

CITY OF ROSEBURG, OREGON



- *Micelli Park*

POPULAR ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015



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
Budget Page 10
Financial Policies..... Page 11
Revenue Overview Page 12
Expenditure Overview..... Page 14
Financial Planning Page 16
Roseburg – Live, Work & Play . Page 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, 2015. Please review the CAFR online, or email Finance Director Ron Harker at rharker@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 2015 Comprehensive Annual Financial Report (CAFR); all figures are **reported in thousands**:

- The assets of the City of Roseburg exceeded its liabilities at June 30, 2015 by \$217,617 (*net position*). Of this amount, \$20,518 (*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, 2015 decreased by \$2,198 from June 30, 2014. The majority of this is due to the application of the provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions* from the Governmental Accounting Standards Board. This pronouncement included a restatement of the beginning net position for the fiscal year and an adjustment to the current year pension expense based on the results of the actuarial study as described in the notes to the financial statements.
- The City's total liabilities decreased by \$1,311 from \$18,981 to \$17,670 in the current year. Regular debt service payments were made as scheduled.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$19,542 an increase of \$616 from the prior year.
- At June 30, 2015, the City's business-type activities reported combined ending net position of \$83,598 an increase of \$1,517 over the prior year. Unrestricted net position increased by \$201 to \$6,118.
- At June 30, 2015, the unassigned fund balance for the General fund was \$7,640 or 40 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



**Councilor 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 first annual Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2015. 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-two consecutive years.

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 rharker@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 Hundred Valleys of the Umpqua have been compared geographically and climatologically with Italy and Southern France. Extremes of heat and cold are rare. The summer humidity is low and snowfall is rare on the valley floor. The normal growing season is 217 days. Roseburg enjoys one of the lowest average wind velocities in the United States.

The City is a proud recipient of the *Certificate of Achievement for Excellence in Financial Reporting* award from the GFOA for its FY 2014 CAFR. This certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of financial reports.

FY 2015 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:	\$15.27/\$1,000 TAV
City Share of Total:	56%
Total Operating Budget:	\$34.2 million
Population:	22,510
Employees:	157
Outstanding Debt:	\$10.8 million
Bond Rating:	Aa3



Music on the Half Shell concert series

FY 2015 Fact	Figure
Parks and Open Space:	428 acres
City Maintained Roads:	117 miles
Water Lines Maintained:	191 miles
Daily Average Water Production	4.67 million gallons
Number of Calls for Service - Police	22,049
Emergency Responses - Fire	5,249
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 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 Street light/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.

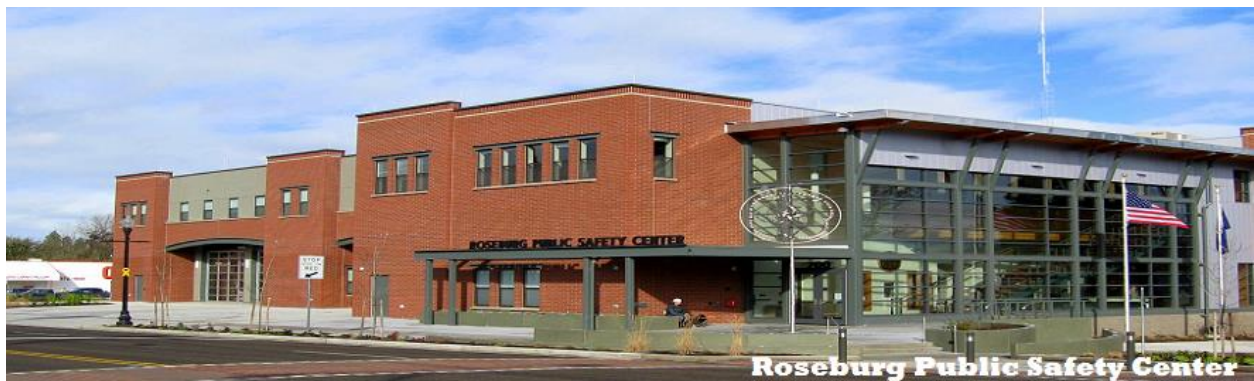


Balance Sheet

The *Statement of Net Position* reflects a healthy financial condition as of June 30, 2015.

The City's assets exceeded its liabilities by \$218 million at the close of fiscal year 2015. This balance sheet is presented as a high-level summary overview of the City's financial position. For greater detail, see the City's CAFR, available online at www.cityofroseburg.org/departments/finance/annual-financial-report.

Statement of Net Position					
	As of June 30, 2015	As of June 30, 2014	As of June 30, 2013	As of June 30, 2012	As of June 30, 2011
Assets					
Current assets	\$ 30,326,108	\$ 33,862,993	\$ 29,167,154	\$ 30,255,952	\$ 29,545,602
Capital and other	212,233,012	204,932,386	204,602,543	206,271,319	210,027,271
Total assets	<u>242,559,120</u>	<u>238,795,379</u>	<u>233,769,697</u>	<u>236,527,271</u>	<u>239,572,873</u>
Liabilities					
Current liabilities	2,715,315	1,700,457	1,753,961	2,583,811	2,616,872
Long-term liabilities	22,226,797	17,280,312	14,355,330	16,027,328	17,286,760
Total Liabilities	<u>24,942,112</u>	<u>18,980,769</u>	<u>16,109,291</u>	<u>18,611,139</u>	<u>19,903,632</u>
Net Position	<u>\$ 217,617,008</u>	<u>\$ 219,814,610</u>	<u>\$ 217,660,406</u>	<u>\$ 217,916,132</u>	<u>\$ 219,669,241</u>



Income Statement

The *Statement of Activities* reports all financial activity for the fiscal year ended June 30, 2015.

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). For greater detail, see the City's CAFR, available online at www.cityofroseburg.org/departments/finance/annual-financial-report.

Statement of Activities					
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Revenues	\$ 38,092,684	\$ 39,694,059	\$ 35,388,513	\$ 33,206,654	\$ 32,519,590
Expenses	(33,530,125)	(37,469,163)	(35,644,240)	(34,959,762)	(34,918,208)
Increase in net position	4,562,559	2,224,896	(255,727)	(1,753,108)	(2,398,618)
Net position - beginning	213,054,449 *	217,589,714 ‡	217,916,133	219,669,241	222,067,859
Net position - ending	\$ 217,617,008	\$ 219,814,610	\$ 217,660,406	\$ 217,916,133	\$ 219,669,241

* Net position - beginning for FY 2015 was restated as required to recognize pension related expenses as required by GASB 68

‡ Net position - beginning for FY 2014 was restated as required to recognize debt issuance costs as required by GASB 65

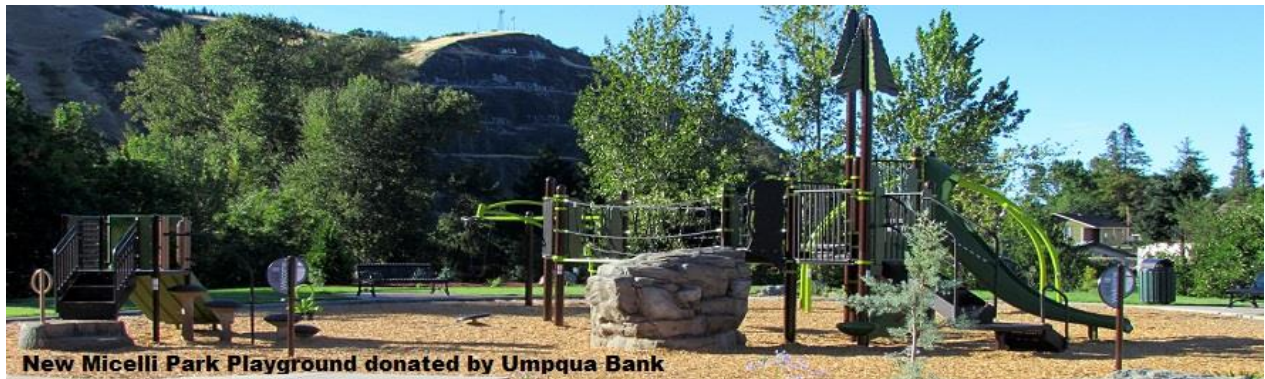




Budget

The Citizen's Budget Committee approved the FY 2015 budget which was then adopted by the City Council on June 9, 2014. To best illustrate trends, below are the fiscal year budget amounts for the last five fiscal years for comparison.

	Budget Information				
	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
City Budget:					
Personnel Services	\$ 16,554,191	\$ 16,779,023	\$ 16,759,608	\$ 16,240,099	\$ 15,346,955
Materials & Services	11,569,290	8,632,150	9,443,736	9,480,010	9,650,348
Debt Service	3,287,600	3,468,063	541,941	545,340	548,740
Transfers	2,804,255	1,510,730	1,838,104	1,675,287	1,486,422
Other	50,000	4,810,891	50,000	50,000	50,000
Annual Operating Budget	34,265,336	35,200,857	28,633,389	27,990,736	27,082,465
Capital Outlay	6,112,777	7,736,651	5,443,197	4,004,981	3,553,966
Reserves	22,546,342	21,982,007	22,317,743	22,449,148	22,171,001
Total City Budget	\$ 62,924,455	\$ 64,919,515	\$ 56,394,329	\$ 54,444,865	\$ 52,807,432



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 2015-2016, 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, 55.53 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



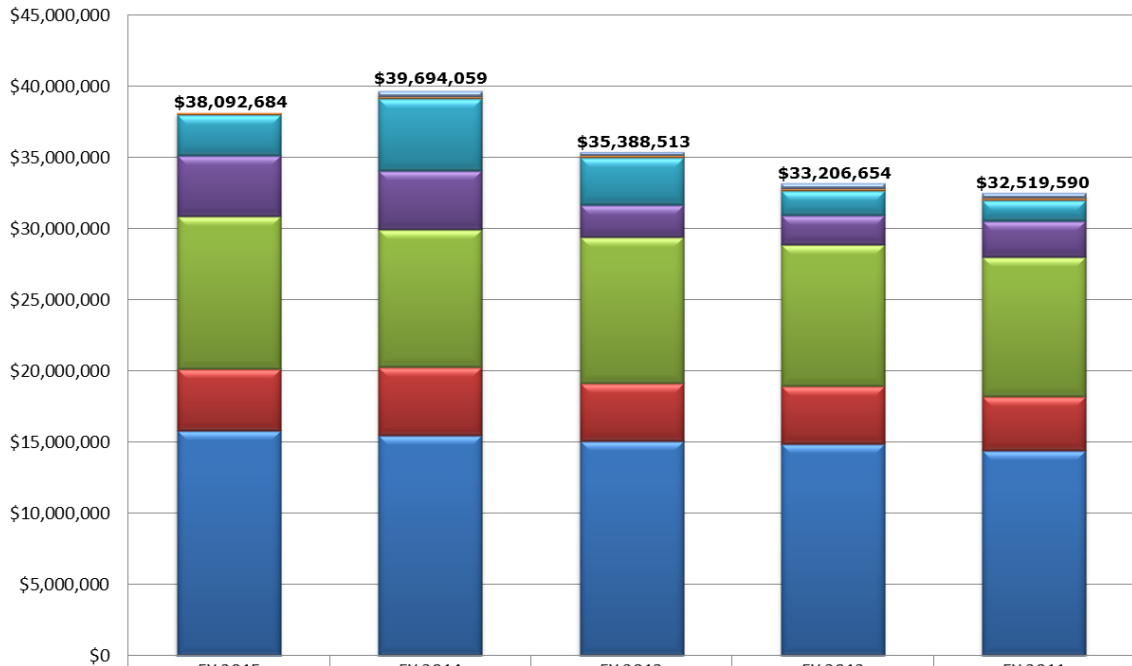
\$0.37
Roseburg
School
District



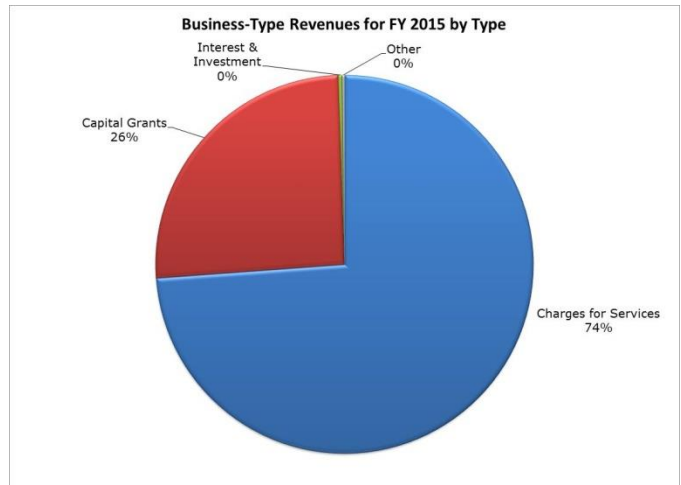
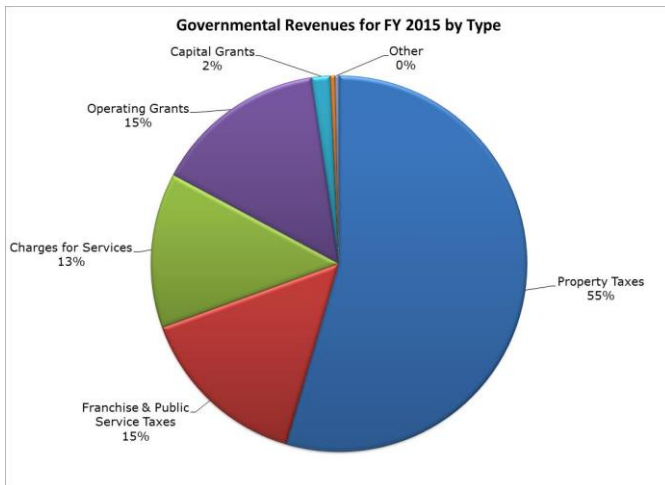
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4H
Extension
Service

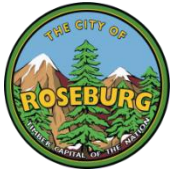
More About Revenues

City Wide 5 YR Revenue Trend by Type



	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Other	(75,401)	418,546	240,628	393,285	365,513
Interest & Investment	147,197	149,707	165,920	161,611	163,349
Capital Grants	2,851,362	5,015,535	3,291,605	1,694,554	1,415,785
Operating Grants	4,299,408	4,190,383	2,256,907	2,075,380	2,588,953
Charges for Services	10,715,632	9,619,386	10,303,621	9,932,194	9,774,901
Franchise & Public Service Taxes	4,335,939	4,782,836	4,015,410	4,036,584	3,793,295
Property Taxes	15,818,547	15,517,666	15,114,422	14,913,046	14,417,794





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:

Major Expenditure Areas

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.

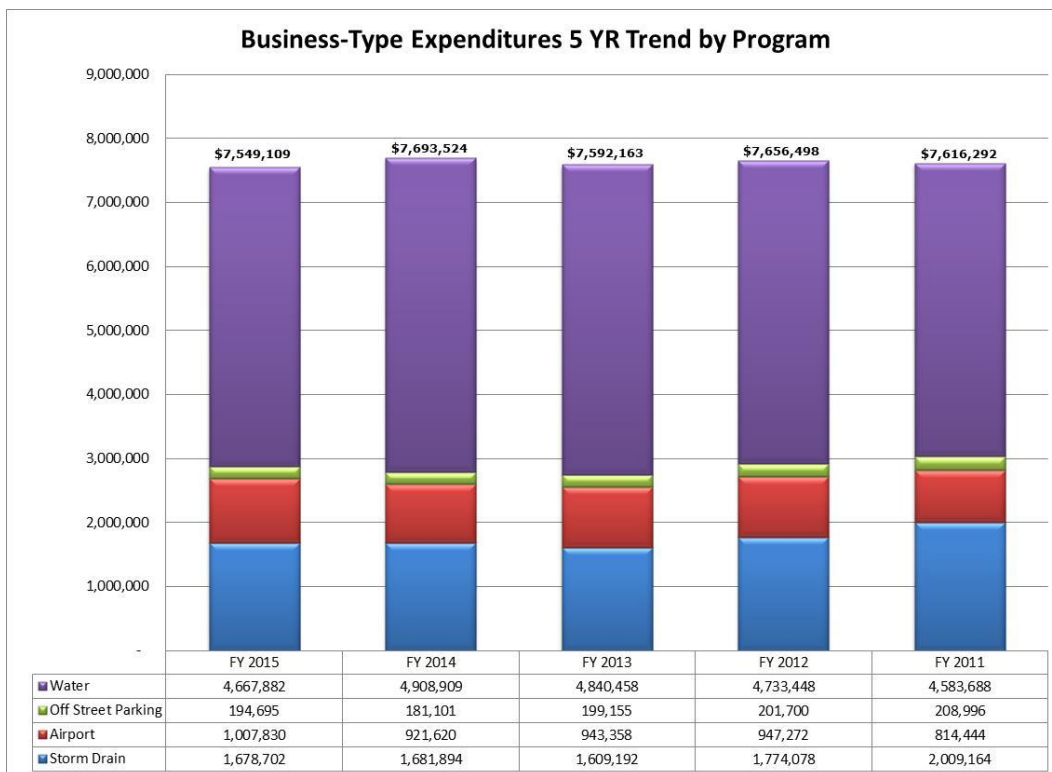
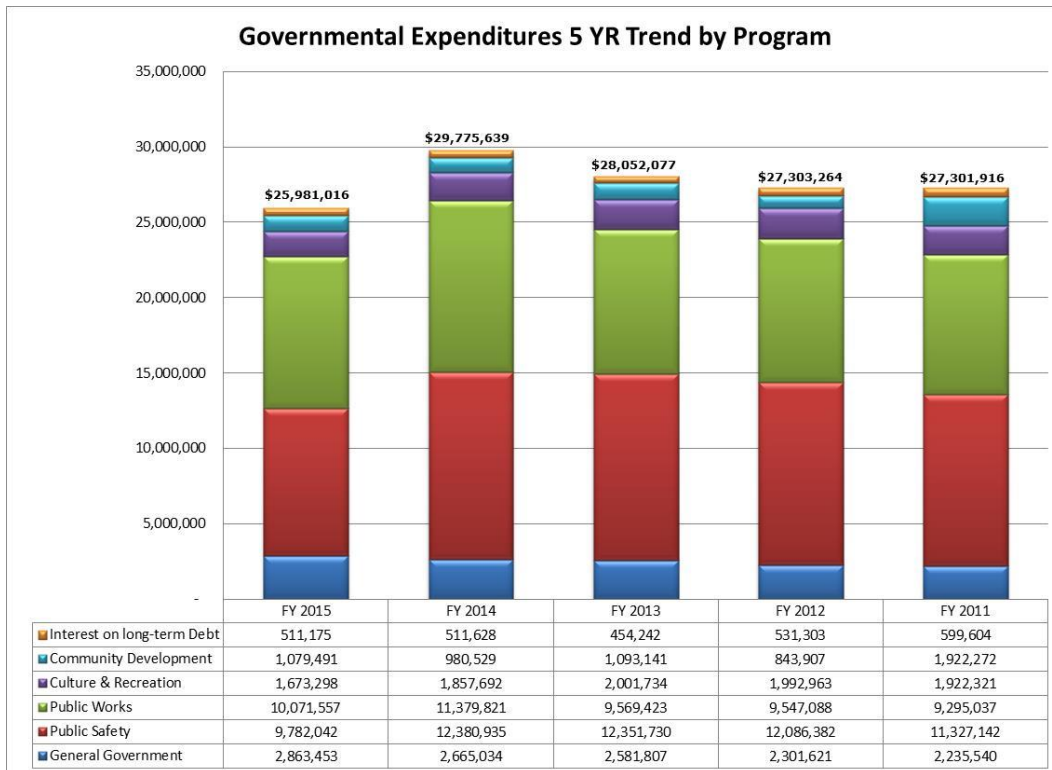
Community Development – Expenses related to land use planning, permit services, economic development, code enforcement, and redevelopment projects.

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.

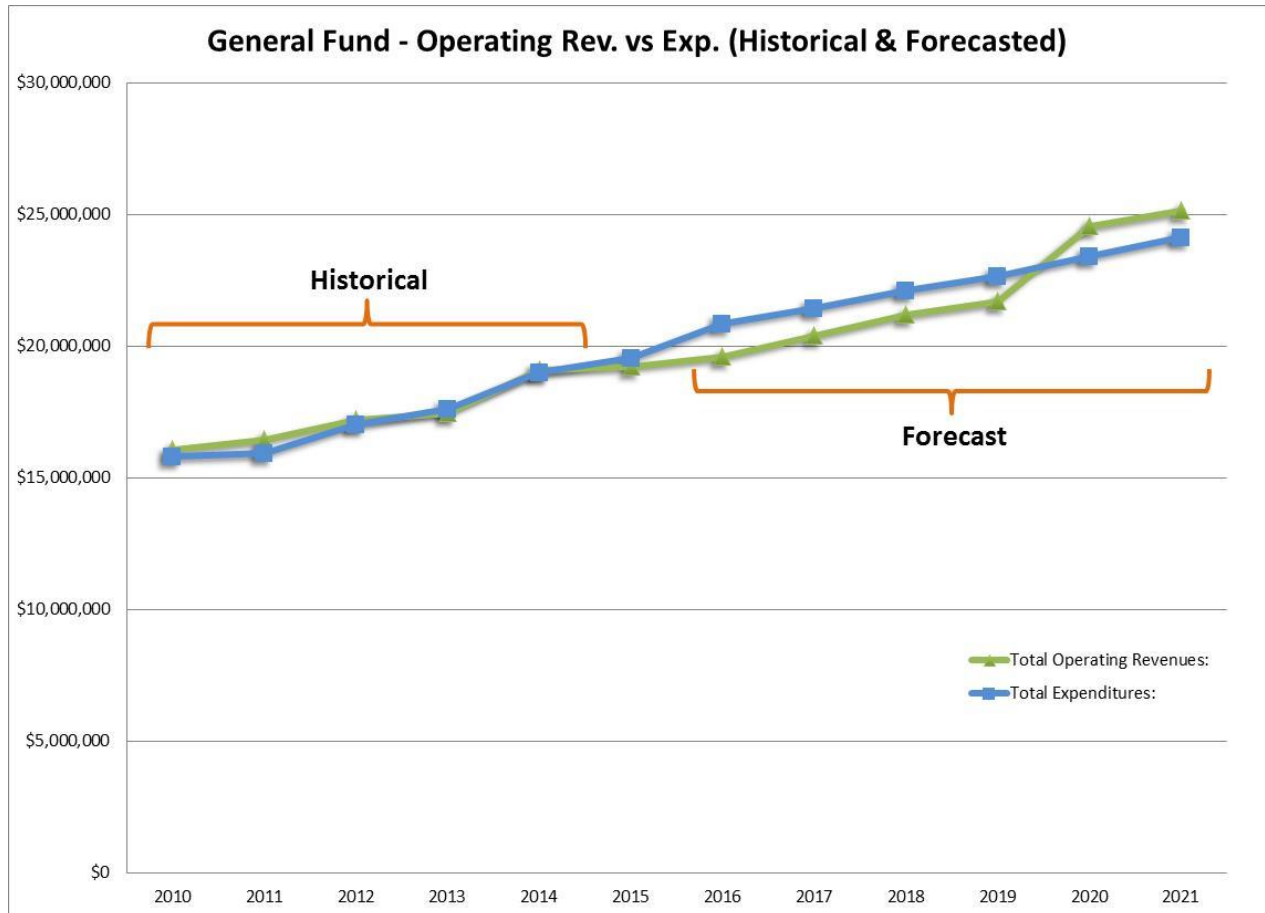


More About Expenditures





Financial Planning

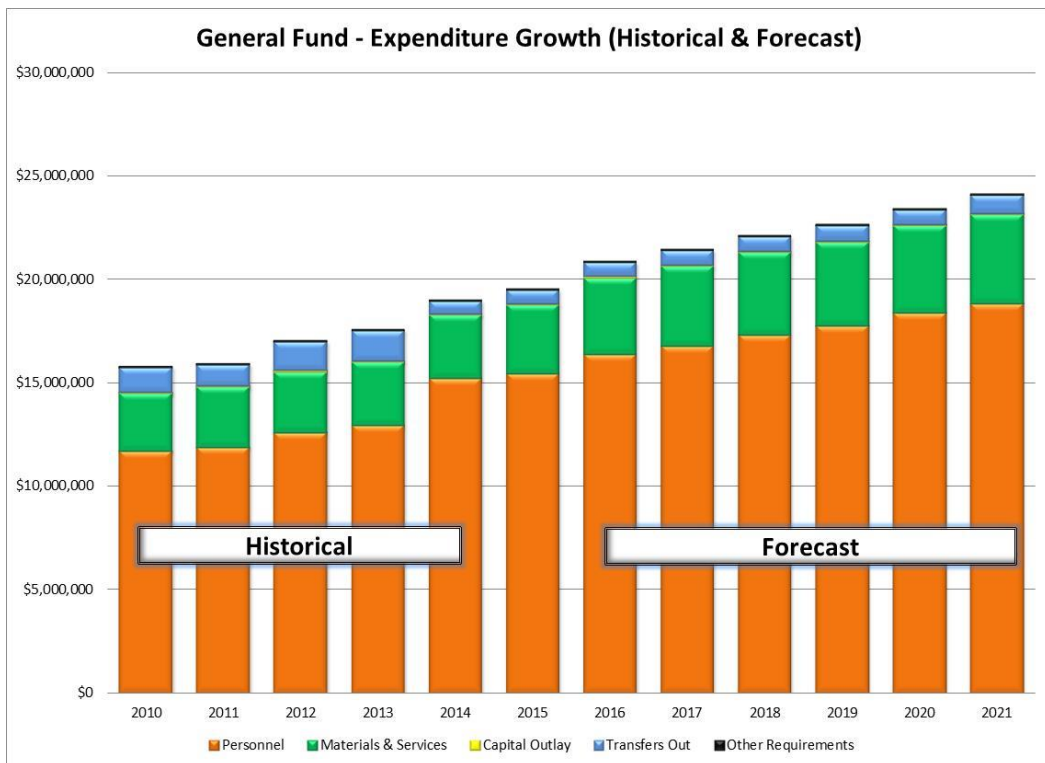
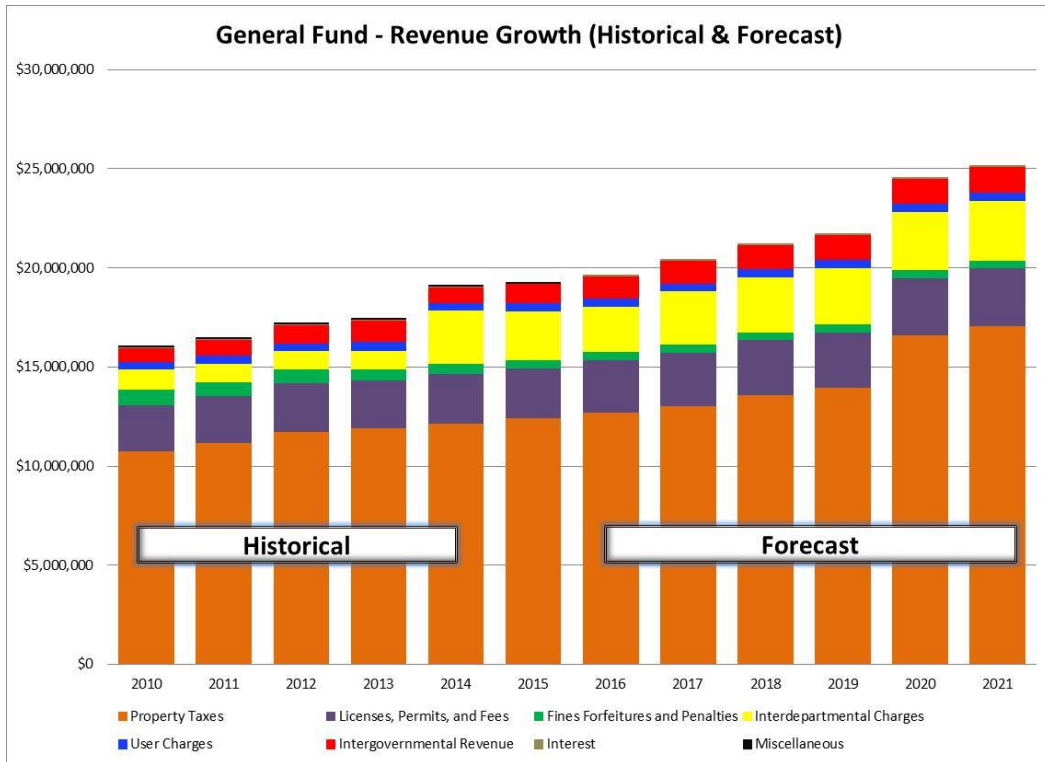


Financial Forecasting

The City of Roseburg prepared a six-year General Fund Financial Forecast prior to the development of the FY 2015 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





Roseburg



A Great Place to Live, Work & Play



CITY OF ROSEBURG FINANCE DEPARTMENT

RON HARKER, MPA
FINANCE DIRECTOR
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CITY OF ROSEBURG, OREGON
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