

City of Roseburg, Oregon



POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



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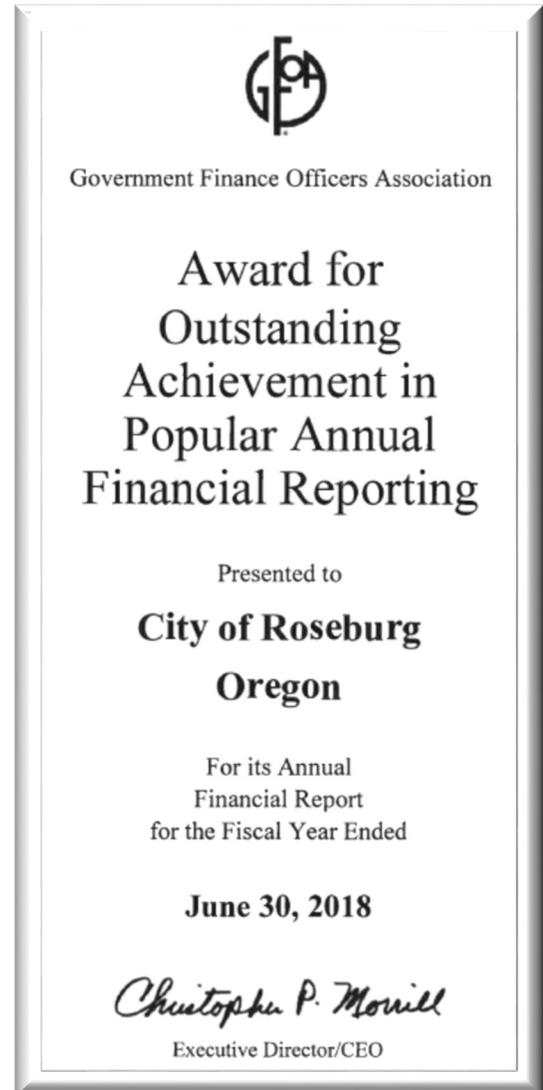
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The information in this report is drawn from the City of Roseburg Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 and is consistent with GAAP. Please review the CAFR online, or email Finance Director Ron Harker at finance@cityofroseburg.org to request a copy or with any questions about this report.

Letter from the City Manager

Dear Citizens of Roseburg,

I am pleased to present the City's fifth annual Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. 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-six consecutive years and now the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for a fourth 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,

Nikki Messenger
City Manager





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, library, 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 12/31/20



**Councilor Eggers
Ward 1**

Term 12/31/22



**Councilor Fisher-Fowler
Ward 1**

Term 12/31/20



**Councilor Zielinski
Ward 2**

Term 12/31/20



**Councilor Ryan
Ward 2**

Term 12/31/22



**Councilor Prawitz
Ward 3**

Term 12/31/20



**Councilor Cotterell
Ward 3**

Term 12/31/22



**Councilor Cole
Ward 4**

Term 12/31/22



**Counselor Hicks
Ward 4**

Term 12/31/20

Appointed Officials

- Nikki Messenger, City Manager
- Jason Mahan, Municipal Court Judge

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.

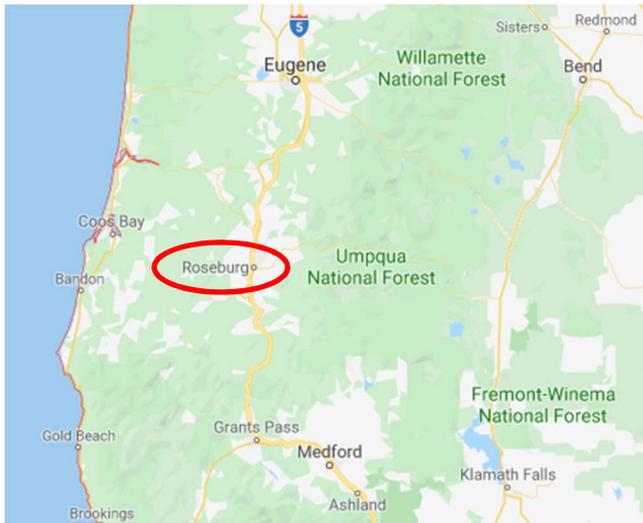
While the goals are in no particular order, each speaks to important issues in our community and each will be dependent on strong leadership and sound financial planning.



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 24th largest city in Oregon. The City, the county seat of Douglas County, is the center of government and commerce for the county.



FY 2019 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:	\$54.08 million
Population:	24,820
Employees:	166.6
Outstanding Debt:	\$4.923 million
Bond Rating:	Aa3



FY 2019 Fact	Figure
Parks and Open Space:	428 acres
City Maintained Roads:	121 miles
Water Lines Maintained:	197 miles
Daily Average Water Production	4.56 million gallons
Number of Calls for Service - Police	33,454
Emergency Responses - Fire	5,970
Regional Airport Runway Length	5,000 feet
Airport Hangars	98

Overview of Financial Results

The following summary highlights are taken directly from the Management's Discussion and Analysis section of the fiscal year 2019 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, 2019 by \$216,784 (*net position*). Of this amount, \$12,525 (*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, 2019 increased by \$6,119 from June 30, 2018. Approximately half of the increase is a result of a \$2,983 increase in cash and investments in the Business-Type Activities.
- The City's total liabilities decreased by \$1,597 from \$32,401 to \$30,804 in the current year. Regular debt service payments were made as scheduled which included the retirement of the bank line-of-credit.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$16,158, an increase of \$192 from the prior year.
- At June 30, 2019, the City's business-type activities reported combined ending net position of \$86,019 an increase of \$2,605 over the prior year. Unrestricted net position increased by \$3,173 to \$12,020.
- At June 30, 2019, the unassigned fund balance for the General fund was \$7,221 or 31.5 percent of total General Fund expenditures and other financing uses.





Net Position

The *Statement of Net Position* reflects a healthy financial condition as of June 30, 2019. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$216.8 million at the close of fiscal year 2019.

The net position is presented as a high-level summary overview of the City's financial position. For greater detail, see page 13 of the City's *Comprehensive Annual Financial Report*, available online at www.cityofroseburg.org/departments/finance/annual-reports.

Statement of Net Position

	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Assets					
Current assets	\$ 34,156,936	\$ 31,207,037	\$ 30,443,434	\$ 27,625,458	\$ 30,326,108
Capital and other	208,905,129	205,242,933	199,811,626	200,539,112	206,753,606
Total assets	243,062,065	236,449,970	230,255,060	228,164,570	237,079,714
Deferred Outflow of Resources					
Pension	8,513,710	8,326,155	13,972,578	5,257,993	5,479,406
Other Postemployment Benefits	51,393	52,515	-	-	-
Total Deferred Outflow	8,565,103	8,378,670	13,972,578	5,257,993	5,479,406
Liabilities					
Current liabilities	2,240,270	2,988,845	1,948,852	11,211,501	2,715,315
Long-term liabilities	28,563,307	29,411,810	34,305,651	12,240,163	14,954,728
Total Liabilities	30,803,577	32,400,655	36,254,503	23,451,664	17,670,043
Deferred Inflow of Resources					
Pension	2,476,857	1,741,477	1,206,666	2,284,420	7,272,069
Other Postemployment Benefits	1,562,752	21,035	-	-	-
Total Deferred Inflow	4,039,609	1,762,512	1,206,666	2,284,420	7,272,069
Net Position	\$ 216,783,982	\$ 210,665,473	\$ 206,766,469	\$ 207,686,479	\$ 217,617,008



Statement of Activities

The *Statement of Activities* reports all financial activity for the fiscal year ended June 30, 2019.

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 \$2.9 million primarily due to the addition of Library services and several capital improvement projects. For greater detail, see pages 14 and 15 of the City's *Comprehensive Annual Financial Report*, available online at www.cityofroseburg.org/departments/finance/annual-reports.

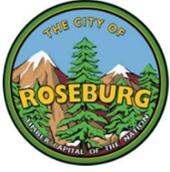
Statement of Activities					
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Revenues	\$ 50,415,434	\$ 46,817,583	\$ 41,552,278	\$ 38,028,600	\$ 38,092,684
Expenses	(44,296,925)	(41,442,094)	(42,277,992)	(47,959,129)	(33,530,125)
Increase in net position	6,118,509	5,375,489	(725,714)	(9,930,529)	4,562,559
Net position - beginning	210,665,473	206,766,469	207,686,479	217,617,008	219,814,610
Restatement	-	(1,476,485)	¥ (194,296) ^m	-	(6,760,161) [*]
Net position - ending	\$ 216,783,982	\$ 210,665,473	\$ 206,766,469	\$ 207,686,479	\$ 217,617,008

¥ Restatement required to recognize Other Post Employment Benefit (OPEB) Liability for Retirement Health Insurance Account (RHIA) as required by Government Accounting Standards Board (GASB) 75 and to correct booking of line-of-Credit in 2017

^m Restatement required to recognize Other Post Employment Benefit (OPEB) Liability for Health Insurance Continuation as required by Government Accounting Standards Board (GASB) 75

* Restatement required to recognize pension related expenses as required by Government Accounting Standards Board (GASB) 68





Budget

The Citizen’s Budget Committee approved the FY 2019 budget which was then adopted by the City Council on June 11, 2018. To best illustrate trends, the fiscal year budget amounts are presented below for the last five fiscal years.

	Budget Information				
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
City Budget:					
Personnel Services	\$ 19,668,959	\$ 19,471,629	\$ 18,080,163	\$ 17,365,472	\$ 16,938,290
Materials & Services	12,409,197	9,305,465	9,135,938	9,023,050	8,386,868
Debt Service	1,286,108	1,603,568	2,603,381	3,463,148	3,309,653
Transfers	1,375,514	1,246,528	1,192,455	1,152,449	1,112,080
Other	-	5,000	50,000	50,000	50,000
Annual Operating Budget	<u>34,739,778</u>	<u>31,632,190</u>	<u>31,061,937</u>	<u>31,054,119</u>	<u>29,796,891</u>
Capital Outlay	7,183,993	7,593,603	5,253,935	3,512,367	4,756,446
Reserves	24,576,748	24,757,019	24,276,868	23,824,391	23,043,581
Total City Budget	<u><u>\$ 66,500,519</u></u>	<u><u>\$ 63,982,812</u></u>	<u><u>\$ 60,592,740</u></u>	<u><u>\$ 58,390,877</u></u>	<u><u>\$ 57,596,918</u></u>



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 2019-2020, available online at www.cityofroseburg.org/departments/finance/city-budgets.



Revenue Overview

The City maintains 25 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, library, 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

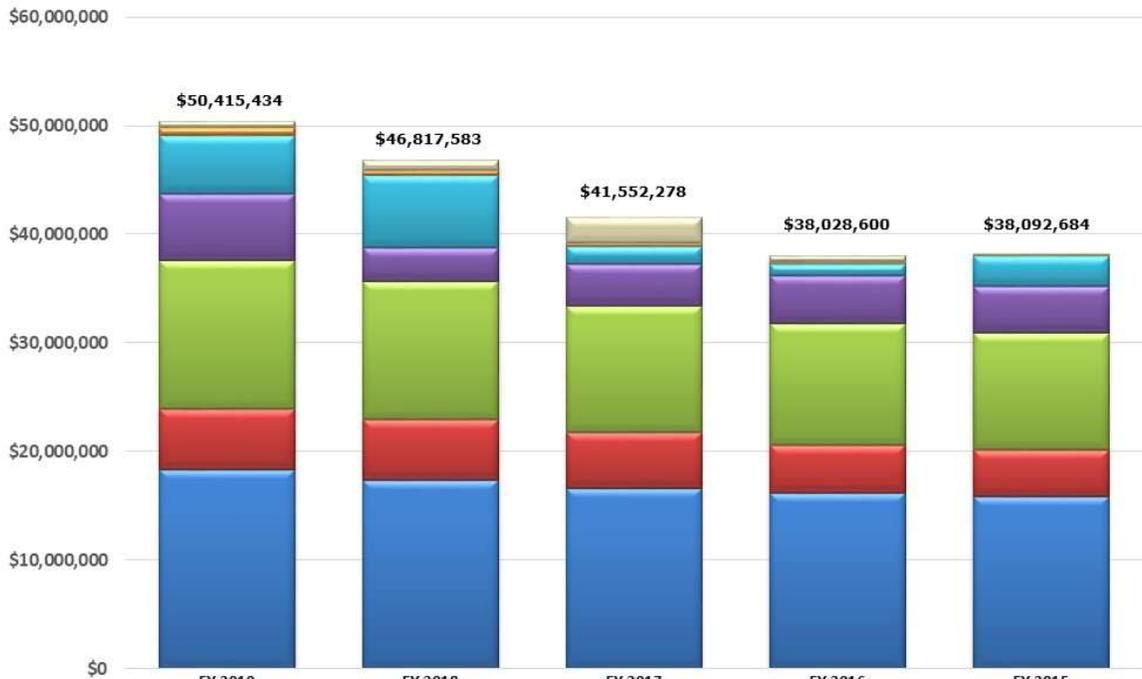


<\$0.004
4H
Extension
Service

“Operating Grants” Revenues increased year-over-year \$2.95 million primarily due to Library program grants and a pass through Community Development Block Grant for a new Head Start facility

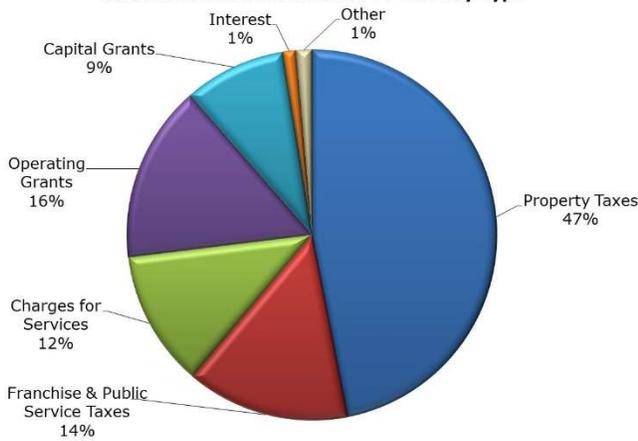
More About Revenues

City Wide 5 YR Revenue Trend by Type

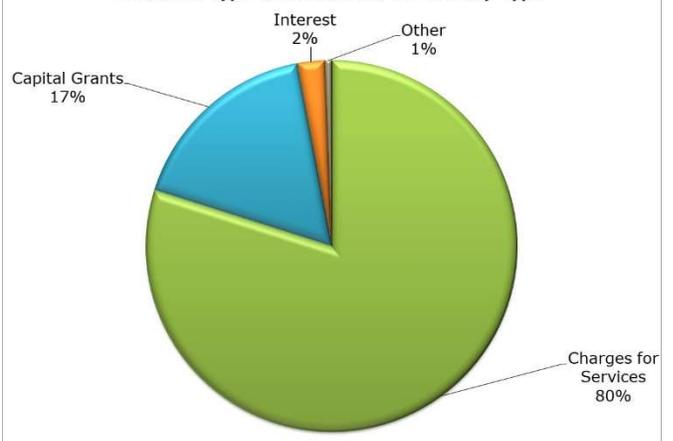


	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Other	610,126	913,919	2,351,220	563,106	(75,401)
Interest & Investment	721,487	463,572	298,422	174,019	147,197
Capital Grants	5,414,735	6,713,005	1,682,663	1,071,305	2,851,362
Operating Grants	6,061,615	3,109,489	3,822,946	4,481,256	4,299,408
Charges for Services	13,720,765	12,708,650	11,624,850	11,120,542	10,715,632
Franchise & Public Service Taxes	5,567,873	5,549,481	5,181,645	4,480,949	4,335,939
Property Taxes	18,318,833	17,359,467	16,590,532	16,137,423	15,818,547

Governmental Revenues for FY 2019 by Type



Business-Type Revenues for FY 2019 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 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.

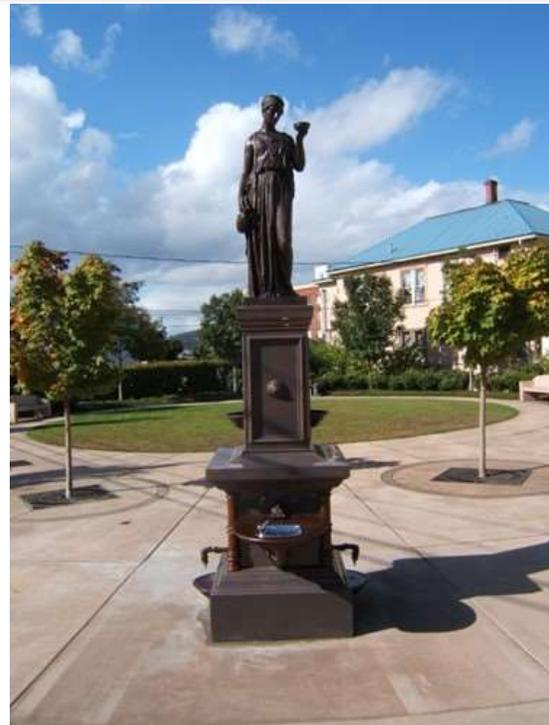
Public Works – Expenses related to the provisions of Engineering, Streets and Lighting, and Facilities.

Culture & Recreation – Expenses include those incurred by the Parks & Recreation departments and the newly created City Library.

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

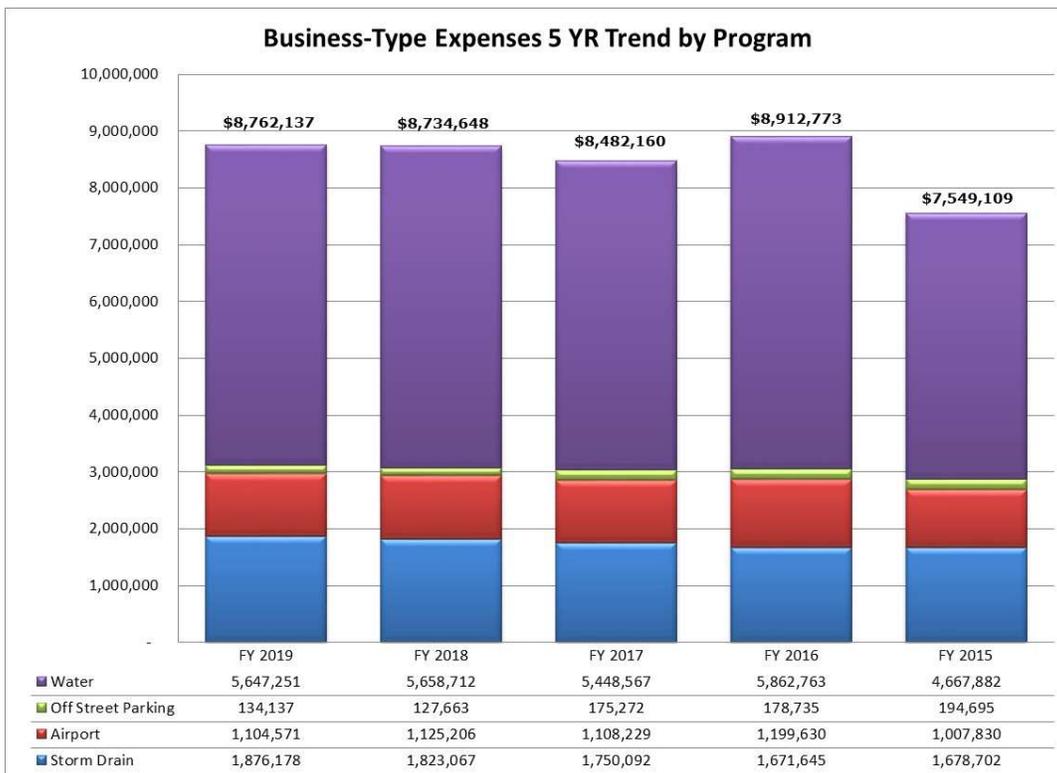
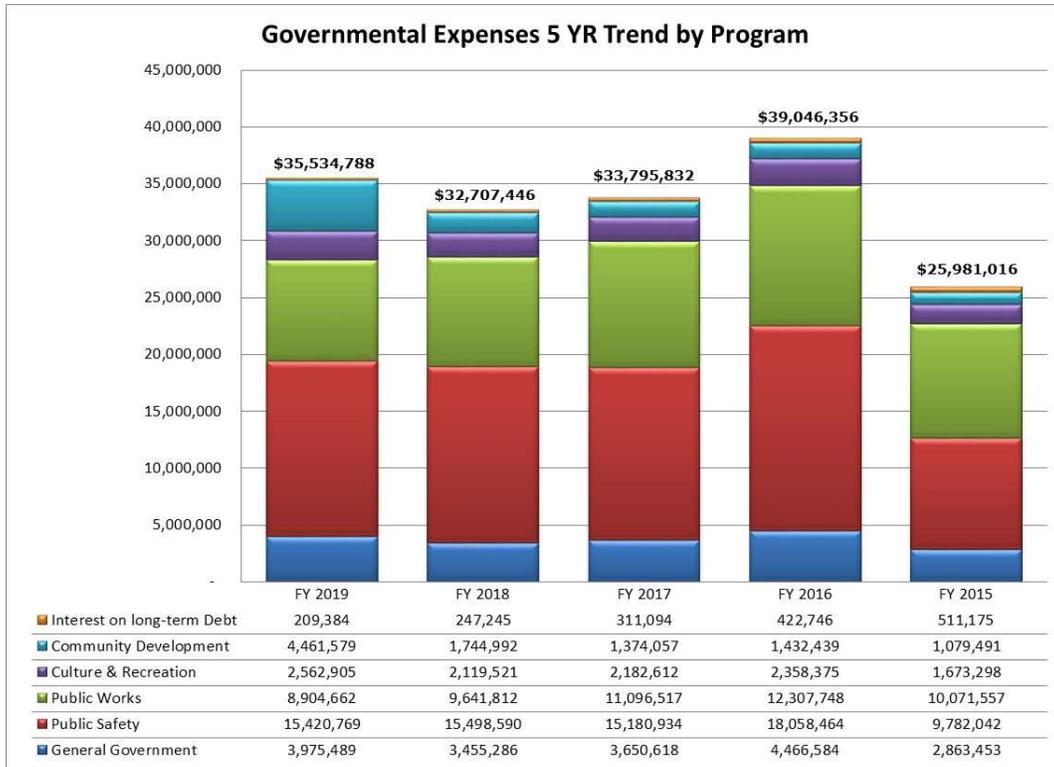
Debt Service – Interest Expenses related to debt retirement.

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



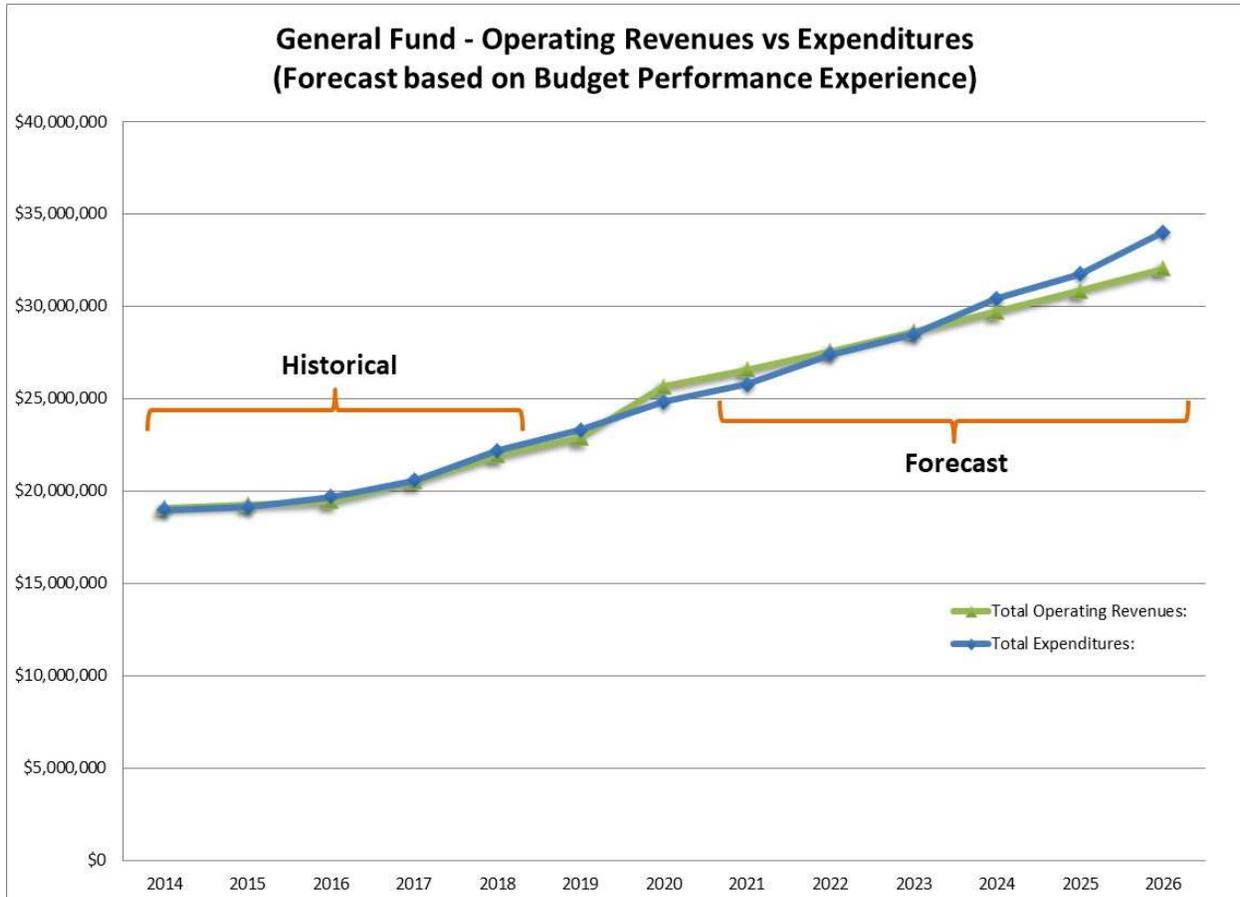
Total expenses increased \$2.84 million in 2019 primarily due to new library operations and capital projects including seismic rehabilitation of fire stations.

More About Expenses





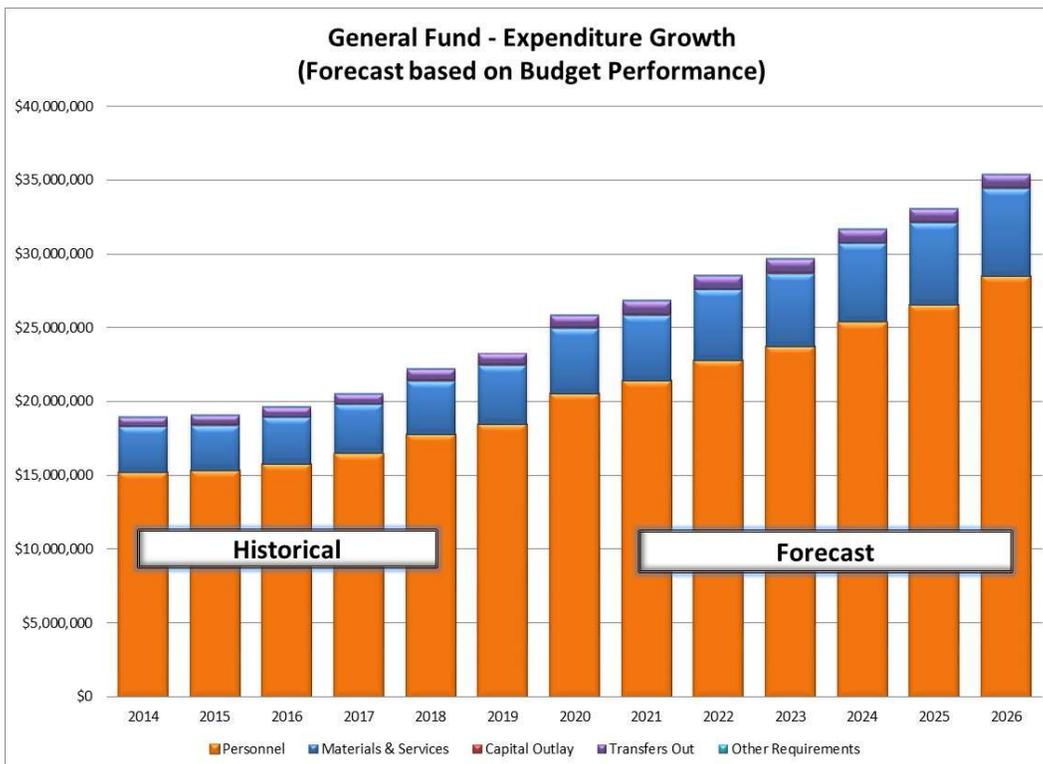
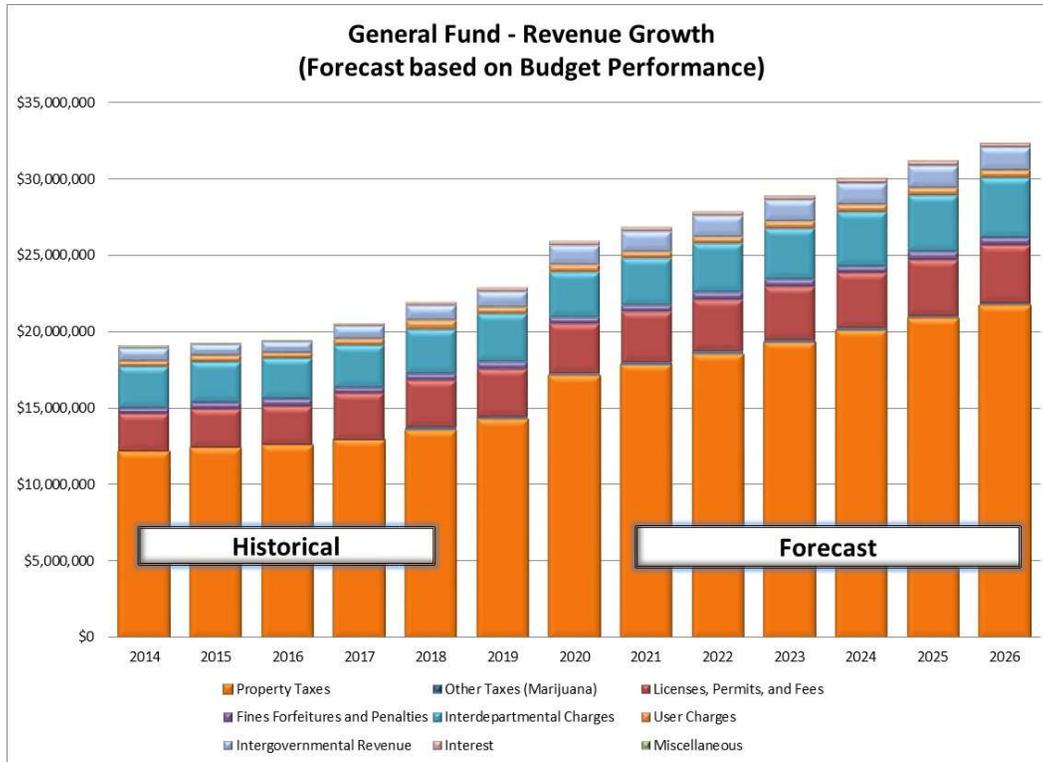
Financial Planning



Financial Forecasting

The City of Roseburg prepared a six-year General Fund Financial Forecast prior to the development of the FY 2020 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.

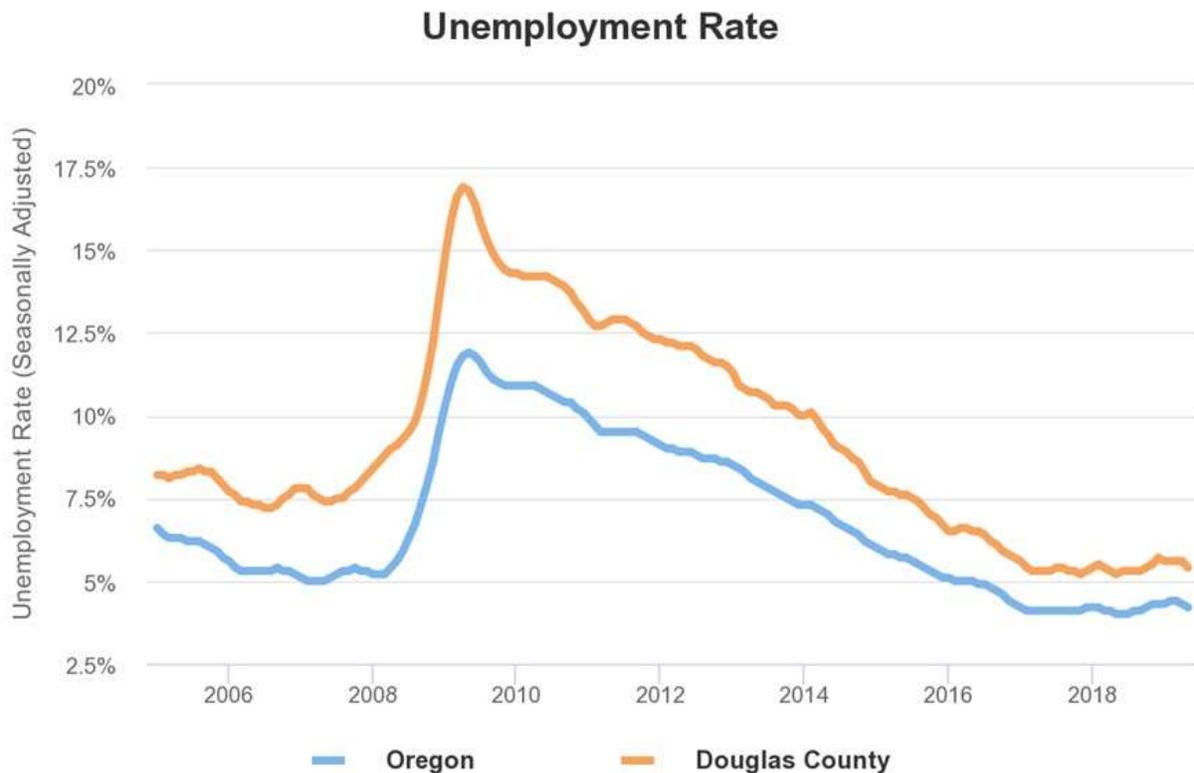
More About Financial Planning





Local Economy (as of June 2019)

The State of Oregon Employment Department reported that “Douglas County’s seasonally adjusted May unemployment rate edged down to 5.4 percent compared with a revised 5.6 percent in April.” Year-over-year, the unemployment rate crept up 0.2 percent from 5.2 percent in 2018.



Source: Oregon Employment Department Qualityinfo.org

A review of the underlying figures to May’s unemployment rate indicate that the decline of the year-over-year rate is due to a mixed bag of results:

- The civilian labor force decreased by 266 year-over-year or -0.6%;
- The number of employed (or jobs) decreased by 87 year-over-year or -0.2%; and
- The number of unemployed decreased by 179 year-over-year or -8.3%.

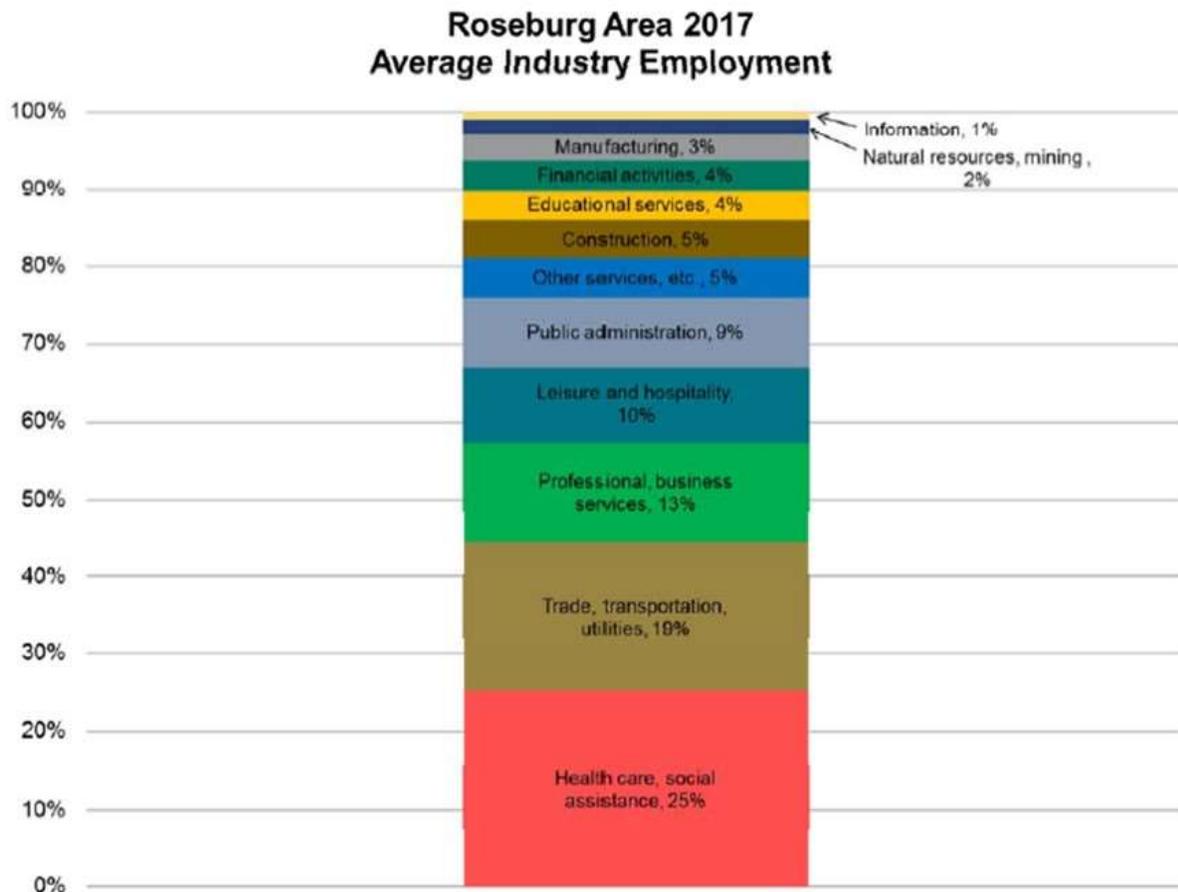
Roseburg Area’s Economic Makeup

While the City of Roseburg is home to 22 percent of Douglas County’s nearly 111,800 people, the Roseburg area provides nearly 53 percent of the county’s employment.

The Roseburg area is the hub of health care and social assistance for the county and provides one out of every four Roseburg jobs. Trade, transportation, and utilities provide nearly one

More About The Local Economy

out of every five jobs in the Roseburg area. Professional and business services companies are concentrated in Roseburg and provides 13 percent of employment. Additionally, public administration's government-based services provide 9 percent of the Roseburg area employment. On the other end of the spectrum; while manufacturing is the county's number one source of employment (23 percent of county jobs), it only provides 3 percent of employment in the Roseburg area.



Principal Employers in 2019

Employer	Estimated No. Employees	Rank	Percentage of Total Employment	Employer	Estimated No. Employees	Rank	Percentage of Total Employment
Roseburg Forest Products	1,831	1	4.72%	Swanson Group	714	6	1.84%
VA Medical Center	1,175	2	3.03%	Douglas County	538	7	1.39%
CHI - Mercy Healthcare, Inc.	1,120	3	2.89%	First Call Resolution	433	8	1.12%
Roseburg Public Schools	800	4	2.06%	Orenco	370	9	0.95%
Seven Feathers Hotel & Gaming Center	787	5	2.03%	Wal-Mart	301	10	0.78%
				Totals:	8,069		20.81%

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, 2019

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