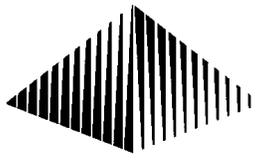


Compliance Section

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Audit Comments

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY STATE REGULATORS

To the Honorable Mayor, Members of the
City Council and the City Manager
City of Springfield
225 5th Street
Springfield, Oregon 97477

We have audited the basic financial statements of the City of Springfield, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Springfield, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

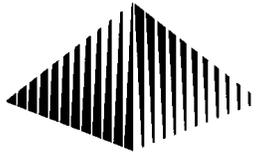
This report is intended solely for the information and use of the City Council and management of the City of Springfield, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Charles A. Swank, A Shareholder
December 3, 2010

Governmental Auditing Standards

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

***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
225 5th Street
Springfield, Oregon 97477

We have audited the financial statements of City of Springfield, Oregon, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. 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 City of Springfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Springfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Springfield's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

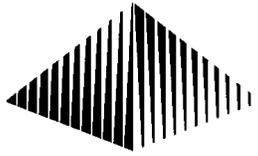
As part of obtaining reasonable assurance about whether City of Springfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, 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
December 3, 2010

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

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

***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
225 5th Street
Springfield, Oregon 97477

Compliance

We have audited the compliance of City of Springfield, Oregon 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, 2010. 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'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'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, 2010.

Internal Control Over Compliance

The management of 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 City of Springfield'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 but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Springfield's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, 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
December 3, 2010

CITY OF SPRINGFIELD, OREGON, FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control reporting:	
· Material weakness(es) identified?	No
· Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
· Material weakness(es) identified?	No
· Significant deficiencies identified?	None reported
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, 14.253	CDBG – Entitlement Grants Cluster
14.228	CDBG – State-Administered Small cities Program Cluster
14.248	CDBG – Section 108 Loan Guarantees
16.710	Public Safety Partnership and Community Policing Grants

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, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Federal Expenditures in Fiscal Year 2009-2010	Amount Provid to Subreceptan
<u>U.S. Department of Justice</u>				
Direct Programs:				
Justice Assistance Grant - Local	16.738	2009-DJ-BX-0401	\$ 32,065	
Justice Assistance Grant - Stimulus - ARRA	16.804	2009-SB-B9-2909	121,349	
COPS Hiring Recovery Program (CHRP) Grant - ARRA	16.710	2009-RK-WX-0707	144,822	
Secure Our Schools Grant	16.710	2009-CD-WX-0747	<u>69,730</u>	\$ 69,730
Total U.S. Department of Justice			<u>367,966</u>	
<u>U.S. Department of Homeland Security</u>				
Grants passed through State of Oregon:				
State Homeland Security Program	97.073	07-232	22,929	
State Homeland Security Program	97.073	08-249	<u>20,580</u>	
Total U.S. Department of Homeland Security			<u>43,509</u>	
<u>U.S. Department of Energy</u>				
Direct Programs:				
Energy Efficiency Community Block Grant - ARRA	81.128	DE-SC0002787	<u>84,560</u>	
Total U.S. Department of Energy			<u>84,560</u>	
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
HOME Investment Partnership Programs	14.239	NA	1,126,129	
Community Development Block Grant-Section 108	14.248	NA	451,610	
<i>CDBG - State-Administered Small Cities Program Cluster</i>				
Community Development Block Grant-NSP	14.228	NA	<u>356,196</u>	
<i>Total CDBG - State-Administered Small Cities Program Cluster</i>				
			<u>356,196</u>	
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grant	14.218	NA	650,064	\$ 90,753
Community Development Block Grant Program Income	14.218	NA	53,223	
Community Development Block Grant-Recovery - ARRA	14.253	NA	<u>120,000</u>	
<i>Total CDBG - Entitlement Grants Cluster</i>				
			<u>823,286</u>	
Total U.S. Department of Housing and Urban Development			<u>2,757,222</u>	
<u>U.S. Department of Transportation</u>				
<i>Highway Planning and Construction Cluster</i>				
Grants passed through State of Oregon:				
Highway Planning and Construction	20.205	NA	28,362	
Highway Planning and Construction - ARRA	20.205	NA	139,808	
Grants passed through Lane County Oregon:				
Highway Planning and Construction	20.205	NA	<u>36,747</u>	
<i>Total Highway Planning and Construction Cluster</i>				
			<u>204,917</u>	
<i>Federal Transit Cluster</i>				
Grants passed through Lane Transit District:				
Capital Improvement Grant	20.500	OR-03-0122	<u>76,251</u>	
<i>Total Federal Transit Cluster</i>				
			<u>76,251</u>	
<i>Highway Safety Cluster</i>				
Grants passed through State of Oregon:				
Safety Belt Traffic Safety Grant	20.601	69-8020-0-7-401	<u>4,830</u>	
<i>Total Highway Safety Cluster</i>				
			<u>4,830</u>	
Total U.S. Department of Transportation			<u>285,998</u>	
<u>U.S. Department of the Interior</u>				
Grants passed through State of Oregon:				
Historic Preservation Fund	15.904	HPF OR-08-23	787	
Historic Preservation Fund	15.904	HPF OR-09-21	<u>2,389</u>	
Total U.S. Department of the Interior			<u>3,176</u>	
Total Expenditures of Federal Awards			<u>\$ 3,542,431</u>	<u>\$ 160,483</u>

City of Springfield, Oregon

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

June 30, 2010

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, 2010

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grant	14.218	\$802,693
HUD HOME Grant	14.239	<u>2,690,349</u>
		<u>\$3,493,042</u>

NOTE C – LOANS PAYABLE OUTSTANDING

As of June 30, 2010, the City did not have any loan balances outstanding included in the Schedule of Expenditures of Federal Awards.

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