</u>	<u>41,553</u>	<u>38,029</u>
Expenses:						
General Government	3,651	4,467	-	-	3,651	4,467
Public Safety	15,181	18,058	-	-	15,181	18,058
Public Works	11,096	12,308	-	-	11,096	12,308
Culture and Recreation	2,183	2,358	-	-	2,183	2,358
Community Development	1,374	1,432	-	-	1,374	1,432
Interest on Long-term Debt	311	423	-	-	311	423
Storm Drainage	-	-	1,750	1,672	1,750	1,672
Airport	-	-	1,108	1,199	1,108	1,199
Off Street Parking	-	-	175	179	175	179
Water	-	-	5,449	5,863	5,449	5,863
Total Expenses	<u>33,796</u>	<u>39,046</u>	<u>8,482</u>	<u>8,913</u>	<u>42,278</u>	<u>47,959</u>
Increase (decrease) in net position before transfers	(1,129)	(8,797)	404	(1,133)	(725)	(9,930)
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	(1,129)	(8,797)	404	(1,133)	(725)	(9,930)
Net position, July 1	125,222	134,019	82,465	83,598	207,687	217,617
Net position restatement, July 1	(128)	-	(67)	-	(195)	-
Net position, June 30	<u>\$ 123,965</u>	<u>\$ 125,222</u>	<u>\$ 82,802</u>	<u>\$ 82,465</u>	<u>\$ 206,767</u>	<u>\$ 207,687</u>

Governmental activities. (in thousands)

- Tax revenues increased by \$1,154 from the prior year. Property taxes increased \$453 due to increased property values. Franchise fees increased \$701.
- Capital grants and contributions totaled \$623 in the current fiscal year.
- Operating grants totaled \$3,823.

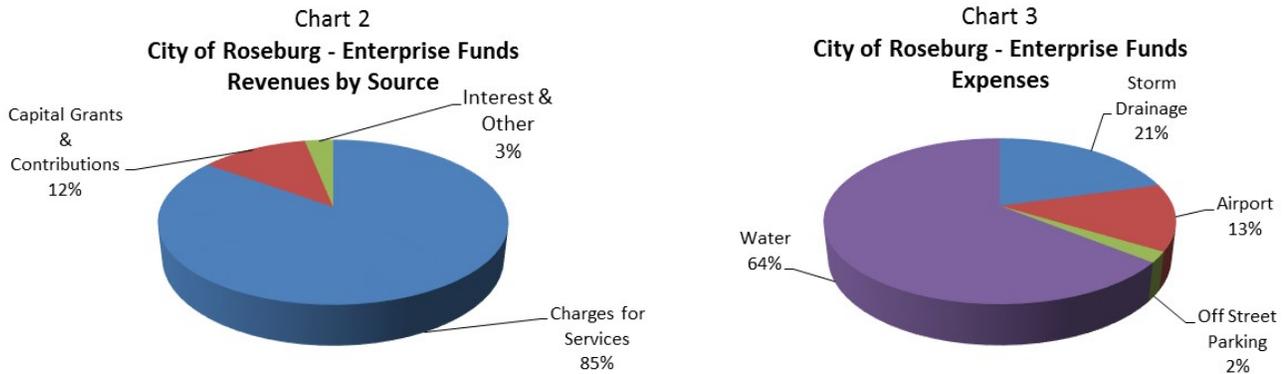
Business-type activities. (in thousands)

Business-type activities net position increased by \$337. Key changes are as follows:

- Charges for services increased by \$390.
 - o A monthly Water rate increase of 13 percent was effective January 1, 2017.

- A monthly Storm Drainage rate increase of \$0.60 or 10 percent was effective July 1, 2016.
- Capital Assets decreased by \$630.
- Net pension expense of \$208 was booked this year per the requirements of GASB 68.

Charts 2 and 3 below show Enterprise Fund revenue by source as a percentage of total revenue from Business-type activities and Enterprise Fund expenses by fund as a percentage of total Business-type expenses.



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 in the fund financial statements is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$16,102, a decrease of \$365 from the prior year. \$7,472 constitutes unassigned ending fund balance, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the City. As of June 30, 2017, the fund balance was \$7,510. The fund balance decreased by \$41 from the prior year. Property and franchise taxes increased by \$843 from the previous year. General Government, public safety, public works, community development, and culture and recreation expenditures all increased by an aggregate \$888.

Transportation Fund. Another major fund is the Transportation Fund. This fund accounts for the acquisition or construction of major public works infrastructure and the City's pavement management program. The ending fund balance at June 30, 2017 was \$2,383, a decrease of \$1,114 from the previous year. \$684 was spent on the pavement management program. Capital expenditures of \$1,667 include Stewart Parkway Realignment, Stewart Parkway Bridgedeck Repairs, and Spruce/Parrot Improvement projects.

Urban Renewal Funds. The City's component unit, its Urban Renewal Agency, has two funds that are major funds: The Urban Renewal Capital Project Fund and the Urban Renewal General Fund. The Urban Renewal Capital Project Fund ended June 30, 2017 with a committed fund balance of \$533 and Capital expenditures of \$2,180 that included Parking Garage improvements, Spruce/Parrot Improvements, Hwy 138 Corridor Project, Deer Creek Trail/Parking Lot, Garden Valley/Fairmont to Stephens Project, and pavement management.

The Urban Renewal General Fund accounts for the district's tax increment revenues. The committed fund balance at June 30, 2017 was \$319. Expenditures include transfers of \$2,104 for the City's full faith and credit obligations.

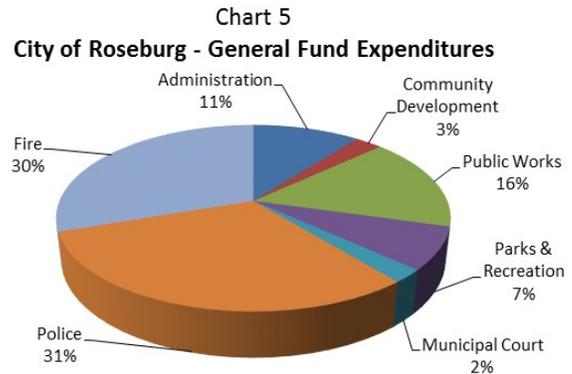
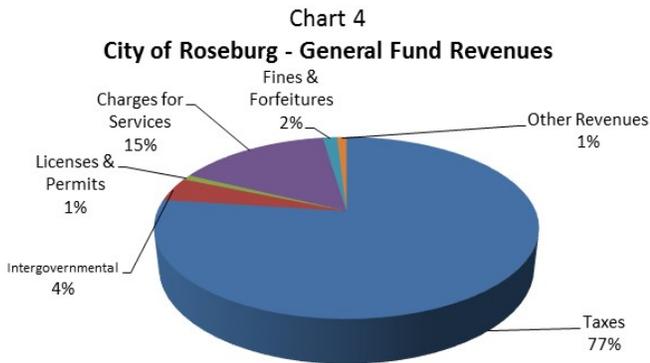
General Fund Budgetary Highlights

The budgetary statement for the General Fund, page 61, shows the original budget, final budget, actual revenues, expenditures and other financing sources and uses for the fiscal year ended June 30, 2017. There was one revision to the General Fund budget for the 2016-17 fiscal year with an \$80 increase to the parks and

recreation portion of the budget to fund a horticulturist; contingency funds were reduced by a corresponding amount.

- Revenues were \$473 more than budgeted.
 - Fines and forfeitures were \$246 less than budget. Collections on fines continue to be problematic due to the continued effects of the Great Recession.
- Expenditures were \$2,060 less than budgeted. Decreased spending was primarily related to Administration, Public Works, Parks and Recreation, and Police Departments.

Charts 4 and 5 show General Fund revenue by source as a percentage of total revenue and expenditures by department as a percentage of total expenditures.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City’s investment in capital assets includes land, buildings and improvements, vehicles, equipment, infrastructure, and construction in progress. As of June 30, 2017, the City had invested \$199,812 in capital assets, net of depreciation, as shown in the following table:

Table 3
City of Roseburg's Capital Assets
 (net of depreciation)
 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land & Construction in Progress	\$ 71,814	\$ 69,187	\$ 8,467	\$ 7,296	\$ 80,281	\$ 76,483
Buildings	13,378	13,831	7,365	7,204	20,743	21,035
Improvements other than Buildings	6,777	7,020	60,013	62,025	66,790	69,045
Machinery and Equipment	1,523	1,357	373	423	1,896	1,780
Vehicles	2,025	2,183	278	178	2,303	2,361
Infrastructure	27,799	29,835	-	-	27,799	29,835
Total	\$ 123,316	\$ 123,413	\$ 76,496	\$ 77,126	\$ 199,812	\$ 200,539

During the year, the City’s investment in capital assets decreased by \$727. The major capital asset events for the year include the following:

GOVERNMENTAL ACTIVITIES (in thousands)

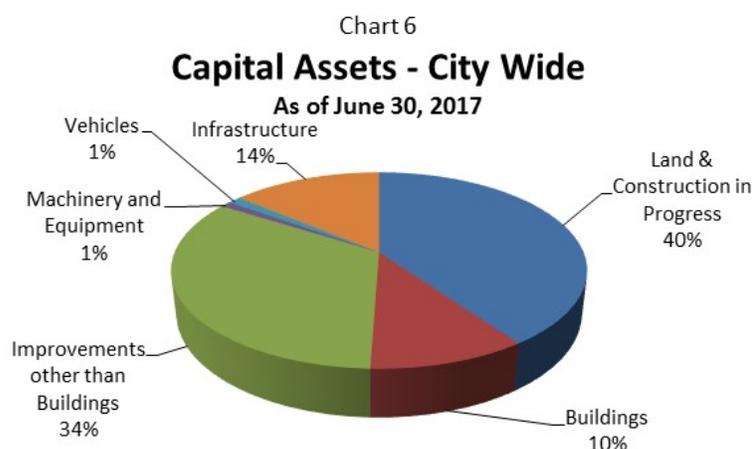
- Capital expenditures in the governmental funds totaled \$3,620.
- Stewart Parkway Realignment, \$1,173.
- Stewart Parkway Bridgedeck repairs, \$160.
- Parking Garage Improvements, \$498.
- Firgrove Play/Spray Park, \$298.
- Stewart Park Restroom Renovations, \$129.
- Pavement Management, \$86.

- Deer Creek Trail/Parking Lot Improvements, \$187.
- Gardenvally/Stewart Parkway Intersection Improvements, \$104.
- Police Vehicles, \$169.
- Fire Equipment, \$61.
- Riverfront Park Trail Renovations, \$74.
- Edenbower/Stewart Parkway Improvements, \$91.

BUSINESS-TYPE ACTIVITIES

- Water Fund capital expenditures of \$1,001 included the Telemetry and Control Systems Upgrades, Reservoir Yard Piping, Sunshine Road Waterline Replacement, Garden Valley Pump Station and water vehicles.
- Storm Drainage capital expenditure of \$1,240 included the Cascade Storm Line, Fairmount/Garden Valley Storm Drainage, Harvard Storm CIPP, and Harvard/Lookingglass Storm Replacement projects.
- Airport capital expenditure of \$21 included the Obstruction Mitigation Plans and VASI Update.

Additional information on the City of Roseburg’s capital assets can be found in note 3 on page 40 and 41 of this report.



Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$5.588 million consisting of full faith & credit obligations.

Table 4
City of Roseburg's Outstanding Debt
Full Faith & Credit Obligations
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Full Faith & Credit Bonds	\$ 4,180	\$ 6,390	\$ 1,408	\$ 1,425	\$ 5,588	\$ 7,815
Line-of-Credit	1,500	-	-	-	1,500	-
Total	\$ 4,180	\$ 6,390	\$ 1,408	\$ 1,425	\$ 5,588	\$ 7,815

During the current fiscal year, the City’s total debt decreased by \$2.227 million as a result of regularly scheduled principal payments. The City’s 2007 Series (Airport) bonds were refunded with the issuance of Financing Agreement Obligations (Series 2017).

The City’s Full Faith and Credit Obligations series 2013 which constitute the Pension Obligation Bonds do not carry any rating from any rating service as it was directly placed with Umpqua Bank and will not be readily

marketable. Likewise, the City's Full Faith and Credit Obligations series 2017 which constitute the refinancing of the airport debt do not carry any rating from any rating service as it was directly placed with Chase Bank and will not be readily marketable. The City's Line-of-Credit was directly placed with Umpqua Bank and does not carry any rating from any rating service.

State statutes limit the amount of debt a governmental entity may issue or have outstanding at any one time up to three percent of the true cash value of all taxable property within its boundaries. The current general obligation debt limitation for the City is \$81.042 million. The City has no outstanding general obligation debt.

Additional information on the City of Roseburg's long-term debt can be found in note 3 in the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Oregon Employment Department reported that "Douglas County's seasonally adjusted unemployment rate declined in May to 4.7 percent from a revised 4.9 percent in April. The rate is 1.8 percentage point below the May 2016 rate (6.5%)."

A review of the underlying figures to May's unemployment rate indicate that the decline in the rate is for all of the right reasons:

- The civilian labor force expanded by 1,097 year-over-year or 2.4%;
- The number of employed (or jobs) increased by 1,828 year-over-year or 4.3%; and
- The number of unemployed declined by -731 year-over-year or -26.7%.

To put these gains in more perspective, the Oregon Employment Department recently reported that Douglas County's job count for March 2017 was 36,860 which was 93 percent of its pre-recession peak. While Oregon surpassed pre-recessionary levels in late 2014, it will still take some time until Douglas County reaches 100 percent of pre-recessionary levels; in a separate report OED projected that it will take another two years for rural counties to reach pre-recessionary levels at the current pace of job growth.

Furthermore, the Oregon Employment Department reported that Douglas County's 2016 annual average wage of \$38,731 experienced an 8.0 percent increase from 2011 through 2016. Since Oregon's inflation rate for the same time period was 5.3%, the County's real wage growth (or purchasing power) increased 2.7 percent. Douglas County ranks 21st out of Oregon's 36 counties for real wage growth.

The most significant source of revenue for the City is taxes, including property, state shared revenues, franchise and motel taxes. For the year ended June 30, 2017, taxes of \$21,102 made up 69 percent of governmental funds revenue.

The City's Budget Committee and City Council considered all of these factors while preparing the City's budget for the 2017-18 fiscal year.

The 2017-18 adopted budget includes contingency of \$1 million for unanticipated operating needs and cash flow requirements. Governmental fund balance classifications are reported in accordance with GASB 54.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's Finance Office at 900 SE Douglas Street, Roseburg, Oregon 97470.

**BASIC
FINANCIAL
STATEMENTS**

CITY OF ROSEBURG, OREGON

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 16,238,309	\$ 8,055,224	\$ 24,293,533
Receivables (net of allowances for uncollectibles)	4,579,460	1,167,911	5,747,371
Internal balances	-	-	-
Inventories	19,250	56,632	75,882
Prepays	28,678	47,970	76,648
Notes receivable	250,000	-	250,000
Capital assets			
Land and construction in progress	71,814,395	8,466,910	80,281,305
Buildings	13,377,381	7,364,630	20,742,011
Improvements other than buildings	6,777,375	60,013,511	66,790,886
Machinery and equipment	1,522,977	372,722	1,895,699
Vehicles	2,025,026	277,759	2,302,785
Infrastructure	27,798,940	-	27,798,940
Total assets	<u>144,431,791</u>	<u>85,823,269</u>	<u>230,255,060</u>
 DEFERRED OUTFLOWS			
Deferred outflows-contributions to PERS	12,769,646	1,202,932	13,972,578
 LIABILITIES			
Accounts payable	1,311,358	317,840	1,629,198
Other accrued liabilities	175,156	5,336	180,492
Interest payable	16,999	2,449	19,448
Unearned revenue	29,999	89,715	119,714
Noncurrent liabilities:			
Due within one year	1,235,000	156,910	1,391,910
Due in more than one year	29,365,537	3,548,204	32,913,741
Total liabilities	<u>32,134,049</u>	<u>4,120,454</u>	<u>36,254,503</u>
 DEFERRED INFLOWS			
Net projected to actual earnings to PERS	1,102,781	103,885	1,206,666
 NET POSITION			
Net investment in capital assets	121,816,094	75,087,602	196,903,696
Restricted for:			
Debt service	38,521	-	38,521
Unrestricted	2,109,992	7,714,260	9,824,252
Total net position	<u>\$ 123,964,607</u>	<u>\$ 82,801,862</u>	<u>\$ 206,766,469</u>

See notes to the basic financial statements.

CITY OF ROSEBURG, OREGON

Statement of Activities

For the year ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 3,650,618	\$ 3,556,864	\$ 25,483	\$ -
Public safety	15,180,934	317,735	223,889	-
Public works	11,096,517	64,007	3,502,158	200,794
Culture and recreation	2,182,612	100,302	71,416	421,813
Community development	1,374,057	38,397	-	-
Interest on long-term debt	311,094	-	-	-
Total governmental activities	<u>33,795,832</u>	<u>4,077,305</u>	<u>3,822,946</u>	<u>622,607</u>
Business-type activities:				
Storm Drain	1,750,092	1,758,504	-	97,100
Airport	1,108,229	369,928	-	-
Off Street Parking	175,272	42,500	-	575,615
Water	5,448,567	5,376,613	-	387,341
Total business-type activities	<u>8,482,160</u>	<u>7,547,545</u>	<u>-</u>	<u>1,060,056</u>
Total government	<u>\$ 42,277,992</u>	<u>\$ 11,624,850</u>	<u>\$ 3,822,946</u>	<u>\$ 1,682,663</u>

General revenues:

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Franchise and public service taxes

Interest and investment earnings

Other revenues

Proceeds from insurance reimbursements

Proceeds from Line of Credit

Gain on disposition of capital assets

 Total general revenues

 Change in net position

Net position--beginning

Restatement GASB 75 OPEB Liability

Net position, beginning of year as restated

Net position--ending

See notes to the basic financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (68,271)	\$ -	\$ (68,271)
(14,639,310)	-	(14,639,310)
(7,329,558)	-	(7,329,558)
(1,589,081)	-	(1,589,081)
(1,335,660)	-	(1,335,660)
(311,094)	-	(311,094)
<u>(25,272,974)</u>	<u>-</u>	<u>(25,272,974)</u>
-	105,512	105,512
-	(738,301)	(738,301)
-	442,843	442,843
-	315,387	315,387
<u>-</u>	<u>125,441</u>	<u>125,441</u>
<u>(25,272,974)</u>	<u>125,441</u>	<u>(25,147,533)</u>
12,966,195	-	12,966,195
3,624,337	-	3,624,337
5,181,645	-	5,181,645
213,352	85,070	298,422
541,987	186,405	728,392
4,545	-	4,545
1,500,000	-	1,500,000
111,465	6,818	118,283
<u>24,143,526</u>	<u>278,293</u>	<u>24,421,819</u>
(1,129,448)	403,734	(725,714)
125,221,715	82,464,764	207,686,479
(127,660)	(66,636)	(194,296)
<u>125,094,055</u>	<u>82,398,128</u>	<u>207,492,183</u>
<u>\$ 123,964,607</u>	<u>\$ 82,801,862</u>	<u>\$ 206,766,469</u>

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

This fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, state and county shared revenue, and charges for administrative services from other funds. Primary expenditures are for culture and recreation, general government, public works, and public safety.

Transportation Fund

This fund is used to account for the acquisition and construction of transportation infrastructure not financed elsewhere.

Urban Renewal Fund

Accounts for all resources traditionally associated with governments that are not required to be accounted for in another Urban Renewal Agency Fund.

Urban Renewal Capital Projects Fund

Accounts for acquisition, construction and improvements within the urban renewal district that are financed from issuance of debt and interest earnings.

CITY OF ROSEBURG, OREGON

Governmental Funds

Balance Sheet

June 30, 2017

	<u>General</u>	<u>Transportation</u>	<u>Urban Renewal General</u>
ASSETS			
Cash and investments	\$ 7,169,927	\$ 2,331,410	\$ 275,283
Interest receivable	-	-	-
Accounts receivable	325,504	50,570	-
Taxes receivable	1,421,767	-	397,737
Assessment liens receivable	-	-	-
Notes receivable	-	-	-
Due from other funds	-	-	-
Intergovernmental receivable	73,897	116,227	-
Inventory	19,250	-	-
Prepaid items	18,678	-	-
Total assets	<u><u>\$ 9,029,023</u></u>	<u><u>\$ 2,498,207</u></u>	<u><u>\$ 673,020</u></u>
LIABILITIES			
Accounts payable	218,138	115,357	-
Other accrued liabilities	3,329	-	-
Due to other funds	-	-	-
Total liabilities	<u><u>221,467</u></u>	<u><u>115,357</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	1,297,180	-	354,462
Unavailable revenue-special assessments	-	-	-
Total deferred inflows of resources	<u><u>1,297,180</u></u>	<u><u>-</u></u>	<u><u>354,462</u></u>
FUND BALANCES			
Nonspendable	37,928	-	-
Restricted	-	-	-
Committed	-	-	318,558
Assigned	-	2,382,850	-
Unassigned	7,472,448	-	-
Total fund balances	<u><u>7,510,376</u></u>	<u><u>2,382,850</u></u>	<u><u>318,558</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 9,029,023</u></u>	<u><u>\$ 2,498,207</u></u>	<u><u>\$ 673,020</u></u>

See notes to the basic financial statements.

Urban Renewal Capital Projects	Other Governmental	Total Governmental
\$ 798,260	\$ 5,162,465	\$ 15,737,345
-	7,393	7,393
8,993	-	385,067
-	303,476	2,122,980
-	51,141	51,141
250,000	-	250,000
-	125,976	125,976
-	1,696,779	1,886,903
-	-	19,250
-	10,000	28,678
<u>\$ 1,057,253</u>	<u>\$ 7,357,230</u>	<u>\$ 20,614,733</u>
524,424	322,723	1,180,642
-	1,500,000	1,503,329
-	125,976	125,976
<u>524,424</u>	<u>1,948,699</u>	<u>2,809,947</u>
-	-	1,651,642
-	51,102	51,102
<u>-</u>	<u>51,102</u>	<u>1,702,744</u>
-	-	37,928
-	311,227	311,227
532,829	2,256,941	3,108,328
-	2,789,261	5,172,111
-	-	7,472,448
<u>532,829</u>	<u>5,357,429</u>	<u>16,102,042</u>
<u>\$ 1,057,253</u>	<u>\$ 7,357,230</u>	<u>\$ 20,614,733</u>

CITY OF ROSEBURG, OREGON
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2017

Total Fund balances-Governmental Funds \$ 16,102,042

Amounts reported for governmental activities in the Statement of Net Position are different because:

PERS net pension asset, deferred outflows of resources arising from contributions paid, and deferred inflows arising from changes in proportionate share of earnings in the current year are not financial resources in governmental funds, but are reported in the Statement of Net Positions

Net pension asset	(20,300,176)
Deferred outflows	12,769,646
Deferred inflows	(1,102,781)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation. This includes Internal Service Fund capital assets net of accumulated depreciation. 123,316,094

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.

Property taxes earned but unavailable	1,621,643
Special assessments	51,102

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. (1,599,959)

Net OPEB obligation (3,020,402)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (4,180,000)

The interest on the long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (16,999)

The internal service fund is used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the Workers Compensation Internal Service Fund are included in governmental activities in the statement of net position. 324,397

Net position of governmental activities \$123,964,607

CITY OF ROSEBURG, OREGON

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2017

	<u>General</u>	<u>Transportation</u>	<u>Urban Renewal General</u>
REVENUES			
Taxes	\$ 15,818,063	\$ 510,323	\$ 3,609,769
Intergovernmental	872,990	1,391,073	-
Licenses and permits	184,142	-	-
Charges for services	3,163,637	-	-
System development fees	-	201,781	-
Fines and forfeitures	295,817	-	-
Special assessments	-	-	-
Investment revenue	97,564	32,381	17,600
Other revenues	95,257	-	-
Total revenues	<u>20,527,470</u>	<u>2,135,558</u>	<u>3,627,369</u>
EXPENDITURES			
Current operating:			
General government	2,085,276	-	-
Public safety	12,537,186	-	-
Public works	3,208,584	1,572,113	2,104,383
Culture and recreation	1,507,745	-	-
Community development	523,256	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	6,852	1,667,052	-
Total expenditures	<u>19,868,899</u>	<u>3,239,165</u>	<u>2,104,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>658,571</u>	<u>(1,103,607)</u>	<u>1,522,986</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Line of Credit	-	-	-
Proceeds from capital asset sales	880	-	-
Transfers in	-	-	-
Transfers out	<u>(700,000)</u>	<u>(10,000)</u>	<u>(1,400,000)</u>
Total other financing sources (uses)	<u>(699,120)</u>	<u>(10,000)</u>	<u>(1,400,000)</u>
Net change in fund balance	(40,549)	(1,113,607)	122,986
Fund balances--beginning originally stated	<u>7,550,925</u>	<u>3,496,457</u>	<u>195,572</u>
Fund balances--ending	<u>\$ 7,510,376</u>	<u>\$ 2,382,850</u>	<u>\$ 318,558</u>

See notes to the basic financial statements.

<u>Urban Renewal Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ -	\$ 1,163,732	\$ 21,101,887
8,993	2,798,824	5,071,880
-	-	184,142
-	28,536	3,192,173
-	60,861	262,642
-	-	295,817
-	26,036	26,036
5,556	56,247	209,348
-	192,230	287,487
14,549	4,326,466	30,631,412
-	58,480	2,143,756
-	36,824	12,574,010
395,748	72,073	7,352,901
-	65,857	1,573,602
-	794,258	1,317,514
-	2,210,000	2,210,000
-	318,615	318,615
2,179,987	1,317,911	5,171,802
2,575,735	4,874,018	32,662,200
(2,561,186)	(547,552)	(2,030,788)
1,500,000	-	1,500,000
-	165,132	166,012
1,400,000	1,192,455	2,592,455
-	(482,455)	(2,592,455)
2,900,000	875,132	1,666,012
338,814	327,580	(364,776)
194,015	5,029,849	16,466,818
\$ 532,829	\$ 5,357,429	\$ 16,102,042

CITY OF ROSEBURG, OREGON

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended June 30, 2017

Net change in fund balances--total governmental funds \$ (364,776)

*Amounts reported for governmental activities in the Statement of
Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	\$ 5,171,802	
Less current year depreciation	(4,638,922)	
Book value of disposed capital assets	(54,547)	
During the current year the governmental fund transferred capital assets to the enterprise fund	<u>(575,615)</u>	(97,282)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		59,128
Special assessments		<u>(14,667)</u>

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

2,210,000

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.

Compensated absences	(148,078)	
Net OPEB obligation	(194,829)	
Accrued interest	<u>7,521</u>	(335,386)

Current year PERS pension expense related to change in net pension liability is reported as an expense in the Statement of Activities but is not recorded as an expenditure in the governmental funds

(2,663,429)

The internal service fund is used by management to charge the cost of self-insurance to individual funds. The net expense of the Workers Compensation Internal Service Fund is reported with governmental activities.

76,964

Change in net position of governmental activities

\$ (1,129,448)

See notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Roseburg utilizes five Proprietary Funds made up of four Enterprise Funds and one Internal Service Fund. The Enterprise Funds are used to account for acquisition, operation, and maintenance of storm drainage, airport, off-street parking, and water. These funds are entirely or predominantly self-supported through user charges to the customer. The Workers Compensation Fund is an Internal Service Fund used to account for the financing of the City's self-insured program.

Enterprise Funds

- ◆ *Storm Drainage*
- ◆ *Airport*
- ◆ *Off Street Parking*
- ◆ *Water*

Internal Service Fund

- ◆ *Workers Compensation*

CITY OF ROSEBURG, OREGON

Proprietary Funds

Statement of Net Position

June 30, 2017

	Business-type Activities-Enterprise Funds		
	Storm Drainage	Airport	Off Street Parking
ASSETS			
Current assets:			
Cash and investments	\$ 2,187,019	\$ 332,974	\$ 30,936
Utilities receivable, net	260,417	-	-
Other receivables	-	3,951	3,542
Inventories	-	-	-
Prepaid items	-	47,921	-
Total current assets	<u>2,447,436</u>	<u>384,846</u>	<u>34,478</u>
Noncurrent assets:			
Capital assets, net	<u>24,060,632</u>	<u>17,450,383</u>	<u>1,926,193</u>
Total noncurrent assets	<u>24,060,632</u>	<u>17,450,383</u>	<u>1,926,193</u>
Total assets	<u>26,508,068</u>	<u>17,835,229</u>	<u>1,960,671</u>
DEFERRED OUTFLOWS			
Deferred outflows-contributions to PERS	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable	235,240	7,204	618
Other accrued liabilities	-	5,007	-
Interest payable	-	2,449	-
Net pension liability	-	-	-
Compensated absences	-	-	-
Unearned revenue	-	48,795	-
Bond payable-current maturity	-	83,528	-
Total current liabilities	<u>235,240</u>	<u>146,983</u>	<u>618</u>
Noncurrent liabilities:			
Compensated absences	-	-	-
Net OPEB obligation	-	-	-
Bond payable	-	1,324,402	-
Total noncurrent liabilities	<u>-</u>	<u>1,324,402</u>	<u>-</u>
Total liabilities	<u>235,240</u>	<u>1,471,385</u>	<u>618</u>
DEFERRED INFLOWS			
Net projected to actual earnings to PERS	-	-	-
NET POSITION			
Net investment in capital assets	24,060,632	16,042,453	1,926,193
Unrestricted	<u>2,212,196</u>	<u>321,391</u>	<u>33,860</u>
Total net position	<u>\$ 26,272,828</u>	<u>\$ 16,363,844</u>	<u>\$ 1,960,053</u>

See notes to the basic financial statements.

<u>Business-type Activities-Enterprise Funds</u>		<u>Activities Internal Service Fund</u>
<u>Water</u>	<u>Totals</u>	
\$ 5,504,295	\$ 8,055,224	\$ 500,964
898,693	1,159,110	-
1,308	8,801	-
56,632	56,632	-
49	47,970	-
<u>6,460,977</u>	<u>9,327,737</u>	<u>500,964</u>
33,058,324	76,495,532	1,815
<u>33,058,324</u>	<u>76,495,532</u>	<u>1,815</u>
<u>39,519,301</u>	<u>85,823,269</u>	<u>502,779</u>
1,202,932	1,202,932	-
74,778	317,840	4,740
329	5,336	171,827
-	2,449	-
<u>1,912,327</u>	<u>1,912,327</u>	<u>-</u>
73,382	73,382	-
40,920	89,715	-
-	83,528	-
<u>2,101,736</u>	<u>2,484,577</u>	<u>176,567</u>
44,433	44,433	-
267,042	267,042	-
-	1,324,402	-
<u>311,475</u>	<u>1,635,877</u>	<u>-</u>
<u>2,413,211</u>	<u>4,120,454</u>	<u>176,567</u>
<u>103,885</u>	<u>103,885</u>	<u>-</u>
33,058,324	75,087,602	1,815
5,146,813	7,714,260	324,397
<u>\$ 38,205,137</u>	<u>\$ 82,801,862</u>	<u>\$ 326,212</u>

CITY OF ROSEBURG, OREGON
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2017

	Business-type Activities - Enterprise Funds		
	Storm Drainage	Airport	Off Street Parking
OPERATING REVENUES:			
Charges for services	\$ 1,758,504	\$ 369,928	\$ 42,500
Other revenues	141,273	550	432
Total operating revenues	<u>1,899,777</u>	<u>370,478</u>	<u>42,932</u>
OPERATING EXPENSES:			
Personal services	-	-	-
Support services	429,794	70,235	6,975
Contractual services	100,367	14,795	1,895
Utilities	-	47,447	19,580
Repairs and maintenance	20,686	11,438	76,591
Other operating expenses	20,827	1,865	2,850
Insurance claims and expenses	41,732	10,467	3,829
Depreciation	1,136,686	913,083	63,552
Total operating expenses	<u>1,750,092</u>	<u>1,069,330</u>	<u>175,272</u>
Operating income (loss)	<u>149,685.00</u>	<u>(698,852)</u>	<u>(132,340)</u>
Nonoperating revenues (expenses):			
Investment revenue	19,879	3,934	868
Interest expense	-	(55,338)	-
Gain on sale of capital assets	-	-	-
GAAP Pension Adjustment	-	16,439	-
Total nonoperating revenues (expenses)	<u>19,879</u>	<u>(34,965)</u>	<u>868</u>
Net income (loss)			
Net income (loss) before contributions and transfers	169,564	(733,817)	(131,472)
Capital contributions-grants and fees	97,100	-	-
Capital contributions-infrastructure	-	-	575,615
Change in net position	266,664	(733,817)	444,143
Net position--beginning	26,006,164	17,097,661	1,515,910
Restatement GASB 75 OPEB liability	-	-	-
Net position, beginning of year as restated	<u>26,006,164</u>	<u>17,097,661</u>	<u>1,515,910</u>
Net position--ending	<u>\$ 26,272,828</u>	<u>\$ 16,363,844</u>	<u>\$ 1,960,053</u>

See notes to the basic financial statements.

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities Internal Service Fund
<u>Water</u>	<u>Totals</u>	<u>Fund</u>
\$ 5,376,613	\$ 7,547,545	\$ 375,000
44,150	186,405	40
<u>5,420,763</u>	<u>7,733,950</u>	<u>375,040</u>
1,617,475	1,617,475	-
857,660	1,364,664	21,798
351,980	469,037	22,264
354,135	421,162	-
168,247	276,962	-
266,602	292,144	2,677
41,827	97,855	255,343
<u>1,566,562</u>	<u>3,679,883</u>	<u>279</u>
<u>5,224,488</u>	<u>8,219,182</u>	<u>302,361</u>
<u>196,275</u>	<u>(485,232)</u>	<u>72,679</u>
60,389	85,070	4,006
-	(55,338)	-
6,818	6,818	-
<u>(224,079)</u>	<u>(207,640)</u>	<u>-</u>
<u>(156,872)</u>	<u>(171,090)</u>	<u>4,006</u>
39,403	(656,322)	76,685
175,399	272,499	-
<u>211,942</u>	<u>787,557</u>	<u>-</u>
426,744	403,734	76,685
37,845,029	82,464,764	249,527
(66,636)	(66,636)	-
<u>37,778,393</u>	<u>82,398,128</u>	<u>249,527</u>
<u>\$ 38,205,137</u>	<u>\$ 82,801,862</u>	<u>\$ 326,212</u>

CITY OF ROSEBURG, OREGON

Proprietary Funds

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

	Business-type Activities - Enterprise Funds		
	Storm Drainage	Airport	Off Street Parking
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,724,012	\$ 369,273	\$ 40,860
Payments to suppliers	(8,926)	(130,678)	(104,733)
Payments to employees	-	-	-
Internal activity--payments to other funds	(429,794)	(70,235)	(6,975)
Other receipts	<u>141,273</u>	<u>550</u>	<u>432</u>
Net cash provided by operating activities	<u>1,426,565</u>	<u>168,910</u>	<u>(70,416)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development fees	97,099	-	-
Capital contributions	-	-	-
Proceeds from sale of capital assets	-	-	-
Purchases of capital assets	(1,239,538)	(21,497)	-
Principal paid on capital debt	-	(17,070)	-
Interest paid on capital debt	-	(57,696)	-
Net cash used by capital and related financing activities	<u>(1,142,439)</u>	<u>(96,263)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	19,880	3,934	868
Net cash provided by investing activities	<u>19,880</u>	<u>3,934</u>	<u>868</u>
Net increase (decrease) in cash and investments	304,006	76,581	(69,548)
Balances--beginning of the year	<u>1,367,413</u>	<u>281,383</u>	<u>97,940</u>
Balances--end of the year	<u>\$ 1,671,419</u>	<u>\$ 357,964</u>	<u>\$ 28,392</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 149,685	\$ (682,413)	\$ (132,340)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	1,136,686	913,083	63,552
Change in assets and liabilities:			
Receivables, net	(34,492)	(1,655)	(1,640)
Prepaid assets	-	(47,921)	-
Inventories	-	-	-
Accounts payable	174,686	4,447	12
Accrued compensated absences	-	-	-
OPEB obligation	-	-	-
Other accrued liabilities	-	(1,192)	-
Pension expense (income)	-	(16,439)	-
Unearned revenue	-	1,000	-
Net cash provided by operating activities	<u>\$ 1,426,565</u>	<u>\$ 168,910</u>	<u>\$ (70,416)</u>
Noncash capital activities:			
Capital assets contributed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,615</u>

See notes to the basic financial statements.

<u>Business-type Activities-Enterprise Funds</u>		<u>Governmental Activities Internal Service Fund</u>	
<u>Water</u>	<u>Totals</u>		<u>Fund</u>
\$ 5,312,591	\$ 7,446,736	\$	375,000
(1,286,834)	(1,531,171)		(229,128)
(1,507,987)	(1,507,987)		-
(857,660)	(1,364,664)		(21,798)
44,150	186,405		40
<u>1,704,260</u>	<u>3,229,319</u>		<u>124,114</u>
175,399	272,498		-
-	-		-
6,818	6,818		-
(1,001,085)	(2,262,120)		-
-	(17,070)		-
-	(57,696)		-
<u>(818,868)</u>	<u>(2,057,570)</u>		<u>-</u>
60,389	85,071		4,006
<u>60,389</u>	<u>85,071</u>		<u>4,006</u>
945,781	1,256,820		128,120
<u>3,828,730</u>	<u>5,575,466</u>		<u>464,135</u>
<u>\$ 4,774,511</u>	<u>\$ 6,832,286</u>	<u>\$</u>	<u>592,255</u>
\$ (27,804)	\$ (692,872)	\$	72,679
1,566,562	3,679,883		279
(73,697)	(111,484)		-
(2)	(47,923)		-
(3,570)	(3,570)		-
(73,800)	105,345		4,583
22,947	22,947		-
86,541	86,541		-
(26,671)	(27,863)		46,573
224,079	207,640		-
9,675	10,675		-
<u>\$ 1,704,260</u>	<u>\$ 3,229,319</u>	<u>\$</u>	<u>124,114</u>
<u>\$ 211,942</u>	<u>\$ 787,557</u>	<u>\$</u>	<u>-</u>

**NOTES TO
BASIC FINANCIAL STATEMENTS**

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Roseburg, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. GAAP statements include all relevant GASB pronouncements.

REPORTING ENTITY

The City of Roseburg, Oregon is a municipal corporation, incorporated in 1872. The City operates under a Council-City Manager form of government. The governing body consists of the Mayor and eight elected Council members serving four wards. The Mayor is elected to serve a two-year term, and Council members are each elected to serve a four-year term. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The City has included the financial operations of its Urban Renewal Agency, as a blended component unit, in the basic financial statements. The Agency is a legally separate entity for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

BLENDED COMPONENT UNIT

The Urban Renewal Agency (Component Unit) of the City of Roseburg (Primary Government) is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated by the Agency's bylaws. Because the Component Unit's governing body is substantively the same as the governing body of the Primary Government and there is either a financial benefit or burden relationship between the Primary Government and the Component Unit AND management of the Primary Government has operational responsibility for the Component Unit, the funds of the Agency are blended with those of the City by including them in the appropriate statements and schedules of the Comprehensive Annual Financial Report. Complete financial statements for the Component Unit can be obtained from the Finance Director of the City, 900 SE Douglas Avenue, Roseburg, Oregon 97470.

BASIC FINANCIAL STATEMENTS

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type activities/enterprise funds, as well as some special revenue funds and the General Fund. The City allocates charges as reimbursement for services provided by the General Fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria (percentage of the assets liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds as major funds in order to assist in compiling a complete and accurate picture of the financial position of the City. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- *General Fund*

This is the City's primary operating fund. It accounts for all the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, licenses and permits, state and county shared revenues and charges for administrative services provided to other funds. Primary expenditures are for general government, police and fire protection, community development, parks and recreation.

- *Transportation Fund*

Accounts for the financial resources used for infrastructure construction and major improvements other than those related to parks and proprietary fund assets. Principal sources of revenue are gas tax subventions, 15% of City franchise fees, Federal ISTEA funds, and transportation system development charges (SDCs). Historically, street reconstruction and new street projects have been funded through this fund.

- *Urban Renewal General Fund*

Accounts for all resources traditionally associated with the Urban Renewal District that is not required to be accounted for in another Urban Renewal Agency Fund. Principal sources of revenue are tax incremental revenues.

- *Urban Renewal Capital Projects Fund*

Accounts for acquisition, construction and improvements within the Urban Renewal District financed from the issuance of debt and interest earnings. Principal sources of revenue are tax incremental revenues transferred from the Urban Renewal General Fund and Federal and State grants.

The City reports each of its five proprietary funds as major funds. The proprietary funds include four enterprise funds and one internal service fund. The enterprise funds are used to account for the acquisition, operation and maintenance of water, storm water, airport, and off-street parking. These

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

funds are entirely or predominantly self-supported through user charges to customers. The Workers Compensation Fund is an internal service fund which accounts for the resources and payment of workers compensation claims for work-related injuries and illnesses.

The City reports the following proprietary funds:

- *Water Fund*
- *Storm Drainage Fund*
- *Airport Fund*
- *Off-Street Parking Fund*
- *Workers Compensation Fund*

Additionally, the City reports non-major funds within the governmental fund type.

- *Special Revenue Funds*

Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- *Debt Service Funds*

Accounts for the accumulation of resources for, and the payment of, indebtedness of the City and the Urban Renewal Agency.

- *Capital Projects Funds*

Accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Business-type or Proprietary Funds).

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Government-wide Financial Statements and the Proprietary Funds 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 or related cash flows. An economic resource focus concentrates on entity or fund's net position.

The Governmental Funds Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's Water, Storm Drainage, Off Street Parking, and Airport Funds are charges to customers for sales and services. Principle operating revenues to the Airport Fund include user fees and intergovernmental grants. The Water and Storm Drainage Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the City-wide investment pool. Investments, including equity in pooled cash and investments are stated at fair value.

Restricted Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Position and the Proprietary Fund Statement of Net Position. When expenditures are paid for purposes in which both restricted and unrestricted net position are available, the City deems restricted net position to be spent first.

Receivables and Payables

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Recorded property taxes receivables collected within 60 days after year-end are considered measurable and available, and recognized as revenue. The remaining balance is recorded as a deferred inflow of resources because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are delinquent.

Assessment liens receivable are recognized at the time property owners are assessed for property improvement. Liens and special assessments collected within 60 days after year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resources because it is not deemed available to finance operations of the current period.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of any allowance for uncollectibles.

Inventories and Prepaid Items

Inventories of materials and supplies are stated at an average cost basis and charged to expenses as

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and in the governmental fund financial statements. Assets held for resale are stated at cost.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, pathways, bridges, streetlights, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Capital contributions are recorded as revenue rather than direct additions to capital assets and are identified on the Government-Wide Financial Statement of Activities under the category "Capital Grants and Contributions".

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more, and that have initial useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25-50
Improvements other than buildings	10-20
Machinery and equipment	5-15
Vehicles	5-10
Infrastructure	20-50

Depreciation is calculated as of the acquisition date of the asset. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Accrued Compensated Absences and Sick Pay

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. A liability is reported in the governmental funds only if they have matured, for example, as a result of resignations or retirements. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

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 current period 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 represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the City recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents 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 two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the City recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

Pensions

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.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Fund Balance

Fund balance for governmental funds is reported in classifications in the fund financial statements. Amounts are reported in the appropriate fund balance classifications of restricted, committed, assigned, and unassigned balances.

The classifications used in the governmental fund financial statements are as follows:

- Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – amounts that can be used only for specific purposes determined by a formal action of City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only by “Resolution”, an order of the City Council as governing body.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. City Council reserves the right to designate administrative staff to assign fund balances. The Finance Director has been designated for oversight of this classification.
- Unassigned – amounts that constitute the residual classification for the General Fund. This classification represents fund balance that is not otherwise reported as nonspendable, restricted, or committed within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

As of June 30, 2017, fund balances of the governmental funds are classified as follows:

Fund Balances	General	Transportation	Urban Renewal General	Urban Renewal Capital	Other Governmental	Total Governmental
Nonspendable:	\$ 37,928	\$ -	\$ -	\$ -	\$ -	\$ 37,928
Restricted						
Federal, State & Local Grants	-	-	-	-	75,856	75,856.00
Pension Obligation Debt	-	-	-	-	38,521	38,521.00
Pedestrian & Bike Paths	-	-	-	-	130,420	130,420.00
Stewart Park	-	-	-	-	66,430	66,430.00
Committed						
Capital Projects	-	-	318,558	532,829	-	851,387.00
Tourism	-	-	-	-	300,772	300,772.00
Economic Development	-	-	-	-	146,088	146,088.00
Street Lights, Sidewalks & Signals	-	-	-	-	1,148,826	1,148,826.00
Facilities	-	-	-	-	583,306	583,306.00
Golf	-	-	-	-	77,949	77,949.00
Assigned:						
Public Works	-	-	-	-	-	-
Capital Projects-Streets	-	2,382,850	-	-	-	2,382,850.00
Capital Projects-Parks	-	-	-	-	435,212	435,212.00
Capital-Vehicles & Equipment	-	-	-	-	814,406	814,406.00
Local Improvement Districts	-	-	-	-	1,539,643	1,539,643.00
Unassigned	7,472,448	-	-	-	-	7,472,448.00
Total Fund Balances	<u>\$ 7,510,376</u>	<u>\$ 2,382,850</u>	<u>\$ 318,558</u>	<u>\$ 532,829</u>	<u>\$ 5,357,429</u>	<u>\$ 16,102,042</u>

Use of Estimates

In preparing the City of Roseburg’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The City is required to budget all funds. The City's budget is prepared for each fund on the modified accrual basis of accounting with Proprietary Fund types adjusted for year-end accrued compensated absences. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to department heads. The City Manager (Budget Officer) and the Finance Director meet with each department head and develop a proposed budget, after which the Budget Officer publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the City Council and an equal number of citizens of the City) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the City's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on and subsequently approves the proposed budget, which includes any additions or deletions from the one originally presented by the Budget Officer. The Budget Committee then submits the approved budget to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by Council without returning to the Budget Committee for a second approval. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the Budget Committee, no additional tax levy may be made for that fiscal year.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at either the organizational unit, or the object group level (i.e. personal services, materials and services, capital outlay and other expenditures). The level of control for the General, Public Works, Off Street Parking, Airport, Golf and Water Service Operations Funds is by organizational unit (i.e. department). Other funds are controlled at the object group level. Appropriations lapse as of the year-end.

The City Council may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted and for debt service on new debt issued during the budget year.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Deficit Fund Equity

The City has no instances whereby any of its funds had a deficit in fund equity as of June 30, 2017.

3. DETAILED NOTES ON ALL FUNDS

POOLED DEPOSITS AND INVESTMENTS

The City maintains a cash management pool for its cash and cash equivalents in which each fund, except the Stewart Trust Fund, participates. Interest earnings on pooled funds are distributed monthly based on average daily balances.

Cash and investments at June 30, 2017 are comprised of the following:

	Carrying Value	Fair Value
Petty cash	\$ 1,050	\$ 1,050
Deposits with financial institutions	768,561	768,561
Investments	23,523,922	23,523,922
	\$ 24,293,533	\$ 24,293,533

Cash and investments are reflected in the government-wide Statement of Net Position as follows:

Cash and investments	\$ 24,293,533
Restricted assets - cash and investments	0
	\$ 24,293,533

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements is \$1,343,759. Of these deposits, \$406,481 is covered by federal depository insurance. The balance of \$937,278 is collateralized per the Oregon Public Funds Collateralization Program (PFCP) per Oregon Revised Statutes, Chapter 295 which requires public funds in excess of insurance limits to be held at qualified depositories. The City is in full compliance with ORS Chapter 295.

INVESTMENTS

The City has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during fiscal year 2017. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, that adjusted fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As required by Oregon Revised Statutes, Chapter 295, deposits in excess of FDIC coverage are held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the City has no exposure to custodial credit risk for deposits with financial institutions.

State statutes authorize the City to invest in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The City's investment policy does not further restrict its investment choices.

The State of Oregon Local Government Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2017 was unqualified.

The LGIP's portfolio concentration of credit risk at June 30, 2017 included: Commercial Paper, 4.76%; Agency Securities, 27.44%; Certificates of Deposits, 3.70%; Corporate Notes, 43.58%; Municipal Government Securities, 1.67%; foreign government, 4.77%; Asset-Backed Securities, 12.49%; Commingled Investment Pool, 1.29%; and cash in various banks, 0.31%. The credit risk associated with the investments was: AAA rating, 16.82%; AA rating, 16.20%; A rating, 31.77%; A-1+, 4.63%; A-1, 3.78%; BBB(1) rating, 0.92%; FDIC covered, .31%; and not rated, 25.57%. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value for the LGIP entire portfolio.

Concentration of Credit Risk

100% of the Agency's investments are in the State of Oregon Local Government Pool.

INVESTMENT TYPE	Credit Risk	Maturities	% of Portfolio	Actual Amount
Local Government Investment Pool	See Above	Avg. 6-18 months	100.0%	\$23,523,922
Petty Cash				1,050
Cash on Hand, Checking				768,561
Subtotal for Cash on Hand and in Checking				<u>769,611</u>
Total Cash and Investments, June 30, 2016				<u><u>\$24,293,533</u></u>

Interest Rate Risk

The City's investment policy states that investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs and timed to comply with the following short-term investment guidelines. All funds will be considered short term and limited to maturities not exceeding 18 months, except those reserved for capital projects which will be limited to maturities not exceeding 3 years.

Receivables

Receivables as of year-end for the City's individual, major and non-major funds in the aggregate, net of applicable allowances for uncollectible accounts are as follows:

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

GOVERNMENTAL ACTIVITIES

	General	Transportation	Urban Renewal	Urban Renewal Capital Projects	Other Governmental	Total Governmental
Receivables:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ 7,393	\$ 7,393
Accounts	325,504	50,570	-	8,993	-	385,067
Taxes	1,421,767	-	397,737	-	303,476	2,122,980
Assessment Liens	-	-	-	-	51,141	51,141
Notes	-	-	-	250,000	-	250,000
Intergovernmental	73,897	116,227	-	-	1,696,779	1,886,903
Total	<u>\$ 1,821,168</u>	<u>\$ 166,797</u>	<u>\$ 397,737</u>	<u>\$ 258,993</u>	<u>\$ 2,058,789</u>	<u>\$ 4,703,484</u>

BUSINESS-TYPE ACTIVITIES

	Storm Drainage	Airport	Off Street Parking	Water	Total Business-Type Activities
Receivables:					
Utilities receivable, net	\$ 260,417	\$ -	\$ -	\$ 898,693	\$ 1,159,110
Other	-	3,951	3,542	1,308	8,801
Intergovernmental	-	-	-	-	-
Total	<u>\$ 260,417</u>	<u>\$ 3,951</u>	<u>\$ 3,542</u>	<u>\$ 900,001</u>	<u>\$ 1,167,911</u>

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2017 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Land	66,161,007	-	(1,000)	66,160,007
Construction in Progress	3,026,060	5,171,801	(2,543,473)	5,654,388
Total non-depreciable	<u>69,187,067</u>	<u>5,171,801</u>	<u>(2,544,473)</u>	<u>71,814,395</u>
Buildings & bldg improvemen	22,030,484	95,900	(43,906)	22,082,478
Land improvements	14,173,771	264,472		14,438,243
Machinery & Equipment	3,947,467	412,024	(402,342)	3,957,149
Vehicles	6,961,381	308,014	(384,723)	6,884,672
Infrastructure	119,077,257	857,484		119,934,741
Total depreciable	<u>166,190,360</u>	<u>1,937,894</u>	<u>(830,971)</u>	<u>167,297,283</u>
	235,377,427	7,109,695	(3,375,444)	239,111,678
Accumulatated depreciation				
Buildings/Improvements	(8,199,357)	(541,762)	36,022	(8,705,097)
Land Improvements	(7,153,445)	(507,423)		(7,660,868)
Machinery & Equipment	(2,590,782)	(239,093)	395,703	(2,434,172)
Vehicles	(4,778,292)	(457,017)	375,663	(4,859,646)
Infrastructure	(89,242,175)	(2,893,626)		(92,135,801)
Total accumulated depreciati	<u>(111,964,051)</u>	<u>(4,638,921)</u>	<u>807,388</u>	<u>(115,795,584)</u>
Governmental activities				
capital assets, net	<u>\$ 123,413,376</u>	<u>\$ 2,470,774</u>	<u>\$ (2,568,056)</u>	<u>\$ 123,316,094</u>

Depreciation Expense for governmental activities is charged to functions as follows:

General government	446,320
Public Safety	369,175
Public Works	3,368,361
Culture and recreation	455,066
Community development	
Total depreciation for governmental activities	<u>\$ 4,638,921</u>

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Capital asset activity for business-type activities for the year ended June 30, 2017 was as follows:

Description	Beginning Balance	Increases	Decreases	Recon Items	Ending Balance
Land	6,841,635				6,841,635
Construction in Progress	453,915	3,049,678	(1,878,318)		1,625,275
Total non-depreciable	<u>7,295,550</u>	<u>3,049,678</u>	<u>(1,878,318)</u>		<u>8,466,910</u>
Buildings	16,786,029	600,497			17,386,526
Improvements other than buildir	119,708,679	1,080,783	-		120,789,462
Machinery & Equipment	2,239,332	42,888	(11,145)		2,271,075
Vehicles	1,063,983	154,150	(23,437)	17,875	1,212,571
Total depreciable	<u>139,798,023</u>	<u>1,878,318</u>	<u>(34,582)</u>	<u>17,875</u>	<u>141,659,634</u>
	147,093,573	4,927,996	(1,912,900)		150,126,544
Accumulated depreciation					
Buildings	(9,582,016)	(439,880)			(10,021,896)
Improvements other than buildir	(57,684,091)	(3,091,860)	-		(60,775,951)
Machinery & Equipment	(1,816,431)	(93,067)	11,145		(1,898,353)
Vehicles	(885,299)	(55,075)	23,437	(17,875)	(934,812)
Total accumulated depreciation	<u>(69,967,837)</u>	<u>(3,679,882)</u>	<u>34,582</u>	<u>(17,875)</u>	<u>(73,631,012)</u>
Business type activities, net	<u>\$ 77,125,736</u>	<u>\$ 1,248,114</u>	<u>\$ (1,878,318)</u>	<u>\$ -</u>	<u>\$ 76,495,532</u>

Depreciation Expense for business-type activities is charged to functions as follows:

Off Street Parking	63,552
Airport	913,083
Water	1,566,562
Storm Drain	1,136,686
Total depreciation for business-type activities	<u><u>\$ 3,679,882</u></u>

Interfund Receivables, Payables, and Transfers

Interfund balances as of June 30, 2017 are as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental fund	Nonmajor governmental fund	\$125,976

Outstanding balances between funds result mainly from the time lag between the dates payment for services or reimbursable expenditures occur.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Interfund transfers:

Transfer out:	Transfers In:		
	Urban		
	Renewal Capital Projects	Nonmajor Governmental	Total
General Fund	\$ -	\$ 700,000	\$ 700,000
Transportation	-	10,000	10,000
Urban Renewal General	1,400,000	-	1,400,000
Nonmajor Governmental		482,455	482,455
Total	\$ 1,400,000	\$ 1,192,455	\$ 2,592,455

Interfund transfers are used to provide funds for debt service, contribute toward the cost of capital projects, and provide operational resources.

LONG-TERM OBLIGATIONS

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in long-term obligations and the current portions due for each obligation. For governmental activities, claims, and judgments and compensated absences are generally liquidated within each operating fund.

	Beg. Balance as Restated*	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	1,451,881	163,903	15,825	1,599,959	29,828
Net OPEB Liability*	2,825,572	194,830	-	3,020,402	-
Full Faith & Credit					
Series 2006	2,000,000	-	2,000,000	-	-
Series 2013 (POB)	4,390,000	-	210,000	4,180,000	235,000
Line-of-Credit (Non-Revolving)	-	1,500,000	-	1,500,000	1,000,000
Total Governmental Activities	10,667,453	1,858,733	2,225,825	10,300,361	1,264,828
Business Type Activities					
Compensated Absences	94,868	13,946	1,455	117,815	2,720
Net OPEB Liability*	247,137	19,905	-	267,042	-
Full Faith & Credit					
Series 2007 (Airport)	1,425,000	-	1,425,000	-	-
Financing Agreement (Series 2017)	-	1,407,930	-	1,407,930	83,528
Total Business Type Activities	1,767,005	33,851	1,426,455	384,857	86,248

* Early implementation of GASB 75 (Accounting and Financial Reporting of Postemployment Benefits) required a restatement of Beginning Balance.

GOVERNMENTAL ACTIVITIES

Full Faith and Credit Obligations

Series 2006

In October 2006, the City issued \$4,275,000 of Full Faith and Credit Obligations to acquire property for construction of a new public safety facility. The obligations which pledge the City's full faith and

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

credit were sold as a direct bank placement. The interest rate on the obligations was 4%. Interest only payments were made during the first eight years. The first principal payment of \$2,210,000 was made in 2014 and final maturity was 2017. An intergovernmental agreement between the City and the Urban Renewal Agency pledged the Agency's tax increment revenues to pay the debt in entirety. The intergovernmental agreement constitutes an indebtedness of the Agency.

The balance outstanding as of June 30, 2017 was \$0.

SERIES 2013 (POB)

In November 26, 2013, the City of Roseburg issued \$4,840,000 in Pension Obligation Bonds (POBs) as Full Faith and Credit Obligations to fund the City's transition liability portion of its unfunded actuarial liability that resulted when the City joined the state and local government pool of employers. The obligations pledge the City's full faith and credit and were sold as a direct bank placement. The obligations carry an interest rate of 4.88% and the final maturity is June 2028. The City charges itself 4% of payroll to fund the annual debt liability.

The balance outstanding as of June 30, 2017 is \$4,180,000.

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

Year Ending	Principal	Interest
June 30,		
2018	235,000	203,984
2019	265,000	192,516
2020	295,000	179,584
2021	325,000	165,188
2022	360,000	149,328
2021-2028	2,700,000	460,428
Totals	\$ 4,180,000	\$ 1,351,028

Line of Credit (Non Revolving)

In November 2015, the City established a Full Faith and Credit Tax-Exempt Non-Revolving Credit Facility and Note (Line of Credit) with Umpqua Bank to provide the necessary capital to facilitate several urban renewal capital projects prior to the termination of the City's Urban Renewal Agency in 2019. The maximum principal amount of the Credit Facility is \$4,500,000 and the balance of all drawdowns accrue interest at 2.80%. The first principal payment of \$1,000,000 will be in June of 2018 with the remaining balance being satisfied in June 2019. An intergovernmental agreement between the City and the Urban Renewal Agency pledges the Agency's tax increment revenues to pay the debt in entirety. The intergovernmental agreement constitutes an indebtedness of the Agency. The balance outstanding as of June 30, 2017 is \$1,500,000.

Annual debt service requirements to maturity for the full faith and credit obligations as of June 30, 2017 are as follows:

Year Ending	Principal	Interest
June 30,		
2018	1,000,000	42,000
2019	500,000	14,000
Totals	\$ 1,500,000	\$ 56,000

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

BUSINESS-TYPE ACTIVITIES

Full Faith and Credit Obligations

Series 2007 (Airport)

In October of 2007, the City issued \$1,900,000 of Full Faith and Credit Obligations to finance construction of new T-hangars, utility and road improvements at the Roseburg Regional Airport. The interest rates on the obligation ranged from 4% to 4.125%. The obligation's final maturity was in June of 2032, however, the City elected to take advantage of market conditions and refinanced the debt in June 2017.

The balance outstanding as of June 30, 2017 was \$0.

Financing Agreement (Series 2017) Refunding of Series 2007 (Airport)

On June 14, 2017, the City refunded and defeased in substance its outstanding 2007 Series Full Faith and Credit Obligations of \$1,360,000, carrying interest rates from 4% to 4.125%, with new Financing Agreements of \$1,407,930, issued at a rate of 2.25%. The debt service payments maintain the same schedule of payments of the original refinanced debt with a final payment due June 1, 2032.

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

Year Ending		
June 30,	Principal	Interest
2018	83,528	30,535
2019	81,050	29,799
2020	85,074	27,975
2021	83,988	26,061
2022	87,877	24,172
2023-2032	986,413	126,964
Totals	<u>\$ 1,407,930</u>	<u>\$ 265,506</u>

All issuance costs of the transaction, \$41,350, were paid from the Financing Agreements proceeds. The net proceeds of \$1,366,580 were deposited with an escrow agent to provide for final debt satisfaction upon completion of the 30-day call period required by the 2007 Series; the funds in escrow were held uninvested. The Escrow Agent, acting as Paying Agent, redeemed the 2007 Series on July 14, 2017.

Funds required to refund the old debt and the net carrying amount of the old debt is calculated as follows:

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Reacquisition price (funds required to be deposited in escrow fund to refund old bonds)	1,366,580	*
Net Carrying amount of old bonds	<u>(1,360,000)</u>	
Deferred outflow of resources on refunding	<u><u>6,580</u></u>	

* Funds required to accomplish the refunding are:

Funds provided from issuance of new bonds	\$ 1,407,930
Funds used for new bond issuance costs	<u>(41,350)</u>
Funds available for refunding	<u><u>1,366,580</u></u>

Amortization of the deferred outflow of resources on the refunding and the unamortized issue costs over the remaining subsequent periods are as follows:

Year	New Debt, Beginning of Year	Deferred Outflow of Resources on Refunding	Unamortized Issue Costs	Net New Debt	Effective Interest	Stated Interest	Amortization	
							Deferred Outflow of Resources on Refunding	Unamortized Issue Costs
2018	1,407,930	(6,580)	(41,350)	1,360,000	36,848	30,535	867	5,446
2019	1,324,402	(5,713)	(35,904)	1,282,785	34,756	29,799	681	4,276
2020	1,243,352	(5,033)	(31,627)	1,206,692	32,694	27,975	648	4,071
2021	1,158,278	(4,385)	(27,556)	1,126,337	30,517	26,061	612	3,844
2022	1,074,290	(3,773)	(23,712)	1,046,805	28,362	24,172	575	3,615
2023	986,413	(3,198)	(20,097)	963,118	26,095	22,194	536	3,365
2024	899,758	(2,662)	(16,731)	880,364	23,853	20,245	495	3,112
2025	809,354	(2,167)	(13,619)	793,568	21,501	18,211	452	2,838
2026	715,316	(1,715)	(10,781)	702,820	19,042	16,095	405	2,543
2027	622,762	(1,311)	(8,238)	613,213	16,614	14,012	357	2,245
2028	526,725	(954)	(5,993)	519,779	14,083	11,851	306	1,926
2029	427,327	(647)	(4,067)	422,613	11,450	9,615	252	1,583
2030	324,818	(395)	(2,484)	321,939	8,723	7,308	194	1,220
2031	219,334	(201)	(1,263)	217,870	5,903	4,935	133	835
2032	111,014	(68)	(428)	110,518	2,994	2,498	68	428
					<u>313,436</u>	<u>265,506</u>	<u>6,580</u>	<u>41,350</u>

4. OTHER INFORMATION

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 for which the City carries commercial insurance. Settled claims relating to these exposures have not exceeded insurance coverage in any of the past three years.

The City retains a portion of the risk of loss for its workers' compensation. The City has established a Workers' Compensation Fund (an internal service fund) to account for and finance its uninsured risks of loss. Other City funds make payment to the Workers Compensation Fund based on the base rate manual premium for workers' compensation as provided by the State of Oregon. Settled claims have not exceeded interfund premiums and insurance coverage in any of the past three years.

Beginning October 1, 1987, the City established a self-insurance program for workers' compensation costs. The City is liable for direct payment of individual claims and time loss not to exceed \$500,000

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

per occurrence. Each claim in excess of that payment amount is covered by an excess insurance policy up to \$1,000,000. The fund is reviewed periodically by an outside actuary to ensure the program is appropriately funded. The total estimated unpaid loss liability at June 30, 2017, including an estimate for claims incurred but not reported, is \$171,827.

The following represents changes in the claims liability amount for fiscal year 2017:

	<u>2017</u>	<u>2016</u>
Balance July 1, 2016/2015	\$ 125,254	\$ 230,544
New Claims	103,205	12,500
Claims Payments	<u>56,632</u>	<u>218,044</u>
Balance June 30, 2017/2016	<u>\$ 171,827</u>	<u>\$ 125,254</u>

COMMITMENTS AND CONTINGENT LIABILITIES

City commitments, under various contracts entered into during the normal course of its operations, were not material. In addition, an employment contract with the City Manager includes a provision for severance pay in an amount equal to six months salary.

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

PENSION PLANS - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

Benefits provided

Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

Death Benefits

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

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$1,697,077, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 19.06 percent for Tier One/Tier Two General Service Member, 19.06 percent for Tier One/Tier Two Police and Fire, 11.08 percent for OPSRP Pension Program General Service Members, 15.19 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2017, the City reported a liability of \$22,212,503 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was 0.14796181 percent, which was decreased from its proportion of 0.16631823 measured as of June 30, 2016.

For the year ended June 30, 2017, the City's recognized pension expense of \$2,871,069. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 734,887	\$ -
Changes of assumptions	4,737,393	-
Net difference between projected and actual earnings on investments	4,388,259	-
Changes in proportion	737	988,206
Differences between employer contributions and proportionate share of contributions	2,414,225	218,460
Total (prior to post-MD contributions)	12,275,501	1,206,666
Contributions subsequent to the MD	1,697,077	-
Total	\$ 13,972,578	\$ 1,206,666

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2018	\$ 2,653,001	FY2018	\$ 288,845
FY2019	2,653,001	FY2019	288,845
FY2020	3,924,450	FY2020	288,845
FY2021	2,636,403	FY2021	250,293
FY2022	408,646	FY2022	89,838
Total	\$ 12,275,501	Total	\$ 1,206,666

Actuarial assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit 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), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. 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 (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled
At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.5 percent	

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.30%	6.99%
Micro Cap US Equities	1.30%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Roseburg's proportionate share of the net pension liability (asset)	\$ 35,865,786	\$ 22,212,503	\$ 10,800,747

Pension plan fiduciary net position

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

Changes in Assumptions

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Esperience-Study.pdf>

For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30 percent for General

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Service members and five percent for Police and Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25% for General Service members and zero percent for Police and Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

The inflation rate was lowered to 2.5 percent based on a combination of historical and market data and expert forecasts.

The payroll growth, which is the sum of inflation and real wage growth, was reduced from 3.75 percent to 3.5 percent.

The assumed interest return and interest crediting to both regular and variable account balances was reduced to 7.5 percent. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75 percent.

Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2014 and December 31, 2015 is \$33 million per year.

The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

The disabled mortality assumption base was changed from the RP2000 static tables to the RP2000 generational tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Rates for disability, retirement from active status, and termination were adjusted.

Changes in Plan Provisions Subsequent to Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered its effective "assumed rate" from 7.5 percent to 7.2 percent effective, January 1, 2018. The assumed rate is the rate of investment return (including inflation) that the PERS Fund's regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate "means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation."

The lowered rate is expected to increase the PERS net pension liability by an estimated \$2.0 to \$2.4 billion. Of this increase, the City's portion is estimated at \$2.96 to \$3.55 million.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City does not have a formal single-employer post-employment benefits plan for any employee groups, however the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. GASB 75 is applicable to the City due only to the implicit rate subsidy. This "plan" is not a stand-alone plan and therefore, does not issue its own financial statements.

Funding Policy

The City collects insurance premiums from all retirees each month and deposits them in the insurance fund. The City then pays health and dental insurance premiums for all retirees at the blended rate for each family classification. The required contributions to the plan include the employer's pay-as-you-go amount, an amount paid by retirees and an additional amount calculated to prefund future benefits as determined by the actuary.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

For fiscal year 2016/2017, the City contributed \$97,818 consisting of retiree payments. The City has elected to not prefund the actuarially determined OPEB Liability of \$3,287,444.

Plan members required monthly contributions are \$677 per month for retiree-only coverage and \$1,306 per month for retiree and spouse coverage.

At June 30, 2017 the following employees were covered by the benefit terms:

Participant Counts	Governmental	Enterprise	Total
Number of Active Participants	148	17	165
Number of Inactive Participants	11	-	11
Total Number of Participants	159	17	176
 Participant Statistics			
Active Participants			
Average Age	42.5	46.9	43.0
Average Service	10.1	12.5	10.3
Inactive Participants			
Average Age	58.6	N/A	58.6

Total OPEB Liability

The City's total OPEB liability of \$3,287,444 was measured as of June 30, 2016 and rolled forward to June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016.

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Actuarial Cost Method	Entry Age Normal, level percent of salary.
Interest Rate for Discounting Future Liabilities	3.0% per year, based on all years discounted at municipal bond rate.
General Inflation	2.5% per year.
Salary Scale	3.0% per year.
Annual Premium Rate Increase	Declining rate starting at 6.5% in 2016-2017 and ending at 5.0% in 2031 and beyond.
Mortality Rates	Male: RP 2000 male table, combined active / healthy annuitant, blended 25% blue collar, 75% white collar, set back 12 months and projected generationally with Scale BB. Female: RP 2000 female table, combined active / healthy annuitant, blended 25% blue collar, 75% white collar, and projected generationally with Scale BB. Mortality rates for active male and female participants are 75% and 60% of the above rates, respectively.
Turnover Rates	As developed for the valuation of benefits under Oregon PERS.
Disability Rates	As developed for the valuation of benefits under Oregon PERS.
Participation	60% of actives currently enrolled in a medical plan.
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well. Males are assumed to be three years older than their female spouses. Actual marital status as of the valuation date is used for current retirees.
Coverage of Eligible Children	Assumed no impact of dependent children on the implicit subsidy.
Health Care Claims Costs	2016-17 annual claims costs for an age 64 retiree or spouse are assumed to be \$14,533.
Aging Factors	Aging factors are used to adjust the age 64 per capita claims cost.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2016.

Changes since the prior actuarial valuation include:

- the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, as required by GASB Statement 75,
- the interest rate for discounting future liabilities was lowered from 4.0 percent, to reflect the requirements of GASB Statement 75,
- premium increase rates were modified slightly to reflect current anticipated experience,
- demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS, and
- participation rate and marital status percentage were changed to more accurately reflect observed and anticipated experience.

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

Changes in the Total OPEB Liability

	<u>Governmental OPEB Liability</u>	<u>Enterprise OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at 06/30/2016	\$ 2,825,572	\$ 247,137	\$ 3,072,709
Changes for the year:			
Service cost	177,583	12,749	190,332
Interest	86,394	7,599	93,993
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	-	-	-
Benefit payments	(69,147)	(443)	(69,590)
Net Changes	<u>194,830</u>	<u>19,905</u>	<u>214,735</u>
Balance at 06/30/17	<u>3,020,402</u>	<u>267,042</u>	<u>3,287,444</u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current discount rate:

	1% Decrease (2.0%)	Discount Rate (3.0%)	1% Increase (4.0%)
Total OPEB Liability			
Governmental	\$ 3,358,233	\$ 3,020,402	\$ 2,717,408
Enterprise	294,004	267,042	242,019
Total	<u>\$ 3,652,237</u>	<u>\$ 3,287,444</u>	<u>\$ 2,959,427</u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% Graded Down to 4.0%)	Current Trend Rate (6.5% Graded Down to 5.0%)	1% Increase (7.5% Graded Down to 6.0%)
Total OPEB Liability			
Governmental	\$ 2,603,593	\$ 3,020,402	\$ 3,525,280
Enterprise	230,689	267,042	309,933
Total	<u>\$ 2,834,282</u>	<u>\$ 3,287,444</u>	<u>\$ 3,835,213</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the City recognized an OPEB expense of \$253,343 for Governmental Funds and \$86,098 for Enterprise Funds. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

	<u>Governmental</u>		<u>Enterprise</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Governmental</u>	<u>Enterprise</u>
Year ended June 30:		
2018	\$ -	\$ -
2019	-	-
2020	-	-
2021	-	-
2022	-	-
Thereafter	-	-

RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410.

To be eligible to receive this monthly payment toward the premium cost the member must: 1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS; 2) receive both Medicare Parts A and B coverage; and 3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she: 1) is receiving a retirement benefit or allowance from PERS; or 2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS. For fiscal years ending June 30, 2014 and 2015, Tier 1 & 2 rates were .59% and OPSRP .49% of annual covered payroll. For fiscal years ending June 30, 2016 and 2017, the respective rates were .53% and .45%. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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) of the plan over a period not to exceed thirty years. The City's

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

contributions to RHIA for the fiscal years ending June 30, 2015, 2016, and 2017 were \$55,750, \$70,323 and \$73,285 respectively, which equaled the required contribution for the year.

The City's General Fund has paid approximately 91% of the PERS, postemployment health care plan, and retirement health insurance account required contributions.

DEFERRED COMPENSATION PLANS

The City has a deferred compensation trust plan created in accordance with Internal Revenue Code Section 457. The trust holds the assets for the exclusive benefit of plan participants and their beneficiaries.

CAPITAL CONTRIBUTIONS

	Storm Drainage	Airport	Water	Total
Contributed Capital:				
System Development Charges	\$ 97,100	\$ -	\$ 175,399	\$ 272,499
Grants	-	-	-	-
Capital Assets Reassigned from Urban Renewal Capital Project	-	-	-	-
Totals	\$ 97,100	\$ -	\$ 175,399	\$ 272,499

TAX ABATEMENTS

As of June 30, 2017, the City of Roseburg provides tax abatements through two programs: Nonprofit Low Income Rental Housing and Enterprise Zone.

Nonprofit Low Income Rental Housing (ORS 307.540 to 307.548)

The largest abatement program for the City is the Nonprofit Low Income Rental Housing. In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating the property tax burden on those agencies that provide this type of housing. The qualifying property must be located within the City of Roseburg.

Charitable, nonprofit organizations that provide housing to low-income persons are eligible, and must be certified by the Internal Revenue Service as 501(c)(3) or (4) organization. Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the nonprofit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline. Vacant land intended to be developed as low-income housing is also eligible for the exemption.

The property tax exemption applies only to the tax levy of a governing body that adopts the provisions of ORS 3007.540 to 307.548.

Enterprise Zone (ORS 285C.175)

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The City of Roseburg along with Douglas County and the City of Winston are the local cosponsors for the Robert's Creek Enterprise Zone which includes property within the City of Roseburg.

The Enterprise Zone program provides qualified firms that will be making a substantial new

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

capital investment within the defined enterprise zone, a waiver of 100 percent of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2017, the City of Roseburg abated property taxes totaling \$105,802 Under these programs:

Tax Abatement Program	Amount of Taxes Abated during the Fiscal Year
Nonprofit Low Income Rental Housing	\$ 638
Enterprise Zone	105,164
	\$ 105,802

GASB PRONOUNCEMENTS IMPLEMENTED

During the fiscal year ended June 30, 2017, the City implemented the following GASB Pronouncements:

GASB Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", as amended, and Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". It also includes requirements for defined contributions OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", as amended, and Statement No. 50, "Pension Disclosures". This statement is effective for financial statement periods beginning after June 15, 2016. The City does not have any pension plans that fall within the scope of this Statement, therefore the provisions of this statement do not apply to the City.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016 with early implementation recommended. Due to timing of the City's bi-annual actuarial valuation, the City elected to early implement this standard.

GASB Statement No. 77, "Tax Abatement Disclosures," addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It will require governments to disclose a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The statement is effective for fiscal years beginning after December 15, 2015.

The following GASB pronouncements have been issued, but are not effective as of June 30, 2017. Management has not determined the effect on the financial statements from implementing any of these pronouncements. The City of Roseburg will implement new GASB pronouncements no later than the required effective date unless otherwise indicated.

GASB Statement No. 81, Irrevocable Split-Interest Agreements. Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing

CITY OF ROSEBURG, OREGON
Notes to Basic Financial Statements
June 30, 2017

recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 83, Certain Asset Retirement Obligations. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the City, fiscal year ending June 30, 2019.

GASB Statement No. 84, Fiduciary Activities. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the City, fiscal year ending June 30, 2020.

GASB Statement No. 85, Omnibus 2017. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, good will fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues. Issued May 2017, the purpose of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources than the proceeds of refunding debt – are place in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 5, 2017, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROSEBURG, OREGON

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual**

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 15,354,838	\$ 15,354,838	\$ 15,818,063	\$ 463,225
Intergovernmental	773,755	773,755	872,990	99,235
Licenses and permits	170,500	170,500	184,142	13,642
Charges for services	3,169,693	3,169,693	3,163,637	(6,056)
Fines and forfeitures	541,500	541,500	295,817	(245,683)
Investment revenue	44,000	44,000	97,564	53,564
Other revenues	-	-	95,257	95,257
Total revenues	<u>20,054,286</u>	<u>20,054,286</u>	<u>20,527,470</u>	<u>473,184</u>
EXPENDITURES				
Administration	2,264,104	2,264,104	2,085,276	178,828
Community development	603,531	603,531	523,256	80,275
Public works	3,367,555	3,367,555	3,208,584	158,971
Parks and recreation	1,493,967	1,573,967	1,457,745	116,222
Municipal court	473,260	473,260	454,808	18,452
Police	6,583,468	6,583,468	6,091,028	492,440
Fire	6,038,570	6,038,570	5,991,350	47,220
Intergovernmental	50,000	50,000	50,000	-
Capital outlay	54,000	54,000	6,852	47,148
Contingency	1,000,000	920,000	-	920,000
Total expenditures	<u>21,928,455</u>	<u>21,928,455</u>	<u>19,868,899</u>	<u>2,059,556</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,874,169)</u>	<u>(1,874,169)</u>	<u>658,571</u>	<u>2,532,740</u>
OTHER FINANCING USES				
Proceeds from asset sales	-	-	880	880
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Total other financing uses	<u>(700,000)</u>	<u>(700,000)</u>	<u>(699,120)</u>	<u>880</u>
Net change in fund balances	(2,574,169)	(2,574,169)	(40,549)	2,533,620
Fund balances--beginning	<u>7,344,603</u>	<u>7,344,603</u>	<u>7,550,925</u>	<u>206,322</u>
Fund balances--ending	<u>\$ 4,770,434</u>	<u>\$ 4,770,434</u>	<u>\$ 7,510,376</u>	<u>\$ 2,739,942</u>

See notes to the basic financial statements.

CITY OF ROSEBURG, OREGON
Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 446,697	\$ 446,697	\$ 510,323	\$ 63,626
Intergovernmental	1,280,144	1,520,052	1,391,073	(128,979)
System development fees	130,000	130,000	201,781	71,781
Investment revenue	12,000	12,000	32,381	20,381
Total revenues	<u>1,868,841</u>	<u>2,108,749</u>	<u>2,135,558</u>	<u>26,809</u>
EXPENDITURES				
Materials and services	1,668,827	1,716,582	1,572,113	144,469
Capital outlay	880,000	2,072,153	1,667,052	405,101
Total expenditures	<u>2,548,827</u>	<u>3,788,735</u>	<u>3,239,165</u>	<u>549,570</u>
Deficiency of revenues under expenditures	<u>(679,986)</u>	<u>(1,679,986)</u>	<u>(1,103,607)</u>	<u>576,379</u>
OTHER FINANCING USES				
Transfers out	(10,000)	(10,000)	(10,000)	-
Reserved for future expenditures	(2,803,389)	(1,803,389)	-	1,803,389
Total other financing uses	<u>(2,813,389)</u>	<u>(1,813,389)</u>	<u>(10,000)</u>	<u>1,803,389</u>
Net change in fund balances	(3,493,375)	(3,493,375)	(1,113,607)	2,379,768
Fund balances--beginning	<u>3,493,375</u>	<u>3,493,375</u>	<u>3,496,457</u>	<u>3,082</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,382,850</u>	<u>\$ 2,382,850</u>

CITY OF ROSEBURG, OREGON
Urban Renewal General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,636,850	\$ 3,636,850	\$ 3,609,769	\$ (27,081)
Investment revenue	12,000	12,000	17,600	5,600
Total revenues	<u>3,648,850</u>	<u>3,648,850</u>	<u>3,627,369</u>	<u>(21,481)</u>
EXPENDITURES				
Materials and services	2,080,000	2,161,500	2,104,383	57,117
Total expenditures	<u>2,080,000</u>	<u>2,161,500</u>	<u>2,104,383</u>	<u>57,117</u>
Excess of revenues over expenditures	<u>1,568,850</u>	<u>1,487,350</u>	<u>1,522,986</u>	<u>35,636</u>
OTHER FINANCING USES				
Transfers out	(1,481,500)	(1,400,000)	(1,400,000)	-
Reserved for Future Expenditures	<u>(241,206)</u>	<u>(241,206)</u>	<u>-</u>	<u>241,206</u>
Total other financing uses	<u>(1,722,706)</u>	<u>(1,641,206)</u>	<u>(1,400,000)</u>	<u>241,206</u>
Net change in fund balances	(153,856)	(153,856)	122,986	276,842
Fund balances--beginning	<u>153,856</u>	<u>153,856</u>	<u>195,572</u>	<u>41,716</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,558</u>	<u>\$ 318,558</u>

See notes to the basic financial statements.

CITY OF ROSEBURG, OREGON
Urban Renewal Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 8,993	\$ 8,993
Investment revenue	5,000	5,000	5,556	556
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>14,549</u>	<u>9,549</u>
EXPENDITURES				
Materials and services	449,092	449,092	395,748	53,344
Capital outlay	3,620,000	3,620,000	2,179,987	1,440,013
Total expenditures	<u>4,069,092</u>	<u>4,069,092</u>	<u>2,575,735</u>	<u>1,493,357</u>
Deficiency of revenues under expenditures	<u>(4,064,092)</u>	<u>(4,064,092)</u>	<u>(2,561,186)</u>	<u>1,502,906</u>
OTHER FINANCING SOURCES				
Proceeds from line of credit	2,700,000	2,700,000	1,500,000	(1,200,000)
Transfers in	1,400,000	1,400,000	1,400,000	-
Reserved for future expenditures	(125,972)	(125,972)	-	125,972
Total other financing sources	<u>3,974,028</u>	<u>3,974,028</u>	<u>2,900,000</u>	<u>(1,074,028)</u>
Net change in fund balances	(90,064)	(90,064)	338,814	428,878
Fund balances--beginning	<u>90,064</u>	<u>90,064</u>	<u>194,015</u>	<u>103,951</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,829</u>	<u>\$ 532,829</u>

**CITY OF ROSEBURG, OREGON
SCHEDULE OF THE CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Last Fiscal Year**

	2017
Total OPEB liability	
Service Cost	\$ 190,332
Interest	93,993
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	(69,590)
Net change in total OPEB liability	214,735
Total OPEB liability - beginning	3,072,709
Total OPEB liability - ending	\$ 3,287,444
Covered employee payroll	\$ 10,867,545
Total OPEB liability as a percentage of covered employee payroll	30.25%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The City implemented GASB 75 in the fiscal year ending June 30, 2017.

CITY OF ROSEBURG, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Four Fiscal Years

Measurement Date June 30,	(a) Roseburg's proportion of the net pension liability (asset)	(b) Roseburg's proportionate share of the net pension liability (asset)	(c) Roseburg's covered payroll	(b/c) Roseburg's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.14796181%	\$ 22,212,503	\$ 10,394,458	213.70%	80.53%
2015	0.16631823%	9,549,097	10,172,066	93.88%	91.90%
2014	0.16626276%	(3,768,702)	9,875,133	-38.16%	103.60%
2013	0.16631823%	8,484,632	10,051,512	84.41%	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 ROSEBURG, OREGON
SCHEDULE OF CONTRIBUTIONS
For the Last Four Fiscal Years**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) Roseburg's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	\$ 1,697,077	\$ 1,697,077	\$ -	\$ 10,858,272	15.63%
2016	1,623,991	1,623,991	-	10,394,458	15.62%
2015	1,495,152	1,495,152	-	10,172,066	14.70%
2014	6,385,362	6,385,362	-	9,875,133	64.66%

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.

Changes in Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study of the System, which was published on September 23, 2015. These report can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

**SUPPLEMENTAL
SECTION**

COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

Grant

Fund established to account for federal and state funds received through grants.

Hotel/Motel

Accounts for revenues from hotel/motel taxes received and expenditures restricted to tourism promotion, streelights, signals, sidewalks and economic development as provided by City Ordinance No. 2366.

Streetlight/Sidewalk

Accounts for capital improvements with funding provided by the City's Hotel/Motel tax.

Bike Trail Improvement

Accounts for 1% State of Oregon gasoline tax received by the City and dedicated by Oregon law to bike trail development and maintenance.

Economic Development

Fund established to provide a comprehensive program of effective community development.

Golf

Accounts for revenues received from golf concessionaire and ground lease.

Stewart Trust

This expendable trust fund is used to account for the Stewart Trust donations. Expenditures from this trust are limited to Stewart Park and/or Legion Field improvements and maintenance.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of principal and interest on long-term obligations of the City.

Debt Retirement

Accounts for the accumulation of resources for, and payment of, general obligation and other long term debt.

Pension Debt Service Fund

Accounts for the accumulation of resources for, and payment of, the Pension Obligation debt.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Park Improvement

Accounts for acquisition and development of parks and open spaces that are paid from system development charges, donations, grants and transfers from operating funds.

Equipment Replacement

Accumulates resources for replacement of vehicles and other major equipment that the City must plan and save for over a period of years.

Assessment Improvement

Accounts for construction costs of local improvement districts. Financing is provided by the City and assessments on benefiting property owners.

Facilities Replacement

Accounts for resources for the replacement or improvement of major City owned facilities.

CITY OF ROSEBURG, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet
 June 30, 2017
 (continued on next page)

	Special Revenue Funds							Stewart Trust
	Grant	Hotel/Motel Tax	Streetlight/Sidewalk	Bike Trail Improvement	Economic Development	Golf		
ASSETS								
Cash and investments	\$ 76,256	\$ 275,391	\$ 1,060,451	\$ 137,845	\$ 117,032	\$ 83,772	\$ 66,430	
Interest receivable	-	-	-	-	-	-	-	
Taxes receivable	-	303,476	-	-	-	-	-	
Assessment liens receivable	-	-	75	-	-	-	-	
Due from other funds	-	-	96,920	-	29,056	-	-	
Intergovernmental receivable	-	-	-	59,416	-	-	-	
Prepays	-	-	-	-	-	10,000	-	
Total assets	\$ 76,256	\$ 578,867	\$ 1,157,446	\$ 197,261	\$ 146,088	\$ 93,772	\$ 66,430	
LIABILITIES								
Accounts payable	400	152,119	8,620	66,841	-	15,823	-	
Other accrued liabilities	-	-	-	-	-	-	-	
Due to other funds	-	125,976	-	-	-	-	-	
Total liabilities	400	278,095	8,620	66,841	-	15,823	-	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-special assessments	-	-	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	-	-	
FUND BALANCES								
Restricted	75,856	-	-	130,420	-	-	66,430	
Committed	-	300,772	1,148,826	-	146,088	77,949	-	
Assigned	-	-	-	-	-	-	-	
Total fund balances	75,856	300,772	1,148,826	130,420	146,088	77,949	66,430	
Total liabilities and fund balances	\$ 76,256	\$ 578,867	\$ 1,157,446	\$ 197,261	\$ 146,088	\$ 93,772	\$ 66,430	

CITY OF ROSEBURG, OREGON
Nonmajor Governmental Funds
Combining Balance Sheet
 June 30, 2017
 (continued from previous page)

	Debt Service Funds		Capital Project Funds					Total Nonmajor Governmental Funds
	Debt Service	Pension Debt	Park Improvement	Equipment Replacement	Assessment Improvement	Facilities Replacement		
ASSETS								
Cash and investments	\$ -	\$ 75,521	\$ 332,170	\$ 825,881	\$ 1,532,286	\$ 579,430	\$ 5,162,465	
Interest receivable	-	-	-	-	7,393	-	7,393	
Taxes receivable	-	-	-	-	-	-	303,476	
Assessment liens receivable	-	-	-	-	51,066	-	51,141	
Due from other funds	-	-	-	-	-	-	125,976	
Intergovernmental receivable	1,500,000	-	119,310	-	-	18,053	1,696,779	
Prepays	-	-	-	-	-	-	10,000	
Total assets	\$ 1,500,000	\$ 75,521	\$ 451,480	\$ 825,881	\$ 1,590,745	\$ 597,483	\$ 7,357,230	
LIABILITIES								
Accounts payable	-	37,000	16,268	11,475	-	14,177	322,723	
Other accrued liabilities	1,500,000	-	-	-	-	-	1,500,000	
Due to other funds	-	-	-	-	-	-	125,976	
Total liabilities	-	37,000	16,268	11,475	-	14,177	1,948,699	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-special assessments	-	-	-	-	51,102	-	51,102	
Total deferred inflows of resources	-	-	-	-	51,102	-	51,102	
FUND BALANCES								
Restricted	-	38,521	-	-	-	-	311,227	
Committed	-	-	-	-	-	583,306	2,256,941	
Assigned	-	-	435,212	814,406	1,539,643	-	2,789,261	
Total fund balances	-	38,521	435,212	814,406	1,539,643	583,306	5,357,429	
Total liabilities and fund balances	\$ -	\$ 75,521	\$ 451,480	\$ 825,881	\$ 1,590,745	\$ 597,483	\$ 7,357,230	

CITY OF ROSEBURG, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2017
(continued on next page)

	Special Revenue Funds							Stewart Trust
	Grant	Hotel/Motel Tax	Streetlight/Sidewalk	Bike Trail Improvement	Economic Development	Golf		
REVENUES								
Taxes	\$ -	\$ 1,163,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,150	-	-	71,811	-	-	-	-
Charges for services	-	-	-	-	-	28,536	-	-
System development fees	-	-	-	-	-	-	-	-
Special assessments	-	-	447	-	-	-	-	-
Investment revenue	855	4,103	10,325	1,397	1,168	1,162	120	
Other revenues	-	15,929	-	-	-	-	12,550	
Total revenues	<u>3,005</u>	<u>1,183,764</u>	<u>10,772</u>	<u>73,208</u>	<u>1,168</u>	<u>29,698</u>	<u>12,670</u>	
EXPENDITURES								
Current operating:								
General government	-	-	-	-	-	-	-	-
Public safety	1,824	-	-	-	-	-	-	-
Public works	-	-	72,073	-	-	-	-	-
Culture and recreation	-	-	-	-	-	63,094	-	-
Community development	12,763	664,442	-	-	117,053	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	182,708	-	-	-	-	40,000
Total expenditures	<u>14,587</u>	<u>664,442</u>	<u>254,781</u>	<u>74,421</u>	<u>117,053</u>	<u>63,094</u>	<u>40,000</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(11,582)</u>	<u>519,322</u>	<u>(244,009)</u>	<u>(1,213)</u>	<u>(115,885)</u>	<u>(33,396)</u>	<u>(27,330)</u>	
OTHER FINANCING SOURCES (USES)								
Proceeds from asset sales	-	-	-	-	-	-	-	-
Transfers in	-	-	371,180	10,000	111,275	-	-	-
Transfers out	-	(482,455)	-	-	-	-	-	-
Total other financing sources (uses)	-	<u>(482,455)</u>	<u>371,180</u>	<u>10,000</u>	<u>111,275</u>	-	-	-
Net change in fund balances	<u>(11,582)</u>	<u>36,867</u>	<u>127,171</u>	<u>8,787</u>	<u>(4,610)</u>	<u>(33,396)</u>	<u>(27,330)</u>	
Fund balances--beginning	<u>87,438</u>	<u>263,905</u>	<u>1,021,655</u>	<u>121,633</u>	<u>150,698</u>	<u>111,345</u>	<u>93,760</u>	
Fund balances--ending	<u>\$ 75,856</u>	<u>\$ 300,772</u>	<u>\$ 1,148,826</u>	<u>\$ 130,420</u>	<u>\$ 146,088</u>	<u>\$ 77,949</u>	<u>\$ 66,430</u>	

CITY OF ROSEBURG, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2017
(continued from previous page)

	Debt Service Fund			Capital Project Funds				Total
	Debt Service	Pension Debt	Park Improvement	Equipment Replacement	Assessment Improvement	Facilities Replacement	Nonmajor Governmental Funds	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,163,732	
Intergovernmental	2,104,383	434,331	160,666	-	-	25,483	2,798,824	
Charges for services	-	-	-	-	-	-	28,536	
System development fees	-	-	60,861	-	-	-	60,861	
Special assessments	-	-	-	-	25,589	-	26,036	
Investment revenue	-	-	4,466	7,180	18,291	7,180	56,247	
Other revenues	-	-	135,014	16,057	-	12,680	192,230	
Total revenues	2,104,383	434,331	361,007	23,237	43,880	45,343	4,326,466	
EXPENDITURES								
Current operating:								
General government	-	-	-	-	-	58,480	58,480	
Public safety	-	-	-	35,000	-	-	36,824	
Public works	-	-	-	-	-	-	72,073	
Culture and recreation	-	-	2,763	-	-	-	65,857	
Community development	-	-	-	-	-	-	794,258	
Debt service:								
Principal	2,000,000	210,000	-	-	-	-	2,210,000	
Interest	104,383	214,232	-	-	-	-	318,615	
Capital outlay	-	-	273,926	497,484	-	249,372	1,317,911	
Total expenditures	2,104,383	424,232	276,689	532,484	-	307,852	4,874,018	
Excess (deficiency) of revenues over (under) expenditures	-	10,099	84,318	(509,247)	43,880	(262,509)	(547,552)	
OTHER FINANCING SOURCES								
Proceeds from asset sales	-	-	34,375	27,632	-	103,125	165,132	
Transfers in	-	-	50,000	650,000	-	-	1,192,455	
Transfers out	-	-	-	-	-	-	(482,455)	
Total other financing sources	-	-	84,375	677,632	-	103,125	875,132	
Net change in fund balances	-	10,099	168,693	168,385	43,880	(159,384)	327,580	
Fund balances--beginning	-	28,422	266,519	646,021	1,495,763	742,690	5,029,849	
Fund balances--ending	\$ -	\$ 38,521	\$ 435,212	\$ 814,406	\$ 1,539,643	\$ 583,306	\$ 5,357,429	

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund.

In accordance with GASB Statement #34 the City's General Fund and any major special revenue fund (currently the Urban Renewal General Fund) are presented in the basic financial statements. All other fund budgetary comparisons are displayed in the following pages.

**SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

- ◆ Grant
- ◆ Hotel/Motel Tax
- ◆ Streetlight/Sidewalk
- ◆ Bike Trail Improvement
- ◆ Economic Development
- ◆ Golf
- ◆ Stewart Trust

Debt Service Funds

- ◆ Urban Renewal
- ◆ Debt Retirement
- ◆ Pension Obligation Debt Service

Capital Projects Funds

- ◆ Park Improvement
- ◆ Equipment Replacement
- ◆ Assessment Improvement
- ◆ Facilities Replacement

CITY OF ROSEBURG, OREGON

Grant Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual**

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,021,950	\$ 1,021,950	\$ 2,150	\$ (1,019,800)
Investment revenue	-	-	855	855
Total revenues	<u>1,021,950</u>	<u>1,021,950</u>	<u>3,005</u>	<u>(1,018,945)</u>
EXPENDITURES				
Materials and services	21,950	21,950	14,587	7,363
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	-	<u>1,000,000</u>
Total expenditures	<u>1,021,950</u>	<u>1,021,950</u>	<u>14,587</u>	<u>1,007,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(11,582)</u>	<u>(11,582)</u>
OTHER FINANCING SOURCES				
Reserved for future expenditures	<u>(85,025)</u>	<u>(85,025)</u>	-	<u>85,025</u>
Total other financing sources	<u>(85,025)</u>	<u>(85,025)</u>	<u>-</u>	<u>85,025</u>
Net change in fund balances	(85,025)	(85,025)	(11,582)	73,443
Fund balances--beginning	<u>85,025</u>	<u>85,025</u>	<u>87,438</u>	<u>2,413</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,856</u>	<u>\$ 75,856</u>

CITY OF ROSEBURG, OREGON
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,236,556	\$ 1,236,556	\$ 1,163,732	\$ (72,824)
Investment revenue	2,000	2,000	4,103	2,103
Other revenues	-	-	15,929	15,929
Total revenues	<u>1,238,556</u>	<u>1,238,556</u>	<u>1,183,764</u>	<u>(54,792)</u>
EXPENDITURES				
Materials and services	854,968	854,968	664,442	190,526
Total expenditures	<u>854,968</u>	<u>854,968</u>	<u>664,442</u>	<u>190,526</u>
Excess of revenues over expenditures	<u>383,588</u>	<u>383,588</u>	<u>519,322</u>	<u>135,734</u>
OTHER FINANCING USES				
Transfers out	(513,588)	(513,588)	(482,455)	31,133
Reserved for future expenditures	(97,681)	(97,681)	-	97,681
Total other financing uses	<u>(611,269)</u>	<u>(611,269)</u>	<u>(482,455)</u>	<u>128,814</u>
Net change in fund balances	(227,681)	(227,681)	36,867	264,548
Fund balances--beginning	<u>227,681</u>	<u>227,681</u>	<u>263,905</u>	<u>36,224</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,772</u>	<u>\$ 300,772</u>

CITY OF ROSEBURG, OREGON
Streetlight/Sidewalk Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ -	\$ -	\$ 447	\$ 447
Investment revenue	5,000	5,000	10,325	5,325
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>10,772</u>	<u>5,772</u>
EXPENDITURES				
Materials and services	77,073	77,073	72,073	5,000
Capital outlay	445,000	445,000	182,708	262,292
Contingency	891,385	891,385	-	891,385
Total expenditures	<u>1,413,458</u>	<u>1,413,458</u>	<u>254,781</u>	<u>1,158,677</u>
Deficiency of revenues under expenditures	<u>(1,408,458)</u>	<u>(1,408,458)</u>	<u>(244,009)</u>	<u>1,164,449</u>
OTHER FINANCING SOURCES				
Transfers in	395,132	395,132	371,180	(23,952)
Total other financing sources	<u>395,132</u>	<u>395,132</u>	<u>371,180</u>	<u>(23,952)</u>
Net change in fund balances	(1,013,326)	(1,013,326)	127,171	1,140,497
Fund balances--beginning	<u>1,013,326</u>	<u>1,013,326</u>	<u>1,021,655</u>	<u>8,329</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148,826</u>	<u>\$ 1,148,826</u>

CITY OF ROSEBURG, OREGON
Bike Trail Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 172,931	\$ 172,931	\$ 71,811	\$ (101,120)
Investment revenue	500	500	1,397	897
Total revenues	<u>173,431</u>	<u>173,431</u>	<u>73,208</u>	<u>(100,223)</u>
EXPENDITURES				
Materials and services	10,000	10,000	-	10,000
Capital outlay	200,000	200,000	74,421	125,579
Contingency	86,597	86,597	-	86,597
Total expenditures	<u>296,597</u>	<u>296,597</u>	<u>74,421</u>	<u>222,176</u>
Deficiency of revenues under expenditures	<u>(123,166)</u>	<u>(123,166)</u>	<u>(1,213)</u>	<u>121,953</u>
OTHER FINANCING SOURCES				
Transfers in	10,000	10,000	10,000	-
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	(113,166)	(113,166)	8,787	121,953
Fund balances--beginning	<u>113,166</u>	<u>113,166</u>	<u>121,633</u>	<u>8,467</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,420</u>	<u>\$ 130,420</u>

CITY OF ROSEBURG, OREGON
Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment revenue	\$ 700	\$ 700	\$ 1,168	\$ 468
Total revenues	<u>700</u>	<u>700</u>	<u>1,168</u>	<u>468</u>
EXPENDITURES				
Materials and services	132,109	132,109	117,053	15,056
Total expenditures	<u>132,109</u>	<u>132,109</u>	<u>117,053</u>	<u>15,056</u>
Deficiency of revenues under expenditures	<u>(131,409)</u>	<u>(131,409)</u>	<u>(115,885)</u>	<u>15,524</u>
OTHER FINANCING SOURCES				
Transfers in	118,456	118,456	111,275	(7,181)
Reserved for future expenditures	<u>(154,885)</u>	<u>(154,885)</u>	<u>-</u>	<u>154,885</u>
Total other financing sources	<u>(36,429)</u>	<u>(36,429)</u>	<u>111,275</u>	<u>147,704</u>
Net change in fund balances	(167,838)	(167,838)	(4,610)	163,228
Fund balances--beginning	<u>167,838</u>	<u>167,838</u>	<u>150,698</u>	<u>(17,140)</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,088</u>	<u>\$ 146,088</u>

CITY OF ROSEBURG, OREGON

Golf Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual**

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 46,689	\$ 91,689	\$ 28,536	\$ (63,153)
Investment revenue	600	600	1,162	562
Total revenues	<u>47,289</u>	<u>92,289</u>	<u>29,698</u>	<u>(62,591)</u>
EXPENDITURES				
Maintenance	20,315	70,315	63,094	7,221
Capital outlay	50,000	50,000	-	50,000
Contingency	84,998	79,998	-	79,998
Total expenditures	<u>155,313</u>	<u>200,313</u>	<u>63,094</u>	<u>137,219</u>
Deficiency of revenues under expenditures	<u>(108,024)</u>	<u>(108,024)</u>	<u>(33,396)</u>	<u>74,628</u>
Net change in fund balances	(108,024)	(108,024)	(33,396)	74,628
Fund balances--beginning	<u>108,024</u>	<u>108,024</u>	<u>111,345</u>	<u>3,321</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,949</u>	<u>\$ 77,949</u>

CITY OF ROSEBURG, OREGON
Stewart Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment revenue	\$ 60	\$ 60	\$ 120	\$ 60
Other revenues	<u>12,500</u>	<u>12,500</u>	<u>12,550</u>	<u>50</u>
Total revenues	<u>12,560</u>	<u>12,560</u>	<u>12,670</u>	<u>110</u>
EXPENDITURES				
Capital outlay	<u>55,000</u>	<u>55,000</u>	<u>40,000</u>	<u>15,000</u>
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>40,000</u>	<u>15,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,440)</u>	<u>(42,440)</u>	<u>(27,330)</u>	<u>15,110</u>
OTHER FINANCING USES				
Reserved for future expenditures	<u>(48,060)</u>	<u>(48,060)</u>	-	<u>48,060</u>
Total other financing uses	<u>(48,060)</u>	<u>(48,060)</u>	-	<u>48,060</u>
Net change in fund balances	(90,500)	(90,500)	(27,330)	63,170
Fund balances--beginning	<u>90,500</u>	<u>90,500</u>	<u>93,760</u>	<u>3,260</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,430</u>	<u>\$ 66,430</u>

CITY OF ROSEBURG, OREGON
Urban Renewal Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal	\$ 81,500	\$ 81,500	\$ -	\$ 81,500
Total expenditures	<u>81,500</u>	<u>81,500</u>	<u>-</u>	<u>81,500</u>
Excess of revenues over expenditures				
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 81,500	81,500	-	(81,500)
Total other financing sources	<u>81,500</u>	<u>81,500</u>	<u>-</u>	<u>(81,500)</u>
Net change in fund balances	-	-	-	-
Fund balances--beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROSEBURG, OREGON
Debt Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,080,000	\$ 2,161,500	\$ 2,104,383	\$ (57,117)
Total revenues	<u>2,080,000</u>	<u>2,161,500</u>	<u>2,104,383</u>	<u>(57,117)</u>
EXPENDITURES				
Debt service:				
Principal	2,000,000	2,000,000	2,000,000	-
Interest	80,000	161,500	104,383	57,117
Total expenditures	<u>2,080,000</u>	<u>2,161,500</u>	<u>2,104,383</u>	<u>57,117</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances--beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROSEBURG, OREGON
Pension Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 460,345	\$ 460,345	\$ 434,331	\$ (26,014)
Total revenues	<u>460,345</u>	<u>460,345</u>	<u>434,331</u>	<u>(26,014)</u>
EXPENDITURES				
Debt service:				
Principal	210,000	210,000	210,000	-
Interest	214,232	214,232	214,232	-
Total expenditures	<u>424,232</u>	<u>424,232</u>	<u>424,232</u>	<u>-</u>
Excess of revenues over expenditures	<u>36,113</u>	<u>36,113</u>	<u>10,099</u>	<u>(26,014)</u>
Net change in fund balances	36,113	36,113	10,099	(26,014)
Fund balances--beginning	<u>29,859</u>	<u>29,859</u>	<u>28,422</u>	<u>(1,437)</u>
Fund balances--ending	<u>\$ 65,972</u>	<u>\$ 65,972</u>	<u>\$ 38,521</u>	<u>\$ (27,451)</u>

CITY OF ROSEBURG, OREGON
Park Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 445,000	\$ 445,000	\$ 160,666	\$ (284,334)
System development fees	20,800	20,800	60,861	40,061
Investment revenue	800	800	4,466	3,666
Other revenues	<u>100,000</u>	<u>100,000</u>	<u>135,014</u>	<u>35,014</u>
Total revenues	<u>566,600</u>	<u>566,600</u>	<u>361,007</u>	<u>(205,593)</u>
EXPENDITURES				
Materials and services	16,000	16,000	2,763	13,237
Capital outlay	<u>585,000</u>	<u>585,000</u>	<u>273,926</u>	<u>311,074</u>
Total expenditures	<u>601,000</u>	<u>601,000</u>	<u>276,689</u>	<u>324,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,400)</u>	<u>(34,400)</u>	<u>84,318</u>	<u>118,718</u>
OTHER FINANCING SOURCES				
Proceeds from asset sales	-	-	34,375	34,375
Transfers in	50,000	50,000	50,000	-
Reserved for future expenditures	<u>(272,135)</u>	<u>(272,135)</u>	<u>-</u>	<u>272,135</u>
Total other financing sources	<u>(222,135)</u>	<u>(222,135)</u>	<u>84,375</u>	<u>306,510</u>
Net change in fund balances	(256,535)	(256,535)	168,693	425,228
Fund balances--beginning	<u>256,535</u>	<u>256,535</u>	<u>266,519</u>	<u>9,984</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,212</u>	<u>\$ 435,212</u>

CITY OF ROSEBURG, OREGON
Equipment Replacement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment revenue	\$ 4,500	\$ 4,500	\$ 7,180	\$ 2,680
Other revenues	-	-	16,057	16,057
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>23,237</u>	<u>18,737</u>
EXPENDITURES				
Materials and services	35,000	35,000	35,000	-
Capital outlay	762,000	762,000	497,484	264,516
Total expenditures	<u>797,000</u>	<u>797,000</u>	<u>532,484</u>	<u>264,516</u>
Deficiency of revenues under expenditures	<u>(792,500)</u>	<u>(792,500)</u>	<u>(509,247)</u>	<u>283,253</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from asset sales	10,000	10,000	27,632	17,632
Transfers in	650,000	650,000	650,000	-
Reserved for future expenditures	(505,703)	(505,703)	-	505,703
Total other financing sources (uses)	<u>154,297</u>	<u>154,297</u>	<u>677,632</u>	<u>523,335</u>
Net change in fund balances	(638,203)	(638,203)	168,385	806,588
Fund balances--beginning	<u>638,203</u>	<u>638,203</u>	<u>646,021</u>	<u>7,818</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,406</u>	<u>\$ 814,406</u>

CITY OF ROSEBURG, OREGON
Assessment Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ 17,500	\$ 17,500	\$ 25,589	\$ 8,089
Investment revenue	11,200	11,200	18,291	7,091
Total revenues	<u>28,700</u>	<u>28,700</u>	<u>43,880</u>	<u>15,180</u>
EXPENDITURES				
Capital outlay	200,000	200,000	-	200,000
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(171,300)</u>	<u>(171,300)</u>	<u>43,880</u>	<u>215,180</u>
OTHER FINANCING USES				
Reserved for future expenditures	(200,000)	(200,000)	-	200,000
Total other financing uses	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Net change in fund balances	(371,300)	(371,300)	43,880	415,180
Fund balances--beginning	<u>1,503,228</u>	<u>1,503,228</u>	<u>1,495,763</u>	<u>(7,465)</u>
Fund balances--ending	<u><u>\$ 1,131,928</u></u>	<u><u>\$ 1,131,928</u></u>	<u><u>\$ 1,539,643</u></u>	<u><u>\$ 407,715</u></u>

CITY OF ROSEBURG, OREGON
Facilities Replacement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,187,500	\$ 1,187,500	\$ 25,483	\$ (1,162,017)
Investment Income	4,000	4,000	7,180	3,180
Other revenues	-	-	12,680	12,680
Total revenues	<u>1,191,500</u>	<u>1,191,500</u>	<u>45,343</u>	<u>(1,146,157)</u>
EXPENDITURES				
Materials and services	59,643	89,643	58,480	31,163
Capital outlay	<u>1,690,000</u>	<u>1,690,000</u>	<u>249,372</u>	<u>1,440,628</u>
Total expenditures	<u>1,749,643</u>	<u>1,779,643</u>	<u>307,852</u>	<u>1,471,791</u>
Deficiency of revenues under expenditures	<u>(558,143)</u>	<u>(588,143)</u>	<u>(262,509)</u>	<u>325,634</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from asset sales	175,000	175,000	103,125	(71,875)
Proceeds from insurance reimbursements	-	20,000	-	(20,000)
Reserved for future expenditures	<u>(187,451)</u>	<u>(177,451)</u>	<u>-</u>	<u>177,451</u>
Total other financing sources (uses)	<u>(12,451)</u>	<u>17,549</u>	<u>103,125</u>	<u>85,576</u>
Net change in fund balances	(570,594)	(570,594)	(159,384)	411,210
Fund balances--beginning	<u>570,594</u>	<u>570,594</u>	<u>742,690</u>	<u>172,096</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,306</u>	<u>\$ 583,306</u>

**SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Proprietary Funds

- ◆ *Storm Drainage*
- ◆ *Airport*
- ◆ *Off Street Parking*
- ◆ *Water*

CITY OF ROSEBURG, OREGON
Storm Drainage Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,738,500	\$ 1,738,500	\$ 1,758,504	\$ 20,004
System development fees	40,000	40,000	97,100	57,100
Investment revenue	7,500	7,500	19,879	12,379
Other revenues	800	800	141,273	140,473
Total revenues	<u>1,786,800</u>	<u>1,786,800</u>	<u>2,016,756</u>	<u>229,956</u>
EXPENDITURES				
Materials and services	632,157	632,157	613,406	18,751
Capital outlay	1,405,000	1,405,000	1,239,538	165,462
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>3,037,157</u>	<u>3,037,157</u>	<u>1,852,944</u>	<u>1,184,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,250,357)</u>	<u>(1,250,357)</u>	<u>163,812</u>	<u>1,414,169</u>
Net change in fund balances	(1,250,357)	(1,250,357)	163,812	1,414,169
Fund balances--beginning	1,924,966	1,924,966	2,048,384	123,418
Fund balances--ending	<u>\$ 674,609</u>	<u>\$ 674,609</u>	<u>\$ 2,212,196</u>	<u>\$ 1,537,587</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Net change in fund balances per above			\$ 163,812	
Add: Capital outlay			1,239,538	
Less: Depreciation and amortization			<u>(1,136,686)</u>	
Net income (loss) as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 266,664</u>	

CITY OF ROSEBURG, OREGON
Airport Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ -	\$ (90,000)
Charges for services	354,885	354,885	369,928	15,043
Investment revenue	1,300	1,300	3,934	2,634
Other revenues	-	-	550	550
Total revenues	<u>446,185</u>	<u>446,185</u>	<u>374,412</u>	<u>(71,773)</u>
EXPENDITURES				
Airport Operations	241,668	283,018	156,247	126,771
Capital outlay	110,000	110,000	21,497	88,503
Debt service:				
Principal	65,000	1,431,580	1,425,000	6,580
Interest	57,700	57,700	57,696	4
Contingency	182,001	182,001	-	182,001
Total expenditures	<u>656,369</u>	<u>2,064,299</u>	<u>1,660,440</u>	<u>403,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,184)</u>	<u>(1,618,114)</u>	<u>(1,286,028)</u>	<u>332,086</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	1,407,930	1,407,930	-
Total other financing sources	<u>-</u>	<u>1,407,930</u>	<u>1,407,930</u>	<u>-</u>
Net change in fund balances	(210,184)	(210,184)	121,902	332,086
Fund balances--beginning	210,184	210,184	201,940	(8,244)
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,842</u>	<u>\$ 323,842</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Net change in fund balances per above			\$ 121,902	
Add: Capital outlay			21,497	
Principal bonded debt			1,425,000	
Budget/GAAP interest accrual difference			2,358	
Less: Depreciation and amortization			(913,083)	
Bond Proceeds			(1,407,930)	
Budget/GAAP Pension Adjustment			<u>16,439</u>	
Net income (loss) as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ (733,817)</u>	

CITY OF ROSEBURG, OREGON
Off Street Parking Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 75,000	\$ 75,000	\$ 42,500	\$ (32,500)
Fines and forfeitures	55,000	55,000	-	(55,000)
Investment revenue	500	500	868	368
Other revenues	-	-	432	432
Total revenues	130,500	130,500	43,800	(86,700)
EXPENDITURES				
Enforcement	147,455	147,455	111,720	35,735
Contingency	87,946	87,946	-	87,946
Total expenditures	235,401	235,401	111,720	123,681
Deficiency of revenues under expenditures	(104,901)	(104,901)	(67,920)	36,981
Net change in fund balances	(104,901)	(104,901)	(67,920)	36,981
Fund balances--beginning	104,901	104,901	101,780	(3,121)
Fund balances--ending	\$ -	\$ -	\$ 33,860	\$ 33,860
Adjustment from budgetary basis to generally accepted accounting basis:				
Net change in fund balances per above			\$ (67,920)	
Add: Contributed capital			575,615	
Less: Depreciation and amortization			(63,552)	
Net income (loss) as reported in Proprietary Statement of Revenues, Expenses and changes in Fund Net Position			\$ 444,143	

CITY OF ROSEBURG, OREGON
Water Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 5,571,880	\$ 5,571,880	\$ 5,376,613	\$ (195,267)
System development fees	62,400	62,400	175,399	112,999
Investment revenue	18,500	18,500	60,389	41,889
Other revenues	5,000	5,000	44,150	39,150
Total revenues	5,657,780	5,657,780	5,656,551	(1,229)
EXPENDITURES				
Production	1,104,545	1,104,545	1,096,586	7,959
Transmission and Distribution	1,375,725	1,375,725	1,254,902	120,823
General Overhead	1,360,454	1,360,454	1,306,438	54,016
Capital outlay	1,665,000	1,665,000	1,001,085	663,915
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	6,505,724	6,505,724	4,659,011	1,846,713
Excess (deficiency) of revenues over (under) expenditures	(847,944)	(847,944)	997,540	1,845,484
OTHER FINANCING SOURCES (USES)				
Proceeds from asset sales	-	-	6,818	6,818
Total other financing sources (uses)	-	-	6,818	6,818
Net change in fund balances	(847,944)	(847,944)	1,004,358	1,852,302
Fund balances--beginning--resatement GASB 75	4,717,515	4,717,515	4,955,734	238,219
Fund balances--ending	\$ 3,869,571	\$ 3,869,571	\$ 5,960,092	\$ 2,090,521
Adjustment from budgetary basis to generally accepted accounting basis:				
Net change in fund balances per above			\$ 1,004,358	
Add: Capital outlay			1,001,085	
Contributed capital			211,942	
Less: Depreciation and amortization			(1,566,562)	
Budget/GAAP Pension Adjustment			(224,079)	
Net income as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position			\$ 426,744	

**SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Internal Service Fund

Workers Compensation

CITY OF ROSEBURG, OREGON
Workers Compensation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 375,000	\$ 375,000	\$ 375,000	\$ -
Investment revenue	2,000	2,000	4,006	2,006
Other revenues	-	-	9,681	9,681
Total revenues	<u>377,000</u>	<u>377,000</u>	<u>388,687</u>	<u>11,687</u>
EXPENDITURES				
Materials and services	351,298	351,298	265,150	86,148
Contingency	369,593	369,593	-	369,593
Total expenditures	<u>720,891</u>	<u>720,891</u>	<u>265,150</u>	<u>455,741</u>
Deficiency of revenues under expenditures	<u>(343,891)</u>	<u>(343,891)</u>	<u>123,537</u>	<u>467,428</u>
Total other financing sources (uses) and special items				
Net change in fund balances	(343,891)	(343,891)	123,537	467,428
Fund balances--beginning	<u>343,891</u>	<u>343,891</u>	<u>372,686</u>	<u>28,795</u>
Fund balances--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,223</u>	<u>\$ 496,223</u>
Adjustment from budgetary basis to generally accepted accounting basis:				
Net change in fund balances per above			\$ 123,537	
Add: Change of Incurred But Not Reported expense			(46,573)	
Add: Capital outlay				
Less: Depreciation and amortization			<u>(279)</u>	
Net income (loss) as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 76,685</u>	

STATISTICAL SECTION

CITY OF ROSEBURG, OREGON

Statistical Section

This part of the City of Roseburg's 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 City's overall financial health.

Contents

Page

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.

97

Revenue Capacity

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

107

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 ability to issue additional debt in the future.

111

Demographic and Economic Information

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

114

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

116

Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year. This City implemented GASB Statement 34 in fiscal year 2003; all schedules include information beginning in that fiscal year and going forward.

CITY OF ROSEBURG, OREGON
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 106,587,775	\$ 124,524,140	\$ 124,987,553	\$ 124,057,562
Restricted	11,035,903	1,836,663	1,499,245	1,333,984
Unrestricted	<u>26,818,660</u>	<u>16,243,083</u>	<u>16,755,737</u>	<u>16,417,881</u>
Total governmental activities net position	144,442,338	142,603,886	143,242,535	141,809,427
Business-type activities				
Net investment in capital assets	74,227,331	73,377,977	72,830,573	71,014,709
Restricted	-	134,031	139,256	140,124
Unrestricted	<u>4,412,640</u>	<u>5,201,636</u>	<u>5,855,496</u>	<u>6,704,981</u>
Total business-type activities net position	78,639,971	78,713,644	78,825,325	77,859,814
Primary government				
Net investment in capital assets	180,815,106	197,902,117	197,818,126	195,072,271
Restricted	11,035,903	1,970,694	1,638,501	1,474,108
Unrestricted	<u>31,231,300</u>	<u>21,444,719</u>	<u>22,611,233</u>	<u>23,122,862</u>
Total primary government net position	<u>\$ 223,082,309</u>	<u>\$ 221,317,530</u>	<u>\$ 222,067,860</u>	<u>\$ 219,669,241</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 122,202,187	\$ 121,131,760	\$ 119,999,473	\$ 119,274,886	\$ 121,413,376	\$ 121,816,094
1,233,796	329,485	322,748	344,067	28,422	38,521
16,865,280	17,203,680	17,411,834	14,399,653	3,779,917	2,109,992
140,301,263	138,664,925	137,734,055	134,018,606	125,221,715	123,964,607
70,429,132	72,405,783	76,162,913	77,480,016	75,700,736	75,087,602
97,069	148,979	-	-	-	-
7,088,668	6,440,719	5,917,642	6,118,386	6,764,028	7,714,260
77,614,869	78,995,481	82,080,555	83,598,402	82,464,764	82,801,862
192,631,319	193,537,543	196,162,386	196,754,902	197,114,112	196,903,696
1,330,865	478,464	322,748	344,067	28,422	38,521
23,953,948	23,644,399	23,329,476	20,518,039	10,543,945	9,824,252
<u>\$ 217,916,132</u>	<u>\$ 217,660,406</u>	<u>\$ 219,814,610</u>	<u>\$ 217,617,008</u>	<u>\$ 207,686,479</u>	<u>\$ 206,766,469</u>

CITY OF ROSEBURG, OREGON

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued on next page)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities				
General government	\$ 2,417,995	\$ 2,150,395	\$ 1,950,788	\$ 2,235,540
Public safety	9,755,597	10,789,020	10,761,543	11,327,142
Public works	12,085,109	10,908,273	8,644,880	9,295,037
Culture and recreation	1,534,226	1,463,440	1,523,596	1,564,865
Community development	1,480,335	1,421,339	1,355,748	1,922,272
Interest on long-term debt	806,055	717,615	662,700	599,604
Total governmental activities expenses	28,079,317	27,450,082	24,899,255	26,944,460
Business-type activities:				
Storm drain	1,593,932	1,478,907	1,481,752	2,009,164
Airport	601,602	719,573	803,678	814,444
Off street parking	226,500	206,925	221,632	208,996
Water	4,411,280	4,443,801	4,426,472	4,583,688
Golf	323,196	361,088	325,479	357,456
Total business-type activities expenses	7,156,510	7,210,294	7,259,013	7,973,748
Total primary government expenses	\$ 35,235,827	\$ 34,660,376	\$ 32,158,268	\$ 34,918,208
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 3,468,710	\$ 1,478,258	\$ 1,459,915	\$ 1,404,950
Public safety	614,341	526,451	473,515	469,809
Public works	350,396	1,940,034	1,668,558	1,538,910
Culture and recreation	81,735	52,699	77,383	61,435
Community development	140,314	166,027	111,728	152,307
Operating grants and contributions	2,080,288	1,629,412	1,513,853	2,585,391
Capital grants and contributions	4,370,993	2,109,773	2,283,898	816,342
Total governmental activities program revenues	11,106,777	7,902,654	7,588,850	7,029,144
Business-type activities:				
Charges for services:				
Storm drain	821,766	825,031	860,554	903,408
Airport	302,324	369,026	391,308	379,553
Off street parking	152,770	164,785	150,056	138,151
Water	4,321,983	4,445,391	4,402,370	4,421,370
Golf	308,907	343,490	305,232	305,008
Operating grants and contributions	231,992	-	-	3,562
Capital grants and contributions	2,334,637	870,262	870,229	599,443
Total business-type activities program revenues	8,474,379	7,017,985	6,979,749	6,750,495
Total primary government program revenues	\$ 19,581,156	\$ 14,920,639	\$ 14,568,599	\$ 13,779,639
Net (Expense)/Revenue				
Governmental activities	\$ (16,972,540)	\$ (19,547,428)	\$ (17,310,405)	\$ (19,915,316)
Business-type activities	1,317,869	(192,309)	(279,264)	(1,223,253)
Total primary government net expense	\$ (15,654,671)	\$ (19,739,737)	\$ (17,589,669)	\$ (21,138,569)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 2,301,621	\$ 2,581,807	\$ 2,665,034	\$ 2,863,453	\$ 4,466,584	\$ 3,650,618
12,086,382	12,351,730	12,380,935	9,782,042	18,058,464	15,180,934
9,547,088	9,569,423	11,379,821	10,071,557	12,307,748	11,096,517
1,658,199	1,742,796	1,857,692	1,673,298	2,358,375	2,182,612
843,907	1,093,141	980,529	1,079,491	1,432,439	1,374,057
531,303	454,242	511,628	511,175	422,746	311,094
<u>26,968,500</u>	<u>27,793,139</u>	<u>29,775,639</u>	<u>25,981,016</u>	<u>39,046,356</u>	<u>33,795,832</u>
1,774,078	1,609,192	1,681,894	1,678,702	1,671,645	1,750,092
947,272	943,358	921,620	1,007,830	1,199,630	1,108,229
201,700	199,155	181,101	194,695	178,735	175,272
4,733,448	4,840,458	4,908,909	4,667,882	5,862,763	5,448,567
334,764	258,938	-	-	-	-
<u>7,991,262</u>	<u>7,851,101</u>	<u>7,693,524</u>	<u>7,549,109</u>	<u>8,912,773</u>	<u>8,482,160</u>
<u>\$ 34,959,762</u>	<u>\$ 35,644,240</u>	<u>\$ 37,469,163</u>	<u>\$ 33,530,125</u>	<u>\$ 47,959,129</u>	<u>\$ 42,277,992</u>
\$ 1,355,643	\$ 1,383,602	\$ 2,533,710	\$ 3,295,586	\$ 3,307,718	\$ 3,556,864
431,660	380,763	379,818	386,665	443,671	317,735
1,785,594	2,004,167	48,900	55,741	61,634	64,007
58,283	56,816	109,454	102,072	112,752	100,302
16,231	28,367	19,652	34,331	37,529	38,397
2,075,380	2,256,907	4,190,383	4,299,408	4,481,256	3,822,946
385,883	668,899	618,354	474,902	524,767	622,607
<u>6,108,674</u>	<u>6,779,521</u>	<u>7,900,271</u>	<u>8,648,705</u>	<u>8,969,327</u>	<u>8,522,858</u>
940,955	975,116	1,281,501	1,423,750	1,574,742	1,758,504
410,576	342,509	348,257	349,233	362,318	369,928
134,227	111,315	117,711	144,419	120,785	42,500
4,497,257	4,806,774	4,780,383	4,923,835	5,099,393	5,376,613
301,768	214,192	-	-	-	-
-	-	-	-	-	-
<u>1,308,671</u>	<u>2,622,706</u>	<u>4,397,181</u>	<u>2,376,460</u>	<u>546,538</u>	<u>1,060,056</u>
<u>7,593,454</u>	<u>9,072,612</u>	<u>10,925,033</u>	<u>9,217,697</u>	<u>7,703,776</u>	<u>8,607,601</u>
<u>\$ 13,702,128</u>	<u>\$ 15,852,133</u>	<u>\$ 18,825,304</u>	<u>\$ 17,866,402</u>	<u>\$ 16,673,103</u>	<u>\$ 17,130,459</u>
\$ (20,859,826)	\$ (21,013,618)	\$ (21,875,368)	\$ (17,332,311)	\$ (30,077,029)	\$ (25,272,974)
(397,808)	1,221,511	3,231,509	1,668,588	(1,208,997)	125,441
<u>\$ (21,257,634)</u>	<u>\$ (19,792,107)</u>	<u>\$ (18,643,859)</u>	<u>\$ (15,663,723)</u>	<u>\$ (31,286,026)</u>	<u>\$ (25,147,533)</u>

CITY OF ROSEBURG, OREGON

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued from previous page)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 13,207,409	\$ 13,495,945	\$ 13,981,642	\$ 14,417,794
Franchise taxes	3,283,545	3,227,250	3,564,616	3,793,295
Unrestricted grant and contributions	-	-	-	-
Investment earnings	1,364,425	597,570	170,370	124,302
Miscellaneous	434,026	351,942	405,523	295,998
Transfers	(12,634)	0	(311,667)	(194,181)
Proceeds from insurance	-	17,338	138,570	45,000
Proceeds from Line of Credit	-	-	-	-
Gain (Loss) on disposition of capital assets	(249)	18,931	0	-
Total governmental activities	<u>18,276,522</u>	<u>17,708,976</u>	<u>17,949,054</u>	<u>18,482,208</u>
Business-type activities:				
Investment earnings	167,522	111,031	49,608	39,047
Miscellaneous	23,215	16,407	25,415	15,026
Transfers	12,634	0	311,667	194,181
Gain on disposition of capital assets	85,000	138,544	4,255	9,489
Total business-type activities	<u>288,371</u>	<u>265,982</u>	<u>390,945</u>	<u>257,743</u>
Total primary government	<u>\$ 18,564,893</u>	<u>\$ 17,974,958</u>	<u>\$ 18,339,999</u>	<u>\$ 18,739,951</u>
Change in Net Position				
Governmental activities	\$ 1,303,982	\$ (1,838,452)	\$ 638,649	\$ (1,433,108)
Business-type activities	1,606,240	73,673	111,681	(965,510)
Total primary government	<u>\$ 2,910,222</u>	<u>\$ (1,764,779)</u>	<u>\$ 750,330</u>	<u>\$ (2,398,618)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 14,913,045	\$ 15,114,422	\$ 15,517,666	\$ 15,818,547	\$ 16,137,423	\$ 16,590,532
4,036,584	4,015,410	4,782,836	4,335,939	4,480,949	5,181,645
-	-	-	-	-	-
121,645	125,839	114,687	115,796	133,816	213,352
288,805	204,703	373,857	509,885	527,950	541,987
(93,013)	(66,040)	170,453	-	-	-
-	-	-	-	-	4,545
-	-	-	-	-	1,500,000
84,596	(17,054)	-	(601,001)	-	111,465
<u>19,351,662</u>	<u>19,377,280</u>	<u>20,959,499</u>	<u>20,179,166</u>	<u>21,280,138</u>	<u>24,143,526</u>
39,966	40,081	35,020	31,401	40,203	85,070
16,320	24,726	18,979	15,715	11,100	186,405
93,013	66,040	(170,453)	-	-	-
3,564	28,253	25,710	-	24,056	6,818
<u>152,863</u>	<u>159,100</u>	<u>(90,744)</u>	<u>47,116</u>	<u>75,359</u>	<u>278,293</u>
<u>\$ 19,504,525</u>	<u>\$ 19,536,380</u>	<u>\$ 20,868,755</u>	<u>\$ 20,226,282</u>	<u>\$ 21,355,497</u>	<u>\$ 24,421,819</u>
\$ (1,508,164)	\$ (1,636,338)	\$ (915,869)	\$ 2,846,855	\$ (8,796,891)	\$ (1,129,448)
(244,945)	1,380,611	3,140,765	1,715,704	(1,133,638)	403,734
<u>\$ (1,753,109)</u>	<u>\$ (255,727)</u>	<u>\$ 2,224,896</u>	<u>\$ 4,562,559</u>	<u>\$ (9,930,529)</u>	<u>\$ (725,714)</u>

CITY OF ROSEBURG, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	8,303,877	5,908,263	6,213,329	-
Nonspendable	-	-	-	246,943
Restricted	-	-	-	17,777
Committed	-	-	-	-
Assigned	-	-	-	491,609
Unassigned	-	-	-	6,568,232
Total general fund	<u>\$ 8,303,877</u>	<u>\$ 5,908,263</u>	<u>\$ 6,213,329</u>	<u>\$ -</u>
All Other Governmental Funds				
Reserved	\$ 1,447,170	\$ 1,465,915	\$ 1,499,245	\$ n/a
Unreserved, reported in:				
Special revenue funds	2,492,616	2,543,035	2,270,339	n/a
Capital project funds	15,788,445	8,123,434	7,945,684	n/a
Nonspendable	-	-	-	-
Restricted	-	-	-	1,359,982
Committed	-	-	-	5,978,126
Assigned	-	-	-	2,961,764
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 19,728,231</u>	<u>\$ 12,132,384</u>	<u>\$ 11,715,268</u>	<u>\$ 10,299,872</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
274,946	28,120	37,487	46,058	33,189	37,928
-	110,059	12,355	44,505	-	-
-	-	-	-	-	-
396,882	452,920	11,178	13,495	-	-
6,780,066	6,825,229	7,532,132	7,640,493	7,517,736	7,472,448
<u>\$ 7,451,894</u>	<u>\$ 7,416,328</u>	<u>\$ 7,593,152</u>	<u>\$ 7,744,551</u>	<u>\$ 7,550,925</u>	<u>\$ 7,510,376</u>
\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
-	-	-	-	-	-
1,402,837	468,211	-	280,419	331,253	311,227
6,373,087	6,923,490	7,189,910	6,756,702	2,679,880	3,108,328
3,171,717	3,329,738	3,885,043	4,760,749	5,904,760	5,172,111
-	-	-	-	-	-
<u>\$ 10,947,641</u>	<u>\$ 10,721,439</u>	<u>\$ 11,074,953</u>	<u>\$ 11,797,870</u>	<u>\$ 8,915,893</u>	<u>\$ 8,591,666</u>

CITY OF ROSEBURG, OREGON
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 15,970,397	\$ 16,098,529	\$ 16,642,714	\$ 17,527,100
Bond Proceeds	-	-	-	-
Intergovernmental	6,827,228	4,047,255	3,434,419	3,867,608
Licenses and permits	235,097	173,594	393,457	159,399
Charges for services	3,547,434	3,406,788	2,997,654	2,807,836
System development fees	326,590	171,704	242,126	140,512
Fines and forfeitures	546,375	483,088	438,633	415,112
Special assessments	39,994	26,860	122,323	18,161
Investment revenue	1,343,028	588,886	166,187	120,326
Other revenues	469,526	402,194	426,844	378,456
Total revenues	<u>29,305,669</u>	<u>25,398,898</u>	<u>24,864,357</u>	<u>25,434,510</u>
Expenditures				
General government	2,137,096	1,954,106	1,890,904	1,783,309
Public safety	9,561,026	10,416,123	10,407,026	10,827,116
Public works	4,802,704	5,218,025	4,745,509	5,333,834
Culture and recreation	1,095,212	1,020,951	1,045,625	1,125,073
Community development	1,480,032	1,414,201	1,347,798	1,916,847
Intergovernmental	3,665,000	1,920,000	50,000	-
Capital Outlay	5,972,457	11,570,492	3,991,386	2,628,570
Debt service:				
Interest	777,777	717,731	662,816	599,720
Principal	1,365,000	1,195,000	1,380,000	1,575,000
Total expenditures	<u>30,856,304</u>	<u>35,426,629</u>	<u>25,521,064</u>	<u>25,789,469</u>
Excess (deficiency) of revenues over (under) expenditures	(1,550,635)	(10,027,731)	(656,707)	(354,959)
Other Financing Sources (Uses)				
Proceeds from line of credit	-	-	-	-
Proceeds from capital asset sales	6,750	18,931	22,085	5,795
Proceeds from insurance reimbursements	-	17,338	122,620	45,000
Contribution in aid of construction	-	-	559,952	-
Transfers in	4,495,976	5,543,691	3,722,851	4,049,655
Transfers out	(4,495,976)	(5,543,691)	(3,882,851)	(4,049,655)
Total other financing sources (uses)	<u>6,750</u>	<u>36,269</u>	<u>544,657</u>	<u>50,795</u>
Net changes in fund balances	<u>\$ (1,543,885)</u>	<u>\$ (9,991,462)</u>	<u>\$ (112,050)</u>	<u>\$ (304,164)</u>
Debt service as a percentage of noncapital expenditures	8.61%	8.02%	9.49%	9.39%

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 18,409,230	\$ 18,677,896	\$ 19,214,004	\$ 19,673,851	\$ 20,072,165	\$ 21,101,887	
-	-	4,840,000	-	-	-	
2,932,200	2,916,052	5,402,286	5,479,846	5,741,195	5,071,880	
146,272	142,731	155,044	168,459	184,364	184,142	
3,001,089	3,360,043	3,121,991	3,103,190	3,060,657	3,192,173	
33,935	77,666	63,130	186,166	187,358	262,642	
391,455	350,711	354,859	362,139	416,438	295,817	
55,010	22,818	60,074	17,699	9,498	26,036	
112,293	121,909	111,375	112,778	128,422	209,348	
354,690	408,992	256,668	184,316	171,296	287,487	
<u>25,436,174</u>	<u>26,078,818</u>	<u>33,579,431</u>	<u>29,288,444</u>	<u>29,971,393</u>	<u>30,631,412</u>	
1,893,380	2,164,271	6,763,202	1,971,127	2,065,221	2,143,756	
11,419,245	11,754,970	11,670,985	11,766,454	12,103,430	12,574,010	
5,562,538	5,611,140	7,426,096	7,017,802	8,027,164	7,352,901	
1,204,291	1,277,381	1,389,143	1,417,287	1,438,558	1,573,602	
844,489	1,078,105	973,067	1,101,936	1,217,236	1,317,514	
-	-	-	-	-	-	
1,523,601	2,030,180	2,345,027	2,244,975	4,956,310	5,171,802	
531,403	454,342	499,802	520,112	412,860	318,615	
<u>1,780,000</u>	<u>2,000,000</u>	<u>1,768,061</u>	<u>2,645,000</u>	<u>2,925,000</u>	<u>2,210,000</u>	
<u>24,758,947</u>	<u>26,370,389</u>	<u>32,835,383</u>	<u>28,684,693</u>	<u>33,145,779</u>	<u>32,662,200</u>	
677,227	(291,571)	744,048	603,751	(3,174,386)	(2,030,788)	
-	-	-	-	-	1,500,000	
95,659	15,397	25,033	12,750	98,783	166,012	
2,216	14,406	-	-	-	-	
-	-	-	-	-	-	
4,382,367	4,589,859	2,210,730	2,804,255	1,952,449	2,592,455	
(4,382,367)	(4,589,859)	(2,210,730)	(2,804,255)	(1,952,449)	(2,592,455)	
<u>97,875</u>	<u>29,803</u>	<u>25,033</u>	<u>12,750</u>	<u>98,783</u>	<u>1,666,012</u>	
<u>\$ 775,102</u>	<u>\$ (261,768)</u>	<u>\$ 769,081</u>	<u>\$ 616,501</u>	<u>\$ (3,075,603)</u>	<u>\$ (364,776)</u>	
9.95%	10.08%	7.44%	11.97%	11.84%	9.20%	

CITY OF ROSEBURG, OREGON
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Utilities	Total Taxable Assessed Value(4)	(Less) Urban Renewal Excess	Value Used to Compute Tax Rate (1)(2)	Real Market Valuation (3)	Assessed to Real Market Valuation	Total Direct Tax Rate
2017	\$ 1,689,380,795	\$ 89,220,648	\$ 59,067,640	\$ 1,837,663,191	\$ 249,176,156	\$ 1,588,470,819	\$ 2,701,406,536	58.80%	8.48
2016	1,634,945,620	87,255,557	58,428,840	1,776,796,089	241,454,574	1,538,459,989	2,595,503,901	59.27%	8.48
2015	1,602,226,927	95,023,543	52,312,018	1,745,840,226	235,603,952	1,513,414,338	2,628,895,414	57.57%	8.48
2014	1,566,041,335	93,275,613	47,332,170	1,703,035,271	22,855,022	1,477,874,387	2,564,871,831	57.62%	8.48
2013	1,529,246,929	90,372,056	44,888,200	1,664,507,185	217,671,955	1,446,835,230	2,572,361,801	56.25%	8.48
2012	1,502,843,982	87,005,502	49,035,604	1,638,885,088	210,368,317	1,428,516,771	2,699,065,887	52.93%	8.48
2011	1,459,747,891	83,819,308	48,000,613	1,591,567,812	206,993,884	1,384,573,928	2,754,342,522	50.27%	8.48
2010	1,399,683,398	88,429,423	47,178,531	1,535,291,352	200,383,704	1,334,907,648	2,865,750,448	46.58%	8.48
2009	1,353,138,163	88,344,998	43,735,256	1,485,218,417	190,789,789	1,294,428,628	2,885,835,767	44.85%	8.48
2008	1,285,367,212	87,631,575	43,152,350	1,416,151,137	182,387,994	1,233,763,143	2,808,949,832	43.92%	8.69

Douglas County Department of Assessment and Taxation

- (1): In May of 1997, Oregon voters approved Measure 50 which reduced property tax levies by local government for operations by about 17% state wide. It also reduces assessed values on individual properties to 1995-96 levels less 10%. Measure 50 also restricts future growth of assessed value of individual properties to 3% per year plus the value of any improvements. Bonded debt is exempt from Measure 50.
- (2): Assessed Valuation is the total dollar value placed on real and personal property as a basis for imposing taxes.
- (3): Real Market Value represents the amount of cash that could reasonably be expected by an informed seller from an informed buyer.
- (4): Total Taxable Assessed Value is Assessed Value less tax-exempt properties.

CITY OF ROSEBURG, OREGON
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$1,000 of Assessed Value)

Fiscal Year	City Direct Rates			Overlapping Rates					Total Direct & Overlapping
	Basic Rate	General Obligation Debt Service	Total Direct Rates	City's Downtown Rates	Douglas County	School Districts	4H Extension Service		
2016-17	\$ 8.48	\$ -	\$ 8.48	\$ -	\$ 1.11	\$ 5.49	\$ 0.06	\$ 15.14	
2015-16	8.48	-	8.48	-	1.11	5.61	0.06	15.26	
2014-15	8.48	-	8.48	-	1.11	5.62	0.06	15.27	
2013-14	8.48	-	8.48	-	1.11	5.62	0.06	15.27	
2012-13	8.48	-	8.48	-	1.11	5.64	0.06	15.29	
2011-12	8.48	-	8.48	-	1.11	5.64	0.06	15.29	
2010-11	8.48	-	8.48	-	1.11	5.64	0.06	15.29	
2009-10	8.48	-	8.48	-	1.11	5.62	0.07	15.28	
2008-09	8.48		8.48	-	1.11	5.62	0.06	15.27	
2007-08	8.48	0.21	8.69	-	1.11	5.65	-	15.45	

*Source: County Assessor's Annual Certified Levy

CITY OF ROSEBURG, OREGON
Principal Property Taxpayers
Current Year and Ten Years Ago

	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Charter Communications	\$ 13,483,000	1	0.73%	\$ -		0.00%
Wal-Mart Real Estate Business Trust	13,048,668	2	0.71%	7,981,660	7	0.56%
EMLAWA LLC	12,479,403	3	0.68%			0.00%
Metropolitan Life Insurance Co	11,893,474	4	0.65%	10,316,566	3	0.73%
Avista Corporation	11,030,000	5	0.60%	6,811,200	10	0.48%
Oakridge Associates LLC	10,895,013	6	0.59%	8,350,127	6	0.59%
Lowe's HIW Inc	10,850,864	7	0.59%	9,993,290	4	0.71%
Home Depot USA Inc	10,501,138	8	0.57%	8,906,350	5	0.63%
Centurylink	10,151,300	9	0.55%			0.00%
Parkway Medical Buildings Inc	10,017,769	10	0.55%			0.00%
Mercy Medical Center			0.00%			0.00%
Qwest Corporation			0.00%	16,638,600	1	1.17%
Emmi, Laudon & Wasselle Partnership			0.00%	13,131,604	2	0.93%
Crown Development LLC			0.00%	7,827,405	8	0.55%
Albertsons			0.00%	7,058,643	9	0.50%
TOTAL	\$ 114,350,629		6.22%	\$ 97,015,445		6.85%

Source: Douglas County Department of Assessment & Taxation

CITY OF ROSEBURG, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied For the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016-17	\$ 17,018,378	\$ 15,856,752	93.17%	\$ -	\$ 15,856,752	93.17%
2015-16	16,401,287	15,371,695	93.72%	241,704	15,613,399	95.20%
2014-15	16,201,733	15,091,169	93.15%	412,016	15,503,185	95.69%
2013-14	15,829,005	14,723,862	93.02%	598,755	15,322,617	96.80%
2012-13	15,402,819	14,265,195	92.61%	695,583	14,960,778	97.13%
2011-12	15,219,532	14,001,445	92.00%	817,257	14,818,702	97.37%
2010-11	14,839,570	13,519,229	91.10%	905,364	14,424,593	97.20%
2009-10	14,300,551	13,140,788	91.89%	847,465	13,988,253	97.82%
2008-09	13,826,025	12,812,523	92.67%	713,518	13,526,041	97.83%
2007-08	13,477,974	12,571,101	93.27%	621,330	13,192,431	97.88%

Source: Douglas County Department of Assessment & Taxation

CITY OF ROSEBURG, OREGON
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds	Full Faith & Credit Bonds	Tax Increment Bonds	General Obligation Bonds	Full Faith & Credit Bonds				
2016-17	\$ -	\$ 5,680,000	\$ -	\$ -	\$ 1,407,930		7,087,930	N/A	310.60
2015-16	-	6,390,000	-	-	1,425,000		7,815,000	0.94%	347.33
2014-15	-	9,315,000	-	-	1,490,000		10,805,000	1.33%	480.01
2013-14	-	11,960,000	-	-	1,550,000		13,510,000	1.66%	600.44
2012-13	-	9,455,000	-	-	1,610,000		11,065,000	1.44%	504.79
2011-12	-	9,485,000	1,970,000	-	1,665,000		13,120,000	1.78%	604.89
2010-11	-	9,515,000	3,720,000	-	1,720,000		14,955,000	2.09%	690.12
2009-10	-	9,550,000	5,260,000	-	1,770,000		16,580,000	2.37%	759.99
2008-09	-	9,585,000	6,605,000	-	1,820,000		18,010,000	2.73%	848.13
2007-08	335,000	9,620,000	7,765,000	-	1,865,000		17,720,000	2.75%	833.69

Source:

(3) See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A: Data was not available for this year.

CITY OF ROSEBURG, OREGON
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita</u>	
2016-17	\$ -	-	0.00%	-	
2015-16	-	-	0.00%	-	
2014-15	-	-	0.00%	-	
2013-14	-	-	0.00%	-	
2012-13	-	-	0.00%	-	
2011-12	-	-	0.00%	-	
2010-11	-	-	0.00%	-	
2009-10	-	-	0.00%	-	
2008-09	-	-	0.00%	-	
2007-08	-	-	0.00%	-	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF ROSEBURG, OREGON
Legal Debt Margin
Last Ten Fiscal Years

Fiscal Year	Real Market Value	Legal Debt Margin			Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
		General Obligation Debt Capacity (3% of RMV)	Debt Applicable to Limitation	Legal Debt Margin	
2017	\$ 2,701,406,536	\$ 81,042,196	\$ -	\$ 81,042,196	0.00%
2016	2,595,503,901	77,865,117	-	77,865,117	0.00%
2015	2,628,895,414	78,866,862	-	78,866,862	0.00%
2014	2,564,871,831	76,946,155	-	76,946,155	0.00%
2013	2,572,361,801	77,170,854	-	77,170,854	0.00%
2012	2,699,065,887	80,971,977	-	80,971,977	0.00%
2011	2,754,342,522	82,630,276	-	82,630,276	0.00%
2010	2,865,750,448	85,972,513	-	85,972,513	0.00%
2009	2,885,835,767	86,575,073	-	86,575,073	0.00%
2008	2,808,949,832	84,268,495	335,000	83,933,495	0.40%

Source: Douglas County Department of Assessment and Taxation

CITY OF ROSEBURG, OREGON
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population (1)	Personal Income (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2016-17	22,820	N/A	N/A	5,791	4.7%
2015-16	22,500	809,482,500	35,977	5,827	7.3%
2014-15	22,510	777,067,710	34,521	5,842	9.7%
2013-14	22,275	753,362,775	33,821	5,927	11.0%
2012-13	21,920	702,517,410	32,389	5,928	12.1%
2011-12	21,690	677,205,180	31,222	6,236	13.3%
2010-11	21,670	707,243,790	32,637	6,053	14.2%
2009-10	21,235	672,852,210	31,686	6,333	17.0%
2008-09	21,235	660,727,025	31,115	6,462	7.9%
2007-08	21,255	643,452,615	30,273	6,460	7.0%

Source: (1) Population Research Center, Portland State University.
(2) Population Multiplied by Per Capita Personal Income.
(3) Oregon Bureau of Economic Analysis
(4) Roseburg School District.
(5) Oregon State Division of Employment.

N/A: Data was not available for this year.

CITY OF ROSEBURG, OREGON
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Estimated No. Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Estimated No. Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Roseburg Forest Products	1,861	1	4.91%	2,500	1	6.26%
CHI -Mercy Healthcare, Inc	1,114	2	2.94%	1,162	2	2.91%
VA Medical Center	1,101	3	2.91%	741	6	1.86%
Seven Feathers Hotel & Gaming Center	902	4	2.38%	1,148	3	2.88%
Roseburg Public Schools	626	5	1.65%	800	5	2.00%
Douglas County	553	6	1.46%	875	4	2.19%
First Call Resolution	537	7	1.42%	n/a		
Swanson Group	533	8	1.41%	530	7	1.33%
TMS Call Center	403	9	1.06%	n/a		
Orengo	288	10	0.76%	300	10	0.75%
Umpqua Bank	n/a			n/a		
Bayliner	n/a			300	8	0.75%
Ingram Book Company	n/a			300	9	0.75%
	<u>7,918</u>		<u>20.90%</u>	<u>8,656</u>		<u>21.68%</u>

Note: 2006 is the earliest year for which this information is available.

Source: Umpqua Economic Development Partnership, Oregon Employment Department

CITY OF ROSEBURG, OREGON
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees at June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager's Department	5	5	5	5	4	4.5	4.5	4.5	4.5	4.5
Finance Department	9	8	8	8	9	8	7.3	7.3	7.3	7.3
Information Technology Division	2	2	2	2	2	2	2	2	2	2
Community Development Dept.										
Planning Division	7	6	5	4.5	3.5	3.5	3.5	3.6	4.5	5
Building Division	1.5	1	1	1	0	0	0	0	0	0
Total General Government:	24.5	22	20.5	20.5	18.5	18	17.3	17.4	18.3	18.8
Police										
Officers	37	35	35	35	35	39	36	36	36	36
Civilians	5	5	5	5	4	4	4	4	4	4
Total Police Department:	42	40	40	40	39	43	40	40	40	40
Fire Department										
Firefighters and officers	37	37	37	37	39	42.5	41	40	40	40
Civilians	1.5	1.5	1.5	1.5	1.5	1.5	1	1	1.5	1.5
Total Fire Department:	38.5	38.5	38.5	38.5	40.5	44	42	41	41.5	41.5
Municipal Court	3	3.7	3.7	3.7	3.5	3.7	3.2	3.2	3.2	3.2
Airport	0	1	0	1	1	1	0.5	0.5	0.5	0.5
Public Works Department										
Administration	4	4	4	4	4	4	3.5	3	3	3
Engineering	8.5	7	7	7	7	7	7	6.25	6.5	7.5
Building Maintenance Division	2	3	2	3	3	3	3	3	3	3
Street Division	13.5	11	11	12	12	12.8	12.6	12.6	12.6	12.6
Water Service										
Production	6	6	6	6	6	6	6	6	6	6
Transmission & Distribution	11	10	11	11	11	11	11	11	11	11
Administration	0	0	0	0	0	0	0	0	0	0
Parks and Recreation Dept.										
Administration	2	2	2	2	2	2	2.3	2.25	2.25	2.25
Parks Maintenance Division	9	11	11	11	8	10	11	11	11	11
Golf Maintenance Division	3	3	2	2	1	0	0	0	0	0
Total Public Works Department:	59	57	56	58	54	55.8	56.4	55.1	55.35	56.35
Total City Employees:	167	162.2	158.7	161.7	156.5	165.5	159.4	157.2	158.85	160.35

Source: City Payroll Department

Note: Water Service Transmission & Distribution includes positions formerly reported as Maintenance in prior years.

CITY OF ROSEBURG, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2008	2009	2010
Police Protection:			
Physical arrests	4,232	3,848	4,700
Traffic violations	6,887	6,169	4,710
Parking violations	6,538	5,682	4,779
Calls for service	18,145	18,971	20,152
Number of police personnel and officers	42	40	40
Fire Protection			
Emergency responses	4,048	4,312	4,570
Inspections	381	586	500
Number fire personnel and officers	40	38	38
Highways and streets			
Street resurfacing (miles)	1.16	1.14	2.65
Water system:			
Number of services	10,581	10,193	10,797
Daily average production in gallons	5,082,000	5,200,000	5,200,000
Facilities and services not included in the reporting entity:			
Sewerage System:			
Daily average treatment in gallons	4,050,000	3,470,000	4,380,000
Maximum daily capacity of treatment plant in gallons	7,900,000	7,900,000	7,900,000
Number of service connections	10,195	10,569	10,067
Education:			
Total school enrollment	6,462	6,333	6,053
Number of elementary school instructors	128	126	121
Number of secondary school instructors	157	157	145
Hospitals			
Number of patient beds (includes V.A. Medical center)	328	315	315

Sources: Various city departments and Roseburg Urban Sanitary District.

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
5,987	5,095	5,145	4,774	4,755	4,814	4,254
7,248	5,183	5,063	4,157	5,023	3,841	2,616
4,189	3,923	2,971	2,738	2,630	3,469	2,378
20,233	20,792	20,573	21,393	22,049	23,540	23,219
40	39	39	40	40	40	40
4,638	4,676	4,853	4,722	5,249	5,843	6,309
563	660	374	510	309	212	257
38	42	43	42	41	43	41.8
4.64	4.78	2.80	4.65	4.65	4.65	0.64
10,790	10,655	10,683	10,835	10,862	11,062	11,280
4,520,000	4,340,000	4,530,000	4,460,000	4,670,000	4,675,000	4,472,000
4,380,000	4,060,000	3,740,000	3,480,000	3,480,000	3,480,000	3,480,000
7,900,000	7,900,000	7,900,000	7,900,000	7,900,000	7,900,000	7,900,000
10,087	10,266	10,275	10,326	10,360	10,423	10,474
6,236	5,928	5,927	5,842	5,827	5,785	5,791
116	110	108	118	132	147	132.5
135	124	124	165	148	157	147
315	315	315	315	315	315	264

CITY OF ROSEBURG, OREGON
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2008	2009	2010
Police Protection:			
Number of stations	1	1	1
Number of patrol units (including motorcycles)	10	9	10
Fire Protection:			
Number of stations	3	3	3
Highways and Streets:			
Streets (miles)	120	125	125
Streetlights	2,441	2,450	2,465
Traffic signals	30	32	32
Water system:			
Miles of water mains	187	220	221
Number of fire hydrants	1,161	1,161	1,181
Miles of storm sewers	84	93	94
Culture and Recreation:			
Parks	20	20	20
Park acreage	428	428	428
Golf courses	1	1	1
Tennis courts	15	15	15
Regional Airport:			
Runway (length in feet)	4,600	4,600	4,600
Hangars	62	98	98
Fuel Facility	1	1	1
Facilities and services not included in the reporting entity:			
Sewerage System:			
Miles of sanitary sewers	158	160	160
Number of treatment plants	1	1	1
Education:			
Number of elementary schools	9	9	9
Number of secondary schools	3	3	3
Number of community colleges (overlapping district)	1	1	1
Hospitals:			
Number of hospitals (includes V.A. Medical center)	2	2	2

Sources: Various city departments and Roseburg Urban Sanitary District.

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
1	1	1	1	1	1	1
10	12	12	12	13	13	14
3	3	3	3	3	3	3
118	118	118	118	118	118	120
2,471	1,895	1,895	1,895	1,895	1,932	1,976
32	32	32	32	33	33	33
195	195	195	196	196	196	197
1,296	1,297	1,301	1,317	1,320	1,324	1,332
95	95	95	95	95	92	75
20	20	20	20	20	20	20
428	428	428	428	428	428	428
1	1	1	1	1	1	1
15	18	18	18	18	18	18
4,600	4,600	5,000	5,000	5,000	5,000	5,000
98	98	98	98	98	98	98
1	1	1	1	1	1	1
160	160	160	160	160	162	162
1	1	1	1	1	1	1
9	9	9	8	8	8	8
3	3	3	3	3	3	3
1	1	1	1	1	1	1
2	2	2	2	2	2	2

AUDIT COMMENTS



NEUNER, DAVIDSON, COOLEY & RAPP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas J. Davidson, C.P.A.
Jeffrey R. Cooley, C.P.A.
Vickie L. Rapp, C.P.A.
Traci I. Trotter, C.P.A.
Brandon R. Lee, C.P.A.

2500 W. Harvard Ave.
Roseburg, Oregon 97471-2507
<http://www.ndkccpa.com>

P.O. Box 1786
Roseburg, Oregon 97470-0425
Phone (541) 672-4886
Fax (541) 673-3712

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATION

The Honorable Mayor and City Council Members
City of Roseburg
900 SE Douglas Ave
Roseburg, OR 97470

We have audited the financial statements of the City of Roseburg for the year ended June 30, 2017 and have issued our report thereon dated December 5, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) 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 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.

We performed procedures to the extent that 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.
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- State Highway funds

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Municipal Corporations, with the following exceptions:

Member:

American Institute of Certified Public Accountants
Oregon Society of Certified Public Accountants
Private Companies Practice Section

Internal Control Over Financial Reporting

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

Restrictions on Use

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

Neuner, Davidson, Cooley & Rapp, LLC
Certified Public Accountants

By:  _____
Jeffrey R. Cooley
Roseburg, Oregon
December 5, 2017



NEUNER, DAVIDSON, COOLEY & RAPP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Thomas J. Davidson, C.P.A.
Jeffrey R. Cooley, C.P.A.
Vickie L. Rapp, C.P.A.
Traci I. Trotter, C.P.A.
Brandon R. Lee, C.P.A.

2500 W. Harvard Ave.
Roseburg, Oregon 97471-2507
<http://www.ndkccpa.com>

P.O. Box 1786
Roseburg, Oregon 97470-0425
Phone (541) 672-4886
Fax (541) 673-3712

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Council Members
City of Roseburg
900 SE Douglas Ave
Roseburg, OR 97470

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Roseburg, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Roseburg, Oregon's basic financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Roseburg, Oregon's 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Roseburg, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Roseburg, Oregon's 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 entity's 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.

Member:
American Institute of Certified Public Accountants
Oregon Society of Certified Public Accountants
Private Companies Practice Section

**City of Roseburg
GAS Report of Internal Control and Compliance**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Roseburg, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Neuner, Davidson Cooley & Rapp LLC

Neuner, Davidson, Cooley & Rapp, LLC
Roseburg, Oregon
December 5, 2017