



City of Springfield, Oregon

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017**



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SPRINGFIELD



OREGON

CITY OF SPRINGFIELD, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2017

Prepared by:

Finance Department
Accounting Division

SPRINGFIELD



OREGON

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	11-24
Organization Chart	25
Principal City Officials	26
Certificate of Achievement for Excellence in Financial Reporting	27
FINANCIAL SECTION	
Independent Auditor's Report	33-35
Management's Discussion and Analysis	39-53
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	57
Statement of Activities	58
Fund Financial Statements:	
Balance Sheet – Governmental Funds	59
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	60
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	61
Statement of Fund Net Position – Proprietary Funds	62
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	63
Statement of Cash Flows – Proprietary Funds	64
Statement of Fiduciary Net Position – Agency Fund	65
Notes to Basic Financial Statements	66-107
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	111
Street Fund	112
Police Local Option Levy Fund	113
Required Supplementary Information Schedules for OPEB, CRP, and OPERS	114-116

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

Other Supplementary Information:

Non-major Governmental Funds Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	121
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	122
Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds	125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	126
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Special Revenue Fund	127
Transient Room Tax Fund	128
Community Development Fund	129
Building Code Fund	130
SEDA Glenwood General Fund	131
SEDA Downtown General Fund	132
Fire Local Option Levy Fund	133
Debt Service Funds:	
Combining Balance Sheet – Nonmajor Debt Service Funds	137
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	138
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Obligation Debt Service Fund	139
Bancroft Redemption Fund	140
Capital Projects Funds:	
Combining Balance Sheet – Nonmajor Capital Project Funds	143
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	144
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Development Assessments Capital Projects Fund	145
Development Capital Projects Fund	146
SEDA Glenwood Capital Projects Fund	147
Street Capital Projects Fund	148

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

Enterprise Funds:	
Schedules of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual:	
Sewer Fund	151
Storm Drainage Fund	152
Ambulance Fund	153
Booth Kelly Fund	154
Internal Service Funds:	
Combining Statement of Fund Net Position – Internal Service Funds	157
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	158
Combining Statement of Cash Flows – Internal Service Funds	159
Schedule of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual:	
Vehicle and Equipment Fund	160
Insurance Fund	161
SDC Administration Fund	162
Fiduciary Fund:	
Statement of Changes in Assets and Liabilities – Agency Fund	165
STATISTICAL SECTION	179
Financial Trend Information	
Net position by component	171
Changes in net position, last ten fiscal years	172-173
Fund balances, governmental funds, last ten fiscal years	174
Changes in fund balances, governmental funds, last ten fiscal years	175
Revenue Capacity Information	
Assessed value and actual value of taxable property, last ten fiscal years	179
Direct and overlapping property tax rates, last ten fiscal years	180
Principal property tax payers, current year and nine years ago	181
Property tax levies and collections, last ten fiscal years	182
Debt Capacity Information	
Ratios of outstanding debt by type, last ten fiscal years	185
Ratios of general bonded debt outstanding, last ten fiscal years	186
Direct and overlapping governmental activities debt	187
Legal debt margin information, last ten fiscal years	188
Pledged revenue coverage, last ten fiscal years	189

City of Springfield, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

Demographic and Economic Information

Demographic and economic statistics, last ten calendar years	193
Principal employers, current year and nine years ago	194

Operating Information

Full-time equivalent city government employees by function/program, last ten fiscal years	197
Operating indicators by function/program, last ten fiscal years	198
Capital asset statistics by function/program, last ten fiscal years	199

COMPLIANCE SECTION

Audit Comments:

Independent Auditor's Report Required by Oregon State Regulators	205-206
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Introductory Section

SPRINGFIELD



OREGON



FINANCE DEPARTMENT
ACCOUNTING / REPORTING
ACCOUNTS RECEIVABLE / PAYABLE
ASSESSMENTS
BUDGETING / TREASURY
PAYROLL
PURCHASING

December 27, 2017

To the Citizens of Springfield, Oregon:

Local ordinances and state statutes require that the City of Springfield issue a report on its financial position and activity within six months of the close of each fiscal year. In addition, this report must be audited in accordance with auditing standards generally accepted in the United States of America by an independent firm of certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Springfield for the fiscal year ended June 30, 2017.

This report consists of management's representations of the City's finances. Consequently, responsibility for the accuracy of the data and for the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Springfield's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Springfield for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Springfield's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Springfield's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Springfield was incorporated on February 25, 1885. The City has a council-manager form of government. The six-member City Council sets overall city policy and goals. The City Council also makes laws, or ordinances, which govern the City. Councilors are nominated from one of six wards and are elected at large for four-year staggered terms. The Mayor, elected at large to a four-year term, is the chief elected officer of the City and is responsible for providing political and policy leadership for the community. The Mayor has no executive power, but presides at City Council meetings and serves as the ceremonial head of the City.

Home to approximately 60,421 people, Springfield is bordered north and south by the McKenzie and Willamette Rivers, covering approximately 15 square miles in Lane County. The Springfield community has rich cultural assets, such as the Springfield Museum and Historic Interpretive Center, Washburne Historic District, Springfield Railroad Depot, Oregon Trail Mural, and Dorris Ranch Living History Farm.

The City provides a full range of municipal services. These services include police, fire, emergency medical services, municipal court, community planning and development, library, wastewater management, stormwater management, general public works, central service administration, and other functions associated with a full-service city.

For financial reporting purposes, the City includes all funds subject to appropriation by the City Council. In addition, the City includes all governmental organizations and activities for which the City Council is financially accountable. Therefore, the financial statements of the Urban Renewal Agency of the City of Springfield, although legally separate, have been blended with those of the City by including them in the appropriate statements and schedules in this report. Other potential component units have been evaluated and determined not to be component units of the City according to the criteria provided by the Governmental Accounting Standards Board.

For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon law. The law establishes standard procedures for preparing, presenting, and administering the budget. It requires citizen involvement in the preparation of the budget and public disclosure of the budget before final adoption. The activities of all the funds of the City (except the Agency Fund, which accounts only for non-budgeted pass-through monies) are included in the annual budget, as required by state law. The City prepares its budget, as allowed under Oregon law, using the modified accrual basis method of accounting. The legally adopted budget is presented at the departmental level for current expenditures, with separate appropriations established for capital projects, debt service, inter-fund transfers, miscellaneous fiscal transactions, statutory payments, contingencies, unappropriated fund balances, and reserves.

Under the changes made by Measure 50, Oregon's municipalities now levy their annual property taxes on a partial rate-based levy system. Springfield has been assigned a permanent tax rate of \$4.7403 per thousand dollars of assessed valuation for its annual property tax operating levy. This amount can be temporarily overridden through the use of voter-approved serial levies. In November 2010, Springfield voters renewed a special purpose five-year property tax levy for fire and life-safety services at a rate of \$0.36 per thousand beginning July 1, 2011. Subsequently, in November 2015, Springfield voters re-authorized that levy for another five years at the same rate. In November 2012, voters re-authorized the levy for police, municipal court, and jail services at a rate of \$1.28 per thousand for five years beginning July 1, 2013. Springfield still has the authority to levy an additional dollar value property tax levy for the retirement of its voter-approved general obligation bond debt. For the fiscal year ended June 30, 2017, the amount of the tax levy for general obligation bonded debt was \$0.50 per thousand.

Local Economy

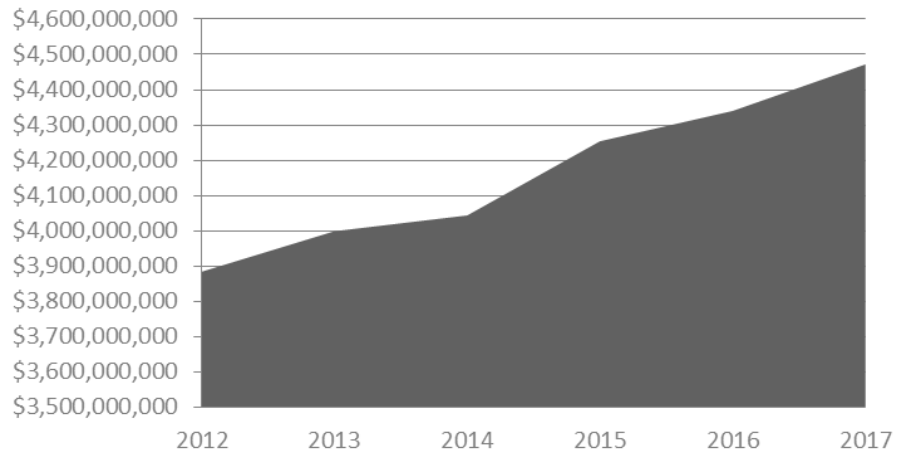
Springfield is located in the southern Willamette Valley of Western Oregon, in close proximity to the Pacific Ocean and Cascade Mountain Range. Springfield is Oregon’s ninth-largest city and the second-largest city in Lane County. Springfield is located immediately east of Eugene and separated only by Interstate 5, which connects Springfield to the Portland metropolitan area and Washington state to the north and California to the south.

Springfield has seen positive impacts of the recent economic recovery, with an increase in investments in local manufacturing and traded sector activities, increased values in property, momentum in private and public projects, and decreases in city-wide commercial and industrial vacancy rates. Area businesses and local partners continue to play a role in this recovery, investing in existing Springfield facilities and Springfield employees, partnering with one another to improve the business ‘climate’ through sourcing relationships, events, and peer-to-peer support. With an emphasis on innovation and support of existing industry retention and expansion, the City Council continues to champion projects and initiatives which invest in the economic vitality of the community, improving the lives of Springfield citizens. The economic vitality of Springfield and the financial health of the City government is linked to healthy population growth and the number of quality jobs available in our community (Springfield Economic Look, 2017).

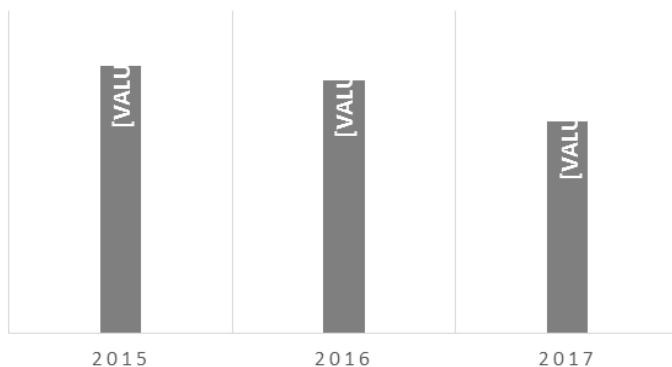
Property Values:

Total assessed property values have steadily increased for the last five fiscal years, increasing by 3% between FY16 and FY17. This is a slightly greater increase than FY16, which grew by 2%. In total, FY17 assessed property values in the City of Springfield totaled just over \$4.4 billion, an increase of \$132 million over FY16.

**Assessed Property Values
Springfield, OR**



**Unemployment Rate
Springfield, OR MSA**



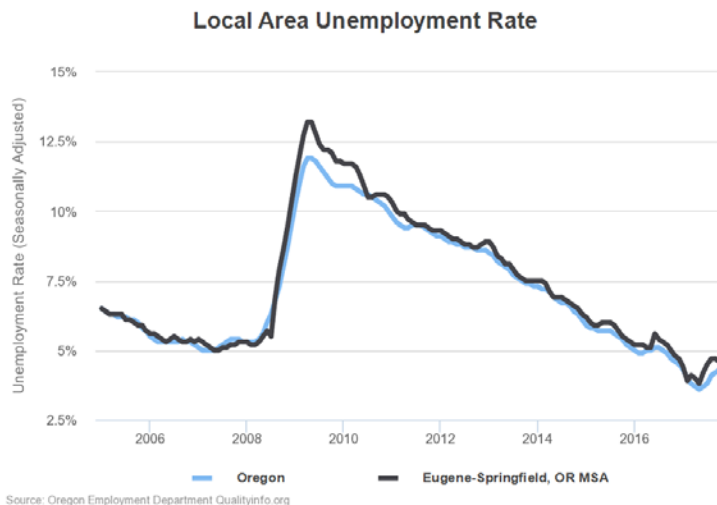
Job Growth:

Job growth continues to increase in Lane County with unemployment in Springfield decreasing from 5.5% in FY16 to 4.6% in FY17. While slightly higher than the State-wide average of 4.2%, trending remains consistent with state averages over time, and most importantly, on a positive downward trend. Overall, the City of Springfield and Lane County unemployment rates maintain similar trends to those captured state-wide.

While the continued decline in unemployment within the City of Springfield and greater Lane County is both significant and promising, other regional indicators continue to indicate slower overall growth than state averages.

Per capita personal income in the region increased in 2016 by 1.9%, reaching \$41k, while the statewide figure grew by 2.4%. This growth trend remains consistent with positive, but slightly slower, growth seen in 2015. The relationship between unemployment rates and personal income emphasize the need for continued focus on City partnerships and resources towards projects which support increases in the number of family wage jobs.

For this reason, the City led significant initiatives within the community during FY17, focusing on support of key target industries and projects.



Springfield Industry:

MEDICAL TECHNOLOGY
 CRAFT FOOD & BEVERAGE
 ADVANCED TIMBER MANUFACTURING
 TECH

Springfield continues to see industry growth and opportunity in a wide range of nationally projected high output industries through 2024, including the highest projected industry: software publishers. This competitive advantage is of note for Springfield as the current impacts of the Springfield Symantec Site downsizing may create a brief influx of employment talent available on the local labor market.

In FY17, the City of Springfield analyzed local industry trends in order to prioritize target industries for economic development focus. Following analysis of employment and output growth, wage levels, manufacturing capacity utilization, and capital investment potential, a broad list of initial industry was identified. Further refinement resulted in a focus on four priority Springfield, OR target industries; advanced timber manufacturing, technology, craft food and beverage, and medical technology.

Advanced Timber Manufacturing:

- **Swanson Lumber Mill Rebuild** – Late in 2015, Swanson Lumber Group began construction of the first new mill development to be completed in Oregon in over 40 years. The new mill development followed a devastating 2014 fire which completely destroyed the existing mill and all equipment, valued at \$23 million. Early in FY17, following the complete rebuild of a new 330,000-square-foot veneer plywood layup operation, Swanson hired back approximately 190 employees. The new mill officially reopened at full production shortly thereafter, with an estimated investment of over \$55 million in facility and equipment. The site will benefit from a five-year extended property tax abatement, one of the local incentives provided by the City of Springfield to retain the company and support the rebuild.

- **International Paper** – In early FY16, the City of Springfield and Lane County authorized a five-year enterprise zone property tax abatement to International Paper. This authorization came after a request to support the proposed \$101.6 million facility upgrade, including significant equipment replacements at their 42nd Street area paper mill. The improvements began shortly thereafter and were completed early in FY17. This upgrade will allow the facility to continue operations, increase efficiency, and help maintain quality for critical world markets. The plant manufactures kraft liner/containerboard, supplying to key customers around the world (Pacific Northwest, California, Japan, Korea and China). The replacements and site investments also indicate a desire to maintain the strong presence in the City of Springfield as both an employer and significant property tax payer.



- **Cross Laminated Timber and the Glenwood Riverfront** – Developing the Glenwood Riverfront project area and site infrastructure to connect the community to the river continued to be a priority initiative for the City of Springfield. The current emphasis is on further advancing the design and testing of the Glenwood Mass Timber Parking Structure, a ground breaking cross-laminated timber (CLT) parking structure designed to serve visitors, residents and employees of the existing and future neighborhood. In FY17, the City partnered with the Oregon State University TallWood Design Institute to begin testing of the parking structure. In May, a full-scale mock-up of the parking structure shear wall system was put to seismic test on the NHERI outdoor shake table located at the University of California, San Diego. Following a series of simulated seismic events, the structure was inspected for damage and assessed for resiliency. Final reports of the test will be drafted in FY18 and utilized to complete a system peer review, establishing it effective for use in the Glenwood structure with possible approval as an alternative building system for later inclusion in the International Building Codes. Additional durability testing will begin in FY18.
- **Hyland Mid-Springfield Industrial Park** – In FY17, John Hyland Construction began construction and completed the first tenant/owner space at the 30th Street industrial park, with Omlid & Swinney Fire Protection and Security as an anchor to the development area. Omlid & Swinney moved into the new facility in late FY17, with additional high value and high demand spaces under construction through FY18. Industrial and manufacturing spaces similar to the Hyland parks are in great demand throughout Springfield, as the current inventory of speculative space is very low. In addition to the 30th Street project, new units are anticipated in FY18 at the High Banks Business Park, located just north of High Banks Road and 52nd Street. The industrial park sits on 7.5 acres and is also owned by Hyland Construction. At increasing rates, developers, including Hyland Construction, continue to explore other Springfield sites for additional industrial development and expansion opportunities.

Healthcare:

- **McKenzie-Willamette Medical Center** – The Mckenzie-Willamette Medical Center, located at 1460 G Street, moved forward with plans for major additions and renovations to its hospital facilities in the

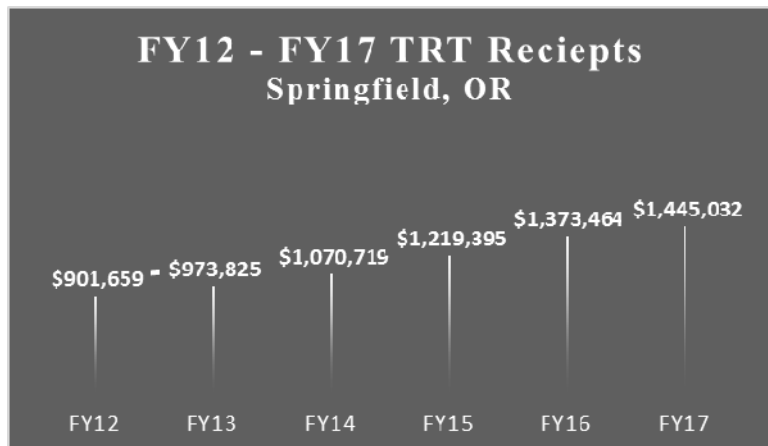
Springfield Mohawk area. At an estimated cost of nearly \$80 million, the three-year project is nearing the final year of construction, with substantial progress made during FY17. Construction is estimated to be completed in 2018. Adding nearly 153,000 square feet of space and an additional 56,000 square feet of renovations to the existing structure, this is the first facility expansion in nearly 30 years and allows all patients a private room, adds private exam and trauma rooms in the Emergency Room, and adds a new patient tower with new entrance and lobby and housing a new four-bed level II neonatal intensive care unit, expanded surgical and cardiovascular units, and beds for medical and surgical patients. The cardiovascular program and chest pain center will double in size from eight to sixteen total beds. Additionally, McKenzie-Willamette is undergoing organizational changes as the facility shifts to become a new publicly traded hospital company called Quorum Health Corporation.

- PeaceHealth and PeaceHealth Laboratories (Oregon Medical Labs)** – PeaceHealth continues to invest in company-wide organizational changes, impacting Eugene-Springfield facilities and employment numbers. As one of the region’s largest employers, the further centralization of services to facilities outside of the Eugene-Springfield region during FY17 impacted the community widely and included significant impacts to their PeaceHealth Laboratories facilities. These impacts included decreases in jobs and in the spring of 2016, PeaceHealth Laboratories operations were sold in majority to Quest Diagnostics. Quest Diagnostics has maintained a presence in the region providing similar services post-acquisition, but is processing samples outside of the region opposed to locally as had been the practice of PeaceHealth. The PeaceHealth Laboratories facility, still under ownership of PeaceHealth, saw a decrease in employees and active facility spaces. In FY18, this facility and partnerships with PeaceHealth leadership will be a City priority in order to support healthy and active reuse of the valuable facility and amenity to the medical technology industry.

Leisure, Hospitality and Mixed-Use:

- Transient Room Tax Collections**

– During the recent economic recovery, the City of Springfield has seen consistent increases in generated Transient Room Tax (TRT) funds received. FY16 saw a 13% increase in revenues over the year before, generating over \$1.3 million in TRT dollars for the year. While FY17 saw slower increases in revenues, the trend remained positive, increasing by 5% over FY16, totaling over \$1.4 million in receipts. FY17 tourism



business saw slight increases in spending during the summer and spring, but a decline over the fall and winter months. Some of this influx may be attributed to seasonal unique events hosted in FY16 but not FY17 as well as negative impacts of seasonal weather events. Overall, Springfield hotel occupancies in FY17 were 68%, down from 70% in FY16, and reflected in the slower increase in revenues. While occupancies were slightly less, the average daily rate (ADR) in Springfield rose by nearly 4% over FY16, resulting in a FY17 ADR of \$98 (Travel Lane County). These increases are forecasted to continue as future hotel projects are currently underway.

- Springfield Art** – Springfield TRT funds have played the largest role in successfully funding the installation of significant art throughout Springfield. During FY17, the City of Springfield partnered with Willamalane Park and Recreation District to construct the Springfield Veterans Memorial Plaza located in the Mohawk Neighborhood on the corner of Mohawk Blvd and I Street. On November 11, 2016, the plaza was officially opened, providing the community with a place for reflection, education, and events in celebration of the many men and women who have served in the military. The plaza construction included replacement of the Vietnam Memorial, increasing the size of the memorial and providing space to include a more complete list of Lane County Vietnam Veterans. During FY18, the plaza will become home to the Women Veterans Memorial, a bronze sculpture honoring the spirit, dedication, and sacrifice of all women who have served in the military.



- Glenwood Fairfield Inn & Suites** – As part of a City and Urban Renewal Agency land assembly project, several key properties in Glenwood were identified, assembled, prepped, and sold to Alko Investments, LLC. Following the 2015 opening of a Candlewood Suites on the site, the City of Springfield sold the remaining 1.3 acres to the same company, which is planning to open a second hotel. Construction on this second project lasted through FY17 with the facility anticipated to open during the winter of FY18. The property will be a Marriott-branded Fairfield Inn and Suites with 81 rooms and an indoor/outdoor swimming pool. These developments are continued signs of the growing momentum in Glenwood redevelopment, capitalizing on the thoughtful land-use and proximity to the river, two downtowns, the University of Oregon, and Interstate 5. Alko Investments has eluded to additional plans for a third Glenwood hotel development within the next three-five years.
- The Franklin Boulevard Realignment** project broke ground in FY17, moving quickly through initial phases of construction and including significant progress in constructing a complete realignment and upgrades to the street and adjacent property owner driveways, two roundabouts, stormwater facilities, sidewalks, bike facilities, bus transit facilities, and additional future capacity. At a cost of almost \$10 million, Phase I is anticipated to conclude by late 2018 and will provide the first constructed access to the Glenwood riverfront mixed-use and hospitality redevelopment opportunity area. This project is funded in combination by the City of Springfield, Springfield Economic Development Agency, and the State of Oregon.

Community Placemaking:

- **Virginia-Daisy Bikeway Project** – In November of 2016, the City Council held a public hearing and approved the Virginia-Daisy Bikeway Concept, a project awarded funding through the statewide Oregon Transportation Enhancement Grant Program. During FY17, Virginia Avenue and Daisy Street underwent significant design development to provide a safe and comfortable bicycle corridor for use by people of



all ages and abilities. The corridor, once constructed, will provide an east-west bike network option serving as an alternative to the larger and more congested Main Street. The improvements are designed not only for bicyclists, but for all users, including residents living along the corridor and those desiring to pass through on bike, foot, or by car. The project will move into construction document and bidding phases in FY18 with a target for FY19 completion.

Long-term Financial Planning

The City's long range financial planning efforts mirror many other cities by producing trend line projections for both revenue and expenditures based upon individual analysis of both primary revenue and expenditures. As the economy continues to recover in the private sector, it has a positive influence on certain aspects of the City's projections. However, there are also other areas where, as a public agency, it has been important to recognize the difference between where there is merely a short time-lag between the benefits of the recovery in the private and public sectors and where there is more likely a more significant long-term shift in the availability of certain resources for services.

Financial policies are central to a strategic, long-term approach to financial management. Currently, the City of Springfield has a three-page document representing the Financial Management Policies and recently initiated a project to review the fiscal health of our organization starting with a review and revision of outdated policies. The current City policies have three different update characteristics; these are: (1) policies that *conflict* with current practices; (2) policies that are simply *out-of-date*; and (3) policies that *require clarification*. Additionally, there are important policies that are not currently addressed, as well as policies that are better left to administrative process.

The Finance Department identified nine policies for potential revision with six completed to date. During fiscal year 2017, we completed the review and Council adopted three new policies for Long Term Financial Planning; Expenditures; and Investment. Our objective was to update these and other financial policies in order to develop a strategic, long-term approach to: (1) minimize the cost of government and reduce financial risk; (2) maintain appropriate financial capacity for present and future needs; and (3) ensure the legal use of financial resources through an effective system of internal controls.

Another objective of the policy reviews was to better understand how budget decisions impact the long-term stability of the City's financial position. A critical component is the make-up of the different accounting funds and how each has its own unique external forces that can impact its financial stability. The last recession did not treat all funds equally and lessons can be learned about the early identification of stress signs and what can be done to be able to respond in a timely manner. A part of this exercise is to ensure that staff is providing adequate guidance for the Council and Budget Committee in these matters.

The City's major operating funds for General, Building, Sewer, and Stormwater purposes all meet current Council adopted policies for maintaining adequate contingency and working capital. The City has two operating funds, the Street Fund and the Ambulance Fund, that do not fully meet the guidelines for maintaining adequate contingency and working capital at this time; however, City staff are making these two funds the top priority in its fiscal health exercise.

In conjunction with the fiscal health exercise, the City is also entering its fifth year of a program called 'priority-based budgeting' which attempts to help make stronger correlations between the Community and Council-desired results and the prioritization and use of available resources. With the combining of the fiscal health and priority-based budgeting efforts, the City is attempting to expand its window of planned financial stability from the 1-3-5-year window to a 5-10-15-year window. During fiscal year 2018, staff will be working with the City Council to update its three-to-five-year strategic outcomes that are in response to the longer term Council goals.

In the meantime, as the City continues looking at a shorter three-year window, the three main areas of focus are subsidy-required services, utility enterprise operations, and capital projects.

Many of the City services requiring additional resources through taxes are still seeing lackluster performances in both taxes and additional revenues generated through fees and charges. Local governments in Oregon, such as Springfield, depend on the health of the housing and construction segment of the economy to support sustained growth. At this time, the market value of existing housing stock has become more stable, but there has been only a moderate increase in construction of new housing. Major remodel/rebuilds for three large local commercial enterprises have shown an economic commitment to this area by three major employers. Lack of significant new construction has kept the City's estimates for property tax growth in the 3% range.

Utility enterprise operations such as sanitary sewer and stormwater, where there is the ability for the Council to make choices about raising monthly fees, have been better able to increase revenues to meet expenditure needs. Throughout this period, the combination of tempering expenditures with modest rate increases has allowed these enterprises to continue their vital maintenance needs.

Capital projects are feeling some of the greatest pressure to find or generate additional revenues to meet current demands. Much of the revenue needed for system expansion comes from the development industry in the form of system development fees or developer-provided capital or infrastructure. In the past several years, the City has used a large portion of its capital development reserves to complete or continue the planning of future expansions but has not seen the private sector active in this arena. New development pressures are beginning to occur with a need for infrastructure expansion, while the City finds itself now several years behind and without the necessary resources. Additional public/private partnerships are being explored as a way to narrow the gap between resources and project costs.

Indicators of economic recovery from the private sector are still seeing mixed results for franchise and right-of-way payments received from doing business in the community. None of the four major franchise companies have shown continuous growth during the five-year period. Two have appeared to have reached a plateau at this time and may begin to show some signs of recovery while the continued

economic pressures are evident in certain sectors. The City is utilizing a financial planning strategy for revenues that indicates that many of our charges for services and franchise fees have reached a level of stability, albeit lower. Our new model of projecting revenues is taking a more conservative approach and not projecting a return to the previous level of development activity. Many of the charges for services that the City is dependent upon to indicate a healthier economy rely on a strong and stable housing market while many indicators point to this being one of the last sectors of the economy to realize a recovery.

Public Safety Services:

In a significant move for two public agencies, the cities of Springfield and Eugene completed an operational merger of their two fire and life safety departments through an intergovernmental agreement in July of 2014. The combined department for the two cities continues to look for continued operating efficiencies that benefit both cities. All employees are still employed by their respective city while the operation of the two departments is under the direction of a single command structure. Employees of either city can be and are assigned to any station within the metro area, and all equipment can be called upon to respond to any situation where needed. Hiring and training are conducted as a single organization. Many administrative positions are shared and only require a single individual in the role. These shared positions include the Fire Chief, Deputy Chief of Operations, Deputy Chief of Strategic Services, Fire Marshal, and Deputy Chief of Training. Both cities are experiencing financial and service benefits for the communities that will continue for years to come.

The Police Department has completed seven years of operating its own 100-bed jail separate from the Lane County facility. This new program was added to the City in 2010 and requires a minimum of 18 FTE to operate twenty-four hours a day, seven days a week. The addition of this program has had a great impact, both financially and operationally, on both the Police Department and the Municipal Court. In the spring of 2017, the City converted the all-male facility into a facility that can also house up to 16 female prisoners.

The City continues to have two special-purpose taxing levies approved by the voters. The citizens recently renewed a five-year Fire and Life Safety levy that will expire on June 30, 2021, and has a current five-year Police levy that will expire on June 30, 2018.

Urban Renewal:

Within the past ten years, the City has initiated the formation of two urban renewal districts within our community. One is for the core downtown area and the other is for the Glenwood area, located immediately adjacent to downtown and across the river. The formation of the two urban renewal districts is important to the City's strategy for attracting new or additional commercial and industrial businesses to our area. In the recent past, the City has adopted both a Glenwood Refinement Plan and a Downtown Revitalization Plan. For the Glenwood District, the City was awarded a \$6 million transportation grant from the State which will be matched by \$3.6 million from the City to complete Phase I of the planned improvement for Franklin Boulevard. Construction began in June 2017 and will be completed in 2018. For this District, the Council has prioritized the establishment of the boundaries for the Willamette Greenway setbacks, the installation of a riverfront path, and is working to attract an initial developer for the riverfront property.

For the Downtown District, the City has completed the second phase of the Improved Pedestrian Lighting Project as well as transportation project improvements for the core Downtown area. Also, in response to requests by Downtown merchants, the City has redesigned its parking program to include free on-street timed parking and available paid parking permits for City-owned lots. Both of these projects are a subset of the larger Main Street Visioning Project.

Capital Improvements:

The City of Springfield's Capital Improvement Program (CIP) is a five-year Community Reinvestment Plan which describes the funding and construction of City public facilities. The Council biennially approves a list of public projects, such as transportation and streets, wastewater, stormwater, and buildings and properties, which are programmed for planning, design, and construction in the next five years. Programming in the CIP is based upon the most-current estimates of available funding. Actual funding decisions are made during the City's annual budgeting process. These projects are aimed at improving neighborhoods, providing for economic growth, improving traffic safety, and maintaining the existing City infrastructure and facilities. Some of the major projects in each of these program areas include the following:

Transportation and Streets:

- **Franklin Boulevard Reconstruction** – The National Environmental Policy Act (NEPA) process is complete with the project receiving a Categorical Exclusion (CE). The Franklin concept endorsed by Council in 2008 envisions sections of improved arterial and sections of a multi-way boulevard treatment that includes access lanes and parking adjacent to the arterial. Project elements include roundabout intersections, median control, relocated EmX station platforms, space preserved for future capacity, and provision of high quality bicycle and pedestrian facilities. The City received \$6 million through the Statewide Transportation Improvement Program (2015-2018 STIP), and is providing an additional \$6 million in jurisdictional transfer revenue, storm water capital funds, and transportation System Development Charge revenue to complete a Phase I improvement from the Franklin/McVay intersection to a logical terminus just east of the Mississippi intersection. Design, right of way acquisition, and utility relocations are completed. The construction contract was awarded in May 2017 and construction began the following month and is expected to be completed in 2018.
- **Virginia-Daisy Bicycle Boulevard/Virginia-Daisy Preservation** – The City of Springfield partnered with the University of Oregon's 2011-2012 Sustainable City Year Program to plan Virginia/Daisy corridor bike boulevard improvements. Safety treatments along the entirety of the corridor may include: increased signage to slow vehicles and identify the space as a bicycle boulevard, striping of bicycle lanes, sharrows, traffic calming infrastructure (e.g., bulb-outs), and intersection treatments (e.g., mini-roundabouts). In 2015, the City received a \$0.7 million State grant to implement this project. Additionally, the City has received \$0.5 million in Surface Transportation Preservation – Urban (STP-U) funds to facilitate a surface preservation project on the corridor that will be completed in advance of the bicycle boulevard project.

Wastewater:

- **CMOM Planning and Implementation** – The City continues to make the repair, rehabilitation, or replacement of older wastewater pipes throughout the City a high priority in the Capital Improvement Program in an effort to reduce leakage of ground water into the system. In 2010, the City completed rehabilitation of the basins identified in the Wet Weather Flow Management Plan (WWFMP) adopted in 2001 by the City and the Metropolitan Wastewater Management Commission (MWMC). Rather than update the WWFMP, the City, in conjunction with MWMC, is moving to a Capacity, Management, Operations, and Maintenance (CMOM) program to remain in line with both State and Federal regulations. This program will identify and implement future preservation needs.

Stormwater:

- **Over-Under Channel Pipe Replacement** – The Over-Under Channel is part of the City’s stormwater system serving mid-Springfield from 5th to 28th Streets and from Main Street to Highway 126. The name of the Channel comes from the configuration of the system where stormwater is collected and conveyed in both an open channel and in a large pipe located under and adjacent to the channel. A portion of the piped system, from the east side of Silke Field to the outfall of the system into the Q Street Channel at Moffitt School, is a corrugated metal arch pipe (CMP) installed in the late 1950’s and early 1960’s. Staff has found that this CMP has reached the end of its useful life and is showing signs of corrosion and minor failures. In fiscal year 2011, the City Council approved funding to design a replacement pipe system and identify the amount of additional funds needed for construction. Investigative and hydraulic study work has been completed, and with design and citizen outreach efforts wrapping up, construction is anticipated to begin in late 2016.
- **Channel 6 Flood Insurance Rate Map (FIRM) Update / Channel 6 Phase II** – Channel 6 currently has a regulatory (100-year) flood plain depicted on FEMA's Flood Insurance Rate Maps. Since the data collection was done for the original flood plain mapping in the 1960's and 1970's, numerous changes have been made to Channel 6, including widening, narrowing, and piping. Each of these changes was considered insignificant and was done independently, so detailed analysis of the effect of the change on the mapped flood plain was not performed. However, when the changes are taken in aggregate, there may be an effect on some properties. The City has received a request from a citizen with property along Channel 6 to re-evaluate the current 100-year flood plain boundary and prepare new maps if needed. The requested funding will allow the City to hire a consultant to develop a scope document for the study and mapping update. This scope will then be used to support a future request for funding the update work.
- In addition to the above major projects, several other projects are also already budgeted and scheduled, including: Glenwood Stormwater Master Plan, Stormwater Channel Improvement, 5th Street/EWEB Path Storm Pipe, and 19th Street Sewer Upgrade.

Major Initiatives

The City Council goals for this year, along with some of the more significant activities and projects addressing those goals, are as follows:

Provide Financially Responsible and Innovative Government Services

- Urban growth boundary expansion to meet industrial zone employment needs
- Infrastructure enterprise funds meet operating and capital requirements
- Information technology infrastructure is available
- Enhancements and customizations to existing applications will meet customer expectations

Encourage Economic Development and Revitalization through Community Partnerships

- There is growth in the level of Glenwood Urban Renewal investment
- There is growth in the level of Downtown Urban Renewal investment
- Room tax receipts are meeting their set outcome measure
- The infrastructure needed for growth is identified and planned

- Target areas are planned and zoned for redevelopment to attract new business and attractions and/or eliminate blighted areas
- Opportunities for affordable and decent housing are increased through partnerships with non-profit housing developers and providing assistance to low and very low-income citizens throughout the community

Foster an Environment that Values Diversity and Inclusion

- Percent of proposers on Public Works formal solicitations that self-identify as minority, women, or emerging small businesses (MWESB)
- City supports and encourages inclusion in advertisements for open positions, procurement and budgetary objectives
- Effective and appropriate language services are provided while at the Springfield Municipal Court
- Percent of qualified applicants who meet City's workforce diversity goals

Strengthen Public Safety by Leveraging Partnerships and Resources

- High priority calls are dispatched within 60 seconds of receipt
- Medium priority calls are dispatched within five minutes of receipt
- Low priority calls are dispatched within 10 minutes of receipt
- Crime rate for property crimes is decreasing
- Emergency ambulance responses are within eight minutes
- Fire responses are within five minutes

Maintain and Improve Infrastructure and Facilities

- Planned infrastructure maintenance is performed
- Preservation projects are completed on schedule
- Out-of-service signalized intersection repaired within 48 hours of reporting
- Capital projects are constructed to meet expanding needs

Promote and Enhance Our Hometown Feel While Focusing on Livability and Environmental Quality

- Student success and community literacy is supported
- The quality of information services is improved
- Access to Library services and collections is improved
- Trash is reduced and community recycling is increased
- Increase percent of current Stormwater Management Plan activities in compliance with the six minimum measures
- Wastewater infrastructure systems meet regulatory performance requirements
- Revitalization of low-income neighborhoods is supported
- Citizen requests and inquiries are given timely attention
- Technology is used to make it easier for citizens to do business in Springfield through e-permitting and on-line access to information
- Residents perception of Springfield is positive
- Neighborhoods are healthy and active

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the thirty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We also want to acknowledge the cooperation and assistance of other City staff who contributed to the information required for a fair presentation of the City's financial operations.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,

CITY OF SPRINGFIELD, OREGON



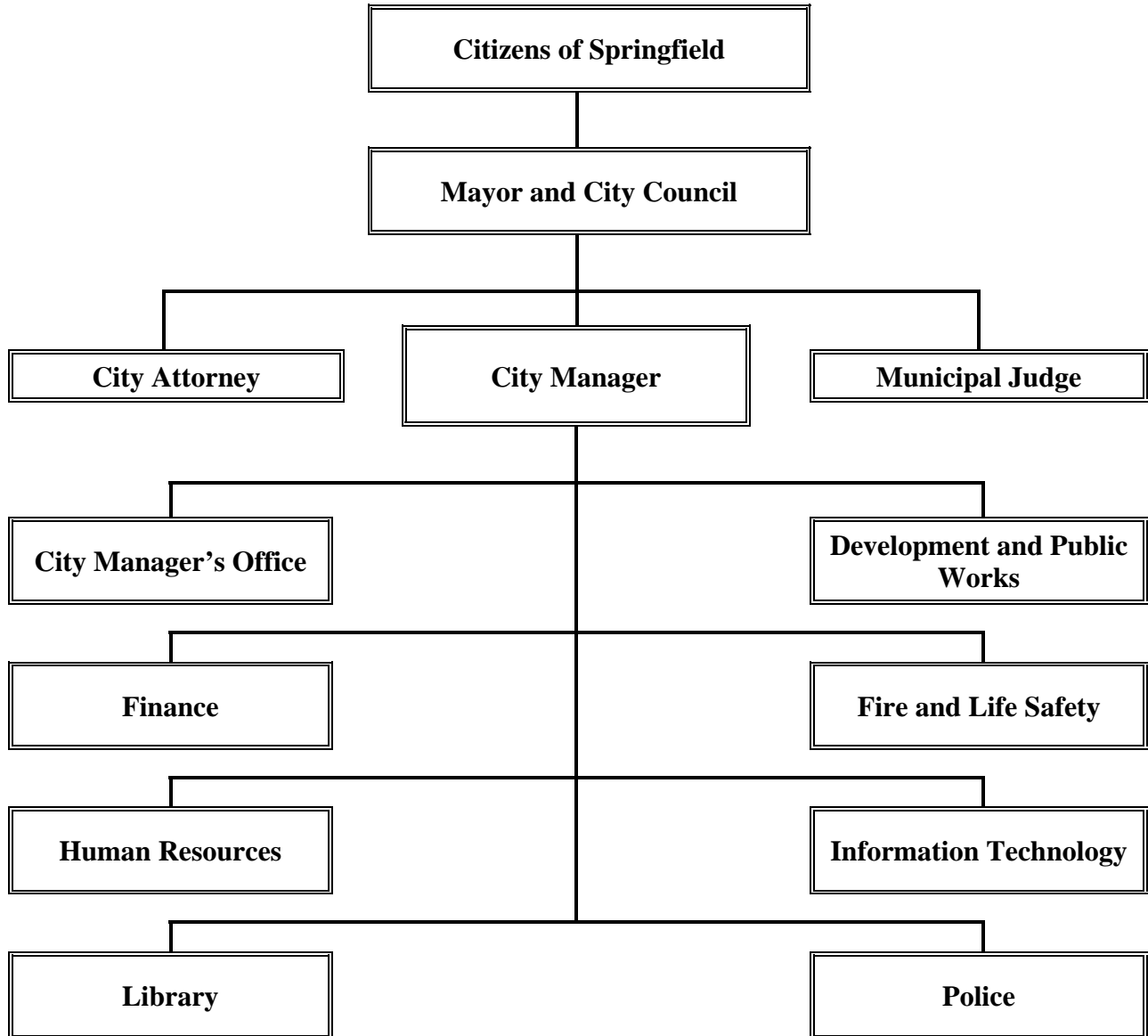
Gino Grimaldi,
City Manager



Robert J. Duey,
Finance Director

CITY OF SPRINGFIELD

Organization Chart



City of Springfield, Oregon

Principal City Officials

June 30, 2017

Elected Officials

Mayor

Christine Lundberg
2031 2nd Street
Springfield, OR 97477

Term Expiration

December 31, 2020

Council Members

Sean VanGordon
2327 Clear Vue Lane
Springfield, OR 97477

Ward 1

December 31, 2018

Hillary Wylie
339 S "E" Street
Springfield, OR 97477

Ward 2

December 31, 2018

Sheri Moore
1955 16th Street
Springfield, OR 97477

Ward 3

December 31, 2020

Leonard Stoehr
4157 Glacier Drive
Springfield, OR 97478

Ward 4

December 31, 2020

Marilee Woodrow
1009 South 59th Street
Springfield, OR 97477

Ward 5

December 31, 2018

Joe Pishioneri
961 South 70th Street
Springfield, OR 97478

Ward 6

December 31, 2020

Administrative Officials

Gino Grimaldi
Robert J. Duey

City Manager
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Springfield
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

SPRINGFIELD



OREGON

Financial Section

SPRINGFIELD



OREGON

Independent Auditor's Report

SPRINGFIELD



OREGON



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 REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the City'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 the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Oregon, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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), schedule of revenues, expenditures, and changes in fund balance – budget to actual for the general fund, street fund, and police levy fund and the required supplementary information schedules for OPEB, CRP, and OPERS 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 MD&A and the required supplementary information schedules for OPEB, CRP, and OPERS 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures, and changes in fund balance – budget to actual for the general fund, street fund, and police levy fund are the responsibility of management and were derived from and relate 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 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, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary 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, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 27, 2017, on our consideration of the City'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
December 27, 2017

SPRINGFIELD



Management's Discussion and Analysis

SPRINGFIELD



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Springfield's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total assets and deferred outflows of resources at June 30, 2017 increased \$24.1 million from \$314.9 million to \$339.0 million, or 7.6% from the prior year. This increase in total assets and deferred outflows of resources was primarily due to a \$17.8 million increase in deferred pension outflow and a \$7.3 million increase in capital assets offset by a decrease of \$0.9 million in cash and investments.
- The City's total liabilities and deferred inflows of resources increased by \$18.4 million from \$102.0 million to \$120.4 million, or 18% from the prior year. This increase was primarily due to a \$22.4 million increase in the City's net pension liability, a \$0.4 million increase in the City's OPEB obligation, a \$1.2 million increase in accounts payable, and a \$0.7 million increase in notes payable offset by a \$0.9 million decrease in accrued payroll liabilities, a \$3.9 million decrease in bonded debt, and a \$1.6 million decrease in deferred pension inflow.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$218.6 million at the close of fiscal year 2017. Unrestricted net position totaled \$19.5 million with the remainder of the City's net position invested in capital assets (\$177.0 million) and restricted for capital projects, public safety, transportation, community development, debt service, and other purposes (\$22.0 million).
- At June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$25.4 million, a decrease of \$1.4 million (5.1%) from the prior year. Of this total amount, \$7.2 million (28.6%) constitutes unassigned fund balance which is available for spending at the government's discretion, \$17.8 million (70.2%) constitutes either restricted, committed, or assigned fund balance which is not available for new spending because it has already been committed to another purpose, and the remainder of the fund balance, \$0.3 million (1.2%) is in a nonspendable form.
- At the end of fiscal year 2017, the unassigned fund balance in the General Fund was \$7.4 million which was 20.6 % of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Springfield's basic financial statements. The City's basic financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of

resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal 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 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 (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include:

- General Government
- Fire and Life Safety
- Police
- Library
- Development and Public Works

The business-type activities of the City include:

- Sewer
- Storm Drainage
- Booth Kelly (operation of the Booth Kelly Center – a large commercial building and other similar activities)
- Ambulance Service

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Urban Renewal Agency for which the City is financially accountable.

The Urban Renewal Agency, called the Springfield Economic Development Agency (SEDA), has a governing body that is substantively the same as the City's and City management is responsible for the Agency's operations. For these reasons, the SEDA special revenue and capital project funds are included as an integral part of the City.

The government-wide financial statements can be found on pages 57-58 of the basic financial statements.

Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government activities. The reconciliations can be found on pages 59 and 61 in the basic financial statements.

The City maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report three funds: General Fund, Street Fund, and Police Local Option Levy Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the major special revenue funds as required supplementary information on pages 111-113. Budgetary comparisons for all other governmental funds have been provided elsewhere in this report.

The governmental funds financial statements can be found at pages 59-61 in the basic financial statements.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its Sewer operations, Storm Drainage operations, Ambulance Service, and Booth-Kelly operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment, including its fleet of vehicles and its computer and telecommunication equipment, for employee benefits and risk management activities, and for administrative activities related to the System Development Charge program. Because all three of these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Sewer Fund, the Storm Drainage Fund, and the Ambulance Fund, which are all considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 62-64 in the basic financial statements.

Fiduciary funds. The City is the trustee, or *fiduciary*, for certain funds. The City is responsible for ensuring that the assets reported in a fiduciary fund are used for their intended purposes. The City has one fiduciary fund, the Agency Fund. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in assets and liabilities. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The fiduciary fund financial statement of net position can be found on page 65 in the basic financial statements.

Notes to the 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. The notes to the financial statements can be found on pages 66-107 of this report.

Required supplementary information. This report also presents certain required supplementary information concerning budgetary comparisons for the general and major special revenue funds as well as information about the City's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on pages 111-116 of this report.

Other supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, budgetary comparisons for proprietary funds, and the statement of changes in assets and liabilities of the agency fund are included in this report and can be found on pages 121-165.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$218.6 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$177.0 million (81%) reflects its investment in capital assets (e.g., land and right-of-way, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Springfield's Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 52,383,718	\$ 52,934,352	\$ 43,998,295	\$ 44,405,334	\$ 96,382,013	\$ 97,339,686
Capital assets, net, where applicable, of accumulated depreciation	139,453,696	134,355,391	79,419,948	77,265,653	218,873,644	211,621,044
Total assets	<u>191,837,414</u>	<u>187,289,743</u>	<u>123,418,243</u>	<u>121,670,987</u>	<u>315,255,657</u>	<u>308,960,730</u>
Deferred outflows of resources	17,852,864	5,049,951	5,916,418	935,122	23,769,282	5,985,073
Noncurrent liabilities	73,460,162	56,583,048	36,388,524	33,596,074	109,848,686	90,179,122
Other liabilities	5,691,887	5,527,241	1,750,096	1,660,964	7,441,983	7,188,205
Total liabilities	<u>79,152,049</u>	<u>62,110,289</u>	<u>38,138,620</u>	<u>35,257,038</u>	<u>117,290,669</u>	<u>97,367,327</u>
Deferred inflows of resources	2,718,198	3,683,551	417,699	1,013,855	3,135,897	4,697,406
Net position:						
Net investment in capital assets	122,230,625	115,176,581	54,802,364	54,212,835	177,032,989	169,389,416
Restricted	17,295,648	17,357,721	4,733,337	3,976,909	22,028,985	21,334,630
Unrestricted	<u>(11,706,242)</u>	<u>(5,988,448)</u>	<u>31,242,641</u>	<u>28,145,472</u>	<u>19,536,399</u>	<u>22,157,024</u>
Total net position	<u>\$ 127,820,031</u>	<u>\$ 126,545,854</u>	<u>\$ 90,778,342</u>	<u>\$ 86,335,216</u>	<u>\$ 218,598,373</u>	<u>\$ 212,881,070</u>

A portion of the City's net position, \$22.0 million (10.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19.5 million (8.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Springfield's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 9,490,802	\$ 9,683,312	\$ 22,018,852	\$ 22,249,418	\$ 31,509,654	\$ 31,932,730
Operating grants and contributions	4,954,592	4,184,978	-	-	4,954,592	4,184,978
Capital grants and contributions	4,085,842	4,841,296	2,803,923	2,088,254	6,889,765	6,929,550
General revenues:						
Taxes	35,583,292	34,210,461	-	-	35,583,292	34,210,461
Payment in lieu of taxes	2,353,365	2,392,729	-	-	2,353,365	2,392,729
Shared revenue	2,019,553	1,584,743	-	-	2,019,553	1,584,743
Investment earnings	573,280	416,909	317,398	227,641	890,678	644,550
Miscellaneous receipts	972,473	1,017,476	19,552	180,329	992,025	1,197,805
Total revenues	<u>60,033,199</u>	<u>58,331,904</u>	<u>25,159,725</u>	<u>24,745,642</u>	<u>85,192,924</u>	<u>83,077,546</u>
Expenses:						
General government	8,105,716	8,055,900	-	-	8,105,716	8,055,900
Fire and life safety	13,351,001	14,789,977	-	-	13,351,001	14,789,977
Police	22,068,423	26,060,501	-	-	22,068,423	26,060,501
Library	1,981,508	2,131,183	-	-	1,981,508	2,131,183
Development & public works	12,483,443	15,857,538	-	-	12,483,443	15,857,538
Unallocated depreciation and amortization	250,435	250,942	-	-	250,435	250,942
Interest on debt	518,495	744,674	-	-	518,495	744,674
Sewer	-	-	7,158,008	7,523,149	7,158,008	7,523,149
Drainage	-	-	5,559,128	5,982,172	5,559,128	5,982,172
Booth Kelly	-	-	1,424,527	1,507,253	1,424,527	1,507,253
Ambulance	-	-	6,574,936	7,073,633	6,574,936	7,073,633
Total expenses	<u>58,759,021</u>	<u>67,890,715</u>	<u>20,716,599</u>	<u>22,086,207</u>	<u>79,475,620</u>	<u>89,976,922</u>
Increase (decrease) in net position before transfers	1,274,178	(9,558,811)	4,443,126	2,659,435	5,717,304	(6,899,376)
Transfers	-	100,000	-	(100,000)	-	-
Increase (decrease) in net position	1,274,178	(9,458,811)	4,443,126	2,559,435	5,717,304	(6,899,376)
Net position - beginning	<u>126,545,853</u>	<u>136,004,665</u>	<u>86,335,216</u>	<u>83,775,781</u>	<u>212,881,069</u>	<u>219,780,446</u>
Net position - ending	<u>\$ 127,820,031</u>	<u>\$ 126,545,854</u>	<u>\$ 90,778,342</u>	<u>\$ 86,335,216</u>	<u>\$ 218,598,373</u>	<u>\$ 212,881,070</u>

Entity-wide change in net position: Entity-wide net position increased by \$5.7 million in the current fiscal year compared to a decrease of \$6.9 million in the prior year. This \$12.6 million year-to-year increase in the change in entity-wide net position can be attributed to some significant one-time events in both the previous and current year, the details of which are provided below.

Governmental Activities. The change in governmental activities before transfers increased from a deficit of \$9.6 million in the prior year to a surplus of \$1.3 million in the current year. This increase of \$10.9 million can be explained by the following highlights:

- Capital grants and contributions decreased by \$0.8 million (15.6%) from the prior year and can be primarily attributed to a decrease in the transfer of infrastructure from developers to the City.

While these transfers can be an indicator on the strength of development occurring within the City, they can also fluctuate from year-to-year based on factors unrelated to the level of development occurring such as the timing of completion of single large projects and when the transfer occurs. This decrease is most like the result of such timing fluctuations and the City is continuing to experience a healthy level of development activity within the City.

- Operating grants and contributions increased by \$0.8 million (18.4%) from the prior year. This can be primarily attributed to a \$0.5 million increase in federal funding from the U.S. Department of Housing and Urban Development and a one-time \$0.1 million reimbursement from the Federal Emergency Management Agency for a winter storm in December of 2016 that qualified for federal disaster recovery funds.
- Taxes increased by \$1.4 million (4%) from the prior year and can be primarily attributed to a \$1.2 million increase in property tax receipts resulting from a continuation of appreciation of property values in the City. This continued appreciation in property values is a strong indicator of a healthy local economy and a strong housing market.
- Shared revenue increased by \$0.4 million (27.4%) from the prior year. This was a significant increase from the prior year and can be primarily attributed to the City's first receipt of \$0.2 million from the State of Oregon for both local and state tax revenue from the sale of recreational marijuana. Additionally, the City experienced a modest increase in its liquor apportionment and shared revenue from the State.
- Investment earnings increased by \$0.2 million (37.5%) from the prior year and can be primarily attributed to an increase in the interest earned on its investments.
- General government expenses increased by \$50,000 (0.6%) from the prior year. While a negligible increase, the number masks some more significant changes under the surface. Most notably, although it has been three years since the City implemented new accounting and reporting standards for pensions, large fluctuations in the City's pension expense as well as the sheer scale of the numbers has continue to mask and minimize other equally important financial trends or events. General government pension expense was \$0.5 million in current year as compared to \$1.6 million in the prior year. This decrease from the prior year should be the final year of the large fluctuations in pension expense that were the result of pensions reforms that were passed by the Oregon State Legislature in 2013 and then subsequently overturned in the courts in 2015. Excluding the impact of the pension activity, general government would have experienced an increase in expenses of approximately \$1.1 million. This increase can be primarily attributed to normal inflationary pressure as well as a \$0.4 million expense relating to the Urban Renewal District agreeing to pay the system development charges for any new development in the District during the past year and a \$0.4 million increase in legal services relating to a combination of an increase in indigent representation costs in the Municipal Court and an increase in the outside legal counsel contractual services.
- Expenses for the Fire and Life Safety Department (FL&S) decreased by \$1.4 million (9.7%) from the prior year. This decrease can be attributed a \$2.1 million decrease in pension expense that was the result of large year-to-year fluctuations in pension expense related to the PERS legislation explained above. Excluding the impact of the pension activity, FL&S would have experienced an increase in expenses of approximately \$0.7 million which can be primarily attributed to normal inflationary pressures.

- Expenses for the Police Department decreased by \$4.0 million (15.3%) from the prior year. \$3.2 million of this decrease is related to a decrease in pension expense. Excluding the impact of the pension activity, the Police Department would have experienced a decrease in expenses of approximately \$0.8 million which can be primarily attributed a \$0.4 million decrease in personnel costs that resulted from a reduction in the internal charge for medical and dental expense for vacant positions and a one-time \$0.3 million expense in the prior year to purchase new radios.
- Expenses for the Development and Public Works Department (DPW) decreased by \$3.4 million (21.3%) from the prior year. \$1.3 million of this decrease is related to a decrease in pension expense. Excluding the impact of the pension activity, DPW would have experienced a decrease in expenses of approximately \$2.1 million which can be primarily attributed to the write-off of \$1.9 million in HOME loans in the prior year that resulted from the City turning over the administration of the Federal HOME Program to the City of Eugene.
- Interest on long-term debt decreased by \$0.2 million (30.4%) from the prior year and can be attributed to the refunding of general obligation bonds in the prior year at a more favorable interest rate.

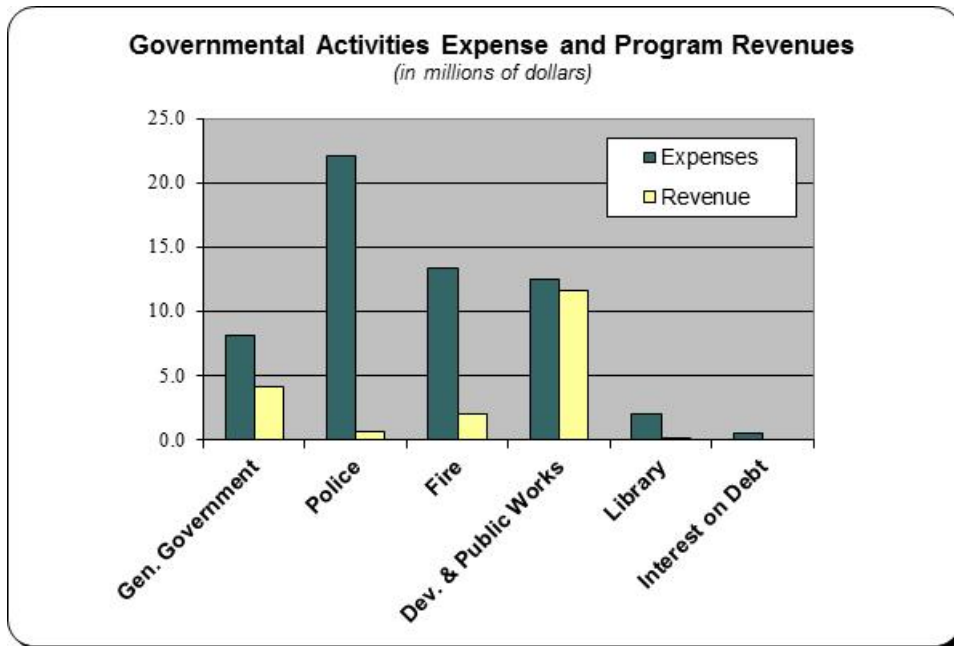


Chart 1

Chart 1 compares program revenues and expenses for the individual governmental activities for the current year. As the chart reflects, most governmental activities relied on general revenues to support the function.

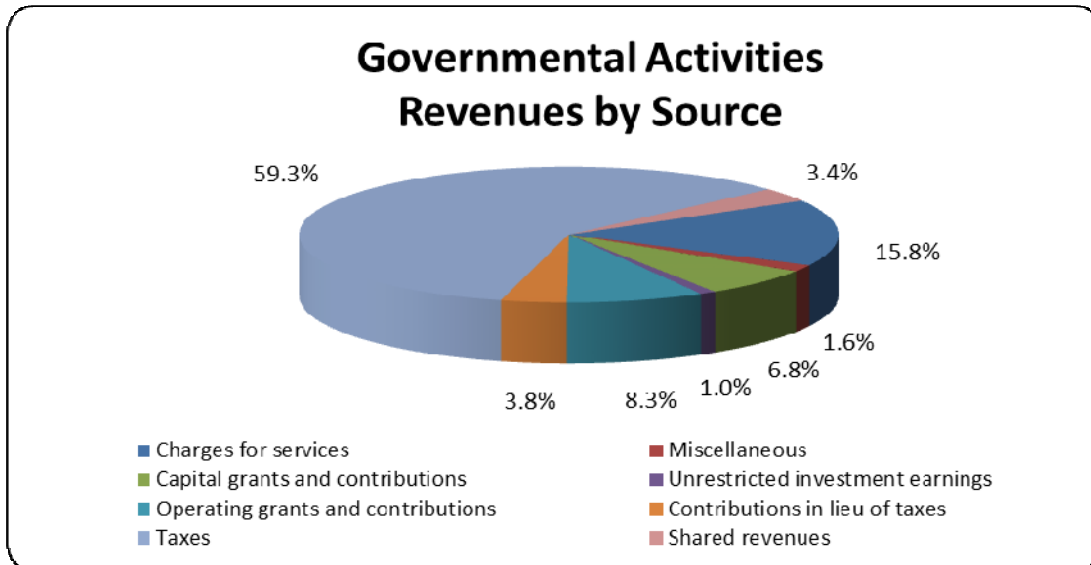


Chart 2

Chart 2 shows the percent of the total for each source of revenue supporting governmental activities. The chart demonstrates that the City depends on taxes as its major source of revenue. The City is making a deliberate effort to increase revenues generated by charges for services both by implementing new fees and by increasing the cost recovery percentage on existing fees.

Business-type Activities. The change in business-type activities before transfers increased from \$2.7 million in the prior year to \$4.4 million in the current year. This increase of \$1.7 million can be explained by the following highlights:

- Total operating expenses for all business-type activities decreased by \$1.4 million (6.2%) from the prior year. If we exclude the impact of the PERS fluctuations from the equation, operating expenses increased by \$0.5 million (2.6%) which can be attributed to normal inflationary pressures.
- Total revenues increased by \$0.4 million (1.7%) from the prior year and can be primarily attributed to a 2.5% rate increase in sewer fees and a 3.5% rate increase in stormwater fees offset by a 8% decrease in net ambulance billings.
- Sewer expenses decreased by \$0.4 million (4.9%) from the prior year. Excluding the impact of the pension activity, operating expenses increased by \$0.1 million (2%). The sewer fund experienced the same inflationary pressures as other funds. Sewer revenues increased 1.3% which is consistent with the rate increase partially offset by a credit to a major sewer customer and conservation in water usage.
- Storm drainage expenses decreased by \$0.4 million (7.1%) from the prior year. Excluding the impact of the pension activity, expenses increased \$0.3 million (4.5%) resulting from normal inflationary pressures as well as some staff reassignment from the Sewer Fund.
- Ambulance expenses decreased by \$0.5 million (7.1%) from the prior year. Excluding the impact of the pension activity, expenses increased by \$0.1 million (2.4%) and can be primarily attributed to normal inflationary pressures.

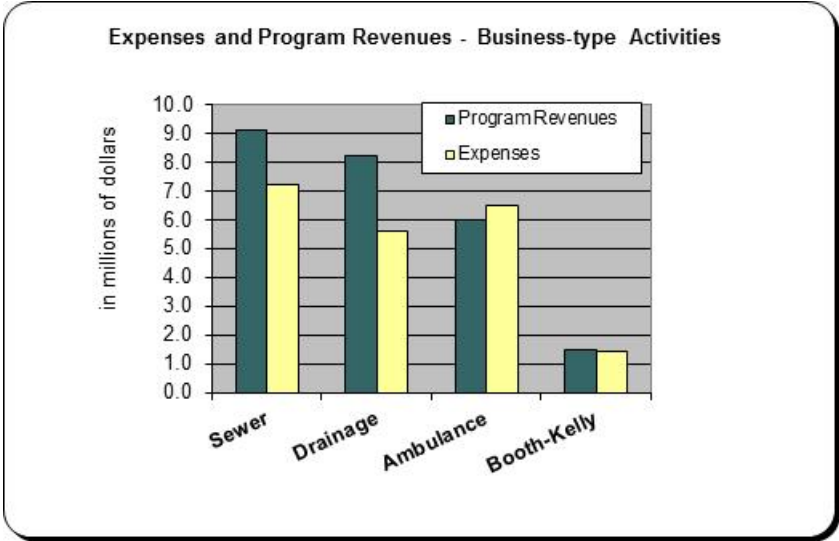


Chart 3

Chart 3 compares program revenues and expenses for the individual business-type activities for the current year.

The Sewer, Storm Drainage, Ambulance, and Booth Kelly Funds all relied on program revenue to fund operating expenses.

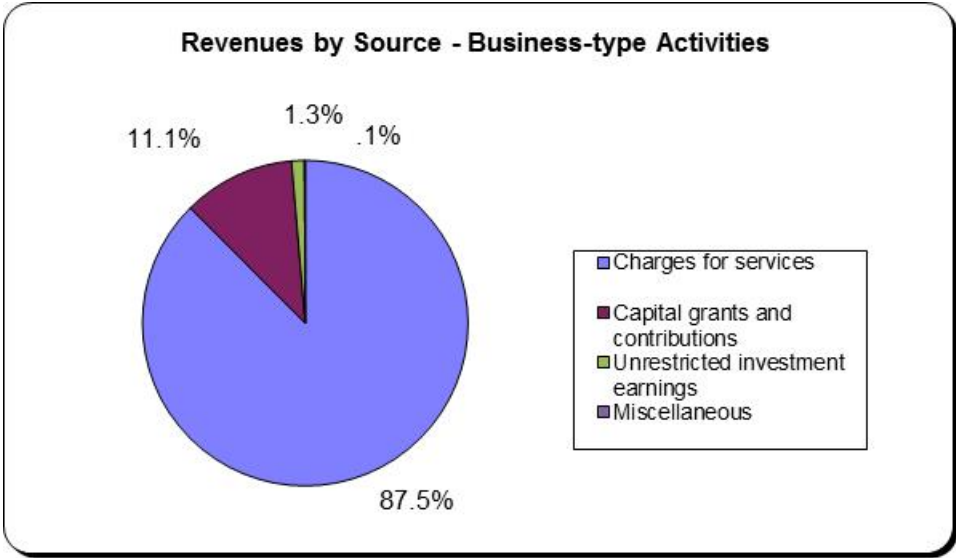


Chart 4

Chart 4 shows the percent of the total for each source of revenue supporting business-type activities. The largest component of business-type fund revenue comes from charges for services.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25.4 million. Of this total amount, \$7.2 million (28.6%) constitutes unassigned fund balance which is available for spending at the government's discretion, \$17.8 million (70.2%) constitutes either restricted, committed, or assigned fund balance which is not available for new spending because it has already been committed to another purpose, and the remainder of the fund balance, \$0.3 million (1.2%) is in a nonspendable form.

The General Fund is the chief operating fund of the City of Springfield. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7.4 million, while the total fund balance was \$8.8 million. As measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.6% of total General Fund expenditures, while total fund balance represents 24.5% of that same amount.

The fund balance of the City's General Fund decreased by \$0.1 million during the current fiscal year compared to a decrease of \$0.5 million in the prior year. This year-to-year increase of \$0.4 million can be explained by the following highlights:

- Property taxes increased by \$0.7 million (3.5%) from the prior year and can be attributed to normal growth resulting from the strengthening of property values in the City.
- Licenses, permits, and fees increased by \$0.2 million (7.3%) from the prior year and can be attributed to a general increase across all City license, permit, and fee revenue. This is another sign that suggests the local economy is strengthening.
- General government expenditures increased by \$0.3 million (4.2%) from the prior year and can be primarily attributed to an increase in the outside legal counsel contractual services.
- Fire and Life Safety expenditures increased by \$0.5 million (5%) from the prior year and can be primarily attributed to a \$0.2 million increase in overtime costs as well as normal inflationary pressures.
- Police expenditures decreased by \$0.3 million (2.4%) from the prior year and can be primarily attributed to a decrease in personnel costs that resulted from a reduction in the internal charge for medical and dental expense for vacant positions.
- Debt service increased by \$0.3 million (134%) from the prior year and can be primarily attributed to an early payoff of the loan used to construct Fire Station 16.

The fund balance of the Street Fund increased by \$0.1 million in the current fiscal year compared to a decrease of \$0.1 million in the prior year. This year-to-year increase of \$0.2 million can be primarily

attributed to one-time \$0.1 million reimbursement from the Federal Emergency Management Agency for a winter storm in December of 2016 that qualified for federal disaster recovery funds as well as a one-time \$0.15 million transfer to the Street Capital Fund.

The fund balance for the Police Levy Fund decreased by \$0.1 million in the current year compared to a decrease of \$0.3 million in the prior year. This year-to-year increase of \$0.2 million can be primarily attributed to a \$0.2 million increase in property tax revenues.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of the end of the current fiscal year, the City's proprietary funds reported a combined ending net position of \$90.8 million. Of this amount, \$31.2 million (34.4%) constitutes unrestricted net position. Proprietary fund highlights are as follows:

The Sewer Fund reported a \$16.2 million increase in net position. This increase can be primarily attributed to the consolidation of the Sewer Fund with the sewer capital funds which were reported under non-major enterprise funds in the prior year. Comparing sewer operations as a whole to the prior year, the increase in net position was \$2.0 million (3.2%) This is can be primarily attributed to a decrease in pension expense that was the result of large year-to-year fluctuations in pension expense related to the PERS legislation explained earlier and a 2.5% user fee rate increase.

The Storm Drainage Fund reported a \$14.9 million increase in net position. This increase can be primarily attributed to the consolidation of the Storm Drainage Fund with the storm drainage capital funds. Comparing drainage operations as a whole to the prior year, the increase in net position was \$2.8 million. This increase can be primarily attributed to a decrease in pension expense, 3.5% storm water rate increase, and a reduction in debt as bonds are paid down.

The Ambulance Fund reported a \$0.4 million decrease in net position. This decrease was primarily due to a \$0.7 million decrease in revenues offset by a decrease in pension expense. This is a significant decrease in revenues resulting from the loss of ambulance billing customers as the market for such services becomes increasingly competitive in the local area. This combined with a loss in Medicare reimbursements has reversed the positive trend in revenue growth the Ambulance fund was experiencing in the last several years.

Other factors concerning the finances of the enterprise funds can be found in the previous discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a net increase of \$401,910. Details of this increase are as follows:

- \$ 491,497 increase to General Government
- 22,508 increase to Library
- 1,533 increase to Development Services
- 140,000 increase in Fire & Life Safety
- 47,590 increase in Police
- 4,201 increase in transfers
- 305,419 decrease in the City reserves

For actual expenditures, the City under spent the amended budget by \$915,207.

The continuation of the impacts of the economic recession is still noticeable in the trending of two significant revenue sources for the City: charges for service and licenses, permits, and fees. Improvement is being seen in both of these categories although they remain below the pre-recession levels. Property tax revenues trending for this same period indicate that while most residential property has moved back to or beyond pre-recession levels, industrial property has experienced a slight re-valuation. These differences in actual revenue received compared to the amended budget are as follows:

- \$ 49,496 decrease in property taxes
- 290,627 increase in licenses, permits and fees
- 77,976 decrease in intergovernmental revenues
- 39,906 decrease in interest and investment earnings
- 34,465 decrease in charges for service
- 174,943 decrease in fines and forfeitures
- 69,999 increase in miscellaneous revenues
- 45,875 increase in internal transfers
- 401,910 increase in beginning cash (amended over adopted budget)

For the year ended June 30, 2017, the total variance between the final amended budgeted revenue and the actual budget-basis revenue amounts in the General Fund (both less beginning cash) was 0.5%, where actual revenues were less than budgeted revenues. The combined actual current and delinquent property tax revenues were below the budgeted amounts by 0.24% as the City experienced two successful appeals of assessment value by two major commercial/industrial businesses. Licenses and permits are seeing a stronger rebound as the economy improves, but they are still low overall compared to pre-recession numbers. Fines and forfeitures were lower as municipal court revenue continues to experience delinquent accounts combined with efforts to offer alternative sentencing options. Beginning fund balance on July 1, 2016 was \$401,910 greater than budgeted (4.8%) while ending fund balance on June 30, 2017 was \$786,729 (10%) greater than was projected in the FY18 adopted budget.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$218.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer pipes, improvements, machinery and equipment and roads. Major capital asset events and improvements during the current fiscal year included the following:

- Donated streets and right of way were recorded at an estimated cost of \$2.7 million.
- Street work continued on the Franklin Boulevard Recon Phase I project with expenditures of \$5.1 million to date (\$4.3 million in the current year). While \$2.7 million of land was capitalized this year, another \$2.4 million remains in construction in progress while the project continues.
- Significant work was done on the Downtown Lighting and Main Street Pedestrian Crossing projects with expenditures of \$0.4 million and \$0.3 million, respectively, in the current year. These projects remain in progress.
- The City Hall Seismic retrofit was completed with expenditures of \$0.2 million in the current year, and the Gateway Flame and Wellness Center remodel were also completed with expenditures of \$0.3 million each in the current fiscal year.

- Storm Drainage construction in progress costs incurred in the current year include the Franklin Boulevard Recon Phase I project (\$1.9 million) as well as the Over/Under Channel (\$0.5 million). These projects remain in progress.
- The Millrace Stormwater Facility project was completed and capitalized with total expenditures of \$6.2 million (\$2.3 million in the current year).

City of Springfield's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 67,093,122	\$ 63,773,329	\$ 6,298,566	\$ 4,758,858	\$ 73,391,688	\$ 68,532,187
Land improvements	-	-	21,559	24,046	21,559	24,046
Work in progress	4,713,974	2,038,651	2,534,888	8,188,278	7,248,862	10,226,929
Buildings	23,219,857	24,885,733	69,207,489	62,797,118	92,427,346	87,682,851
Infrastructure	36,511,820	36,692,918	-	-	36,511,820	36,692,918
Machinery & equipment	7,375,223	6,314,391	643,543	615,925	8,018,766	6,930,316
Library books	-	21,763	-	-	-	21,763
Studies	539,700	628,606	713,903	881,428	1,253,603	1,510,034
Total	\$139,453,696	\$134,355,391	\$ 79,419,948	\$ 77,265,653	\$218,873,644	\$211,621,044

Additional information on the City's capital assets can be found in Note F in the Basic Financial Statement section of this report.

Debt Administration. At the end of the current fiscal year, the City had total bonded debt outstanding of \$35.7 million. Of this amount, \$14.5 million comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources.

City of Springfield's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds - 2007	\$ -	\$ 1,285,000	\$ -	\$ -	\$ -	\$ 1,285,000
General obligation bonds - 2016	14,465,000	14,690,000	-	-	14,465,000	14,690,000
Revenue bonds series 2009	-	-	-	16,800,000	-	16,800,000
Revenue bonds series 2010	-	-	7,650,000	8,070,000	7,650,000	8,070,000
Revenue bonds series 2016	-	-	13,610,000	-	13,610,000	-
Total	\$ 14,465,000	\$ 15,975,000	\$ 21,260,000	\$ 24,870,000	\$ 35,725,000	\$ 40,845,000

The City's total bonded debt decreased by \$5.1 million during the current fiscal year. For additional information on the City's long-term debt, see Note I in the Basic Financial Statement section of this report.

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 FY18 budget:

- Assessed (taxable) value for the City is projected to increase by 3.0%. Residential should receive an increase of 3.0% under the guidelines established by Measures 49 and 50, industrial is likely to remain flat and expectations are for a slight increase in commercial property values. A major mill fire in the community in July 2014 will continue to have an impact on the City's real market and assessed valuation for several more years.
- Earnings on investments, primarily government and corporate bonds, may reach 1.5% with the overall market still viable for debt refinancing.
- Inflation will not be a major factor during the next fiscal year as it appears that federal intent is to start slowly raising rates.
- AFSCME employees, the City's smallest employee group, will receive a 2.5% cost of living adjustment on July 1, 2017. SEIU employees received market pay adjustments in October of 2015 and no additional increases are expected in FY18. Non-union employees will not receive any increase in the FY18 year.
- Springfield Police Association (SPA) employee's current contract expired on June 30, 2017. Negotiations for a new three-year contract have been completed and will provide for a 3% cost of living increase in each of the next three years.
- The International Association of Fire Fighters (IAFF) now has two contracts with the City as the battalion chiefs are now a separate represented unit. The main contract will be in the third year of a three-year contract that will expire on June 30, 2018. Members represented by this contract will receive a cost of living increase on July 1, 2017 of 3.0%. The battalion chief's contract expires on June 30, 2017 and is currently under negotiations.
- The plan year for health insurance is the calendar year. Beginning January 2013, the City initiated a self-funded insurance program with the administration of the program contracted out to a private provider. The City's experience factors since becoming self-insured have been very positive. For January 1, 2017, the City held rates flat. For the plan year beginning January 1, 2018, the City is projecting a 5% increase.
- Oregon PERS rates are bi-annual and rates are to be adjusted on July 1, 2017 and be in effect until June 30, 2019. Through Senate Bill 822 in 2013, the Oregon Legislature enacted several PERS reform measures that resulted in lower than expected rate increases for July 1, 2015. Subsequently, the Oregon Supreme Court overturned a majority of the reform measures and substantial increases are being seen for this next biennium. The City has three separate PERS retirement rates for its employees with the lowest % rate increase being 38% and the highest at 56% with an estimated dollar impact over the next two years of \$2.9 million. This relative impact is expected to be seen in each biennium for the next six-to-ten years.

- The City schedules an updated actuarial study of its City Retirement Plan every two years. The next update is as of June 30, 2018 and will be completed in the fall of 2018 and implemented on July 1, 2019. The percentage of payroll contribution for members of this plan increased on July 1, 2017 from 27.8% to 30.0% and will continue at this rate through June 30, 2019.
- The economic response towards building and construction activity is expected to increase at a consistent pace for the next year. Growth in building permit revenue is expected to slow as several major commercial rebuilds have been completed but residential is expected to continue to show improvement. Larger multi-house subdivisions appear to be in the planning stages with smaller clusters of new housing still being built. The recently re-built lumber mill destroyed by fire is back in operation but will remain below pre-shutdown levels.
- Monthly rates for both the City's sewer and storm water drainage programs increased on July 1, 2017 as a result of increased costs. The local storm water increase was 3.5% and the local wastewater increase was 2.5%.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting Manager
City of Springfield
225 Fifth Street
Springfield, OR 97477

SPRINGFIELD



OREGON

City of Springfield, Oregon

Basic Financial Statements

SPRINGFIELD



OREGON

City of Springfield, Oregon
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 45,617,926	\$ 40,145,958	\$ 85,763,884
Receivables, net of allowance for uncollectable receivables	6,646,513	1,781,100	8,427,613
Internal balances	(777,902)	777,902	-
Inventory	244,471	-	244,471
Investment in foreclosed properties	1,970	-	1,970
Prepaid items	182,810	-	182,810
Deposits	265,500	-	265,500
Accrued interest	202,430	161,334	363,764
Due from other governments	-	1,132,001	1,132,001
Capital assets:			
Land and work in progress	71,807,096	8,833,454	80,640,550
Other capital assets, net of accumulated depreciation	67,646,600	70,586,494	138,233,094
Total assets	<u>191,837,414</u>	<u>123,418,243</u>	<u>315,255,657</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflow	17,537,558	5,916,418	23,453,976
Deferred charge for debt refunding	315,306	-	315,306
Total deferred outflows of resources	<u>17,852,864</u>	<u>5,916,418</u>	<u>23,769,282</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,095,669	731,732	3,827,401
Accrued payroll and other liabilities	2,363,711	430,544	2,794,255
Unearned revenue	126,776	460,057	586,833
Accrued interest payable	61,282	80,342	141,624
Deposits	13,301	47,421	60,722
Due to other governments	31,148	-	31,148
Noncurrent liabilities:			
Due within one year:			
Accrued claims liabilities	233,280	-	233,280
General obligation long-term debt	1,390,000	-	1,390,000
Revenue bonds payable	-	1,755,000	1,755,000
Notes payable	228,350	754,687	983,037
Capital lease	348,059	-	348,059
Due in more than one year:			
Accrued absence payable	3,081,453	707,292	3,788,745
Accrued claims liabilities	414,720	-	414,720
General obligation long-term debt (net of unamortized premium)	15,149,328	-	15,149,328
Revenue bonds payable (net of unamortized discount)	-	21,368,479	21,368,479
Notes and contracts payable	1,854,896	739,418	2,594,314
Capital lease	440,990	-	440,990
Net pension liability	45,056,646	9,766,127	54,822,773
Net OPEB obligation	5,262,440	1,297,521	6,559,961
Total liabilities	<u>79,152,049</u>	<u>38,138,620</u>	<u>117,290,669</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflow	2,718,198	417,699	3,135,897
NET POSITION			
Net investment in capital assets	122,230,625	54,802,364	177,032,989
Restricted for:			
Capital projects	1,595,051	4,733,337	6,328,388
Public safety	2,894,751	-	2,894,751
Transportation	4,291,107	-	4,291,107
Urban renewal	2,765,830	-	2,765,830
Community development	4,477,193	-	4,477,193
Debt service	821,436	-	821,436
Other purposes	450,280	-	450,280
Unrestricted	(11,706,242)	31,242,641	19,536,399
Total net position	<u>\$ 127,820,031</u>	<u>\$ 90,778,342</u>	<u>\$ 218,598,373</u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,105,716	\$ 4,078,095	\$ 33,179	\$ -	\$ (3,994,442)	\$ -	\$ (3,994,442)
Fire and life safety	13,351,001	1,984,859	-	-	(11,366,142)	-	(11,366,142)
Police	22,068,423	422,625	221,980	-	(21,423,818)	-	(21,423,818)
Library	1,981,508	120,912	97,905	-	(1,762,691)	-	(1,762,691)
Development and public works	12,483,443	2,884,311	4,601,528	4,085,842	(911,762)	-	(911,762)
Depreciation, unallocated	250,435	-	-	-	(250,435)	-	(250,435)
Interest on long-term debt	518,495	-	-	-	(518,495)	-	(518,495)
Total governmental activities	<u>58,759,021</u>	<u>9,490,802</u>	<u>4,954,592</u>	<u>4,085,842</u>	<u>(40,227,785)</u>	<u>-</u>	<u>(40,227,785)</u>
Business-type activities:							
Sanitary sewer	7,158,008	7,442,536	-	1,638,706	-	1,923,234	1,923,234
Storm drainage	5,559,128	6,992,975	-	1,165,217	-	2,599,064	2,599,064
Booth Kelly	1,424,527	1,537,293	-	-	-	112,766	112,766
Ambulance	6,574,936	6,046,048	-	-	-	(528,888)	(528,888)
Total business-type activities	<u>20,716,599</u>	<u>22,018,852</u>	<u>-</u>	<u>2,803,923</u>	<u>-</u>	<u>4,106,176</u>	<u>4,106,176</u>
Total primary government	<u>\$ 79,475,620</u>	<u>\$ 31,509,654</u>	<u>\$ 4,954,592</u>	<u>\$ 6,889,765</u>	<u>(40,227,785)</u>	<u>4,106,176</u>	<u>(36,121,609)</u>
General revenues:							
					30,691,286	-	30,691,286
					2,353,365	-	2,353,365
					2,375,488	-	2,375,488
					1,071,487	-	1,071,487
					1,445,031	-	1,445,031
					2,019,553	-	2,019,553
					573,280	317,398	890,678
					972,473	19,552	992,025
Total general revenues and transfers					<u>41,501,963</u>	<u>336,950</u>	<u>41,838,913</u>
Change in net position					1,274,178	4,443,126	5,717,304
Net position, beginning					<u>126,545,853</u>	<u>86,335,216</u>	<u>212,881,069</u>
Net position, ending					<u>\$ 127,820,031</u>	<u>\$ 90,778,342</u>	<u>\$ 218,598,373</u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General	Street	Police Levy	Nonmajor Governmental	Total Governmental
ASSETS					
Cash and investments	\$ 9,803,059	\$ 637,072	\$ 1,694,161	\$ 14,266,551	\$ 26,400,843
Receivables:					
Accounts	945,575	550,762	31,040	294,910	1,822,287
Taxes	1,609,602	-	433,855	525,567	2,569,024
Grants	-	34,941	-	162,321	197,262
Accrued interest	56,199	1,716	8,641	64,173	130,729
Assessments and liens	-	-	-	91,779	91,779
Notes	-	-	-	1,947,754	1,947,754
Deferred system development charges	1,234	-	-	353,706	354,940
Inventory	1,649	209,554	-	-	211,203
Investment in foreclosed property	1,970	-	-	-	1,970
Due from other funds	132,659	-	-	-	132,659
Prepaid items	79,983	-	-	33,913	113,896
	<u>\$ 12,631,930</u>	<u>\$ 1,434,045</u>	<u>\$ 2,167,697</u>	<u>\$ 17,740,674</u>	<u>\$ 33,974,346</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,073,950	\$ 91,946	\$ 147,197	\$ 458,814	\$ 1,771,907
Accrued payroll and other liabilities	628,985	76,044	110,746	58,987	874,762
Unearned revenue	126,776	-	-	-	126,776
Deposits	-	-	11,801	1,500	13,301
Due to other funds	-	-	-	132,659	132,659
	<u>1,829,711</u>	<u>167,990</u>	<u>269,744</u>	<u>651,960</u>	<u>2,919,405</u>
Deferred inflows of resources:					
Unavailable revenue	2,038,185	118,702	442,736	3,096,645	5,696,268
	<u>2,038,185</u>	<u>118,702</u>	<u>442,736</u>	<u>3,096,645</u>	<u>5,696,268</u>
Fund balances:					
Nonspendable	83,602	209,554	-	10,343	303,499
Restricted	-	937,799	1,455,217	11,279,178	13,672,194
Committed	293,004	-	-	2,036,262	2,329,266
Assigned	1,000,000	-	-	808,377	1,808,377
Unassigned	7,387,428	-	-	(142,091)	7,245,337
	<u>8,764,034</u>	<u>1,147,353</u>	<u>1,455,217</u>	<u>13,992,069</u>	<u>25,358,673</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,631,930</u>	<u>\$ 1,434,045</u>	<u>\$ 2,167,697</u>	<u>\$ 17,740,674</u>	
 Reconciliation to the statement of net position					
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.					5,696,268
Capital assets are not financial resources in governmental funds, but are reported in the statement of net position at their net depreciable value.					132,899,960
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.					(58,483,837)
Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the statement of net position.					<u>22,348,967</u>
Net position of governmental activities					<u>\$ 127,820,031</u>

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General	Street	Police Levy	Nonmajor Governmental	Total Governmental
Revenues:					
Taxes	\$ 20,224,374	\$ 1,071,487	\$ 5,375,005	\$ 6,427,952	\$ 33,098,818
Licenses, permits and fees	3,002,808	156,365	118,502	47,487	3,325,162
Intergovernmental	4,250,351	3,801,859	-	1,171,972	9,224,182
Charges for services	5,435,483	123,679	194,255	2,657,555	8,410,972
Fines and forfeitures	1,607,557	-	-	47,452	1,655,009
Investment earnings	116,569	3,612	17,275	138,830	276,286
Special assessments	-	-	-	18,989	18,989
Miscellaneous revenues	344,793	3,745	349	394,890	743,777
Total revenues	34,981,935	5,160,747	5,705,386	10,905,127	56,753,195
Expenditures:					
Current operating:					
General government	6,455,496	271,292	633,786	1,149,420	8,509,994
Fire and life safety	10,817,821	-	-	1,562,801	12,380,622
Police	13,976,703	-	5,151,234	260,076	19,388,013
Library	1,652,882	-	-	195,628	1,848,510
Development and public works	2,344,595	5,160,249	-	1,780,978	9,285,822
Capital projects	-	-	-	6,204,622	6,204,622
Debt service:					
Principal	520,000	-	-	1,636,706	2,156,706
Interest	12,103	-	-	638,627	650,730
Total expenditures	35,779,600	5,431,541	5,785,020	13,428,858	60,425,019
Excess of revenues over (under) expenditures	(797,665)	(270,794)	(79,634)	(2,523,731)	(3,671,824)
Other financing sources (uses):					
Issuance of debt	-	-	-	2,000,000	2,000,000
Transfers in	1,106,205	415,501	-	253,622	1,775,328
Transfers out	(415,501)	-	-	(1,043,795)	(1,459,296)
Total other financing sources (uses)	690,704	415,501	-	1,209,827	2,316,032
Net change in fund balance	(106,961)	144,707	(79,634)	(1,313,904)	(1,355,792)
Fund balances, beginning	8,870,995	1,012,763	1,534,851	15,305,973	26,724,582
Change in reserve for inventories	-	(10,117)	-	-	(10,117)
Fund balances, ending	\$ 8,764,034	\$ 1,147,353	\$ 1,455,217	\$ 13,992,069	\$ 25,358,673

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
 Reconciliation of Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities
 For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (1,355,792)

Amounts reported for governmental activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance, vehicle and equipment replacement, and SDC administration to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 1,206,346

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. 689,953

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. 4,329,644

Governmental funds do not report expenditures for unpaid compensated absences, pension liability, or other post employment benefits since they do not require the use of current financial resources. However, the statement of activities reports such expenses when incurred, regardless of when settlement ultimately occurs. (3,481,141)

Proceeds 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. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. (104,715)

Decreases in inventory in governmental funds increase expenses. (10,117)

Change in net position of governmental activities \$ 1,274,178

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 June 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sewer	Storm Drainage	Ambulance	Nonmajor Booth Kelly	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 19,736,719	\$ 16,664,657	\$ 2,778,538	\$ 966,044	\$ 40,145,958	\$ 19,217,083
Accounts receivable, net of allowance for estimated uncollectibles	584,854	570,365	554,802	71,079	1,781,100	18,407
Prepays	-	-	-	-	-	68,914
Deposits	-	-	-	-	-	265,500
Accrued interest	78,663	70,280	9,083	3,308	161,334	71,701
Deferred system development fees	315,029	39,348	-	-	354,377	41,351
Inventory	-	-	-	-	-	33,268
Total current assets	20,715,265	17,344,650	3,342,423	1,040,431	42,442,769	19,716,224
Noncurrent assets:						
Capital assets - net	58,863,889	8,633,792	38,963	3,049,850	70,586,494	6,553,736
Construction in progress	291,620	2,243,268	-	-	2,534,888	-
Land and land rights	2,048,070	1,608,939	-	2,641,557	6,298,566	-
Due from other governments	1,132,001	-	-	-	1,132,001	-
Total noncurrent assets	62,335,580	12,485,999	38,963	5,691,407	80,551,949	6,553,736
Total assets	83,050,845	29,830,649	3,381,386	6,731,838	122,994,718	26,269,960
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflow	2,598,252	1,429,156	1,841,672	47,338	5,916,418	387,720
LIABILITIES						
Current liabilities:						
Accounts payable	157,580	183,100	386,890	4,162	731,732	1,323,762
Accrued payroll and other liabilities	106,848	108,179	213,104	2,413	430,544	219,134
Accrued claims liabilities, current portion	-	-	-	-	-	233,280
Accrued interest payable	2,202	69,462	-	8,678	80,342	8,257
Deposits	-	-	-	47,421	47,421	-
Notes payable - current maturity	-	-	-	754,687	754,687	-
Capital lease payable - current maturity	-	-	-	-	-	348,059
Unearned revenues	-	-	455,106	4,951	460,057	-
Revenue bonds payable - current maturity	1,320,000	435,000	-	-	1,755,000	-
Total current liabilities	1,586,630	795,741	1,055,100	822,312	4,259,783	2,132,492
Noncurrent liabilities:						
Accrued absence payable	386,721	86,902	233,669	-	707,292	14,710
Accrued claims liabilities	-	-	-	-	-	414,720
Revenue bonds payable (net of unamortized premium)	13,807,791	7,560,688	-	-	21,368,479	-
Notes payable	-	-	-	739,418	739,418	-
Net pension liability	3,371,225	2,754,326	3,549,344	91,232	9,766,127	747,230
Net OPEB obligation payable	360,417	316,115	599,459	21,530	1,297,521	71,939
Capital lease obligation	-	-	-	-	-	440,990
Total noncurrent liabilities	17,926,154	10,718,031	4,382,472	852,180	33,878,837	1,689,589
Total liabilities	19,512,784	11,513,772	5,437,572	1,674,492	38,138,620	3,822,081
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflow	144,188	117,803	151,806	3,902	417,699	31,959
NET POSITION						
Net investment in capital assets	46,075,788	4,490,311	38,963	4,197,302	54,802,364	5,764,687
Restricted for capital improvement	3,374,971	1,358,366	-	-	4,733,337	-
Unrestricted	16,541,366	13,779,553	(405,283)	903,480	30,819,116	17,038,953
Total net position	\$ 65,992,125	\$ 19,628,230	\$ (366,320)	\$ 5,100,782	90,354,817	\$ 22,803,640
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.					423,525	
Net position of business-type activities					\$ 90,778,342	

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	Nonmajor				Total	Internal Service Funds
	Sewer	Storm Drainage	Ambulance	Booth Kelly		
OPERATING REVENUES						
Charges for services	\$ 7,442,536	\$ 6,992,975	\$ 15,999,419	\$ 1,537,293	\$ 31,972,223	\$ 12,390,908
Less: Contractual adjustments	-	-	(10,189,542)	-	(10,189,542)	-
Licenses, permits and fees	-	-	-	-	-	172,455
Intergovernmental revenues	-	-	236,171	-	236,171	-
Miscellaneous receipts	436	11,082	8,034	-	19,552	69,607
Total operating revenues	<u>7,442,972</u>	<u>7,004,057</u>	<u>6,054,082</u>	<u>1,537,293</u>	<u>22,038,404</u>	<u>12,632,970</u>
Operating expenses:						
City manager's office	-	-	-	-	-	3,851
Human resources	-	-	-	-	-	9,150,592
Finance	16,129	16,129	-	-	32,258	20,728
Information technology	253,136	207,731	-	-	460,867	162,579
Library	-	-	-	-	-	2,611
Fire and life safety	-	-	6,505,604	-	6,505,604	124,935
Police	-	-	-	-	-	18,532
Development and public works	3,394,306	4,696,785	-	498,639	8,589,730	760,899
Depreciation	2,754,142	349,600	8,390	796,797	3,908,929	1,286,245
Total operating expenses	<u>6,417,713</u>	<u>5,270,245</u>	<u>6,513,994</u>	<u>1,295,436</u>	<u>19,497,388</u>	<u>11,530,972</u>
Operating income (loss)	<u>1,025,259</u>	<u>1,733,812</u>	<u>(459,912)</u>	<u>241,857</u>	<u>2,541,016</u>	<u>1,101,998</u>
Nonoperating revenues (expenses):						
Investment earnings	150,886	143,092	17,101	6,319	317,398	140,938
Bond costs	(146,846)	-	-	-	(146,846)	-
Interest expense	(619,410)	(254,948)	-	(126,980)	(1,001,338)	(24,878)
Gain (loss) on disposal of assets	-	-	-	-	-	50,481
Total nonoperating revenues (expenses)	<u>(615,370)</u>	<u>(111,856)</u>	<u>17,101</u>	<u>(120,661)</u>	<u>(830,786)</u>	<u>166,541</u>
Income (loss) before contributions and transfers	409,889	1,621,956	(442,811)	121,196	1,710,230	1,268,539
Transfers out	-	-	-	-	-	(316,032)
Capital contributions	1,638,706	1,165,217	-	-	2,803,923	165,150
Change in net position	2,048,595	2,787,173	(442,811)	121,196	4,514,153	1,117,657
Net position, beginning of year	<u>63,943,530</u>	<u>16,841,057</u>	<u>76,491</u>	<u>4,979,586</u>	<u>21,685,983</u>	<u>21,685,983</u>
Net position, end of year	<u>\$ 65,992,125</u>	<u>\$ 19,628,230</u>	<u>\$ (366,320)</u>	<u>\$ 5,100,782</u>	<u>\$ 22,803,640</u>	<u>\$ 22,803,640</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(71,027)	
Change in net position of business-type activities					<u>\$ 4,443,126</u>	

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2017

	Business type activities - Enterprise Funds					Governmental Activities
	Sewer	Storm Drainage	Ambulance	Nonmajor	Total	Internal Service Funds
				Booth Kelly		
Cash flows from operating activities:						
Cash received from customers	\$ 6,384,028	\$ 6,602,304	\$ 5,825,063	\$ 1,542,625	\$ 20,354,020	\$ 12,383,438
Cash paid for employee services	(3,016,821)	(2,893,293)	(4,194,135)	(141,799)	(10,246,048)	(624,082)
Cash paid to suppliers for goods and services	(1,606,850)	(1,999,127)	(1,545,222)	(370,468)	(5,521,667)	(9,002,532)
Other operating receipts	436	11,082	244,205	-	255,723	242,062
Net cash provided by operating activities	<u>1,760,793</u>	<u>1,720,966</u>	<u>329,911</u>	<u>1,030,358</u>	<u>4,842,028</u>	<u>2,998,886</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	-	-	-	-	-	(316,032)
Cash flows from capital and related financing activities:						
System development charges	1,355,637	415,217	-	-	1,770,854	-
Acquisition and construction of capital assets	960,383	(4,366,530)	-	-	(3,406,147)	(1,519,084)
Disposition of capital assets	-	-	-	-	-	160,059
Principal paid on long-term debt	(1,720,229)	(446,053)	-	(704,020)	(2,870,302)	(226,262)
Interest paid on long-term debt	(704,829)	(258,098)	-	(131,069)	(1,093,996)	(28,362)
Net cash used in capital and related financing activities	<u>(109,038)</u>	<u>(4,655,464)</u>	<u>-</u>	<u>(835,089)</u>	<u>(5,599,591)</u>	<u>(1,613,649)</u>
Cash flows from investing activities:						
Interest received	116,828	126,372	12,735	4,883	260,818	114,521
Net change in cash and investments	<u>1,768,583</u>	<u>(2,808,126)</u>	<u>342,646</u>	<u>200,152</u>	<u>(496,745)</u>	<u>1,183,726</u>
Cash and investments, beginning of year	<u>17,968,136</u>	<u>19,472,783</u>	<u>2,435,892</u>	<u>765,892</u>	<u>40,642,703</u>	<u>18,033,358</u>
Cash and investments, end of year	<u>\$ 19,736,719</u>	<u>\$ 16,664,657</u>	<u>\$ 2,778,538</u>	<u>\$ 966,044</u>	<u>\$ 40,145,958</u>	<u>\$ 19,217,083</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,025,259	\$ 1,733,812	\$ (459,912)	\$ 241,857	\$ 2,541,016	\$ 1,101,998
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,754,142	349,600	8,390	796,797	3,908,929	1,286,245
Changes in assets and liabilities:						
Accounts receivable	297,129	63,894	47,713	(1,493)	407,243	(7,470)
Due from other governments	(486,947)	(39,348)	-	-	(526,295)	-
Prepaid expenses	-	-	14,899	-	14,899	1,989
Accounts payable	61,466	(125,434)	354,677	(2,937)	287,772	537,261
Accrued payroll and other liabilities	(8,650)	(152,121)	(77,577)	(2,456)	(240,804)	(15,670)
Accrued claims liabilities	-	-	-	-	-	83,000
Net pension liability and related deferrals	(551,537)	276,761	479,037	(14,579)	189,682	23,563
Net OPEB obligation payable	25,568	29,019	(4,789)	6,344	56,142	12,247
Deposits	-	-	-	4,400	4,400	-
Unearned revenue	-	-	(32,527)	2,425	(30,102)	-
Inventory	-	-	-	-	-	(24,277)
Net cash provided by (used in) operating activities	<u>\$ 3,116,430</u>	<u>\$ 2,136,183</u>	<u>\$ 329,911</u>	<u>\$ 1,030,358</u>	<u>\$ 6,612,882</u>	<u>\$ 2,998,886</u>
Noncash capital and related financing activities:						
Contributed capital assets	\$ 1,638,706	\$ 1,165,217	\$ -	\$ -	\$ 2,803,923	\$ 165,150

The accompanying notes are an integral part of this statement.

City of Springfield, Oregon
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
June 30, 2017

ASSETS

Cash and investments	<u>\$ 93,346,331</u>
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LIABILITIES

Amounts held for other parties	<u>\$ 93,346,331</u>
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The accompanying notes are an integral part of this statement.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Springfield (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The more significant accounting policies of the City are described below.

1. Financial Reporting Entity

The accompanying financial statements present the City of Springfield and its component unit.

BLENDED COMPONENT UNIT

The Springfield Economic Development Agency (SEDA) is a legally separate body, acting as the Urban Renewal Agency of the City of Springfield. Because the SEDA governing body is substantively the same as the City's, and because City management is responsible for the Agency's operations, the funds of the Agency are blended with those of the City by including them in the appropriate statements and schedules of this Comprehensive Annual Financial Report. Separate financial statements for the Agency can be obtained from the Finance Department of the City of Springfield or viewed on the City's website at www.springfield-or.gov.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured by a fund. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the year being reported. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, transient room taxes, and state shared revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period when collected within 30 days following the year end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received.

The fiduciary fund reported by the City, the Agency Fund, has no measurement focus and is reported on the full accrual basis of accounting.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria for the determination of major funds: percentage of the assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of either fund category, or the governmental and enterprise funds combined. The City electively added funds as major funds, those funds which either had debt outstanding or specific community focus. Non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Street Fund accounts for revenues from state gasoline taxes apportioned from the State of Oregon and expenditures as specified under Article IX, Section 3 of the constitution of the State of Oregon.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Police Levy Fund accounts for revenue received from a five-year Police Local Option Levy to enhance public safety services by adding staff to the Police and Court Departments as well as funding jail operations.

The City reports the following major proprietary funds:

The Ambulance Fund accounts for the City's ambulance operations. Revenue is derived mainly from ambulance fees. The fund also performs billing and collection of ambulance operations for other Oregon cities. This service is provided for a fee.

The Sewer Fund accounts for the operation, construction, and maintenance of the wastewater collection system. Revenue is derived from sewer user fees and system development charges.

The Storm Drainage Fund accounts for operation, construction, and maintenance of the stormwater drainage system. Revenue is derived from storm drainage fees and system development charges.

Additionally, the government reports the following fund types:

Internal Service funds account for the ownership and use of rolling stock and computer equipment, the City's risk and employee benefit program, and costs related to the administration of system development charges. Resources are provided by charges to other funds, including discretely presented component units.

The Agency Fund is a fiduciary fund used to account for funds received and held by the City in a custodial capacity. The majority of the activity in this fund is made up of transactions related to being the fiscal agent for the Metropolitan Wastewater Management Commission and Regional Fiber Consortium, Ambulance billing fees collected for other agencies, Health Reimbursement Accounts held on behalf of City employees, and fees collected by the municipal court that are passed on to other entities and government agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Accounts recorded as program revenues include charges to customers, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Ambulance Fund are ambulance fees and billing and collection charges. The principal operating revenues of the Booth-Kelly Fund are lease revenues. The principal operating revenues of the Sewer Fund are sewer user fees. The principal operating revenues of the Storm Drainage Fund are drainage fees. The principal operating revenues of the internal service

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

funds are charges to other funds for depreciation on equipment and for services provided. Operating expenses for the enterprise funds and internal service funds include administrative expenses, depreciation on capital assets and the cost of providing services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

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 reported at fair value.

For purposes of the statement of cash flows for proprietary fund types, cash and investments in the City-wide investment pool (including restricted cash and investments) are considered cash and cash equivalents.

The pool has the general characteristics of a demand deposit account in that funds may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Real and personal property taxes attach as an enforceable lien on property as of July 1st. All taxes are levied as of July 1st and are payable in three installments on November 15th, February 15th, and May 15th. All property taxes are billed and collected by Lane County, Oregon and then turned over to the City.

For the year ended June 30, 2017, the City's tax levy did not exceed the Oregon constitutional limitation. The total property tax levy was \$31,525,757. This includes general property taxes to support general obligation bond debt service of \$2,247,142.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The City has foreclosed on properties, collateralizing assessments receivable over the past twenty years. The properties collateralizing the assessments receivable, where the right to redemption still exists by the benefited property owner, are recorded as liens receivable, which include the cost of the original assessment, foreclosure costs and interest to the date of foreclosure, as provided by Oregon Statutes. Once the right to redeem these properties no longer exists (after one year), the properties are deeded to the City and then become investment in foreclosed property. Liens receivable and investment in foreclosed property are offset by unavailable revenue and, accordingly, have not been recorded as revenue in the governmental funds.

The value of these properties, both liens and investment in foreclosed property, has been adjusted to the lower of net realizable value or cost. Net realizable value for the City has been determined by reviewing the true cash value of these properties as recorded by the Lane County assessor, less the underlying property taxes that must be paid upon the sale of the property by the City.

c. Inventory

Inventories of materials and supplies are valued at cost or average cost using the first-in/first-out method and are shown on the balance sheet as an asset with a corresponding nonspendable fund balance. Inventories are charged to operations as consumed in both the government-wide and fund financial statements.

d. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items. These prepaid amounts are recorded in the balance sheet as an asset with a corresponding nonspendable fund balance and are shown as expenditures in the periods that the service is provided, consistent with the “consumption method” of accounting for prepaids.

e. Restricted Assets

Assets whose use is restricted for construction, debt service or other purposes by provisions of grants, bond indentures or other agreements are segregated on the statement of net position.

f. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, multi-use paths and traffic control devices), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

As permitted by GAAP, the City has limited the retroactive capitalization of governmental fund infrastructure to fiscal years ending after June 30, 1980. Although the majority of such infrastructure was placed in service before that date, it has not been included in these financial statements since it has been substantially depreciated.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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	10-50 years
Equipment	3-20 years
Infrastructure	20-50 years
Studies	20 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

g. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation leave within limits set by collective bargaining agreements. All employees with accrued vacation leave are paid the outstanding vacation accrual balance, within limits, at separation at the employees current pay rate. Employees with sick leave accruals and meeting longevity requirements are paid the outstanding sick leave accrual balance, within limits, upon retirement at the employees current pay rate. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund statements. The governmental fund financial statements do not report liabilities for compensated absences unless they are due for payment. The General Fund is the governmental fund that will be primarily used to liquidate compensated absences based on the high level of staffing that is funded from this fund.

h. Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

i. 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 other instance of deferred inflows arises only under a modified accrual basis of accounting. Accordingly, *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.

j. Pensions

Oregon Public Employees Retirement System (OPERS) – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS’s fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City Retirement Plan (CRP) – For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of CRP and additions to/deductions from CRP fiduciary net position have been determined on the same basis as they are reported by the City’s actuary. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

k. 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 City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids, and assets held for resale.

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.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through passage of an additional resolution.

Resources that are constrained by the City’s intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be “reserved” during adoption of the annual budget. The City’s Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City’s Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the City’s practice to use restricted resources first, then unrestricted resources as needed. When an expenditure is incurred where an unrestricted fund balance classification could be used, the City’s practice is to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

Fund balances by classification for the year ended June 30, 2017 were as follows:

Fund Balances	General	Street	Police Levy	Nonmajor Governmental	Total Governmental Funds
Nonspendable:					
Inventories	\$ 1,649	\$ 209,554	\$ -	\$ -	\$ 211,203
Prepays	79,983	-	-	10,343	90,326
Investment in foreclosed property	1,970	-	-	-	1,970
Restricted:					
Debt service	-	-	-	519,420	519,420
Urban renewal	-	-	-	2,819,118	2,819,118
Capital projects	-	-	-	1,595,284	1,595,284
Street repairs and maintenance	-	937,799	-	-	937,799
Transportation	-	-	-	571,321	571,321
Street improvements	-	-	-	2,060,074	2,060,074
Public Safety - Fire	-	-	-	288,773	288,773
Public Safety - Police general	-	-	1,455,217	3,539	1,458,756
Public Safety - Police forfeitures	-	-	-	406,247	406,247
Building code	-	-	-	2,078,073	2,078,073
Economic development	-	-	-	923,347	923,347
Library services	-	-	-	13,982	13,982
Committed:					
Development assessment	-	-	-	548,375	548,375
Capital projects	-	-	-	1,487,887	1,487,887
Technology fee reserve	293,004	-	-	-	293,004
Assigned:					
Capital projects	-	-	-	525,492	525,492
Contingency reserve	1,000,000	-	-	-	1,000,000
Public Safety - Police K9	-	-	-	77,386	77,386
Other purposes	-	-	-	205,499	205,499
Unassigned	7,387,428	-	-	(142,091)	7,245,337
Total fund balances	\$ 8,764,034	\$ 1,147,353	\$ 1,455,217	\$ 13,992,069	\$ 25,358,673

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

l. Indirect Expenses Allocation

In the government-wide statement of activities, program costs include incidental indirect costs.

m. Contingency and Working Capital Policy

The City will maintain adequate cash reserves for both contingencies and working capital. Each fund will maintain adequate cash reserves, borrow internally from another City fund, or as a last resort, borrow externally to provide for cash flow and contingency requirements.

5. New Accounting Pronouncements

During the fiscal year ended June 30, 2017, the City implemented the following GASB pronouncements:

- *GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The purpose of this Statement is to provide guidance for defined benefit pensions and for defined contribution pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement 68 for pension plans and pensions that are within their respective scopes. The City’s pension plans are within the scope of Statement 68. There is no impact in the current year as a result of the application of this Statement.
- *GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The purpose of this Statement is to provide guidance for other postemployment benefits (OPEB) plans, defined benefit and defined contribution, administered through trusts that meet the specified criteria. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria. The City’s OPEB plan does not meet the criteria established. There is no impact on the financial statements in the current year as a result of the application of this Statement.
- *GASB Statement No. 77, Tax Abatement Disclosures.* This statement defines tax abatements and contains required disclosures about a reporting government’s own tax abatement agreements and those that are entered into by other governments that reduce the reporting government’s tax revenues. See Note R for more information.
- *GASB Statement No. 80 – Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.* The purpose of this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. There is no impact on the financial statements in the current year as a result of the application of this Statement.
- *GASB Statement No. 82 – Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The purpose of this Statement is to provide guidance relating to the definition of covered payroll included in Required Supplementary Information (RSI). The pronouncement also clarifies that a deviation from actuarial standards is not considered to be in conformity with the requirements of GASB 67 or 68 for selection of assumptions in determining

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

the total pension liability. Finally, the Statement clarifies employer-paid member contributions should not be treated as a pension expense. See the RSI section for additional information.

• *GASB Statements No. 75, 81, 83, 84, 85, 86, and 87* – These are other pronouncements that have been issued by the GASB but not yet implemented by the City.

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 “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 \$58,483,837 difference are as follows:

Bonds payable, net of original issue premium and deferred charges	\$ 16,224,022
Notes payable	1,873,246
Interfund loan payable	750,668
Due to developer	210,000
Accrued interest payable	53,025
Compensated absences	4,336,558
Net pension liability and related deferrals	29,845,817
Net OPEB obligation	<u>5,190,501</u>
 Total	 <u>\$ 58,483,837</u>

Another element of that reconciliation states 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 \$132,899,960 are as follows:

Capital assets (net of accumulated depreciation) reported in the Statement of Net Position – governmental activities column:	
Land and work in progress	\$ 71,807,096
Other capital assets (net of accumulated depreciation)	67,646,600
Total capital assets reported in internal service funds included in the Statement of Net Position – governmental activities column (net of accumulated depreciation):	<u>(6,553,736)</u>
 Net adjustment	 <u>\$ 132,899,960</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

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

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. 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 \$4,329,644 difference are as follows:

Capital outlay	\$ 6,533,169
Donated capital assets	2,740,681
Depreciation	<u>(4,944,206)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,329,644</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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 \$104,715 difference are as follows:

Issuance of note payable	\$ (2,000,000)
Principal repayment of general obligation debt	1,510,000
Principal repayment of note payable	646,754
Amortization of deferred charges	(50,754)
Amortization of bond premiums	230,481
Increase in interfund loan payable	(402,861)
Decrease in accrued interest payable	<u>(38,335)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (104,715)</u>

Another element of the reconciliation states that “governmental funds do not report expenditures for unpaid compensated absences or other post-employment benefits since they do not use current financial resources.” The details of this \$3,481,141 difference are as follows:

Increase in accrued compensated absences	\$ (205,938)
Increase in net pension liability and related deferrals	(2,900,793)
Increase in net OPEB obligation	<u>(374,410)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (3,481,141)</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

In April of each year, the City Manager submits a recommended budget to the Budget Committee (which consists of the City Council and an equal number of citizens of the City). The City’s budget is prepared for each fund on the modified accrual basis of accounting. Estimated receipts and expenditures are budgeted for by fund, program and object. Information on the past two year’s actual receipts and expenditures and current-year amended budgets are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens’ comments.

The Budget Committee then presents an approved budget to the City Council for final adoption. The adopted expenditures for each fund may not be increased by more than 10% during the year without a special public hearing of the governing body with notice to the citizens published 5 to 30 days in advance. After the Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopts the budget before July 1, by resolution. The resolution authorizes fund appropriations as current annual departmental requirements, debt service, capital projects, interfund transfers, interfund loans, statutory payments, contingencies, unappropriated fund balances and reserves. Expenditures cannot legally exceed appropriations at these control levels. Appropriations lapse as of the end of the year.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised statutes. Management may administratively transfer budget amounts between individual line items within the control level, but cannot make changes between the legal levels of control. During the fiscal year ended June 30, 2017, the City Council approved several transfer resolutions and supplemental budgets increasing appropriations by \$8,712,815.

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations.

The following fund had over-expenditures in the indicated category:

Fund	Budget	Actual	Variance
Booth Kelly Fund			
Non-departmental – Debt Service	\$ 835,050	\$ 835,089	\$ (39)

Local budget law exempts reporting of over appropriations for a variety of situations related to the issuance, repayment and refunding of bonds as defined in ORS 294.338. For the fiscal year ended June 30, 2017, the Sewer Fund had expenditures for other financing uses payments to refunded bond escrow agent that were exempt per ORS 294.338(5)(b).

The SEDA Downtown Fund reported a negative fund balance of \$142,091. This negative fund balance was the result of the Fund not receiving an anticipated loan from another City fund due to an oversight in the City’s budgeting process.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE D – CASH AND INVESTMENTS

The City of Springfield maintains a common cash and investment pool that is available for use by all funds. At June 30, 2017, cash and investments are comprised of the following:

Cash on Hand	\$	6,591
Cash with Fiscal Agent		5,500
Deposits		9,257,828
Local Government Investment Pool Accounts		80,104,912
Investments		<u>89,735,384</u>
		<u>\$ 179,110,215</u>

Each fund's portion of this pool is displayed in the Statement of Net Position.

Governmental Funds	\$	45,617,926
Business-type Funds		40,145,958
Not Appearing on Statement of Net Position		
Fiduciary Fund		<u>93,346,331</u>
		<u>\$ 179,110,215</u>

Deposits

Deposits with financial institutions are comprised of checking and money market accounts, and certificates of deposits. As of June 30, 2017, the City of Springfield had a book balance of \$9,257,828 and bank balance of \$9,676,809. The difference is due to transactions in process. Of this amount, \$750,000 was covered by federal depository insurance, and the remainder was collateralized by the statewide pool.

Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program under ORS 295. The collateralization program creates a statewide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of federal depository insurance, and eliminating the need for certificates of participation. The legislation creates a shared liability structure for depository banks, but does not guarantee that public funds are 100% protected. The City is also required to verify that amounts in excess of FDIC insurance limits are deposited only in qualified depository banks listed by the Office of the State Treasurer.

Local Government Investment Pool

The City participates in the State of Oregon Local Investment Pool (LGIP or Pool) which is an open-ended, load diversified portfolio created under ORS 294.805 to 294.895 and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed, like

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE D – CASH AND INVESTMENTS – Continued

that of a prudent investor, exercising reasonable care, skill, and caution. Investments in the funds are further governed by portfolio guidelines issued by the Oregon short-term Funds Board, which establish diversification percentages and specify the types of maturities of investments.

The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2016 was unmodified and may be obtained at the Oregon State Treasury, 350 Winter St. NE, Ste 100, Salem, OR 97310 or at www.ost.state.or.us. At June 30, 2017, the fair value of the City's deposits with the LGIP approximates cost.

Cash and Investments

On June 30, 2017, the City of Springfield held \$89,735,384 of investments; corporate indebtedness of \$42,784,151, and government agency securities totaling \$46,951,233.

The City's investment policy requires that the City diversify investments across maturities, security type, and institution to avoid incurring unreasonable risks. Specifically, except for the Local Government Investment Pool, no more than 25% of the City's total investment portfolio will be invested with a single financial institution, no more than 20% of the total portfolio will be invested with any one security, and lastly, no more than 5% of the total portfolio will be invested with any one corporate entity. The City was in compliance with all of the above stated City investment policy guidelines.

The City's policy for custodial credit risk is outlined in the City's Investment and Portfolio Policies, adopted by the City Council. This investment policy applies to all cash-related assets included within the scope of the City of Springfield's audited financial statements and held directly by the City. Funds will be invested in compliance with the provisions of, but not necessarily limited to the Oregon Revised Statutes (ORS), Chapter 295, other applicable statutes and this policy. Investment of any tax exempt borrowings proceeds and any related debt service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Service codes. The City will limit investment activities in order to ensure safety, legality, liquidity, diversity, and yield. The standard of prudence used by the City's investment officer in the context of managing the overall portfolio shall be the prudent investor rule.

The scope of the City's investment policy includes not only investments, but all cash-related assets included within the scope of the City of Springfield's financial statements and held directly by the City. The investment policy establishes the City's permitted investments and provides guidelines for managing the various types of risk associated with these investments. The different risks will be discussed below.

A. Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. City staff manages this risk by limiting the maturity of the investments held by the City. The investment policy requires that all short-term investments mature in less than 18 months. The investment policy defines short-term investments as those not reserved for specific capital projects or debt payments. Long-term investments are required to have maturities less than 3 years. Commercial paper is required to have a maturity which does not exceed 270 days. On June 30, 2017, 100% of the total investments were considered short-term and had

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE D – CASH AND INVESTMENTS – Continued

maturities less than 18 months and none were considered long-term with maturities of more than 18 months but less than 3 years. The table below displays the liquidity requirements of the investment policy and the liquidity characteristics of the City’s cash and investments on June 30, 2017.

Short-Term Investments:

<u>Maturity</u>	<u>Amount</u>	<u>Actual %</u>	<u>Investment Policy %</u>
Under 30 days	\$ 87,122,734	49%	10 % minimum
Under 90 days	88,823,873	50%	25 % minimum
Under 270 days	120,479,651	67%	50 % minimum
Under one year	148,701,786	83%	80 % minimum
Under 18 months	179,110,215	100%	100 % minimum

B. Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City’s investment policy provides that all corporate debt securities be rated at a minimum of A1 or AA by Standard and Poor’s rating service or P1 or Aa by Moody’s rating service, or for an Oregon issuer, a minimum of A1 or A or better by S & P; or P1 or Aa by Moody’s. At June 30, 2017, all of the corporate debt in the City’s portfolio is in compliance with the investment policy. The Local Government Investment Pool is not rated and is not registered with the U.S. Securities and Exchange Commission.

C. Custodial credit risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The City’s investment policy requires that broker/dealers meet certain qualifications and that purchased investment securities will be delivered by FED book entry, DTC, or physical delivery, and held in third party safekeeping - registered to the City of Springfield - with a designated custodian. All of the City’s investments at June 30, 2017 were delivered by book entry to the account of BNY Western Trust Company, who held the securities for the benefit of the City.

D. Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy provides concentration guidelines by both institution and by type of investment. The City diversifies investments across maturities, security type and institution to avoid incurring unreasonable risks. In particular, except for the Local Government Investment Pool, no more than 25% of the City’s total investment portfolio will be invested with a single financial institution. In addition, no more than 20% of the total portfolio will be invested with any one security and no more than 5 percent of the total portfolio will be invested with any one corporate entity. As of June 30, 2017, the City was in compliance with the City’s investment policy.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE D – CASH AND INVESTMENTS – Continued

Diversification by Financial Instrument:

<u>Instrument</u>	<u>Amount</u>	<u>% Invested</u>	<u>Maximum % of Portfolio</u>
State of Oregon Investment Pool	\$ 80,104,912	45%	100%
Interest Bearing Checking Account	4,205,513	2%	50%
Money Market Account	2,800,219	2%	50%
Time Certificates of Deposit	2,252,096	1%	25%
Corporate Bonds	42,784,151	24%	25%
Municipal Bonds	46,951,233	26%	50%
Other	12,091	0%	0%
Totals	<u>\$ 179,110,215</u>	<u>100%</u>	

E. Fair Value Measurements

Fair value is defined as the price that would be received at the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes fair value measurements within the hierarchy established by GASB Statement 72. This hierarchy defines three levels of inputs used to assess fair value which allows financial statement users to identify the level of reliability and determine variance risk between actual amounts received during a sale of assets or transfer of liabilities to that which is reported in the financial statements for the measurement date.

The classification of securities within this fair value hierarchy is based on activity level in the market for the security type, and the inputs used to determine their fair value as follows:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable based on market data obtained from sources independent of the reporting entity.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable (based on the best information available regarding assumptions market participants would use in pricing the asset).

As of June 30, 2017, the City’s investments in corporate and municipal bonds are classified as level 2.

F. Foreign currency

The City of Springfield has not made any investments that are not in US dollar denominations therefore the City is not exposed to this risk.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE E – RECEIVABLES AND UNAVAILABLE REVENUE

Receivables at June 30, 2017 consist of the following:

Fund	Property Taxes and Other	Accounts	Assessments and Liens	Grants	Accrued Interest	Mortgage Notes	SDC Deferred Receivable	Total Net Receivable
General	\$ 1,609,602	\$ 945,575	\$ -	\$ -	\$ 56,199	\$ -	\$ 1,234	\$ 2,612,610
Street	-	550,762	-	34,941	1,716	-	-	587,419
Police Levy	433,855	31,040	-	-	8,641	-	-	473,536
Sewer	-	584,854	-	-	78,663	-	-	663,517
Storm Drainage	-	570,365	-	-	70,280	-	-	640,645
Ambulance	-	554,802 *	-	-	9,083	-	-	563,885
Nonmajor governmental	525,567	294,910	91,779	162,321	64,173	1,947,754	353,706	3,440,210
Nonmajor enterprise	-	71,079	-	-	3,308	-	-	74,387
Internal Service	-	18,407	-	-	71,701	-	-	90,108
	<u>\$2,569,024</u>	<u>\$3,621,794</u>	<u>\$ 91,779</u>	<u>\$197,262</u>	<u>\$363,764</u>	<u>\$1,947,754</u>	<u>\$ 354,940</u>	<u>\$ 9,146,317</u>

*Net of allowances for uncollectible accounts totalling \$831,141

Assessments, liens, and mortgage notes are collateralized by real estate.

Mortgage notes within the Community Development fund are a result of loans made under the CDBG federal program. Repayment is dependent on the type of mortgage note. Deferred payment loans, housing improvement loans, and SHOP loans are due and payable at the time of sale or transfer of title. Most loans are interest free.

In all cases, loans become immediately due and payable if the client fails to meet any contract requirements.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2017, the various components of unavailable revenue (deferred inflows) consist of the following:

FUND BY TYPE	Property taxes receivable	Fees and charges	Mortgage notes receivable	Assessments	Other	Total unavailable revenue
General	\$ 1,578,693	\$ 459,492	\$ -	\$ -	\$ -	\$ 2,038,185
Street	-	118,702	-	-	-	118,702
Police Levy	425,536	17,200	-	-	-	442,736
Nonmajor governmental	517,606	530,984	1,460,767	91,779	495,509	3,096,645
Total unavailable revenue	<u>\$ 2,521,835</u>	<u>\$ 1,126,378</u>	<u>\$ 1,460,767</u>	<u>\$ 91,779</u>	<u>\$ 495,509</u>	<u>\$ 5,696,268</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE F – CAPITAL ASSETS

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,773,329	\$ 3,319,793	\$ -	\$ 67,093,122
Work in progress	2,038,651	6,536,493	(3,861,170)	4,713,974
Total capital assets, not being depreciated	65,811,980	9,856,286	(3,861,170)	71,807,096
Capital assets, being depreciated:				
Buildings	47,880,954	566,273	-	48,447,227
Infrastructure	71,516,813	2,334,901	-	73,851,714
Machinery & equipment	22,146,679	2,532,767	(917,420)	23,762,026
Library books	1,998,269	-	-	1,998,269
Studies	1,245,145	16,601	-	1,261,746
Total capital assets, being depreciated	144,787,860	5,450,542	(917,420)	149,320,982
Less accumulated depreciation for:				
Buildings	(22,995,221)	(2,232,149)	-	(25,227,370)
Infrastructure	(34,823,895)	(2,515,999)	-	(37,339,894)
Machinery & equipment	(15,832,288)	(1,355,032)	800,517	(16,386,803)
Library books	(1,976,506)	(21,763)	-	(1,998,269)
Studies	(616,539)	(105,507)	-	(722,046)
Total depreciation	(76,244,449)	(6,230,450)	800,517	(81,674,382)
Total capital assets, being depreciated, net	68,543,411	(779,908)	(116,903)	67,646,600
Governmental activities capital assets, net	\$ 134,355,391	\$ 9,076,378	\$ (3,978,073)	\$ 139,453,696

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,758,858	\$ 1,539,708	\$ -	\$ 6,298,566
Work in progress	8,188,278	4,984,293	(10,637,683)	2,534,888
Total capital assets, not being depreciated	12,947,136	6,524,001	(10,637,683)	8,833,454
Capital assets, being depreciated:				
Buildings & infrastructure	97,174,839	9,951,827	-	107,126,666
Land improvements	532,806	-	-	532,806
Equipment	1,893,248	225,077	-	2,118,325
Studies	1,851,857	-	-	1,851,857
Total capital assets, being depreciated	101,452,750	10,176,904	-	111,629,654
Less accumulated depreciation for:				
Land improvements	(508,760)	(2,487)	-	(511,247)
Buildings & infrastructure	(34,377,721)	(3,541,456)	-	(37,919,177)
Equipment	(1,277,323)	(197,459)	-	(1,474,782)
Studies	(970,429)	(167,525)	-	(1,137,954)
Total depreciation	(37,134,233)	(3,908,927)	-	(41,043,160)
Total capital assets, being depreciated, net	64,318,517	6,267,977	-	70,586,494
Business-type activities capital assets, net	\$ 77,265,653	\$ 12,791,978	\$ (10,637,683)	\$ 79,419,948

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE F – CAPITAL ASSETS – Continued

Depreciation expense was charged to functions of the City as follows:

<u>Governmental activities:</u>	
General government	\$ 97,492
Police	1,981,359
Fire and life safety	732,731
Development and public works	3,126,161
Library	42,273
Unallocated	<u>250,434</u>
Total depreciation expense – governmental activities	<u>\$ 6,230,450</u>
<u>Business-type activities:</u>	
Sewer	\$ 2,754,141
Storm	349,600
Booth-Kelly	796,796
Ambulance	<u>8,390</u>
Total depreciation expense – business type activities	<u>\$ 3,908,927</u>

NOTE G - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, errors and omissions, loss or damage to assets, employee injury or illness, and natural disasters.

The City maintains professional risk management and health and wellness programs. Various loss-control techniques are used to minimize or prevent losses. These techniques and programs include but are not limited to: contracting for risk and benefit broker services, contracting for legal services, operation of a wellness clinic, accident investigation and training, fleet management, verification of employee qualifications, and employee and supervisory training.

The City has established an internal service fund to account for and finance its risks of loss. The City maintains a self-insured health benefit program that provides medical, dental, and vision coverage to all regular full and part-time employees and their dependents as well as non-Medicare eligible retirees and their dependents. The City has established a self-insurance reserve to pay medical, dental, and vision claims up to the self-insurance retention limit of \$150,000 per covered individual.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE G - RISK MANAGEMENT – Continued

The following changes occurred in the health and dental claims liability in the current and previous fiscal years:

Fiscal year ended June 30	Liability balance at beginning of year	Current year claims and changes in estimates	Claim Payments	Liability balance at end of year
2014	\$ 465,091	\$ 4,894,984	\$ (4,960,500)	\$ 399,575
2015	399,575	6,007,389	(5,359,049)	1,047,915
2016	1,047,915	5,343,218	(5,895,677)	495,456
2017	495,456	5,771,608	(5,531,337)	735,727

The City of Springfield is self-insured for workers' compensation. The City estimates liability for incurred losses for reported and unreported claims for worker's compensation. Workers' compensation estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Services and independent actuarial studies. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other societal and economic factors.

Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2017

Year	Case Reserves	IBNR Reserves	Outstanding LCF	Closeout Risk Adj.	IBNR & LCF after Closeout	Net Outstanding Liabilities
Prior	\$ 30,370	\$ -	\$ -	\$ -	\$ -	\$ 30,370
2012-13	-	25,301	5,060	-	(19,772)	10,589
2013-14	-	39,229	7,847	4,385	-	51,461
2014-15	36,868	48,363	17,046	6,469	-	108,746
2015-16	24,844	76,558	20,280	5,149	-	126,831
2016-17	135,597	134,634	54,046	5,708	-	329,985
Total	\$ 227,679	\$ 324,085	\$ 104,279	\$ 21,711	\$ (19,772)	657,982
					Less investment income offset	(9,982)
					Net accrued claims liability	\$ 648,000

The City purchases third-party coverage or is part of the City County Insurance Services Insurance Pool for all lines of coverage. These include but are not limited to personal injury, public officials' errors and omissions, automobile, employer's liability, and property. Settled claims have not exceeded insurance coverage in any of the past five fiscal years.

NOTE H - CAPITAL LEASES

The City purchased equipment in the fiscal year ending June 30, 2013 for \$977,780 with no down payment and annual payments over 5 years. The City purchased equipment in the fiscal year ending June 30, 2016 for \$125,452 with no down payment and annual payments over 5 years. The City purchased equipment in the fiscal year ending June 30, 2017 for \$593,109 with no down payment and annual payments over 5 years. These lease agreements

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE H - CAPITAL LEASES - Continued

qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Machinery and equipment	\$ 1,696,340
Less: Accumulated depreciation	<u>(372,601)</u>
Total	<u>\$ 1,323,739</u>

The future minimum lease obligations as of June 30, 2017, are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2018	\$ 348,059	\$ 19,424
2019	143,635	10,247
2020	146,970	6,912
2021	<u>150,385</u>	<u>3,496</u>
Totals	<u>\$ 789,049</u>	<u>\$ 40,079</u>

NOTE I - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are backed by the full faith and credit of the City and are serviced by general property tax revenues. The original amount of general obligation bonds issued in prior years was \$14,690,000.

General obligation bonds payable transactions for the year ended June 30, 2017 are as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Outstanding July 1, 2016</u>	<u>Issued During year</u>	<u>Retired During Year</u>	<u>Outstanding June 30, 2017</u>	<u>Due Within One Year</u>
Series 2016	6/29/2016	2026	1.36%	\$ 14,690,000	\$ -	\$ (225,000)	\$ 14,465,000	\$ 1,390,000
Series 2007	3/9/2007	2026	4.00%	1,285,000	-	(1,285,000)	-	-
					Unamortized Premium		2,074,328	
					Due in current year		<u>(1,390,000)</u>	
					Total general obligation long-term debt		<u>\$ 15,149,328</u>	

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE I - LONG-TERM DEBT – Continued

Revenue Bonds

The City issues revenue bonds to finance major construction projects in business-type activities. Revenue bonds are secured and serviced by system revenues. The original amount of revenue bonds issued in prior years was \$34,800,000.

The City has committed to establish utility user charges sufficient to pay principal and interest when due. If user charges are not sufficient, the City is required by covenant to raise utility rates sufficient to pay maturing principal and interest. Debt service on the revenue bonds is paid solely from user fees.

Refundings

On June 27, 2017, the 2009 sewer bonds were refunded and replaced with the 2017 sewer bond in the amount of \$13,610,000.

The proceeds of the 2017 sewer revenue bonds were used to pay principal and interest on the \$15.8 million of 2009 bonds. As a result, the 2009 bonds have been fully redeemed in FY2016-17. The liability of the refunded bonds has been removed from the business activities column in the statement of net position. This refunding was undertaken to reduce total debt service payments by \$2.4 million dollars and resulted in an economic gain of \$2.0 million.

Revenue obligation bonds payable transactions for the year ended June 30, 2017 are as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Outstanding July 1, 2016</u>	<u>Issued During year</u>	<u>Retired During Year</u>	<u>Outstanding June 30, 2017</u>	<u>Due Within One Year</u>
Series 2009	4/2/2009	2029	4.070%	\$ 16,800,000	\$ -	\$ (16,800,000)	\$ -	\$ -
Series 2010	10/6/2010	2030	3.149%	8,070,000	-	(420,000)	7,650,000	435,000
Series 2017	6/27/2017	2027	1.725%	-	13,610,000	-	13,610,000	1,320,000
					Unamortized Premium		1,863,479	
					Due in current year		(1,755,000)	
					Total revenue bonds payable		<u>\$21,368,479</u>	

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE I - LONG-TERM DEBT – Continued

Maturities of bond principal and interest are as follows:

Year	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 1,390,000	\$ 578,600	\$ 1,755,000	\$ 656,409	\$ 3,145,000	\$ 1,235,009
2018-19	1,445,000	523,000	1,695,000	724,400	3,140,000	1,247,400
2019-20	1,505,000	465,200	1,740,000	673,400	3,245,000	1,138,600
2020-21	1,570,000	405,000	1,795,000	620,975	3,365,000	1,025,975
2021-22	1,625,000	342,200	1,860,000	553,700	3,485,000	895,900
2022-27	6,930,000	691,000	9,805,000	1,622,875	16,735,000	2,313,875
2027-31	-	-	2,610,000	213,799	2,610,000	213,799
Total	<u>\$ 14,465,000</u>	<u>\$ 3,005,000</u>	<u>\$ 21,260,000</u>	<u>\$ 5,065,558</u>	<u>\$ 35,725,000</u>	<u>\$ 8,070,558</u>

The City issues debt backed solely by future fees received for certain services. At June 30, 2017, future pledged revenues are as follows:

Purpose	Revenue Stream	Year end of final payments	Future pledged revenue debt outstanding	Approx % of future revenues pledged to gross revenues	Revenue, net of related expenses Y/E 6/30/2017	Debt payments Y/E 6/30/2017
Revenue bonds:						
Sewer System series 2017	Sewer system fees	2027	\$ 16,440,834	11.6%	\$ 6,885,374 *	\$ 1,709,131 **
Revenue bonds:						
Storm System series 2010	Sewer system fees	2030	<u>9,884,724</u>	4.8%	6,885,374 *	<u>704,150</u>
Business -type activities			<u>\$ 26,325,558</u>			<u>\$ 2,413,281</u>

* same revenue source pledged for two purposes

** debt service on 2009 bonds refunded with 2017 bonds

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE I - LONG-TERM DEBT – Continued

Notes Payable

At June 30, 2017 notes payable are as follows:

Governmental activities:

Bank of Cascades (SEDA), payable in monthly installments including interest at 3.08%, due 2024	\$ 1,873,246
Total governmental activities	<u>\$ 1,873,246</u>

Business-type activities:

Bank of the West (BLM), Note payable with monthly installments beginning June, 2009 at 6.97%, due in May of 2019	\$ 1,494,105
Total business-type activities	<u>\$ 1,494,105</u>

Principal amounts due on these notes payable in each of the next six years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017-18	\$ 228,350	\$ 754,687
2018-19	235,484	739,418
2019-20	242,840	-
2020-21	250,426	-
2021-22	258,249	-
2022-25	657,897	-
	<u>\$ 1,873,246</u>	<u>\$ 1,494,105</u>

Beginning in 2004, the City entered into an initial agreement with the US Bureau of Land Management (USBLM) to finance their portion of the construction of a shared facility constructed by the Oregon Department of Military. In 2006, the City secured a \$6.4 million construction loan from the Bank of the West and construction began. The building was completed in the 2009 fiscal year and the construction loan was converted into a ten-year conventional loan with remaining loan proceeds used to reduce the new loan balance to \$6 million. The USBLM's portion of the building was capitalized by the City and is being depreciated over ten years on the straight-line method. The USBLM will make lease payments to the City equal to the City's debt service payments. Per the terms of the loan agreement with the Bank of the West, the City is under no obligation to make debt service payments above the lease payments received by the USBLM. At the end of ten years, the capital asset and related loan will be fully depreciated and repaid, and the building transferred to the Oregon Department of Military.

The contract payable represents an amount due to Sycan B Corporation for a land purchase, with a due date to be established by mutual agreement of both parties.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE I - LONG-TERM DEBT – Continued

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 15,975,000	\$ -	\$ (1,510,000)	\$ 14,465,000	\$ 1,390,000
Less deferred amounts					
For issuance premiums	<u>2,304,808</u>	<u>-</u>	<u>(230,481)</u>	<u>2,074,327</u>	<u>-</u>
Total bonds payable	18,279,808	-	(1,740,481)	16,539,327	1,390,000
Notes payable	520,000	2,000,000	(646,754)	1,873,246	228,350
Deferred System development fees	347,807	402,861	-	750,668	-
Contracts payable	210,000	-	-	210,000	-
Capital leases	535,062	593,109	(339,122)	789,049	348,059
Accrued claims liability	565,000	83,000	-	648,000	233,280
Compensated absences	4,152,636	1,374,815	(1,171,816)	4,355,635	1,274,183
OPEB obligation	4,875,782	386,657	-	5,262,439	-
Net pension liability	<u>28,313,270</u>	<u>16,743,377</u>	<u>-</u>	<u>45,056,647</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 57,799,365</u>	<u>\$ 21,583,819</u>	<u>\$ (3,898,173)</u>	<u>\$ 75,485,011</u>	<u>\$ 3,473,872</u>
<u>Business-type activities:</u>					
Bonds payable:					
Revenue bonds	\$ 24,870,000	\$ 13,610,000	\$(17,220,000)	\$ 21,260,000	\$ 1,755,000
Less deferred amounts					
For issuance premiums	<u>448,704</u>	<u>1,469,770</u>	<u>(54,996)</u>	<u>1,863,478</u>	<u>-</u>
Total bonds payable	25,318,704	15,079,770	(17,274,996)	23,123,478	1,755,000
Notes payable	2,198,125	-	(704,020)	1,494,105	754,687
Compensated absences	956,455	175,868	(230,153)	902,170	240,667
OPEB obligation	1,241,379	56,142	-	1,297,521	-
Net pension liability	<u>3,998,993</u>	<u>5,767,133</u>	<u>-</u>	<u>9,766,126</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 33,713,656</u>	<u>\$ 21,078,913</u>	<u>\$(18,209,169)</u>	<u>\$ 36,583,400</u>	<u>\$ 2,750,354</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE J – RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Interfund Payables & Receivables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer	Internal service funds	\$ 152,313
Storm Drainage	Internal service funds	118,846
Booth Kelly	Internal service funds	22,204
Ambulance	Internal service funds	130,162
Total due to/from other funds (different fund types)		<u>\$ 423,525</u>

The balances shown above are for services rendered and are generally paid within 30 days.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community Development	\$ 18,177
General	SEDA Downtown	114,482
Total due to/from other funds (similar fund types)		<u>\$ 91,588</u>

The balances shown above are due to temporary cash flow deficiencies and are generally paid back within 30 days.

In an effort to encourage development within the two urban renewal districts, the Springfield Economic Development Agency (SEDA) implemented a program to pay the system development fees 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. That date is not defined and is dependent on the Agency accomplishing its stated goals. The earliest it would reasonably sunset is late 2024. Being a noncash transaction and due to the uncertainty and timing of the payments, authoritative accounting standards indicate that no transaction would need to be recorded (GASB statement No. 34, paragraph 112a(1)). However, due to the size of these deferred payments and impact they would have on affected funds, the City has chosen to recognize a receivable and deferred revenue in the governmental funds statements and a receivable and revenue in the government-wide and proprietary fund statements. For the offsetting liability, a corresponding expense and liability has been recognized in the government-wide statements, however, no expenditure or corresponding liability has been recognized in the governmental funds statements. The details of these deferred fees are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer	SEDA Glenwood	\$ 306,150
Sewer	SEDA Downtown	8,879
Storm Drainage	SEDA Glenwood	39,348
Total advance to/from other funds (different fund types)		<u>\$ 354,377</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	SEDA Glenwood	\$ 1,234
Building Code	SEDA Glenwood	25
Street Capital	SEDA Glenwood	353,681
Internal Service Funds	SEDA Glenwood	40,907
Internal Service Funds	SEDA Downtown	444
Total due to/from other funds (similar fund types)		<u>\$ 396,291</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE J – RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY - Continued

Interfund Transfers

Fund description	General	Street	Nonmajor Governmental	Total Transfers Out
General	\$ -	\$ 415,501	\$ -	\$ 415,501
Nonmajor Governmental	883,173	-	160,622	1,043,795
Internal Service Funds	223,032	-	93,000	316,032
Total Transfers In	\$ 1,106,205	\$ 415,501	\$ 253,622	\$ 1,775,328

Transfers are routinely made for the following purposes:

- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations.
- To move unrestricted revenues collected in other funds to the General Fund to finance government programs.
- To move revenues appropriated for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.
- To move revenues from the fund the statute or budget requires to collect them in to the fund the statute or budget requires to expend them.

NOTE K – REBATABLE ARBITRAGE

The City issued general obligation bonds in the amount of \$12,425,000 in December of 2005 and \$24,650,000 in March 2007. Arbitrage liability has been paid on the 2005 issue, and the liability on the 2007 issue was reduced to zero in previous years. There is no remaining arbitrage liability. These two bonds were refunded in June of 2016 and replaced with the 2016 general obligation bond in the amount of \$14,690,000.

The City issued revenue bonds in the amount of \$22,815,000 in March of 2009 and \$10,000,000 in September 2010. The 2009 revenue bonds were refunded in June of 2017 and replaced with the 2017 Sewer revenue bonds in the amount of \$13,610,000. There is no arbitrage liability for these issues as of June 30, 2017.

NOTE L – CITY DEFINED BENEFIT PENSION PLAN

Plan Description – The City sponsors a pension plan for Springfield Police Association employees hired before April 1, 1996 (City of Springfield, Oregon Retirement Plan – CRP). CRP is a governmental single-employer plan maintained and operated by the City of Springfield. The plan is closed to new entrants and all participants are fully vested. The CRP covers full-time regular employees covered by the Springfield Police Association, Fire management, and all Police management employees hired before April 1, 1996, and all disability retirees formerly in the Money Purchase Pension Plan. As of June 30, 2017, there were 32 participants in the plan, of which 18 are active employees and 14 are inactive employees or their beneficiaries. The CRP is subject to Oregon PERS “equal

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

to or better than” statutory requirements. PERS completed its latest “equal to or better than” testing in July of 2005. The most recent testing prior to July 2005 was in 1995. The plan does not issue a separate stand-alone report.

City Retirement Plan Benefits

Pension Benefits – The City will contribute, as an employer’s contribution to an individual’s retirement account, a percentage of pay for all annual covered salary. The current percentage is 12.8% for sworn public safety employees, 10% for police dispatchers and 7% for other union employees. In addition, the City contributes 6% of salaries as employee contributions. The annual interest earnings to be credited to plan participants’ accounts remains at a guarantee of 9% for emergency service employees while employed with the City, but includes additional provisions on the withdrawal of individual retirement funds once employment is terminated. Police management employees accepted the same terms and conditions for their participation in the CRP.

Distribution of Benefits – Upon severance of employment of a participant other than by death, a participant’s vested account balances shall be distributed to the participant as soon as administratively feasible. Participants who retired prior to June 30, 2006 could elect to leave their account balances in the plan up until the age of 70-1/2 with a 9% interest guarantee. Participants that terminate employment with the City subsequent to June 30, 2006 and have reached the age of 50 may elect to leave their account balances in the plan up until the age of 70-1/2 with a 9% interest guarantee the 1st year, 6% for years 2 and 3, 4% for years 4 and 5, and 0% thereafter. For participants who terminate employment with the City after June 30, 2006 and before the age of 50, the interest guarantee is 9% for the 1st year and 0% thereafter. All distributions must be lump sum.

Death Benefits – Upon the death of a participant, the participant’s vested account balances shall be distributed to the participant’s beneficiary no later than one year after the date of death.

Disability Benefits – A participant who becomes permanently disabled while employed by the City so that the participant is unable to perform all essential duties will continue to earn credits for service up through the earlier of age 60, death, or the date the participant is no longer disabled. Participant accounts will be distributed at the earlier of age 65 or death.

Contributions – The CRP is funded through a tax-exempt trust that holds assets and funds benefits for the plan. The assets of the CRP are held for the exclusive benefit of participants and beneficiaries under the terms of the plan and cannot be used to pay any benefits or expenses of any other retirement plan or trust. The benefits are funded by employer contributions and earnings from plan investments. The City’s Council adopted a formal CRP Funding Policy in 2015 that established a policy to systematically fund the liabilities of the plan on a sound actuarial basis, taking into account the closed status of the plan. The funding policy may be amended by the City Council at any time for any reason.

The City completes an actuarial study of the CRP as of June 30 every two years. In part, because of the closed membership nature of the plan, the City has implemented a new funding strategy for the CRP. The City now contributes annually to the plan a consistent percentage for all covered salary across all employee groups and an annual single lump sum in each year of the bi-annual cycle. The percentage contribution for all covered salary is now 27.8%. The annual lump sum contribution for the current bi-annual period is \$1,352,000.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

Employer contributions for the year ended June 30, 2017 were \$1,916,262. The General Fund is the governmental fund that will be used to liquidate the net CRP pension liability.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a net pension liability of \$11,379,151. The net pension liability and fiduciary net position were measured as of June 30, 2017. The total pension liability was determined using actuarial valuation results as of July 1, 2016 rolled forward to June 30, 2017. The following table presents the changes in the net pension liability for the fiscal year ended June 30, 2017:

<u>Changes in Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of June 30, 2016	\$ 35,321,733	\$ 20,742,813	\$ 14,578,920
Changes for the year:			
Service cost	596,684	-	596,684
Interest on total pension liability	2,333,205	-	2,333,205
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(1,642,892)	-	(1,642,892)
Effect of assumption changes or inputs	70,885	-	70,885
Benefit payments	(45,910)	(45,910)	-
Administrative expenses	-	(76,423)	76,423
Net investment income	-	2,717,812	(2,717,812)
Employer contributions	-	1,916,262	(1,916,262)
Net changes	<u>1,311,972</u>	<u>4,511,741</u>	<u>(3,199,769)</u>
Balances as of June 30, 2017	<u>\$ 36,633,705</u>	<u>\$ 25,254,554</u>	<u>\$ 11,379,151</u>

For the year ended June 30, 2017, the City recognized pension expense of \$1,382,155, the details of which are presented in the following table:

<u>Pension Expense</u>	<u>July 1, 2016 to June 30, 2017</u>
Service cost	\$ 596,684
Interest on total pension liability	2,333,205
Administrative expenses	76,423
Expected investment return net of investment expenses	(1,406,586)
Recognition of Deferred (Inflows)/Outflows of Resources:	
Recognition of economic/demographic (gains) losses	(365,087)
Recognition of assumption changes or inputs	15,752
Recognition of investment (gains) losses	131,764
Pension Expense	<u>\$ 1,382,155</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

At June 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Inflows/Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (1,277,805)	\$ -
Changes of assumptions or inputs	-	55,133
Net difference between projected and actual earnings	-	7,955
Total	<u>\$ (1,277,805)</u>	<u>\$ 63,088</u>

The \$1,214,717 net deferred inflows/outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ (217,571)
2019	(217,572)
2020	(342,661)
2021	(436,913)
2022	-
Total	<u>\$ (1,214,717)</u>

Actuarial Valuations – The total pension liability in the July 1, 2016 actuarial valuation rolled forward to June 30, 2017 was determined using the following actuarial assumptions:

Actuarial Valuation Assumptions

Valuation date	July 1, 2016 rolled forward to June 30, 2017.
Actuarial cost method	Individual entry age normal, level percentage of pay
Amortization method	Fixed amortization period of 20 years starting July 1, 2016, with payments calculated in level dollar installments.
Asset valuation method	Five-year smoothing of market value investment gains and losses, with the resulting smoothed asset value within 10% of market value.
Actuarial assumptions:	
Investment rate of return	6.5% per year
Projected salary increases	3.0% per year
Administrative expenses	\$39,000 per year
Mortality	None assumed

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE L – CITY DEFINED BENEFIT PENSION PLAN – Continued

Discount Rate – The Plan’s fiduciary net position plus anticipated future contributions in adherence with the funding policy is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return of 6.5%.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1 % Decrease (5.5%)	Current Discount Rate (6.5%)	1 % Increase (7.5%)
Total pension liability	\$ 38,331,290	\$ 36,633,705	\$ 35,018,947
Fiduciary net position	25,254,554	25,254,554	25,254,554
Net pension liability	<u>\$ 13,076,736</u>	<u>\$ 11,379,151</u>	<u>\$ 9,764,393</u>

Long-Term Expected Rate of Return – To help select the long-term expected rate of return assumption, the plan’s actuary, Milliman Inc, reviewed the plan’s asset allocation as of the most recent July 1, 2016 valuation date. The table below shows Milliman’s assumptions for the general asset classes in which the plan was invested at that time. Each asset class return assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Allocation	Compound Annual Return (20-Year Geometric)
Cash	2.6%	2.56%
Core Fixed Income	35.0%	3.75%
Broad US Equities	30.0%	5.94%
Large Cap US Equities	9.9%	5.89%
Small Cap US Equities	7.1%	6.23%
Developed Economy Foreign Equities	12.3%	6.12%
Emerging Markets Equity	3.10%	6.70%
Assumed Inflation – Mean		2.30%

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE M – PERS DEFINED BENEFIT PENSION PLAN

Plan Description – Qualifying employees of the city, consisting of police public safety personnel – covered by the Springfield Police Association (SPA) – and fire public safety personnel, hired on or after April 1, 1996, as well as all general service personnel beginning April 1, 2002, are provided pensions through the Oregon Public Employees Retirement System (OPERS). These pensions are part of a cost-sharing multiple-employer defined benefit plan administered and managed by the Public Employees Retirement System Board. All related benefits were established by the legislature pursuant to ORS Chapters 238 and 238A. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>, or by calling (888) 320-7377, or by writing the Oregon Public Employees Retirement System at PO Box 23700, Tigard, Oregon 97281-3700.

Tier One/Tier Two Plan Benefits

Pension Benefits – This Pension Program (ORS Chapter 238A) is closed to new members hired on or after August 29, 2003. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire). General Service members may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service member benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

investments. Under ORS 238.360 monthly benefits may change annually through cost-of-living adjustments. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

OPSRP Plan Benefits

Pension Benefits – This Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with a formula for members who attain normal retirement age; for Police and Fire, age 60 or 53 with 25 years of retirement credit, 1.8% is multiplied by the number of years of service and the final average salary; for General Service, age 65 or 58 with 30 years of retirement credit, 1.5% is multiplied by the number of years of service and the final average salary.

To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits – Upon the death of a non-retired member, the spouse – or other person who is constitutionally required to be treated in the same manner as the spouse – receives, for life, 50% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits – A member who has accrued 10 or more years of retirement credits before the member becomes disabled, or a member who becomes disabled due to job-related injury, shall receive a disability benefit of 45% of the member's salary determined by the last full month of employment before the disability occurred.

Benefit Changes After Retirement – Under ORS 238A.210, post retirement monthly benefits will change annually through cost-of-living adjustments. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation. The City contribution rates in effect for the fiscal year ended June 30, 2017 were 12.13% for Tier One/Tier Two covered members, 9.44% for OPSRP Pension Program Police and Fire Members, and 5.33% for OPSRP Pension Program General Service Members.

Employer contributions for the year ended June 30, 2017 were \$2,875,247. The General Fund is the governmental fund that will be primarily used to liquidate the net PERS pension liability based on the high level of staffing that is funded from this fund.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$43,443,622 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was .2894 percent, which was changed from .3089 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$7,652,803. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,437,305	\$ -
Changes of assumptions	9,265,481	
Net difference between projected and actual earnings of pension plan investments	8,582,637	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	381,216	1,048,596
Differences between employer contributions and employer's proportionate share of system contributions	-	809,496
Total (prior to post measurement date contributions)	19,666,639	1,858,092
Contributions subsequent to the measurement date	2,875,247	-
Total Deferred Outflow/Inflow of Resources	<u>\$ 22,541,886</u>	<u>\$ 1,858,092</u>

The \$2,875,247 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 3,095,574
2019	3,095,574
2020	6,275,211
2021	4,721,066
2022	<u>621,122</u>
Total	<u>\$ 17,808,547</u>

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

Actuarial Valuations – The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member’s entry age present value of projected benefits is allocated over the member’s service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; Blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB disabled mortality table.

The actuarial valuation calculations are based on the benefit provided under the terms of the plan in effect at the time of each valuation and on the patter of sharing of costs between the employer and plan members. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection – GASB Statement No. 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1 % Decrease (6.50%)	Current Discount Rate (7.50%)	1 % Increase (8.50%)
City’s proportionate share of the net pension liability (asset)	\$70,146,965	\$43,443,622	\$21,124,300

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE M – PERS DEFINED BENEFIT PENSION PLAN – Continued

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.0%	4.0%
Short-Term Bonds	8.00	3.60
Intermediate-Term Bonds	3.00	5.40
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.80	6.70
Small Cap US Equities	1.30	7.00
Micro Cap US Equities	1.30	7.00
Developed Foreign Equities	13.10	6.70
Emerging Market Equities	4.10	7.30
Non-US Small Cap Equities	1.90	7.20
Private Equity	17.50	8.00
Real Estate (Property)	10.00	5.80
Real Estate (REITS)	2.50	6.70
Hedge Fund of Funds - Diversified	2.50	4.60
Hedge Fund - Event-driven	0.60	6.70
Timber	1.90	5.90
Farmland	1.90	6.40
Infrastructure	3.80	7.10
Commodities	1.90	4.60
Assumed Inflation - Mean	-	2.50

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

NOTE N – PERS DEFINED CONTRIBUTION PENSION PLAN

Plan Description – OPSRP Individual Account Program (IAP) is a defined contribution pension plan for Tier One/Tier Two and OPSRP plan members. All benefits of the system are established by the legislature pursuant to ORS Chapters 238 and 238A.

Plan Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE N – PERS DEFINED CONTRIBUTION PENSION PLAN - CONTINUED

Death Benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments of choose a lump-sum payment.

Recordkeeping – PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions – State statute requires that covered employees contribute 6% of their covered salary to the IAP plan effective January 1, 2004. Statute allows that the employer may elect to pay any or all of the employee's required IAP contributions.

The City has elected to pay all of the employees' required IAP contribution, except for employees who are members of the City's International Association of Fire Fighters (IAFF) union, which elected to pay the required employee contribution.

For the fiscal year ending June 30, 2017, the City's contribution to the IAP plan was \$1,842,081.

NOTE O – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City administers a single-employer defined benefit healthcare plan as established through negotiations between the City and collective bargaining units. The healthcare plan provides post-retirement medical, dental, and vision coverage for eligible retirees, spouses, and dependents. The following groups are eligible: Non-Medicare eligible regular retirees, disability retirees, Non-Medicare eligible early retirees eligible for pension under a City Plan or OPERS with at least 5 years of benefited service at the City, and Non-Medicare eligible early retirees whose age plus years of service equal 70 or greater at their time of retirement. At June 30, 2017, 27 qualified retirees are eligible to receive this benefit. The retiree is responsible for the full premium as established by the City for all participants of the plan less a subsidy of \$115 per month provided by the City. The City treats this subsidy as a single-employer, defined benefit OPEB plan administered by the City only to satisfy the accounting and financial reporting requirements of GASB 45, and a separate financial report is not issued. The total cost of providing this subsidy for the fiscal year ended June 30, 2017 was \$34,860.

The City also provides disability retirement contributions for employees who cease working because of a permanent disability. The following groups are eligible: employees, who at the time of disability retirement were covered under the City Retirement Plan, and employees, who at the time of disability retirement were covered under the Money Purchase Pension Plan. The authority for this coverage is in the pension plan documents. All of the disability retirees are members of the City Retirement Plan.

For these employees, the amount of the pension contribution is either 7%, 8%, or 9% of the employee's last monthly salary, depending on what the employee's contribution rate was before retirement. At June 30, 2017, there was one employee receiving this benefit.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

Funding Policy

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. Since the City’s healthcare is self-insured, the annual required contributions can fluctuate. For the fiscal year ending June 30, 2017, the City’s plan contributions were \$340,543. The General Fund is the governmental fund that will be primarily used to liquidate the net OPEB obligation based on the high level of staffing that is funded from this fund.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the fiscal year ending June 30, 2017, the amount actually contributed to the plans, and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 1,304,776
Interest on net OPEB obligation	214,101
Adjustment to ARC	<u>(735,535)</u>
Annual OPEB cost (expense)	783,342
Contributions	<u>(340,543)</u>
Increase in net OPEB obligation	442,799
Net OPEB obligation, beginning of year	<u>6,117,161</u>
Net OPEB obligation, end of year	<u>\$ 6,559,960</u>

The City’s annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2017 and the preceding two years were as follows:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of annual</u> <u>OPEB cost</u> <u>contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2015	\$ 1,248,071	\$ 374,581	30.01%	\$ 5,706,222
2016	756,545	345,606	45.68%	6,117,161
2017	783,342	340,543	43.47%	6,559,960

As of July 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$7,116,697, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$7,116,697. The covered payroll (annual payroll of active employees covered by the plans) was \$29,371,018, and the ratio of the UAAL to the covered payroll was 24%.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE O – OTHER POSTEMPLOYMENT BENEFITS – Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to the evaluation date. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The July 1, 2016 actuarial valuations for the OPEB plan is based on the entry age normal actuarial cost method. The actuarial assumptions include an investment return of 3.5%, a general inflation rate of 2.5%, and a healthcare cost inflation trend rate of 7.0% for the 1st year, July 1, 2016 to July 1, 2017. In future years, the health care cost trend varies from 4.25% to 7.0% due to the timing of the excise tax scheduled to affect health care benefits beginning in 2020. The trend then settles to an ultimate rate of 4.25%. The unfunded actuarially accrued liability and the gain or loss is amortized as a level dollar amount over 10 years on an open basis.

NOTE P – COMMITMENTS AND CONTINGENCIES

At June 30, 2017, the City was obligated under incomplete construction contracts in the amount of \$1,885,348.

The Sick Leave Reserve Program was substantially revised effective July 1, 2004. The plan allows employees to join by contributing hours from their sick leave bank. The number of hours required to join depends on the employee's status (full time vs. part time) and regular weekly schedule (40 hours vs. 56 hours). Employees may draw from the reserve bank under certain circumstances. Prior to drawing, employees must exhaust all their own leave accruals first. At June 30, 2017, the Sick Leave Reserve Program bank contained 7,233 hours. The value of these hours is not included in the liability for compensated absences because there is no estimate of the number of hours that will be used.

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE Q – CONSTITUTIONAL PROPERTY TAX LIMITATION

The State of Oregon has a constitutional limit on property taxes for governmental operations. The limitation specifies a maximum rate for local government operations of \$10.00 per \$1,000 of assessed value.

In May 1997, the voters approved a citizen initiative (Measure 50) that rolls back assessed property values to 90 percent of their 1995-96 real market value amount and limits future increases to 3 percent per year, except for major improvements. Under Measure 50, voters may approve new local initiatives provided a majority approves at either a general election in an even numbered year, or at any other election in which at least 50 percent of registered voters cast a ballot. This double majority requirement for local initiatives is no longer required as a result of the passage of statewide measure 56, passed on November 4, 2008.

NOTE R – TAX ABATEMENT

As of June 30, 2017, the City of Springfield provides tax abatements through two programs: Enterprise Zone and Vertical Housing.

Enterprise Zone (ORS 285C.175)

The purpose of the Enterprise Zone program is to stimulate and protect economic success by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure. To be an eligible business firm, a business firm must be engaged, or proposing to engage, within the enterprise zone, in the business of providing goods, products or services to businesses or other organizations through activities including, but not limited to, manufacturing, assembly, fabrication, processing, shipping or storage. Qualified real and personal property owned or leased and newly placed into service by a qualified business in an enterprise zone is exempt from property tax for three years. The exemption period may be increased to a total of four or five consecutive years. For the basic, three-year enterprise zone exemption period, the business needs to:

- Increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or 10% (or less with special-case local sponsor waivers);
- Generally have no concurrent job losses outside the zone boundary inside Oregon;
- Maintain minimum employment level during the exemption period;
- Enter into a first-source agreement with local job training providers; and
- Satisfy any additional local condition that has been established (only) in an urban zone.

Vertical Housing (ORS 307.841 – 307.867)

A vertical housing development project must consist of the construction or rehabilitation of a multiple-story building, or a group of buildings, including at least one multiple-story building, so that a portion of the project is to be used for nonresidential uses and a portion of the project is to be used for residential uses. The purpose is to encourage investment in and rehabilitation of properties in targeted areas, to augment the availability of appropriate housing, and to revitalize communities. A person proposing to undertake a proposed vertical housing development project and seeking the partial property tax exemption must apply to the Housing and Community Services

City of Springfield, Oregon

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2017

NOTE R – TAX ABATEMENT – Continued

Department for certification of the project. The application must contain the required project information to meet criteria established by the department. The partial property tax exemption depends on the number of floors dedicated to residential housing, calculated using a equalized floor measure which is the total square footage of the project divided by the number of floors that are at least 500 square feet per floor.

For the fiscal year ended June 30, 2017, the City of Springfield abated taxes totaling \$261,412 under these programs:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Enterprise Zone	\$ 257,842
Vertical Housing	3,570
	<u>\$ 261,412</u>



Required Supplementary Information



City of Springfield, Oregon
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 20,273,870	\$ 20,273,870	\$ 20,224,374	\$ (49,496)	\$ -	\$ 20,224,374
Licenses, permits and fees	2,710,648	2,712,181	3,002,808	290,627	-	3,002,808
Intergovernmental revenue	4,194,507	4,207,007	4,284,983	77,976	(34,632)	4,250,351
Charges for services	5,446,948	5,469,948	5,435,483	(34,465)	-	5,435,483
Fines and forfeitures	1,782,500	1,782,500	1,607,557	(174,943)	-	1,607,557
Investment earnings	92,000	92,000	105,620	13,620	10,949	116,569
Miscellaneous revenue	235,000	247,090	343,375	96,285	1,418	344,793
Total revenues	34,735,473	34,784,596	35,004,200	219,604	(22,265)	34,981,935
Expenditures:						
Current operating:						
City manager's office	1,301,689	1,352,599	1,241,308	111,291	(21,289)	1,220,019
Legal and judicial services	1,578,414	1,916,886	1,830,502	86,384	-	1,830,502
Human resources	522,835	621,230	540,375	80,855	-	540,375
Finance	1,397,717	1,357,829	1,228,085	129,744	-	1,228,085
Information technology	1,745,591	1,789,199	1,635,608	153,591	907	1,636,515
Fire and life safety	10,807,856	10,947,856	10,814,793	133,063	3,028	10,817,821
Police	14,034,631	14,082,221	13,971,060	111,161	5,643	13,976,703
Library	1,682,999	1,705,507	1,650,245	55,262	2,637	1,652,882
Development and public works	2,394,808	2,396,341	2,343,046	53,295	1,549	2,344,595
Contingency	1,000,000	1,000,000	-	1,000,000	-	-
Debt service:						
Principal	520,000	520,000	520,000	-	-	520,000
Interest	12,740	12,740	12,103	637	-	12,103
Total expenditures	36,999,280	37,702,408	35,787,125	1,915,283	(7,525)	35,779,600
Excess of revenues over (under) expenditures	(2,263,807)	(2,917,812)	(782,925)	2,134,887	(14,740)	(797,665)
Other financing sources (uses):						
Transfers in	1,152,080	1,152,080	1,106,205	(45,875)	-	1,106,205
Transfers out	(411,300)	(415,501)	(415,501)	-	-	(415,501)
Total other financing sources (uses)	740,780	736,579	690,704	(45,875)	-	690,704
Net change in fund balances	(1,523,027)	(2,181,233)	(92,221)	2,089,012	(14,740)	(106,961)
Fund balance, beginning of year	8,313,470	8,666,257	8,666,257	-	204,738	8,870,995
Fund balance, end of year	\$ 6,790,443	\$ 6,485,024	\$ 8,574,036	\$ 2,089,012	\$ 189,998	\$ 8,764,034

City of Springfield, Oregon
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,071,487	\$ (28,513)	\$ -	\$ 1,071,487
Licenses, permits and fees	132,000	132,000	156,365	24,365	-	156,365
Intergovernmental revenue	3,649,858	3,649,858	3,801,859	152,001	-	3,801,859
Charges for services	153,500	153,500	123,679	(29,821)	-	123,679
Investment earnings	1,500	1,500	3,386	1,886	226	3,612
Miscellaneous revenue	5,000	5,000	3,745	(1,255)	-	3,745
Total revenues	5,041,858	5,041,858	5,160,521	118,663	226	5,160,747
Expenditures:						
Current operating:						
Information technology	352,187	357,559	271,292	86,267	-	271,292
Development and public works	5,246,455	5,246,455	5,152,403	94,052	7,846	5,160,249
Total expenditures	5,598,642	5,604,014	5,423,695	180,319	7,846	5,431,541
Excess of revenues over (under) expenditures	(556,784)	(562,156)	(263,174)	298,982	(7,620)	(270,794)
Other financing sources (uses):						
Transfers in	411,300	415,501	415,501	-	-	415,501
Net change in fund balances	(145,484)	(146,655)	152,327	298,982	(7,620)	144,707
Fund balance, beginning of year	659,431	792,323	792,323	-	220,440	1,012,763
Change in reserve for inventory	-	-	-	-	(10,117)	(10,117)
Fund balance, end of year	\$ 513,947	\$ 645,668	\$ 944,650	\$ 298,982	\$ 202,703	\$ 1,147,353

City of Springfield, Oregon
POLICE LOCAL OPTION LEVY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 5,368,875	\$ 5,368,875	\$ 5,375,005	\$ 6,130	\$ -	\$ 5,375,005
Licenses, permits, and fees	123,300	123,300	118,502	(4,798)	-	118,502
Charge for services	163,050	163,050	194,255	31,205	-	194,255
Investment earnings	8,000	8,000	15,523	7,523	1,752	17,275
Miscellaneous receipts	-	-	349	349	-	349
Total revenues	5,663,225	5,663,225	5,703,634	40,409	1,752	5,705,386
Expenditures:						
Current operating:						
Legal and judicial services	519,580	644,580	633,786	10,794	-	633,786
Police	5,505,817	5,578,002	5,153,506	424,496	(2,272)	5,151,234
Total expenditures	6,025,397	6,222,582	5,787,292	435,290	(2,272)	5,785,020
Net change in fund balances	(362,172)	(559,357)	(83,658)	475,699	4,024	(79,634)
Fund balance, beginning of year	1,671,233	1,535,423	1,535,423	-	(572)	1,534,851
Fund balance, end of year	\$ 1,309,061	\$ 976,066	\$ 1,451,765	\$ 475,699	\$ 3,452	\$ 1,455,217

City of Springfield, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

OTHER POSTEMPLOYMENT BENEFITS

Schedule of OPEB Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	-	\$ 7,846,872	\$ 7,846,872	0%	\$ 29,189,395	27%
7/1/2014	-	6,620,575	6,620,575	0%	28,695,685	23%
7/1/2016	-	7,116,697	7,116,697	0%	29,371,018	24%

CITY RETIREMENT PLAN PENSION BENEFITS

Schedule of CRP Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	\$ 18,587,213	\$ 34,827,342	\$ 16,240,129	53.4%	\$ 2,621,746	619%
7/1/2014	19,296,361	34,890,821	15,594,460	55.3%	2,266,218	688%
7/1/2016	21,211,910	33,852,137	12,640,227	62.7%	2,027,918	623%

Schedule of CRP Employer Contributions

(Dollar Amounts in Thousands)

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 1,874	\$ 1,875	\$ 1,936	\$ 2,088	\$ 1,790	\$ 1,810	\$ 1,209	\$ 1,303	\$ 1,359	\$ 1,273
Actual employer contribution	1,916	1,954	1,965	2,088	1,790	1,810	1,209	1,303	1,359	1,273
Contribution deficiency (Excess)	(42)	(79)	(29)	-	-	-	-	-	-	-
Covered payroll	2,027	2,034	2,101	2,426	2,498	2,535	2,738	2,944	3,027	3,132
Contribution as a % of covered payroll	94.52%	96.07%	93.53%	86.07%	71.66%	71.40%	44.16%	44.26%	44.90%	40.64%
Valuation Date	7/1/2016	7/1/2014	7/1/2014	7/1/2012	7/1/2012	7/1/2010	7/1/2010	7/1/2008	7/1/2008	7/1/2006
Investment Rate of Return Assumption	6.50%	6.50%	6.50%	6.50%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%

City of Springfield, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

CITY RETIREMENT PLAN PENSION BENEFITS – Continued

Schedule of Changes in Total Pension Liability, Fiduciary Net Position, and Related Ratios

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 596,684	\$ 608,191	\$ 611,102
Interest on total pension liability	2,333,205	2,199,860	2,186,388
Effect of economic/demographic (gains) or losses	(1,642,892)	-	-
Effect of assumptions changes or inputs	70,885	-	-
Benefit payments	(45,910)	(1,444,246)	(3,730,383)
Net change in total pension liability	<u>1,311,972</u>	<u>1,363,805</u>	<u>(932,893)</u>
Total pension liability, beginning	<u>35,321,733</u>	<u>33,957,928</u>	<u>34,890,821</u>
Total pension liability, ending (a)	<u>36,633,705</u>	<u>35,321,733</u>	<u>33,957,928</u>
Fiduciary Net Position			
Employer contributions	1,916,262	1,953,954	1,964,977
Investment income net of investment expenses	2,717,812	(12,259)	708,524
Benefit payments	(45,910)	(1,444,246)	(3,730,383)
Administrative expenses	(76,423)	(68,077)	(70,078)
Net change in plan net position	<u>4,511,741</u>	<u>429,372</u>	<u>(1,126,960)</u>
Fiduciary net position, beginning	<u>20,742,813</u>	<u>20,313,441</u>	<u>21,440,401</u>
Fiduciary net position, ending (b)	<u>25,254,554</u>	<u>20,742,813</u>	<u>20,313,441</u>
Net pension liability, ending (a) - (b)	<u>\$ 11,379,151</u>	<u>\$ 14,578,920</u>	<u>\$ 13,644,487</u>
Fiduciary net position as a % of total pension liability	69%	59%	60%
Covered payroll	\$ 2,027,175	\$ 2,034,238	\$ 2,100,871
Net pension liability as a % of covered payroll	561%	717%	649%

City of Springfield, Oregon
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2017

OPERS RETIREMENT PLAN PENSION BENEFITS

Schedule of Proportionate Share of Net Pension Liability

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.2894%	0.3089%	0.2801%	0.2801%
Proportionate share of the net pension liability (asset)	\$ 43,443,622	\$ 17,733,343	\$ (6,349,764)	\$ 14,295,480
Covered payroll	29,371,018	28,785,414	27,340,088	26,270,045
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	147.91%	61.61%	-23.23%	54.42%
Plan net position as a percentage of the total pension liability	80.53%	91.88%	103.59%	92.00%

*This schedule is intended to show a 10-year trend of changes in the net pension liability. However, until a full 10-year trend is compiled, information will only be presented for those years in which it is available.

Schedule of Contributions

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
Contractually required contribution	\$ 2,875,247	\$ 2,718,458	\$ 2,393,904	\$ 2,371,838
Contributions in relation to the contractually required contribution	2,875,247	2,718,458	2,393,904	2,371,838
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 29,371,018	\$ 28,785,414	\$ 27,340,088	\$ 26,270,045
Contributions as a percentage of covered employee payroll	9.79%	9.44%	8.76%	9.03%

*This schedule is intended to show a 10-year trend of contributions. However, until a full 10-year trend is compiled, information will only be presented for those years in which it is available.

Other Supplementary Information

SPRINGFIELD



**Nonmajor Governmental Funds
Combining Statements**

SPRINGFIELD



City of Springfield, Oregon
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2017

	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Revenue Funds</u>	<u>Projects Funds</u>	<u>Service Funds</u>	<u>Nonmajor</u>
				<u>Governmental</u>
				<u>Funds</u>
ASSETS				
Cash and investments	\$ 6,816,406	\$ 6,904,920	\$ 545,225	\$ 14,266,551
Receivables:				
Accounts	289,851	5,059	-	294,910
Taxes	219,871	-	305,696	525,567
Grants	162,321	-	-	162,321
Accrued interest	19,431	39,599	5,143	64,173
Assessments and liens	-	89,810	1,969	91,779
Notes	1,460,767	486,987	-	1,947,754
Deferred system development fees	25	353,681	-	353,706
Prepaid items	<u>30,198</u>	<u>3,715</u>	<u>-</u>	<u>33,913</u>
 Total assets	 <u>\$ 8,998,870</u>	 <u>\$ 7,883,771</u>	 <u>\$ 858,033</u>	 <u>\$ 17,740,674</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 312,809	\$ 146,005	\$ -	\$ 458,814
Accrued payroll and other liabilities	57,375	1,558	54	58,987
Due to other fund	132,659	-	-	132,659
Deposits	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total liabilities	<u>504,343</u>	<u>147,563</u>	<u>54</u>	<u>651,960</u>
 Deferred inflows of resources:				
Unavailable revenue	<u>1,848,600</u>	<u>944,060</u>	<u>303,985</u>	<u>3,096,645</u>
 Fund Balances:				
Nonspendable	6,628	3,715	-	10,343
Restricted	6,533,079	4,226,679	519,420	11,279,178
Committed	-	2,036,262	-	2,036,262
Assigned	248,311	525,492	34,574	808,377
Unassigned	<u>(142,091)</u>	<u>-</u>	<u>-</u>	<u>(142,091)</u>
 Total fund balances	 <u>6,645,927</u>	 <u>6,792,148</u>	 <u>553,994</u>	 <u>13,992,069</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 8,998,870</u>	 <u>\$ 7,883,771</u>	 <u>\$ 858,033</u>	 <u>\$ 17,740,674</u>

City of Springfield, Oregon
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year ended June 30, 2017

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 4,243,017	\$ -	\$ 2,184,935	\$ 6,427,952
Licenses, permits and fees	47,487	-	-	47,487
Intergovernmental revenue	915,480	256,492	-	1,171,972
Charges for services	1,499,355	1,158,200	-	2,657,555
Fines and forfeitures	47,452	-	-	47,452
Investment earnings	40,253	87,924	10,653	138,830
Special assessments	-	18,989	-	18,989
Miscellaneous revenue	266,157	113,013	15,720	394,890
Total revenues	<u>7,059,201</u>	<u>1,634,618</u>	<u>2,211,308</u>	<u>10,905,127</u>
Expenditures:				
Current operating:				
General government	1,057,916	77,589	13,915	1,149,420
Fire and life safety	1,562,801	-	-	1,562,801
Police	260,076	-	-	260,076
Library	195,628	-	-	195,628
Development and public works	1,635,561	145,417	-	1,780,978
Capital projects	615,261	5,589,361	-	6,204,622
Debt service:				
Principal	126,706	-	1,510,000	1,636,706
Interest	38,904	-	599,723	638,627
Total expenditures	<u>5,492,853</u>	<u>5,812,367</u>	<u>2,123,638</u>	<u>13,428,858</u>
Excess of revenues over (under) expenditures	<u>1,566,348</u>	<u>(4,177,749)</u>	<u>87,670</u>	<u>(2,523,731)</u>
Other financing sources (uses):				
Interfund loan proceeds and repayments	2,000,000	-	-	2,000,000
Transfers in	-	239,568	14,054	253,622
Transfers out	(768,313)	(258,102)	(17,380)	(1,043,795)
Total other financing sources (uses)	<u>1,231,687</u>	<u>(18,534)</u>	<u>(3,326)</u>	<u>1,209,827</u>
Net change in fund balances	2,798,035	(4,196,283)	84,344	(1,313,904)
Fund balance, beginning of year	<u>3,847,892</u>	<u>10,988,431</u>	<u>469,650</u>	<u>15,305,973</u>
Fund balance, end of year	<u>\$ 6,645,927</u>	<u>\$ 6,792,148</u>	<u>\$ 553,994</u>	<u>\$ 13,992,069</u>

Special Revenue Funds

Combining statements for all individual nonmajor special revenue funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements. Fund statements for major special revenue funds are reported in the basic financial statements.

Schedules of revenues, expenses, and changes in fund balance – budget and actual are presented here for each individual nonmajor special revenue fund. Budget and actual comparisons for major special revenue funds are reported as required supplementary information.

Major Special Revenue Funds:

Street Fund – This fund accounts for revenues from state gasoline taxes apportioned from the State of Oregon and expenditures as specified under Article IX, Section 3 of the Constitution of the State of Oregon.

Police Local Option Levy – This fund accounts for revenue received from a five-year Police Local Option Levy to enhance public safety services by adding staff to the Police and Court Departments as well as funding jail operations.

Nonmajor Special Revenue Funds:

Special Revenue Fund – This fund accounts for the receipt of 911 taxes collected to provide an emergency communications system and the receipt and expenditure of grant monies from various state and federal government agencies.

Transient Room Tax Fund – This fund accounts for revenues from hotel and motel taxes and expenditures related and restricted to the economic development of the area.

Community Development Fund – This fund accounts for the receipt and expenditure of monies received from the United States Government under the Community Development Block Grant Program.

Building Code Fund – This fund accounts for the dedicated revenues generated in providing building permit and inspection services.

SEDA Glenwood Fund – This fund accounts for the general fund of the Springfield Economic Development Agency Glenwood Urban Renewal District.

SEDA Downtown Fund – This fund accounts for the general fund of the Springfield Economic Development Agency Downtown Urban Renewal District.

Fire Local Option Levy – This fund accounts for revenue received from a five-year Fire Local Option Levy to restore staffing to Fire Station #3.

SPRINGFIELD



City of Springfield, Oregon
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

June 30, 2017

	Special Revenue	Transient Room Tax	Housing and Community Development	Building	SEDA Glenwood	SEDA Downtown	Fire Levy	Total
ASSETS								
Cash and investments	\$ 686,017	\$ 786,198	\$ 11	\$ 2,093,773	\$ 2,788,287	\$ -	\$ 462,120	\$ 6,816,406
Receivables:								
Accounts	172,218	117,633	-	-	-	-	-	289,851
Taxes	-	-	-	-	63,297	27,212	129,362	219,871
Grants	24,442	-	137,879	-	-	-	-	162,321
Accrued interest	-	2,474	-	7,326	6,565	754	2,312	19,431
Notes	-	-	1,460,767	-	-	-	-	1,460,767
Deferred system development fees	-	-	-	25	-	-	-	25
Prepaid items	6,628	-	-	-	23,570	-	-	30,198
Total assets	<u>\$ 889,305</u>	<u>\$ 906,305</u>	<u>\$ 1,598,657</u>	<u>\$ 2,101,124</u>	<u>\$ 2,881,719</u>	<u>\$ 27,966</u>	<u>\$ 593,794</u>	<u>\$ 8,998,870</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 36,555	\$ 2,838	\$ 89,122	\$ 3,319	\$ 664	\$ 27,442	\$ 152,869	\$ 312,809
Accrued payroll and other liabilities	-	5,296	6,240	19,707	-	-	26,132	57,375
Deposits	-	-	-	-	-	1,500	-	1,500
Due to other funds	-	-	18,177	-	-	114,482	-	132,659
Total liabilities	<u>36,555</u>	<u>8,134</u>	<u>113,539</u>	<u>23,026</u>	<u>664</u>	<u>143,424</u>	<u>179,001</u>	<u>504,343</u>
Deferred inflows of resources:								
Unavailable revenue	172,218	-	1,460,767	25	61,937	26,633	127,020	1,848,600
Fund balances:								
Nonspendable	6,628	-	-	-	-	-	-	6,628
Restricted	425,593	898,171	24,351	2,078,073	2,819,118	-	287,773	6,533,079
Committed	-	-	-	-	-	-	-	-
Assigned	248,311	-	-	-	-	-	-	248,311
Unassigned	-	-	-	-	-	(142,091)	-	(142,091)
Total fund balances	<u>680,532</u>	<u>898,171</u>	<u>24,351</u>	<u>2,078,073</u>	<u>2,819,118</u>	<u>(142,091)</u>	<u>287,773</u>	<u>6,645,927</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 889,305</u>	<u>\$ 906,305</u>	<u>\$ 1,598,657</u>	<u>\$ 2,101,124</u>	<u>\$ 2,881,719</u>	<u>\$ 27,966</u>	<u>\$ 593,794</u>	<u>\$ 8,998,870</u>

City of Springfield, Oregon
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year ended June 30, 2017

	Special Revenue	Transient Room Tax	Housing and Community Development	Building	SEDA Glenwood	SEDA Downtown	Fire Levy	Total
Revenues:								
Taxes	\$ -	\$ 1,445,031	\$ -	\$ -	\$ 898,934	\$ 386,588	\$ 1,512,464	\$ 4,243,017
Licenses, permits and fees	-	-	-	-	-	47,487	-	47,487
Intergovernmental revenue	112,215	-	799,039	-	3,861	365	-	915,480
Charges for services	-	-	-	1,473,555	25,800	-	-	1,499,355
Fines and forfeitures	12,108	-	-	-	-	35,344	-	47,452
Investment earnings	4,963	4,914	-	12,805	11,552	1,340	4,679	40,253
Miscellaneous revenue	141,033	1,396	123,703	-	25	-	-	266,157
Total revenues	<u>270,319</u>	<u>1,451,341</u>	<u>922,742</u>	<u>1,486,360</u>	<u>940,172</u>	<u>471,124</u>	<u>1,517,143</u>	<u>7,059,201</u>
Expenditures:								
Current operating:								
City manager's office	79,798	283,027	-	-	483,436	168,245	-	1,014,506
Finance	-	-	23,694	-	13,421	6,295	-	43,410
Fire and life safety	-	-	-	-	-	-	1,562,801	1,562,801
Police	260,076	-	-	-	-	-	-	260,076
Library	147,611	48,017	-	-	-	-	-	195,628
Development and public works	4,169	111,627	608,517	911,248	-	-	-	1,635,561
Capital projects	-	-	256,075	-	-	359,186	-	615,261
Debt service:								
Principal	-	-	-	-	126,706	-	-	126,706
Interest	-	-	-	-	38,284	620	-	38,904
Total expenditures	<u>491,654</u>	<u>442,671</u>	<u>888,286</u>	<u>911,248</u>	<u>661,847</u>	<u>534,346</u>	<u>1,562,801</u>	<u>5,492,853</u>
Excess of revenues over (under) expenditures	<u>(221,335)</u>	<u>1,008,670</u>	<u>34,456</u>	<u>575,112</u>	<u>278,325</u>	<u>(63,222)</u>	<u>(45,658)</u>	<u>1,566,348</u>
Other financing sources (uses):								
Issuance of debt	-	-	-	-	2,000,000	-	-	2,000,000
Transfers out	-	(642,407)	-	-	-	(125,906)	-	(768,313)
Total other financing sources (uses)	<u>-</u>	<u>(642,407)</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>(125,906)</u>	<u>-</u>	<u>1,231,687</u>
Net change in fund balances	<u>(221,335)</u>	<u>366,263</u>	<u>34,456</u>	<u>575,112</u>	<u>2,278,325</u>	<u>(189,128)</u>	<u>(45,658)</u>	<u>2,798,035</u>
Fund balances, beginning of year	<u>901,867</u>	<u>531,908</u>	<u>(10,105)</u>	<u>1,502,961</u>	<u>540,793</u>	<u>47,037</u>	<u>333,431</u>	<u>3,847,892</u>
Fund balances, end of year	<u>\$ 680,532</u>	<u>\$ 898,171</u>	<u>\$ 24,351</u>	<u>\$ 2,078,073</u>	<u>\$ 2,819,118</u>	<u>\$ (142,091)</u>	<u>\$ 287,773</u>	<u>\$ 6,645,927</u>

City of Springfield, Oregon
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 420,000	\$ 420,000	\$ -	\$ (420,000)	\$ -	\$ -
Intergovernmental revenue	10,000	125,623	111,966	(13,657)	249	112,215
Fines and forfeitures	-	-	12,108	12,108	-	12,108
Investment earnings	-	-	4,963	4,963	-	4,963
Miscellaneous revenue	119,000	156,000	141,033	(14,967)	-	141,033
Total revenues	549,000	701,623	270,070	(431,553)	249	270,319
Expenditures:						
Current operating:						
City manager's office	30,730	91,635	79,798	11,837	-	79,798
Police	625,000	749,518	260,076	489,442	-	260,076
Library	55,750	204,500	147,611	56,889	-	147,611
Development and public works	10,000	12,000	4,169	7,831	-	4,169
Total expenditures	721,480	1,057,653	491,654	565,999	-	491,654
Net change in fund balances	(172,480)	(356,030)	(221,584)	134,446	249	(221,335)
Fund balance, beginning of year	832,380	901,867	901,867	-	-	901,867
Fund balance, end of year	<u>\$ 659,900</u>	<u>\$ 545,837</u>	<u>\$ 680,283</u>	<u>\$ 134,446</u>	<u>\$ 249</u>	<u>\$ 680,532</u>

City of Springfield, Oregon
TRANSIENT ROOM TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,510,000	\$ 1,510,000	\$ 1,445,031	\$ (64,969)	\$ -	\$ 1,445,031
Investment earnings	3,000	3,000	4,392	1,392	522	4,914
Miscellaneous revenue	-	-	1,396	1,396	-	1,396
Total revenues	<u>1,513,000</u>	<u>1,513,000</u>	<u>1,450,819</u>	<u>(62,181)</u>	<u>522</u>	<u>1,451,341</u>
Expenditures:						
Current operating:						
City manager's office	320,577	358,077	283,027	75,050	-	283,027
Library	58,473	58,824	48,017	10,807	-	48,017
Development and public works	117,490	117,490	111,627	5,863	-	111,627
Total expenditures	<u>496,540</u>	<u>534,391</u>	<u>442,671</u>	<u>91,720</u>	<u>-</u>	<u>442,671</u>
Excess of revenues over (under) expenditures	1,016,460	978,609	1,008,148	29,539	522	1,008,670
Other financing sources (uses):						
Transfers out	(675,000)	(678,283)	(642,407)	35,876	-	(642,407)
Net change in fund balances	341,460	300,326	365,741	65,415	522	366,263
Fund balance, beginning of year	602,471	530,995	530,995	-	913	531,908
Fund balance, end of year	<u>\$ 943,931</u>	<u>\$ 831,321</u>	<u>\$ 896,736</u>	<u>\$ 65,415</u>	<u>\$ 1,435</u>	<u>\$ 898,171</u>

City of Springfield, Oregon
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Intergovernmental revenue	\$ 865,918	\$ 1,225,185	\$ 799,039	\$ (426,146)	\$ -	\$ 799,039
Miscellaneous receipts	35,000	74,688	123,703	49,015	-	123,703
Total revenues	900,918	1,299,873	922,742	(377,131)	-	922,742
Expenditures:						
Current operating:						
Finance	23,694	23,694	23,694	-	-	23,694
Development and public works	877,224	998,179	608,517	389,662	-	608,517
Capital projects	-	278,000	256,075	21,925	-	256,075
Total expenditures	900,918	1,299,873	888,286	411,587	-	888,286
Net change in fund balances	-	-	34,456	34,456	-	34,456
Fund balance, beginning of year	-	-	(10,105)	(10,105)	-	(10,105)
Fund balance, end of year	\$ -	\$ -	\$ 24,351	\$ 24,351	\$ -	\$ 24,351

City of Springfield, Oregon
 BUILDING CODE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 1,415,500	\$ 1,444,634	\$ 1,473,555	\$ 28,921	\$ -	\$ 1,473,555
Investment earnings	2,500	2,500	10,088	7,588	2,717	12,805
Total revenues	<u>1,418,000</u>	<u>1,447,134</u>	<u>1,483,643</u>	<u>36,509</u>	<u>2,717</u>	<u>1,486,360</u>
Expenditures:						
Current operating:						
Development and public works	<u>929,850</u>	<u>958,984</u>	<u>911,100</u>	<u>47,884</u>	<u>148</u>	<u>911,248</u>
Net change in fund balances	488,150	488,150	572,543	84,393	2,569	575,112
Fund balance, beginning of year	<u>1,743,067</u>	<u>1,501,426</u>	<u>1,501,426</u>	<u>-</u>	<u>1,535</u>	<u>1,502,961</u>
Fund balance, end of year	<u>\$ 2,231,217</u>	<u>\$ 1,989,576</u>	<u>\$ 2,073,969</u>	<u>\$ 84,393</u>	<u>\$ 4,104</u>	<u>\$ 2,078,073</u>

City of Springfield, Oregon
 SEDA GLENWOOD FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 870,000	\$ 870,000	\$ 898,934	\$ 28,934	\$ -	\$ 898,934
Intergovernmental revenue	3,000	158,000	3,861	(154,139)	-	3,861
Charges for services	-	-	25,800	25,800	-	25,800
Investment earnings	2,000	2,000	8,991	6,991	2,561	11,552
Miscellaneous revenue	-	-	25	25	-	25
Total revenues	875,000	1,030,000	937,611	(92,389)	2,561	940,172
Expenditures:						
Current operating:						
City manager's office	720,450	645,450	475,936	169,514	7,500	483,436
Finance	18,350	18,350	13,421	4,929	-	13,421
Capital projects	1,350,000	2,000,000	-	2,000,000	-	-
Debt service:						
Principal	200,000	130,000	126,706	3,294	-	126,706
Interest	100,000	40,000	38,284	1,716	-	38,284
Total expenditures	2,388,800	2,833,800	654,347	2,179,453	7,500	661,847
Excess of revenues over (under) expenditures	(1,513,800)	(1,803,800)	283,264	2,087,064	(4,939)	278,325
Other financing sources (uses):						
Issuance of debt	2,000,000	2,000,000	1,992,500	(7,500)	7,500	2,000,000
Net change in fund balances	486,200	196,200	2,275,764	2,079,564	2,561	2,278,325
Fund balance, beginning of year	73,126	539,544	539,544	-	1,249	540,793
Fund balance, end of year	\$ 559,326	\$ 735,744	\$ 2,815,308	\$ 2,079,564	\$ 3,810	\$ 2,819,118

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

Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 351,000	\$ 351,000	\$ 386,588	\$ 35,588	\$ -	\$ 386,588
Licenses, permits and fees	48,000	48,000	47,487	(513)	-	47,487
Intergovernmental revenue	200	200	365	165	-	365
Fines and forfeitures	18,000	18,000	35,344	17,344	-	35,344
Investment earnings	100	100	1,059	959	281	1,340
Total revenues	417,300	417,300	470,843	53,543	281	471,124
Expenditures:						
Current operating:						
City manager's office	293,775	293,775	168,224	125,551	21	168,245
Finance	6,650	6,650	6,295	355	-	6,295
Capital projects	-	420,575	359,186	61,389	-	359,186
Debt service:						
Interest	4,000	4,000	620	3,380	-	620
Total expenditures	304,425	725,000	534,325	190,675	21	534,346
Excess of revenues over (under) expenditures	112,875	(307,700)	(63,482)	244,218	260	(63,222)
Other financing sources (uses):						
Interfund loan proceeds	240,000	605,000	-	(605,000)	-	-
Interfund loan repaid	(340,000)	(340,000)	(125,906)	214,094	125,906	-
Transfers out	-	-	-	-	(125,906)	(125,906)
Total other financing sources (uses)	(100,000)	265,000	(125,906)	(390,906)	-	(125,906)
Net change in fund balances	12,875	(42,700)	(189,388)	(146,688)	260	(189,128)
Fund balance, beginning of year	-	46,880	46,880	-	157	47,037
Fund balance, end of year	\$ 12,875	\$ 4,180	\$ (142,508)	\$ (146,688)	\$ 417	\$ (142,091)

City of Springfield, Oregon
 FIRE LOCAL OPTION LEVY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 1,506,246	\$ 1,506,246	\$ 1,512,464	\$ 6,218	\$ -	\$ 1,512,464
Investment earnings	4,000	4,000	4,249	249	430	4,679
 Total revenues	 1,510,246	 1,510,246	 1,516,713	 6,467	 430	 1,517,143
Expenditures:						
Current operating:						
Fire and life safety	1,710,180	1,710,180	1,562,076	148,104	725	1,562,801
 Net change in fund balances	 (199,934)	 (199,934)	 (45,363)	 154,571	 (295)	 (45,658)
Fund balance, beginning of year	218,962	332,520	332,520	-	911	333,431
Fund balance, end of year	\$ 19,028	\$ 132,586	\$ 287,157	\$ 154,571	\$ 616	\$ 287,773

SPRINGFIELD



Debt Service Funds

Combining statements for all individual nonmajor debt service funds are reported here. The combined totals are reported in the combining nonmajor governmental fund statements. The City has no major debt service funds.

Schedules of revenues, expenses, and changes in fund balance – budget and actual are presented here for each individual debt service fund.

Nonmajor Debt Service Funds:

General Obligation Debt Service Fund – This fund is used to account for payments on all general obligation debt, except for debt secured by assessment liens. Ad valorem property taxes are levied to make the debt service payments.

Bancroft Redemption Fund – This fund is used to account for all assessments financed at the election of property owners under the State Bancroft Bonding Act.



City of Springfield, Oregon
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

June 30, 2017

	General Obligation Debt Service	Bancroft Redemption	Total
ASSETS			
Cash and investments	\$ 510,778	\$ 34,447	\$ 545,225
Receivables:			
Property taxes	305,696	-	305,696
Accrued interest	4,962	181	5,143
Assessments and liens	-	1,969	1,969
	<u>\$ 821,436</u>	<u>\$ 36,597</u>	<u>\$ 858,033</u>
Total assets	<u>\$ 821,436</u>	<u>\$ 36,597</u>	<u>\$ 858,033</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accrued payroll and other liabilities	\$ -	\$ 54	\$ 54
Deferred inflows of resources:			
Unavailable revenue	302,016	1,969	303,985
Fund balances:			
Restricted	519,420	-	519,420
Assigned	-	34,574	34,574
	<u>519,420</u>	<u>34,574</u>	<u>553,994</u>
Total fund balances	<u>519,420</u>	<u>34,574</u>	<u>553,994</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 821,436</u>	<u>\$ 36,597</u>	<u>\$ 858,033</u>

City of Springfield, Oregon
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2017

	General Obligation Debt Service	Bancroft Redemption	Total
Revenues:			
Taxes	\$ 2,184,889	\$ 46	\$ 2,184,935
Investment earnings	10,187	466	10,653
Miscellaneous receipts	15,720	-	15,720
Total revenues	<u>2,210,796</u>	<u>512</u>	<u>2,211,308</u>
Expenditures:			
Current operating:			
Finance	-	13,915	13,915
Debt service:			
Principal	1,510,000	-	1,510,000
Interest	599,723	-	599,723
Total expenditures	<u>2,109,723</u>	<u>13,915</u>	<u>2,123,638</u>
Excess of revenues over (under) expenditures	<u>101,073</u>	<u>(13,403)</u>	<u>87,670</u>
Other financing sources (uses):			
Transfers in	-	14,054	14,054
Transfers out	-	(17,380)	(17,380)
Total other financing sources (uses)	<u>-</u>	<u>(3,326)</u>	<u>(3,326)</u>
Net change in fund balances	101,073	(16,729)	84,344
Fund balances, beginning of year	<u>418,347</u>	<u>51,303</u>	<u>469,650</u>
Fund balances, end of year	<u>\$ 519,420</u>	<u>\$ 34,574</u>	<u>\$ 553,994</u>

City of Springfield, Oregon
GENERAL OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ 2,174,190	\$ 2,174,190	\$ 2,184,889	\$ 10,699	\$ -	\$ 2,184,889
Investment earnings	2,500	2,500	9,361	6,861	826	10,187
Miscellaneous revenues	-	-	15,720	15,720	-	15,720
Total revenues	<u>2,176,690</u>	<u>2,176,690</u>	<u>2,209,970</u>	<u>17,560</u>	<u>826</u>	<u>2,210,796</u>
Expenditures:						
Debt service:						
Principal	1,495,000	1,510,000	1,510,000	-	-	1,510,000
Interest	710,610	695,610	599,723	95,887	-	599,723
Total expenditures	<u>2,205,610</u>	<u>2,205,610</u>	<u>2,109,723</u>	<u>95,887</u>	<u>-</u>	<u>2,109,723</u>
Net change in fund balances	(28,920)	(28,920)	100,247	129,167	826	101,073
Fund balance, beginning of year	<u>384,920</u>	<u>416,293</u>	<u>416,294</u>	<u>1</u>	<u>2,053</u>	<u>418,347</u>
Fund balance, end of year	<u>\$ 356,000</u>	<u>\$ 387,373</u>	<u>\$ 516,541</u>	<u>\$ 129,168</u>	<u>\$ 2,879</u>	<u>\$ 519,420</u>

City of Springfield, Oregon
BANCROFT REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Taxes	\$ -	\$ -	\$ 46	\$ 46	\$ -	\$ 46
Investment earnings	500	500	498	(2)	(32)	466
Total revenues	<u>500</u>	<u>500</u>	<u>544</u>	<u>44</u>	<u>(32)</u>	<u>512</u>
Expenditures:						
Current operating:						
Finance	18,854	18,854	13,915	4,939	-	13,915
Excess of revenues over (under) expenditures	<u>(18,354)</u>	<u>(18,354)</u>	<u>(13,371)</u>	<u>4,983</u>	<u>(32)</u>	<u>(13,403)</u>
Other financing sources (uses):						
Transfers in	18,854	18,854	14,054	(4,800)	-	14,054
Transfers out	<u>-</u>	<u>(17,380)</u>	<u>(17,380)</u>	<u>-</u>	<u>-</u>	<u>(17,380)</u>
Total other financing sources (uses)	<u>18,854</u>	<u>1,474</u>	<u>(3,326)</u>	<u>(4,800)</u>	<u>-</u>	<u>(3,326)</u>
Net change in fund balances	500	(16,880)	(16,697)	183	(32)	(16,729)
Fund balance, beginning of year	<u>53,136</u>	<u>51,166</u>	<u>51,166</u>	<u>-</u>	<u>137</u>	<u>51,303</u>
Fund balance, end of year	<u>\$ 53,636</u>	<u>\$ 34,286</u>	<u>\$ 34,469</u>	<u>\$ 183</u>	<u>\$ 105</u>	<u>\$ 34,574</u>

Capital Projects Funds

The City has four nonmajor capital projects funds. The combining Balance Sheet and the combining Statement of Revenues, Expenditures and Changes in Fund Balance for these funds are presented here. The combined totals are reported on the combining nonmajor governmental fund statements.

Schedules of revenues, expenses, and changes in fund balance – budget and actual are presented here for each individual capital projects fund.

Nonmajor Capital Projects Funds:

Development Assessments Capital Projects Fund – This fund is used to account for costs of constructing public improvements. Financing is provided by assessing benefiting property owners.

Development Capital Projects Fund – This fund is used to account for costs of constructing and improving City-owned buildings and for infrastructure projects with shared funding. Financing is provided by grants, contracts, intergovernmental revenues, and other non-recurring revenues.

SEDA Glenwood Capital Projects Fund – This fund is used to account for capital projects undertaken by the Springfield Economic Development Agency in Glenwood. Tax increment financing is in place.

Street Capital Projects Fund – This fund accounts for public transportation capital improvement costs and local capacity-increasing public transportation improvements. Financing is provided by transfers from the Street Fund, interest on investments, and system development charges.

SPRINGFIELD



City of Springfield, Oregon
NONMAJOR CAPITAL PROJECTS FUNDS
BALANCE SHEET
June 30, 2017

	Development Assessments Capital Projects	Development Capital Projects	SEDA Glenwood Capital Projects	Street Capital Projects	Total
ASSETS					
Cash and investments	\$ 546,995	\$ 3,609,903	\$ 233	\$ 2,747,789	\$ 6,904,920
Receivables:					
Accounts	-	-	-	5,059	5,059
Accrued interest	2,938	23,115	-	13,546	39,599
Assessments and liens	89,810	-	-	-	89,810
Notes	-	486,987	-	-	486,987
Deferred system development fees	-	-	-	353,681	353,681
Prepays	-	3,715	-	-	3,715
Total assets	<u>\$ 639,743</u>	<u>\$ 4,123,720</u>	<u>\$ 233</u>	<u>\$ 3,120,075</u>	<u>\$ 7,883,771</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 16,065	\$ -	\$ 129,940	\$ 146,005
Accrued payroll and other liabilities	1,558	-	-	-	1,558
Total liabilities	<u>1,558</u>	<u>16,065</u>	<u>-</u>	<u>129,940</u>	<u>147,563</u>
Deferred inflows of resources:					
Unavailable revenue	89,810	495,510	-	358,740	944,060
Fund balances:					
Nonspendable	-	3,715	-	-	3,715
Restricted	-	1,595,051	233	2,631,395	4,226,679
Committed	548,375	1,487,887	-	-	2,036,262
Assigned	-	525,492	-	-	525,492
Total fund balances	<u>548,375</u>	<u>3,612,145</u>	<u>233</u>	<u>2,631,395</u>	<u>6,792,148</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 639,743</u>	<u>\$ 4,123,720</u>	<u>\$ 233</u>	<u>\$ 3,120,075</u>	<u>\$ 7,883,771</u>

City of Springfield, Oregon
NONMAJOR CAPITAL PROJECTS FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2017

	Development Assessments Capital Projects	Development Capital Projects	SEDA Glenwood Capital Projects	Street Capital Projects	Total
Revenues:					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 256,492	\$ 256,492
Charges for services	-	274,788	-	883,412	1,158,200
Investment earnings	7,494	48,085	-	32,345	87,924
Special assessments	18,989	-	-	-	18,989
Miscellaneous revenue	-	113,013	-	-	113,013
Total revenues	<u>26,483</u>	<u>435,886</u>	<u>-</u>	<u>1,172,249</u>	<u>1,634,618</u>
Expenditures:					
Current operating:					
General government	77,589	-	-	-	77,589
Development and public works	-	-	-	145,417	145,417
Capital projects	-	963,812	-	4,625,549	5,589,361
Total expenditures	<u>77,589</u>	<u>963,812</u>	<u>-</u>	<u>4,770,966</u>	<u>5,812,367</u>
Excess of revenues over (under) expenditures	<u>(51,106)</u>	<u>(527,926)</u>	<u>-</u>	<u>(3,598,717)</u>	<u>(4,177,749)</u>
Other financing sources (uses):					
Transfer in	-	239,568	-	-	239,568
Transfer out	<u>(179,766)</u>	<u>(78,336)</u>	<u>-</u>	<u>-</u>	<u>(258,102)</u>
Total other financing sources (uses)	<u>(179,766)</u>	<u>161,232</u>	<u>-</u>	<u>-</u>	<u>(18,534)</u>
Net change in fund balances	<u>(230,872)</u>	<u>(366,694)</u>	<u>-</u>	<u>(3,598,717)</u>	<u>(4,196,283)</u>
Fund balance, beginning of year	<u>779,247</u>	<u>3,978,839</u>	<u>233</u>	<u>6,230,112</u>	<u>10,988,431</u>
Fund balance, end of year	<u>\$ 548,375</u>	<u>\$ 3,612,145</u>	<u>\$ 233</u>	<u>\$ 2,631,395</u>	<u>\$ 6,792,148</u>

City of Springfield, Oregon
DEVELOPMENT ASSESSMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 6,150	\$ 6,150	\$ 7,250	\$ 1,100	\$ 244	\$ 7,494
Special assessments	20,200	20,200	18,989	(1,211)	-	18,989
Total revenues	<u>26,350</u>	<u>26,350</u>	<u>26,239</u>	<u>(111)</u>	<u>244</u>	<u>26,483</u>
Expenditures:						
Current operating:						
Finance	<u>92,596</u>	<u>92,596</u>	<u>77,589</u>	<u>15,007</u>	<u>-</u>	<u>77,589</u>
Excess of revenues over (under) expenditures	(66,246)	(66,246)	(51,350)	14,896	244	(51,106)
Other financing sources (uses):						
Transfer out	<u>(184,566)</u>	<u>(184,566)</u>	<u>(179,766)</u>	<u>4,800</u>	<u>-</u>	<u>(179,766)</u>
Net change in fund balances	(250,812)	(250,812)	(231,116)	19,696	244	(230,872)
Fund balance, beginning of year	<u>777,141</u>	<u>777,786</u>	<u>777,786</u>	<u>-</u>	<u>1,461</u>	<u>779,247</u>
Fund balance, end of year	<u>\$ 526,329</u>	<u>\$ 526,974</u>	<u>\$ 546,670</u>	<u>\$ 19,696</u>	<u>\$ 1,705</u>	<u>\$ 548,375</u>

City of Springfield, Oregon
 DEVELOPMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 274,788	\$ 274,788	\$ 274,788	\$ -	\$ -	\$ 274,788
Investment earnings	15,000	15,000	45,338	30,338	2,747	48,085
Miscellaneous revenue	-	-	113,013	113,013	-	113,013
Total revenues	<u>289,788</u>	<u>289,788</u>	<u>433,139</u>	<u>143,351</u>	<u>2,747</u>	<u>435,886</u>
Expenditures:						
Capital projects	<u>648,918</u>	<u>1,234,602</u>	<u>963,812</u>	<u>270,790</u>	<u>-</u>	<u>963,812</u>
Excess of revenues over (under) expenditures	<u>(359,130)</u>	<u>(944,814)</u>	<u>(530,673)</u>	<u>414,141</u>	<u>2,747</u>	<u>(527,926)</u>
Other financing sources (uses):						
Interfund loan repayments	-	-	125,906	125,906	(125,906)	-
Transfer in	465,000	113,663	113,662	(1)	125,906	239,568
Transfer out	<u>(78,336)</u>	<u>(78,336)</u>	<u>(78,336)</u>	<u>-</u>	<u>-</u>	<u>(78,336)</u>
Total other financing sources (uses)	<u>386,664</u>	<u>35,327</u>	<u>161,232</u>	<u>125,905</u>	<u>-</u>	<u>161,232</u>
Net change in fund balances	27,534	(909,487)	(369,441)	540,046	2,747	(366,694)
Fund balance, beginning of year	<u>3,151,502</u>	<u>3,973,119</u>	<u>3,973,119</u>	<u>-</u>	<u>5,720</u>	<u>3,978,839</u>
Fund balance, end of year	<u>\$ 3,179,036</u>	<u>\$ 3,063,632</u>	<u>\$ 3,603,678</u>	<u>\$ 540,046</u>	<u>\$ 8,467</u>	<u>\$ 3,612,145</u>

City of Springfield, Oregon
 SEDA GLENWOOD CAPITAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Fund balance, beginning of year	\$ -	\$ 233	\$ 233	\$ -	\$ -	\$ 233
Fund balance, end of year	<u>\$ -</u>	<u>\$ 233</u>	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233</u>

City of Springfield, Oregon
STREET CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 9,900	\$ 9,900	\$ 33,083	\$ 23,183	\$ (738)	\$ 32,345
Charges for services	795,000	795,000	880,302	85,302	3,110	883,412
Intergovernmental revenue	-	256,492	256,492	-	-	256,492
Total revenues	804,900	1,061,392	1,169,877	108,485	2,372	1,172,249
Expenditures:						
Current Operating						
Development and public works	201,012	145,417	145,417	-	-	145,417
Capital projects	1,705,664	6,350,506	4,619,520	1,730,986	6,029	4,625,549
Total expenditures	1,906,676	6,495,923	4,764,937	1,730,986	6,029	4,770,966
Net change in fund balances	(1,101,776)	(5,434,531)	(3,595,060)	1,839,471	(3,657)	(3,598,717)
Fund balance, beginning of year	5,942,917	6,221,513	6,221,514	1	8,598	6,230,112
Fund balance, end of year	<u>\$ 4,841,141</u>	<u>\$ 786,982</u>	<u>\$ 2,626,454</u>	<u>\$ 1,839,472</u>	<u>\$ 4,941</u>	<u>\$ 2,631,395</u>

Enterprise Funds

Combining statements for all individual nonmajor enterprise funds are reported in this section. Fund statements for major enterprise funds are reported in the basic financial statements.

Schedules of revenues, expenses, and changes in fund net position – budget and actual are presented here for each individual enterprise fund.

Major Enterprise Funds:

Sewer Fund – This fund accounts for the operation, construction, and maintenance of the wastewater collection system. Primary revenues are sewer user fees and system development charges.

Storm Drainage Fund – This fund accounts for the operation, construction, and maintenance of the stormwater drainage system. Primary revenues are storm drainage fees and system development charges.

Ambulance Fund – This fund accounts for the City’s ambulance operations. Revenue sources include ambulance transport fees, ambulance billing services fees, and FireMed program memberships.

Nonmajor Enterprise Funds:

Booth-Kelly Fund – This fund accounts for the cost of managing and maintaining City-owned income properties. The primary revenue source is rental income.



City of Springfield, Oregon
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 8,271,000	\$ 8,271,000	\$ 8,672,538	\$ 401,538	\$ (1,230,002)	\$ 7,442,536
Investment earnings	44,700	44,700	130,217	85,517	20,669	150,886
Miscellaneous revenue	-	-	436	436	-	436
Total revenues	8,315,700	8,315,700	8,803,191	487,491	(1,209,333)	7,593,858
Expenses:						
Current operating:						
Information technology	317,033	328,411	253,136	75,275	-	253,136
Development and public works	3,538,301	3,583,908	3,204,115	379,793	190,191	3,394,306
Finance	13,752	16,517	16,129	388	-	16,129
Debt service:						
Principal	1,005,000	2,555,000	1,005,000	1,550,000	(1,005,000)	-
Interest	704,133	779,133	704,131	75,002	(84,721)	619,410
Capital projects	4,441,988	3,600,405	255,551	3,344,854	(255,551)	-
Depreciation	-	-	-	-	2,754,142	2,754,142
Bond costs	-	175,000	146,846	28,154	-	146,846
Total expenses	10,020,207	11,038,374	5,584,908	5,453,466	1,599,061	7,183,969
Excess of revenues over (under) expenses	(1,704,507)	(2,722,674)	3,218,283	5,940,957	(2,808,394)	409,889
Other financing sources (uses):						
Capital contributions	-	-	-	-	1,638,706	1,638,706
Proceeds of revenue bond sale	-	-	13,610,000	13,610,000	(13,610,000)	-
Premium on revenue bond	-	-	1,519,039	1,519,039	(1,519,039)	-
Payment to refunded bond escrow agent	-	-	(16,693,969)	(16,693,969)	16,693,969	-
Total other financing sources (uses)	-	-	(1,564,930)	(1,564,930)	3,203,636	1,638,706
Change in net position	(1,704,507)	(2,722,674)	1,653,353	4,376,027	395,242	2,048,595
Net position, beginning of year	17,420,010	18,467,823	18,467,824	1	45,475,706	63,943,530
Net position, end of year	\$ 15,715,503	\$ 15,745,149	\$ 20,121,177	\$ 4,376,028	\$ 45,870,948	\$ 65,992,125

City of Springfield, Oregon
 STORM DRAINAGE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 6,910,000	\$ 6,910,000	\$ 7,459,073	\$ 549,073	\$ (466,098)	\$ 6,992,975
Investment earnings	15,400	15,400	132,505	117,105	10,587	143,092
Miscellaneous revenue	25,000	25,000	11,082	(13,918)	-	11,082
Total revenues	6,950,400	6,950,400	7,602,660	652,260	(455,511)	7,147,149
Expenses:						
Current operating:						
Information technology	245,804	253,701	207,731	45,970	-	207,731
Development and public works	4,932,856	4,942,844	4,415,086	527,758	281,699	4,696,785
Finance	13,752	16,517	16,129	388	-	16,129
Debt service:						
Principal	420,000	420,000	420,000	-	(420,000)	-
Interest	284,152	284,152	284,150	2	(29,202)	254,948
Capital projects	11,396,190	10,498,749	4,853,130	5,645,619	(4,853,130)	-
Depreciation	-	-	-	-	349,600	349,600
Total expenses	17,292,754	16,415,963	10,196,226	6,219,737	(4,671,033)	5,525,193
Excess of revenues over (under) expenses	(10,342,354)	(9,465,563)	(2,593,566)	6,871,997	4,215,522	1,621,956
Other financing sources (uses):						
Capital contributions	-	-	-	-	1,165,217	1,165,217
Change in net position	(10,342,354)	(9,465,563)	(2,593,566)	6,871,997	5,380,739	2,787,173
Net position, beginning of year	19,893,769	19,576,709	19,576,708	(1)	(2,735,651)	16,841,057
Net position, end of year	\$ 9,551,415	\$ 10,111,146	\$ 16,983,142	\$ 6,871,996	\$ 2,645,088	\$ 19,628,230

City of Springfield, Oregon
 AMBULANCE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 5,760,000	\$ 5,760,000	\$ 5,772,128	\$ 12,128	\$ 10,227,291	\$ 15,999,419
Less: Contractual adjustments	-	-	-	-	(10,189,542)	(10,189,542)
Intergovernmental revenue	195,000	251,000	236,171	(14,829)	-	236,171
Investment earnings	-	-	14,481	14,481	2,620	17,101
Miscellaneous revenue	5,500	5,500	8,034	2,534	-	8,034
Total revenues	<u>5,960,500</u>	<u>6,016,500</u>	<u>6,030,814</u>	<u>14,314</u>	<u>40,369</u>	<u>6,071,183</u>
Expenses:						
Current operating:						
Fire and life safety	5,860,209	6,055,624	6,003,611	52,013	501,992	6,505,604
Depreciation	-	-	-	-	8,390	8,390
Total expenses	<u>5,860,209</u>	<u>6,055,624</u>	<u>6,003,611</u>	<u>52,013</u>	<u>510,382</u>	<u>6,513,994</u>
Excess of revenues over (under) expenses	100,291	(39,124)	27,203	66,327	(470,013)	(442,811)
Net position, beginning of year	<u>1,598,645</u>	<u>2,327,796</u>	<u>2,327,796</u>	<u>-</u>	<u>(2,251,305)</u>	<u>76,491</u>
Net position, end of year	<u>\$ 1,698,936</u>	<u>\$ 2,288,672</u>	<u>\$ 2,354,999</u>	<u>\$ 66,327</u>	<u>\$ (2,721,318)</u>	<u>\$ (366,320)</u>

City of Springfield, Oregon
 BOOTH-KELLY FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 1,482,032	\$ 1,482,057	\$ 1,542,244	\$ 60,187	\$ (4,951)	\$ 1,537,293
Investment earnings	4,000	4,000	5,451	1,451	867	6,319
Total revenues	<u>1,486,032</u>	<u>1,486,057</u>	<u>1,547,695</u>	<u>61,638</u>	<u>(4,084)</u>	<u>1,543,612</u>
Expenses:						
Current operating:						
Development and public works	642,444	642,444	499,294	143,150	(655)	498,639
Capital projects	276,000	276,000	-	276,000	-	-
Debt service:						
Principal	704,020	704,025	704,020	5	(704,020)	-
Interest	131,005	131,025	131,069	(44)	(4,089)	126,980
Depreciation	-	-	-	-	796,797	796,797
Total expenses	<u>1,753,469</u>	<u>1,753,494</u>	<u>1,334,383</u>	<u>419,111</u>	<u>88,033</u>	<u>1,422,416</u>
Excess of revenues over (under) expenses	(267,437)	(267,437)	213,312	480,749	(92,117)	121,196
Net position, beginning of year	<u>810,379</u>	<u>778,784</u>	<u>778,783</u>	<u>(1)</u>	<u>4,200,803</u>	<u>4,979,586</u>
Net position, end of year	<u>\$ 542,942</u>	<u>\$ 511,347</u>	<u>\$ 992,095</u>	<u>\$ 480,748</u>	<u>\$ 4,108,686</u>	<u>\$ 5,100,782</u>

Internal Service Funds

Combining statements for all internal service funds are reported here. The combined totals are reported alongside the individual enterprise funds in the basic financial statements.

Schedules of revenues, expenses, and changes in fund net position – budget and actual are presented here for each individual internal service fund.

Vehicle and Equipment Fund – This fund accounts for the ownership and use of major equipment. Resources are provided by charges to other City funds.

Insurance Fund – This fund accounts for the accumulation of resources to provide for the City's insurance, the worker's compensation program, and the employee benefits programs. Resources are provided by charges to other City funds.

SDC Administration Fund – This fund accounts for the activities required to administer the City's various system development charges. Resources are provided primarily by charges to other City funds.



City of Springfield, Oregon
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
June 30, 2017

	Vehicle and Equipment	Insurance	SDC Administration	Total
ASSETS				
Current assets:				
Cash and investments	\$ 8,082,361	\$ 10,357,414	\$ 777,308	\$ 19,217,083
Prepays	-	68,914	-	68,914
Deposits	-	265,500	-	265,500
Accounts receivable	9,771	-	8,636	18,407
Accrued interest receivable	31,026	38,484	2,191	71,701
Deferred system development fees	-	-	41,351	41,351
Inventory	33,268	-	-	33,268
	<u>8,156,426</u>	<u>10,730,312</u>	<u>829,486</u>	<u>19,716,224</u>
Total current assets				
Noncurrent assets				
Capital assets				
Machinery and equipment	19,268,726	-	-	19,268,726
Less accumulated depreciation	(12,714,990)	-	-	(12,714,990)
	<u>6,553,736</u>	<u>-</u>	<u>-</u>	<u>6,553,736</u>
Total noncurrent assets				
	<u>14,710,162</u>	<u>10,730,312</u>	<u>829,486</u>	<u>26,269,960</u>
Total assets				
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflow	-	216,402	171,318	387,720
	<u>-</u>	<u>216,402</u>	<u>171,318</u>	<u>387,720</u>
LIABILITIES				
Current liabilities:				
Accounts payable	273,988	1,042,906	6,868	1,323,762
Accrued interest payable	8,257	-	-	8,257
Capital lease obligation, current portion	348,059	-	-	348,059
Accrued claims liabilities, current portion	-	233,280	-	233,280
Accrued payroll and other related liabilities	-	211,709	7,425	219,134
	<u>630,304</u>	<u>1,487,895</u>	<u>14,293</u>	<u>2,132,492</u>
Total current liabilities				
Noncurrent liabilities:				
Accrued absence payable	-	14,710	-	14,710
Capital lease obligation, less current portion	440,990	-	-	440,990
Accrued claims liabilities, less current portion	-	414,720	-	414,720
Net pension liability	-	417,058	330,172	747,230
Net OPEB obligation	-	42,439	29,500	71,939
	<u>440,990</u>	<u>888,927</u>	<u>359,672</u>	<u>1,689,589</u>
Total noncurrent liabilities				
	<u>1,071,294</u>	<u>2,376,822</u>	<u>373,965</u>	<u>3,822,081</u>
Total liabilities				
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflow	-	17,837	14,122	31,959
	<u>-</u>	<u>17,837</u>	<u>14,122</u>	<u>31,959</u>
NET POSITION				
Net investment in capital assets	5,764,687	-	-	5,764,687
Unrestricted	7,874,181	8,552,055	612,717	17,038,953
	<u>13,638,868</u>	<u>8,552,055</u>	<u>612,717</u>	<u>22,803,640</u>
Total net position				

City of Springfield, Oregon
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
Year ended June 30, 2017

	Vehicle and Equipment	Insurance	SDC Administration	Total
Operating revenues:				
Charges for services	\$ 2,065,730	\$ 9,844,748	\$ 480,430	\$ 12,390,908
Licenses and permits	-	-	172,455	172,455
Miscellaneous revenue	9,704	59,903	-	69,607
Total operating revenues	<u>2,075,434</u>	<u>9,904,651</u>	<u>652,885</u>	<u>12,632,970</u>
Operating expenses:				
Current operating:				
City manager's office	3,851	-	-	3,851
Human resources	4,588	9,146,004	-	9,150,592
Finance	-	-	20,728	20,728
Information technology	105,015	-	57,564	162,579
Library	2,611	-	-	2,611
Fire and life safety	124,935	-	-	124,935
Police	18,532	-	-	18,532
Development and public works	399,033	-	361,866	760,899
Depreciation	1,286,245	-	-	1,286,245
Total operating expenses	<u>1,944,810</u>	<u>9,146,004</u>	<u>440,158</u>	<u>11,530,972</u>
Operating income (loss)	<u>130,624</u>	<u>758,647</u>	<u>212,727</u>	<u>1,101,998</u>
Nonoperating revenues (expenses):				
Interest income	62,261	74,582	4,095	140,938
Interest expense	(24,878)	-	-	(24,878)
Gain (loss) on disposition of equipment	50,481	-	-	50,481
Total nonoperating revenues (expenses)	<u>87,864</u>	<u>74,582</u>	<u>4,095</u>	<u>166,541</u>
Income (loss) before capital contributions and transfers	218,488	833,229	216,822	1,268,539
Transfers out	-	(316,032)	-	(316,032)
Capital contributions	165,150	-	-	165,150
Change in net position	383,638	517,197	216,822	1,117,657
Net position, beginning of year	<u>13,255,230</u>	<u>8,034,858</u>	<u>395,895</u>	<u>21,685,983</u>
Net position, end of year	<u>\$ 13,638,868</u>	<u>\$ 8,552,055</u>	<u>\$ 612,717</u>	<u>\$ 22,803,640</u>

City of Springfield, Oregon
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

	Vehicle and Equipment	Insurance	SDC Administration	Total
Cash flows from operating activities:				
Cash received from interfund services provided	\$ 2,067,564	\$ 9,848,046	\$ 467,828	\$ 12,383,438
Cash paid for employee services	-	(343,179)	(280,903)	(624,082)
Cash paid to suppliers for goods and services	(455,151)	(8,402,861)	(144,520)	(9,002,532)
Other operating receipts	9,704	59,903	172,455	242,062
	<u>1,622,117</u>	<u>1,161,909</u>	<u>214,860</u>	<u>2,998,886</u>
Net cash provided by (used in) operating activities				
	<u>1,622,117</u>	<u>1,161,909</u>	<u>214,860</u>	<u>2,998,886</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(316,032)	-	(316,032)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,519,084)	-	-	(1,519,084)
Disposition of capital assets	160,059	-	-	160,059
Principal paid on long-term debt	(226,262)	-	-	(226,262)
Interest paid	(28,362)	-	-	(28,362)
	<u>(1,613,649)</u>	<u>-</u>	<u>-</u>	<u>(1,613,649)</u>
Net cash used in capital and related financing activities				
	<u>(1,613,649)</u>	<u>-</u>	<u>-</u>	<u>(1,613,649)</u>
Cash flows from investing activities:				
Interest received	52,354	59,145	3,022	114,521
	<u>52,354</u>	<u>59,145</u>	<u>3,022</u>	<u>114,521</u>
Net change in cash and investments				
	<u>60,822</u>	<u>905,022</u>	<u>217,882</u>	<u>1,183,726</u>
Cash and investments, beginning of year				
	<u>8,021,540</u>	<u>9,452,392</u>	<u>559,426</u>	<u>18,033,358</u>
Cash and investments, end of year				
	<u>\$ 8,082,361</u>	<u>\$ 10,357,414</u>	<u>\$ 777,308</u>	<u>\$ 19,217,083</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 130,624	\$ 758,647	\$ 212,727	\$ 1,101,998
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,286,245	-	-	1,286,245
Changes in assets and liabilities:				
Prepays	-	1,989	-	1,989
Accounts receivable	1,834	3,298	(12,602)	(7,470)
Inventory	(24,277)	-	-	(24,277)
Net pension liability and related deferrals	-	(777)	24,340	23,563
Accounts payable	227,691	307,788	1,782	537,261
Accrued payroll and other liabilities	-	(4,390)	(11,280)	(15,670)
Accrued claims liabilities	-	83,000	-	83,000
Net OPEB obligation	-	12,354	(107)	12,247
	<u>-</u>	<u>12,354</u>	<u>(107)</u>	<u>12,247</u>
Net cash provided by (used in) operating activities				
	<u>\$ 1,622,117</u>	<u>\$ 1,161,909</u>	<u>\$ 214,860</u>	<u>\$ 2,998,886</u>

City of Springfield, Oregon
VEHICLE AND EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 2,109,180	\$ 2,109,180	\$ 2,065,730	\$ (43,450)	\$ -	\$ 2,065,730
Investment earnings	40,000	40,000	56,126	16,126	6,135	62,261
Miscellaneous revenue	-	-	169,763	169,763	(160,059)	9,704
Total revenues	2,149,180	2,149,180	2,291,619	142,439	(153,924)	2,137,695
Expenses:						
Current operating:						
City manager's office	-	6,076	3,851	2,225	-	3,851
Legal and judicial services	-	6,071	6,071	-	(6,071)	-
Human resources	8,000	8,000	4,588	3,412	-	4,588
Information technology	197,000	260,000	144,552	115,448	(39,537)	105,015
Library	8,000	8,000	8,000	-	(5,389)	2,611
Fire and life safety	1,019,004	924,375	891,772	32,603	(766,837)	124,935
Police	321,000	426,055	364,821	61,234	(346,289)	18,532
Development and public works	734,049	1,091,324	641,135	450,189	(242,102)	399,033
Debt service:						
Principal	226,268	339,128	339,122	6	(339,122)	-
Interest	13,600	28,369	28,362	7	(3,484)	24,878
Depreciation	-	-	-	-	1,286,245	1,286,245
Total expenses	2,526,921	3,097,398	2,432,274	665,124	(462,586)	1,969,688
Excess of revenues over (under) expenses	(377,741)	(948,218)	(140,655)	807,563	308,662	168,007
Other financing sources (uses):						
Gain (loss) on disposal of assets	-	-	-	-	50,481	50,481
Assets contributed by other funds	-	-	-	-	165,150	165,150
Transfers in	-	-	53,710	53,710	(53,710)	-
Total other financing sources (uses)	-	-	53,710	53,710	161,921	215,631
Change in net position	(377,741)	(948,218)	(86,945)	861,273	470,583	383,638
Net position, beginning of year	7,594,222	7,951,380	7,951,379	(1)	5,303,851	13,255,230
Net position, end of year	\$ 7,216,481	\$ 7,003,162	\$ 7,864,434	\$ 861,272	\$ 5,774,434	\$ 13,638,868

City of Springfield, Oregon
INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 19,272,171	\$ 19,272,171	\$ 18,852,730	\$ (419,441)	\$ (9,007,982)	\$ 9,844,748
Investment earnings	25,000	25,000	65,204	40,204	9,378	74,582
Miscellaneous revenue	90,000	90,000	59,903	(30,097)	-	59,903
Total revenues	<u>19,387,171</u>	<u>19,387,171</u>	<u>18,977,837</u>	<u>(409,334)</u>	<u>(8,998,604)</u>	<u>9,979,233</u>
Expenses:						
Current operating:						
Human resources	9,006,692	9,006,692	7,702,630	1,304,062	1,443,374	9,146,004
Statutory payments	10,429,297	10,429,297	10,364,807	64,490	(10,364,807)	-
Total expenses	<u>19,435,989</u>	<u>19,435,989</u>	<u>18,067,437</u>	<u>1,368,552</u>	<u>(8,921,433)</u>	<u>9,146,004</u>
Excess of revenues over (under) expenses	(48,818)	(48,818)	910,400	959,218	(77,171)	833,229
Other financing sources (uses):						
Transfers out	(338,032)	(369,743)	(369,742)	1	53,710	(316,032)
Change in net position	(386,850)	(418,561)	540,658	959,219	(23,461)	517,197
Net position, beginning of year	<u>7,573,277</u>	<u>8,751,080</u>	<u>8,751,079</u>	<u>(1)</u>	<u>(716,221)</u>	<u>8,034,858</u>
Net position, end of year	<u>\$ 7,186,427</u>	<u>\$ 8,332,519</u>	<u>\$ 9,291,737</u>	<u>\$ 959,218</u>	<u>\$ (739,682)</u>	<u>\$ 8,552,055</u>

City of Springfield, Oregon
SDC ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year ended June 30, 2017

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 475,000	\$ 475,000	\$ 487,250	\$ 12,250	\$ (6,820)	\$ 480,430
Licenses and permits	50,000	50,000	153,032	103,032	19,423	172,455
Investment earnings	500	500	3,452	2,952	643	4,095
Total revenues	<u>525,500</u>	<u>525,500</u>	<u>643,734</u>	<u>118,234</u>	<u>13,246</u>	<u>656,980</u>
Expenses:						
Current operating:						
Information services	63,787	64,430	57,564	6,866	-	57,564
Finance	20,946	20,946	20,728	218	-	20,728
Development and public works	<u>415,303</u>	<u>415,303</u>	<u>341,576</u>	<u>73,727</u>	<u>20,290</u>	<u>361,866</u>
Total expenses	<u>500,036</u>	<u>500,679</u>	<u>419,868</u>	<u>80,811</u>	<u>20,290</u>	<u>440,158</u>
Change in net position	25,464	24,821	223,866	199,045	(7,044)	216,822
Net position, beginning of year	<u>391,591</u>	<u>540,130</u>	<u>540,131</u>	<u>-</u>	<u>(144,236)</u>	<u>395,895</u>
Net position, end of year	<u>\$ 417,055</u>	<u>\$ 564,951</u>	<u>\$ 763,997</u>	<u>\$ 199,045</u>	<u>\$ (151,280)</u>	<u>\$ 612,717</u>

Fiduciary Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

Statement of changes in assets and liabilities of the Agency Fund is presented here.

Agency Fund – The Agency Fund is a non-budgeted fund which accounts for resources received and held by the City in a fiduciary capacity. Disbursements from this fund are made in accordance with the applicable agreements for each type of transaction. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations.



City of Springfield, Oregon
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2017

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
ASSETS				
Cash and investments	\$ 83,348,346	\$ 72,511,282	\$ (62,513,297)	\$ 93,346,331
LIABILITIES				
Accounts payable	\$ 2,164,621	\$ 9,872,716	\$ (10,817,824)	\$ 1,219,513
Health reimbursement account deposits	1,287,667	852,217	(768,858)	1,371,026
Ambulance billing deposits	95,129	17,887,210	(17,730,961)	251,378
Bail deposits	379,005	1,328,789	(1,249,272)	458,522
Miscellaneous deposits	635,478	2,599,009	(2,637,112)	597,375
Regional Fiber Consortium deposits	190,056	810,992	(796,880)	204,168
Metropolitan Wastewater Management Commission deposits	<u>78,596,390</u>	<u>188,215,674</u>	<u>(177,567,715)</u>	<u>89,244,349</u>
Total liabilities	<u>\$ 83,348,346</u>	<u>\$ 221,566,607</u>	<u>\$ (211,568,622)</u>	<u>\$ 93,346,331</u>

SPRINGFIELD



Statistical Section

This part of the City of Springfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	171-175
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	179-182
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	185-189
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	193-194
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	197-199

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

SPRINGFIELD



OREGON

Financial Trend Information

SPRINGFIELD



City of Springfield, Oregon
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 97,072,830	\$ 99,380,714	\$ 107,712,593	\$ 109,751,002	\$ 108,631,529	\$ 108,731,315	\$ 107,219,252	\$ 112,632,832	\$ 115,176,581	\$ 122,230,625
Restricted	7,347,374	5,956,816	5,268,152	12,102,762	11,424,559	13,171,125	14,144,006	18,977,155	17,357,721	17,295,648
Unrestricted	35,138,340	33,973,864	29,581,397	20,196,736	21,514,015	19,835,794	20,240,783	4,394,678	(5,988,448)	(11,706,242)
Total governmental activities net position	<u>\$ 139,558,544</u>	<u>\$ 139,311,394</u>	<u>\$ 142,562,142</u>	<u>\$ 142,050,500</u>	<u>\$ 141,570,103</u>	<u>\$ 141,738,234</u>	<u>\$ 141,604,041</u>	<u>\$ 136,004,665</u>	<u>\$ 126,545,854</u>	<u>\$ 127,820,031</u>
Business-type activities										
Net investment in capital assets	\$ 46,982,723	\$ 47,004,701	\$ 48,338,342	\$ 51,248,289	\$ 57,872,702	\$ 51,972,745	\$ 54,491,005	\$ 52,836,347	\$ 54,212,835	\$ 54,802,364
Restricted	4,433,871	3,447,456	2,989,453	3,091,423	3,236,454	3,273,179	3,072,205	3,348,526	3,976,909	4,733,337
Unrestricted	8,759,032	9,478,068	12,562,982	15,019,532	13,474,770	22,668,331	23,137,298	27,590,908	28,145,472	31,242,641
Total business-type activities net position	<u>\$ 60,175,626</u>	<u>\$ 59,930,225</u>	<u>\$ 63,890,777</u>	<u>\$ 69,359,244</u>	<u>\$ 74,583,926</u>	<u>\$ 77,914,255</u>	<u>\$ 80,700,508</u>	<u>\$ 83,775,781</u>	<u>\$ 86,335,216</u>	<u>\$ 90,778,342</u>
Primary government										
Net investment in capital assets	\$ 144,055,553	\$ 146,385,415	\$ 156,050,935	\$ 165,468,108	\$ 166,504,231	\$ 160,704,060	\$ 161,710,257	\$ 165,469,179	\$ 169,389,416	\$ 177,032,989
Restricted	11,781,245	9,404,272	8,257,605	15,194,185	14,661,013	16,444,304	17,216,211	22,325,681	21,334,630	22,028,985
Unrestricted	43,897,372	43,451,932	42,144,379	35,216,268	34,988,785	42,504,125	43,378,081	31,985,586	22,157,024	19,536,399
Total primary government net position	<u>\$ 199,734,170</u>	<u>\$ 199,241,619</u>	<u>\$ 206,452,919</u>	<u>\$ 215,878,561</u>	<u>\$ 216,154,029</u>	<u>\$ 219,652,489</u>	<u>\$ 222,304,549</u>	<u>\$ 219,780,446</u>	<u>\$ 212,881,070</u>	<u>\$ 218,598,373</u>

City of Springfield, Oregon
Changes in Net Position, Last Ten Fiscal years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 3,929,091	\$ 4,791,069	\$ 3,560,757	\$ 5,386,231	\$ 4,724,454	\$ 5,932,778	\$ 4,928,452	\$ 5,194,119	\$ 8,055,900	\$ 8,105,716
Fire and life safety	10,354,699	10,858,907	10,691,161	11,760,498	11,847,128	11,340,166	11,736,970	9,905,694	14,789,977	13,351,001
Police	13,116,023	13,974,177	17,259,569	18,444,853	19,694,617	19,561,178	20,708,780	18,007,975	26,060,501	22,068,423
Library	1,309,218	1,400,056	1,382,782	1,513,148	1,519,866	1,515,697	1,508,178	1,477,854	2,131,183	1,981,508
Development and public works	15,278,674	14,896,444	13,560,283	12,804,723	11,384,695	11,658,254	11,925,811	10,605,607	15,857,538	12,483,443
Depreciation, unallocated	273,239	313,042	283,227	283,227	284,439	297,774	270,618	270,619	250,942	250,435
Interest on long-term debt	1,394,478	1,406,144	1,373,371	1,301,309	1,220,457	1,143,393	1,027,212	909,122	744,674	518,495
Total governmental activities expense	<u>45,655,422</u>	<u>47,639,839</u>	<u>48,111,150</u>	<u>51,493,989</u>	<u>50,675,656</u>	<u>51,449,240</u>	<u>52,106,021</u>	<u>46,370,990</u>	<u>67,890,715</u>	<u>58,759,021</u>
Business-type activities:										
Sanitary sewer	7,745,843	6,619,628	4,803,431	4,886,099	5,190,475	6,155,571	6,848,708	6,340,495	7,523,149	7,158,008
Storm drainage	-	3,894,947	3,956,135	4,031,641	3,843,225	3,984,400	4,407,437	4,259,913	5,982,172	5,559,128
Booth Kelly	660,713	779,773	1,433,965	1,334,099	1,430,803	1,463,621	1,611,902	1,649,088	1,507,253	1,424,527
Ambulance	4,602,490	4,939,277	5,000,748	5,202,146	5,184,271	4,948,503	5,525,464	5,082,272	7,073,633	6,574,936
Business-type activities expenses	<u>13,009,046</u>	<u>16,233,625</u>	<u>15,194,279</u>	<u>15,453,985</u>	<u>15,648,774</u>	<u>16,552,095</u>	<u>18,393,511</u>	<u>17,331,768</u>	<u>22,086,207</u>	<u>20,716,599</u>
Total primary government expenses	<u>\$ 58,664,468</u>	<u>\$ 63,873,464</u>	<u>\$ 63,305,429</u>	<u>\$ 66,947,974</u>	<u>\$ 66,324,430</u>	<u>\$ 68,001,335</u>	<u>\$ 70,499,532</u>	<u>\$ 63,702,758</u>	<u>\$ 89,976,922</u>	<u>\$ 79,475,620</u>
Program Revenue										
Governmental activities:										
Charges for services:										
General government	\$ 2,078,657	\$ 2,403,988	\$ 1,940,273	\$ 3,360,519	\$ 3,759,347	\$ 3,874,817	\$ 3,766,791	\$ 3,868,870	\$ 3,888,018	\$ 4,078,095
Fire and life safety	1,659,654	1,677,216	1,716,417	1,725,642	1,764,798	1,769,064	1,874,473	1,809,091	1,921,748	1,984,859
Police	274,968	490,731	246,682	513,759	529,998	493,254	429,497	408,750	346,629	422,625
Library	91,273	89,853	103,475	97,718	99,186	105,329	102,737	125,482	106,200	120,912
Development and public works	5,795,539	3,613,290	2,168,001	1,544,638	1,749,513	2,263,872	2,054,066	2,710,606	3,420,717	2,884,311
Operating grants and contributions	4,527,430	4,161,206	6,436,204	5,616,572	5,514,649	4,428,156	5,039,850	4,444,185	4,184,978	4,954,592
Capital grants and contributions	16,101,592	155,634	3,994,233	3,661,254	1,109,866	2,192,135	481,598	9,934,788	4,841,296	4,085,842
Total governmental activities program revenues	<u>30,529,113</u>	<u>12,591,918</u>	<u>16,605,285</u>	<u>16,520,102</u>	<u>14,527,357</u>	<u>15,126,627</u>	<u>13,749,012</u>	<u>23,301,772</u>	<u>18,709,586</u>	<u>18,531,236</u>
Business-type activities:										
Charges for services:										
Sanitary sewer	9,116,078	5,590,002	6,325,689	6,927,642	7,261,314	7,324,173	7,536,486	7,738,487	7,224,927	8,798,173
Storm drainage	-	4,475,347	4,984,732	5,694,208	5,789,080	6,032,530	6,347,901	6,613,264	6,892,114	7,408,192
Booth Kelly	664,398	788,095	1,381,649	1,443,802	1,412,841	1,348,308	1,355,337	1,412,722	1,532,687	1,537,293
Ambulance	4,260,912	4,662,981	4,834,330	5,173,527	4,849,894	5,255,068	5,612,386	6,119,908	6,599,690	6,046,048
Capital grants and contributions	5,620,276	385,165	1,001,635	1,129,770	1,448,360	16,729	16,848	199,269	2,088,254	1,033,069
Total business-type activities program revenues	<u>19,661,664</u>	<u>15,901,590</u>	<u>18,528,035</u>	<u>20,368,949</u>	<u>20,761,489</u>	<u>19,976,808</u>	<u>20,868,958</u>	<u>22,083,650</u>	<u>24,337,672</u>	<u>24,822,775</u>
Total primary government program revenues	<u>\$ 50,190,777</u>	<u>\$ 28,493,508</u>	<u>\$ 35,133,320</u>	<u>\$ 36,889,051</u>	<u>\$ 35,288,846</u>	<u>\$ 35,103,435</u>	<u>\$ 34,617,970</u>	<u>\$ 45,385,422</u>	<u>\$ 43,047,258</u>	<u>\$ 43,354,011</u>
Net (Expense) Revenue										
Governmental activities	\$ (15,126,309)	\$ (35,047,921)	\$ (31,505,865)	\$ (34,973,887)	\$ (36,148,299)	\$ (36,322,613)	\$ (38,357,009)	\$ (23,069,218)	\$ (49,181,129)	\$ (40,227,785)
Business-type activities	6,652,618	(332,035)	3,333,756	4,914,964	5,112,715	3,424,713	2,475,447	4,751,882	2,251,465	4,106,176
Total primary government net expense	<u>\$ (8,473,691)</u>	<u>\$ (35,379,956)</u>	<u>\$ (28,172,109)</u>	<u>\$ (30,058,923)</u>	<u>\$ (31,035,584)</u>	<u>\$ (32,897,900)</u>	<u>\$ (35,881,562)</u>	<u>\$ (18,317,336)</u>	<u>\$ (46,929,664)</u>	<u>\$ (36,121,609)</u>

Continued

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 20,761,839	\$ 24,888,500	\$ 26,616,211	\$ 25,890,066	\$ 27,056,405	\$ 27,891,748	\$ 28,735,713	\$ 30,497,567	\$ 29,449,109	\$ 30,691,286
Room tax	783,767	771,994	679,566	777,085	901,665	973,830	1,070,722	1,219,497	1,373,464	1,445,031
Other taxes	3,650,019	3,391,158	3,088,825	3,018,549	2,744,424	2,754,883	3,158,101	3,288,462	3,387,888	3,446,975
Payment in lieu of taxes	2,288,217	2,275,036	2,346,889	2,373,660	2,358,273	2,375,949	2,390,734	2,404,859	2,392,729	2,353,365
Investment earnings	2,945,365	1,727,120	664,423	421,956	337,514	333,178	361,323	305,267	416,909	573,280
Miscellaneous	323,133	379,635	201,184	486,358	727,049	985,770	908,413	857,657	867,789	972,473
Gain (loss) on disposition of capital assets	-	19,810	(57,355)	-	-	-	-	-	149,687	-
Shared revenue	1,146,172	1,377,642	1,247,546	1,387,527	1,400,459	1,460,463	1,533,466	1,579,978	1,584,743	2,019,553
Transfers	272,692	593,130	(30,673)	107,047	142,115	71,894	64,344	71,311	100,000	-
Total governmental activities	<u>32,171,204</u>	<u>35,424,025</u>	<u>34,756,616</u>	<u>34,462,248</u>	<u>35,667,904</u>	<u>36,847,715</u>	<u>38,222,816</u>	<u>40,224,598</u>	<u>39,722,318</u>	<u>41,501,963</u>
Business-type activities:										
Investment earnings	821,733	559,713	409,360	292,416	237,091	211,730	282,238	162,671	227,641	317,398
Miscellaneous	11,597	120,051	186,763	368,134	16,990	78,204	92,912	446,106	180,329	19,552
Transfers	(272,692)	(593,130)	30,673	(107,047)	(142,115)	(71,894)	(64,344)	(71,311)	(100,000)	-
Total business-type activities	<u>560,638</u>	<u>86,634</u>	<u>626,796</u>	<u>553,503</u>	<u>111,966</u>	<u>218,040</u>	<u>310,806</u>	<u>537,466</u>	<u>307,970</u>	<u>336,950</u>
Total primary government	<u>\$ 32,731,842</u>	<u>\$ 35,510,659</u>	<u>\$ 35,383,412</u>	<u>\$ 35,015,751</u>	<u>\$ 35,779,870</u>	<u>\$ 37,065,755</u>	<u>\$ 38,533,622</u>	<u>\$ 40,762,064</u>	<u>\$ 40,030,288</u>	<u>\$ 41,838,913</u>
Change In Net Position										
Governmental activities	\$ (2,876,717)	\$ 3,918,160	\$ (217,271)	\$ (1,686,051)	\$ (654,709)	\$ (1,509,294)	\$ (134,193)	\$ 17,155,380	\$ (9,458,811)	\$ 1,274,178
Business-type activities	<u>228,603</u>	<u>3,420,390</u>	<u>5,541,760</u>	<u>5,666,218</u>	<u>3,536,679</u>	<u>2,693,487</u>	<u>2,786,253</u>	<u>5,289,348</u>	<u>2,559,435</u>	<u>4,443,126</u>
Total primary government	<u>\$ (2,648,114)</u>	<u>\$ 7,338,550</u>	<u>\$ 5,324,489</u>	<u>\$ 3,980,167</u>	<u>\$ 2,881,970</u>	<u>\$ 1,184,193</u>	<u>\$ 2,652,060</u>	<u>\$ 22,444,728</u>	<u>\$ (6,899,376)</u>	<u>\$ 5,717,304</u>

1 This schedule reports using the accrual basis of accounting.

2 Expenses include allocated indirect expenses.

City of Springfield
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 926,688	\$ 388,528	\$ 10,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,350,863	6,966,896	7,843,269	-	-	-	-	-	-	-
Nonspendable	-	-	-	5,420	5,589	49,644	22,109	86,584	98,292	83,602
Restricted	-	-	-	600,000	632	-	-	-	-	-
Committed	-	-	-	65,721	37,863	12,764	25,902	83,224	172,840	293,004
Assigned	-	-	-	39,224	600,000	600,000	600,000	600,000	600,000	1,000,000
Unassigned	-	-	-	6,872,613	7,134,387	7,538,441	7,698,382	8,553,497	7,999,863	7,387,428
Total general fund	<u>\$ 9,277,551</u>	<u>\$ 7,355,424</u>	<u>\$ 7,853,815</u>	<u>\$ 7,582,978</u>	<u>\$ 7,778,471</u>	<u>\$ 8,200,849</u>	<u>\$ 8,346,393</u>	<u>\$ 9,323,305</u>	<u>\$ 8,870,995</u>	<u>\$ 8,764,034</u>
All Other Governmental Funds										
Reserved	\$ 6,868,556	\$ 5,339,010	\$ 4,492,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,137,842	4,329,775	4,459,760	-	-	-	-	-	-	-
Capital projects funds	24,023,946	14,937,692	4,030,636	-	-	-	-	-	-	-
Debt service funds	1,718,922	1,369,823	1,257,621	-	-	-	-	-	-	-
Nonspendable	-	-	-	179,198	160,531	151,297	147,593	205,477	223,261	219,897
Restricted	-	-	-	7,022,919	8,020,323	8,535,571	9,060,917	13,642,430	14,194,470	13,672,194
Committed	-	-	-	4,546,915	4,024,188	3,130,187	2,460,530	2,617,234	1,980,130	2,036,262
Assigned	-	-	-	1,009,473	426,016	410,941	443,945	644,492	1,493,031	808,377
Unassigned	-	-	-	-	-	(26,365)	(64,907)	(23,321)	(37,306)	(142,091)
Total all other governmental funds	<u>\$ 35,749,266</u>	<u>\$ 25,976,300</u>	<u>\$ 14,240,496</u>	<u>\$ 12,758,505</u>	<u>\$ 12,631,058</u>	<u>\$ 12,201,631</u>	<u>\$ 12,048,078</u>	<u>\$ 17,086,312</u>	<u>\$ 17,853,586</u>	<u>\$ 16,594,639</u>

Notes

This schedule was modified with the implementation of GASB54, effective FY11

City of Springfield
Changes in Fund Balances, Governmental Funds
Last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue:										
Taxes	\$ 22,756,676	\$ 26,796,400	\$ 28,121,897	\$ 28,169,922	\$ 28,838,941	\$ 30,059,119	\$ 31,087,716	\$ 33,065,500	\$ 31,862,305	\$ 33,098,818
Licenses and permits	3,975,361	3,147,467	2,583,181	2,538,309	2,300,827	2,463,338	2,700,850	2,783,280	3,122,149	3,325,162
Intergovernmental	8,053,038	8,051,131	9,857,571	9,405,123	8,974,691	8,475,485	8,576,500	12,172,857	8,484,882	9,224,182
Charges for services	16,598,189	7,660,854	7,041,256	7,417,478	6,958,019	7,022,389	7,142,048	7,670,658	9,247,507	8,410,972
Fines & forfeitures	1,162,425	1,285,427	1,437,612	1,807,580	1,736,722	1,497,458	1,673,933	1,688,251	1,652,415	1,655,009
Use of money & property	2,821,836	1,159,664	452,130	263,317	170,279	191,559	141,996	109,373	170,631	276,286
Special assessments	38,011	11,684	10,856	25,625	48,934	42,569	31,651	45,618	25,265	18,989
Miscellaneous revenue	312,154	464,200	267,380	664,045	648,988	306,085	570,176	708,847	775,308	743,777
Total Revenues	55,717,690	48,576,827	49,771,883	50,291,399	49,677,401	50,058,002	51,924,870	58,244,384	55,340,462	56,753,195
Expenditures:										
Current Operating:										
General government	5,815,636	6,460,455	5,536,753	5,825,159	6,083,214	6,306,579	6,042,155	6,643,279	8,240,463	8,509,994
Fire and life safety	10,486,561	10,988,771	10,651,586	11,373,445	11,514,553	11,242,700	11,515,444	11,237,818	11,848,268	12,380,622
Police	13,267,724	14,138,500	16,185,060	16,757,981	17,744,329	18,318,088	19,118,811	18,997,316	20,231,011	19,388,013
Library	1,263,439	1,354,548	1,360,464	1,375,033	1,426,083	1,457,714	1,440,438	1,610,330	1,706,475	1,848,510
Development and public works	11,805,812	12,680,663	12,085,092	10,925,370	9,283,821	9,041,272	9,427,305	9,233,725	9,063,061	9,285,822
Capital Projects	20,164,161	13,773,261	12,119,784	2,845,047	1,001,890	789,407	1,232,663	1,354,801	2,187,974	6,204,622
Debt service:										
Principal	1,732,030	2,030,047	2,173,240	2,251,618	2,330,192	2,418,973	2,507,974	2,602,206	1,630,000	2,156,706
Interest	1,572,382	1,390,816	1,364,942	1,283,376	1,197,635	1,108,223	1,011,446	913,103	807,469	650,730
Bond issue costs	-	-	-	-	-	-	-	-	131,205	-
Arbitrage	-	-	49,406	-	-	-	-	-	-	-
Total expenditures	66,107,745	62,817,061	61,526,327	52,637,029	50,581,717	50,682,956	52,296,236	52,592,578	55,845,926	60,425,019
Excess of revenues over (under) expenditures	(10,390,055)	(14,240,234)	(11,754,444)	(2,345,630)	(904,316)	(624,954)	(371,366)	5,651,806	(505,464)	(3,671,824)
Other financing sources (uses):										
Transfers in	2,523,359	6,070,182	4,647,041	4,050,527	5,079,050	5,073,111	4,754,376	4,874,912	6,369,454	1,775,328
Transfers out	(2,248,737)	(5,287,262)	(4,146,202)	(3,458,750)	(4,120,498)	(4,458,815)	(4,409,317)	(4,506,705)	(5,801,301)	(1,459,296)
Issuance of debt	-	1,800,000	-	-	-	-	-	-	16,994,808	2,000,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(16,863,603)	-
Total other financing sources (uses)	274,622	2,582,920	500,839	591,777	958,552	614,296	345,059	368,207	699,358	2,316,032
Net changes in fund balances	\$ (10,115,433)	\$ (11,657,314)	\$ (11,253,605)	\$ (1,753,853)	\$ 54,236	\$ (10,658)	\$ (26,307)	\$ 6,020,013	\$ 193,894	\$ (1,355,792)
Debt services as a percentage of non-capital expenditures *	6.96%	6.96%	7.14%	7.03%	7.09%	7.05%	6.83%	6.84%	4.59%	5.21%

Notes:

* Debt service represents principal and interest incurred during the year. Noncapital expenditures do not include capital outlay for land, construction in buildings and improvements, machinery and equipment, and infrastructure incurred during the year.

SPRINGFIELD



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Revenue Capacity Information

SPRINGFIELD



City of Springfield, Oregon

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

<u>Fiscal year ended June 30,</u>	<u>Residential Property *</u>	<u>Commercial Property *</u>	<u>Industrial Property *</u>	<u>Less: Tax- Exempt Property *</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2008	-	-	-	-	\$ 3,436,084,339	6.13	\$ 6,655,887,099	51.62%
2009	-	-	-	-	3,502,295,304	7.19	7,205,559,254	48.61%
2010	-	-	-	-	3,726,631,985	7.13	7,309,497,628	50.98%
2011	-	-	-	-	3,747,745,557	7.06	6,750,427,991	55.52%
2012	-	-	-	-	3,883,712,564	6.99	6,716,253,056	57.83%
2013	-	-	-	-	3,998,513,269	6.94	6,399,350,681	62.48%
2014	-	-	-	-	4,043,528,204	7.15	6,450,348,959	62.69%
2015	-	-	-	-	4,253,901,084	7.03	6,782,631,808	62.72%
2016	-	-	-	-	4,339,850,283	6.78	6,939,893,310	62.53%
2017	-	-	-	-	4,471,924,355	6.79	7,145,332,593	62.59%

Source: Lane County Department of Assessment and Taxation

* Breakdown of assessed value into categories is not available

City of Springfield, Oregon

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Fiscal Year	City Direct Rates					Overlapping Rates						
	Basic Rate	General Obligation Debt Service	Police Operating Levy	Fire Operating Levy	Total Direct	School District No. 19	Lane County	Lane Community College	Lane County I.E.D. (E.S.D.)	Willamalane Park District	Rainbow Water District	Springfield Economic Development Agency
2008	\$ 4.71	\$ 1.02	\$ -	\$ 0.40	\$ 6.13	\$ 5.55	\$ 1.39	\$ 0.83	\$ 0.22	\$ 2.13	\$ 3.73	\$ 0.06
2009	4.70	1.00	1.09	0.40	7.19	5.60	1.39	0.86	0.22	2.13	3.67	0.11
2010	4.70	0.94	1.09	0.40	7.13	5.59	1.38	0.85	0.22	1.99	-	0.11
2011	4.71	0.86	1.09	0.40	7.06	5.60	1.38	0.85	0.22	1.99	-	0.09
2012	4.71	0.84	1.09	0.36	6.99	5.63	1.38	0.87	0.22	1.99	-	0.09
2013	4.68	0.82	1.09	0.36	6.94	5.63	1.37	0.85	0.22	1.98	-	0.15
2014	4.67	0.84	1.28	0.36	7.15	5.61	1.91	0.85	0.22	2.42	-	0.18
2015	4.65	0.74	1.28	0.36	7.03	5.61	1.91	0.85	0.22	2.33	-	0.22
2016	4.65	0.49	1.28	0.36	6.78	5.79	1.80	0.81	0.22	2.30	-	0.21
2017	4.65	0.50	1.28	0.36	6.79	5.88	1.65	0.83	0.22	2.31	-	0.21

Source: Lane County Department of Assessment & Taxation

City of Springfield, Oregon

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PeaceHealth	\$ 459,349,181	1	10.27%	\$ 123,256,072	2	3.52%
IP Eat Three LLC (Weyerhaeuser)	304,784,093	2	6.82%	259,151,565	1	7.40%
Gateway Mall Partners	73,987,847	3	1.65%	54,303,882	4	1.55%
McKenzie Willamette	56,980,424	4	1.27%	20,220,559	10	0.58%
Comcast Corporation	42,865,800	5	0.96%	-	-	-
Rosboro LLC	32,235,483	6	0.72%	29,460,950	5	0.84%
Symantec Corporation	29,755,762	7	0.67%	78,344,464	3	2.24%
United States bakery	29,181,631	8	0.65%	-	-	-
HSRE NW Spec Clinics Mob LLC	28,682,270	9	0.64%	-	-	-
RC Springfield 2007 LLC	27,978,157	10	0.63%	-	-	-
Kingsford Manufacturing	-	-	-	23,501,725	6	0.67%
Workstage-Oregon LLC	-	-	-	20,818,377	9	0.59%
Qwest Corp.	-	-	-	22,430,800	7	0.64%
Shorewood Packaging Corp.	-	-	-	21,720,260	8	0.62%
Total	<u>\$ 1,085,800,648</u>		<u>24.28%</u>	<u>\$ 653,208,654</u>		<u>18.65%</u>

Source: Lane County Department of Assessment and Taxation

City of Springfield, Oregon

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections & Adjustments	Total Collections and Adjustments to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 21,473,863	\$ 20,128,824	93.7%	\$ 1,335,908	\$ 21,464,732	99.96%
2009	25,639,015	24,092,260	94.0%	1,534,371	25,626,631	99.95%
2010	27,170,891	25,473,655	93.8%	1,577,429	27,051,084	99.56%
2011	26,956,427	25,339,490	94.0%	1,490,433	26,829,923	99.53%
2012	27,667,002	26,127,844	94.4%	1,395,967	27,523,811	99.48%
2013	28,646,245	26,967,621	94.1%	1,512,053	28,479,674	99.42%
2014	29,539,586	27,866,138	94.3%	1,444,458	29,310,596	99.22%
2015	31,427,683	29,665,353	94.4%	1,413,599	31,078,952	98.89%
2016	30,360,092	28,616,502	94.3%	1,222,252	29,838,754	98.28%
2017	31,525,757	29,852,562	94.7%	842,832	30,695,394	97.37%

Sources: Lane County Department of Assessments and
Taxation; Annual Financial Reports

Debt Capacity Information



City of Springfield, Oregon

RATIO OF OUTSTANDING DEBT, BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Notes Payable	Contracts Payable	Revenue Bonds	Notes Payable			
2008	\$ 33,432,491	\$ 87,507	\$ 459,249	\$ 210,000	\$ 1,447,866	\$ 8,861,225	\$ 44,498,338	0.38%	767
2009	31,621,602	46,305	2,129,202	210,000	24,348,478	7,513,982	65,869,569	0.57%	1,134
2010	29,464,188	1,382,311	1,920,962	210,000	23,463,735	6,697,965	63,139,161	0.54%	1,078
2011	27,217,526	1,108,535	1,699,344	210,000	32,916,000	5,834,566	68,985,971	0.56%	1,161
2012	25,130,137	1,114,360	1,469,152	210,000	31,445,204	5,068,098	64,436,951	0.50%	1,079
2013	22,964,771	1,756,347	1,230,179	210,000	29,929,407	4,404,011	60,494,715	0.46%	1,008
2014	20,597,007	1,227,516	977,206	210,000	28,363,611	3,695,017	55,070,357	0.41%	917
2015	18,400,955	676,209	715,000	210,000	26,752,681	3,011,742	49,766,587	0.34%	828
2016	17,194,064	535,062	520,000	210,000	25,318,704	2,198,125	45,975,955	0.30%	764
2017	15,819,643	789,049	1,873,246	210,000	23,123,478	1,494,105	43,309,521	*	717

Source: Annual Financial Reports

* not yet available

City of Springfield, Oregon

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008	\$ 33,432,491	0.97%	\$ 576
2009	31,621,602	0.90%	544
2010	29,464,188	0.79%	503
2011	27,217,526	0.73%	458
2012	25,130,137	0.65%	421
2013	22,964,771	0.57%	383
2014	20,597,007	0.51%	343
2015	18,400,955	0.43%	306
2016	17,194,064	0.40%	286
2017	15,819,643	0.35%	262

City of Springfield, Oregon

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2017

Governmental Unit	Debt Outstanding	Percentage applicable to the City	City's share of overlapping debt
City of Springfield - general obligation bonds	\$ 16,539,327	100.00%	\$ 16,539,327
City of Springfield - notes payable	1,873,246	100.00%	1,873,246
City of Springfield - contracts payable	210,000	100.00%	210,000
City of Springfield - capital leases	789,049	100.00%	789,049
Total Direct debt	\$ 19,411,622		19,411,622
Overlapping Debt			
Lane Community College	116,955,000	14.95%	17,487,813
Lane County	79,926,706	15.17%	12,124,961
School District 19	169,943,811	74.44%	126,507,873
School District 4J	322,936,594	5.67%	18,304,369
Lane Education Service District	6,485,000	15.21%	986,356
Willamalane Park & Recreation District	18,476,560	93.98%	17,364,511
Total overlapping debt			192,775,883
Total direct and overlapping debt			\$ 212,187,505

Notes:

- a. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. The State of Oregon, Debt Management Division, provides overlapping debt data based on real market valuation of properties for each jurisdiction.
- b. Total direct debt and overlapping debt is total direct debt plus gross overlapping debt.

City of Springfield, Oregon

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	<u>June 30, 2017</u>
Real market value	<u>\$ 7,145,332,593</u>
Debt limit 3% of real market value	\$ 214,359,978
Amount of debt applicable to debt limit:	<u>14,465,000</u>
Total debt margin	<u>\$ 199,894,978</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 199,676,613	\$ 216,166,778	\$ 219,284,929	\$ 202,512,840	\$ 201,487,592	\$ 191,980,520	\$ 193,510,469	\$ 203,478,954	\$ 208,196,799	\$ 214,359,978
Total net debt applicable to limit	<u>33,421,463</u>	<u>31,352,605</u>	<u>29,210,296</u>	<u>27,242,807</u>	<u>25,845,000</u>	<u>23,665,000</u>	<u>21,410,000</u>	<u>19,070,000</u>	<u>15,975,000</u>	<u>14,465,000</u>
Legal debt margin	<u>\$ 166,255,150</u>	<u>\$ 184,814,173</u>	<u>\$ 190,074,633</u>	<u>\$ 175,270,033</u>	<u>\$ 175,642,592</u>	<u>\$ 168,315,520</u>	<u>\$ 172,100,469</u>	<u>\$ 184,408,954</u>	<u>\$ 192,221,799</u>	<u>\$ 199,894,978</u>
Total net debt applicable to the limit as a percentage of debt limit	16.74%	14.50%	13.32%	13.45%	12.83%	12.33%	11.06%	9.37%	7.67%	6.75%

City of Springfield
Pledged-Revenue Coverage
Last Ten Fiscal Years

Local Sewer Revenue Bonds						
Fiscal Year	System Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 10,426,775	\$ 6,567,949	\$ 3,858,826	\$ 175,000	\$ 53,513	16.89
2009	10,548,809	6,866,205	3,682,604	190,000	48,263	15.46
2010	11,893,479	6,947,301	4,946,178	860,000	1,094,244	2.53
2011	13,149,688	7,299,130	5,850,558	1,025,000	1,088,793	2.77
2012	13,275,335	7,010,679	6,264,656	1,420,000	1,231,306	2.36
2013	13,602,039	7,715,412	5,886,627	1,465,000	1,188,956	2.22
2014	14,102,581	7,954,941	6,147,640	1,515,000	1,144,050	2.31
2015	14,819,959	7,270,726	7,549,233	1,560,000	1,097,325	2.84
2016	15,814,960	9,925,186	5,889,774	1,380,000	1,039,531	2.43
2017	17,544,930	8,584,216	8,960,714	1,425,000	988,281	3.71

System revenues include user fees, system development charges and miscellaneous revenue.
Operating expenses do not include depreciation or interest expense.

SPRINGFIELD



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Demographic and Economic Information



City of Springfield, Oregon
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2008	58,005	\$ 11,848,249	\$ 34,029	10,608	5.7%
2009	58,085	11,572,848	32,985	10,526	12.7%
2010	58,575	11,669,824	33,160	10,221	11.0%
2011	59,425	12,235,553	34,614	10,204	9.9%
2012	59,695	12,784,129	36,062	10,600	8.9%
2013	59,990	13,047,961	36,630	11,033	8.0%
2014	60,065	13,392,647	37,374	10,969	6.9%
2015	60,135	14,597,955	40,259	11,069	5.9%
2016	60,140	15,160,278	41,027	10,881	5.3%
2017	60,421	*	*	10,600	4.6%

Sources: Population information provided by the Population Research Center, Portland State University.

Personal income and Per Capita income provided by Bureau of Economic Analysis and represents the entire Eugene-Springfield Metropolitan area

School enrollment data provided by Springfield School District No. 19.

Unemployment data provided by Bureau of Labor Statistics, United States Department of Labor and represents the entire Eugene-Springfield Metropolitan area

Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the end of the school year.

* Not yet available

City of Springfield, Oregon

Principal Employers

Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Peace Health Oregon Region	5,500	1	20.44%	-	-	-
Springfield School District #19	1,242	2	4.62%	1,407	1	5.23%
McKenzie Willamette Hospital	880	3	3.27%	743	3	2.76%
Symantic	800	4	2.97%	1,253	2	4.66%
Royal Caribbean Cruise Lines	700	5	2.60%	322	9	1.20%
City of Springfield	410	6	1.52%	460	4	1.71%
Willamalane Park and Recreation District	381	7	1.42%	345	7	1.28%
Lane Transit District	363	8	1.35%	341	8	1.27%
Pacific Source	300	9	1.11%	-	-	-
International Paper Company	277	10	1.03%	-	-	-
Wal-Mart	-	-	-	422	6	1.57%
Peace Health Medical Laboratories	-	-	-	-	-	-
U.S. Postal Service	-	-	-	301	10	1.12%
Sony	-	-	-	-	-	-
Weyerhaeuser	-	-	-	-	-	-
Rosboro Lumber Company	-	-	-	431	5	1.60%
Total	10,853		40.33%	6,025		22.39%

Source: City Economic Development Division

Operating Information



City of Springfield, Oregon

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
City management	7.50	8.00	8.00	8.00	7.00	7.00	7.00	7.50	7.50	7.50
Finance	11.30	11.30	10.30	10.30	9.80	9.50	9.50	9.50	11.70	11.70
Human resources	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	8.00
Information technology	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	15.00	15.00
Legal/Judicial services	7.55	8.55	8.55	8.55	8.85	8.84	8.84	8.84	8.84	8.84
Development services	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Police										
Officers	70.00	70.00	66.00	69.00	69.16	68.16	68.16	70.00	70.00	69.00
Civilians	40.00	41.00	57.00	57.00	55.00	54.83	54.83	53.00	53.00	55.00
Fire and life safety										
Firefighters and officers	89.00	90.25	91.00	88.00	88.00	87.00	86.00	86.00	86.00	86.00
Civilians	21.25	21.00	17.00	18.00	15.00	14.00	14.00	13.00	13.00	11.50
Development and public works										
Engineers	16.00	19.00	20.00	15.00	15.00	15.00	13.00	12.00	13.00	12.00
Other	143.85	149.75	135.75	134.25	125.75	115.56	116.75	118.00	110.00	111.00
Library	13.60	13.60	13.20	13.40	12.40	12.60	12.60	13.10	13.50	13.50
Total	<u>437.05</u>	<u>449.45</u>	<u>442.80</u>	<u>437.50</u>	<u>421.96</u>	<u>408.49</u>	<u>406.68</u>	<u>406.94</u>	<u>407.54</u>	<u>409.04</u>

Source: City Budget Office

* Based on published Budgeted FTE as of July 1, preceding year

City of Springfield, Oregon

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Criminal arrests (charges)	8,523	7,054	7,107	7,527	7,148	8,577	9,221	7,672	8,506	9,348
Parking violations	457	395	354	**	237	185	360	209	244	607
Traffic violations	10,091	9,964	9,423	10,299	10,122	10,648	7,517	7,775	8,219	8,087
Fire and life safety										
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Emergency responses	18,190	18,413	17,382	19,096	19,398	20,836	23,206	25,504	25,927	26,357
Fires extinguished	216	238	165	180	206	248	275	287	194	300
Inspections	3,374	3,329	2,103	1,670	2,214	1,047	1,641	2,123	4,474	1,642
Library										
Number of public computer log-ins	109,019	100,867	60,335	59,994	46,797	64,065	70,756	56,666	53,733	25,683
Total volumes loaned	297,982	326,235	344,809	344,586	354,120	354,538	354,503	365,497	364,823	355,848
Development and public works										
Crack sealing	18	41	12	9	3	40	28	11	12	0.14
Potholes repaired	1,142	722	1,569	1,062	1,364	1,124	1,047	775	**	**
Storm lines high velocity cleaning	215,683	32,584	7,810	9,452	3,835	1,909	1,811	2,200	1,500	2,000
Sanitary lines high velocity cleaning	657,295	932,839	965,853	653,641	652,069	587,954	363,748	426,466	601,920	786,000
Number of building permits *	618	512	491	400	428	382	433	466	224	427
Building valuation (in thousands)	\$ 143,064	\$ 65,192	\$ 48,150	\$ 38,067	\$ 40,698	\$ 44,388	\$ 44,621	\$ 51,818	\$ 77,150	\$ 91,011

Sources: Various city departments

* New constructions permits

** Data not available

City of Springfield, Oregon

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	20	20	24
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (lane miles)	398	401	412	420	423	423	423	444	442	443
Street lights	4,033	4,117	4,160	4,208	4,350	4,530	4,300	4,362	4,338	4,227
Traffic signals	68	68	69	68	73	83	68	83	93	78
Water										
Fire hydrants	1,553	1,552	1,552	1,552	1,559	1,581	1,585	1,600	1,518	1,487

Sources: Various city departments

SPRINGFIELD



OREGON

Compliance Section

SPRINGFIELD



OREGON

Audit Comments





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 REPORT REQUIRED BY OREGON STATE REGULATIONS

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, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Springfield, Oregon as of and for the year ended June 30, 2017, and have issued our report thereon dated December 27, 2017.

Compliance and Order Matters

As part of obtaining reasonable assurance about whether the City'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 except for the over expenditure of budgeted appropriations as detailed in Note C of the notes to the financial statements.


Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction on Use

This report is intended solely for the information and use of the Honorable Mayor, 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: 

Ryan T. Pasquarella, A Shareholder
December 27, 2017