

# Springfield Economic Development Agency

A Component Unit of the City of Springfield, Oregon

Annual Financial Statements  
For the Year Ended June 30, 2020





Springfield Economic Development Agency  
Springfield Urban Renewal Agency  
(A Component Unit of the City of Springfield)  
Annual Financial Report  
(With Independent Auditor's Report Thereon)

For the Fiscal Year Ended June 30, 2020

Prepared by:  
City of Springfield  
Finance Department  
Accounting Division



Springfield Economic Development Agency

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2020

**Table of Contents**

	Page
<b>Principal Officials</b>	9
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	15-16
<b>Management's Discussion and Analysis</b>	19-24
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Notes to Financial Statements	32-40
<b>Required Supplementary Information:</b>	
Schedules of Revenues, Expenditures and Changes in Fund Balance (Non GAAP Budgetary Basis) – Budget and Actual	
SEDA Glenwood Fund	43
SEDA Downtown Fund	44
<b>Supplementary Information:</b>	
Schedules of Revenues, Expenditures and Changes in Fund Balance (Non GAAP Budgetary Basis) – Budget and Actual	
SEDA Glenwood Capital Projects Fund	47
<b>Compliance Section:</b>	
Independent Auditor's Report Required by Oregon State Regulations	51-52



# **Introductory Section**





## SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY

City of Springfield  
225 Fifth Street  
Springfield, Oregon 97477

### GOVERNING BOARD

### Term Expiration

Christine Lundberg	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2020
Leonard Stoeher, Secretary	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2021
Steve Moe Vice Chair	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2022
Joe Pishioneri	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2020
Marilee Woodrow, Chair	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2022
Sean VanGordon,	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2022
Sheri Moore,	Springfield Council Representative	225 Fifth Street Springfield, OR 97477	December 2020
Joe Berney	Lane County Representative	Lane County 125 E. 8 <sup>th</sup> Avenue Eugene, OR 97401	December 2022

### ADMINISTRATION

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Finance Director  
City of Springfield Finance Department  
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Economic Development Director  
City of Springfield City Manager Office  
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# Financial Section



# **Independent Auditor's Report**





## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

[www.gmscpa.com](http://www.gmscpa.com)

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

### ***INDEPENDENT AUDITOR'S REPORT***

Governing Board  
Springfield Economic Development Agency  
225 Fifth Street  
Springfield, Oregon 97477

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Springfield Economic Development Agency of the City of Springfield, Oregon ("SEDA") (a component unit of the City of Springfield, Oregon) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SEDA's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SEDA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SEDA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Springfield Economic Development Agency of the City of Springfield, Oregon as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SEDA's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not required parts of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 20, 2021, on our consideration of SEDA's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:   
Ryan T. Pasquarella, A Shareholder  
January 20, 2021



# **Management's Discussion and Analysis**

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## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Springfield Economic Development Agency (SEDA/Agency) is a legally separate body, acting as the Urban Renewal Agency of the City of Springfield.

Our discussion and analysis of the financial performance of SEDA provides an overview of the Agency’s financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with SEDA financial statements, which begin on page 27.

### **Mission**

The mission of the Springfield Economic Development Agency, the Urban Renewal Agency for the City of Springfield, is to eliminate blight in areas within the Agency’s jurisdiction. The Agency’s goal is to foster a business climate and quality of life which encourages private investment in our community, creates jobs well-matched to the labor force and improves opportunities for business expansion and development, while providing for the health and safety of neighborhoods, residents, and the environment.

### **Financial Highlights**

- SEDA’s total assets at June 30, 2020 increased over the previous year by just under \$1 million from \$9.2 million to \$10.2 million. This increase in total assets was due to cash accumulated due to stable revenues and decreased expenses.
- SEDA’s total liabilities decreased by \$ .42 million from the fiscal year ended June 30, 2019 to June 30, 2020 with a small increase in current liabilities offset by a decrease in noncurrent liabilities for debt service premium.
- The assets of SEDA exceeded its liabilities by \$5.1 million at the close of FY20, with a \$4.5 million investment in capital assets, net of related debt and \$.6 million in restricted net position.

### **Overview of Annual Financial Report**

Management’s Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements, required supplementary information, and supplementary information. The MD&A represents management’s examination and analysis of SEDA’s condition and performance. The Agency’s basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements. The government-wide financial statements report information about SEDA using the accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The Agency focuses on planning and development activities within the boundaries of the urban renewal district in the City of Springfield. The government-wide financial statements provide information on these activities, which is supported mainly by property taxes.

The government-wide financial statements include a statement of net position and a statement of activities. The statement of net position presents the financial position on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Agency is improving.

The statement of activities presents the results of the governmental activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event – giving rise to the change – occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples of such items include earned, but uncollected, property taxes.

SEDA maintains two taxing districts within the urban renewal boundary: the Glenwood Urban Renewal District and the Springfield Downtown Urban Renewal District.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SEDA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of SEDA are governmental funds.

Governmental funds. Governmental funds are used to account for activities where emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information including budgetary comparison statements for the SEDA Glenwood Fund, the SEDA Downtown Fund, and the SEDA Glenwood Capital Improvements Fund.

The financial statements were prepared by the City of Springfield's staff from the detailed books and records of the SEDA. The financial statements were audited during the independent external audit process.

## Financial Analysis

SEDA's assets exceeded its liabilities by \$5.1 million at the close of fiscal year 2020. The largest portion of the Agency's net position, \$4.5 million, reflects an investment in capital assets, less any debt used to acquire those assets that is still outstanding. Consequently, these assets are not available for future spending. The remaining balance of net position, \$610,176, is unrestricted.

### Springfield Economic Development Agency STATEMENTS OF NET POSITION

	June 30,	
	2020	2019
ASSETS		
Total current assets	\$2,499,313	\$1,793,477
Total noncurrent assets	7,678,323	7,408,749
Total assets	10,177,636	9,202,226
LIABILITIES		
Total current liabilities	219,684	74,229
Total noncurrent liabilities	4,821,781	5,383,333
Total liabilities	5,041,465	5,457,562
NET POSITION		
Net investment in capital assets	4,525,995	3,688,456
Restricted	610,176	56,208
Total net position	\$5,136,171	\$3,744,664

**Springfield Economic Development Agency**  
**STATEMENTS OF ACTIVITIES**

	Years Ended June 30,	
	2020	2019
Program Revenues		
Charges for services	\$ 97,756	\$ 121,763
General Revenues		
Taxes	1,789,608	1,749,185
Intergovernmental revenue	5,813	113,803
Investment earnings	43,967	72,598
Miscellaneous revenue	131	125
Total revenues	<u>1,937,275</u>	<u>2,057,474</u>
Expenses		
Urban renewal development	406,573	874,029
Interest on debt	122,844	151,222
Depreciation	16,351	16,256
Total expenses	<u>545,768</u>	<u>1,041,507</u>
Changes in net position	1,391,507	1,015,967
Beginning net position	<u>3,744,664</u>	<u>2,728,697</u>
Ending net position	<u>\$5,136,171</u>	<u>\$3,744,664</u>

SEDA's total revenues decreased by approximately \$0.12 million (5.8%) compared to the prior year and can be primarily attributed to the one-time spike in intergovernmental revenue in FY19.

SEDA's total expenses decreased by approximately \$0.5 million (47.6%) compared to the prior year. This is primarily due to a large accrued expense in FY19 related to SEDA's liability to City of Springfield for certain SDCs.

### **Capital Asset and Debt Administration**

**Capital Assets.** SEDA's investment in capital assets for its governmental activities as of June 30, 2020 amounted to \$7,678,323, an increase of \$269,574 over June 30, 2019. The increase substantially represents additional costs related to the FY19 purchase of a piece of property in the Glenwood district. Additional information on the Agency's capital assets can be found in Note E in the Basic Financial Statement section of this report.

**Debt Administration.** On October 12, 2016, SEDA entered into a direct placement note for \$2,000,000 from Bank of the Cascades (now known as First Interstate Bank) with tax increment revenue pledged as collateral. The note payable (Series 2016) bears a fixed interest rate of

3.08% through September 2021. The interest rate on this note will reset in October 2021 based on the 3-year Des-Moines Fixed-Rate Advances symmetrical index, plus 1.40 basis points. This note matures on November 1, 2024. The proceeds of the note was used for property acquisition for future development. During the year, the Agency paid the scheduled principal payment of \$243,463 and has an outstanding balance of \$1,145,997.

Additionally, on May 23, 2018, SEDA entered into a direct placement note for \$2,729,248 from First Interstate Bank with tax increment revenue pledged as collateral. The note payable (Series 2018) bears a fixed interest rate of 4.15% through September 2021. The interest rate on this note will reset in October 2021 based on the 3-year Des-Moines Fixed-Rate Advances symmetrical index, plus 1.40 basis points. This note matures on June 15, 2025. The proceeds of the note was used for property acquisition for future development. During the year, the Agency paid the scheduled principal payment of \$324,502 and has an outstanding balance of \$2,006,331.

Additional information on the Agency's long-term debt can be found in Note G in the Basic Financial Statement section of this report.

### **Budgetary Highlights**

The two urban renewal districts that are part of the Springfield Economic Development Agency, although located adjacent to each other, were formed four years apart and with different visions for redevelopment. The Glenwood District is much more varied in its make-up with residential single family homes, mobile home parks, vacant land for commercial development, and redevelopment opportunities for commercial development. The Downtown District is primarily an existing downtown commercial center with opportunities for redevelopment and public initiated projects.

Primarily funded through property tax revenue generated by tax increment financing, the change in available resources is directly related to the change in assessed valuation of each of the two districts.

For FY20, the difference between the original budget and the final amended budget for the Glenwood District was an increase of \$331,716 to the operating reserve.

For FY20, the difference between the original budget and the final amended budget for the Downtown District was an increase of \$150,450 to the operating reserve.

For actual expenditures, the Glenwood District underspent the operating budget by \$101,448 and the capital budget by \$59,975. The Downtown District underspent the operating budget by \$121,389.

## **Economic Factors and Next Year's Budgets and Rates**

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY21 budget:

- Assessed (taxable) value for the two districts is expected to show conservative levels of growth in the next year. While the impacts of the COVID-19 pandemic have slowed activity and expansion in hospitality industry areas, investments in residential projects and manufacturing sites have continued to grow. The Glenwood District will benefit from the construction of a new, taxable, headquarters facility, anticipated to be complete in FY 22. The Downtown District has seen increasing interest and acquisitions specific to development of new, market rate housing, although these projects currently in pre-development phases are anticipated for completion in FY22 and FY23 timeframes. The Downtown District has also benefited from the successful Building Improvement Loan program with the first project completed in FY20.
- The impact of the COVID-19 Pandemic has impacted interest rates globally, with rates anticipated to remain low through most of FY21.
- The Urban Renewal District Board is evaluating plans to borrow additional resources for projects within the Downtown Area. These funds would be utilized for new, taxable, construction projects currently under evaluation and would be secured in FY21 and spent in FY22. These projects will require legal, financial, and development activities which are anticipated to result in financial expenditures for consultants and project management.

## **Future Plans**

In the Glenwood Area, SEDA has continued to complete assembly of developable acreage through property acquisition along the riverfront and contiguous to Franklin Boulevard. Additional acquisitions are anticipated for completion in FY21.

Early planning and design for Franklin/McVay is planned for FY21 and FY22 and will provide critical infrastructure improvement information for adjacent employment land parcels which are beginning to develop in FY21.

In the Downtown Area, SEDA will complete the acquisition of a key parcel located on A and 8th Street in FY21 and will consider substantial investments in construction of market rate residential. Additional property acquisitions are under consideration and may be completed in FY21.

## **Requests for Information**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the SEDA and to show the accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Springfield, Accounting Manager, 225 Fifth Street, Springfield, Oregon 97477.



# **Basic Financial Statements**



# SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY

## Statement of Net Position

June 30, 2020

### ASSETS

#### Current assets:

Cash and investments	
Unrestricted	\$ 2,305,398
Taxes receivable	63,771
Accounts	530
Accrued interest	4,931
Prepaid interest	124,683
	<hr/>
Total current assets	2,499,313
	<hr/>

#### Noncurrent assets:

Land	6,231,141
Work in progress	909,116
Building and improvements, net of accumulated depreciation	530,066
Equipment, net of accumulated depreciation	8,000
	<hr/>
Total noncurrent assets	7,678,323
	<hr/>

Total assets	10,177,636
	<hr/>

### LIABILITIES

#### Current liabilities:

Accounts and contracts payable	74,157
Deposits	145,527

#### Noncurrent liabilities:

Due within one year:	
Notes payable	619,807
Due in more than one year:	
Advance from City of Springfield	1,669,453
Notes payable	2,532,521
	<hr/>

Total liabilities	5,041,465
	<hr/>

### NET POSITION

Net investment in capital assets	4,525,995
Restricted	610,176
	<hr/>
Total net position	\$ 5,136,171
	<hr/>

The accompanying notes are an integral part of these statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Urban renewal development	\$ 406,573	\$ 97,756	\$ (308,817)
Interest on debt	122,844	-	(122,844)
Depreciation	16,351	-	(16,351)
Total governmental activities	<u>\$ 545,768</u>	<u>\$ 97,756</u>	<u>(448,012)</u>
General revenues:			
Property taxes			1,789,608
Intergovernmental revenue			5,813
Investment earnings			43,967
Miscellaneous revenue			131
Total general revenues			<u>1,839,519</u>
Change in net position			1,391,507
Net position, beginning of year			<u>3,744,664</u>
Net position, end of year			<u>\$ 5,136,171</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
Balance Sheet - Governmental Funds  
June 30, 2020

	Special Revenue		Capital Projects	Total
	Glenwood	Downtown		
ASSETS				
Cash and investments	\$ 854,770	\$ 1,390,420	\$ 60,208	\$ 2,305,398
Receivables:				
Taxes	37,320	26,451	-	63,771
Accounts	-	530	-	530
Accrued interest	2,156	2,775	-	4,931
Notes	-	124,683	-	124,683
Total assets	<u>\$ 894,246</u>	<u>\$ 1,544,859</u>	<u>\$ 60,208</u>	<u>\$ 2,499,313</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,222	\$ 46,935	\$ -	\$ 74,157
Deposits	144,027	1,500	-	145,527
Total liabilities	<u>171,249</u>	<u>48,435</u>	<u>-</u>	<u>219,684</u>
Deferred inflows of resources:				
Unavailable revenue	<u>35,921</u>	<u>25,456</u>	<u>-</u>	<u>61,377</u>
Fund balances:				
Restricted	<u>687,076</u>	<u>1,470,968</u>	<u>60,208</u>	<u>2,218,252</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 894,246</u>	<u>\$ 1,544,859</u>	<u>\$ 60,208</u>	

Reconciliation to the statement of net position:

Capital assets are not financial resources in governmental funds, but are reported in the statement of net position at their net depreciable value.	7,678,323
All liabilities are reported in the statement of net position. However, if they are not due and payable in the current period, they are not recorded in the governmental funds.	(4,821,781)
The statement of net position reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds.	<u>61,377</u>
Net position of governmental activities	<u>\$ 5,136,171</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	Special Revenue		Capital Projects	Total
	Glenwood	Downtown		
Revenues:				
Taxes	\$ 1,001,429	\$ 781,480	\$ -	\$ 1,782,909
Licenses, permits and fees	-	41,742	-	41,742
Intergovernmental revenue	5,264	549	-	5,813
Charges for services	23,650	-	-	23,650
Fines and forfeitures	-	32,364	-	32,364
Investment earnings	12,167	31,800	-	43,967
Miscellaneous revenue	-	131	-	131
Total revenues	1,042,510	888,066	-	1,930,576
Expenditures:				
Current operating:				
City manager's office	89,387	300,641	-	390,028
Finance	9,486	9,546	-	19,032
Capital projects	200,000	-	77,025	277,025
Debt service:				-
Principal	567,965	-	-	567,965
Interest	122,844	-	-	122,844
Total expenditures	989,682	310,187	77,025	1,376,894
Excess of revenues over (under) expenditures	52,828	577,879	(77,025)	553,682
Other financing sources (uses):				
Transfer in	-	-	137,000	137,000
Transfer out	(137,000)	-	-	(137,000)
Total other financing sources (uses)	(137,000)	-	137,000	-
Net change in fund balances	(84,172)	577,879	59,975	553,682
Fund balance, beginning	771,248	893,089	233	1,664,570
Fund balance, ending	\$ 687,076	\$ 1,470,968	\$ 60,208	\$ 2,218,252

The accompanying notes are an integral part of these statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 553,682
Capital outlay is reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.	269,574
Proceeds (repayments) from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the statement of activities, but are reported as increases and decreases in noncurrent liabilities in the statement of net position.	561,552
Governmental funds defer revenues that do not provide current financial resources. However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.	<u>6,699</u>
Change in net position	<u><u>\$ 1,391,507</u></u>

The accompanying notes are an integral part of these statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Springfield Economic Development Agency (SEDA) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The SEDA is the urban renewal agency of the City of Springfield, Oregon (City). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards.

Reporting Entity

SEDA, under the criteria of the Governmental Accounting Standards Board, is presented as a blended component unit of the City because the City's council members make up the voting majority of the governing body. The City has the ability to impose its will on the SEDA as determined on the basis of budget adoption, taxing authority, and funding.

Organization and Operation

SEDA was organized November 15, 2004 under the provisions of the Oregon Revised Statutes, Chapter 457, to undertake urban renewal projects and activities pursuant to the Glenwood Urban Renewal Plan. In 2007, Springfield voters approved a Downtown Urban Renewal District to further downtown development in Springfield.

The accounts of SEDA are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balances, revenues and expenditures and deferred inflows and outflows.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of SEDA.

The Statement of Net Position presents information on SEDA's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for all governmental funds.



SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SEDA considers revenues to be available if they are collected within thirty days of the end of the fiscal year.

The major revenue source for SEDA is property taxes. Real and personal property taxes were levied as of July 1 for the fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in three installments: November 15, February 15 and May 15. All property taxes are billed and collected by Lane County and remitted to SEDA. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (30 days). Otherwise, they are reported as unavailable. In the government-wide financial statements, property tax revenues are fully recognized at the time of the levy.

Budgetary Accounting

SEDA adopts an annual budget. The budget is adopted on the modified accrual basis of accounting. All of the unexpended and unencumbered appropriations in the budget remaining at the end of the fiscal year, lapse. During the year, management is authorized to transfer budgeted amounts between line items within the operating budget.

Governmental Funds

Governmental funds finance all of the functions of SEDA. The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination. SEDA has two special revenue funds and one capital projects fund.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund type fund balances are reported in the following classifications.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Definitions of Governmental Fund Types

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenues sources” means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital projects funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Accounts Receivable

Receivables on the Statement of Net Position include property taxes, accounts and investment interest.

Capital Assets

Capital assets, which include property and property improvements, are reported in the government-wide financial statements. Capital assets are defined by SEDA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. In the case of donations, SEDA values these capital assets at the estimated fair value of the item at the date of its donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation and amortization of capital assets are computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related historical costs and accumulated depreciation, and resulting gains or losses are reflected in income. The estimated useful lives of the various categories of assets are as follows:

<u>Category</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	10-50 years
Equipment	5 years

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Due to City of Springfield

A liability for funds received from the City is considered an advance and recorded as an advance payable. SEDA then repays this payable with tax proceeds. At June 30, 2020, the amount due to the City was \$1,669,453.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Indirect Expenses

SEDA's Statement of Revenues, Expenditures, and Changes in Fund Balances include reimbursement to the City for general services provided to SEDA. The charge for general service is based on direct costs incurred by the City of Springfield.

New Accounting Pronouncements

During the fiscal year ended June 30, 2020, GASB did not require implementation of any new pronouncements.

Prior to the COVID19 Pandemic, GASB required implementation of Statement No. 84, Fiduciary Activities and Statement No. 90, Majority Equity Interests for reporting periods beginning after December 2018. In response to the COVID19 Pandemic, GASB issued Statement No. 95, Postponement of the Implementation Dates of Certain Authoritative Guidance which adjusted the implementation dates by one year for GASB pronouncements 83 (implemented by City for fiscal year ended 6/30/19), 84, 88 (implemented by City for fiscal year ended 6/30/19), 89 (implemented by City for fiscal year ended 6/30/18), 90, 91, 92 and 93.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that “capital assets are not financial resources in governmental funds, but are reported in the statement of net position at their net depreciable value.” The details of this \$7,678,323 difference are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Position:

Land	\$ 6,231,141
Work in progress	909,116
Buildings, improvements and equipment (net of accumulated depreciation)	<u>538,066</u>
Net adjustment	<u>\$ 7,678,323</u>

Another element of that reconciliation explains that “all liabilities are reported in the statement of net position; however, if they are not due and payable in the current period, they are not recorded in the governmental funds.” The details of this \$4,821,781 difference are as follows:

Advance payable	\$ (1,669,453)
Notes payable	<u>(3,152,328)</u>
Net adjustment	<u>\$ (4,821,781)</u>

Another element of that reconciliation explains that “the statement of net position reports receivables at their net realizable value; however, receivables not available to pay for current-period expenditures are unavailable in governmental funds.” The details of this \$61,377 difference are as follows:

Property taxes receivable	\$ 61,377
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2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of government activities as reported in the government-wide statement of activities.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued**

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$269,574 difference are as follows:

Capital outlay	\$ 285,925
Depreciation	<u>(16,351)</u>
Net adjustment	<u>\$ 269,574</u>

Another element of that reconciliation explains that the issuance of long-term debt (e.g., bonds, leases, and advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$561,552 difference are as follows:

Proceeds of advance from City	\$ (6,443)
Principal repayment of note payable	<u>567,965</u>
Net adjustment	<u>\$ 561,552</u>

Another element of the reconciliation states that “governmental funds defer revenues that do not provide current financial resources; however, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.” The details of this (\$6,699) recognized revenue are as follows:

Increase in receivables	<u>\$ 6,699</u>
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**NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Agency prepares its budget in accordance with the legal requirements set forth in Oregon Local Budget Law. The Board adopts the budget, makes appropriations, and declares the tax levy no later than July 1<sup>st</sup> of the following fiscal year.

In accordance with State law, an annual budget is adopted. The budget is prepared in accordance with the modified accrual basis of accounting. Appropriations which have not been spent at year-end lapse, although an amending resolution passed in the subsequent year specifically provides for the re-appropriation of prior-year encumbrances.

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. A supplemental budget always requires approval by the Board and may, under certain conditions, require a public hearing with appropriate prior notification through publication in a

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued**

local newspaper. All budget amendments, including supplemental budgets, are subject to the limitations put forth in Oregon Budget Law.

**NOTE D – CASH AND INVESTMENTS**

SEDA participates in a cash and investment pool maintained by the City of Springfield for all funds under the City's administrative control. The amount reported as cash and investments is SEDA's share of the total City of Springfield cash and investment pool. SEDA does not maintain bank accounts or investments separate from the City's investment pool. The bank deposits are collateralized pursuant to Oregon Revised Statutes, Chapter 295. The investment in the Oregon State Treasurer's Investment Pool is not required to be categorized by level of risk because this investment is not evidenced by securities.

State statutes authorize the City to invest in obligations of the U. S. Treasury and its agencies, bankers' acceptances, high grade commercial paper, the State of Oregon Local Government Investment Pool and repurchase agreements. Investments are stated at fair value.

**NOTE E – CAPITAL ASSETS**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 6,031,141	\$ 200,000	\$ -	\$ 6,231,141
Work in progress	833,191	85,925	(10,000)	909,116
Total capital assets, not being depreciated	<u>6,864,332</u>	<u>285,925</u>	<u>(10,000)</u>	<u>7,140,257</u>
Capital assets, being depreciated:				
Buildings and improvements	627,534	-	-	627,534
Equipment	-	-	10,000	10,000
Less accumulated depreciation for:				
Buildings and improvements	(83,117)	(14,351)	-	(97,468)
Equipment	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Total capital assets, being depreciated, net	<u>544,417</u>	<u>(16,351)</u>	<u>10,000</u>	<u>538,066</u>
Total capital assets, net	<u><u>\$ 7,408,749</u></u>	<u><u>\$ 269,574</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,678,323</u></u>

Depreciation expense was charged as follows:

SEDA building and improvements	\$ 14,351
SEDA equipment	2,000
Total depreciation expense	<u><u>\$ 16,351</u></u>

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE F – INTERGOVERNMENTAL PAYABLE**

Revolving Loan

An intergovernmental agreement to advance and repay funds (SEDA Revolving Loan) needed for SEDA urban renewal projects was entered into with the City on November 29, 2005 (amended on July 21, 2008). The City and SEDA agreed to permit SEDA to borrow up to \$1.5 million from the City for costs of projects or project-related administrative expenses as authorized by law. Written requests must be received more than thirty days in advance to expected expenditures. Interest on advanced funds shall bear the same interest at the rate paid by the Local Government Investment Pool. Interest accrues monthly on outstanding balances. In the event of an advance, SEDA shall transfer all tax increment revenues it receives necessary to repay the advance and accrued interest to the City within fifteen days after those tax increment revenues are received. Tax increment revenues paid by SEDA to the City shall be applied first, to pay accrued interest, and second, to reduce the outstanding balance. As of June 30th, there was no outstanding balance on the SEDA Revolving Loan due to the City.

SDC Deferral Program

In an effort to encourage development within the two urban renewal districts, SEDA implemented a program to pay the system development fees (SEDA SDC Deferral Program) on any new commercial or industrial development within the boundaries of the two districts. Additionally, the City has agreed to defer payment from SEDA up to the date the Agency sunsets. As of June 30<sup>th</sup>, the outstanding balance due to the City for the SEDA SDC Deferral Program is \$1,669,453.

**NOTE G –LONG TERM DEBT**

On October 12, 2016, SEDA borrowed \$2,000,000 from Bank of the Cascades (now known as First Interstate Bank) with tax increment revenue pledged as collateral. The note payable (Series 2016) bears a fixed interest rate of 3.08% through October 2021, at which time the interest rate will reset based on the 3-year FHLB Des Moines Fixed-Rate Advances symmetrical index, plus 1.40 basis points. The note requires monthly payments and will mature on November 1, 2024. The proceeds of the note have been used for property acquisition for future development.

On May 23, 2018, SEDA borrowed \$2,729,248 from First Interstate Bank with tax increment revenue pledged as collateral. The note payable (Series 2018) bears a fixed interest rate of 4.15% through October 2021, at which time the interest rate will reset based on the 3-year FHLB Des Moines Fixed-Rate Advances symmetrical index, plus 1.40 basis points. The note requires monthly payments and will mature on June 15, 2025. The proceeds of the note have been used for property acquisition for future development.

Both notes are direct placements and are subject to covenants regarding continuing disclosure and prepayment fees. The notes are not subject to any acceleration clauses and are not subject to finance related consequences due to events of default. Both notes also require that the SEDA maintain an unrestricted net position of at least \$125,000.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY  
A Component Unit of the City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE G –LONG TERM DEBT - continued**

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Notes payable:				
Bank of the Cascades, Series 2016*	\$ 1,389,460	\$ -	\$ 243,463	\$ 1,145,997
First Interstate Bank, Series 2018	<u>2,330,833</u>	<u>-</u>	<u>324,502</u>	<u>2,006,331</u>
Totals	<u>\$ 3,720,293</u>	<u>\$ -</u>	<u>\$ 567,965</u>	<u>\$ 3,152,328</u>

\*Now known as First Interstate Bank

Principal amounts due on this note payable in each of the next five years and thereafter is as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2020-21	\$ 619,807
2021-22	643,247
2022-23	667,592
2023-24	692,811
2024-25	<u>528,871</u>
	<u>\$ 3,152,328</u>

**NOTE H –SIGNIFICANT COMMITMENTS**

At June 30, 2020, the SEDA was obligated under a contract with Republic Parking for downtown parking enforcement. The contract runs through December 31, 2021 with \$184,153 remaining to be paid. The SEDA was also obligated under a contract for consulting on Glenwood development. That contract runs through January 31, 2021 with \$28,469 remaining to be paid.



# **Required Supplementary Information**



Springfield Economic Development Agency (a component unit of City of Springfield)

SEDA GLENWOOD FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,030,000	\$ 1,030,000	\$ 1,001,429	\$ (28,571)	\$ -	\$ 1,001,429
Intergovernmental revenue	-	-	5,264	5,264	-	5,264
Charges for services	25,800	25,800	23,650	(2,150)	-	23,650
Investment earnings	14,000	14,000	15,758	1,758	(3,591)	12,167
Total revenues	1,069,800	1,069,800	1,046,101	(23,699)	(3,591)	1,042,510
Expenditures:						
Current operating:						
City manager's office	247,015	247,015	148,081	98,934	(58,694)	89,387
Finance	12,000	12,000	9,486	2,514	-	9,486
Capital projects	-	-	-	-	200,000	200,000
Debt service:						
Principal	597,005	597,005	597,003	2	(29,038)	567,965
Interest	130,898	130,898	130,893	5	(8,049)	122,844
Total expenditures	986,918	986,918	885,463	101,455	104,219	989,682
Excess of revenues over (under) expenditures	82,882	82,882	160,638	77,756	(107,810)	52,828
Other financing sources (uses):						
Transfers out	(137,000)	(137,000)	(137,000)	-	-	(137,000)
Total other financing sources (uses)	(137,000)	(137,000)	(137,000)	-	-	(137,000)
Net change in fund balances	(54,118)	(54,118)	23,638	77,756	(107,810)	(84,172)
Fund balance, beginning of year	474,639	806,355	806,356	(1)	(35,108)	771,248
Fund balance, end of year	\$ 420,521	\$ 752,237	\$ 829,994	\$ 77,757	\$ (142,918)	\$ 687,076

## Springfield Economic Development Agency (a component unit of City of Springfield)

SEDA DOWNTOWN FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 770,000	\$ 770,000	\$ 781,480	\$ 11,480	\$ -	\$ 781,480
Licenses, permits and fees	50,000	50,000	41,742	(8,258)	-	41,742
Intergovernmental revenue	-	-	549	549	-	549
Fines and forfeitures	30,000	30,000	32,364	2,364	-	32,364
Investment earnings	20,800	20,800	31,875	11,075	(75)	31,800
Miscellaneous revenue	-	-	131	131	-	131
Total revenues	<u>870,800</u>	<u>870,800</u>	<u>888,141</u>	<u>17,341</u>	<u>(75)</u>	<u>888,066</u>
Expenditures:						
Current operating:						
City manager's office	432,286	432,286	313,351	118,935	(12,710)	300,641
Finance	12,000	12,000	9,546	2,454	-	9,546
Total expenditures	<u>444,286</u>	<u>444,286</u>	<u>322,897</u>	<u>121,389</u>	<u>(12,710)</u>	<u>310,187</u>
Excess of revenues over (under) expenditures	<u>426,514</u>	<u>426,514</u>	<u>565,244</u>	<u>138,730</u>	<u>12,635</u>	<u>577,879</u>
Net change in fund balances	426,514	426,514	565,244	138,730	12,635	577,879
Fund balance, beginning of year	<u>629,164</u>	<u>779,614</u>	<u>779,614</u>	-	<u>113,475</u>	<u>893,089</u>
Fund balance, end of year	<u>\$ 1,055,678</u>	<u>\$ 1,206,128</u>	<u>\$ 1,344,858</u>	<u>\$ 138,730</u>	<u>\$ 126,110</u>	<u>\$ 1,470,968</u>

# **Supplementary Information**



Springfield Economic Development Agency (a component unit of City of Springfield)

SEDA GLENWOOD CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Expenditures:						
Capital projects	\$ 137,000	\$ 137,000	\$ 77,025	\$ 59,975	\$ -	\$ 77,025
Total expenditures	137,000	137,000	77,025	59,975	-	77,025
Excess of revenues over (under) expenditures	(137,000)	(137,000)	(77,025)	59,975	-	(77,025)
Other financing sources (uses):						
Transfer in	137,000	137,000	137,000	-	-	137,000
Total other financing sources (uses)	137,000	137,000	137,000	-	-	137,000
Net change in fund balances	-	-	59,975	59,975	-	59,975
Fund balance, beginning of year	233	233	233	-	-	233
Fund balance, end of year	\$ 233	\$ 233	\$ 60,208	\$ 59,975	\$ -	\$ 60,208

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# **Compliance Section**





## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Governing Board  
Springfield Economic Development Agency  
225 Fifth Street  
Springfield, Oregon 97477

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Springfield Economic Development Agency of the City of Springfield, Oregon ("SEDA") (a component unit of the City of Springfield, Oregon) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 20, 2021.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether SEDA'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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe SEDA 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.


### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered SEDA's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of SEDA's internal control.

### ***Restriction on Use***

This report is intended solely for the information and use of the governing board and management of SEDA 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:   
\_\_\_\_\_  
Ryan T. Pasquarella, A Shareholder  
January 20, 2021