

# **Compliance Section**

# **Audit Comments**



**GROVE, MUELLER & SWANK, P.C**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

***REPORT OF INDEPENDENT ACCOUNTANTS ON  
INTERNAL CONTROL AND OTHER COMMENTS AND  
DISCLOSURE REQUIRED BY STATE REGULATORS***

To the Honorable Mayor, Members of the  
City Council and the City Manager  
City of Springfield, Oregon

*Internal Control Structure*

In planning and performing our audit of the basic financial statements of the City of Springfield, Oregon for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control. Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, grantors, and the State of Oregon, Secretary of State, Audits Division and is not intended to be and should not be used by anyone other than those specified parties.

*Other Comments and Disclosures*

We have audited the basic financial statements of the City of Springfield, Oregon as of and for the fiscal year ended June 30, 2004 and our report thereon is included in this report. Our audit was made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

In connection with our audit, nothing came to our attention, except as noted, that caused us to believe the City of Springfield, Oregon was not in compliance with the matters discussed below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements. The matters included:

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the collateral requirements for public fund deposits specified in ORS 295, were not met at times during the ended June 30, 2004:

the legal requirements relating to debt;

the appropriate laws, rules and regulations, including financial reporting, pertaining to programs funded wholly or partially by other governmental agencies (refer to the Government Auditing Standards and A-133 Reports section);

ORS 294.035 in the investment of public monies;

ORS 279 in the awarding of public contracts and the construction of public improvements;

ORS 294.305 to 294.565 in the preparation and adoption of its budget for the fiscal years ending June 30, 2004 and 2005, and the execution of the budget for the 2003-04 fiscal year, except as noted; and

ORS 294.368 and 373 pertaining to the use of motor vehicles use and fuel tax revenues.

Additionally, we make the following comments:

We found the City's accounting records to be adequate for audit purposes.

We reviewed the City's insurance and fidelity bond coverage at June 30, 2004 and ascertained such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering City-owned property in force at June 30, 2004 are adequate.

All other comments and disclosures required by the State Minimum Standards are omitted as the required information is not applicable or the information is presented in the Financial Section.

This report is intended for the information of the Honorable Mayor, members of the City Council, the City Manager and management for the City of Springfield, Oregon and the Secretary of State, Audits Division, of the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.

*GROVE, MUELLER & SWANK, P.C.*  
*CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Charles A. Swank, A Shareholder  
December 2, 2004

# **Governmental Auditing Standards**



**GROVE, MUELLER & SWANK, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of the City Council  
City of Springfield, Oregon

We have audited the financial statements of the City of Springfield, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Springfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Springfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City of Springfield, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Joel Mueller & Son, P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

Salem, Oregon  
December 2, 2004

**OMB Circular A-133  
(Single Audit) Report**



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133***

To the Honorable Mayor and Members of the City Council  
City of Springfield, Oregon

**Compliance**

We have audited the compliance of the City of Springfield with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Springfield's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Springfield's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

*Internal Control Over Compliance*

The management of the City of Springfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City of Springfield, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

Salem, Oregon  
December 2, 2004

**CITY OF SPRINGFIELD, OREGON, FEDERAL GRANT COMPLIANCE REPORT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2004**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control reporting:	
· Material weakness(es) identified?	No
· Reportable condition(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
· Material weakness(es) identified?	No
· Reportable condition(s) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

14.218

Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualifies as low-risk auditee?	Yes

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

CITY OF SPRINGFIELD, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Federal Expenditures in Fiscal Year 2003-2004
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		\$ 3,243
Domestic Preparedness EQ Support Pgm	16.607		12,239
Stop Violence Against Women	16.588		22,559
2003 Local Law Enforcement Block Grant	16.592		<u>21,573</u>
Total U.S. Department of Justice			<u>59,614</u>
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Office of Emergency Preparedness and Response Directorate			
Assistance to Firefighters Grant Program	85.554	EMW-2002-FG-20099	<u>27,861</u>
U.S. Department of Housing and Urban Development			
HUD HOME Grant	14.239		163,435
HUD HOME Grant Program Income	14.239		638,310
Community Development Block Grant	14.218		853,152
Community Development Block Grant Program Income	14.218		<u>167,318</u>
Total U.S. Department of Housing and Urban Development			<u>1,822,215</u>
U.S. Department of the Interior			
Passed through State of Oregon Historical Preservation Office			
Historic Preservation Fund	15.904	HPF 0222, 0317	<u>11,204</u>
Highway Planning and Construction			
Passed through Oregon Department of Transportation			
42nd Street Bike Path	20.205	16982	<u>8</u>
Total U.S. Department of Transportation			<u>8</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,920,902</u></u>

City of Springfield, Oregon

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS

June 30, 2004

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B – LOANS RECEIVABLE OUTSTANDING

The City had the following loan balances outstanding at June 30, 2004

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grant	14.218	\$1,359,822
Hud HOME Grant	14.239	<u>1,392,485</u>
		<u>\$2,752,307</u>

NOTE C – LOANS PAYABLE OUTSTANDING

As of June 30, 2004 the City did not have any loan balances outstanding included in the Schedule of Expenditures of Federal Awards.