

Prepared by the City of Springfield, Oregon
Fiscal Year 2022



Annual
Financial Statement

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY

GLENWOOD & DOWNTOWN

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

For the Fiscal Year Ended June 30, 2022

Prepared by:
City of Springfield
Finance Department
Accounting Division

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Springfield Economic Development Agency

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2022

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Introductory Section

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SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY

Principal Officials
Year Ended June 30, 2022
City of Springfield
225 Fifth Street
Springfield, Oregon 97477

GOVERNING BOARD

Term Expiration

| | | | |
|------------------------------|------------------------------------|--|---------------|
| Damien Pitts | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2022 |
| Leonard Stoehr Vice-Chair | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2024 |
| Steve Moe | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2022 |
| Joe Pishioneri | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2024 |
| Marilee Woodrow Chair | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2022 |
| Sean VanGordon Secretary | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2022 |
| Kori Rodley | Springfield Council Representative | 225 Fifth Street Springfield, OR 97477 | December 2024 |
| Joe Berney | Lane County Representative | Lane County 125 E. 8 th Avenue Eugene, OR 97401 | December 2022 |

ADMINISTRATION

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Administration Aide/City Recorder
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541-726-3700

Niel Laudati
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Financial Section

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Independent Auditor's Report

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GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Governing Board
Springfield Economic Development Agency
Springfield, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Springfield Economic Development Agency of the City of Springfield, Oregon ("SEDA") (a component unit of the City of Springfield, Oregon), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SEDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Springfield Economic Development Agency of the City of Springfield, Oregon, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SEDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in the notes to the financial statements, SEDA has implemented Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*, in the current period, which resulted in changes to the presentation of lease related activity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

SEDA's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SEDA's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SEDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SEDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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


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

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2022, on our consideration of SEDA's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Ryan T. Pasquarella, A Shareholder
December 19, 2022

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Management's Discussion and Analysis

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Our discussion and analysis of the financial performance of SEDA provides an overview of the Agency’s financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with SEDA financial statements, which begin on page 31.

Mission

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

Financial Highlights

- SEDA’s total assets at June 30, 2022 increased over the previous year by \$1.8 million from \$11.5 million to \$13.3 million. This increase in total assets was due to continued strong growth in property tax revenue combined with moderate decrease in expenses.
- SEDA’s total liabilities increased by \$114 thousand from the fiscal year ended June 30, 2021 to June 30, 2022 largely due to the decrease in notes payable offset by a larger increase in advance from larger government.
- The assets of SEDA exceeded its liabilities by \$8.1 million at the close of fiscal year 2022, with a \$7.2 million investment in capital assets, net of related debt and \$963 thousand in unrestricted net position.

Overview of Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information including budgetary

comparison statements for the SEDA Glenwood General Fund, the SEDA Downtown General Fund, and the SEDA Glenwood Capital Projects Fund.

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

Financial Analysis

SEDA's assets exceeded its liabilities by \$8.1 million at the close of fiscal year 2022. The largest portion of the Agency's net position, \$7.2 million, reflects an investment in capital assets, less any debt used to acquire those assets that is still outstanding. Consequently, these assets are not available for future spending. The remaining balance of net position, (\$963 thousand), is unrestricted.

Springfield Economic Development Agency STATEMENTS OF NET POSITION

| | June 30, | |
|----------------------------------|--------------|--------------|
| | 2022 | 2021 |
| ASSETS | | |
| Total current assets | \$ 2,899,150 | \$ 2,104,345 |
| Total noncurrent assets | 10,371,369 | 9,405,749 |
| Total assets | 13,270,519 | 11,510,094 |
| LIABILITIES | | |
| Total current liabilities | 1,457,413 | 715,144 |
| Total noncurrent liabilities | 3,666,663 | 4,294,890 |
| Total liabilities | 5,124,076 | 5,010,034 |
| NET POSITION | | |
| Net investment in capital assets | 7,183,889 | 6,473,228 |
| Unrestricted | 962,554 | 26,832 |
| Total net position | \$ 8,146,443 | \$ 6,500,060 |

STATEMENTS OF ACTIVITIES

| | Years Ended June 30, | |
|---------------------------|----------------------|---------------------|
| | 2022 | 2021 |
| Program Revenues | | |
| Charges for services | \$ 160,156 | \$ 76,011 |
| General Revenues | | |
| Taxes | 2,093,022 | 1,922,246 |
| Intergovernmental revenue | 7,675 | 6,265 |
| Investment earnings | 737 | 16,988 |
| Miscellaneous revenue | 3,565 | 168 |
| Total revenues | <u>2,265,155</u> | <u>2,021,678</u> |
| Expenses | | |
| Urban renewal development | 489,056 | 529,006 |
| Interest on debt | 82,566 | 108,088 |
| Depreciation | 47,150 | 20,695 |
| Total expenses | <u>618,772</u> | <u>657,789</u> |
| Changes in net position | 1,646,383 | 1,363,889 |
| Beginning net position | <u>6,500,060</u> | <u>5,136,171</u> |
| Ending net position | <u>\$ 8,146,443</u> | <u>\$ 6,500,060</u> |

SEDA's total revenues increased by approximately \$243 thousand (12%) over the prior year and can be primarily attributed to an increase in property tax revenue of \$171 thousand, split between both districts. The growth in tax revenue is tied to growth in property values.

SEDA's total expenses decreased by approximately \$39 thousand (5.9%) over the prior year. This is largely attributable to a decrease in administrative costs, primarily contractual services.

Capital Asset and Debt Administration

Capital Assets. SEDA's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$10,371,369, an increase of \$965,620 over June 30, 2021. The increase substantially represents the purchases of land in Glenwood on Brooklyn Street and on Franklin Boulevard as part of a land acquisition for further development as outlined in the Glenwood Development Plan. The total land purchases were \$954,160. Additional information on the Agency's capital assets can be found in Note F in the Basic Financial Statements section of this report.

Debt Administration. On October 12, 2016, SEDA entered into a direct placement note for \$2,000,000 from Bank of the Cascades (now known as First Interstate Bank) with tax increment revenue pledged as collateral. The note payable (Series 2016) bears a fixed interest rate of 3.08% through September 2021. The interest rate on this note was reset in October 2021 to 2.34% based on the 3-year Des-Moines Fixed-Rate Advances symmetrical index, plus 1.40 basis points. This note matures on November 1, 2024. The proceeds of the note were used for property acquisition for future development. During the year, the Agency paid the scheduled principal payment of \$260,706 and has an outstanding balance of \$634,222.

Additionally, on May 23, 2018, SEDA entered into a direct placement note for \$2,729,248 from First Interstate Bank with tax increment revenue pledged as collateral. The note payable (Series 2018) bears a fixed interest rate of 4.15% through maturity on June 15, 2025. The proceeds of the note were used for property acquisition for future development. During the year, the Agency paid the scheduled principal payment of \$384,335 and has an outstanding balance of \$1,253,258.

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

Budgetary Highlights

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

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

For FY22, the difference between the original budget and the final amended budget for the Glenwood District was a net increase of \$893,667. Details of this change are as follows:

- Decrease of \$25,000 in program expenses
- Decrease of \$18,000 in property taxes
- Increase of \$1,019,000 in capital project costs
- Decrease of \$50,500 in advertising
- Decrease of \$7,000 in property management expense
- Decrease of \$24,833 in contractual services.
- Decrease of \$500,197 in reserves
- Increase of \$15,000 in property tax revenue
- Increase of \$378,470 in beginning cash

For FY22, the difference between the original budget and the final amended budget for the Downtown District was a decrease of \$685,858. Details of this change are as follows:

- Decrease of \$100,000 in program expenses
- Increase of \$121,083 in capital projects costs
- Decrease of \$685,858 in beginning cash
- Decrease of \$450,000 in interfund loan
- Decrease of \$256,941 in reserves

For actual expenditures, the Glenwood District underspent the operating budget by \$63 thousand, debt service by \$2.5 thousand and the capital budget by \$4 thousand. The Downtown District underspent the operating budget by \$726 thousand and the debt service budget by \$1 thousand.

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 FY23 budget:

- Assessed (taxable) value in the Glenwood district had increased by 12% in FY22 due in part to the development of the new Weyerhaeuser Regional Headquarters along with other commercial development in the district.
- Interest rates remained low during FY22 but began to increase in late FY22 and early FY23. Interest income represents only about 1% of budgeted SEDA revenues.

Future Plans

In the Glenwood District, SEDA has completed acquisition of 11.45 acres of land for development in the Glenwood Riverfront. This collection of land dedicated to the Riverfront Development includes approximately 0.80 acres acquired in FY22 planned for park development. SEDA completed a RFQ for the Glenwood River Front development project and entered into an Exclusive Negotiating Agreement with developers Edlen & Company and deChase Miksis.

The Downtown Urban Renewal budget continues to support the operation of the Downtown Parking Program. Investments are anticipated for expansion of parking options, including restriping of existing surfaces to maximize space and implementation of new extended parking resources. As the new construction of high-density multi-family housing begins to occur, the management of the downtown parking system and future investments to support increased demand will be an important consideration.

City staff acquired funding in FY22 from the state for fiber connectivity. With funding acquired, City and Springfield Utility Board (SUB), staff will work together on utilizing the funds to bring broadband infrastructure to the downtown area.

The Downtown district has a formal agreement between SEDA and the owner-developer to lend urban renewal funds for construction of the first, taxable, multi-family development in downtown. The majority of these funds have been loaned in FY22. SEDA and City staff continued to meet with the developers to move the project forward by tightening the design and pricing.

Requests for Information

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

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Basic Financial Statements

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SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY

Statement of Net Position

June 30, 2022

ASSETS

Current assets:

| | |
|----------------------|--------------|
| Cash and investments | |
| Unrestricted | \$ 1,090,276 |
| Taxes receivable | 73,762 |
| Accounts receivable | 4,320 |
| Leases receivable | 4,038 |
| Accrued interest | 2,442 |
| Notes receivable | 1,723,512 |
| Deposits | 800 |

| | |
|----------------------|------------------|
| Total current assets | <u>2,899,150</u> |
|----------------------|------------------|

Noncurrent assets:

| | |
|--|-----------|
| Land | 7,794,050 |
| Work in progress | 955,384 |
| Building and improvements, net of accumulated depreciation | 1,612,495 |
| Equipment, net of accumulated depreciation | 9,440 |

| | |
|-------------------------|-------------------|
| Total noncurrent assets | <u>10,371,369</u> |
|-------------------------|-------------------|

| | |
|--------------|-------------------|
| Total assets | <u>13,270,519</u> |
|--------------|-------------------|

LIABILITIES

Current liabilities:

| | |
|--------------------------------|-----------|
| Accounts and contracts payable | 82,216 |
| Deposits | 73,152 |
| Unearned revenue | 2,045 |
| Due to primary government | 1,300,000 |

Noncurrent liabilities:

| | |
|----------------------------------|-----------|
| Due within one year: | |
| Notes payable | 668,173 |
| Due in more than one year: | |
| Advance from City of Springfield | 1,779,183 |
| Notes payable | 1,219,307 |

| | |
|-------------------|------------------|
| Total liabilities | <u>5,124,076</u> |
|-------------------|------------------|

NET POSITION

| | |
|----------------------------------|-----------|
| Net investment in capital assets | 7,183,889 |
| Unrestricted | 962,554 |

| | |
|--------------------|---------------------|
| Total net position | <u>\$ 8,146,443</u> |
|--------------------|---------------------|

The accompanying notes are an integral part of these statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
Statement of Activities
For the Fiscal Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenue | | Net (Expense) Revenue and Changes in Net Position |
|---------------------------------|-------------------|-------------------------|-------------------------------------|--|
| | | Charges for Services | Capital Grants and Contributions | |
| Governmental activities: | | | | |
| Urban renewal development | \$ 489,056 | \$ 160,156 | \$ - | \$ (328,900) |
| Interest on debt | 82,566 | - | - | (82,566) |
| Depreciation | 47,150 | - | - | (47,150) |
| Total governmental activities | <u>\$ 618,772</u> | <u>\$ 160,156</u> | <u>\$ -</u> | <u>(458,616)</u> |
| General revenues: | | | | |
| Property taxes | | | | 2,093,022 |
| Intergovernmental | | | | 7,675 |
| Investment earnings | | | | 737 |
| Miscellaneous | | | | 3,565 |
| Total general revenues | | | | <u>2,104,999</u> |
| Change in net position | | | | 1,646,383 |
| Net position, beginning of year | | | | <u>6,500,060</u> |
| Net position, end of year | | | | <u>\$ 8,146,443</u> |

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

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
Balance Sheet - Governmental Funds
June 30, 2022

| | Special Revenue | | Capital Projects | Total |
|--|-------------------|---------------------|------------------|---------------------|
| | Glenwood | Downtown | | |
| ASSETS | | | | |
| Cash and investments | \$ 250,432 | \$ 780,723 | \$ 59,121 | \$ 1,090,276 |
| Receivables: | | | | |
| Accounts | 3,020 | 1,300 | - | 4,320 |
| Taxes | 42,537 | 31,225 | - | 73,762 |
| Leases | - | 4,038 | - | 4,038 |
| Accrued interest | 1,864 | 578 | - | 2,442 |
| Notes | - | 1,723,512 | - | 1,723,512 |
| Deposits | 800 | - | - | 800 |
| Total assets | <u>\$ 298,653</u> | <u>\$ 2,541,376</u> | <u>\$ 59,121</u> | <u>\$ 2,899,150</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 700 | \$ 81,002 | \$ 514 | \$ 82,216 |
| Deposits | 70,952 | 2,200 | - | 73,152 |
| Unearned revenue | - | 2,045 | - | 2,045 |
| Due to primary government | - | 1,300,000 | - | 1,300,000 |
| Total liabilities | <u>71,652</u> | <u>1,385,247</u> | <u>514</u> | <u>1,457,413</u> |
| Deferred inflows of resources: | | | | |
| Deferred lease revenue | - | 4,023 | - | 4,023 |
| Unavailable revenue | 41,734 | 29,523 | - | 71,257 |
| Total deferred inflows of resources | <u>41,734</u> | <u>33,546</u> | <u>-</u> | <u>75,280</u> |
| Fund balances: | | | | |
| Unassigned | 185,267 | 1,122,583 | - | 1,307,850 |
| Committed | - | - | 58,607 | 58,607 |
| Total Fund Balances | <u>185,267</u> | <u>1,122,583</u> | <u>58,607</u> | <u>1,366,457</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 298,653</u> | <u>\$ 2,537,353</u> | <u>\$ 59,121</u> | |

Reconciliation to the statement of net position:

Capital assets are not financial resources in governmental funds, but are reported in the statement of net position at their net depreciable value. 10,371,369

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. (3,666,663)

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. 75,280

Net position of governmental activities \$ 8,146,443

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

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2022

| | Special Revenue | | Capital Projects | Total |
|-----------------------------|-----------------|--------------|---------------------|--------------|
| | Glenwood | Downtown | | |
| Revenues: | | | | |
| Taxes | \$ 1,204,813 | \$ 873,438 | \$ - | \$ 2,078,251 |
| Licenses, permits and fees | - | 31,898 | - | 31,898 |
| Intergovernmental | 6,443 | 1,232 | - | 7,675 |
| Charges for services | 54,435 | 60,509 | - | 114,944 |
| Fines and forfeitures | - | 13,314 | - | 13,314 |
| Investment earnings | (2,970) | 3,707 | - | 737 |
| Miscellaneous | - | 3,565 | - | 3,565 |
| Total revenues | 1,262,721 | 987,663 | - | 2,250,384 |
| Expenditures: | | | | |
| Current operating: | | | | |
| City manager's office | 134,080 | 312,389 | - | 446,469 |
| Finance | 11,566 | 10,516 | - | 22,082 |
| Capital projects | 1,014,860 | - | 1,601 | 1,016,461 |
| Debt service: | | | | |
| Principal | 645,041 | - | - | 645,041 |
| Interest | 80,397 | 2,169 | - | 82,566 |
| Total expenditures | 1,885,944 | 325,074 | 1,601 | 2,212,619 |
| Net change in fund balances | (623,223) | 662,589 | (1,601) | 37,765 |
| Fund balance, beginning | 808,490 | 459,994 | 60,208 | 1,328,692 |
| Fund balance, ending | \$ 185,267 | \$ 1,122,583 | \$ 58,607 | \$ 1,366,457 |

The accompanying notes are an integral part of these statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds | \$ 37,765 |
| 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. | 965,620 |
| Proceeds (repayments) from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the statement of activities, but are reported as increases and decreases in noncurrent liabilities in the statement of net position. | 628,227 |
| Governmental funds defer revenues that do not provide current financial resources. However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received. | <u>14,771</u> |
| Change in net position | <u><u>\$ 1,646,383</u></u> |

The accompanying notes are an integral part of these statements.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Organization and Operation

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

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

Government-wide and Fund Financial Statements

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

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

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

Fund financial statements are provided for all governmental funds.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

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

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

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

Budgetary Accounting

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

Governmental Funds

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

Fund Balance

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

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Unassigned fund balance is the residual classification and represents fund balance that is neither restricted, committed or assigned. This classification would also be used to report any negative fund balance.

Definitions of Governmental Fund Types

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

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

Accounts Receivable

Receivables on the Statement of Net Position include property taxes, accounts and investment interest. All receivables are deemed to be collectable.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by SEDA, reduced by principal payments received.

Capital Assets

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

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

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

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

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Due to City of Springfield

A liability for funds received from the City is considered an advance and recorded as an advance payable. SEDA then repays this payable with tax proceeds. At June 30, 2022, the amount due to the City was \$1,779,183.

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 assets 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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

Indirect Expenses

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

New Accounting Pronouncements

During the fiscal year ended June 30, 2022, SEDA implemented the following GASB pronouncements:

- GASB Statement No. 87 – *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The adoption and implementation of Statement No. 89 did not have a significant impact to SEDA.
- GASB Statement No. 92 – *Omnibus 2020*. The objective of this statement are to enhance comparability in the accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during application

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

and implementation of certain GASB Statements. The adoption and implementation of Statement No. 89 did not have a significant impact to SEDA.

- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The adoption and implementation of Statement No. 93 did not have a significant impact to SEDA.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal revenue Code Section 457 Deferred Compensation Plans*. The primary objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. The adoption and implementation of Statement No. 97 did not have a significant impact to SEDA.
- GASB Statements *No. 91, 94, 96, 100 and 101* – These are other pronouncements that have been issued by the GASB but not yet required to be implemented.

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

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

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

One element of that reconciliation explains that “capital assets are not financial resources in governmental funds, but are reported in the statement of net position at their net depreciable value.” The details of this \$10,371,369 difference are as follows:

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

| | |
|---|----------------------|
| Land | \$ 7,794,050 |
| Work in progress | 955,384 |
| Buildings and improvements (net of accumulated depreciation) | 1,612,495 |
| Equipment (net of accumulated depreciation) | <u>9,440</u> |
| Net adjustment | <u>\$ 10,371,369</u> |

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Another element of that reconciliation explains that “all liabilities are reported in the statement of net position; however, if they are not due and payable in the current period, they are not recorded in the governmental funds.” The details of this \$3,666,663 difference are as follows:

| | |
|-----------------|-----------------------|
| Advance payable | \$ (1,779,183) |
| Notes payable | <u>(1,887,480)</u> |
| Net adjustment | <u>\$ (3,666,663)</u> |

Another element of that reconciliation explains that “the statement of net position reports receivables at their net realizable value; however, receivables not available to pay for current-period expenditures are unavailable in governmental funds.” The details of this \$75,280 difference are as follows:

| | |
|---------------------------|------------------|
| Property taxes receivable | \$ 71,257 |
| Deferred revenue leases | <u>4,023</u> |
| Total deferred revenue | <u>\$ 75,280</u> |

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 \$965,620 difference are as follows:

| | |
|----------------|-------------------|
| Capital outlay | \$ 1,012,770 |
| Depreciation | <u>(47,150)</u> |
| Net adjustment | <u>\$ 965,620</u> |

Another element of that reconciliation explains that the issuance of long-term debt (e.g., bonds, leases, and advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$628,227 difference are as follows:

| | |
|-------------------------------------|-------------------|
| Proceeds of advance from City | \$ (16,814) |
| Principal repayment of note payable | <u>645,041</u> |
| Net adjustment | <u>\$ 628,227</u> |

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Another element of the reconciliation states that “governmental funds defer revenues that do not provide current financial resources; however, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.” The details of this \$14,771 recognized revenue are as follows:

| | |
|-------------------------|------------------|
| Increase in receivables | \$ <u>14,771</u> |
|-------------------------|------------------|

NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Unexpected additional resources or appropriations may be added to the budget through the use of a supplemental budget. A supplemental budget always requires approval by the Board and may, under certain conditions, require a public hearing with appropriate prior notification through publication in a local newspaper. All budget amendments, including supplemental budgets, are subject to the limitations put forth in Oregon Budget Law.

NOTE D – CASH AND INVESTMENTS

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

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

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE E –LEASE RECEIVABLES

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On September 03, 2021, Springfield Economic Development Agency entered into an 11 month lease as Lessor for the use of Second Story Office - 228 Main Street. An initial lease receivable was recorded in the amount of \$24,003. As of June 30, 2022, the value of the lease receivable is \$4,038. The lessee is required to make monthly fixed payments of \$2,020. The lease has an interest rate of 0.3160%. The Buildings estimated useful life was 470 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$4,023, and Springfield Economic Development Agency recognized lease revenue of \$19,980 during the fiscal year. The lessee has 2 extension option(s), each for 12 months.

| <u>Governmental Activities</u> | Balance as of July 1, 2021 | Additions | Reductions | Balance as of June 30, 2022 |
|---------------------------------------|-------------------------------|------------------|------------------|--------------------------------|
| Lease Receivable | | | | |
| Buildings | | | | |
| Second Story Office - 228 Main Street | \$ - | \$ 24,003 | \$ 19,965 | \$ 4,038 |
| Total Lease Receivable | <u>\$ -</u> | <u>\$ 24,003</u> | <u>\$ 19,965</u> | <u>\$ 4,038</u> |

| <u>Governmental Activities</u> | Balance as of July 1, 2021 | Additions | Reductions | Balance as of June 30, 2022 |
|---------------------------------------|-------------------------------|------------------|------------------|--------------------------------|
| Deferred Inflow of Resources | | | | |
| Buildings | | | | |
| Second Story Office - 228 Main Street | \$ - | \$ 24,003 | \$ 19,980 | \$ 4,023 |
| Total Deferred Inflow of Resources | <u>\$ -</u> | <u>\$ 24,003</u> | <u>\$ 19,980</u> | <u>\$ 4,023</u> |

Principal and Interest Expected to Maturity

| Fiscal Year | Governmental Activities | | |
|-------------|-------------------------|-------------------|-----------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2023 | <u>\$ 4,038</u> | <u>\$ 2</u> | <u>\$ 4,040</u> |

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE F – CAPITAL ASSETS

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------------|--------------------------|---------------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 6,815,464 | \$ 958,161 | \$ 20,425 | \$ 7,794,050 |
| Work in progress | 904,216 | 60,700 | (9,532) | 955,384 |
| Total capital assets, not being depreciated | <u>7,719,680</u> | <u>1,018,861</u> | <u>10,893</u> | <u>8,749,434</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,796,232 | - | (20,425) | 1,775,807 |
| Equipment | 10,000 | 5,532 | - | 15,532 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (116,163) | (45,058) | (2,091) | (163,312) |
| Equipment | (4,000) | (2,092) | - | (6,092) |
| Total capital assets, being depreciated, net | <u>1,686,069</u> | <u>(41,618)</u> | <u>(22,516)</u> | <u>1,621,935</u> |
| Total capital assets, net | <u><u>\$ 9,405,749</u></u> | <u><u>\$ 977,243</u></u> | <u><u>\$ (11,623)</u></u> | <u><u>\$ 10,371,369</u></u> |

NOTE G – INTERGOVERNMENTAL PAYABLE

Revolving Loan

An intergovernmental agreement to advance and repay funds (SEDA Revolving Loan) needed for SEDA urban renewal projects was entered into with the City on November 29, 2005 (amended on July 21, 2008). The City and SEDA agreed to permit SEDA to borrow up to \$1.5 million from the City for costs of projects or project-related administrative expenses as authorized by law. Written requests must be received more than thirty days in advance to expected expenditures. Interest on advanced funds shall bear the same interest at the rate paid by the Local Government Investment Pool. Interest accrues monthly on outstanding balances. In the event of an advance, SEDA shall transfer all tax increment revenues it receives necessary to repay the advance and accrued interest to the City within fifteen days after those tax increment revenues are received. Tax increment revenues paid by SEDA to the City shall be applied first, to pay accrued interest, and second, to reduce the outstanding balance. As of June 30th, the balance on the SEDA Revolving Loan due to the City was \$1,300,000.

SDC Deferral Program

In an effort to encourage development within the two urban renewal districts, SEDA implemented a program to pay the system development fees (SEDA SDC Deferral Program) on any new commercial or industrial development within the boundaries of the two districts. Additionally, the City has agreed to defer payment from SEDA up to the date the Agency sunsets. As of June 30th, the outstanding balance due to the City for the SEDA SDC Deferral Program is \$1,779,183.

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE H –LONG TERM DEBT

On October 12, 2016, SEDA borrowed \$2,000,000 from Bank of the Cascades (now known as First Interstate Bank) with tax increment revenue pledged as collateral. The note payable (Series 2016) bears a fixed interest rate of 3.08% through October 2021, at which time the interest rate was reset based on the 3-year FHLB Des Moines Fixed-Rate Advances symmetrical index, plus 1.40 basis points to the new rate of 2.34%. The note requires monthly payments and will mature on November 1, 2024. The proceeds of the note have been used for property acquisition for future development.

On May 23, 2018, SEDA borrowed \$2,729,248 from First Interstate Bank with tax increment revenue pledged as collateral. The note payable (Series 2018) bears a fixed interest rate of 4.15% through maturity. The note requires monthly payments and will mature on June 15, 2025. The proceeds of the note have been used for property acquisition for future development.

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

| <u>Governmental activities</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|------------------------------------|------------------------------|------------------|-------------------|---------------------------|
| Notes payable: | | | | |
| First Interstate Bank, Series 2016 | \$ 894,928 | \$ - | \$ 260,706 | \$ 634,222 |
| First Interstate Bank, Series 2018 | 1,637,593 | - | 384,335 | 1,253,258 |
| Totals | <u>\$ 2,532,521</u> | <u>\$ -</u> | <u>\$ 645,041</u> | <u>\$ 1,887,480</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u> |
|--------------------|---------------------|
| 2022-23 | \$ 668,173 |
| 2023-24 | 691,380 |
| 2024-25 | 527,927 |
| Thereafter | - |
| | <u>\$ 1,887,480</u> |

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
A Component Unit of the City of Springfield, Oregon
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE I –SIGNIFICANT COMMITMENTS

At June 30, 2022, the SEDA was obligated under a contract with the Farkas Group for Market Assessment Services, which runs through June 30, 2023. As of June 30, 2022, there is \$37,781 remaining to be paid on that contract. The Downtown Urban Renewal District committed to a grant of \$76,000 to David Loveall, of Masaka Development, for use in feasibility and assessment work related to a downtown project concept on SEDA owned property. That grant was approved by the Board during the fiscal year ended June 30, 2021. No funds had been drawn by June 30, 2022.

NOTE J – SUBSEQUENT EVENTS

On September 9, 2022, the property at 226, 228 & 230 Main Street was sold to the tenant. Accordingly, the lease receivable will no longer exist.

Required Supplementary Information

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SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
(a component unit of the City of Springfield)
SEDA GLENWOOD GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2022

| | Original Budget | Revised Budget | Actual | Variance | Adjustments to Budget Basis Actual | GAAP Basis Actual |
|---------------------------------|--------------------|-------------------|-------------------|-------------------|---|-------------------------|
| Revenues: | | | | | | |
| Taxes | \$ 1,130,000 | \$ 1,145,000 | \$ 1,204,813 | \$ 59,813 | \$ - | \$ 1,204,813 |
| Intergovernmental | - | - | 6,443 | 6,443 | - | 6,443 |
| Charges for services | 74,000 | 74,000 | 54,435 | (19,565) | - | 54,435 |
| Investment earnings | 8,000 | 8,000 | (3,279) | (11,279) | 309 | (2,970) |
| Total revenues | <u>1,212,000</u> | <u>1,227,000</u> | <u>1,262,412</u> | <u>35,412</u> | <u>309</u> | <u>1,262,721</u> |
| Expenditures: | | | | | | |
| Current operating: | | | | | | |
| City manager's office | 331,731 | 206,398 | 143,966 | 62,432 | (9,886) | 134,080 |
| Finance | 12,000 | 12,000 | 11,566 | 434 | - | 11,566 |
| Capital projects | - | 1,019,000 | 1,014,860 | 4,140 | - | 1,014,860 |
| Debt service: | | | | | | - |
| Principal | 643,250 | 643,250 | 645,041 | (1,791) | - | 645,041 |
| Interest | 84,653 | 84,653 | 80,397 | 4,256 | - | 80,397 |
| Total expenditures | <u>1,071,634</u> | <u>1,965,301</u> | <u>1,895,830</u> | <u>69,471</u> | <u>(9,886)</u> | <u>1,885,944</u> |
| Net change in fund balances | 140,366 | (738,301) | (633,418) | 104,883 | 10,195 | (623,223) |
| Fund balance, beginning of year | <u>509,831</u> | <u>888,301</u> | <u>888,301</u> | <u>-</u> | <u>(79,811)</u> | <u>808,490</u> |
| Fund balance, end of year | <u>\$ 650,197</u> | <u>\$ 150,000</u> | <u>\$ 254,883</u> | <u>\$ 104,883</u> | <u>\$ (69,616)</u> | <u>\$ 185,267</u> |

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
(a component unit of the City of Springfield)
SEDA DOWNTOWN GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended June 30, 2022

| | Original Budget | Revised Budget | Actual | Variance | Adjustments to Budget Basis Actual | GAAP Basis Actual |
|---|--------------------|-------------------|------------|------------|---|-------------------------|
| Revenues: | | | | | | |
| Taxes | \$ 870,000 | \$ 870,000 | \$ 873,438 | \$ 3,438 | \$ - | \$ 873,438 |
| Licenses, permits and fees | 50,000 | 50,000 | 31,898 | (18,102) | - | 31,898 |
| Intergovernmental | - | - | 1,232 | 1,232 | - | 1,232 |
| Charges for services | - | - | 60,509 | 60,509 | - | 60,509 |
| Fines and forfeitures | 25,000 | 25,000 | 13,314 | (11,686) | - | 13,314 |
| Investment earnings | 19,500 | 19,500 | 4,812 | (14,688) | (1,105) | 3,707 |
| Miscellaneous | - | - | 3,565 | 3,565 | - | 3,565 |
| Total revenues | 964,500 | 964,500 | 988,768 | 24,268 | (1,105) | 987,663 |
| Expenditures: | | | | | | |
| Current operating: | | | | | | |
| City manager's office | 2,049,342 | 2,070,425 | 1,345,484 | 724,941 | (1,033,095) | 312,389 |
| Finance | 12,000 | 12,000 | 10,516 | 1,484 | - | 10,516 |
| Capital projects | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Interest | 3,500 | 3,500 | 2,169 | 1,331 | - | 2,169 |
| Total expenditures | 2,064,842 | 2,085,925 | 1,358,169 | 727,756 | (1,033,095) | 325,074 |
| Excess of revenues over (under) expenditures | (1,100,342) | (1,121,425) | (369,401) | 752,024 | 1,031,990 | 662,589 |
| Other financing sources (uses): | | | | | | |
| Interfund loan proceeds | 1,500,000 | 1,500,000 | 1,300,000 | (200,000) | (1,300,000) | - |
| Interfund loan repaid | (850,000) | (400,000) | (400,000) | - | 400,000 | - |
| Total other financing sources (uses) | 650,000 | 1,100,000 | 900,000 | (200,000) | (900,000) | - |
| Net change in fund balances | (450,342) | (21,425) | 530,599 | 552,024 | 131,990 | 662,589 |
| Fund balance, beginning of year | 854,401 | 168,543 | 168,543 | - | 291,451 | 459,994 |
| Fund balance, end of year | \$ 404,059 | \$ 147,118 | \$ 699,142 | \$ 552,024 | \$ 423,441 | \$ 1,122,583 |

Supplementary Information

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SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
 (a component unit of the City of Springfield)
 SEDA GLENWOOD CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 (NONGAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
 Year Ended June 30, 2022

| | Original Budget | Revised Budget | Budget Basis Actual | Variance | Adjustments to Budget Basis Actual | GAAP Basis Actual |
|---------------------------------|--------------------|-------------------|---------------------------|--------------------|---|-------------------------|
| Expenditures: | | | | | | |
| Capital projects | \$ - | \$ 60,000 | \$ 1,601 | \$ 58,399 | \$ - | \$ 1,601 |
| Net change in fund balance | - | (60,000) | (1,601) | (58,399) | - | (1,601) |
| Fund balance, beginning of year | 208 | 60,208 | 60,208 | - | - | 60,208 |
| Fund balance, end of year | <u>\$ 208</u> | <u>\$ 208</u> | <u>\$ 58,607</u> | <u>\$ (58,399)</u> | <u>\$ -</u> | <u>\$ 58,607</u> |

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Compliance Section

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GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Governing Board
Springfield Economic Development Agency
Springfield, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Springfield Economic Development Agency of the City of Springfield, Oregon ("SEDA") (a component unit of the City of Springfield, Oregon) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 19, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SEDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **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 SEDA was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.


Internal Control Over Financial Reporting

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

Restriction on Use

This report is intended solely for the information and use of the governing board and management of SEDA and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By: 
Ryan T. Pasquarella, A Shareholder
December 19, 2022