

City of Roseburg, Oregon

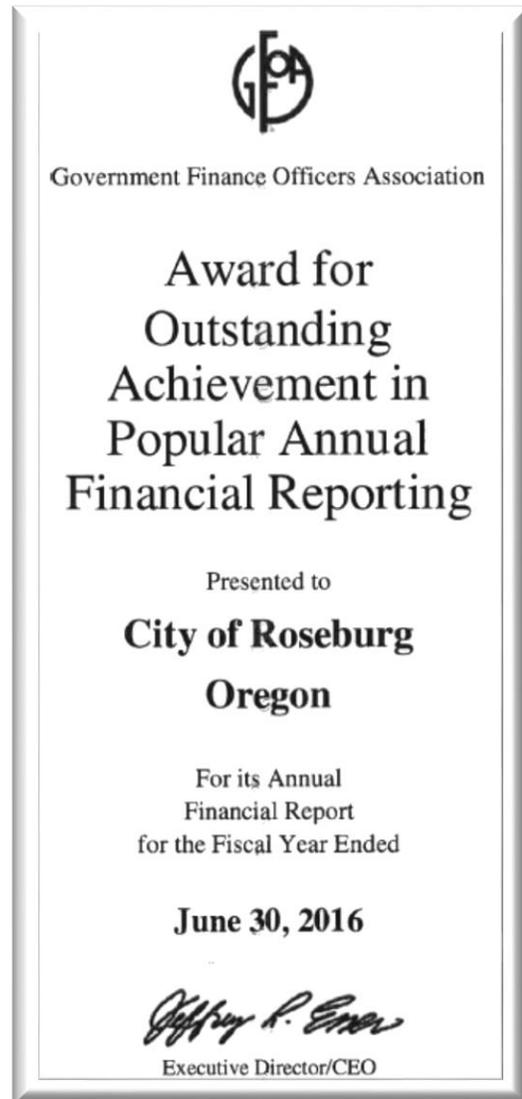


POPULAR ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017



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The information in this report is drawn from the City of Roseburg Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017 and is consistent with GAAP. Please review the CAFR online, or email Finance Director Ron Harker at finance@cityofroseburg.org to request a copy or with any questions about this report.

Overview of Financial Results

The following summary highlights are taken directly from the Management's Discussion and Analysis section of the fiscal year 2017 Comprehensive Annual Financial Report (CAFR); all figures are **reported in thousands**; net position is the difference between the total assets and deferred outflows and the total liabilities and deferred inflows:

- 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.





Roseburg Leadership

Roseburg 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's administration is committed to professionalism and efficiency. The City provides a full range of municipal services including, 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.

Elected Officials



Mayor Rich

Term 12/31/18



**Councilor Eggers
Ward 1**

Term 12/31/18



**Councilor Fisher-Fowler
Ward 1**

Term 12/31/20



**Councilor Zielinski
Ward 2**

Term 12/31/20



**Councilor Ryan
Ward 2**

Term 12/31/18



**Councilor Prawitz
Ward 3**

Term 12/31/20



**Councilor McDonald
Ward 3**

Term 12/31/18



**Councilor Kaser
Ward 4**

Term 12/31/18



**Counselor Hicks
Ward 4**

Term 12/31/20

Appointed Officials

- Lance Colley, City Manager
- Ken Madison, Municipal Court Judge

Letter from the City Manager

Dear Citizens of Roseburg,

I am pleased to present the City's second annual Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2017. This report is designed to provide transparency and accountability of City financial information, which is a key organizational goal.

The City of Roseburg is proud to have received the Government Finance Officers Association (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for the past twenty-four consecutive years and now the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for a second consecutive year.

It is our belief that participation in GFOA award programs enhances our citizens' understanding of Roseburg finances. Attaining these awards demonstrates our belief that sharing financial information in formats consistent with the highest standards in governmental financial reporting is the best way to achieve financial transparency.

The PAFR is designed to provide a summary view of financial activities of the City. It is a high-level report for citizens who wish to learn more about Roseburg finances. All information in this report can be found in greater detail in the Comprehensive Annual Financial Report (CAFR) for the City.

Throughout the year, the Finance Department works on budgets, audits, financial policies, financial forecasts, and financial management. As always, the City of Roseburg invites citizens to share their thoughts and opinions with us.

Being good stewards of the taxpayers' monies is a main focus of the Finance Department, but that alone is not enough. We strive to develop healthy partnerships with the community; we strive to be transparent with the City's finances; and we always look for efficiencies in City operations.

If you have any questions about this document, please email Finance Director, Ron Harker, at finance@cityofroseburg.org.

Sincerely,

C. Lance Colley
City Manager





About Roseburg

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.

Roseburg is the largest city in Douglas County and the 25th largest city in Oregon. The City, the county seat of Douglas County, is the center of government and commerce for the county.

The City is a proud recipient of the *Certificate of Achievement for Excellence in Financial Reporting* award from the Government Finance Officers Association (GFOA) for its FY 2016 CAFR. This certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of financial reports.

The City also received the *Award for Outstanding Achievement in Popular Annual Financial Reporting* from the GFOA for its FY 2016 Popular Annual Financial Report. This prestigious national award recognizes conformance with the highest standards for preparation of local government popular annual reports.

FY 2017 Fact	Figure
Date of Incorporation	1872
Form of Government	Council/Manager
Area in square miles	10.6
City Property Tax Rate:	\$8.48/\$1,000 TAV
City Bonded Debt Tax Rate:	\$0.00/\$1,000 TAV
Total Property Tax Rate:	\$15.26/\$1,000 TAV
City Share of Total:	56%
Total Operating Budget:	\$46.64 million
Population:	22,820
Employees:	160
Outstanding Debt:	\$7.088 million
Bond Rating:	Aa3



Roseburg City Hall

FY 2017 Fact	Figure
Parks and Open Space:	428 acres
City Maintained Roads:	120 miles
Water Lines Maintained:	197 miles
Daily Average Water Production	4.47 million gallons
Number of Calls for Service - Police	23,219
Emergency Responses - Fire	6,309
Regional Airport Runway Length	5,000 feet
Airport Hangars	98

City Council Priorities

In early 2017, Council concluded its current goal setting process and adopted a resolution outlining goals for our organization for the next two 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:

1. Support and adopt policy development and implementation to enhance housing and community development.
 - Initiate a housing needs analysis and buildable lands inventory to determine current needs and Urban Growth Boundary expansion needs.
 - Evaluate and implement a strategy to annex contiguous areas that are cost effective from a service/resource standpoint.
 - Update the Urban Growth Management agreement with Douglas County and urban services agreement.
 - Update dangerous/derelict building and municipal code requirements to provide opportunities for redevelopment and accountability.
 - Review and implement infill zoning and development standards to encourage affordable development.
 - Provide incentive programs like the façade program to generate private investment in upgrading properties.
2. Develop and implement transportation funding policies to meet identified community needs.
 - Update the Transportation System Plan and incorporate the TSP into our policy documents.
 - 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.
 - Complete the ADA transition plan and incorporate priority projects in next CIP.
 - Work with ODOT on interchange area management plans and the I-5 capacity analysis.
 - Evaluate and implement a new Urban Renewal Plan area to support infrastructure funding.
 - Utilize TGM grants and processes to identify opportunities and obstacles to infrastructure development to serve targeted land use areas.
 - Evaluate opportunities through the Bicycle Friendly Community program to provide funding opportunities for multi-modal transportation improvements.
3. Take proactive role in community economic development and revitalization.
 - Identify targeted commercial community needs and possible incentives to attract development.
 - Evaluate cooperative tourism programs with the Visitor Center (Chamber), The Partnership and the private sector to enhance our area as a tourism hub.
 - Support efforts of the Partnership and IDB related to MedEd, Data Center recruitment, Boutique Hotel and other prime target manufacturing.
 - Support Travel Oregon Bicycle and Agra Tourism Studio work and implement priority opportunities including wayfinding and cooperative tourism programming.
 - Update policies on vacant/zombie homes to provide additional housing stock and enhanced neighborhood viability.
 - Support efforts by Umpqua Community College related to targeted work force development opportunities that benefit the City and the community.
4. Develop programs and policies to enhance community livability and public safety.
 - Update policies on vacant/zombie homes to provide additional housing stock and enhanced neighborhood viability (duplicate from prior goal).
 - Add a community oriented policing position in the PD to proactively work on targeted criminal activities that disrupt business and neighborhood activities.
 - Consider safety and security measures like video security cameras in targeted areas that experience significant criminal activity.
 - Expand coordinated compliance and nuisance abatement programs to enhance neighborhood livability.
 - 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.
 - Work with the legislature to develop 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.



Balance Sheet

The *Statement of Net Position* reflects a healthy financial condition as of June 30, 2017. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$206.8 million at the close of fiscal year 2017.

This balance sheet is presented as a high-level summary overview of the City's financial position. For greater detail, see the City's *Comprehensive Annual Financial Report*, available online at www.cityofroseburg.org/departments/finance/annual-financial-report.

Statement of Net Position

	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015	As of June 30, 2014	As of June 30, 2013
Assets					
Current assets	\$ 30,443,434	\$ 27,625,458	\$ 30,326,108	\$ 33,862,993	\$ 29,167,154
Capital and other	199,811,626	200,539,112	206,753,606	204,932,386	204,602,543
Total assets	\$ 230,255,060	228,164,570	237,079,714	238,795,379	233,769,697
Deferred Outflow of Resources					
Pension	13,972,578	5,257,993	5,479,406	-	-
Liabilities					
Current liabilities	1,948,852	11,211,501	2,715,315	1,700,457	1,753,961
Long-term liabilities	34,305,651	12,240,163	14,954,728	17,280,312	14,355,330
Total Liabilities	36,254,503	23,451,664	17,670,043	18,980,769	16,109,291
Deferred Inflow of Resources					
Pension	1,206,666	2,284,420	7,272,069	-	-
Net Position	\$ 206,766,469	\$ 207,686,479	\$ 217,617,008	\$ 219,814,610	\$ 217,660,406



Income Statement

The *Statement of Activities* reports all financial activity for the fiscal year ended June 30, 2017.

This statement presents high-level summary information about how the City's net assets changed during the fiscal year as a result of all financial activity (i.e. revenues and expenses). Total expenses decreased \$5.7 million primarily due to \$5.1 million reduction of pension expense per the requirements of GASB 68. For greater detail, see the City's *Comprehensive Annual Financial Report*, available online at www.cityofroseburg.org/departments/finance/annual-financial-report.

Statement of Activities					
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Revenues	\$ 41,552,278	\$ 38,028,600	\$ 38,092,684	\$ 39,694,059	\$ 35,388,513
Expenses	(42,277,992)	(47,959,129)	(33,530,125)	(37,469,163)	(35,644,240)
Increase in net position	\$ (725,714)	\$ (9,930,529)	4,562,559	2,224,896	(255,727)
Net position - beginning	\$ 207,686,479	\$ 217,617,008	219,814,610	217,660,406	217,916,133
Restatement	(194,296) ^m	-	(6,760,161) *	(70,692) ‡	-
Net position - ending	\$ 206,766,469	\$ 207,686,479	\$ 217,617,008	\$ 219,814,610	\$ 217,660,406

^m Restatement required to recognize OPEB Liability as required by GASB 75

* Restatement required to recognize pension related expenses as required by GASB 68

‡ Restatement required to recognize debt issuance costs as required by GASB 65





Budget

The Citizen’s Budget Committee approved the FY 2017 budget which was then adopted by the City Council on June 13, 2016. To best illustrate trends, below are the fiscal year budget amounts for the last five fiscal years for comparison.

	Budget Information				
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
City Budget:					
Personnel Services	\$ 18,146,805	\$ 17,365,472	\$ 16,938,290	\$ 16,779,023	\$ 16,759,608
Materials & Services	9,182,508	9,023,050	8,386,868	8,632,150	9,443,736
Debt Service	2,583,954	3,463,148	3,309,653	3,468,063	541,941
Transfers	1,192,456	1,152,449	1,112,080	1,510,730	1,838,104
Other	50,000	50,000	50,000	4,810,891	50,000
Annual Operating Budget	31,155,723	31,054,119	29,796,891	35,200,857	28,633,389
Capital Outlay	5,253,953	3,512,367	4,756,446	7,736,651	5,443,197
Reserves	24,249,721	23,824,391	23,043,581	21,982,007	22,317,743
Total City Budget	\$ 60,659,397	\$ 58,390,877	\$ 57,596,918	\$ 64,919,515	\$ 56,394,329



Financial Policies

The City of Roseburg is committed to responsible fiscal management through financial integrity, prudent stewardship of public assets, planning, accountability and full disclosure. The broad purpose of Fiscal Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition. These policies are adopted by the City Council as the basic framework for overall financial management of the City, to guide day-to-day and long-range fiscal planning and decision making, and to achieve the following general financial goals:

1. To provide for quality basic City services.
2. To establish a financial base sufficient to maintain or enhance City assets required to support community service demand.
3. To respond to changes in the needs, desires and service requirements of Roseburg.
4. To follow prudent and professional financial management practices to assure residents of Roseburg and the financial community that our City government is well managed and in sound fiscal condition.
5. To cooperate with other government entities to provide cost effective services to citizens.
6. To have an adequate capital improvement program that maintains and enhances the public's assets.

To achieve these goals, fiscal policies generally cover areas of revenue management, operating and capital budgeting, financial planning and forecasting, investment and asset management, debt management, accounting and financial reporting, reserves, and internal controls. These policies are reviewed by management and City Council and amended as necessary.

To review all financial policies for the City of Roseburg, please see page 6 of the Roseburg Adopted Budget for 2017-2018, available online at www.cityofroseburg.org/departments/finance/budget.



Revenue Overview

The City maintains 24 distinct funds in which to account for government services. The financial statements of the City are divided into two categories – governmental activities and business-type activities. Governmental activities include the basic services provided by the city including public safety, parks and recreation, public works, community development, and general administration. Property taxes, public service taxes, franchise fees, charges for services, and state and federal grants fund most of these activities.

Business-type activities include water, storm drainage, off street parking, and airport services. The City charges fees to customers to help cover the costs of these services. Along with the adoption of the budget, rate increases for water, storm drainage and airport services are approved by the City Council following the support and recommendation of the Public Works Commission.

Major Revenue Types

Property Taxes – The City of Roseburg’s permanent tax rate is \$8.48 per \$1,000 of taxable assessed value.

Intergovernmental – Grants or shared revenues received from other governments (state, federal, etc.).

Fees & Charges – Fees received for services, including water, storm drainage, rental properties, etc.

Licenses, Permits, & Fines – Revenue generated from selling licenses and permits and collecting on fines.

Franchise Fees – The revenue received as per agreements with public and private utilities for use of the City right-of-ways.

Other – Revenues that do not fall into the above categories.

Douglas County assesses property taxes on behalf of the county, schools, special districts, and the City of Roseburg on a consolidated property tax bill. Of this tax bill, 55.57 percent of the total is allocated to the City of Roseburg. Of every dollar, \$0.56 goes to the City:

\$0.56
City of
Roseburg



\$0.07
Douglas
County



\$0.37
Roseburg
School
District

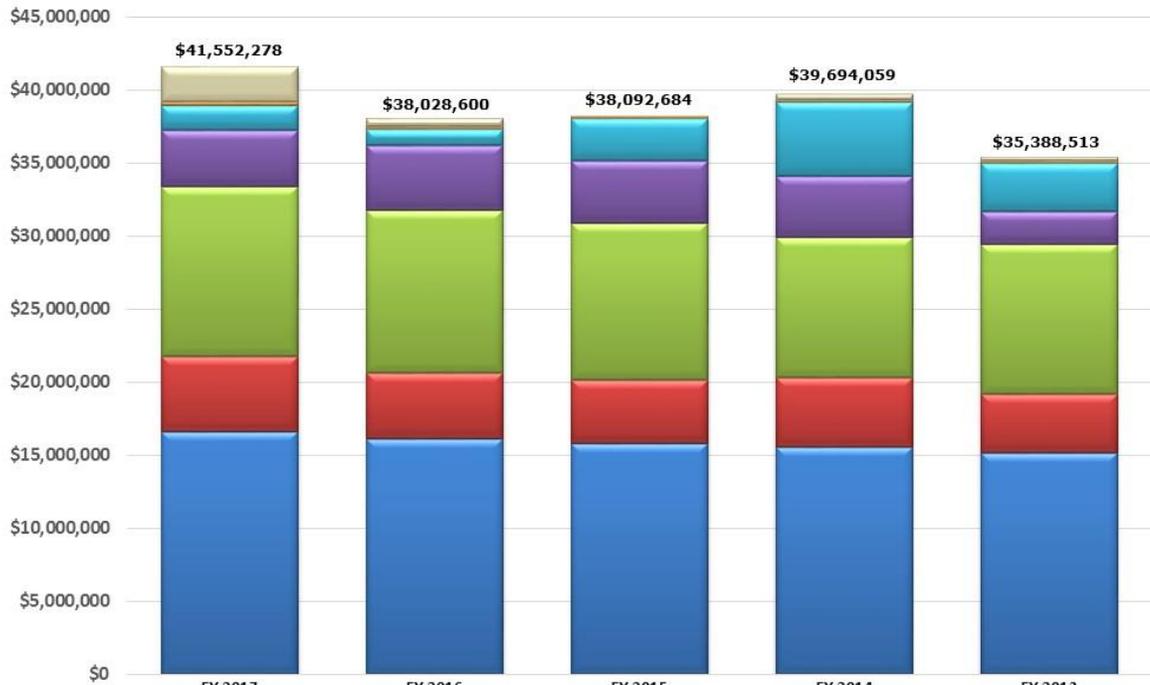


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4H
Extension
Service

“Other” Revenues increased year-over-year \$1.8 million primarily due to the receipt of \$1.5 million from a new line-of-credit to meet cash flow needs of Urban Renewal capital projects.

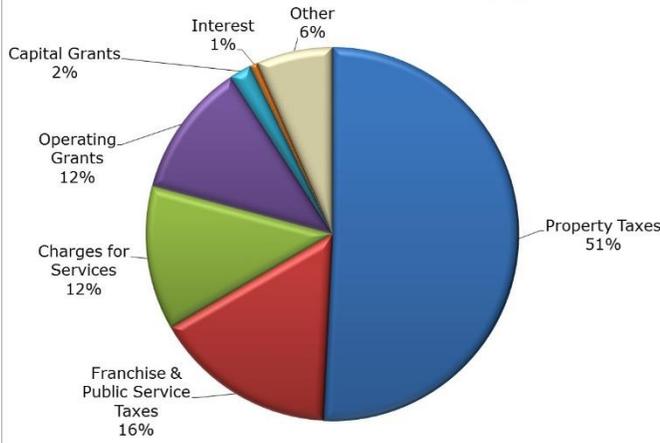
More About Revenues

City Wide 5 YR Revenue Trend by Type

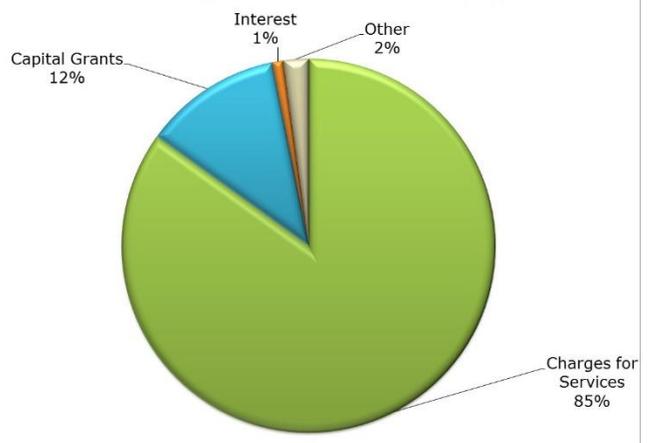


Revenue Type	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Other	2,351,220	563,106	(75,401)	418,546	240,628
Interest & Investment	298,422	174,019	147,197	149,707	165,920
Capital Grants	1,682,663	1,071,305	2,851,362	5,015,535	3,291,605
Operating Grants	3,822,946	4,481,256	4,299,408	4,190,383	2,256,907
Charges for Services	11,624,850	11,120,542	10,715,632	9,619,386	10,303,621
Franchise & Public Service Taxes	5,181,645	4,480,949	4,335,939	4,782,836	4,015,410
Property Taxes	16,590,532	16,137,423	15,818,547	15,517,666	15,114,422

Governmental Revenues for FY 2017 by Type



Business-Type Revenues for FY 2017 by Type





Expenses Overview

The City of Roseburg plans for expenses using several short and long-range planning tools. A six-year financial forecast for the general fund guides short-term governmental spending. A recently developed five-year financial forecast for the water utility guides short-term water utility spending. The multi-year forecasting models anticipate projected increases and decreases in revenues and expenses.

The City of Roseburg also relies on master planning documents including the Transportation System Plan, Water Master Plan, Storm Drainage Master Plan, Park Master Plan, Regional Airport Financial and Development Plan, and others. These master plan documents provide long-range planning for necessary capital improvements and investments in the City's infrastructure. The City's expenses related to services provided are tracked by distinct funds, and can also be displayed by type of service provided. There are seven main service categories in which expenses can be attributed:

General Government – Expenses include those incurred by the City Council, City Manager's Office, Finance, Human Resources, and Information Technology.

Public Safety – Includes expenses from the Police, Fire and Municipal Court Departments.

Public Works – Expenses related to the provisions of Engineering, Streets and Lighting, and Facilities.

Culture & Recreation – Expenses include those incurred by the Parks & Recreation departments and payment for the County Library.

Community Development – Expenses related to land use planning, permit services, economic development, code enforcement, and redevelopment projects.

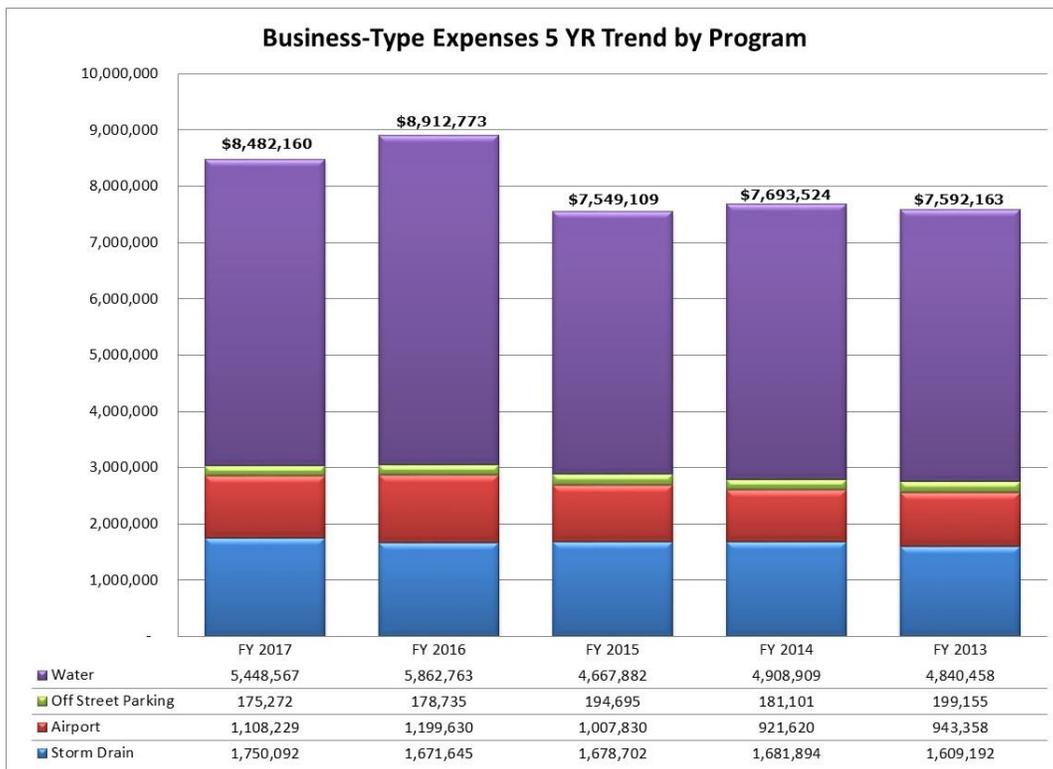
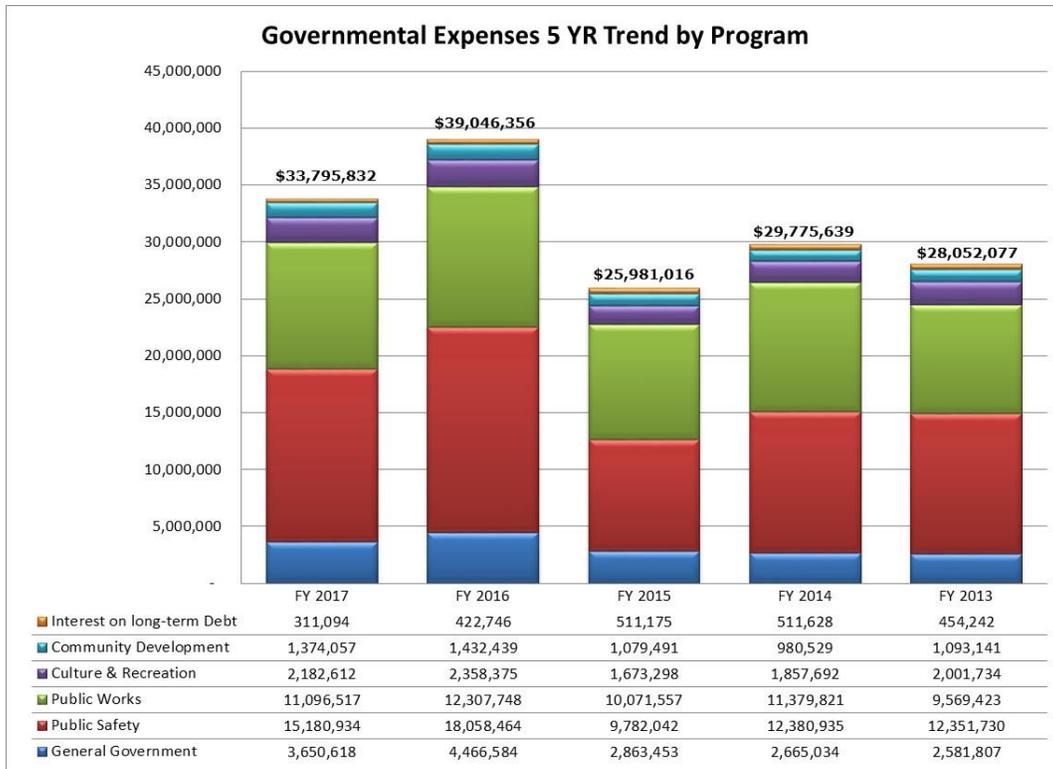
Debt Service – Interest Expenses related to debt retirement.

Business-Type Activities – Expenses related to the operations of the City's business enterprises including: Storm Drainage, Airport, Off Street Parking, and Water.



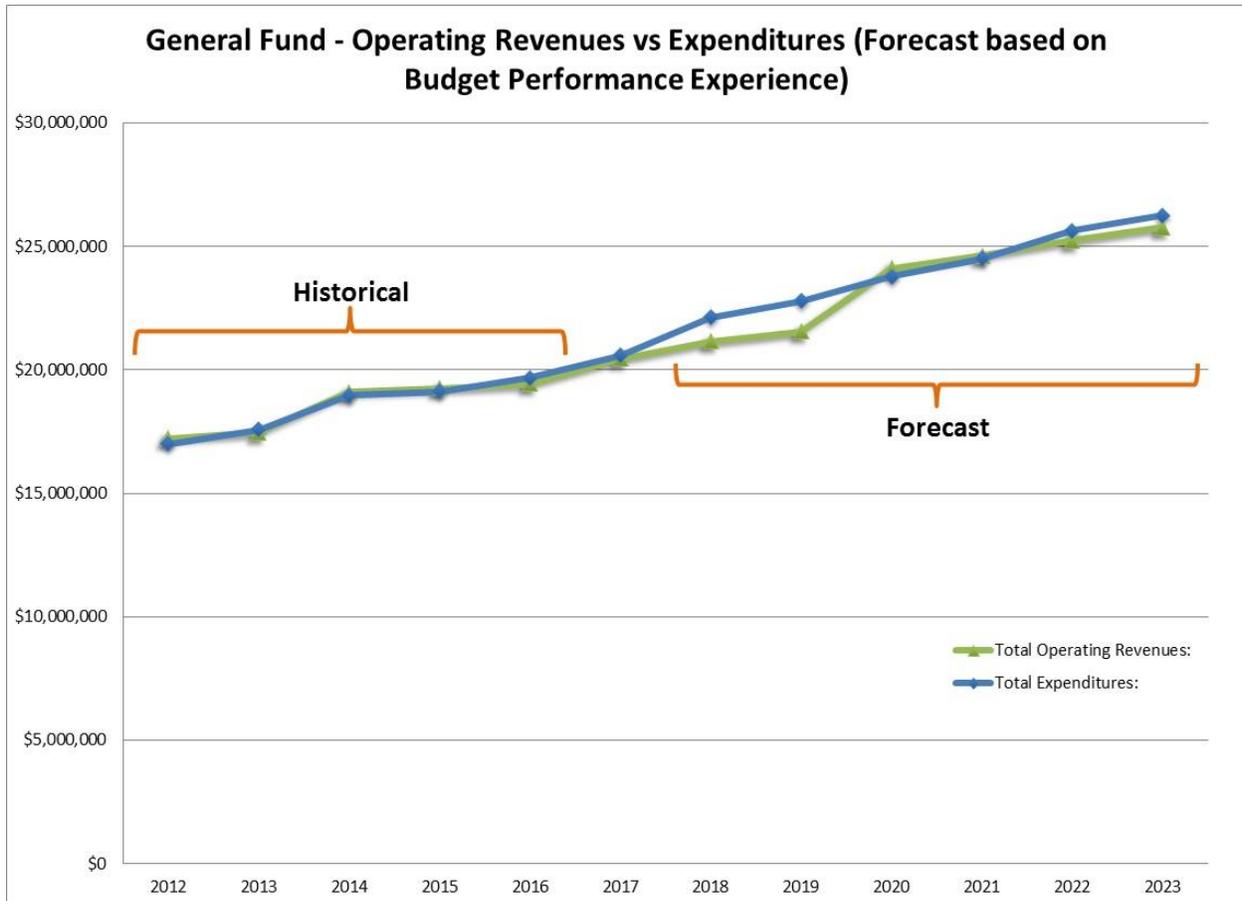
Total expenses decreased \$5.7 million in 2017 primarily due to a \$5.1 million reduction of pension expense per the requirements of GASB 68.

More About Expenses





Financial Planning

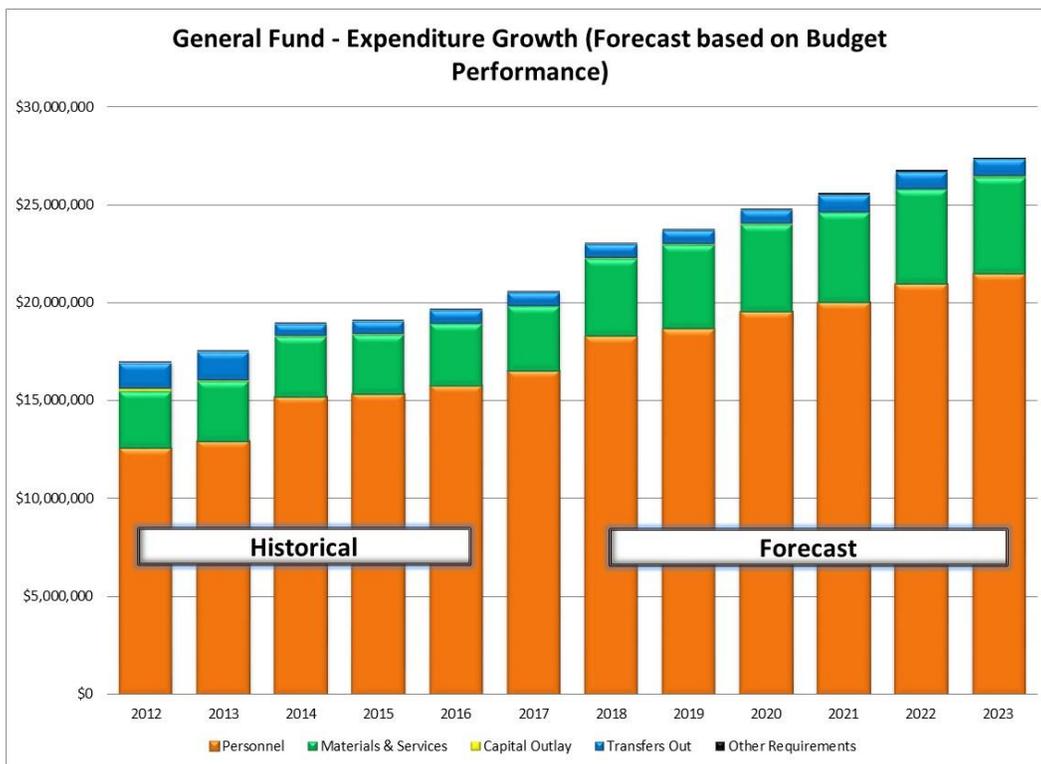
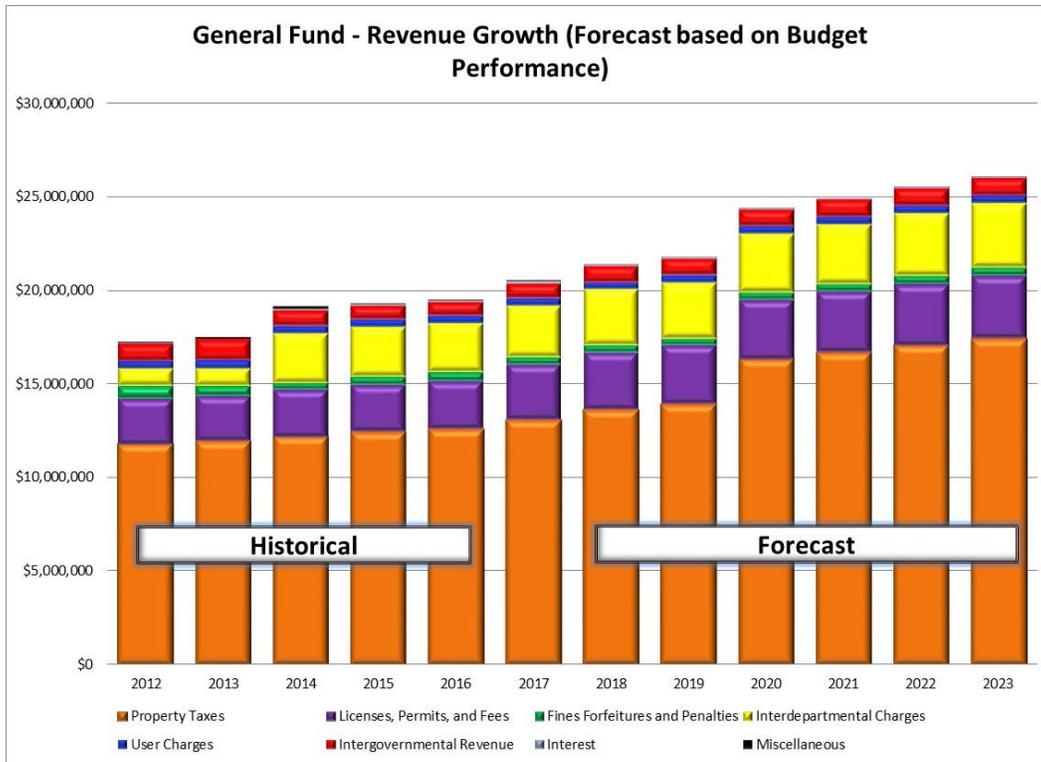


Financial Forecasting

The City of Roseburg prepared a six-year General Fund Financial Forecast prior to the development of the FY 2018 budget. The six-year model takes into account projected increases and decreases in revenues and expenditures. This information is shared during budget deliberations. Financial forecasts are key to strategizing, studying different financial outcomes, and modeling anticipated changes in revenue and expenditure streams.

Recently, the City completed a five-year financial forecast for its Water Utility which will be utilized in the development of future budgets. The City will develop financial forecasts for its other funds for future guidance.

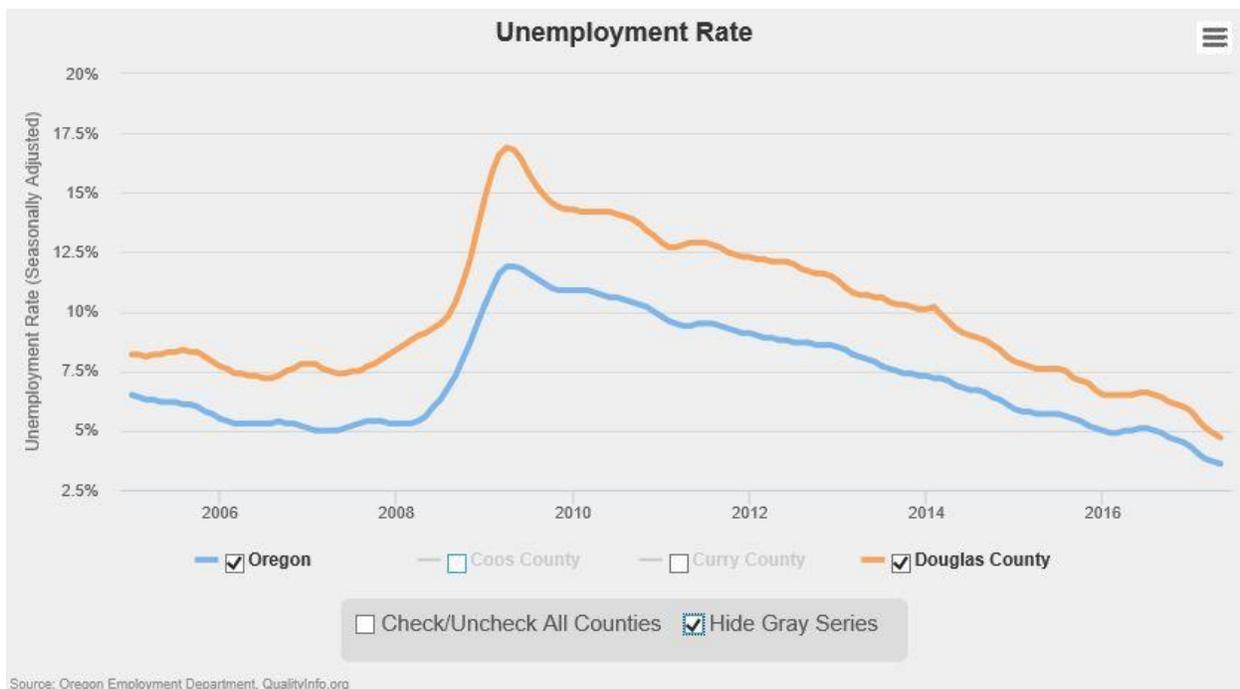
More About Financial Planning





Local Economy (as of June 2017)

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.

More About The Local Economy

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.

A study released July 14, 2016 by the Oregon Employment Department titled “Douglas County’s Occupational Employment Projections” indicates that due to growth and demographic trends there are projected to be considerable job openings through 2024 across all sectors.



“ . . . Douglas County is expected to have 12,358 openings from 2014 through 2024, an increase of 8.6 percent. There are projected to be 8,971 openings due to replacement needs and 3,387 openings due to growth. All 12 major occupational groups will offer more employment opportunities on the basis of need to replace departing workers than on the basis of new, growth opportunities.”

Principal Employers in 2017

Employer	Estimated No. Employees	Rank	Percentage of Total Employment	Employer	Estimated No. Employees	Rank	Percentage of Total Employment
Roseburg Forest Products	1,861	1	4.91%	Douglas County	553	6	1.46%
CHI - Mercy Healthcare, Inc.	1,114	2	2.94%	First Call Resolution	537	7	1.42%
VA Medical Center	1,101	3	2.91%	Swanson Group	533	8	1.41%
Seven Feathers Hotel & Gaming Center	902	4	2.38%	TMS Call Center	403	9	1.06%
Roseburg Public Schools	626	5	1.65%	Orengo	288	10	0.76%
				Totals:	<u>7,918</u>		<u>20.90%</u>

CITY OF ROSEBURG FINANCE DEPARTMENT

RON HARKER, MPA
FINANCE DIRECTOR
finance@cityofroseburg.org



CITY OF ROSEBURG, OREGON
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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