

CITY OF ROSEBURG, OREGON



POPULAR ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020



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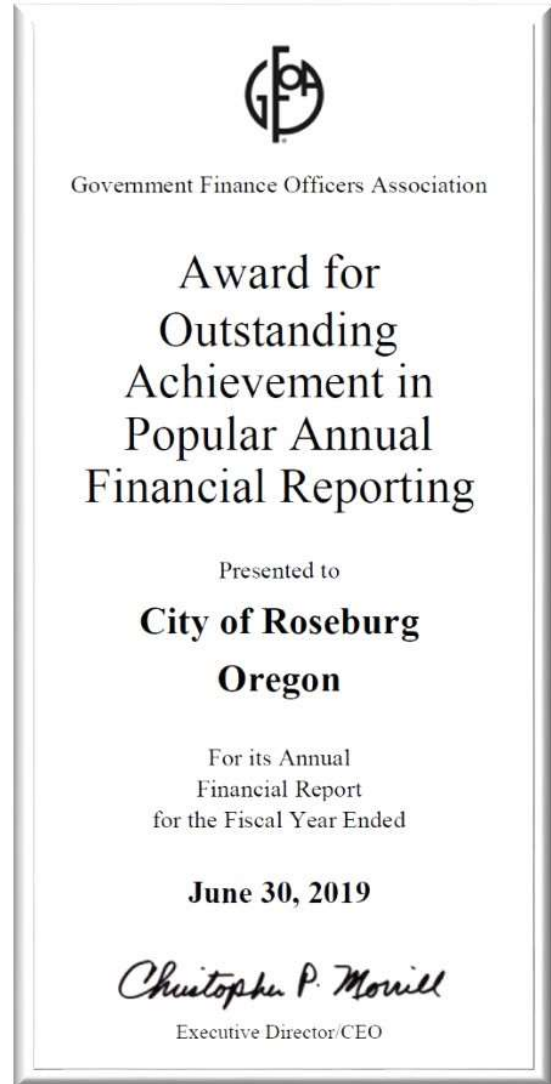
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The information in this report is drawn from the City of Roseburg Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020 and is consistent with GAAP. Please review the CAFR online, or email Finance Director Ron Harker 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 sixth annual Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020. 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-seven consecutive years and now the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for a fifth 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 Cox
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 January 2020, Council concluded its current goal setting process and adopted a resolution outlining goals for the 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 2020-01 included six goals which are listed below:

Goal – Develop and implement policies to enhance housing opportunities.

Goal – Implement transportation funding policies to meet identified community needs.

Goal – Enhance community livability and public safety.

Goal- Take a proactive role in community economic development and revitalization

Goal- Update and implement the City’s Emergency Preparedness Plan

Goal – Explore strategies to address issues related to unhoused individuals within the community

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.

Additionally, Council adopted several action items for each goal to provide guidance on how the goals will be achieved. For further information regarding the adopted goals and their related action items please refer to the Comprehensive Annual Financial Report’s (CAFR) Transmittal Letter that can be found on page iv and v of the CAFR for the year ending June 30, 2020. The CAFR is available online at www.cityofroseburg.org/departments/finance/annual-reports

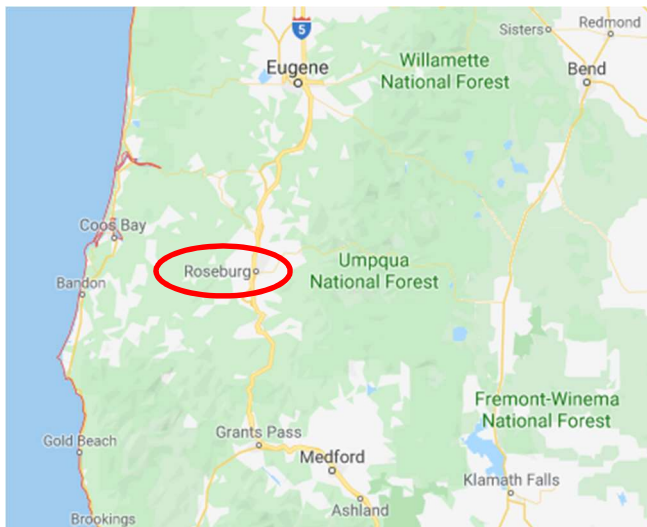




About Roseburg

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 2020 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: | 24,890 |
| Employees: | 170.35 |
| Outstanding Debt: | \$4.543 million |
| Bond Rating: | Aa3 |



Roseburg City Hall

| FY 2020 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 | 34,023 |
| Emergency Responses - Fire | 5,935 |
| 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 2020 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 and deferred outflows of the City of Roseburg exceeded its liabilities and deferred inflows at June 30, 2020 by \$215,932 (*net position*). Of this amount, \$11,147 (*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, 2020 decreased by \$-852 from June 30, 2019. The decrease in the total net position is primarily the result of an increase to the City's Net Pension Liability of \$3,649.
- The City's total liabilities increased by \$3,109 from \$30,804 to \$33,913 in the current year. While regular debt service payments were made as scheduled, again the \$3,649 increase to Net Pension Liability is the driving force for the increase to liabilities.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$16,935, an increase of \$778 from the prior year.
- At June 30, 2020, the City's business-type activities reported combined ending net position of \$87,803 an increase of \$1,784 over the prior year. Unrestricted net position increased by \$1,343 to \$13,363.
- At June 30, 2020, the unassigned fund balance for the General fund was \$8,427 or 35 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, 2020. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$215.9 million at the close of fiscal year 2020.

The net position is presented as a high-level summary overview of the City's financial position. For greater detail, see page 14 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, 2020 | As of June 30, 2019 | As of June 30, 2018 | As of June 30, 2017 | As of June 30, 2016 |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Assets | | | | | |
| Current assets | \$ 35,635,199 | \$ 34,156,936 | \$ 31,207,037 | \$ 30,443,434 | \$ 27,625,458 |
| Capital and other | 208,898,333 | 208,905,129 | 205,242,933 | 199,811,626 | 200,539,112 |
| Total assets | 244,533,532 | 243,062,065 | 236,449,970 | 230,255,060 | 228,164,570 |
| Deferred Outflow of Resources | | | | | |
| Pension | 8,140,956 | 8,513,710 | 8,326,155 | 13,972,578 | 5,257,993 |
| Other Postemployment Benefits | 383,726 | 51,393 | 52,515 | - | - |
| Total Deferred Outflow | 8,524,682 | 8,565,103 | 8,378,670 | 13,972,578 | 5,257,993 |
| Liabilities | | | | | |
| Current liabilities | 2,834,190 | 2,240,270 | 2,988,845 | 1,948,852 | 11,211,501 |
| Long-term liabilities | 31,078,668 | 28,563,307 | 29,411,810 | 34,305,651 | 12,240,163 |
| Total Liabilities | 33,912,858 | 30,803,577 | 32,400,655 | 36,254,503 | 23,451,664 |
| Deferred Inflow of Resources | | | | | |
| Pension | 1,836,204 | 2,476,857 | 1,741,477 | 1,206,666 | 2,284,420 |
| Other Postemployment Benefits | 1,377,551 | 1,562,752 | 21,035 | - | - |
| Total Deferred Inflow | 3,213,755 | 4,039,609 | 1,762,512 | 1,206,666 | 2,284,420 |
| Net Position | \$ 215,931,601 | \$ 216,783,982 | \$ 210,665,473 | \$ 206,766,469 | \$ 207,686,479 |



Statement of Activities

The *Statement of Activities* reports all financial activity for the fiscal year ended June 30, 2020.

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 \$-346 thousand primarily due to the completion of capital improvement projects. For greater detail, see pages 15 and 16 of the City's *Comprehensive Annual Financial Report*, available online at www.cityofroseburg.org/departments/finance/annual-reports.

| Statement of Activities | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 |
| Revenues | \$ 43,098,203 | \$ 50,415,434 | \$ 46,817,583 | \$ 41,552,278 | \$ 38,028,600 |
| Expenses | (43,950,584) | (44,296,925) | (41,442,094) | (42,277,992) | (47,959,129) |
| Increase in net position | (852,381) | 6,118,509 | 5,375,489 | (725,714) | (9,930,529) |
| Net position - beginning | 216,783,982 | 210,665,473 | 206,766,469 | 207,686,479 | 217,617,008 |
| Restatement | - | - | (1,476,485) ¥ | (194,296) ¢ | - |
| Net position - ending | \$ 215,931,601 | \$ 216,783,982 | \$ 210,665,473 | \$ 206,766,469 | \$ 207,686,479 |

¥ 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

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





Budget

The Citizen’s Budget Committee approved the FY 2020 budget which was then adopted by the City Council on June 10, 2019. To best illustrate trends, the fiscal year budget amounts are presented below for the last five fiscal years.

| | Budget Information | | | | |
|--------------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 |
| City Budget: | | | | | |
| Personnel Services | \$ 20,952,005 | \$ 19,668,955 | \$ 19,471,629 | \$ 18,080,163 | \$ 17,365,472 |
| Materials & Services | 11,062,087 | 12,538,780 | 9,305,465 | 9,135,938 | 9,023,050 |
| Debt Service | 587,459 | 1,291,216 | 1,603,568 | 2,603,381 | 3,463,148 |
| Transfers | 1,924,133 | 1,375,514 | 1,246,528 | 1,192,455 | 1,152,449 |
| Other | 21,000 | - | 5,000 | 50,000 | 50,000 |
| Annual Operating Budget | 34,546,684 | 34,874,465 | 31,632,190 | 31,061,937 | 31,054,119 |
| Capital Outlay | 7,912,135 | 7,183,995 | 7,593,603 | 5,253,935 | 3,512,367 |
| Reserves | 30,761,934 | 29,301,437 | 24,757,019 | 24,276,868 | 23,824,391 |
| Total City Budget | \$ 73,220,753 | \$ 71,359,897 | \$ 63,982,812 | \$ 60,592,740 | \$ 58,390,877 |



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 2020-2021, 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

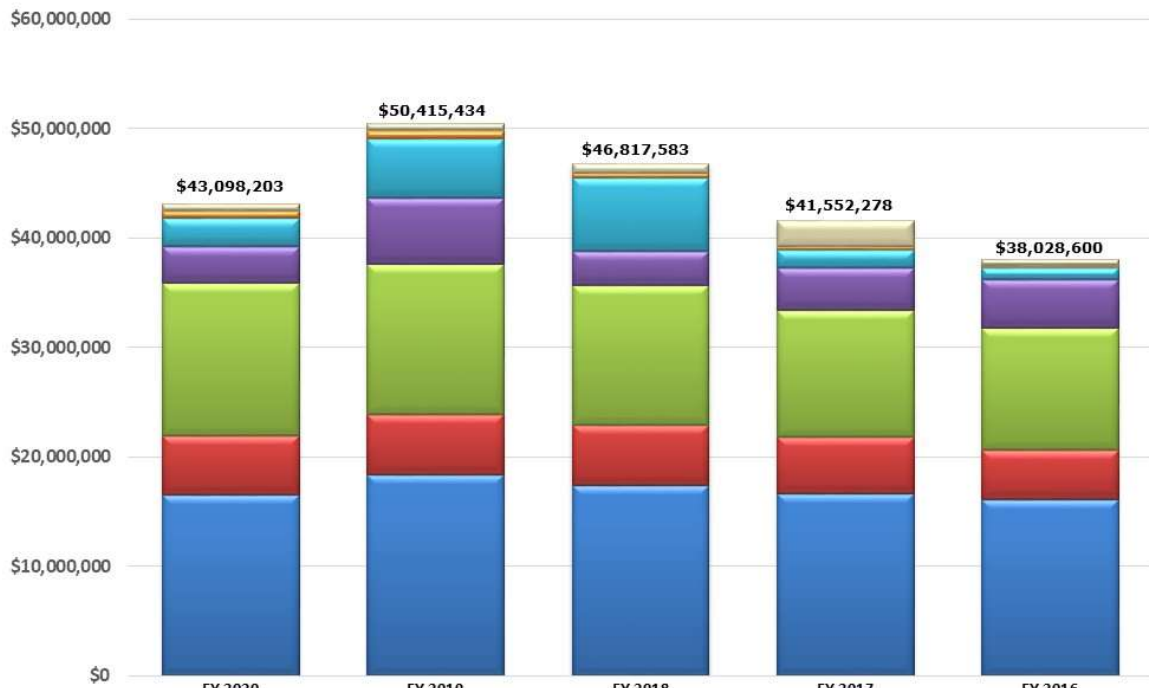


<\$0.004
4H
Extension
Service

Property Taxes declined \$1.83 year-over-year due to the closure of the North Roseburg Urban Renewal District which returned the previously restricted tax revenues to several overlapping taxing entities.

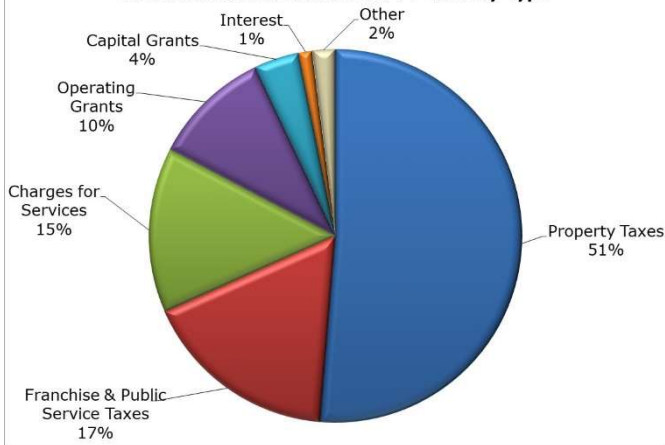
More About Revenues

City Wide 5 YR Revenue Trend by Type

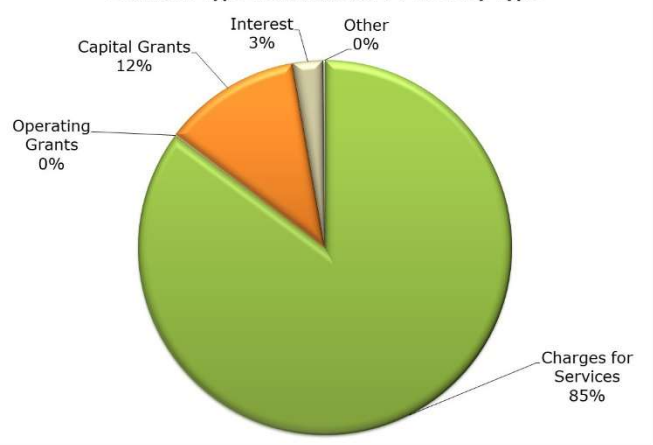


| | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|
| Other | 654,889 | 610,126 | 913,919 | 2,351,220 | 563,106 |
| Interest & Investment | 662,090 | 721,487 | 463,572 | 298,422 | 174,019 |
| Capital Grants | 2,560,666 | 5,414,735 | 6,713,005 | 1,682,663 | 1,071,305 |
| Operating Grants | 3,309,839 | 6,061,615 | 3,109,489 | 3,822,946 | 4,481,256 |
| Charges for Services | 13,952,288 | 13,720,765 | 12,708,650 | 11,624,850 | 11,120,542 |
| Franchise & Public Service Taxes | 5,471,470 | 5,567,873 | 5,549,481 | 5,181,645 | 4,480,949 |
| Property Taxes | 16,486,961 | 18,318,833 | 17,359,467 | 16,590,532 | 16,137,423 |

Governmental Revenues for FY 2020 by Type



Business-Type Revenues for FY 2020 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 recently created City Library.

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

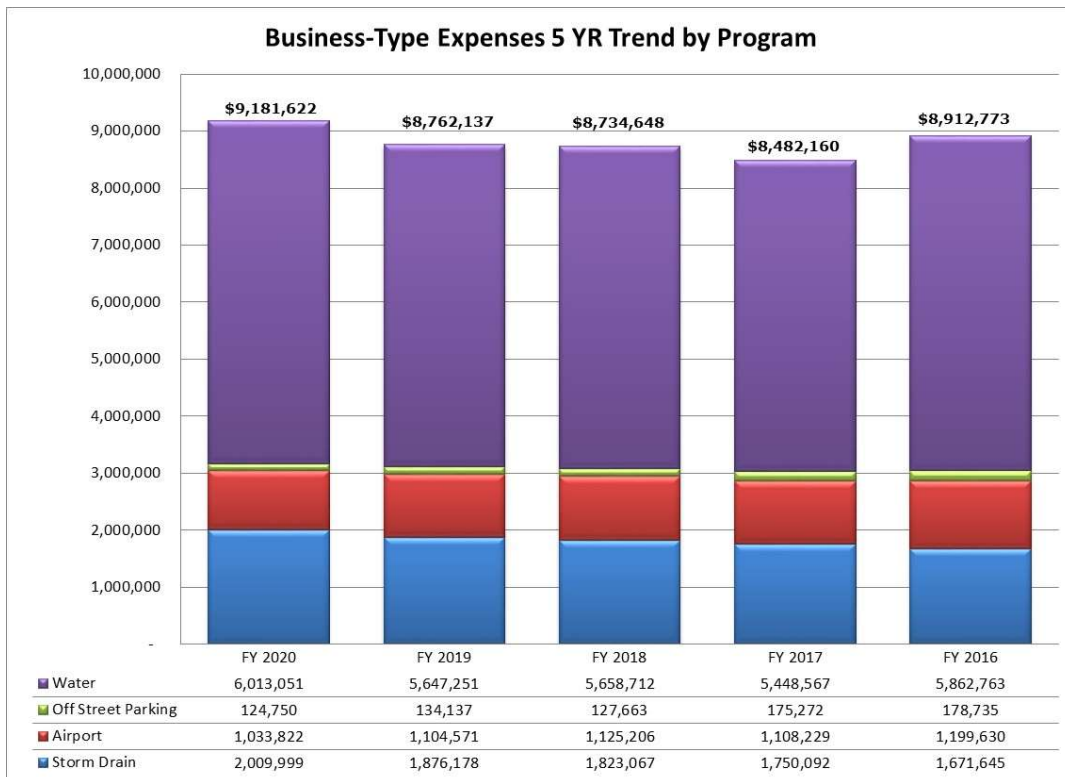
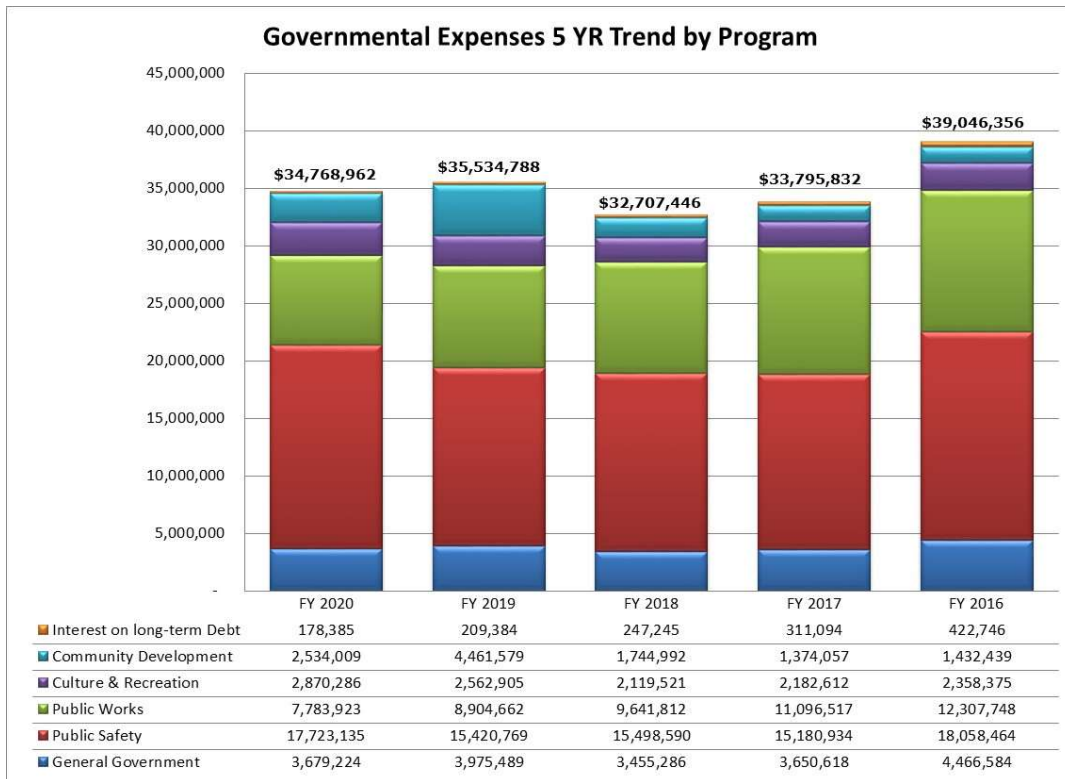
Debt Service – Interest Expenses related to debt retirement.

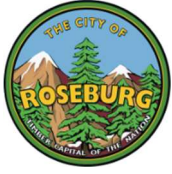
Business-Type Activities – Expenses related to the operations of the City's business enterprises including: Storm Drainage, Airport, Off Street Parking, and Water.



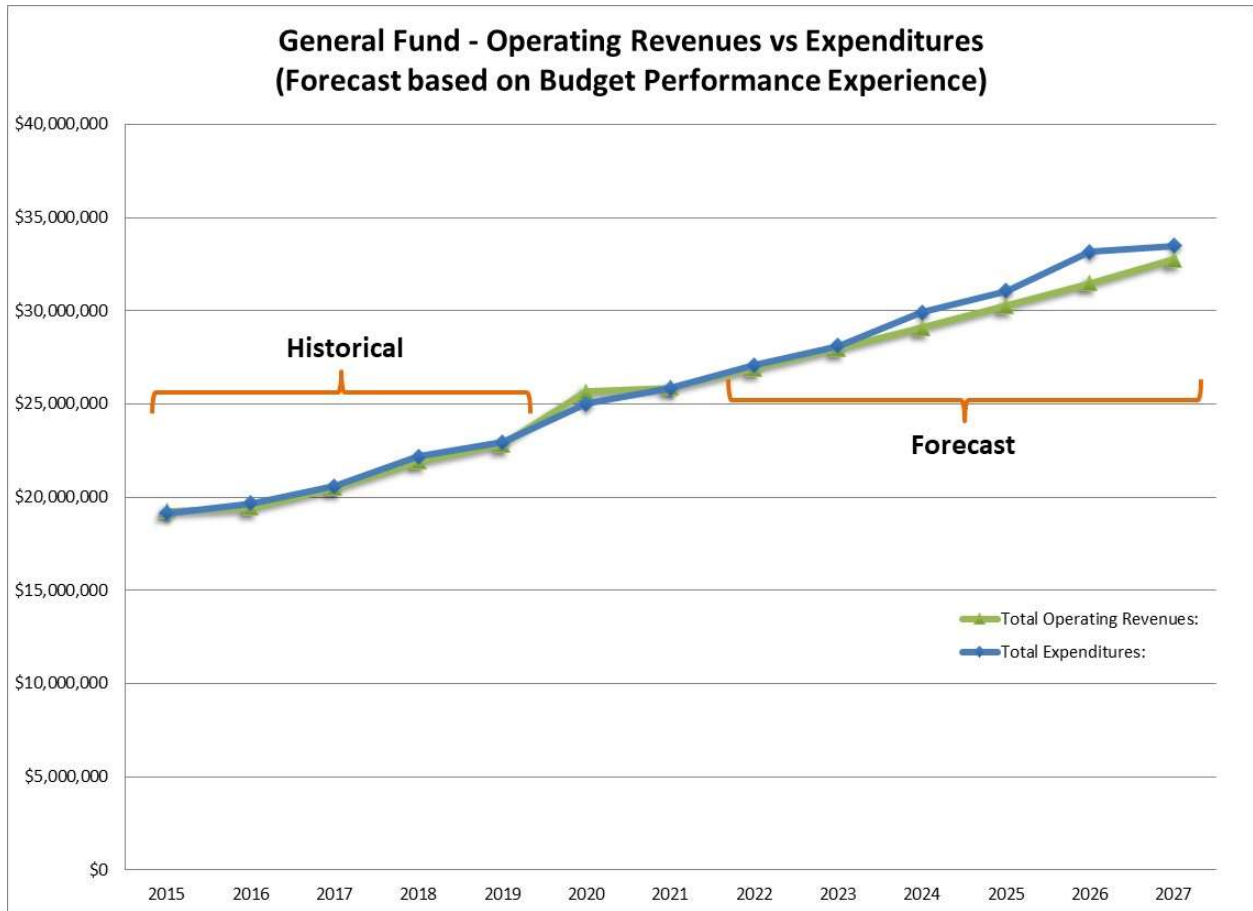
Total expenses decreased \$0.77 million in 2020 primarily due to the completion of a grant funded Head Start facility that was a Community Development project in 2019.

More About Expenses





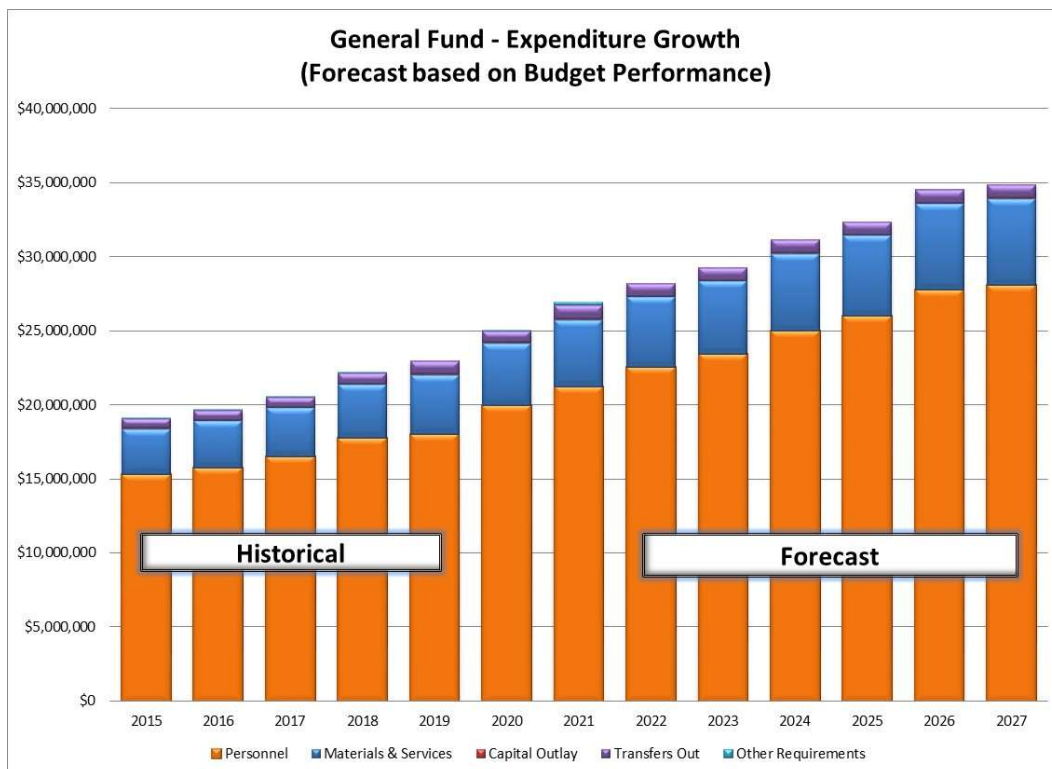
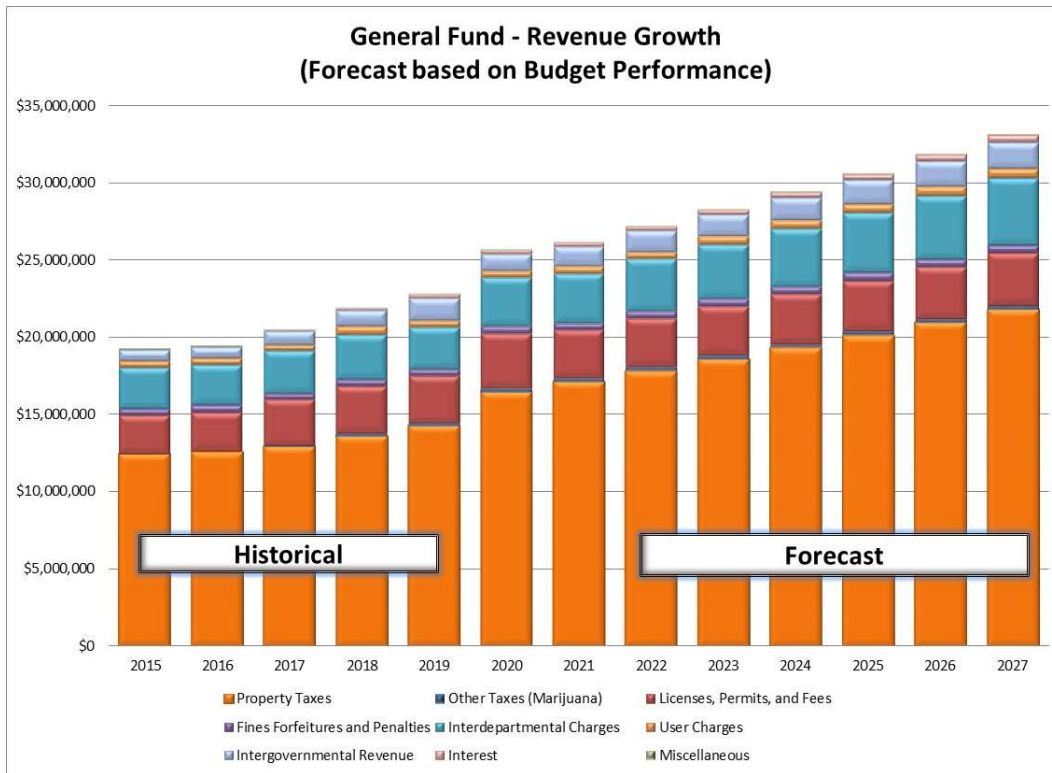
Financial Planning



Financial Forecasting

The City of Roseburg prepared a six-year General Fund Financial Forecast prior to the development of the FY 2021 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



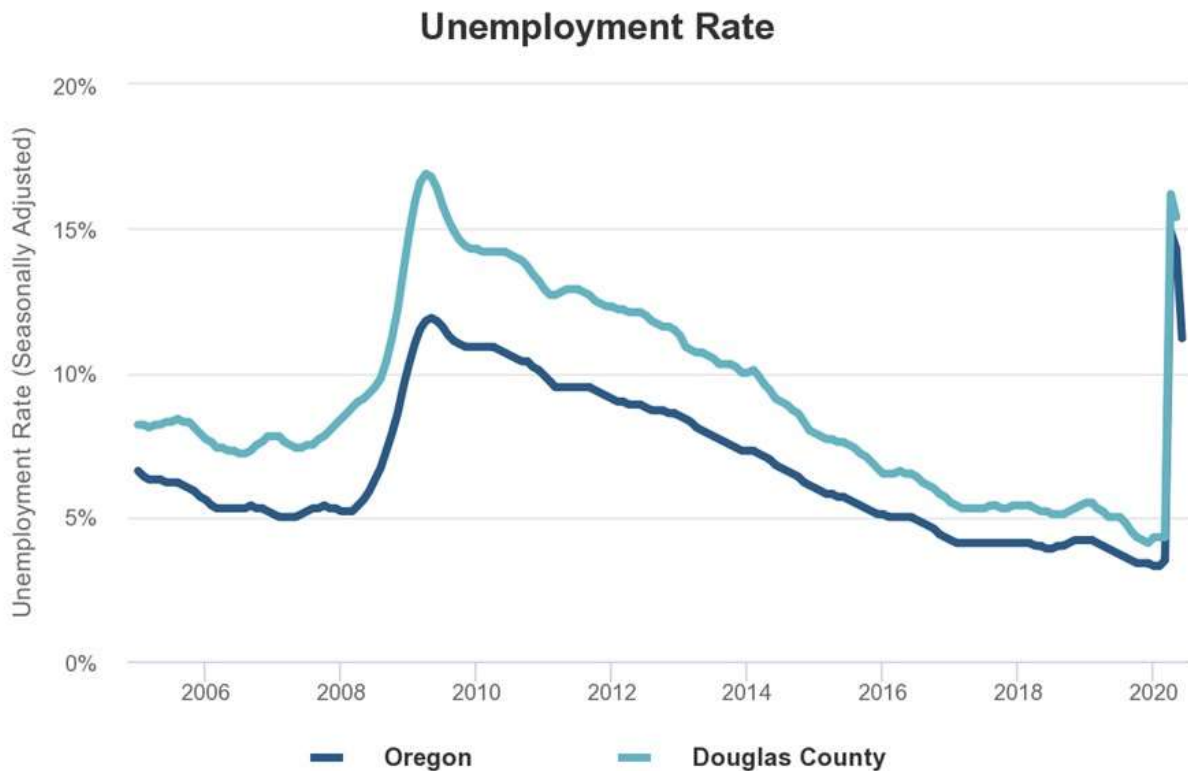


Local Economy (as of June 2020)

At the close of the fiscal year ending June 30, 2020, the unprecedented severe recession caused by the COVID-19 pandemic was still in its infancy. Due to its sudden impact at the end of the fiscal year, impacts on revenues and services could not be easily ascertained. However, the following economic factors and information was considered as the 2020-2021 budget was being adopted.

The State of Oregon Employment Department reported that “Douglas County’s **not seasonally adjusted** unemployment rate decreased from a near record high rate for April of 16.5 percent to 14.7 percent in May. The record May rate was 16.2 percent in 2009. The Oregon not seasonally adjusted May rate was 13.8 percent and the U.S. rate was 13.0 percent”

Unemployment Insurance Claims



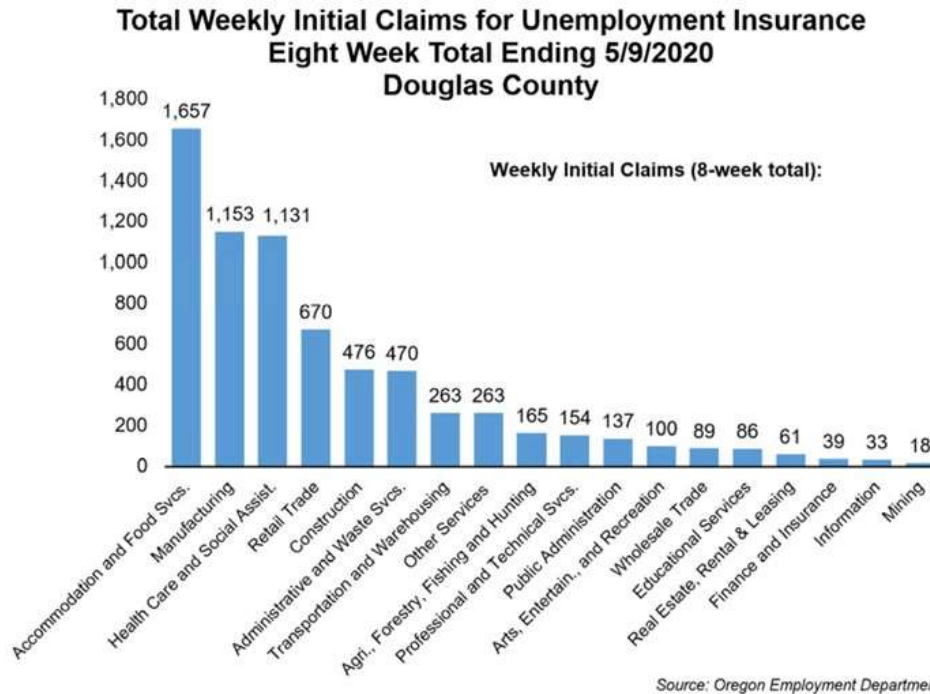
Source: Oregon Employment Department Qualityinfo.org

Unemployment Insurance Claims

“For the eight weeks ending May 9, 6,993 claims were processed for Douglas County residents, a little over 2 percent of the statewide total of processed claims.”

More About The Local Economy

Initial impacts of the pandemic on the various economic sectors are presented below.



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, 2020, taxes of \$21,455 made up 67 percent of governmental funds revenue. Property taxes are based upon valuations as of January 1 of every year, consequently, property taxes should not be impacted for the 2020-21 fiscal year as valuations were prior to the recession. Impact of the recession on state shared revenues was unknown except that it was projected that gas tax revenues which would like decrease by approximately 30 percent. Additionally, hotel/motel transient lodging taxes would be severely impacted by 30 to 50 percent. Possible impacts would largely be limited to street maintenance and economic / tourism promotion activities.

Principal Employers in 2020

| Employer | Estimated No. Employees | Rank | Percentage of Total Employment | Employer | Estimated No. Employees | Rank | Percentage of Total Employment |
|--------------------------------------|-------------------------|------|--------------------------------|-----------------------|-------------------------|------|--------------------------------|
| Roseburg Forest Products | 1,831 | 1 | 5.04% | Swanson Group | 714 | 6 | 1.96% |
| VA Medical Center | 1,175 | 2 | 3.23% | Douglas County | 538 | 7 | 1.48% |
| CHI - Mercy Healthcare, Inc. | 1,120 | 3 | 3.08% | First Call Resolution | 433 | 8 | 1.19% |
| Roseburg Public Schools | 800 | 4 | 2.20% | Orengo | 370 | 9 | 1.02% |
| Seven Feathers Hotel & Gaming Center | 787 | 5 | 2.17% | Wal-Mart | 301 | 10 | 0.83% |
| | | | | Totals: | 8,069 | | 22.20% |

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, 2020

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