

City of Roseburg, Oregon



POPULAR ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

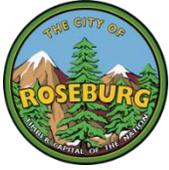


Table of Contents

Overview of Financial Results Page 3

Roseburg Leadership Page 4

Letter from the City Manager Page 5

About Roseburg Page 6

City Council Priorities Page 7

Balance Sheet Page 8

Income Statement Page 9

BudgetPage 10

Financial Policies Page 11

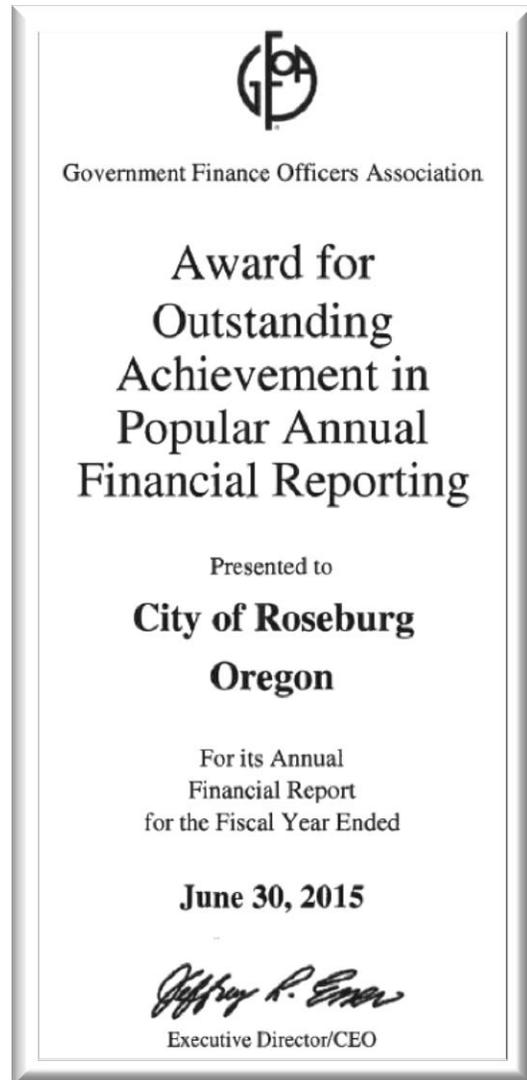
Revenue OverviewPage 12

Expenditure OverviewPage 14

Financial PlanningPage 16

Local EconomyPage 18

Contact Information Page 20



The information in this report is drawn from the City of Roseburg Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. 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 2016 Comprehensive Annual Financial Report (CAFR); all figures are **reported in thousands**:

- The assets of the City of Roseburg exceeded its liabilities at June 30, 2016 by \$207,686 (*net position*). Of this amount, \$10,544 (*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, 2016 decreased by \$9,931 from June 30, 2015. The decrease of total net position is a result of booking a \$13,318 adjustment to recognize a \$9,549 net pension liability per the requirements of GASB 68.
- The City's total liabilities increased by \$5,782 from \$17,670 to \$23,452 in the current year. Regular debt service payments were made as scheduled. Per the provisions of GASB 68, the City realized a net pension liability of \$9,549 while it had a net pension asset last year. The City's total liabilities would have been significantly reduced this year if not for the net pension liability.
- At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$16,467, a decrease of \$3,076 from the prior year.
- At June 30, 2016, the City's business-type activities reported combined ending net position of \$82,465 a decrease of \$1,134 over the prior year. Unrestricted net position increased by \$646 to \$6,764.
- At June 30, 2016, the unassigned fund balance for the General Fund was \$7,518 or 38 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 12/31/16



**Councilor Eggers
Ward 1**

Term 12/31/18



**Councilor Fazio
Ward 1**

Term 12/31/16



**Councilor Zielinski
Ward 2**

Term 12/31/16



**Councilor Ryan
Ward 2**

Term 12/31/18



**Councilor Hawks
Ward 3**

Term 12/31/16



**Councilor McDonald
Ward 3**

Term 12/31/18



**Councilor Kaser
Ward 4**

Term 12/31/16



**Counselor Marks
Ward 4**

Term 12/31/16

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, 2016. 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-three consecutive years and now the *Award for Outstanding Achievement in Popular Annual Financial Reporting*.

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

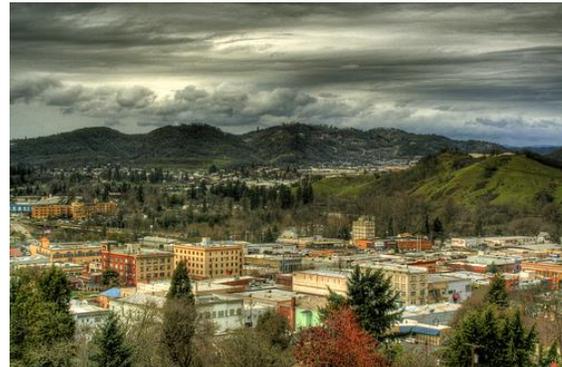
The City of Roseburg, timber capital of the nation, was incorporated in 1872. From its founding to present day, the area's greatest wealth has been its forests. Douglas County contains the largest stand of old growth timber in the world. Roseburg is situated at the heart of the Hundred Valleys of the 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 26th 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 2015 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 2015 Popular Annual Financial Report. This prestigious national award recognizes conformance with the highest standards for preparation of local government popular annual reports.

FY 2016 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:	\$35.05 million
Population:	22,500
Employees:	164
Outstanding Debt:	\$7.815 million
Bond Rating:	Aa3



Downtown Roseburg

FY 2016 Fact	Figure
Parks and Open Space:	428 acres
City Maintained Roads:	118 miles
Water Lines Maintained:	196 miles
Daily Average Water Production	4.68 million gallons
Number of Calls for Service - Police	23,540
Emergency Responses - Fire	5,843
Regional Airport Runway Length	5,000 feet
Airport Hangars	98

City Council Priorities

In early 2015, 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 2015-1 included four goals which are listed below along with current action items developed to comply with the goals:

1. Identify and Implement Long-Term Infrastructure Funding Mechanisms to Ensure Infrastructure System Sustainability
 - Evaluate and update water and parks fee structures and present to Council; and
 - Evaluate and update water, storm and parks system development charges and present to Council; and
 - Implement residential sidewalk standards for infill with possible use of Assessment Fund for cost share; and
 - Explore available grant funding sources...; and
 - Develop a commercial sidewalk assessment fund policy and market it to the commercial development community; and
 - Evaluate multiple options for ongoing street/path funding including gas tax, general obligation bonding, local option funding and a street utility.
2. Implement the Urban Renewal Financial and Capital Improvement Plan: Evaluate Establishment of Additional Urban Renewal Plan Area
 - Identify grants and other funding mechanisms to enhance existing façade improvement programs;
 - Identify areas for future Urban Renewal Plan areas for review by the Council / Agency Board; and
 - Upgrade City-owned property and assets in the existing area; and
 - Upgrade parking structure for safety, functionality and aesthetics.
3. Initiate Community Livability Programs and Beautification Projects
 - Implement City entrance signage and wayfinding; and
 - Create a City communications strategy; and
 - Identify grants and other funding mechanisms to enhance existing façade improvement programs; and
 - Upgrade City parking area near Deer Creek; and
 - Upgrade parking structure visually and functionally; and
 - Support a part-time compliance officer, and
 - Evaluate bikeway system after Transportation System Plan adoption
 - Revisit Tree City USA program.
4. Define and Establish Business Friendly and Improved City Image
 - As part of the second/third phases of LUDO update, identify and remedy inconsistencies that may lead to misunderstandings; and
 - Work with appropriate agencies to ensure consistent understanding of business registration and site development standards; and
 - Provide customer service training for City employees providing direct services to the public; and
 - Provide outreach to the real estate and development community about the business registration process and requirements; and
 - In conjunction with Goal 1, establish a commercial sidewalk enhancement program utilizing Streetlight/Sidewalk Fund and the Assessment Fund.

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, 2016. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$207.7 million at the close of fiscal year 2016.

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, 2016	As of June 30, 2015	As of June 30, 2014	As of June 30, 2013	As of June 30, 2012
Assets					
Current assets	\$ 27,625,458	\$ 30,326,108	\$ 33,862,993	\$ 29,167,154	\$ 30,255,952
Capital and other	200,539,112	206,753,606	204,932,386	204,602,543	206,271,319
Total assets	228,164,570	237,079,714	238,795,379	233,769,697	236,527,271
Deferred Outflow of Resources					
Pension	5,257,993	5,479,406	-	-	-
Liabilities					
Current liabilities	11,211,501	2,715,315	1,700,457	1,753,961	2,583,811
Long-term liabilities	12,240,163	14,954,728	17,280,312	14,355,330	16,027,328
Total Liabilities	23,451,664	17,670,043	18,980,769	16,109,291	18,611,139
Deferred Inflow of Resources					
Pension	2,284,420	7,272,069	-	-	-
Net Position	\$ 207,686,479	\$ 217,617,008	\$ 219,814,610	\$ 217,660,406	\$ 217,916,132



Income Statement

The *Statement of Activities* reports all financial activity for the fiscal year ended June 30, 2016.

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 increased \$14.4 million primarily due to realization 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 2016	FY 2015	FY 2014	FY 2013	FY 2012
Revenues	\$ 38,028,600	\$ 38,092,684	\$ 39,694,059	\$ 35,388,513	\$ 33,206,654
Expenses	(47,959,129)	(33,530,125)	(37,469,163)	(35,644,240)	(34,959,762)
Increase in net position	\$ (9,930,529)	4,562,559	2,224,896	(255,727)	(1,753,108)
Net position - beginning	\$ 217,617,008	219,814,610	217,660,406	217,916,133	219,669,241
Restatement	-	(6,760,161) *	(70,692) ‡	-	-
Net position - ending	\$ 207,686,479	\$ 217,617,008	\$ 219,814,610	\$ 217,660,406	\$ 217,916,133

* 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 2016 budget which was then adopted by the City Council on June 8, 2015. To best illustrate trends, below are the fiscal year budget amounts for the last five fiscal years for comparison.

	Budget Information				
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
City Budget:					
Personnel Services	\$ 17,365,473	\$ 16,938,290	\$ 16,779,023	\$ 16,759,608	\$ 16,240,099
Materials & Services	12,219,571	11,354,402	11,389,949	9,972,241	10,023,638
Debt Service	3,462,931	3,309,653	3,468,063	2,586,883	2,966,143
Transfers	1,952,449	2,804,255	2,210,730	4,589,859	4,382,367
Other	50,000	50,000	4,810,891	50,000	50,000
Annual Operating Budget	35,050,424	34,456,600	38,658,656	33,958,591	33,662,247
Capital Outlay	6,453,606	6,112,777	8,444,978	6,557,513	4,299,148
Reserves	24,290,973	25,905,824	25,532,756	25,293,837	25,692,399
Total City Budget	\$ 65,795,003	\$ 66,475,201	\$ 72,636,390	\$ 65,809,941	\$ 63,653,794



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 2016-2017, available online at www.cityofroseburg.org/departments/finance/budget.



Revenue Overview

The City maintains 24 distinct funds in which to account for governmental 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



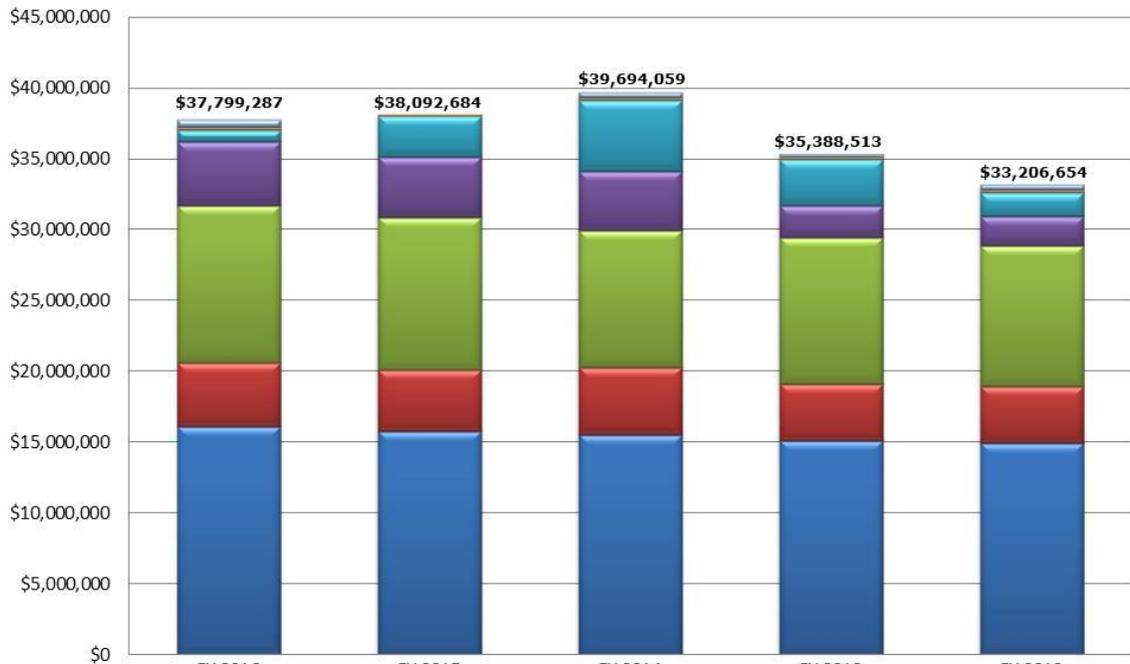
\$0.37
Roseburg
School
District



<\$0.004
4H
Extension
Service

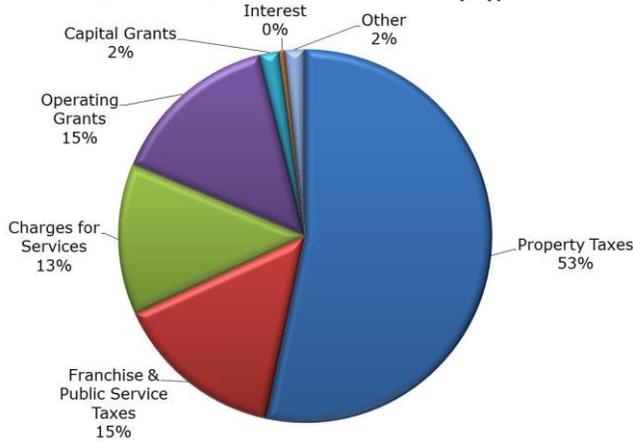
More About Revenues

City Wide 5 YR Revenue Trend by Type

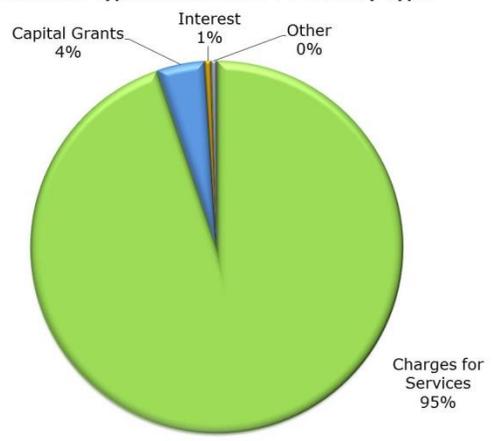


Revenue Type	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Other	563,106	(75,401)	418,546	240,628	393,285
Interest & Investment	174,019	147,197	149,707	165,920	161,611
Capital Grants	841,992	2,851,362	5,015,535	3,291,605	1,694,554
Operating Grants	4,481,256	4,299,408	4,190,383	2,256,907	2,075,380
Charges for Services	11,120,542	10,715,632	9,619,386	10,303,621	9,932,194
Franchise & Public Service Taxes	4,480,949	4,335,939	4,782,836	4,015,410	4,036,584
Property Taxes	16,137,423	15,818,547	15,517,666	15,114,422	14,913,046

Governmental Revenues for FY 2016 by Type



Business-Type Revenues for FY 2016 by Type





Expenditure Overview

The City of Roseburg plans for expenditures 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 expenditures.

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.

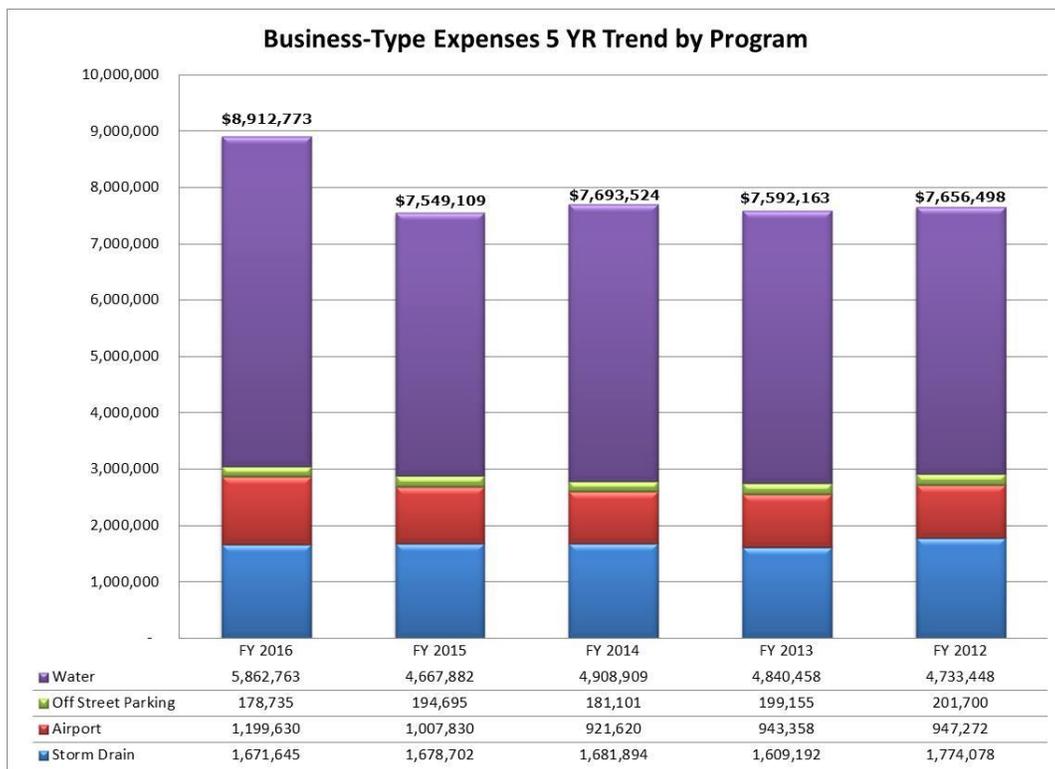
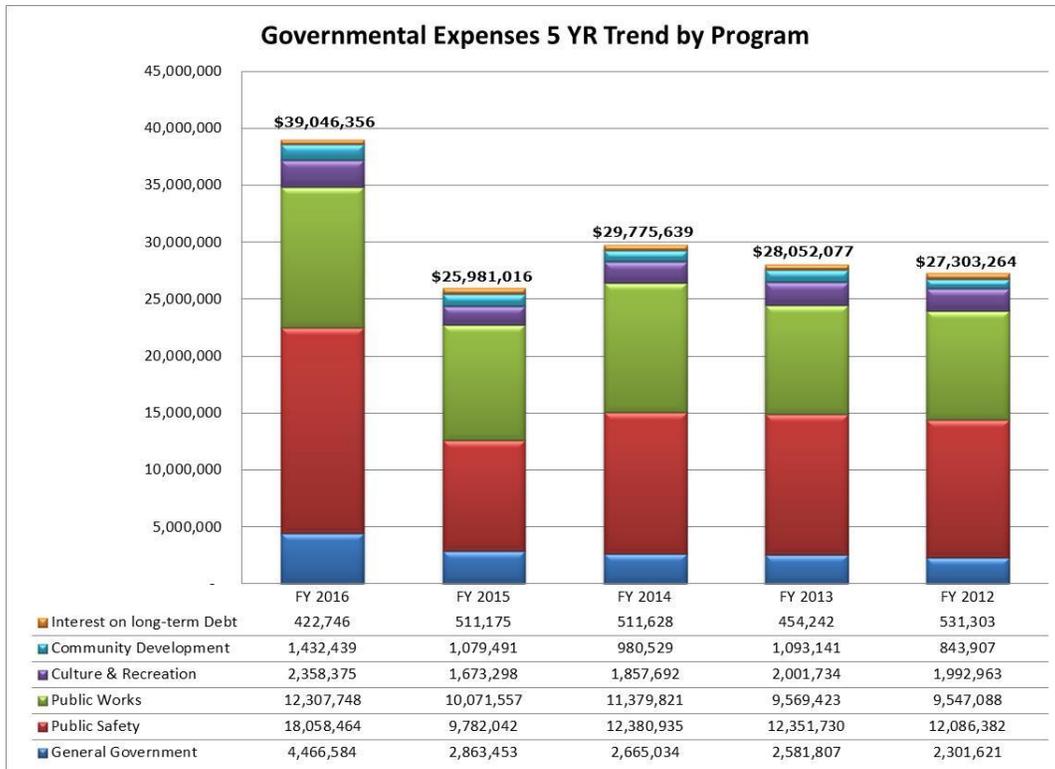
Debt Service – Interest Expenses related to debt retirement.

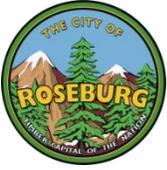
Business-Type Activities – Expenses related to the operations of the City's business enterprises including: Storm Drainage, Airport, Off Street Parking, and Water.



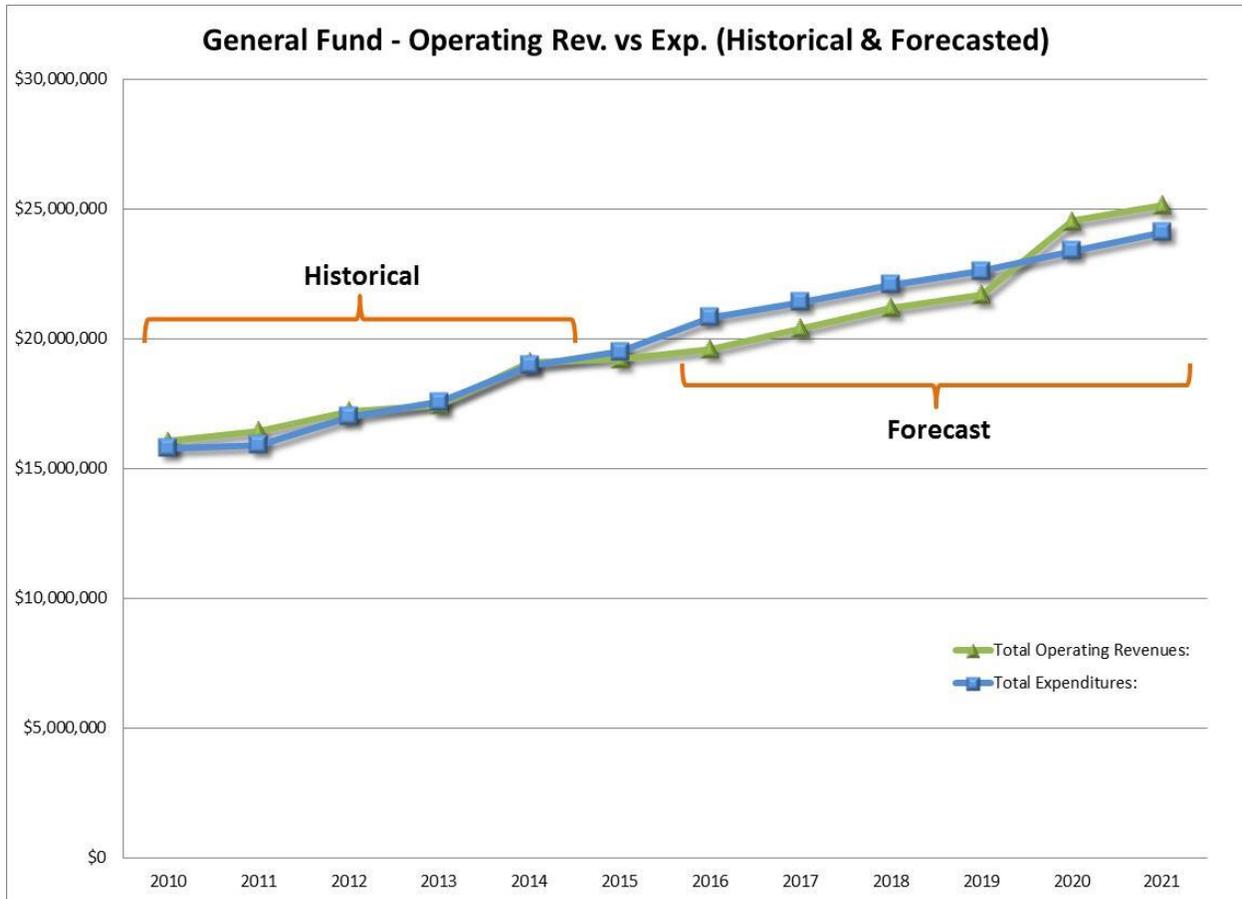
Total expenses increased \$14.4 million in 2016 primarily due to realization of pension expense per the requirements of GASB 68.

More About Expenditures





Financial Planning

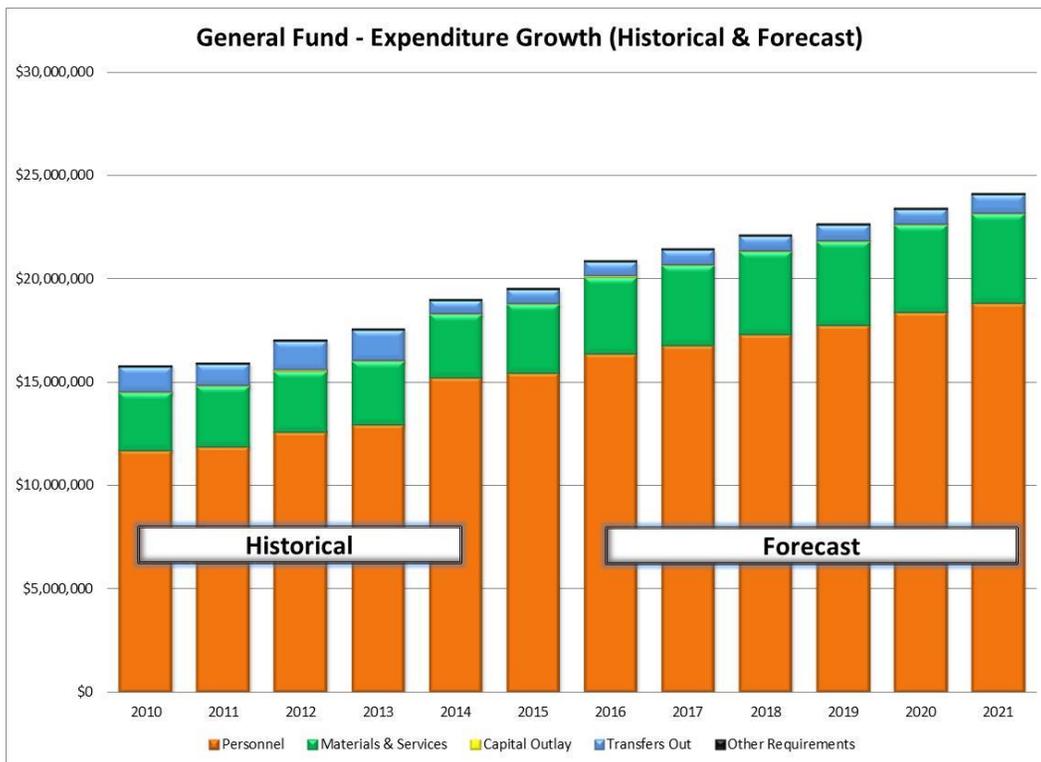
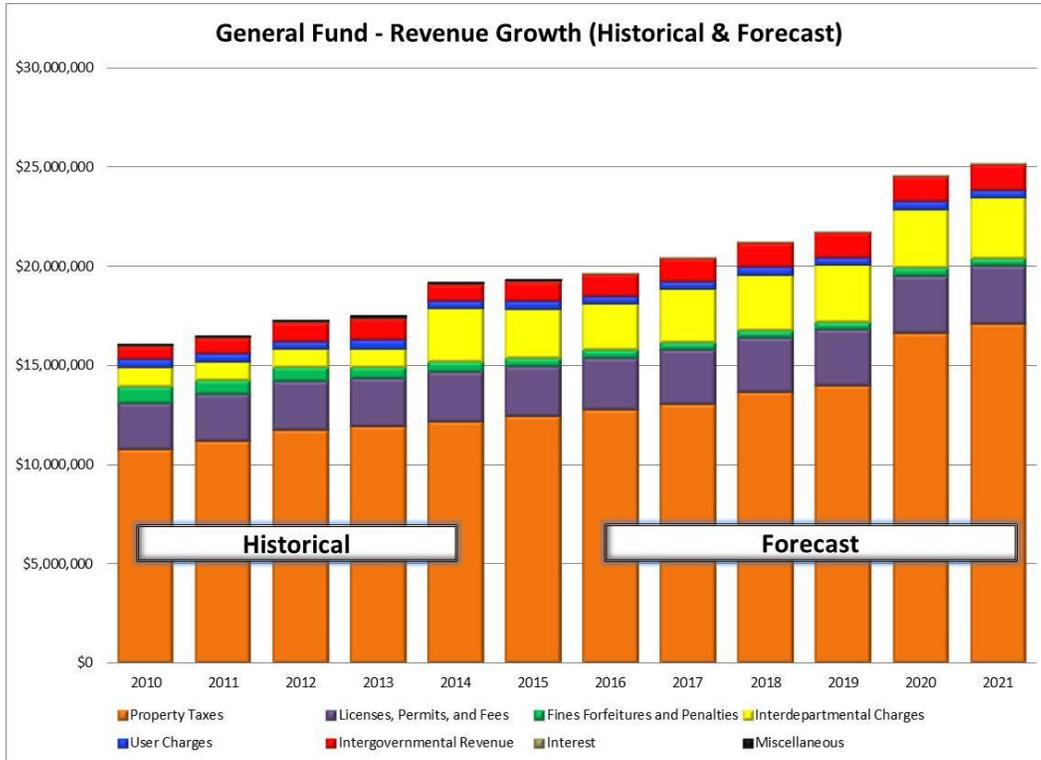


Financial Forecasting

The City of Roseburg prepared a six-year General Fund Financial Forecast prior to the development of the FY 2016 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.

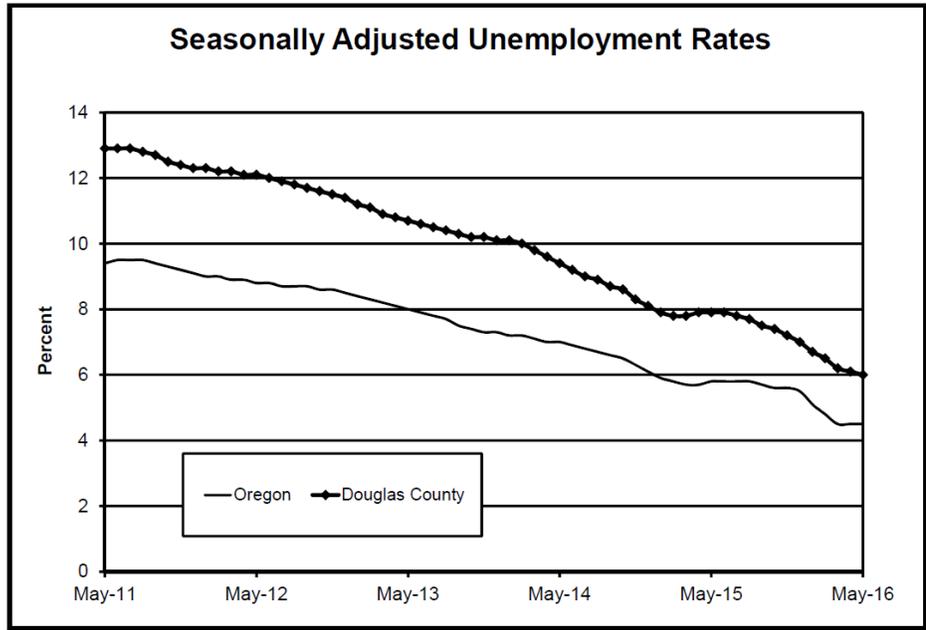
More About Financial Planning





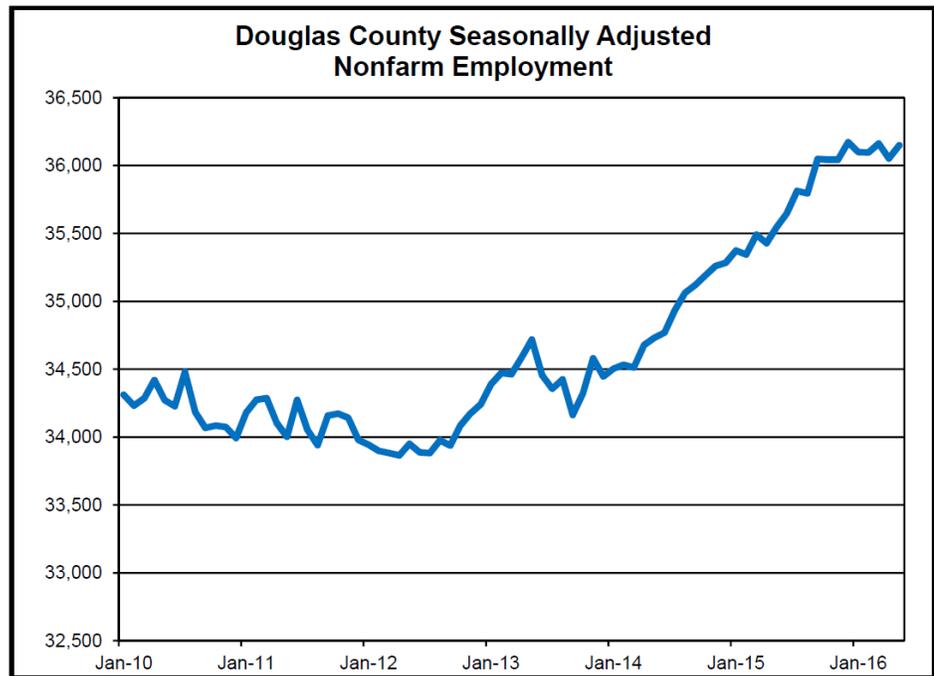
Local Economy (as of June 2016)

While the job market has not been as strong here in Douglas County as in the rest of the State, Douglas County's unemployment rate is following the same trend. The unemployment rate in Douglas County dropped to 6.0 percent in May from a revised 6.1 percent in April.



Perhaps more importantly is that the rate dropped 1.9 percent year-over-year from a 7.9 percent rate in May 2015.

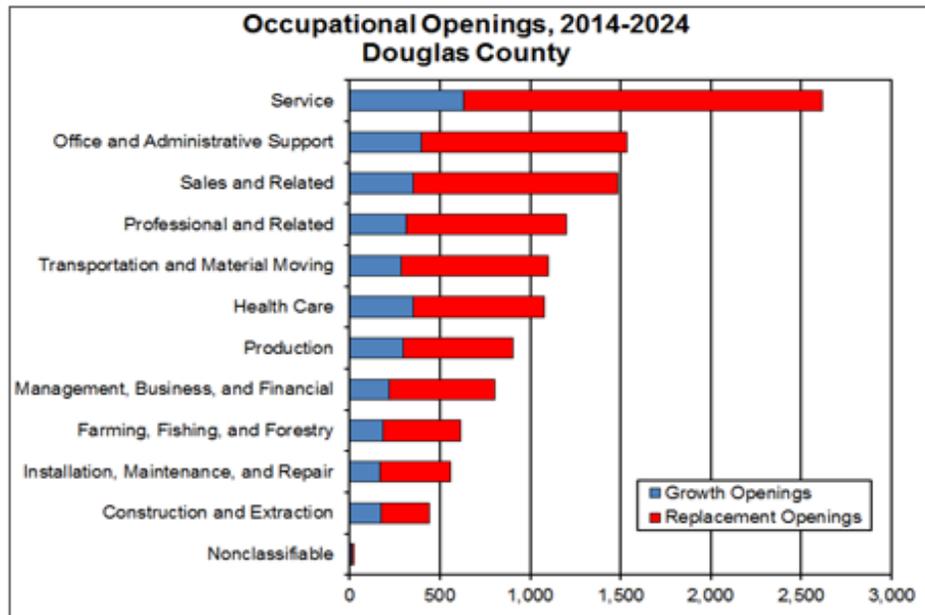
Supporting figures to the unemployment rate indicate that the drop in the unemployment rate is occurring for all of the right reasons. An improving local job market is pulling workers back into the workforce as the civilian labor force (individuals that are either working or who are actively looking for employment) continues to expand; May 2016's total labor force



More About The Local Economy

increased by 720 to 44,812, or 1.6 percent from May 2015. The total employed increased 1,689 to 42,267, or 4.2 percent from May 2015. And the unemployed decreased by 969 to 2,545 or 28 percent from May 2015. Of great import is that the over-the-year employment growth occurred across the board in most private-sector industries.

A recent 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 2016

Employer	Estimated No. Employees	Rank	Percentage of Total Employment	Employer	Estimated No. Employees	Rank	Percentage of Total Employment
Roseburg Forest Products	1,794	1	4.90%	Douglas County	578	6	1.58%
CHI - Mercy Healthcare, Inc.	1,080	2	2.95%	First Call Resolution	537	7	1.47%
VA Medical Center	800	3	2.18%	Swanson Group	438	8	1.20%
Roseburg Public Schools	694	4	1.89%	TMS Call Center	360	9	0.98%
Seven Feathers Hotel & Gaming Center	635	5	1.73%	Umpqua Bank	239	10	0.65%
				Totals:	<u>7,155</u>		<u>19.53%</u>

CITY OF ROSEBURG FINANCE DEPARTMENT

RON HARKER, MPA
FINANCE DIRECTOR
finance@cityofroseburg.org



CITY OF ROSEBURG, OREGON

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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